

City of Newport, Vermont
BASIC FINANCIAL STATEMENTS
June 30, 2019

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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, 2019, 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, 2019, 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

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 42, the schedule of proportionate share of the net pension liability on page 43 and the schedule of contributions 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 combining and individual non-major 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 non-major 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.

Kittell Brannigan $\frac{1}{2}$ *Sargent*

City of Newport, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

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, 2019.

Financial Highlights

The assets of the City of Newport exceeded its liabilities at the close of the most recent fiscal year by \$11,819,050 (net position). Of this amount, \$1,927,214 (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 \$4,504,671, which means that if we were to liquidate the water/sewer funds we would have a cash surplus of \$4,504,671. Net position attributable to business-type activities decreased by \$347,009 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 \$1,618,869. Of this total amount, \$611,854 is available for spending at the government's discretion (unassigned fund balance). Management has committed \$837,015 and assigned \$170,000 of the fund balance for particular purposes as 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.

City of Newport, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

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.

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 46 and 47.

The City of Newport adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided on pages 38-42 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 47 and 48.

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.

City of Newport, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

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.

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 \$11,819,050 at the close of the most recent fiscal year.

By far the largest portion of the City of Newport's total net position (84%) 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, 2019

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 2,509,935	\$ 2,663,214	\$ 1,078,305	\$ 1,237,991	\$ 3,588,240	\$ 3,901,205
Capital assets	6,840,650	7,208,479	8,185,394	8,400,505	15,026,044	15,608,984
Deferred outflows	564,166	530,921	84,239	71,806	648,405	602,727
Total Assets and Deferred Outflows	\$ 9,914,751	\$ 10,402,614	\$ 9,347,938	\$ 9,710,302	\$ 19,262,689	\$ 20,112,916
Other liabilities	\$ 864,168	\$ 1,151,153	\$ 36,656	\$ 25,288	\$ 900,824	\$ 1,176,441
Net pension liabilities	1,181,380	968,086	186,708	148,067	1,368,088	1,116,153
Notes and bonds payable	519,569	649,106	4,614,639	5,046,751	5,134,208	5,695,857
Deferred inflows	35,255	48,097	5,264	6,505	40,519	54,602
Total Liabilities and Deferred Inflows	\$ 2,600,372	\$ 2,816,442	\$ 4,843,267	\$ 5,226,611	\$ 7,443,639	\$ 8,043,053

City of Newport, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Net Investment in capital assets	6,321,081	6,559,373	3,570,755	3,353,754	9,891,836	9,913,127
Unrestricted	<u>993,298</u>	<u>1,026,799</u>	<u>933,916</u>	<u>1,129,937</u>	<u>1,927,214</u>	<u>2,156,736</u>
Total Net Position	<u>\$ 7,314,379</u>	<u>\$ 7,586,172</u>	<u>\$ 4,504,671</u>	<u>\$ 4,483,691</u>	<u>\$11,819,050</u>	<u>\$12,069,863</u>

Governmental activities – Governmental activities decreased the City of Newport's net position by \$271,793 during the current fiscal year. Investment in capital assets, net of related debt, increased as a result of principal payments on long-term bonds, notes and leases during the year that exceeded current year borrowings, while depreciation expense was more than current year net additions to capital assets by \$238,292.

City of Newport, Vermont's Changes in Net Position
June 30, 2019

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues:						
Charges for services	\$ 856,949	\$ 725,952	\$2,283,882	\$2,400,780	\$ 3,140,831	\$ 3,126,732
Operating grants	395,917	470,712	20,514	32,536	416,431	503,248
Capital grants	33,399	86,529	-	-	33,399	86,529
General Revenues:						
Property taxes	8,992,853	8,559,915	-	-	8,992,853	8,559,915
Investment earnings	33,235	34,220	19,079	19,605	52,314	53,825
Other revenues	<u>62,870</u>	<u>287,245</u>	<u>4,263</u>	<u>2,750</u>	<u>67,133</u>	<u>289,995</u>
Total Revenues	<u>10,375,223</u>	<u>10,164,573</u>	<u>2,327,738</u>	<u>2,455,671</u>	<u>12,702,961</u>	<u>12,620,244</u>
Expenses						
Governmental activities:						
General	1,536,980	1,457,349	-	-	1,536,980	1,457,349
Public Safety	1,729,944	1,665,982	-	-	1,729,944	1,665,982
Public Works	1,733,116	1,361,307	-	-	1,733,116	1,361,307
Library	101,000	101,000	-	-	101,000	101,000
Interest on long-term deb	69,621	36,746	-	-	69,621	36,746
Education, recreation, health and welfare	5,476,355	5,321,803	-	-	5,476,355	5,321,803
Business-type activities:						
Water	-	-	871,464	734,583	871,464	734,583
Sewer	-	-	1,803,283	1,588,755	1,803,283	1,588,755
Total Expenses	<u>10,647,016</u>	<u>9,944,187</u>	<u>2,674,747</u>	<u>2,323,338</u>	<u>13,321,763</u>	<u>12,267,525</u>
Change in net position	(271,793)	220,386	(347,009)	132,333	(618,802)	352,719
Net position, beginning	<u>7,586,172</u>	<u>7,365,786</u>	<u>4,483,691</u>	<u>4,351,358</u>	<u>12,069,863</u>	<u>11,717,144</u>
Net position, ending	<u>\$7,314,379</u>	<u>\$7,586,172</u>	<u>\$4,136,682</u>	<u>\$4,483,691</u>	<u>\$ 11,451,061</u>	<u>\$ 12,069,863</u>

City of Newport, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

Business-type activities – Business-type activities decreased the City of Newport's net position by \$347,009 during the current fiscal year. The water fund had a net loss of \$49,413 while the sewer fund had a net loss of \$297,596. Key elements of this change are as follows:

- Water charges and rents decreased revenue by \$29,484 from the previous year while operating expenses increased by \$131,677. We had a decrease in net income of \$166,953 from the prior year in the Water Fund. Total water distribution expenses totaled 170,023, an increase of \$98,176 from the previous year.
- Sewer charges and rents decreased in revenue by \$97,923 and discharge fees increased by \$5,867 from the previous year, while operating expenses increased by \$218,446 Interest expense decreased by \$3,918 from the prior year. The Sewer Fund has a receivable from the General Fund of \$14,253, which is a decrease of \$421,338 from the prior year's receivable of \$435,591.
- Depreciation expense for the sewer fund is \$555,447 as compared to last year's \$543,711; and \$247,365 from last year's \$233,935 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 \$1,618,869 an increase of \$100,838 in comparison to the prior year. Approximately 97% of the total fund balance (\$1,571,653) constitutes general fund equity, which is available for spending at the government's discretion. The City of Newport has available \$611,854 of this fund balance for various purposes, including capital reserve funds and expenditures in subsequent periods. The City of Newport has committed \$837,015 for specific budget items and \$170,000 is a restricted donation to the city.

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 (\$611,854) represents approximately 5.98% of general fund expenditures (\$10,235,925), while total fund balance (\$1,571,653) represents approximately 15% of that same amount.

During the year ending June 30, 2019 the Fund Balance of the City of Newport's general fund increased by \$93,522 (from \$1,478,131 to \$1,571,653). Key factors in this change are as follows:

- We budgeted for a net change in fund balance in the amount of \$0.
- Recreation programs over spent by \$74,582.78 and brought in \$97,289.30 more than anticipated.

Special revenue funds consist primarily of the Recreation Fund (\$33,022) and the Mooring Management Fund (\$6,861). 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.

City of Newport, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

Capital Asset and Debt Administration

Capital Assets – The City of Newport's investment in capital assets, net of depreciation for its governmental activities decreased by \$367,829 to a total of \$6,840,650. 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, 2019 our capital investment, net of depreciation decreased by \$641,894 to \$8,185,394 (sewer \$4,977,484, water \$3,207,910).

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

- A police cruiser was purchased in the amount of \$31,928
- Police purchased a new speed cart
- A 'Gator' utility vehicle was purchased for Gardner Park
- The Soccer Goals were replaced
- The Dinghy Dock was resurfaced
- Upgrades were made to the Dock Building
- The gas tank was replaced at the Gateway
- The decking was replaced, and improvements made on the bathroom fixtures of the lower beach house
- The tennis courts were resurfaced
- The Hydro Rake Project (Aquatic Invasive Species) continued
- Public Works purchased a diesel flatbed, split among PW, Water & Sewer
- Public Works purchased a Kubota Skid Steer
- The Fire Department installed a new standing seam roof
- The City instituted the City Beautification Plan

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 \$5,134,208. Of this amount, \$4,655,519 represents low to no-interest loans issued by the State of Vermont, \$299,569 represents loans with local banks and the remaining \$179,120 represents bonded debt backed by the full faith and credit of the City of Newport.

The City of Newport's total debt decreased by \$561,649 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, 2019

ASSETS AND DEFERRED OUTFLOWS

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
CURRENT ASSETS			
Cash	\$ 1,949,778	\$ 564,470	\$ 2,514,248
Taxes receivable	346,036	-	346,036
Accounts receivable	-	120,257	120,257
Other receivables	212,704	-	212,704
Unbilled revenues	-	333,536	333,536
Due from other funds	-	60,042	60,042
Prepaid expenses	1,417	-	1,417
TOTAL CURRENT ASSETS	<u>2,509,935</u>	<u>1,078,305</u>	<u>3,588,240</u>
 CAPITAL ASSETS, net of depreciation	 <u>6,840,650</u>	 <u>8,185,394</u>	 <u>15,026,044</u>
 DEFERRED OUTFLOWS	 <u>564,166</u>	 <u>84,239</u>	 <u>648,405</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 9,914,751</u>	<u>\$ 9,347,938</u>	<u>\$ 19,262,689</u>

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

CURRENT LIABILITIES			
Current portion notes and bonds payable	\$ 155,277	\$ 451,485	\$ 606,762
Accounts payable	440,222	-	440,222
Accrued wages	90,896	15,959	106,855
Accrued liabilities	1,907	6,479	8,386
Accrued vacation/sick/comp time	126,048	14,218	140,266
Due to other funds	79,977	-	79,977
Unearned revenue	55,288	-	55,288
Tax deposits	3,256	-	3,256
TOTAL CURRENT LIABILITIES	<u>952,871</u>	<u>488,141</u>	<u>1,441,012</u>
 LONG-TERM LIABILITIES			
Net pension liabilities	1,181,380	186,708	1,368,088
Accrued vacation/sick/comp time	66,574	-	66,574
Notes and bonds payable	364,292	4,163,154	4,527,446
TOTAL LONG-TERM LIABILITIES	<u>1,612,246</u>	<u>4,349,862</u>	<u>5,962,108</u>
TOTAL LIABILITIES	<u>2,565,117</u>	<u>4,838,003</u>	<u>7,403,120</u>
 DEFERRED INFLOWS	 <u>35,255</u>	 <u>5,264</u>	 <u>40,519</u>
 NET POSITION			
Net investment in capital assets	6,321,081	3,570,755	9,891,836
Unrestricted	993,298	933,916	1,927,214
TOTAL NET POSITION	<u>7,314,379</u>	<u>4,504,671</u>	<u>11,819,050</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 9,914,751</u>	<u>\$ 9,347,938</u>	<u>\$ 19,262,689</u>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2019

	Program Revenues				Net (Expense) Revenue & Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants & Revenues	Capital Grants & Revenues	Governmental Activities	Business-Type Activities	
<u>Functions/Programs</u>							
Governmental activities:							
Current:							
General government	1,536,980	\$ 200,582	\$ 103,896	\$ -	\$ (1,232,502)	\$ -	\$ (1,232,502)
Public safety	1,729,944	189,615	117,052	19,143	(1,404,134)	-	(1,404,134)
Public works	1,733,116	7,965	171,399	14,256	(1,539,496)	-	(1,539,496)
Recreation, health, education and welfare	5,476,355	458,787	3,570	-	(5,013,998)	-	(5,013,998)
Library	101,000	-	-	-	(101,000)	-	(101,000)
Interest on long-term debt	69,621	-	-	-	(69,621)	-	(69,621)
Total governmental activities	<u>10,647,016</u>	<u>856,949</u>	<u>395,917</u>	<u>33,399</u>	<u>(9,360,751)</u>	<u>-</u>	<u>(9,360,751)</u>
Business-type activities:							
Water	871,464	802,879	10,257	-	-	(58,328)	(58,328)
Sewer	1,803,283	1,481,003	10,257	-	-	(312,023)	(312,023)
Total business-type activities	<u>2,674,747</u>	<u>\$ 2,283,882</u>	<u>\$ 20,514</u>	<u>-</u>	<u>-</u>	<u>(370,351)</u>	<u>(370,351)</u>
General Revenues:							
Property taxes, levied for general purposes					8,992,853	-	8,992,853
Unrestricted investment earnings					33,235	19,079	52,314
Donations					7,166	-	7,166
Miscellaneous					55,704	4,263	59,967
Total general revenues and transfers					<u>9,088,958</u>	<u>23,342</u>	<u>9,112,300</u>
Change in Net Position					(271,793)	(347,009)	(618,802)
Net Position, beginning as restated					<u>7,586,172</u>	<u>4,483,691</u>	<u>12,069,863</u>
Net Position, ending					<u>\$ 7,314,379</u>	<u>\$ 4,136,682</u>	<u>\$ 11,451,061</u>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2019

ASSETS

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 1,904,870	\$ -	\$ 44,908	\$ 1,949,778
Delinquent tax receivables net of reserves of \$257,520	88,516	-	-	88,516
Other receivables	212,704	-	-	212,704
Due from other funds	-	17	2,667	2,684
Prepaid expenses	<u>1,417</u>	<u>-</u>	<u>-</u>	<u>1,417</u>
 TOTAL ASSETS	 <u>\$ 2,207,507</u>	 <u>\$ 17</u>	 <u>\$ 47,575</u>	 <u>\$ 2,255,099</u>

LIABILITIES AND FUND BALANCE

LIABILITIES				
Due to other funds	\$ 44,661	\$ -	\$ -	\$ 44,661
Customer deposits	3,256	-	-	3,256
Accounts payable	440,222	-	-	440,222
Accrued wages	90,520	-	376	90,896
Other accruals	1,907	-	-	1,907
Unearned revenue	<u>55,288</u>	<u>-</u>	<u>-</u>	<u>55,288</u>
 TOTAL LIABILITIES	 <u>635,854</u>	 <u>-</u>	 <u>376</u>	 <u>636,230</u>
 FUND BALANCE				
Restricted	170,000	-	-	170,000
Committed	789,799	17	47,199	837,015
Unassigned	<u>611,854</u>	<u>-</u>	<u>-</u>	<u>611,854</u>
 TOTAL FUND BALANCE	 <u>1,571,653</u>	 <u>17</u>	 <u>47,199</u>	 <u>1,618,869</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 2,207,507</u>	 <u>\$ 17</u>	 <u>\$ 47,575</u>	 <u>\$ 2,255,099</u>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2019

Total fund balances - governmental funds **\$ 1,618,869**

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	6,840,650
Capital Assets - From trust funds	(38,000)

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	257,520
--------------------------------------	---------

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	(192,622)
Net pension liability	(1,181,380)
Notes and bonds payable	(519,569)

Deferred outflows of resources represent the consumption of net position that is applicable to a future reporting period and therefore not reported as assets in the funds.	564,166
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Deferred inflows of resources represent the acquisition of net position applicable to a future reporting period and therefore are not reported as liabilities in the funds.	<u>(35,255)</u>
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\$ 7,314,379

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, 2019

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes and Special Assessments	\$ 8,917,107	\$ -	\$ -	\$ 8,917,107
General Government	418,361	-	-	418,361
Public Safety	326,809	-	-	326,809
Public Works	198,360	-	-	198,360
Recreation and Culture	435,793	-	21,536	457,329
Investment Income	7,668	-	230	7,898
	<u>10,304,098</u>	<u>-</u>	<u>21,766</u>	<u>10,325,864</u>
TOTAL REVENUES				
EXPENDITURES				
General	557,267	-	-	557,267
Public Safety	1,455,697	-	-	1,455,697
Public Works	1,092,921	-	-	1,092,921
Culture and Recreation	613,635	-	14,450	628,085
Other Expenses & Appropriations	583,613	-	-	583,613
Personnel Expenses	799,469	-	-	799,469
Capital Outlay	585,745	-	-	585,745
Debt Service and Sinking Funds	172,432	-	-	172,432
School Appropriations	4,375,146	-	-	4,375,146
	<u>10,235,925</u>	<u>-</u>	<u>14,450</u>	<u>10,250,375</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER EXPENDITURES	68,173	-	7,316	75,489
OTHER FINANCING SOURCES:				
Proceeds From long term debt	25,349	-	-	25,349
	<u>93,522</u>	<u>-</u>	<u>7,316</u>	<u>100,838</u>
NET CHANGE IN FUND BALANCE	<u>93,522</u>	<u>-</u>	<u>7,316</u>	<u>100,838</u>
FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED	<u>1,478,131</u>	<u>17</u>	<u>39,883</u>	<u>1,518,031</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,571,653</u>	<u>\$ 17</u>	<u>\$ 47,199</u>	<u>\$ 1,618,869</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, 2019

Net change in fund balances - governmental funds \$ 100,838

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	(671,291)
Capital assets purchased	303,463

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.	(25,349)
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Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	154,887
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Increase in allowance for delinquent tax reserve	49,358
--	--------

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	(167,204)
Vacation/sick/comp-time earned	<u>(16,494)</u>

Change in net position of governmental activities **\$ (271,793)**

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION - PROPRIETARY FUNDS
 June 30, 2019

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	\$ 117,152	\$ 447,318	\$ 564,470
Due from other funds	14,253	45,789	60,042
Fees receivable	66,153	54,104	120,257
Unbilled revenues	196,610	136,926	333,536
TOTAL CURRENT ASSETS	<u>394,168</u>	<u>684,137</u>	<u>1,078,305</u>
CAPITAL ASSETS			
Land	4,462	121,013	125,475
Wells	-	629,354	629,354
Buildings	341,645	-	341,645
Improvements other than buildings	13,133,016	5,064,970	18,197,986
Machinery and equipment	1,150,379	450,963	1,601,342
Interlocal waterline project	-	773,757	773,757
Storm water separation	1,019,610	-	1,019,610
Construction in progress	348,404	39,554	387,958
	15,997,516	7,079,611	23,077,127
Less: accumulated depreciation	(11,020,032)	(3,871,701)	(14,891,733)
CAPITAL ASSETS, net	<u>4,977,484</u>	<u>3,207,910</u>	<u>8,185,394</u>
DEFERRED OUTFLOWS	<u>58,400</u>	<u>25,839</u>	<u>84,239</u>
TOTAL ASSETS	<u>\$ 5,430,052</u>	<u>\$ 3,917,886</u>	<u>\$ 9,347,938</u>

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

CURRENT LIABILITIES			
Accrued wages	\$ 9,153	\$ 6,806	\$ 15,959
Current portion of bonds and notes payable	279,465	172,020	451,485
Accrued vacation/sick/comp.	12,314	1,904	14,218
Accrued interest	2,669	3,810	6,479
TOTAL CURRENT LIABILITIES	<u>303,601</u>	<u>184,540</u>	<u>488,141</u>
LONG-TERM LIABILITIES			
Net pension liabilities	126,076	60,632	186,708
Notes and bonds payable	2,380,150	1,783,004	4,163,154
TOTAL LONG-TERM LIABILITIES	<u>2,506,226</u>	<u>1,843,636</u>	<u>4,349,862</u>
TOTAL LIABILITIES	<u>2,809,827</u>	<u>2,028,176</u>	<u>4,838,003</u>
DEFERRED INFLOWS	<u>3,649</u>	<u>1,615</u>	<u>5,264</u>
NET POSITION			
Net investment in capital assets	2,317,869	1,252,886	3,570,755
Unrestricted	298,707	635,209	933,916
TOTAL NET POSITION	<u>2,616,576</u>	<u>1,888,095</u>	<u>4,504,671</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 5,430,052</u>	<u>\$ 3,917,886</u>	<u>\$ 9,347,938</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, 2019

	<u>Business Type Activities - Enterprise Funds</u>		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges and rent	\$ 1,143,569	\$ 802,879	\$ 1,946,448
Derby share	71,326	-	71,326
Discharge fees	117,689	-	117,689
Leachate fees	148,419	-	148,419
Grant income	10,257	10,257	20,514
Other income	<u>4,263</u>	<u>-</u>	<u>4,263</u>
 TOTAL OPERATING REVENUES	 <u>1,495,523</u>	 <u>813,136</u>	 <u>2,308,659</u>
OPERATING EXPENSES			
Sewer system	258,714	-	258,714
Sewer plant	738,767	-	738,767
Water treatment and pumping	-	262,707	262,707
Water transmitting and distribution	-	170,023	170,023
Administration	90,722	56,101	146,823
Depreciation	555,447	247,365	802,812
Personnel and other expenses	96,812	45,162	141,974
Maintenance expenses	<u>7,430</u>	<u>17,893</u>	<u>25,323</u>
 TOTAL OPERATING EXPENSES	 <u>1,747,892</u>	 <u>799,251</u>	 <u>2,547,143</u>
 INCOME/(LOSS) FROM OPERATIONS	 <u>(252,369)</u>	 <u>13,885</u>	 <u>(238,484)</u>
NON-OPERATING INCOME/(EXPENSES)			
Interest income	10,164	8,915	19,079
Interest expense	<u>(55,391)</u>	<u>(72,213)</u>	<u>(127,604)</u>
 TOTAL NON-OPERATING (EXPENSES)	 <u>(45,227)</u>	 <u>(63,298)</u>	 <u>(108,525)</u>
 CHANGE IN NET POSITION	 (297,596)	 (49,413)	 (347,009)
 NET POSITION AT BEGINNING OF YEAR, AS RESTATED	 <u>2,914,172</u>	 <u>1,937,508</u>	 <u>4,851,680</u>
 NET POSITION AT END OF YEAR	 <u>\$ 2,616,576</u>	 <u>\$ 1,888,095</u>	 <u>\$ 4,504,671</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, 2019

	Business-Type Activities		
	Sewer Fund	Water Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,379,809	\$ 842,943	\$ 2,222,752
Payments to suppliers	(1,095,633)	(506,724)	(1,602,357)
Payments for employees and benefits	(72,789)	(32,850)	(105,639)
Other receipts (payments)	162,939	10,257	173,196
NET CASH PROVIDED BY OPERATING ACTIVITIES	374,326	313,626	687,952
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	421,338	19,840	441,178
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	421,338	19,840	441,178
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of property, plant and equipment	(479,952)	(107,749)	(587,701)
Principal payments on debt	(270,310)	(161,802)	(432,112)
Interest payments on debt	(55,391)	(72,213)	(127,604)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(805,653)	(341,764)	(1,147,417)
CASH FLOW FROM INVESTING ACTIVITIES:			
Receipt of interest and dividends	10,164	8,915	19,079
NET INCREASE IN CASH	175	617	792
CASH - BEGINNING OF YEAR	116,977	446,701	563,678
CASH - END OF YEAR	\$ 117,152	\$ 447,318	\$ 564,470
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income/(loss)	\$ (252,369)	\$ 13,885	\$ (238,484)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	555,447	247,365	802,812
Change in net assets and liabilities:			
Receivables, net	25,026	27,810	52,836
Unbilled revenues	22,199	12,254	34,453
Accrued wages	5,591	4,997	10,588
Deferred outflows	(10,614)	(1,819)	(12,433)
Net pension liability	28,603	10,038	38,641
Deferred inflows	(680)	(561)	(1,241)
Accrued vacation	1,123	(343)	780
Net cash provided by operating activities	\$ 374,326	\$ 313,626	\$ 687,952

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION - FIDUCIARY FUNDS
 June 30, 2019

ASSETS

	<u>Expendable Trust Funds</u>	<u>Non- Expendable Trust Funds</u>	<u>Total</u>
CASH			
Checking	\$ 32,170	\$ 39,243	\$ 71,413
Savings and money markets	<u>55,521</u>	<u>-</u>	<u>55,521</u>
TOTAL CASH	<u>87,691</u>	<u>39,243</u>	<u>126,934</u>
INVESTMENTS			
Trust account	<u>176,353</u>	<u>123,879</u>	<u>300,232</u>
TOTAL ASSETS	<u>\$ 264,044</u>	<u>\$ 163,122</u>	<u>\$ 427,166</u>

LIABILITIES AND NET POSITION

LIABILITIES			
Due to other funds	<u>\$ 17,073</u>	<u>\$ 992</u>	<u>\$ 18,065</u>
NET POSITION			
Reserved for trust funds	-	62,000	62,000
Unreserved	<u>246,971</u>	<u>100,130</u>	<u>347,101</u>
TOTAL NET POSITION	<u>246,971</u>	<u>162,130</u>	<u>409,101</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 264,044</u>	<u>\$ 163,122</u>	<u>\$ 427,166</u>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 For the Year Ended June 30, 2019

	Expendable Trust Funds	Non- Expendable Trust Funds
	<u> </u>	<u> </u>
ADDITIONS		
Interest income	\$ 5,000	\$ -
Dividend income	6,268	4,257
Net gain on investments	<u>15,438</u>	<u>10,150</u>
TOTAL ADDITIONS	<u>26,706</u>	<u>14,407</u>
DEDUCTIONS		
Administrative fees	1,743	1,161
Contracted services	38,053	-
Police expenditures	11,794	-
Beneficiaries	-	1,600
Other	<u>-</u>	<u>103</u>
TOTAL DEDUCTIONS	<u>51,590</u>	<u>2,864</u>
CHANGE IN NET POSITION	(24,884)	11,543
NET POSITION AT BEGINNING OF YEAR	<u>271,855</u>	<u>150,647</u>
NET POSITION AT END OF YEAR	<u>\$ 246,971</u>	<u>\$ 162,190</u>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

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, 2019

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.

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, 2019

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

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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).

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:

Net Investment in Capital Assets – 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 – consist of net position that is restricted by the City's creditors, by enabling legislation, by grantors (both federal and state), and/or by contributors.

Unrestricted – all other net position 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.

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unassigned – All amounts not included in other classifications.

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.

Defining Operating Revenues and Expenses

The City of Newport, Vermont’s proprietary funds distinguish between operating and non-operating revenues and expenses. Operating revenues and expenses of the City of Newport, Vermont’s water and sewer funds consists of charges for services (including connection fees) and the costs of providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as non-operating.

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, 2019 consisted of the following:

	<u>Bank Balance</u>	<u>Book Balance</u>
Insured - FDIC	\$ 825,326	\$ 825,861
Uninsured, Collateralized by U.S. Government Securities, Federal Agency Issued Mortgage Backe 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.	2,105,499	1,814,536
Petty Cash	<u>-</u>	<u>785</u>
TOTAL	<u>\$ 2,930,825</u>	<u>\$2,641,182</u>

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 2 CASH (continued)

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

NOTE 3 RECEIVABLES

Receivables on the fund financial statements at June 30, 2019 consist of the following:

	General Fund	Proprietary Funds	Total
Delinquent Taxes, net of \$257,520 reserves	\$ 50,768	\$ -	\$ 50,768
Penalty and Interest	37,748	-	37,748
Other Receivable	212,704	-	212,704
Water Rents - Billed	-	54,104	54,104
Sewer Rents - Billed	-	65,547	65,547
Sewer Derby Share	-	45	45
Sewer Contracted Works	-	561	561
TOTAL NET RECEIVABLES	\$ 301,220	\$ 120,257	\$ 421,477

NOTE 4 UNEARNED REVENUE

Unearned revenue in the General Fund consists of the following at June 30, 2019:

Project D.A.R.E.	\$ 4,533
Reappraisal - Act 60	17,705
Bike Path Grant	33,050
	\$ 55,288

NOTE 5 ACCRUED VACATION/SICK/COMPTIME

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

Employees covered under the Police Union Contract can accumulate 240 hours and are vested for 240 hours.

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 5 ACCRUED VACATION/SICK/COMPTIME (continued)

Employees covered under the Public Works Union Contract can accumulate 240 hours, but are 100% vested for the first 15 days.

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	\$ 89,855	\$ 9,589
Comp time	4,157	1,393
Sick - Short-Term	32,036	3,236
	126,048	14,218
Sick - Long-Term	64,068	-
Sick - Bank	2,506	-
	\$ 192,622	\$ 14,218

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 1.69% dated July 9, 2018 and due June 30, 2019. 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 19.

NOTE 7 NOTES AND BONDS PAYABLE

The following is a summary of changes in notes and bonds payable for the year ended June 30, 2019:

	Beginning Balance June 30, 2018	Additions	Deletions	Ending Balance June 30, 2019
<u>BUSINESS-TYPE FUNDS</u>				
<u>Sewer Fund:</u>				

Note payable to State of Vermont Revolving

Loan Fund RFI-079 at 0% interest 2%

admin fee. Annual principal and interest

installments of \$15,779, matures 6/30/2023.

\$ 74,243	\$	-	\$	14,265	\$	59,978
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City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 7 NOTES AND BONDS PAYABLE (continued)

	Beginning Balance <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 2019</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, matures 1/24/24.	122,661	-	23,571	99,090
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.	2,343,800	-	192,609	2,151,191
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.	169,221	-	9,865	159,356
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 12/1/25.	<u>220,000</u>	<u>-</u>	<u>30,000</u>	<u>190,000</u>
TOTAL SEWER FUND	<u>2,929,925</u>	<u>-</u>	<u>270,310</u>	<u>2,659,615</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.	206,079	-	26,959	179,120
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 \$155,398, matures 2/1/2031	1,652,654	-	105,818	1,546,836

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 7 NOTES AND BONDS PAYABLE (continued)

	Beginning Balance <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 2019</u>
State of Vermont Revolving Loan Fund RF3-095 \$547,000 available, at 1% interest and 2% admin fee, due in annual installments of \$36,769, matures 7/1/2026.	258,093	-	29,025	229,068
TOTAL WATER FUND	<u>2,116,826</u>	-	<u>161,802</u>	<u>1,955,024</u>
TOTAL BUSINESS-TYPE FUNDS	<u>\$ 5,046,751</u>	<u>\$ -</u>	<u>\$ 432,112</u>	<u>\$ 4,614,639</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 451,485	119,041	\$ 570,526
2021	462,362	106,614	568,976
2022	473,551	93,986	567,537
2023	480,114	81,150	561,264
2024	445,941	67,960	513,901
2025-2029	1,954,663	182,213	2,136,876
2030-2034	<u>346,523</u>	<u>15,428</u>	<u>361,951</u>
TOTAL	<u>\$ 4,614,639</u>	<u>\$ 666,392</u>	<u>\$ 5,281,031</u>

	Beginning Balance <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 2019</u>
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Governmental Activities:

Vermont Municipal Bond Bank issued 7/1/10,
principal and interest at 2.22% due in annual
payments of \$35,000. Matures December 2020. \$ 105,000 \$ - \$ 35,000 \$ 70,000

Vermont Municipal Bond Bank issued July 14,
2011, Original Amount-\$500,000 with net
interest of 2.64% paid in semi annual paymts
Principal paymts of \$50,000 paid annually each
December 1st. Matures November 2021. 200,000 - 50,000 150,000

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 7 NOTES AND BONDS PAYABLE (continued)

	Beginning Balance <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 2019</u>
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 July 2024.	267,910	-	35,567	232,343
Passumpsic Savings Bank - Promissory Note for financing of a 2017 Ford Explorer, principal and 1.86% interest payments of \$524 due monthly. Matures March 2023.	28,551	-	5,798	22,753
Passumpsic Savings Bank - Promissory Note for financing of a 2017 Ford Taurus, principal and 1.86% interest payments of \$852 due monthly. Matures February 2020.	15,940	-	10,010	5,930
Passumpsic Savings Bank - Promissory Note for financing of a 2017 Ford F-150, principal and 2.99% interest payments of \$416 due monthly. Matures November 2020.	10,860	-	4,392	6,468
Passumpsic Savings Bank - Promissory Note for financing of a 2017 Ford Explorer, principal and 1.34% interest payments of \$716 due monthly. Matures September 2020.	20,846	-	8,658	12,188
Passumpsic Savings Bank- Promissory Note for financing of a 2018 Ford Explorer, principal and 2.59% interest payments of \$733 due monthly. Matures November 2021	<u> -</u>	<u>25,349</u>	<u>5,462</u>	<u>19,887</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 649,107</u>	<u>\$ 25,349</u>	<u>\$ 154,887</u>	<u>\$ 519,569</u>

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 7 NOTES AND BONDS PAYABLE (continued)

Anticipated maturities are as follows for the Governmental Funds:

	Principal	Interest	Total
2020	\$ 155,277	\$ 13,436	\$ 168,713
2021	140,078	9,326	149,404
2022	96,328	5,935	102,263
2023	42,884	3,998	46,882
2024	38,204	3,012	41,216
2025-2029	46,798	3,077	49,875
 TOTAL	 \$ 519,569	 \$ 38,784	 \$ 558,353

NOTE 8 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 417,405	\$ -	\$ -	\$ 417,405
Construction in progress	88,618	-	-	88,618
Total capital assets, not being depreciated	506,023	-	-	506,023
Capital assets, being depreciated				
Land improvements	388,550	-	-	388,550
Buildings and improvements	3,717,626	96,048	-	3,813,674
Equipment	2,387,613	119,559	-	2,507,172
Vehicles	3,648,184	87,856	-	3,736,040
Infrastructure	4,309,769	-	-	4,309,769
Total capital assets, being depreciated	14,451,742	303,463	-	14,755,205

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 CAPITAL ASSETS (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental activities cont'd:</u>				
Accumulated depreciation for				
Land improvements	(327,180)	(8,322)	-	(335,502)
Buildings and improvements	(1,442,422)	(98,554)	-	(1,540,976)
Equipment	(1,485,175)	(186,506)	-	(1,671,681)
Vehicles	(2,551,211)	(206,948)	-	(2,758,159)
Infrastructure	(1,943,299)	(170,961)	-	(2,114,260)
 Total accumulated depreciation	 <u>(7,749,287)</u>	 <u>(671,291)</u>	 <u>-</u>	 <u>(8,420,578)</u>
 Total capital assets, being depreciated, net	 <u>6,702,455</u>	 <u>(367,829)</u>	 <u>-</u>	 <u>6,334,627</u>
 Governmental activities, capital assets, net	 <u>\$ 7,208,478</u>	 <u>\$ (367,829)</u>	 <u>\$ -</u>	 <u>\$ 6,840,650</u>

Depreciation is allocated in the General Fund as follows:

Public Works	\$ 306,204
Public Safety	287,256
Recreation	77,030
General Government	<u>801</u>
TOTAL	<u>\$ 671,291</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-type activities:</u>				
Water utility:				
Capital assets, not being depreciated				
Land	\$ 121,013	\$ -	\$ -	\$ 121,013
Construction in progress	<u>68,164</u>	<u>2,405</u>	<u>(31,015)</u>	<u>39,554</u>
 Total capital assets, not being depreciated	 <u>189,177</u>	 <u>2,405</u>	 <u>(31,015)</u>	 <u>160,567</u>
 Buildings				
Building improvements				
Equipment and vehicles	364,969	85,994	-	450,963
Water system and improvements	5,014,605	50,365	-	5,064,970
Water lines	773,757	-	-	773,757
Wells	<u>629,354</u>	<u>-</u>	<u>-</u>	<u>629,354</u>
 Total capital assets, being depreciated	 <u>6,782,685</u>	 <u>136,359</u>	 <u>-</u>	 <u>6,919,044</u>

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 CAPITAL ASSETS (continued)

<u>Business-type activities cont'd:</u>	<u>Beginning</u>			<u>Ending</u>
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Accumulated depreciation for				
Equipment and vehicles	(221,746)	(30,205)	-	(251,951)
Water system and improvements	(2,659,954)	(174,302)	-	(2,834,256)
Water lines	(393,284)	(19,341)	-	(412,625)
Wells	<u>(349,352)</u>	<u>(23,517)</u>	<u>-</u>	<u>(372,869)</u>
 Total accumulated depreciation	 <u>(3,624,336)</u>	 <u>(247,365)</u>	 <u>-</u>	 <u>(3,871,701)</u>
 Total capital assets, being depreciated, net	 <u>3,158,349</u>	 <u>(111,006)</u>	 <u>-</u>	 <u>3,047,343</u>
 Water utility, capital assets, net	 <u>3,347,526</u>	 <u>(108,601)</u>	 <u>(31,015)</u>	 <u>3,207,910</u>
 Sewer utility:				
Capital assets, not being depreciated				
Land	4,462	-	-	4,462
Construction in progress	<u>74,138</u>	<u>391,210</u>	<u>(116,944)</u>	<u>348,404</u>
 Total capital assets, not being depreciated	 <u>78,600</u>	 <u>391,210</u>	 <u>(116,944)</u>	 <u>352,866</u>
 Capital assets, being depreciated				
Buildings	338,898	2,747	-	341,645
Equipment and vehicles	1,064,384	85,995	-	1,150,379
Sewer system and improvements	13,016,072	116,944	-	13,133,016
Storm water separation	<u>1,019,610</u>	<u>-</u>	<u>-</u>	<u>1,019,610</u>
 Total capital assets, being depreciated	 <u>15,438,964</u>	 <u>205,686</u>	 <u>-</u>	 <u>15,644,650</u>
 Accumulated depreciation for				
Buildings	(232,611)	(8,484)	-	(241,095)
Equipment and vehicles	(794,851)	(67,223)	-	(862,074)
Sewer system and improvements	(8,838,121)	(454,250)	-	(9,292,371)
Storm water separation	<u>(599,002)</u>	<u>(25,490)</u>	<u>-</u>	<u>(624,492)</u>
 Total accumulated depreciation	 <u>(10,464,585)</u>	 <u>(555,447)</u>	 <u>-</u>	 <u>(11,020,032)</u>

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 CAPITAL ASSETS (continued)

<u>Business-type activities cont'd:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Total capital assets, being depreciated, net	4,974,379	(349,761)	-	4,624,618
Sewer utility, capital assets, net	5,052,979	41,449	(116,944)	4,977,484
Business-type activities, capital assets, net	<u>\$ 8,400,505</u>	<u>\$ (67,152)</u>	<u>\$ (147,959)</u>	<u>\$ 8,185,394</u>

NOTE 9 RESTRICTED/COMMITTED/ASSIGNED FUND BALANCES

Restricted fund balances at June 30, 2019 are as follows:

General Fund:

Restricted for Walmart Economic Development \$ 170,000

Committed fund balances at June 30, 2019 are as follows:

Committed for:

FY2020 Expenditures	\$ 375,000
Coventry Sinking Fund	87,123
Tennis Court Sinking Fund	23,812
Prouty Beach Improvements	34,894
Gardner Park Improvements	16,265
Fire Truck Grant Match	15,000
Dock Improvements	17,532
Street Repairs and Maintenance	60,152
Public Works Vehicles	42,143
Bridge Repair	6,357
Street Reconstruction	30,726
Police Tech Equipment	33,100
Dispatch Equipment	<u>47,695</u>
Total General Fund	<u>789,799</u>

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 9 RESTRICTED/COMMITTED/ASSIGNED FUND BALANCES (continued)

Recreation Fund:	
Committed for use in the Recreation Fund	43,927
Committed for use in the Mooring Management Fund	<u>3,272</u>
Total Recreation Fund	<u>47,199</u>
Capital Projects Fund:	
Committed for use in the Capital Projects Fund	<u>17</u>
TOTAL COMMITTED FUND BALANCES	<u><u>\$ 837,015</u></u>

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City of Newport, Vermont's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City of Newport, Vermont's policy to use the fund balance in the following order: (1) Committed, (2) Assigned, (3) Unassigned.

NOTE 10 INVESTMENTS

The trust accounts are carried at market value. The balances at June 30, 2019 are as follows:

	Cost	Market Value
East Main Street Cemetery Fund		
Equities	\$ 33,536	\$ 58,168
Fixed Income	<u>113,853</u>	<u>118,185</u>
Total	<u>147,389</u>	<u>176,353</u>
Perley J. Niles Fund		
Equities	22,642	40,859
Fixed Income	<u>79,999</u>	<u>83,020</u>
Total	<u>102,641</u>	<u>123,879</u>
TOTAL	<u><u>\$ 250,030</u></u>	<u><u>\$ 300,232</u></u>

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

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

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.

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, 2019 and for the City of Newport, Vermont's reporting period (the year ended June 30, 2019). 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, 2018) as the measurement date, and the year ended June 30, 2017 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, 2017, to the measurement date of June 30, 2018.

Schedule A – Employer Allocations as of June 30, 2017

Fiscal Year Ended June 30, 2017						
Employer Contributions	Employer Proportion	Net Pension Liability	Total Deferred Outflows	Total Deferred Inflows	Net Pension Liability 1% Decrease (6.95% Disc Rate)	Net Pension Liability 1% Decrease (8.95% Disc Rate)
\$ 150,450	0.92125%	\$ 1,116,156	\$ 436,349	\$ 54,601	\$ 1,992,823	\$ 389,102

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 12 PENSION PLAN (continued)

Schedule B – Employers’ Allocation as of June 30, 2018

Fiscal Year Ended June 30, 2018						
Employer Contributions	Employer Proportion	Net Pension Liability	Total Deferred Outflows	Total Deferred Inflows	Net Pension Liability 1% Decrease (6.50% Disc Rate)	Net Pension Liability 1% Decrease (8.50% Disc Rate)
\$ 170,342	0.97250%	\$ 1,368,088	\$ 460,672	\$ 40,519	\$ 2,317,235	\$ 596,171

Schedule C – Employers’ Allocation of Pension Amounts as of June 30, 2018

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 and Proportionate Share of Contributions	Total Deferred Outflows
0.97250%	\$ 1,368,088	\$ 118,833	\$ 151,499	\$ -	\$ 158,557	\$ 31,783	\$ 460,672

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 Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows	
\$ 21,876	\$ -	\$ -	\$ -	\$ 18,643	\$ 40,519	

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 12 PENSION PLAN (continued)

Pension Expense Recognized		
Proportionate Share of Pension Plan Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total
\$ 384,050	\$ (178)	\$ 383,872

Schedule D – Employers’ Allocation of Recognition of Deferred Outflows/Inflows as of June 30, 2018

Fiscal Year Ending June 30,					
2019	2020	2021	2022	2023	Thereafter
\$257,553	\$ 95,922	\$ 25,902	\$ 40,774	\$ -	\$ -

Schedule E – Contributions History for Fiscal Years 2016-2018

FY 2018	FY 2017	FY 2016
\$170,342	\$150,450	\$146,742

The full report containing the schedules of all employers in the VMERS plan will be available on the State of Vermont Treasurer's website at:

<http://www.vermonttreasurer.gov/retirement/muni-financial-reports>

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, 2019

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, 2018, the retirement system consisted of 402 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.
Service Retirement Allowance	
Eligibility	Group A – The earlier of age 65 with 5 years of service or age 55 with 35 years of service.

City of Newport, Vermont
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2019

NOTE 12 PENSION PLAN (continued)

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, 2019

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.

Retirement Stipend

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

Member Contributions

For Fiscal Year Ended	
June 30, 2018	Effective July 1, 2018
Group A – 2.5%	2.625%

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 12 PENSION PLAN (continued)

	Group B – 4.875%	5.00%
	Group C – 10.00%	10.125%
	Group D – 11.35%	11.475%
Employer Contributions	Group A – 4.0%	4.125%
	Group B – 5.5%	5.625%
	Group C – 7.25%	7.375%
	Group D – 9.85%	9.975%

Significant Actuarial Assumptions and Methods

Investment Rate of Return: 7.50%, net of pension plan investment expenses, including inflation

Salary Increases: 5% per year

Mortality:

Death in Active Service:

Groups A, B, C: 98% of RP-2006 blended with 60% Blue Collar Employee, 40% Healthy Employee with generational improvement.

Group D: RP-2006 Blue Collar Annuitant Table with generation improvement.

Healthy Post-Retirement:

Groups A, B, C: 98% of RP-2014 blended with 60% Blue Collar Employee, 40% Healthy Employee with generational improvement.

Group D: 100% of RP-2014 Healthy Annuitant with generational improvement.

Disabled Post-Retirement:

All Groups- RP-2006 Disabled Mortality Table with generational improvement.

Spouse's Age: Females three years younger than males

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 1.15% per annum for Group A members and 1.30% per annum for Groups B, C, and D members (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Groups A, B and D who receive a disability benefit, and at age 55 for members of group C who receive a disability retirement benefit). The January 1, 2019 COLA is assumed to be at 1.30% for all groups.

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 12 PENSION PLAN (continued)

Actuarial Cost Method: Entry Age Actuarial Cost Method. Entry age is the age at date of employment or, if date is unknown, current age minus years of service. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by salary, with Normal Cost determined using the plan of benefits applicable to each participant.

Actuarial Value of Assets: A smoothing method is used, under which the value of assets for actuarial purposes equals market values less a five-year phase-in of the differences between actual and assumed investment return. The value of assets for actuarial purposes may not differ from market value of assets by more than 20%.

Inflation: 2.5%

Long-term expected rate of return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018, is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	18.00%	6.10%
Non-US Equity	16.00%	7.45%
Global Equity	9.00%	6.74%
Fixed Income	26.00%	2.25%
Real Estate	8.00%	5.11%
Private Markets	15.00%	7.60%
Hedge Funds	8.00%	3.86%

Discount rate

The discount rate used to measure the total pension liability was 7.50%. In accordance with paragraph 29 of GASB 68, professional judgement was applied to determine that the System's projected fiduciary net position exceeds projected benefit payments for current active and inactive members for all years. The analysis was based on the expectation that employers will continue to contribute at the rates set by the Board, which exceed the actuarially determined contribution, which is comprised on an employer normal cost payment and a payment to reduce the unfunded liability to zero by June 30, 2038. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 12 PENSION PLAN (continued)

The following presents the net pension liability, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.50%) or one percent higher (8.50%) than the current rate:

1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
\$ 2,317,235	\$ 1,368,088	\$ 596,171

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, 2019, the tax rate is as follows:

	Non- <u>Residential</u>	<u>Residential</u>
City	\$ 1.2839	\$ 1.2839
School	<u>1.6065</u>	<u>1.4242</u>
 TOTAL	 <u>\$ 2.8904</u>	 <u>\$ 2.7081</u>

NOTE 14 INTERFUND RECEIVABLE AND PAYABLE BALANCES

Individual Fund Interfund Receivable and Payable balances are as follows at June 30, 2019:

	<u>Interfund Receivables</u>	<u>Interfund Payable</u>
General Fund	\$ -	\$ 44,661
Capital Projects Fund	17	-
Other Governmental Funds	2,667	-
Sewer Fund	14,253	-
Water Fund	45,789	-
Expendable Trust Funds	-	17,073
Non-Expendable Trust Funds	<u>-</u>	<u>992</u>
 Total Fund Financial Statement Balances	 <u>\$ 62,726</u>	 <u>\$ 62,726</u>

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 14 INTERFUND RECEIVABLE AND PAYABLE BALANCES (continued)

The City of Newport, Vermont generally maintains one cash account in the General Fund to pay expenditures and receive payments for efficiency. All interfund balances resulted from the time lag between the dates that (1) reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) repayments between funds are made.

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.

NOTE 16 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 17 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenditures exceeded appropriations in the General Fund by \$479,418. This excess was covered by excess revenues over appropriations and by use of funds committed at June 30, 2019.

NOTE 18 PRIOR PERIOD ADJUSTMENT

Net position in the water fund has been restated to correct an understatement of revenue at June 30, 2018 in the amount of \$149,180. The adjustment was due to the City not previously recording an estimate for unbilled water revenues in previous fiscal year ends.

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 18 PRIOR PERIOD ADJUSTMENT (continued)

Net position in the sewer fund has been restated to correct an understatement of revenue at June 30, 2018 in the amount of \$218,809. The adjustment was due to the City not previously recording an estimate for unbilled sewer revenues in previous fiscal year ends.

Net position in the general fund has been restated to correct an overstatement of compensated absences expense at June 30, 2018 in the amount of \$113,973.

NOTE 19 SUBSEQUENT EVENTS

On July 8, 2019 the City signed a tax anticipation line of credit with Passumpsic Savings Bank for \$1,000,000 at the interest rate of 2.29%, due June 30, 2020.

In accordance with Accounting Standards, the City has evaluated subsequent events through October 2, 2019, which is the date these basic financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2019, 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, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
TAXES				
Property Taxes	\$ 8,364,469	\$ 8,364,469	\$ 8,284,543	\$ (79,926)
Appropriations	155,068	155,068	155,068	-
Fish & Wildlife Taxes	400	400	472	72
Payments in Lieu of Taxes	410,700	410,700	477,024	66,324
TOTAL TAXES	8,930,637	8,930,637	8,917,107	(13,530)
GENERAL GOVERNMENT				
City Clerk/Treasurer:				
Reimbursements	21,000	21,000	21,643	643
Licenses and Fees	57,200	57,200	62,462	5,262
Interest/penalties on Delinquent Taxes	57,000	57,000	80,568	23,568
Corrections Contract	79,000	79,000	82,939	3,939
Centennial Contribution	-	-	6,079	6,079
Administrative Grants	-	-	3,896	3,896
Walmart Economic Funding	-	-	100,000	100,000
Miscellaneous Revenues	64,700	64,700	60,774	(3,926)
TOTAL GENERAL GOVERNMENT	278,900	278,900	418,361	139,461
PUBLIC SAFETY				
Police Department:				
Traffic Court Fines	12,450	12,450	9,460	(2,990)
Police Department Services	24,400	24,400	59,894	35,494
Other Public safety grants	-	-	206,295	206,295
Miscellaneous	200	200	8,598	8,398
Total Police Department	37,050	37,050	284,247	247,197
Fire Department:				
Labor and Materials	35,900	35,900	42,562	6,662
Total Fire Department	35,900	35,900	42,562	6,662
TOTAL PUBLIC SAFETY	72,950	72,950	326,809	253,859
PUBLIC WORKS				
Street Department:				
Street Dept. St. Aid to Highway	138,500	138,500	136,387	(2,113)
Street Dept. Labor and Materials	-	-	6,180	6,180
Lane Mileage	-	-	1,590	1,590
Other Income	-	-	35,082	35,082
Public works grants	2,000	2,000	19,121	17,121
TOTAL PUBLIC WORKS	140,500	140,500	198,360	57,860

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
CULTURE AND RECREATION				
Prouty Beach:				
Admissions	3,000	3,000	5,683	2,683
Camping	115,000	115,000	144,799	29,799
Electric fees	4,000	4,000	5,600	1,600
Aquatic Grant	-	-	17,105	17,105
Miscellaneous	2,000	2,000	5,132	3,132
Total Prouty Beach	<u>124,000</u>	<u>124,000</u>	<u>178,319</u>	<u>54,319</u>
Miscellaneous Recreation:				
Miscellaneous	8,000	8,000	27,129	19,129
Summer Programs	24,000	24,000	30,313	6,313
Municipal Building	4,000	4,000	3,509	(491)
City Landscaper	-	-	4,972	4,972
Annual Events	45,000	45,000	29,958	(15,042)
Total Miscellaneous Recreation	<u>81,000</u>	<u>81,000</u>	<u>95,881</u>	<u>14,881</u>
Gardner Park:				
Rental	10,500	10,500	11,357	857
Total Gardner Park	<u>10,500</u>	<u>10,500</u>	<u>11,357</u>	<u>857</u>
Senior Center:				
Salary reimbursement	3,000	3,000	2,762	(238)
Donations	-	-	130	130
Total Senior Center	<u>3,000</u>	<u>3,000</u>	<u>2,892</u>	<u>(108)</u>
Waterfront:				
Gasoline Sales	48,000	48,000	65,951	17,951
Boatslip Rentals	38,500	38,500	47,217	8,717
Miscellaneous Rents	10,200	10,200	16,937	6,737
Miscellaneous	3,000	3,000	2,439	(561)
Gateway Center	13,200	13,200	14,800	1,600
Total Waterfront	<u>112,900</u>	<u>112,900</u>	<u>147,344</u>	<u>34,444</u>
TOTAL CULTURE AND RECREATION	<u>331,400</u>	<u>331,400</u>	<u>435,793</u>	<u>104,393</u>
INVESTMENT INCOME	<u>2,120</u>	<u>2,120</u>	<u>7,668</u>	<u>5,548</u>
TOTAL REVENUES	<u>9,756,507</u>	<u>9,756,507</u>	<u>10,304,098</u>	<u>547,591</u>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES				
GENERAL GOVERNMENT				
City Council	14,150	14,150	13,617	533
City Manager Department	66,869	66,869	64,525	2,344
Delinquent Tax Collector	4,850	4,850	15,940	(11,090)
Election Expense	10,500	10,500	6,593	3,907
City Treasurer	98,275	98,275	99,933	(1,658)
Audit and City Report	36,450	36,450	39,575	(3,125)
Tax Listing	30,950	30,950	34,745	(3,795)
City Clerk Department	103,590	103,590	99,045	4,545
Legal Expense	16,000	16,000	8,473	7,527
Planning & Zoning	45,983	45,983	49,171	(3,188)
Reappraisal	7,000	7,000	11,765	(4,765)
Community Development Grant Expense	-	-	8,802	(8,802)
Municipal Building	<u>102,275</u>	<u>102,275</u>	<u>105,083</u>	<u>(2,808)</u>
TOTAL GENERAL GOVERNMENT	<u>536,892</u>	<u>536,892</u>	<u>557,267</u>	<u>(20,375)</u>
PUBLIC SAFETY				
Police Department				
Administration	133,461	133,461	109,551	23,910
Patrol	848,713	848,713	951,990	(103,277)
Dispatch Services	181,833	181,833	195,754	(13,921)
Operation Stonegarden	-	-	11,321	(11,321)
Animal Control	5,300	5,300	1,446	3,854
Police Contracted Services	-	-	4,800	(4,800)
Total Police Department	<u>1,169,307</u>	<u>1,169,307</u>	<u>1,274,862</u>	<u>(105,555)</u>
Fire Department				
Fire Fighting	139,972	139,972	132,831	7,141
Fire Training	2,500	2,500	1,524	976
Fire Communications	8,000	8,000	7,498	502
Fire Station	13,000	13,000	13,422	(422)
Fire Trucks & Equipment	<u>40,000</u>	<u>40,000</u>	<u>25,560</u>	<u>14,440</u>
Total Fire Department	<u>203,472</u>	<u>203,472</u>	<u>180,835</u>	<u>22,637</u>
TOTAL PUBLIC SAFETY	<u>1,372,779</u>	<u>1,372,779</u>	<u>1,455,697</u>	<u>(82,918)</u>
PUBLIC WORKS				
Public Works Administration	87,296	87,296	94,749	(7,453)
Street Maintenance	224,625	224,625	240,022	(15,397)
Winter Maintenance	346,315	346,315	402,664	(56,349)
Garage and Facilities	41,100	41,100	37,978	3,122
City Property	55,150	55,150	39,181	15,969
Storm Maintenance	79,700	79,700	123,146	(43,446)

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
PUBLIC WORKS, continued				
Traffic Maintenance	135,100	135,100	137,723	(2,623)
Private Work expenditures	-	-	17,458	(17,458)
TOTAL PUBLIC WORKS	969,286	969,286	1,092,921	(123,635)
CULTURE AND RECREATION				
Administration	80,321	80,321	90,244	(9,923)
Senior Citizens	6,500	6,500	6,148	352
Prouty Beach and Swimming	98,200	98,200	107,093	(8,893)
Recreational Programs	66,280	66,280	81,355	(15,075)
Annual Events	47,000	47,000	48,242	(1,242)
Gardner Park	77,500	77,500	91,168	(13,668)
Waterfront	113,000	113,000	189,385	(76,385)
TOTAL CULTURE AND RECREATION	488,801	488,801	613,635	(124,834)
OTHER EXPENSES & APPROPRIATIONS				
Conservation & Development	36,350	36,350	30,592	5,758
Health & Welfare	43,950	43,950	40,622	3,328
Recycling Project	39,086	39,086	29,155	9,931
County Tax	49,000	49,000	51,012	(2,012)
Renaissance Project	60,000	60,000	60,000	-
General Insurance	20,000	20,000	12,655	7,345
Claims and Damages	1,500	1,500	-	1,500
Employment Practices Insurance	15,100	15,100	10,632	4,468
Public Official Liability	7,000	7,000	4,976	2,024
Tax Sale Redemption	-	-	26,315	(26,315)
Miscellaneous	-	-	455	(455)
Advertise City Ordinance	500	500	-	500
Newport Ambulance, Inc.	132,205	132,205	132,205	-
Area Agency on Aging- Appropriations	7,000	7,000	7,000	-
Frontier Animal Society- Appropriations	2,000	2,000	2,000	-
Goodrich Memorial Library- Appropriations	101,000	101,000	101,000	-
Home Health Agency- Appropriations	17,500	17,500	17,500	-
N.E.K. Mental Health- Appropriations	4,818	4,818	4,818	-
Orleans County Historical Society- Appropriations	1,250	1,250	1,250	-
Orleans County Citizens- Appropriations	2,000	2,000	2,000	-
Rural Community Transit- Appropriations	11,000	11,000	11,000	-
Step O.N.E.- Appropriations	8,500	8,500	8,500	-
Centennial Celebration	25,000	25,000	29,926	(4,926)
TOTAL OTHER EXPENSES & APPROPRIATIONS	584,759	584,759	583,613	1,146

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
PERSONNEL EXPENSES				
Unemployment Compensation	13,000	13,000	3,827	9,173
Worker's Compensation	107,000	107,000	113,698	(6,698)
Employee's Group Insurance	355,652	355,652	357,194	(1,542)
Social Security Tax	157,882	157,882	165,964	(8,082)
Municipal Retirement	<u>139,071</u>	<u>139,071</u>	<u>158,786</u>	<u>(19,715)</u>
TOTAL PERSONNEL EXPENSES	<u>772,605</u>	<u>772,605</u>	<u>799,469</u>	<u>(26,864)</u>
CAPITAL OUTLAY				
Street Repairs and Maintenance	266,000	266,000	334,863	(68,863)
Public Works Vehicles	100,000	100,000	118,897	(18,897)
Prouty Beach Improvements	10,000	10,000	3,427	6,573
Gardner Park Improvements	20,000	20,000	3,736	16,264
Bridge Repairs	-	-	1,143	(1,143)
Gateway Maintenance	5,000	5,000	22,332	(17,332)
Gym Floor Renovations	8,000	8,000	16,728	(8,728)
Municipal Building Floor	10,000	10,000	9,895	105
Municipal Building Windows	3,000	3,000	3,396	(396)
Fire Station Repair	25,000	25,000	55,360	(30,360)
Dock Deck Replacement	30,000	30,000	12,468	17,532
Police Vehicle	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>	<u>-</u>
TOTAL CAPITAL OUTLAY	<u>480,500</u>	<u>480,500</u>	<u>585,745</u>	<u>(105,245)</u>
DEBT SERVICE & SINKING FUNDS				
Debt Principal Payments	155,340	155,340	150,761	4,579
Interest on Notes	9,924	9,924	10,339	(415)
Interest on Bonds	9,035	9,035	11,332	(2,297)
Tennis Court Sinking Funds	<u>1,440</u>	<u>1,440</u>	<u>-</u>	<u>1,440</u>
TOTAL DEBT SERVICE & SINKING FUNDS	<u>175,739</u>	<u>175,739</u>	<u>172,432</u>	<u>3,307</u>
SCHOOL APPROPRIATION	<u>4,375,146</u>	<u>4,375,146</u>	<u>4,375,146</u>	<u>-</u>
TOTAL EXPENDITURES	<u>9,756,507</u>	<u>9,756,507</u>	<u>10,235,925</u>	<u>(479,418)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>68,173</u>	<u>68,173</u>
OTHER FINANCING SOURCES				
Proceeds from Long Term Debt	<u>-</u>	<u>-</u>	<u>25,349</u>	<u>25,349</u>
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>25,349</u>	<u>25,349</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,522</u>	<u>\$ 93,522</u>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 For the Year Ended June 30, 2019

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
City's proportion of the net pension liability (asset)	0.9725%	0.9213%	0.9655%	0.9631%	0.9864%	0.9995%
City's proportionate share of the net pension liability (asset)	<u>\$ 1,368,089</u>	<u>\$ 1,116,156</u>	<u>\$ 1,242,572</u>	<u>\$ 742,473</u>	<u>\$ 90,028</u>	<u>\$ 363,898</u>
City's covered-employee payroll	<u>\$ 2,397,093</u>	<u>\$ 2,233,566</u>	<u>\$ 2,141,622</u>	<u>\$ 2,102,427</u>	<u>\$ 1,966,262</u>	<u>\$ 1,917,963</u>
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	57.07%	49.97%	58.02%	35.32%	4.58%	18.97%
Plan fiduciary net position as a percentage of the total pension liability	82.60%	83.64%	80.95%	87.42%	98.32%	92.71%

Significant Actuarial Assumptions and methods are described in Note 12 to the financial statements. No changes in actuarial assumptions and methods since the last measurement date.

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
For the Year Ended June 30, 2019

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually Required Contributions (Actuarially Determined)	\$ 119,978	\$ 127,244	\$ 134,620	\$ 146,742	\$ 150,450	\$ 170,342
Contributions in Relation to the Actuarially Determined Contributions	<u>119,978</u>	<u>127,244</u>	<u>134,620</u>	<u>146,742</u>	<u>150,450</u>	<u>170,342</u>
Contribution Excess/(Deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	<u>\$ 1,917,982</u>	<u>\$ 1,966,262</u>	<u>\$ 2,102,427</u>	<u>\$ 2,141,622</u>	<u>\$ 2,233,566</u>	<u>\$ 2,397,093</u>
Contributions as a Percentage of Covered Employee Payroll	6.26%	6.47%	6.40%	6.85%	6.74%	7.11%

Significant Actuarial Assumptions and methods are described in Note 12 to the financial statements. No changes in actuarial assumptions and methods since the last measurement date.

See Accompanying Notes to Basic Financial Statements.

OTHER SUPPLEMENTARY INFORMATION

City of Newport, Vermont
 OTHER SUPPLEMENTARY INFORMATION
 COMBINING BALANCE SHEET -
 NON-MAJOR GOVERNMENTAL FUNDS
 June 30, 2019

ASSETS

	Special Revenue		
	Recreation Fund	Mooring Management Fund	Total Non-Major Governmental Funds
ASSETS			
Cash	\$ 44,908	\$ -	\$ 44,908
Due from other funds	-	3,648	3,648
TOTAL ASSETS	\$ 44,908	\$ 3,648	\$ 48,556

LIABILITIES AND FUND BALANCES

LIABILITIES

Accrued Wages	\$ -	\$ 376	\$ 376
Due to other funds	981	-	981
TOTAL LIABILITIES	981	376	1,357
FUND BALANCES			
Committed	43,927	3,272	47,199
TOTAL LIABILITIES AND FUND BALANCES	\$ 44,908	\$ 3,648	\$ 48,556

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, 2019

	<u>Special Revenue</u>		
	<u>Recreation Fund</u>	<u>Mooring Management Fund</u>	<u>Total Non-Major Governmental Funds</u>
REVENUES			
Recreation and Culture	\$ 14,847	\$ 6,689	\$ 21,536
Investment Income	<u>230</u>	<u>-</u>	<u>230</u>
TOTAL REVENUES	<u>15,077</u>	<u>6,689</u>	<u>21,766</u>
EXPENDITURES			
Culture and Recreation	<u>4,172</u>	<u>10,278</u>	<u>14,450</u>
CHANGE IN FUND BALANCE	10,905	(3,589)	7,316
FUND BALANCE AT BEGINNING OF YEAR	<u>33,022</u>	<u>6,861</u>	<u>39,883</u>
FUND BALANCE AT END OF YEAR	<u>\$ 43,927</u>	<u>\$ 3,272</u>	<u>\$ 47,199</u>

City of Newport, Vermont
 OTHER SUPPLEMENTARY INFORMATION
 COMBINING STATEMENT OF NET POSITION -
 EXPENDABLE TRUST FUNDS
 June 30, 2019

ASSETS

	<u>Police Public Safety Fund</u>	<u>East Main Street Cemetery Fund</u>	<u>Community Development Block Grant Fund</u>	<u>Total</u>
CASH				
Checking	\$ 20,613	\$ 11,557	\$ -	\$ 32,170
Savings and money markets	<u>-</u>	<u>23,833</u>	<u>31,688</u>	<u>55,521</u>
TOTAL CASH	<u>20,613</u>	<u>35,390</u>	<u>31,688</u>	<u>87,691</u>
DUE FROM OTHER FUNDS	<u>-</u>	<u>-</u>	<u>18</u>	<u>18</u>
INVESTMENTS				
Trust Account	<u>-</u>	<u>176,353</u>	<u>-</u>	<u>176,353</u>
TOTAL ASSETS	<u>\$ 20,613</u>	<u>\$ 211,743</u>	<u>\$ 31,706</u>	<u>\$ 264,062</u>

LIABILITIES AND NET POSITION

LIABILITIES				
Due to other Funds	\$ (5,917)	\$ 23,008	\$ -	\$ 17,091
NET POSITION	<u>26,530</u>	<u>188,735</u>	<u>31,706</u>	<u>246,971</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 20,613</u>	<u>\$ 211,743</u>	<u>\$ 31,706</u>	<u>\$ 264,062</u>

City of Newport, Vermont
OTHER SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION OF
EXPENDABLE TRUST FUNDS
For the Year Ended June 30, 2019

	Police Public Safety Fund	East Main Street Cemetery Fund	Community Development Block Grant Fund	Total
ADDITIONS				
Interest Income	\$ 4,967	\$ 8	\$ 25	\$ 5,000
Dividend Income	-	6,268	-	6,268
Net gain from investments	<u>-</u>	<u>15,438</u>	<u>-</u>	<u>15,438</u>
TOTAL ADDITIONS	<u>4,967</u>	<u>21,714</u>	<u>25</u>	<u>26,706</u>
DEDUCTIONS				
Administrative Fees	-	1,743	-	1,743
Contracted Services	-	38,053	-	38,053
Police Expenditures	<u>11,794</u>	<u>-</u>	<u>-</u>	<u>11,794</u>
TOTAL DEDUCTIONS	<u>11,794</u>	<u>39,796</u>	<u>-</u>	<u>51,590</u>
NET ADDITIONS/(DELETIONS)	(6,827)	(18,082)	25	(24,884)
CHANGE IN NET POSITION	(6,827)	(18,082)	25	(24,884)
NET POSITION AT BEGINNING OF YEAR	<u>33,357</u>	<u>206,817</u>	<u>31,681</u>	<u>271,855</u>
NET POSITION AT END OF YEAR	<u>\$ 26,530</u>	<u>\$ 188,735</u>	<u>\$ 31,706</u>	<u>\$ 246,971</u>

City of Newport, Vermont
 OTHER SUPPLEMENTARY INFORMATION
 COMBINING STATEMENT OF NET POSITION -
 NON-EXPENDABLE TRUST FUNDS
 June 30, 2019

ASSETS

	<u>Perley J. Niles Fund</u>
CASH	
Checking Account	\$ 39,243
TOTAL CASH	<u>39,243</u>
INVESTMENTS	<u>123,879</u>
TOTAL ASSETS	<u>\$ 163,122</u>

LIABILITIES AND NET POSITION

LIABILITIES	
Due to Other Funds	\$ 992
NET POSITION	
Reserved for trust funds	62,000
Unreserved	<u>100,130</u>
TOTAL NET POSITION	<u>162,130</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 163,122</u>

City of Newport, Vermont
 OTHER SUPPLEMENTARY INFORMATION
 STATEMENT OF CHANGES IN NET POSITION -
 NON-EXPENDABLE TRUST FUNDS
 For the Year Ended June 30, 2019

	<u>Perley J. Niles Fund</u>
ADDITIONS	
Dividend Income	\$ 4,257
Net gain on investments	<u>10,150</u>
TOTAL ADDITIONS	<u>14,407</u>
DEDUCTIONS	
Administrative Fees	1,161
Advertising	103
Beneficiaries	1,600
Other	<u>60</u>
TOTAL DEDUCTIONS	<u>2,924</u>
CHANGE IN NET POSITION	11,483
NET POSITION AT BEGINNING OF YEAR	<u>150,647</u>
NET POSITION AT END OF YEAR	<u><u>\$ 162,130</u></u>