

City of Newport, Vermont
BASIC FINANCIAL STATEMENTS
June 30, 2015

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Certified Public Accountants

Vermont License #167

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor, Board of Aldermen
and City Manager
City of Newport
Newport, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newport, Vermont, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newport, Vermont, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Change in Accounting Principle

As discussed in Note 18 to the financial statements, effective July 1, 2014, the City of Newport, Vermont adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Required Supplementary Information

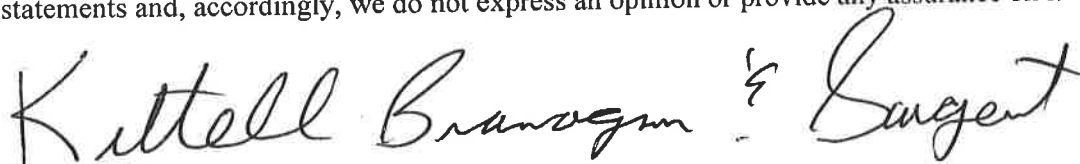
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information on pages 38 through 43 and the schedule of proportionate share of the net pension liability on page 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it

Handwritten signatures of Kuttell Brannigan and Sargent. The signature of Kuttell Brannigan is on the left, and the signature of Sargent is on the right, with a small mark between them.

City of Newport, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

As management of the City of Newport, we offer readers of the City of Newport's financial statements this narrative overview and analysis of the financial activities of the City of Newport for the fiscal year ended June 30, 2015.

Financial Highlights

- The assets of the City of Newport exceeded its liabilities at the close of the most recent fiscal year by \$12,089,272 (net assets). Of this amount, \$1,107,032 (unrestricted net position) may be used by the governmental activities of the City to meet the City's ongoing obligations to its citizens and creditors. For the business-type activities the net position is \$4,428,049, which means that if we were to liquidate the water/sewer funds we would have a cash surplus of \$4,428,049. Net position attributable to business-type activities decreased by \$163,885 during the last fiscal year.
- As of the close of the current fiscal year, the City of Newport's governmental funds reported combined ending fund balances of \$1,198,349. Of this total amount, \$354,978 is available for spending at the government's discretion (unassigned fund balance). Management has committed \$619,371 of the fund balance for particular purposes, and \$224,000 is assigned for purposes identified in Note 9.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Newport that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Newport include general government, public safety, public works, recreation and parks, conservation and development, health and welfare and public improvements. The business-type activities of the City of Newport include water and sewer operations.

The government-wide financial statements are designed to include not only the City of Newport itself (known as the primary government), but also any legally separate entities for which the City of Newport is financially accountable (known as component units). The City of Newport has no such entities that qualify as component units.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Newport, 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 City of Newport can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

City of Newport, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

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 short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's short-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 focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluation of a government's short-term financing requirements.

The City of Newport maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the General Fund and the Capital Projects Fund which are considered to be major funds. The City of Newport has two non-major governmental funds which are reported as "other Governmental Funds". These non-major funds include the Recreation Fund and the Mooring Management Fund. Combining financial statements for these funds are located on pages 45 and 46.

The City of Newport adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided on pages 37-41 for the general fund to demonstrate compliance with its budget.

The basic governmental fund financial statements may be found on pages 3 and 5.

Proprietary funds - The City of Newport maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Newport uses enterprise funds to account for its Water Fund and its Sewer Fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund and the Sewer Fund, both of which are considered to be major funds of the City of Newport.

The basic proprietary fund financial statements may be found on pages 7 through 9.

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

The expendable funds are the Police Public Safety Fund, East Main Street Cemetery Fund and the Community Development Block Grant Fund. The financial statements for these funds are located on pages 10 and 11 with combining statements located on pages 38 and 43.

The only non-expendable fund that we have is the Perley J. Niles Fund and the financial statements for this fund are located on pages 49 and 50.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements in this report.

City of Newport, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information to provide additional financial information not included in the basic financial statements. This supplementary information includes combining statements for various funds, and budgetary comparison statements for funds other than the City's general fund, which is presented with the basic financial statements. The supplementary information can be found immediately following the notes to the financial statements in this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's overall financial position. In the case of the City of Newport, assets exceeded liabilities by \$12,089,272 at the close of the most recent fiscal year.

By far the largest portion of the City of Newport's total net position (85%) reflects its investment in capital assets (e.g. land, buildings, equipment and infrastructure) less any related debt used to acquire those assets that are still outstanding. The City of Newport uses these capital assets to provide services to its citizens: consequently, these assets are not available for future spending. Although the City of Newport's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the close of the fiscal year the City of Newport did not have any net position that was subject to external restriction on how they may be used.

At the end of the current fiscal year, the City of Newport has positive balances in all three categories of net position for governmental-type activities.

City of Newport, Vermont's Net Position
June 30, 2015

	<u>Governmental Activities</u>		<u>Business –Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
Current and other assets	\$ 2,588,574	\$ 2,185,272	\$ 888,310	\$ 807,352	\$ 3,476,884	\$ 2,992,624
Capital assets	7,188,649	7,644,957	10,592,572	10,002,188	17,781,221	17,647,145
Deferred outflows	<u>-</u>	<u>113,081</u>	<u>-</u>	<u>21,539</u>	<u>-</u>	<u>134,620</u>
Total Assets and Deferred Outflows	<u>\$ 9,777,223</u>	<u>\$ 9,943,310</u>	<u>\$ 11,480,882</u>	<u>\$ 10,831,079</u>	<u>\$ 21,258,105</u>	<u>\$ 20,774,389</u>
Other liabilities	\$ 956,496	\$ 879,314	\$ 69,165	\$ 34,070	\$ 1,025,661	\$ 913,384
Net pension liabilities	-	75,623	-	14,404	-	90,027
Notes and bonds payable	959,888	1,090,766	6,781,918	6,309,530	7,741,806	7,400,296
Deferred inflows	<u>-</u>	<u>236,384</u>	<u>-</u>	<u>45,026</u>	<u>-</u>	<u>281,410</u>
Total Liabilities and Deferred Inflows	<u>\$ 1,916,384</u>	<u>\$ 2,282,087</u>	<u>\$ 6,851,083</u>	<u>\$ 6,403,030</u>	<u>\$ 8,767,467</u>	<u>\$ 8,685,117</u>
Net Position						
Invested in capital assets, net of related debt	\$ 6,228,761	\$ 6,554,191	\$ 3,810,654	\$ 3,692,658	\$ 10,039,415	\$ 10,246,849
Unrestricted	<u>1,632,078</u>	<u>1,107,032</u>	<u>819,145</u>	<u>735,391</u>	<u>2,451,223</u>	<u>1,842,423</u>
Total Net Position	<u>\$ 7,860,839</u>	<u>\$ 7,661,223</u>	<u>\$ 4,629,799</u>	<u>\$ 4,428,049</u>	<u>\$ 12,490,638</u>	<u>\$ 12,089,272</u>

City of Newport, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

Governmental activities - Governmental activities decreased the City of Newport's net position by \$827 during the current fiscal year. Investment in capital assets, net of related debt, decreased as a result of principal payments on long-term bonds, notes and leases during the year that did not exceed current year borrowings, while current year net additions to capital assets were more than depreciation expenses by \$456,307.

City of Newport, Vermont's Changes in Net Position
June 30, 2015

	<u>Governmental Activities</u>		<u>Business –Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
Revenues						
Program Revenues:						
Charges for services	\$ 685,554	\$ 673,066	\$ 2,011,317	\$ 1,952,840	\$ 2,696,871	\$ 2,625,906
Operating Grants	380,682	395,177	-	38,232	380,682	433,409
General Revenues:						
Tiff income	-	-	18,895	20,522	18,895	20,522
Property taxes	7,265,201	7,458,314	-	-	7,265,201	7,458,314
Investment earnings	26,666	21,533	19,126	17,412	45,792	38,945
Other revenues	42,145	50,232	-	-	42,145	50,232
Miscellaneous	-	-	1,785	2,665	1,785	2,665
Total Revenues	<u>8,400,248</u>	<u>8,598,322</u>	<u>2,051,123</u>	<u>2,031,671</u>	<u>10,451,371</u>	<u>10,629,993</u>
Expenses						
Governmental activities						
General	1,115,975	1,070,310	-	-	1,115,975	1,070,310
Public Safety	1,279,487	1,410,457	-	-	1,279,487	1,410,457
Public Works	1,115,788	1,315,850	-	-	1,115,788	1,315,850
Library	99,000	101,000	-	-	99,000	101,000
Interest on long-term debt	38,124	38,479	-	-	38,124	38,479
Education, recreation, health and welfare	4,411,662	4,663,053	-	-	4,411,662	4,663,053
Business-type activities						
Water	-	-	733,860	667,048	733,860	667,048
Sewer	-	-	1,579,529	1,528,508	1,579,529	1,528,508
Total Expenses	<u>8,060,036</u>	<u>8,599,149</u>	<u>2,313,389</u>	<u>2,195,556</u>	<u>10,373,425</u>	<u>10,794,705</u>
Change in net position	<u>340,212</u>	<u>(827)</u>	<u>(262,266)</u>	<u>(163,885)</u>	<u>77,946</u>	<u>(164,712)</u>
Net position, beginning	7,520,627	7,860,839	4,892,065	4,629,799	12,412,692	12,490,638
GASB 68 adjustment	-	(198,789)	-	(37,865)	-	(236,654)
Adjusted net position, Beginning	<u>7,520,627</u>	<u>7,662,050</u>	<u>4,892,065</u>	<u>4,591,934</u>	<u>12,412,692</u>	<u>12,253,984</u>
Net position, end of year	<u>\$ 7,860,839</u>	<u>\$ 7,661,223</u>	<u>\$ 4,629,799</u>	<u>\$ 4,428,049</u>	<u>\$ 12,490,638</u>	<u>\$ 12,089,272</u>

Business-type activities - Business-type activities decreased the City of Newport's net position by \$164,712 during the current fiscal year. The water fund had income of \$116,376 while the sewer fund had a loss of \$280,261. Key elements of this change are as follows:

- Water charges and rents increased revenue by \$2,546 from the previous year while operating expenses decreased by \$66,812. We had an increase in net income of \$70,471 from the prior year in the Water Fund. Purchases of plant and equipment for the water fund were \$66,099

City of Newport, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

- Sewer charges and rents decreased revenue by \$6,765 and discharge fees decreased by \$4,742 from the previous year while operating expenses decreased by \$46,279. Interest expense decreased by \$5,265 from the prior year. The Sewer Fund has a receivable from the General Fund of \$168,308, which is a decrease of \$94,285 from the prior year's receivable of \$262,593.
- Depreciation expense for sewer fund is \$539,149 and \$210,184 for the water fund.

Financial Analysis of the Government's Funds

The City of Newport uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

At the end of the current fiscal year, the City of Newport's governmental funds reported combined ending fund balances of \$1,230,479 a decrease of \$302,763 in comparison to the prior year. Approximately 97% of the total fund balance (\$1,198,349) constitutes general fund equity, which is available for spending at the government's discretion. The City of Newport has available \$354,978 of this fund balance for various purposes, including capital reserve funds and expenditures in subsequent periods. While \$224,000 of the fund balance is assigned for a specified purpose, the City of Newport has committed \$619,371 for specific budget items.

The general fund is the chief operating fund of the City of Newport. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to total general fund expenditures. The unassigned fund balance (\$354,978) represents 4 percent of general fund expenditures (\$8,951,336), while total fund balance represents 13.4 percent of that same amount.

During the year ending June 30, 2015 the Fund Balance of the City of Newport's general fund decreased by \$300,826 (from \$1,499,175 to \$1,198,349). Key factors in this change are as follows:

- Municipal Building renovations in the amount of \$56,484
- Gardner Park Drainage Project and maintenance expenditures in the amount of \$75,789
- Recreation Programs overspent by \$59,624
- Street Repairs, paving, and winter maintenance and materials, in the amount of \$116,738

Special revenue funds consist primarily of the Recreation Fund (\$27,065) and the Mooring Management Fund (\$5,065). The Recreation Fund is used to ensure that monies donated to the Recreation and Parks Department is solely used to benefit Recreation and Parks. The Mooring Management Fund is used so that the City receives no net income from the Mooring Management of Public Waters. Also, the Mooring Management Fund will insure no net expense over time to City taxpayers.

Capital Asset and Debt Administration

Capital Assets - The City of Newport's net investment in capital assets for its governmental activities increased by \$456,307 to a total of \$7,644,957. It is to be noted that we used the exemption allowed under GASB 34 to not include road and bridge investments prior to 1 July 2003. Also, 1.5" asphalt overlays of existing streets are not capitalized. For our business-type activities as of June 30, 2015 our net capital investment decreased by \$590,384 to \$10,002,188 (sewer \$6,386,101, water \$3,616,087).

City of Newport, Vermont
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Major capital asset events during the current fiscal year included the following:

- A police department boat purchase at a cost of \$124,764
- A new dock deck at the waterfront in the amount of \$45,433
- Public works vehicles at a cost of \$145,894
- A new fire truck was purchased in the amount \$369,916

Summarized listings of capital assets can be found in Note 8 of the financial statements.

Long-term debt - At the end of the current year, the City of Newport had total long-term debt outstanding of \$7,400,296. Of this amount, \$6,626,957 represents low to no-interest loans issued by the State of Vermont, \$475,766 represents loans with local banks and the remaining \$297,573 represents bonded debt backed by the full faith and credit of the City of Newport.

The City of Newport's total debt decreased by \$341,510 during the year.

Bonds are issued through the Vermont Municipal Bond Bank. The City issues no bonded debt on its own behalf and does not maintain its own credit rating.

Summarized listings of debt can be found in Note 7 of the financial statements.

Requests for Information

The financial report is designed to provide a general overview of the City of Newport, Vermont's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of City Manager, 222 Main St., Newport, VT 05855.

City of Newport, Vermont
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION
 June 30, 2015

ASSETS AND DEFERRED OUTFLOWS

	Governmental Activities	Business-Type Activities	Total
CURRENT ASSETS			
Cash	\$ 1,811,032	\$ 471,489	\$ 2,282,521
Taxes receivable	262,163	-	262,163
Accounts receivable	-	167,555	167,555
Other receivables	105,745	-	105,745
Due from other funds	5,065	168,308	173,373
Prepaid expenses	1,267	-	1,267
TOTAL CURRENT ASSETS	2,185,272	807,352	2,992,624
 CAPITAL ASSETS, net of depreciation	 7,644,957	 10,002,188	 17,647,145
 DEFERRED OUTFLOWS	 113,081	 21,539	 134,620
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 9,943,310	\$ 10,831,079	\$ 20,774,389

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

CURRENT LIABILITIES			
Current portion notes and bonds payable	\$ 256,735	\$ 411,955	\$ 668,690
Accounts payable	228,048	-	228,048
Accrued wages	27,127	2,530	29,657
Accrued liabilities	2,429	6,479	8,908
Accrued vacation/sick/comptime	217,308	22,218	239,526
Due to other funds	191,016	2,843	193,859
Unearned revenue	210,002	-	210,002
Tax deposits	3,384	-	3,384
TOTAL CURRENT LIABILITIES	1,136,049	446,025	1,582,074
 LONG-TERM LIABILITIES			
Net pension liabilities	75,623	14,404	90,027
Notes and bonds payable	834,031	5,897,575	6,731,606
TOTAL LONG-TERM LIABILITIES	909,654	5,911,979	6,821,633
TOTAL LIABILITIES	2,045,703	6,358,004	8,403,707
 DEFERRED INFLOWS	 236,384	 45,026	 281,410
 NET POSITION			
Invested in capital assets, net of related debt	6,554,191	3,692,658	10,246,849
Unrestricted	1,107,032	735,391	1,842,423
TOTAL NET POSITION	7,661,223	4,428,049	12,089,272
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 9,943,310	\$ 10,831,079	\$ 20,774,389

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2015

	Program Revenues			Net (Expense) Revenue & Changes in Net Position		Total	
	Expenses	Charges for Services	Operating Grants & Revenues	Capital Grants and Revenues	Governmental Activities		Business-Type Activities
<u>Functions/Programs</u>							
Governmental activities:							
Current:							
General government	\$ 1,070,310	\$ 117,274	\$ 25,566	\$ -	\$ (927,470)	\$ -	\$ (927,470)
Public safety	1,410,457	186,558	194,276	-	(1,029,623)	-	(1,029,623)
Public works	1,315,850	19,721	145,068	-	(1,151,061)	-	(1,151,061)
Recreation, health, education and welfare	4,663,053	348,913	30,267	-	(4,283,873)	-	(4,283,873)
Library	101,000	600	-	-	(100,400)	-	(100,400)
Interest on long-term debt	38,479	-	-	-	(38,479)	-	(38,479)
Total governmental activities	<u>8,599,149</u>	<u>673,066</u>	<u>395,177</u>	<u>-</u>	<u>(7,530,906)</u>	<u>-</u>	<u>(7,530,906)</u>
Business-type activities:							
Water	667,048	754,188	-	-	-	87,140	87,140
Sewer	1,528,508	1,198,652	38,232	-	-	(291,624)	(291,624)
Total business-type activities	<u>2,195,556</u>	<u>1,952,840</u>	<u>38,232</u>	<u>-</u>	<u>-</u>	<u>(204,484)</u>	<u>(204,484)</u>
General Revenues:							
Property taxes, levied for general purposes					7,458,314	-	7,458,314
Unrestricted investment earnings					21,533	17,412	38,945
Miscellaneous					50,232	23,187	73,419
Total general revenues and transfers					<u>7,530,079</u>	<u>40,599</u>	<u>7,570,678</u>
Change in Net Position					(827)	(163,885)	(164,712)
Net Position, beginning					<u>7,662,050</u>	<u>4,591,934</u>	<u>12,253,984</u>
Net Position, ending					<u>\$ 7,661,223</u>	<u>\$ 4,428,049</u>	<u>\$ 12,089,272</u>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2015

ASSETS

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 1,769,823	\$ 41,209	\$ 1,811,032
Delinquent tax receivables net of reserves of \$186,026	76,137	-	76,137
Other receivables	105,745	-	105,745
Due from other funds	-	5,065	5,065
Prepaid expenses	<u>1,265</u>	<u>-</u>	<u>1,265</u>
 TOTAL ASSETS	 <u>\$ 1,952,970</u>	 <u>\$ 46,274</u>	 <u>\$ 1,999,244</u>

LIABILITIES AND FUND BALANCE

LIABILITIES			
Due to other funds	\$ 138,872	\$ 14,144	\$ 153,016
Customer deposits	3,384	-	3,384
Accounts payable	228,048	-	228,048
Accrued wages	27,127	-	27,127
Accrued vacation/sick/comp-time	144,759	-	144,759
Other accruals	2,429	-	2,429
Unearned revenue	<u>210,002</u>	<u>-</u>	<u>210,002</u>
 TOTAL LIABILITIES	 <u>754,621</u>	 <u>14,144</u>	 <u>768,765</u>
 FUND BALANCE			
Committed	619,371	27,065	646,436
Assigned	224,000	-	224,000
Unassigned	<u>354,978</u>	<u>5,065</u>	<u>360,043</u>
 TOTAL FUND EQUITY	 <u>1,198,349</u>	 <u>32,130</u>	 <u>1,230,479</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 1,952,970</u>	 <u>\$ 46,274</u>	 <u>\$ 1,999,244</u>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2015

Total fund balances - governmental funds \$ 1,230,479

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Capital Assets - Governmental fund expenditures	7,644,957
Capital Assets - From trust funds	(38,002)

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

Allowance for delinquent tax reserve	186,026
--------------------------------------	---------

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds:

Accrued vacation/sick/comp-time payable	(72,545)
Net pension liability	(75,623)
Notes and bonds payable	(1,090,766)

Deferred outflows of resources represent the consumption of net assets that is applicable to a future reporting period and therefore not reported as assets in the funds.

113,081

Deferred inflows of resources represent the acquisition of net assets applicable to a future reporting period and therefore are not reported as liabilities in the funds.

(236,384)

\$ 7,661,223

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2015

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes and Special Assessments	\$ 7,430,321	\$ -	\$ 7,430,321
General Government	252,483	-	252,483
Public Safety	381,095	-	381,095
Public Works	170,065	-	170,065
Recreation and Culture	342,652	35,517	378,169
Investment Income	<u>4,939</u>	<u>8</u>	<u>4,947</u>
TOTAL REVENUES	<u>8,581,555</u>	<u>35,525</u>	<u>8,617,080</u>
EXPENDITURES			
General	471,647	-	471,647
Public Safety	1,279,497	-	1,279,497
Public Works	956,713	-	956,713
Culture and Recreation	492,465	37,462	529,927
Other Expenses & Appropriations	385,364	-	385,364
Personnel Expenses	607,469	-	607,469
Capital Outlay	704,367	-	704,367
Debt Service and Sinking Funds	243,861	-	243,861
School Appropriations	<u>3,809,953</u>	<u>-</u>	<u>3,809,953</u>
TOTAL EXPENDITURES	<u>8,951,336</u>	<u>37,462</u>	<u>8,988,798</u>
(DEFICIENCY) OF REVENUES (UNDER)			
EXPENDITURES	<u>(369,781)</u>	<u>(1,937)</u>	<u>(371,718)</u>
OTHER FINANCING SOURCES (USES):			
Proceeds From long term debt	369,916	-	369,916
Assigned Expenses (See Note 9)	<u>(300,961)</u>	<u>-</u>	<u>(300,961)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>68,955</u>	<u>-</u>	<u>68,955</u>
(DEFICIENCY) OF REVENUES AND OTHER			
SOURCES (UNDER) EXPENDITURES AND			
OTHER (USES)	(300,826)	(1,937)	(302,763)
FUND BALANCES AT BEGINNING OF YEAR	<u>1,499,175</u>	<u>34,067</u>	<u>1,533,242</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,198,349</u>	<u>\$ 32,130</u>	<u>\$ 1,230,479</u>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2015

Net change in fund balances - governmental funds \$ (302,763)

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

Governmental funds report capital outlays as expenditures while
 governmental activities report depreciation expense to
 allocate those expenditures over the life of the assets:

Depreciation	(620,672)
Capital assets purchased	1,076,979

The proceeds from the issuance of long-term debt is a revenue
 source in the governmental funds, while the issuance
 increase long-term debt in the Statement of Net Position. (369,916)

Repayment of bond principal is an expenditure in the governmental
 funds, but the repayment reduces long-term liabilities in the
 Statement of Net Position. 239,038

Revenues in the statement of activities that do not provide current
 financial resources are not reported as revenues in the funds.

Decrease in allowance for delinquent tax reserve	(18,755)
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Expenses in the statement of activities that do not require the use
 of current financial resources and are not reported as
 expenditures in the funds:

Pension expense	(138)
Vacation/sick/comp-time earned	<u>(4,600)</u>

Change in net position of governmental activities \$ (827)

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION - PROPRIETARY FUNDS
 June 30, 2015

ASSETS AND DEFERRED OUTFLOWS

	<u>Business Type Activities - Enterprise Funds</u>		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
CURRENT ASSETS			
Cash	\$ 116,452	\$ 355,037	\$ 471,489
Due from other funds	168,308	-	168,308
Fees receivable	83,431	84,124	167,555
TOTAL CURRENT ASSETS	<u>368,191</u>	<u>439,161</u>	<u>807,352</u>
CAPITAL ASSETS			
Land	2,169	22,500	24,669
Wells	-	629,354	629,354
Buildings	338,898	-	338,898
Improvements other than buildings	12,975,676	4,348,517	17,324,193
Machinery and equipment	890,472	235,204	1,125,676
Construction in progress	-	540,638	540,638
Interlocal waterline project	-	773,757	773,757
Storm water separation	1,019,610	-	1,019,610
	15,226,825	6,549,970	21,776,795
Less: accumulated depreciation	<u>(8,840,724)</u>	<u>(2,933,883)</u>	<u>(11,774,607)</u>
CAPITAL ASSETS, net	<u>6,386,101</u>	<u>3,616,087</u>	<u>10,002,188</u>
DEFERRED OUTFLOWS	<u>13,462</u>	<u>8,077</u>	<u>21,539</u>
TOTAL ASSETS	<u>\$ 6,767,754</u>	<u>\$ 4,063,325</u>	<u>\$ 10,831,079</u>

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

CURRENT LIABILITIES			
Due to other funds	\$ -	\$ 2,843	\$ 2,843
Accrued wages	2,064	466	2,530
Current portion of bonds and notes payable	261,362	150,593	411,955
Accrued vacation/sick/comp.	21,946	272	22,218
Accrued interest	2,669	3,810	6,479
TOTAL CURRENT LIABILITIES	<u>288,041</u>	<u>157,984</u>	<u>446,025</u>
LONG-TERM LIABILITIES			
Net pension liabilities	9,003	5,401	14,404
Notes and bonds payable	3,458,429	2,439,146	5,897,575
TOTAL LONG-TERM LIABILITIES	<u>3,467,432</u>	<u>2,444,547</u>	<u>5,911,979</u>
TOTAL LIABILITES	<u>3,755,473</u>	<u>2,602,531</u>	<u>6,358,004</u>
DEFERRED INFLOWS	<u>28,141</u>	<u>16,885</u>	<u>45,026</u>
NET POSITION			
Invested in capital assets, net of related debt	2,666,310	1,026,348	3,692,658
Unrestricted	317,830	417,561	735,391
TOTAL NET POSITION	<u>2,984,140</u>	<u>1,443,909</u>	<u>4,428,049</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 6,767,754</u>	<u>\$ 4,063,325</u>	<u>\$ 10,831,079</u>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN NET POSITION - PROPRIETARY FUNDS
 For the Year Ended June 30, 2015

	<u>Business Type Activities - Enterprise Funds</u>		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges and rent	\$ 882,059	\$ 754,188	\$ 1,636,247
Derby share	72,018	-	72,018
Discharge fees	98,678	-	98,678
Leachate fees	145,897	-	145,897
Interest income	8,698	8,714	17,412
TIF income	-	20,522	20,522
Grant income	38,232	-	38,232
Other income	<u>2,665</u>	<u>-</u>	<u>2,665</u>
TOTAL OPERATING REVENUES	<u>1,248,247</u>	<u>783,424</u>	<u>2,031,671</u>
OPERATING EXPENSES			
Sewer system	127,893	-	127,893
Sewer plant	613,197	-	613,197
Water treatment and pumping	-	200,426	200,426
Water transmitting and distribution	-	83,253	83,253
Administration	56,370	42,214	98,584
Depreciation	539,149	210,184	749,333
Interest expense	89,166	87,549	176,715
Personnel and other expenses	102,053	43,422	145,475
Maintenance expenses	<u>680</u>	<u>-</u>	<u>680</u>
TOTAL OPERATING EXPENSES	<u>1,528,508</u>	<u>667,048</u>	<u>2,195,556</u>
CHANGE IN NET POSITION	(280,261)	116,376	(163,885)
NET POSITION AT BEGINNING OF YEAR	<u>3,264,401</u>	<u>1,327,533</u>	<u>4,591,934</u>
NET POSITION AT END OF YEAR	<u>\$ 2,984,140</u>	<u>\$ 1,443,909</u>	<u>\$ 4,428,049</u>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
 For the Year Ended June 30, 2015

	Business-Type Activities		
	Sewer Fund	Water Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,046,935	\$ 767,910	\$ 1,814,845
Payments to suppliers	(798,140)	(325,893)	(1,124,033)
Payments for employees and benefits	(105,598)	(46,919)	(152,517)
Other receipts (payments)	106,326	(78,835)	27,491
	<u>249,523</u>	<u>316,263</u>	<u>565,786</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES			
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers (to) from other funds	94,285	(28,027)	66,258
	<u>94,285</u>	<u>(28,027)</u>	<u>66,258</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of property, plant and equipment	(36,324)	(122,625)	(158,949)
Principal payments on debt	(307,309)	(165,079)	(472,388)
	<u>(343,633)</u>	<u>(287,704)</u>	<u>(631,337)</u>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES			
NET INCREASE IN CASH	175	532	707
CASH - BEGINNING OF YEAR	<u>116,277</u>	<u>354,505</u>	<u>470,782</u>
CASH - END OF YEAR	<u>\$ 116,452</u>	<u>\$ 355,037</u>	<u>\$ 471,489</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (280,261)	\$ 116,376	\$ (163,885)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	539,149	210,184	749,333
Change in net assets and liabilities:			
Receivables, net	(5,820)	(6,800)	(12,620)
Accrued wages	(2,431)	(2,012)	(4,443)
Deferred outflows	(738)	(442)	(1,180)
Net pension liability	(27,387)	(16,433)	(43,820)
Deferred inflows	28,141	16,885	45,026
Accrued vacation	(1,130)	(1,495)	(2,625)
	<u>(27,387)</u>	<u>(16,433)</u>	<u>(43,820)</u>
Net cash provided by operating activities	<u>\$ 249,523</u>	<u>\$ 316,263</u>	<u>\$ 565,786</u>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION - FIDUCIARY FUNDS
 June 30, 2015

ASSETS

	<u>Expendable Trust Funds</u>	<u>Non- Expendable Trust Funds</u>	<u>Total</u>
CASH			
Checking	\$ 34,143	\$ 27,419	\$ 61,562
Savings and money markets	<u>70,784</u>	<u>-</u>	<u>70,784</u>
TOTAL CASH	<u>104,927</u>	<u>27,419</u>	<u>132,346</u>
DUE FROM OTHER FUNDS	<u>6,497</u>	<u>-</u>	<u>6,497</u>
INVESTMENTS			
Trust account	<u>186,280</u>	<u>108,213</u>	<u>294,493</u>
TOTAL ASSETS	<u>\$ 297,704</u>	<u>\$ 135,632</u>	<u>433,336</u>

LIABILITIES AND NET POSITION

LIABILITIES			
Due to other funds	<u>\$ 23,018</u>	<u>\$ 993</u>	<u>\$ 24,011</u>
NET POSITION			
Reserved for trust funds	-	62,000	62,000
Unreserved	<u>274,686</u>	<u>72,639</u>	<u>347,325</u>
TOTAL NET POSITION	<u>274,686</u>	<u>134,639</u>	<u>409,325</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 297,704</u>	<u>\$ 135,632</u>	<u>\$ 433,336</u>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN NET POSITION - FIDUCIARY FUNDS
 For the Year Ended June 30, 2015

	<u>Expendable Trust Funds</u>	<u>Non- Expendable Trust Funds</u>
REVENUES		
Interest income	\$ 43	\$ -
Dividend income	4,928	2,857
Other income	<u>50</u>	<u>-</u>
TOTAL REVENUES	<u>5,021</u>	<u>2,857</u>
EXPENDITURES		
Administrative fees	1,931	1,113
Contracted services	7,415	-
Police expenditures	7,194	-
Beneficiaries	-	1,200
Net loss on investments	589	332
Other	<u>271</u>	<u>406</u>
TOTAL EXPENSES	<u>17,400</u>	<u>3,051</u>
(DEFICIENCY) OF REVENUES OVER EXPENDITURES	(12,379)	(194)
OTHER FINANCING SOURCES		
Operating transfers, in	<u>2,090</u>	<u>-</u>
(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	(10,289)	(194)
FUND BALANCE AT BEGINNING OF YEAR	<u>284,975</u>	<u>134,833</u>
FUND BALANCE AT END OF YEAR	<u>\$ 274,686</u>	<u>\$ 134,639</u>

See Accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

The City of Newport, Vermont, (herein the "City") operates under a Mayor, Board of Aldermen and City Manager form of government and provides the following services, as authorized by its charter: general, public safety (police, fire and rescue), public works, recreation and culture, health and welfare, water and sewer services.

The City, for financial statement purposes, includes all of the funds and account groups relevant to the operations of the City of Newport. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the City of Newport.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

All operations of the City are controlled by the Mayor and a four member Board of Aldermen, elected in City-wide elections, and responsible for all of the City's activities. The financial statements include all of the City's operations controlled by the Mayor and Board of Aldermen. Based on criteria for determining the reporting entity (separate legal entity and fiscal or financial dependency on other governments), the City is considered to be an independent reporting entity and has no component units.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expense of a given program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statement presentation

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

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and post-employment healthcare benefits, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash.

The City reports the following major governmental funds:

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

Private-sector standards of accounting, and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Amounts reported as program revenues include 1) charges to individuals and business for fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

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

Budgetary Data

Budgets are presented on the modified accrual basis of accounting for all governmental funds. Budgets are not adopted on a City level for the financial funds or the special revenue fund. All annual appropriations lapse at fiscal year-end with the exception of those indicated as a fund balance reserve. The following procedures are used in establishing the budgetary data reflected in the financial statements.

- * During January of each year, the City manager submits to the Board a proposed operating budget for the next fiscal year commencing July 1st. This budget includes proposed expenditures and the means of financing them. Included also is a final budget for the current year ending June 30th.
- * Copies of the proposed budget are made available for public inspection and review by the City's patrons of the City. During February of each year a public hearing is held prior to City Meeting day to discuss the budget.

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- * The budget is voted on by taxpayers at March's City Meeting.
- * Once adopted, the budget can be amended by subsequent Board action. The Board upon recommendation of the City Manager can approve reductions in appropriations, but increases in appropriations by fund require a public hearing prior to amending the budget. In accordance with Vermont State law, interim adjustments may be made by administrative transfer of money from one appropriation to another within any given fund.
- * Expenditures may not legally exceed budgeted appropriations at the fund level.

Encumbrance accounting is employed in the governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

Cash and Cash Equivalents

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

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., current portion of inter-fund loans) or "advances from/to other funds" (i.e., the non-current portion of inter-fund loans).

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Capital Assets

General capital assets should be capitalized and recorded when all of the following criteria are met:

- (1) The asset is tangible and complete.
- (2) The asset is used in the operation of the City's activities.
- (3) The asset has a value and useful life at the date of acquisition that meets or exceeds the following:
 - * \$1,000 value and two years of life for software, office equipment, maintenance equipment, and other equipment.
 - * \$2,000 value and two years of life for vehicles.
 - * \$5,000 value and two years of life for all capital improvements.
 - * \$10,000 and three years of life for infrastructure and infrastructure improvements
 - * All buildings and land as well as computer equipment must be reported regardless of value and useful life at date of acquisition

Pursuant to GASB Statement Number 34, the City of Newport is not required to retroactively report major general infrastructure assets. Effective July 1, 2004 the City recorded and depreciated infrastructure assets (e.g., roads, bridges, sidewalks and similar items).

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All general capital assets must be recorded at either historical cost or estimated historical cost. Assets acquired through donation will be recorded at their estimated fair market value on the date of donation. In addition to purchase price or construction cost, costs of capitalization may include incidental costs, such as bond interest and issuance cost, insurance during transit, freight, duties, title search, title registration, installation, and breaking-in costs.

The straight line depreciation method will be used over the estimated useful life of each asset.

Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets.

Property Taxes

Property taxes are due and payable on or before November 15 and May 15 and become delinquent on May 16. The City prepares the bills and collects all taxes.

Government-Wide and Proprietary Fund Net Position

Government-wide and Proprietary Fund Net Position are divided into three components:

Invested in capital assets, net of related debt – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

Restricted net position – consist of net assets that are restricted by the Town’s creditors, by enabling legislation, by grantors (both federal and state), and/or by contributors.

Unrestricted – all other net assets reported in this category.

Governmental Fund Balances

Effective July 1, 2010, the City adopted the provisions of GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.

In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Amounts that can be spent only for specific purposes because of laws, regulations, or externally imposed conditions by grantors or creditors.

Committed – Amounts that can be used only for specific purposes determined by a formal action by the Selectboard.

Assigned – Amounts that are designated by management for a particular purpose.

Unassigned – All amounts not included in other classifications.

City of Newport, Vermont
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Allowance for Uncollectible Accounts

The City provides an allowance for uncollectible accounts for the estimated losses that will be incurred in the collection of all receivables. The estimated losses are based on the judgment of management and a review of the current status of existing receivables.

Operating Transfers

Operating transfers are legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended.

NOTE 2 CASH

The cash received by the City is placed in the custody of the City Treasurer who is elected. The cash deposits in the City accounts at June 30, 2015 consisted of the following:

	<u>Bank Balance</u>	<u>Book Balance</u>
Insured - FDIC	\$ 894,845	\$ 894,222
Uninsured, Collateralized by U.S. Government Securities, Federal Agency Issued Mortgage Backed Securities and/or General Obligation Vermont Municipal Note and Bonds Held by the Bank's Trust Department with a Security Interest granted to the City.	<u>1,808,851</u>	<u>1,519,487</u>
Uninsured, Right to Offset by Outstanding Debt	<u>7,018</u>	<u>578</u>
Petty Cash	<u>-</u>	<u>580</u>
TOTAL	<u>\$ 2,710,714</u>	<u>\$ 2,414,867</u>

The difference between the book balance and the bank balance is due to reconciling items such as deposits in transit and outstanding checks.

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 3 RECEIVABLES

Receivables on the fund financial statements at June 30, 2015 consist of the following:

	<u>General Fund</u>	<u>Proprietary Funds</u>	<u>Total</u>
Delinquent Taxes, net of \$186,026 reserves	\$ 48,436	\$ -	\$ 48,436
Penalty and Interest	27,701	-	27,701
Other Receivable	105,745	-	105,745
Notes Receivable	-	7,130	7,130
Water Rents - Billed	-	76,994	76,994
Sewer Rents - Billed	-	82,825	82,825
Sewer Derby Share	-	45	45
Sewer Contracted Works	-	561	561
	<u> </u>	<u> </u>	<u> </u>
TOTAL NET RECEIVABLES	<u>\$ 181,882</u>	<u>\$ 167,555</u>	<u>\$ 349,437</u>

NOTE 4 DEFERRED REVENUE

Deferred revenue in the General Fund consists of the following at June 30, 2015:

Project D.A.R.E.	\$ 4,288
Act 60 Reappraisal	163,221
Bike Path Grant	<u>42,493</u>
	<u>\$ 210,002</u>

NOTE 5 ACCRUED VACATION/SICK/COMPTIME

It is the policy of the City of Newport to permit employees to accumulate earned but unused vacation and comp-time with no limits. Employees are allowed to accumulate sick time as follows:

Employees covered under the Police Union Contract can accumulate 960 hours, but are only vested for 240 hours.

Employees covered under the Public Works Union Contract can accumulate up to 60 days or 480 hours, but are 100% vested for the first 15 days and are 50% vested for the remainder.

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 5 ACCRUED VACATION/SICK/COMPTIME (continued)

Employees with sick bank balances prior to the institution of the sick pay limitations above are vested in these banked amounts:

	General	Water/Sewer
Vacation	\$ 71,479	\$ 9,513
Comptime	43,624	33
Sick - Short-Term	29,658	1,240
	144,761	10,786
Sick - Long-Term	59,623	-
Sick - Bank	12,924	11,432
	\$ 217,308	\$ 22,218

NOTE 6 SHORT TERM DEBT

The City had a tax anticipation line of credit with Passumpsic Savings Bank with an available balance of \$1,000,000 at a rate of 0.90% dated July 1, 2014 and due June 30, 2015. There was no amount drawn on the line of credit during the fiscal year. This line of credit was renewed subsequent to year end, see Note 20.

NOTE 7 NOTES AND BONDS PAYABLE

The following is a summary of changes in notes and bonds payable for the year ended June 30, 2015:

	Beginning Balance <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 2015</u>
<u>BUSINESS-TYPE FUNDS</u>				
<u>Sewer Fund:</u>				
Wastewater Project note issued through State of Vermont Revolving Loan Fund at 0% interest with principal payments of \$16,600 at 12/1/95 and the remaining balance equally (\$13,646 per year) over the next 19 years, Matures 12/1/13.	\$ 13,647	\$ -	\$ 13,647	\$ -
Note payable to State of Vermont Revolving Loan Fund RFI-079 at 2% interest with annual installments of \$15,779 including interest for a 20 year term, matures 6/30/2023	128,566	-	13,179	115,387

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 7 NOTES AND BONDS PAYABLE (continued)

<u>Sewer Fund: (cont'd)</u>	<u>Beginning Balance June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2015</u>
Note payable to State of Vermont Revolving Loan Fund RFI-029 at 0% interest with a 2% admin. fee. Annual principal and interest installments of \$26,024 are matures 1/24/24.	212,410	-	21,775	190,635
Note payable to State of Vermont Revolving Loan Fund RFI-098, 0% interest with 4 annual principal payments of \$4,120 and a final payment of \$1,318, matures 1/1/2022.	10,258	-	3,419	6,839
Note payable to State of Vermont Revolving Loan Fund RFI-075 at 0% interest with a 2% admin. fee with annual principal and admin. fee payments of \$243,832, matures 1/1/2029.	3,077,202	-	177,942	2,899,260
Note payable to State of Vermont Revolving Loan Fund RFI-150, at 0% interest with a 2% admin fee, with principal and fee payments of \$13,250, matures 7/1/2033.	245,017	-	47,347	197,670
Vermont Municipal Bond Bank issued 7/26/01, sewer portion equals \$700,000 with annual installments of \$30,000 plus interest at 4.83%, matures 12/1/26.	<u>340,000</u>	<u>-</u>	<u>30,000</u>	<u>310,000</u>
TOTAL SEWER FUND	<u>4,027,100</u>	<u>-</u>	<u>307,309</u>	<u>3,719,791</u>
 <u>Water Fund:</u>				
Water System Bond issued 5/2/84; principal and interest at 5.0% due in semi-annual installments of \$20,925 payable to GMAC Commercial Mortgage Corp., maturing 5/2/24.	322,845	-	25,272	297,573

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 7 NOTES AND BONDS PAYABLE (continued)

	Beginning Balance <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 2015</u>
<u>Water Fund: (cont'd)</u>				
State of Vermont Revolving Loan Fund RF3-129 \$2,727,172 available at 1% interest and a 2% admin. fee, due in annual installments of \$165,850, matures 2/1/2031	2,045,994	-	94,019	1,951,975
State of Vermont Revolving Loan Fund RF3-095 \$547,000 available, \$174,361 drawn at 1% interest due in annual installments of \$36,769, matures 7/1/2026.	365,979	-	25,788	340,191
Vermont Municipal Bond Bank issued 7/22/99; principal and interest at 4.82% due in annual installments of \$20,000, matures 12/1/14.	<u>20,000</u>	-	<u>20,000</u>	-
TOTAL WATER FUND	<u>2,754,818</u>	-	<u>165,079</u>	<u>2,589,739</u>
TOTAL BUSINESS-TYPE FUNDS	<u>\$ 6,781,918</u>	<u>\$ -</u>	<u>\$ 472,388</u>	<u>\$ 6,309,530</u>

Anticipated maturities are as follows for the Business-Type Funds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 411,955	\$ 168,363	\$ 580,318
2017	420,021	157,440	577,461
2018	427,037	146,221	573,258
2019	437,050	134,706	571,756
2020	451,324	115,836	567,160
2021-2025	2,323,959	392,633	2,716,592
2026-2030	1,637,900	128,901	1,766,801
2031-2035	<u>200,284</u>	<u>4,524</u>	<u>204,808</u>
TOTAL	<u>\$ 6,309,530</u>	<u>\$ 1,248,624</u>	<u>\$ 7,558,154</u>

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 7 NOTES AND BONDS PAYABLE (continued)

	Beginning Balance <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 2015</u>
<u>Governmental Activities:</u>				
Vermont Municipal Bond Bank issued 7/26/01, principal and interest at 4.40% due in annual payments of \$30,000. Matures 12/1/16.	\$ 80,000	\$ -	\$ 30,000	\$ 50,000
Vermont Municipal Bond Bank issued 7/1/10, principal and interest at 2.22% due in annual payments of \$40,000. Matures 12/1/20.	255,000	-	40,000	215,000
Lease payable to Ford Motor Credit for two vehicles, principal and 6.00% interest payments of \$17,935 due annually. Matured July 2014.	16,919	-	16,919	-
Passumpsic Savings Bank - Promissory Note for financing of a 2014 Ford Taurus, principal and 1.49% interest payments of \$739 due monthly. Matures September 2017.	19,613	-	8,632	10,981
Passumpsic Savings Bank - Municipal Note for financing public improvements, principal and 1.47% interest payments of \$96,259 due annually. Matures July 2015.	188,356	-	93,487	94,869
Vermont Municipal Bond Bank issued July 14, 2011 Original Amount - \$500,000 with net interest of 2.64% paid in semi annual pymts Principal pymts of \$50,000 paid annually each December 1st. Matures November 2021.	400,000	-	50,000	350,000
Passumpsic Saving Bank Muni Note issued July 7, 2014 for \$369,916 at 2.46% for ten years pmts due 7/1 for \$42,166. Matures 7/1/2024.	<u>-</u>	<u>369,916</u>	<u>-</u>	<u>369,916</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 959,888</u>	<u>\$ 369,916</u>	<u>\$ 239,038</u>	<u>\$ 1,090,766</u>

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 7 NOTES AND BONDS PAYABLE (continued)

Anticipated maturities are as follows for the Governmental Funds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 256,735	\$ 25,934	\$ 282,669
2017	141,002	20,797	161,799
2018	119,627	17,568	137,195
2019	120,489	14,580	135,069
2020	121,372	11,352	132,724
2021-2025	<u>331,541</u>	<u>18,866</u>	<u>350,407</u>
TOTAL	<u>\$ 1,090,766</u>	<u>\$ 109,097</u>	<u>\$ 1,199,863</u>

NOTE 8 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 415,112	\$ -	\$ -	\$ 415,112
Construction in progress	<u>60,876</u>	<u>69,262</u>	<u>-</u>	<u>130,138</u>
Total capital assets, not being depreciated	<u>475,988</u>	<u>69,262</u>	<u>-</u>	<u>545,250</u>
Capital assets, being depreciated				
Land improvements	331,097	34,476	-	365,573
Buildings and improvements	3,362,651	-	-	3,362,651
Equipment	1,695,963	102,693	-	1,798,656
Vehicles	3,036,000	527,297	(88,202)	3,475,095
Infrastructure	<u>3,838,905</u>	<u>343,251</u>	<u>-</u>	<u>4,182,156</u>
Total capital assets, being depreciated	<u>12,264,616</u>	<u>1,007,717</u>	<u>(88,202)</u>	<u>13,184,131</u>

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 8 CAPITAL ASSETS (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities cont'd:</u>				
Accumulated depreciation for				
Land improvements	(295,674)	(6,698)	-	(302,372)
Buildings and improvements	(1,080,111)	(85,181)	-	(1,165,292)
Equipment	(950,277)	(110,014)	-	(1,060,291)
Vehicles	(2,098,896)	(215,446)	88,202	(2,226,140)
Infrastructure	(1,126,996)	(203,333)	-	(1,330,329)
 Total accumulated depreciation	 (5,551,954)	 (620,672)	 88,202	 (6,084,424)
 Total capital assets, being depreciated, net	 6,712,662	 387,045	 -	 7,099,707
 Governmental activities, capital assets, net	 \$ 7,188,650	 \$ 456,307	 \$ -	 \$ 7,644,957
<u>Business-type activities:</u>				
Water utility:				
Capital assets, not being depreciated				
Land	\$ 22,500	\$ -	\$ -	\$ 22,500
Construction in progress	418,013	122,625	-	540,638
 Total capital assets, not being depreciated	 440,513	 122,625	 -	 563,138
 Capital assets, being depreciated				
Equipment and vehicles	235,204	-	-	235,204
Water system and improvements	4,348,517	-	-	4,348,517
Water lines	773,757	-	-	773,757
Wells	629,354	-	-	629,354
 Total capital assets, being depreciated	 5,986,832	 -	 -	 5,986,832
 Accumulated depreciation for				
Equipment and vehicles	(149,021)	(18,941)	-	(167,962)
Water system and improvements	(2,045,319)	(148,385)	-	(2,193,704)
Water lines	(274,076)	(19,341)	-	(293,417)
Wells	(255,283)	(23,517)	-	(278,800)
 Total accumulated depreciation	 (2,723,699)	 (210,184)	 -	 (2,933,883)

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 8 CAPITAL ASSETS (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-type activities cont'd:</u>				
Total capital assets, being depreciated, net	3,263,133	(210,184)	-	3,052,949
Water utility, capital assets, net	3,703,646	(87,559)	-	3,616,087
Sewer utility:				
Capital assets, not being depreciated				
Land	2,169	-	-	2,169
Total capital assets, not being depreciated	2,169	-	-	2,169
Capital assets, being depreciated				
Buildings	338,898	-	-	338,898
Equipment and vehicles	890,472	-	-	890,472
Sewer system and improvements	12,939,352	36,324	-	12,975,676
Storm water separation	1,019,610	-	-	1,019,610
Total capital assets, being depreciated	15,188,332	36,324	-	15,224,656
Accumulated depreciation for				
Buildings	(198,719)	(8,473)	-	(207,192)
Equipment and vehicles	(575,002)	(54,452)	-	(629,454)
Sewer system and improvements	(7,030,813)	(450,734)	-	(7,481,547)
Storm water separation	(497,041)	(25,490)	-	(522,531)
Total accumulated depreciation	(8,301,575)	(539,149)	-	(8,840,724)
Total capital assets, being depreciated, net	6,886,757	(502,825)	-	6,383,932
Sewer utility, capital assets, net	6,888,926	(502,825)	-	6,386,101
Business-type activities, capital assets, net	<u>\$ 10,592,572</u>	<u>\$ (590,384)</u>	<u>\$ -</u>	<u>\$ 10,002,188</u>

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 9 RESTRICTED/COMMITTED/ASSIGNED FUND BALANCES

Committed fund balances at June 30, 2015 are as follows:

General Fund:	
Committed for FY 16 Budget Deficit	\$ 223,000
Committed for Coventry Sinking Fund	86,831
Committed for Tennis Court Sinking Fund	19,043
Committed for Bike Path Sinking Fund	46,334
Committed for Building Renovation	187,189
Committed for Reappraisal	<u>56,974</u>
 Total General Fund	 619,371
Recreation Fund:	
Committed for use in the Recreation Fund	<u>27,065</u>
 TOTAL COMMITTED FUND BALANCES	 <u>\$ 646,436</u>

Assigned fund balances at June 30, 2015 are as follows:

General Fund:	
Assigned for Facility Maintenance	\$ 114,000
Assigned for Public Works Vehicles	60,000
Assigned for Street Resurfacing	<u>50,000</u>
 TOTAL ASSIGNED FUND BALANCES	 <u>\$ 224,000</u>

The city expended \$300,961 in the fiscal year 2015 that were assigned in previous years. This is shown in the Other Financing Uses on Budgetary Comparison Schedule. The expenditures were for the following:

Public Works Vehicles	\$ 68,961
Street Resurfacing	<u>232,000</u>
	<u>\$ 300,961</u>

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 10 INVESTMENTS

The trust accounts are carried at market value. The balances at June 30, 2015 are as follows:

	Cost	Market Value
East Main Street Cemetery Fund		
Equities	\$ 23,214	\$ 61,771
Fixed Income	125,217	124,509
Total	148,431	186,280
Perley J. Niles Fund		
Equities	13,493	35,876
Fixed Income	70,125	72,337
Total	83,618	108,213
TOTAL	\$ 232,049	\$ 294,493

NOTE 11 DEFERRED COMPENSATION PLAN

All full-time permanent employees with the City are eligible to participate in a 457 deferred compensation plan administered by Copeland, a member of Citigroup. Employees may defer up to \$15,000 (\$22,000 if 50 or older) per year. The City does not contribute to this plan but does absorb the costs of administering the plan.

NOTE 12 PENSION PLAN

Information Required Under GASB Statement No. 68

Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions requires employers participating in a cost-sharing, multiple-employer defined benefit pension plan to recognize their proportional share of total pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. The schedules below have been prepared to provide City of Newport, Vermont's proportional share of the overall amounts of the VMERS plan. City of Newport, Vermont's portion has been allocated based on City of Newport, Vermont's proportional share of employer contributions to the total contributions to VMERS during the fiscal year.

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 12 PENSION PLAN (continued)

Reporting Date, Measurement Date, and Valuation Date

Net pension liabilities, deferred pension outflows of resources, deferred pension inflows of resources, and pension expense are all presented as of the City of Newport, Vermont's reporting date June 30, 2015 and for the City of Newport, Vermont's reporting period (the year ended June 30, 2015). These amounts are measured as of the measurement date and for the measurement period (the period between the prior and current measurement dates). GASB Statement No. 68 requires that the current measurement date be no earlier than the end of the employer's prior fiscal year. For the reporting date of City of Newport, Vermont, the State has chosen to use the end of the prior fiscal year (June 30, 2014) as the measurement date, and the year ended June 30, 2014 as the measurement period.

The total pension liability is determined by an actuarial valuation performed as of the measurement date, or by the use of update procedures to roll forward to the measurement date amounts from an actuarial valuation as of a date no more than 30 months and 1 day earlier than the employer's most recent fiscal year-end. The State has elected to apply update procedures to roll forward amounts from an actuarial valuation performed as of June 30, 2013, to the measurement date of June 30, 2014.

Schedule A – Employer Allocations as of June 30, 2013 and June 30, 2014

Fiscal Year Ended June 30, 2013		
Reported Contributions	Employer Proportion	Net Pension Liability
\$ 119,978.00	0.9995%	\$ 363,898

Fiscal Year Ended June 30, 2014					
Reported Contributions	Employer Proportion	Proportionate Share of Total Contributions	Net Pension Liability	Net Pension Liability 1% Decrease	Net Pension Liability 1% Increase
\$ 127,244.00	0.9864%	\$ 127,244	\$ 90,028	\$ 758,435	\$ (470,745)

Schedule B – Allocations of Pension Amounts as of June 30, 2014

		Deferred Outflows of Resources				
Employer Proportion	Net Pension Liability	Difference Between Expected and Actual Experience	Changes in Assumptions	Changes in Benefits	Difference Between Projected and Actual Investment Earnings	Changes in Proportional Share of Contributions
0.9864%	\$ 90,028	\$ -	\$ -	\$ -	\$ -	\$ -

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 12 PENSION PLAN (continued)

Deferred Inflows of Resources					
Difference Between Expected and Actual Experience	Changes in Assumptions	Changes in Benefits	Difference Between Projected and Actual Investment Earnings	Changes in Proportional Share of Contributions	Difference Between Employer Contributions and Proportionate Share of Total Contributions
\$ -	\$ -	\$ -	\$ (277,611)	\$ (3,800)	\$ -

Pension Expense Recognized		
Proportionate Share of Pension Plan Expense	Change in Proportional Share of Contributions	Total
\$ 135,735	\$ (950)	\$ 134,785

Schedule C – Employers’ Proportionate Share of June 30, 2014 Deferred Outflows/Inflows

Fiscal Year Ending					
June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	Thereafter	Total
\$ (71,271)	\$ (71,271)	\$ (71,271)	\$ -	\$ -	\$ (213,813)

The schedule of employer allocations and schedule of pension amounts by employer are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The schedules present amounts that are elements of the financial statements of the Vermont Municipal Employees’ Retirement System (VMERS) or its participating employers. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont’s Comprehensive Annual Financial Report (CAFR). The CAFR can be viewed on the State’s Department of Finance & Management website at:

<http://finance.vermont.gov/reports and publications/cafr>

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 12 PENSION PLAN (continued)

Plan Description

The Vermont Municipal Employees' Retirement System is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for school districts and other municipal employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2015, the retirement system consisted of 437 participating employers.

The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125.

The general administration and responsibility for formulating administrative policy and procedures of the retirement System for its members and their beneficiaries is vested in the Board of Trustees consisting of five members. They are the State Treasurer, two employee representatives elected by the membership of the system, and two employer representatives—one elected by the governing bodies of participating employers of the system, and one selected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Towns and the Vermont School Boards Association.

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service.

Summary of System Provisions

Membership	Full time employees of participating municipalities. Municipality elects coverage under Groups A, B, C or D provisions.
Creditable service	Service as a member plus purchased service.
Average Final Compensation (AFC)	Group A – average annual compensation during highest 5 consecutive years. Groups B and C – average annual compensation during highest 3 consecutive years. Group D – average annual compensation during highest 2 consecutive years.

City of Newport, Vermont
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2015

NOTE 12 PENSION PLAN (continued)

Service Retirement Allowance

Eligibility Group A – The earlier of age 65 with 5 years of service or age 55 with 35 years of service.

Group B – The earlier of age 62 with 5 years of service or age 55 with 30 years of service.

Groups C and D – Age 55 with 5 years of service.

Amount Group A – 1.4% of AFC x service

Group B – 1.7% of AFC x service as Group B member plus percentage earned as Group A member x AFC

Group C – 2.5% of AFC x service as a Group C member plus percentage earned as a Group A or B member x AFC

Group D – 2.5% of AFC x service as a Group D member plus percentage earned as a Group A, B or C member x AFC

Maximum benefit is 60% of AFC for Groups A and B and 50% of AFC for Groups C and D. The above amounts include the portion of the allowance provided by member contributions.

Early Retirement Allowance

Eligibility Age 55 with 5 years of service for Groups A and B; age 50 with 20 years of service for Group D.

Amount Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes Normal Retirement Age for Group A and B member, and payable without reduction to Group D members.

Vested Retirement Allowance

Eligibility 5 years of service.

Amount Allowance beginning at normal retirement age based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on “Post-Retirement Adjustments” described below.

City of Newport, Vermont
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2015

NOTE 12 PENSION PLAN (continued)

Disability Retirement Allowance

Eligibility 5 years of service and disability as determined by Retirement Board.

Amount Immediate allowance based on AFC and service to date of disability; children's benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.

Death Benefit

Eligibility Death after 5 years of service.

Amount For Groups A, B and C, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor's benefit under disability annuity computed as a date of death. For Group D, 70% of the unreduced accrued benefit plus children's benefit.

Optional Benefit and Death after Retirement

For Groups A, B and C, lifetime allowance or actuarially equivalent 50% or 100% joint or survivor allowance with refund of contribution guarantee. For Group D, lifetime allowance or 70% contingent annuitant option with no reduction.

Refund of Contribution

Upon termination, if the member so elects or if no other benefit is payable, the member's accumulated contributions are refunded.

Post-Retirement Adjustments

Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in consumer price index but not more than 2% for Group A and 3% for Groups B, C and D.

Member Contributions

Group A – 2.5% effective July 1, 2000 (reduced from 3.0%).

Group B – 4.75% effective July 1, 2014 (increased from 4.625%).

Group C – 9.625% effective July 1, 2014 and 9.75% effective January 1, 2015 (increased from 9.5%).

City of Newport, Vermont
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2015

NOTE 12 PENSION PLAN (continued)

Group D – 11.25% effective July 1, 2014 (increased from 11.25%).

Employer Contributions

Group A – 4.0%

Group B – 5.375% (changed from 5.125%) effective July 1, 2014

Group C – 6.875% from July 1, 2014 to December 31, 2014 (changed from 6.625% and then 7.0% effective January 1, 2015

Group D – 9.75% effective July 1, 2014 (increased from 9.625%)

Retirement Stipend

\$25 per month payable at the option of the Board of retirees.

Significant Actuarial Assumptions and Methods

Interest Rate: A select-and-ultimate interest rate set, specified below. The interest rate set is restarted every year;

Year 1: 6.25%	Year 10: 8.50%
Year 2: 6.75%	Year 11: 8.50%
Year 3: 7.00%	Year 12: 8.50%
Year 4: 7.50%	Year 13: 8.50%
Year 5: 7.75%	Year 14: 8.50%
Year 6: 8.25%	Year 15: 8.50%
Year 7: 8.25%	Year 16: 8.75%
Year 8: 8.25%	Year 17 and later: 9.00%
Year 9: 8.50%	

Salary Increases: 5% per year

Deaths:

Active participants – 50% of the probabilities in the 1995 Buck Mortality Tables for males and females

Non-disabled retirees and terminated vested participants - The 1995 Buck Mortality Tables with no set-back for males and one-year set-back for females

City of Newport, Vermont
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2015

NOTE 12 PENSION PLAN (continued)

Disabled retirees – RP-2000 Disabled Life Tables

Beneficiaries – 1995 Buck Mortality Tables for males and females

Spouse's Age: Husbands are assumed to be three years older than their wives.

Cost-of-Living Adjustments to Benefits of Terminated Vested and Retired Participants: Assumed to occur at the rate of 1.5% per annum for Group A members and 1.8% per annum for members of Groups B, C and D.

Asset Valuation Method (for funding purposes): A smoothing method is used, under which the value of assets for actuarial purposes equals market value less a five-year phase-in of the differences between actual and assumed investment return. Then value of assets for actuarial purposes may not differ from the market value of assets by more than 20%.

Inflation: The separately stated assumptions for investment return, salary increases and cost of living adjustments are consistent with an expected annual inflation rate of 3.00% to 3.25% per year.

Long-term expected rate of return: The long-term expected rate of return on System investments was determined using best- estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variable and the asset classes. These best estimate ranges were combined to produce forecasts of the short, intermediate, and longer term horizons by weighting the expected future nominal rates of return by the target asset allocation percentage. The various time horizons in the forecast are intended to capture more recent economic and capital market conditions as well as other plausible environments that could develop in the future over economic cycles. To reflect this in the rate-of-return assumption, a Select and Ultimate assumption setting approach, which is cited in Section 3.8.4 of Actuarial Standard of Practice No. 27 as an alternative to a single assumed rate of return, is employed.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Equity	31.50%	6.70%
Fixed Income	33.00%	2.94%
Alternatives	15.50%	6.26%
Multi-strategy	20.00%	5.98%

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 12 PENSION PLAN (continued)

Nominal long-term expected rates of return for these asset classes are equal to the sum of the above expected long-term real rates and the expected long-term inflation rate of 3.0%

Discount rate

The discount rate used to measure the total pension liability was 8.23%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

The following presents the entity's proportionate share of the net pension liability calculated using the discount rate of 8.23 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (7.23%) or one percent higher (9.23%):

1% Decrease (7.23%)	Discount Rate (8.23%)	1% Increase (9.23%)
\$ 758,435	\$ 90,028	\$ (470,745)

NOTE 13 PROPERTY TAXES

Property taxes are levied by August 15 and are due in full on May 15. All unpaid taxes become delinquent on May 16. Interest is assessed at 1% per month and an 8% penalty is assessed when the taxes become delinquent. The City bills and collects its own property taxes. City property tax revenues are recognized when levied. For the year ended June 30, 2015, the tax rate is as follows:

	<u>Non-Residential</u>	<u>Residential</u>
City	\$ 1.2768	\$ 1.2768
School	<u>1.7622</u>	<u>1.6077</u>
TOTAL	<u>\$ 3.0390</u>	<u>\$ 2.8845</u>

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 14 INTERFUND RECEIVABLE AND PAYABLE BALANCES

Individual Fund Interfund Receivable and Payable balances are as follows at June 30, 2015:

	<u>Interfund Receivables</u>	<u>Interfund Payable</u>
General Fund	\$ -	\$ 138,872
Sewer Disposal Fund	168,308	-
Water Utility Fund	-	2,843
Recreation Fund	-	14,144
Mooring Management Fund	5,065	-
CDBG Trust Fund	-	7
Cemetery Trust Fund	-	23,011
Police Public Safety Trust Fund	6,497	-
Perley Niles Trust Fund	-	993
Total Fund Statement Balances	179,870	179,870
Less: Trust Fund Balances	(6,497)	(24,011)
Cummulative effect of Trust Fund Capital Expenses	-	38,000
TOTAL GOVERNMENT WIDE BALANCES	\$ 173,373	\$ 193,859

NOTE 15 RISK MANAGEMENT

The City of Newport is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City of Newport maintains insurance coverage through the Vermont League of Cities and City's Property and Casualty Intermunicipal Fund, Inc. covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City of Newport. Settled claims have not exceeded this coverage in any of the past three fiscal years. The City must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty days' notice. Fund underwriting and rate setting policies have been established after consultation with actuaries. Fund members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities.

In addition, the City of Newport is a member of the Vermont League of Cities and City's Health Trust. The Health Trust is a nonprofit corporation formed to provide health insurance and wellness programs for Vermont municipalities and is owned by the participating members. The agreement does not permit the Health Trust to make additional assessments to its members.

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 16 CONTINGENT LIABILITY – TIF DISTRICT

During the fiscal year ended June 30, 2011 the Vermont State Auditor’s Office finalized its review of the City of Newport’s tax increment financing (TIF) district. While the report found that the City of Newport generally complied with the state statutes, they contended that the City miscalculated the total incremental property tax revenue generated by the TIF district and as a result would owe the state’s education fund \$37,041 for the period through June 30, 2010. While the City does not disagree with some miscalculations presented, they believe that other factors in earlier years where the City was paying the Bond payments without adequate TIF funding while the TIF district grew would offset any amounts owed back to the education fund and will try to negotiate with the state to resolve the issues. It is not known at this point what the final negotiated amount will be.

NOTE 17 DEFERRED LOAN – CDBG EXPENDABLE TRUST FUND

On August 28, 2008, the City obtained a grant in the amount of \$191,500. This money was used to provide a deferred loan with no interest to Newport Senior Housing Limited Partnership, the owner of the property. All of the funds were drawn down and disbursed in 2008. The entire amount of \$191,500 is due August 1, 2049.

On August 08, 2013, the City obtained a grant in the amount of \$590,000. This money was used to provide a deferred loan with no interest to Newport Family Housing Limited Partnership, the owner of the property. All of the funds were drawn down and disbursed in 2013. The entire amount of \$590,000 is due July 16, 2042.

NOTE 18 CHANGE IN ACCOUNTING PRINCIPLE- RETROSPECTIVE APPLICATION

On July 1, 2014, the City of Newport, Vermont changed its method of accounting for pension plans to conform with Government Accounting Standards that became effective for fiscal years beginning after June 15, 2014. The change was adopted retroactively. Under the new accounting method, the municipality must now report their prorated portion of the net pension liability and related deferred inflows and deferred outflows from their participation in the VMERS Plan. As a result, the cumulative effect of applying the new method, the following amounts increased/(decreased):

<u>General Fund:</u>	
Net Position	\$ (198,789)
Deferred Outflows	<u>(106,885)</u>
Net Pension Liability	<u>\$ 305,674</u>
 <u>Water Fund:</u>	
Net Position	\$ (14,199)
Deferred Outflows	<u>(7,635)</u>
Net Pension Liability	<u>\$ 21,834</u>
 <u>Sewer Fund:</u>	
Net Position	\$ (23,666)
Deferred Outflows	<u>(12,724)</u>
Net Pension Liability	<u>\$ 36,390</u>

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 19 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenditures exceeded appropriations in the General Fund by \$146,781. The excess is partially offset with additional revenues.

NOTE 20 SUBSEQUENT EVENTS

On July 1, 2015 the City signed a tax anticipation line of credit with Passumpsic Savings Bank for \$1,000,000 at the interest rate of 0.70%, due June 30, 2016.

On July 6, 2015 the City signed a municipal note with Passumpsic Savings Bank for \$25,256 to purchase a new police cruiser, at the interest rate of 1.34%, due July 6, 2018.

In accordance with Accounting Standards, the City has evaluated subsequent events through October 22, 2015, which is the date these basic financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2015, have been incorporated into these basic financial statements herein.

REQUIRED SUPPLEMENTARY INFORMATION

City of Newport, Vermont
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
TAXES				
Property Taxes	\$ 6,778,239	\$ 6,778,239	\$ 6,833,260	\$ 55,021
Appropriations	203,889	203,889	203,889	-
Fish & Wildlife Taxes	500	500	458	(42)
Railroad Taxes	15	15	-	(15)
Payments in Lieu of Taxes	443,700	443,700	392,714	(50,986)
TOTAL TAXES	<u>7,426,343</u>	<u>7,426,343</u>	<u>7,430,321</u>	<u>3,978</u>
 GENERAL GOVERNMENT				
City Clerk/Treasurer:				
Reimbursements	16,300	16,300	7,500	(8,800)
Licenses and Fees	78,060	78,060	57,460	(20,600)
Interest/penalties on Delinquent Taxes	55,000	55,000	66,551	11,551
Miscellaneous Revenues	22,175	22,175	44,590	22,415
Corrections Contract	76,000	76,000	76,382	382
TOTAL GENERAL GOVERNMENT	<u>247,535</u>	<u>247,535</u>	<u>252,483</u>	<u>4,948</u>
 PUBLIC SAFETY				
Police Department:				
Evidence Forfeiture	-	-	1,694	1,694
Traffic Court Fines	20,750	20,750	18,829	(1,921)
District Court Fines	-	-	80	80
Accident Reports	1,000	1,000	1,488	488
Other Public safety grants	216,108	216,108	254,877	38,769
Dog Impound Fees	400	400	260	(140)
VLCT Equipment Grant	-	-	2,908	2,908
Miscellaneous	115,076	115,076	56,788	(58,288)
Total Police Department	<u>353,334</u>	<u>353,334</u>	<u>336,924</u>	<u>(16,410)</u>
Fire Department:				
Labor and Materials	30,300	30,300	44,171	13,871
Total Fire Department	<u>30,300</u>	<u>30,300</u>	<u>44,171</u>	<u>13,871</u>
TOTAL PUBLIC SAFETY	<u>383,634</u>	<u>383,634</u>	<u>381,095</u>	<u>(2,539)</u>

City of Newport, Vermont
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
PUBLIC WORKS				
Street Department:				
Street Dept. St. Aid to Highway	138,000	138,000	136,766	(1,234)
Street Dept. Labor and Materials	-	-	7,917	7,917
Other Income	400	400	1,194	794
Street Dept. - Miscellaneous	-	-	150	150
Lane Mileage	-	-	10,610	10,610
Public works grants	<u>2,000</u>	<u>2,000</u>	<u>13,428</u>	<u>11,428</u>
TOTAL PUBLIC WORKS	<u>140,400</u>	<u>140,400</u>	<u>170,065</u>	<u>29,665</u>
CULTURE AND RECREATION				
Prouty Beach:				
Admissions	5,000	5,000	4,747	(253)
Camping	105,000	105,000	106,815	1,815
Tennis	1,600	1,600	-	(1,600)
Electric fees	4,900	4,900	5,142	242
Miscellaneous	<u>1,300</u>	<u>1,300</u>	<u>316</u>	<u>(984)</u>
Total Prouty Beach	<u>117,800</u>	<u>117,800</u>	<u>117,020</u>	<u>(780)</u>
Miscellaneous Recreation:				
Bike Path Revenues	2,361	2,361	2,361	-
Miscellaneous	8,300	8,300	8,337	37
Summer Programs	-	-	10,368	10,368
Trips & Events Sales	2,350	2,350	-	(2,350)
Track and Field	575	575	-	(575)
Municipal Building	3,240	3,240	1,341	(1,899)
Boat Wash Station	400	400	289	(111)
School Break Camps	-	-	11,351	11,351
Forestry Grant	-	-	17,685	17,685
Salary reimbursement	<u>90</u>	<u>90</u>	<u>-</u>	<u>(90)</u>
Total Miscellaneous Recreation	<u>17,316</u>	<u>17,316</u>	<u>51,732</u>	<u>34,416</u>
Gardner Park:				
Miscellaneous Receipts & Donations	1,600	1,600	4,221	2,621
Utilities	690	690	218	(472)
Rental	<u>3,300</u>	<u>3,300</u>	<u>5,303</u>	<u>2,003</u>
Total Gardner Park	<u>5,590</u>	<u>5,590</u>	<u>9,742</u>	<u>4,152</u>
Senior Center:				
Salary reimbursement	<u>3,400</u>	<u>3,400</u>	<u>2,387</u>	<u>(1,013)</u>
Total Senior Center	<u>3,400</u>	<u>3,400</u>	<u>2,387</u>	<u>(1,013)</u>

City of Newport, Vermont
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Waterfront:				
Gasoline Sales	75,000	75,000	90,927	15,927
Boatslip Rentals	22,000	22,000	39,091	17,091
Overnight Rentals	4,000	4,000	4,352	352
Miscellaneous Rents	700	700	3,857	3,157
Miscellaneous	2,500	2,500	2,401	(99)
Gateway Center	25,000	25,000	20,693	(4,307)
Gateway Center-Snack Bar	500	500	450	(50)
Total Waterfront	<u>129,700</u>	<u>129,700</u>	<u>161,771</u>	<u>32,071</u>
 TOTAL CULTURE AND RECREATION	 <u>273,806</u>	 <u>273,806</u>	 <u>342,652</u>	 <u>68,846</u>
 INVESTMENT INCOME	 <u>2,900</u>	 <u>2,900</u>	 <u>4,939</u>	 <u>2,039</u>
 TOTAL REVENUES	 <u>8,474,618</u>	 <u>8,474,618</u>	 <u>8,581,555</u>	 <u>106,937</u>
 EXPENDITURES				
GENERAL GOVERNMENT				
City Council	12,100	12,100	13,636	(1,536)
City Manager Department	53,427	53,427	55,715	(2,288)
Delinquent Tax Collector	4,125	4,125	4,467	(342)
Election Expense	10,700	10,700	8,987	1,713
City Treasurer	86,722	86,722	85,384	1,338
Audit and City Report	36,500	36,500	33,667	2,833
Tax Listing	34,130	34,130	31,830	2,300
City Clerk Department	89,465	89,465	88,739	726
Legal Expense	9,000	9,000	2,309	6,691
Planning & Zoning	49,537	49,537	27,261	22,276
Reappraisal	-	-	18,064	(18,064)
Municipal Building	89,361	89,361	101,588	(12,227)
 TOTAL GENERAL GOVERNMENT	 <u>475,067</u>	 <u>475,067</u>	 <u>471,647</u>	 <u>3,420</u>
 PUBLIC SAFETY				
Police Department				
Utilities				
Administration	100,281	100,281	105,268	(4,987)
Patrol	963,961	963,961	997,140	(33,179)
Traffic Control	9,800	9,800	5,918	3,882
Operation Stonegarden	18,000	18,000	2,999	15,001
Animal Control	5,800	5,800	5,453	347
Police Contracted Services	111,473	111,473	33,815	77,658
Total Police Department	<u>1,209,315</u>	<u>1,209,315</u>	<u>1,150,593</u>	<u>58,722</u>

City of Newport, Vermont
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fire Department				
Fire Fighting	91,942	91,942	98,318	(6,376)
Fire Training	2,500	2,500	2,944	(444)
Fire Communications	3,250	3,250	2,860	390
Fire Station	12,800	12,800	12,481	319
Fire Trucks & Equipment	11,000	11,000	12,301	(1,301)
Total Fire Department	<u>121,492</u>	<u>121,492</u>	<u>128,904</u>	<u>(7,412)</u>
TOTAL PUBLIC SAFETY	<u>1,330,807</u>	<u>1,330,807</u>	<u>1,279,497</u>	<u>51,310</u>
PUBLIC WORKS				
Public Works Administration	74,736	74,736	83,865	(9,129)
Street Maintenance	203,687	203,687	245,687	(42,000)
Winter Maintenance	297,100	297,100	356,515	(59,415)
Garage and Facilities	30,430	30,430	34,697	(4,267)
City Property	52,680	52,680	38,951	13,729
Storm Maintenance	75,570	75,570	72,928	2,642
Traffic Maintenance	161,600	161,600	123,433	38,167
Private Work expenditures	-	-	637	(637)
TOTAL PUBLIC WORKS	<u>895,803</u>	<u>895,803</u>	<u>956,713</u>	<u>(60,910)</u>
CULTURE AND RECREATION				
Administration	81,623	81,623	86,478	(4,855)
Senior Citizens	6,000	6,000	4,490	1,510
Prouty Beach and Swimming	73,426	73,426	85,933	(12,507)
Recreational Programs	41,530	41,530	100,954	(59,424)
Gardner Park	57,251	57,251	76,573	(19,322)
Waterfront	113,650	113,650	137,849	(24,199)
Boat Washing Station	-	-	188	(188)
TOTAL CULTURE AND RECREATION	<u>373,480</u>	<u>373,480</u>	<u>492,465</u>	<u>(118,985)</u>
OTHER EXPENSES & APPROPRIATIONS				
Conservation & Development	18,425	18,425	14,485	3,940
Health & Welfare	24,450	24,450	23,151	1,299
Recycling Project	37,500	37,500	32,631	4,869
County Tax	46,000	46,000	44,031	1,969
Renaissance Project	25,000	25,000	25,000	-
General Insurance	16,098	16,098	15,719	379
Public Official Liability	5,458	5,458	5,970	(512)

City of Newport, Vermont
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
OTHER EXPENSES & APPROPRIATIONS (cont'd)				
Claims and Damages	1,500	1,500	3,549	(2,049)
Employment Practices Insurance	6,031	6,031	6,583	(552)
Miscellaneous	2,085	2,085	760	1,325
Other Grant expenditures	-	-	9,596	(9,596)
Goodrich Memorial Library	101,000	101,000	101,000	-
Rural Community Transit	11,000	11,000	11,000	-
Orleans County Historical Society	1,100	1,100	1,100	-
N.E.K.Mental Health	4,818	4,818	4,818	-
Area Agency on Aging	7,000	7,000	7,000	-
Step O.N.E.	3,500	3,500	3,500	-
Newport Ambulance, Inc.	55,971	55,971	55,971	-
Home Health Agency	17,500	17,500	17,500	-
Frontier Animal Society	2,000	2,000	2,000	-
	<u>386,436</u>	<u>386,436</u>	<u>385,364</u>	<u>1,072</u>
TOTAL OTHER EXPENSES & APPROPRIATIONS				
PERSONNEL EXPENSES				
Unemployment Compensation	31,612	31,612	11,490	20,122
Worker's Compensation	51,819	51,819	54,122	(2,303)
Employee's Group Insurance	320,706	320,706	300,996	19,710
Social Security Tax	129,479	129,479	136,434	(6,955)
Municipal Retirement	100,604	100,604	104,427	(3,823)
	<u>634,220</u>	<u>634,220</u>	<u>607,469</u>	<u>26,751</u>
TOTAL PERSONNEL EXPENSES				
CAPITAL OUTLAY				
Street Repairs and Maintenance	348,450	348,450	151,867	196,583
Firetruck	-	-	370,908	(370,908)
Vehicles	90,303	90,303	19,015	71,288
Bridge Repair	10,000	10,000	167	9,833
Gateway Maintenance	10,000	10,000	1,961	8,039
Wharf Repair/replacement docks	15,000	15,000	-	15,000
Fire Station Repair	20,000	20,000	11,960	8,040
Gardner Park Improvements	16,000	16,000	38,715	(22,715)
Ice Rink Resurfacing	6,000	6,000	7,853	(1,853)
Dock Deck Replacement	40,000	40,000	45,433	(5,433)
Municipal Building Renovations	-	-	56,488	(56,488)
	<u>555,753</u>	<u>555,753</u>	<u>704,367</u>	<u>(148,614)</u>
TOTAL CAPITAL OUTLAY				

City of Newport, Vermont
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DEBT SERVICE & SINKING FUNDS				
Debt Principal Payments	213,490	213,490	222,298	(8,808)
Interest on Bonds	21,169	21,169	21,563	(394)
Tennis Court Sinking Fund	1,440	1,440	-	1,440
TOTAL DEBT SERVICE & SINKING FUNDS	<u>236,099</u>	<u>236,099</u>	<u>243,861</u>	<u>(7,762)</u>
SCHOOL APPROPRIATION	<u>3,809,953</u>	<u>3,809,953</u>	<u>3,809,953</u>	<u>-</u>
TOTAL EXPENDITURES	<u>8,697,618</u>	<u>8,697,618</u>	<u>8,951,336</u>	<u>(253,718)</u>
(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>(223,000)</u>	<u>(223,000)</u>	<u>(369,781)</u>	<u>(146,781)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds From long term debt	-	-	369,916	369,916
Assigned Expenses (See Note 9)	-	-	(300,961)	(300,961)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>68,955</u>	<u>68,955</u>
(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>(223,000)</u>	<u>(223,000)</u>	<u>(300,826)</u>	<u>(77,826)</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>1,499,175</u>	<u>1,499,175</u>	<u>1,499,175</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 1,276,175</u>	<u>\$ 1,276,175</u>	<u>\$ 1,198,349</u>	<u>\$ (77,826)</u>

City of Newport, Vermont
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 For the Year Ended June 30, 2015

	<u>2013</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.9995%	0.9864%
City's proportionate share of the net pension liability (asset)	<u>\$ 363,898</u>	<u>\$ 90,028</u>
City's covered-employee payroll	<u>\$ 1,917,963</u>	<u>\$ 1,966,262</u>
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	18.97%	4.58%
Plan fiduciary net position as a percentage of the total pension liability	92.71%	98.32%

Significant Actuarial Assumptions and methods are described in Note 12 to the financial statements. There were no changes in methods or assumptions during the year ended June 30, 2015.

OTHER SUPPLEMENTARY INFORMATION

City of Newport, Vermont
 OTHER SUPPLEMENTARY INFORMATION
 COMBINING BALANCE SHEET -
 NON-MAJOR GOVERNMENTAL FUNDS
 June 30, 2015

ASSETS

	Special Revenue		
	Recreation Fund	Mooring Management Fund	Total Non-Major Governmental Funds
ASSETS			
Cash	\$ 41,209	\$ -	\$ 41,209
Due from other funds	-	5,065	5,065
TOTAL ASSETS	\$ 41,209	\$ 5,065	\$ 46,274

LIABILITIES AND FUND BALANCES

LIABILITIES

Due to other funds	\$ 14,144	-	\$ 14,144
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FUND BALANCES

Committed	27,065	-	27,065
Unassigned	-	5,065	5,065

TOTAL FUND BALANCES	27,065	5,065	32,130
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TOTAL LIABILITIES AND FUND BALANCES	\$ 41,209	\$ 5,065	\$ 46,274
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City of Newport, Vermont
 OTHER SUPPLEMENTARY INFORMATION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE -
 NON-MAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2015

	Special Revenue		
	Recreation Fund	Mooring Management Fund	Total Non-Major Governmental Funds
REVENUES			
Recreation and Culture	\$ 29,317	\$ 6,200	\$ 35,517
Investment Income	<u>8</u>	<u>-</u>	<u>8</u>
TOTAL REVENUES	<u>29,325</u>	<u>6,200</u>	<u>35,525</u>
EXPENDITURES			
Culture and Recreation	<u>32,687</u>	<u>4,775</u>	<u>37,462</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,362)	1,425	(1,937)
FUND BALANCE AT BEGINNING OF YEAR	<u>30,427</u>	<u>3,640</u>	<u>34,067</u>
FUND BALANCE AT END OF YEAR	<u>\$ 27,065</u>	<u>\$ 5,065</u>	<u>\$ 32,130</u>

City of Newport, Vermont
 OTHER SUPPLEMENTARY INFORMATION
 COMBINING STATEMENT OF NET POSITION -
 EXPENDABLE TRUST FUNDS
 June 30, 2015

ASSETS

	<u>Police Public Safety Fund</u>	<u>East Main Street Cemetery Fund</u>	<u>Community Development Block Grant Fund</u>	<u>Total</u>
ASSETS				
CASH				
Checking	\$ 30,056	\$ 4,087	\$ -	\$ 34,143
Savings and money markets	<u>-</u>	<u>39,199</u>	<u>31,585</u>	<u>70,784</u>
TOTAL CASH	<u>30,056</u>	<u>43,286</u>	<u>31,585</u>	<u>104,927</u>
DUE FROM OTHER FUNDS	<u>6,497</u>	<u>-</u>	<u>-</u>	<u>6,497</u>
INVESTMENTS				
Trust Account	<u>-</u>	<u>186,280</u>	<u>-</u>	<u>186,280</u>
TOTAL ASSETS	<u>\$ 36,553</u>	<u>\$ 229,566</u>	<u>\$ 31,585</u>	<u>\$ 297,704</u>

LIABILITIES AND NET POSITION

LIABILITIES				
Due to other Funds	<u>\$ -</u>	<u>\$ 23,011</u>	<u>\$ 7</u>	<u>\$ 23,018</u>
NET POSITION	<u>36,553</u>	<u>206,555</u>	<u>31,578</u>	<u>274,686</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 36,553</u>	<u>\$ 229,566</u>	<u>\$ 31,585</u>	<u>\$ 297,704</u>

City of Newport, Vermont
OTHER SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION -
EXPENDABLE TRUST FUNDS
For the Year Ended June 30, 2015

	<u>Police Public Safety Fund</u>	<u>East Main Street Cemetery Fund</u>	<u>Community Development Block Grant Fund</u>	<u>Total</u>
REVENUES				
Interest Income	\$ 11	\$ 6	\$ 26	\$ 43
Dividend Income	-	4,928	-	4,928
Other income	-	50	-	50
	<u>11</u>	<u>4,984</u>	<u>26</u>	<u>5,021</u>
TOTAL REVENUES				
EXPENDITURES				
Admin. Fees	-	1,931	-	1,931
Contracted Services	-	7,415	-	7,415
Police Expenditures	7,194	-	-	7,194
Net loss from investments	-	589	-	589
Other	-	271	-	271
	<u>7,194</u>	<u>10,206</u>	<u>-</u>	<u>17,400</u>
TOTAL EXPENDITURES				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	(7,183)	(5,222)	26	(12,379)
OTHER FINANCING SOURCES				
Operating Transfers, In	<u>2,090</u>	<u>-</u>	<u>-</u>	<u>2,090</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES				
	(5,093)	(5,222)	26	(10,289)
FUND BALANCE AT BEGINNING OF YEAR				
	<u>41,646</u>	<u>211,777</u>	<u>31,552</u>	<u>284,975</u>
FUND BALANCE AT END OF YEAR				
	<u>\$ 36,553</u>	<u>\$ 206,555</u>	<u>\$ 31,578</u>	<u>\$ 274,686</u>

City of Newport, Vermont
 OTHER SUPPLEMENTARY INFORMATION
 COMBINING STATEMENT OF NET POSITION -
 NON-EXPENDABLE TRUST FUNDS
 June 30, 2015

ASSETS

	<u>Perley J. Niles Fund</u>
CASH	
Checking Account	\$ 27,419
INVESTMENTS	<u>108,213</u>
TOTAL ASSETS	<u>\$ 135,632</u>

LIABILITIES AND NET POSITION

LIABILITIES	
Due to Other Funds	\$ 993
NET POSITION	
Reserved for trust funds	62,000
Unreserved	<u>72,639</u>
TOTAL NET POSITION	<u>134,639</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 135,632</u>

City of Newport, Vermont
 OTHER SUPPLEMENTARY INFORMATION
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION -
 NON-EXPENDABLE TRUST FUNDS
 For the Year Ended June 30, 2015

	<u>Perley J. Niles Fund</u>
REVENUES	
Dividend Income	<u>\$ 2,857</u>
EXPENDITURES	
Admin Fees	1,113
Advertising	100
Legal	35
Beneficiaries	1,200
Net loss on investments	332
Other	<u>271</u>
TOTAL EXPENSES	<u>3,051</u>
 (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	 (194)
 NET POSITION AT BEGINNING OF YEAR	 <u>134,833</u>
 NET POSITION AT END OF YEAR	 <u><u>\$ 134,639</u></u>