

MEMORANDUM

To: Mayor and Councilors

Thru: Edward Lavallee, City Manager

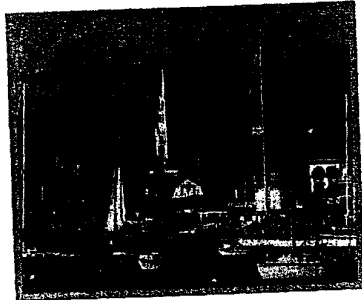
From: Laura Sitrin, Director of Finance



Date: May 22, 2008

RE: Fiscal Performance & Peer Group Analysis

I have attached a report that was prepared by our fiscal advisors, First Southwest. They prepared this report for a couple of municipalities, including Newport, to determine if clients would find it useful. I think it highlights Newport's strengths and weaknesses, particularly as would be viewed by bond rating analysts. I hope you find it interesting.



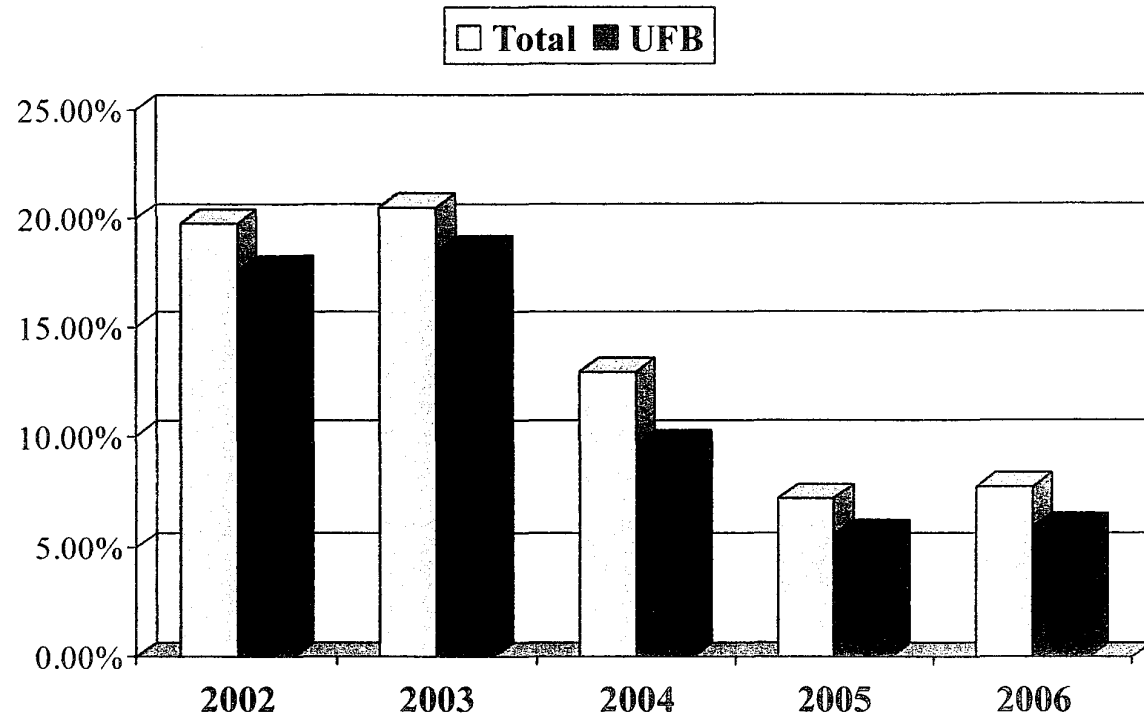
City of Newport, Rhode Island

Fiscal Performance & Peer Group Analysis

Fund Balance As of % of Revenues

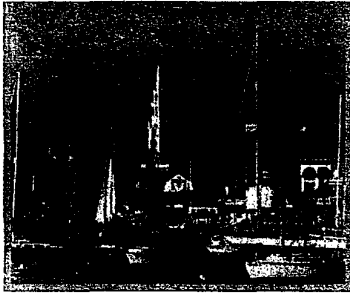
The City's fund balance reserves have declined steadily over the past five years.

*The current levels indicate a **narrow operating position** for a City the size of Newport.*





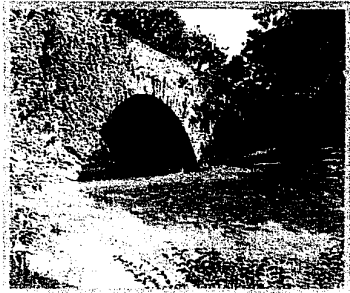
Peer Group Comparisons ***In-State Communities rated Aa3***



Jamestown – Aa3

Lincoln – Aa3

Newport – Aa3



North Kingstown – Aa3

Scituate – Aa3

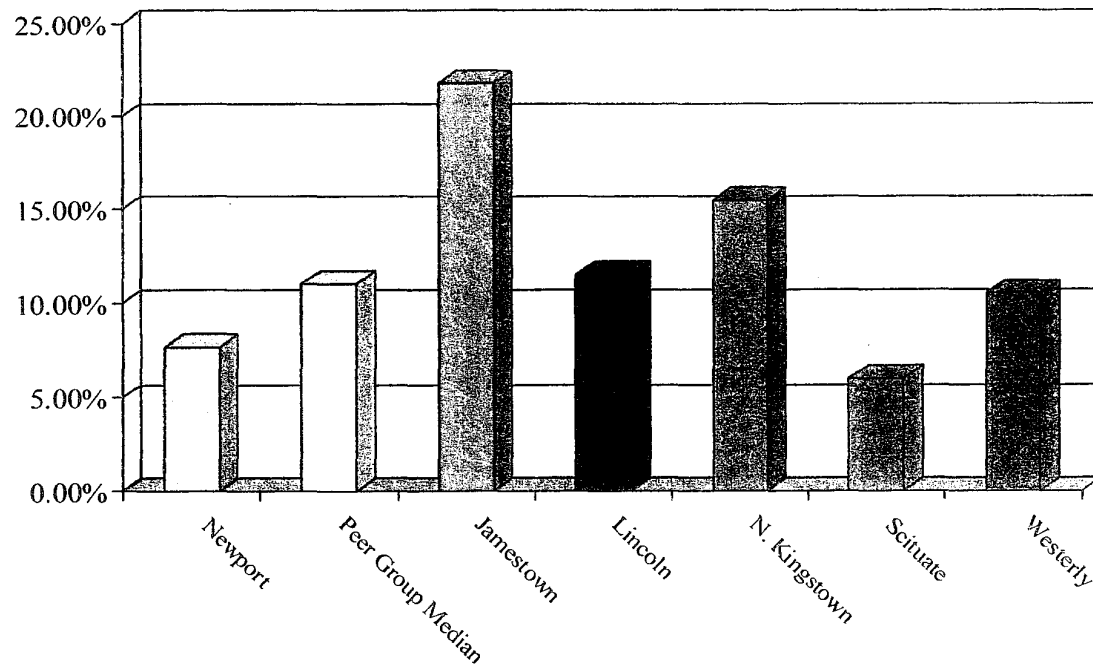
Westerly – Aa3



Fund Balance As % of Revenues

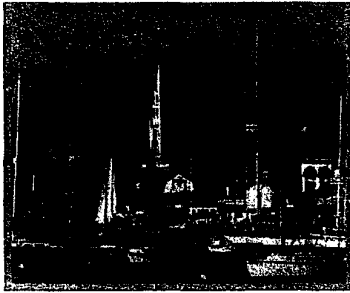
The City's total general fund balance has been diminished over the past five years and is now below the Aa3 peer group median of 11%.

This could pose a **threat** to the City's credit rating if the downward trend continues.





Peer Group Comparisons ***In –State Communities Rated Aa2***

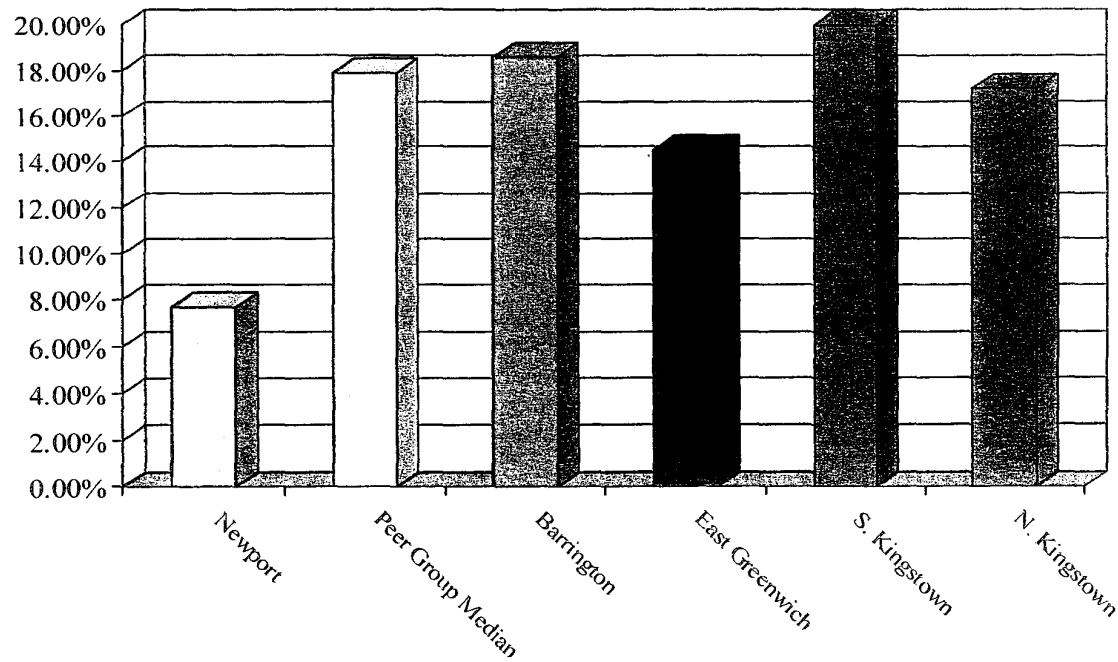


Barrington – Aa2
South Kingstown, RI -Aa2
Middletown, RI –Aa2
East Greenwich, RI - Aa2



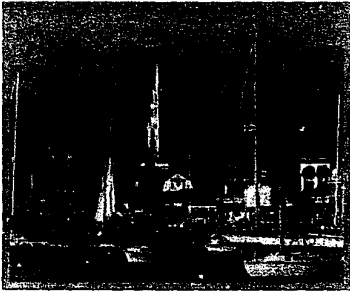
Fund Balance As % of Revenues

The City's Fund Balance ratio of 7.7% is below the Aa2 Peer Group Median of 17.9%.





National Peer Group Comparisons By Total General Fund Revenues



Communities Rated Aa3 and Aa2 and have General Fund Revenues of \$60,000,000 to \$70,000,000.



There are 26 communities that comprise the Aa3 peer group and 25 communities in the Aa2 peer group.



Fund Balance As % of Revenues

Sidebar text box

