

TOWN OF NEW SHOREHAM, RHODE ISLAND

FINANCIAL REPORT

For the Year Ended June 30, 2023



Prepared by: Finance Department
Amy Lewis Land, Finance Director

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TOWN OF NEW SHOREHAM

Introductory Section

- Table of Contents
- List of Town Officials

TOWN OF NEW SHOREHAM, RHODE ISLAND

For the Year Ended June 30, 2023

Table of Contents

Introductory Section.....

 List Of Town Officialsi

Financial Section

Independent Auditors’ Report..... 1

 Management Discussion & Analysis (MD&A) (Unaudited)..... 5

 Basic Financial Statements 15

Government-Wide Financial Statements..... 15

 Statement of Net Position 15

 Statement of Activities..... 17

Governmental Funds..... 19

 Balance Sheet..... 19

 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position..... 20

 Statement of Revenues, Expenditures and Changes in Fund Balances..... 21

 Reconciliation of the Governmental Funds Statements of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities 22

Proprietary Funds..... 23

 Statement of Net Position 23

 Statement of Revenues, Expenses and Changes in Net Position 25

 Statement of Cash Flows..... 26

Fiduciary Funds..... 28

 Statement of Fiduciary Net Position 28

 Statement of Changes in Fiduciary Net Position 29

 Notes to the Financial Statements 30

Required Supplementary Information (Unaudited)

 Budgetary Comparison Schedule - General Fund..... 82

 Notes to the Required Supplementary Information - Budgetary Comparison 83

 Budgetary Comparison – School Unrestricted..... 86

 Notes to the Required Supplementary Information Budgetary Comparison 87

 Employees’ Retirement System 88

 Schedule of Changes in Net Pension Liability and Related Ratios..... 88

 Schedule of Contributions..... 89

 Municipal Employees’ Retirement System – General Employees 90

 Schedule of Net Pension Liability and Related Ratios 90

TOWN OF NEW SHOREHAM, RHODE ISLAND

For the Year Ended June 30, 2023

Schedule of Contributions.....	91
Municipal Employees’ Retirement System – Police Department System	92
Schedule of Changes to Net Pension Liability and Related Ratios.....	92
Schedule of Contributions.....	93
Notes to the General & Police Pension Plans	94
Other Post-Employment Benefits (OPEB)	97
Schedule of Changes in the Town’s Net OPEB Liability and Related Ratios	97
Schedule of Contributions.....	99
Actuarial Method and Assumptions.....	100
<i>Supplementary Information</i>	
Budgetary Comparison Schedule – Sewer Enterprise Fund	101
Budgetary Comparison Schedule – Water Enterprise Fund	102
Nonmajor Governmental Funds.....	104
Combining Balance Sheet.....	104
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	105
Special Revenue Funds.....	106
Combining Balance Sheet.....	106
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	107
Capital Project Funds.....	108
Combining Balance Sheet.....	108
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	109
Permanent Funds.....	110
Combining Balance Sheet.....	110
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	111
School Department Funds.....	112
Combining Balance Sheet.....	112
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	113
School Department Restricted Special Revenue Funds	114
Combining Balance Sheet.....	114
Combining Statement of Revenues Expenditures and Changes in Fund Balance	117
School Department Restricted Capital Project Funds	120
Combining Balance Sheet.....	120
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	121
Tax Collector’s Annual Report.....	122

TOWN OF NEW SHOREHAM, RHODE ISLAND

For the Year Ended June 30, 2023

<i>Other Supplementary Information</i>	
Annual Supplemental Transparency Report (MTP2)	124
Notes to Annual Supplemental Transparency Report (MTP2)	129
<i>Independent Auditors' 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</i>	131

TOWN OF NEW SHOREHAM, RHODE ISLAND

List Of Town Officials

For The Year Ended June 30, 2023

TOWN COUNCIL

First Warden Keith Stover

Second Warden Sven Risom

Councilor Martha Ball

Councilor Neal Murphy

Councilor Margaret O'Neill

TOWN MANAGER

Maryanne Crawford

TOWN CLERK

Millicent McGinnes Hight, MMC

FINANCE DIRECTOR

Amy Lewis Land

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TOWN OF NEW SHOREHAM

Financial Section

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Notes to the Basic Financial Statements
- Required Supplementary Information
- Other Supplementary Information

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Independent Auditors' Report

The Honorable President and
Members of the Town Council
Town of New Shoreham, Rhode Island

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of New Shoreham, 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 New Shoreham, Rhode Island basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of New Shoreham, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of New Shoreham, 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.

Emphasis of Matters

As discussed in Note 1 during the fiscal year 2023 the Town of New Shoreham adopted new accounting guidance Governmental Accounting Standards Board Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA). Our opinion is not modified with respect to this matter.

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 New Shoreham, 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 generally accepted auditing standards 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 generally accepted auditing standards 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 New Shoreham, 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 New Shoreham, 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 pension and OPEB disclosures listed in the table of contents 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 New Shoreham, Rhode Island's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, tax collector's annual report and annual supplemental transparency portal (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 and individual nonmajor fund financial statements, tax collector's annual report, and annual supplemental transparency portal (MTP2) and other supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2023, on our consideration of the Town of New Shoreham, 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 New Shoreham, 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 New Shoreham, Rhode Island's internal control over financial reporting and compliance.

Hague, Sahady & Co., CPAs, P.C.

Fall River, Massachusetts
December 28, 2023

Town of New Shoreham, Rhode Island
Management Discussion and Analysis
For the year ended June 30, 2023
(Unaudited)

The management of the Town of New Shoreham, Rhode Island (herein, the Town), offers readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information found within the financial statements.

The Governmental Accounting Standards Board (GASB) is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with generally accepted accounting principles (GAAP). Users of these financial statements (such as investors and rating agencies) rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users (including citizens, the media, legislators and others) can assess the financial condition of one government compared to others.

Financial Highlights

The assets plus deferred outflows of resources of the Town exceeded liabilities and deferred inflows of resources at June 30, 2023 by \$41,221,557 (net position). Net position includes \$41,147,242 net investment in capital assets; \$4,684,358 of restricted net position; and (\$4,610,043) of unrestricted net position that may be used to meet the Town's ongoing obligations to citizens and creditors. Total assets plus deferred outflows were \$84,316,548 and total liabilities plus deferred inflows were \$43,094,991 at June 30, 2023. The Town's total net position increased by \$555,722 in FY 2023.

As of June 30, 2023, the Town's governmental funds reported combined ending fund balances of (\$1,086,265) a decrease of \$5,780,346 from the prior year, primarily due to the capital project broadband fund.

As of June 30, 2023, the unassigned fund balance for the General Fund was \$3,610,726 or approximately 21% of total budgeted 2023 General Fund expenditures and other financial uses of \$17,750,636. This amount is available for spending at the Town's discretion.

As of June 30, 2023, the total combined ending net position for the enterprise fund was \$11,452,470; of which \$4,582,666 was classified as unrestricted.

Overview of the Financial Statements

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

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

In addition to the basic financial statements, this report also contains other supplementary information. The Town's basic financial statements and other supplementary financial information provide information about all of the Town's activities. They provide both a short-term and a long-term view of the Town's financial health as well as information about activities for which the Town acts solely as a trustee for the benefit of those outside of the Town's government.

Town of New Shoreham, Rhode Island
Management Discussion and Analysis
For the year ended June 30, 2023
(Unaudited)

Government-wide financial statements - are designed to provide readers with a broad overview of the Town's finances in a manner, which is similar to a private-sector business. They are presented on the accrual basis of accounting where revenues and expenses are recognized on the date they occurred rather than on the date they were collected or paid.

The *Statement of Net Position* 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. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *Statement of Activities* presents information which shows how the Town's net position changed during the fiscal year. All changes in net position are reported when 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 the future fiscal periods. Examples are uncollected taxes and earned but unused compensated absences.

Both government-wide financial statements distinguish functions of the Town, which are 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 Town's Governmental Activities include general government and administration, public safety, public works, development services, cultural and recreational services. The Town's Business-Type Activities include the Water Fund and Sewer Fund.

The government-wide financial statements are reported on pages 15 through 18.

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 can be divided into three categories - governmental funds, proprietary funds and fiduciary funds.

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

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

Town of New Shoreham, Rhode Island
Management Discussion and Analysis
For the year ended June 30, 2023
(Unaudited)

Overview of the Financial Statements (continued)

The Town maintains twenty-one individual governmental funds and one component unit fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, School Department and Broadband Fund, which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. The individual Component Unit fund has been separately presented.

The basic governmental fund financial statements can be found on pages 19 through 22.

The Town adopts an annual budget for its general fund and school unrestricted fund. A budgetary comparison statement has been provided to demonstrate compliance with the budget.

Proprietary Funds - are used to account for business-like activities provided to the general public (enterprise funds) or within the government (internal service funds). These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. Both of the Town's enterprise funds, Sewer Fund and Water Fund, are major funds. The Town has no internal service funds.

The basic proprietary fund financial statements can be found on pages indicated on the table of contents of this report.

The Town adopts an annual budget for its Sewer and Water funds. Budgetary comparison statements have been provided to demonstrate compliance with those budgets.

The basic proprietary fund financial statements are presented on pages 23 through 27.

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 statement because 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 School OPEB Trust fund and North Light Fund are fiduciary funds.

The fiduciary fund financial statements can be found on pages 28 and 29.

Notes to 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 are presented on pages 30 through 81.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information pertinent to the Town's operations. Required Supplementary pension and OPEB information is presented on pages 88 through 100. A detail budgetary comparison can be found on pages 82 through 87. The detailed budgetary comparison for the water and sewer enterprise funds are presented on pages 101 through 103.

The combining statements referred to earlier in connection with non-major governmental funds are presented on pages 104 through 121. The tax collector's annual report is presented on pages 122 and 123.

Town of New Shoreham, Rhode Island
Management Discussion and Analysis
For the year ended June 30, 2023
(Unaudited)

Government-wide Financial Analysis

Analysis of the Town of New Shoreham's Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position, and an important determinant of its ability to finance services in the future. The Town of New Shoreham, assets and deferred outflows of resources exceeded liabilities and deferred inflow of resources by \$41,221,557 as of June 30, 2023. This is an increase of \$555,722 from the previous year.

Listed below is a comparison of the current and prior fiscal years.

	Governmental		Business-Type		Total		Change
	Activities		Activities				
	2023	2022	2023	2022	2023	2022	
Assets							
Current assets	\$ 12,731,404	\$ 18,417,358	\$ 4,986,992	\$ 4,998,189	\$ 17,718,396	\$ 23,415,547	\$ (5,697,151)
Capital assets	52,807,709	50,230,198	11,895,479	11,275,486	64,703,188	61,505,684	3,197,504
Total assets	<u>65,539,113</u>	<u>68,647,556</u>	<u>16,882,471</u>	<u>16,273,675</u>	<u>82,421,584</u>	<u>84,921,231</u>	<u>(2,499,647)</u>
Deferred outflows of resources							
Bond refunding	46,710	59,344	-	-	46,710	59,344	(12,634)
OPEB related outflows	139,676	155,101	-	-	139,676	155,101	(15,425)
Pension related outflows	1,708,578	1,219,103	-	-	1,708,578	1,219,103	489,475
Total deferred outflows of resources	<u>1,894,964</u>	<u>1,433,548</u>	<u>-</u>	<u>-</u>	<u>1,894,964</u>	<u>1,433,548</u>	<u>461,416</u>
Liabilities							
Current liabilities	15,954,482	14,744,450	494,036	355,143	16,448,518	15,099,593	1,348,925
Long-term liabilities	20,719,134	22,350,653	4,935,965	5,126,623	25,655,099	27,477,276	(1,822,177)
Total liabilities	<u>36,673,616</u>	<u>37,095,103</u>	<u>5,430,001</u>	<u>5,481,766</u>	<u>42,103,617</u>	<u>42,576,869</u>	<u>(473,252)</u>
Deferred inflows of resources							
OPEB related inflows	460,830	489,354	-	-	460,830	489,354	(28,524)
Pension related inflows	530,544	2,622,719	-	-	530,544	2,622,719	(2,092,175)
Total deferred inflows of resources	<u>991,374</u>	<u>3,112,073</u>	<u>-</u>	<u>-</u>	<u>991,374</u>	<u>3,112,073</u>	<u>(2,120,699)</u>
Net position							
Net investment in capital assets	34,305,394	29,159,718	6,841,848	6,041,905	41,147,242	35,201,623	5,945,619
Restricted	4,656,402	7,574,102	27,956	22,956	4,684,358	7,597,058	(2,912,700)
Unrestricted	(9,192,709)	(6,859,892)	4,582,666	4,727,048	(4,610,043)	(2,132,844)	(2,477,199)
Total net position	<u>\$ 29,769,087</u>	<u>\$ 29,873,928</u>	<u>\$ 11,452,470</u>	<u>\$ 10,791,909</u>	<u>\$ 41,221,557</u>	<u>\$ 40,665,837</u>	<u>\$ 555,722</u>

Net investment in capital assets, comprises \$41,147,242 or 99% of total net position. This represents the Town's investment in capital assets (e.g., land, buildings, machinery and equipment, vehicles and vessels), less any related debt used to acquire those assets that is 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 capital assets is report 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.

A portion of the Town's net position totaling \$4,684,358 or less than 1%, represents resources that are subject to external restrictions on how they may be used. Of these restricted net position, \$4,684,358 is permanently restricted and is nonexpendable. Unrestricted net position, totaling (\$4,610,043) may be used to meet the government's ongoing obligations to citizens and creditors.

Town of New Shoreham, Rhode Island
Management Discussion and Analysis
For the year ended June 30, 2023
(Unaudited)

Analysis of the Town of New Shoreham's Operations

The analysis on the following page provides a summary of the Town's operations for the year ended June 30, 2023. Governmental activities decreased the Town's net position by \$104,840 for the current period, accounting for a .35% decrease in the Town's governmental net position, while business-type activities increased the Town's net position by \$660,562, accounting for 5.8% increase in the business-type growth in net position. Overall the Town's net position decrease was \$555,722 which is a 1.35% increase over the prior year.

In the Statement of Activities, expenditures for capital items are not recorded as expenses but instead are reported as increases to capital assets in the Statement of Net Position, the change in net investment in capital assets for the governmental activities and business-type activities from the prior year is \$5,145,676 and \$799,943, respectively.

Town of New Shoreham's Changes in Net Position - Primary Government
For the Year Ended June 30, 2023 and 2022

	Governmental Activities		Business-Type Activities		Total		Change
	2023	2022	2023	2022	2023	2022	
Revenues:							
Program Revenues:							
Charges for service	\$ 2,590,587	\$ 2,889,803	\$ 2,606,915	\$ 2,396,987	\$ 5,197,502	\$ 5,286,790	\$ (89,288)
Operating grants and contributions	543,724	559,918	-	-	543,724	559,918	(16,194)
Capital grants and contributions	136,069	122,203	343,222	444,055	479,291	566,258	(86,967)
General Revenues:							
Property taxes	12,137,074	11,560,664	-	-	12,137,074	11,560,664	576,410
Grants and contributions	2,034,844	2,162,124	-	-	2,034,844	2,162,124	(127,280)
Other	1,014,189	435,327	63,370	64,027	1,077,559	499,354	578,205
Total revenue	<u>18,456,487</u>	<u>17,730,039</u>	<u>3,013,507</u>	<u>2,905,069</u>	<u>21,469,994</u>	<u>20,635,108</u>	<u>834,886</u>
Expenses:							
General government	4,242,905	1,642,115	-	-	4,242,905	1,642,115	2,600,790
Public safety	1,989,605	1,805,477	-	-	1,989,605	1,805,477	184,128
Education	6,436,650	6,541,412	-	-	6,436,650	6,541,412	(104,762)
Public works	2,459,346	2,545,237	-	-	2,459,346	2,545,237	(85,891)
Recreation, library, and other	2,332,465	1,984,012	-	-	2,332,465	1,984,012	348,453
Public infrastructure	4,809	25,131	-	-	4,809	25,131	(20,322)
Technology	520,448	-	-	-	520,448	-	520,448
Economic development	6,887	13,160	-	-	6,887	13,160	(6,273)
Capital outlay	-	-	-	-	-	-	-
Interest on debt	568,212	359,532	-	-	568,212	359,532	208,680
Sewer	-	-	1,483,747	1,451,038	1,483,747	1,451,038	32,709
Water	-	-	869,199	816,806	869,199	816,806	52,393
Total expenses	<u>18,561,327</u>	<u>14,916,076</u>	<u>2,352,946</u>	<u>2,267,844</u>	<u>20,914,273</u>	<u>17,183,920</u>	<u>3,730,353</u>
Special Item- Other	-	69,669	-	-	-	69,669	(69,669)
Increase(decrease) in net position	(104,840)	2,883,632	660,562	637,225	555,721	3,520,857	(2,965,136)
Net position, July 1, 2022	29,873,927	26,990,296	10,791,909	10,154,684	40,665,836	37,144,980	3,520,856
Net position, June 30, 2023	<u>\$ 29,769,087</u>	<u>\$ 29,873,928</u>	<u>\$ 11,452,470</u>	<u>\$ 10,791,909</u>	<u>\$ 41,221,557</u>	<u>\$ 40,665,837</u>	<u>\$ 555,722</u>

Town of New Shoreham, Rhode Island
Management Discussion and Analysis
For the year ended June 30, 2023
(Unaudited)

Analysis of the Town of New Shoreham's Operations (continued)

Component unit. The assets plus deferred outflows of the Town's Component Unit, the Block Island Land Trust (Land Trust), exceeded its liabilities plus deferred inflows by \$40,555,896. Net investment in capital assets, comprises \$33,729,536, or 83% of total net position. The remaining balance of net position of the Land Trust, totaling \$6,826,360 restricted for land to be held in perpetuity.

Changes in Net Position

The Town's net position increased by \$555,722 in FY 2023. Approximately 56% of the Town's total revenue came from taxes and payments in lieu of taxes, while 12% resulted from grants and contributions (including federal aid). Charges for various goods and services provided 25% of total revenue. The Town's expenses cover a range of services, the largest of which were for schools, public works and harbors, administration costs, and employee benefits. In 2023, governmental activities expenses exceeded revenues by \$104,840. Net revenues from business-type activities exceed program expenses in 2023 by \$660,562.

Governmental Activities

Governmental activities expenses exceeded the revenues by \$104,840. Key elements of this increase are as follows:

- Completion of the broad band network project
- Property taxes were levied for debt service payments and program expenses.
- General revenues and charges for services were collected to offset governmental expenses.

A comparison of the total and net cost of services by function for the Town's governmental activities is shown below.

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>		<u>Change</u>
	2023	2022	2023	2022	
Expenses net of program revenues:					
General government	\$ 4,242,905	\$ 1,642,115	\$ 3,628,508	\$ 1,906,911	\$ 1,721,597
Public safety	1,989,605	1,805,477	1,975,740	1,945,639	30,101
Public works	2,459,346	2,545,237	676,566	(382,908)	1,059,474
Education	6,436,650	6,232,648	5,874,192	5,877,224	(3,032)
Recreation, library, and other	2,332,465	188,842	2,045,361	1,609,392	435,969
Public infrastructure	4,809	2,878,009	(4,967)	2,481,393	(2,486,360)
Economic development	6,887	47,871	6,887	47,871	(40,984)
Technology	520,448	-	520,448	-	520,448
Interest on long-term debt	568,212	472,032	568,212	472,032	96,180
	<u>\$ 18,561,327</u>	<u>\$ 15,812,231</u>	<u>\$ 15,290,947</u>	<u>\$ 13,957,554</u>	<u>\$ 1,333,393</u>
Total expenses net of program revenue	<u>\$ 18,561,327</u>	<u>\$ 15,812,231</u>	<u>\$ 15,290,947</u>	<u>\$ 13,957,554</u>	<u>\$ 1,333,393</u>

Component Unit

The net position of the Town's Component Unit increased by \$2,464,106. A key element in the increase is revenue derived from the 3% transfer fee.

Town of New Shoreham, Rhode Island
Management Discussion and Analysis
For the year ended June 30, 2023
(Unaudited)

Financial Analysis of the Town of New Shoreham's Funds

Governmental Funds - The focus of the Town of New Shoreham'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, the unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of (\$1,086,265). Included in this amount is the general fund unassigned balance of \$3,610,726 restricted fund balances of \$490,184 for purposes externally imposed by grantors, contributors or laws and regulations, non-spendable fund balances of \$2,598,393 and unassigned fund balance of \$1,456,287.

Proprietary Funds - The Town of New Shoreham's proprietary fund statements provide the same type of information as presented in the government-wide financial statements, but in more detail. Total net position of the proprietary funds is \$11,452,470.

General Fund Budgetary Highlights

The original budget for FY 2023 adopted at the Financial Town Meeting was \$17,147,431 and no changes were made to the final budget.

Actual revenues reported in FY 2023 were less than budgeted amounts by \$271,422 primarily due to a decrease in tax revenue.

Actual expenditures were more than budgeted amounts by \$287,321, primarily due to increase in capital outlay and expenses in general government.

Further details of favorable and unfavorable variances for revenues and expenditures can be found on the Required Supplementary Information on the pages indicated on the Table of Contents of this report.

The Town of New Shoreham's Capital Assets

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2023 amounts to \$64,703,188 (net of accumulated depreciation). This investment includes land and land improvements, buildings and improvements, machinery and equipment, vehicles and vessels, furniture and fixtures, underground piping, wells/reserve osmosis/water supply and construction in progress. Detailed information on the changes in capital assets can be found in the notes to the financial statements.

Additions to capital assets for business-type activities were primarily electrical and process upgrades and pump overhauls partially offset by depreciation expense.

Town of New Shoreham, Rhode Island
Management Discussion and Analysis
For the year ended June 30, 2023
(Unaudited)

The Town of New Shoreham's Capital Assets (continued)

	Governmental Activities		Capital Asset Administration Business-Type Activities		Total		Change
	2023	2022	2023	2022	2023	2022	
	Land and land easements	\$ 22,944,328	\$ 22,944,328	\$ 954,203	\$ 954,203	\$ 23,898,531	
Construction in progress	1,357,492	7,256,922	1,093,514	91,734	2,451,006	7,348,656	(4,897,650)
Infrastructure, net	12,347,573	2,697,127	8,457,836	8,620,217	20,805,409	11,317,344	9,488,065
Land improvements, net	5,057,207	5,456,382	-	-	5,057,207	5,456,382	(399,175)
Building & improvements, net	7,825,516	8,584,893	1,153,763	1,306,496	8,979,279	9,891,389	(912,110)
Automobiles and vessels, net	1,691,245	1,578,487	-	-	1,691,245	1,578,487	112,758
Machinery and equipment, net	1,331,816	1,425,795	220,820	275,996	1,552,636	1,701,791	(149,155)
Office equipment and furniture, net	223,866	203,927	-	-	223,866	203,927	19,939
Library books and textbooks net	11,679	31,424	-	-	11,679	31,424	(19,745)
Right to Use Leased asset, net	16,988	50,913 *	15,343	26,840 *	32,331	77,753	(45,422)
Total	\$ 52,807,709	\$ 50,230,198	\$ 11,895,479	\$ 11,275,486	\$ 64,703,188	\$ 61,505,684	\$ 3,197,504

Additional information on the Town's capital assets can be found in Note 8 to the financial statements.

The Town of New Shoreham's Debt Administration

As of June 30, 2023, the Town has total bonded debt outstanding of \$23,547,897 which is backed by the full faith and credit of the Town.

The Town has capital leases outstanding at June 30, 2023 with a balance totaling \$32,332.

The Town's Component Unit has total notes payable outstanding to the Town of \$2,598,393 consisting primarily of general obligation bonds issued through the Town.

	Governmental Activities		Business-type Activities		Total		\$ Change
	2023	2022	2023	2022	2023	2022	
General obligation bonds	\$ 18,397,000	\$ 20,927,000	\$ 5,150,897	\$ 5,150,897	\$ 23,547,897	\$ 26,077,897	\$ (2,530,000)
Capital leases	16,989	50,914	15,343	26,840	32,332	77,754	(45,422)
Accrued compensated absences	352,452	402,175	99,660	86,841	452,112	489,016	(36,904)
Net other post-employment benefit liability	335,447	295,092	-	-	335,447	295,092	40,355
Net pension liability	4,237,976	3,263,732	-	-	4,237,976	3,263,732	974,244
Total expenditures	\$ 23,339,864	\$ 24,938,913	\$ 5,265,900	\$ 5,264,578	\$ 28,605,764	\$ 30,203,491	\$ (1,597,727)

Additional information on the Town's long-term debt can be found in Note 9 to the financial statements.

Town of New Shoreham, Rhode Island
Management Discussion and Analysis
For the year ended June 30, 2023
(Unaudited)

The Town of New Shoreham's Debt Administration (continued)

State statutes limit the amount of general obligation debt a governmental entity may issue to three percent (3%) of its total equalized valuation. The debt limitation for the Town is \$50,857,461 as of the December 31, 2021 assessment, which significantly exceeds the Town's outstanding general debt.

In January 2009, S&P upgraded the Town's bond rating from A+ to AA. Primary factors driving the ratings increase include sound financial position, low per capita debt levels and strong market value per capita. This rating was affirmed in June 2009, June 2010, June 2012, July 2015 and November 2023.

Component Unit

The Town's component unit, the Block Island Land Trust, was created by an Act of the Rhode Island General Assembly on January 15, 1986. The purpose of the Land Trust is to acquire, hold and manage real property and interests in real property situated in the Town consisting of open, agricultural, or littoral property. With the exception of property acquired for public recreational purposes, the Land Trust is required to hold all property solely as open space or for agricultural use or for water protection purposes, as determined by the Board of Trustees.

The Land Trust is funded principally by fees levied on qualifying real property transfers within the Town. The transfer fee adopted by the Land Trust for the year ended June 30, 2023 was 3%.

The Land Trust may request the Town to issue bonds for the purpose of financing its activities. The Land Trust has used proceeds from portions of authorized bond amounts for land and land right acquisitions and is responsible for the repayment of all principal and interest. The Land Trust was authorized to bond up to \$6,000,000 in May 2001. It used \$3,500,000 to purchase the Hodge property in FY 2003, and \$450,000 to purchase the Turnip Farm land. At the May 2, 2005 Financial Town Meeting, voters authorized an additional \$4,000,000 for total authority of \$6,050,000. During 2012, the Town issued a bond in the amount of \$2,364,000 to finance the Trust's acquisitions. The remaining authority is \$2,186,000. In March the Town issued a general obligation bond in the amount of \$8,400,000. The Block Island Land Trust's portion of the Town's general obligation bond is \$1,500,000.

For further information regarding the Block Island Land Trust, refer to separately issues financial statements.

Economic Factors and Next Year's Budgets and Rates

The Town of New Shoreham, popularly known as Block Island, enjoys a favorable economic environment and local indicators point to continued strength. Tourism, construction and real estate demand remained strong.

Block Island is a 10 square mile island off the coast of Rhode Island at the mouth of Long Island Sound. The year-round population of approximately 1,051 ranks New Shoreham smallest among the 39 cities and towns in Rhode Island, but the summer population swells to between 15,000 and 20,000. Employment is primarily in service industries, focused on the tourism sector. The predominantly residential tax base (90% residential) shows small but steady growth that brought the net assessed value to \$2,071,508,633 at December 31, 2022 based on a full revaluation as required by RIGL.

The annual Financial Meeting was held May 1, 2023. With the approval of the tax payers on that date, the tax rate on real and tangible property decreased by (\$1.06)/\$1,000 (15%) to \$6.02/\$1,000.

Town of New Shoreham, Rhode Island
Management Discussion and Analysis
For the year ended June 30, 2023
(Unaudited)

In October 2004, the Town entered into an agreement with the State of Rhode Island Department of Transportation for the management of the State-owned highways on the island. Under this agreement, the Town oversees the day-to-day maintenance and operations of the State highways. In exchange, the State compensates the Town \$425,000 annually. The State retains responsibility for any major capital improvements required.

Request for Information

The financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the Town's finances and to show the Town's accountability for the tax dollars received. If you have questions about this report or need additional financial information, contact the Office of the Finance Director, P.O. Box 220, 16 Old Town Road, Block Island, RI 02807.

TOWN OF NEW SHOREHAM

Basic Financial Statements

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 New Shoreham, Rhode Island

Statement of Net Position

June 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Block Island Land Trust
ASSETS				
Cash and cash equivalents	\$ 9,171,198	\$ 3,796,054	\$ 12,967,252	\$ 3,980,854
Investments	27,471	-	27,471	-
Receivables, net				
Personal property taxes	328,767	-	328,767	-
User charges	-	416,861	416,861	-
Intergovernmental	395,402	765,639	1,161,041	-
Departmental and other	218,111	-	218,111	-
Other		500	500	32,682
Other receivables - Town shared debt	-	-	-	2,819,830
Internal balances	(7,938)	7,938	-	-
Notes Receivable- Component Unit	2,598,393	-	2,598,393	-
Capital Assets				
Capital assets not being depreciated	24,301,820	2,047,717	26,349,537	36,455,567
Capital assets being depreciated, net	28,505,889	9,847,762	38,353,651	-
Total capital assets	52,807,709	11,895,479	64,703,188	36,455,567
Total assets	65,539,113	16,882,471	82,421,584	43,288,933
DEFERRED OUTFLOWS OF RESOURCES				
Pension related outflows	1,708,578	-	1,708,578	-
OPEB related outflows	139,676	-	139,676	-
Loss on bond refunding	46,710	-	46,710	-
Total assets and deferred outflows of resources	\$ 67,434,077	\$ 16,882,471	\$ 84,316,548	\$ 43,288,933

The accompanying notes are an integral part of this statement

Town of New Shoreham, Rhode Island

Statement of Net Position

June 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Block Island Land Trust
LIABILITIES				
Accounts payable and accrued expenses	\$ 2,333,564	\$ 276,710	\$ 2,610,274	\$ 7,006
Accrued interest	67,142	26,191	93,333	-
Due to federal and state governments	45,322	-	45,322	-
Payable to external parties (BILT)	2,819,830	-	2,819,830	-
Current portion of capital leases	16,989	7,448	24,437	-
Current portion of bond premium	7,701	-	7,701	-
Current portion of bonds and notes payable	2,561,000	143,813	2,704,813	258,393
Bond anticipation note (BAN)	8,000,000	-	8,000,000	-
Current portion of compensated absences	102,934	39,874	142,808	-
Portion due or payable in more than one year:				
Capital leases	-	7,895	7,895	-
Bond premium	60,193	-	60,193	-
Bonds and notes payable	15,836,000	4,868,284	20,704,284	2,340,000
Compensated absences	249,518	59,786	309,304	-
Net OPEB liability	335,447	-	335,447	-
Net pension liability	4,237,976	-	4,237,976	-
Total liabilities	36,673,616	5,430,001	42,103,617	2,605,399
DEFERRED INFLOWS OF RESOURCES				
Pension related inflows	530,544	-	530,544	-
OPEB related inflows	460,830	-	460,830	-
Gains on refunding of debt	-	-	-	127,638
Total deferred inflows or resources	991,374	-	991,374	127,638
NET POSITION				
Net investment in capital assets	34,305,394	6,841,848	41,147,242	33,729,536
Restricted corpus of endowment funds	276,733	-	276,733	-
Restricted land trust note receivable	2,598,393	-	2,598,393	-
Restricted for capital outlay by bond covenant	16,391	-	16,391	-
Restricted for Road Repairs	348,909	-	348,909	-
Restricted for recreation and other	1,233,951	-	1,233,951	-
Restricted for Historic records	23,439	-	23,439	-
Restricted for technology fund	85,828	-	85,828	-
Restricted for apartments	-	27,956	27,956	-
Restricted for North light purposes	15,617	-	15,617	-
Restricted for land to be held in perpetuity	-	-	-	6,826,360
Restricted for educational purposes	57,141	-	57,141	-
Unrestricted	(9,192,709)	4,582,666	(4,610,043)	-
Total net position	29,769,087	11,452,470	41,221,557	40,555,896
Total liabilities, deferred inflows or resources and net position	\$ 67,434,077	\$ 16,882,471	\$ 84,316,548	\$ 43,288,933

The accompanying notes are an integral part of this statement

Town of New Shoreham, Rhode Island

Statement of Activities

For the Year Ended June 30, 2023

	<u>Net (Expense) Revenue and Changes in Net Position</u>							
	<u>Expenses</u>	<u>Program Revenues</u>			<u>Primary Government</u>			<u>Component Unit</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Block Island Land Trust</u>
Governmental Activities								
General government	\$ 4,242,905	\$ 509,906	\$ 104,491	\$ -	\$ (3,628,508)	\$ -	\$ (3,628,508)	\$ -
Public safety	1,989,605	11,301	2,564	-	(1,975,740)	-	(1,975,740)	-
Education	6,436,650	53,708	410,058	98,692	(5,874,192)	-	(5,874,192)	-
Public works	2,459,346	1,743,568	11,611	27,601	(676,566)	-	(676,566)	-
Recreation, library, and other	2,332,465	272,104	15,000	-	(2,045,361)	-	(2,045,361)	-
Public infrastructure	4,809	-	-	9,776	4,967	-	4,967	-
Technology	520,448	-	-	-	(520,448)	-	(520,448)	-
Economic development	6,887	-	-	-	(6,887)	-	(6,887)	-
Interest on debt	568,212	-	-	-	(568,212)	-	(568,212)	-
Total governmental activities	<u>18,561,327</u>	<u>2,590,587</u>	<u>543,724</u>	<u>136,069</u>	<u>(15,290,947)</u>	<u>-</u>	<u>(15,290,947)</u>	<u>-</u>
Business-Type Activities								
Water	1,483,747	1,614,204	-	-	-	130,457	130,457	-
Sewer	869,199	992,712	-	343,222	-	466,735	466,735	-
Total business-type activities	<u>2,352,946</u>	<u>2,606,916</u>	<u>-</u>	<u>343,222</u>	<u>-</u>	<u>597,192</u>	<u>597,192</u>	<u>-</u>
Total primary government	<u>20,914,273</u>	<u>5,197,503</u>	<u>543,724</u>	<u>479,291</u>	<u>(15,290,947)</u>	<u>597,192</u>	<u>(14,693,755)</u>	<u>-</u>
Component Unit								
Block Island Land Trust	239,818	2,678,726	-	-	-	-	-	2,438,908
Total component units	<u>239,818</u>	<u>2,678,726</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,438,908</u>
Total Town of New Shoreham	<u>\$ 21,154,091</u>	<u>\$ 7,876,229</u>	<u>\$ 543,724</u>	<u>\$ 479,291</u>	<u>\$ (15,290,947)</u>	<u>\$ 597,192</u>	<u>\$ (14,693,755)</u>	<u>\$ 2,438,908</u>

The accompanying notes are an integral part of this statement

Town of New Shoreham, Rhode Island

Statement of Activities

For the Year Ended June 30, 2023

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Block Island Land Trust
Total Town of New Shoreham	\$ (15,290,947)	\$ 597,192	\$ (14,693,755)	\$ 2,438,908
General revenues				
Real estate and personal property, net of reserve for abatements	12,137,074	-	12,137,074	-
Hotel and meals tax	1,300,755	-	1,300,755	-
State housing aid	195,462	-	195,462	-
Earnings on investments	24,585	-	24,585	8,743
State aid to town	141,905	-	141,905	-
Medicaid reimbursement	31,606	-	31,606	-
State contribution to teachers' pension plan	340,531	-	340,531	-
Other and Miscellaneous	1,014,189	63,370	1,077,559	16,455
Total general revenues	15,186,107	63,370	15,249,477	25,198
Special Item - Other	-	-	-	-
Total general revenues, special items, and transfers	15,186,107	63,370	15,249,477	25,198
Changes in net position	(104,840)	660,562	555,722	2,464,106
Net position - July 1, 2022	29,873,927	10,791,908	40,665,835	38,091,790
Net position - June 30, 2023	\$ 29,769,087	\$ 11,452,470	\$ 41,221,557	\$ 40,555,896

The accompanying notes are an integral part of this statement

Town of New Shoreham, Rhode Island

Governmental Funds

Balance Sheet

June 30, 2023

	Major Fund General Fund	Major Fund Capital Project Broadband Fund	Major Fund School * Department	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 6,920,133	\$ 1,408	284,520	1,965,137	9,171,198
Investments	-	-	-	27,471	27,471
Receivables:					
Property taxes, net	328,767	-	-	-	328,767
Intergovernmental	269,065	-	125,937	400	395,402
Other	164,273	42,805	11,033	-	218,111
Due from other funds	14,117,201	1,036,714	958,892	1,517,625	17,630,432
Notes receivable, BILT	2,598,393	-	-	-	2,598,393
Total assets	24,397,832	1,080,927	1,380,382	3,510,633	30,369,774
Deferred outflows of resources					
None	-	-	-	-	-
Total assets and deferred outflows of resources	24,397,832	1,080,927	1,380,382	3,510,633	30,369,774
Liabilities					
Accounts payable and accrued expenses	1,369,147	-	532,968	45,948	1,948,063
Retainage payable	-	385,501	-	-	385,501
Due to federal and state governments	45,322	-	-	-	45,322
Bond Anticipation Note (BAN)	8,000,000	-	-	-	8,000,000
Due to external party - BILT	2,819,830	-	-	-	2,819,830
Due to other funds	3,388,712	11,457,650	134,519	2,657,489	17,638,370
Total liabilities	15,623,011	11,843,151	667,487	2,703,437	30,837,086
Deferred inflows of resources					
Deferred revenue	618,931	-	22	-	618,953
Total deferred inflows of resources	618,931	-	22	-	618,953
Fund balances					
Nonspendable	2,598,393	-	-	276,733	2,875,126
Restricted	490,184	-	57,141	1,233,951	1,781,276
Committed	-	-	655,734	1,051,721	1,707,455
Assigned	1,456,587	-	-	-	1,456,587
Unassigned	3,610,726	(10,762,224)	(2)	(1,755,209)	(8,906,709)
Total fund balance	8,155,890	(10,762,224)	712,873	807,196	(1,086,265)
Total liabilities, deferred inflows of resources, and fund balance	\$ 24,397,832	\$ 1,080,927	\$ 1,380,382	\$ 3,510,633	\$ 30,369,774

*School unrestricted, restricted, and capital projects detail is found in the supplementary information section of this report as combined funds and combined is considered a major program by the Town.

The accompanying notes are an integral part of this statement

Town of New Shoreham, Rhode Island

Reconciliation of the Governmental Funds Balance Sheet

to the Statement of Net Position

June 30, 2023

Total governmental fund balances	\$ (1,086,265)
Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets, net	52,807,709
Deferred loss on refunding	46,710
Other long-term liabilities related to net pension activity that are not available to pay for current-period expenditures and, therefore, are deferred outflows of resources in the funds.	
ERS outflows	834,016
MERS outflows	874,562
OPEB outflows	139,676
Other deferred tax revenue not available to pay for current-period expenditures and, therefore, are not reported in the funds	618,953
Other long-term assets related to net pension activity that are not available to pay for current-period expenditures and, therefore, are deferred inflows of resources in the funds.	
ERS inflows	(231,979)
MERS inflows	(298,565)
OPEB inflows	(460,830)
In the statement of activities, interest is accrued on outstanding long-term debt whereas in governmental funds interest is not reported until due.	(67,142)
Long-term liabilities are not due and payable in the current period period and, therefore are not reported in the governmental funds.	
Premium on Bonds	(67,894)
Bonds and notes payable	(18,397,000)
Capital leases	(16,989)
Compensated absences	(352,452)
Net other postemployment benefits liability	(335,447)
ERS - net pension liability	(3,551,187)
MERS - net pension liability	(686,789)
Net position of governmental activities	<u>\$ 29,769,087</u>

The accompanying notes are an integral part of this statement

Town of New Shoreham, Rhode Island

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2023

	Major Fund General Fund	Major Fund Capital Project Broadband Fund	Major Fund School * Department	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Real estate and personal property taxes	\$ 11,900,343	\$ -	\$ -	\$ -	\$ 11,900,343
Intergovernmental	1,812,735	-	477,144	9,776	2,299,655
Licenses, permits, and fees	590,643	-	-	-	590,643
Charges for services	-	-	53,708	-	53,708
Investment Income	10,355	-	-	14,230	24,585
State contribution to teachers' pension plan	-	-	340,531	-	340,531
Medicaid reimbursement	-	-	31,606	-	31,606
Other revenue	2,172,939	44,213	336,302	425,232	2,978,686
Total revenue	16,487,015	44,213	1,239,291	449,238	18,219,757
Expenditures					
General government	3,639,063	-	-	-	3,639,063
Public safety	1,598,265	-	-	-	1,598,265
Health and human services	-	-	-	20	20
Education	-	-	6,116,574	-	6,116,574
Public works	2,022,686	-	-	-	2,022,686
Recreation, library, and other	1,978,006	-	-	94,278	2,072,284
Technology	-	520,448	-	-	520,448
Public infrastructure	-	-	-	4,809	4,809
Economic development	-	-	-	6,887	6,887
Capital outlay	575,013	3,794,989	359,767	163,187	4,892,956
Debt service					
Principal	2,530,000	-	-	-	2,530,000
Interest	577,402	-	-	-	577,402
Bond issuance cost and fees	18,709	-	-	-	18,709
Total expenditures	12,939,144	4,315,437	6,476,341	269,181	24,000,103
Excess (deficiency) of revenues over expenditures	3,547,871	(4,271,224)	(5,237,050)	180,057	(5,780,346)
Other financing sources (uses)					
Transfers in	407,775	-	5,397,495	105,583	5,910,853
Transfers out	(5,460,492)	-	(24,697)	(425,664)	(5,910,853)
Other financing sources (uses)	(5,052,717)	-	5,372,798	(320,081)	(0)
Excess of revenue and other sources over expenditures and other uses	(1,504,846)	(4,271,224)	135,748	(140,024)	(5,780,346)
Fund balance, July 1, 2022	9,660,736	(6,491,000)	577,125	947,220	4,694,081
Fund balance, June 30, 2023	\$ 8,155,890	\$ (10,762,224)	\$ 712,873	\$ 807,196	\$ (1,086,265)

*School unrestricted, restricted and capital projects detail is found in the supplementary information section of this report as combined funds and combined is considered a major program by the Town.

The accompanying notes are an integral part of this statement

Town of New Shoreham, Rhode Island

Reconciliation of the Governmental Funds Statements of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities For the Year Ended June 30, 2023

Net change in fund balances - total governmental funds	\$ (5,780,346)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	2,577,511
Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred inflows of resources.	236,731
The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Principal payments	2,530,000
Premium payments	7,684
Capital lease activity	33,926
In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	9,190
In the Statement of Activities, loss on refunding is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(12,634)
The other postemployment benefit expense reported in the Statement of Activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds.	
Change in OPEB related outflows	(15,425)
Change in OPEB related inflows	28,524
Change in OPEB net liability	(40,355)
Some expenses reported in the Statement of Activities, such as compensated absences do not require the current financial resources, and therefore, are not reported as expenditures in the governmental funds.	49,723
The net pension asset/liability expense reported in the Statement of activities requires the use of current financial resources and is not reported as an expenditures in the governmental funds.	
Change in pension related outflows	489,475
Change in pension related inflows	2,092,175
Change in net pension liability	(2,311,018)
Change in net position of governmental activities	\$ (104,839)

The accompanying notes are an integral part of this statement

Town of New Shoreham, Rhode Island

Proprietary Funds Statement of Net Position June 30, 2023

	Sewer Enterprise	Water Enterprise	Total Enterprise
Assets			
Current assets			
Cash and cash equivalents	\$ 3,097,384	\$ 698,670	\$ 3,796,054
Receivables, net			
User fees	238,411	178,450	416,861
Intergovernmental	-	765,639	765,639
Other	500	-	500
Due from other funds	6,186	152,375	158,561
Total current assets	3,342,481	1,795,134	5,137,615
Non-current assets			
Capital assets not being depreciated	1,381,992	665,725	2,047,717
Capital assets being depreciated, net	4,412,375	5,435,387	9,847,762
Total non-current assets	5,794,367	6,101,112	11,895,479
Total assets	9,136,848	7,896,246	17,033,094
Deferred outflows of resources			
Deferred outflows	-	-	-
Total assets and deferred outflows of resources	\$ 9,136,848	\$ 7,896,246	\$ 17,033,094

The accompanying notes are an integral part of this statement

Town of New Shoreham, Rhode Island

Proprietary Funds Statement of Net Position June 30, 2023

	Sewer Enterprise	Water Enterprise	Total Enterprise
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	\$ 79,191	\$ 197,519	\$ 276,710
Current portion of bonds payable	55,083	88,730	143,813
Current portion of capital leases	-	7,448	7,448
Current portion of compensated absences	20,551	19,323	39,874
Accrued interest payable	18,688	7,503	26,191
Due to other funds	5,187	145,436	150,623
Total current liabilities	178,700	465,959	644,659
Non-current liabilities			
Bonds payable	2,516,267	2,352,017	4,868,284
Capital leases	-	7,895	7,895
Compensated absences	30,987	28,799	59,786
Total non-current liabilities	2,547,254	2,388,711	4,935,965
Total liabilities	2,725,954	2,854,670	5,580,624
Deferred inflows of resources			
Deferred inflows	-	-	-
Total deferred inflows of resources	-	-	-
Net Position			
Net investment in capital assets	3,204,329	3,637,519	6,841,848
Restricted for apartments	27,956	-	27,956
Unrestricted	3,178,609	1,404,057	4,582,666
Total net position	6,410,894	5,041,576	11,452,470
Total liabilities, deferred inflows of resources and net position	\$ 9,136,848	\$ 7,896,246	\$ 17,033,094

The accompanying notes are an integral part of this statement

Town of New Shoreham, Rhode Island

Proprietary Funds

Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30, 2023

	Sewer Enterprise	Water Enterprise	Total Enterprise
Operating revenues			
Charges for services	\$ 1,614,204	\$ 992,712	\$ 2,606,916
Other revenues	54,178	9,192	63,370
Total operating revenues	1,668,382	1,001,904	2,670,286
Operating expenses			
Salaries and benefits	397,097	299,107	696,204
Services and supplies	658,524	273,624	932,148
Debt service	74,105	52,201	126,306
Capital outlay	-	25,409	25,409
Depreciation	363,147	225,505	588,652
Total operating expenses	1,492,873	875,846	2,368,719
Operating income (loss)	175,509	126,058	301,567
Nonoperating revenues (expenses)			
Grant activity	-	343,222	343,222
Interest income/(expense)	9,126	6,647	15,773
Total nonoperating revenue (expenses)	9,126	349,869	358,995
Income (loss) before transfers	184,635	475,927	660,562
Transfers			
Transfer in	-	-	-
Transfers out	-	-	-
Total Transfers	-	-	-
Change in net position	184,635	475,927	660,562
Total net position, July 1, 2022	6,226,259	4,565,649	10,791,908
Total net position, June 30, 2023	\$ 6,410,894	\$ 5,041,576	\$ 11,452,470

The accompanying notes are an integral part of this statement

Town of New Shoreham, Rhode Island

Proprietary Fund

Statement of Cash Flows

For the Year Ended June 30, 2023

	Sewer Enterprise	Water Enterprise	Total Enterprise
Cash flows from operating activities			
Cash received from customers	\$ 1,594,603	\$ 993,270	\$ 2,587,873
Cash due from (to) governments	-	(343,223)	(343,223)
Payments to suppliers and employees	(1,713,739)	(581,801)	(2,295,540)
Net cash provided (used) by operating activities	(119,136)	68,246	(50,890)
Cash flows from noncapital financing activities			
Grant revenue	9,126	343,222	352,348
Transfers in (out)	(322,433)	(624,107)	(946,540)
Net cash provided by noncapital financing activities	(313,307)	(280,885)	(594,192)
Cash flows from capital and related financing activities			
Purchases and construction of capital assets	6,394	(604,402)	(598,008)
Principal paid on capital debt	(53,289)	(85,511)	(138,800)
Interest paid on capital debt	(427)	3,794	3,367
Principal paid on capital lease	-	(11,497)	(11,497)
Net cash used by capital and related financing activities	(47,322)	(697,616)	(744,938)
Cash flows from investing activities			
Interest and dividends	-	6,647	6,647
Net cash used by investing activities	-	6,647	6,647
Net increase in cash and cash equivalents	(479,765)	(903,608)	(1,383,373)
Balances, July 1, 2022	3,577,149	1,602,278	5,179,427
Balances, June 30, 2023	\$ 3,097,384	\$ 698,670	\$ 3,796,054
Displayed as:			
Cash and cash equivalents	\$ 3,097,384	\$ 698,670	\$ 3,796,054

The accompanying notes are an integral part of this statement

Town of New Shoreham, Rhode Island

Proprietary Fund

Statement of Cash Flows

For the Year Ended June 30, 2023

	<u>Sewer Enterprise</u>	<u>Water Enterprise</u>	<u>Total Enterprise</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 175,509	\$ 126,058	\$ 301,567
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	(247,489)	225,505	(21,984)
Change in assets and liabilities:			
(Increase) decrease in user charges receivables, net	(73,779)	(8,634)	(82,413)
(Increase) decrease in due from other funds	-	-	-
(Increase) decrease in utility lien and other receivables	-	-	-
(Increase) decrease in due from government	-	(343,223)	(343,223)
Increase (decrease) in due to other funds	-	-	-
Increase (decrease) in compensated absences	2,603	10,216	12,819
Increase (decrease) accounts payable and accrued expenses	24,020	58,324	82,344
Net cash provided (used) by operating activities	<u>\$ (119,136)</u>	<u>\$ 68,246</u>	<u>\$ (50,890)</u>

The accompanying notes are an integral part of this statement

Town of New Shoreham, Rhode Island

Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2023

	Other Post Employee Benefits Trust Fund	Custodial Fund North Light Fund
Assets		
Cash and cash equivalents	\$ -	\$ 14,912
Investments	398,810	-
Accounts receivable	-	-
	<hr/>	<hr/>
Total assets	<u>398,810</u>	<u>14,912</u>
Liabilities		
Accounts payable	\$ -	\$ -
Deposits held	-	-
	<hr/>	<hr/>
Total liabilities	-	-
Net Position	<u>398,810</u>	<u>-</u>
Total net position	<hr/> 398,810 <hr/>	<hr/> 14,912 <hr/>
Total liabilities and net position	<u>\$ 398,810</u>	<u>\$ 14,912</u>

The accompanying notes are an integral part of this statement

Town of New Shoreham, Rhode Island

Fiduciary Funds

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2023

	Other Post Employee Benefits Trust Fund	Custodial Fund North Light Fund
Additions		
Employer contributions	\$ 32,600	\$ -
Donations	-	130
Earnings on investment	21,236	-
Total additions	<u>53,836</u>	<u>130</u>
Deductions		
Administrative expenses	1,207	249
Other	16,789	-
Total deductions	<u>17,996</u>	<u>249</u>
Changes in fund equity held in trust for individuals, organizations, and other governments	35,840	(119)
Net position, July 1, 2022	<u>362,970</u>	<u>15,031</u>
Net position June 30, 2023	<u>\$ 398,810</u>	<u>\$ 14,912</u>

The accompanying notes are an integral part of this statement

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 1. Summary of significant accounting policies:

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

Financial reporting entity:

The Town was incorporated in 1672 and is governed under a home rule charter adopted in 1988 and revised in 2001, 2011 and 2021. The charter provides for a Town Council/Town Manager form of government. Legislative authority is vested in a five-member Town Council elected to biennial terms. A five-member School Committee is vested with autonomous legislative authority over the Town's public school system. Members of the School Committee are elected to biennial terms.

The council-appointed Town Manager serves as chief executive officer over all municipal services including public safety, public works (highway, harbors, maintenance, and sanitation), health and social services, recreation, public improvements, planning, zoning and inspection, and general administrative services. The Superintendent of Schools, appointed by the School Committee, serves as the chief executive officer for the School Department, which provides elementary and secondary education to Town residents.

All legislative powers of the Town, except such powers as are reserved by state law or vested in the Financial Town Meeting by the Charter and by-laws enacted by the Town Council, are vested in the Town Council by the Charter, including the ordering of any tax, making of appropriations and transacting of any other business pertaining to the financial affairs of the Town.

In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting structure, the Town applied the criteria prescribed by Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 61, "Determining Whether Certain Organizations Are Component Units." A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable or for which the nature and significance of its relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. It was further noted through GASB 61 that the Land Trust and Town share a material financial relationship. Through the application of GASB Statement Nos. 14 and GASB 61 criteria, the Block Island Land Trust (Land Trust) has been presented as a component unit of the Town, hereinafter referred to as "component unit," in the accompanying government wide financial statements. The separate financial statements of the Land Trust can be obtained from the Block Island Land Trust, PO Box 220, Block Island, RI 02807.

An elected Board of Trustees governs the Land Trust. The purpose of the Land Trust is to promote preservation of the environment and character of the Town; preserve suitable open spaces for recreation and for the conservation of forestry and wildlife; promote responsible development of real estate and sound conservational practices; protect environmentally sensitive or threatened existing and/or future fresh-water wellfields, aquifer recharge areas and wetlands; and to promote public access and views of harbors, ponds, marshes, farmland or forest situated in the Town. Upon termination or dissolution of the Land Trust, title to all remaining funds, land and land rights will vest with the Town. The Land Trust is included in the Town's reporting entity because of the significance of its operational and financial relationships with the Town

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 1. Summary of significant accounting policies (continued):

marshes, farmland or forest situated in the Town. Upon termination or dissolution of the Land Trust, title to all remaining funds, land and land rights will vest with the Town. The Land Trust is included in the Town's reporting entity because of the significance of its operational and financial relationships with the Town.

Basis of presentation:

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major and other funds.) Both the government-wide and fund financial statements are required to categorize primary activities as either governmental or business-type. The Town's public safety, public works, community services, education and general and financial administrative services are classified as governmental activities. The Town's Water Fund is classified as a business-type activity.

Government-wide financial statements:

The government-wide statement of net position and statement of activities display information about the Town as a whole. They include all funds of the Town except for fiduciary funds and distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The government-wide statement of activities presents a comparison between expenses and program revenue 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 the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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, those transactions between governmental and business-type activities have not been eliminated.

Basic Financial Statements - 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.

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 1. Summary of significant accounting policies (continued):

Fund financial statements of the Town are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and,

Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

Major individual governmental and proprietary funds are emphasized by being reported as separate columns in the fund financial statements. Non-major governmental funds are reported in the aggregate in a separate column in the fund financial statements. A fund is considered major if it is the primary operating fund of the Town or meets both of the following criteria:

- (a) Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least ten percent (10%) of the corresponding total for all funds of that category or type; and
- (b) Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental fund or enterprise fund are at least five percent (5%) of the corresponding total for all governmental and enterprise funds combined.

All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Fund types used by the Town and a description of the funds comprising each are as follows:

Governmental funds:

Governmental funds are used to account for operations that supply basic government services. The Town uses the following governmental funds:

General fund:

The **General fund** is the primary operating fund of the Town and is always classified as a major fund. It is used to account for and report all financial resources and activities not accounted for and reported in another fund. The General fund is the only fund that operates with a positive unassigned fund balance.

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 1. Summary of significant accounting policies (continued):

Governmental funds (continued):

Special revenue funds:

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 or capital projects. The Town's only major special fund is comprised of aggregate School Department funds. All other special revenue funds are non-major.

Capital projects funds:

Capital projects funds are used to account for and report financial resources to be used for the acquisition or construction of major capital facilities or specific capital outlays. The Town's capital project funds include funds restricted for use on road construction, beach construction projects and general public works. The school's capital project fund is for School improvement projects, which is included within the combined School Department funds.

Permanent funds:

Permanent funds are used to account for and report resources that are restricted to the extent that only earnings and not principal may be used for purposes that support the Town's programs. The Town's permanent funds are all considered non-major funds.

Proprietary funds:

Proprietary funds are used to account for business-like activities provided to the general public ("enterprise funds") or within the government ("internal service funds"). These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The Town's enterprise funds include both the Sewer and Water funds, both are considered a major fund. The Town has no internal service funds.

Fiduciary funds:

Fiduciary funds are used to report assets held by the Town in a trustee or agency capacity and, therefore, cannot be used to support the Town's own programs. The following fiduciary funds are used by the Town:

Private purpose trust:

The Town's **private purpose trust funds** are used to account for resources legally held in trust for use by parties outside of the Town in accordance with a donor's instructions, and cannot be used at the Town's discretion or to support the Town's general operations. These trusts are for the benefit of local educational organizations, social benefit groups, and other private parties. The Town has no private purpose trust funds.

Other Employee Benefits Trust Fund:

The Town currently has a Other Post Employment Benefit (OPEB) Trust fund established in 2016 for the benefit of the retirees health insurance.

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 1. Summary of significant accounting policies (continued):

Fiduciary funds (continued):

Custodial:

Custodial funds are established when the Town holds assets in custody for others.

Measurement Focus and Basis of Accounting

The government wide-financial statements, proprietary and fiduciary fund financial statements, including the component unit, are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are susceptible to accrual. Susceptibility occurs when revenues are both measurable and available for liquidating liabilities of the current period. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (sixty days). Revenues not considered to be available are recorded as deferred inflows of resources. Expenditures, including capital outlays, are recognized when a liability has been incurred, except for those involving debt service and other long-term obligations that are recognized when paid.

GASB 63 amends GASB 34 to incorporate deferred outflows of resources and deferred inflows of resources into the financial reporting model. Deferred outflows of resources are defined as a consumption of net position by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets. Deferred inflows of resources are defined as an acquisition of net position by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities.

Those revenues susceptible to accrual are property taxes, special assessments, payments in lieu of taxes, federal impact aid, state aid, telephone, hotel and meals taxes collected by the State of Rhode Island (the State) on behalf of the Town, interest and charges for services. Fines, licenses and permit revenues are not susceptible to accrual because generally they are not measurable until received in cash; therefore, they are recognized when received.

Recognition of grant revenues is based on the susceptibility of accrual as determined by the legal and contractual requirements established by each grantor. For grants not restrictive as to specific purposes and revocable only for failure to comply with general prescribed requirements, revenues are recognized when actually received. Where expenditure is the prime factor in determining eligibility, grant revenue is recognized as allowable expenditures are made provided they are collected during the year or within 60 days subsequent to year-end. Prior to expenditure, proceeds are recorded as deferred revenues.

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 1. Summary of significant accounting policies (continued):

Measurement Focus and Basis of Accounting (continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

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

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

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, and then unrestricted resources as they are needed.

Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand, time and demand deposits and short-term investments maturing within three months from the date of acquisition.

Under Rhode Island General Law, 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 100% of the deposits which are time deposits with maturities greater than 60 days. Any institution not meeting certain minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to 100% of the deposits, regardless of maturities. The Town complied with these requirements. The Town has adopted an investment policy for custodial credit risk and other risks.

Investments:

Investments are reported at fair value, based on quotations from applicable national securities exchanges. Unrealized gains and losses from changes in fair value are recognized as investment income. State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, and repurchase agreements.

The Town does have a deposit policy that addresses various investment risks. These risks are also mitigated by collateralization agreements held by the Town which protect their investments.

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 1. Summary of significant accounting policies (continued):

Fair value measurements:

The Town categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. 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 inputs, other than quoted prices, that are observable for the asset, either directly or indirectly. Level 3 inputs are unobservable inputs for an asset.

Interfund transactions:

Transactions between funds have been eliminated in the government-wide financial statements but fully presented within the governmental fund financial statements with no elimination made between or within funds. Reimbursements are accounted for as expenditures in the reimbursing fund and reductions to expenditures in the reimbursed fund. All other interfund transactions in the governmental fund financial statements are operating transfers on the operating statements of the funds involved.

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

Intergovernmental receivables:

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recorded as soon as all eligibility requirements imposed by the provider have been met. For expenditure-driven grants, receivables are recorded when the qualifying expenditures are incurred, and all other grants requirements are met.

These receivables are considered 100% collectible; therefore, the Town has not reported an allowance for uncollectible grants.

Prepaid Items:

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Farm, Forest and Open Space:

Certain taxpayers can file for reclassification of land assessments in accordance with farm, forest and open space guidelines. Subsequent land use changes within a ten-year period for farm or fifteen-year period for forest or open space result in the assessment of a land use change tax.

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 1. Summary of significant accounting policies (continued):

Capital assets:

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at the price that would be paid to acquire an asset or liquidate a liability at the date of donation (acquisition value).

Capitalized fixed assets are defined by the Town as assets with an initial, individual cost of \$25,000 or more and an estimated useful life in excess of one year. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The Town is exempt from reporting the value of prior infrastructure assets in its financial statements; however, the Town elected to report infrastructure assets commencing July 1, 2005. The value of business-type fund infrastructure assets is fully reported and depreciated as applicable in the enterprise fund financial statements.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets estimated useful lives using the straight-line method.

The ranges of estimated useful lives by type of asset are as follows:

	<u>Useful Years</u>
Land improvements	30
Buildings and improvements	10-30
Motor vehicles and vessels	5-10
Furniture and equipment	5
Machinery and equipment	5-10
Infrastructure	30

Capital assets of the component unit consist principally of non-depreciable land, which is stated at cost, if acquired, or estimated fair value at date of donation, if donated.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Capital assets acquired by governmental funds are accounted for as capital outlay expenditures.

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 1. Summary of significant accounting policies (continued):

Leases:

A lease is a contract that conveys the controls of the right to use another entity's nonfinancial asset (the underlying asset) for a period of time in an exchange or exchange-like transactions. Lessors recognize a lease receivable and a deferred inflow of resources. Lessees recognize an intangible right to use asset and a lease liability. These transactions are measured at the present value of payments expected to be made during the lease term using the discount rate in the lease. If the lease cannot be readily determined from the lease agreement, the Town would use its incremental borrowing rate.

A right to use lease asset with a lease term greater than one year and an initial present value over \$50,000 are recorded as intangible assets. Right to use lease assets are amortized over the contract term of the lease. Leases that do not meet the criteria are recognized as current period revenues and expenses.

Subscription-based information technology arrangements (SBITA):

A SBITA is defined as a contract that conveys control of the right to use another party's information technology software, alone or in conjunction with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period in which the municipality has a noncancellable right to use the IT asset. The subscription also includes the periods covered by an option to extend or to terminate the contract. The Town would recognize a right-to-use subscription based asset as an intangible asset with a corresponding subscription based liability. The liability should be initially measured at the present value of the payments expected to be made during the term. Future payments should be discounted using the interest rate the Software vendor charges or the government's incremental borrowing rate.

Compensated absences:

The liability for compensated absences reported in the government-wide financial statements consists of unpaid, accumulated annual vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

In the governmental fund financial statements, vested or accumulated vacation and sick leave that is expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability of the governmental fund(s) that will pay it.

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 1. Summary of significant accounting policies (continued):

Long-term obligations:

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations (including compensated absences) are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the term of the related debt using the effective interest method. Bond issuance costs are expensed as incurred.

In the governmental fund financial statements, long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The face amount of debt issued is reported as another financing source. Bond premiums are reported as other financing sources while discounts are reported as other financing uses.

Deferred inflows and outflows 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 outflows of resources and deferred inflows of resources are reported for amounts related to the Town's pension plans that will be amortized as a component of pension expense in future years.

Accrued liabilities:

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.

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 Municipal Employees' Retirement System plans and the additions to/ deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 1. Summary of significant accounting policies (continued):

Fund balance / net position:

Government-wide and proprietary fund financial statements:

The Town of New Shoreham's net position has been segregated into the following three components:

- Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets.
- Restricted – assets that have been limited to uses specified either externally by creditors, contributors, laws or regulations of other governments or internally by enabling legislation or law; reduced by liabilities and deferred inflows of resources related to the restricted assets.
- Unrestricted – a residual category for the balance of net position. All other net positions that do not meet the definition of “restricted” or “net investment in capital assets.”

Governmental fund financial statements:

Governmental fund equity is classified as fund balance. The Town’s fund balance is reported in the following categories:

- Non-spendable – amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact (such as corpus of an endowment fund).
- Restricted – amounts that have been restricted to specific purposes either by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The Town’s restricted fund balance consists principally of bond funds restricted for capital projects, amounts in permanent funds restricted for specific uses, and grant funds restricted for specific grant expenditures.
- Committed – amounts constrained to specific purposes by the Town, using its highest level of decision-making authority. Commitments will only be used for specific purposes pursuant to a formal action of the Town Council. A majority vote is required to approve, modify, or rescind a fund balance commitment.
- Assigned – amounts that are intended by the Town to be used for specific purposes, but are neither restricted nor committed. The Town Council delegates to the Town Administrator the authority to assign amounts to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.
- Unassigned – amounts available for any purpose; these amounts are reported only in the General fund.

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 1. Summary of significant accounting policies (continued):

Governmental fund financial statements (continued):

Expenditures may be incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. Composition of the ending fund balance will be determined by applying the following: In those instances, where both restricted and unrestricted amounts are available, restricted amounts will be considered to have been spent first (as allowed and in compliance with stated and specified terms or requirements), followed by committed amounts followed by assigned amounts, and then unassigned amounts.

Property taxes:

The Town is permitted by state law to levy property taxes. Current tax collections for the Town were approximately 98% of the total 2023 levy. The tax levy of the Town is approved by the citizens at the Financial Town Meeting.

The Town's fiscal 2022-2023 property taxes were levied in July 2022 on assessed valuation as of December 31, 2021. Upon levy, taxes are due and payable on August 15 or may be paid quarterly on August 15, November 15, February 15 and May 15. Failure to mail payments by due dates will result in lien on taxpayer's property. Taxable assessed values are established by Tax Assessor's Office and are currently calculated at approximately 80% of current market value.

Intergovernmental revenues:

State aid is recognized as revenue in the year in which funds are appropriated by the Rhode Island General Assembly, provided they are collected during the fiscal year.

Expenditures may be incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. Composition of the ending fund balance will be determined by applying the following: In those instances where both restricted and unrestricted amounts are available, restricted amounts will be considered to have been spent first (as allowed and in compliance with stated and specified terms or requirements), followed by committed amounts, followed by assigned amounts, and then unassigned amounts.

State aid is recognized as revenue in the year in which funds are appropriated by the Rhode Island General Assembly, provided they are collected during the same fiscal year or during the period of availability.

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 1. Summary of significant accounting policies (continued):

Program revenues and expenses:

In the statement of activities specific revenues are allocated to program expenses due to their direct relationships. Collections for licenses, fees, tickets and fines are among some of the revenue sources that are program revenues. Indirect expenses are not allocated to functions in the statement of activities.

Bond premiums:

In the Governmental Fund Financial Statements, bond premiums and debt issuance costs are treated as period costs in the year of issuance. Debt issuance costs are shown as an "expenditure" and bond premiums are reflected as an "other financing source".

In the Government-Wide Statements, bond premiums are deferred and amortized over the term of the related debt. Bond premiums are presented as an addition to the face amount of the bonds.

Interfund activity:

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Bond issuance costs:

Bond issuance costs for government-wide operations and proprietary funds are no longer deferred and amortized over the terms of the bonds. Bond issuance costs are recognized as debt service expenditures in the period in which they occurred per GASB Statement 65.

Encumbrances:

Encumbrance accounting, under which purchase orders, contracts and other commitments for fund expenditures and/or expense are recorded in order to reserve portions of applicable appropriations, is employed in the governmental and business-type funds.

Use of estimates:

The preparation of basic 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 basic financial statements. Estimates also affect the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 1. Summary of significant accounting policies (continued):

Employees' Retirement System (ERS) Pension:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employees' Retirement System plan (ERS) and the additions to/deductions from ERS' fiduciary net position have been determined on the same basis as they are reported by ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Municipal Employees' Retirement System (MERS) Pension:

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees' Retirement System (MERS) of Rhode Island and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits (OPEB):

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

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 1. Summary of significant accounting policies (continued):

Accounting pronouncements implemented in the current year:

During the fiscal year June 30, 2023, the Town of New Shoreham has adopted the following new accounting standards issued by GASB:

Statement No. 91, “Conduit Debt Obligations”. The primary objectives of GASB Statement No. 91 are to provide a single method to report conduit debt obligation and to eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations and related note disclosures. There was no financial impact for the fiscal year 2023.

Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”. GASB Statement No. 94 establishes standards of accounting and financial reporting for Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs). There was no financial impact for the fiscal year 2023.

Statement No. 96, “Subscription-Based Information Technology Arrangements”. GASB Statement No. 96 establishes standards of accounting and financial reporting for subscription-based information technology (SBITAs) for government end users. Under this Statement, a government generally should recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability. There was no financial impact for the fiscal year 2023.

Statement No. 97, “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GFASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32”. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. There was no financial impact for the fiscal year 2023.

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 1. Summary of significant accounting policies (continued):

Recently issued accounting pronouncements not yet effective:

The Town of New Shoreham is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

GASB Statement No. 99, Omnibus 2023, the requirements of this Statement are effective as follows: The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements relate to leases, PPS, and SBITAs are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The impact of this standard will be evaluated by the Town of New Shoreham, Rhode Island's management.

GASB Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62, This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

GASB Statement No. 101, Compensated Absences, This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 2. Compliance, and Accountability:

Budget Requirements, Accounting and Reporting

The General Fund and the School Department are subject to an annual operating budget. The annual operating budgets' appropriation amounts are supported by revenue estimates and can be amended by either a special financial Town meeting or at the next annual financial Town meeting.

Actual revenue and expenditures in the budgetary basis statements of revenues and expenditures for the General Fund and the School Department are presented on the budgetary basis which includes the net effect of not budgeting for certain other items. Thus, the actual revenues and expenditures differ from those in the governmental fund financial statements which are presented in accordance with accounting principles generally accepted in the United States.

Note 3. Cash, and cash equivalents:

At June 30, 2023, the carrying amount of the Town's deposits was \$17,389,299, of which \$3,980,854 was the carrying amount of the Block Island Land Trust, and the total bank balance was \$17,441,955.

The Town continues to maintain its collateralization and custodian agreement with the Washington Trust Company whereby certain funds are collateralized and held in the Town's name.

Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The Town has not experienced any losses of funds in excess of federally insured limits held in any financial institutions. Management feels that the Town is not exposed to any significant credit risk related to cash.

Interest rate risk is the risk that changes in market interest rates will adversely affect that fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

At June 30, 2023, cash and cash equivalents of the Town and its component unit consists of the following:

Cash and Cash Equivalents

Funds with Financial Institutions

Deposits	\$ 12,093,285
Money Market	4,854,736

Other funds

Petty Cash	14,997
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Total cash and cash equivalents	\$ 16,963,018
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Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 3. Cash, and cash equivalents (continued):

At June 30, 2023, cash and cash equivalents of the Town and its component unit are classified in the financial statements as follows:

<i>Statement of Net Position</i>	
Cash and cash equivalents	\$ 16,948,106
<i>Fiduciary Funds</i>	
Cash and cash equivalents	<u>14,912</u>
<i>Total cash and cash equivalents</i>	<u><u>\$ 16,963,018</u></u>

Custodial Credit Risk - custodial credit risk 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, the Town's bank balance was exposed to custodial credit risk as follows:

	Insured/ Collateralized in Town's Name	<u>Maturities</u>	<u>Total Bank Balance</u>	<u>Carrying Amount</u>
Deposits:				
Demand deposits	\$ 8,178,179		\$ 8,178,179	\$ 8,112,431
Petty cash	-		-	14,997
Money market	4,854,736		4,854,736	4,854,736
Block Island Land Trust	<u>3,982,757</u>		<u>3,982,757</u>	<u>3,980,854</u>
	<u>\$ 17,015,672</u>		<u>\$ 17,015,672</u>	<u>\$ 16,963,018</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. At June 30, 2023, the uninsured and uncollateralized deposits with institutions were \$0. These deposits are not time deposits with maturities greater than 60 days and are held by an institution that meets the minimum capital standards prescribed by federal regulators.

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 4. Investments:

Investments:

The Town's investments at June 30, 2023, cash and cash equivalents of the Town are classified in the financial statements as follows:

<i>Investments</i>	
Certificates of Deposits	\$ -
Mutual funds	<u>398,810</u>
Total Investments	<u>\$ 398,810</u>

At June 30, 2023, investment of the Town are classified in the financial statements as follows:

<i>Statement of Net Position</i>	
Investments	\$ 27,471
<i>Fiduciary Funds</i>	
Investments	<u>398,810</u>
Total investments	<u>\$ 426,281</u>

Interest rate risk:

The Town policy limits investment maturities based on projected cash flow needs for each fund. In order to minimize risk of fair value losses arising from interest rate fluctuations, the Town uses the three-month U.S. Treasury Bill as a performance benchmark.

Credit risk:

The Town is governed by State Laws that limit investment choices to short-term investments for its' public deposits (General Fund) and reserve funds (Capital Projects). The investment choices are also limited as described above.

Concentration of credit risk:

The Town does not have any policies that limit the amount that can be invested with one issuer.

Custodial credit risk:

Custodial credit risk for investments is the risk that in 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. The Town does not have a policy governing custodial credit risk.

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 4. Investments (continued):

At June 30, 2023, investments of the Town are categorized as follows:

Investments at Fair Value	June 30, 2023	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	\$ 27,471	\$ 27,471	\$ -	\$ -
Mutual funds	398,810	398,810	-	-
Total investments measured at fair value	<u>\$426,281</u>	<u>\$ 426,281</u>	<u>\$ -</u>	<u>\$ -</u>

In determining fair value, the Town uses various valuation approaches, as appropriate in the circumstances. GASB Statement No. 72 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1: Unadjusted quoted priced in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Unobservable inputs for the asset or liability (supported by little or no market activity). Level 3 inputs include management's own assumption about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk)

Note 5. Assets Held in Trust:

The Town's library is the beneficiary of the Island Free Library Endowment Fund held by the Rhode Island Foundation. Since the assets are administered at the discretion of the trustee, which has the unilateral power to redirect the use of the assets to another beneficiary, the assets are not included in the accompanying financial statements. The fair value of these assets at June 30, 2023 totaled approximately \$73,890.

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 6. Interfund Transactions:

The principal purpose of interfund transfers is to provide a financing source to various funds that may not have sufficient resources to cover all costs with revenue generated by the fund at the time the cost is uncured, or as a matter of administrative convenience in terms of where cash is deposited and drawn from Interfund receivables and payables at June 30, 2023 are as follows:

	Due from Other Funds	Due to Other Funds	Other Financing Sources	Other Financing Uses
Governmental Funds				
General Fund	\$ 14,117,201	\$ 3,388,712	\$ 407,775	\$ 5,460,492
Broadband Fund	1,036,714	11,457,650	-	-
School Department Fund	958,892	134,519	5,397,495	24,697
Non-Major Governmental Fund	1,517,625	2,657,489	105,583	425,664
Proprietary Funds				
Sewer	6,186	5,187	-	-
Water	152,375	145,436	-	-
	\$ 17,788,993	\$ 17,788,993	\$ 5,910,853	\$ 5,910,853

Note 7. Block Island Power Company Investment:

On November 7, 2016 the Town acquired 2/3 of the outstanding shares of the Block Island Power Company for \$1,800,000, financed with general obligation debt. Effective July 21, 2017 the RI State Legislature created the Block Island Utility District, a quasi-municipal corporation legally distinct from the State or the Town, to provide utility (including power) products to Block Island. In March 25, 2019 the assets of Block Island Power Company were sold to the Block Island Utility District, completing the transition to a non-profit, ratepayer-controlled utility district to own and operate the electric utility. Block Island Power Company (now Island Light and Power) held the proceeds of that asset sale and the Town is the sole shareholder of Island Light and Power. The Town's liquidated investment in Island Light and Power was used to establish a debt service reserve to be used toward the repayment of the \$1,800,000 general obligation debt. During fiscal year 2023 the Town recognized a \$906,977 loss on the Block Island Power Company Investment (BIPCO).

On August 8, 2020 the Town issued a bond of \$3,300,000 for 10 years. Of this amount \$1,800,000 was to pay the Short-Term BAN and the remainder was used to for funding of Thomas Property Capital Projects.

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 8. Capital Assets:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 22,944,328	\$ -	\$ -	\$ 22,944,328
Construction in progress	7,256,922	3,493,293	9,392,723	1,357,492
Subtotal	30,201,250	3,493,293	9,392,723	24,301,820
Capital assets being depreciated				
Infrastructure	4,109,575	10,330,313	-	14,439,888
Land improvements	8,614,988	-	-	8,614,988
Buildings and improvements	23,633,051	-	-	23,633,051
Machinery and equipment	3,390,243	101,476	-	3,491,719
Furniture and fixtures	931,312	42,357	-	973,669
Library books and textbooks	301,794	3,059	-	304,853
Motor vehicles and vessels	4,203,001	317,110	-	4,520,111
Total capital assets being depreciated:	45,183,964	10,794,315	-	55,978,279
Amortized Assets:				
Intangible right to use				
Leased vehicles	115,129	-	-	115,129
Total Leases being amortized	115,129	-	-	115,129
Less accumulated depreciation for:				
Infrastructure	1,412,448	679,867	-	2,092,315
Land improvements	3,158,606	399,175	-	3,557,781
Buildings and improvements	15,048,158	759,377	-	15,807,535
Machinery and equipment	1,964,448	195,456	-	2,159,904
Furniture and fixtures	727,385	22,418	-	749,803
Library books and textbooks	270,370	22,804	-	293,174
Motor vehicles and vessels	2,624,514	204,352	-	2,828,866
Total accumulated depreciation	25,205,929	2,283,449	-	27,489,378
Total capital assets being depreciated, net	19,978,035	8,510,866	-	28,488,901
Less accumulated amortization for:				
Leased vehicles	64,216	33,925	-	98,141
Total accumulated amortization	64,216	33,925	-	98,141
Governmental activities capital assets, net	\$ 50,230,198	\$ 11,970,234	\$ 9,392,723	\$ 52,807,709

Depreciation & Amortization was charged to functions as follows:

General government	\$ 723,400
Public safety	448,210
Public works	440,686
Recreation, library, and other	258,256
Education	446,822
	\$ 2,317,374

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 8. Capital assets (continued):

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Business-type activities:				
Capital Assets not being depreciated				
Land	\$ 954,203	\$ -	\$ -	\$ 954,203
Construction in progress	91,734	1,001,780	-	1,093,514
Subtotal	1,045,937	1,001,780	-	2,047,717
Capital assets being depreciated:				
Buildings and improvements	5,190,201	-	-	5,190,201
Equipment	1,913,698	-	-	1,913,698
Underground piping	16,687,068	206,865	-	16,893,933
Wells / reserves osmosis / water supply	1,940,455	-	-	1,940,455
Total capital assets being depreciated	25,731,422	206,865	-	25,938,287
Amortized Assets:				
Intangible right to use				
Leased vehicles	37,368	-	-	37,368
Total Leases being amortized	37,368	-	-	37,368
Less accumulated depreciation for:				
Buildings and improvements	3,883,705	152,733	-	4,036,438
Equipment	1,637,702	55,176	-	1,692,878
Underground piping	9,308,174	323,748	-	9,631,922
Wells / reserves osmosis / water supply	699,132	45,498	-	744,630
Total accumulated depreciation	15,528,713	577,155	-	16,105,868
Less accumulated amortization for:				
Leased vehicles	10,528	11,497	-	22,025
Total accumulated amortization	10,528	11,497	-	22,025
Total capital assets being depreciated, net	10,202,709	(370,290)	-	9,832,419
Business-type activities capital asset, net	\$ 11,275,486	\$ 619,993	\$ -	\$ 11,895,479

Depreciation and Amortization was charged to functions as follows:

Business-type activities:

Sewer Fund	\$ 351,650
Water Fund	237,002
	\$ 588,652

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 9. Debt:

Changes in debt obligations during the year ended June 30, 2023, were as follows:

Short-term debt:

Purpose	Amount of Original Issue	Fiscal Year of Issue	Interest Rate	Fiscal Year of Maturity	Balance July 1, 2022	New Issues	Refundings	Retirements	Balance, June 30, 2023
Governmental Activities									
2023 BAN	\$ 8,000,000	2023	1.21%	2024	\$ 8,000,000	\$ 8,000,000	\$ -	\$ 8,000,000	\$ 8,000,000
					\$ 8,000,000	\$ 8,000,000	\$ -	\$ 8,000,000	\$ 8,000,000

Long-term liabilities:

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023	Due within one year
Governmental activities:					
Bonds payable:					
Bonds and notes	\$ 20,927,000	\$ -	\$ 2,530,000	\$ 18,397,000	\$ 2,561,000
Premium on bonds	75,578	-	7,684	67,894	7,701
Total bonds payable	<u>21,002,578</u>	<u>-</u>	<u>2,537,684</u>	<u>18,464,894</u>	<u>2,568,701</u>
Capital leases	50,914	-	33,925	16,989	16,989
Net pension liability	7,157,069	-	2,919,093	4,237,976	-
Net other post-employment benefit liability	295,092	40,355	-	335,447	-
Compensated absences	402,176	-	49,724	352,452	102,934
Total long-term obligations	<u>\$ 28,907,829</u>	<u>\$ 40,355</u>	<u>\$ 5,540,426</u>	<u>\$ 23,407,758</u>	<u>\$ 2,688,624</u>
Business-type activities:					
Bonds and notes	\$ 5,150,897	\$ -	\$ 138,800	\$ 5,012,097	\$ 143,813
Capital leases	26,840	-	11,497	15,343	7,448
Compensated absences	86,841	12,819	-	99,660	39,874
Total long-term obligations	<u>\$ 5,264,578</u>	<u>\$ 12,819</u>	<u>\$ 150,297</u>	<u>\$ 5,127,100</u>	<u>\$ 191,135</u>
Total government-wide obligations	<u>\$ 34,172,407</u>	<u>\$ 53,174</u>	<u>\$ 5,690,723</u>	<u>\$ 28,534,858</u>	<u>\$ 2,879,759</u>

All debt of the Government Activities is general obligation debt. The payments on the bonds are paid from the General Fund. The compensated absences, financed purchase and net pension liabilities are paid from the General Fund. The payments on the bonds in the Business-type activities are paid from the Water and Sewer Fund.

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 9. Debt (continued):

Bonds and Notes Payable

General obligation bonds and notes currently outstanding for governmental activities are as follows:

Purpose	Amount of Original Issue	Fiscal Year of Issue	Interest Rate	Fiscal Year of Maturity	Balance July 1, 2022	New Issues	Refundings	Retirements	Balance, June 30, 2023
Governmental Activities									
BILT 2012 New Money	\$ 2,364,000	2012	2.0-4.0%	2032	\$ 1,350,000	\$ -	\$ -	\$ 115,000	(a) \$ 1,235,000
School Construction 2005 (2015 Refunding)	4,930,000	2015	2.25%	2025	1,510,000	-	-	490,000	1,020,000
School Construction 2006 (2015 Refunding)	645,000	2015	2.40%	2026	245,000	-	-	65,000	180,000
Town Hall Construction 2006 (2015 Refunding)	640,000	2015	2.40%	2026	235,000	-	-	60,000	175,000
2014 MRBRF (Weldon's Way)	255,000	2015	0.6-3.0%	2029	145,000	-	-	17,000	128,000
2016 MRBRF (Road & Bridge Old Town Road)	296,000	2016	0.8-2.7%	2035	227,000	-	-	14,000	213,000
2017 MRBRF (Road & Bridge Old Town Road)	449,000	2017	.72 - 2.22%	2037	372,000	-	-	20,000	352,000
2017 Series B Refunding (2009)	1,635,000	2017	2.69%	2029	1,100,000	-	-	160,000	940,000
2017 Series A (Beach House, Drs House)	1,400,000	2017	2.30%	2027	880,000	-	-	140,000	740,000
2018 RIIB/ West Beach	1,995,000	2018	1.21-2.53%	2033	1,647,000	-	-	120,000	1,527,000
2020 Refunding (2010 Refunding)	2,080,000	2020	1.406%	2030	1,693,000	-	-	197,000	1,496,000
2020 Series B (Thomas Property, BIPCO)	3,300,000	2020	1.78%	2030	2,678,000	-	-	314,000	2,364,000
2020 Series A (Broadband CAI)	550,000	2020	1.41%	2030	445,000	-	-	53,000	392,000
2021 Series 2022, General Obligation Bond	8,400,000 (b)	2022	2.14%	2031	8,400,000	-	-	765,000	(b) 7,635,000
Total	\$ 37,648,000				\$ 20,927,000	\$ -	\$ -	\$ 2,530,000	\$ 18,397,000

(a) Includes amounts paid by BILT \$115,000

(b) Includes \$1,500,000 as shared debt with BILT

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 9. Debt (continued):

Bonds and Notes Payable (continued)

General obligation bonds and notes currently outstanding for business-type activities are as follows:

Purpose	Amount of Original Issue	Fiscal Year of Issue	Interest Rate	Fiscal Year of Maturity	Balance July 1, 2022	New Issues	Refundings	Retirements	Balance, June 30, 2023
Enterprise Funds									
<i>Sewer Fund</i>									
Headworks	\$ 349,000	2007	4.13%	2047	\$ 276,893	\$ -	\$ -	\$ 6,542	\$ 270,351
2006 Sewer Improvements	192,500	2006	4.375%	2046	150,797	-	-	3,678	147,119
Land	472,175	2005	4.25%	2045	358,749	-	-	9,507	349,242
2012 Sewer Improvements	458,000	2012	2.75%	2052	393,328	-	-	8,209	385,119
2014 Sewer Improvements	219,000	2014	2.75%	2053	191,893	-	-	3,821	188,072
2015 Sewer Improvements	689,000	2015	2.75%	2055	615,427	-	-	11,696	603,731
2017 Sewer Improvements	674,000	2018	3.13%	2058	637,553	-	-	9,834	627,719
Sewer Total	\$ 3,053,675				\$ 2,624,640	\$ -	\$ -	\$ 53,287	\$ 2,571,353
<i>Water Fund</i>									
Discharge	\$ 442,000	2007	4.125%	2047	\$ 350,686	\$ -	\$ -	\$ 8,292	\$ 342,394
2011 Water Supply	450,000	2011	3.25%	2051	376,842	-	-	8,017	368,825
2005 Water Supply	179,445	2005	4.25%	2045	136,331	-	-	3,607	132,724
Clean Water GOB	614,287	2004	3.26%	2024	122,000	-	-	39,000	83,000
2015A Water Supply	123,000	2015	2.75%	2055	109,862	-	-	2,088	107,774
2015 Water Supply	98,000	2015	2.75%	2055	87,536	-	-	1,664	85,872
2022 Water Supply	1,343,000	2022	2.75%	2062	1,343,000	-	-	22,845	1,320,155
Water Total	\$ 3,249,732				\$ 2,526,257	\$ -	\$ -	\$ 85,513	\$ 2,440,744
Total	\$ 6,303,407				\$ 5,150,897	\$ -	\$ -	\$ 138,800	\$ 5,012,097

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 9. Debt (continued):

Bonds and Notes Payable (continued)

At June 30, 2023 annual debt service requirements to maturity for bonds and Notes payable are as follows:

Governmental activities:

Year ending June 30,	Principal	Interest	Total
2024	\$ 2,561,000	\$ 364,018	\$ 2,925,018
2025	2,622,000	310,520	2,932,520
2026	2,138,000	261,767	2,399,767
2027	2,067,000	218,168	2,285,168
2028	2,099,000	176,236	2,275,236
2029-2033	6,564,000	328,090	6,892,090
2034-2038	346,000	11,134	357,134
	<u>\$18,397,000</u>	<u>\$1,669,932</u>	<u>\$20,066,932</u>

Business-type activities:

Year ending June 30,	Principal	Interest	Total
2024	\$ 143,813	\$ 148,888	\$ 292,701
2025	148,065	143,929	291,993
2026	109,356	139,768	249,124
2027	112,757	136,367	249,124
2028	116,210	132,914	249,124
2029-2033	638,309	607,290	1,245,599
2034-2038	745,889	489,731	1,235,620
2039-2043	873,144	372,477	1,245,620
2044-2048	854,600	226,631	1,081,231
2049-2053	659,171	119,737	778,908
2054-2058	426,833	45,395	472,227
2059-2063	183,951	8,153	192,104
	<u>\$ 5,012,097</u>	<u>\$2,571,279</u>	<u>\$ 7,583,375</u>

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 9. Debt (continued):

Bonds and Notes Payable (continued)

This component unit general obligation bond is being paid by the Town’s general government with funds being transferred from the component unit. This amount is already being accounted for within the governmental activities portion of this note

Component Unit:

Year ending June 30,	Principal	Interest	Total
2024	\$ 258,393	\$ 78,577	\$ 336,969
2025	261,964	70,815	332,779
2026	270,536	62,977	333,513
2027	279,107	54,863	333,970
2028	285,893	46,472	332,364
2029-2032	1,242,500	96,269	1,338,769
	\$ 2,598,393	\$ 409,972	\$ 3,008,365

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities, and are direct obligations and pledge the full faith and credit of the Town. In addition, general obligation bonds have been issued to refund previously outstanding general obligation bonds.

Rhode Island General Law caps the amount of each municipality's general obligation bonds that may be outstanding to 3% of its assessed property values. Exceptions apply to bonds financed from non-tax revenues and special exemptions are granted for other purposes as well. The assessed value of the Town's properties at December 31, 2021 was \$1,695,248,692 limiting the amount of non-exempted general obligation bonds outstanding to \$50,857,461. At June 30, 2023, general obligation bonds outstanding totaled \$31,409,107 including amounts which are exempt from the cap.

The component unit may request that the Town issue bonds for the purpose of financing its activities. On November 15, 2002, the Town issued general obligation bonds in the amount of \$4,500,000, of which \$3,500,000 was designated to finance the acquisition of open space and farmland by the component unit. These funds were used to purchase the 24.8 acre Hodge Property for an aggregate sale price of \$8,500,000. The component unit, the Town, and each of the other two unrelated third parties are identified as the buyers, and the agreement between the buyers and seller is executed as a single contract, according to an undivided interest in the property among the four parties. On June 6, 2012, the Town issued \$2,364,000 in general obligation bonds with an average interest rate of 3.0% to finance the acquisition of open space.

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 9. Debt (continued):

Bonds and Notes Payable (continued)

In March of 2022, the Town issued a general obligation bond in the amount of \$8,400,000. The Block Island Land Trust portion of the Town’s general obligation bond is \$1,500,000. The terms and payments required on this bond generally coincide with the interest rates, principal installments and maturities of the related general obligation bond of the Town.

The balance of the note receivable from the component unit at June 30, 2023 was \$2,598,393.

Compensated absences:

Compensated absences typically have been liquidated in the General Fund, School Department governmental funds and Sewer and Water Funds.

Note 10. Fund Balances:

	Major Funds			Non-Major Funds			Total
	General Fund	Capital Project Broadband Fund	School Department	Special Revenue	Capital Projects	Permanent Trust	
Fund Balances:							
Nonspendable:							
Corpus of endowment funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 276,733	\$ 276,733
Land Trust note receivable	2,598,393	-	-	-	-	-	2,598,393
Restricted for:							
Capital outlay by bond covenant	16,391	-	-	-	-	-	16,391
Road Repairs by Bond Allocation	348,909	-	-	-	-	-	348,909
North Light purposes	15,617	-	-	-	-	-	15,617
Educational purposes	-	-	57,141	-	-	-	57,141
Historic records trust	23,439	-	-	-	-	-	23,439
Technology fund	85,828	-	-	-	-	-	85,828
Recreational, library, and other purposes	-	-	-	1,233,951	-	-	1,233,951
Committed to:							
Educational purposes	-	-	640,189	-	1,051,721	-	1,691,910
Capital projects	-	-	15,545	-	-	-	15,545
Assigned to:							
BIPCO debt service reserve	559,839	-	-	-	-	-	559,839
Reserve for encumbrances	896,748	-	-	-	-	-	896,748
Unassigned	3,610,726	(10,762,224)	(2)	(126)	(1,755,083)	-	(8,906,709)
	<u>\$ 8,155,890</u>	<u>\$ (10,762,224)</u>	<u>\$ 712,873</u>	<u>\$ 1,233,825</u>	<u>\$ (703,362)</u>	<u>\$ 276,733</u>	<u>\$ (1,086,265)</u>

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

NOTE 11: Fund Deficits

The following funds had deficit fund balances (negative unassigned fund balances) as of June 30, 2023:

Special Revenue	
BICEP	\$ (126)
Capital Projects	
Broadband Construction	(10,762,224)
Roads Construction	(1,651,091)
School Construction	(103,992)
School Special Revenue	
RTTT	<u>\$ (2)</u>
Total fund deficits	<u>\$ (12,517,435)</u>

The deficits noted above will be funded by future administration plans; bond issues and available fund balance.

Note 12. Other Post-Employment Benefits:

Plan Description

The School Department of New Shoreham Post-Employment benefit is a single employer defined benefit postretirement health insurance plan. The Town does not take part in this plan. The School Department provides health benefits to its public school professional staff with 20 years of accumulated service. A teacher at the Block Island School may continue to receive the same health care coverage as offered to the bargaining unit for five contract years, until Medicare takes over or age 65, whichever occurs first.

Contributions

The contribution requirements of plan members are established and may be amended through provisions of Rhode Island General Law, Town Ordinances and through collective bargaining. The plan has set up a trust in fiscal year 2016.

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 12. Other Post-Employment Benefits (continued):

Plan Membership

At June 30, 2023, the plans membership consisted of the following:

<u>Description</u>	<u>Active Employees</u>	<u>Inactive or Beneficiaries Receiving Benefits</u>	<u>Total</u>
Participants	26	1	27

Concentrations

There were no concentrations noted as of June 30, 2023.

Rate of return

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 6.0%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the School Department

The components of the net OPEB liability of the School Department at June 30, 2023 were as follows:

<u>Description</u>	<u>Amounts</u>
Total OPEB Liability (TOL)	\$ 734,258
Fiduciary Net Position	398,811
Net OPEB Liability (NOL)	<u>335,447</u>
Funded Ratio (Fiduciary Net Position / NOL)	54.31%
Covered Payroll (active plan members)	\$ 2,287,646
NOL as a Percentage of Covered Payroll	14.66%

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

<u>Description</u>	<u>Assumption</u>
Single Equivalent Discount Rate	5.30%, net of OPEB plan investment expense, including inflation.
Inflation	3.00% as of June 30, 2023 and for future periods
Investment rate of return	6.00%, net of OPEB plan investment expense, including inflation.
Salary increases	3.00% annually as of June 30, 2023 and for future periods

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 12. Other Post-Employment Benefits (continued):

Investment Policy

The Town’s policy in regard to the allocation of invested assets is established and may be amended by the committee by a majority vote of its members. It is the policy of the Town to pursue an investment strategy that reduced risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Town’s adopted asset allocation policy as of June 30, 2023:

Asset Class	Target Allocation
U.S. Equity	22.00%
Non-U.S. Equity	14.00%
U.S. Aggregate Bonds	23.00%
Intermediate-Term Credit	14.00%
Short-Term Credit	8.00%
Non-U.S. Bonds	15.00%
REITs	4.00%
Total	100.00%

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Median Nominal Return Expectation
U.S. Equity	6.20%
Non-U.S. Equity	8.30%
U.S. Aggregate Bonds	4.50%
Intermediate-Term Credit	4.90%
Short-Term Credit	4.50%
Non-U.S. Bonds	4.20%
REITs	6.60%
I. Real Rate of Return	6.00%
II. Inflation Assumption	2.10%
III. Total Nominal Return [I. + II.]	8.10%

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 12. Other Post-Employment Benefits (continued):

Discount rate

The discount rate used to measure the total OPEB liability was 5.30 percent. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2022	\$ 658,062	\$ 362,970	\$ 295,092
Service cost	34,407	-	34,407
Interest on net OPEB liability and service cost	36,074	-	36,074
Differences between actual and expected experience	61,493	-	61,493
Changes in assumptions	(31,799)	-	(31,799)
Benefit payments, including refunds	(23,979)	(23,979)	-
Contributions - employer	-	39,790	(39,790)
Administratives expenses	-	(1,207)	1,207
Net investment income	-	21,237	(21,237)
	<u>76,196</u>	<u>35,841</u>	<u>40,355</u>
Net changes			
Balances at June 30, 2023	<u>\$ 734,258</u>	<u>\$ 398,811</u>	<u>\$ 335,447</u>

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

<u>Description of Outflows/Inflows</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected experience	107,917	(412,116)
Changes of assumptions	5,704	(48,714)
Net difference between projected and actual earnings on OPEB plan investments	<u>26,055</u>	<u>-</u>
	<u>\$ 139,676</u>	<u>\$ (460,830)</u>
Net amount of deferred outflows and inflows		<u>\$ (321,154)</u>

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 12. Other Post-Employment Benefits (continued):

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

Year Ended June 30:	
2024	\$ 11,468
2025	(41,703)
2026	(35,662)
2027	(48,680)
2028	(48,358)
Thereafter	<u>(158,219)</u>
	<u>(321,154)</u>

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the School Department, as well as what the School Department's net OPEB liability would be if it were calculated using a discount rate that is 1-percentagepoint lower (4.3 percent) or 1-percentage-point higher (6.3 percent) than the current discount rate:

	<u>Impact of 1% Change in Discount Rate</u>		
	1% Decrease (5.00%)	Current discount rate (6.00%)	1% Increase (7.00%)
Total OPEB liability	\$ 372,594	\$ 335,447	\$ 300,262

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the net OPEB liability of the School Department, as well as what the School Department's net OPEB liability would be if it were calculated using healthcare cost 79 trend rates that are 1-percentage-point lower (7.0 percent decreasing to 3.5 percent) or 1-percentage-point higher (9.0 percent decreasing to 5.5 percent) than the current healthcare cost trend rates:

	<u>Impact of 1% Change in Healthcare Trend Rate</u>		
	1% Decrease (6.50% decreasing to 3.50%)	Current trend rate (7.50% decreasing to 4.50%)	1% Increase (8.50% decreasing to 5.50%)
Total OPEB liability	\$ 290,173	\$ 335,447	\$ 385,212

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 13. Employees' Retirement System (ERS):

Employees' Retirement System Plan

General Information about the Pension Plan

Plan description - Certain employees of the Town of New Shoreham, RI (Town) 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. 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 at September 30, 2009 may retire with 10 years of service at age 60 or after 28 years of service at any age. The retirement eligibility age increases proportionately for other members reflecting years of service and other factors until it aligns with the Social Security Normal Retirement Age, which applies to any member with less than 5 years of service as of July 1, 2012. Members are vested after 5 years of service.

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

Cost of living adjustments are provided but are currently suspended until the collective plans administered by ERSRI reach a funded status of 80%. Until the plans reach an 80% funded status, interim cost of living adjustments is 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.

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 13. Employees' Retirement System (ERS) (continued):

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

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 2019, the Town's 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 Town 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 Town; the rates were 10.94% and 14.78% of annual covered payroll for the fiscal year ended June 30, 2022 for the state and the Town, respectively. The Town contributed \$377,423, \$378,505 and \$344,201 for the fiscal years ended June 30, 2023, 2022 and 2021, respectively, equal to 100% of the required contributions for each year.

At June 30, 2023, the Town reported a liability of \$3,551,187 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the state. The amount recognized by the Town 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 Town were as follows:

Town proportionate share of net pension liability	\$ 3,551,187
State's proportionate share of the net pension liability associated with the Town	<u>2,626,352</u>
Total net pension liability	<u>\$ 6,177,539</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 School Department proportion of the net pension liability was based on a projection of the 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. At June 30, 2022 the School Department's proportion was 0.13149041%.

For the year ended June 30, 2023 the School Department recognized gross pension expense of \$278,239 and revenue of \$239,763 for support provided by the State. At June 30, 2023 the School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 13. Employees' Retirement System (ERS) (continued):

Description of Outflows/Inflows	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 52,597	\$ 69,071
Changes of assumptions	71,623	53,242
Net difference between projected and actual earnings on pension plan investments	-	74,305
Changes in proportion and differences between System contributions and proportionate share contributions	332,373	35,361
Contributions subsequent to the measurement date	<u>377,423</u>	<u>-</u>
	<u>\$ 834,016</u>	<u>\$ 231,979</u>
Net amount of deferred outflows and (inflows) excluding Town contributions subsequent to measurement date		<u>\$ 224,614</u>

Deferred outflows of resources totaling \$377,423 related to pensions resulting from the School Department's contributions in fiscal year 2023 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2022. 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	55,856
2025	32,255
2026	(54,797)
2027	138,313
2028	34,897
Thereafter	<u>18,090</u>
	<u>\$ 224,614</u>

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 13. Employees' Retirement System (ERS) (continued):

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

Inflation	2.50%
Salary increases	3.00% to 13.00%
Investment rate of return	7.00%

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 at 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:

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 13. Employees' Retirement System (ERS) (continued):

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

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 13. Employees' Retirement System (ERS) (continued):

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

Discount rate - the discount rate used to measure the total pension liability was 7.0 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 (asset) to changes in the discount rate - the following presents the net pension liability (asset) calculated using the discount rate of 7.0 percent as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

1.00% Decrease (6.0%)	Current Discount Rate (7.0%)	1.00% Increase (8.0%)
\$ 4,455,255	\$ 3,551,187	\$ 2,729,738

Pension plan fiduciary net position - detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report

Note 14: Municipal Employees' Retirement System (MERS):

Municipal Employees' Retirement System Plans

General Information about the Pension Plan

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

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 14: Municipal Employees' Retirement System (MERS) (continued):

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

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

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

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

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

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

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

Members with 10 or more years of contributory service on June 30, 2012 may choose to retire at their prior retirement date if they continue to work and contribute until that date. If this option is elected,

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 14: Municipal Employees' Retirement System (MERS) (continued):

the retirement benefit will be calculated using the benefits accrued as of June 30, 2012, i.e., the member will accumulate no additional defined benefits after this date, but the benefit will be paid without any actuarial reduction.

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

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

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

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

Police and Fire Employees - Members are eligible to retire when they are at least 50 years old and have a minimum of 25 years of contributing service or if they have 27 years of contributing service at any age. Members with less than 25 years of contributing service are eligible for retirement on or after their Social Security normal retirement age.

Members who, as of June 30, 2012, had at least 10 years of contributing service, had attained age 45, and had a prior retirement date before age 52 may retire at age 52.

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

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

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 14: Municipal Employees' Retirement System (MERS) (continued):

Prior to July 1, 2012, members designated as police officers or firefighters were eligible for retirement at or after age 55 with credit for at least 10 years of service or at any age with credit for 25 or more years of service. Members were also eligible to retire and receive a reduced benefit if they are at least age 50 and have at least 20 years of service. If the municipality elected to adopt the 20-year retirement provisions for police officers and/or firefighters, then such a member was eligible to retire at any age with 20 or more years of service. Members eligible to retire before July 1, 2012 were not impacted by the changes to retirement eligibility above.

A monthly benefit is paid equal to 2.00% of the member's monthly FAC for each year of service, up to 37.5 years (75% of FAC maximum).

If the optional 20-year retirement provisions were adopted by the municipality prior to July 1, 2012, benefits are based on 2.50% of the member's FAC for each year of service prior to July 1, 2012 and 2.00% of the member's FAC for each year of service after July 1, 2012. The benefit cannot exceed 75% of the member's FAC. The Town of New Shoreham elected not to participate in the 20-year retirement provision.

Active members (including future hires), members who retire after July 1, 2015 and after attaining age 57 with 30 years of service will have a benefit equal to the greater of their current benefit described above and one calculated based on a 2.25% multiplier for all years of service.

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

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

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

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

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 14: Municipal Employees' Retirement System (MERS) (continued):

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

c.) The COLA will be limited to the first \$25,000 of the member's annual pension benefit. For retirees and beneficiaries who retired on or before July 1, 2015, years in which a COLA is payable based on the every fourth year provision described in (a) above will be limited to the first \$30,000. These limits will be indexed annually to increase in the same manner as COLAs, with the known values of \$27,184 for 2020, \$27,608 for 2021 and \$27,901 for 2022.

Employees Covered by Benefit Terms - At the June 30, 2022 valuation date, the following employees were covered by the benefit terms:

	General Employees	Police Plan
Retirees and Beneficiaries	33	2
Inactive, Non-retired Members	62	5
Active Members	59	6
Total	<u>154</u>	<u>13</u>

Contributions - The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees with less than 20 years of service as of June 30, 2012 are required to contribute 1% (2% if the employer opted to provide a COLA) of their salaries. General employees with more than 20 years of service as of June 30, 2012 are required to contribute 8.25%. Public safety employees are required to contribute 9% (10% if employer opted to provide a COLA) of their salaries. The Town of New Shoreham contributes at a rate of covered employee payroll as determined by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements. The Town contributed \$197,586 to their general employee plan in the year ended June 30, 2022 which was 7.03% of annual payroll and \$89,444 to their police department plan in the year ended June 30, 2022 which was 21.17% of their annual covered payroll.

Net Pension Liability (Asset) - The total pension liability (asset) was determined by actuarial valuations performed as of June 30, 2021 and rolled forward to June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement.

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 14: Municipal Employees' Retirement System (MERS) (continued):

Actuarial cost method	Entry Age Normal - the individual Entry Age Actuarial Cost methodology is used
Amortization method	Level percentage of payroll, closed
Asset valuation method	
Investment rate of return	7.00%
Projected salary increases	General Employees - 3.25% to 7.25%; Police & Fire Employees - 4.00% to 14.00%
Inflation	2.50%
Mortality	Mortality – Variants of the PUB (10) Tables for Healthy and Disabled Retirees, projected with Scale Ultimate MP16.
Cost of Living Adjustment	All future COLAs were assumed to be 2.1% per annum for all MERS units with the COLA provision.

The actuarial assumptions used in the June 30, 2021 valuation rolled forward to June 30, 2022 and the calculation of the total pension liability at 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.

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 14: Municipal Employees' Retirement System (MERS) (continued):

The June 30, 2022 expected arithmetic returns over the long-term (20-years) by asset class are summarized in the following table:

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

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 14: Municipal Employees' Retirement System (MERS) (continued):

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

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

	General	Police
Pension liability:		
Balance as of June 30, 2021	\$ 8,977,109	\$ 2,510,544
Changes for the year:		
Service cost	208,234	76,431
Interest on total pension liability	616,183	174,455
Changes in assumptions	-	-
Difference between expected and actual experience of total pension liability	661,554	5,477
Benefit payments, including employee refunds	(557,214)	(113,087)
Balance as of June 30, 2022	9,905,866	2,653,820
Fiduciary net position:		
Balance as of June 30, 2021	10,313,883	2,184,106
Employer contributions	197,586	89,444
Employee contributions	59,716	42,250
Net investment income	(272,511)	(59,943)
Benefit payments, including employee refunds	(557,214)	(113,087)
Administrative expense	(9,290)	(2,043)
Other changes	-	-
Balance as of June 30, 2022	9,732,170	2,140,727
Net pension liability (asset)	\$ 173,696	\$ 513,093

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 14: Municipal Employees' Retirement System (MERS) (continued):

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the net pension liability (asset) of the employer calculated using the discount rate of 7.0 percent, as well as what the employer's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

General Employees

1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
\$ 1,118,045	\$ 173,696	\$ (684,257)

Police

1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
\$ 762,652	\$ 513,093	\$ 286,390

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

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

General Employee Plan

For the year ended June 30, 2023, the Town recognized pension expense/(income) for the general employee's plan - \$80,187. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ -	\$ 30,157
Difference between expected and actual experience	587,387	46,101
Net difference between projected and actual earnings on pension plan investments	-	108,963
Contributions subsequent to the measurement date	177,885	-
	\$ 765,272	\$ 185,221
Net amount of deferred outflows and (inflows) excluding contributions subsequent to measurement date		\$ 402,166

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 14: Municipal Employees' Retirement System (MERS) (continued):

General Employee Plan (continued)

\$177,885 reported as deferred outflows of resources related to pensions resulting from the Town's contributions 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 and inflows of resources related to pensions will be recognized in pension expense in subsequent years.

Year ended June 30:		
2024	\$	23,669
2025		56,324
2026		21,866
2027		300,307
2028		-
Thereafter		-
	<u>\$</u>	<u>402,166</u>

Police Employee Plan

For the year ended June 30, 2023 the employer recognized pension expense of \$33,525. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 15,408	\$ -
Difference between expected and actual experience	25,237	97,414
Net difference between projected and actual earnings on pension plan investments	-	15,930
Contributions subsequent to the measurement date	68,645	-
	<u>\$ 109,290</u>	<u>\$ 113,344</u>
Net amount of deferred outflows and (inflows) excluding contributions subsequent to measurement date		<u>\$ (72,699)</u>

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 14: Municipal Employees' Retirement System (MERS) (continued):

Police Employee Plan (continued)

Deferred outflows of resources of \$68,645 related to pensions resulting from the Town's contributions in subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2021.

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

Year ended June 30:		
2024	\$	(18,045)
2025		(28,736)
2026		(45,820)
2027		23,816
2028		(3,914)
Thereafter		-
	<u>\$</u>	<u>(72,699)</u>

Note 15: Aggregate Pension Amounts Reported in the Financial Statements

As required by GASB Statement No. 68, Accounting and Financial Reporting for Pensions and amendment of GASB Statement No. 34 the table below presents the aggregate amount of pension expense, pension liabilities (assets), and deferred inflows and outflows for the defined benefit plans of the Town of New Shoreham, Rhode Island.

<i>Town</i>	MERS General	MERS Police	ERS	Total
Deferred Outflows of Resources - Pension	\$ 765,272	\$ 109,290	\$ 834,016	\$ 1,708,578
Deferred Inflows of Resources - Pension	(185,221)	(113,344)	(231,979)	(530,544)
Net Pension Liability (Asset)	173,696	513,093	3,551,187	4,237,976
Pension Expense	80,187	33,525	278,239	391,951
Total	\$ 833,934	\$ 542,564	\$4,431,463	\$ 5,807,961

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 16: Defined Contribution Pension Plan:

Defined Contribution 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. 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

The School recognized pension expense of \$5,706, for the fiscal year ended June 30, 2023.

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>.

Note 17: Commitments and Contingencies:

Amounts received or receivable from granter agencies are subject to audit and adjustment by granter 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.

Note 18. Risk Management:

The Town 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 participates in a nonprofit, public entity risk pool Rhode Island Interlocal Risk Management Trust, Inc. (the Trust) which provides coverage for property/liability and workers' compensation claims. Upon joining the Trust, the Town signed a participation agreement which outlines the rights and responsibilities of both the Trust and the Town. The agreement states that for premiums paid by the Town, the Trust will assume financial responsibility for the Town's losses up to the maximum amount of insurance purchased, minus the Town's 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. Under the participation agreement, the Town is insured for a maximum of \$3,000,000 per occurrence. Settled claims resulting from these risks have not exceeded the Trust coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage during the year ended June 30, 2023.

Town of New Shoreham, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

Note 18. Risk Management (continued)

The Town also participates in the Health Pool (the Pool), a non-profit, public entity risk pool which provides programs of liability, workers' compensation, and health insurance coverage to Rhode Island cities, towns and other governmental units. Upon joining the Pool, members execute a member agreement. That document, pursuant to which the Pool was established and operates, outlines the rights and responsibilities of both the members and the Pool. Members of the Pool participate in the Pool's health insurance plan administered through the Trust and Blue Cross Blue Shield of Rhode Island (BCBSRI). The Pool sets annual contribution rates for the subscribers of each member for each program offered. The Pool agreement requires that those contribution rates be set at a level sufficient, in the aggregate, to satisfy the funding requirements of the Pool. The contributions of each member are deposited into the pool and are used to pay for claims, reinsurance and all administrative expenses.

Note 19. Litigation

Litigation:

The Town is a party to various claims, legal actions, and complaints. It is not presently possible to determine the outcome of these cases; as a result, no liability has been recorded in the financial statements. In the opinion of the Town's management and Town Solicitor, these matters are not anticipated to have a material financial impact on the Town.

Federal Funded Programs:

The Town participates in a number of federally funded programs. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. 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.

Note 20. Subsequent Events:

In December 2023, The Town replaced the \$8,000,000 Broadband BAN with \$8,000,000 permanent 10 year financing. As part this issuance Standard & Poor's (S&P) affirmed the Town's AA rating.

TOWN OF NEW SHOREHAM

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:

- Budgetary Comparison Schedule – General Fund
Budgetary Comparison Schedule – Unrestricted Fund
- Schedule of Changes in the Net Pension Liability and Related Ratios
- Schedule of Town Contributions related to retirement plans
- Schedule of Changes in the Net OPEB Liability and Related Ratios
- Schedule of OPEB Contributions

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 New Shoreham, Rhode Island
Required Supplementary Information
Budgetary Comparison Schedule- General Fund
For the Year Ended June 30, 2023

	<u>Original Budget</u>		<u>Total</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
	<u>Encumbrances</u>	<u>Budget</u>				
	<u>Carried</u>	<u>As</u>	<u>Available</u>		<u>Carried</u>	<u>Favorable</u>
	<u>from FY 23</u>	<u>Adopted</u>			<u>To FY 24</u>	<u>(Unfavorable)</u>
Revenues						
Taxes	\$ -	\$ 12,216,091	\$ 12,216,091	\$ 11,900,343	\$ -	\$ (315,748)
Intergovernmental	-	1,677,205	1,677,205	1,812,735	-	135,530
Licenses, permits, and fees	-	631,587	631,587	590,643	-	(40,944)
Interest and investment	-	5,000	5,000	10,355	-	5,355
Other revenues	-	2,228,554	2,228,554	2,172,939	-	(55,615)
Total revenues	-	16,758,437	16,758,437	16,487,015	-	(271,422)
Expenditures						
General government	-	1,567,051	1,567,051	1,618,111	-	(51,060)
Finance administration	110,000	464,337	574,337	553,996	37,500	(17,159)
Fire, rescue, and emergency services	-	342,090	342,090	365,547	-	(23,457)
Police	-	1,312,721	1,312,721	1,232,718	-	80,003
Highways and maintenance	-	1,206,748	1,206,748	1,052,628	89,784	64,336
Harbors	-	681,289	681,289	770,418	-	(89,129)
Building official	-	231,261	231,261	199,639	-	31,622
Recreation	-	420,894	420,894	477,577	-	(56,683)
Library	-	584,517	584,517	579,576	-	4,941
GIS / Technology	-	320,574	320,574	340,361	-	(19,787)
Boards and commissions	-	217,519	217,519	219,619	20,195	(22,295)
Community support	-	866,294	866,294	881,983	-	(15,689)
Grant support	-	-	-	38,870	-	(38,870)
Capital outlay	756,960	512,500	1,269,460	575,013	749,269	(54,822)
Debt service	-	3,046,839	3,046,839	3,126,111	-	(79,272)
Total expenditures	866,960	11,774,634	12,641,594	12,032,167	896,748	(287,321)
Excess (deficiency) of revenues over expenditures	(866,960)	4,983,803	4,116,843	4,454,848	(896,748)	(558,743)
Other financing sources and (uses):						
Use of BIPCO Reserve	-	-	-	(77,977)	-	(77,977)
Transfer from other funds	-	388,994	388,994	407,775	-	18,781
Transfer to other funds	-	(5,372,797)	(5,372,797)	(5,460,492)	-	(87,695)
	-	(4,983,803)	(4,983,803)	(5,130,694)	-	(146,891)
Excess (deficiency) of revenues and other sources over expenditures and other uses, budgetary basis	\$ (866,960)	\$ -	\$ (866,960)	\$ (675,846)	\$ (896,748)	\$ (705,634)
Adjustment of budgetary basis to U.S. GAAP				(829,000)		
Excess of revenue and other financing sources over expenditures and other financing uses, U.S. GAAP basis				(1,504,846)		
Fund balance, July 1, 2022				9,660,736		
Fund balance, June 30, 2023				<u>\$ 8,155,890</u>		

*See accompanying notes to required supplementary information
See independent auditor's report*

Town of New Shoreham, Rhode Island

Required Supplementary Information

Notes to the Required Supplementary Information

Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2023

Budget preparation and budgetary basis of accounting:

In accordance with the Town Charter, the Town Manager must present to the Council, not later than the third Monday in March of each year, recommended annual operating and capital budgets for the operations of each department, agency, board and commission of town government whose activities are to be supported in whole or in part by Town funds during the next fiscal year. The School Committee makes such submissions of estimates no later than the first Monday in March. The Town Council schedules at least one public hearing on the budget recommendations it receives from the Town Manager, which takes place prior to final Council approval of the Town budgets for submission to the Financial Town Meeting, with whatever changes the Council deems appropriate to be voted no later than the third Monday in April. The electors of the Town assemble annually at a Financial Town Meeting on the first Monday in May for the purpose of approving the budget. The recommended budget must include an appropriation to fund school expenditures in excess of their anticipated revenues as requested by the Superintendent and approved by the School Committee. Estimates of sums expected to become available from federal and state grants for the support of the public schools are to be included in the total requested for school expenditures. The Town Council appropriates these funds for expenditure by the School Committee and appropriates such additional funds from local tax revenues as may be required to meet the total school budget which the Town Council approves. The School Committee does not have the authority to obligate the Town financially beyond the total budgetary amount voted by the Town Council. The Town Council can change only the total amount of the School Committee's recommended budget. The Town Council can authorize, as required, capital expenditures, grants, and expenditures over a certain dollar amount, as set by ordinance, after the Financial Town Meeting, and oversee implementation of budget proposals.

The General Fund and the School Department annual operating budgets are in conformity with the legally enacted budgetary basis. The legally enacted budgetary basis differs from accounting principles generally accepted in the United States of America (U.S. GAAP) in several regards. Budgets are adopted on the modified accrual basis with certain exceptions. Budgetary revenues may include re-appropriations from fund equity previously recognized under U.S. GAAP. Budgetary expenditures and expenses are recognized when legally binding orders (encumbrances) are placed. Enterprise fund budgetary expenses include expenses for fixed asset additions, debt service issuance costs and debt service principal payments not recognized under U.S. GAAP but exclude depreciation and amortization, U.S. GAAP basis expenses.

Budget compliance:

Costs of operations for all departments, offices and agencies established within the Town Charter must be appropriated through an annual budget ordinance. These departments are presented within the General Fund and the School Department Municipal budgetary control is legally enforced at the department level. Appropriation transfers between departments require approval by three of the five-member Town Council. The Town Council may authorize other over-expenditures of certain appropriations, which were due to circumstances that could not be anticipated in budget preparations provided that the over-expenditures do not exceed the total budget amount for the fiscal year. The Town Council is authorized to expend grant funds applied for and awarded to the Town, and, to the extent proceeds from grants exceed the amount budgeted by the Town, the Town Treasurer is authorized with the advice and consent of the Town Council to expend these excess proceeds for the purposes designated in the grant.

Town of New Shoreham, Rhode Island
 Required Supplementary Information
 Notes to the Required Supplementary Information
 Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2023

Budgetary – GAAP Reporting Reconciliation – General Fund

	General Fund
Excess (deficiency) of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis)	\$ (675,846)
Unbudgeted use of reserve- BIPCO Debt Service Reserve	77,977
Unbudgeted loss from BIPCO Investment	(906,977)
Unbudgeted distribution from ILP	99,816
Unbudgeted distribution from ILP	(99,816)
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP)	\$ (1,504,846)

In accordance with the Town’s Charter, the Town has formally established budgetary accounting control for its General Fund. The General Fund is subject to annual operating budget legally 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 reappropriation of accumulated surpluses to the extent necessary. The General Fund operating budget is in conformity with the legally enacted budgetary basis, which is not in conformity with accounting principles generally accepted in the United States of America (“US GAAP”).

Town of New Shoreham, Rhode Island
Required Supplementary Information
Notes to the Required Supplementary Information
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2023

Budgetary – GAAP Reporting Reconciliation – General Fund

The accompanying Statement of Revenues, Expenditures Budget to Actual (Non-GAAP Budgetary Basis) – General Funds is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budgetary basis and the Generally Accepted

Accounting Principles (“GAAP”) basis are normally that:

- a) Revenues are recorded when received in cash (budgetary basis) as opposed to when susceptible to accrual (GAAP basis).
- b) Expenditures are recorded when paid in cash (budgetary basis) as opposed to when liabilities are incurred (GAAP basis).
- c) Encumbrances are reported as a use of fund (budgetary basis) as opposed to a reservation of fund balance (GAAP basis).

For the year ended June 30, 2023 there were no significant timing perspectives or differences in the excess (deficiency) of revenues and other sources of financial resources and expenditures and other uses, therefore, there were no differences when presenting the budgetary and GAAP basis presentation.

Appropriations in addition to those contained in the annual operating budget require Town Council approval. Amendments to the operating budget that do not result in additional appropriations may be made within departments through transfers. Transfers made within and outside the departmental level require Town Council approval. The level at which the General Fund budgeted expenditures may not legally exceed appropriations is at the departmental level.

Town of New Shoreham, Rhode Island
Required Supplementary Information
Budgetary Comparison Schedule – School Unrestricted
For the Year Ended June 30, 2023

	<u>Original Budget</u>		<u>Total Available</u>	<u>Actual</u>	<u>Encumbrances Carried to FY 24</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Encumbrances Carried from FY 23</u>	<u>Budget As Adopted</u>				
Revenues						
Federal and State governments	\$ -	\$ 249,307	\$ 249,307	\$ 272,150	\$ -	\$ 22,843
Other revenues	-	16,788	16,788	16,788	-	-
Total revenues	-	266,095	266,095	288,938	-	22,843
Expenditures						
Salaries	-	3,513,613	3,513,613	3,423,922	-	89,691
Employee benefits	-	1,271,811	1,271,811	1,211,640	-	60,171
Purchased services	-	505,814	505,814	631,557	-	(125,743)
Supplies and materials	-	247,705	247,705	230,107	-	17,598
Capital outlay	-	71,950	71,950	23,506	-	48,444
Total expenditures	-	5,610,893	5,610,893	5,520,732	-	90,161
Excess (deficiencies) of revenues over expenditures	-	(5,344,798)	(5,344,798)	(5,231,794)	-	113,004
Other financing sources (uses)						
Transfer from Town of New Shoreham	-	5,372,798	5,372,798	5,372,798	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	(28,000)	(28,000)	(24,697)	-	3,303
Re-appropriated fund balance	-	-	-	-	-	-
Total other financing sources (uses)	-	5,344,798	5,344,798	5,348,101	-	3,303
Excess (deficiencies) of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ -	\$ -	116,307	\$ -	\$ 116,307
Adjustment of budgetary basis to U.S. GAAP basis				-		
Excess of revenue and other financing sources over expenditures and other financing uses, U.S. GAAP basis				116,307		
Fund balance, July 1, 2022				523,882		
Fund balance, June 30, 2023				<u>\$ 640,189</u>		

Town of New Shoreham, Rhode Island

Required Supplementary Information

Notes to the Required Supplementary Information

Budgetary Comparison Schedule – Unrestricted School Fund

For the Year Ended June 30, 2023

Budgetary – GAAP Reporting Reconciliation – Unrestricted School Fund

The School Department annual operating budgets are in conformity with the legally enacted budgetary basis. The legally enacted budgetary basis differs from accounting principles generally accepted in the United States of America (U.S. GAAP) in several regards. Budgets are adopted on the modified accrual basis with certain exceptions. Budgetary revenues may include re-appropriations from fund equity previously recognized under U.S. GAAP. Budgetary expenditures and expenses are recognized when legally binding orders (encumbrances) are placed. Enterprise fund budgetary expenses include expenses for fixed asset additions, debt service issuance costs and debt service principal payments not recognized under U.S. GAAP but exclude depreciation and amortization, U.S. GAAP basis expenses.

The accompanying Statement of Revenues, Expenditures Budget to Actual (Non-GAAP Budgetary Basis) – School Unrestricted is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budgetary basis and the Generally Accepted Accounting Principles (“GAAP”) basis are that:

- a) Revenues are recorded when received in cash (budgetary basis) as opposed to when susceptible to accrual (GAAP basis);
- b) Expenditures are recorded when paid in cash (budgetary basis) as opposed to when liabilities are incurred (GAAP basis);
- c) Encumbrances are reported as a use of fund (budgetary basis) as opposed to a reservation of fund balance (GAAP basis).

Therefore, timing perspective, and entity differences in the excess (deficiency) of revenues and other sources of financial resources and expenditures and other uses for the year ended June 30, 2023 are as follows:

	<u>School Unrestricted</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ 116,307
State contribution to teachers' pension plan revenue on behalf	340,531
State contribution to teacher's pension plan expense on behalf	<u>(340,531)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP)	<u>\$ 116,307</u>

Town of New Shoreham, Rhode Island

Required Supplementary Information

Employees' Retirement System

Schedule of Changes in Net Pension Liability and Related Ratios

Last Ten Years *

	<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>
Employer's proportion of the net pension liability	0.13149041%	0.12481077%	0.12111085%	0.12119414%	0.11872757%	0.10739696%	0.11439191%	0.11463754%	0.12110929%
Employer's proportionate share of the net pension liability	\$ 3,551,187	\$ 2,937,294	\$ 3,869,499	\$ 3,867,025	\$ 3,772,270	\$ 3,387,393	\$ 3,412,971	\$ 3,155,975	\$ 2,947,801
State's proportionate share of the net pension liability associated with the school district	<u>2,626,352</u>	<u>2,178,267</u>	<u>2,875,132</u>	<u>2,896,802</u>	<u>2,813,842</u>	<u>2,560,055</u>	<u>2,337,384</u>	<u>2,156,063</u>	<u>4,969,244</u>
Total	<u>\$ 6,177,539</u>	<u>\$ 5,115,561</u>	<u>\$ 6,744,631</u>	<u>\$ 6,763,827</u>	<u>\$ 6,586,112</u>	<u>\$ 5,947,448</u>	<u>\$ 5,750,355</u>	<u>\$ 5,312,038</u>	<u>\$ 7,917,045</u>
Employer's covered payroll	\$ 2,505,374	\$ 2,560,929	\$ 2,376,727	\$ 2,281,923	\$ 2,249,388	\$ 2,138,527	\$ 2,013,831	\$ 1,972,734	\$ 1,953,073
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	141.74%	114.70%	162.81%	169.46%	167.70%	158.40%	169.48%	159.98%	150.93%
Plan fiduciary net position as a percentage of the total pension liability	62.10%	66.50%	54.30%	54.60%	54.30%	54.00%	54.06%	57.55%	61.40%

Notes:

- The amounts presented for each fiscal year were determined as of 06/30 measurement date prior to the fiscal year-end.
- Schedule is intended to show information for 10 years – additional years will be displayed as they become available.
- Employers participating in the State Employee's Retirements System are required by the RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution each year.

Town of New Shoreham, Rhode Island

Required Supplementary Information

Employees' Retirement System

Schedule of Contributions

Last Ten Years *

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 377,423	\$ 378,506	\$ 344,201	\$ 322,180	\$ 302,543	\$ 283,141	\$ 251,125	\$ 258,842	\$ 250,456
Contributions in relation to the actuarially determined contribution	<u>377,423</u>	<u>378,506</u>	<u>344,201</u>	<u>322,180</u>	<u>302,543</u>	<u>283,141</u>	<u>251,125</u>	<u>258,842</u>	<u>250,456</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,505,374	\$ 2,560,929	\$ 2,376,727	\$ 2,281,923	\$ 2,249,388	\$ 2,138,527	\$ 2,013,831	\$ 1,972,734	\$ 1,953,073
Contributions as a percentage of covered payroll	15.06%	14.78%	14.48%	14.12%	13.45%	13.24%	12.47%	13.12%	12.82%

Notes:

- The amounts presented for each fiscal year were determined as of 06/30 measurement date prior to the fiscal year-end.
- Schedule is intended to show information for 10 years – additional years will be displayed as they become available.
- Employers participating in the State Employee's Retirements System are required by the RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution each year.

Town of New Shoreham, Rhode Island

Required Supplementary Information

Municipal Employees' Retirement System (MERS) – General Employees

Schedule of Changes in Net Pension Liability and Related Ratios

Last Ten Years *

Measurement period	Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015	Year Ended June 30, 2014
A. Total pension liability									
1. Service Cost	\$ 208,234	\$ 209,052	\$ 211,403	\$ 204,123	\$ 207,410	\$ 187,499	\$ 198,515	\$ 194,848	\$ 195,536
2. Interest on the Total Pension Liability	616,183	590,094	586,620	564,961	534,919	519,815	505,381	480,925	448,421
3. Changes of benefit terms	-	-	-	-	-	-	-	108,714	-
4. Difference between expected and actual experience of the Total Pension Liability	661,554	110,426	(147,788)	(12,231)	93,112	24,167	(164,932)	(171,167)	-
5. Changes of assumptions	-	-	(98,800)	-	-	352,282	-	-	48,761
6. Benefit payments, including refunds of employee contributions	(557,214)	(515,702)	(485,564)	(416,589)	(392,676)	(373,082)	(308,932)	(269,199)	(248,780)
7. Net change in total pension liability	928,757	393,870	65,871	340,264	442,765	710,681	230,032	344,121	443,938
8. Total pension liability – beginning	8,977,109	8,583,239	8,517,368	8,177,104	7,734,339	7,023,658	6,793,626	6,449,505	6,005,567
9. Total pension liability – ending (a)	<u>\$ 9,905,866</u>	<u>\$ 8,977,109</u>	<u>\$ 8,583,239</u>	<u>\$ 8,517,368</u>	<u>\$ 8,177,104</u>	<u>\$ 7,734,339</u>	<u>\$ 7,023,658</u>	<u>\$ 6,793,626</u>	<u>\$ 6,449,505</u>
B. Plan fiduciary net position									
1. Contributions – employer	\$ 197,586	\$ 194,798	\$ 188,836	\$ 158,708	\$ 163,153	\$ 176,642	\$ 177,648	\$ 170,916	\$ 168,351
2. Contributions – employee	59,716	60,141	60,859	62,942	62,060	58,797	59,083	42,359	41,678
3. Net investment income	(272,511)	2,230,750	286,728	483,638	563,546	758,523	(1,278)	154,895	867,957
4. Benefit payments, including refunds of employee contributions	(557,214)	(515,702)	(485,564)	(416,589)	(392,676)	(373,082)	(308,932)	(269,199)	(248,780)
5. Pension Plan Administrative Expense	(9,290)	(8,500)	(7,900)	(7,558)	(7,502)	(7,166)	(7,085)	(6,213)	(5,435)
6. Other	-	498,539	-	(1,457)	-	(18)	1	-	(8,676)
7. Net change in plan fiduciary net position	(581,713)	2,460,026	42,959	279,684	388,581	613,696	(80,563)	92,758	815,095
8. Plan fiduciary net position – beginning	10,313,883	7,853,857	7,810,898	7,531,214	7,142,633	6,528,937	6,609,500	6,516,742	5,701,647
9. Plan fiduciary net position – ending (b)	<u>\$ 9,732,170</u>	<u>\$ 10,313,883</u>	<u>\$ 7,853,857</u>	<u>\$ 7,810,898</u>	<u>\$ 7,531,214</u>	<u>\$ 7,142,633</u>	<u>\$ 6,528,937</u>	<u>\$ 6,609,500</u>	<u>\$ 6,516,742</u>
C. Net pension liability - ending (a) - (b)	<u>\$ 173,696</u>	<u>\$ (1,336,774)</u>	<u>\$ 729,382</u>	<u>\$ 706,470</u>	<u>\$ 645,890</u>	<u>\$ 591,706</u>	<u>\$ 494,721</u>	<u>\$ 184,126</u>	<u>\$ (67,237)</u>
D. Plan fiduciary net position as a percentage of the total pension liability	98.25%	114.89%	91.50%	91.71%	92.10%	92.96%	92.96%	97.29%	101.04%
E. Covered payroll	\$ 2,810,173	\$ 2,683,592	\$ 2,593,900	\$ 2,441,660	\$ 2,392,271	\$ 2,261,744	\$ 2,213,104	\$ 2,117,910	\$ 2,066,975
F. Net pension liability as a percentage of covered payroll	6.18%	-49.81%	28.12%	28.93%	27.00%	26.16%	22.35%	8.69%	-3.25%

Notes:

- Employers participating in the Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year
- Schedule is intended to show information for 10 years – additional years will be displayed as they become available
- The amounts presented for the fiscal year were determined as of June 30 measurement date prior to the fiscal year end.

*See accompanying notes to required supplementary information
See independent auditor's report*

Town of New Shoreham, Rhode Island
Required Supplementary Information
Municipal Employees' Retirement System (MERS) – General Employees
Schedule of Contribution
*Last Ten Years **

	<u>Fiscal 2023</u>	<u>Fiscal 2022</u>	<u>Fiscal 2021</u>	<u>Fiscal 2020</u>	<u>Fiscal 2019</u>	<u>Fiscal 2018</u>	<u>Fiscal 2017</u>	<u>Fiscal 2016</u>	<u>Fiscal 2015</u>
Actuarially determined contribution	\$ 177,885	\$ 197,586	\$ 194,798	\$ 188,836	\$ 158,708	\$ 163,153	\$ 176,642	\$ 177,648	\$ 170,916
Contributions in relation to the actuarially determined contribution	177,885	197,586	194,798	188,836	158,708	163,153	176,642	177,648	170,916
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 2,426,905	\$ 2,810,173	\$ 2,683,592	\$ 2,441,660	\$ 2,392,271	\$ 2,363,522	\$ 2,261,744	\$ 2,213,104	\$ 2,117,910
Contributions as a percentage of covered-employee payroll	7.33%	7.03%	7.26%	7.73%	6.63%	6.90%	7.81%	8.03%	8.07%

Notes:

- Employers participating in the Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year
- Schedule is intended to show information for 10 years – additional years will be displayed as they become available
- The amounts presented for the fiscal year were determined as of June 30 measurement date prior to the fiscal year end.

See accompanying notes to required supplementary information
See independent auditor's report

Town of New Shoreham, Rhode Island

Required Supplementary Information

Municipal Employees' Retirement System (MERS) – Police Department Plan

Schedule of Contributions

Last Ten Years *

Measurement Date	Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015	Year Ended June 30, 2014
A. Total pension liability									
1. Service Cost	\$ 76,431	\$ 79,632	\$ 88,333	\$ 84,050	\$ 80,284	\$ 68,447	\$ 55,494	\$ 53,176	\$ 46,199
2. Interest on the Total Pension Liability	174,455	171,362	161,766	150,926	136,509	130,826	125,264	113,763	108,488
3. Changes of benefit terms	-	-	-	-	-	-	-	37,126	-
4. Difference between expected and actual experience of the Total Pension Liability	5,477	(109,256)	(33,941)	(3,460)	66,028	(28,339)	(33,733)	26,464	-
5. Changes of assumptions	-	-	4,081	-	-	107,933	-	-	(10,469)
6. Benefit payments, including refunds of employee contributions	(113,087)	(78,805)	(78,805)	(78,805)	(78,671)	(79,345)	(79,345)	(77,346)	(77,381)
7. Net change in total pension liability	143,276	62,933	141,434	152,711	204,150	199,522	67,680	153,183	66,837
8. Total pension liability – beginning	2,510,544	2,447,611	2,306,177	2,153,466	1,949,316	1,749,794	1,682,114	1,528,931	1,462,094
9. Total pension liability – ending (a)	<u>\$ 2,653,820</u>	<u>\$ 2,510,544</u>	<u>\$ 2,447,611</u>	<u>\$ 2,306,177</u>	<u>\$ 2,153,466</u>	<u>\$ 1,949,316</u>	<u>\$ 1,749,794</u>	<u>\$ 1,682,114</u>	<u>\$ 1,528,931</u>
B. Plan fiduciary net position									
1. Contributions – employer	\$ 89,444	\$ 85,089	\$ 90,197	\$ 81,086	\$ 76,772	\$ 87,723	\$ 70,840	\$ 73,342	\$ 52,664
2. Contributions – employee	42,250	39,539	43,329	44,237	42,350	39,445	29,982	24,078	22,875
3. Net investment income	(59,943)	472,392	66,312	105,079	115,731	147,774	(405)	26,912	146,745
4. Benefit payments, including refunds of employee contributions	(113,087)	(78,805)	(78,805)	(78,805)	(78,671)	(79,345)	(79,345)	(77,346)	(77,381)
5. Pension Plan Administrative Expense	(2,043)	(1,800)	(1,827)	(1,642)	(1,541)	(1,396)	(1,091)	(1,080)	(919)
6. Other	-	(148,690)	111	479	478	28,974	-	670	8,781
7. Net change in plan fiduciary net position	(43,379)	367,725	119,317	150,434	155,119	223,175	19,981	46,576	152,765
8. Plan fiduciary net position – beginning	2,184,106	1,816,381	1,697,064	1,546,630	1,391,511	1,168,336	1,148,355	1,101,779	949,014
9. Plan fiduciary net position – ending (b)	<u>\$ 2,140,727</u>	<u>\$ 2,184,106</u>	<u>\$ 1,816,381</u>	<u>\$ 1,697,064</u>	<u>\$ 1,546,630</u>	<u>\$ 1,391,511</u>	<u>\$ 1,168,336</u>	<u>\$ 1,148,355</u>	<u>\$ 1,101,779</u>
C. Net pension liability - ending (a) - (b)	<u>\$ 513,093</u>	<u>\$ 326,438</u>	<u>\$ 631,230</u>	<u>\$ 609,113</u>	<u>\$ 606,836</u>	<u>\$ 557,805</u>	<u>\$ 581,458</u>	<u>\$ 533,759</u>	<u>\$ 427,152</u>
D. Plan fiduciary net position as a percentage of the total pension liability	80.67%	87.00%	74.21%	73.59%	71.82%	71.38%	66.77%	68.27%	72.06%
E. Covered payroll	\$ 422,503	\$ 395,395	\$ 423,660	\$ 400,621	\$ 381,759	\$ 362,343	\$ 302,090	\$ 290,580	\$ 253,839
F. Net pension liability as a percentage of covered payroll	121.44%	82.56%	148.99%	152.04%	158.96%	153.94%	192.48%	183.69%	168.28%

Notes:

- Employers participating in the Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year
- Schedule is intended to show information for 10 years – additional years will be displayed as they become available
- The amounts presented for the fiscal year were determined as of June 30 measurement date prior to the fiscal year end.

*See accompanying notes to required supplementary information
See independent auditor's report*

Town of New Shoreham, Rhode Island

Required Supplementary Information

Municipal Employees' Retirement System (MERS) – Police Department Plan

Schedule of Contributions

*Last Ten Years **

	Fiscal 2023	Fiscal 2022	Fiscal 2021	Fiscal 2020	Fiscal 2019	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015
Actuarially determined contribution	\$ 68,645	\$ 89,444	\$ 85,089	\$ 90,197	\$ 81,086	\$ 76,772	\$ 87,723	\$ 70,840	\$ 73,342
Contributions in relation to the actuarially determined contribution	68,645	89,444	85,089	90,197	81,086	76,772	87,723	70,840	73,342
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
Covered payroll	\$ 357,696	\$ 422,503	\$ 395,395	\$ 400,621	\$ 381,759	\$ 375,025	\$ 362,343	\$ 302,090	\$ 290,580
Contributions as a percentage of covered payroll	19.19%	21.17%	21.52%	22.51%	21.24%	20.47%	24.21%	23.45%	25.24%

Notes:

- Employers participating in the Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year
- Schedule is intended to show information for 10 years – additional years will be displayed as they become available
- The amounts presented for the fiscal year were determined as of June 30 measurement date prior to the fiscal year end.

Town of New Shoreham, Rhode Island

Required Supplementary Information

Notes to Municipal Employees' Retirement System

*Last Ten Years**

Schedule of Proportionate Share of the Net Pension Liability (Asset)

The amounts presented for each fiscal year were determined as of the June 30 measurement date prior to the fiscal year end.

The schedules are intended to show information for 10 years – additional years will be displayed as they become available.

Employers participating in the State Employee's Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year.

Employers participating in the Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.

Employers participating in the Teachers' Survivors Benefit Plan contribute at a rate established by RI General Laws, Section 16-16-35.

June 30, 2022 measurement date –

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2022 measurement date compared to the June 30, 2021 measurement date

June 30, 2021 measurement date –

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2021 measurement date compared to the June 30, 2020 measurement date.

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 (asset) 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, 2019 measurement date –

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2019 measurement date compared to the June 30, 2018 measurement date.

Town of New Shoreham, Rhode Island

Required Supplementary Information

Notes to Municipal Employees' Retirement System

*Last Ten Years**

June 30, 2018 measurement date –

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2018 measurement date compared to the June 30, 2017 measurement date.

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 (asset) 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; and
- 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, 2016 measurement date –

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2016 measurement date compared to the June 30, 2015 measurement date.

June 30, 2015 measurement date –

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2015 measurement date compared to the June 30, 2014 measurement date

The June 30, 2015 measurement date determination of the net pension liability for the ERS and MERS plans reflects changes in benefit changes 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 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.

Town of New Shoreham, Rhode Island

Required Supplementary Information

Notes to Municipal Employees' Retirement System

*Last Ten Years**

- MERS public safety employees may retire at age 50 with 25 years of service, or any age with 27 years of service. MERS public safety employees will contribute 9.00% (10.00% for units with a COLA provision)
- Employees with more than 10 but less than 20 years of service at 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 received 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 max of 4%) and 50% calculated using previous year's CPI-U (max of 3%) for a total max 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 Municipal Employees' Retirement System are required by RI General Laws, Section 45-21-42, 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.

Town of New Shoreham, Rhode Island

Other Post-Employment Benefits

Schedule of Changes in the Town's Net OPEB Liability and Related Ratios

*Last Ten Years**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Total OPEB liability								
Service cost	\$ 34,407	\$ 33,908	\$ 34,849	\$ 33,966	\$ 32,472	\$ 31,044	\$ 45,176	\$ 44,031
Interest on net OPEB liability and service cost	36,074	38,460	28,140	42,318	40,199	42,924	32,726	33,236
Differences between actual and expected experience	61,493	(150,856)	220,842	(321,174)	(19,492)	(102,667)	6,032	16,556
Changes of assumptions	(31,799)	(14,436)	(9,639)	(11,477)	-	10,324	(153,599)	-
Benefit payments, including refunds	(23,979)	-	-	(4,511)	(27,483)	(37,587)	(97,704)	(110,777)
Net change in total OPEB liability	76,196	(92,924)	274,192	(260,878)	25,696	(55,962)	(167,369)	(16,954)
Total OPEB liability - beginning	658,062	750,986	476,794	737,672	711,976	767,938	935,307	952,261
Total OPEB liability - ending	<u>\$ 734,258</u>	<u>\$ 658,062</u>	<u>\$ 750,986</u>	<u>\$ 476,794</u>	<u>\$ 737,672</u>	<u>\$ 711,976</u>	<u>\$ 767,938</u>	<u>\$ 935,307</u>
OPEB fiduciary net position								
Benefit payments, including refunds	\$ (23,979)	\$ -	\$ -	\$ (4,511)	\$ (27,483)	\$ (37,587)	\$ (97,704)	\$ (110,777)
Contributions - employer	39,790	36,500	40,800	38,511	62,483	72,587	168,761	110,777
Administrative expenses	(1,207)	(1,170)	(955)	-	-	-	-	-
Net investment income	21,237	(45,936)	47,045	12,295	(5,031)	6,939	6,822	4,366
Net change in plan fiduciary net position	35,841	(10,606)	86,890	46,295	29,969	41,939	77,879	4,366
Plan fiduciary net position - beginning	362,970	373,576	286,685	240,390	210,421	168,482	90,603	86,237
Plan fiduciary net position - ending	<u>\$ 398,811</u>	<u>\$ 362,970</u>	<u>\$ 373,576</u>	<u>\$ 286,685</u>	<u>\$ 240,390</u>	<u>\$ 210,421</u>	<u>\$ 168,482</u>	<u>\$ 90,603</u>
Plan's net pension liability - ending	<u>\$ 335,447</u>	<u>\$ 295,092</u>	<u>\$ 377,410</u>	<u>\$ 190,109</u>	<u>\$ 497,282</u>	<u>\$ 501,555</u>	<u>\$ 599,456</u>	<u>\$ 844,704</u>

**Eight Year of implementation of GASB 74, therefore only eight years of the ten required date is available.*

Town of New Shoreham, Rhode Island

Other Post-Employment Benefits

Schedule of Changes in the Town's Net OPEB Liability and Related Ratios

*Last Ten Years**

Actuarial Valuation Date	Fiduciary Net Position	Total OPEB Liability (TOL)	Net OPEB Liability (NOL)	Funded Ratio	Covered Payroll	NOL as a % of Covered Payroll
6/30/2023	35,841	734,258	335,447	54.30%	2,287,646	14.70%
6/30/2022	(10,606)	658,062	295,092	55.20%	2,560,929	11.50%
6/30/2021	373,575	750,986	377,411	49.74%	2,026,587	18.62%
6/30/2020	286,685	476,794	190,109	60.13%	2,150,555	8.84%
6/30/2019	240,390	737,672	497,282	32.59%	2,116,782	23.49%
6/30/2018	210,421	711,976	501,555	29.55%	2,063,140	24.31%
6/30/2017	168,482	767,938	599,456	21.94%	2,066,162	29.01%
6/30/2016	90,603	935,307	844,704	9.69%	2,013,803	41.95%

Town of New Shoreham, Rhode Island

Other Post-Employment Benefits

Schedule of Contributions

*Last Ten Years**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Actuarial determined contribution	\$ 68,214	\$ 73,454	\$ 55,705	\$ 23,466	\$ 25,882	\$ 58,123	\$ 59,397	\$ 69,632
Contributions in relation to the actuarially determined contribution	39,790	36,500	40,800	38,511	62,483	72,587	168,761	110,777
Contribution deficiency (excess)	<u>\$ 28,424</u>	<u>\$ 36,954</u>	<u>\$ 14,905</u>	<u>\$ (15,045)</u>	<u>\$ (36,601)</u>	<u>\$ (14,464)</u>	<u>\$ (109,364)</u>	<u>\$ (41,145)</u>
Covered-employee payroll	\$ 2,287,646	\$ 2,560,929	\$ 2,026,587	\$ 2,150,555	\$ 2,116,782	\$ 2,063,140	\$ 2,066,162	\$ 2,013,803
Contributions as a percentage of covered-employee payroll	1.74%	1.43%	2.01%	1.79%	2.95%	3.52%	8.17%	5.50%

**Eight Year of implementation of GASB 74, therefore only eight years of the ten required date is available.*

Town of New Shoreham, Rhode Island

Other Post-Employment Benefits

Actuarial Method and Assumptions

For the Year Ended June 30, 2023

Actuarial Methods and Assumptions:

Measurement Date	June 30, 2023																				
Actuarial Valuation Date	July 1, 2023 Liabilities as of June 30, 2023 are based on an actuarial valuation date of July 1, 2023 with no adjustments to get to the June 30, 2023 measurement date. Liabilities as of June 30, 2022 are based on an actuarial valuation date of July 1, 2021 projected to June 30, 2022, on a rolled forward basis with adjustments for actual premium and discount rate changes from 2021 to 2022.																				
Discount Rate	5.30% as of June 30, 2022 and 6.00% as of June 30, 2023 for accounting and funding disclosure purposes. Refer to the Discussion of Discount Rate section for more information on the selection of the discount rate.																				
Long-term Rate of Return	The long-term expected rate of return on the OPEB plan investment is assumed to be 6.00% as of June 30, 2023 and 5.3% as of June 30, 2022. This was determined using a building block method in which expected future rates of return are developed for each major asset class. Refer to the Discussion of Discount Rates section for more information.																				
Payroll Growth	3.0% per year - based on future plan sponsor expectations.																				
Inflation Rate	3.00% per year - based on current economic environment and future expectations																				
Cost Method	Allocation of Actuarial Present Value of Future Benefits for services prior and after the Measurement Date was determined using Entry Age Normal Level % of Salary method where: *Service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and *Annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to the Payroll Growth.																				
Asset Valuation Method	Market Value																				
Healthcare Trend Rates	<table><thead><tr><th>FYE</th><th>Medical/Rx</th><th>FYE</th><th>Medical/Rx</th></tr></thead><tbody><tr><td>2023</td><td>7.50%</td><td>2027</td><td>5.50%</td></tr><tr><td>2024</td><td>7.00%</td><td>2028</td><td>5.00%</td></tr><tr><td>2025</td><td>6.50%</td><td>2029+</td><td>4.50%</td></tr><tr><td>2026</td><td>6.00%</td><td></td><td></td></tr></tbody></table>	FYE	Medical/Rx	FYE	Medical/Rx	2023	7.50%	2027	5.50%	2024	7.00%	2028	5.00%	2025	6.50%	2029+	4.50%	2026	6.00%		
FYE	Medical/Rx	FYE	Medical/Rx																		
2023	7.50%	2027	5.50%																		
2024	7.00%	2028	5.00%																		
2025	6.50%	2029+	4.50%																		
2026	6.00%																				
Retiree Contribution	Retiree contributions are assumed to increase according to health care trend rates																				
ProVal	Valuation software developed by Winklevoss Technologies, LLC. This software is widely used for the purpose of performing postretirement medical valuations. We coded the plan provisions, assumptions, methods and participant data summarized in this report, and reviewed the liability and cost outputs for reasonableness. We are not aware of any weakness or limitations in the software and have determined it is appropriate for performing this valuation.																				
HealthcareMAPS Manual	Rating manual developed by WTW. Aging factors are used to develop per capita costs by age for plans with limited credible exposure to develop plan-specific factors. We are not aware of any weakness or limitations in the factors and have determined they are appropriate for performing this valuation.																				

TOWN OF NEW SHOREHAM

Supplementary Information

The information provided herein contains schedules which the Town deems necessary to provide additional disclosures.

- Budgetary Comparison – Sewer Enterprise Fund
- Budgetary Comparison – Water Enterprise Fund
- Combining Fund Financial Statements – Non-Major Governmental Funds
- Combining Financial Statements – Special Revenue Funds
- Combining Financial Statements – Capital Project Funds
- Combining Financial Statements – Permanent Fund
- Combining Financial Statements – School Department Funds
- Tax Collectors Annual Report

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Town of New Shoreham, Rhode Island

Supplementary Information

Budgetary Comparison Schedule – Water Enterprise Fund

For the Year Ended June 30, 2023

	Original Budget As Adopted	Additional Appropriations and Transfers	Total Available	Actual	Variance Favorable (Unfavorable)
Revenue					
Charges for services	\$ 1,569,543	\$ -	\$ 1,569,543	\$ 1,614,204	\$ 44,661
Interest income	9,000	-	9,000	9,126	126
Miscellaneous	75,864	-	75,864	54,178	(21,686)
Total revenue	<u>1,654,407</u>	<u>-</u>	<u>1,654,407</u>	<u>1,677,508</u>	<u>23,101</u>
Expenses					
Personnel services	436,025	-	436,025	397,097	38,928
Purchase of services	336,397	-	336,397	364,954	(28,557)
Supplies	158,000	-	158,000	191,394	(33,394)
Other charges and expenditures	96,000	-	96,000	65,349	30,651
Capital outlay	117,000	-	117,000	36,827	80,173
Debt service	127,820	-	127,820	127,394	426
Depreciation	383,165	-	383,165	363,147	20,018
Total expenses	<u>1,654,407</u>	<u>-</u>	<u>1,654,407</u>	<u>1,546,162</u>	<u>108,245</u>
Excess(deficiency) of revenues over expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,346</u>	<u>131,346</u>
Other financing sources (uses):					
Transfers between funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenses and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,346</u>	<u>\$ 131,346</u>
Adjustments of budgetary basis for US GAAP basis				<u>53,289</u>	
Excess of revenues and other source over expenditures and other financing uses, US GAAP basis				<u>184,635</u>	
Net Position, July 1, 2022				<u>6,226,259</u>	
Net Position, June 30, 2023				<u>\$ 6,410,894</u>	

See independent auditor's report

Town of New Shoreham, Rhode Island

Supplementary Information

Budgetary Comparison Schedule – Water Enterprise Fund

For the Year Ended June 30, 2023

	Original Budget As Adopted	Additional Appropriations and Transfers	Total Available	Actual	Variance Favorable (Unfavorable)
Revenues:					
Charges for services	\$ 885,696	\$ -	\$ 885,696	\$ 992,712	\$ 107,016
Interest income	5,000	-	5,000	6,647	1,647
Miscellaneous	8,000	-	8,000	352,414	344,414
Total revenues	898,696	-	898,696	1,351,773	453,077
Expenses:					
Purchase of services	218,352	-	218,352	198,249	20,103
Supplies	36,500	-	36,500	31,819	4,681
Other charges and expenditures	53,000	-	53,000	43,556	9,444
Depreciation	261,550	-	261,550	225,505	36,045
Debt service	143,228	-	143,228	144,739	(1,511)
Capital Outlay	-	-	-	25,409	(25,409)
Total expenses	1,041,647	-	1,041,647	968,384	73,263
Excess(deficiency) of revenues over expenses	(142,951)	-	(142,951)	383,389	526,340
Other financing sources (uses):					
Contributions from Reserves	142,951	-	142,951	-	(142,951)
Excess (deficiency) of revenues and other sources over expenses and other uses	\$ -	\$ -	\$ -	383,389	\$ 383,389
Adjustments of budgetary basis for US GAAP basis				92,538	
Excess of revenue and other source over expenditures and other financing uses, US GAAP basis				475,927	
Net Position, July 1, 2022				4,565,649	
Net Position, June 30, 2023				\$ 5,041,576	

See independent auditor's report

Town of New Shoreham, Rhode Island

Supplementary Information

Budgetary Comparison Schedule Water and Sewer Fund

Notes to Supplementary Information

For the Year Ended June 30, 2023

The previous budgetary comparison pages are held on the budgetary basis of accounting. The following schedule provide a reconciliation from the budgetary basis of accounting to the GAAP basis of accounting.

	Sewer Enterprise Fund	Water Enterprise Fund
Excess (deficiency) of revenues and other sources over expenditures/expenses and other uses (Non-GAAP Budgetary Basis)	\$ 131,346	\$ 383,389
Budgeted debt principal not considered an expense on full accrual statements	<u>53,289</u>	<u>92,538</u>
Excess (deficiency) of revenues and other sources over expenditures/expenses and other uses (GAAP Basis)	<u>\$ 184,635</u>	<u>\$ 475,927</u>

Town of New Shoreham, Rhode Island

Supplementary Information

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2023

	Special Revenue	Capital Projects	Permanent Trust Funds	Total Non-Major Governmental Funds
Assets				
Cash and cash equivalents	\$ 1,347,770	\$ 358,259	\$ 259,108	\$ 1,965,137
Investments	27,471	-	-	27,471
Federal and state grants receivable	400	-	-	400
Due from other funds	-	1,500,000	17,625	1,517,625
Total assets	1,375,641	1,858,259	276,733	3,510,633
Deferred outflows of resources				
Deferred outflows	-	-	-	-
Total assets and deferred outflows of resources	1,375,641	1,858,259	276,733	3,510,633
Liabilities				
Accounts payable and accrued expenses	45,948	-	-	45,948
Due to other funds	95,868	2,561,621	-	2,657,489
Total liabilities	141,816	2,561,621	-	2,703,437
Deferred inflows of resources				
Deferred revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances				
Nonspendable	-	-	276,733	276,733
Restricted	1,233,951	-	-	1,233,951
Committed	-	1,051,721	-	1,051,721
Assigned	-	-	-	-
Unassigned	(126)	(1,755,083)	-	(1,755,209)
Total fund balance	1,233,825	(703,362)	276,733	807,196
Total liabilities, deferred inflows of resources, and fund balance	\$ 1,375,641	\$ 1,858,259	\$ 276,733	\$ 3,510,633

See independent auditor's report

Town of New Shoreham, Rhode Island

Supplementary Information

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended June 30, 2023

	Special Revenue	Capital Projects	Permanent Trust Funds	Total Non-Major Governmental Funds
Revenues				
Federal and state grant income	\$ -	\$ 9,776	\$ -	\$ 9,776
Other revenue	412,457	-	12,775	425,232
Investment income	9,841	-	4,389	14,230
Total revenue	422,298	9,776	17,164	449,238
Expenditures				
Health and human services	20	-	-	20
Education	-	-	-	-
Public Works	-	-	-	-
Recreation, library, and other	94,278	-	-	94,278
Public infrastructure	-	4,809	-	4,809
Economic development	6,887	-	-	6,887
Capital outlay	58,795	104,392	-	163,187
Total Expenditures	159,980	109,201	-	269,181
Excess (deficiency) of revenues over expenditures	262,318	(99,425)	17,164	180,057
Other financing sources (uses)				
Transfers in	-	105,583	-	105,583
Transfers out	(280,127)	(145,537)	-	(425,664)
Total other financing sources (uses)	(280,127)	(39,954)	-	(320,081)
Excess of revenue and other sources over expenditures and other uses	(17,809)	(139,379)	17,164	(140,024)
Fund balance, July 1, 2022	1,251,634	(563,983)	259,569	947,220
Fund balance, June 30, 2023	\$ 1,233,825	\$ (703,362)	\$ 276,733	\$ 807,196

See independent auditor's report

Town of New Shoreham, Rhode Island

Supplementary Information

Special Revenue Funds

Combining Balance Sheet

June 30, 2023

	Special Revenue Funds					Town Special Revenue Total
	Landing Fees	BICEP - RLO Fund	OHTF - RLO Fund	BIHB - RLO Fund	Library Fund	
Assets						
Cash and cash equivalents	\$ 190,786	\$ 342	\$ 91,139	\$ 922,862	\$ 142,641	\$ 1,347,770
Investments	-	-	-	-	27,471	27,471
Federal and state grants receivable	-	400	-	-	-	400
RIBB Loan	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	<u>190,786</u>	<u>742</u>	<u>91,139</u>	<u>922,862</u>	<u>170,112</u>	<u>1,375,641</u>
Deferred Outflows of Resources						
None	-	-	-	-	-	-
Total outflows of resources and assets	<u>190,786</u>	<u>742</u>	<u>91,139</u>	<u>922,862</u>	<u>170,112</u>	<u>1,375,641</u>
Liabilities						
Accounts payable and accrued expenses	-	-	-	35,493	10,455	45,948
Due to other funds	-	868	-	-	95,000	95,868
Total liabilities	<u>-</u>	<u>868</u>	<u>-</u>	<u>35,493</u>	<u>105,455</u>	<u>141,816</u>
Deferred Inflows of Resources						
Unearned Revenue	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Restricted	190,786	-	91,139	887,369	64,657	1,233,951
Committed	-	-	-	-	-	-
Unassigned	-	(126)	-	-	-	(126)
Total fund balances (deficits)	<u>190,786</u>	<u>(126)</u>	<u>91,139</u>	<u>887,369</u>	<u>64,657</u>	<u>1,233,825</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 190,786</u>	<u>\$ 742</u>	<u>\$ 91,139</u>	<u>\$ 922,862</u>	<u>\$ 170,112</u>	<u>\$ 1,375,641</u>

See independent auditor's report

Town of New Shoreham, Rhode Island

Supplementary Information

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended June 30, 2023

	Special Revenue					Town Special Revenue Total
	Landing Fees	BICEP - RLO Fund	OHTF - RLO Fund	BIHB - RLO Fund	Library Fund	
Revenues						
State grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	7,678	2,163	9,841
Other	220,415	-	2,403	170,380	19,259	412,457
Total revenues	<u>220,415</u>	<u>-</u>	<u>2,403</u>	<u>178,058</u>	<u>21,422</u>	<u>422,298</u>
Expenditures						
Health & Human Services	-	20	-	-	-	20
Culture & recreation	-	-	8,224	-	86,054	94,278
Economic development	-	-	-	6,887	-	6,887
Public infrastructure	-	-	-	-	-	-
Capital outlay	-	-	-	58,795	-	58,795
Total expenditures	<u>-</u>	<u>20</u>	<u>8,224</u>	<u>65,682</u>	<u>86,054</u>	<u>159,980</u>
Excess (deficiency) of revenue over expenditures	220,415	(20)	(5,821)	112,376	(64,632)	262,318
Other financing sources (uses)						
Bond proceeds	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	(185,127)	-	-	-	(95,000)	(280,127)
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>35,288</u>	<u>(20)</u>	<u>(5,821)</u>	<u>112,376</u>	<u>(159,632)</u>	<u>(17,809)</u>
Fund Balance, July 1, 2022	<u>155,498</u>	<u>(106)</u>	<u>96,960</u>	<u>774,993</u>	<u>224,289</u>	<u>1,251,634</u>
Fund Balance, June 30, 2023	<u>\$ 190,786</u>	<u>\$ (126)</u>	<u>\$ 91,139</u>	<u>\$ 887,369</u>	<u>\$ 64,657</u>	<u>\$ 1,233,825</u>

See independent auditor's report

Town of New Shoreham, Rhode Island

Supplementary Information

Capital Project Funds

Combining Balance Sheet

June 30, 2023

	Capital Projects Fund							Town Capital Projects Total
	Sidewalk Const Fund	Roads Const Fund	PW Infrastructure	Beach Construction	West Beach Construction	School Construction	Thomas Prop Construction	
Assets								
Cash and cash equivalents	\$ -	\$ -	\$ 358,259	\$ -	\$ -	\$ -	\$ -	\$ 358,259
Investments	-	-	-	-	-	-	-	-
Federal and state grants receivable	-	-	-	-	-	-	-	-
RIBB Loan	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	1,500,000	1,500,000
Total assets	-	-	358,259	-	-	-	1,500,000	1,858,259
Deferred Outflows of Resources								
None	-	-	-	-	-	-	-	-
Total outflows of resources and assets	-	-	358,259	-	-	-	1,500,000	1,858,259
Liabilities								
Accounts payable and accrued expenses	-	-	-	-	-	-	-	-
Due to other funds	-	1,651,091	127,649	-	-	103,992	678,889	2,561,621
Total liabilities	-	1,651,091	127,649	-	-	103,992	678,889	2,561,621
Deferred Inflows of Resources								
Unearned Revenue	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-
Fund Balances								
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	230,610	-	-	-	821,111	1,051,721
Unassigned	-	(1,651,091)	-	-	-	(103,992)	-	(1,755,083)
Total fund balances (deficits)	-	(1,651,091)	230,610	-	-	(103,992)	821,111	(703,362)
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ -	\$ -	\$ 358,259	\$ -	\$ -	\$ -	\$ 1,500,000	\$ 1,858,259

See independent auditor's report

Town of New Shoreham, Rhode Island

Supplementary Information

Capital Project Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended June 30, 2023

	Capital Projects						Town Capital Projects Total
	Sidewalk Const Fund	Roads Const Fund	PW Infrastructure	Beach Construction	West Beach Construction	School Construction	
Revenues							
State grants	\$ 9,776	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,776
Investment income	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total revenues	<u>9,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,776</u>
Expenditures							
Health & Human Services	-	-	-	-	-	-	-
Culture & recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Public infrastructure	4,096	713	-	-	-	-	4,809
Capital outlay	-	-	-	-	103,992	400	104,392
Total expenditures	<u>4,096</u>	<u>713</u>	<u>-</u>	<u>-</u>	<u>103,992</u>	<u>400</u>	<u>109,201</u>
Excess (deficiency) of revenue over expenditures	5,680	(713)	-	-	-	(103,992)	(400)
Other financing sources (uses)							
Bond proceeds	-	-	-	-	-	-	-
Transfers In	83,349	-	-	-	22,234	-	105,583
Transfers Out	-	-	(127,649)	(17,888)	-	-	(145,537)
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>89,029</u>	<u>(713)</u>	<u>(127,649)</u>	<u>(17,888)</u>	<u>22,234</u>	<u>(103,992)</u>	<u>(400)</u>
Fund Balance, July 1, 2022	<u>(89,029)</u>	<u>(1,650,378)</u>	<u>358,259</u>	<u>17,888</u>	<u>(22,234)</u>	<u>-</u>	<u>821,511</u>
Fund Balance, June 30, 2023	<u>\$ -</u>	<u>\$ (1,651,091)</u>	<u>\$ 230,610</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (103,992)</u>	<u>\$ 821,111</u>

See independent auditor's report

Town of New Shoreham, Rhode Island

Supplementary Information

Permanent Funds

Combining Balance Sheet

June 30, 2023

	<u>Permanent Funds</u>
	<u>Cemetery Funds</u>
Assets	
Cash and cash equivalents	\$ 259,108
Due from other funds	17,625
Total assets	<u>276,733</u>
	-
Deferred Outflows of Resources	
None	-
Total outflows of resources and assets	<u>276,733</u>
Liabilities	
Warrants Payable	-
Total liabilities	<u>-</u>
Deferred Inflows of Resources	
Unearned Revenue	-
Total deferred inflows of resources	<u>-</u>
Fund Balance	
Nonspendable	276,733
Total fund balances (deficits)	<u>276,733</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 276,733</u>

See independent auditor's report

Town of New Shoreham, Rhode Island

Supplementary Information

Permanent Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended June 30, 2023

	<u>Permanent Funds</u>
	<u>Cemetery Funds</u>
Revenues	
Federal grants	\$ -
Investment income	4,389
Other	12,775
Total revenues	<u>17,164</u>
Expenditures	
General government	<u>-</u>
Total expenditures	<u>-</u>
Excess (deficiency) of revenue over expenditures	17,164
Other financing sources (uses):	
None	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	17,164
Fund Balance, Nonspendable June 30, 2022	<u>259,569</u>
Fund Balance, Nonspendable June 30, 2023	<u>\$ 276,733</u>

See independent auditor's report

Town of New Shoreham, Rhode Island

Supplementary Information

School Department Funds

Combining Balance Sheet

June 30, 2023

	School Restricted			Total School Department Funds
	School Unrestricted	School Special Revenue	Capital Projects	
Assets				
Cash and cash equivalents	\$ 241,131	\$ 43,389	\$ -	\$ 284,520
Receivables, other	10,488	-	545	11,033
Due from state and federal government	4,108	121,829	-	125,937
Due from Town of New Shoreham	904,522	-	15,000	919,522
Due from other funds	-	39,370	-	39,370
Total assets	1,160,249	204,588	15,545	1,380,382
Deferred outflows of resources				
Deferred outflows	-	-	-	-
Total assets and deferred outflows of resources	\$ 1,160,249	\$ 204,588	\$ 15,545	\$ 1,380,382
Liabilities				
Accounts payable and accrued expenses	\$ 512,902	\$ 20,066	\$ -	\$ 532,968
Due to other funds	7,136	127,383	-	134,519
Total liabilities	520,038	147,449	-	667,487
Deferred inflows of resources				
Deferred Revenue	22	-	-	22
Total deferred inflows of resources	22	-	-	22
Fund balances				
Restricted	-	57,141	-	57,141
Committed	640,189	-	15,545	655,734
Unassigned	-	(2)	-	(2)
Total fund balance	640,189	57,139	15,545	712,873
Total liabilities, deferred inflows of resources, and fund balance	\$ 1,160,249	\$ 204,588	\$ 15,545	\$ 1,380,382

See independent auditor's report

Town of New Shoreham, Rhode Island

Supplementary Information

School Department Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended June 30, 2023

	School Unrestricted	School Restricted		Total School Department Funds
		Special Revenue	Capital Projects	
Revenues				
Federal and state grant income	\$ 240,544	\$ 137,908	\$ 98,692	\$ 477,144
Medicaid reimbursement	31,606	-	-	31,606
Charges for services	-	53,708	-	53,708
Other revenue	16,788	42,266	277,248	336,302
State contribution to teachers' pension plan	340,531	-	-	340,531
Total revenue	<u>629,469</u>	<u>233,882</u>	<u>375,940</u>	<u>1,239,291</u>
Expenditures				
Education	5,837,758	238,391	40,425	6,116,574
Capital outlay	23,505	16,292	319,970	359,767
Total Expenditures	<u>5,861,263</u>	<u>254,683</u>	<u>360,395</u>	<u>6,476,341</u>
Excess (deficiency) of revenues over expenditures	(5,231,794)	(20,801)	15,545	(5,237,050)
Other financing sources (uses):				
Transfers in	5,372,798	24,697	-	5,397,495
Transfers out	(24,697)	-	-	(24,697)
Total other financing sources (uses)	<u>5,348,101</u>	<u>24,697</u>	<u>-</u>	<u>5,372,798</u>
Excess of revenue and other sources over expenditures and other uses	116,307	3,896	15,545	135,748
Fund balance, July 1, 2022	<u>523,882</u>	<u>53,243</u>	<u>-</u>	<u>577,125</u>
Fund balance, June 30, 2023	<u>\$ 640,189</u>	<u>\$ 57,139</u>	<u>\$ 15,545</u>	<u>\$ 712,873</u>

See independent auditor's report

Town of New Shoreham, Rhode Island
 Supplementary Information
 School Department Restricted Special Revenue Funds
 Combining Balance Sheet
 June 30, 2023

	IDEA Part B	IDEA Preschool	Title I Part A	Title II A	Title III	CRRSA Act- ESSER II Priority 1 Back to School
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	-	-	-	-
Due from state or federal government	6,122	-	-	-	683	43,398
Total assets	<u>6,122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>683</u>	<u>43,398</u>
Deferred Outflows of Resources						
None	-	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>6,122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>683</u>	<u>43,398</u>
Liabilities						
Accounts payable and accrued expenses	2,148	-	-	-	-	-
Due to other funds	3,974	-	-	-	683	43,398
Total liabilities	<u>6,122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>683</u>	<u>43,398</u>
Deferred Inflows of Resources						
None	-	-	-	-	-	-
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance						
Restricted	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 6,122</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 683</u>	<u>\$ 43,398</u>

See independent auditor's report

Town of New Shoreham, Rhode Island
 Supplementary Information
 School Department Restricted Special Revenue Funds
 Combining Balance Sheet
 June 30, 2023

	ARPA- ESSER II				English	School
	Priority 2	ELC	RTTT		Language	Building Authority
	Extended Learning	Grant	Education	Reap Grant	Categorical	Capital
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	-	-	263	-
Due from state or federal government	8,999	7,302	-	20,325	-	35,000
Total assets	8,999	7,302	-	20,325	263	35,000
Deferred Outflows of Resources						
None	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	8,999	7,302	-	20,325	263	35,000
Liabilities						
Accounts payable and accrued expenses	-	-	-	-	-	11,716
Due to other funds	8,999	7,302	2	20,325	263	23,284
Total liabilities	8,999	7,302	2	20,325	263	35,000
Deferred Inflows of Resources						
None	-	-	-	-	-	-
Total deferred inflow of resources	-	-	-	-	-	-
Fund Balance						
Restricted						
Unassigned	-	-	(2)	-	-	-
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 8,999	\$ 7,302	\$ -	\$ 20,325	\$ 263	\$ 35,000

See independent auditor's report

Town of New Shoreham, Rhode Island
 Supplementary Information
 School Department Restricted Special Revenue Funds
 Combining Balance Sheet
 June 30, 2023

	Champlin Foundation Grant	ACT Foundation	School Lunch	Student Activities	Total School Restricted Funds
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ 3,931	\$ 39,458	\$ 43,389
Due from other funds	10,345	6,472	21,798	492	39,370
Due from state or federal government	-	-	-	-	121,829
Total assets	<u>10,345</u>	<u>6,472</u>	<u>25,729</u>	<u>39,950</u>	<u>204,588</u>
Deferred Outflows of Resources					
None	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>10,345</u>	<u>6,472</u>	<u>25,729</u>	<u>39,950</u>	<u>204,588</u>
Liabilities					
Accounts payable and accrued expenses	-	-	6,202	-	20,066
Due to other funds	-	-	19,153	-	127,383
Total liabilities	<u>-</u>	<u>-</u>	<u>25,355</u>	<u>-</u>	<u>147,449</u>
Deferred Inflows of Resources					
None	-	-	-	-	-
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance					
Restricted	10,345	6,472	374	39,950	57,141
Unassigned	-	-	-	-	(2)
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 10,345</u>	<u>\$ 6,472</u>	<u>\$ 25,729</u>	<u>\$ 39,950</u>	<u>\$ 204,588</u>

See independent auditor's report

Town of New Shoreham, Rhode Island

Supplementary Information

School Department Restricted Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended June 30, 2023

	IDEA Part B	IDEA Preschool	Title I Part A	Title IIA	Title III	CRRSA Act- ESSER II Priority 1 Back to School
Revenues						
Federal grant income	\$ 40,138	\$ 151	\$ 969	\$ 3,910	\$ -	\$ -
State grant income	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	40,138	151	969	3,910	-	-
Expenditures						
Education	40,138	151	969	3,910	-	-
Capital outlay	-	-	-	-	-	-
Total Expenditures	40,138	151	969	3,910	-	-
Excess (deficiency) of revenue over expenditures	-	-	-	-	-	-
Other financing sources (uses)						
Transfers in (out)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	-	-	-
Fund balance, July 1, 2022	-	-	-	-	-	-
Fund balance, June 30, 2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See independent auditor's report

Town of New Shoreham, Rhode Island

Supplementary Information

School Department Restricted Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended June 30, 2023

	ARPA- ESSER II		RTTT Education	Reap Grant	English	School
	Priority 2	ELC			Language	Building Authority
	Extended Learning	Grant			Categorical	Capital
Revenues						
Federal grant income	\$ 39,175	\$ 7,302	\$ -	\$ 11,000	\$ -	\$ -
State grant income	-	-	-	-	263	35,000
Charges for services	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>39,175</u>	<u>7,302</u>	<u>-</u>	<u>11,000</u>	<u>263</u>	<u>35,000</u>
Expenditures						
Education	39,175	7,302	-	-	263	35,000
Capital outlay	-	-	-	11,000	-	-
Total Expenditures	<u>39,175</u>	<u>7,302</u>	<u>-</u>	<u>11,000</u>	<u>263</u>	<u>35,000</u>
Excess (deficiency) of revenue over expenditures	-	-	-	-	-	-
Other financing sources (uses)						
Transfers in (out)	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	-	-	-
Fund balance, July 1, 2022	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report

Town of New Shoreham, Rhode Island

Supplementary Information

School Department Restricted Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended June 30, 2023

	Champlin Foundation Grant	ACT Foundation	School Lunch	Student Activities	Total School Restricted Funds
Revenues					
Federal grant income	\$ -	\$ -	\$ -	\$ -	\$ 102,645
State grant income	-	-	-	-	35,263
Charges for services	-	-	53,708	-	53,708
Other	-	25,977	-	16,289	42,266
Total revenues	-	25,977	53,708	16,289	233,882
Expenditures					
Education	-	14,213	78,031	19,239	238,391
Capital outlay	-	5,292	-	-	16,292
Total Expenditures	-	19,505	78,031	19,239	254,683
Excess (deficiency) of revenue over expenditures	-	6,472	(24,323)	(2,950)	(20,801)
Other financing sources (uses)					
Transfers in (out)	-	-	24,697	-	24,697
Total other financing sources (uses)	-	-	24,697	-	24,697
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	6,472	374	(2,950)	3,896
Fund balance, July 1, 2022	10,345	-	-	42,900	53,243
Fund balance, June 30, 2023	\$ 10,345	\$ 6,472	\$ 374	\$ 39,950	\$ 57,139

See independent auditor's report

Town of New Shoreham, Rhode Island
 Supplementary Information
 School Department Restricted Capital Project Funds
 Combining Balance Sheet
June 30, 2023

	School Improvements	Total
Assets		
Cash & Cash Equivalents	\$ -	\$ -
Federal and state receivable	-	-
Receivable, Other	545	545
Due from Other funds	15,000	15,000
Total assets	15,545	15,545
Deferred Outflows of Resources		
None	-	-
Total deferred outflows of resources	-	-
Liabilities		
Accounts Payable	-	-
Due to Other funds	-	-
Total liabilities	-	-
Deferred Inflows of Resources		
None	-	-
Total deferred inflows of resources	-	-
Fund Balances		
Committed	-	-
Total fund balances (deficits)	-	-
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ -	\$ -

See independent auditor's report

Town of New Shoreham, Rhode Island
 Supplementary Information
 School Department Restricted Capital Project Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 For the Year Ended June 30, 2023

	<u>School Improvements</u>	<u>Total</u>
Revenues		
Federal and State Grants	\$ 98,692	\$ 98,692
Other	<u>277,248</u>	<u>277,248</u>
Total revenues	<u>375,940</u>	<u>375,940</u>
Expenditures		
Education	40,425	40,425
Capital outlay	<u>319,970</u>	<u>319,970</u>
Total expenditures	<u>360,395</u>	<u>360,395</u>
Excess (deficiency) of revenue over expenditures	15,545	15,545
Other financing sources (uses)		
Transfer in	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	15,545	15,545
Beginning fund balances, July 1, 2022	<u>-</u>	<u>-</u>
Ending fund balances, June 30, 2023	<u>\$ 15,545</u>	<u>\$ 15,545</u>

See independent auditor's report

Town of New Shoreham, Rhode Island

Supplementary Information

Tax Collector's Annual Report

For the Year Ended June 30, 2023

Tax Roll Year	Balance	Assessment	Additions	Abatements Refunds	Transfers/ Adjustments	Amount to be collected	Collections	Balance	July - August 2022 Collections Subject to 60-day FY22 Accrual	September - June-21 Collections	Total FY 2023 Cash Collections	July - August 2023 (FY 23) Cash Collections Subject to 60-day FY 23 Accrual
	July 1, 2022							June 30, 2023				
2022	\$ -	\$ 12,002,438	\$ 133,180	\$ 13,153	\$ (166,957)	\$11,981,814	\$ 11,784,718	\$ 197,096	\$ 98,116	\$ 11,686,602	\$ 11,784,718	\$ 71,365
2021	170,223	-	-	616	14,261	185,100	131,965	53,135	23,316	108,649	131,965	1,132
2020	63,896	-	-	29	-	63,925	30,015	33,910	68	29,947	30,015	533
2019	40,700	-	-	(12,056)	484	29,128	834	28,294	-	834	834	-
2018	23,772	-	-	-	542	24,314	390	23,924	-	390	390	-
2017	23,416	-	-	-	-	23,416	94	23,322	-	94	94	-
2016	1,039	-	-	-	-	1,039	80	959	-	80	80	-
2015	1,011	-	-	-	-	1,011	65	946	-	65	65	-
2014	984	-	-	-	-	984	51	933	-	51	51	-
2013	733	-	-	-	(466)	267	50	217	-	50	50	-
2012	62	-	-	-	-	62	49	13	-	49	49	-
2011	60	-	-	-	-	60	47	13	-	47	47	-
2010	106	-	-	-	-	106	46	60	-	46	46	-
2009	152	-	-	-	-	152	45	107	-	45	45	-
2008	169	-	-	-	-	169	41	128	-	41	41	-
2007	50	-	-	-	-	50	40	10	-	40	40	-
2006	152	-	-	-	-	152	33	119	-	33	33	-
2005 and prior	5,831	-	-	-	-	5,831	250	5,581	-	250	-	-
	<u>\$ 332,356</u>	<u>\$ 12,002,438</u>	<u>\$ 133,180</u>	<u>\$ 1,742</u>	<u>\$ (152,136)</u>	<u>\$12,317,580</u>	<u>\$ 11,948,813</u>	<u>\$ 368,767</u>	<u>\$ 121,500</u>	<u>\$ 11,827,313</u>	<u>\$ 11,948,563</u>	<u>\$ 73,030</u>
Less: Allowance for Uncollectible accounts	<u>40,000</u>							<u>40,000</u>				
	<u>\$ 292,356</u>							<u>\$ 328,767</u>				

See independent auditor's report

Town of New Shoreham, Rhode Island

Supplementary Information

Tax Collector's Annual Report

For the Year Ended June 30, 2023

Schedule of property valuation assessed as of December 31, 2022:

	<u>Valuation</u>	<u>Levy</u>
Real property	\$ 1,691,809,785	\$ 13,196,116
Motor vehicles	-	-
Tangible personal property	<u>15,146,893</u>	<u>118,146</u>
Total	1,706,956,678	13,314,262
Less: Exemptions and motor vehicle phase out		
Real property	(11,665,495)	(1,300,692)
Motor vehicles	-	-
Tangible personal property	<u>(42,489)</u>	<u>(11,132)</u>
Total	<u>\$ 1,695,248,694</u>	<u>\$ 12,002,438</u>

Reconciliation of Current Year Property Tax Revenue

Current Year Collections	\$ 11,948,813
60-day FY23 Accrual	73,030
<i>July-August 2023 Collections</i>	
60-day FY22 Accrual	<u>(121,500)</u>
<i>July-August 2022 Collections</i>	
Current Year Property Tax Revenue	<u>\$ 11,900,343</u>

See independent auditor's report

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TOWN OF NEW SHOREHAM

Other Supplementary Information

The Annual Supplemental Transparency Report Schedules (MTP2)
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)

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Town of New Shoreham, Rhode Island
Annual Supplemental Transparency Report Schedules (MTP2)

For the Year Ended June 30, 2023

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 11,757,967	\$ -
Last Year's Levy Tax Collection	109,781	-
Prior Years Property Tax Collection	30,480	-
Interest & Penalty	47,381	-
PILOT & Tax Treaty (excluded from levy) Collection	22,802	-
Other Local Property Taxes	-	-
Licenses and Permits	530,948	-
Fines and Forfeitures	8,889	-
Investment Income	18,033	-
Departmental	2,073,493	-
Rescue Run Revenue	-	-
Police & Fire Detail	2,030	-
Other Local Non-Property Tax Revenues	230,076	-
Tuition	-	-
Impact Aid	-	-
Medicaid	-	31,606
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	26,636
CDBG	-	-
COPS Grants	-	-
SAFER Grants	-	-
Other Federal Aid Funds	71,847	56,167
COVID - ESSER	-	39,175
COVID - CRF	-	-
COVID - CDBG	-	-
COVID - FEMA	-	-
COVID - Other	-	-
COVID - ARPA	-	7,302
MV Excise Tax Reimbursement	6,910	-
State PILOT Program	-	-
Distressed Community Relief Fund	-	-
Library Resource Aid	97,282	-
Library Construction Aid	-	-
Public Service Corporation Tax	13,346	-
Meals & Beverage Tax / Hotel Tax	1,300,755	-
LEA Aid	-	240,544
Group Home	-	-
Housing Aid Capital Projects	98,692	-
Housing Aid Bonded Debt	195,462	-
State Food Service Revenue	-	882
Incentive Aid	-	-
Property Revaluation Reimbursement	-	-
Other State Revenue	52,873	133,955
Motor Vehicle Phase Out	156,388	-
Other Revenue	62,456	362,493
Local Appropriation for Education	-	5,372,798
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	-
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
Total Revenue	\$ 16,887,891	\$ 6,271,558
Financing Sources: Transfer from Capital Funds	\$ 127,648	\$ -
Financing Sources: Transfer from Other Funds	280,127	-
Financing Sources: Debt Proceeds	-	-
Financing Sources: Other	-	-
Rounding	-	-
Total Other Financing Sources	\$ 407,775	\$ -

See independent auditor report

Town of New Shoreham, Rhode Island

Supplementary Information

Annual Supplemental Transparency Report (MTP2)

For the Year Ended June 30, 2023

<u>EXPENDITURES</u>	General Government	Finance	Social Services	Centralized IT	Planning	Libraries	Public Works	Parks and Rec	Police Department
Compensation- Group A	\$ 459,773	\$ 310,899	\$ 17,534	\$ -	\$ 173,762	\$ 278,008	\$ 629,131	\$ 182,808	\$ 661,230
Compensation - Group B	-	-	-	-	-	-	-	-	55,878
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	951	2,262	-	-	-	277	13,911	5,784	111,340
Overtime - Group B	-	-	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	2,545
Active Medical Insurance - Group A	52,905	35,851	-	-	43,755	58,224	82,249	10,700	49,312
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	15,972
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	5,886	1,648	-	-	3,054	3,098	4,688	464	2,489
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	1,086
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	36,965	25,267	1,341	-	13,547	21,729	49,808	14,515	64,538
Life Insurance	2,426	1,731	-	-	1,154	1,536	2,500	584	92
State Defined Contribution- Group A	30,663	22,246	-	-	13,233	21,476	35,229	7,143	-
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	3,643
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	8,164	-	-	-	-	-	-	-	-
Other Benefits- Group B	-	-	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	4,181	3,033	-	-	1,804	2,928	4,804	974	75,469
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	496
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	3,900	4,888	-	-	3,120	5,408	9,516	1,976	6,266
Purchased Services	395,713	2,168	-	24,044	160,705	32,637	63,167	70,687	24,587
Materials/Supplies	10,910	3,929	20	4,778	4,010	13,191	28,983	829	16,289
Software Licenses	-	-	-	214,726	-	-	-	-	12,463
Capital Outlays	81,527	-	-	46,608	-	243,935	87,570	32,004	2,564
Insurance	322,963	-	-	-	-	-	-	-	-
Maintenance	-	-	-	-	-	75,336	596,611	73,063	23,604
Vehicle Operations	-	-	-	-	-	-	53,713	562	118,115
Utilities	50,586	-	-	-	-	31,426	119,413	4,471	10,472
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	5,561	-	-
Revaluation	-	112,879	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	2,524	-	-
Trash Removal & Recycling	-	-	-	-	-	-	84,860	-	-
Claims & Settlements	-	-	-	-	-	-	-	-	-
Community Support	810,785	-	-	-	-	-	-	-	-
Other Operation Expenditures	607,083	27,196	21,292	32,083	19,633	37,360	823,780	76,119	33,720
Tippling 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	\$ 2,885,381	\$ 553,997	\$ 40,187	\$ 322,239	\$ 437,777	\$ 826,569	\$ 2,698,018	\$ 482,683	\$ 1,292,170

See independent auditor report

Town of New Shoreham, Rhode Island

Supplementary Information

Annual Supplemental Transparency Report (MTP2)

For the Year Ended June 30, 2023

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal	Education Department
Compensation- Group A	\$ -	\$ 201,413	\$ -	\$ -	\$ -	\$ -	\$ 2,914,558	\$ 2,522,947
Compensation - Group B	-	-	-	-	-	-	35,878	327,712
Compensation - Group C	-	-	-	-	-	-	-	351,088
Compensation -Volunteer	-	-	-	-	-	-	-	-
Overtime- Group A	-	21,694	-	-	-	-	156,219	-
Overtime - Group B	-	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-	6,614
Police & Fire Detail	-	-	-	-	-	-	2,345	-
Active Medical Insurance - Group A	-	63,318	-	-	-	-	396,314	242,963
Active Medical Insurance- Group B	-	-	-	-	-	-	15,972	39,099
Active Medical Insurance- Group C	-	-	-	-	-	-	-	110,122
Active Dental Insurance- Group A	-	2,979	-	-	-	-	24,306	15,382
Active Dental Insurance- Group B	-	-	-	-	-	-	1,086	2,634
Active Dental Insurance- Group C	-	-	-	-	-	-	-	4,919
Payroll Taxes	-	17,400	-	-	-	-	245,110	262,971
Life Insurance	-	1,304	-	-	-	-	11,327	20,627
State Defined Contribution- Group A	-	15,203	-	-	-	-	149,193	13,834
State Defined Contribution - Group B	-	-	-	-	-	-	3,643	1,611
State Defined Contribution - Group C	-	-	-	-	-	-	-	4,714
Other Benefits- Group A	-	-	-	-	-	-	8,164	82,446
Other Benefits- Group B	-	-	-	-	-	-	-	45
Other Benefits- Group C	-	-	-	-	-	-	-	896
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	-	907	-	-	-	-	94,100	346,421
State Defined Benefit Pension - Group B	-	-	-	-	-	-	496	38,267
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	33,529
Other Defined Benefit / Contribution	-	3,198	-	-	-	-	38,272	-
Purchased Services	-	-	-	-	-	-	773,708	475,436
Materials/Supplies	-	204	-	-	-	-	83,143	109,659
Software Licenses	-	-	-	-	-	-	227,189	14,109
Capital Outlays	-	-	-	-	-	-	494,208	216,783
Insurance	-	-	-	-	-	-	322,963	51,607
Maintenance	-	5,502	-	-	-	-	774,116	116,277
Vehicle Operations	-	-	-	-	-	-	172,390	271,962
Utilities	-	28,625	-	-	-	-	244,993	151,360
Contingency	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	5,561	-
Revaluation	-	-	-	-	-	-	112,879	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	2,524	-
Trash Removal & Recycling	-	-	-	-	-	-	84,860	-
Claims & Settlements	-	-	-	-	-	-	-	-
Community Support	-	-	-	-	-	-	810,785	-
Other Operation Expenditures	-	3,800	-	-	-	-	1,682,066	49,988
Tipping Fees	-	-	-	-	-	-	-	-
Local Appropriation for Education	-	-	-	5,372,798	-	-	5,372,798	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	1,957,284	-	1,957,284	-
Municipal Debt- Interest	-	-	-	-	536,694	-	536,694	-
School Debt- Principal	-	-	-	-	573,816	-	573,816	-
School Debt- Interest	-	-	-	-	40,708	-	40,708	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	49,389
Rounding	-	-	-	-	-	-	-	-
Total Expenditures	\$ -	\$ 365,547	\$ -	\$ 5,372,798	\$ 3,108,502	\$ -	\$ 18,385,868	\$ 6,135,810

Financing Uses: Transfer to Capital Funds	\$ 87,694	\$ -
Financing Uses: Transfer to Other Funds	183,127	-
Financing Uses: Payment to Bond Escrow Agent	-	-
Financing Uses: Other	-	-
Total Other Financing Uses	\$ 270,821	\$ -
Net Change in Fund Balance¹	(1,363,023)	135,748
Fund Balance¹- beginning of year	\$10,688,081	\$577,125
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	10,688,081	577,125
Rounding	-	-
Fund Balance¹ - end of year	\$ 9,325,058	\$ 712,873

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

See independent auditor report

Town of New Shoreham, Rhode Island

Supplementary Information

Annual Supplemental Transparency Report (MTP2)

Combining Schedule of Reportable Government Services with Reconciliation to MTP2

For the 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						\$ 10,688,081	-	\$ 10,688,081	
<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>\$ 10,688,081</u>	<u>-</u>	<u>\$ 10,688,081</u>	
General Fund	\$ 16,487,015	\$ 407,775	\$ 12,939,144	\$ 5,460,492	\$ (1,504,846)	\$ 9,660,736	-	\$ 9,660,736	\$ 8,155,890
Landing Fee Fund	220,415	-	-	185,127	35,288	155,498	-	155,498	190,786
Prevention Task Force / BICEP - RLO Fund	-	-	20	-	(20)	(106)	-	(106)	(126)
Old Harbor Task Force / OHTF - RLO Fund	2,403	-	8,224	-	(5,821)	96,960	-	96,960	91,139
Housing Board / BIHB - RLO Fund	178,058	-	65,682	-	112,376	774,993	-	774,993	887,369
Totals per audited financial statements	<u>\$ 16,887,891</u>	<u>\$ 407,775</u>	<u>\$ 13,013,070</u>	<u>\$ 5,645,619</u>	<u>\$ (1,363,023)</u>	<u>\$ 10,688,081</u>	<u>\$ -</u>	<u>\$ 10,688,081</u>	<u>\$ 9,325,058</u>
<u>Reconciliation from financial statements to MTP2</u>									
Reclassify transfer of municipal appropriation to Education Department as expenditure on MTP2	-	-	5,372,798	(5,372,798)	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 16,887,891</u>	<u>\$ 407,775</u>	<u>\$ 18,385,868</u>	<u>\$ 272,821</u>	<u>\$ (1,363,023)</u>	<u>\$ 10,688,081</u>	<u>\$ -</u>	<u>\$ 10,688,081</u>	<u>\$ 9,325,058</u>

See independent auditor report

Town of New Shoreham, Rhode Island

Supplementary Information

Annual Supplemental Transparency Report (MTP2)

Combining Schedule of Reportable Government Services with Reconciliation to MTP2

For the 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>						\$ 577,125	\$ -	\$ 577,125	
Fund Balance¹ - per MTP-2 at June 30, 2023 adjusted						<u>\$ 577,125</u>	<u>\$ -</u>	<u>\$ 577,125</u>	
School Unrestricted Fund	\$ 629,469	\$ 5,372,798	\$ 5,861,263	\$ 24,697	\$ 116,307	\$ 523,882	\$ -	\$ 523,882	\$ 640,189
SBA School Capital Project Fund	375,940	-	360,395	-	15,545	-	-	-	15,545
School Special Revenue Funds	233,882	24,697	254,683	-	3,896	53,243	-	53,243	57,139
Totals per audited financial statements	<u>\$ 1,239,291</u>	<u>\$ 5,397,495</u>	<u>\$ 6,476,341</u>	<u>\$ 24,697</u>	<u>\$ 135,748</u>	<u>\$ 577,125</u>	<u>\$ -</u>	<u>\$ 577,125</u>	<u>\$ 712,873</u>
Reconciliation from financial statements to MTP2									
Municipal appropriation for Education reported as a transfer on financial statements but a revenue on MTP2	\$ 5,372,798	\$ (5,372,798)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State contributions on behalf of teacher pensions are reported as revenue and expenditures on financial statements only	(340,531)	-	(340,531)	-	-	-	-	-	-
To eliminate the source in Special revenue and the use in the unrestricted fund	-	(24,697)	-	(24,697)	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 6,271,558</u>	<u>\$ -</u>	<u>\$ 6,135,810</u>	<u>\$ -</u>	<u>\$ 135,748</u>	<u>\$ 577,125</u>	<u>\$ -</u>	<u>\$ 577,125</u>	<u>\$ 712,873</u>
Reconciliation from MTP2 to UCOA									
Miscellaneous Variance from MTP2 to UCOA	\$ -		\$ (1)						
Transfer from the OPEB fund to the General fund	(16,789)		-						
Totals per UCOA Validated Totals Report Dated December 12, 2023	<u>\$ 6,254,769</u>		<u>\$ 6,135,809</u>						

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

See independent auditor report

Town of New Shoreham, Rhode Island

Notes to Supplementary Information – Annual Supplemental Transparency Report (“MTP2”)

For the 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 audit report is part of a broader project to create a municipal transparency portal (MTP) website to host municipal financial information in a centralized location.

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

NOTE 2. Reportable Government Services

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

NOTE 3. Allocations

The State reporting requires expenditures to be reported by departments, as defined by the State. Some of the departmental groupings are not consistent with the departments reflected in the City’s (or Town’s) budget and accounting system. To report these costs, the City (or 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.

Town of New Shoreham, Rhode Island

Notes to Supplementary Information – Annual Supplemental Transparency Report (“MTP2”)

For the Year Ended June 30, 2023

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

NOTE 5. Education Revenue and Expenditures

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

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

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*Independent Auditors' 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*

The Honorable Members of the Town Council
Town of New Shoreham, Rhode Island
New Shoreham, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of New Shoreham, Rhode Island (the Town), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 28, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of New Shoreham, Rhode Island's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of New Shoreham, 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 determination of financial statement amounts. 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.

Hague, Sahady & Co., CPAs, P.C.

Fall River, Massachusetts
December 28, 2023