

PRELIMINARY OFFICIAL STATEMENT DATED MAY 29, 2024

New Issue

Rating: S&P: "AA+"

In the opinion of Taft & McSally LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the \$5,000,000 General Obligation Bonds (the "Bonds") is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds will not be included in computing the alternative minimum taxable income of individuals. However, interest on the Bonds will be included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Under existing law, interest on the Bonds is free from taxation by the State of Rhode Island (the "State") or any political subdivision or other instrumentality of the State, although the income therefrom may be included in the measure of Rhode Island estate taxes and certain Rhode Island corporate and business taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on the Bonds. See "TAX STATUS" and "APPENDIX C" herein.

TOWN OF NARRAGANSETT, RHODE ISLAND
Relating to
\$5,000,000*
GENERAL OBLIGATION BONDS, SERIES 2024 A

Dated: Date of Delivery

Due: June 15, 2025 – 2044 (as shown below)

The Bonds are issuable only as fully registered Bonds without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple in excess thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. So long as DTC, or its nominee Cede & Co., is the Bondholder, principal and semiannual interest payments will be made directly to such Bondholder. Principal of and interest on the Bonds will be payable to DTC by U.S. Bank Trust Company, National Association, Boston, Massachusetts, as Paying Agent. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursements of such payments to Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein. (See "THE BONDS—Book-Entry Only System" herein.) Interest is computed on the basis of a 360-day year consisting of twelve 30-day months.

The Bonds will be dated the date of delivery. Interest on the Bonds will be payable on December 15, 2024 and semiannually thereafter on June 15 and December 15 of each year at the rates as shown in the maturity schedule below. Principal of the Bonds will be payable on June 15 as shown in the maturity schedule below.

Table with 10 columns: Maturity June 15, Principal Amount*, Interest Rate, Price or Yield, CUSIP No. †, Maturity June 15, Principal Amount*, Interest Rate, Price or Yield, CUSIP No. †. Rows list maturities from 2025 to 2034 with principal amounts of \$250,000.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright © 2024 CUSIP Global Services. All rights reserved. The CUSIP numbers have been assigned by an independent company not affiliated with the Town and are included solely for the convenience of the holders of the Bonds. Neither the Underwriter or the Town is responsible for the selection or uses of the CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

The Bonds are subject to optional redemption prior to maturity as described herein.

The Bonds will be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

The Bonds are being offered for sale at 11:00 A.M. on June 4, 2024. Reference is made to the official Notice of Sale for conditions of such sale. The Bonds are offered for delivery when, as, and if issued, subject to the final approving opinion of Taft & McSally LLP, Bond Counsel, of Cranston, Rhode Island, and to certain other conditions referred to herein. PFM Financial Advisors LLC will be serving as Municipal Advisor to the Town on this transaction. It is expected that the Bonds in definitive form, will be available for delivery to DTC in New York, New York, or to its Custodial Agent, on or about June 20, 2024.

PFM Financial Advisors LLC
Municipal Advisor to the Town

Dated: June __, 2024

*Preliminary, subject to change

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may an offer to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell, or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which said offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any jurisdiction. A definitive Official Statement with respect to these securities will be made available concurrently to their sale.

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This Preliminary Official Statement is made available to prospective purchasers of the Bonds for review prior to purchase and is in a form deemed final by the Town as of its date (except for permitted omissions) for purposes of paragraph (b)(1) of Securities and Exchange Commission Rule 15c-2-12 (the "Rule"), but is subject to revision, amendment and completion (as so revised, amended or completed such document will be referred to as the "Final Preliminary Official Statement").

This Preliminary Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders or insurers of any of the Bonds. Any statements made in this Preliminary Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Preliminary Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof.

All quotations from and summaries and explanations of provisions of laws and documents described herein do not purport to be complete and reference is made to said laws and documents for full and complete statements of their provisions.

No dealer, salesman or any other person has been authorized to give any information or to make any representations, other than information and representations contained herein, in connection with the offering of the Bonds, and if given or made, such information or representations must not be relied upon. This Preliminary Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information set forth herein has been furnished by the Town and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness.

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, in reliance upon exemptions contained in such Act. The Bonds will not be listed on any stock or other securities exchange. Any registration or qualification of the Bonds in accordance with applicable provisions of securities laws of the states in which the Bonds may be registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency, except for the Town, will have passed upon the accuracy of the Preliminary Official Statement or, except for the Town, approved the Bonds for sale. Any representation to the contrary may be a criminal offense.

The information relating to The Depository Trust Company ("DTC") and the book-entry only system contained in this Preliminary Official Statement have been furnished by DTC (see "THE BONDS--Book-Entry-Only System" herein). No representation is made by the Town as to the adequacy or accuracy of such information. The Town has not made any independent investigation of DTC or the book-entry only system.

The Municipal Advisor to the Town has provided the following sentence for inclusion in this Preliminary Official Statement. The financial advisor has reviewed the information in this Preliminary Official Statement in accordance with, and as part of, its responsibilities to the Town and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

This Preliminary Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute "forward looking statements." In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward-looking statements. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Town does not plan to issue any updates or revisions to those forward-looking statements if or when the expectations, events, conditions or circumstances on which such statements are based occur.

The cover page hereof, this page and the appendices attached hereto are part of this Preliminary Official Statement.

OFFICIAL STATEMENT
of the
TOWN OF NARRAGANSETT, RHODE ISLAND
Relating to
\$5,000,000*
GENERAL OBLIGATION BONDS, SERIES 2024 A

This Official Statement provides certain information concerning the Town of Narragansett, Rhode Island (the "Town") in connection with the issuance by the Town of its \$5,000,000* General Obligation Bonds, Series 2024 A (the "Bonds").

THE BONDS

Description of the Bonds

The Bonds will be dated the date of delivery and will mature annually on June 15 in the principal amounts shown on the cover page of this Official Statement. The Bonds will bear interest, payable on December 15, 2024 and semiannually thereafter on June 15 and December 15 of each year until maturity.

The Bonds are issuable only as fully registered Bonds without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denominations of \$5,000 or any integral multiple in excess thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "THE BONDS - Book-Entry Only System" below.

Principal of and interest on the Bonds will be paid by U.S. Bank Trust Company, National Association, Boston, Massachusetts, or a successor thereof, as Paying Agent to DTC. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Disbursement of such payments to the DTC participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein. Interest on the Bonds is computed on the basis of a 360-day year consisting of twelve 30-day months.

For every transfer and exchange of the Bonds, whether in certificated form or otherwise, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto. Adequate indemnification may be required to replace any lost, stolen or destroyed Bonds, whether in certificated form or otherwise.

Record Date

The Record Date for each payment of interest on the Bonds is the close of business on the last day of the month preceding the interest payment date or, if such day is not a business day of the Paying Agent, the next preceding day which is a regular business day of the Paying Agent.

Authorization and Purpose

Bonds in the amount of \$2,400,000* are authorized pursuant to Chapters 47 and 52 of the Local Acts of 2022 and a resolution approved by the Town Council on January 3, 2023 for the purposes of financing the improvement, replacement, construction, renovation, repair, reconstruction and/or restoration of roadways, sidewalks, storm drains, public buildings and other public infrastructure in the Town.

Bonds in the amount of \$2,600,000* are authorized pursuant to Chapter 323 of the Rhode Island Public Laws of 2012 and a resolution approved by the Town Council on September 20, 2021 for the purpose of financing the improvement, replacement, construction, renovation, repair, reconstruction and/or restoration of roadways, sidewalks and storm drains in the Town.

*Preliminary, subject to change

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company (“DTC”) while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Preliminary Official Statement. The Town believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The Town cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Preliminary Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements

among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Town or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town nor the Municipal Advisor take any responsibility for the accuracy thereof.

Redemption Prior to Maturity

The Bonds maturing on or after June 15, 2035, shall be subject to redemption prior to their stated dates of maturity, at the option of the Town, on or after June 15, 2034, as a whole or in part at any time (by lot by DTC), at 100% of the aggregate principal amount of the Bonds to be redeemed, together with interest accrued and unpaid to the redemption date.

Notice of any redemption of Bonds, specifying the numbers and other designations of Bonds to be redeemed, shall be given not more than 60 days nor less than 30 days prior to the date set for redemption by mailing a copy of such notice to DTC or its nominees.

The Town, so long as a book-entry system is used for determining beneficial ownership of the Bonds, shall send any notice of redemption to DTC, or its nominee, as registered owner of the Bonds. Transfer of such notice to the DTC Participants is the responsibility of DTC. Transfer of such notice to Beneficial Owners by DTC Participants is the responsibility of the DTC Participants and other nominees of Beneficial Owners of the Bonds. Any failure of DTC to mail such notice to any DTC Participant, or any failure by any DTC Participant to notify any Beneficial Owner, will not affect the validity of the redemption of the Bonds. The Town can make no assurances that DTC, the DTC Participants or other nominees of the Beneficial Owners of the Bonds will distribute such redemption notices to the Beneficial Owners of the Bonds, or that they will do so on a timely basis, or that DTC will act as described in this Official Statement.

Security for the Bonds

The Bonds will be general obligations of the Town, the payment of which the full faith and credit, *ad valorem* taxes and general fund revenues of the Town are pledged. The Rhode Island General Laws provide that the Town shall annually appropriate a sum sufficient to pay the principal and interest coming due within the year on all of its general obligation bonds and notes to the extent that monies therefore are not otherwise provided, and that if such sum is not appropriated, it shall nevertheless be added to the annual tax levy. In order to provide such amount, all taxable property in the Town is subject to *ad valorem* taxation without limitation as to rate or amount.

Claims for Payment Due

Rhode Island General Laws Section 45-15-5 permits any person who shall have any claim for money due from any town, for any matter, to present a demand for such claim to the town council and if satisfaction of such claim is not made within forty (40) days to commence an action against the town treasurer for recovery of the claim. If judgment is obtained for such debt due and if the monies available in the town treasury are insufficient to pay the judgment, Rhode Island General Laws 45-15-6 authorizes the town treasurer to apply to any justice of the peace for an order requiring the town to hold a special meeting of the town council "for the speedy ordering and making a tax" to be collected for such purpose. If the town council shall fail to assess voluntarily a tax sufficient to satisfy judgment on a town debt, the Superior Court is authorized to order the assessors of the town "to assess upon the ratable property, and the collector to collect, a tax sufficient for the payment of the judgment, with all incidental costs and charges and the expense of assessing and collecting the tax," pursuant to Rhode Island General Laws Section 45-15-7.

Statutory Lien

In July of 2011, the General Assembly enacted amendments to Section 45-12-1 of the Rhode Island General Laws to provide for a statutory lien on *ad valorem* taxes and general fund revenues for the benefit of general obligation debt of cities and towns such that the statutory lien has a priority in a bankruptcy. The validity and priority of the lien granted by Section 45-12-1 has not been adjudicated in any Chapter 9 proceeding. The amendments provide, in part, as follows:

The *ad valorem* taxes and general fund revenues of each city and town are pledged for the payment of principal of, premium and interest on all general obligation bonds and notes of the city or town, whether or not the pledge is stated in the bonds and notes or in the proceedings authorizing their issue and the pledge constitutes a first lien on such *ad valorem* taxes and general fund revenues.

In addition, annual appropriations for payment of financing leases and obligations securing bonds, notes or certificates ("other financing obligations"), have a first lien on *ad valorem* taxes and general fund revenues commencing on the date of each annual appropriation. Amounts appropriated or added to the tax levy to pay principal of, premium and interest on general obligation bonds or notes and payments of other financing obligations are applied to the payment of such obligations. Any municipal employee or official who intentionally violates such provisions of Section 45-12-1 is personally liable to the city or town for any amounts not expended in accordance with such appropriations. The superior court has jurisdiction to adjudicate claims brought by any city or town and to order such relief as the court may find appropriate to prevent further violations under such provisions of Section 45-12-1. Any municipal employee or official who violates such provisions of Section 45-12-1 is subject to removal.

Section 45-12-1 further provides in part, that: notwithstanding any provision of any other law, including the Uniform Commercial Code, Title 6A of the Rhode Island General Laws: (1) the pledge of *ad valorem* taxes and general fund revenues to the payment of the principal, premium and interest on general obligation bonds and notes and payment of other financing obligations is valid and binding, and deemed continuously perfected from the time the bonds or notes or other financing obligations are issued; (2) no filing need be made under the Uniform Commercial Code or otherwise to perfect the first lien on *ad valorem* taxes and general fund revenues; (3) the pledge of *ad valorem taxes* or general fund revenues is subject to the lien of the pledge without delivery or segregation, and the first lien on *ad valorem* taxes and general fund revenues is valid and binding against all parties having claims of contract or tort or otherwise against the city or town, whether or not the parties have notice thereof; and (4) the pledge shall be a statutory lien effective by operation of law and shall apply to all general obligation bonds and notes and financing obligations of cities, towns and districts and shall not require a security agreement to be effective.

The July 2011 amendments, described above, provide that *ad valorem* taxes and general fund revenues may be applied as required by the pledge without further appropriation except for financing obligations which are subject to annual appropriation.

State Aid Intercept

Rhode Island General Laws § 45-12-32 creates a mechanism to enhance the creditworthiness of cities and towns in financial stress by providing for a state aid intercept mechanism to pay general obligation bonds and notes. The intercept mechanism is not a state guarantee. The statute provides that upon request of a city, town or regional school district, the General Treasurer of the State will pay bonds, notes or certificates of indebtedness from certain available state aid otherwise payable to the city, town or regional school district. The Town has never made such a request for any of the Town's bonds or notes.

Notwithstanding any provision of general or special law or any rules or regulations with respect to the timing of payment of state aid payments, not later than three (3) days after receipt of the certification from the Director of Revenue or one business day prior to the date on which the principal or interest, or both, becomes due, whichever is later, the General Treasurer of the State is required to pay to the paying agent the amount of the due or overdue payment certified to him/her to the extent of the sums otherwise then payable and the sums estimated to become payable during the remainder of the fiscal year, from the treasury, to the town. The amounts so paid to the paying agent are held in trust and exempt from being levied upon, taken, sequestered or applied for any purpose other than paying principal or interest, or both, on bonds, notes or certificates of indebtedness of the town.

For purposes of the statute, the sums otherwise payable from the treasury to a city or town shall be the funds made available to cities or towns: (i) as state aid pursuant to chapter 45-13 of the Rhode Island General laws, but specifically excluding reimbursements to cities and towns for the cost of state mandates pursuant to § 45-13-9 of the Rhode Island General Laws; (ii) as school housing aid pursuant to §§ 16-7-35 — 16-7-47 of the Rhode Island General Laws, but subject to any pledge to bonds issued to finance school projects by the Rhode Island Health and Educational Building Corporation, and specifically excluding school operations aid provided for in §§ 16-7-15 — 16-7-34.3 of the Rhode Island General Laws; (iii) in replacement of motor vehicle and trailer excise taxes pursuant to chapter 44-34.1 of the Rhode Island General Laws; (iv) from the public service corporation tax pursuant to chapter 44-13 of the Rhode Island General Laws; (v) from the local meal and beverage tax pursuant to § 44-18-18.1 and the hotel tax pursuant to § 44-18-36.1 of the Rhode Island General laws; and (vi) pursuant to all acts supplementing such chapters.

Enforceability of Town Obligations

Enforcement of a claim for payment of principal of or interest on a bond or note issued by the Town is subject to the applicable provisions of the federal bankruptcy laws and of statutes, if any, hereafter enacted by the federal government or the State of Rhode Island extending the time for payment of such obligations or imposing other constitutionally valid constraints upon such enforcement.

Judicial enforcement of statutes such as Rhode Island General Laws Sections 45-15-5 — 45-15-7 described above under the heading "*Claims for Payments Due*", the statutory lien provided for in section 45-12-1 and state aid intercepts such as that provided for in Section 45-12-32 are within the discretion of a court. The status of these rights and remedies of owners of bonds and notes in a proceeding to restructure city or town debt under Chapter 9 of the Federal Bankruptcy Code, or pursuant to other subsequently enacted laws relating to creditors' rights has not been adjudicated.

THE TOWN OF NARRAGANSETT

General

The Town of Narragansett, incorporated as a town on March 28, 1901, is situated in Washington County, on the southeastern coast of the State of Rhode Island, approximately 30 miles south of Providence. It is bounded by Narragansett Bay and the Atlantic Ocean on the east; by the Atlantic Ocean on the south; by the Town of South Kingstown on the west; and the Town of North Kingstown on the north. The total area of the community is 18.3 square miles, which includes 4.4 square miles of inland water.

The year-round population of the Town decreased from 15,868 persons counted in the 2010 census to 14,532 in the 2020 census. The actual population served is estimated to be approximately 10,000 persons higher with summer rentals and University of Rhode Island student and faculty rentals.

Government

The Town operates under a charter form of government, which provides for a five-member elected Town Council which is responsible for enacting local legislation; and an appointed Town Manager who executes the laws and the administration of the town government. The Town Council is granted all powers to enact, amend or repeal ordinances relating to the Town's property, affairs and government as well as the authorization of the issuance of bonds or notes by ordinance, except that no bonded indebtedness may be incurred pledging the credit of the Town in excess of 1.5% of the budget in any one fiscal year unless submitted to a vote of the electors at either a general or special election and approved by a majority of the electors voting at said election.

Education

The general administration of the Narragansett School System is directed by a five-member School Committee that is elected at large at the regular biennial elections for two-year terms. The School Committee determines and controls all policies affecting the administration, maintenance, and operation of the public schools in the Town. The School Committee appoints a Superintendent as its chief administrative agent; submits a detailed budget of expenditures and revenue to the Town Council and, once the school budget has been approved, determines the allocation of the amount appropriated. The cost of operating the Town's School System for the fiscal year ended June 30, 2023 was \$31,615,455. The School Department budget for fiscal year ending June 30, 2024 is \$36,256,122. The cost per student in the fiscal year ending June 30, 2023 was \$29,021 shared by the Town and the State of Rhode Island in the form of School Operations Aid.

The Town has one elementary school, one middle school and one high school. As of October, at the beginning of each school year, the student enrollment in the Narragansett School System for the past five years has been and is projected to be as follows:

Fiscal Year Ending	Actual Enrollment	Fiscal Year Ending	Projected Enrollment
2020	1,332	2025	1,094
2021	1,267	2026	1,054
2022	1,248	2027	1,019
2023	1,187	2028	995
2024	1,131	2029	979

Municipal Services

The Town provides major public services which are detailed as follows:

Wastewater Facilities

The Town has 20 sewage pumping stations and approximately 90 miles of sanitary sewers. Service for the southern portion of Narragansett, including the commercial fishing port of Galilee, is provided at the Town-owned Scarborough Wastewater Treatment Plant, a 1.4 million gallon per day (MGD) extended aeration plant. The Scarborough Plant has just completed a \$1.0 Million flood-proofing project, funded mostly with a Federal Grant, which has been recognized for forward thinking on climate change. The South Kingstown Regional Treatment Facility provides wastewater treatment for the Pier area and the northern portion of the Town.

Approximately 6,774 accounts are serviced by the Town. The annual rate for residential users is currently \$484 per unit. On April 4, 2023, the Town Council awarded a contract to restore the existing rock groin (jetty) projecting from the Scarborough WWTF. The project is funded by a grant issued by the RI Department of Environmental Management and a matching loan from the RI Infrastructure Bank and is currently under construction. The Wastewater Division operates as an enterprise fund, with all operations funded from user fees and assessments.

Water Facilities

The Town's Water Division is responsible for the treatment (i.e. chlorine injection) and conveyance of potable water for domestic, commercial, industrial and fire protection uses. All water used within the Town's system is purchased from Veolia Rhode Island (a private company), or the Town of North Kingstown. In addition to its operational and maintenance

activities related to the Town's water storage, transmission and conveyance systems and infrastructure, the Division provides technical assistance to the Town in reviewing water related plans or regulations.

The Town owns, operates and maintains three water storage tanks, with a combined capacity of two million gallons, and approximately 785,395 miles of water mains. Approximately one-half of the Town's populated area (representing 5,395 accounts) is served by the Town water system, while service to the remaining citizens is provided directly by Veolia Rhode Island. The Water Division operates as an enterprise fund, with all operations funded from user fees and assessments.

Public Works

The Town's Public Works Department provides a full range of services including street constructions/maintenance, snow removal and maintenance of Town property. The Public Works Department expended \$3,155,198 for fiscal year ended June 30, 2023 and budgeted \$3,772,806 for the fiscal year ending June 30, 2024.

The Public Works Road Improvement Project includes complete road base reconstruction, installation of storm water management systems and sidewalks with ADA compliance measures. This project will help the Town improve 20% of the worst roadways.

A public bidding process resulted in the award of a construction contract that included the following scope of work:

- Reclamation and repaving a roadway
- Full depth reconstruction(excavate 12” of road base, apply filter fabric geogrid and 8” new process gravel, 2” binder asphalt and 2” finish surface asphalt)
- Best Management Practices (BMP) Storm Water Systems (to treat storm water before it enters a natural water body)
- Installation of new sidewalks (ADA compliant)

The completion of this project will result in roadway assets with 30-year life expectancies and storm water management systems to help protect our natural resources.

Public Safety

Services include fire prevention, emergency medical rescue, police patrol, investigations, community education, dispatching, harbor patrol and animal control functions.

The Narragansett Police Department has a force that consists of 54 full-time police officers, and other support personnel. The Police Department expended \$9,925,231 for fiscal year ended June 30, 2023 and budgeted \$10,543,874 for the fiscal year ending June 30, 2024.

The Town has three fire stations staffed by 48 full-time firefighters an increase from 2021 due to the additional 8 Firefighters hired through the federal Staffing For Adequate Fire and Emergency Response (SAFER) grant. The Fire Department expended \$6,787,713 for fiscal year ended June 30, 2023 and budgeted \$6,947,651 for the fiscal year ending June 30, 2024.

The Public Safety Building, first constructed in the late 1970's, serves as the headquarters for the Narragansett Police Department and the Narragansett Fire Department (also serving as Station 1 – the Town's largest emergency response station, with rescue, engine, ladder, and marine response functions).

The Fire Station-2 renovation and expansion to align with NFPA 1500, 1851, and 1710 standards project has begun. The project is funded with state and local American Rescue Plan Act (ARPA) funding. The following scope of work will include the following:

- Expansion of rear wall to both apparatus bays, living, storage, and administrative space
- Upgraded heating, ventilation, and air conditioning (HVAC) system and utilities
- New ADA compliant restrooms and locker storage areas
- Renovations and upgrades to kitchen, living and dormitory areas
- Addition of a separate firefighting gear and equipment cleaning area
- Relocation and upgrades to the facility's emergency generator.
- New doors, windows, siding, and trim

- Construction of an adjacent training and conference room
- Security upgrades throughout the building (cameras, integrated access control systems for critical doors).
- Replacement flooring materials, interior paint and ceiling tile replacements.
- Electrical system upgrades (building-wide), including lighting.
- Upgrades to the fire alarm system to include the addition of a fire sprinkler system.

Employee Relations

As of June 30, 2023, the Town employs 184 full-time employees exclusive of those employed by the School Department. The School Department employs 146 professional employees and 100 full-time and part-time non-professional employees.

The current status of union contracts for municipal and school employees is as follows:

- Police Department- 3-year contract expires June 30, 2025
- Public Works & Municipal Clerical - 3-year contract expires June 30, 2026
- School Dept. Non-Certified- 3-year contract expires June 30, 2025
- Fire Department- 3-year contract expires June 30, 2024
- Teachers- 3-year contract expires August 31, 2025
- Municipal Middle Management – 3 Year contract expires June 30, 2026

Retirement Programs

The Town has a contributory pension plan covering substantially all of its employees. The retirement plans for policemen and municipal employees are administered by Town officials. The retirement plan for teachers is administered by the State of Rhode Island Retirement Board.

The Town Plan

The Town contributes to the Town Plan, a single employer public employee retirement plan established in accordance with the Town Charter. The Plan is considered part of the Town’s financial reporting entity and is included in the Town’s annual financial report as a pension trust fund. All permanent, regular and probationary status employees who work for at least five months of a year and for at least twenty hours per week are eligible to participate in the Town Plan, a single-employer defined benefit pension plan, except as follows: School System employees who have been, are, or will be eligible for membership in the Employees’ Retirement System of Rhode Island and any police officer covered under the Police Plan who has refused to join the Town Plan. The Town Plan was established by the Town in accordance with Town Ordinance. The Town Plan is in the Town’s financial statements as a pension trust fund. Covered payroll for the Town Plan for the year ended June 30, 2023 was \$15,793,731.

As of July 1, 2023, the date of the latest actuarial valuation, employee membership data related to the pension plan is as follows:

Active	257
Terminated vested participants	41
Retirees and beneficiaries	<u>255</u>
TOTAL	553

The following eligibility and benefit provisions were established and may be amended by Town Ordinance. A municipal or school system employee may retire upon the later of attainment of age 58 with the completion of ten years of credited service; but, in any case, the member can retire immediately after completing 20 years of credited service. A police officer hired before July 1, 2013 may retire upon the earlier of attainment of age 58 or the completion of 20 years of credited service. A school employee hired on or after July 1, 2015 may retire upon the completion of ten years of credited service and attainment of age 65, but in any case, the member can retire immediately after completing 25 years of credited service; the normal retirement benefit is equal to 2% of final average compensation. A police officer hired on or after July 1, 2013 may retire upon the completion of 25 years of credited service. A firefighter hired prior to July 1, 2011 may retire upon completion of 20 years of credited service. A firefighter hired on or after July 1, 2011, may retire upon completion of 23 years from their date of hire with a minimum of 20 years of credited service. A firefighter hired on or after July 1, 2013 may retire upon completion of 25 years of credited service. For employees hired prior to July 1, 2011, the normal retirement benefit is equal

to 2.5% of final average compensation multiplied by years of credited service (subject to a maximum benefit of 75% of final average compensation). For Council 94 and Local 1033 employees hired on or after July 1, 2011, the normal retirement benefit is equal to 2% of final average compensation multiplied by years of credited service up to 20 and 2.5% of final average compensation multiplied by years of service in excess of 20, limited to 14 (subject to a maximum benefit of 75% of final average compensation). Chapter 1666 participants are entitled to a benefit equal to 50% of final earnings. Police officers and firefighters hired on or after July 1, 2013 receive a normal retirement benefit equal to 2% of final average compensation multiplied by years of credited service. Final average compensation is the average annual basic compensation during the highest three consecutive years of service. Certain members also receive annual cost of living adjustments. In lieu of the normal form of benefit, any member who is married at the time of retirement may elect a pension that provides, upon the member's death, for 67.5% of the pension to continue to the dependent spouse or dependent children.

A member who has attained age 55 with 10 years of credited service, or has attained age 50 with 20 years of credited service may elect to retire early. A member who elects to retire early will receive a monthly benefit equal to the actuarial equivalent of the accrued benefit determined as of the normal retirement date. For further information on the Town Plan, please see note 15 in the Town's financial statements.

Employees contribute a percentage of their pay and Town contributes an amount determined in accordance with the actuarial valuation.

The following table shows the Town's required contributions and unfunded liability over the past six years:

Town Plan					
Fiscal Year	Actuarially Determined Contribution	Actual Contribution	Percent Contributed	Unfunded Liability⁽¹⁾	Funded Ratio
2023	\$ 7,332,341	\$ 7,993,583	108%	\$ 60,347,701	67%
2022	7,011,892	7,093,037	101	64,183,975	63
2021	6,343,867	6,268,731	99	40,874,851	75
2020	6,080,003	6,176,556	102	62,094,087	62
2019	6,057,902	6,133,571	101	49,786,834	66
2018	5,858,887	5,957,877	102	49,092,264	65

(1) Assumes investment return of 7.05% FY 2022-2023; salary increases 4-10% FY 2022-2023.

Source: Audited Financial Statements

A contribution of \$7,831,588 has been budgeted for fiscal year 2024 which represents 100% of the annual required contribution.

Police Plan

The Town contributes to the Police Plan, a single-employer public employee retirement plan. The Police Plan is considered part of the Town's financial reporting entity and is included in the Town's annual financial report as a pension trust fund. There are no active participants, and the Police Plan is closed to new entrants. As of July 1, 2023, there were 9 participants receiving benefits.

All members of the permanent Police Force who were hired prior to July 1, 1978 and refused the September 1984 offer to join the Town Plan are eligible to participate in the Police Plan. All other policemen are covered by the Town Plan. The Police Plan provides retirement benefits as well as death and disability benefits. Participants in the plan are eligible to retire at the later of age 65 or the completion of 20 years of service. Normal retirement benefits are equal to 50% of "final earnings" as defined in the Police Plan.

Benefits are payable in the form of a joint and 67.5% survivor annuity if the participant is married at the retirement date or a life annuity if single. These benefit provisions and all other requirements are established by Town ordinance.

For death benefits for members with 25 years of service, their surviving spouse receive a monthly benefit equal to 67% of the member's accrued benefit continuing until his/her death or remarriage.

In the event a member becomes unable to perform active police duty by reason of physical or mental disability, they are entitled to a monthly pension in the amount of 50% of final earnings in the year of disability.

Contribution requirements are established and may be amended by Town Ordinance. The following table shows the Town's required contributions and unfunded liability over the past six years:

Police Plan					
Fiscal Year	Actuarially Determined Contribution	Actual Contribution	Percent Contributed	Unfunded Liability⁽¹⁾	Funded Ratio
2023	\$ 99,172	\$ 99,172	100%	\$ 342,255	82%
2022	183,577	267,000	145	338,256	82
2021	187,298	267,000	143	371,108	82
2020	198,887	267,000	134	952,336	57
2019	215,294	267,000	124	1,019,455	53
2018	226,427	267,000	118	1,245,194	45

(1) Assumes investment return of 7.05% and 3% cost of living adjustments for eligible employees.

A contribution of \$175,300 has been budgeted for fiscal year 2024 which represents 121% of the annual required contribution.

Locally Administered Pension Plans Experience Study

As a result of legislation passed by the Rhode Island General Assembly in 2011, cities and towns were required to complete an experience study of any locally administered pension plan by April 1, 2012. The Town's experience study was completed for its Town and Police Plans and was submitted to the State pursuant to this legislation. Due to the fact that both the Town Plan and Police Plan were determined to be in critical status (unfunded ratios below 60%), the Town was required to submit a Funding Improvement Plan. The Town accepted the recommendations of the study and submitted a Funding Improvement Plan to the State pursuant to Rhode Island General Laws 45-65-6. *Funding Improvement Plan – Town Plan*

The Town submitted a Funding Improvement Plan for its Town Plan to the State pursuant to Rhode Island General Laws 45-65-6 in November 2012. The Funding Improvement Plan addresses adjusting the normal retirement to age 60 with ten years of service or 25 years of service at any age for Fire and Police and age 65 with 10 years of service for all other employees. The Plan proposes other changes including the lowering of accrual percentage for service years, the increase of the employee contributions, the suspension of the compounded cost of living adjustment and the change to a simple cost of living adjustment. Some of these changes have occurred. The funding status of the Town Plan as of 7/1/2021 is 75.4% up from 60.6% in 2014.

Funding Improvement Plan – Police Plan

The Town submitted a Funding Improvement Plan for its Police Plan to the State pursuant to Rhode Island General Laws 45-65-6 in November 2012. The Funding Improvement Plan addressed fully funding the Annual Required Contribution (ARC) at 100%. The funding status of the Police Plan as of 7/1/23 is 84% up from 33.4% in 2014.

School Teacher's Retirement Plan

The Town provides retirement benefits to its public school teachers through its participation in ERSRI. ERSRI is a statutory, mandatory, statewide, cost-sharing multi-employer defined benefit plan, which first covered State teachers on July 1, 1949. ERSRI is administered as a unified statewide system by the State Retirement Board, the composition of which is set forth in the pertinent State statute. The assets are held in the custody of the State Treasurer as an undivided single fund. The Town pays 50 percent of the annual employer's cost of the Teachers Plan.

Rhode Island General Laws Section 16-16-22 currently sets the defined benefit contribution rates of participating employees at 3.75% of salary. Annual required contributions by both employers and the State on behalf of those employees are determined by actuaries and assessed as a percentage of participants' payroll. The required contributions include (a) normal costs; (b) payments to amortize the unfunded frozen actuarial accrued liability as of June 30, 1999 over 30 years; provided, however, that in conjunction with the implementation of RIRSA, the amortization period was reset to 25 years as of June 30, 2010; and (c) interest on the unfunded frozen actuarial liability. The Town participates in the optional Teachers Survivor Benefits Fund, whereby the employer and the employee each contribute 1% of the first \$9,600 of each participating employee's salary for survival benefits.

As prescribed by State law, the State pays the entire portion of the defined benefit annual required contribution attributable to the costs of contributions deferred by the State in prior years, plus 40% of contributions assessed to employers on payroll not reimbursable through federal programs.

Effective with the June 30, 2011 actuarial valuation, the funding method was changed to the Individual Entry Age Cost Method in order to be consistent with State Law and GASB statement No. 27 standards. The ERSRI does not maintain separate data for each of its participants. The ERSRI's website contains additional information (www.ersri.org).

The actuarial valuation prepared by Gabriel, Roeder, Smith & Company uses the Entry Age Normal (EAN) actuarial cost method. Valuations under this method assume a valuation date of June 30th of each plan year. This is the date as of which both the actuarial present value of future benefits and the actuarial value of assets are determined. The valuation assumes an annual salary increase on a scale of age/service. In addition, other actuarial assumptions are made for post-retirement increases and other contingencies as set forth in the published annual reports of the State Retirement Board.

The actuarial costs of the retirement benefits are partially funded by employee contributions of 3.75% of the actuarial costs of the retirement benefits effective July 1, 2012. The actuary determines the net employer actuarial costs annually and as provided by the State Retirement Board to the Department of Administration. Contributions are reported as a percent of payroll, payable in part by the State and in part by the Town. The split between the State and the Town is specified by State statute. For fiscal year 2023, the State paid 40% and the Town paid 60%.

The following are comparative highlights for 2019 through 2023 for the Teachers' Plan as a whole:

	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>
Active Participants	13,554	13,537	13,372	13,474	13,511
Pensioners & Beneficiaries	11,595	11,521	11,398	11,274	11,196
Inactive Participants	5,000	4,539	4,227	4,001	3,888
Market Value of Assets	\$ 4,664,344,475	\$ 4,418,568,124	\$ 4,671,641,312	\$ 3,798,755,901	\$ 3,829,895,134
Employer Contributions	\$ 305,022,002	\$ 322,772,188	\$ 275,778,411	\$ 266,034,899	\$ 249,634,988
Member & Other Misc. Contributions	<u>50,949,871</u>	<u>50,159,049</u>	<u>50,174,050</u>	<u>50,781,701</u>	<u>51,057,446</u>
Total Contributions	\$ 355,971,873	\$ 372,931,237	\$ 325,952,461	\$ 316,816,600	\$ 300,692,434
Investment income	\$ 384,803,808	\$ (131,387,447)	\$ 1,034,477,257	\$ 139,896,962	\$ 233,855,078
Total Income Available for Benefit Payments	\$ 740,775,681	\$ 241,543,790	\$ 1,360,429,718	\$ 456,713,562	\$ 534,547,512
Benefit Payment	\$ (495,099,506)	\$ (494,461,453)	\$ (487,793,158)	\$ (487,783,008)	\$ (486,577,981)
Transfer and Other Adjustments	\$ 100,176	\$ (155,525)	\$ 248,851	\$ (69,787)	\$ 364,683
Excess of Income Over Expenses	\$ 245,776,351	\$ (253,073,188)	\$ 872,885,411	\$ (31,139,233)	\$ 48,334,214
Funded Ratio	64.5%	61.5%	58.7%	56.2%	55.3%

Compiled from Employees' Retirement System of Rhode Island - Actuarial Valuation Reports as of June 30, 2019 - 2023.

Actuarial costs and liabilities, as shown in the summary presentation, are determined in the aggregate for the ERSRI. Accordingly, employer contributions are first determined in the aggregate for all participating employers in this multi-employer system and are then expressed as a percentage of the aggregate participating payroll. For fiscal year 2023, the Town applied 60 percent of this percentage to its participating payroll (the remaining 40 percent of the employer cost is contributed by the State as well as the full cost of deferred contributions by the State).

According to the statutory funding schedule, the combined contributions required each year by the Town and the State will remain relatively level as a percent of payroll as ERSRI moves toward funding the full actuarial liability. Ultimately, however, because the actuarial funding results in the accumulation of reserves that are invested, the required appropriation will be significantly less than would be required if the Teacher’s Retirement System was on a pay-as-you-go basis.

Over the past five years, the Town has made the following required contributions:

Employees' Retirement System of Rhode Island (Teachers)			
Fiscal Year	Annual Required Pension Cost	Actual Contribution	Percent Contributed
2023	\$2,102,890	\$2,102,890	100%
2022	2,044,674	2,044,674	100
2021	1,875,045	1,875,045	100
2020	1,845,961	1,845,961	100
2019	1,679,749	1,679,749	100

A contribution in the amount of \$2,398,487 has been budgeted for fiscal year 2024 which represents 100% of the annual required pension costs.

As of June 30, 2023, the School Department reported a liability of \$18,504,687 for its proportionate share of the net pension liability of ERSRI.

Hybrid Plan for ERSRI and MERS Participants

In November 2011, the State enacted the RIRSA, which made broad changes to the Teachers’ Plan and the MERS plan effective July 1, 2012. The most significant changes include: (i) changing the structure of the retirement program from a traditional defined benefit plan to a hybrid plan designed with a smaller defined benefit plan and a supplemental defined contribution plan; (ii) changing the automatic COLA from a CPI-related formula to a formula contingent on the actual investment performance over time; (iii) suspension/reduction of the COLA during times when the funded ratio is lower than targeted 80% levels; and (iv) the re-amortization of the Unfunded Actuarial Accrued Liability (UAAL) to 25 years from the 19-year schedule as of June 30, 2010. Currently, all employees in ERSRI and MERS are required to participate in the hybrid plan. However, on or about June 18, 2015, the State General Assembly is expected to vote on whether to exempt employees who have participated in ERSRI or MERS for more than 20 years as of June 30, 2012 from the defined benefit plan component of the hybrid plan. For the Teachers’ Plan, teachers not covered by Social Security will participate in additional defined contribution allocations equal to 2% member plus 2% employer. Included within these significant changes are certain rules for transitioning from the defined benefit structure to the smaller defined benefit plan going forward. The changes in the defined benefit plan instituted by RIRSA have been fully reflected in the actuarial valuation beginning with June 30, 2012. These changes resulting from RIRSA are the subject of ongoing litigation which has been preliminarily settled by most parties. See also “Challenges to Pension Reform Under the Employees’ Retirement System of Rhode Island” herein.

RIRSA changed the ERSRI and MERS defined benefit plans to hybrid plans which include a defined contribution plan. The State selected TIAA-CREF to administer the plan. ERSRI and MERS employees contribute 5% of their annual salary into the defined contribution plan, with an additional 2% contribution for those employees that do not participate in Social Security, and the Town must contribute 1% of salary. Participants have a selection of investments options chosen by the State and provided by TIAA-CREF.

Legislative Pension Reform

In order to increase the stability and security of MERS and ERSRI, the General Assembly enacted legislation in 2005, 2009, 2010 and 2011 to modify the Plans’ pension benefit structure and reduce benefits, the most recent of which was RIRSA. RIRSA and the State’s other legislative pension reforms have contributed to a reduction in the ARC and UAAL. These reductions, however, are already fully reflected in the June 30, 2013 valuation and therefore are not expected to materially reduce either the ARC or the UAAL going forward.

Legal Challenges to Pension Reform

The 2009, 2010 and 2011 legislative pension reforms resulted in numerous lawsuits against the State brought by current and retired employees, as well as their unions. Of these lawsuits, only two are currently pending as described below.

In September 2014, a case challenging RIRSA was commenced by the Rhode Island State Troopers Association and Rhode Island State Troopers Association ex rel. Kevin M. Grace and Ernest E. Adams in Superior Court against the State and ERSRI as co-defendants. In 2019, the co-defendants filed motions to dismiss, which were granted in part. The co-defendants thereafter filed motions for summary judgment on the remaining counts. In August 2023, the Court granted ERSRI's motion for summary judgment in its entirety and took the State's motion for summary judgment under advisement.

In 2020, a case was brought by numerous plaintiffs who had brought a prior pension lawsuit case, which resulted in the passage of RIRSA and settlement. The case was brought in the United States District Court for the District of Rhode Island. The State and ERSRI filed a motion to dismiss on the grounds that the 2020 lawsuit sought to relitigate issues that had already been decided in the prior lawsuit. The District Court agreed and granted the Motion to Dismiss. The Plaintiffs have appealed this decision and in August 2022, a three-judge panel of the First Circuit affirmed the judgment of the district court in all respects. Plaintiffs then petitioned the United States Supreme Court for a writ of certiorari, which was denied on January 9, 2023, thus disposing of the matter.

Other Post-Employment Benefits

Town Plan

The Town administers a single-employer, defined benefit post-employment benefit plan. The plan provides medical, dental and life insurance for eligible retirees and their dependents through the Town's group insurance plans, which cover both active and retired members. Benefit provisions are established and amended by the union contracts through negotiations between the Town and the respective unions or as established by the Town Ordinance for non-union employees. On August 1, 2011 the Town Council authorized the creation of an OPEB Trust Fund. As such, the plan has been reported as a Trust Fund in the Town's financial statements in fiscal year 2013. The plan does not issue a publicly available financial report. The plan provides the following benefits based on employee group:

Municipal Employees – Employees who have attained age 58 with 10 years of service or 20 years of service (whichever is earlier) are eligible for lifetime medical, dental and life insurance benefits. Employees retiring prior to January 1, 2010 have no employee contribution. The following employee contribution requirements apply to employees retiring on/after January 1, 2010:

- Council 94 – date of retirement prior to January 1, 2012 – 2% of monthly pension; date of retirement on/after January 1, 2012 – 10% of health and dental premiums; date of retirement on/after July 1, 2012 – 12% of health and dental premiums; date of retirement on/after July 1, 2013 – 15% of health and dental premiums. Only individual employee coverage for health and dental until age 65 or Medicare eligible in retirement as of July 1, 2018 spousal coverage available if paid by retiree. Employees hired on/after 7/1/2014, the Town no longer provides medical and dental coverage once the retiree is eligible for Medicare.
- Local 1033 – date of retirement prior to January 1, 2012 – 2% of monthly pension; date of retirement on/after January 1, 2012 – 10% of health and dental premiums; date of retirement on/after July 1, 2013 – 12% of health and dental premiums; date of retirement on/after July 1, 2014 – 15% of health and dental premiums. Only individual employee coverage for health and dental until age 65 or Medicare eligible in retirement as of July 1, 2018 spousal coverage available if paid by retiree. Employees hired on/after 7/1/2014, the Town no longer provides medical and dental coverage once the retiree is eligible for Medicare.
- Non-Union – 2% of monthly pension. Only individual employee coverage for health and dental until age 65 or Medicare eligible in retirement if hired after of July 1, 2017 spousal coverage available if paid by retiree.

Firefighters – Employees who have 20 years of service are eligible for lifetime medical, dental and life insurance benefits if hired prior to July 1, 2013. Firefighters hired on/after July 1, 2013 must have 25 years of service to be eligible for benefits. Employees retiring prior to January 1, 2011 have no employee contribution. Employees retiring on/after January 1, 2011 must contribute 20% of their dental premium. No health or dental coverage upon age 65 or Medicare eligibility. Employees

retiring on/after 1/1/2017 are required to enroll in the Blue Solutions HDHP plan at retirement while they are under the age of 65. There will not be any Town HSA contributions for retirees.

Police Officers – Employees who have attained age 58 with 10 years of service or 20 years of service (whichever is earlier) are eligible for lifetime medical, dental and life insurance benefits if hired prior to July 1, 2013. Officers hired on/after July 1, 2013 must have 25 years of service to be eligible for benefits. Employees retiring prior to January 1, 2010 have no employee contribution. Employees retiring on/after January 1, 2010 but prior to January 1, 2011 must contribute 2% of their monthly pension and employees retiring on/after January 1, 2011 but prior to July 1, 2013, must contribute 5% of their monthly pension towards health, dental and life insurance costs. Employees who retire on/after July 1, 2013 must contribute 15% of health and dental premiums. Employees who retire on/after July 1, 2017 but before July 1, 2017 must contribute 17% of health and dental premiums. Employees who retire after July 1, 2018 must contribute 20% to dental and health.

Current and future Town retirees who waive coverage from the Town due to equivalent coverage elsewhere shall be reimbursed a percentage of the Town’s group health and dental cost depending on their coverage level (municipal and fire employees – 50% and police employees – 60% if retire before 7/1/2016 and 50% if retire after 7/1/2016).

As of June 30, 2023, the plan membership data is as follows:

	<u><i>Town</i></u>
Active employees (with and without coverage)	183
Retirees and beneficiaries	<u>161</u>
	344

Contribution requirements are negotiated between the Town and the respective unions or are established by Town Ordinance for non-union employees. Over the past six years, the Town has made the following contributions:

OPEB Plan – Town					
Fiscal Year	Actuarially Determined Contribution	Actual Contribution	Percent Contributed	Unfunded Liability⁽¹⁾	Funded Ratio
2023	\$ 3,391,580	\$ 4,272,584	126%	\$ 28,054,459	37%
2022	3,630,651	4,155,176	114	30,387,345	31
2021	2,980,314	3,650,696	122	32,027,634	30
2020	3,129,247	3,801,999	121	27,854,127	28
2019	3,372,903	4,115,135	122	30,034,841	23
2018	3,567,929	3,547,796	99	33,379,307	17

(1) Assumes asset appreciation of 6.5% and medical inflation of 7.0%.

A contribution of \$3,369,790 has been budgeted for fiscal year 2024 which represents 100% of the required contribution.

School Plan

The Narragansett School System administers a single-employer, defined benefit post-employment benefit plan. The plan provides medical and dental insurance for eligible retirees and their dependents through the School System’s group insurance plans, which cover both active and retired members. Benefit provisions are established and amended by the union contracts through negotiations between the School System and the respective unions or as established by employee contract for non-union employees.

The plan provides the following benefits based on employee group:

Certified Teachers – Employees are eligible for health and dental benefits until Medicare eligibility once they meet the retirement eligibility requirements of the Employees Retirement System. Retirees are responsible for 100% of the premium cost plus a 2% administrative fee once any accrued sick leave balance which is converted to pay for health and dental insurance has been exhausted.

Other School Employees – Employees who have attained age 58 with 10 years of service or 20 years of service (whichever is earlier) are eligible for health and dental benefits until Medicare eligibility. Retirees are responsible for 100% of the premium cost plus a 2% administrative fee once any accrued sick leave balance which is converted to pay for health and dental insurance has been exhausted.

School System employees may convert accumulated vacation and sick pay, as applicable, to be used to purchase health and dental insurance based on requirements applicable to their employee group.

As of June 30, 2023, the plan membership data is as follows:

	<u><i>School</i></u>
Active employees (with and without coverage)	211
Retirees and beneficiaries	<u>163</u>
	312

The School System is required to contribute the cost of medical and dental benefits, less the amount of any applicable employee share of premiums. For the year ended June 30, 2023, the plan was 69.2% funded.

Over the past six years the Town has made the following contributions:

OPEB Plan – School					
Fiscal Year	Actuarially Determined Contribution	Actual Contribution	Percent Contributed	Unfunded Liability⁽¹⁾	Funded Ratio
2023	\$ 330,947	\$ 763,190	231%	\$ 1,210,219	69%
2022	533,734	855,745	160	2,024,198	54
2021	471,452	520,545	110	2,686,402	46
2020	551,291	934,346	169	2,452,864	43
2019	319,008	454,529	142	2,990,317	30
2018	306,721	315,478	103	1,661,085	42

(1) Assumes asset appreciation of 6.6% and medical inflation of 8.0%.

A contribution of 531,196 has been budgeted for fiscal year 2024 which represents 100% of the required contribution.

Risk Management

Climate Change

The Town is located on the Block Island Sound and is subject to weather events common to coastal communities. Climate change may intensify and increase the frequency of extreme weather events, such as coastal storm surges, drought, floods and heat waves, and raise sea levels along the coast. The Town continually evaluates its climate resilience and is implementing various resilience measures to reduce the impacts of climate change, protect its assets, build social resiliency, and mitigate any fiscal impacts.

Cyber Security

The Town, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As recipient and provider of personal, private, or sensitive information, the Town may be subject to cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems.

The Town uses Tyler Technology’s MUNIS software for its accounting and financial reporting. In September 2020 Tyler experienced a ransomware attack, which compromised its phone and information technology systems. No data for the Town was compromised and the incident was limited to their internal corporate network.

Entities or individuals may attempt to gain unauthorized access to the Town’s digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. The Town has implemented policies and procedures to protect against malicious activity targeting critical technology infrastructure. No assurances can be given that the Town’s efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the Town.

Population

In 2010, the Town was ranked 24th in population among the thirty-nine cities and towns in Rhode Island. Narragansett experienced a 3.0% decrease in population from 2000 to 2010. Set forth below is a table of population in the Town for various years from 1920 to 2010.

<u>Year</u>	<u>Population</u>
1920	993
1930	1,258
1940	1,560
1950	2,288
1960	3,444
1970	7,138
1980	12,088
1990	15,004
2000	16,361
2010	15,868
2020	14,532

Sources: U.S. Bureau of the Census, 1920-2020

Unemployment

The most recent labor market information summary indicates that monthly and annualized unemployment for the months and years and indicated was as shown in the following tables:

	<u>Annualized</u>								
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Narragansett	4.2%	3.6%	3.1%	2.7%	2.3%	5.8%	3.7%	2.1%	2.0%
Rhode Island	6.0	5.3	4.5	4.1	3.6	9.4	5.7	3.2	3.0
United States	5.3	4.9	4.4	3.9	3.7	8.1	5.3	3.6	3.6

	<u>2024 Monthly</u>		
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>
Narragansett	3.1%	3.6%	na
Rhode Island	4.6	5.4	na
United States	4.1	4.2	3.9

Source: Rhode Island Department of Labor & Training
Not seasonally adjusted

Employment

In 2023, the Town had 570 private business and industrial firms subject to employment security taxes with quarterly payrolls which totaled \$183,801,923 and the average number of persons employed was 4,062 according to the most recent statistics. The following is a listing of the various types of industry in the Town covered by the Department of Labor and Training.

<u>Sector</u>	<u>Number of Units</u>	<u>Average Employment</u>	<u>Total Wages</u>	<u>% of Covered Employment</u>
Agriculture, Forestry, Fishing & Hunting	8	39	\$ 2,049,989	0.96%
Construction	46	150	10,407,506	3.69%
Manufacturing	16	280	22,154,207	6.89%
Wholesale Trade	30	78	5,438,427	1.92%
Retail Trade	56	689	23,753,117	16.96%
Transportation & Warehousing	9	113	5,505,463	2.78%
Information	9	11	924,481	0.27%
Finance & Insurance	27	80	7,221,356	1.97%
Real Estate & Rental & Leasing	21	91	5,056,392	2.24%
Professional & Technical Services	118	249	21,238,214	6.13%
Management of Companies & Enterprises	3	10	2,164,782	*
Administrative Support & Waste Mngmnt.	34	104	5,801,645	2.56%
Educational Services	14	19	748,761	*
Health Care & Social Assistance	43	364	18,012,179	8.96%
Arts, Entertainment, & Recreation	12	226	8,263,450	5.56%
Accommodation & Food Services	70	1,326	36,129,904	32.64%
Other services,	54	233	8,932,050	5.74%
TOTAL	570	4,062	\$ 183,801,923	99.29%

* Some data are not shown due to the possibility of identifying data of a specific employer.

Source: Rhode Island Department of Labor & Training.

Income Levels

According to the 2018-2022 American Community Survey of the U.S. Census Bureau, the median household income of the Town of Narragansett was \$90,214 compared to \$81,370 for the State of Rhode Island. The per capita income of the Town was \$45,843 compared to \$43,324 for the State.

Housing

For many decades, Narragansett was known primarily as a summer resort, due to its many fine beaches, including two state beaches. Until the mid-sixties, most of the residential development within the community was of the single-family nature, with a majority being utilized as seasonal residences. The past fifty years, however, have seen a rapidly increasing conversion of dwellings which were considered seasonal to year-round use. This, coupled with a steady influx of families to the area has caused single family units to rise from 4,194 in 1980 to 7,626 in 2020. In addition, condominium development has risen from 17 units in 1980 to approximately 1,164 units in 2020; indicating an increase in this type of residential unit of more than 1,000 units. When other types of development (duplexes, multi-family, estates, etc.) are added to the single family and condominium units, the total of non-seasonal homes rises to 9,210. The U.S. Census reported a total of 9,857 housing units in the Town in 2020, which is an increase of 387 units from 2010.

Additionally, available vacant developable land which is zoned residential, has decreased from 4,641 parcels in 1978 to 876 parcels at the end of 2020. Similarly, parcels of large tract commercial vacant land have seen a decrease from 72 parcels to 24 parcels in the same time span.

For December 2023, median sales price for all homes in Narragansett was \$775,000 compared to the average State price of \$427,000. Available median rentals in the community are priced at \$1,681 per month according to the 2018-2022 American Community Survey.

Building Permits

The following table lists the value and number of building permits issued for residential and commercial construction for the fiscal years ending 2015-2024.

Year	Permits Issued	Value
2015	874	\$32,291,929
2016	906	41,065,382
2017	1009	42,232,835
2018	1019	33,646,765
2019	1047	35,728,454
2020	1057	42,958,133
2021	1094	56,731,499
2022	1057	51,194,328
2023	999	52,961,778
2024 ⁽¹⁾	686	40,223,518

(1) Through 4/11/2024

Economic Development

Narragansett Bay Campus/South Ferry Industrial Park

The URI Graduate School of Oceanography / Narragansett Bay Campus (GSO) is located at the end of South Ferry Road and consists of 20 buildings that contain a mix of offices, research labs, classrooms, and meeting spaces. There is a total of roughly 300,000 square feet of built space, about half of which is contained in seven major buildings: Horn Laboratory, South Laboratory, Watkins Laboratory, Center for Atmospheric Chemistry Studies, Coastal Institute, and Ocean Science and Exploration Center which houses offices of the Dean and administrative staff, as well as the Claiborne Pell Marine Science Library, National Sea Grant Library, and the Inner Space Center.

Other notable features of the Narragansett Bay Campus include:

- A facility that provides continuous running seawater to the Ann Gall Durbin Marine Research Aquarium, Ark Annex to the Aquarium, and Luther Blount Aquaculture Laboratory;
- The Equipment Development Lab, which provides design, fabrication, and test capabilities for scientists;
- A large geological samples storage facility; and
- A large pier and a small boat facility.

In addition, the URI Department of Ocean Engineering is located on the campus along with numerous specialized research facilities for physical and numerical modeling of large-scale ocean circulation or earth mantle behavior.

The Narragansett Bay Campus also serves as homeport for the URI Graduate School of Oceanography’s research vessel, RV Endeavor, with a pier located along the Narragansett Bay waterfront. The pier allows for efficient staging of cruises and easy access to the open ocean, only a few miles south of the campus. Both the pier and the RV Endeavor are slated for replacement in the coming year. Pier reconstruction and extension was completed in 2023. The new larger research vessel tentatively named “RV Narragansett Dawn” is due to be delivered in 2025.

It is estimated that nearly 300 faculty, marine research scientists, graduate students, and administrative, professional, technical, and support staff comprise the GSO community at the Narragansett Bay Campus.¹

Across South Ferry Road, two federal agencies; the Environmental Protection Agency (EPA) and National Oceanic and Atmospheric Administration (NOAA) laboratories are located in three buildings. At this time the Town has no current estimate of the total square footage of office space or number of employees located on the federal campus.

North Star Industrial Park

Located off of South Ferry Road, the North Star Industrial Park is privately owned and consists of 16 one-acre lots with full utilities, including sewers. It has been developed to house local service-type industries, including automotive repair, waste collection and recycling, building contractors' office and storage uses, heading service and oil delivery businesses, plumbing supply, and fish packing. There are also small manufacturing businesses that develop and assemble water treatment machinery and underwater instrumentation.

Walt's Way Industrial Park

Walt's Way Industrial Park is located off of South Pier Road near the intersection with Point Judith Road (Route 108) and the on-ramp to U.S. Route 1. Industries within the park include marine and automotive services and repair, fish packaging, HVAC services, solid waste removal, and fabrication of commercial and industrial machinery.

Point Judith/Galilee

Point Judith/Galilee is the home to the state's largest fishing port. The Rhode Island Department of Environmental Management (RIDEM) manages the port and maintains security with the U.S. Coast Guard. The commercial port contains 40 piers in all for commercial berthing. There are 202 assigned slips and approximately 230 commercial vessels are registered with RIDEM. In 2016, Point Judith / Galilee ranked as the 4th largest port in New England and 15th largest U.S. port in dollar value of landings and 18th nationally for landings volume.

RIDEM reported in 2021 that vessels in Point Judith/Galilee landed 42.9 million pounds which was valued at \$70.9 million. The top species landed by value were lobster, Loligo (squid), and fluke. For perspective, in 2005, Point Judith was ranked the 15th largest port in the U.S. for value of landings and 22nd for landings volume.

Businesses and industries that support the commercial fisheries are also located in the area, including dealers, processors, truck transportation, fueling, supply ice, electronics, and gear, among other vessel and equipment services. The port is also home to the Block Island Ferry which runs multiple times daily, (weather permitting) and is owned by Interstate Navigation.

In 2007 a study was conducted that evaluated the economic impact of saltwater recreational fishing in the State of Rhode Island. According to the report, it generated a total economic impact of \$160 million in direct and indirect expenditures. Saltwater angling was the 8th largest tourist attraction in Rhode Island. Fishing charters are largely located in Washington County.² The vast majority of charter vessels are home ported in Galilee and Jerusalem.

Within the port area are also businesses catering to tourists, including restaurants, fish markets, souvenir shops, and a hotel. Many tourists that visit Galilee are on their way to Block Island or a chartered fishing trip. Others come for the restaurants, as well as the Salty Brine State Beach and Roger Wheeler State Beach.

As employment opportunities continue to increase within the community, so does the ability to commute to the larger urban areas such as Providence, Boston and New London. Road improvements by the State of RI have effectively decreased traveling time to these points over the years and have contributed to the influx of year-round residents. A major reconstruction of R.I. Routes 1 and 4 included in the State's 6-year Transportation Improvement Plan will continue the trend toward more rapid and higher volume transport connections to Providence/Massachusetts and Connecticut/New York areas. Some of this work has been completed particularly on Route 4. Electrification of the North East Rail Corridor (with a station

¹ <http://www.gso.uri.edu/narragansett-bay-campus>

² "Rhode Island Recreational Saltwater Fishing Industry Trends and Economic Impact," prepared by Ninigret Partners for the Rhode Island Saltwater Anglers Foundation. January 2007.

in Kingston, Rhode Island) and the MBTA (with a station in Wickford, Rhode Island) have also effectively brought Narragansett closer to major cities on the East Coast.

PROPERTY TAXES

General

Under Rhode Island law, Rhode Island municipalities, including this Town, are restricted from levying general taxes except ad valorem taxes upon real and personal property.

In Narragansett, the fiscal year begins July 1st with taxes based on the prior December 31st assessment payable in full on July 31 or quarterly on July 31, October 31, January 31, and April 30. No discount is allowed by the Town for advance payment of taxes. During the past 5 years, after the fourth quarterly tax installment is due and paid, the Town has collected increasingly greater percentages of its current tax levy; the current collection rate is in excess of 98%. The Town has annual tax sales for prior year delinquent real property taxes. The Town assesses an interest charge of 12% per annum on all delinquent accounts.

Tax Limitations

Rhode Island General Laws Section 44-5-2 limits the amount by which a city or town may increase its tax levy in each year unless the city or town qualifies for certain exemptions relating to loss of non-property tax revenue, emergencies, payment of debt service and substantial increase in the tax base necessitating significant expenditures. Through and including its fiscal year 2007, the maximum amount by which a city or town can increase its tax levy is five and one-half percent (5.5%) in excess of the amount levied for the prior year. The maximum amount a city or town may levy in excess of the amount levied for the prior fiscal year is gradually decreased each year by one quarter percent (.25%) from five and one-half percent (5.5%) in 2007 to four percent (4.0%) in 2013. For fiscal year 2013 and thereafter, the maximum amount the Town may levy in excess of the amount of the prior fiscal year is 4.00%.

If a city or town desires to increase its tax levy in excess of the maximum amounts contained in Section 44-5-2, it must be approved by the affirmative vote of at least four-fifths (4/5) of the full membership of the governing body of the city or town and, in the case of a city or town with a financial town meeting, the majority of electors present and voting at the financial town meeting.

Section 44-5-2 makes it clear that nothing contained in that Section constrains the payment of obligations as described by Section 45-12-1 of the Rhode Island General Laws, which provides that the outstanding notes, bonds and contracts of cities and towns shall be paid and be fulfilled and that the power and obligation of each city and town to pay its general obligation bonds and notes shall be unlimited and each city and town shall levy ad valorem taxes upon all taxable property within the city or town for the payment of such bonds and notes and interest thereon, without limitation as to rate or amount, except as otherwise provided by or pursuant to law.

Property Tax Exemptions

In 2016, the General Assembly authorized the Town Council by ordinance to create a tangible business property tax exemption for local small business owners in an amount not to exceed \$35,000. The Town Council approved the exemption by ordinance on September 6, 2016. In 2023, the General Assembly passed an amendment to Section 44-5.3 placing a cap on tangible tax rate as of December 31, 2022 and Section 44-5-12 increasing the property tax exemption to \$50,000. The Town Council approved these amendments by ordinance on December 18, 2023.

In 2016, the General Assembly also authorized the Town Council by ordinance to create exemption for veterans of up to \$20,000 from the assessed value of real estate or up to \$12,000 from assessed value of motor vehicles. The Town Council approved the exemption by ordinance on October 3, 2016.

In 2016, the General Assembly also authorized the Town Council by ordinance to create an additional exemption for service connected disabled veterans of up to \$20,000 from the assessed value of real estate or up to \$12,000 from assessed value of motor vehicles. The Town Council approved the exemption by ordinance on October 3, 2016.

In 2016, the General Assembly also authorized the Town Council by ordinance to create exemption of up to \$50,000 from the assessed value of real estate that is the specially adapted principal residence of a service-related disabled veteran or

any unmarried widow or widower of a deceased service related disabled veteran. The Town Council approved the exemption by ordinance on October 3, 2016.

In 2016, the General Assembly also authorized the Town Council by ordinance to create exemption of up to \$40,000 from the assessed value of real estate that is residence of a veteran or any unmarried widow or widower of a veteran who was a prisoner of war. The Town Council approved the exemption by ordinance on October 3, 2016.

In 2016, the General Assembly also authorized the Town Council by ordinance to create exemption for gold star parents (parents of veterans who died in the line of duty) of up to \$20,000 from the assessed value of real estate or up to \$12,000 from assessed value of motor vehicles. The Town Council approved the exemption by ordinance on October 3, 2016.

In 2016, the General Assembly also authorized the Town Council to annually create a homestead exemption for residential or mixed residential and commercial property owners of up to 5 residential units of up to 10% of assessed value of its residential component. The Town Council approved the exemption by ordinance on February 27, 2017.

In, 2023, the General Assembly accelerated the phase out of the Motor Vehicle Excise Tax. In fiscal years 2024 and thereafter, cities, towns and fire districts receive reimbursements from state general revenues equal to the amount of lost tax revenue due to the phase out of the excise tax in accordance with RIGL Section 44-31.1-2. In 2024 Narragansett received \$1,831,251.

Assessed Valuations

The following table indicates assessed valuations of taxable real and personal property for the years 2018-2022.

	Assessed Valuations as of December 31st,				
	2018	2019	2020⁽¹⁾	2021	2022
Real Estate.....	\$5,013,586,805	\$5,039,302,701	\$6,124,323,843	\$6,159,074,732	\$6,199,803,663
Motor Vehicle.....	147,215,227	139,922,602	136,851,707	0	0
Tangible Personal Property.....	107,804,366	113,833,904	116,051,066	117,742,467	108,139,427
Total Assessed Value.....	\$5,268,606,398	\$5,293,059,207	\$6,377,226,616	6,276,817,199	6,307,973,090
Less Exemptions.....	(249,048,803)	(251,040,377)	(285,766,847)	(225,937,874)	(227,262,780)
Net Real Estate/Tangible.....	\$5,019,557,594	\$5,042,018,829	\$6,091,459,768	\$6,050,879,325	\$6,080,680,310

(1) Full Revaluation

Analysis of Taxable Property

The following table shows an analysis of tax levy in the Town for the fiscal year ended June 30, 2024.

	% of Total Tax Levy	
	Town	State
Residential	92.45%	80.78%
Commercial/Industrial	5.88%	15.48%
Tangible	1.67%	3.74%
Motor Vehicle	0.00%	0.00%
	<u>100.00%</u>	<u>100.00%</u>

Source: State of Rhode Island Department of Municipal Finance.

Principal Taxpayers

The ten largest taxpayers in the Town of Narragansett as of December 31, 2022 (for FY2024) are as follows:

Name	Type of Business	Assessed Valuation	Percent of Total Assessed Valuation
National Grid	Electric & Gas Utility	\$ 47,221,732	0.73%
DPF Narragansett LLC	Shopping Plaza	29,010,800	0.45%
CoxCom, LLC	Cable Utility	23,607,420	0.37%
Dunes Club	Private Beach Club	15,417,600	0.24%
SUEZ Water	Water Utility	14,418,032	0.22%
RPC Narragansett Storage, LLC	Self Storage	9,758,400	0.15%
Point Judith Country Club	Private Golf Course	8,700,300	0.13%
JDL Family LTD Partnership	Shopping Plaza	8,258,500	0.13%
Remedy LLC	Residential Property	7,348,700	0.11%
HTE Irrevocable Trust	Residential Property	7,343,100	0.11%
	Total	\$ 171,084,584	2.65%

Total assessed valuation (gross) \$6,307,943,090

Tax Rate, Levy, and Collection Record

By State Law, valuations are assessed each December 31, and the levy thereon may be paid in full or quarterly without penalty at the taxpayer's option. In Narragansett, the fiscal year begins July 1st with taxes on the prior December 31st assessment payable in full on July 31 or quarterly commencing on July 31. The following is a schedule of tax rate, levy and current year amount collected.

FYE	Residential	Net Levy	As of End of Year of Levy	
June 30,	Tax Rate		Amount	%
			Collected	
2024	\$9.31	\$58,165,671	\$46,356,089	79.70%
2023	9.00	55,984,526	55,636,635	99.38
2022	8.86	56,035,516	55,987,038	99.22
2021	10.48	54,889,286	54,450,350	99.24
2020	10.23	53,631,508	53,272,353	99.29
2019	9.95	51,664,100	51,356,961	99.51
2018	10.56	50,425,079	50,043,114	99.24
2017	10.08	49,396,535	48,974,578	99.15
2016	9.94	48,342,629	47,937,036	99.16
2015	10.04	47,455,661	47,043,390	99.13

(1) Collections through 4/1/2024.

TOWN DEBT

General

Except as explained below, under Rhode Island law the Town may not, without special statutory authorization, or ministerial approval by the Auditor General of the State (described below), incur any debt which would increase its aggregate indebtedness not otherwise excepted by law to an amount greater than 3% of the full assessed value of the taxable property within Town. Deducted from the computation of aggregated indebtedness is the amount of any borrowing in anticipation of taxes authorized by law and the amount of any fund held on account to pay such indebtedness maintained by the Town. In computing the value of taxable property, motor vehicles and trailers are valued at full value without regard to assessed value reductions provided for in other sections of the general laws. In July 2007, the Rhode Island State Legislature enacted

legislation providing for ministerial approval by the State’s Auditor General of debt outside of the 3% debt limit for communities with an “A” rating or better, if the community satisfies certain requirements, including voter approval. The 3% debt limit of the Town is \$182,420,409 based on net assessed valuations of \$6,080,680,310 as December 31, 2022. As of June 30, 2023, the Town had \$1,133,000 debt outstanding under the 3% debt limit provision; the remaining outstanding debt has been authorized by special act of the Rhode Island State Legislature and referenda approved by the Town electorate. The Town has no debt outstanding under the ministerial approval process.

In addition to debt authorized within the 3% debt limit, ministerial approved debt and debt authorized by special act of the Legislature, Rhode Island General Laws 45-12-11 authorizes the Rhode Island State Director of Administration, upon petition by a municipality, to authorize such municipality to incur indebtedness in excess of the 3% debt limit whenever the Director shall determine that the sums appropriated by the municipality or its funds available are insufficient to pay the necessary expenses of the municipality. The Town has never requested the State Director of Administration to authorize indebtedness of the Town under section 45-12-11.

Outstanding Debt

As of June 30, for the years indicated, the outstanding general obligation bonded indebtedness of the Town is as follows:

Bonded Debt:	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Road Bond	\$ 3,280,000	\$ 3,075,000	\$ 2,870,000	\$ 2,665,000	\$ 2,460,000
General Obligation Bond	5,490,000	5,185,000	4,880,000	4,575,000	4,270,000
School Refunding	12,029,000	11,030,000	10,000,000	8,930,000	7,820,000
Enterprise Fund RIIB Debt ⁽¹⁾⁽²⁾	1,427,843	848,307	685,308	519,099	865,307
2019 Road Bond	5,000,000	4,750,000	4,500,000	4,250,000	4,000,000
2021 Library Bonds	-	-	2,400,000	2,240,000	2,080,000
2021 Taxable Bonds	-	-	400,000	360,000	320,000
2022 Road	-	-	-	3,000,000	2,850,000
2022 Library	-	-	-	3,265,000	3,105,000
Total	\$ 27,226,843	\$ 24,888,307	\$ 25,735,308	\$ 29,804,099	\$ 27,770,307

RIIB Bonds Payable:	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Rose Hill Clean-up	\$ 494,631	\$ 376,139	\$ 254,269	\$ 128,921	\$ -
Narrow River Clean-up	358,000	329,000	299,000	268,000	237,000
Landfill Closure Costs	138,000	119,000	100,000	81,000	61,000
Total	\$ 990,631	\$ 824,139	\$ 653,269	\$ 477,921	\$ 298,000

TOTAL DEBT	\$ 28,217,474	\$ 25,712,446	\$ 26,388,577	\$ 30,282,020	\$ 28,068,307
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(1) Self-supporting

(2) RIIB: Rhode Island Infrastructure Bank formerly Rhode Island Clean Water Finance Agency

Actual Debt Service Requirements

The following table sets forth a schedule of debt service for the outstanding General Obligation debt of the Town for the years ending 2024 through 2044.

Fiscal Year Ended 6/30,	General Fund Debt		Enterprise Fund Debt ⁽¹⁾		This Issue of Bonds		Aggregate Debt Service		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2024	\$ 2,482,000	\$ 1,262,383	\$ 193,000	\$ 12,107					
2025	2,532,000	1,162,536	198,308	15,440					
2026	2,594,000	1,062,829	21,000	13,024					
2027	2,634,000	954,097	22,000	12,491					
2028	2,699,000	844,084	22,000	11,958					
2029	2,760,000	742,795	23,000	11,420					
2030	1,312,000	644,622	23,000	10,871					
2031	1,275,000	603,639	24,000	10,308					
2032	1,235,000	562,520	24,000	9,733					
2033	1,235,000	521,465	25,000	9,144					
2034	1,235,000	488,254	26,000	8,523					
2035	1,235,000	454,739	26,000	7,868					
2036	1,030,000	424,582	27,000	7,162					
2037	870,000	397,860	28,000	6,392					
2038	565,000	377,250	28,000	5,570					
2039	565,000	360,300	29,000	4,702					
2040	315,000	343,350	30,000	3,785					
2041	315,000	333,900	31,000	2,779					
2042	315,000	324,450	32,000	1,691					
2043	-	-	33,000	569					
2044	-	-	-	-					
Total	\$ 27,203,000	\$ 11,865,653	\$ 865,308	\$ 165,535					

(1) Self-supporting

Tax Anticipation Notes

Under Rhode Island law the Town may borrow in each fiscal year, in anticipation of the receipt of the proceeds of the property tax due in such fiscal year, an amount which shall not exceed the total tax levy of the then current fiscal year. Tax anticipation notes must be payable not later than one year from their date, but notes issued for less than one year may be renewed, provided such renewal notes are payable within one year of the date of the original notes. The Town has no tax anticipation notes outstanding.

Authorized But Unissued Debt

The following table sets forth the amounts and purposes of statutory authorized but unissued general obligation debt of the Town after this issue of Bonds.

Authorization RI Public Laws		Description	Original Total	Bonds	Unissued
Chapter	Year		Authority	Issued ⁽¹⁾	Authority
407	1989	Sewage Treatment	\$ 4,850,000	\$ 3,387,023	\$ 1,462,977
8	1991	Sewers	9,800,000	6,380,000	3,420,000
289	2002	Sewers	4,700,000	4,200,000	500,000
255	2009	Open Space	2,000,000	974,000	1,026,000
323	2012	Roads	17,000,000	17,000,000	-
237/285	2016	Library	5,800,000	5,665,000	135,000
Local Acts 47/52	2022	Roads	20,000,000	2,400,000	17,600,000
RI General Laws					
Sec 45-12-2 & Ordinance 659		Open Space and Recreation	1,500,000	1,350,000	150,000
			\$ 65,650,000	\$ 41,356,023	\$ 24,293,977

(1) Includes this issue of Bonds.

Debt Ratios and Debt Per Capita

Fiscal Year	Population	Net Assessed Valuation	Ratio of Assessment	Estimated Full Valuation	Gross Bonded Debt	Gross Debt per Capita	Ratio of Gross Debt to Estimated Full Value
2014	15,868	4,484,139,590.00	95.91%	\$ 4,675,227,447	\$ 23,824,610	\$ 1,501	0.51%
2015	15,868	4,506,548,896	95.14	4,736,536,179	25,975,509	1,637	0.55
2016	⁽¹⁾ 15,868	4,624,303,235	93.18	4,962,581,381	23,864,429	1,504	0.48
2017	15,868	4,650,690,022	91.27	5,095,322,122	25,674,129	1,618	0.50
2018	15,868	4,540,889,213	93.00	4,882,676,573	24,452,949	1,541	0.50
2019	⁽¹⁾ 15,868	4,971,302,687	96.28	5,163,273,510	28,217,474	1,778	0.55
2020	15,868	5,019,557,596	98.07	5,118,238,938	25,712,446	1,620	0.50
2021	14,532	5,042,018,829	97.93	5,148,834,796	26,388,577	1,816	0.51
2022	⁽²⁾ 14,532	6,091,459,768	97.61	6,240,374,909	30,282,020	2,084	0.49
2023	14,532	6,050,879,325	96.40	6,276,817,199	28,068,307	1,931	0.45

(1) Statistical update

(2) Revaluation

TOWN FINANCES

The financial statements of the Town have been audited by Bacon & Company LLC, Certified Public Accountants, for the fiscal year ended June 30, 2023. The Town's June 30, 2023 Annual Comprehensive Financial Report is attached in Appendix B. Comparative financial statements are set forth in in Appendix A. Such statements are unaudited but have been prepared by the Director of Finance and Treasurer for comparative purposes from audited financial statements.

Bacon & Company LLC, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Bacon & Company LLC also has not performed any procedures relating to this offering document.

Financial Reporting and Budgetary Procedures

The accounting policies of the Town of Narragansett, Rhode Island for the fiscal year ending June 30, 2023 conform to generally accepted accounting principles as applicable to governmental units.

The modified accrual basis of accounting is followed by the governmental funds and expendable trust funds. Under the modified accrual basis of accounting, revenue are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (see Note 1 of Notes to Financial Statements for property tax revenue policy). Expenditures, other than interest on long-term debt, are recorded when the liability is incurred. Revenues and expenditures for the remaining funds are recognized primarily on the accrual basis.

Budgetary Control

In accordance with the Town's Charter, the Town has formally established budgetary accounting control for its General Fund, School Unrestricted Fund, Debt Service Funds and Enterprise Funds. All the above are subject to an annual operating budget adopted by Town Council. The School Unrestricted Fund is subject to an annual operating budget approved by the School Committee and adopted by the Town Council. The annual operating budget's appropriation amounts are supported by revenue estimates and take into account the elimination of accumulated deficits and the re-appropriation of accumulated surpluses to the extent necessary. The Town makes use of an encumbrance system for all Governmental Fund Types. Encumbrances are commitments related to unperformed contracts for goods or services. When a purchase order or commitment is placed the Town reduces the amount of budgetary authority remaining in a budget category and records an encumbrance. When goods or services are received, the encumbrance balance is reduced and an expenditure and liability is recorded.

Internal Controls

In developing and evaluating the Town's accounting control system, consideration is given to the adequacy of internal account controls. Accounting control comprises the plan of organization and the procedures and records that are concerned with the safeguarding of assets and the reliability of financial records and consequently are designed to provide reasonable assurance that:

- ❖ Transactions are executed in accordance with management's general or specific authorization.
- ❖ Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria, such as finance-related legal and contractual compliance requirements applicable to such statements, and (2) to maintain accountability for assets.
- ❖ Access to assets is permitted only in accordance with management's authorization.
- ❖ The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.
- ❖ The definition of accounting control comprehends reasonable, but not absolute, assurance that the objectives expressed in it will be accomplished by the system. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits expected to be derived. The benefits consist of reductions in the risk of failing to achieve the objectives implicit in the definition of accounting control.
- ❖ All internal control evaluations occur within the above framework. We believe that the Town's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Capital Improvement Program

Each year the Town of Narragansett prepares a Capital Improvements Program. This plan helps to identify projects which must be undertaken within the next six years. This long-range planning is essential in addressing the future development and growth of the Town. The Capital Budget for FY 2022/23 totaled \$2,210,500 (including carryover funds from prior years) and that new funding for FY 2024 totaled \$2,477,210 from the general fund.

State School Aid

Pursuant to Rhode Island General Laws Sections 16-7-15 *et seq.*, as amended, the State provides school operations aid to each municipality and school district in the State, subject to annual appropriation by the General Assembly. The statutes provide for reimbursement of school expenditures based on a formula which adjusts the reimbursement ratio based on the relative equalized evaluation of property and median family income of a community relative to the state as a whole. The Town's School Department received \$2,271,229 in fiscal year ended June 30, 2023 and budgeted \$2,256,136 for fiscal year ending June 30, 2024.

The State provides construction aid to Rhode Island municipalities for the cost of building new public schools. All buildings constructed since July 1, 1949 are eligible for assistance of a minimum of 30% of the full cost of such buildings. Such assistance level may be further increased by a formula which takes into account the equalized assessed valuation and debt service burden of the particular municipality. For the fiscal year ended June 30, 2023 the Town received \$454,459 in such construction aid and the Town budgeted \$360,988 for the fiscal year ending June 30, 2024.

The Town also receives aid from the State for Public Service Corporations Tax (Telephone Tax), partial reimbursement for school and library debt service costs and hotel tax from Narragansett hotels equal to 1% of gross receipts and beach fees.

Town Budgets

Set forth below are the Town's 2022, 2023 and 2024 Adopted Budgets.

	<u>2022</u>	<u>2023</u>	<u>2024</u>
REVENUE:			
Current Property Taxes	\$ 55,219,407	\$ 56,992,261	\$ 57,551,961
Prior Year Taxes	250,000	300,000	300,000
TOTAL PROPERTY TAXES	<u>\$ 55,469,407</u>	<u>\$ 57,292,261</u>	<u>\$ 57,851,961</u>
Investment & Interest Inc	357,500	400,000	400,000
Intergovernmental	2,293,654	2,291,379	3,982,681
Pilot Payments	649,086	456,729	447,139
Interfund Revenues	1,205,306	1,059,386	846,716
TOTAL INTERFUND	<u>4,505,546</u>	<u>4,207,494</u>	<u>5,676,536</u>
Licenses & Permits	382,000	432,000	431,000
Fines & Forfeitures	415,000	415,000	420,000
Dept & Misc Revenues	1,752,650	1,915,650	2,127,635
Parks & Rec	158,000	108,000	93,500
Fund Balance	695,559	2,576,426	2,270,763
TOTAL REVENUES	<u><u>\$ 63,378,162</u></u>	<u><u>\$ 66,946,831</u></u>	<u><u>\$ 68,871,395</u></u>
EXPENDITURES:			
Administration & Finance	\$ 3,868,204	\$ 4,181,691	\$ 4,531,351
Public Safety	15,942,863	16,898,842	17,491,525
Public Works	3,378,117	3,461,441	4,154,679
Development & Planning	1,224,192	1,280,483	993,509
Boards & Commissions	32,550	35,100	18,000
Parks & Recreation	1,613,040	1,703,236	1,678,562
TOTAL OPERATING DEPARTMENTS	<u>26,058,966</u>	<u>27,560,793</u>	<u>28,867,626</u>
Non-Departmental	858,090	850,706	202,407
Transfers	9,091,706	10,624,544	11,539,917
TOTAL EXPENDITURES	<u>9,949,796</u>	<u>11,475,250</u>	<u>11,742,324</u>
Education	27,069,400	27,610,788	27,961,445
Contingency	300,000	300,000	300,000
TOTAL GENERAL FUND	<u><u>\$ 63,378,162</u></u>	<u><u>\$ 66,946,831</u></u>	<u><u>\$ 68,871,395</u></u>

Source: Town Budget Ordinances.

Reporting Requirements of Municipalities and School Districts

In June 2003, the Rhode Island General Assembly passed new financial reporting requirements for municipalities in order to ensure that municipalities and school districts monitor their financial operations on an ongoing basis and to prevent potential budget deficits (Rhode Island General Laws §§ 45-12-22.1 to 22.5 (the "Financial Reporting Act")).

Reporting

- The chief financial officer of the municipality must submit monthly reports to the municipality's chief executive officer, each member of the city or town council, and school district committee certifying the status of the municipal budget, including the school department budget or regional school budget.
- The chief financial officer of the municipality must also submit quarterly reports to the State Office of Municipal Affairs certifying the status of the municipal budget. The chief financial officer of the school department or school district shall certify the status of the school district's budget and shall assist in the preparation of these reports.
- If any reports project a year-end deficit, the chief financial officer of the municipality must submit a corrective action plan, providing for the avoidance of a year-end deficit, to the State Office of Municipal Affairs no later than thirty (30) days after completion of his or her monthly budget analysis.
- If, at the end of the fiscal year, the chief financial officer determines that it is likely that the city or town's general fund or combined general fund and unrestricted school special revenue fund will incur a deficit, the municipality must immediately develop a plan to eliminate the accumulated year-end deficit by annual appropriation over no more than five (5) years. This plan must be submitted to the State Auditor General for approval.

Restrictions and Requirements

- No municipality can sell long-term bonds in order to fund a deficit without prior approval by the Rhode Island Auditor General and the Director of the Rhode Island Department of Administration.
- No municipality can incur expenditures or obligate the municipality to expend unbudgeted amounts in excess of \$100,000 without first notifying the city or town council of the proposed expenditure and identifying the source of funding. Any such expenditure must be included in the chief financial officer's monthly report.
- No school committee or school department can incur accumulated unbudgeted expenditures in excess of \$100,000 without notifying the chief financial officer of the municipality of the proposed expenditure and identifying the source of funding. Any such expenditure must be included in the chief financial officer's monthly report.
- School committees, boards or regional school districts that are independent government entities within a municipality must cooperate in providing to the chief financial officer all information needed to formulate his or her reports and the deficit elimination plan.

Remedies

- If a municipality does not comply with the requirements of the Financial Reporting Act, the State Auditor General or State Office of Municipal Affairs, through the Director of Administration, may elect any or all of the following remedies:
 - Petition the Superior Court for mandatory injunctive relief seeking compliance with the provisions of the Financial Reporting Act;
 - In the event a municipality fails to provide a year-end deficit elimination plan, implement a financial review commission pursuant to Rhode Island General Laws Section 45-9-3; or
 - Withhold State Aid.
- If a school committee or board fails to cooperate with the municipality or provide all information requested by

the chief financial officer needed to formulate a plan:

-The Auditor General or the Director of Administration may petition the Superior Court to order the school committee or board to cooperate; and

-The Director of Administration may also direct the Rhode Island Controller and General Treasurer to withhold state aid from a school committee until the school committee or board cooperates in the formulation of the plan.

The Town has not been advised by the Auditor General or Director of Administration that it is not in compliance with the Financial Reporting Act.

State Oversight

On June 11, 2010, the Rhode Island General Assembly enacted “An Act Relating to Cities and Towns—Providing Financial Stability” the purposes of which are (1) to provide a mechanism for the State to work with cities and towns undergoing financial distress that threatens the fiscal well-being, public safety and welfare of such cities and towns, or welfare of other cities and towns or the state, and (2) to provide stability to the municipal credit markets for Rhode Island and its cities and towns through a predictable, stable mechanism for addressing cities and towns in financial distress.

The Financial Stability Act prohibits municipalities from filing for judicial receivership and clarifies that the Superior Court has no jurisdiction to hear such matters.

The Financial Stability Act gives the State, acting primarily through the department of revenue, the power to exercise varying levels of support and control depending circumstances. It creates three levels of State oversight and control: Level I--Fiscal Overseer, Level II-- Budget Commission, and Level III -- Receiver. The State director of revenue, in consultation with the auditor general, may skip fiscal overseer and budget commission by appointing a receiver in a fiscal emergency.

Fiscal Overseer (Level I)

A fiscal overseer may be appointed by request of the municipality, or the State director of revenue may appoint a fiscal overseer if the director finds, in his or her sole discretion, that any two of the following events have occurred whereby the city or town:

- Projects a deficit in the municipal budget in the current fiscal year and again in the upcoming fiscal year
- Has not filed its audits with the auditor general by the deadlines required by law for two (2) successive fiscal years (not including extensions authorized by the auditor general)
- Has been downgraded by one of the nationally recognized statistical rating organizations
- Otherwise unable to obtain access to credit markets on reasonable terms
- Does not promptly respond to requests made by the director of revenue, or the auditor general, or the chairpersons of the house or senate finance committees for financial information

The director of revenue may also appoint a fiscal overseer for failure to comply with the financial reporting and action plan requirements relating to budget deficits. A fiscal overseer acts in an advisory capacity to municipal officials, approves budgets and reports to State officials regarding progress.

Budget Commission (Level II)

A budget commission may be established by request of a municipality or without such a request, if the fiscal overseer reports to the State director of revenue that the city or town is unable to present a balanced municipal budget, faces a fiscal crisis that poses an imminent danger to the safety of the citizens of the city or town or their property, will not achieve fiscal stability without the assistance of a budget commission, or the tax levy of the fiscal year should not be approved, or otherwise determines that a budget commission should be established. A budget commission is composed of five (5) members: three (3) designees of the director of revenue, the elected chief executive officer of the city, and the president of the city or town council (or in cities or towns in which the elected chief executive officer is the president of the city or town council, then the appointed city or town manager). A budget commission has more significant powers over financial matters, including but not limited to the power to:

- Amend, formulate and execute annual and supplemental municipal budgets and capital budgets;
- Reorganize, consolidate or abolish municipal departments, commissions, authorities, boards, offices or functions;
- Issue bonds, notes or certificates of indebtedness to fund a deficit of the city or town, to fund cash flow and to finance capital projects.

Receiver (Level III)

The State director of revenue may appoint a receiver if the budget commission recommends appointment of a receiver after concluding that its powers are insufficient to restore fiscal stability to the city or town. A receiver may exercise any function or power of any municipal officer, employee, board or commission and has the power to file on behalf of a city or town for bankruptcy in federal bankruptcy court.

The Town is not currently subject to the Financial Stability Act.

LITIGATION

During the ordinary course of its operations, the Town is a party to various claims, legal actions and complaints. In the opinion of Town officials, there is no litigation pending against the Town, which, either individually or in the aggregate would result in judgments that would have a material adverse effect on the Town's financial position or its ability to meet its debt service obligations.

TAX STATUS

In the opinion of Taft & McSally LLP, Bond Counsel to the Town (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Interest on the Bonds will not be included in computing the alternative minimum taxable income of individuals. However, interest on the Bonds will be included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on the Bonds.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. Failure to comply with these requirements may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The Town has covenanted to comply with such requirements to ensure that interest on the Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Bond Counsel is also of the opinion that, under existing law, the Bonds and the interest thereon is free from taxation by the State or any political subdivision or other instrumentality of the State, although the income therefrom may be included in the measure of Rhode Island estate taxes and certain Rhode Island corporate and business taxes. Bond Counsel expresses no opinion as to the taxability of the Bonds or the income therefrom or any other tax consequences arising with respect to the Bonds under the laws of any state other than Rhode Island. Complete copies of the proposed forms of opinions of Bond Counsel are set forth in APPENDIX C hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and is exempt from Rhode Island personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is either the reasonably expected initial offering price to the public or the first price at which a substantial amount of such maturity of the Bonds is sold to the public, as applicable. The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds and determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the reasonably expected initial offering price or, if applicable, the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Bonds, or, in some cases, at the earlier redemption date of such Bonds (“Premium Bonds”), will be treated as having amortizable bond premium for federal income tax purposes and Rhode Island personal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondholder’s basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondholder. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from Rhode Island personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect the federal or state tax liability of a Bondholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Bonds in determining the portion of such benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder’s other items of income, deduction, or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the Rhode Island legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers. Additionally, Bondholders should be aware that future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be affected and the ability of Bondholders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Bonds.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the “Rule”), the Town will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the Town by not later than nine (9) months after the end of each fiscal year, commencing with the fiscal year ending June 30, 2024 (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. The covenants will be contained in a Continuing Disclosure Certificate, the proposed form of which is provided in APPENDIX D.

The Town has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule for the past five years.

CONDITIONS PRECEDENT TO DELIVERY

The following, among other things, are conditions precedent to the delivery of the Bonds to the original purchasers thereof.

No Litigation Certificate

Upon delivery of the Bonds, the Town shall deliver or cause to be delivered a certificate of the President of the Town Council and the Finance Director, dated the date of delivery, to the effect that except as disclosed in the Preliminary Official Statement there is no litigation pending or, to the knowledge of such officers, threatened affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them, and that neither the corporate existence nor the boundaries of the Town, nor the title of any said officers to their respective offices, is being contested.

Approval of Legality

The legality of the Bonds will be approved by Taft & McSally LLP, Bond Counsel. The approving opinion of such counsel with respect to the Bonds will be delivered at the time of delivery of the Bonds. The opinion will be substantially in the form attached hereto as APPENDIX C. The scope of engagement of Bond Counsel does not extend to passing upon or assuming responsibility for the accuracy or adequacy of the statements made in this Preliminary Official Statement (other than matters expressly set forth as their opinion) and they make no representations that they have independently verified the same.

Certificate With Respect to Preliminary Official Statement

At the time of the original delivery of and payment for the Bonds, the Town will deliver a certificate of the Finance Director and Town Treasurer certifying that, to the best of her knowledge and belief, both as of its date and as of the date of delivery of the Bonds, the Preliminary Official Statement (excluding therefrom the initial public offering prices (or yields) on the Bonds on the cover and in the information under the heading "THE BONDS – Book Entry Only System" does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements made herein, in the light of the circumstances under which they were made, not misleading.

MUNICIPAL ADVISOR

PFM Financial Advisors LLC ("PFM") has served as municipal advisor to the Town for the issuance of the Bonds. PFM is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for, the accuracy, completeness, or fairness of the information contained in the Preliminary Official Statement. PFM is an independent financial advisory firm and is not engaged in the business of underwriting, trading, or distributing public securities.

RATING

The Town has received a rating of "AA+" on the Bonds from S&P Global Ratings ("S&P"). The rating reflects only the view of S&P, and an explanation of the significance of such rating may be obtained from S&P.

The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating may be subject to revision or withdrawal at any time by S&P. Any downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

MISCELLANEOUS

All quotations from and summaries and explanations of laws herein do not purport to be complete, and reference is made to said laws for full and complete statements of their provisions.

This Preliminary Official Statement is submitted only in connection with the sale of the Bonds by the Town and may not be reproduced or used in whole or in part for any other purpose.

TOWN OF NARRAGANSETT, RHODE ISLAND

By: _____
Christine Wilson
Finance Director & Town Treasurer

Dated: June __, 2024

**TOWN OF NARRAGANSETT, RHODE ISLAND
GENERAL FUND BALANCE SHEET
(FOR FISCAL YEARS ENDING JUNE 30)**

ASSETS:	2019	2020	2021	2022	2023
Cash & Investments	\$17,006,240	\$18,492,610	\$28,386,335	\$28,701,152	\$29,493,114
Receivables:					
Property tax, net	334,691	460,794	512,286	570,885	487,099
Federal and state government	237,339	241,129	228,733	214,992	314,737
Other receivables	155,666	405,547	780,204	209,746	417,893
Lease receivable	-	-	-	2,867,135	2,657,158
Prepaid expenses	431,107	446,003	444,822	444,780	468,776
Other assets	100,414	85,510	85,649	66,672	90,484
Advances to other funds	2,813,820	2,813,820	-	1,082,030	299,364
Due from other funds	524,634	492,277	996,615	1,086,030	979,967
TOTAL ASSETS	\$21,603,911	\$23,437,690	\$31,434,644	\$35,311,841	\$35,208,592
 LIABILITIES & FUND EQUITY					
LIABILITIES:					
Accounts Payable	\$1,160,799	\$1,327,258	\$1,644,523	\$1,669,618	\$1,612,750
Unearned revenue	-	-	-	5,826	12,625
Other Liabilities	171,591	137,652	128,492	225,871	217,268
Due to Other Funds	1,467,872	1,771,016	2,765,402	3,983,324	3,172,502
TOTAL LIABILITIES	\$2,800,262	\$3,235,926	\$4,538,417	\$5,884,639	\$5,015,145
 TOTAL DEFERRED INFLOWS OF RESOURCES:	 \$471,738	 \$705,109	 \$2,553,484	 \$3,285,396	 \$2,986,892
 FUND BALANCES:					
Nonspendable	\$3,272,623	\$3,272,615	\$ 463,600	\$1,595,026	\$ 794,937
Restricted	5,098,440	6,193,675	7,880,638	8,891,334	10,339,222
Assigned	2,517,576	1,191,989	1,263,083	3,230,011	2,689,640
Committed	97,800	50,000	50,000	50,000	50,000
Unassigned	7,345,472	8,788,376	14,685,422	12,375,435	13,334,756
Total Fund Balances	18,331,911	19,496,655	24,342,743	26,141,806	27,206,555
TOTAL LIABILITIES & FUND BALANCES	\$21,603,911	\$23,437,690	\$31,434,644	\$35,311,841	\$35,208,592

Source: Prepared from audited financial reports

TOWN OF NARRAGANSETT, RHODE ISLAND
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
(FOR FISCAL YEARS ENDING JUNE 30)

REVENUES:	2019	2020	2021	2022	2023
General Property Tax	\$52,450,108	\$54,209,130	\$55,726,947	\$56,939,720	\$56,793,575
State aid, unrestricted.....	5,913,160	5,611,459	5,990,836	6,218,209	8,091,021
Charges for service.....	5,460,740	5,914,401	6,965,222	7,530,353	7,236,610
Investment income	391,511	268,284	280,553	(472,951)	144,207
Other	94,406	141,172	421,742	151,010	216,856
TOTAL REVENUE	\$64,309,925	\$66,144,446	\$69,104,747	\$70,366,341	\$72,482,269
EXPENDITURES:					
Current:					
General government.....	\$2,238,746	\$2,242,649	\$2,382,692	\$2,576,869	\$2,951,003
Financial administration.....	1,465,993	1,581,199	1,669,258	1,483,371	1,567,779
Public safety.....	14,111,574	14,710,730	14,586,695	16,017,184	16,930,362
Public works.....	3,010,990	2,849,640	2,902,462	2,983,698	3,155,448
Parks and recreation.....	1,739,351	1,722,685	1,478,384	1,878,142	2,008,792
Planning, engineering and inspection.....	1,137,558	1,200,658	1,131,161	1,211,301	1,215,520
Education	29,022,180	29,507,279	29,395,153	31,065,042	31,641,017
Other	5,338,143	4,824,649	4,494,575	5,026,399	5,211,749
Capital Outlay	-	-	100,980	-	-
TOTAL EXPENDITURES.....	\$58,064,535	\$58,639,489	\$58,141,360	\$62,242,006	\$64,681,670
Excess of Revenues before other financing sources	\$6,245,390	\$7,504,957	\$10,963,387	\$8,124,335	\$7,800,599
OTHER FINANCING SOURCES (USES):					
Transfer to other funds.....	(\$5,276,750)	(\$6,380,261)	(\$6,117,299)	(\$6,234,378)	(\$6,953,268)
Capital related debt issued.....	-	40,048	-	-	217,418
Sale of capital assets.....	-	-	-	-	-
Net Other Financing Sources (Uses).....	(\$5,276,750)	(\$6,340,213)	(\$6,117,299)	(\$6,234,378)	(\$6,735,850)
Excess (deficiency) of Revenues & Other Financing Sources Over (under) Expenditures and Other Financing Uses	968,640	1,164,744	4,846,088	1,889,957	1,064,749
FUND BALANCE - BEGINNING OF YEAR..	\$17,363,271	\$18,331,911	\$19,496,655	\$24,251,849*	\$26,141,806
FUND BALANCE - END OF YEAR.....	\$18,331,911	\$19,496,655	\$24,342,743	\$26,141,806	\$27,206,555

(*) Restatement.

Source: Prepared from audited financial reports

APPENDIX B

AUDITED FINANCIAL STATEMENTS

TOWN OF NARRAGANSETT, RHODE ISLAND
Annual Financial Statements
For the Fiscal Year Ended
June 30, 2023

Christine Wilson
Finance Director

Prepared by: Finance Department

INTRODUCTORY SECTION

**THIS SECTION CONTAINS
THE FOLLOWING:**

- **Table of Contents**
- **Town of Narragansett Organizational Chart**
- **List of Elected and Appointed Town Officials**

TOWN OF NARRAGANSETT, RHODE ISLAND
ANNUAL FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

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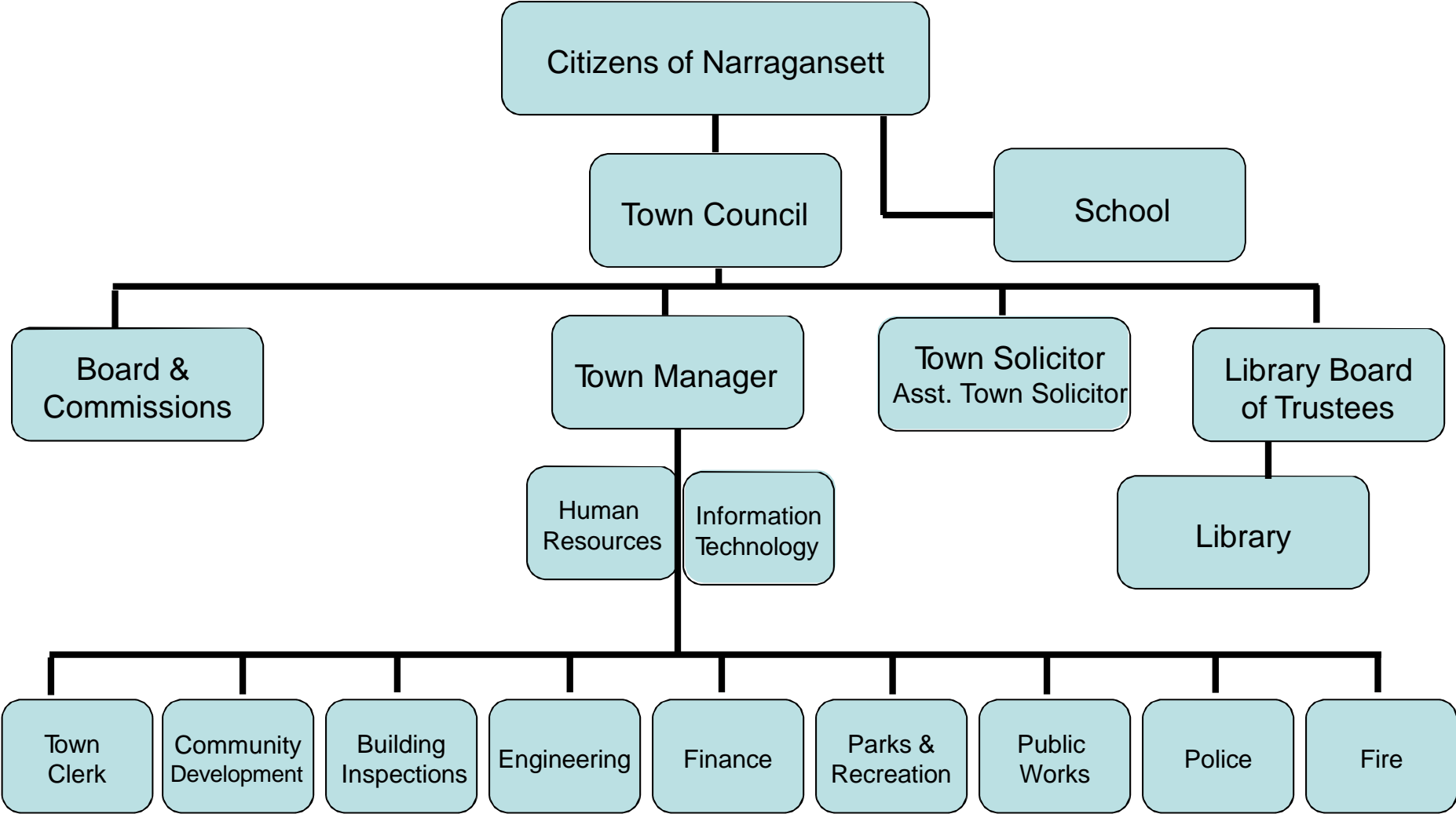
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Governmental Organization



TOWN OF NARRAGANSETT, RHODE ISLAND
LIST OF ELECTED AND APPOINTED OFFICIALS

JUNE 30, 2023

Elected Officials

Council President	Ewa Dzwierzynski
President Pro Tempore	Jill Lawler
Council Member	Susan Cicilline-Buonanno
Council Member	Steven Ferrandi
Council Member	Deborah Kopech
School Committee, Chairperson	Tammy McNeiece
School Committee, Vice-Chairperson	Alexander Menzies
School Committee, Member	Diane S. Nobles
School Committee, Member	Justin Skenyon
School Committee, Member	Jennifer Armstrong

Appointed Officials

Town Manager	James Tierney
Town Solicitor	Mark Davis
Assistant Town Solicitor	Stephen Marsella
Finance Director	Christine A. Wilson
Town Clerk	Janet Tarro
Town Engineer	Jonathan S. Gerhard
Police Chief	Sean P. Corrigan
Fire Chief	Scott M. Partington
Public Works Director	Stephen Daignault
Parks & Recreation Director	Michelle Kershaw
Community Development Director	Michael J. DeLuca
Building Official	Wayne Pimental
Human Resources Manager	Patricia Roosa
Town Controller	Matthew C. LeValley
Tax Assessor	Erin Jacobs
Tax Collector	Stacy Gorman
Purchasing Agent	Susan W. Gallagher
Library Director	Patti A. Arkwright
Superintendent of Schools	Peter J. Cummings, Ed.D
Director of Finance, School Department	Karen M. Hagan CPA

FINANCIAL SECTION

THIS SECTION CONTAINS THE FOLLOWING:

- **Independent Auditor's Report**
- **Management Discussion and Analysis**
- **Basic Financial Statements**
- **Required Supplementary Information**
- **Other Supplementary Information**

Independent Auditor's Report

To the Honorable President and Members of the Town Council
Town of Narragansett, Rhode Island

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Narragansett, Rhode Island, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Narragansett, Rhode Island's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Town of Narragansett, Rhode Island, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Narragansett, 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 Town of Narragansett, 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.

Auditor's 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 auditor's 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 Town of Narragansett, 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 Town of Narragansett, 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, budgetary comparison information, and supplementary pension and other postemployment benefit 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Narragansett, Rhode Island's basic financial statements. The combining nonmajor fund financial statements, the combining fiduciary fund financial statements, the Annual Supplemental Transparency Report (MTP2), and other supplementary information 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 auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, the combining fiduciary fund financial statements, the Annual Supplemental Transparency Report (MTP2), and other supplementary information 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 but does not include the basic financial statements and our auditor's 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 February 5, 2024 on our consideration of the Town of Narragansett, 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 Town of Narragansett, 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 Town of Narragansett, Rhode Island 's internal control over financial reporting and compliance.

Bacon & Company CPAs, LLC

Warwick, Rhode Island
February 5, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As Finance Director for the Town of Narragansett (the Town), the following narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2023 (FY 2023) has been prepared. The Town administration encourages all to consider the information presented herein.

Financial Highlights

At the end of the current fiscal year, the total fund balance for the General Fund was \$27,206,555 or 40.6% of the total 2023 budgeted revenues. This is an increase of \$1,064,749 from the prior year fund balance.

The total unassigned fund balance of the General Fund is \$13,334,756 or 19.9% of the total 2023 budgeted revenues. This is an increase of \$959,321 from the prior year unassigned fund balance.

The total assigned, committed, restricted or nonspendable fund balance of the General Fund is \$13,871,799. This this is an increase of \$105,428 from the prior year total assigned, committed, restricted or nonspendable fund balance.

The Town General Fund ended the fiscal year 2023 with a budgetary operating deficit of \$245,267. The Unassigned Fund Balance will be used to balance the operating budget.

As reported in the government wide financial statements, the assets and deferred outflows of resources of the Town of Narragansett exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$52,445,201. The Town's capital asset base has been developed from both the current operations and debt. The Town has recorded its property and equipment at original values to insure proper asset management.

The Town's total net position increased by \$3,980,598 for the fiscal year ended June 30, 2023.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components:

1. Government-wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.
 - a. *Statement of Net Position*: This statement presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the two reported as *net position*. Increases or decreases in net position may serve as a useful indicator of an improving or deteriorating financial position.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Overview of the Financial Statements (Continued)

- b. *Statement of Activities*: This statement presents information showing how the government's net position changed during the reporting period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (such as uncollected taxes and earned but unused personnel leaves).
- c. Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, education, public safety, public works and highway, community development and recreation. The business-type activities of the Town include Water, Sewer, Beach and the Middlebridge Recreation Fund operations.

The government-wide financial statements can be found on pages 15 and 16 of this report.

2. Fund financial statements: A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town may be divided into three categories: governmental funds, proprietary funds and fiduciary funds.
 - a. *Governmental Funds*: *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. This information may be helpful in evaluating the Town's near-term financing requirements.

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

Funds are classified as "major" and "nonmajor." Data from major governmental funds is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances. Data from the nonmajor funds is combined into a single, aggregated presentation. Individual fund data

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Overview of the Financial Statements (Continued)

for each of these nonmajor governmental funds is provided in the form of *combining statements* and can be found on pages 106-113 of this report.

The Town adopted annual budgets for its General Fund, Water Fund, Sewer Fund, Beach Fund, and Middlebridge Recreation Fund. The School Committee adopts a budget for the operation of the Town's three schools. Budgetary comparison statements have been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental funds financial statements can be found on pages 17-20 of this report.

- b. *Proprietary Funds*: The Town maintains two types of proprietary funds.

Enterprise Funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its Water, Wastewater, Middlebridge Recreation and Beach operations.

Internal Service Funds are used to report activities that provide supplies and services for the Town's other programs and activities. The Town uses the Internal Service Fund to account for the self-insured healthcare program.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Wastewater, Middlebridge Recreation and Beach operations, all of which are considered to be major funds of the Town.

The proprietary fund financial statements can be found on pages 21-24 of this report.

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

The fiduciary fund financial statements can be found on pages 25-26 of this report.

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

The notes to the financial statements can be found on pages 27-84 of this report.

MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)

Overview of the Financial Statements (Continued)

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information comparing budget to actual revenues and expenditures for the General Fund, and concerning the Town’s progress in funding its obligations to provide pension and other postemployment benefits to its enrolled employees. Required supplementary information can be found on pages 85-105 of this report.

Government-wide Financial Analysis

Net Position: As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the Town, the government-wide assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$52,455,201 at the close of this reporting period.

The Town’s net position consists principally of its investment in capital assets (that is, land, buildings, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Town of Narragansett’s Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 52,850,320	\$ 51,546,062	\$ 11,430,448	\$ 10,802,036	\$ 64,280,768	\$ 62,348,098
Capital assets	\$ 103,910,311	\$ 100,327,139	\$ 31,369,931	\$ 32,347,987	\$ 135,280,242	\$ 132,675,126
Total assets	\$ 156,760,631	\$ 151,873,201	\$ 42,800,379	\$ 43,150,023	\$ 199,561,010	\$ 195,023,224
Deferred outflows of resources	\$ 20,719,703	\$ 28,307,178	\$ -	\$ -	\$ 20,719,703	\$ 28,307,178
Current liabilities	\$ 13,371,076	\$ 8,684,309	\$ 706,094	\$ 698,604	\$ 14,077,170	\$ 9,382,913
Noncurrent liabilities	\$ 140,267,313	\$ 146,816,887	\$ 965,522	\$ 735,073	\$ 141,232,835	\$ 147,551,960
Total liabilities	\$ 153,638,389	\$ 155,501,196	\$ 1,671,616	\$ 1,433,677	\$ 155,310,005	\$ 156,934,873
Deferred inflows of resources	\$ 12,008,650	\$ 17,219,270	\$ 516,857	\$ 711,656	\$ 12,525,507	\$ 17,930,926
Net position:						
Net investment in capital assets	\$ 76,083,732	\$ 74,516,247	\$ 30,504,626	\$ 31,828,680	\$ 106,588,358	\$ 106,344,927
Restricted	\$ 13,536,515	\$ 12,022,902	\$ -	\$ -	\$ 13,536,515	\$ 12,022,902
Unrestricted	\$ (77,786,952)	\$ (79,079,236)	\$ 10,107,280	\$ 9,176,010	\$ (67,679,672)	\$ (69,903,226)
Total net position	\$ 11,833,295	\$ 7,459,913	\$ 40,611,906	\$ 41,004,690	\$ 52,445,201	\$ 48,464,603

MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)

Government-wide Financial Analysis (Continued)

At June 30, 2023, the Town is able to report positive balances in both categories of net position for its business-type activities. For governmental activities, the deficit in the Town’s unrestricted net position decreased, due principally to the impact of fiscal 2023 capital asset and long-term liability transactions and the resulting effect on unrestricted net position.

Governmental Activities: Governmental activities increased the Town’s net position by \$4,373,382.

Town of Narragansett’s Changes in Net Position.

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 7,721,894	\$ 7,855,596	\$ 9,058,700	\$ 8,938,605	\$ 16,780,594	\$ 16,794,201
Operating grants and contributions	6,794,878	6,172,039	-	-	6,794,878	6,172,039
Capital grants and contributions	1,090,867	2,057,034	175,031	-	1,265,898	2,057,034
General revenues:						
Property taxes	56,196,601	56,241,447	-	-	56,196,601	56,241,447
State aid and in lieu of taxes	4,173,146	2,675,804	-	-	4,173,146	2,675,804
Miscellaneous and interest	695,266	(240,029)	219,674	40,600	914,940	(199,429)
Total revenues	<u>76,672,652</u>	<u>74,761,891</u>	<u>9,453,405</u>	<u>8,979,205</u>	<u>86,126,057</u>	<u>83,741,096</u>
Expenses:						
General government	3,642,779	3,253,427	-	-	3,642,779	3,253,427
Financial administration	1,774,487	1,755,532	-	-	1,774,487	1,755,532
Public safety	21,383,972	19,608,238	-	-	21,383,972	19,608,238
Public works	5,470,139	4,966,743	-	-	5,470,139	4,966,743
Social Services	12,526	77,314	-	-	12,526	77,314
Parks and recreation	2,720,037	2,660,069	-	-	2,720,037	2,660,069
Plan, engineer & inspection	1,444,240	1,340,476	-	-	1,444,240	1,340,476
Library	1,148,881	1,067,719	-	-	1,148,881	1,067,719
Education	33,849,221	32,642,135	-	-	33,849,221	32,642,135
Interest on Long term debt	852,988	908,274	-	-	852,988	908,274
Water Fund	-	-	2,555,402	2,390,354	2,555,402	2,390,354
Sewer Fund	-	-	4,899,646	6,372,563	4,899,646	6,372,563
Beach Fund	-	-	2,364,068	2,467,729	2,364,068	2,467,729
Middlebridge Recreation	-	-	27,073	25,866	27,073	25,866
Total expenses	<u>72,299,270</u>	<u>68,279,927</u>	<u>9,846,189</u>	<u>11,256,512</u>	<u>82,145,459</u>	<u>79,536,439</u>
Change in net position	4,373,382	6,481,964	(392,784)	(2,277,307)	3,980,598	4,204,657
Net position, beginning of year	7,459,913	977,949	41,004,690	43,281,997	48,464,603	44,259,946
Net position, end of year	<u>\$ 11,833,295</u>	<u>\$ 7,459,913</u>	<u>\$ 40,611,906</u>	<u>\$ 41,004,690</u>	<u>\$ 52,445,201</u>	<u>\$ 48,464,603</u>

MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)

Government-wide Financial Analysis (Continued)

Property taxes levied for FY 2022-2023 based on the December 31, 2021 grand list increased by \$1,213,938 to \$55,984,526 (no Motor Vehicle) from the amount levied for 2021-2022 of \$54,770,588 (no Motor Vehicle). This was an increase of 2.22%, below the State mandated cap increase of 4%, which is the maximum allowable increase permitted under state law. Chapter 253 of the Public Laws of 2006 (known as Senate 3050) entitled “Relating to Taxation – Property Taxes” modified the calculation of the property tax cap beginning in fiscal year 2008, changed the criteria for exemptions from the property tax cap, limited the increase that School Committees could request from municipal funds in their annual budget proposal and amended the definition of “state mandates.” The statewide property tax cap became effective on July 1, 2007. This cap limited the property tax levy increase to 5.25% in fiscal year 2008 and set in place a .25% reduction for each successive fiscal year until fiscal year 2013, when the cap will be set at 4.0%. The amount of current year taxes to be collected for FY 2023 was \$55,312,711 which was based on a rate of collection of 98.8%. Current year collections were \$55,632,309. This was a transition year to adjust for the Motor Vehicle Phase Out.

Business-type activities: Business-type activities decreased the Town’s net position by \$392,784. Key elements of the decrease are as follows:

- a. Water Fund: The net position of the Water enterprise is down \$20,792 or .34%.
- b. Sewer Fund: The net position for the Sewer enterprise is down \$864,316 or 3.73%.
- c. Beach Fund: The net position for the Beach enterprise is up \$429,284 or 4.21%.
- d. Middlebridge: The net position for the Middlebridge Fund is up \$63,040 or 4.17%.

Financial Analysis of the Town’s Funds

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

Governmental funds: The focus of the Town’s *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the Town’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 reporting period, the Town governmental funds reported combined ending fund balances of \$36,586,693. Approximately 36% of this total amount or \$13,334,756 constitutes *unassigned fund balance*, which is available for spending at the Town’s discretion.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, *unassigned* fund balance of the General Fund was \$13,334,756, while total fund balance was \$27,206,555. As a measure of the General Fund’s liquidity, it may be useful to compare both *unassigned* fund balance and total fund balance to total fund expenditures and transfers. Unassigned fund balance of \$13,334,756 represents 18.6% of total General Fund expenditures and transfers of \$71,634,938 while total fund balance represents 38% of the same amount.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Financial Analysis of the Town's Funds (Continued)

The Town's General Fund – Fund Balance increased by \$1,064,749 primarily due to a school operating surplus of \$1,128,317.

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

- a. Water Fund: The unrestricted net position of the Water Fund at June 30, 2023 was \$3,785,828.
- b. Sewer Fund: The unrestricted net position of the Sewer Fund at June 30, 2023 was \$916,589.
- c. Beach Fund: The unrestricted net position of the Beach Fund at June 30, 2023 was \$5,167,245.
- d. Middlebridge Fund: The unrestricted net position of the Middlebridge Recreation Fund at June 30, 2023 was \$237,618.

General Fund Budgetary Highlights

The general fund operating budget shows an operating deficit of \$245,267. This represents 0.4% of the \$66,946,831 budget as approved by the Town Council. The deficit is a result of higher than anticipated legal fees, insurance costs, and retirements.

The Town received an allocation of \$4,587,921 in federal American Rescue Plan Act (ARPA) funding. The Town Council has authorized four major projects that will support renovations to Fire Stations 2 & 3, Scarborough Wastewater Treatment Facility Groin restoration, Water System improvements, and Town Hall HVAC/Renovations. In addition, the Town Council has supported studies on the continuation of the bike path, Narrow River dredging project and Affordable Housing.

During the budget cycle of 2023-2024, the Town Council modified the projects associated with the ARPA funds. The major projects are as follows:

- Fire Station #2 Renovations
- Fire Pumper Vehicle
- Town Hall Renovations
- Water/Wastewater System Improvements
- Studies on the continuation of the bike path, Narrow River dredging, and Affordable Housing

The Town has until December 2024 to obligate all of the ARPA funds and until December 2026 to spend said funds.

MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)

Capital Assets and Debt Administration

1. Capital assets: The Town’s investment in capital assets for its governmental and business-type activities as of June 30, 2023 amounted to \$135,280,242 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads and bridges. The total increase in the Town’s investment in capital assets, net of accumulated depreciation, for FY2023 was \$2,605,116, or 1.96% (a 3.57% increase for governmental activities and a 3.02% decrease for business-type activities).

Town of Narragansett’s Capital Assets (Net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 44,866,624	\$ 44,866,624	\$ 3,186,280	\$ 3,186,280	\$ 48,052,904	\$ 48,052,904
Construction in progress	\$ 6,223,458	\$ 2,256,895	\$ 239,978	\$ 165,433	\$ 6,463,436	\$ 2,422,328
Buildings and improvements	\$ 22,942,606	\$ 24,523,492	\$ 10,214,925	\$ 10,982,381	\$ 33,157,531	\$ 35,505,873
Machinery and equipment	\$ 2,438,379	\$ 2,632,308	\$ 1,539,881	\$ 1,527,377	\$ 3,978,260	\$ 4,159,685
Vehicles	\$ 3,093,411	\$ 3,383,435	\$ 192,190	\$ 143,477	\$ 3,285,601	\$ 3,526,912
Infrastructure	\$ 24,142,910	\$ 22,664,385	\$ 15,996,677	\$ 16,343,039	\$ 40,139,587	\$ 39,007,424
Leased Equipment	\$ 202,923	\$ -	\$ -	\$ -	\$ 202,923	\$ -
Total	\$ 103,910,311	\$ 100,327,139	\$ 31,369,931	\$ 32,347,987	\$ 135,280,242	\$ 132,675,126

2. Debt administration: At the end of the fiscal year, the Town’s governmental activities had total bonds, loans, notes, leases and financed purchase payable outstanding of \$27,463,782, all of which is backed by the full faith and credit of the Town. Total governmental and business-type activities debt increased by a \$515,000 loan, \$217,148 lease and \$50,100 note and decreased from retirements of \$2,801,865 during FY 2023.

The Town maintains a “AA+” from Standard & Poor’s and an “Aa2” from Moody’s for general obligation debt.

MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)

Town of Narragansett’s Outstanding Debt
Bonds, Notes, Leases and Finance Purchases
(In thousands)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds & notes	\$ 26,905	\$ 29,285	\$ -	\$ -	\$ 26,905	\$ 29,285
Loans	371	519	865	519	1,236	1,038
Leases	169	-	-	-	169	-
Finance purchase	18	25	-	-	18	25
Total	\$ 27,463	\$ 29,829	\$ 865	\$ 519	\$ 28,328	\$ 30,348

Capital Assets and Debt Administration (Continued)

Except as provided below, under Rhode Island general laws, the Town may not, without special statutory authorization, incur any debt which would increase its aggregate indebtedness not otherwise excepted by law to an amount greater than 3% of the taxable property of the Town. Deducted from the computation of aggregated indebtedness is the amount of any borrowing in anticipation of taxes authorized by law and the amount of any sinking funds maintained by the Town. The 3% debt limit of the Town is \$181,526,380 based on net assessed valuations of \$6,050,879,325 as of December 31, 2021. As of June 30, 2023, the Town had \$180,393,380 of debt that could be issued under the 3% debt limit provision.

The Town is guided by a Debt Policy, adopted by a prior Town Council, which places internal limits on the amount of General Fund debt the Town may undertake. These restrictions are:

Debt Issuance Ratios	Limitation
Debt Service as a Percentage of Operating Budget	7% of Operating Budget Expenses
Outstanding Debt as a Percentage of Assessed Valuation	2.5% of assessed valuations
Debt Service as a Percentage of Maximum Allowable Tax Levy	8% of Maximum Allowable Tax Levy
Outstanding Debt Per Capita	\$2,500 per capita

Current general obligation debt for Governmental Activities of \$27,203,000 and debt service of \$3,588,676 for FY 2023 equates to the following (excludes financed purchases, leases, community septic system notes, compensated absences, pollution remediation obligations and pension and OPEB obligations):

5.36% Debt service as a Percent of the Operating Budget (FY 2023 budget was \$66,946,831 while debt service was \$3,588,676)

.45% Outstanding general obligation debt as a percentage of Net Assessed valuation \$6,050,879,325

6.41% Debt service as a percent of net tax levy of \$55,984,526

\$1,872 Outstanding general obligation debt per capita of 14,532

As can be seen, the Town is well within the Debt Policy Guidelines.

MAXIMUM TO STAY WITHIN DEBT LIMITS

	LIMITS	CURRENT	
Debt service at 7% of operating budget	\$4,686,278	\$ 3,588,676	76.6%
Debt at 2.5% of assessed value	\$151,271,983	\$ 27,203,000	18.0%
Debt service at 8% of the tax levy	\$4,478,762	\$ 3,588,676	80.1%
Debt per capita at \$2,500	\$2,500	\$ 1,872	74.9%

The approval of a bond authorization for a new library in the amount of \$5.8 million for the purpose of a new library building continues to move forward. The Pier Market building which had been purchased for a total of \$2,400,000 for a new library sight. A bond was issued February 2021 in the amount of \$2,400,000 to reimburse the Town’s General Fund advancement. In the 2021-2022 fiscal year the Town issued a bond for the remaining authorized amount for the construction of the new library sight. The Request for Proposal construction bid was awarded to E.W. Burman, Inc. with a projected completion date of December 2023. A ribbon cutting ceremony was held January 28, 2024.

Subsequent Fiscal Year 2023-2024 Budget and Tax Rates

The Town of Narragansett’s total general fund budget for fiscal year 2023-2024 is \$68,871,395, which reflects an increase of \$1,924,564 from the fiscal year 2022-2023 budget. The Town’s tax rates for fiscal year 2023-2024 are residential real estate \$9.31 per thousand of valuation, and commercial real estate and property \$12.57 per thousand of valuation. Tangible Personal Property has a capped rate of \$12.57 per thousand in accordance with RI General Laws. The State of RI accelerated the Motor Vehicle (MV) phase out program and eliminated the MV tax in the 2023 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Town’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:

Director of Finance
Town of Narragansett
25 Fifth Avenue
Narragansett, RI 02882

BASIC FINANCIAL STATEMENTS

THE BASIC FINANCIAL STATEMENTS INCLUDE:

Government-Wide Financial Statements

Fund Financial Statements:

- **Governmental Funds**
- **Proprietary Funds**
- **Fiduciary Funds**

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

TOWN OF NARRAGANSETT, RHODE ISLAND
Statement of Net Position
June 30, 2023

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Current assets:			
Pooled cash and investments	\$ 43,342,240	\$ 9,418,728	\$ 52,760,968
Cash and cash equivalents	229,677	153,332	383,009
Accrued interest receivable	-	6,125	6,125
Real estate and personal property tax receivable, net	487,099	-	487,099
Water and sewer use and assessments receivable	-	790,440	790,440
Due from federal and state government	1,073,115	500,000	1,573,115
Lease receivable	217,827	19,953	237,780
Other receivables	961,040	32,919	993,959
Inventories	26,797	-	26,797
Prepaid expenses	468,776	-	468,776
Total current assets	<u>46,806,571</u>	<u>10,921,497</u>	<u>57,728,068</u>
Noncurrent assets:			
Sewer assessments receivable	-	508,951	508,951
Lease receivable	2,439,331	-	2,439,331
Capital assets: (Note 2)			
Land and land easements	44,866,624	3,186,280	48,052,904
Construction in progress	6,223,458	239,978	6,463,436
Depreciable buildings, property, equipment, infrastructure, net	52,820,229	27,943,673	80,763,902
Other assets	3,604,418	-	3,604,418
Total noncurrent assets	<u>109,954,060</u>	<u>31,878,882</u>	<u>141,832,942</u>
Total assets	<u>156,760,631</u>	<u>42,800,379</u>	<u>199,561,010</u>
Deferred outflows of resources:			
Deferred amounts on refunding	175,646	-	175,646
Deferred pension amounts	12,120,684	-	12,120,684
Deferred other post-employment benefit amounts	8,423,373	-	8,423,373
Total deferred outflows of resources	<u>20,719,703</u>	<u>-</u>	<u>20,719,703</u>
Liabilities:			
Current Liabilities:			
Accounts payable and accrued liabilities	4,934,409	379,925	5,314,334
Accrued interest payable	195,997	3,732	199,729
Unearned revenue	4,434,966	-	4,434,966
Other liabilities	217,268	64,275	281,543
Financed purchase payable	6,675	-	6,675
Lease liability	40,587	-	40,587
Compensated absences payable	972,076	65,162	1,037,238
Pollution remediation obligations	87,098	-	87,098
Long-term debt - due within one year (Note 8)	2,482,000	193,000	2,675,000
Total current liabilities	<u>13,371,076</u>	<u>706,094</u>	<u>14,077,170</u>
Noncurrent Liabilities:			
Long-term debt - due in more than one year (Note 8)	26,713,454	672,307	27,385,761
Financed purchase payable	11,680	-	11,680
Lease liability	128,412	-	128,412
Compensated absences payable	3,792,175	293,215	4,085,390
Pollution remediation obligations	1,162,271	-	1,162,271
Net pension liabilities	79,194,643	-	79,194,643
Net other post-employment benefit liabilities	29,264,678	-	29,264,678
Total noncurrent liabilities	<u>140,267,313</u>	<u>965,522</u>	<u>141,232,835</u>
Total liabilities	<u>153,638,389</u>	<u>1,671,616</u>	<u>155,310,005</u>
Deferred Inflows of Resources:			
Deferred property taxes	20,183	-	20,183
Deferred pension amounts	3,484,561	-	3,484,561
Deferred other post-employment benefit amounts	5,846,748	-	5,846,748
Deferred sewer assessments	-	479,989	479,989
Deferred pretreatment fees	-	16,915	16,915
Lease related	2,657,158	19,953	2,677,111
Total deferred inflows of resources	<u>12,008,650</u>	<u>516,857</u>	<u>12,525,507</u>
Net Position:			
Net investment in capital assets	76,083,732	30,504,626	106,588,358
Restricted for:			
Capital	99,291	-	99,291
Library	1,490,111	-	1,490,111
Education programs	10,455,033	-	10,455,033
Public safety programs	121,540	-	121,540
Historical records preservation	308,798	-	308,798
Community service programs	618,611	-	618,611
Parks and recreation programs	372,781	-	372,781
Other programs	70,350	-	70,350
Unrestricted	(77,786,952)	10,107,280	(67,679,672)
Total net position	<u>\$ 11,833,295</u>	<u>\$ 40,611,906</u>	<u>\$ 52,445,201</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF NARRAGANSETT, RHODE ISLAND
Statement of Activities
For the Fiscal Year Ended June 30, 2023

<i>Functions/Programs</i>	<i>Expenses</i>	<i>Program Revenues</i>			<i>Net (Expense) Revenue and Changes in Net Position</i>		
		<i>Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Capital Grants and Contributions</i>	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
Governmental Activities:							
General government	\$ 3,642,779	\$ 1,717,299	\$ 12,382	\$ 38,720	\$ (1,874,378)	\$ -	\$ (1,874,378)
Financial administration	1,774,487	931,716	35,100	-	(807,671)	-	(807,671)
Public safety	21,383,972	1,021,103	1,020,919	66,950	(19,275,000)	-	(19,275,000)
Public works	5,470,139	31,321	88,830	-	(5,349,988)	-	(5,349,988)
Social services	12,526	-	42,996	-	30,470	-	30,470
Parks and recreation	2,720,037	714,686	50,275	9,390	(1,945,686)	-	(1,945,686)
Planning, engineering and inspection	1,444,240	428,313	-	46,524	(969,403)	-	(969,403)
Library	1,148,881	3,995	105,097	710,000	(329,789)	-	(329,789)
Education	33,849,221	2,873,461	4,984,820	219,283	(25,771,657)	-	(25,771,657)
Interest on long-term debt	852,988	-	454,459	-	(398,529)	-	(398,529)
Total governmental activities	72,299,270	7,721,894	6,794,878	1,090,867	(56,691,631)	-	(56,691,631)
Business-Type Activities:							
Water	2,555,402	2,405,024	-	43,781	-	(106,597)	(106,597)
Sewer	4,899,646	3,899,919	-	131,250	-	(868,477)	(868,477)
Beach	2,364,068	2,668,907	-	-	-	304,839	304,839
Middlebridge Recreation	27,073	84,850	-	-	-	57,777	57,777
Total business-type activities	9,846,189	9,058,700	-	175,031	-	(612,458)	(612,458)
Total	\$ 82,145,459	\$ 16,780,594	\$ 6,794,878	\$ 1,265,898	(56,691,631)	(612,458)	(57,304,089)
General Revenues:							
Taxes:							
Property taxes					56,196,601	-	56,196,601
State aid and in lieu of taxes, not restricted for a specific purpose					4,173,146	-	4,173,146
Investment earnings					368,980	219,674	588,654
Miscellaneous					326,286	-	326,286
Total general revenues					61,065,013	219,674	61,284,687
Change in net position					4,373,382	(392,784)	3,980,598
Net position - beginning of year					7,459,913	41,004,690	48,464,603
Net position - end of year					\$ 11,833,295	\$ 40,611,906	\$ 52,445,201

The accompanying notes are an integral part of the basic financial statements.

TOWN OF NARRAGANSETT, RHODE ISLAND
Balance Sheet
Governmental Funds
June 30, 2023

	<u>General Fund</u>	<u>American Rescue Plan Act Fund</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Pooled cash and investments	\$ 29,331,299	\$ 4,545,006	\$ 9,465,935	\$ 43,342,240
Cash	161,815	-	67,862	229,677
Real estate and personal property				
tax receivable, net	487,099	-	-	487,099
Due from federal and state governments	314,737	-	758,378	1,073,115
Due from other funds	979,967	-	3,172,502	4,152,469
Lease receivable	2,657,158	-	-	2,657,158
Other receivables	417,893	-	299,850	717,743
Inventory	26,797	-	-	26,797
Prepaid expenditures	468,776	-	-	468,776
Other assets	63,687	-	-	63,687
Advance to other funds	299,364	-	-	299,364
Total assets	<u>\$ 35,208,592</u>	<u>\$ 4,545,006</u>	<u>\$ 13,764,527</u>	<u>\$ 53,518,125</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable and accrued expenditures	1,612,750	21,166	3,150,861	4,784,777
Due to other funds	3,172,502	-	765,302	3,937,804
Other liabilities	217,268	-	-	217,268
Unearned revenue	12,625	4,410,372	11,969	4,434,966
Advances from other funds	-	-	299,364	299,364
Total liabilities	<u>5,015,145</u>	<u>4,431,538</u>	<u>4,227,496</u>	<u>13,674,179</u>
Deferred Inflows of Resources:				
Unavailable-property taxes	257,016	-	-	257,016
Unavailable revenue-loans	-	-	270,361	270,361
Unavailable revenue-other revenue	72,718	-	-	72,718
Lease related	2,657,158	-	-	2,657,158
Total deferred inflows of resources	<u>2,986,892</u>	<u>-</u>	<u>270,361</u>	<u>3,257,253</u>
Fund Balances:				
Nonspendable:				
Inventory	26,797	-	-	26,797
Prepaid expenditures	468,776	-	-	468,776
Long-term interfund advance	299,364	-	-	299,364
Restricted for:				
Education programs	9,852,543	-	602,490	10,455,033
Library	65,283	-	1,895,253	1,960,536
Capital projects	98,962	-	776,059	875,021
Public safety programs	-	-	121,540	121,540
Historical records preservation	-	-	308,798	308,798
Community service programs	-	-	348,250	348,250
Parks and recreation programs	322,434	-	50,347	372,781
Other programs	-	-	70,350	70,350
Committed for:				
Capital projects	50,000	-	2,464,774	2,514,774
Debt service	-	-	185,549	185,549
Assigned to:				
Parks and recreation programs	63,530	-	-	63,530
Towers	236,304	-	-	236,304
Kinney Bungalow	105,013	-	-	105,013
Sunset Farm	10,455	-	-	10,455
Capital projects	-	-	2,443,260	2,443,260
Other	1,575	113,468	-	115,043
2024 budget	2,270,763	-	-	2,270,763
Unassigned	13,334,756	-	-	13,334,756
Total fund balances	<u>27,206,555</u>	<u>113,468</u>	<u>9,266,670</u>	<u>36,586,693</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 35,208,592</u>	<u>\$ 4,545,006</u>	<u>\$ 13,764,527</u>	<u>\$ 53,518,125</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF NARRAGANSETT, RHODE ISLAND
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2023

Total Fund Balances - Total Governmental Funds	\$ 36,586,693
 <i>Amounts reported for Governmental Activities in the Statement of Net Position are different because:</i>	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. See note 2 to the financial statements.	103,910,311
Other long-term receivables are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the Governmental Funds financial statements.	343,079
Delinquent taxes are recognized as revenue in the period for which levied in the Government-Wide financial statements, but are reported as deferred inflows of resources in the Governmental Funds financial statements.	236,833
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in Governmental Funds Balance Sheet.	(195,997)
Deferred pension and other post-employment benefit amounts are not reported in the Governmental Funds financial statements, but are reported in the Government-Wide financial statements as follows:	
Deferred outflows of resources	20,544,057
Deferred inflows of resources	(9,331,309)
Long-term liabilities (including bonds, notes, loans, and financed purchase payable, compensated absences, pollution remediation obligations, lease liabilities, net pension liabilities and net other post employment benefit liabilities) are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet. See note 8 to the financial statements.	(143,855,749)
Deferred amounts on refunding are not reported in the Governmental Fund financial statements, but are reported net of accumulated amortization as deferred outflows of resources in the Government-Wide financial statements.	175,646
Subscription-based information technology arrangement implementation costs are reported as an expenditure in the Governmental Fund financial statements, but are reported as an other asset in the Government-Wide financial statements.	31,647
The Internal Service Fund is used by management to charge the costs of Health and Dental Insurance to individual funds. The assets and liabilities of the Internal Service Fund are included in Governmental Activities in the Government-Wide Statement of Net Position.	3,388,084
 Net Position of Governmental Activities	 <u><u>\$ 11,833,295</u></u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF NARRAGANSETT, RHODE ISLAND
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023

	<u>General Fund</u>	<u>American Rescue Plan Act Fund</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
General property taxes and payments in lieu of taxes	\$ 56,793,575	\$ -	\$ -	\$ 56,793,575
State and federal aid	8,091,021	-	-	8,091,021
Charges for services	7,236,610	-	362,230	7,598,840
Operating grants and contributions	66,079	22,184	2,885,465	2,973,728
Capital grants and contributions	-	111,584	969,283	1,080,867
Investment and interest income	144,207	105,038	119,735	368,980
Other revenues	150,777	-	123,709	274,486
Total revenues	<u>72,482,269</u>	<u>238,806</u>	<u>4,460,422</u>	<u>77,181,497</u>
Expenditures:				
<i>Current:</i>				
General government	2,951,003	12,382	64,075	3,027,460
Financial administration	1,567,779	-	-	1,567,779
Public safety	16,930,362	9,802	999,680	17,939,844
Public works	3,155,448	-	-	3,155,448
Social services	-	-	12,526	12,526
Parks and recreation	2,008,792	-	151,929	2,160,721
Planning, engineering and inspection	1,215,520	-	-	1,215,520
Library	1,109,452	-	-	1,109,452
Food service	-	-	385,850	385,850
Education	31,641,017	-	1,876,917	33,517,934
Town-wide	673,103	-	-	673,103
Other	3,429,194	-	-	3,429,194
Debt Service	-	-	3,611,027	3,611,027
Capital outlay	-	111,584	8,767,155	8,878,739
Total expenditures	<u>64,681,670</u>	<u>133,768</u>	<u>15,869,159</u>	<u>80,684,597</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>7,800,599</u>	<u>105,038</u>	<u>(11,408,737)</u>	<u>(3,503,100)</u>
Other financing sources (uses):				
Debt issued	-	-	50,100	50,100
Lease (as lessee)	217,418	-	-	217,418
Transfers in	-	-	6,953,268	6,953,268
Transfers out	(6,953,268)	-	-	(6,953,268)
Total other financing sources (uses)	<u>(6,735,850)</u>	<u>-</u>	<u>7,003,368</u>	<u>267,518</u>
Net change in fund balances	1,064,749	105,038	(4,405,369)	(3,235,582)
Fund balances- beginning of year	<u>26,141,806</u>	<u>8,430</u>	<u>13,672,039</u>	<u>39,822,275</u>
Fund balances - end of year	<u>\$ 27,206,555</u>	<u>\$ 113,468</u>	<u>\$ 9,266,670</u>	<u>\$ 36,586,693</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF NARRAGANSETT, RHODE ISLAND
*Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in the Fund Balances to Government-Wide Statement of Activities
For the Year Ended June 30, 2023*

Net Changes in Fund Balances - Total Governmental Funds \$ (3,235,582)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Funds financial statements report capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital asset additions recorded in the current period. 8,967,821

Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in Governmental Funds financial statements. (5,384,648)

Long-term compensated absences are reported in the Government-Wide Statement of Activities, but do not require the use of current financial resources. Therefore, long-term compensated absences are not reported as expenditures in Governmental Funds financial statements. This is the amount of the change in long-term compensated absences in the current period. (190,490)

Debt, financed purchases and leases provide current financial resources to Governmental Funds, but issuing debt and entering into financed purchase and leases agreements increases long-term liabilities in the Government-Wide Statement of Net Position. Repayment of debt, finance purchase and lease principal is an expenditure in the Government Funds, but the payments reduces long-term liabilities in the Government-Wide Statement of Net Position. (217,418)
This amount represents leases agreements entered into during the current period. 2,632,865
This amount represents debt, financed purchase and lease principal payments during the current period.

Accrued interest on long-term debt is reported in the Government-Wide Statement of Activities, but does not require the use of current financial resources. Therefore, accrued interest expense is not reported as an expenditure in Governmental Funds financial statements. The following amount represents the change in accrued interest from prior year. 7,179

Debt issued at a premium provide current financial resources to Governmental Funds, but are deferred and amortized in the Government-Wide financial statements. Deferred amounts on refunding are expenditures in the Governmental Funds, but are deferred and amortized in the Government-Wide financial statements. 203,200
This amount represents amortization of premium on debt during the current period. (30,111)
This amount represents amortization of deferred amounts on refunding during the current period.

Other long-term liabilities are reported in the Government-Wide Statement of Activities, but do not require the use of current financial resources. Therefore, other long-term liabilities are not reported as expenditures in Governmental Funds financial statements. 87,098
This amount represents the change in pollution remediation obligations during the current period. (955,944)
This amount represents the change in the net pension liabilities and related deferred pension amounts during the current period. 2,473,554
This amount represents the change in the net OPEB liabilities and related deferred OPEB amounts during the current period.

The Internal Service Fund is used by management to charge the costs of Health and Dental Insurance to individual funds. The net revenues (expenses) of the Internal Service Fund is reported with Governmental Activities in the Government-Wide financial statements. 83,703

Subscription-based information technology arrangement implementation costs are reported as an expenditure in the Governmental Fund financial statements, but are reported as an other asset in the Government-Wide financial statements. 31,647

Revenues in the Government-Wide Statement of Activities that are not measurable and available in Governmental Funds are not reported as revenue in the Governmental Funds. (99,492)

Change in Net Position of Governmental Activities \$ 4,373,382

TOWN OF NARRAGANSETT, RHODE ISLAND
Statement of Net Position
Proprietary Funds
June 30, 2023

	<i>Business-Type Activities</i>					<i>Governmental Activities</i>
	<i>Water Fund</i>	<i>Sewer Fund</i>	<i>Beach Fund</i>	<i>Middlebridge Recreation Fund</i>	<i>Total Enterprise Funds</i>	<i>Internal Service Fund Healthcare Fund</i>
Assets						
Current assets:						
Pooled cash and investments	\$ 3,677,210	\$ 207,365	\$ 5,293,351	\$ 240,802	\$ 9,418,728	\$ -
Cash and cash equivalents	58,790	88,542	6,000		153,332	-
Accounts receivable:						
Water and sewer use fees	336,129	403,270	-	-	739,399	-
Sewer assessment	-	51,041	-	-	51,041	-
Accrued interest	-	6,125	-	-	6,125	-
Other	-	7,961	24,958	-	32,919	28,632
Due from RIIB	-	500,000	-	-	500,000	-
Lease receivable	-	-	-	19,953	19,953	-
Total current assets	4,072,129	1,264,304	5,324,309	260,755	10,921,497	28,632
Noncurrent assets:						
Sewer assessments receivable	-	508,951	-	-	508,951	-
Lease receivable	-	-	-	-	-	-
Deposits with others	-	-	-	-	-	3,509,084
Capital assets:						
Non-depreciable assets	222,371	326,415	1,824,972	1,052,500	3,426,258	-
Depreciable assets - net	2,094,241	21,921,932	3,643,618	283,882	27,943,673	-
Total noncurrent assets	2,316,612	22,757,298	5,468,590	1,336,382	31,878,882	3,509,084
Total assets	6,388,741	24,021,602	10,792,899	1,597,137	42,800,379	3,537,716
Liabilities						
Current liabilities:						
Accounts payable and accrued expenses	138,979	150,093	88,945	1,908	379,925	-
Accrued interest payable	-	3,732	-	-	3,732	-
Claims payable	-	-	-	-	-	149,632
Accrued compensated absences	20,934	39,110	5,118	-	65,162	-
Customer and security deposits payable	-	-	63,000	1,275	64,275	-
Current portion of bonds, notes and loans payable	-	193,000	-	-	193,000	-
Total current liabilities	159,913	385,935	157,063	3,183	706,094	149,632
Noncurrent liabilities:						
Accrued compensated absences	126,388	166,827	-	-	293,215	-
Bonds, notes and loans payable	-	672,307	-	-	672,307	-
Total noncurrent liabilities	126,388	839,134	-	-	965,522	-
Total liabilities	286,301	1,225,069	157,063	3,183	1,671,616	149,632
Deferred Inflows of Resources						
Deferred sewer assessments	-	479,989	-	-	479,989	-
Deferred pretreatment fees	-	16,915	-	-	16,915	-
Lease related	-	-	-	19,953	19,953	-
Total deferred inflows of resources	-	496,904	-	19,953	516,857	-
Net Position						
Net investment in capital assets	2,316,612	21,383,040	5,468,591	1,336,383	30,504,626	-
Unrestricted	3,785,828	916,589	5,167,245	237,618	10,107,280	3,388,084
Total net position	\$ 6,102,440	\$ 22,299,629	\$ 10,635,836	\$ 1,574,001	\$ 40,611,906	\$ 3,388,084

The accompanying notes are an integral part of the basic financial statements.

TOWN OF NARRAGANSETT, RHODE ISLAND
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2023

	<i>Business-Type Activities</i>				<i>Total Enterprise Funds</i>	<i>Governmental Activities</i>
	<i>Water Fund</i>	<i>Sewer Fund</i>	<i>Beach Fund</i>	<i>Middlebridge Recreation Fund</i>		<i>Internal Service Fund Healthcare Fund</i>
Operating revenues						
Assessments and user fees	\$ 2,333,587	\$ 3,852,635	\$ -	\$ -	\$ 6,186,222	\$ -
Admittance and rental fees	-	-	2,659,321	84,350	2,743,671	-
Charges for insurance	-	-	-	-	-	3,298,448
Other revenues	71,437	47,284	9,586	500	128,807	245,293
Total operating revenues	<u>2,405,024</u>	<u>3,899,919</u>	<u>2,668,907</u>	<u>84,850</u>	<u>9,058,700</u>	<u>3,543,741</u>
Operating expenses						
Salaries and benefits	872,731	1,409,898	1,016,369	-	3,298,998	-
Materials, supplies and maintenance	829,009	1,349,923	145,659	3,111	2,327,702	-
Utilities	26,498	359,708	51,645	2,469	440,320	-
Health and dental claims	-	-	-	-	-	3,043,919
Administrative and miscellaneous	481,044	855,496	824,782	6,743	2,168,065	416,119
Depreciation expense	346,120	900,484	325,613	14,750	1,586,967	-
Total operating expenses	<u>2,555,402</u>	<u>4,875,509</u>	<u>2,364,068</u>	<u>27,073</u>	<u>9,822,052</u>	<u>3,460,038</u>
Operating income (loss)	<u>(150,378)</u>	<u>(975,590)</u>	<u>304,839</u>	<u>57,777</u>	<u>(763,352)</u>	<u>83,703</u>
Nonoperating revenues (expenses)						
Investment income	85,805	4,161	124,445	5,263	219,674	-
Loan issuance fees	-	(15,000)	-	-	(15,000)	-
Interest expense	-	(9,137)	-	-	(9,137)	-
Total nonoperating revenues (expenses)	<u>85,805</u>	<u>(19,976)</u>	<u>124,445</u>	<u>5,263</u>	<u>195,537</u>	<u>-</u>
Net income before capital contributions	<u>(64,573)</u>	<u>(995,566)</u>	<u>429,284</u>	<u>63,040</u>	<u>(567,815)</u>	<u>83,703</u>
Capital contributions	43,781	131,250	-	-	175,031	-
Change in net position	<u>(20,792)</u>	<u>(864,316)</u>	<u>429,284</u>	<u>63,040</u>	<u>(392,784)</u>	<u>83,703</u>
Total net position - beginning of year	<u>6,123,232</u>	<u>23,163,945</u>	<u>10,206,552</u>	<u>1,510,961</u>	<u>41,004,690</u>	<u>3,304,381</u>
Total net position - end of year	<u>\$ 6,102,440</u>	<u>\$ 22,299,629</u>	<u>\$ 10,635,836</u>	<u>\$ 1,574,001</u>	<u>\$ 40,611,906</u>	<u>\$ 3,388,084</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF NARRAGANSETT, RHODE ISLAND
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2023

	<i>Business-Type Activities</i>					<i>Governmental Activities</i>
	<i>Water Fund</i>	<i>Sewer Fund</i>	<i>Beach Fund</i>	<i>Middlebridge Recreation Fund</i>	<i>Total Enterprise Funds</i>	<i>Internal Service Fund Healthcare Fund</i>
<i>Cash flows from operating activities</i>						
Receipts from customers	\$ 2,790,303	\$ 4,508,365	\$ 2,655,780	\$ 84,350	\$ 10,038,798	\$ -
Receipts from interfund charges for insurance	-	-	-	-	-	3,298,448
Other operating receipts	71,437	47,284	9,586	500	128,807	191,033
Receipts of customer deposits	-	-	-	-	-	-
Payment of deposits with others	-	-	-	-	-	(35,014)
Payments to suppliers for goods and services	(1,114,489)	(1,932,889)	(518,601)	(10,969)	(3,576,948)	(390,491)
Payments to employees for services	(932,078)	(1,441,018)	(1,009,872)	-	(3,382,968)	-
Payments to other funds for services provided	(243,012)	(622,807)	(513,036)	-	(1,378,855)	-
Payments for health and dental claims	-	-	-	-	-	(3,063,976)
Return of customer deposits	-	-	(17,450)	-	(17,450)	-
<i>Net cash provided by operating activities</i>	<u>572,161</u>	<u>558,935</u>	<u>606,407</u>	<u>73,881</u>	<u>1,811,384</u>	<u>-</u>
<i>Cash flows from capital and related financing activities</i>						
Capital contributions received	43,781	131,250	-	-	175,031	-
Acquisition and construction of capital assets	(97,924)	(399,088)	(78,174)	(15,375)	(590,561)	-
Payment of interest on bonds and loans	-	(8,986)	-	-	(8,986)	-
Payment of principal on bonds and loans	-	(169,000)	-	-	(169,000)	-
<i>Net cash used for capital and related financing activities</i>	<u>(54,143)</u>	<u>(445,824)</u>	<u>(78,174)</u>	<u>(15,375)</u>	<u>(593,516)</u>	<u>-</u>
<i>Cash flows from investing activities</i>						
Interest on investments	85,805	4,161	124,445	5,263	219,674	-
<i>Net cash provided by investing activities</i>	<u>85,805</u>	<u>4,161</u>	<u>124,445</u>	<u>5,263</u>	<u>219,674</u>	<u>-</u>
<i>Net increase in cash and cash equivalents</i>	603,823	117,272	652,678	63,769	1,437,542	-
<i>Cash and cash equivalents - beginning of year</i>	<u>3,132,177</u>	<u>178,635</u>	<u>4,646,673</u>	<u>177,033</u>	<u>8,134,518</u>	<u>-</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 3,736,000</u>	<u>\$ 295,907</u>	<u>\$ 5,299,351</u>	<u>\$ 240,802</u>	<u>\$ 9,572,060</u>	<u>\$ -</u>

(Continued)

The accompanying notes are an integral part of the basic financial statements.

TOWN OF NARRAGANSETT, RHODE ISLAND
Statement of Cash Flows (Continued)
Proprietary Funds
For the Fiscal Year Ended June 30, 2023

	<i>Business-Type Activities</i>					<i>Governmental Activities</i>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Beach Fund</u>	<u>Middlebridge Recreation Fund</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Fund Healthcare Fund</u>
<i>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</i>						
Operating income (loss)	\$ (150,378)	\$ (975,590)	\$ 304,839	\$ 57,777	\$ (763,352)	\$ 83,703
<i>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</i>						
Depreciation expense	346,120	900,484	325,613	14,750	1,586,967	-
Changes in assets, liabilities and deferred inflows of resources:						
(Increase) decrease in accounts and other receivables	464,816	801,400	(6,216)	-	1,260,000	(28,632)
(Increase) decrease in lease receivable	-	-	-	49,130	49,130	-
(Increase) decrease in deposits with others	-	-	-	-	-	(35,014)
Increase (decrease) in accounts payable and accrued expenses	(26,978)	19,071	(1,672)	1,354	(8,225)	-
Increase (decrease) in accrued compensated absences	(61,419)	(40,760)	1,293	-	(100,886)	-
Increase (decrease) in claims payable	-	-	-	-	-	(20,057)
Increase (decrease) in deposits payable	-	-	(17,450)	-	(17,450)	-
Increase (decrease) in deferred inflows	-	(145,670)	-	(49,130)	(194,800)	-
<i>Net cash provided by (used for) operating activities</i>	<u>\$ 572,161</u>	<u>\$ 558,935</u>	<u>\$ 606,407</u>	<u>\$ 73,881</u>	<u>\$ 1,811,384</u>	<u>\$ -</u>
<i>Noncash capital and related financing activities</i>						
Loan agreement with RI Infrastructure Bank		\$515,000				
Loan issuance costs		(15,000)				

The accompanying notes are an integral part of the basic financial statements.

TOWN OF NARRAGANSETT, RHODE ISLAND
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	<u>Pension Trust Funds</u>	<u>Other Post- Employment Benefit Trust Funds</u>	<u>Private- Purpose Trust Funds</u>
Assets			
Pooled cash and investments	\$ 2,315,878	\$ 2,593,646	\$ 68,947
Cash and cash equivalents	2,616,886	591,204	5,419
Investments at fair value:			
U.S. government obligations	7,239,134	1,005,772	-
Corporate bonds	5,259,256	1,881,944	-
Mortgage backed securities	93,909	-	-
Common stock	25,601,971	5,962,219	-
Mutual and exchange traded funds - equities	54,444,034	2,503,708	11,887
Mutual and exchange traded funds - fixed income	26,626,645	2,045,685	-
Pooled investments	-	2,545,336	-
Total investments	<u>119,264,949</u>	<u>15,944,664</u>	<u>11,887</u>
Accrued interest receivable	102,663	28,560	-
Contribution receivable	104,667	179,191	-
Prepaid expenses	679,918	-	-
Total assets	<u>125,084,961</u>	<u>19,337,265</u>	<u>86,253</u>
Liabilities			
Accrued expenses	2,657	187,628	-
Due to other funds	214,665	-	-
Total liabilities	<u>217,322</u>	<u>187,628</u>	<u>-</u>
Net Position			
Restricted for pension benefits, post-employment benefits and other purposes	<u>\$ 124,867,639</u>	<u>\$ 19,149,637</u>	<u>\$ 86,253</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF NARRAGANSETT, RHODE ISLAND
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2023

	<u>Pension Trust Funds</u>	<u>Other Post- Employment Benefit Trust Funds</u>	<u>Private- Purpose Trust Funds</u>
Additions			
Contributions:			
Employer	\$ 8,092,755	\$ 5,035,774	\$ -
Plan member	1,737,272	-	-
Total contributions	<u>9,830,027</u>	<u>5,035,774</u>	<u>-</u>
Investment income:			
Net increase (decrease) in fair value of investments	8,197,664	980,382	(21)
Interest and dividends	2,881,428	379,968	2,765
Less: investment expense	<u>(426,444)</u>	<u>(64,566)</u>	<u>-</u>
Net investment income	<u>10,652,648</u>	<u>1,295,784</u>	<u>2,744</u>
Other revenue	-	30,695	-
Total additions	<u>20,482,675</u>	<u>6,362,253</u>	<u>2,744</u>
Deductions			
Benefits	8,012,310	3,057,236	-
Refunds of contributions	68,398	-	-
Administrative expenses	56,160	11,750	-
Scholarships	-	-	500
Trust expenses	-	-	464
Total deductions	<u>8,136,868</u>	<u>3,068,986</u>	<u>964</u>
Change in net position	12,345,807	3,293,267	1,780
Net position - beginning of year	<u>112,521,832</u>	<u>15,856,370</u>	<u>84,473</u>
Net position - end of year	<u>\$ 124,867,639</u>	<u>\$ 19,149,637</u>	<u>\$ 86,253</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2023

The financial statements of the Town of Narragansett, Rhode Island, have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the Town's financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Town of Narragansett was founded in 1888. The Town is governed largely under the 1966 Narragansett Home Rule Charter. In some matters, including the issuance of short and long-term debt, the Town is governed by the general laws of the State of Rhode Island. The Town operates under a Town Council/Town Manager form of government and provides the following services as authorized by its charter: public safety (police, fire, and emergency services); public works (highways, streets, and facilities management); parks and recreation; planning, engineering, and inspection; education; social services; and general administrative services.

In evaluating the inclusion of potential component units within its financial reporting entity, the Town applied the criteria prescribed by GASB Statement No. 14, as amended by GASB Statement No. 39, “Determining Whether Certain Organizations are Component Units” and GASB Statement No. 61 “Financial Reporting Entity Omnibus”. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading. Through the application of GASB Statements Nos. 14, 39 and 61 criteria, the following have been presented as fiduciary component units of the Town in the Fiduciary Fund Financial Statements: Town Pension Trust; Police Pension Trust; Town Other Post-Employment Benefits Trust; and School Other Post-Employment Benefits Trust.

The Town Pension Trust, the Police Pension Trust, the Town Other Post-Employment Benefits Trust, and the School Other Post-Employment Benefits Trust are pension and other post-employment benefit plans established by trust agreements as discussed in Note 13 A and B and Note 16 B and C to the financial statements. The fiscal year of the Town Pension Trust, the Police Pension Trust, the Town Other Post-Employment Benefits Trust, and the School Other Post-Employment Benefits Trust ends on June 30. The Town Pension Trust, the Police Pension Trust, the Town Other Post-Employment Benefits Trust, and the School Other Post-Employment Benefits Trust do not issue separate financial statements.

B. BASIS OF PRESENTATION AND ACCOUNTING

Government-Wide Financial Statements

The Town’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements report information about the reporting entity as a whole. Fiduciary activities of the Town are not included in these statements. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed

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through property taxes, intergovernmental revenue, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services rendered.

The Statement of Activities presents a comparison between direct expenses and program revenue for the business-type activities and for each function of the Town's governmental activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including property taxes and general state aid, are presented as general revenues.

These statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets, infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period earned while expenses are recognized in the period the liability is incurred.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

Fund Financial Statements

The Fund Financial Statements of the Town are organized into funds, each of which is considered to be a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific Town functions or activities. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three categories: governmental, proprietary, and fiduciary. Major individual governmental funds and enterprise funds are reported as separate columns in the Fund Financial Statements.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide Financial Statements.

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All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except those revenues subject to accrual (generally collected 60 days after year-end) are recognized when due. The primary revenue sources which have been treated as susceptible to accrual by the Town are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured.

Major Governmental Funds:

General Fund – The General Fund is used to account for resources devoted to financing the general services that the Town performs for its citizens and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted or reported in another fund.

American Rescue Plan Act Fund – The American Rescue Plan Act Fund is used to account for federal ARPA funds received by the Town.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows. A column representing Internal Service Funds is also presented in these statements. However, Internal Service balances and activities have been combined with the Governmental Activities in the Government-Wide Financial Statements.

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period earned while expenses are recognized in the period the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

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The Town has four Enterprise Funds. The Town considers all Enterprise Funds to be major funds for financial statement purposes. The Town's Enterprise Funds are as follows:

Water Fund – The Water Fund is used to account for the water use fees and the expenses associated with providing water services to Town residents and businesses.

Sewer Fund – The Sewer Fund is used to account for the sewer use fees, the assessments, and the expenses associated with providing sewer services to Town residents and businesses.

Beach Fund – The Beach Fund is used to account for the fees and the expenses associated with the operation of the Town beach.

Middlebridge Recreation Fund – The Middlebridge Recreation Fund is used to account for rental fees and expenses associated with the operations of Middlebridge Recreation Area.

The Town has one Internal Service Fund as follows:

Healthcare Fund – The Healthcare Fund is used to account for the Town's self-insured health and dental care programs.

Fiduciary Fund Financial Statements

Fiduciary Fund Financial Statements include a Statement of Net Position and a Statement of Changes in Net Position. The Town's Fiduciary Funds include the Pension Trust Funds, the Other Post-Employment Benefits Trust Funds, and the Private Purpose Trust Funds. Fiduciary Funds are used to account for assets held by the Town in a trustee capacity or as a custodian for individuals, private organizations, or other governments. The Fiduciary Funds are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting.

Pension Trust Funds – The Pension Trust Funds account for contributions made by the Town and its participating employees to provide pension benefits to these employees at retirement.

Other Post-Employment Benefits Trust Funds – The Other Post-Employment Benefits (OPEB) Trust Funds were established to account for contributions to finance other post-employment benefits paid by the Town and the payment of these benefits as they come due. The Town OPEB Fund was established by Town Ordinance effective August 1, 2011 and the School OPEB Fund was established by School Committee Resolution effective May 17, 2017.

Private Purpose Trust Funds – The Private Purpose Trust Funds account for funds held in trust for use by an outside committee to provide awards and scholarships in accordance with a donor's instructions. All resources of the funds, including any earnings on investments, may be used. There is no requirement that any portion that these resources be considered nonexpendable.

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C. RECENTLY ISSUED ACCOUNTING STANDARDS

The Town has implemented the following new accounting pronouncements:

- GASB Statement No. 91 – *Conduit Debt Obligations*, effective for the Town’s fiscal year ending June 30, 2023.
- GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the Town’s fiscal year ending June 30, 2023.
- GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*, effective for the Town’s fiscal year ending June 30, 2023.
- GASB Statement No. 99 – *Omnibus 2022*, requirements related to leases, PPPs and SBITAs which are effective for the Town’s fiscal year ending June 30, 2023.

The adoption of GASB Statement Nos. 91, 94, and 96, and portions of GASB Statement No. 99 applicable in fiscal year 2023 did not have an impact on the Town’s financial position or results of operations.

The Town will adopt the following new accounting pronouncements in future years:

- GASB Statement No. 99 – *Omnibus 2022*, requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 effective for the Town’s fiscal year ending June 30, 2024.
- GASB Statement No. 100 – *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, effective for the Town’s fiscal year ending June 30, 2024.
- GASB Statement No. 101 – *Compensated Absences*, effective for the Town’s fiscal year ending June 30, 2025.
- GASB Statement No. 102 – *Certain Risk Disclosures*, effective for the Town’s fiscal year ending June 30, 2025.

The impact of these pronouncements on the Town's financial statements has not been determined.

D. DEPOSITS AND INVESTMENTS

The cash balances of substantially all funds are pooled and invested by the Town Finance Director for the purpose of increasing earnings through investment activities. The pool’s investments are reported at fair value as of June 30, 2023. The individual funds’ portions of the pool’s fair value are presented as “Pooled Cash and Investments”. Earnings on the pooled funds are apportioned and credited to the funds annually.

E. CASH EQUIVALENTS

The Town considers cash and cash equivalents in the Proprietary Funds to include cash on hand, time and demand deposits, and short-term investments maturing within three months from the date of acquisition.

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F. INVESTMENTS

The Town reports investments at fair value, except for investments in money market funds and the Trust OPEB Funding Program which are reported at net asset value per share or its equivalent (which approximates fair value).

G. ACCOUNTS RECEIVABLE AND TAXES RECEIVABLE

Accounts receivable and taxes receivable are shown net of an allowance for uncollectible accounts. The allowances are calculated based on the age of the individual receivables.

H. UNBILLED SERVICES RECEIVABLE

Water and sewer revenue is recorded when earned. Customers are billed quarterly. The estimated value of services provided but unbilled at year-end has been included in the accompanying financial statements.

I. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

J. INVENTORY

Inventory is maintained on a periodic system and is stated at cost (first in, first out method of inventory valuation). Inventory is generally recorded as expenditures/expenses when consumed.

K. CAPITAL ASSETS AND DEPRECIATION

Capital assets are reported in the Government-Wide Statement of Net Position. In the Fund Financial Statements, capital assets used in governmental fund activities are accounted for as capital expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for in the same manner as in Government-Wide Financial Statements.

All capital assets are recorded at cost (or estimated historical cost). Donated capital assets are recorded at acquisition value as of the date received. The Town follows the policy of not capitalizing assets with a cost of less than \$10,000 and a useful life of less than 1 year.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Useful Lives</u>
Land improvements	5 – 65 years
Buildings and improvements	25 – 65 years
Machinery and equipment	5 – 30 years
Vehicles	6 – 12 years
Infrastructure	15 – 65 years

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L. DEBT PREMIUMS

In the Governmental Fund Financial Statements, debt premiums are reported as an “other financing source.” In the Government-Wide Statements, debt premiums are deferred and amortized over the term of the debt. Debt premiums are presented as an addition to the face amount of the debt payable.

M. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

Deferred outflows of resources represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

In the Governmental Fund Financial Statements, deferred inflows of resources are reported for receivables recorded in the Governmental Fund Financial Statements for which the revenue is not available, or amounts received before the period for which property taxes are levied.

In the Government-Wide Financial Statements, deferred inflows of resources are reported for amounts received before the period for which property taxes or revenues are levied or due and deferred amounts related to refunding debt issues which will be amortized as a component of interest expense in future years. Deferred outflows of resources and deferred inflows of resources are also reported for amounts related to the Town’s pension plans and other post-employment benefit plans that will be amortized as a component of pension and other post-employment benefit expense in future years.

N. PROPERTY TAXES

The Town is permitted by Rhode Island General Law to levy property taxes. Current tax collections for the Town were approximately 99.39% of the total 2022 levy. The tax rate of the Town is established in accordance with Town Ordinance.

The Town's fiscal 2022-2023 property taxes were levied on June 6, 2022, on assessed valuation as of December 31, 2021. Upon levy, taxes are due and payable between July 1 and July 31 or may be paid quarterly on July 31, October 31, January 31, and April 30. Failure to mail payments by due dates will result in a lien on the taxpayer's property. Taxable assessed values are established by Tax Assessor's Office and are currently calculated at 100% of the full and fair value for real estate and tangible personal property. A full revaluation of all property was completed as of December 31, 2020.

Rhode Island General Law restricts the Town’s ability to increase its total tax levy by more than 4% over that of the preceding fiscal year.

O. LEASES

The Town is lessor for noncancellable leases of building space and land. The Town recognizes leases receivable and deferred inflows of resources in the Government-Wide and Governmental Fund Financial Statements. The Town is also lessee for a noncancellable equipment lease. The Town recognizes a lease liability and intangible right-to-use lease asset (lease asset) in the Government-Wide

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

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

- The Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and periods covered by the lessee or Town's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessee or Town will exercise that option. Lease receipts or payments included in the measurement of the lease receivable or liability is composed of fixed payments from the lessee.

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

Lease assets are reported with capital assets and lease liabilities are reported with long-term liabilities in the Government-Wide Statement of Net Position.

P. COMPENSATED ABSENCES

Under the terms of various contracts and agreements, Town employees are granted vacation and sick leave in varying amounts based on length of service. Vacation benefits are accrued as a liability based on the accumulated benefits earned on June 30. Sick leave benefits are based on the sick leave accumulated on June 30 by those employees who are currently eligible to receive termination payments and those employees for whom it is probable they will become eligible to receive termination benefits in the future. The liability is calculated at the rate of pay in effect on June 30, 2023.

The entire compensated absence liability is reported on the Government-Wide Financial Statements. For Governmental Fund Financial Statements, the amount of accumulated vacation and sick leave has been recorded as a current liability to the extent that the amounts are due to employees who have resigned or retired.

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Q. ACCRUED LIABILITIES AND LONG-TERM DEBT

All accrued liabilities and long-term debt are reported in the Government-Wide Financial Statements.

For Governmental Fund Financial Statements, the accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance sheet date regardless of whether they will be liquidated with current financial resources. However, claims and judgments and compensated absences paid from governmental funds are reported as a liability in the Governmental Fund Financial Statements only for the portion expected to be financed from expendable available financial resources. Long-term debt paid from governmental funds is not recognized as a liability in the Governmental Fund Financial Statements until due.

R. PENSIONS

For the purposes of measuring the net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employees' Retirement System of the State of Rhode Island, the Town Pension, and Police Pension plans and the additions to/deductions from each plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, the plans 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.

S. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

For the purposes of measuring the net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Town OPEB and School OPEB plans and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, the plans recognize benefit payments when due and payable, in accordance with the benefit terms. Investments are reported at fair value.

T. 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 and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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NOTE 2 - CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Nondepreciable assets:				
Land and land easements	\$ 44,866,624	\$ -	\$ -	\$ 44,866,624
Construction in progress	2,256,895	7,133,125	3,166,562	6,223,458
	<u>47,123,519</u>	<u>7,133,125</u>	<u>3,166,562</u>	<u>51,090,082</u>
Depreciable/amortized assets:				
Land improvements and infrastructure	59,395,711	3,196,546	-	62,592,257
Buildings and improvements	61,325,718	631,276	-	61,956,994
Machinery and equipment	9,099,936	274,276	-	9,374,212
Vehicles	10,894,584	681,741	1,024,863	10,551,462
Leased equipment	-	217,418	-	217,418
	<u>140,715,949</u>	<u>5,001,257</u>	<u>1,024,863</u>	<u>144,692,343</u>
Total capital assets	<u>187,839,468</u>	<u>12,134,382</u>	<u>4,191,425</u>	<u>195,782,425</u>
Less accumulated depreciation for:				
Land improvements and infrastructure	36,731,326	1,718,021	-	38,449,347
Buildings and improvements	36,802,226	2,212,162	-	39,014,388
Machinery and equipment	6,467,628	468,205	-	6,935,833
Vehicles	7,511,149	971,765	1,024,863	7,458,051
Less accumulated amortization for:				
Leased equipment	-	14,495	-	14,495
Total accumulated depreciation and amortization	<u>87,512,329</u>	<u>5,384,648</u>	<u>1,024,863</u>	<u>91,872,114</u>
Governmental activities capital assets, net	<u>\$ 100,327,139</u>	<u>\$ 6,749,734</u>	<u>\$ 3,166,562</u>	<u>\$ 103,910,311</u>
Business-Type Activities:				
Nondepreciable assets:				
Land	\$ 3,186,280	\$ -	\$ -	\$ 3,186,280
Construction in progress	165,433	78,202	3,657	239,978
	<u>3,351,713</u>	<u>78,202</u>	<u>3,657</u>	<u>3,426,258</u>
Depreciable assets:				
System improvements and infrastructure	38,388,061	271,033	-	38,659,094
Buildings and improvements	24,439,481	34,550	-	24,474,031
Machinery and equipment	4,031,553	111,224	-	4,142,777
Vehicles	755,933	117,559	41,493	831,999
	<u>67,615,028</u>	<u>534,366</u>	<u>41,493</u>	<u>68,107,901</u>
Total capital assets	<u>70,966,741</u>	<u>612,568</u>	<u>45,150</u>	<u>71,534,159</u>
Less accumulated depreciation for:				
System improvements and infrastructure	22,045,022	617,395	-	22,662,417
Buildings and improvements	13,457,100	802,006	-	14,259,106
Machinery and equipment	2,504,176	98,720	-	2,602,896
Vehicles	612,456	68,846	41,493	639,809
Total accumulated depreciation	<u>38,618,754</u>	<u>1,586,967</u>	<u>41,493</u>	<u>40,164,228</u>
Business-type activities capital assets, net	<u>\$ 32,347,987</u>	<u>\$ (974,399)</u>	<u>\$ 3,657</u>	<u>\$ 31,369,931</u>

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Depreciation expense was charged to governmental functions as follows:

General government	\$ 284,433
Public safety	623,066
Public works	1,966,087
Parks and recreation	370,258
Public libraries	7,814
Education	2,132,990
<i>Total Depreciation and Amortization Expense</i>	\$ 5,384,648

Depreciation expense was charged to the business-type functions as follows:

Water	\$ 346,120
Sewer	900,484
Beach	325,613
Middlebridge Recreation	14,750
<i>Total Depreciation Expense</i>	\$ 1,586,967

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. LEGAL DEBT MARGIN

The Town's legal debt margin as set forth by State Statute is limited to three percent of total taxable assessed value which approximates \$181,526,380. As of June 30, 2023, the Town's debt subject to the legal debt margin is \$1,133,000 and the Town is under the debt limit by \$180,393,380. The debt subject to the debt limitation is based on the type of debt that is issued.

NOTE 4 – DEPOSITS AND INVESTMENTS

A. SUMMARY OF DEPOSIT AND INVESTMENT BALANCES

The following is a reconciliation of the Town's deposit and investment balances as of June 30, 2023.

	<i>Government-Wide</i> <i>Statement of</i> <i>Net Position</i>	<i>Fiduciary Funds</i> <i>Statement of</i> <i>Net Position</i>	<i>Total</i>
Pooled cash and investment	\$ 52,760,968	\$ 4,978,471	\$ 57,739,439
Cash and cash equivalents	383,009	3,213,509	3,596,518
Investments	-	135,221,500	135,221,500
<i>Total</i>	\$ 53,143,977	\$ 143,413,480	\$ 196,557,457

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<i>Pooled Cash and</i>	
<u><i>Investments</i></u>	
Cash	\$ 27,037,848
Investments	30,701,591
Total	<u><u>\$ 57,739,439</u></u>

B. CUSTODIAL CREDIT RISK – Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a formal deposit policy for custodial credit risk but is governed by State Laws as described below. As of June 30, 2023, \$10,129,685 of the Town’s bank balance of \$29,122,097 was exposed to custodial credit risk as follows:

	<i>Bank Balance</i>
Insured (federal depository insurance funds)	<u>\$18,992,412</u>
Collateralized with securities held by pledging financial institution or its agent, in the Town’s name	5,362,104
Collateralized with securities held by pledging financial institution or its agent, but not in the Town’s name	2,836,915
Uninsured and uncollateralized	1,930,666
Total	<u><u>\$29,122,097</u></u>

Under Rhode Island General Laws, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State, shall at a minimum, insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits which are time deposits with maturities greater than sixty (60) days. Any of these institutions which do not meet minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits, regardless of maturity. On June 30, 2023, the Town's uncollateralized deposits with institutions were \$ 1,930,666. These deposits are held by institutions that meet the minimum capital standards prescribed by the federal regulators.

NOTE 5 – INVESTMENTS

The Town has investment policies for its operating funds. Operating funds include all funds except retirement funds, other pension employees’ benefits, the proceeds of certain debt issues and the assets of trust funds and endowments. Permitted investments include: U.S. Treasury obligations which carry the full faith and credit guarantee of the United States; U.S. government agency and instrumentality obligations that have a liquid market readily determinable market value; certificates of deposit; bankers’ acceptances; investment-grade commercial paper; investment-grade corporate bonds with a minimum Baa2/BBB credit rating and no more than 7 years until maturity; investment-grade obligations of state, provincial and local governments and public authorities; repurchase agreements

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whose underlying purchased securities consist of the aforementioned instruments; money market mutual funds regulated by the SEC whose portfolios consist of dollar-denominated securities; and local government investment pools either state-administered or developed through joint powers statutes and other intergovernmental agreement legislation whose weighted average maturity does not exceed 90 days. All marketable securities are to be held by the counterparty in the Town's name. The following investment guidelines apply to operating funds:

- Tier 1 - Liquidity Investment Portfolio – shall be a minimum of 25% of operating fund assets and may be invested in bank deposits and money market funds with daily liquidity.
- Tier 2 – Short-Term Reserve Portfolio – may be a maximum of 75% of operating fund assets and may be invested in bank deposits, money market funds with daily liquidity, U.S. government treasuries, agency mortgage-backed securities and municipal bonds (minimum Aa3/AA- credit rating). A minimum of 10% shall be invested in U.S. government treasuries. A minimum of 30% shall be invested in U.S. government treasuries and agency guaranteed mortgages. The portfolio duration must not exceed 5 years and no bond's duration may exceed 6 years at time of purchase.
- Tier 3 – Intermediate-Term Reserve Portfolio – may be a maximum of 50% of operating fund assets and may be invested in bank deposits, money market funds with daily liquidity, U.S. government treasuries, agency mortgage-backed securities, municipal bonds (minimum Aa3/AA- credit rating, maximum duration of 7 years), investment-grade corporate bonds (minimum Baa2/BBB credit rating, maximum duration of 7 years), exchange traded funds that fit pool criteria and mutual funds that fit pool criteria. A minimum of 10% shall be invested in U.S. government treasuries and agency mortgage-backed securities. A maximum of 25% may be invested in investment-grade corporate bonds with a minimum Baa2/BBB credit rating and no more than a 7-year maturity. A maximum of 75% may be invested in taxable municipal bonds with a minimum A3/A- credit rating and no more than a 7-year duration. The portfolio duration must not exceed 5 years and no bond's duration may exceed 7 years at time of purchase.

The Town has the following investment policies for the Pension Trust Funds:

- Equities (including convertible securities) may represent up to 70% of the account's market value with a minimum requirement of 25%.
- International Securities should not exceed 20% of the total plan assets.
- Fixed income (including preferred stocks) is not to exceed 75% of the account's market value with a minimum requirement of 30%.
- Cash equivalents (including all senior debt securities with under 1 year to maturity) may be held to a maximum of 30% of the account's market value.
- No manager shall hold greater than 15% of the total pension plan assets, calculated on an annual basis.

TOWN OF NARRAGANSETT, RHODE ISLAND

Notes to Financial Statements

June 30, 2023

- Manager's investments in any one equity security (except mutual funds, exchange traded funds (ETFs), and U.S. Government and Agency securities) should not exceed 5% at cost of the total market value of the respective manager's portfolio and should not exceed 10% of the portfolio at any time.
- No more than 25% of the equity portfolio should be invested in any one of the following S&P 500 sectors: consumer cyclical, consumer staple, basic industrial, transportation, energy, capital goods and construction, utilities, finance, health care, and technology.
- Fixed income investments will be diversified by industry and by maturity. Not more than 5% of the portfolio value will be invested in any one issuer with the exception of the U.S. Government or its agencies.
- Average effective duration for the fixed income portfolio will not exceed six (6) years.
- Fixed income investments must be rated at least Baa2 or its equivalent by at least one recognized bond rating service. At least 80% of the fixed income portfolio must carry a rating of A or its equivalent by one rating agency.
- Current holdings that are not rated at least Baa2 or its equivalent by one rating agency must be sold within a reasonable period of time, not to exceed six (6) months.
- The Manager is prohibited from investing in private placements and from speculating in fixed income or interest rate futures.
- The Managers may invest in commercial paper, repurchase agreements, Treasury Bills, certificate of deposits, and money market funds. All such assets must represent maturities of one year or less at time of purchase. Commercial paper must be rated P-1 or A-1 by Standards & Poor's or Moody's respectively.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2023

As of June 30, 2023 the Town had the following investments:

<u>Investments</u>	<u>Fair Value</u>	<u>Rating (Moody's/S&P)</u>
Corporate Bonds	\$ 1,136,926	Aaa
Corporate Bonds	241,798	Aa2
Corporate Bonds	296,879	Aa3
Corporate Bonds	1,924,330	A1
Corporate Bonds	1,899,432	A2
Corporate Bonds	1,972,182	A3
Corporate Bonds	1,276,001	Baa1
Corporate Bonds	1,150,927	Baa2
Corporate Bonds	128,861	Baa3
Corporate Bonds	304,028	WR
Municipal Bonds	4,751,825	Aaa
Municipal Bonds	620,665	Aa
Municipal Bonds	4,999,814	Aa1
Municipal Bonds	5,547,411	Aa2
Municipal Bonds	1,155,580	Aa3
Municipal Bonds	356,224	A1
Municipal Bonds	338,404	A3
Municipal Bonds	1,069,672	Not rated
US Government Obligations	11,204,246	Aaa
Mortgage-Backed Securities	4,942,717	Aaa
Mortgage-Backed Securities	862,042	WR
Mortgage-Backed Securities	1,642	Not rated
Mutual Funds & ETFs - Fixed Income	2,737,338	AAA
Mutual Funds & ETFs - Fixed Income	2,136,067	AA
Mutual Funds & ETFs - Fixed Income	7,613,341	AA-
Mutual Funds & ETFs - Fixed Income	7,436,709	A+
Mutual Funds & ETFs - Fixed Income	2,865,293	A-
Mutual Funds & ETFs - Fixed Income	79,662	BBB+
Mutual Funds & ETFs - Fixed Income	330,197	B
Mutual Funds & ETFs - Fixed Income	5,473,723	Not rated
Mutual Funds & ETFs - Equities	56,959,629	Not applicable
Common Stock	31,564,190	Not applicable
Money Market Fund	1,766,039	Aaa-mf
Money Market Fund	800,000	Not rated
Trust OPEB Funding Program	2,545,336	Not rated
	<hr/>	
	168,489,130	
Less: Investments classified as pooled cash and investments	(30,701,591)	
Less: Investments classified as cash and cash equivalents	(2,566,039)	
	<hr/>	
Total investments reported in the financial statements	\$ 135,221,500	
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TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2023

Interest Rate Risk – Except as discussed above, the Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Information about the exposure of the Town’s securities to this risk is presented below:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>					
		<u>Less than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>11-15 Years</u>	<u>20-25 Years</u>	<u>25+ Years</u>
Corporate Bonds	\$ 10,331,364	\$ 358,013	\$ 5,078,229	\$ 4,369,307	\$ 525,815	\$ -	\$ -
Municipal Bonds	18,839,595	1,401,558	13,020,691	3,720,790	-	-	696,556
US Government Obligations	11,204,246	1,494,420	6,609,438	3,100,388	-	-	-
Mortgage-Backed Securities	5,806,401	1,178,827	4,325,911	301,100	563	-	-
Mutual Funds & ETFs -							
Fixed Income	28,342,133	74,789	6,016,297	16,957,684	4,373,188	108,081	812,094
Money Market Funds	2,566,039	2,566,039	-	-	-	-	-
Total	\$ 77,089,778	\$ 7,073,646	\$ 35,050,566	\$ 28,449,269	\$ 4,899,566	\$ 108,081	\$ 1,508,650

Mutual fund and exchange traded fund maturity is based on average maturity of the fund. \$330,197 of the Town’s mutual funds and exchange traded funds do not have average maturity information available.

Credit Risk – The Town is governed by State Laws that limit investment choices to short-term investments for its public deposits (General Fund). Except as discussed above, the Town has no investment policy that would further limit its investment choices. The ratings for the Town’s investments are presented above.

Concentration of Credit Risk – Except as discussed above, the Town does not have any policies that limit the amount that can be invested with one issuer.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Except as discussed above, the Town does not have a policy related to custodial credit risk. The Town’s investments are held by the Town’s counterparty in the Town’s name.

Foreign Currency Risk – Except as discussed above, the Town does not have any policies related to foreign currency risk. Information about exposure of the Town’s securities to this risk is presented below:

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2023

<i>Currency</i>	<i>Fair Value</i>	
	<i>Equities</i>	<i>Fixed Income Securities</i>
Australian dollar	\$ -	\$ 44,516
Bermudan dollar	-	82,577
Canadian dollar	-	1,256,301
Euro	1,141,195	178,114
Mexican peso	-	41,565
Pound sterling	238,690	177,384
Swiss franc	223,370	-
	\$ 1,603,255	\$ 1,780,457

The Town's investment in mutual funds and ETFs includes \$2,730,800 in international fixed income funds and \$19,660,818 in international equity funds.

NOTE 6 – FAIR VALUE MEASUREMENTS

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Town has the following recurring fair value measurements as of June 30, 2023:

<i>Investments by fair value level:</i>	<i>June 30, 2023</i>	<i>Fair Value Measurements Using:</i>		
		<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
Common Stock	\$ 31,564,190	\$ 31,564,190	\$ -	\$ -
Mutual Funds & ETFs - Equities	56,959,629	56,959,629	-	-
Mutual Funds & ETFs - Fixed Income	28,672,330	28,672,330	-	-
Corporate Bonds - Domestic Investment Grade	8,550,907	-	8,550,907	-
Fixed Income - Global/Foreign	1,780,457	-	1,780,457	-
Fixed Income - Municipal Bonds	18,839,595	-	18,839,595	-
Fixed Income - US Government	11,204,246	-	11,204,246	-
Mortgage-Backed Securities	5,806,401	-	5,806,401	-
<i>Total investments measured by fair value level</i>	163,377,755	\$ 117,196,149	\$ 46,181,606	\$ -
<i>Investments measured at net asset value (NAV):</i>				
Money Market Funds	2,566,039			
Trust OPEB Funding Program	2,545,336			
<i>Total investments measured at fair value</i>	\$ 168,489,130			

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2023

Equity and debt securities and funds classified in Level 1 are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 are valued using rules-based pricing applications that consider benchmark yields, reported trades, market-based quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data.

All money market investments have a maturity of less than one year. The fair value of these money market funds reflects the net asset value reported by the fund administrator which is a stable \$1 per unit. The underlining investments, which are short-term cash equivalent type investments are generally carried at amortized cost which approximates fair value. There are no participant's withdrawal limitations.

The Town's investment in the Trust OPEB Funding Program is valued using net asset value (NAV) per share (or its equivalent). The redemption frequency of the Trust OPEB Funding Program is daily and there is no redemption notice period. The Trust OPEB Funding Program investment utilizes a balanced strategy seeking both a reasonable level of income and long-term growth of capital and income. The Program invests in seven index and mutual funds: total stock market index fund, total international stock index fund, total bond market index fund, total international bond index fund, intermediate-term investment grade fund, short-term investment grade fund, and REIT index fund. The fair values of the underlying investments are used to determine NAV per share (or its equivalent) of the Trust OPEB Funding Program investment.

NOTE 7 – LEASES RECEIVABLE

During the current fiscal year, the Town had seven lease agreements to lease building space and land to various third parties. The lease terms were initially 5 years with the Town's options to extend five of these leases for 1-4 additional terms in 5-year increments in accordance with individual lease agreements. The Town receives fixed monthly payments for five of the leases and payments for the other two leases are received based on payment dates and amounts listed in the individual lease agreements. The leases contain annual increases ranging between 0% and 5% in accordance with individual lease agreements. The Town recognized \$259,106 in lease revenue and \$35,268 in interest revenue during the fiscal year 2023 related to these leases. As of June 30, 2023, the Town's receivable for lease payments was \$2,677,111. Also, the Town has deferred inflows of resources associated with these leases that will be recognized as revenue over the lease terms. As of June 30, 2023, the balance of the deferred inflows of resources was \$2,677,111.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2023

NOTE 8 – LONG TERM LIABILITIES

A. LONG-TERM LIABILITIES

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds, notes, and loans payable:					
General obligation bonds	\$ 26,685,000	\$ -	\$ 2,180,000	\$ 24,505,000	\$ 2,230,000
General obligation bonds and notes from direct placements	2,600,000	-	200,000	2,400,000	200,000
Loans from direct borrowings	519,099	50,100	197,771	371,428	52,000
	<u>29,804,099</u>	<u>50,100</u>	<u>2,577,771</u>	<u>27,276,428</u>	<u>2,482,000</u>
Plus amortized premium on bonds	2,122,226	-	203,200	1,919,026	-
Total bonds, notes and loans payable	<u>31,926,325</u>	<u>50,100</u>	<u>2,780,971</u>	<u>29,195,454</u>	<u>2,482,000</u>
Other liabilities:					
Financed purchase payable	25,030	-	6,675	18,355	6,675
Lease liability	-	217,418	48,419	168,999	40,587
Compensated absences	4,573,761	263,745	73,255	4,764,251	972,076
Pollution remediation obligations	1,336,467	-	87,098	1,249,369	87,098
Net pension liabilities	80,138,526	-	943,883	79,194,643	-
Net other post-employment benefit liabilities	32,411,543	-	3,146,865	29,264,678	-
Total Governmental Activities Long-Term Liabilities	<u>\$ 150,411,652</u>	<u>\$ 531,263</u>	<u>\$ 7,087,166</u>	<u>\$ 143,855,749</u>	<u>\$ 3,588,436</u>
Business Type Activities:					
Loans payable:					
Loans from direct borrowings	\$ 519,307	\$ 515,000	\$ 169,000	\$ 865,307	\$ 193,000
Total loans payable	<u>519,307</u>	<u>515,000</u>	<u>169,000</u>	<u>865,307</u>	<u>193,000</u>
Other liabilities:					
Compensated absences	459,263	1,293	102,179	358,377	65,162
Business-Type Activities Long-Term Liabilities	<u>\$ 978,570</u>	<u>\$ 516,293</u>	<u>\$ 271,179</u>	<u>\$ 1,223,684</u>	<u>\$ 258,162</u>

All debt of the Governmental Activities is general obligation debt. The payments on the bonds, notes and loans are made from the Debt Service Fund. The financed purchase payable and lease liability are paid from the General Fund. The compensated absences from Governmental Activities are paid from the General Fund. The pollution remediation obligations, net pension liabilities and net other post-employment benefit liabilities will be paid from the General Fund. All debt and compensated absences of the Business-Type Activities are paid from the Water, Sewer, Beach, and Middlebridge Recreation Enterprise Funds.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2023

B. GENERAL OBLIGATION BONDS AND NOTES PAYABLE DEBT SERVICE REQUIREMENTS

The debt service requirements on June 30, 2023, were as follows:

<u>Fiscal Year Ended June 30,</u>	<i>Governmental Activities General Obligation Bonds</i>		<i>Governmental Activities General Obligation Bonds and Notes from Direct Placements</i>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 2,230,000	\$ 909,268	\$ 200,000	\$ 37,664
2025	2,280,000	813,574	200,000	34,536
2026	2,340,000	718,049	200,000	31,408
2027	2,400,000	613,324	200,000	28,280
2028	2,465,000	507,124	200,000	25,152
2029-2033	6,825,000	1,424,112	920,000	79,440
2034-2038	4,455,000	552,516	480,000	15,168
2039-2042	1,510,000	102,000	-	-
	<u>\$ 24,505,000</u>	<u>\$ 5,639,967</u>	<u>\$ 2,400,000</u>	<u>\$ 251,648</u>

C. LOANS PAYABLE FROM DIRECT BORROWINGS DEBT SERVICE REQUIREMENTS

The debt service requirements on June 30, 2023, were as follows:

<u>Fiscal Year Ended June 30,</u>	<i>Governmental Activities Loans from Direct Borrowings</i>		<i>Business-Type Activities Loans from Direct Borrowings</i>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 52,000	\$ 3,346	\$ 193,000	\$ 12,105
2025	52,000	2,342	198,307	15,439
2026	54,000	1,249	21,000	13,024
2027	34,000	789	22,000	12,491
2028	34,000	120	22,000	11,958
2029-2033	72,000	-	119,000	51,476
2034-2038	-	-	135,000	35,515
2039-2043	-	-	155,000	13,525
	<u>\$ 298,000</u>	<u>\$ 7,846</u>	<u>\$ 865,307</u>	<u>\$ 165,533</u>

On July 11, 2005 and May 16, 2022, the Town entered into loan agreements with the RI Infrastructure Bank for \$250,000 and \$300,000, respectively, to be used to finance the Community Septic System Loan Program (CSSLP). The loans are evidenced by non-restoring line of credit promissory notes. The loans bear interest of 0% and discharge of the loans is the later of the date on which all loans made by the Town under the CSSLP have been paid back or July 1, 2022 or July 1, 2032, respectively. The balance of the loans reported in Governmental Activities as of June 30, 2023 is \$73,428 and the balance available to be drawdown is \$272,725.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2023

D. FINANCED PURCHASE PAYABLE

The Town acquired equipment valued at \$40,048 using a financed purchase agreement. The agreement bears interest of 0%.

Obligations of governmental activities for the financed purchase agreement on June 30, 2023 were as follows:

<u><i>Fiscal Year Ended June 30,</i></u>	<u><i>Principal</i></u>
2024	\$ 6,675
2025	6,674
2026	5,006
	<u>\$ 18,355</u>

E. LEASE LIABILITY

The Town entered into a lease agreement for equipment. As of June 30, 2023, the value of the lease liability was \$168,999. The equipment has an estimated useful life of 6 years. The value of the right-to-use asset as of June 30, 2023 was \$217,418 and accumulated amortization was \$14,495.

Obligations of governmental activities for the lease liability as of June 30, 2023 were as follows:

<u><i>Fiscal Year Ended June 30,</i></u>	<u><i>Principal</i></u>	<u><i>Interest</i></u>
2024	\$ 40,587	\$ 4,533
2025	41,676	3,444
2026	42,794	2,326
2027	43,942	1,178
	<u>\$ 168,999</u>	<u>\$ 11,481</u>

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2023

F. BONDS, NOTES AND LOANS PAYABLE

<i>Purpose</i>	<i>Date Issued</i>	<i>Interest Rate</i>	<i>Maturity Date</i>	<i>Authorized and Issued</i>	<i>Outstanding June 30, 2022</i>	<i>New Issues</i>	<i>Refundings/ Maturities During Year</i>	<i>Outstanding June 30, 2023</i>
Governmental Activities:								
General Obligation Bonds:								
Road Bond	07/02/2014	2.00-4.00%	07/15/2034	\$ 4,100,000	\$ 2,665,000	\$ -	\$ 205,000	\$ 2,460,000
General Obligation Bond	11/08/2016	2.00-3.00%	11/01/2036	6,100,000	4,575,000	-	305,000	4,270,000
School Refunding	04/11/2017	3.00-5.00%	05/15/2029	12,029,000	8,930,000	-	1,110,000	7,820,000
Road Bond	05/08/2019	3.00-5.00%	05/15/2039	5,000,000	4,250,000	-	250,000	4,000,000
Road Bond	03/31/2022	3.00-4.00%	03/15/2042	3,000,000	3,000,000	-	150,000	2,850,000
Library Bond	03/31/2022	3.00-4.00%	03/15/2042	3,265,000	3,265,000	-	160,000	3,105,000
Total General Obligation Bonds					<u>26,685,000</u>	<u>-</u>	<u>2,180,000</u>	<u>24,505,000</u>
General Obligation Bonds and Notes from Direct Placements:								
Library Bond	02/04/2021	1.58%	02/01/2036	2,400,000	2,240,000	-	160,000	2,080,000
Library Note	02/04/2021	1.50%	02/01/2031	400,000	360,000	-	40,000	320,000
Total General Obligation Bonds and Notes from Direct Placements					<u>2,600,000</u>	<u>-</u>	<u>200,000</u>	<u>2,400,000</u>
Loans from Direct Borrowings:								
Rose Hill Closing and Capping	09/03/2002	1.68%	09/01/2022	2,000,000	128,921	-	128,921	-
Narrow River	12/12/2007	1.64-2.04%	09/01/2029	600,000	268,000	-	31,000	237,000
Landfill Closure	12/15/2005	1.59-2.00%	09/01/2025	350,000	81,000	-	20,000	61,000
Community Septic System Loans	(1)	0%	(1)	(1)	41,178	50,100	17,850	73,428
Total Loans from Direct Borrowings					<u>519,099</u>	<u>50,100</u>	<u>197,771</u>	<u>371,428</u>
Total Governmental Activities					<u>29,804,099</u>	<u>50,100</u>	<u>2,577,771</u>	<u>27,276,428</u>
Business -Type Activities:								
Loans from Direct Borrowings:								
Briggs Farm Sewer Project	11/13/2003	0.97-2.12%	09/01/2024	4,200,000	519,307	-	169,000	350,307
Scarborough Waste Treatment Facility	06/15/2023	2.39-3.46%	09/01/2042	515,000	-	515,000	-	515,000
Total Loans from Direct Borrowings					<u>519,307</u>	<u>515,000</u>	<u>169,000</u>	<u>865,307</u>
Total Business-Type Activities					<u>519,307</u>	<u>515,000</u>	<u>169,000</u>	<u>865,307</u>
Total Bonds, Notes and Loans Payable					<u>\$ 30,323,406</u>	<u>\$ 565,100</u>	<u>\$ 2,746,771</u>	<u>\$ 28,141,735</u>

(1) See Note 8C to the financial statements.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2023

G. POLLUTION REMEDIATION OBLIGATIONS

The United States Environmental Protection Agency (US EPA) has notified the Town that two former landfills used by the Town, Rose Hill Regional Landfill (Rose Hill) and West Kingston/URI Disposal Area Landfill, have been placed on the Superfund list.

Rose Hill Regional Landfill – Rose Hill was previously operated by the Towns of South Kingstown and Narragansett. In September 2002, the US EPA, the Rhode Island Department of Environmental Management (RIDEM) and the Towns of Narragansett and South Kingstown entered into a Final Consent Decree for remediation of Rose Hill. Since then, the site has been capped and long-term groundwater and air monitoring has commenced to determine the effectiveness of the cap and what, if any, additional remediation actions may be necessary in the future. The current estimated total cost of completing the clean-up of Rose Hill is \$21,519,175. The Town's share of this obligation is estimated to be \$4,499,733. In prior years, the Town paid \$2,000,000 to the Federal Government to settle all past liabilities associated with Rose Hill and \$504,931 for its share of natural resource damages. The Final Consent Decree also requires reimbursement to the State of 30% of the costs associated with remediation of this landfill and ongoing operation and maintenance costs. These costs will be shared equally by the two towns. The Town has paid \$905,433 to date for its share of remediation of the landfill and operation and maintenance costs. The Town's remaining share of the estimated cost, totaling \$1,089,369 on June 30, 2023, will be paid to the State over a 14-year period. Accordingly, \$1,089,369 has been reported as a pollution remediation obligation in the government-wide financial statements.

West Kingston/URI Disposal Area Landfills – The West Kingston/URI Disposal Area Landfills, also known as the Plains Road Landfill (Plains Road), was added to the Superfund list in 1992. The Towns of Narragansett and South Kingstown and the University of Rhode Island (URI) were named as potentially responsible parties. The Towns of Narragansett and South Kingstown and URI have agreed to participate in the remediation of the site under State landfill closure regulations. A consent decree was entered for the site as well. The current estimated cost of completing the clean-up of Plains Road is \$7,479,620. The Town's share of this obligation is estimated to be \$1,679,588. The Town has paid \$1,519,588 to date related to its obligation with an estimated \$160,000 remaining for ongoing operation and maintenance costs on June 30, 2023. Accordingly, \$160,000 has been reported as a pollution remediation obligation in the government-wide financial statements.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2023

NOTE 9 – INTERFUND RECEIVABLES AND PAYABLES

The Town reports interfund balances between many of its funds. The totals of all balances agree with the sum of interfund balances presented in the fund statements.

	<i>Due From:</i>			
<i>General Fund</i>	<i>Nonmajor Governmental Funds</i>	<i>Pension Trust Funds</i>	<i>Total</i>	
<i>Due To:</i>				
General Fund	\$ -	\$ 765,302	\$ 214,665	\$ 979,967
Nonmajor Governmental Funds	3,172,502	-	-	3,172,502
Total	\$ 3,172,502	\$ 765,302	\$ 214,665	\$ 4,152,469

The outstanding balances between funds primarily result from the time lag between the dates the 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

	<i>Advances from: Nonmajor Governmental Funds</i>
<i>Advances to:</i>	
General Fund	\$ 299,364
Total	\$ 299,364

The amount payable to the General Fund relates to a working capital loan made to the Library Building Fund. None of the balance is scheduled to be collected in the subsequent year.

NOTE 10 – INTERFUND TRANSFERS

	<i>Transfer In: Nonmajor Governmental Funds</i>
<i>Transfer Out:</i>	
General Fund	\$ 6,953,268
Total	\$ 6,953,268

Transfers are used to move revenues from the fund that the budget requires to collect them to the funds that the budget requires to expend them.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2023

NOTE 11 – NET POSITION/FUND BALANCES

The Government-Wide Financial Statements and Proprietary Fund Statements utilize a net position presentation. Net position is categorized as net investment in capital assets; restricted; and unrestricted.

Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category represents balances limited to uses specified either externally by creditors, contributors, laws and regulations of other governments or imposed through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents the residual component of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The Town considers restricted resources to have been spent when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

In the Fund Financial Statements, governmental fund equity is classified as fund balance. Fund balance is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” criteria include items that are not expected to be converted to cash (e.g., inventories and prepaid items).

Restricted Fund Balance – This classification includes amounts that have constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town’s highest level of decision-making authority. These committed amounts cannot be used for any other purpose unless the Town removes or changes the specific use by taking the same type of action it employed to previously commit those amounts.

Assigned Fund Balance – This classification includes amounts constrained by the Town’s intent to be used for specific purposes but are neither restricted nor committed.

TOWN OF NARRAGANSETT, RHODE ISLAND
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Unassigned Fund Balance – This classification is the residual fund balance for the General Fund which is the only fund that reports a positive unassigned fund balance amount. This classification represents fund balance that has not been assigned to another fund and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Committed fund balances are established, modified, or rescinded by an ordinance or resolution adopted by the Town Council. The Town Council delegates to the Town Manager the authority to assign amounts to be used for specific purposes. The Town considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Town considers unrestricted fund balance classifications to be used in the following order when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used: 1) committed; 2) assigned; and 3) unassigned.

NOTE 12 – DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

A. ACCOUNTS RECEIVABLE

The Town disaggregates significant components of receivables in the financial statements. Receivable balances determined immaterial are included as other receivables. The Town expects to receive all receivables within the subsequent year, except for sewer assessments, sewer lot development fees and community development loans receivable. The real estate and personal property tax receivable includes an allowance for doubtful accounts of \$209,366.

B. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities on June 30, 2023, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Other</u>	<u>Total</u>
Governmental activities:				
General Fund	\$ 584,925	\$ 941,125	\$ 86,700	\$ 1,612,750
American Rescue Plan Act Fund	21,166	-	-	21,166
Other Governmental Funds	3,127,455	23,406	-	3,150,861
Internal Service Fund	-	149,632	-	149,632
Total	<u>\$ 3,733,546</u>	<u>\$ 1,114,163</u>	<u>\$ 86,700</u>	<u>\$ 4,934,409</u>
Business-Type activities:				
Water Fund	\$ 123,005	\$ 13,965	\$ 2,009	\$ 138,979
Sewer Fund	117,001	32,400	692	150,093
Beach Fund	47,580	41,275	90	88,945
Middlebridge Recreation Fund	1,908	-	-	1,908
Total	<u>\$ 289,494</u>	<u>\$ 87,640</u>	<u>\$ 2,791</u>	<u>\$ 379,925</u>

TOWN OF NARRAGANSETT, RHODE ISLAND
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NOTE 13 – POST-EMPLOYMENT BENEFITS

A. TOWN PLAN

Plan Description

Plan Administration - The Town of Narragansett administers a single-employer, defined benefit post-employment benefit plan. This plan does not include the pension benefits discussed in Note 16. On August 1, 2011, the Town Council authorized the creation of an OPEB Trust Fund. The Finance Director is responsible for administration of the plan in accordance with the Trust Agreement dated September 8, 2011 with Town Council oversight. The plan is reported as a Trust Fund in the Town's financial statements. The plan does not issue a publicly available financial report.

Plan Membership - As of June 30, 2023, the plan membership data is as follows:

Active employees (with and without coverage)	183
Retirees and beneficiaries	<u>161</u>
	<u>344</u>

Benefits Provided - The plan provides medical, dental and life insurance for eligible retirees and their dependents through the Town's group insurance plans, which cover both active and retired members. Benefit provisions are established and amended by the union contracts through negotiations between the Town and the respective unions or as established by the Town Ordinance for non-union employees. The plan provides the following benefits based on employee group upon retirement:

Municipal Employees – Employees who have attained age 58 with 10 years of service or 20 years of service (whichever is earlier) are eligible for lifetime medical, dental and life insurance benefits, if hired prior to July 1, 2014. Effective July 1, 2001, those retirees eligible for lifetime benefits who are Medicare eligible are enrolled in Blue Cross Plan 65. Council 94 employees hired on/after July 1, 2014 who have attained the age of 65 with 10 years of service or 25 years of service (whichever is earlier) are eligible for medical and dental coverage until Medicare eligible. Local 1033 employees hired on/after July 1, 2014 who have attained the age of 58 with 10 years of service or 25 years of service (whichever is earlier) are eligible for medical and dental coverage until Medicare eligible. Employees retiring prior to January 1, 2010 have no employee contribution. Council 94 and Local 1033 employees retiring prior to July 1, 2018 who elect spousal coverage at retirement shall be provided with 2-person coverage and the retiree contribution requirements noted below apply to the spouse as well. Council 94 and Local 1033 employees retiring on/after July 1, 2018 who elect spousal coverage at retirement must contribute the full incremental cost of the spousal coverage. The following employee contribution requirements apply:

- Council 94 – date of retirement on/after January 1, 2010 and prior to January 1, 2012 – 2% of monthly pension; date of retirement on/after January 1, 2012 – 10% of health and dental premiums; date of retirement on/after July 1, 2012 – 12% of health and dental premiums; date of retirement on/after July 1, 2013 – 15% of health and dental premiums; date of retirement on/after July 1, 2018 – 20% of health and dental premiums

TOWN OF NARRAGANSETT, RHODE ISLAND

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June 30, 2023

- Local 1033 – date of retirement after January 1, 2011 – 2% of monthly pension; date of retirement after January 1, 2012 – 10% of health and dental premiums; date of retirement after January 1, 2013 – 12% of health and dental premiums. For those hired prior to July 1, 1996 who: retire between July 1, 2014 and June 30, 2015 – 5% of health and dental premiums; retire between July 1, 2015 and June 30, 2016 – 10% of health and dental premiums; retire between July 1, 2016 and June 30, 2018 – 15% of health and dental premiums; retire after July 1, 2018 – 20% of health and dental premiums. For those hired on/after July 1, 1996 who retire on/after July 1, 2014 – 20% of health and dental premium.
- Non-Union – 2% of monthly pension

Council 94 and Local 1033 employees retiring on/after July 1, 2018 will receive individual health and dental benefits only until age 65 or Medicare eligible (whichever is earlier) regardless of date of hire.

Firefighters – Employees who have 20 years of service are eligible for lifetime medical, dental and life insurance benefits if hired prior to July 1, 2013. Firefighters hired on/after July 1, 2013 must have 25 years of service to be eligible for benefits. Employees retiring prior to January 1, 2011 have no employee contribution. Employees retiring on/after January 1, 2011 but prior to January 1, 2017 must contribute 20% of their health premium (for retirees and spouses). Employees retiring on/after January 1, 2017 will receive health coverage through a Blue Solutions HDHP plan with no contribution requirement and must contribute 20% of their dental premium (for retirees and spouses). Employees retiring on/after January 1, 2011 will no longer be eligible for subsidized Medicare Supplement coverage.

Police Officers – Employees who have attained age 58 with 10 years of service or 20 years of service (whichever is earlier) are eligible for lifetime medical, dental and life insurance benefits if hired prior to July 1, 2013. Officers hired on/after July 1, 2013 must have 25 years of service to be eligible for medical and dental coverage until Medicare eligibility and lifetime life insurance benefits. Employees retiring prior to January 1, 2010 have no employee contribution. Employees retiring on/after January 1, 2010 but prior to January 1, 2011 must contribute 2% of their monthly pension and employees retiring on/after January 1, 2011 but prior to July 1, 2013 must contribute 5% of their monthly pension towards health, dental and life insurance costs. Employees who retire on/after July 1, 2013 but prior to July 1, 2017 must contribute 15% of health and dental premiums. Employees who retire on/after July 1, 2017 but prior to July 1, 2018 must contribute 17% of health and dental premiums. Employees who retire on/after July 1, 2018 must contribute 20% of health and dental premiums.

Current and future Town retirees who waive coverage from the Town due to equivalent coverage elsewhere shall be reimbursed a percentage of the Town's cost of group health and dental depending on their coverage level (municipal employees and firefighters – 50%; police officers – 60% for retirements prior to July 1, 2017 and 50% for retirements on/after July 1, 2017). Council 94 and Local 1033 employees retiring on/after July 1, 2018 will receive this benefit until Medicare eligible. Firefighters retiring on/after January 1, 2011 will receive this benefit until Medicare eligible. Police officers hired on/after July 1, 2013 will receive this benefit until Medicare eligible.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
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Contributions - Contribution requirements are negotiated between the Town and the respective unions or are established by Town Ordinance for non-union employees. The Town is required to contribute the cost of medical, dental and life benefits, less the amount of any applicable retiree share of premiums. For the year ended June 30, 2023, the Town’s contribution was based on the adopted budget which was more than the actuarially determined contribution. For the fiscal year ended June 30, 2023, the Town contributed \$4,272,584 to the plan. Administrative costs are paid from plan assets.

Summary of Significant Accounting Policies

Basis of Accounting – The Other Post-Employment Benefits Trust Fund’s financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments – Investments are reported at fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates.

Investments

Investment Policy – The Finance Director may invest funds held in the OPEB Trust Fund in accordance with the Trust Agreement and State Law in the following types of investments: common or preferred stocks, bonds, notes, debentures, mortgages, equipment or investment trust certificates, mutual funds or other pooled investment vehicles, and other evidence of indebtedness.

Rate of Return – For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 8.84%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

Net OPEB Liability of the Town Plan

The components of the net OPEB liability of the Town on June 30, 2023, were as follows:

Total OPEB Liability	\$44,479,569
OPEB Plan Fiduciary Net Position	<u>(16,425,110)</u>
Net OPEB Liability	<u>\$28,054,459</u>

Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	36.9%
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Actuarial Assumptions – The total OPEB liability was determined by an actuarial valuation as of June 30, 2023, the measurement date. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

TOWN OF NARRAGANSETT, RHODE ISLAND
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Actuarial Cost Method	Entry Age Normal Cost Method
Salary Increases	Age 20 - 10%; Age 25 – 8%; Age 30 - 6%; Age 35 – 5%; Age 40 – 4.5%; Age 45 – 4.25%; Age 55+ - 4%
Inflation	2.5%
Investment Rate of Return	6.5%
Mortality	<i>Police and Fire</i> - SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2021 <i>General Employees</i> – SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021 <i>Disabled Retirees</i> - SOA Pub-2010 General/Public Safety Headcount Weighted Disabled Retiree Mortality Table fully generational using Scale MP-2021 <i>Contingent Survivors</i> – SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021
Health Care Trend Rates	<i>Medical/RX</i> – Based on Getzen 2023 Table with initial rates of 7% non-Medicare and 6% Medicare decreasing gradually to an ultimate rate of 3.94% by 2075 <i>Medicare Part B</i> – Based on increases shown in the 2023 Medicare Trustees report for the first 9 years followed by the Getzen 2023 Table with an initial rate of 6% decreasing gradually to an ultimate rate of 3.94% by 2075 <i>Dental</i> – 3% for all years

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 (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

TOWN OF NARRAGANSETT, RHODE ISLAND
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<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	38%	2.50%
Domestic Equity	39%	5.15%
International Equity	13%	5.65%
REITs	3%	5.00%
Commodities	2%	2.50%
Alternatives	3%	1.50%
Cash & Cash Equivalents	2%	0.50%
	<u>100%</u>	

The following changes in actuarial assumptions have been made since the prior valuation:

- The inflation rate was changed from 2% to 2.5%.
- The mortality improvement scale was changed from MP-2020 to MP-2021.
- The health care trend rates for prescription/RX costs were changed from an initial rate of 8% decreasing 0.5% annually to an ultimate rate of 4.5% to the Getzen 2023 Table with an initial rate of 7% non-Medicare and 6% Medicare decreasing gradually to an ultimate rate of 3.94% by 2075.
- The health care trend rates for Medicare Part B premiums were changed from an initial rate of 3.25% increasing 0.25% annually to an ultimate rate of 4.25% to the increases shown in the 2023 Medicare Trustees report for the first 9 years followed by the Getzen 2023 Table with an initial rate of 6% decreasing gradually to an ultimate rate of 3.94% by 2075.
- The health care cost trend rates for dental costs were changed from an initial rate of 4% decreasing 0.5% annually to an ultimate rate of 3% to 3% for all years.

The actuarial assumptions used in the June 30, 2023 valuation and the calculation of the total OPEB liability as of June 30, 2023 were consistent with an actuarial experience study performed in 2021.

Discount Rate – The discount rate used to measure the OPEB liability was 6.5% for the Town Plan. The projection of cash flows used to determine the discount rate assumed that contributions will be made at rates equal to the greater of the actuarially determined contribution or the expected benefit payments. Based on those assumptions, the Town Plan’s net fiduciary 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 plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

TOWN OF NARRAGANSETT, RHODE ISLAND
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Town Plan - Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances as of June 30, 2022	\$43,899,183	\$13,511,838	\$30,387,345
Changes for the Year:			
Service cost	781,429	-	781,429
Interest on the total OPEB liability	2,823,965	-	2,823,965
Changes in benefits	-	-	-
Difference between expected and actual experience	(1,883,725)	-	(1,883,725)
Changes in assumptions	1,368,227	-	1,368,227
Employer contributions	-	4,272,584	(4,272,584)
Plan member contributions	-	-	-
Net investment income	-	1,131,253	(1,131,253)
Benefit payments, including employee refunds	(2,509,510)	(2,509,510)	-
Administrative expense	-	(11,750)	11,750
Other changes	-	30,695	(30,695)
Net changes	580,386	2,913,272	(2,332,886)
Balances as of June 30, 2023	\$44,479,569	\$16,425,110	\$28,054,459

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the net OPEB liability of the Town Plan, as well as what the Town Plan's net OPEB liability would be if it were calculated using a discount rate 1-percentage-point lower and 1-percentage-point higher than the current discount rate:

	<u>1% Decrease</u> <u>(5.5%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(6.5%)</u>	<u>1% Increase</u> <u>(7.5%)</u>
Net OPEB Liability	\$33,390,023	\$28,054,459	\$23,616,639

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability of the Town Plan, as well as what the Town Plan's net OPEB liability would be if it were calculated using a healthcare cost trend rates 1-percentage-point lower and 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Healthcare</u> <u>Cost Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability	\$23,682,748	\$28,054,459	\$33,294,613

TOWN OF NARRAGANSETT, RHODE ISLAND
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OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the Town recognized OPEB expense of \$2,723,799. On June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$642,866	\$5,232,787
Changes in assumptions	4,969,451	-
Net difference between projected and actual earnings on OPEB plan investments	1,099,026	-
Total	\$6,711,343	\$5,232,787

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

Year ended June 30:

2024	\$458,790
2025	366,219
2026	802,178
2027	(148,631)

B. SCHOOL PLAN

Plan Description

Plan Administration - The Narragansett School System administers a single-employer, defined benefit post-employment benefit plan. This plan does not include the pension benefits discussed in Note 16. On May 17, 2017, the School Committee authorized the creation of an OPEB Trust Fund. The Director of Finance and Administration is responsible for administration of the plan in accordance with the Trust Agreement effective May 17, 2017 with School Committee oversight. The plan is reported as a Trust Fund in the Town's financial statements. The plan does not issue a publicly available financial report.

Plan Membership - As of June 30, 2023 the plan membership data is as follows:

Active employees (with and without coverage)	211
Retirees and beneficiaries	163
	374

TOWN OF NARRAGANSETT, RHODE ISLAND
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Benefits Provided - The plan provides medical, dental and life insurance for eligible retirees and their dependents through the School System's group insurance plans, which cover both active and retired members. Benefit provisions are established and amended by the union contracts through negotiations between the School System and the respective unions or as established by employee contract for non-union employees. The plan provides the following benefits based on employee group:

Certified Teachers – Employees who have 10 years of service are eligible for health and dental benefits until Medicare eligible once they meet the retirement eligibility requirements of the Employees Retirement System. Retirees are responsible for 100% of the premium cost plus a 2% administrative fee once any accrued sick leave balance which is converted to pay for health and dental insurance has been exhausted.

Other School Employees – Employees with 10 years of service, upon retirement, are eligible for health and dental benefits until Medicare eligible. Retirees are responsible for 100% of the premium cost plus a 2% administrative fee once any accrued sick leave balance which is converted to pay for health and dental insurance has been exhausted.

School System employees may convert accumulated vacation and sick pay, as applicable, to be used to purchase health and dental insurance based on requirements applicable to their employee group. If the employee has a spouse covered at retirement, the spouse may remain in the group health plan while the retiree is living.

All employees may continue their life insurance policies at retirement as a lifetime benefit. Certified teachers pay the annual premium amount in effect at the time of their retirement. All other employees pay the full cost of coverage.

Contributions - Contribution requirements are negotiated between the School System and the respective unions or are established by employee contract for non-union employees. The School System is required to contribute the cost of medical, dental and life insurance benefits, less the amount of any applicable retiree share of premiums. For the year ended June 30, 2023, the plan operated on a pay as you go basis plus an additional contribution to fund future benefits to be provided to plan members. For the fiscal year ended June 30, 2023, the School System contributed \$763,190 to the plan.

Summary of Significant Accounting Policies

Basis of Accounting – The Other Post-Employment Benefits Trust Fund's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments – Investments are reported at fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2023

Investments

Investment Policy – The Director of Finance and Administration may invest funds held in the OPEB Trust Fund in accordance with the Trust Agreement and State Law. The School Plan utilizes a third-party investment advisor and has adopted a balanced strategy.

Rate of Return – For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 8.75%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

Net OPEB Liability of the School Plan

The components of the net OPEB liability of the Town on June 30, 2023, were as follows:

Total OPEB Liability	\$3,934,746
OPEB Plan Fiduciary Net Position	<u>(2,724,527)</u>
Net OPEB Liability	<u>\$1,210,219</u>

Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	69.2%
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Actuarial Assumptions – The total OPEB liability was determined by an actuarial valuation as of July 1, 2023 with no adjustments to the June 30, 2023 measurement date. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal Cost Method
Salary Increases	General wage inflation of 3% plus merit increases
Inflation	2.1%
Investment Rate of Return	6.6%
Mortality	<i>Teachers and Administrators</i> - SOA Pub-2010 Teacher Headcount Weighted Mortality Table fully generational using Scale MP-2021 <i>Support Employees</i> - SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021 <i>Surviving Spouses</i> – SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2023

Health Care Trend Rates

Medical/RX – initial rate of 7.5% (6.5% for post-65) decreasing 0.5% (0.25% for post-65) annually to an ultimate rate of 4.5%

Dental – 4% for all years

The long-term expected rate of return on OPEB plan investments was determined based on the 30-year nominal return portfolio expectation of Vanguard’s capital markets model as of June 30, 2023 adjusted for inflation on a geometric basis. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	33%	4%
Non-U.S. Equity	21%	6.1%
U.S. Aggregate Bonds	15%	2.4%
Intermediate-Term Credit	10%	2.7%
Short-Term Credit	5%	2.4%
Non-U.S. Bonds	10%	2.1%
REITs	6%	4.4%
	<u>100%</u>	

The following changes in actuarial assumptions have been made since the prior valuation or measurement date:

- The inflation rate was changed from 2.2% to 2.1%.
- The investment rate of return was changed from 6.5% to 6.6%.
- The mortality improvement scale was changed from MP-2020 to MP-2021.
- The health care trend rates for prescription/RX costs were changed from an initial rate of 8% decreasing 0.5% annually to an ultimate rate of 4.5% to an initial rate of 7.5% (6.5% for post-65) decreasing 0.5% (0.25% for post-65) annually to an ultimate rate of 4.5%.
- The health care cost trend rates for dental costs were changed from an initial rate of 4% decreasing 0.5% annually to an ultimate rate of 3% to 4% for all years.

The following change in benefit terms has been made since the prior measurement date:

- A Medicare Advantage plan option was added in 2023 effectively replacing Plan 65 for post-65 retirees except for grandfathered retirees.

The actuarial assumptions used in the July 1, 2023 valuation and the calculation of the total OPEB liability as of June 30, 2023 were consistent with an actuarial experience study performed in 2021.

Discount Rate – The discount rate used to measure the OPEB liability was 6.6% for the School Plan. The projection of cash flows used to determine the discount rate assumed that contributions will be made at rates equal to the expected benefit payments. Based on those assumptions, the School Plan’s

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2023

net fiduciary 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 plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The prior measurement date used a discount rate of 6.5%.

School Plan - Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances as of June 30, 2022	\$4,368,730	\$2,344,532	\$2,024,198
Changes for the Year:			
Service cost	152,238	-	152,238
Interest on the total OPEB liability	276,342	-	276,342
Changes in benefits	(620,611)	-	(620,611)
Difference between expected and actual experience	281,598	-	281,598
Changes in assumptions	24,175	-	24,175
Employer contributions	-	763,190	(763,190)
Plan member contributions	-	-	-
Net investment income	-	164,531	(164,531)
Benefit payments, including employee refunds	(547,726)	(547,726)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net changes	(433,984)	379,995	(813,979)
Balances as of June 30, 2023	\$3,934,746	\$2,724,527	\$1,210,219

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the net OPEB liability of the School Plan, as well as what the School Plan's net OPEB liability would be if it were calculated using a discount rate 1-percentage-point lower and 1-percentage-point higher than the current discount rate:

	1% Decrease (5.6%)	Current Discount Rate (6.6%)	1% Increase (7.6%)
Net OPEB Liability	\$1,449,386	\$1,210,219	\$991,437

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability of the School Plan, as well as what the School Plan's net OPEB liability would be if it were calculated using a healthcare cost trend rates 1-percentage-point lower (6.5% decreasing to 3.5%) and 1-percentage-point higher (8.5% decreasing to 5.5%) than the current healthcare cost trend rates:

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	<i>1% Decrease (6.5% decreasing to 3.5%)</i>	<i>Current Healthcare Cost Trend Rates (7.5% decreasing to 4.5%)</i>	<i>1% Increase (8.5% decreasing to 5.5%)</i>
Net OPEB Liability	\$998,336	\$1,210,219	\$1,455,314

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the School System recognized OPEB expense of \$(161,579). On June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$1,204,489	\$410,938
Changes in assumptions	376,818	203,023
Net difference between projected and actual earnings on OPEB plan investments	130,723	-
Total	\$1,712,030	\$613,961

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

Year ended June 30:

2024	\$190,059
2025	186,292
2026	247,599
2027	175,153
2028	159,463
Thereafter	139,503

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C. AGGREGATE OPEB AMOUNTS REPORTED IN THE FINANCIAL STATEMENTS

	Deferred Outflows of Resources – OPEB Amounts	Deferred Inflows of Resources – OPEB Amounts	Net OPEB Liability	OPEB Expense
Town Plan	\$6,711,343	\$5,232,787	\$28,054,459	\$2,723,799
School Plan	1,712,030	613,961	1,210,219	(161,579)
Total	\$8,423,373	\$5,846,748	\$29,264,678	\$2,562,220

NOTE 14 – COMMITMENTS AND CONTINGENCIES

A. CONTINGENCIES

The Town participates in various federal financial assistance programs. Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial

During the ordinary course of its operations, the Town is a party to various claims, legal actions and complaints. The potential liability to the Town, if any, or an evaluation of the outcome of these matters cannot be made at the present time.

B. CONTRACT COMMITMENTS

The Town has contract commitments related to the Library Renovation Project totaling \$2,321,145 as of June 30, 2023.

NOTE 15 – RISK MANAGEMENT

The Town of Narragansett is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. As a result, the Town and School System participate in a non-profit, public entity risk pool (Rhode Island Interlocal Risk Management Trust, Inc.) which provides coverage for property/liability claims for the Town and School System and workers' compensation claims for the Town. Upon joining the Trust, the Town and School System signed a participation agreement which outlines the rights and responsibilities of both the Trust and the Town/School System. The agreement states that for premiums paid by the Town/School System, the Trust will assume financial responsibility for losses up to the maximum

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amount of insurance purchased, minus any deductible amounts. The Trust provides this insurance coverage through a pooled, self-insurance mechanism which includes reinsurance purchased by the Trust to protect against large, catastrophic claims above the losses the Trust retains internally for payment from the pooled contributions of its members. The School System has purchased commercial insurance for workers' compensation claims. Settled claims resulting from these risks have not exceeded the Trust or commercial insurance coverage in any of the past three fiscal years.

The School System also participates in a healthcare self-insurance pool administered by WB Community Health (WBCH). WB Community Health is a not-for-profit organization formed to administer health and dental programs for Rhode Island cities, towns, and school districts. Upon joining WBCH, each member enters into a member agreement with WBCH that outlines the rights and responsibilities of each member and WBCH.

WBCH is a claims-servicing or account pool, which is an arrangement by which a pool manages separate accounts for each pool member from which the claims and administration costs of each member are paid. This arrangement does not result in the transfer of risk to WBCH or the pooling (sharing) of risk amongst the members of WBCH. The School System is retaining the risk and it recognizes and measures its claims liabilities and related expenses in accordance with GASB Statement No. 10 because the risk of loss has not been transferred to an unrelated third party. The School System's payments of premiums to WBCH are reported as deposits (other assets) and charges for insurance in the Internal Service Fund and the claims paid by WBCH on the School System's behalf and the administrative costs paid to WBCH are recorded as expenses in the Internal Service Fund and a reduction of deposits in the Internal Service Fund. The premiums are based on "working rates" determined by WBCH based on available funds on deposit and claims experience.

In order to avoid catastrophic losses, the School System purchases specific stop loss re-insurance. Under the stop loss re-insurance, the School System is covered for medical claims in excess of \$200,000 per person per contract period.

The claims liability of \$149,632 reported in the Internal Service Fund on June 30, 2023 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the Town's claims liability for the past two fiscal years were:

	<u><i>Beginning Fiscal Year Liability</i></u>	<u><i>Current Year Claims and Changes In Estimate</i></u>	<u><i>Claims Payments</i></u>	<u><i>Balance Fiscal Year End</i></u>
2022-2023	\$169,689	\$3,043,919	\$3,063,976	\$149,632
2021-2022	\$130,325	\$2,960,038	\$2,920,674	\$169,689

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NOTE 16 – PENSION PLANS

A. EMPLOYEES' RETIREMENT SYSTEM PLANS

Defined Benefit Plan

General Information about the Pension Plan

Plan Description - Certain employees of the Narragansett School Department participate in a cost-sharing multiple-employer defined benefit pension plan - the Employees' Retirement System plan - administered by the Employees' Retirement System of the State of Rhode Island (System). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides retirement and 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 administered by the System. 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%. Members eligible to retire on September 30, 2009 may retire with 10 years of service at age 60 or after 28 years of service at any age. The retirement eligibility age increases proportionately for other members reflecting years of service and other factors until it aligns with the Social Security Normal Retirement Age, which applies to any member with less than 5 years of service as of July 1, 2012. Members are vested after 5 years of service.

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

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

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

Contributions - The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal 2023, Narragansett School

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Department teachers were required to contribute 3.75% of their annual covered salary, except for 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 Narragansett School Department 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 Narragansett School Department; the rates were 11.12% and 15.04% of annual covered payroll for the fiscal year ended June 30, 2023 for the State and Narragansett School Department, respectively. The Narragansett School Department contributed \$2,102,890, \$2,044,674, and \$1,873,366 for the fiscal years ended June 30, 2023, 2022 and 2021, respectively, equal to 100% of the required contributions for each year. The State’s share of contributions totaling \$1,434,874 for fiscal year 2023 are reflected as on-behalf payments and are included as both revenue and expenditures in the Governmental Funds financial statements.

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

On June 30, 2023, the Narragansett School Department reported a liability of \$18,504,687 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the State. The amount recognized by the Narragansett School Department 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 Narragansett School Department were as follows:

Narragansett School Department’s proportionate share of the net pension liability	\$18,504,687
State’s proportionate share of the net pension liability associated with the Narragansett School Department	<u>13,685,516</u>
Total net pension liability	<u>\$32,190,203</u>

The net pension liability was measured as of June 30, 2022, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022. The Narragansett School Department’s proportion of the net pension liability was based on a projection of the Narragansett School Department’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State, actuarially determined. On June 30, 2022, the Narragansett School Department’s proportion was 0.68517635%.

For the year ended June 30, 2023, the Narragansett School Department recognized in the Government-Wide financial statements gross pension expense of \$1,757,079 and revenue of \$813,284 for support provided by the State. On June 30, 2023, the Narragansett School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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Deferred outflows of resources:

Contributions subsequent to the measurement date	\$2,102,890
Change of assumptions	373,215
Differences between expected and actual Experience	274,075
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>743,862</u>
Total	<u><u>\$3,494,042</u></u>

Deferred inflows of resources:

Differences between expected and actual experience	\$359,917
Change of assumptions	277,435
Changes in proportion and differences between employer contributions and proportionate share of contributions	967,053
Net difference between projected and actual earnings on pension plan investments	<u>387,190</u>
Total	<u><u>\$1,991,595</u></u>

\$2,102,890 reported as deferred outflows of resources related to pensions resulting from the Narragansett School Department contributions in fiscal year 2023 subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2024	\$(309,069)
2025	(376,863)
2026	(571,551)
2027	587,023
2028	6,288
Thereafter	63,729

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	3% to 13%
Investment rate of return	7%

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Mortality – Variants of the PUB (10) Tables for Healthy and Disabled Retirees, projected with Scale Ultimate MP16.

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

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

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

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

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Discount Rate - The discount rate used to measure the total pension liability was 7 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.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the proportionate share of the net pension liability calculated using the discount rate of 7 percent as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

<i>1% Decrease</i>	<i>Current Discount</i>	<i>1% Increase</i>
<u>(6%)</u>	<u>(7%)</u>	<u>(8%)</u>
\$23,215,651	\$18,504,687	\$14,224,247

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

Defined Contribution Plan

Plan Description

Employees participating in the defined benefit plan with less than 20 years of service as of June 30, 2012, 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.

Employees contribute 5% of their annual covered salary and employers contribute between 1% and 1.5% of annual covered salary depending on the employee's total years of service as of June 30, 2012. The employer contribution is split between the State and the school department. 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, which are subject to amendment by the General Assembly.

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

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The Narragansett School Department recognized pension expense of \$78,067 for the fiscal year ended June 30, 2023. For financial reporting purposes, the State’s share of contributions totaling \$53,655 for fiscal year 2023 are reflected as on behalf-payments and are included as both revenue and expenditures in the accompanying financial statements.

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

B. POLICE PLAN

General Information about the Pension Plan

Plan Description and Administration – All police officers hired before July 1, 1978 who refused the September 1984 offer to join the Town Plan are covered by the Town of Narragansett’s Police Pension Plan which is administered by the Town of Narragansett Pension Board. The Pension Board consists of seven members nominated and appointed by the Town Council. This plan is a single-employer defined benefit pension plan that was established by the Town in accordance with Town Charter and State Statutes. The Town Council has the authority to establish and amend the benefits terms through the adoption of an ordinance. The pension plan is reported as a pension trust fund in the Town’s financial statements. The plan does not issue a separate publicly available financial report. The plan is closed to new entrants.

Plan Membership – As of July 1, 2022, membership data related to the pension plan was as follows:

Active members	-
Retired and beneficiaries	9
Terminated vested	-
	9
	9

Benefit Provided – The pension plan provides retirement, disability, and survivorship benefits.

A police officer may retire upon the earlier of attainment of age 65 or the completion of 20 years of credited service. The normal retirement benefit is equal to 50% of final earnings. Retirement benefits are payable in the form of a 67.5% joint and survivor annuity if the participant is married at the retirement date or a life annuity if single.

Death benefits are provided for members with 25 years of service. The surviving spouse shall receive a monthly benefit equal to 67.5% of the member’s accrued benefit continuing until his/her death or remarriage.

In the event a member becomes unable to perform active police duty by reason of a clearly proven physical or mental disability, he/she shall be entitled to a monthly pension in the amount of 50% of final earnings in the year of disability.

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Benefit terms provide for a 3% compounded, annual cost-of-living adjustment (COLA) to a participant’s retirement benefit for members who retired on or after July 1, 2002. Eligible members receive the COLA beginning on July 1 of the year the member turns 52 years old or July 1 of the year that is the 5th anniversary of the member’s retirement, whichever occurs first. Participants who retired prior to July 1, 2002 do not receive COLA adjustments.

Contributions – Contribution requirements for the plan are established and may be amended by Town ordinance or union contract. Employees are not required to contribute to the Police Plan since there are no active members. The Town contribution is an actuarially determined amount recommended by an independent actuary. The actuarially determined amount is the estimated amount to finance the costs of benefits earned by plan members during the year, with an additional amount to finance the unfunded accrued liability. The Town contribution for the year ended June 30, 2023 was \$99,172.

Summary of Significant Accounting Policies

Basis of Accounting – The Police Pension Trust Fund’s financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which employees provide service to the Town. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments – Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Investments

Investment Policy – The pension plan’s policy is described in Note 5 – Investments.

Rate of Return – For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.81%. 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 Town

The components of the net pension liability of the Town on June 30, 2023 were as follows:

Total Pension Liability	\$1,881,133
Plan Fiduciary Net Position	<u>(1,538,878)</u>
Town’s Net Pension Liability	<u>\$342,255</u>
Plan fiduciary net position as a percentage of the total pension liability	81.81%

Actuarial Assumptions – The total pension liability was determined as of June 30, 2023, based on an actuarial valuation performed as of July 1, 2022 rolled forward to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

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Actuarial Cost Method	Entry Age Method
Actuarial Assumptions:	
Inflation	2%
Salary Increases	Not applicable
Investment Rate of Return	7.05%
Mortality	<ul style="list-style-type: none"> • Healthy – PubS-2010 Public Safety mortality table with generational improvements from 2010 based on the SOA Scale MP-2021 • Healthy Survivors - Pub-2010 Continuing Survivor mortality table with generational improvements from 2010 based on the SOA Scale MP-2021 • Disabled - PubS-2010 Disabled Public Safety mortality table with generational improvements from 2010 based on the SOA Scale MP-2021
Cost of Living Adjustment	3% for eligible retirees; 0% otherwise

The following changes in actuarial assumptions have been made since the prior measurement date:

- Investment rate of return was changed from 7.10% to 7.05%.

Given the size of the plan, there is not enough data available to conduct a credible experience study. The assumptions are not anticipated to produce significant cumulative actuarial gains or losses over time. The liabilities and data are analyzed each year in order to identify any trends of experience deviating from the actuarial assumptions.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate of ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2023 (See the discussion of the pension plan’s investment policy in Note 5 – Investments) are summarized in the following table:

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	35%	2.9%
Domestic Equity	50%	5.4%
International Equity	15%	5.9%
Alternatives	0%	2.0%
Cash	0%	1.0%
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.05%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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. The prior measurement date used a discount rate of 7.10%.

Police Plan
Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2022	\$1,842,023	\$1,503,767	\$338,256
Changes for the Year:			
Service cost	-	-	-
Interest on the total pension liability	123,856	-	123,856
Changes in benefits	-	-	-
Difference between expected and actual experience	103,522	-	103,522
Changes in assumptions	6,888	-	6,888
Employer contributions	-	99,172	(99,172)
Employee contributions	-	-	-
Net investment income	-	138,338	(138,338)
Benefit payments, including employee refunds	(195,156)	(195,156)	-
Administrative expense	-	(7,243)	7,243
Other changes	-	-	-
Net changes	39,110	35,111	3,999
Balances as of June 30, 2023	\$1,881,133	\$1,538,878	\$342,255

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Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Town, calculated using the discount rate of 7.05%, as well as what the Town’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.05%) or 1-percentage point higher (8.05%) than the current rate:

	1% Decrease	Current Discount	1% Increase
	<u>(6.05%)</u>	<u>Rate (7.05%)</u>	<u>(8.05%)</u>
Net Pension Liability	\$490,567	\$342,255	\$212,922

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2023, the Town recognized pension expense of \$142,984. The Town reported deferred outflows of resources related to pensions from the following sources:

Deferred Outflows of Resources:

Net difference between projected and actual investment earnings	<u>\$84,448</u>
Total	<u><u>\$84,448</u></u>

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

Year	
Ending	
<u>June 30,</u>	
2024	\$6,530
2025	12,630
2026	72,335
2027	(7,047)

C. TOWN PENSION PLAN

General Information about the Pension Plan

Plan Description and Administration – All employees who work at least 5 months of a year for at least 20 hours per week, except for school system employees eligible for membership in the Employees’ Retirement System of the State of Rhode Island and any police officers covered by the Police Plan, are covered by the Town of Narragansett’s Town Pension Plan which is administered by the Town of Narragansett Pension Board. The Pension Board consists of seven members nominated and appointed by the Town Council. This plan is a single employer defined benefit pension plan that was established by the Town in accordance with Town Charter and State Statutes. The Town Council has the authority to establish and amend the benefits terms through the adoption of an ordinance. The pension plan is reported as a pension trust fund in the Town’s financial statements. The plan does not issue a separate publicly available financial report.

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Plan Membership – As of July 1, 2022, membership data related to the pension plan was as follows:

Active members	254
Retired and beneficiaries	244
Terminated vested	39
	537
	537

Benefit Provided – The pension plan provides retirement, disability, and survivorship benefits.

A municipal employee or school system employee may retire upon the later of attainment of age 58 or the completion of ten years of credited service; but, in any case, the member can retire immediately after completing 20 years of credited service. Local 1033 employees hired on or after July 1, 2014 may retire upon completion of 25 years of credited service. Council 94 employees hired on or after July 1, 2014 and school employees hired on or after July 1, 2015 may retire upon the later of attainment of age 65 or the completion of ten year of credited service; but in any case, the member can retire immediately after completing 25 years of credited service. A police officer hired prior to July 1, 2013 may retire upon the earlier of attainment of age 58 or the completion of 20 years of credited service. A police officer hired on or after July 1, 2013 may retire upon the completion of 25 years of credited service. A firefighter hired prior to July 1, 2011 may retire upon completion of 20 years of credited service. A firefighter hired on or after July 1, 2011, may retire upon completion of 23 years from their date of hire with a minimum of 20 years of credited service. A firefighter hired on or after July 1, 2013 may retire upon completion of 25 years of credited service. For all employees hired prior to July 1, 2011, the normal retirement benefit is equal to 2.5% of final average compensation multiplied by years of credited service (subject to a maximum benefit of 75% of final average compensation). For Council 94 and Local 1033 employees hired on or after July 1, 2011, the normal retirement benefit is equal to 2% of final average compensation multiplied by years of credited service up to 20 and 2.5% of final average compensation multiplied by years of service in excess of 20, limited to 14 (subject to a maximum benefit of 75% of final average compensation). For Council 94 and Local 1033 employees hired on or after July 1, 2014 and school employees hired on or after July 1, 2015, the normal retirement benefit is equal to 2% of final average compensation multiplied by years of credited service (subject to a maximum of 75% of final average compensation). Police officers and firefighters hired on or after July 1, 2013 receive a normal retirement benefit equal to 2% of final average compensation multiplied by years of credited service. Final average compensation is the average annual basic compensation during the highest three consecutive years of service. In lieu of the normal form of benefit, any member who is married at the time of retirement may elect a pension that provides, upon the member’s death, for 67.5% of the pension to continue to the dependent spouse or dependent children.

A member who has attained age 55 with 10 years of credited service or has attained age 50 with 20 years of credited service may elect to retire early. A member who elects to retire early will receive a monthly benefit equal to the actuarial equivalent of the accrued benefit determined as of the normal retirement date.

Beneficiaries of municipal employees receiving death benefits for nonoccupational causes shall be entitled to the greater of a) a refund of employee contributions with interest plus a lump-sum death

TOWN OF NARRAGANSETT, RHODE ISLAND
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benefit equal to \$400 times the number of years of credited service (subject to a minimum of \$2,000 and maximum of \$8,000) or b) for municipal employees with 10 or more years of credited service, a refund of employee contributions with interest plus a monthly benefit of 50% of the member's accrued benefit. For occupational causes, the death benefit is a refund of the municipal employee's contributions with interest, plus a benefit equal to 50% of compensation.

Beneficiaries of firefighters or police officers who have completed 10 years of credited service may elect either a refund of employee contributions with interest or a benefit equal to 50% of the member's accrued benefit. Special rules apply for death after meeting eligibility for retirement.

The disability benefit for nonoccupational causes for municipal employees with seven years of credited service but prior to attainment of age 58 is a monthly benefit equal to the greater of:

- a) 2.5% of final average compensation multiplied by years of credited service (subject to a minimum of 25% and a maximum of 50%).
- b) 1-2/3% of final average compensation multiplied by years of credited service (subject to a minimum of 25%).

Disability benefits for nonoccupational causes for firefighters and police officers with seven years of credited service but prior to attainment of age 58 (age 55 for firefighters) is a benefit equal to 2.5% of final average compensation multiplied by years of credited service (subject to a minimum of 25% and a maximum of 50%). Municipal employees, firefighters and police officers disabled due to occupational causes receive a disability benefit equal to 66-2/3% of the annualized rate of compensation determined as the date of disability, reduced by the monthly value of any payments provided for the member under any workers' compensation law.

Retirees receive cost of living adjustments (COLA) as follows:

- a) *Municipal Employees (excluding School System Employees)* – who retire on or after July 1, 2002 shall receive annual 3% compounded COLAs beginning on the July 1 of the year that the employee turns 58 years old. Council 94 employees hired on or after July 1, 2014 shall receive annual 3% simple COLAs beginning July 1 of the year the employee turns 58 years old.
- b) *School System Employees* – hired on or after July 1, 2015 shall receive a compounded COLA on each July 1 based on the COLA given to Social Security recipients, if any.
- c) *Firefighters* – who retire on or after July 1, 2002 and before July 1, 2015 shall receive annual 3% compounded COLAs beginning on the July 1 of the year that the firefighter turns 52 years old. Firefighters who retire on or after July 1, 2015 shall receive annual 3% simple COLAs beginning July 1 of the year the firefighter turns 52 years old. The COLA has been suspended for 8 years for active members as of July 1, 2013.

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- d) *Police Officers* – who retire on or after July 1, 2002 if employed before July 1, 2013, shall receive annual 3% compounded COLAs beginning on the earlier of July 1 of the year that the employee turns 52 years old or July 1 of the year that is the fifth anniversary of the police officer’s retirement. Police officers hired on or after July 1, 2013 shall receive annual 3% simple COLAs at retirement and when eligible. The COLA has been suspended for 8 years for active members as of July 1, 2013.

Contributions – Contribution requirements for the plan are established and may be amended by Town ordinance or union contract.

Members are required to contribute a percentage of their pay as follows:

Police	11% of base salary, holiday, incentive and longevity
Fire	11% of base salary, holiday, incentive and longevity
Mid-managers; laborers; clerical	10% of base salary and longevity
Non-union	10% of base salary
School	10% of base salary and longevity
Council 94; Local 1033	11% of base salary

The Town contribution is an actuarially determined amount recommended by an independent actuary. The actuarially determined amount is the estimated amount to finance the costs of benefits earned by plan members during the year, with an additional amount to finance the unfunded accrued liability. The Town contribution for the year ended June 30, 2023 was \$7,993,583.

Summary of Significant Accounting Policies

Basis of Accounting – The Town Pension Trust Fund’s financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which employees provide service to the Town. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments – Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Investments

Investment Policy – The pension plan’s policy is described in Note 5 – Investments.

Rate of Return – For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.59%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2023

Net Pension Liability of the Town

The components of the net pension liability of the Town on June 30, 2023 were as follows:

Total Pension Liability	\$183,676,462
Plan Fiduciary Net Position	<u>(123,328,761)</u>
Town’s Net Pension Liability	<u>\$60,347,701</u>
Plan fiduciary net position as a percentage of the total pension liability	67.14%

Actuarial Assumptions – The total pension liability was determined as of June 30, 2023, based on an actuarial valuation performed as of July 1, 2022 rolled forward to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Method
Actuarial Assumptions:	
Inflation	2%
Salary Increases	Age 20-24 - 10%; Age 25-29 – 8%; Age 30-34 - 6%; Age 35-39 - 5%; Age 40-44 – 4.5%; Age 45-54 – 4.25%; Age 55+ - 4%
Investment Rate of Return	7.05%
Mortality	<ul style="list-style-type: none"> • Healthy Public Safety – PubS-2010 Public Safety mortality table • Healthy School - PubT-2010 Teachers mortality table • Healthy All Other Non-Public Safety – PubG-2010 General mortality table • Healthy Survivors - Pub-2010 Continuing Survivor mortality table • Disabled Public Safety - PubS-2010 Disabled Public Safety mortality table • Disabled Non-Public Safety - PubNS-2010 Disabled Non-Public Safety mortality table • All tables with generational improvements from 2010 based on the SOA Scale MP-2021
Cost of Living Adjustment	<ul style="list-style-type: none"> • School Employees hired on or after July 1, 2015 - 2% once eligible

TOWN OF NARRAGANSETT, RHODE ISLAND
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- Other Employees - 3% compounded or simple based on group and date of hire or retirement for eligible retirees

The following changes in actuarial assumptions have been made since the prior measurement date:

- Investment rate of return was changed from 7.10% to 7.05%.

An experience study was performed for the experience over the July 1, 2010 to July 1, 2020 period. Assumptions with credible data to support updates have been implemented. The liabilities and data are analyzed each year in order to identify any trends of experience deviating from the actuarial assumptions.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate of ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 (See the discussion of the pension plan's investment policy in Note 5 – Investments) are summarized in the following table:

<u><i>Asset Class</i></u>	<u><i>Target Allocation</i></u>	<u><i>Long-Term Expected Real Rate of Return</i></u>
Fixed Income	35%	2%
Domestic Equity	50%	5.4%
International Equity	15%	5.9%
Alternatives	0%	2%
Cash	0%	1%
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.05%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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. The prior measurement date used a discount rate of 7.10%.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2023

Town Plan
Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2022	\$175,202,040	\$111,018,065	\$64,183,975
Changes for the Year:			
Service cost	3,475,370	-	3,475,370
Interest on the total pension liability	12,406,159	-	12,406,159
Changes in benefits	-	-	-
Difference between expected and actual experience	(622,682)	-	(622,682)
Changes in assumptions	1,101,127	-	1,101,127
Employer contributions	-	7,993,583	(7,993,583)
Employee contributions	-	1,737,272	(1,737,272)
Net investment income	-	10,514,310	(10,514,310)
Benefit payments, including employee refunds	(7,885,552)	(7,885,552)	-
Administrative expense	-	(48,917)	48,917
Other changes	-	-	-
Net changes	8,474,422	12,310,696	(3,836,274)
Balances as of June 30, 2023	\$183,676,462	\$123,328,761	\$60,347,701

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Town, calculated using the discount rate of 7.05%, as well as what the Town’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.05%) or 1-percentage point higher (8.05%) than the current rate:

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
Net Pension Liability	\$84,965,322	\$60,347,701	\$40,291,346

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

For the year ended June 30, 2023, the Town recognized pension expense of \$10,063,386. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2023

Deferred Outflows of Resources:

Differences between expected and actual experience	\$74,155
Changes of assumptions	1,483,911
Net difference between projected and actual investment earnings	<u>6,984,128</u>
Total	<u><u>\$8,542,194</u></u>

Deferred Inflows of Resources:

Differences between expected and actual experience	\$501,318
Changes of assumptions	<u>991,648</u>
Total	<u><u>\$1,492,966</u></u>

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

Year Ending June 30,	
<u>2024</u>	\$1,545,720
2025	1,513,666
2026	4,503,494
2027	(513,652)

D. AGGREGATE PENSION AMOUNTS REPORTED IN THE FINANCIAL STATEMENTS

	Deferred Outflows of Resources – Pension Amounts	Deferred Inflows of Resources – Pension Amounts	Net Pension Liability	Pension Expense
Employees’ Retirement System of RI	\$3,494,042	\$1,991,595	\$18,504,687	\$1,757,079
Police Plan	84,448	-	342,255	142,984
Town Plan	<u>8,542,194</u>	<u>1,492,966</u>	<u>60,347,701</u>	<u>10,063,386</u>
Total	<u><u>\$12,120,684</u></u>	<u><u>\$3,484,561</u></u>	<u><u>\$79,194,643</u></u>	<u><u>\$11,963,449</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- **Pension Plans and Other Post-Employment Benefit Plans
Required Supplementary Information**
- **Budgetary Comparison Schedule - General Fund**

In addition, the notes to the required supplementary information are included to provide information that is essential to a user's understanding of the required supplementary information.

TOWN OF NARRAGANSETT, RHODE ISLAND
Required Supplementary Information - Town Other Post-Employment Benefit (OPEB) Plan
Schedule of Changes in the Town's Net OPEB Liability and Related Ratios (1)
"Unaudited"

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability:							
Service cost	\$ 781,429	\$ 788,997	\$ 542,253	\$ 537,366	\$ 629,930	\$ 679,914	\$ 1,189,644
Interest	2,823,965	3,224,200	2,718,747	2,761,917	2,783,426	2,852,809	3,005,083
Changes of benefit terms	-	-	-	-	-	-	(6,256,712)
Differences between expected and actual experience	(1,883,725)	(5,396,745)	1,285,730	(1,463,284)	(1,110,915)	(2,686,363)	658,887
Changes of assumptions	1,368,227	2,264,623	5,032,190	-	(1,238,106)	(1,943,284)	1,293,986
Benefits payments	(2,509,510)	(2,529,532)	(2,452,724)	(2,432,039)	(2,321,036)	(2,309,807)	(2,090,025)
Net change in total OPEB liability	<u>580,386</u>	<u>(1,648,457)</u>	<u>7,126,196</u>	<u>(596,040)</u>	<u>(1,256,701)</u>	<u>(3,406,731)</u>	<u>(2,199,137)</u>
Total OPEB liability - beginning	<u>43,899,183</u>	<u>45,547,640</u>	<u>38,421,444</u>	<u>39,017,484</u>	<u>40,274,185</u>	<u>43,680,916</u>	<u>45,880,053</u>
Total OPEB liability - ending (a)	<u>\$ 44,479,569</u>	<u>\$ 43,899,183</u>	<u>\$ 45,547,640</u>	<u>\$ 38,421,444</u>	<u>\$ 39,017,484</u>	<u>\$ 40,274,185</u>	<u>\$ 43,680,916</u>
Plan fiduciary net position:							
Contributions - employer	\$ 4,272,584	\$ 4,155,176	\$ 3,650,696	\$ 3,801,999	\$ 4,115,135	\$ 3,547,796	\$ 3,176,785
Contributions - employee	-	-	-	-	-	-	-
Net investment income	1,131,253	(1,598,662)	1,761,317	231,747	299,866	327,071	338,238
Benefits payments	(2,509,510)	(2,529,532)	(2,452,724)	(2,432,039)	(2,321,036)	(2,309,807)	(2,090,025)
Administrative expense	(11,750)	(35,150)	(6,600)	(17,033)	(6,200)	(8,250)	(26,250)
Other	30,695	-	-	-	-	-	-
Net change in plan fiduciary net position	<u>2,913,272</u>	<u>(8,168)</u>	<u>2,952,689</u>	<u>1,584,674</u>	<u>2,087,765</u>	<u>1,556,810</u>	<u>1,398,748</u>
Plan fiduciary net position - beginning	<u>13,511,838</u>	<u>13,520,006</u>	<u>10,567,317</u>	<u>8,982,643</u>	<u>6,894,878</u>	<u>5,338,068</u>	<u>3,939,320</u>
Plan fiduciary net position - ending (b)	<u>\$ 16,425,110</u>	<u>\$ 13,511,838</u>	<u>\$ 13,520,006</u>	<u>\$ 10,567,317</u>	<u>\$ 8,982,643</u>	<u>\$ 6,894,878</u>	<u>\$ 5,338,068</u>
Town's net OPEB liability - ending (a) - (b)	<u>\$ 28,054,459</u>	<u>\$ 30,387,345</u>	<u>\$ 32,027,634</u>	<u>\$ 27,854,127</u>	<u>\$ 30,034,841</u>	<u>\$ 33,379,307</u>	<u>\$ 38,342,848</u>
Plan fiduciary net position as a percentage of the total OPEB liability	36.93%	30.78%	29.68%	27.50%	23.02%	17.12%	12.22%
Covered employee payroll	\$ 12,415,733	\$ 12,306,218	\$ 11,247,367	\$ 11,941,182	\$ 12,599,633	\$ 10,637,623	\$ 10,228,484
Town's net OPEB liability as a percentage of covered employee payroll	225.96%	246.93%	284.76%	233.26%	238.38%	313.79%	374.86%

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NARRAGANSET, RHODE ISLAND
Required Supplementary Information - School Other Post-Employment Benefit (OPEB) Plan
Schedule of Changes in the Town's Net OPEB Liability and Related Ratios (1)
"Unaudited"

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability:							
Service cost	\$ 152,238	\$ 178,662	\$ 196,705	\$ 171,929	\$ 161,093	\$ 177,566	\$ 199,504
Interest	276,342	271,632	212,819	231,679	170,567	178,180	167,455
Changes of benefit terms	(620,611)	-	-	-	-	-	-
Differences between expected and actual experience	281,598	(298,774)	449,355	(46,469)	1,307,262	(262,942)	(241,063)
Changes of assumptions	24,175	(251,257)	309,572	119,117	227,291	(78,142)	15,824
Benefits payments	(547,726)	(533,734)	(446,416)	(466,760)	(454,529)	(315,478)	(399,334)
Net change in total OPEB liability	<u>(433,984)</u>	<u>(633,471)</u>	<u>722,035</u>	<u>9,496</u>	<u>1,411,684</u>	<u>(300,816)</u>	<u>(257,614)</u>
Total OPEB liability - beginning	<u>4,368,730</u>	<u>5,002,201</u>	<u>4,280,166</u>	<u>4,270,670</u>	<u>2,858,986</u>	<u>3,159,802</u>	<u>3,417,416</u>
Total OPEB liability - ending (a)	<u>\$ 3,934,746</u>	<u>\$ 4,368,730</u>	<u>\$ 5,002,201</u>	<u>\$ 4,280,166</u>	<u>\$ 4,270,670</u>	<u>\$ 2,858,986</u>	<u>\$ 3,159,802</u>
Plan fiduciary net position:							
Contributions - employer	\$ 763,190	\$ 855,745	\$ 520,545	\$ 934,346	\$ 454,529	\$ 315,478	\$ 1,522,122
Contributions - employee	-	-	-	-	-	-	-
Net investment income	164,531	(293,278)	414,368	79,363	82,452	75,090	23
Benefits payments	(547,726)	(533,734)	(446,416)	(466,760)	(454,529)	(315,478)	(399,334)
Administrative expense	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Net change in plan fiduciary net position	<u>379,995</u>	<u>28,733</u>	<u>488,497</u>	<u>546,949</u>	<u>82,452</u>	<u>75,090</u>	<u>1,122,811</u>
Plan fiduciary net position - beginning	<u>2,344,532</u>	<u>2,315,799</u>	<u>1,827,302</u>	<u>1,280,353</u>	<u>1,197,901</u>	<u>1,122,811</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>\$ 2,724,527</u>	<u>\$ 2,344,532</u>	<u>\$ 2,315,799</u>	<u>\$ 1,827,302</u>	<u>\$ 1,280,353</u>	<u>\$ 1,197,901</u>	<u>\$ 1,122,811</u>
Town's net OPEB liability - ending (a) - (b)	<u>\$ 1,210,219</u>	<u>\$ 2,024,198</u>	<u>\$ 2,686,402</u>	<u>\$ 2,452,864</u>	<u>\$ 2,990,317</u>	<u>\$ 1,661,085</u>	<u>\$ 2,036,991</u>
Plan fiduciary net position as a percentage of the total OPEB liability	69.24%	53.67%	46.30%	42.69%	29.98%	41.90%	35.53%
Covered employee payroll	\$ 16,211,024	\$ 14,481,895	\$ 15,706,067	\$ 16,487,925	\$ 15,425,573	N/A	N/A
Town's net OPEB liability as a percentage of covered employee payroll	7.47%	13.98%	17.10%	14.88%	19.39%	N/A	N/A

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NARRAGANSETT, RHODE ISLAND
Required Supplementary Information - Other Post-employment Benefit (OPEB) Plans
Schedule of Town Contributions
Last Ten Fiscal Years
"Unaudited"

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Town Plan</u>										
Actuarially determined contribution	\$ 3,391,580	\$ 3,630,651	\$ 2,980,314	\$ 3,129,247	\$ 3,372,903	\$ 3,567,929	\$ 3,517,887	\$ 4,620,054	\$ 5,047,958	\$ 5,030,992
Contributions in relation to the actuarially determined contribution	4,272,584	4,155,176	3,650,696	3,801,999	4,115,135	3,547,796	3,176,785	2,911,234	2,346,138	2,510,011
Contribution deficiency (excess)	<u>\$ (881,004)</u>	<u>\$ (524,525)</u>	<u>\$ (670,382)</u>	<u>\$ (672,752)</u>	<u>\$ (742,232)</u>	<u>\$ 20,133</u>	<u>\$ 341,102</u>	<u>\$ 1,708,820</u>	<u>\$ 2,701,820</u>	<u>\$ 2,520,981</u>
Covered employee payroll	\$ 12,415,733	\$ 12,306,218	\$ 11,247,367	\$ 11,941,182	\$ 12,599,633	\$ 10,637,623	\$ 10,228,484	\$ 9,808,380	\$ 9,522,699	\$ 9,377,308
Contributions as a percentage of covered employee payroll	34.41%	33.76%	32.46%	31.84%	32.66%	33.35%	31.06%	29.68%	24.64%	26.77%
<u>School Plan</u>										
Actuarially determined contribution	\$ 330,947	\$ 533,734	\$ 471,452	\$ 551,291	\$ 319,008	\$ 306,721	\$ 379,021	\$ 419,272	\$ 392,924	\$ 379,211
Contributions in relation to the actuarially determined contribution	763,190	855,745	520,545	934,346	454,529	315,478	1,522,122	335,099	307,430	275,520
Contribution deficiency (excess)	<u>\$ (432,243)</u>	<u>\$ (322,011)</u>	<u>\$ (49,093)</u>	<u>\$ (383,055)</u>	<u>\$ (135,521)</u>	<u>\$ (8,757)</u>	<u>\$ (1,143,101)</u>	<u>\$ 84,173</u>	<u>\$ 85,494</u>	<u>\$ 103,691</u>
Covered employee payroll	\$ 16,211,024	\$ 14,481,895	\$ 15,706,067	\$ 16,487,925	\$ 15,425,573	Not available	Not available	Not available	Not available	\$ 16,032,959
Contributions as a percentage of covered employee payroll	4.71%	5.91%	3.31%	5.67%	2.95%	Not available	Not available	Not available	Not available	1.72%

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NARRAGANSETT, RHODE ISLAND
Required Supplementary Information - Other Post-Employment Benefit (OPEB) Plans
Schedule of Investment Returns (1)
"Unaudited"

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Town Plan</i>							
Annual money-weighted rate of return, net of investment expense	<u>8.84%</u>	<u>-14.17%</u>	<u>24.79%</u>	<u>2.36%</u>	<u>7.13%</u>	<u>9.56%</u>	<u>12.52%</u>
<i>School Plan</i>							
Annual money-weighted rate of return, net of investment expense	<u>8.75%</u>	<u>-13.49%</u>	<u>23.55%</u>	<u>4.82%</u>	<u>6.88%</u>	<u>6.69%</u>	<u>0.00%</u>

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NARRAGANSETT, RHODE ISLAND
Required Supplementary Information
Employees' Retirement System Pension Plan
Schedule of the Town's Proportionate Share of the Net Pension Liability (1)
"Unaudited"

<i>Fiscal Year</i>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Town's proportion of the net pension liability	0.68517635%	0.66356363%	0.68208298%	0.66218679%	0.68353827%
Town's proportionate share of the net pension liability	\$ 18,504,687	\$ 15,616,295	\$ 21,792,591	\$ 21,128,849	\$ 21,717,707
State's proportionate share of the net pension liability associated with the Town	<u>13,685,516</u>	<u>11,580,882</u>	<u>16,192,429</u>	<u>15,827,696</u>	<u>16,199,850</u>
Total	<u>\$ 32,190,203</u>	<u>\$ 27,197,177</u>	<u>\$ 37,985,020</u>	<u>\$ 36,956,545</u>	<u>\$ 37,917,557</u>
Town's covered payroll	\$ 13,359,180	\$ 12,626,904	\$ 12,851,123	\$ 12,290,329	\$ 12,337,484
Town's proportionate share of the net pension liability as a percentage of its covered payroll	138.52%	123.67%	169.58%	171.91%	176.03%
Plan fiduciary net position as a percentage of the total pension liability	0.00%	66.50%	54.30%	54.60%	54.30%
 <i>Fiscal Year</i>	 <u>2018</u>	 <u>2017</u>	 <u>2016</u>	 <u>2015</u>	
Town's proportion of the net pension liability	0.69095908%	0.74560016%	0.75381396%	0.71867874%	
Town's proportionate share of the net pension liability	\$ 21,793,447	\$ 22,245,559	\$ 20,752,519	\$ 17,492,643	
State's proportionate share of the net pension liability associated with the Town	<u>16,470,610</u>	<u>15,234,941</u>	<u>14,177,469</u>	<u>11,995,511</u>	
Total	<u>\$ 38,264,057</u>	<u>\$ 37,480,500</u>	<u>\$ 34,929,988</u>	<u>\$ 29,488,154</u>	
Town's covered payroll	\$ 12,258,431	\$ 12,249,451	\$ 12,250,219	\$ 12,180,991	
Town's proportionate share of the net pension liability as a percentage of its covered payroll	177.78%	181.60%	169.41%	143.61%	
Plan fiduciary net position as a percentage of the total pension liability	54.00%	54.06%	57.55%	61.40%	

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NARRAGANSETT, RHODE ISLAND
Required Supplementary Information - Police Pension Plan
Schedule of Changes in the Town's Net Pension Liability and Related Ratios
"Unaudited"

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Total pension liability:</i>					
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	123,856	141,924	148,483	146,935	155,676
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	103,522	(199,151)	(43,244)	16,675	(29,857)
Changes of assumptions	6,888	11,882	(37,813)	142,644	(5,710)
Benefits payments, including refunds of member contributions	(195,156)	(195,169)	(212,154)	(239,517)	(243,498)
<i>Net change in total pension liability</i>	<u>39,110</u>	<u>(240,514)</u>	<u>(144,728)</u>	<u>66,737</u>	<u>(123,389)</u>
<i>Total pension liability - beginning</i>	<u>1,842,023</u>	<u>2,082,537</u>	<u>2,227,265</u>	<u>2,160,528</u>	<u>2,283,917</u>
<i>Total pension liability - ending (a)</i>	<u><u>\$ 1,881,133</u></u>	<u><u>\$ 1,842,023</u></u>	<u><u>\$ 2,082,537</u></u>	<u><u>\$ 2,227,265</u></u>	<u><u>\$ 2,160,528</u></u>
<i>Plan fiduciary net position:</i>					
Contributions - employer	\$ 99,172	\$ 267,000	\$ 267,000	\$ 267,000	\$ 267,000
Contributions - employee	-	-	-	-	-
Net investment income	138,338	(272,234)	389,414	113,403	85,158
Benefits payments, including refunds of member contributions	(195,156)	(195,169)	(212,154)	(239,517)	(243,498)
Administrative expense	(7,243)	(7,259)	(7,760)	(7,030)	(6,310)
Other	-	-	-	-	-
<i>Net change in plan fiduciary net position</i>	<u>35,111</u>	<u>(207,662)</u>	<u>436,500</u>	<u>133,856</u>	<u>102,350</u>
<i>Plan fiduciary net position - beginning</i>	<u>1,503,767</u>	<u>1,711,429</u>	<u>1,274,929</u>	<u>1,141,073</u>	<u>1,038,723</u>
<i>Plan fiduciary net position - ending (b)</i>	<u><u>\$ 1,538,878</u></u>	<u><u>\$ 1,503,767</u></u>	<u><u>\$ 1,711,429</u></u>	<u><u>\$ 1,274,929</u></u>	<u><u>\$ 1,141,073</u></u>
<i>Town's net pension liability - ending (a) - (b)</i>	<u><u>\$ 342,255</u></u>	<u><u>\$ 338,256</u></u>	<u><u>\$ 371,108</u></u>	<u><u>\$ 952,336</u></u>	<u><u>\$ 1,019,455</u></u>
<i>Plan fiduciary net position as a percentage of the total pension liability</i>	81.81%	81.64%	82.18%	57.24%	52.81%
<i>Covered payroll</i>	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
<i>Town's net pension liability as a percentage of covered payroll</i>	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

(Continued)

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NARRAGANSETT, RHODE ISLAND
Required Supplementary Information - Police Pension Plan (Continued)
Schedule of Changes in the Town's Net Pension Liability and Related Ratios
"Unaudited"

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:					
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	160,506	163,991	174,613	177,837	182,866
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	22,730	50,752	(37,247)	(20,730)	-
Changes of assumptions	(5,407)	(14,486)	33,213	85,996	-
Benefits payments, including refunds of member contributions	(246,322)	(251,011)	(254,103)	(255,145)	(244,698)
Net change in total pension liability	<u>(68,493)</u>	<u>(50,754)</u>	<u>(83,524)</u>	<u>(12,042)</u>	<u>(61,832)</u>
Total pension liability - beginning	<u>2,352,410</u>	<u>2,403,164</u>	<u>2,486,688</u>	<u>2,498,730</u>	<u>2,560,562</u>
Total pension liability - ending (a)	<u>\$ 2,283,917</u>	<u>\$ 2,352,410</u>	<u>\$ 2,403,164</u>	<u>\$ 2,486,688</u>	<u>\$ 2,498,730</u>
Plan fiduciary net position:					
Contributions - employer	\$ 267,000	\$ 267,000	\$ 355,000	\$ 126,770	\$ 124,954
Contributions - employee	-	-	-	-	-
Net investment income	89,525	102,865	930	2,633	-
Benefits payments, including refunds of member contributions	(246,322)	(251,011)	(254,103)	(255,145)	(244,698)
Administrative expense	(5,795)	(5,180)	(4,540)	-	-
Other	-	-	-	-	-
Net change in plan fiduciary net position	<u>104,408</u>	<u>113,674</u>	<u>97,287</u>	<u>(125,742)</u>	<u>(119,744)</u>
Plan fiduciary net position - beginning	<u>934,315</u>	<u>820,641</u>	<u>723,354</u>	<u>849,096</u>	<u>968,840</u>
Plan fiduciary net position - ending (b)	<u>\$ 1,038,723</u>	<u>\$ 934,315</u>	<u>\$ 820,641</u>	<u>\$ 723,354</u>	<u>\$ 849,096</u>
Town's net pension liability - ending (a) - (b)	<u>\$ 1,245,194</u>	<u>\$ 1,418,095</u>	<u>\$ 1,582,523</u>	<u>\$ 1,763,334</u>	<u>\$ 1,649,634</u>
Plan fiduciary net position as a percentage of the total pension liability	45.48%	39.72%	34.15%	29.09%	33.98%
Covered payroll	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Town's net pension liability as a percentage of covered payroll	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NARRAGANSETT, RHODE ISLAND
Required Supplementary Information - Town Pension Plan
Schedule of Changes in the Town's Net Pension Liability and Related Ratios
"Unaudited"

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability:					
Service cost	\$ 3,475,370	\$ 3,258,089	\$ 3,227,486	\$ 3,007,323	\$ 2,959,880
Interest	12,406,159	11,842,551	11,365,516	10,600,034	10,065,392
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(622,682)	148,309	(137,231)	(274,825)	1,020,603
Changes of assumptions	1,101,127	1,316,134	(3,966,598)	8,495,783	(190,658)
Benefits payments, including refunds of member contributions	(7,885,552)	(7,470,076)	(7,038,342)	(6,774,989)	(6,179,160)
Net change in total pension liability	<u>8,474,422</u>	<u>9,095,007</u>	<u>3,450,831</u>	<u>15,053,326</u>	<u>7,676,057</u>
Total pension liability - beginning	<u>175,202,040</u>	<u>166,107,033</u>	<u>162,656,202</u>	<u>147,602,876</u>	<u>139,926,819</u>
Total pension liability - ending (a)	<u><u>\$ 183,676,462</u></u>	<u><u>\$ 175,202,040</u></u>	<u><u>\$ 166,107,033</u></u>	<u><u>\$ 162,656,202</u></u>	<u><u>\$ 147,602,876</u></u>
Plan fiduciary net position:					
Contributions - employer	\$ 7,993,583	\$ 7,093,037	\$ 6,268,731	\$ 6,176,556	\$ 6,133,571
Contributions - employee	1,737,272	1,694,269	1,660,956	1,588,541	1,558,428
Net investment income	10,514,310	(15,488,022)	23,847,807	1,787,246	5,516,278
Benefits payments, including refunds of member contributions	(7,885,552)	(7,470,076)	(7,038,342)	(6,774,989)	(6,179,160)
Administrative expense	(48,917)	(43,325)	(69,085)	(31,281)	(47,630)
Other	-	-	-	-	-
Net change in plan fiduciary net position	<u>12,310,696</u>	<u>(14,214,117)</u>	<u>24,670,067</u>	<u>2,746,073</u>	<u>6,981,487</u>
Plan fiduciary net position - beginning	<u>111,018,065</u>	<u>125,232,182</u>	<u>100,562,115</u>	<u>97,816,042</u>	<u>90,834,555</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 123,328,761</u></u>	<u><u>\$ 111,018,065</u></u>	<u><u>\$ 125,232,182</u></u>	<u><u>\$ 100,562,115</u></u>	<u><u>\$ 97,816,042</u></u>
Town's net pension liability - ending (a) - (b)	<u><u>\$ 60,347,701</u></u>	<u><u>\$ 64,183,975</u></u>	<u><u>\$ 40,874,851</u></u>	<u><u>\$ 62,094,087</u></u>	<u><u>\$ 49,786,834</u></u>
Plan fiduciary net position as a percentage of the total pension liability	67.14%	63.37%	75.39%	61.82%	66.27%
Covered payroll	\$ 15,793,731	\$ 14,697,899	\$ 14,916,381	\$ 14,152,836	\$ 13,952,640
Town's net pension liability as a percentage of covered payroll	382.10%	436.69%	274.03%	438.74%	356.83%

(Continued)

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NARRAGANSETT, RHODE ISLAND
Required Supplementary Information - Town Pension Plan (Continued)
Schedule of Changes in the Town's Net Pension Liability and Related Ratios
"Unaudited"

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:					
Service cost	\$ 2,955,588	\$ 2,930,982	\$ 2,810,067	\$ 2,550,557	\$ 2,777,999
Interest	9,790,545	9,285,637	8,763,993	8,179,918	7,743,047
Changes of benefit terms	-	-	(420,257)	-	-
Differences between expected and actual experience	(1,087,571)	540,391	715,831	415,238	(138,666)
Changes of assumptions	(1,934,928)	(474,603)	3,440,952	2,569,581	(69,684)
Benefits payments, including refunds of member contributions	(5,642,039)	(4,946,770)	(4,846,536)	(4,369,538)	(4,151,080)
Net change in total pension liability	<u>4,081,595</u>	<u>7,335,637</u>	<u>10,464,050</u>	<u>9,345,756</u>	<u>6,161,616</u>
Total pension liability - beginning	<u>135,845,224</u>	<u>128,509,587</u>	<u>118,045,537</u>	<u>108,699,781</u>	<u>102,538,165</u>
Total pension liability - ending (a)	<u>\$ 139,926,819</u>	<u>\$ 135,845,224</u>	<u>\$ 128,509,587</u>	<u>\$ 118,045,537</u>	<u>\$ 108,699,781</u>
Plan fiduciary net position:					
Contributions - employer	\$ 5,957,877	\$ 5,399,268	\$ 5,190,005	\$ 4,999,356	\$ 3,237,890
Contributions - employee	1,583,751	1,474,196	1,427,810	1,465,617	1,272,360
Net investment income	5,063,944	7,844,533	(1,643,823)	472,799	10,071,983
Benefits payments, including refunds of member contributions	(5,642,039)	(4,946,770)	(4,846,536)	(4,369,538)	(4,151,082)
Administrative expense	(59,100)	(28,905)	(28,067)	(38,693)	(36,250)
Other	-	-	-	-	-
Net change in plan fiduciary net position	<u>6,904,433</u>	<u>9,742,322</u>	<u>99,389</u>	<u>2,529,541</u>	<u>10,394,901</u>
Plan fiduciary net position - beginning	<u>83,930,122</u>	<u>74,187,800</u>	<u>74,088,411</u>	<u>71,558,870</u>	<u>61,163,969</u>
Plan fiduciary net position - ending (b)	<u>\$ 90,834,555</u>	<u>\$ 83,930,122</u>	<u>\$ 74,187,800</u>	<u>\$ 74,088,411</u>	<u>\$ 71,558,870</u>
Town's net pension liability - ending (a) - (b)	<u>\$ 49,092,264</u>	<u>\$ 51,915,102</u>	<u>\$ 54,321,787</u>	<u>\$ 43,957,126</u>	<u>\$ 37,140,911</u>
Plan fiduciary net position as a percentage of the total pension liability	64.92%	61.78%	57.73%	62.76%	65.83%
Covered payroll	\$ 13,835,881	\$ 13,626,448	\$ 12,984,298	\$ 12,188,272	\$ 12,466,246
Town's net pension liability as a percentage of covered payroll	354.82%	380.99%	418.37%	360.65%	297.93%

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NARRAGANSETT, RHODE ISLAND
Required Supplementary Information - Pension Plans
Schedule of Town Contributions
Last Ten Fiscal Years
"Unaudited"

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Employees' Retirement System of RI (1)</u>										
Actuarially determined contribution	\$ 2,102,890	\$ 2,044,674	\$ 1,873,366	\$ 1,845,961	\$ 1,679,749	\$ 1,660,661	\$ 1,642,280	\$ 1,706,931	\$ 1,666,194	
Contributions in relation to the actuarially determined contribution	2,102,890	2,044,674	1,873,366	1,845,961	1,679,749	1,660,661	1,642,280	1,706,931	1,666,194	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll	\$ 13,524,521	\$ 13,359,180	\$ 12,626,904	\$ 12,851,123	\$ 12,290,329	\$ 12,337,484	\$ 12,258,431	\$ 12,249,451	\$ 12,250,219	
Contributions as a percentage of covered payroll	15.55%	15.31%	14.84%	14.36%	13.67%	13.46%	13.40%	13.93%	13.60%	
<u>Police Plan</u>										
Actuarially determined contribution	\$ 99,172	\$ 183,577	\$ 187,298	\$ 198,887	\$ 215,294	\$ 226,427	\$ 230,391	\$ 216,196	\$ 208,518	\$ 129,257
Contributions in relation to the actuarially determined contribution	99,172	267,000	267,000	267,000	267,000	267,000	267,000	355,000	126,770	124,954
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (83,423)</u>	<u>\$ (79,702)</u>	<u>\$ (68,113)</u>	<u>\$ (51,706)</u>	<u>\$ (40,573)</u>	<u>\$ (36,609)</u>	<u>\$ (138,804)</u>	<u>\$ 81,748</u>	<u>\$ 4,303</u>
Covered payroll	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Contributions as a percentage of covered payroll	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
<u>Town Plan</u>										
Actuarially determined contribution	\$ 7,332,341	\$ 7,011,892	\$ 6,343,867	\$ 6,080,003	\$ 6,057,902	\$ 5,858,887	\$ 5,428,475	\$ 5,082,997	\$ 4,881,459	\$ 5,619,927
Contributions in relation to the actuarially determined contribution	7,993,583	7,093,037	6,268,731	6,176,556	6,133,571	5,957,877	5,399,268	5,190,005	4,999,356	3,237,890
Contribution deficiency (excess)	<u>\$ (661,242)</u>	<u>\$ (81,145)</u>	<u>\$ 75,136</u>	<u>\$ (96,553)</u>	<u>\$ (75,669)</u>	<u>\$ (98,990)</u>	<u>\$ 29,207</u>	<u>\$ (107,008)</u>	<u>\$ (117,897)</u>	<u>\$ 2,382,037</u>
Covered payroll	\$ 15,793,731	\$ 14,697,899	\$ 14,916,381	\$ 14,152,836	\$ 13,952,640	\$ 13,835,881	\$ 13,626,448	\$ 12,984,298	\$ 12,188,272	\$ 12,466,246
Contributions as a percentage of covered payroll	50.61%	48.26%	42.03%	43.64%	43.96%	43.06%	39.62%	39.97%	41.02%	25.97%

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NARRAGANSETT, RHODE ISLAND
Required Supplementary Information - Pension Plans
Schedule of Investment Returns
"Unaudited"

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>Police Plan</i>										
Annual money-weighted rate of return, net of investment expense	<u>8.81%</u>	<u>-15.09%</u>	<u>27.41%</u>	<u>8.62%</u>	<u>6.95%</u>	<u>7.91%</u>	<u>10.00%</u>	<u>0.09%</u>	<u>0.78%</u>	<u>0.00%</u>
<i>Town Plan</i>										
Annual money-weighted rate of return, net of investment expense	<u>9.59%</u>	<u>-12.56%</u>	<u>24.15%</u>	<u>1.83%</u>	<u>6.18%</u>	<u>6.11%</u>	<u>10.69%</u>	<u>-2.29%</u>	<u>0.71%</u>	<u>15.81%</u>

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NARRAGANSETT, RHODE ISLAND
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2023

	<i>Budgeted Amounts</i>		<i>Actual Amounts (Budgetary Basis)</i>	<i>Variance With Final Budget Positive (Negative)</i>
	<i>Original</i>	<i>Final</i>		
Revenues:				
Property taxes:				
Current year taxes	\$ 56,992,261	\$ 56,992,261	\$ 55,632,309	\$ (1,359,952)
Prior year taxes	300,000	300,000	422,025	122,025
	<u>57,292,261</u>	<u>57,292,261</u>	<u>56,054,334</u>	<u>(1,237,927)</u>
Investment and interest revenues:				
Interest on delinquent taxes	200,000	200,000	214,376	14,376
Interest from investments	200,000	200,000	101,694	(98,306)
	<u>400,000</u>	<u>400,000</u>	<u>316,070</u>	<u>(83,930)</u>
Intergovernmental revenues:				
Motor vehicle phase-out	237,544	237,544	1,955,140	1,717,596
Federal PILOT	64,000	64,000	67,056	3,056
State beach parking	210,000	210,000	245,814	35,814
State telephone tax	184,599	184,599	195,606	11,007
State hotel tax	378,077	378,077	367,367	(10,710)
State meal and beverage tax	812,296	812,296	884,354	72,058
School housing aid	404,863	404,863	454,459	49,596
Property revaluation reimbursement	-	-	35,100	35,100
Disaster Grants	-	-	88,830	88,830
	<u>2,291,379</u>	<u>2,291,379</u>	<u>4,293,726</u>	<u>2,002,347</u>
Licenses and permits:				
Town clerk alcoholic beverages	30,000	30,000	31,044	1,044
Building permits	400,000	400,000	420,576	20,576
Road open permits	2,000	2,000	6,450	4,450
	<u>432,000</u>	<u>432,000</u>	<u>458,070</u>	<u>26,070</u>
Fines and forfeitures:				
Police fees and fines	15,000	15,000	10,393	(4,607)
Municipal court	400,000	400,000	442,456	42,456
	<u>415,000</u>	<u>415,000</u>	<u>452,849</u>	<u>37,849</u>

(Continued)

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NARRAGANSETT, RHODE ISLAND
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)
General Fund
For the Fiscal Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
<i>PILOT & interfund revenues:</i>				
Beach in lieu of taxes	289,694	289,694	289,694	-
Housing authority in lieu of taxes	1,590	1,590	1,590	-
Water in lieu of taxes	23,614	23,614	23,614	-
Wastewater in lieu of taxes	133,831	133,831	133,831	-
Charter school	8,000	8,000	9,080	1,080
Water administrative fees	219,398	219,398	219,398	-
Wastewater administrative fees	488,976	488,976	488,976	-
Beach administrative fees	223,342	223,342	223,342	-
Rental registration transfer	77,670	77,670	77,670	-
School Vehicle maintenance and police protection	50,000	50,000	52,166	2,166
	<u>1,516,115</u>	<u>1,516,115</u>	<u>1,519,361</u>	<u>3,246</u>
<i>Miscellaneous revenues:</i>				
Police finger print receipts	4,000	4,000	2,585	(1,415)
Town clerk general receipts	800,000	800,000	738,470	(61,530)
Mooring fees	62,000	62,000	60,060	(1,940)
Variance and exception fees	10,000	10,000	7,737	(2,263)
Fire alarm inspection fees	15,000	15,000	7,890	(7,110)
VIN inspection fees	5,000	5,000	5,570	570
Police detail revenue	150,000	150,000	288,668	138,668
Cellular tower rentals	230,000	230,000	202,856	(27,144)
Miscellaneous receipts	40,000	40,000	144,806	104,806
Emergency medical services	500,000	500,000	606,232	106,232
Miscellaneous police receipts	20,000	20,000	4,630	(15,370)
Concessions	2,650	2,650	1,500	(1,150)
Fire marshal plan review	25,000	25,000	23,469	(1,531)
Recycling revenue & tipping fees	52,000	52,000	15,761	(36,239)
Operating donation and contribution	-	-	15,300	15,300
Miscellaneous fire department receipts	-	-	11,606	11,606
	<u>1,915,650</u>	<u>1,915,650</u>	<u>2,137,140</u>	<u>221,490</u>
<i>Recreation revenues:</i>				
Community center rental	8,000	8,000	13,388	5,388
Miscellaneous receipts	10,000	10,000	15,218	5,218
Basketball	40,000	40,000	16,728	(23,272)
Workshops	15,000	15,000	5,910	(9,090)
The Camp	30,000	30,000	75,280	45,280
Park rental	5,000	5,000	8,213	3,213
Concert revenue	-	-	3,500	3,500
	<u>108,000</u>	<u>108,000</u>	<u>138,237</u>	<u>30,237</u>
<i>Other financing sources:</i>				
Fund balance appropriation	2,576,426	2,576,426	-	(2,576,426)
<i>Total revenues and other financing sources</i>	<u>66,946,831</u>	<u>66,946,831</u>	<u>65,369,787</u>	<u>(1,577,044)</u>

(Continued)

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NARRAGANSETT, RHODE ISLAND
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)
General Fund
For the Fiscal Year Ended June 30, 2023

	<i>Budgeted Amounts</i>		<i>Actual Amounts (Budgetary Basis)</i>	<i>Variance With Final Budget Positive (Negative)</i>
	<i>Original</i>	<i>Final</i>		
Expenditures:				
General government:				
Town council	69,604	69,604	176,076	(106,472)
Town solicitor	170,000	170,000	179,628	(9,628)
Municipal court	259,184	259,184	245,117	14,067
Board of canvassers	177,827	177,827	125,296	52,531
Town manager	313,683	313,683	305,257	8,426
Human resources	160,098	160,098	156,904	3,194
Town clerk	584,579	584,579	526,464	58,115
Information technology	830,593	830,593	752,158	78,435
History commission	2,400	2,400	302	2,098
Conservation commission	6,250	6,250	-	6,250
Planning board	6,450	6,450	4,527	1,923
Zoning board of appeals	5,500	5,500	8,938	(3,438)
Pension board	12,000	12,000	-	12,000
Harbor Commission	2,500	2,500	2,122	378
Special appropriations	149,526	149,526	195,660	(46,134)
	2,750,194	2,750,194	2,678,449	71,745
Financial administration:				
Financial and purchasing	463,629	463,629	451,086	12,543
Accounting	507,534	507,534	489,163	18,371
Tax assessor	410,965	410,965	392,001	18,964
Tax collector	233,995	233,995	235,529	(1,534)
	1,616,123	1,616,123	1,567,779	48,344
Public safety:				
Police non-officer	426,911	426,911	428,413	(1,502)
Police administration	1,204,185	1,204,185	1,192,354	11,831
Police patrol	5,937,216	5,937,216	5,966,604	(29,388)
Police investigations	994,630	994,630	979,771	14,859
Animal control	220,272	220,272	191,771	28,501
Harbor master	52,562	52,562	50,477	2,085
Dispatch	1,144,926	1,144,926	1,115,841	29,085
Fire non-firefighter	97,166	97,166	97,258	(92)
Fire firefighters	6,773,909	6,773,909	6,644,800	129,109
General fire prevention	20,000	20,000	17,390	2,610
Emergency management	27,065	27,065	28,265	(1,200)
	16,898,842	16,898,842	16,712,944	185,898
Public works:				
Public works administration	425,744	425,744	438,614	(12,870)
Recycling	61,449	61,449	12,389	49,060
Highway	1,999,949	1,999,949	1,667,113	332,836
Facilities maintenance	211,412	211,412	234,237	(22,825)
Vehicle maintenance	762,887	762,887	802,845	(39,958)
	3,461,441	3,461,441	3,155,198	306,243

(Continued)

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NARRAGANSETT, RHODE ISLAND
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)
General Fund
For the Fiscal Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<i>Parks and recreation:</i>				
Parks and recreation administration	271,102	271,102	226,001	45,101
Parks maintenance	910,458	910,458	821,964	88,494
Recreation programs	317,301	317,301	243,924	73,377
Parks and recreation senior/community center	204,375	204,375	203,193	1,182
	<u>1,703,236</u>	<u>1,703,236</u>	<u>1,495,082</u>	<u>208,154</u>
<i>Planning, engineering and inspection:</i>				
Community development	527,674	527,674	477,653	50,021
Inspection services	397,063	397,063	375,152	21,911
Engineering	355,746	355,746	362,715	(6,969)
	<u>1,280,483</u>	<u>1,280,483</u>	<u>1,215,520</u>	<u>64,963</u>
<i>Town-wide expenditures</i>	<u>701,180</u>	<u>701,180</u>	<u>673,103</u>	<u>28,077</u>
<i>Education appropriation</i>	<u>27,610,788</u>	<u>27,610,788</u>	<u>27,610,788</u>	<u>-</u>
<i>Library appropriation</i>	<u>1,126,729</u>	<u>1,126,729</u>	<u>1,126,729</u>	<u>-</u>
<i>Other:</i>				
Contingency	300,000	300,000	31,647	268,353
OPEB contribution	3,298,375	3,298,375	3,298,375	-
Police Chapter 1666 pension contribution	99,172	99,172	99,172	-
Retirement and termination benefits	150,000	150,000	-	150,000
	<u>3,847,547</u>	<u>3,847,547</u>	<u>3,429,194</u>	<u>418,353</u>
<i>Other financing uses:</i>				
<i>Transfers to other funds:</i>				
Retained claims	12,000	12,000	12,000	-
Towers	50,000	50,000	50,000	-
Kinney Bungalow	25,000	25,000	25,000	-
Sunset Farm	10,000	10,000	10,000	-
Land conservation	75,000	75,000	75,000	-
Town Capital Projects Fund	2,210,500	2,210,500	2,210,500	-
Debt Service Fund	3,567,768	3,567,768	3,567,768	-
	<u>5,950,268</u>	<u>5,950,268</u>	<u>5,950,268</u>	<u>-</u>
<i>Total expenditures and other financing uses</i>	<u>66,946,831</u>	<u>66,946,831</u>	<u>65,615,054</u>	<u>1,331,777</u>
<i>Net change in fund balance - budgetary basis</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (245,267)</u>	<u>\$ (245,267)</u>

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Required Supplementary Information
For the Year Ended June 30, 2023
"Unaudited"

NOTE 1 - SCHEDULE OF TOWN CONTRIBUTIONS - OPEB PLANS

	<i>Town Other Post-Employment Benefit Plan</i>	<i>School Other Post-Employment Benefit Plan</i>
Valuation date:	6/30/2021	6/30/2023
Methods and assumptions used to determine contribution rates:		
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level dollar - closed	Level dollar - closed
Remaining amortization period	24 years as of June 30, 2023	24 years as of June 30, 2023
Asset valuation method	Fair market value	Fair market value
Investment rate of return/ Discount rate	6.5% discount rate (prior year 7.15%)	6.5% discount rate (5.6% prior year)
Inflation rate	2%	N/A
Payroll growth rate	N/A	N/A
Medical trend cost rate	Medical - 7.5% (8% prior year) per year decreasing to an ultimate rate of 4.5% per year Part B - 3.5% (3.25% prior year) per year increasing to an ultimate rate of 4.25% per year	Medical - 7.5% (6.5% post-65) per year decreasing to an ultimate rate of 4.5% per year
Dental trend cost rate	3.5% (4% prior year) per year decreasing to an ultimate rate of 3% per year	4% (prior year 3.5% per year decreasing to an ultimate rate of 3% per year)
Mortality	Police and Fire - SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2020 (1) Surviving Spouses - SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2020 (1) All Other - SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020 (1)	Teachers and Administrators - SOA Pub-2010 Teacher Headcount Weighted Mortality Table fully generational using Scale MP-2021 (2) Support Employees - SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021 (2) Surviving Spouses - SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021 (2)

(1) - Prior valuation used various SOA RPH-2019 mortality tables fully generational using Scale MP-2019.

(2) - Prior valuation used improvement Scale MP-2020.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2023

NOTE 2 – PENSION PLANS

Employees' Retirement System Plan

The net pension liability amount presented as of the June 30, 2023 was determined as part of an actuarial valuation performed as of June 30, 2021 and rolled forward to June 30, 2022, the measurement date. Additional information, including actuarial methods and assumptions, is presented in Note 16 A to the financial statements.

The net pension liability amounts presented for each fiscal year were determined as of the June 30 measurement date prior to the fiscal year-end.

The following summarizes the more significant changes in assumptions and benefits and were reflected in the determination of the net pension liability as of the:

June 30, 2020 measurement date –

As part of the 2020 Actuarial Experience Study for the six-year period ending June 30, 2019 as approved by the System Board on May 22, 2020, certain assumptions were modified and reflected in the determination of net pension liability at the June 30, 2020 measurement date. The following summarizes the more significant changes in assumptions:

- Updated the underlying mortality tables from the RP-2014 set of tables to the public sector-based PUB (10) tables.
- Increased slightly the probabilities of turnover.
- Decreased slightly the probabilities of retirement.
- Modified slightly the probabilities of disability, including adding material incidence of disability for members in the age ranges that historically have been eligible to retire but under prospective provisions are not.

June 30, 2017 measurement date –

As part of the 2017 Actuarial Experience Investigation Study for the six-year period ending June 30, 2016 as approved by the System Board on May 15, 2017, certain assumptions were modified and reflected in the determination of the net pension liability at the June 30, 2017 measurement date. The following summarizes the more significant changes in assumptions:

- Decreased the general inflation assumption from 2.75% to 2.50%.
- Decreased the nominal investment return assumption from 7.50% to 7.00%.
- Decreased the general wage growth assumption from 3.25% to 3.00%.
- Decreased salary increase assumptions.
- Updated the post-retirement mortality tables to variants of the RP-2014 table. For the improvement scale, update to the ultimate rates of the MP-2016 projection scale.

June 30, 2015 measurement date –

The net pension liability for the ERS plan reflects changes in benefits resulting from the settlement of litigation challenging the various pension reform measures enacted in previous years by the General Assembly. The final settlement approved by the Court on July 8, 2015 also included

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2023

enactment of the pension settlement provisions by the General Assembly. These amended benefit provisions are summarized below:

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rates to 11% for state employees and municipal general employees will contribute 8.25% (9.25% for units with a COLA provision) and participate solely in the defined benefit plan going forward – service credit accruals will increase from 1% to 2% per year.
- Members are eligible to retire upon the attainment of: age 65 with 30 years of service, 64 with 31 years of service, 63 with 32 years of service, or 62 with 33 years of service. Members may retire earlier if their RIRSA date is earlier or are eligible under a transition rule.
- Employees with more than 10 but less than 20 years of service on July 1, 2012 will receive an increased employer contribution to the defined contribution plan. Also, members who earn less than \$35,000 per year will not be required to pay the administrative fees to the defined contribution plan.
- Members who retired from a COLA eligible plan before July 1, 2012 will receive a one-time cost of living adjustment of 2% of the first \$25,000 paid as soon as administratively possible.
- Retirees as of June 30, 2015 will receive two \$500 stipends; the interim cost of living increases will occur at 4-year rather than 5-year intervals.
- The COLA formula was adjusted to: 50% of the COLA is calculated by taking the previous 5-year average investment return, less 5.5% (5yr Return - 5.5%, with a maximum of 4%) and 50% calculated using previous year's CPI-U (maximum of 3%) for a total maximum COLA of 3.5%. This COLA is calculated on the first \$25,855, effective 01/01/16, and indexed as of that date as well. (The indexing formula is run annually regardless of funding level each year.)
- Minor adjustments were made to the actuarial reduction for employees choosing to retire early.

Employers participating in the Employees' Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year.

The schedules are intended to present ten years of data. Additional years of data will be presented as they become available.

Police Plan and Town Pension Plan

The net pension liability amounts presented as of the June 30, 2023 were determined as part of actuarial valuations performed as of July 1, 2022 and rolled forward to June 30, 2023, the measurement date. Additional information, including actuarial methods and assumptions, is presented in Note 16 B and C to the financial statements.

The net pension liability amounts presented for each fiscal year were determined as of the fiscal year-end.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2023

The following summarizes the more significant changes in assumptions and benefits and were reflected in the determination of the net pension liability as of the:

June 30, 2023 measurement date –

- Investment rate of return assumption was changed from 7.10% to 7.05%.

June 30, 2022 measurement date –

- Investment rate of return assumption was changed from 7.15% to 7.10%.
- The projection scale used with the mortality tables were changed from SOA Scale MP-2020 to SOA Scale MP-2021.

June 30, 2021 measurement date –

- Investment rate of return assumption was changed from 7% to 7.15%.
- Salary increases assumption for the Town Pension Plan was changed from 4% to 6% based on age to 4% to 10% based on age.
- The projection scale used with the mortality tables were changed from SOA Scale MP-2019 to SOA Scale MP-2020.

June 30, 2020 measurement date –

- Investment rate of return assumption was changed from 7.20% to 7%.
- Mortality tables were changed from RP-2014 Blue Collar for public safety, RP-2014 for non-public safety and RP-2014 Disabled for disabled with generational improvements from 2006 based on the 2018 SSA Trustees' Report to variants of the Pub-2010 mortality tables with generational improvements from 2010 based on the SOA Scale MP-2019.

June 30, 2019 measurement date –

- COLA assumption for the Town Pension Plan was changed from 3% for eligible employees and 0% otherwise to 2% for School Employees hired on or after July 1, 2015 once eligible and 3% compounded or simple based on group and date of hire or retirement for eligible Other Employees.

June 30, 2016 measurement date –

- School System Employees in the Town Pension Plan hired on or after July 1, 2015 shall receive a normal retirement benefit equal to 2% of final average compensation multiplied by years of credited service (subject to a maximum benefit of 75% of final average compensation) upon the later of age 65 or the completion of 10 years of credited service or at any age after the completion of 25 years of credited service.
- School System Employees in the Town Pension Plan hired on or after July 1, 2015 shall receive a compounded COLA on each July 1 based on the COLA given to Social Security recipients, if any.
- Firefighters in the Town Pension Plan who retire on or after July 1, 2015 shall receive annually a 3% simple COLA beginning on the July 1 of the year that the firefighter turns 52 years old, subject to the 8-year COLA suspension as of July 1, 2013.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2023

NOTE 3 - BUDGETARY DATA AND BUDGETARY COMPLIANCE

In accordance with the Town’s Charter, the Town has formally established budgetary accounting control for its General Fund and Enterprise Funds. It is the responsibility of the Town Manager to submit the proposed budgets to the Town Council. The General Fund budget includes the Municipal budget and School Department’s total budgeted Town appropriation. The proposed School Department budget is approved by the School Committee prior to being presented to the Town Manager. The Town Council may then revise and adopt a recommended General Fund budget including changes to the School Department’s total appropriation. At least two public hearings are conducted on the Town Council recommended budgets and the final recommended budgets are legally enacted through an ordinance by the Town Council prior to the start of the fiscal year. The General Fund’s annual operating budget is not in conformity with accounting principles generally accepted in the United States of America. The budget to actual presentation in the financial statements for the General Fund is presented on a budgetary basis. The difference between the budgetary basis and the accounting principles generally accepted in the United States of America basis is explained below.

Appropriations in addition to those contained in the annual operating budget require Town Council approval. Amendments to the operating budgets that do not result in additional appropriations may be made within a department by means of a transfer. The Town Manager has authority to make such transfers within departments. Transfers made outside the departmental level require Town Council approval. All unencumbered appropriations lapse at the end of the fiscal year.

The table below shows the amounts by which certain municipal department expenditures exceeded fiscal year 2023 appropriations:

<u>Department</u>	<u>Expenditures In Excess of Budget</u>
Town Council	\$106,472
Town Solicitor	9,628
Zoning Board of Appeals	3,438
Special appropriations	46,134
Tax Collector	1,534
Police non-officer	1,502
Police patrol	29,388
Fire non-firefighter	92
Emergency management	1,200
Public works administration	12,870
Facilities maintenance	22,825
Vehicle maintenance	39,958
Engineering	6,969

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2023

Explanation of Differences between Budgetary Revenues, Expenditures, and Other Financing Sources and Uses and GAAP Revenues, Expenditures, and Other Financing Sources and Uses

<u>Revenues and Other Financing Sources</u>	<u>General Fund</u>
Actual amounts (budgetary basis)	\$65,369,787
Differences – budget to GAAP:	
The pension contributions made to the Employees Retirement System by the State on behalf of the Town of Narragansett is not reported as budgetary revenue, but is a revenue for financial reporting purposes.	1,488,529
Unbudgeted revenues not included for budgetary purposes, but included for financial reporting purposes.	5,701,623
Transfer from other funds included as revenues for budgetary purposes, but not included for financial reporting purposes.	(77,670)
Leases are not reported as a budgetary other financing source, but are reported as an other financing source for financial reporting purposes.	<u>217,418</u>
<i>Total revenues and other financing sources as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds</i>	<u><u>\$72,699,687</u></u>
<u>Expenditures and Other Financing Uses</u>	<u>General Fund</u>
Actual amounts (budgetary basis)	\$65,615,054
Differences – budget to GAAP:	
The pension contributions made to the Employees Retirement System by the State on behalf of the Town of Narragansett is not reported as a budgetary expenditure, but is an expenditure for financial reporting purposes.	1,488,529
Unbudgeted expenditures and transfers to other funds not included for budgetary purposes, but included for financial reporting purposes.	4,410,937
Transfer to other funds included as financing uses for budgetary purposes, but not included for financial reporting purposes.	(97,000)
Right to use leased assets are not reported as a budgetary basis expenditure, but are reported as an expenditure for financial reporting purposes.	<u>217,418</u>
<i>Total expenditures and other financing uses as reported in the statement of revenues, expenditures and changes in fund balances – governmental funds</i>	<u><u>\$71,634,938</u></u>

OTHER SUPPLEMENTARY INFORMATION

The information provided herein contains schedules which the Town deems necessary to provide additional disclosures.

THIS SECTION CONTAINS THE FOLLOWING:

- **Combining Fund Financial Statements for Nonmajor Governmental Funds**
- **Combining Fund Financial Statements for Pension Trust Funds**
- **Combining Fund Financial Statements for Other Post-Employment Benefit Trust Funds**
- **Combining Fund Financial Statements for Private Purpose Trust Funds**
- **Other Supplementary Information**

**COMBINING FUND FINANCIAL STATEMENTS -
NONMAJOR GOVERNMENTAL FUNDS**

**THE FOLLOWING FUNDS OF THE TOWN
ARE REPORTED IN THIS SECTION:**

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service and capital projects.

The Capital Projects Funds account for and report financial resources that are restricted, committed, or assigned to expenditures for capital facilities and other capital assets outlays, including the acquisition and/or construction of capital items, except those financed by the Proprietary Fund Types or Trust Funds.

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds						
	<i>School Restricted Grants</i>	<i>Food Service Fund</i>	<i>Historic Preservation Grants</i>	<i>Community Development Fund</i>	<i>Community Septic Program</i>	<i>Forfeited Funds</i>	<i>State Recycling Fund</i>
ASSETS							
Pooled cash and investments	\$ -	\$ -	\$ 1,900	\$ 198,730	\$ -	\$ 63,805	\$ 17,848
Cash	-	66,062	-	-	-	-	-
Due from federal and state governments	487,126	-	-	-	-	-	-
Due from other funds	358,437	214,508	-	-	-	-	-
Other receivables	-	28,400	-	196,933	73,428	-	-
Total assets	\$ 845,563	\$ 308,970	\$ 1,900	\$ 395,663	\$ 73,428	\$ 63,805	\$ 17,848
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenditures	\$ 11,331	\$ 33,958	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	494,785	-	-	-	-	-	-
Unearned revenue	-	11,969	-	-	-	-	-
Advance from other funds	-	-	-	-	-	-	-
Total liabilities	506,116	45,927	-	-	-	-	-
Deferred Inflows of Resources							
Unavailable revenue-loans	-	-	-	196,933	73,428	-	-
Total deferred inflows of resources	-	-	-	196,933	73,428	-	-
Fund Balances							
Restricted for:							
Education programs	339,447	263,043	-	-	-	-	-
Public safety programs	-	-	-	-	-	63,805	-
Historical records preservation	-	-	-	-	-	-	-
Community service programs	-	-	-	198,730	-	-	-
Parks and recreation programs	-	-	1,331	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-
Other programs	-	-	569	-	-	-	17,848
Committed for:							
Capital projects	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Assigned to:							
Capital projects	-	-	-	-	-	-	-
Total fund balances	339,447	263,043	1,900	198,730	-	63,805	17,848
Total liabilities, deferred inflows of resources, and fund balances	\$ 845,563	\$ 308,970	\$ 1,900	\$ 395,663	\$ 73,428	\$ 63,805	\$ 17,848

(Continued)

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2023

	<i>Special Revenue Funds</i>							
	<i>Galilee Landing Fees Fund</i>	<i>Byrne Grants</i>	<i>RI EMA Grant</i>	<i>RI EMA MEDS Grant</i>	<i>Opiod Settlement</i>	<i>Historical Records Preservation Fund</i>	<i>RI DOH/CP Grant</i>	<i>Earthday Mini grant</i>
ASSETS								
Pooled cash and investments	\$ 47,511	\$ 219	\$ 37,983	\$ 17,618	\$ 137,812	\$ 308,709	\$ -	\$ 200
Cash	-	-	-	-	-	-	-	-
Due from federal and state governments	-	-	-	-	-	-	11,034	-
Due from other funds	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	89	-	-
Total assets	\$ 47,511	\$ 219	\$ 37,983	\$ 17,618	\$ 137,812	\$ 308,798	\$ 11,034	\$ 200
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities								
Accounts payable and accrued expenditures	\$ 6,894	\$ -	\$ -	\$ 85	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	11,034	-
Unearned revenue	-	-	-	-	-	-	-	-
Advance from other funds	-	-	-	-	-	-	-	-
Total liabilities	6,894	-	-	85	-	-	11,034	-
Deferred Inflows of Resources								
Unavailable revenue-loans	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-
Fund Balances								
Restricted for:								
Education programs	-	-	-	-	-	-	-	-
Public safety programs	-	219	37,983	17,533	-	-	-	-
Historical records preservation	-	-	-	-	-	308,798	-	-
Community service programs	-	-	-	-	137,812	-	-	-
Parks and recreation programs	40,617	-	-	-	-	-	-	200
Capital projects	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-
Other programs	-	-	-	-	-	-	-	-
Committed for:								
Capital projects	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Assigned to:								
Capital projects	-	-	-	-	-	-	-	-
Total fund balances	40,617	219	37,983	17,533	137,812	308,798	-	200
Total liabilities, deferred inflows of resources, and fund balances	\$ 47,511	\$ 219	\$ 37,983	\$ 17,618	\$ 137,812	\$ 308,798	\$ 11,034	\$ 200

(Continued)

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds							Total Special Revenue Funds
	<i>RI Interlocal Trust Safety Grant</i>	<i>DEM Tree Grant</i>	<i>Assistance to Firefighters</i>	<i>Safer Grant</i>	<i>CDBG Grant</i>	<i>Library Building</i>	<i>Grant Miscellaneous</i>	
ASSETS								
Pooled cash and investments	\$ 1,000	\$ 8,199	\$ -	\$ -	\$ 11,708	\$ 2,138,754	\$ 50,591	\$ 3,042,587
Cash	-	-	-	-	-	-	-	66,062
Due from federal and state governments	-	-	-	258,876	-	-	1,342	758,378
Due from other funds	-	-	-	-	-	-	-	572,945
Other receivables	1,000	-	-	-	-	-	-	299,850
Total assets	\$ 2,000	\$ 8,199	\$ -	\$ 258,876	\$ 11,708	\$ 2,138,754	\$ 51,933	\$ 4,739,822
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities								
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ 14,684	\$ -	\$ 414,562	\$ -	\$ 481,514
Due to other funds	-	-	-	244,192	-	-	-	750,011
Unearned revenue	-	-	-	-	-	-	-	11,969
Advance from other funds	-	-	-	-	-	299,364	-	299,364
Total liabilities	-	-	-	258,876	-	713,926	-	1,542,858
Deferred Inflows of Resources								
Unavailable revenue-loans	-	-	-	-	-	-	-	270,361
Total deferred inflows of resources	-	-	-	-	-	-	-	270,361
Fund Balances								
Restricted for:								
Education programs	-	-	-	-	-	-	-	602,490
Public safety programs	2,000	-	-	-	-	-	-	121,540
Historical records preservation	-	-	-	-	-	-	-	308,798
Community service programs	-	-	-	-	11,708	-	-	348,250
Parks and recreation programs	-	8,199	-	-	-	-	-	50,347
Capital projects	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	1,424,828	-	1,424,828
Other programs	-	-	-	-	-	-	51,933	70,350
Committed for:								
Capital projects	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Assigned to:								
Capital projects	-	-	-	-	-	-	-	-
Total fund balances	2,000	8,199	-	-	11,708	1,424,828	51,933	2,926,603
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,000	\$ 8,199	\$ -	\$ 258,876	\$ 11,708	\$ 2,138,754	\$ 51,933	\$ 4,739,822

(Continued)

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2023

	<u>Capital Project Funds</u>							<i>Total Capital Project Funds</i>	<i>Total Nonmajor Governmental Funds</i>
	<i>Debt Service Fund</i>	<i>School Athletic Complex Fund</i>	<i>School Capital Projects Fund</i>	<i>Street Improvement Fund</i>	<i>Town Capital Projects Fund</i>	<i>Library Building Fund</i>	<i>Land Trust Fund</i>		
ASSETS									
Pooled cash and investments	\$ 185,549	\$ -	\$ -	\$ 2,276,828	\$ 2,207,096	\$ 1,355,094	\$ 398,781	\$ 6,237,799	\$ 9,465,935
Cash	-	1,800	-	-	-	-	-	1,800	67,862
Due from federal and state governments	-	-	-	-	-	-	-	-	758,378
Due from other funds	-	-	2,599,557	-	-	-	-	2,599,557	3,172,502
Other receivables	-	-	-	-	-	-	-	-	299,850
Total assets	\$ 185,549	\$ 1,800	\$ 2,599,557	\$ 2,276,828	\$ 2,207,096	\$ 1,355,094	\$ 398,781	\$ 8,839,156	\$ 13,764,527
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
Liabilities									
Accounts payable and accrued expenditures	\$ -	\$ -	\$ 156,297	\$ 1,501,098	\$ 141,103	\$ 870,849	\$ -	\$ 2,669,347	\$ 3,150,861
Due to other funds	-	1,471	-	-	-	13,820	-	15,291	765,302
Unearned revenue	-	-	-	-	-	-	-	-	11,969
Advance from other funds	-	-	-	-	-	-	-	-	299,364
Total liabilities	-	1,471	156,297	1,501,098	141,103	884,669	-	2,684,638	4,227,496
Deferred Inflows of Resources									
Unavailable revenue-loans	-	-	-	-	-	-	-	-	270,361
Total deferred inflows of resources	-	-	-	-	-	-	-	-	270,361
Fund Balances									
Restricted for:									
Education programs	-	-	-	-	-	-	-	-	602,490
Public safety programs	-	-	-	-	-	-	-	-	121,540
Historical records preservation	-	-	-	-	-	-	-	-	308,798
Community service programs	-	-	-	-	-	-	-	-	348,250
Parks and recreation programs	-	-	-	-	-	-	-	-	50,347
Capital projects	-	329	-	775,730	-	-	-	776,059	776,059
Library	-	-	-	-	-	470,425	-	470,425	1,895,253
Other programs	-	-	-	-	-	-	-	-	70,350
Committed for:									
Capital projects	-	-	-	-	2,065,993	-	398,781	2,464,774	2,464,774
Debt service	185,549	-	-	-	-	-	-	-	185,549
Assigned to:									
Capital projects	-	-	2,443,260	-	-	-	-	2,443,260	2,443,260
Total fund balances	185,549	329	2,443,260	775,730	2,065,993	470,425	398,781	6,154,518	9,266,670
Total liabilities, deferred inflows of resources, and fund balances	\$ 185,549	\$ 1,800	\$ 2,599,557	\$ 2,276,828	\$ 2,207,096	\$ 1,355,094	\$ 398,781	\$ 8,839,156	\$ 13,764,527

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2023

	Special Revenue Funds						
	<i>School Restricted Grants</i>	<i>Food Service Fund</i>	<i>Historic Preservation Grants</i>	<i>Community Development Fund</i>	<i>Community Septic Program</i>	<i>Forfeited Funds</i>	<i>State Recycling Fund</i>
Revenues							
Charges for services	\$ -	\$ 202,885	\$ -	\$ -	\$ -	\$ -	\$ -
Operating grants and contributions	1,680,862	165,790	-	-	-	-	-
Capital grants and contributions	215,025	-	-	-	-	-	-
Investment and interest income	-	-	1,129	10,243	-	1,229	-
Other revenue	-	-	-	9,971	17,851	26,137	-
Total revenues	<u>1,895,887</u>	<u>368,675</u>	<u>1,129</u>	<u>20,214</u>	<u>17,851</u>	<u>27,366</u>	<u>-</u>
Expenditures							
Current:							
General government	-	-	-	-	50,100	-	-
Public safety	-	-	-	-	-	-	-
Social services	-	-	-	-	-	-	-
Parks and recreation	-	-	52,119	-	-	-	-
Food service	-	385,850	-	-	-	-	-
Education	1,876,917	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	17,851	-	-
Interest and fees	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>1,876,917</u>	<u>385,850</u>	<u>52,119</u>	<u>-</u>	<u>67,951</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	<u>18,970</u>	<u>(17,175)</u>	<u>(50,990)</u>	<u>20,214</u>	<u>(50,100)</u>	<u>27,366</u>	<u>-</u>
Other financing sources							
Debt issued	-	-	-	-	50,100	-	-
Transfers in	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,100</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>18,970</u>	<u>(17,175)</u>	<u>(50,990)</u>	<u>20,214</u>	<u>-</u>	<u>27,366</u>	<u>-</u>
Fund balances - beginning of year	<u>320,477</u>	<u>280,218</u>	<u>52,890</u>	<u>178,516</u>	<u>-</u>	<u>36,439</u>	<u>17,848</u>
Fund balances - end of year	<u>\$ 339,447</u>	<u>\$ 263,043</u>	<u>\$ 1,900</u>	<u>\$ 198,730</u>	<u>\$ -</u>	<u>\$ 63,805</u>	<u>\$ 17,848</u>

(Continued)

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2023

	Special Revenue Funds							
	<i>Galilee Landing Fees Fund</i>	<i>Byrne Grants</i>	<i>RI EMA Grant</i>	<i>RI EMA MEDS Grant</i>	<i>Opiod Settlement</i>	<i>Historical Records Preservation Fund</i>	<i>RI DOH/CP Grant</i>	<i>Earthday Mini grant</i>
Revenues								
Charges for services	\$ 135,005	\$ -	\$ -	\$ -	\$ -	\$ 24,340	\$ -	\$ -
Operating grants and contributions	-	-	10,354	7,500	-	-	19,206	-
Capital grants and contributions	-	-	-	-	-	-	-	-
Investment and interest income	-	-	-	649	2,950	7,455	-	-
Other revenue	-	-	-	-	57,202	-	-	-
Total revenues	135,005	-	10,354	8,149	60,152	31,795	19,206	-
Expenditures								
Current:								
General government	-	-	-	-	-	13,975	-	-
Public safety	-	-	2,625	17,910	-	-	19,206	-
Social services	-	-	-	-	5,000	-	-	-
Parks and recreation	99,810	-	-	-	-	-	-	-
Food service	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	99,810	-	2,625	17,910	5,000	13,975	19,206	-
Excess (deficiency) of revenues over (under) expenditures before other financing sources	35,195	-	7,729	(9,761)	55,152	17,820	-	-
Other financing sources								
Debt issued	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-	-
Net change in fund balance	35,195	-	7,729	(9,761)	55,152	17,820	-	-
Fund balances - beginning of year	5,422	219	30,254	27,294	82,660	290,978	-	200
Fund balances - end of year	\$ 40,617	\$ 219	\$ 37,983	\$ 17,533	\$ 137,812	\$ 308,798	\$ -	\$ 200

(Continued)

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2023

	Special Revenue Funds						Total Special Revenue Funds
	<i>RI Interlocal Trust Safety Grant</i>	<i>DEM Tree Grant</i>	<i>Assistance to Firefighters</i>	<i>Safer Grant</i>	<i>CDBG Grant</i>	<i>Library Building</i>	
Revenues							
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 362,230
Operating grants and contributions	2,000	-	7,509	880,230	-	112,014	2,885,465
Capital grants and contributions	-	-	-	-	710,000	-	925,025
Investment and interest income	-	-	-	-	72,666	1,252	97,573
Other revenue	-	-	-	-	-	-	111,161
Total revenues	<u>2,000</u>	<u>-</u>	<u>7,509</u>	<u>880,230</u>	<u>-</u>	<u>782,666</u>	<u>4,381,454</u>
Expenditures							
Current:							
General government	-	-	-	-	-	-	64,075
Public safety	1,989	-	7,509	880,230	-	70,211	999,680
Social services	-	-	-	-	-	7,526	12,526
Parks and recreation	-	-	-	-	-	-	151,929
Food service	-	-	-	-	-	-	385,850
Education	-	-	-	-	-	-	1,876,917
Debt service:							
Principal	-	-	-	-	-	-	17,851
Interest and fees	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	875,808	879,720
Total expenditures	<u>1,989</u>	<u>-</u>	<u>7,509</u>	<u>880,230</u>	<u>-</u>	<u>875,808</u>	<u>4,388,548</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	<u>11</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(93,142)</u>	<u>(7,094)</u>
Other financing sources							
Debt issued	-	-	-	-	-	-	50,100
Transfers in	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,100</u>
Net change in fund balance	<u>11</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(93,142)</u>	<u>43,006</u>
Fund balances - beginning of year	<u>1,989</u>	<u>8,199</u>	<u>-</u>	<u>-</u>	<u>11,708</u>	<u>1,517,970</u>	<u>2,883,597</u>
Fund balances - end of year	<u>\$ 2,000</u>	<u>\$ 8,199</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,708</u>	<u>\$ 1,424,828</u>	<u>\$ 2,926,603</u>

(Continued)

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2023

	<u>Capital Project Funds</u>							<u>Total Capital Project Funds</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Debt Service Fund</u>	<u>School Athletic Complex Fund</u>	<u>School Capital Projects Fund</u>	<u>Street Improvement Fund</u>	<u>Town Capital Projects Fund</u>	<u>Library Building Fund</u>	<u>Land Trust Fund</u>		
Revenues									
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 362,230
Operating grants and contributions	-	-	-	-	-	-	-	-	2,885,465
Capital grants and contributions	-	-	4,258	-	40,000	-	-	44,258	969,283
Investment and interest income	-	-	-	13,179	-	-	8,983	22,162	119,735
Other revenue	-	-	-	-	12,548	-	-	12,548	123,709
Total revenues	<u>-</u>	<u>-</u>	<u>4,258</u>	<u>13,179</u>	<u>52,548</u>	<u>-</u>	<u>8,983</u>	<u>78,968</u>	<u>4,460,422</u>
Expenditures									
Current:									
General government	-	-	-	-	-	-	-	-	64,075
Public safety	-	-	-	-	-	-	-	-	999,680
Social services	-	-	-	-	-	-	-	-	12,526
Parks and recreation	-	-	-	-	-	-	-	-	151,929
Food service	-	-	-	-	-	-	-	-	385,850
Education	-	-	-	-	-	-	-	-	1,876,917
Debt service:									
Principal	2,559,922	-	-	-	-	-	-	-	2,577,773
Interest and fees	1,028,754	-	-	-	-	4,500	-	4,500	1,033,254
Capital outlay	-	-	1,676,497	1,996,090	1,763,630	2,450,041	1,177	7,887,435	8,767,155
Total expenditures	<u>3,588,676</u>	<u>-</u>	<u>1,676,497</u>	<u>1,996,090</u>	<u>1,763,630</u>	<u>2,454,541</u>	<u>1,177</u>	<u>7,891,935</u>	<u>15,869,159</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	<u>(3,588,676)</u>	<u>-</u>	<u>(1,672,239)</u>	<u>(1,982,911)</u>	<u>(1,711,082)</u>	<u>(2,454,541)</u>	<u>7,806</u>	<u>(7,812,967)</u>	<u>(11,408,737)</u>
Other financing sources									
Debt issued	-	-	-	-	-	-	-	-	50,100
Transfers in	3,567,768	-	1,100,000	-	2,210,500	-	75,000	3,385,500	6,953,268
Total other financing sources	<u>3,567,768</u>	<u>-</u>	<u>1,100,000</u>	<u>-</u>	<u>2,210,500</u>	<u>-</u>	<u>75,000</u>	<u>3,385,500</u>	<u>7,003,368</u>
Net change in fund balance	<u>(20,908)</u>	<u>-</u>	<u>(572,239)</u>	<u>(1,982,911)</u>	<u>499,418</u>	<u>(2,454,541)</u>	<u>82,806</u>	<u>(4,427,467)</u>	<u>(4,405,369)</u>
Fund balances - beginning of year	<u>206,457</u>	<u>329</u>	<u>3,015,499</u>	<u>2,758,641</u>	<u>1,566,575</u>	<u>2,924,966</u>	<u>315,975</u>	<u>10,581,985</u>	<u>13,672,039</u>
Fund balances - end of year	<u>\$ 185,549</u>	<u>\$ 329</u>	<u>\$ 2,443,260</u>	<u>\$ 775,730</u>	<u>\$ 2,065,993</u>	<u>\$ 470,425</u>	<u>\$ 398,781</u>	<u>\$ 6,154,518</u>	<u>\$ 9,266,670</u>

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Balance Sheet
Special Revenue Funds - School Restricted Fund
June 30, 2023

	<u>IDEA</u>	<u>IDEA Preschool</u>	<u>Title I</u>	<u>Title II</u>	<u>Title III</u>	<u>Title IV</u>	<u>ESSER II Extended Learning</u>	<u>ESSER II Back to School</u>
ASSETS								
Due from federal and state government	\$ 172,539	\$ 518	\$ 83,391	\$ 21,836	\$ -	\$ 11,119	\$ 1,988	\$ 9,875
Due from other funds	-	-	-	-	-	-	-	-
Total assets	\$ 172,539	\$ 518	\$ 83,391	\$ 21,836	\$ -	\$ 11,119	\$ 1,988	\$ 9,875
 LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	172,539	518	83,391	21,836	-	11,119	1,988	9,875
Total liabilities	172,539	518	83,391	21,836	-	11,119	1,988	9,875
Fund balances - restricted	-	-	-	-	-	-	-	-
Total liabilities and fund balances	\$ 172,539	\$ 518	\$ 83,391	\$ 21,836	\$ -	\$ 11,119	\$ 1,988	\$ 9,875

(Continued)

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Balance Sheet (Continued)
Special Revenue Funds - School Restricted Fund
June 30, 2023

	<i>ESSER III Back to School</i>	<i>ESSER III Digital Divide</i>	<i>Casit, Inc. AP Italian Program</i>	<i>Career & Technical Education</i>	<i>Career & Technical Categorical</i>	<i>School Support System</i>	<i>ARP IDEA</i>	<i>ARP IDEA Preschool</i>
ASSETS								
Due from federal and state government	\$ 128,026	\$ -	\$ -	\$ -	\$ -	\$ 3,724	\$ 25,951	\$ -
Due from other funds	-	-	1,082	-	15,468	-	-	-
Total assets	\$ 128,026	\$ -	\$ 1,082	\$ -	\$ 15,468	\$ 3,724	\$ 25,951	\$ -
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable and accrued expenditures	\$ 4,309	\$ -	\$ -	\$ -	\$ 2,213	\$ -	\$ -	\$ -
Due to other funds	123,717	-	-	-	-	3,724	25,951	-
Total liabilities	128,026	-	-	-	2,213	3,724	25,951	-
Fund balances - restricted	-	-	1,082	-	13,255	-	-	-
Total liabilities and fund balances	\$ 128,026	\$ -	\$ 1,082	\$ -	\$ 15,468	\$ 3,724	\$ 25,951	\$ -

(Continued)

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Balance Sheet (Continued)
Special Revenue Funds - School Restricted Fund
June 30, 2023

	<i>Narragansett Educational Foundation</i>	<i>Highlander Institute</i>	<i>RI Foundation O'Brien</i>	<i>Royal Little</i>	<i>Westerly Community Credit Union</i>	<i>Tolerance Program</i>	<i>SBA 21st Century Technology</i>	<i>RI Foundation Spark</i>
ASSETS								
Due from federal and state government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	957	10	12,105	15,500	-	1,676	-	5
Total assets	\$ 957	\$ 10	\$ 12,105	\$ 15,500	\$ -	\$ 1,676	\$ -	\$ 5
 LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-
Fund balances - restricted	957	10	12,105	15,500	-	1,676	-	5
Total liabilities and fund balances	\$ 957	\$ 10	\$ 12,105	\$ 15,500	\$ -	\$ 1,676	\$ -	\$ 5

(Continued)

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Balance Sheet (Continued)
Special Revenue Funds - School Restricted Fund
June 30, 2023

	<i>NE Dairy Council Grant</i>	<i>SBA Art Initiative</i>	<i>NHS Student Activity Fund</i>	<i>NPS Student Activity Fund</i>	<i>NES Student Activity Fund</i>	<i>CS4RI</i>	<i>Perkins Agriculture CTE Grant</i>	<i>Total</i>
ASSETS								
Due from federal and state government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,159	\$ 487,126
Due from other funds	462	-	171,513	83,292	56,367	-	-	358,437
Total assets	\$ 462	\$ -	\$ 171,513	\$ 83,292	\$ 56,367	\$ -	\$ 28,159	\$ 845,563
 LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable and accrued expenditures	\$ -	\$ -	\$ 1,555	\$ 1,387	\$ 1,867	\$ -	\$ -	\$ 11,331
Due to other funds	-	-	-	-	11,968	-	28,159	494,785
Total liabilities	-	-	1,555	1,387	13,835	-	28,159	506,116
Fund balances - restricted	462	-	169,958	81,905	42,532	-	-	339,447
Total liabilities and fund balances	\$ 462	\$ -	\$ 171,513	\$ 83,292	\$ 56,367	\$ -	\$ 28,159	\$ 845,563

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Funds - School Restricted Fund
For the Fiscal Year Ended June 30, 2023

	<u>IDEA</u>	<u>IDEA Preschool</u>	<u>Title I</u>	<u>Title II</u>	<u>Title III</u>	<u>Title IV</u>	<u>ESSER II Extended Learning</u>	<u>ESSER II Back to School</u>
Revenues								
Operating grants and contributions	\$ 464,652	\$ 19,495	\$ 222,304	\$ 61,556	\$ 2,841	\$ 29,469	\$ 49,179	\$ 41,475
Capital grants and contributions	-	-	-	-	-	-	-	-
Total revenues	<u>464,652</u>	<u>19,495</u>	<u>222,304</u>	<u>61,556</u>	<u>2,841</u>	<u>29,469</u>	<u>49,179</u>	<u>41,475</u>
Expenditures								
Salaries	308,330	4,213	149,065	38,448	-	20,800	45,725	38,527
Employee benefits	154,927	322	72,748	21,173	-	1,501	3,454	2,948
Purchased services	1,395	14,960	-	1,935	2,269	7,168	-	-
Supplies and materials	-	-	491	-	532	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other costs	-	-	-	-	40	-	-	-
Total expenditures	<u>464,652</u>	<u>19,495</u>	<u>222,304</u>	<u>61,556</u>	<u>2,841</u>	<u>29,469</u>	<u>49,179</u>	<u>41,475</u>
Net change in fund balances	-	-	-	-	-	-	-	-
Fund balances - beginning of year	-	-	-	-	-	-	-	-
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Special Revenue Funds - School Restricted Fund
For the Fiscal Year Ended June 30, 2023

	<i>ESSER III Back to School</i>	<i>ESSER III Digital Divide</i>	<i>Casit, Inc. AP Italian Program</i>	<i>Career & Technical Education</i>	<i>Career & Technical Categorical</i>	<i>School Support System</i>	<i>ARP IDEA</i>	<i>ARP IDEA Preschool</i>
Revenues								
Operating grants and contributions	\$ 348,507	\$ -	\$ -	\$ -	\$ 39,879	\$ 3,724	\$ 43,104	\$ 3,086
Capital grants and contributions	-	90,135	-	-	-	-	-	-
Total revenues	<u>348,507</u>	<u>90,135</u>	<u>-</u>	<u>-</u>	<u>39,879</u>	<u>3,724</u>	<u>43,104</u>	<u>3,086</u>
Expenditures								
Salaries	255,007	-	-	-	-	-	18,218	2,250
Employee benefits	77,612	-	-	-	-	-	1,357	167
Purchased services	-	-	-	600	1,632	569	19,500	-
Supplies and materials	15,888	-	-	16,267	22,080	3,155	4,029	669
Capital outlay	-	90,135	-	3,746	3,177	-	-	-
Other costs	-	-	-	5,500	-	-	-	-
Total expenditures	<u>348,507</u>	<u>90,135</u>	<u>-</u>	<u>26,113</u>	<u>26,889</u>	<u>3,724</u>	<u>43,104</u>	<u>3,086</u>
Net change in fund balances	-	-	-	(26,113)	12,990	-	-	-
Fund balances - beginning of year	-	-	1,082	26,113	265	-	-	-
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,082</u>	<u>\$ -</u>	<u>\$ 13,255</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Special Revenue Funds - School Restricted Fund
For the Fiscal Year Ended June 30, 2023

	<i>Narragansett Educational Foundation</i>	<i>Highlander Institute</i>	<i>RI Foundation O'Brien</i>	<i>Royal Little</i>	<i>Westerly Community Credit Union</i>	<i>Tolerance Program</i>	<i>SBA 21st Century Technology</i>	<i>RI Foundation Spark</i>
Revenues								
Operating grants and contributions	\$ -	\$ -	\$ -	\$ -	\$ 997	\$ -	\$ -	\$ -
Capital grants and contributions	-	-	-	-	-	-	86,229	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>997</u>	<u>-</u>	<u>86,229</u>	<u>-</u>
Expenditures								
Salaries	-	-	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-	-	-
Purchased services	-	-	-	-	-	-	-	-
Supplies and materials	-	-	-	-	997	-	-	-
Capital outlay	-	-	-	-	-	-	86,229	-
Other costs	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>997</u>	<u>-</u>	<u>86,229</u>	<u>-</u>
Net change in fund balances	-	-	-	-	-	-	-	-
Fund balances - beginning of year	<u>957</u>	<u>10</u>	<u>12,105</u>	<u>15,500</u>	<u>-</u>	<u>1,676</u>	<u>-</u>	<u>5</u>
Fund balances - end of year	<u>\$ 957</u>	<u>\$ 10</u>	<u>\$ 12,105</u>	<u>\$ 15,500</u>	<u>\$ -</u>	<u>\$ 1,676</u>	<u>\$ -</u>	<u>\$ 5</u>

(Continued)

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Special Revenue Funds - School Restricted Fund
For the Fiscal Year Ended June 30, 2023

	<i>NE Dairy Council Grant</i>	<i>SBA Art Initiative</i>	<i>NHS Student Activity Fund</i>	<i>NPS Student Activity Fund</i>	<i>NES Student Activity Fund</i>	<i>CS4RI</i>	<i>Perkins Agriculture CTE Grant</i>	<i>Total</i>
Revenues								
Operating grants and contributions	\$ -	\$ -	\$ 240,372	\$ 56,294	\$ 3,526	\$ 1,981	\$ 48,421	\$ 1,680,862
Capital grants and contributions	-	38,661	-	-	-	-	-	215,025
Total revenues	<u>-</u>	<u>38,661</u>	<u>240,372</u>	<u>56,294</u>	<u>3,526</u>	<u>1,981</u>	<u>48,421</u>	<u>1,895,887</u>
Expenditures								
Salaries	-	-	-	-	-	1,847	-	882,430
Employee benefits	-	-	-	-	-	134	-	336,343
Purchased services	-	-	-	-	-	-	27,652	77,680
Supplies and materials	-	-	-	-	-	-	17,754	81,862
Capital outlay	-	38,661	-	-	-	-	1,408	223,356
Other costs	-	-	231,498	31,849	4,752	-	1,607	275,246
Total expenditures	<u>-</u>	<u>38,661</u>	<u>231,498</u>	<u>31,849</u>	<u>4,752</u>	<u>1,981</u>	<u>48,421</u>	<u>1,876,917</u>
Net change in fund balances	-	-	8,874	24,445	(1,226)	-	-	18,970
Fund balances - beginning of year	<u>462</u>	<u>-</u>	<u>161,084</u>	<u>57,460</u>	<u>43,758</u>	<u>-</u>	<u>-</u>	<u>320,477</u>
Fund balances - end of year	<u>\$ 462</u>	<u>\$ -</u>	<u>\$ 169,958</u>	<u>\$ 81,905</u>	<u>\$ 42,532</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 339,447</u>

**COMBINING FUND FINANCIAL STATEMENTS -
PENSION TRUST FUNDS**

Pension Trust Funds account for contributions made by the Town and its participating employees to provide pension benefits to these employees at retirement.

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Fiduciary Net Position
Pension Trust Funds
June 30, 2023

	Town Plan	Police Plan	Total Pension Trust Funds
Assets			
Pooled cash and investments	\$ 2,232,904	\$ 82,974	\$ 2,315,878
Cash and cash equivalents	2,576,220	40,666	2,616,886
Investments at fair value:			
U.S. government and agency obligations	7,239,134	-	7,239,134
Corporate bonds	5,259,256	-	5,259,256
Mortgage backed securities	93,909	-	93,909
Common stock	25,601,971	-	25,601,971
Mutual and exchange traded funds - equities	53,451,690	992,344	54,444,034
Mutual and exchange traded funds - fixed income	25,989,086	637,559	26,626,645
Total investments	<u>117,635,046</u>	<u>1,629,903</u>	<u>119,264,949</u>
Accrued interest receivable	102,663	-	102,663
Contribution receivable	104,667	-	104,667
Prepaid expense	679,918	-	679,918
Total assets	<u>123,331,418</u>	<u>1,753,543</u>	<u>125,084,961</u>
Liabilities			
Accrued expenses	2,657	-	2,657
Due to other funds	-	214,665	214,665
Total liabilities	<u>2,657</u>	<u>214,665</u>	<u>217,322</u>
Net Position			
Restricted for pension benefits	<u>\$ 123,328,761</u>	<u>\$ 1,538,878</u>	<u>\$ 124,867,639</u>

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended June 30, 2023

	<u><i>Town Plan</i></u>	<u><i>Police Plan</i></u>	<u><i>Total Pension Trust Funds</i></u>
<i>Additions</i>			
Contributions:			
Employer	\$ 7,993,583	\$ 99,172	\$ 8,092,755
Plan member	1,737,272	-	1,737,272
Total contributions	<u>9,730,855</u>	<u>99,172</u>	<u>9,830,027</u>
Investment income:			
Net increase (decrease) in fair value of investments	8,092,789	104,875	8,197,664
Interest and dividends	2,839,955	41,473	2,881,428
Less: investment expense	(418,434)	(8,010)	(426,444)
Net investment income	<u>10,514,310</u>	<u>138,338</u>	<u>10,652,648</u>
<i>Total additions</i>	<u>20,245,165</u>	<u>237,510</u>	<u>20,482,675</u>
<i>Deductions</i>			
Benefits	7,817,154	195,156	8,012,310
Refunds of contributions	68,398	-	68,398
Administrative expenses	48,917	7,243	56,160
<i>Total deductions</i>	<u>7,934,469</u>	<u>202,399</u>	<u>8,136,868</u>
<i>Change in net position</i>	12,310,696	35,111	12,345,807
<i>Net position - beginning of year</i>	<u>111,018,065</u>	<u>1,503,767</u>	<u>112,521,832</u>
<i>Net position - end of year</i>	<u>\$ 123,328,761</u>	<u>\$ 1,538,878</u>	<u>\$ 124,867,639</u>

**COMBINING FUND FINANCIAL STATEMENTS -
OTHER POST-EMPLOYMENT BENEFIT TRUST FUNDS**

Other Post-Employment Trust Funds account for contributions made by the Town and School System to provide post-employment benefit benefits to employees at retirement.

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Fiduciary Net Position
Other Post-Employment Benefit Trust Funds
June 30, 2023

	<u>Town Plan</u>	<u>School Plan</u>	<u>Total Other Post- Employment Benefit Trust Funds</u>
Assets			
Pooled cash and investments	\$ 2,593,646	\$ -	\$ 2,593,646
Cash and cash equivalents	591,204	-	591,204
Investments at fair value:			
U.S. government and agency obligations	1,005,772	-	1,005,772
Corporate bonds	1,881,944	-	1,881,944
Common stock	5,962,219	-	5,962,219
Mutual and exchange traded funds - equities	2,503,708	-	2,503,708
Mutual and exchange traded funds - fixed income	2,045,685	-	2,045,685
Pooled investments	-	2,545,336	2,545,336
Total investments	<u>13,399,328</u>	<u>2,545,336</u>	<u>15,944,664</u>
Accrued interest receivable	28,560	-	28,560
Contribution receivable	-	179,191	179,191
Total assets	<u>16,612,738</u>	<u>2,724,527</u>	<u>19,337,265</u>
Liabilities			
Accounts payable and accrued expenses	187,628	-	187,628
Total liabilities	<u>187,628</u>	<u>-</u>	<u>187,628</u>
Net Position			
Restricted for other post-employment benefits	<u>\$ 16,425,110</u>	<u>\$ 2,724,527</u>	<u>\$ 19,149,637</u>

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Changes in Fiduciary Net Position
Other Post-Employment Benefit Trust Funds
For the Year Ended June 30, 2023

	<u>Town Plan</u>	<u>School Plan</u>	<u>Total Other Post- Employment Benefit Trust Funds</u>
Additions			
Contributions:			
Employer	\$ 4,272,584	\$ 763,190	\$ 5,035,774
Total contributions	<u>4,272,584</u>	<u>763,190</u>	<u>5,035,774</u>
Investment income:			
Net increase (decrease) in fair value of investments	809,754	170,628	980,382
Interest and dividends	379,968	-	379,968
Less: investment expense	(58,469)	(6,097)	(64,566)
Net investment income	<u>1,131,253</u>	<u>164,531</u>	<u>1,295,784</u>
Other revenue	30,695	-	30,695
Total additions	<u>5,434,532</u>	<u>927,721</u>	<u>6,362,253</u>
Deductions			
Benefits	2,509,510	547,726	3,057,236
Administrative expenses	11,750	-	11,750
Total deductions	<u>2,521,260</u>	<u>547,726</u>	<u>3,068,986</u>
Change in net position	2,913,272	379,995	3,293,267
Net position - beginning of year	<u>13,511,838</u>	<u>2,344,532</u>	<u>15,856,370</u>
Net position - end of year	<u>\$ 16,425,110</u>	<u>\$ 2,724,527</u>	<u>\$ 19,149,637</u>

**COMBINING FUND FINANCIAL STATEMENTS -
PRIVATE PURPOSE TRUST FUNDS**

Private Purpose Trust Funds were established to account for assets held by the Town in a fiduciary capacity for individuals, governmental entities and others. Trust funds are operated by carrying out specific requirements, or other governing regulations.

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Fiduciary Net Position
Private-Purpose Trust Funds
June 30, 2023

	<i>Barton Memorial Scholarship Fund</i>	<i>Richard Colvin Memorial Scholarship Fund</i>	<i>Peter Davis Burial Fund</i>	<i>Franklin Burial Fund</i>	<i>James Water Fund</i>	<i>Frank L. Robinson Fund</i>	<i>Total Private- Purpose Trusts</i>
Assets							
Pooled cash and investments	\$ -	\$ -	\$ 107	\$ 3,786	\$ 2,975	\$ 62,079	\$ 68,947
Cash	5,419	-	-	-	-	-	5,419
Investments	-	11,887	-	-	-	-	11,887
Total assets	<u>5,419</u>	<u>11,887</u>	<u>107</u>	<u>3,786</u>	<u>2,975</u>	<u>62,079</u>	<u>86,253</u>
Net Position							
Restricted for other purposes	<u>\$ 5,419</u>	<u>\$ 11,887</u>	<u>\$ 107</u>	<u>\$ 3,786</u>	<u>\$ 2,975</u>	<u>\$ 62,079</u>	<u>\$ 86,253</u>

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Changes in Fiduciary Net Position
Private-Purpose Trust Funds
For the Fiscal Year Ended June 30, 2023

	<u>Barton Memorial Scholarship Fund</u>	<u>Richard Colvin Memorial Scholarship Fund</u>	<u>Peter Davis Burial Fund</u>	<u>Franklin Burial Fund</u>	<u>James Water Fund</u>	<u>Frank L. Robinson Fund</u>	<u>Total Private- Purpose Trusts</u>
Additions							
Investment earnings:							
Net increase (decrease) in fair value of investments	\$ -	\$ (21)	\$ -	\$ -	\$ -	\$ -	\$ (21)
Interest and dividends	2	1,038	5	95	74	1,551	2,765
Net investment earnings	<u>2</u>	<u>1,017</u>	<u>5</u>	<u>95</u>	<u>74</u>	<u>1,551</u>	<u>2,744</u>
Total additions	<u>2</u>	<u>1,017</u>	<u>5</u>	<u>95</u>	<u>74</u>	<u>1,551</u>	<u>2,744</u>
Deductions							
Scholarships	-	500	-	-	-	-	500
Trust expenses	-	-	464	-	-	-	464
Total deductions	<u>-</u>	<u>500</u>	<u>464</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>964</u>
Change in net position	2	517	(459)	95	74	1,551	1,780
Net position - beginning of year	<u>5,417</u>	<u>11,370</u>	<u>566</u>	<u>3,691</u>	<u>2,901</u>	<u>60,528</u>	<u>84,473</u>
Net position - end of year	<u>\$ 5,419</u>	<u>\$ 11,887</u>	<u>\$ 107</u>	<u>\$ 3,786</u>	<u>\$ 2,975</u>	<u>\$ 62,079</u>	<u>\$ 86,253</u>

TOWN OF NARRAGANSETT, RHODE ISLAND
Tax Collector's Annual Report
For the Fiscal Year Ended June 30, 2023

Real Estate and Personal Property Taxes

<i>Tax Year</i>	<i>Balance June 30, 2022</i>	<i>Assessments December 31, 2021</i>	<i>Additions</i>	<i>Abatements and Adjustments</i>	<i>Amount to be Collected</i>	<i>Current Year Collections</i>	<i>Balance June 30, 2023</i>
2022	\$ -	\$ 55,984,526	\$ 36,078	\$ (26,124)	55,994,480	\$ 55,643,719	\$ 350,761
2021	469,554	-	-	(2,243)	467,311	358,274	109,037
2020	66,093	-	-	143	66,236	39,092	27,144
2019	31,698	-	-	-	31,698	4,057	27,641
2018	23,819	-	-	-	23,819	2,030	21,789
2017	26,709	-	-	-	26,709	2,664	24,045
2016	35,641	-	-	-	35,641	2,360	33,281
2015	32,013	-	-	-	32,013	2,113	29,900
2014	34,960	-	-	-	34,960	2,114	32,846
2013	35,142	-	-	(19,389)	15,753	2,043	13,710
2012	17,523	-	-	-	17,523	1,612	15,911
2011	5,782	-	-	-	5,782	1,192	4,590
2010	2,835	-	-	-	2,835	1,177	1,658
2009	2,444	-	-	-	2,444	1,140	1,304
2008	3,376	-	-	-	3,376	2,423	953
2007	3,162	-	-	(2,326)	836	-	836
2006	321	-	-	(270)	51	-	51
2004	384	-	-	-	384	-	384
2003	624	-	-	-	624	-	624
	<u>\$ 792,080</u>	<u>\$ 55,984,526</u>	<u>\$ 36,078</u>	<u>\$ (50,209)</u>	<u>\$ 56,762,475</u>	<u>\$ 56,066,010</u>	<u>\$ 696,465</u>
<i>Allowance for uncollectible accounts</i>	<u>(221,195)</u>						<u>(209,366)</u>
<i>Net Property Tax Receivable</i>	<u>\$ 570,885</u>						<u>\$ 487,099</u>

Schedule of Most Recent Net Assessed Property Value by Category

<u>Description of Property</u>	<u>Valuation</u>	<u>Levy</u>
<i>Real property</i>	\$ 6,159,074,732	\$ 56,609,034
<i>Tangible personal property</i>	117,742,467	1,429,394
<i>Total</i>	6,276,817,199	58,038,428
<i>Exemptions</i>	225,937,874	2,053,902
<i>Net assessed value</i>	<u>\$ 6,050,879,325</u>	<u>\$ 55,984,526</u>

Reconciliation of Current Year Property Tax Revenue

Current year collections	\$ 56,066,010
Add: Revenue collected 60 days subsequent to fiscal year ending June 30, 2023	250,267
Less: Revenue collected 60 days subsequent to fiscal year ending June 30, 2022	(261,943)
<i>Current year property tax revenue</i>	<u>\$ 56,054,334</u>

(Continued)

TOWN OF NARRAGANSETT, RHODE ISLAND
Tax Collector's Annual Report (Continued)
For the Fiscal Year Ended June 30, 2023

Fiscal Year 2023 Cash Collection Summary

<u>Tax Year</u>	<u>July - August 2022 Collections Subject to 60 day FY 22 Accrual</u>	<u>September 2022- June 2023 Collections</u>	<u>Total FY 2023 Cash Collections</u>	<u>July - August 2023 Collections Subject to 60 day FY 23 Accrual</u>
2022	\$ -	\$ 55,643,719	\$ 55,643,719	\$ 237,027
2021	244,791	113,483	358,274	13,083
2020	12,444	26,648	39,092	-
2019	1,167	2,890	4,057	68
2018	160	1,870	2,030	-
2017	176	2,488	2,664	-
2016	701	1,659	2,360	-
2015	702	1,411	2,113	-
2014	707	1,407	2,114	89
2013	692	1,351	2,043	-
2012	403	1,209	1,612	-
2011	-	1,192	1,192	-
2010	-	1,177	1,177	-
2009	-	1,140	1,140	-
2008	-	2,423	2,423	-
2007	-	-	-	-
2006	-	-	-	-
2004	-	-	-	-
2003	-	-	-	-
	<u>\$ 261,943</u>	<u>\$ 55,804,067</u>	<u>\$ 56,066,010</u>	<u>\$ 250,267</u>

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Balance Sheet
General Fund
June 30, 2023

	<i>Town General</i>	<i>Library Fund</i>	<i>Retained Claims</i>	<i>Kinney Bungalow</i>	<i>Surplus Property</i>	<i>Towers Committee</i>	<i>Parks & Recreation Aid</i>	<i>Parks & Recreation Trust</i>	<i>Sunset Farm</i>	<i>Town Anniversary</i>
Assets										
Pooled cash and investments	\$ 27,663,455	\$ 647,439	\$ 33,545	\$ 142,263	\$ 105,900	\$ 267,251	\$ 63,530	\$ 322,434	\$ 10,455	\$ 1,481
Cash	96,307	65,283	-	-	-	100	-	-	-	-
Real estate and personal property										
tax receivable, net	487,099	-	-	-	-	-	-	-	-	-
Due from federal and state governments	310,296	-	-	-	-	-	-	-	-	-
Due from other funds	648,093	-	-	-	-	-	-	-	-	-
Lease receivable	2,292,126	-	-	-	-	-	-	-	-	-
Other receivables	162,477	-	-	-	-	-	-	-	-	-
Inventory	26,797	-	-	-	-	-	-	-	-	-
Prepaid expenditures	358,625	-	-	-	-	-	-	-	-	-
Other assets	63,687	-	-	-	-	-	-	-	-	-
Advance to other funds	299,364	-	-	-	-	-	-	-	-	-
Total assets	\$ 32,408,326	\$ 712,722	\$ 33,545	\$ 142,263	\$ 105,900	\$ 267,351	\$ 63,530	\$ 322,434	\$ 10,455	\$ 1,481
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)										
Liabilities:										
Accounts payable and accrued expenditures	872,147	23,549	512	5,750	-	18,672	-	-	-	-
Due to other funds	12,958,737	-	-	-	-	-	-	-	-	-
Other liabilities	173,393	-	-	31,500	-	12,375	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-
Total liabilities	14,004,277	23,549	512	37,250	-	31,047	-	-	-	-
Deferred Inflows of Resources:										
Unavailable revenue-property taxes	257,016	-	-	-	-	-	-	-	-	-
Unavailable revenue-other revenues	72,718	-	-	-	-	-	-	-	-	-
Lease related	2,292,126	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	2,621,860	-	-	-	-	-	-	-	-	-
Fund Balances (Deficits):										
Nonspendable:										
Inventory	26,797	-	-	-	-	-	-	-	-	-
Prepaid expenditures	358,625	-	-	-	-	-	-	-	-	-
Long-term interfund advance	299,364	-	-	-	-	-	-	-	-	-
Restricted for:										
Education programs	-	-	-	-	-	-	-	-	-	-
Library programs	-	65,283	-	-	-	-	-	-	-	-
Parks and recreation programs	-	-	-	-	-	-	322,434	-	-	-
Capital projects	-	98,962	-	-	-	-	-	-	-	-
Committed for:										
Capital projects	-	50,000	-	-	-	-	-	-	-	-
Assigned to:										
Parks and recreation programs	-	-	-	-	-	63,530	-	-	-	-
Towers	-	-	-	-	236,304	-	-	-	-	-
Kinney Bungalow	-	-	-	105,013	-	-	-	-	-	-
Sunset Farm	-	-	-	-	-	-	-	10,455	-	-
Other	-	-	-	-	-	-	-	-	-	1,481
2024 budget	2,270,763	-	-	-	-	-	-	-	-	-
Unassigned	12,826,640	474,928	33,033	-	105,900	-	-	-	-	-
Total fund balances (deficits)	15,782,189	689,173	33,033	105,013	105,900	236,304	63,530	322,434	10,455	1,481
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 32,408,326	\$ 712,722	\$ 33,545	\$ 142,263	\$ 105,900	\$ 267,351	\$ 63,530	\$ 322,434	\$ 10,455	\$ 1,481

(Continued)

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Balance Sheet (Continued)
General Fund
June 30, 2023

	<i>Earle Water Tank</i>	<i>Rental Registration</i>	<i>Tiping Fees</i>	<i>Pier Market</i>	<i>Total Town</i>	<i>School Unrestricted</i>	<i>Athletic Gate Receipts</i>	<i>Total School</i>	<i>Interfund Elimination Entries</i>	<i>Total General Fund</i>
Assets										
Pooled cash and investments	\$ 94	\$ -	\$ 73,452	\$ -	29,331,299	\$ -	\$ -	\$ -	\$ -	\$ 29,331,299
Cash	-	-	-	-	161,690	125	-	125	-	161,815
Real estate and personal property	-	-	-	-	-	-	-	-	-	-
tax receivable, net	-	-	-	-	487,099	-	-	-	-	487,099
Due from federal and state governments	-	-	-	-	310,296	4,441	-	4,441	-	314,737
Due from other funds	-	-	-	-	648,093	13,454,993	8,891	13,463,884	(13,132,010)	979,967
Lease receivable	-	-	-	365,032	2,657,158	-	-	-	-	2,657,158
Other receivables	-	1,420	-	-	163,897	253,996	-	253,996	-	417,893
Inventory	-	-	-	-	26,797	-	-	-	-	26,797
Prepaid expenditures	-	-	-	-	358,625	110,151	-	110,151	-	468,776
Other assets	-	-	-	-	63,687	-	-	-	-	63,687
Advance to other funds	-	-	-	-	299,364	-	-	-	-	299,364
Total assets	\$ 94	\$ 1,420	\$ 73,452	\$ 365,032	\$ 34,508,005	\$ 13,823,706	\$ 8,891	\$ 13,832,597	\$ (13,132,010)	\$ 35,208,592
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)										
Liabilities:										
Accounts payable and accrued expenditures	-	13,578	-	2,657	936,865	675,885	-	675,885	-	1,612,750
Due to other funds	-	18,655	-	145,727	13,123,119	3,181,393	-	3,181,393	(13,132,010)	3,172,502
Other liabilities	-	-	-	-	217,268	-	-	-	-	217,268
Unearned revenue	-	-	-	-	-	12,625	-	12,625	-	12,625
Total liabilities	-	32,233	-	148,384	14,277,252	3,869,903	-	3,869,903	(13,132,010)	5,015,145
Deferred Inflows of Resources:										
Unavailable-property taxes	-	-	-	-	257,016	-	-	-	-	257,016
Unavailable-other revenues	-	-	-	-	72,718	-	-	-	-	72,718
Lease related	-	-	-	365,032	2,657,158	-	-	-	-	2,657,158
Total deferred inflows of resources	-	-	-	365,032	2,986,892	-	-	-	-	2,986,892
Fund Balances (Deficits):										
Nonspendable:										
Inventory	-	-	-	-	26,797	-	-	-	-	26,797
Prepaid expenditures	-	-	-	-	358,625	110,151	-	110,151	-	468,776
Long-term interfund advance	-	-	-	-	299,364	-	-	-	-	299,364
Restricted for:										
Education programs	-	-	-	-	-	9,843,652	8,891	9,852,543	-	9,852,543
Library programs	-	-	-	-	65,283	-	-	-	-	65,283
Parks and recreation programs	-	-	-	-	322,434	-	-	-	-	322,434
Capital projects	-	-	-	-	98,962	-	-	-	-	98,962
Committed for:										
Capital projects	-	-	-	-	50,000	-	-	-	-	50,000
Assigned to:										
Parks and recreation programs	-	-	-	-	63,530	-	-	-	-	63,530
Towers	-	-	-	-	236,304	-	-	-	-	236,304
Kinney Bungalow	-	-	-	-	105,013	-	-	-	-	105,013
Sunset Farm	-	-	-	-	10,455	-	-	-	-	10,455
Other	94	-	-	-	1,575	-	-	-	-	1,575
2024 budget	-	-	-	-	2,270,763	-	-	-	-	2,270,763
Unassigned	-	(30,813)	73,452	(148,384)	13,334,756	-	-	-	-	13,334,756
Total fund balances (deficits)	94	(30,813)	73,452	(148,384)	17,243,861	9,953,803	8,891	9,962,694	-	27,206,555
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 94	\$ 1,420	\$ 73,452	\$ 365,032	\$ 34,508,005	\$ 13,823,706	\$ 8,891	\$ 13,832,597	\$ -	\$ 35,208,592

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
General Fund
For the Fiscal Year Ended June 30, 2023

	<i>Town General</i>	<i>Library Fund</i>	<i>Retained Claims</i>	<i>Kinney Bungalow</i>	<i>Surplus Property</i>	<i>Towers Committee</i>	<i>Parks & Recreation Aid</i>	<i>Parks & Recreation Trust</i>	<i>Sunset Farm</i>	<i>Town Anniversary</i>
Revenues:										
General property taxes and payments in lieu of taxes	\$ 56,793,575	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State and federal aid	4,226,670	104,593	-	-	-	-	-	-	-	-
Charges for services	4,154,878	3,995	-	99,500	-	340,444	-	-	-	-
Operating grants and contributions	15,300	504	-	-	-	275	-	50,000	-	-
Investment and interest income	101,694	18,798	871	2,835	2,549	5,455	1,680	7,315	141	37
Other revenues	-	-	-	-	4,572	-	-	9,126	-	-
Total revenues	65,292,117	127,890	871	102,335	7,121	346,174	1,680	66,441	141	37
Expenditures:										
Current:										
General government	2,678,449	-	9,301	-	-	-	-	-	-	-
Financial administration	1,567,779	-	-	-	-	-	-	-	-	-
Public safety	16,930,362	-	-	-	-	-	-	-	-	-
Public works	3,155,198	-	-	-	-	-	-	-	-	-
Parks and recreation	1,495,082	-	-	112,761	-	370,165	8,730	17,967	4,087	-
Planning, engineering and inspection	1,215,520	-	-	-	-	-	-	-	-	-
Library	-	1,109,452	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-
Town-wide	673,103	-	-	-	-	-	-	-	-	-
Other	3,429,194	-	-	-	-	-	-	-	-	-
Total expenditures	31,144,687	1,109,452	9,301	112,761	-	370,165	8,730	17,967	4,087	-
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	34,147,430	(981,562)	(8,430)	(10,426)	7,121	(23,991)	(7,050)	48,474	(3,946)	37
Other financing sources (uses):										
Lease (as lessor)	217,418	-	-	-	-	-	-	-	-	-
Transfers in	77,670	1,126,729	12,000	25,000	-	50,000	-	-	10,000	-
Transfers out	(34,687,785)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(34,392,697)	1,126,729	12,000	25,000	-	50,000	-	-	10,000	-
Net change in fund balances	(245,267)	145,167	3,570	14,574	7,121	26,009	(7,050)	48,474	6,054	37
Fund balances - beginning of year	16,027,456	544,006	29,463	90,439	98,779	210,295	70,580	273,960	4,401	1,444
Fund balances - end of year	\$ 15,782,189	\$ 689,173	\$ 33,033	\$ 105,013	\$ 105,900	\$ 236,304	\$ 63,530	\$ 322,434	\$ 10,455	\$ 1,481

(Continued)

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Continued)
General Fund
For the Fiscal Year Ended June 30, 2023

	<i>Earle Water Tank</i>	<i>Rental Registration</i>	<i>Tipping Fees</i>	<i>Pier Market</i>	<i>Total Town</i>	<i>School Unrestricted</i>	<i>Athletic Gate Receipts</i>	<i>Total School</i>	<i>Interfund Elimination Entries</i>	<i>Total General Fund</i>
Revenues:										
General property taxes and payments in lieu of taxes	\$ -	\$ -	\$ -	\$ -	\$ 56,793,575	\$ -	\$ -	\$ -	\$ -	\$ 56,793,575
State and federal aid	-	-	-	-	4,331,263	3,759,758	-	3,759,758	-	8,091,021
Charges for services	-	212,510	-	-	4,811,327	2,409,502	15,781	2,425,283	-	7,236,610
Operating grants and contributions	-	-	-	-	66,079	-	-	-	-	66,079
Investment and interest income	3	547	2,282	-	144,207	-	-	-	-	144,207
Other revenues	-	-	-	63,574	77,272	73,505	-	73,505	-	150,777
Total revenues	3	213,057	2,282	63,574	66,223,723	6,242,765	15,781	6,258,546	-	72,482,269
Expenditures:										
<i>Current:</i>										
General government	-	168,575	-	94,678	2,951,003	-	-	-	-	2,951,003
Financial administration	-	-	-	-	1,567,779	-	-	-	-	1,567,779
Public safety	-	-	-	-	16,930,362	-	-	-	-	16,930,362
Public works	-	-	250	-	3,155,448	-	-	-	-	3,155,448
Parks and recreation	-	-	-	-	2,008,792	-	-	-	-	2,008,792
Planning, engineering and inspection	-	-	-	-	1,215,520	-	-	-	-	1,215,520
Library	-	-	-	-	1,109,452	-	-	-	-	1,109,452
Education	-	-	-	-	-	31,615,455	25,562	31,641,017	-	31,641,017
Town-wide	-	-	-	-	673,103	-	-	-	-	673,103
Other	-	-	-	-	3,429,194	-	-	-	-	3,429,194
Total expenditures	-	168,575	250	94,678	33,040,653	31,615,455	25,562	31,641,017	-	64,681,670
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	3	44,482	2,032	(31,104)	33,183,070	(25,372,690)	(9,781)	(25,382,471)	-	7,800,599
Other financing sources (uses):										
Lease (as lessor)	-	-	-	-	217,418	-	-	-	-	217,418
Transfers in	-	-	-	-	1,301,399	27,610,788	-	27,610,788	(28,912,187)	-
Transfers out	-	(77,670)	-	-	(34,765,455)	(1,100,000)	-	(1,100,000)	28,912,187	(6,953,268)
Total other financing sources (uses)	-	(77,670)	-	-	(33,246,638)	26,510,788	-	26,510,788	-	(6,735,850)
Net change in fund balances	3	(33,188)	2,032	(31,104)	(63,568)	1,138,098	(9,781)	1,128,317	-	1,064,749
Fund balances - beginning of year	91	2,375	71,420	(117,280)	17,307,429	8,815,705	18,672	8,834,377	-	26,141,806
Fund balances - end of year	\$ 94	\$ (30,813)	\$ 73,452	\$ (148,384)	\$ 17,243,861	\$ 9,953,803	\$ 8,891	\$ 9,962,694	\$ -	\$ 27,206,555

TOWN OF NARRAGANSETT, RHODE ISLAND
Schedule of Assets, Liabilities and Fund Balance
School Unrestricted Fund
June 30, 2023

ASSETS

Cash	\$ 125
Due from federal and state governments	4,441
Other receivables	253,996
Due from other funds	13,454,993
Prepaid expenditures	110,151
Total assets	<u>\$ 13,823,706</u>

LIABILITIES AND FUND BALANCES

Liabilities

Accounts payable and accrued expenditures	\$ 675,885
Due to other funds	3,181,393
Unearned revenue	12,625
Total liabilities	<u>3,869,903</u>

Fund balances

Nonspendable:	
Prepaid expenditures	110,151
Restricted for:	
Education	9,843,652
Total fund balances	<u>9,953,803</u>

Total liabilities and fund balances	<u>\$ 13,823,706</u>
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TOWN OF NARRAGANSETT, RHODE ISLAND
Schedule of Revenues, Expenditures and Changes in Fund Balance
School Unrestricted Fund
For the Fiscal Year Ended June 30, 2023

REVENUES

Town appropriation	\$ 27,610,788
State aid	3,759,758
Charges for services	2,409,502
Other revenues	73,505
Total revenues	<u>33,853,553</u>

EXPENDITURES

Education	31,615,455
Total expenditures	<u>31,615,455</u>

Excess of revenues over expenditures before other financing uses	<u>2,238,098</u>
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Other financing uses:

Transfers out	(1,100,000)
Total other financing uses	<u>(1,100,000)</u>

Net change in fund balances	1,138,098
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Fund balances - beginning of year	<u>8,815,705</u>
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Fund balances - end of year	<u>\$ 9,953,803</u>
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TOWN OF NARRAGANSETT, RHODE ISLAND
Schedule of Revenues and Expenditures - Budget and Actual
School Department Operating Budget
For the Fiscal Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Town appropriation	\$ 27,610,788	\$ 27,610,788	\$ 27,610,788	\$ -
State aid	2,186,272	2,271,278	2,271,229	(49)
Charges for services	1,450,000	1,450,000	2,399,880	949,880
Other revenues	15,000	15,000	83,127	68,127
Re-appropriated fund balance	3,397,269	3,312,263	-	(3,312,263)
Total revenues	<u>34,659,329</u>	<u>34,659,329</u>	<u>32,365,024</u>	<u>(2,294,305)</u>
Expenditures				
Salaries	18,193,676	18,402,617	17,676,286	726,331
Employee benefits	8,884,403	9,229,600	8,234,932	994,668
Purchased services	4,018,717	4,071,949	2,646,348	1,425,601
Supplies and materials	1,317,788	1,294,922	1,137,714	157,208
Capital outlay	468,870	458,639	385,589	73,050
Other costs	80,330	71,602	46,057	25,545
Total expenditures	<u>32,963,784</u>	<u>33,529,329</u>	<u>30,126,926</u>	<u>3,402,403</u>
Excess of revenues over expenditures before other financing uses	<u>1,695,545</u>	<u>1,130,000</u>	<u>2,238,098</u>	<u>1,108,098</u>
Other financing uses				
Transfers out	(1,695,545)	(1,130,000)	(1,100,000)	30,000
Total other financing uses	<u>(1,695,545)</u>	<u>(1,130,000)</u>	<u>(1,100,000)</u>	<u>30,000</u>
Net change in fund balance (budgetary basis)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,138,098</u>	<u>\$ 1,138,098</u>

TOWN OF NARRAGANSETT, RHODE ISLAND
Schedule of Unrestricted Fund - Fund Balance
Restricted for Education Programs
June 30, 2023

Restricted for Education:

School Committee designation for use in subsequent year budget	\$ 4,584,877
Undesignated	<u>5,258,775</u>
Total	<u><u>\$ 9,843,652</u></u>

OTHER SUPPLEMENTARY INFORMATION

The Annual Supplemental Transparency Report Schedules
required by the State of Rhode Island General Law § 45-12-22.2 and § 44-35-10

Annual Supplemental Transparency Report (MTP2) - Revenue

Annual Supplemental Transparency Report (MTP2) – Expenditures

Combining Schedule of Reportable Government Services with Reconciliation to MTP2 – Municipal

Combining Schedule of Reportable Government Services with Reconciliation to MTP2 – Education Department

Notes to Supplementary Information – Annual Supplemental Transparency Report (MTP2)

Town of Narragansett
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2023

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 55,880,746	\$ -
Last Year's Levy Tax Collection	126,566	-
Prior Years Property Tax Collection	47,022	-
Interest & Penalty	214,376	-
PILOT & Tax Treaty (excluded from levy) Collection	524,865	-
Other Local Property Taxes	-	-
Licenses and Permits	482,809	-
Fines and Forfeitures	456,844	-
Investment Income	975,566	-
Departmental	2,287,989	-
Rescue Run Revenue	606,232	-
Police & Fire Detail	288,668	-
Other Local Non-Property Tax Revenues	779	-
Tuition	-	2,238,464
Impact Aid	-	-
Medicaid	-	161,416
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	160,072
CDBG	-	-
COPS Grants	-	-
SAFER Grants	880,230	-
Other Federal Aid Funds	88,830	854,442
COVID - ESSER	-	529,296
COVID - CRF	-	-
COVID - CDBG	-	-
COVID - FEMA	-	-
COVID - Other	-	-
COVID - ARPA	238,806	46,190
MV Excise Tax Reimbursement	-	-
State PILOT Program	-	-
Distressed Community Relief Fund	-	-
Library Resource Aid	104,593	-
Library Construction Aid	-	-
Public Service Corporation Tax	195,606	-
Meals & Beverage Tax / Hotel Tax	1,251,721	-
LEA Aid	-	2,271,229
Group Home	-	-
Housing Aid Capital Projects	-	4,258
Housing Aid Bonded Debt	454,459	-
State Food Service Revenue	-	5,719
Incentive Aid	-	-
Property Revaluation Reimbursement	35,100	-
Other State Revenue	245,812	164,769
Motor Vehicle Phase Out	1,955,140	-
Other Revenue	-	602,984
Local Appropriation for Education	-	27,610,788
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	-
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
Total Revenue	<u><u>\$ 67,342,759</u></u>	<u><u>\$ 34,649,625</u></u>
Financing Sources: Transfer from Capital Funds	\$ -	\$ -
Financing Sources: Transfer from Other Funds	-	-
Financing Sources: Debt Proceeds	-	-
Financing Sources: Other	217,418	-
Rounding	-	-
Total Other Financing Sources	<u><u>\$ 217,418</u></u>	<u><u>\$ -</u></u>

Town of Narragansett
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2023

EXPENDITURES	General		Social	Centralized	Planning	Libraries	Public Works	Parks and Rec	Police Department
	Government	Finance	Services	IT					
Compensation- Group A	\$ 860,505	\$ 840,649	\$ 94,281	\$ 239,530	\$ 439,940	\$ 483,031	\$ 1,362,005	\$ 807,387	\$ 3,936,649
Compensation - Group B	-	-	-	-	-	-	-	-	225,958
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	10,708	1,138	41	6,543	9,509	9,365	68,972	15,584	601,365
Overtime - Group B	-	-	-	-	-	-	-	-	3,600
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	227,719
Active Medical Insurance - Group A	441,250	154,657	21,229	21,440	106,883	76,216	282,537	103,720	487,083
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	80,325
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	5,670	4,587	856	875	3,770	2,070	11,073	4,322	16,637
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	3,549
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	68,167	66,144	6,793	18,398	34,025	36,617	105,496	62,733	380,375
Life Insurance	3,591	3,673	306	918	1,910	1,504	5,920	2,878	12,789
State Defined Contribution- Group A	-	-	-	-	-	-	-	-	-
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	-
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	36,892	-	-	-	15,060	-	1,604	-	51,217
Other Benefits- Group B	-	-	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	257,204	331,520	20,543	94,645	154,806	141,831	510,497	203,002	2,024,617
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	78,650
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	99,172	-	-	-	-	-	-	-	-
Purchased Services	598,472	42,539	21,990	22,524	45,639	28,043	30,877	72,475	85,490
Materials/Supplies	77,064	58,202	11,202	8,338	35,471	159,327	66,729	184,011	135,976
Software Licenses	-	27,900	750	338,618	3,631	-	5,374	2,543	2,253
Capital Outlays	-	-	-	-	-	-	98,503	21,875	217,418
Insurance	313,014	-	-	-	-	-	-	-	-
Maintenance	-	-	5,565	-	-	11,773	29,029	103,962	12,874
Vehicle Operations	-	-	-	-	-	-	424,278	27,339	94,444
Utilities	33,352	1,671	19,638	329	2,162	34,170	430,980	117,748	105,573
Contingency	31,647	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	21,186	-	-
Revaluation	-	35,100	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	14,732	-	-
Trash Removal & Recycling	-	-	-	-	-	-	48,118	-	-
Claims & Settlements	85,243	-	-	-	-	-	-	-	-
Community Support	195,660	-	-	-	-	-	-	-	-
Other Operation Expenditures	-	-	-	-	-	30,085	-	76,021	-
Tipping Fees	-	-	-	-	-	-	-	-	-
Local Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	-	-	-	-	-
Municipal Debt- Interest	-	-	-	-	-	-	-	-	-
School Debt- Principal	-	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 3,117,611	\$ 1,567,780	\$ 203,194	\$ 752,158	\$ 852,806	\$ 1,014,032	\$ 3,517,910	\$ 1,805,600	\$ 8,784,561

Town of Narragansett
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2023

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal	Education Department
Compensation- Group A	\$ 3,442,498	\$ 614,878	\$ 124,489	\$ -	\$ -	\$ -	\$ 13,245,842	\$ 12,997,011
Compensation - Group B	53,599	-	-	-	-	-	279,557	2,079,094
Compensation - Group C	-	-	-	-	-	-	-	3,459,531
Compensation -Volunteer	-	-	-	-	-	-	-	-
Overtime- Group A	677,346	113,389	6,693	-	-	-	1,520,653	-
Overtime - Group B	336	-	-	-	-	-	3,936	-
Overtime - Group C	-	-	-	-	-	-	-	17,080
Police & Fire Detail	-	-	-	-	-	-	227,719	-
Active Medical Insurance - Group A	623,890	100,127	19,151	-	-	-	2,438,183	1,763,541
Active Medical Insurance- Group B	7,426	-	-	-	-	-	87,751	251,401
Active Medical Insurance- Group C	-	-	-	-	-	-	-	634,874
Active Dental insurance- Group A	20,096	3,764	771	-	-	-	74,491	118,430
Active Dental Insurance- Group B	292	-	-	-	-	-	3,841	13,710
Active Dental Insurance- Group C	-	-	-	-	-	-	-	43,807
Payroll Taxes	318,448	54,435	9,655	-	-	-	1,161,286	1,398,117
Life Insurance	13,503	2,766	276	-	-	-	50,034	59,792
State Defined Contribution- Group A	-	-	-	-	-	-	-	69,735
State Defined Contribution - Group B	-	-	-	-	-	-	-	7,416
State Defined Contribution - Group C	-	-	-	-	-	-	-	-
Other Benefits- Group A	45,308	-	-	-	-	-	150,081	70,532
Other Benefits- Group B	-	-	-	-	-	-	-	6,861
Other Benefits- Group C	-	-	-	-	-	-	-	43,699
Local Defined Benefit Pension- Group A	1,981,197	220,153	23,839	-	-	-	5,963,854	-
Local Defined Benefit Pension - Group B	31,332	-	-	-	-	-	109,982	215,945
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	1,219,752
State Defined Benefit Pension- Group A	-	-	-	-	-	-	-	1,862,111
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	227,055
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	99,172	-
Purchased Services	56,985	-	70,960	-	-	-	1,075,994	2,657,409
Materials/Supplies	135,196	6,329	28,334	-	-	-	906,179	528,718
Software Licenses	29,188	-	-	-	-	-	410,257	43,980
Capital Outlays	-	-	-	-	-	-	337,796	2,057,803
Insurance	-	-	-	-	-	-	313,014	253,836
Maintenance	82,599	-	2,675	-	-	-	248,477	212,889
Vehicle Operations	63,687	-	-	-	-	-	609,748	252,764
Utilities	39,361	-	1,056	-	-	-	786,040	593,804
Contingency	-	-	-	-	-	-	31,647	-
Street Lighting	-	-	-	-	-	-	21,186	-
Revaluation	-	-	-	-	-	-	35,100	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	14,732	-
Trash Removal & Recycling	-	-	-	-	-	-	48,118	-
Claims & Settlements	-	-	-	-	-	-	85,243	-
Community Support	-	-	-	-	-	-	195,660	-
Other Operation Expenditures	-	-	-	-	-	-	106,106	365,510
Tipping Fees	-	-	-	-	-	-	-	-
Local Appropriation for Education	-	-	-	27,610,788	-	-	27,610,788	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	1,359,923	-	1,359,923	-
Municipal Debt- Interest	-	-	-	-	592,515	-	592,515	-
School Debt- Principal	-	-	-	-	1,200,000	-	1,200,000	-
School Debt- Interest	-	-	-	-	435,238	-	435,238	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	3,413,972	3,413,972	565,545
Rounding	-	-	-	-	-	-	-	-
Total Expenditures	\$ 7,622,287	\$ 1,115,841	\$ 287,899	\$ 27,610,788	\$ 3,587,676	\$ 3,413,972	\$ 65,254,115	\$ 34,091,752

Financing Uses: Transfer to Capital Funds	\$ 2,210,500	\$ -
Financing Uses: Transfer to Other Funds	75,000	-
Financing Uses: Payment to Bond Escrow Agent	-	-
Financing Uses: Other	-	-
Total Other Financing Uses	\$ 2,285,500	\$ -
Net Change in Fund Balance¹	20,562	557,873
Fund Balance1- beginning of year	\$17,522,316	\$12,450,900
Funds removed from Reportable Government Services (RGS)	-	-
Funds added to Reportable Government Services (RGS)	-	-
Prior period adjustments	-	-
Misc. Adjustment	-	-
Fund Balance¹ - beginning of year adjusted	17,522,316	12,450,900
Rounding	-	-
Fund Balance¹ - end of year	\$ 17,542,878	\$ 13,008,773

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

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

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
Fund Balance¹ - per MTP-2 at June 30, 2022 adjusted						\$ 17,522,316	-	\$ 17,522,316	
<i>No funds removed from RGS for fiscal 2022</i>						-	-	-	
<i>No funds added to RGS for Fiscal 2022</i>						-	-	-	
<i>No misc. adjustments made for fiscal 2022</i>						-	-	-	
Fund Balance¹ - per MTP-2 at June 30, 2023 adjusted						<u>\$ 17,522,316</u>	<u>-</u>	<u>\$ 17,522,316</u>	
General Fund	\$ 72,482,269	\$ 217,418	\$ 64,681,670	\$ 6,953,268	\$ 1,064,749	\$ 26,141,806	\$ -	\$ 26,141,806	\$ 27,206,555
Debt Service Fund	-	3,567,768	3,588,676	-	(20,908)	206,457	-	206,457	185,549
SAFER	880,230	-	880,230	-	-	-	-	-	-
American Rescue Plan Act Fund	238,806	-	133,768	-	105,038	8,430	-	8,430	113,468
Totals per audited financial statements	<u>\$ 73,601,305</u>	<u>\$ 3,785,186</u>	<u>\$ 69,284,344</u>	<u>\$ 6,953,268</u>	<u>\$ 1,148,879</u>	<u>\$ 26,356,693</u>	<u>\$ -</u>	<u>\$ 26,356,693</u>	<u>\$ 27,505,572</u>
Reconciliation from financial statements to MTP2									
Reverse elimination entry from combining School Unrestricted Fund with Town's General Fund	\$ -	\$ 27,610,788	\$ -	\$ 27,610,788	\$ -	\$ -	\$ -	\$ -	\$ -
Remove School Unrestricted Fund/Athletic Receipts from General Fund	(6,258,546)	(27,610,788)	(31,641,017)	(1,100,000)	(1,128,317)	(8,834,377)	-	(8,834,377)	(9,962,694)
Reclassify transfer of municipal appropriation to Education Department as expenditure on MTP2	-	-	27,610,788	(27,610,788)	-	-	-	-	-
Elimination of municipal appropriation for Debt	-	(3,567,768)	-	(3,567,768)	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 67,342,759</u>	<u>\$ 217,418</u>	<u>\$ 65,254,115</u>	<u>\$ 2,285,500</u>	<u>\$ 20,562</u>	<u>\$17,522,316</u>	<u>\$ -</u>	<u>\$17,522,316</u>	<u>\$ 17,542,878</u>

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

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
Fund Balance¹ - per MTP-2 at June 30, 2022 adjusted <i>No misc. adjustments made for fiscal 2022</i>						\$ 12,450,900	-	\$ 12,450,900	
Fund Balance¹ - per MTP-2 at June 30, 2023 adjusted						<u>\$ 12,450,900</u>	-	<u>\$ 12,450,900</u>	
School Unrestricted Fund	\$ 6,242,765	\$ 27,610,788	\$ 31,615,455	\$ 1,100,000	\$ 1,138,098	\$ 8,815,705	-	\$ 8,815,705	\$ 9,953,803
School Special Revenue Funds - Restricted	1,895,887	-	1,876,917	-	18,970	320,477	-	320,477	339,447
School Special Revenue Funds - Food Service Fund	368,675	-	385,850	-	(17,175)	280,218	-	280,218	263,043
School Athletic Fund	15,781	-	25,562	-	(9,781)	18,672	-	18,672	8,891
School Athletic Complex Fund	-	-	-	-	-	329	-	329	329
School Capital Project Fund	4,258	1,100,000	1,676,497	-	(572,239)	3,015,499	-	3,015,499	2,443,260
Totals per audited financial statements	<u>\$ 8,527,366</u>	<u>\$ 28,710,788</u>	<u>\$ 35,580,281</u>	<u>\$ 1,100,000</u>	<u>\$ 557,873</u>	<u>\$ 12,450,900</u>	<u>\$ -</u>	<u>\$ 12,450,900</u>	<u>\$ 13,008,773</u>

Reconciliation from financial statements to MTP2

Municipal appropriation for Education reported as a transfer on financial statements but a revenue on MTP2	\$ 27,610,788	\$ (27,610,788)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State contributions on behalf of teacher pensions are reported as revenue and expenditures on financial statements only	(1,488,529)	-	(1,488,529)	-	-	-	-	-	-
Transfer of unrestricted fund balance to capital projects fund	-	(1,100,000)	-	(1,100,000)	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 34,649,625</u>	<u>\$ -</u>	<u>\$ 34,091,752</u>	<u>\$ -</u>	<u>\$ 557,873</u>	<u>\$ 12,450,900</u>	<u>\$ -</u>	<u>\$ 12,450,900</u>	<u>\$ 13,008,773</u>

Reconciliation from MTP2 to UCOA

Miscellaneous variance between MTP2 and UCOA	<u>\$ (3)</u>	<u>\$ (4)</u>
Totals per UCOA Validated Totals Report 1/23/24	<u>\$ 34,649,622</u>	<u>\$ 34,091,748</u>

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

Town of Narragansett, Rhode Island
Reportable Government Services with
MTP2 Notes
Fiscal Year Ended June 30, 2023

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

NOTE 1. Basis of Presentation

The *Annual Supplemental Transparency Report (MTP2)* is a supplemental schedule required by the State of Rhode Island General Laws 45-12-22.2 and 44-35-10. This supplementary schedule included within the annual financial statements 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 Town's budget and accounting system. To report these costs, the Town made allocations of costs to the State's departmental groupings based on a reasonable basis.

NOTE 4. Employee Groups - Compensation and Benefit Costs

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/>.



CERTIFIED PUBLIC ACCOUNTANTS

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***REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS***

Independent Auditor's Report

To the Honorable President and Members of the Town Council
Town of Narragansett, Rhode Island

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Narragansett, Rhode Island, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Narragansett, Rhode Island's basic financial statements, and have issued our report thereon dated February 5, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Narragansett, Rhode Island's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Narragansett, Rhode Island's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Narragansett, Rhode Island's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Narragansett, Rhode Island's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bacon & Company CPAs, LLC

Warwick, Rhode Island
February 5, 2024

APPENDIX C

PROPOSED FORM OF LEGAL OPINION FOR BONDS

TAFT & McSALLY LLP
ATTORNEYS AT LAW
21 GARDEN CITY DRIVE
CRANSTON, RI 02920-5703

Tel. No. (401) 946-3800
Fax No. (401) 943-8859

[Date of Closing]

Town of Narragansett
25 Fifth Avenue
Narragansett, RI 02882

Re: Town of Narragansett, Rhode Island
\$5,000,000* General Obligation Bonds, Series 2024 A

We have examined a record of proceedings relating to the issue of \$5,000,000* General Obligation Bonds dated the date of delivery (the "Bonds") by the Town of Narragansett, Rhode Island.

The Bonds maturing on or prior to June 15, 2034 are not subject to redemption prior to their stated dates of maturity. The Bonds maturing on or after June 15, 2035 are subject to redemption prior to their stated dates of maturity at the option of the Town, on or after June 15, 2034, either in whole or in part at any time (by lot by DTC), in any order of maturity designated by the Town, upon the terms and conditions and at the respective prices stated in such Bonds.

The Bonds are issued as fully registered bonds without coupon, and are registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. The Depository Trust Company will act as securities depository of the Bonds. Individual purchases of Bonds will be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds and we express no opinion relating thereto.

As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

* Preliminary, subject to change

On the basis of this examination we are of opinion, as of the date hereof and under existing law:

(1) The Bonds are valid general obligations of the Town of Narragansett and all taxable property in the Town is subject to ad valorem taxation without limitation as to rate or amount to pay the Bonds and the interest thereon.

(2) The interest on the Bonds is exempt from Rhode Island income taxes although the although income from the Bonds may be included in the measure of Rhode Island estate taxes and certain Rhode Island corporate and business taxes. We express no opinion regarding any other Rhode Island tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Rhode Island.

(3) Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. Interest on the Bonds will not be included in computing the alternative minimum taxable income of individuals. However, interest on the Bonds will be included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Internal Revenue Code of 1986, as amended (the "Code"). In rendering the opinions set forth in this paragraph, we have assumed compliance by the Town with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Town has covenanted to comply with all such requirements. Failure by the Town to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

This opinion is given as of the date hereof and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or interpretation thereof, that may hereafter arise or occur, or for any other reason.

Very truly yours,

APPENDIX D

PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE

**PROPOSED FORM OF
CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Town of Narragansett, Rhode Island (the “Issuer”) in connection with the issuance of its \$5,000,000* Town of Narragansett, Rhode Island General Obligation Bonds Series 2024 A dated the date of delivery (the “Bonds”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 2. Definitions. For purposes of this Disclosure Certificate the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board as established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate. Filing information relating to the MSRB is set forth in Exhibit A attached hereto.

“Owners of the Bonds” shall mean the registered owners, including beneficial owners, of the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, not later than nine (9) months after the end of each fiscal year, commencing with the fiscal year ending June 30, 2024, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual

*Preliminary, subject to change

Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted when available separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB, in substantially the form attached as Exhibit B.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report described in Section 1 shall contain or incorporate by reference the following:

(a) quantitative information for the preceding fiscal year of the type presented in the Issuer's Official Statement dated June __, 2024 relating to the Bonds regarding (i) the revenues and expenditures of the Issuer relating to its operating budget, (ii) capital expenditures, (iii) fund balances, (iv) property tax information, (v) outstanding indebtedness and overlapping debt of the Issuer, (vi) pension obligations of the Issuer, and (vii) other post-employment benefits liability of the Issuer, and

(b) the most recently available audited financial statements of the Issuer, prepared in accordance with generally accepted accounting principles. If audited financial statements for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year and audited financial statements for such fiscal year shall be submitted when available.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which (i) are available to the public on the MSRB internet website or (ii) have been filed with the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) The Issuer shall give notice, in accordance with the provisions of this Section 5, of the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
7. Modifications to rights of the Owners of the Bonds, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the Bonds, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Issuer.*
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
15. Incurrence of a financial obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or similar terms of a financial obligation of the Issue, any of which affects Owners of the Bonds, if material.#

* As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

For the purposes of event number 15 and 16 in Section 5(a) of this Disclosure Certificate, the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” excludes municipal securities for which a final official statement has been provided to the MSRB consistent with the Rule.

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.[#]

(b) Upon the occurrence of a Listed Event, the Issuer shall in a timely manner not in excess of ten (10) business days after the occurrence of the event, file a notice of such occurrence with the MSRB.

SECTION 6. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance in accordance with the terms of the Bonds or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is permitted by the Rule, as evidenced by an opinion of counsel expert in federal securities law (which may include bond counsel to the Issuer), to the effect that such amendment or waiver would not cause the Disclosure Certificate to violate the Rule. The first Annual Report filed after enactment of any amendment to or waiver of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in the Annual Report.

If the amendment provides for a change in the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

SECTION 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Owner of the Bonds may seek a court order for specific performance by the Issuer of its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not constitute a default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply

with this Disclosure Certificate shall be an action for specific performance of the Issuer's obligations hereunder and not for money damages in any amount.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Owners of the Bonds from time to time, and shall create no rights in any other person or entity.

Date: June __, 2024

TOWN OF NARRAGANSETT,
RHODE ISLAND

By: _____
Finance Director & Town Treasurer

EXHIBIT A

Filing information relating to the Municipal Securities Rulemaking Board is as follows:

Municipal Securities Rulemaking Board
<http://emma.msrb.org>

EXHIBIT B

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Town of Narragansett, Rhode Island
Name of Issue: \$5,000,000* Town of Narragansett, Rhode Island General Obligation
Bonds, Series 2024 A dated June __, 2024
Date of Issuance: June __, 2024

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate of the Issuer dated June __, 2024. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

TOWN OF NARRAGANSETT,
RHODE ISLAND

By _____