

City of Newport, Vermont
BASIC FINANCIAL STATEMENTS
June 30, 2020

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Certified Public Accountants

Vermont License # 167

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor, City Council
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, 2020, 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, 2020, 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 39 through 43, the schedule of proportionate share of the net pension liability on page 44 and the schedule of contributions on page 45 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.



City of Newport, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

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, 2020.

Financial Highlights

- The assets of the City of Newport exceeded its liabilities at the close of the most recent fiscal year by \$11,298,713 (net position). Of this amount, \$1,573,159 (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 \$4,205,649, which means that if we were to liquidate the water/sewer funds we would have a cash surplus of \$4,205,649. Net position attributable to business-type activities decreased by \$299,022 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 \$1,707,674. Of this total amount, \$250,312 is available for spending at the government's discretion (unassigned fund balance). Management has committed \$841,727 of the fund balance for particular purposes as identified in Note 9 and the remaining \$615,635 has been restricted for purposes also 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.

City of Newport, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

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

Fund financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Newport, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Newport can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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 39-43 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.

City of Newport, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

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 48 and 49.

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 50 and 51.

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 \$11,298,713 at the close of the most recent fiscal year.

By far the largest portion of the City of Newport's total net position (81%) 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
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

City of Newport, Vermont's Net Position
June 30, 2020

	Governmental Activities		Business-Type Activities		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 2,894,430	\$ 2,509,935	\$ 1,496,483	\$ 1,078,305	\$ 4,390,913	\$ 3,588,240
Capital assets	6,607,051	6,840,650	7,611,038	8,185,394	14,218,089	15,026,044
Deferred outflows	<u>550,125</u>	<u>564,166</u>	<u>82,142</u>	<u>84,239</u>	<u>632,267</u>	<u>648,405</u>
 Total Assets and Deferred Outflows	<u>\$10,051,606</u>	<u>\$ 9,914,751</u>	<u>\$ 9,189,663</u>	<u>\$ 9,347,938</u>	<u>\$19,241,269</u>	<u>\$19,262,689</u>
 Other liabilities	\$ 1,085,035	\$ 864,168	\$ 27,325	\$ 36,656	\$ 1,112,360	\$ 900,824
Net pension liabilities	1,466,777	1,181,380	229,321	186,708	1,696,098	1,368,088
Notes and bonds payable	384,170	519,569	4,724,000	4,614,639	5,108,170	5,134,208
Deferred inflows	<u>22,560</u>	<u>35,255</u>	<u>3,368</u>	<u>5,264</u>	<u>25,928</u>	<u>40,519</u>
 Total Liabilities and Deferred Inflows	<u>\$ 2,958,542</u>	<u>\$ 2,600,372</u>	<u>\$ 4,984,014</u>	<u>\$ 4,843,267</u>	<u>\$ 7,942,556</u>	<u>\$ 7,443,639</u>
 Net Investment in capital assets	\$ 6,222,881	\$ 6,321,081	\$ 2,887,038	\$ 3,570,755	\$ 9,109,919	\$ 9,891,836
Restricted	615,635	-	-	-	615,635	-
Unrestricted	<u>254,548</u>	<u>993,298</u>	<u>1,318,611</u>	<u>933,916</u>	<u>1,573,159</u>	<u>1,927,214</u>
 Total Net Position	<u>\$ 7,093,064</u>	<u>\$ 7,314,379</u>	<u>\$ 4,205,649</u>	<u>\$ 4,504,671</u>	<u>\$11,298,713</u>	<u>\$11,819,050</u>

Governmental activities – Governmental activities decreased the City of Newport's net position by \$221,315 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 \$98,200.

City of Newport, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

City of Newport, Vermont's Changes in Net Position
June 30, 2020

	Governmental Activities		Business-Type Activities		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues						
Program Revenues:						
Charges for services	\$ 867,255	\$ 856,949	\$2,326,662	\$2,283,882	\$ 3,193,917	\$ 3,140,831
Operating grants	599,668	395,917	-	20,514	599,668	416,431
Capital grants	53,292	33,399	-	-	53,292	33,399
General Revenues:						
Property taxes	9,085,510	8,992,853	-	-	9,085,510	8,992,853
Investment earnings	35,487	33,235	16,238	19,079	51,725	52,314
Other revenues	120,446	62,870	5,300	4,263	125,746	67,133
Total Revenues	<u>10,761,658</u>	<u>10,375,223</u>	<u>2,348,200</u>	<u>2,327,738</u>	<u>13,109,858</u>	<u>12,702,961</u>
Expenses						
Governmental activities:						
General	930,038	1,536,980	-	-	930,038	1,536,980
Public Safety	2,315,074	1,729,944	-	-	2,315,074	1,729,944
Public Works	1,899,662	1,733,116	-	-	1,899,662	1,733,116
Library	101,000	101,000	-	-	101,000	101,000
Interest on long-term deb	68,328	69,621	-	-	68,328	69,621
Education, recreation, health and welfare	5,668,871	5,476,355	-	-	5,668,871	5,476,355
Business-type activities:						
Water	-	-	890,809	871,464	890,809	871,464
Sewer	-	-	1,756,413	1,803,283	1,756,413	1,803,283
Total Expenses	<u>10,982,973</u>	<u>10,647,016</u>	<u>2,647,222</u>	<u>2,674,747</u>	<u>13,630,195</u>	<u>13,321,763</u>
Change in net position	(221,315)	(271,793)	(299,022)	(347,009)	(520,337)	(618,802)
Net position, beginning	<u>7,314,379</u>	<u>7,586,172</u>	<u>4,504,671</u>	<u>4,851,680</u>	<u>11,819,050</u>	<u>12,437,852</u>
Net position, ending	<u>\$7,093,064</u>	<u>\$7,314,379</u>	<u>\$4,205,649</u>	<u>\$4,504,671</u>	<u>\$11,298,713</u>	<u>\$11,819,050</u>

Business-type activities – Business-type activities decreased the City of Newport's net position by \$299,022 during the current fiscal year. The water fund had a net loss of \$68,628 while the sewer fund had a net loss of \$230,394. Key elements of this change are as follows:

- Water charges and rents increased revenue by \$1,962 from the previous year while operating expenses increased by \$82,840. We had a decrease in net income of \$19,215 from the prior year in the Water Fund. Total water distribution expenses totaled \$92,085, a decrease of \$77,938 from the previous year.

City of Newport, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

- Sewer charges and rents increased in revenue by \$21,341 and discharge fees increased by \$91,298 from the previous year, while operating expenses decreased by \$42,565. Interest expense decreased by \$4,305 from the prior year. The Sewer Fund has a receivable from the General Fund of \$286,697, which is an increase of \$272,444 from the prior year's receivable of \$14,253.
- Depreciation expense for the sewer fund is \$581,886 as compared to last year's \$555,447; and \$253,173 from last year's \$247,365 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 \$1,707,674 an increase of \$88,805 in comparison to the prior year. Approximately 91% of the total fund balance (\$1,546,652) constitutes general fund equity, which is available for spending at the government's discretion. The City of Newport has available \$250,312 of this fund balance for various purposes, including capital reserve funds and expenditures in subsequent periods. The City of Newport has committed \$841,727 for specific budget items and \$615,635 is restricted donations 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 (\$250,312) represents approximately 2.4% of general fund expenditures (\$10,618,444), while total fund balance (\$1,546,652) represents approximately 15% of that same amount.

During the year ending June 30, 2020 the Fund Balance of the City of Newport's general fund decreased by \$25,001 (from \$1,571,653 to \$1,546,652). Key factors in this change are as follows:

- We budgeted for a net change in fund balance in the amount of \$375,000.
- Recreation programs over spent by \$32,845 and brought in \$23,295 more than anticipated.
- Addressing Covid-19 safety protocols by implementing furloughs in order to keep our employees safe, was directly responsible for delaying some of our major projects including the Main St and Field Ave intersection (Downtown Transportation Grant) and the Prouty Path.

Special revenue funds consist primarily of the Recreation Fund (\$31,432) and the Mooring Management Fund (\$5,526). \$124,047 equates to additional fund raising by the Recreation Committee in anticipation of a cash match for the Gardner Park Playground Rehabilitation project. 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, 2020

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 \$233,599 to a total of \$6,607,051. 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, 2020 our capital investment, net of depreciation decreased by \$574,356 to \$7,611,038 (sewer \$4,628,864, water \$2,982,174).

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

- A police cruiser was financed in the amount of \$35,343.
- An F250 was purchased for the Police Department by a Stonegarden Grant in the amount of \$43,143.
- The Police Department received a USDA Community Facilities Grant in the amount of \$29,100 towards the purchase of additional police radios for a total cost of \$52,900.
- The Police Department purchased 9 bullet proof vests for a total cost of \$7,798.
- Public Works purchased a F150 for \$34,868.
- Public Works purchased a new trench box for \$15,900 with \$5000 covered by a grant from VLCT.

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 \$5,108,170. Of this amount, \$4,305,465 represents low to no-interest loans issued by the State of Vermont, \$656,716 represents loans with local banks and the remaining \$145,989 represents bonded debt backed by the full faith and credit of the City of Newport.

The City of Newport's total debt decreased by \$26,038 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, 2020

ASSETS AND DEFERRED OUTFLOWS

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
CURRENT ASSETS			
Cash	\$ 2,010,838	\$ 625,229	\$ 2,636,067
Taxes receivable	551,220	-	551,220
Accounts receivable	-	149,463	149,463
Other receivables	331,160	-	331,160
Unbilled revenues	-	335,081	335,081
Due from other funds	-	386,710	386,710
Prepaid expenses	1,212	-	1,212
TOTAL CURRENT ASSETS	<u>2,894,430</u>	<u>1,496,483</u>	<u>4,390,913</u>
 CAPITAL ASSETS, net of depreciation	 <u>6,607,051</u>	 <u>7,611,038</u>	 <u>14,218,089</u>
 DEFERRED OUTFLOWS	 <u>550,125</u>	 <u>82,142</u>	 <u>632,267</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 10,051,606</u>	<u>\$ 9,189,663</u>	<u>\$ 19,241,269</u>

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

CURRENT LIABILITIES			
Current portion notes and bonds payable	\$ 149,470	\$ 541,054	\$ 690,524
Accounts payable	400,726	-	400,726
Accrued wages	12,990	2,482	15,472
Accrued liabilities	-	6,478	6,478
Accrued vacation/sick/comp time	119,953	18,365	138,318
Due to other funds	406,648	-	406,648
Unearned revenue	70,650	-	70,650
Tax deposits	5,007	-	5,007
TOTAL CURRENT LIABILITIES	<u>1,165,444</u>	<u>568,379</u>	<u>1,733,823</u>
 LONG-TERM LIABILITIES			
Net pension liabilities	1,466,777	229,321	1,696,098
Accrued vacation/sick/comp time	69,061	-	69,061
Notes and bonds payable	234,700	4,182,946	4,417,646
TOTAL LONG-TERM LIABILITIES	<u>1,770,538</u>	<u>4,412,267</u>	<u>6,182,805</u>
TOTAL LIABILITIES	<u>2,935,982</u>	<u>4,980,646</u>	<u>7,916,628</u>
 DEFERRED INFLOWS	 <u>22,560</u>	 <u>3,368</u>	 <u>25,928</u>
 NET POSITION			
Net investment in capital assets	6,222,881	2,887,038	9,109,919
Restricted	615,635	-	615,635
Unrestricted	254,548	1,318,611	1,573,159
TOTAL NET POSITION	<u>7,093,064</u>	<u>4,205,649</u>	<u>11,298,713</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 10,051,606</u>	<u>\$ 9,189,663</u>	<u>\$ 19,241,269</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, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue & Changes in Net Position		
	Expenses	Charges for Services	Operating Grants & Revenues	Capital Grants & Revenues	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Current:							
General government	\$ 930,038	\$ 168,238	\$ 135,875	\$ -	\$ (625,925)	\$ -	\$ (625,925)
Public safety	2,315,074	150,895	241,607	53,292	(1,869,280)	-	(1,869,280)
Public works	1,899,662	6,830	194,444	-	(1,698,388)	-	(1,698,388)
Recreation, health, education and welfare	5,668,871	541,292	27,742	-	(5,099,837)	-	(5,099,837)
Library	101,000	-	-	-	(101,000)	-	(101,000)
Interest on long-term debt	68,328	-	-	-	(68,328)	-	(68,328)
Total governmental activities	<u>10,982,973</u>	<u>867,255</u>	<u>599,668</u>	<u>53,292</u>	<u>(9,462,758)</u>	<u>-</u>	<u>(9,462,758)</u>
Business-type activities:							
Water	890,809	815,098	-	-	-	(75,711)	(75,711)
Sewer	1,756,413	1,511,564	-	-	-	(244,849)	(244,849)
Total business-type activities	<u>\$ 2,647,222</u>	<u>\$ 2,326,662</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>(320,560)</u>	<u>(320,560)</u>
General Revenues:							
Property taxes, levied for general purposes					9,085,510	-	9,085,510
Unrestricted investment earnings					35,487	16,238	51,725
Donations					50,000	-	50,000
Gain on Sale of Assets					13,325	-	13,325
Interest Delinquent					16,322	-	16,322
Penalty Delinquent					40,394	-	40,394
Miscellaneous					405	5,300	5,705
Total general revenues and transfers					<u>9,241,443</u>	<u>21,538</u>	<u>9,262,981</u>
Change in Net Position					(221,315)	(299,022)	(520,337)
Net Position, beginning					<u>7,314,379</u>	<u>4,504,671</u>	<u>11,819,050</u>
Net Position, ending					<u>\$ 7,093,064</u>	<u>\$ 4,205,649</u>	<u>\$ 11,298,713</u>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2020

ASSETS

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 1,978,457	\$ -	\$ 32,381	\$ 2,010,838
Delinquent tax receivables net of reserves of \$328,737	222,483	-	-	222,483
Other receivables	331,160	-	-	331,160
Due from other funds	-	17	128,624	128,641
Prepaid expenses	<u>1,212</u>	<u>-</u>	<u>-</u>	<u>1,212</u>
 TOTAL ASSETS	 <u>\$ 2,533,312</u>	 <u>\$ 17</u>	 <u>\$ 161,005</u>	 <u>\$ 2,694,334</u>

LIABILITIES AND FUND BALANCE

LIABILITIES				
Due to other funds	\$ 497,287	\$ -	\$ -	\$ 497,287
Customer deposits	5,007	-	-	5,007
Accounts payable	400,726	-	-	400,726
Accrued wages	12,990	-	-	12,990
Unearned revenue	<u>70,650</u>	<u>-</u>	<u>-</u>	<u>70,650</u>
 TOTAL LIABILITIES	 <u>986,660</u>	 <u>-</u>	 <u>-</u>	 <u>986,660</u>
 FUND BALANCE				
Restricted	491,588	-	124,047	615,635
Committed	804,752	17	36,958	841,727
Unassigned	<u>250,312</u>	<u>-</u>	<u>-</u>	<u>250,312</u>
 TOTAL FUND BALANCE	 <u>1,546,652</u>	 <u>17</u>	 <u>161,005</u>	 <u>1,707,674</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 2,533,312</u>	 <u>\$ 17</u>	 <u>\$ 161,005</u>	 <u>\$ 2,694,334</u>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2020

Total fund balances - governmental funds \$ 1,707,674

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	6,607,051
Capital Assets - From trust funds	(38,002)

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

Allowance for delinquent tax reserve	328,737
--------------------------------------	---------

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	(189,014)
Net pension liability	(1,466,777)
Notes and bonds payable	(384,170)

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.

550,125

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.

(22,560)

\$ 7,093,064

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, 2020

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes and Special Assessments	\$ 8,958,236	\$ -	\$ -	\$ 8,958,236
General Government	530,609	-	-	530,609
Public Safety	459,419	-	-	459,419
Public Works	214,173	-	-	214,173
Recreation and Culture	397,295	-	132,715	530,010
Investment Income	<u>7,743</u>	<u>-</u>	<u>157</u>	<u>7,900</u>
TOTAL REVENUES	<u>10,567,475</u>	<u>-</u>	<u>132,872</u>	<u>10,700,347</u>
EXPENDITURES				
General	623,269	-	-	623,269
Public Safety	2,095,297	-	-	2,095,297
Public Works	1,455,308	-	-	1,455,308
Culture and Recreation	613,730	-	19,066	632,796
Other Expenses & Appropriations	543,910	-	-	543,910
Capital Outlay	703,937	-	-	703,937
Debt Service and Sinking Funds	199,084	-	-	199,084
School Appropriations	<u>4,383,909</u>	<u>-</u>	<u>-</u>	<u>4,383,909</u>
TOTAL EXPENDITURES	<u>10,618,444</u>	<u>-</u>	<u>19,066</u>	<u>10,637,510</u>
EXCESS/(DEFICIENCY) OF REVENUES OVER/(UNDER) EXPENDITURES	(50,969)	-	113,806	62,837
OTHER FINANCING SOURCES:				
Proceeds From long term debt	<u>25,968</u>	<u>-</u>	<u>-</u>	<u>25,968</u>
NET CHANGE IN FUND BALANCE	(25,001)	-	113,806	88,805
FUND BALANCES AT BEGINNING OF YEAR	<u>1,571,653</u>	<u>17</u>	<u>47,199</u>	<u>1,618,869</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,546,652</u>	<u>\$ 17</u>	<u>\$ 161,005</u>	<u>\$ 1,707,674</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, 2020

Net change in fund balances - governmental funds \$ 88,805

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	(669,682)
Capital assets purchased	436,083

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.	(25,967)
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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.	161,366
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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	71,217
--	--------

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	(286,739)
Vacation/sick/comp-time earned	<u>3,602</u>

Change in net position of governmental activities \$ (221,315)

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION - PROPRIETARY FUNDS
 June 30, 2020

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	\$ 117,320	\$ 507,909	\$ 625,229
Due from other funds	286,697	100,013	386,710
Fees receivable	85,559	63,904	149,463
Unbilled revenues	190,718	144,363	335,081
TOTAL CURRENT ASSETS	<u>680,294</u>	<u>816,189</u>	<u>1,496,483</u>
CAPITAL ASSETS			
Land	4,462	121,013	125,475
Wells	-	629,354	629,354
Buildings	341,645	-	341,645
Improvements other than buildings	13,702,283	5,072,920	18,775,203
Machinery and equipment	1,156,976	457,560	1,614,536
Interlocal waterline project	-	773,757	773,757
Storm water separation	1,019,610	-	1,019,610
Construction in progress	-	46,637	46,637
	<u>16,224,976</u>	<u>7,101,241</u>	<u>23,326,217</u>
Less: accumulated depreciation	<u>(11,596,112)</u>	<u>(4,119,067)</u>	<u>(15,715,179)</u>
CAPITAL ASSETS, net	<u>4,628,864</u>	<u>2,982,174</u>	<u>7,611,038</u>
DEFERRED OUTFLOWS	<u>56,946</u>	<u>25,196</u>	<u>82,142</u>
TOTAL ASSETS	<u>\$ 5,366,104</u>	<u>\$ 3,823,559</u>	<u>\$ 9,189,663</u>

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

CURRENT LIABILITIES			
Accrued wages	\$ 796	\$ 1,686	\$ 2,482
Current portion of bonds and notes payable	367,357	173,697	541,054
Accrued vacation/sick/comp.	16,398	1,967	18,365
Accrued interest	2,669	3,809	6,478
TOTAL CURRENT LIABILITIES	<u>387,220</u>	<u>181,159</u>	<u>568,379</u>
LONG-TERM LIABILITIES			
Net pension liabilities	155,617	73,704	229,321
Notes and bonds payable	2,434,750	1,748,196	4,182,946
TOTAL LONG-TERM LIABILITIES	<u>2,590,367</u>	<u>1,821,900</u>	<u>4,412,267</u>
TOTAL LIABILITIES	<u>2,977,587</u>	<u>2,003,059</u>	<u>4,980,646</u>
DEFERRED INFLOWS	<u>2,335</u>	<u>1,033</u>	<u>3,368</u>
NET POSITION			
Net investment in capital assets	1,826,757	1,060,281	2,887,038
Unrestricted	559,425	759,186	1,318,611
TOTAL NET POSITION	<u>2,386,182</u>	<u>1,819,467</u>	<u>4,205,649</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 5,366,104</u>	<u>\$ 3,823,559</u>	<u>\$ 9,189,663</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, 2020

	<u>Business Type Activities - Enterprise Funds</u>		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges and rent	\$ 1,102,030	\$ 813,598	\$ 1,915,628
Derby share	161,750	-	161,750
Discharge fees	208,987	-	208,987
Leachate fees	37,297	-	37,297
Gain on Sale of Asset	1,500	1,500	3,000
Other income	<u>5,300</u>	<u>-</u>	<u>5,300</u>
 TOTAL OPERATING REVENUES	 <u>1,516,864</u>	 <u>815,098</u>	 <u>2,331,962</u>
OPERATING EXPENSES			
Sewer system	203,146	-	203,146
Sewer plant	638,866	-	638,866
Water treatment and pumping	-	290,354	290,354
Water transmitting and distribution	-	92,085	92,085
Administration	91,961	52,906	144,867
Depreciation	581,886	253,173	835,059
Personnel and other expenses	107,856	66,285	174,141
Maintenance expenses	<u>81,612</u>	<u>127,288</u>	<u>208,900</u>
 TOTAL OPERATING EXPENSES	 <u>1,705,327</u>	 <u>882,091</u>	 <u>2,587,418</u>
 (LOSS) FROM OPERATIONS	 <u>(188,463)</u>	 <u>(66,993)</u>	 <u>(255,456)</u>
NON-OPERATING INCOME/(EXPENSES)			
Interest income	9,155	7,083	16,238
Interest expense	<u>(51,086)</u>	<u>(8,718)</u>	<u>(59,804)</u>
 TOTAL NON-OPERATING (EXPENSES)	 <u>(41,931)</u>	 <u>(1,635)</u>	 <u>(43,566)</u>
 CHANGE IN NET POSITION	 (230,394)	 (68,628)	 (299,022)
 NET POSITION AT BEGINNING OF YEAR	 <u>2,616,576</u>	 <u>1,888,095</u>	 <u>4,504,671</u>
 NET POSITION AT END OF YEAR	 <u>\$ 2,386,182</u>	 <u>\$ 1,819,467</u>	 <u>\$ 4,205,649</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, 2020

	Business-Type Activities		
	Sewer Fund	Water Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,459,253	\$ 796,361	\$ 2,255,614
Payments to suppliers	(1,015,585)	(562,633)	(1,578,218)
Payments for employees and benefits	(82,448)	(58,209)	(140,657)
Other receipts (payments)	<u>44,097</u>	<u>1,500</u>	<u>45,597</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>405,317</u>	<u>177,019</u>	<u>582,336</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	<u>(272,444)</u>	<u>(54,224)</u>	<u>(326,668)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of property, plant and equipment	(233,266)	(27,437)	(260,703)
Debt acquired	450,000	-	450,000
Principal payments on debt	(307,508)	(33,131)	(340,639)
Interest payments on debt	<u>(51,086)</u>	<u>(8,718)</u>	<u>(59,804)</u>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(141,860)</u>	<u>(69,286)</u>	<u>(211,146)</u>
CASH FLOW FROM INVESTING ACTIVITIES:			
Receipt of interest and dividends	<u>9,155</u>	<u>7,082</u>	<u>16,236</u>
NET INCREASE IN CASH	168	60,591	60,758
CASH - BEGINNING OF YEAR	<u>117,152</u>	<u>447,318</u>	<u>564,470</u>
CASH - END OF YEAR	<u>\$ 117,320</u>	<u>\$ 507,909</u>	<u>\$ 625,228</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating (loss)	\$ (188,463)	\$ (66,993)	\$ (255,456)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	581,886	253,173	835,059
Change in net assets and liabilities:			
Receivables, net	(19,406)	(9,800)	(29,206)
Unbilled revenues	5,892	(7,437)	(1,545)
Accrued wages	(8,357)	(5,120)	(13,477)
Deferred outflows	1,454	643	2,097
Net pension liability	29,541	13,072	42,613
Deferred inflows	(1,314)	(582)	(1,896)
Accrued vacation	<u>4,084</u>	<u>63</u>	<u>4,147</u>
Net cash provided by operating activities	<u>\$ 405,317</u>	<u>\$ 177,019</u>	<u>\$ 582,336</u>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION - FIDUCIARY FUNDS
 June 30, 2020

ASSETS

	<u>Expendable Trust Funds</u>	<u>Non- Expendable Trust Funds</u>	<u>Total</u>
CASH			
Checking	\$ 25,607	\$ 42,729	\$ 68,336
Savings and money markets	<u>61,802</u>	<u>-</u>	<u>61,802</u>
TOTAL CASH	<u>87,409</u>	<u>42,729</u>	<u>130,138</u>
INVESTMENTS			
Trust account	<u>187,614</u>	<u>131,771</u>	<u>319,385</u>
TOTAL ASSETS	<u>\$ 275,023</u>	<u>\$ 174,500</u>	<u>\$ 449,523</u>

LIABILITIES AND NET POSITION

LIABILITIES			
Due to other funds	<u>\$ 17,070</u>	<u>\$ 994</u>	<u>\$ 18,064</u>
NET POSITION			
Reserved for trust funds	-	62,000	62,000
Unreserved	<u>257,953</u>	<u>111,506</u>	<u>369,459</u>
TOTAL NET POSITION	<u>257,953</u>	<u>173,506</u>	<u>431,459</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 275,023</u>	<u>\$ 174,500</u>	<u>\$ 449,523</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, 2020

	Expendable Trust Funds	Non- Expendable Trust Funds
ADDITIONS		
Interest income	\$ 478	\$ 446
Dividend income	5,573	3,910
Other Income	1	-
Net gain on investments	<u>13,310</u>	<u>9,337</u>
 TOTAL ADDITIONS	 <u>19,362</u>	 <u>13,693</u>
DEDUCTIONS		
Administrative fees	1,790	1,260
Contracted services	4,333	-
Beneficiaries	-	972
Other	<u>2,257</u>	<u>85</u>
 TOTAL DEDUCTIONS	 <u>8,380</u>	 <u>2,317</u>
 CHANGE IN NET POSITION	 10,982	 11,376
 NET POSITION AT BEGINNING OF YEAR	 <u>246,971</u>	 <u>162,130</u>
 NET POSITION AT END OF YEAR	 <u>\$ 257,953</u>	 <u>\$ 173,506</u>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

The City of Newport, Vermont, (herein the "City") operates under a Mayor, City Council 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 City Council, 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 City Council. 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, 2020

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 Council 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, 2020

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 Council action. The Council 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, 2020

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 Council.

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

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

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, 2020 consisted of the following:

	Bank Balance	Book Balance
Insured - FDIC	\$ 831,142	\$ 831,927
Uninsured, Collateralized by U.S. Government Securities, Federal Agency Issued Mortgage Backed Securities and/or General Obligation Vermont Municipal Note and Bonds Held by the Bank's Trust Department with a Security Interest granted to the City.	2,123,663	1,933,492
Petty Cash	-	786
TOTAL	\$2,954,805	\$2,766,205

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

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, 2020 consist of the following:

	General Fund	Proprietary Funds	Total
Delinquent Taxes, net of \$328,737 reserves	\$ 155,537	\$ -	\$ 155,537
Penalty and Interest	66,946	-	66,946
Other Receivable	331,160	-	331,160
Water Rents - Billed	-	63,904	63,904
Sewer Rents - Billed	-	84,953	84,953
Sewer Derby Share	-	45	45
Sewer Contracted Works	-	561	561
TOTAL NET RECEIVABLES	\$ 553,643	\$ 149,463	\$ 703,106

NOTE 4 UNEARNED REVENUE

Unearned revenue in the General Fund consists of the following at June 30, 2020:

Project D.A.R.E.	\$ 4,533
Reappraisal - Act 60	35,428
Bike Path Grant	30,689
	\$ 70,650

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, 2020

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:

	<u>General</u>	<u>Water/Sewer</u>
Vacation	\$ 82,385	\$ 7,144
Comp time	2,934	104
Sick - Short-Term	34,634	11,117
	119,953	18,365
Sick - Long-Term	69,061	-
	<u>\$ 189,014</u>	<u>\$ 18,365</u>

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 2.29% dated July 8, 2019 and due June 30, 2020. 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 18.

NOTE 7 NOTES AND BONDS PAYABLE

The following is a summary of changes in notes and bonds payable for the year ended June 30, 2020:

	<u>Beginning Balance June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2020</u>
<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.	\$ 59,978	\$ -	\$ 14,552	\$ 45,426

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 7 NOTES AND BONDS PAYABLE (continued)

	<u>Beginning Balance June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2020</u>
<u>Sewer Fund (cont'd):</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.	99,090	-	24,041	75,049
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.	2,151,191	-	196,461	1,954,730
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 7/1/2034.	159,356	-	-	159,356
Note payable to Passumpsic Savings Bank 2.27% interest. Payments of \$47,939 due two times annually, matures 12/1/2024.	-	450,000	42,454	407,546
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>190,000</u>	<u>-</u>	<u>30,000</u>	<u>160,000</u>
TOTAL SEWER FUND	<u>2,659,615</u>	<u>450,000</u>	<u>307,508</u>	<u>2,802,107</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.	179,120	-	33,131	145,989

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 7 NOTES AND BONDS PAYABLE (continued)

	Beginning Balance <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 2020</u>
<u>Water Fund: (cont'd)</u>				
State of Vermont Revolving Loan Fund RF3-129 \$2,727,172 available at 1% interest and a 2% admin. fee, due in annual installments of \$155,398, matures 7/1/2032	1,546,836	-	-	1,546,836
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 7/1/2027.	<u>229,068</u>	-	-	<u>229,068</u>
TOTAL WATER FUND	<u>1,955,024</u>	-	<u>33,131</u>	<u>1,921,893</u>
TOTAL BUSINESS-TYPE FUNDS	<u>\$ 4,614,639</u>	<u>\$ 450,000</u>	<u>\$ 340,639</u>	<u>\$ 4,724,000</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 541,054	90,361	\$ 631,415
2022	554,020	77,939	631,959
2023	562,379	65,334	627,713
2024	530,088	52,512	582,600
2025	456,732	40,803	497,535
2026-2030	1,733,202	89,540	1,822,742
2031-2032	<u>346,525</u>	<u>6,464</u>	<u>352,989</u>
TOTAL	<u>\$ 4,724,000</u>	<u>\$ 422,953</u>	<u>\$ 5,146,953</u>

	Beginning Balance <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 2020</u>
<u>Governmental Activities:</u>				
Vermont Municipal Bond Bank issued 7/1/10, principal and interest at 2.22% due in annual payments of \$35,000. Matures December 2020.	\$ 70,000	\$ -	\$ 35,000	\$ 35,000

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 7 NOTES AND BONDS PAYABLE (continued)

	Beginning Balance <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 2020</u>
<u>Governmental Activities (cont'd):</u>				
Vermont Municipal Bond Bank issued July 14, 2011, Original Amount-\$500,000 with net interest of 2.64% paid in semi annual paymts Principal pmts of \$50,000 paid annually each December 1st. Matures November 2021.	150,000	-	50,000	100,000
Passumpsic Saving Bank Muni Note issued July 7, 2014 for \$369,916 at 2.46% for ten years pmts due 7/1 for \$42,166. Matures July 2024.	232,343	-	38,054	194,289
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.	22,753	-	5,918	16,835
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.	5,930	-	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.	6,468	-	4,867	1,601
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.	12,188	-	9,721	2,467

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 7 NOTES AND BONDS PAYABLE (continued)

	Beginning Balance <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 2020</u>
<u>Governmental Activities (cont'd):</u>				
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	19,887	-	8,371	11,516
Passumpsic Savings Bank - Promissory Note for financing of a 2020 Ford Explorer, principal and 2.19% interest payments of \$746 due monthly. Matures January 2023.	<u>-</u>	<u>25,967</u>	<u>3,505</u>	<u>22,462</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 519,569</u>	<u>\$ 25,967</u>	<u>\$ 161,366</u>	<u>\$ 384,170</u>

Anticipated maturities are as follows for the Governmental Funds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 149,470	\$ 8,828	\$ 158,298
2022	105,996	5,224	111,220
2023	49,049	3,090	52,139
2024	40,128	2,038	42,166
2025	<u>39,527</u>	<u>1,039</u>	<u>40,566</u>
TOTAL	<u>\$ 384,170</u>	<u>\$ 20,219</u>	<u>\$ 404,389</u>

NOTE 8 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 is as follows:

	Beginning Balance	<u>Increases</u>	<u>Decreases</u>	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 417,405	\$ -	\$ -	\$ 417,405
Construction in progress	<u>88,618</u>	<u>79,525</u>	<u>-</u>	<u>168,143</u>
Total capital assets, not being depreciated	<u>506,023</u>	<u>79,525</u>	<u>-</u>	<u>585,548</u>

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

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>				
Capital assets, being depreciated				
Land improvements	388,550	88,384	-	476,934
Buildings and improvements	3,813,674	42,269	-	3,855,943
Equipment	2,507,172	103,286	-	2,610,458
Vehicles	3,736,040	132,524	(84,532)	3,784,032
Infrastructure	4,309,769	-	-	4,309,769
	<u>14,755,205</u>	<u>366,463</u>	<u>(84,532)</u>	<u>15,037,136</u>
Accumulated depreciation for				
Land improvements	(335,502)	(8,457)	-	(343,959)
Buildings and improvements	(1,540,976)	(100,856)	-	(1,641,832)
Equipment	(1,671,681)	(195,877)	-	(1,867,558)
Vehicles	(2,758,159)	(202,920)	74,627	(2,886,452)
Infrastructure	(2,114,260)	(161,572)	-	(2,275,832)
	<u>(8,420,578)</u>	<u>(669,682)</u>	<u>74,627</u>	<u>(9,015,633)</u>
Total capital assets, being depreciated, net	<u>6,334,627</u>	<u>(303,219)</u>	<u>(9,905)</u>	<u>6,021,503</u>
Governmental activities, capital assets, net	<u>\$ 6,840,650</u>	<u>\$ (223,694)</u>	<u>\$ (9,905)</u>	<u>\$ 6,607,051</u>

Depreciation is allocated in the General Fund as follows:

Public Works	\$ 302,143
Public Safety	290,581
Recreation	75,931
General Government	<u>1,027</u>
TOTAL	<u>\$ 669,682</u>

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 8 CAPITAL ASSETS (continued)

	<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>39,554</u>	<u>7,083</u>	<u>-</u>	<u>46,637</u>
Total capital assets, not being depreciated	<u>160,567</u>	<u>7,083</u>	<u>-</u>	<u>167,650</u>
Buildings				
Building improvements				
Equipment and vehicles	450,963	12,404	(5,807)	457,560
Water system and improvements	5,064,970	7,950	-	5,072,920
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>6,919,044</u>	<u>20,354</u>	<u>(5,807)</u>	<u>6,933,591</u>
Accumulated depreciation for				
Equipment and vehicles	(251,951)	(35,165)	5,807	(281,309)
Water system and improvements	(2,834,256)	(175,150)	-	(3,009,406)
Water lines	(412,625)	(19,341)	-	(431,966)
Wells	<u>(372,869)</u>	<u>(23,517)</u>	<u>-</u>	<u>(396,386)</u>
Total accumulated depreciation	<u>(3,871,701)</u>	<u>(253,173)</u>	<u>5,807</u>	<u>(4,119,067)</u>
Total capital assets, being depreciated, net	<u>3,047,343</u>	<u>(232,819)</u>	<u>-</u>	<u>2,814,524</u>
Water utility, capital assets, net	<u>3,207,910</u>	<u>(225,736)</u>	<u>-</u>	<u>2,982,174</u>
Sewer utility:				
Capital assets, not being depreciated				
Land	4,462	-	-	4,462
Construction in progress	<u>348,404</u>	<u>-</u>	<u>(348,404)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>352,866</u>	<u>-</u>	<u>(348,404)</u>	<u>4,462</u>

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 8 CAPITAL ASSETS (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-type activities (cont'd):</u>				
Capital assets, being depreciated				
Buildings	341,645	-	-	341,645
Equipment and vehicles	1,150,379	12,404	(5,807)	1,156,976
Sewer system and improvements	13,133,016	569,267	-	13,702,283
Storm water separation	<u>1,019,610</u>	<u>-</u>	<u>-</u>	<u>1,019,610</u>
 Total capital assets, being depreciated	 <u>15,644,650</u>	 <u>581,671</u>	 <u>(5,807)</u>	 <u>16,220,514</u>
 Accumulated depreciation for				
Buildings	(241,095)	(8,610)	-	(249,705)
Equipment and vehicles	(862,075)	(71,177)	5,807	(927,445)
Sewer system and improvements	(9,292,371)	(476,609)	-	(9,768,980)
Storm water separation	<u>(624,492)</u>	<u>(25,490)</u>	<u>-</u>	<u>(649,982)</u>
 Total accumulated depreciation	 <u>(11,020,033)</u>	 <u>(581,886)</u>	 <u>5,807</u>	 <u>(11,596,112)</u>
 Total capital assets, being depreciated, net	 <u>4,624,617</u>	 <u>(215)</u>	 <u>-</u>	 <u>4,624,402</u>
 Sewer utility, capital assets, net	 <u>4,977,483</u>	 <u>(215)</u>	 <u>(348,404)</u>	 <u>4,628,864</u>
 Business-type activities, capital assets, net	 <u>\$ 8,185,393</u>	 <u>\$ (225,951)</u>	 <u>\$ (348,404)</u>	 <u>\$ 7,611,038</u>

NOTE 9 RESTRICTED/COMMITTED/ASSIGNED FUND BALANCES

General Fund:

Restricted for Records Restoration	\$ 10,788
Restricted for NBRC Grant Funding Match	240,800
Restricted for Economic Development - Walmart Funds	<u>240,000</u>

Total General Fund \$ 491,588

Recreation Fund:

Restricted for use on Playground Equipment	<u>\$ 124,047</u>
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City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

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

General Fund:

Committed for:

FY2021 Expenditures	\$ 100,000
Street Capital Design Projects	124,400
Tennis Court Sinking Fund	1,464
Street Resurfacing	72,236
Main Street Maintenance	14,751
Street Reconstruction	66,296
Public Works Vehicles	159,444
Bridge Culvert and Retaining Wall Repairs	3,707
Police Tech Equipment	6,548
Dispatch Equipment	52,695
Bullet Proof Vest Replacement	6,665
Fire Dept. Grant Match	15,000
Fire Station Renovations	25,000
Street Banner and Lights	4,075
Prouty Beach Improvements	48,280
Gardner Park Improvements	11,059
Gateway and Waterfront Improvements	5,000
Dock Improvements	38,132
Streetscape & Park Improvements	<u>50,000</u>

Total General Fund 804,752

Recreation Fund:

Committed for use in the Recreation Fund	31,432
Committed for use in the Mooring Management Fund	<u>5,526</u>

Total Recreation Fund 36,958

Capital Projects Fund:

Committed for use in the Capital Projects Fund	<u>17</u>
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TOTAL COMMITTED FUND BALANCES \$ 841,727

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.

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 10 INVESTMENTS

The trust accounts are carried at market value. The balances at June 30, 2020 are as follows:

	Cost	Market Value
East Main Street Cemetery Fund		
Equities	\$ 52,893	\$ 61,880
Fixed Income	112,663	125,734
Total	165,556	187,614
Perley J. Niles Fund		
Equities	37,120	43,494
Fixed Income	79,124	88,277
Total	116,244	131,771
TOTAL	\$ 281,800	\$ 319,385

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).

NOTE 11 DEFERRED COMPENSATION PLAN

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

NOTE 12 PENSION PLAN

Information Required Under GASB Statement No. 68

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

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 12 PENSION PLAN (continued)

Reporting Date, Measurement Date, and Valuation Date

Net pension liabilities, deferred pension outflows of resources, deferred pension inflows of resources, and pension expense are all presented as of the City of Newport, Vermont's reporting date June 30, 2020 and for the City of Newport, Vermont's reporting period (the year ended June 30, 2020). 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, 2019) as the measurement date, and the year ended June 30, 2018 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, 2018, to the measurement date of June 30, 2019.

Schedule A – Employer Allocations 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%	\$ 1,368,089	\$ 460,672	\$ 40,519	\$ 2,317,235	\$ 596,171

Schedule B – Employers' Allocation as of June 30, 2019

Fiscal Year Ended June 30, 2019						
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)
\$ 187,835	0.97762%	\$ 1,696,098	\$ 419,569	\$ 25,928	\$ 2,781,344	\$ 797,714

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 12 PENSION PLAN (continued)

Schedule C – Employers’ Allocation of Pension Amounts as of June 30, 2019

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
0.97762%	\$1,696,098	\$ 219,746	\$ 56,628	\$ -	\$ 115,523	\$ 27,672	\$ 419,569

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
\$ 14,661	\$ -	\$ -	\$ -	\$ 11,267	\$ 25,928

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
\$ 540,567	\$ 1,786	\$ 542,353

Schedule D – Employers’ Allocation of Recognition of Deferred Outflows/Inflows as of June 30, 2019

Fiscal Year Ending June 30,					
2020	2021	2022	2023	2024	Thereafter
\$153,978	\$ 83,589	\$ 98,511	\$ 57,563	\$ -	\$ -

City of Newport, Vermont
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 12 PENSION PLAN (continued)

Schedule E – Contributions History for Fiscal Years 2017-2019

FY 2019	FY 2018	FY 2017
\$187,835	\$170,342	\$150,450

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](http://finance.vermont.gov/reports_and_publications/cafr)

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, 2019, the retirement system consisted of 379 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.

City of Newport, Vermont
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 12 PENSION PLAN (continued)

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)	<p>Group A – average annual compensation during highest 5 consecutive years.</p> <p>Groups B and C – average annual compensation during highest 3 consecutive years.</p> <p>Group D – average annual compensation during highest 2 consecutive years.</p>
Service Retirement Allowance	
Eligibility	<p>Group A – The earlier of age 65 with 5 years of service or age 55 with 35 years of service.</p> <p>Group B – The earlier of age 62 with 5 years of service or age 55 with 30 years of service.</p> <p>Groups C and D – Age 55 with 5 years of service.</p>
Amount	<p>Group A – 1.4% of AFC x service</p> <p>Group B – 1.7% of AFC x service as Group B member plus percentage earned as Group A member x AFC</p> <p>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</p> <p>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</p> <p>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.</p>

City of Newport, Vermont
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 12 PENSION PLAN (continued)

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 retirement 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; 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.

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.

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 12 PENSION PLAN (continued)

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, 2019	Effective July 1, 2019
	Group A – 2.625%	2.75%
	Group B – 5.00%	5.125%
	Group C – 10.125%	10.25%
	Group D – 11.475%	11.6%
Employer Contributions	Group A – 4.125%	4.25%
	Group B – 5.625%	5.75%
	Group C – 7.375%	7.5%
	Group D – 9.975%	10.1%

Significant Actuarial Assumptions and Methods

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

Salary Increases: 5.00% per year

Mortality:

Death in Active Service:

Groups A, B, C: 98% of RP-2006 Mortality Tables, blended 60% Blue Collar Employee and 40% Healthy Employee with generational projection using scale SSA-2017.

Group D: RP-100% of RP-2006 Blue Collar Mortality Table with generation projection using scale SSA-2017.

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 12 PENSION PLAN (continued)

Healthy Post-Retirement:

Groups A, B, C: 98% of RP-2006 Mortality Tables, blended 60% Blue Collar Employee and 40% Healthy Employee with generational projection using scale SSA-2017.

Group D: 100% of RP-2006 Blue Collar Mortality Table with generation projection using scale SSA-2017.

Disabled Post-Retirement:

All Groups- 100% of RP-2006 Blue Collar Mortality Table with generation projection using scale SSA-2017.

Spouse's Age: Females three years younger than males

Cost-of-Living Adjustments: 1.15% for Group A members and 1.30% for Groups B,C and D members. The January 1, 2019 and January 1, 2020 COLAs are 1.30% and 0.80%, respectively, for all groups.

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.

Assets: The valuation is based on the market value of assets as of valuation date, as provided by the System. The System uses an "actuarial value of assets" that differs from market value to gradually reflect year-to-year changes in the market value of assets in determining the contribution requirements.

Inflation: 2.50%

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, 2019, is summarized in the following table:

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 12 PENSION PLAN (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	29.00%	6.90%
US Equity - Large Cap	4.00%	5.94%
US Equity - Small/Mid Cap	3.00%	6.72%
Non-US Equity - Large Cap	5.00%	6.81%
Non-US Equity - Small Cap	2.00%	7.31%
Emerging Markets Debt	4.00%	4.26%
Core Bond	14.00%	1.79%
Non-Core Bonds	6.00%	3.22%
Short Quality Credit	5.00%	1.81%
Private Credit	5.00%	6.00%
US TIPS	3.00%	1.45%
Core Real Estate	5.00%	4.26%
Non-Core Real Estate	3.00%	5.76%
Private Equity	10.00%	10.81%
Infrastructure/Farmland	2.00%	4.89%

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 comprise 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.

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%)
\$ 2,781,344	\$ 1,696,098	\$ 797,714

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

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, 2020, the tax rate is as follows:

	<u>Non-Residential</u>	<u>Residential</u>
City	\$ 1.3040	\$ 1.3040
School	<u>1.6384</u>	<u>1.3992</u>
TOTAL	<u>\$ 2.9424</u>	<u>\$ 2.7032</u>

NOTE 14 INTERFUND RECEIVABLE AND PAYABLE BALANCES

Individual Fund Interfund Receivable and Payable balances are as follows at June 30, 2020:

	<u>Interfund Receivables</u>	<u>Interfund Payable</u>
General Fund	\$ -	\$ 497,287
Capital Projects Fund	17	-
Other Governmental Funds	128,624	-
Sewer Fund	286,697	-
Water Fund	100,013	-
Expendable Trust Funds	-	17,070
Non-Expendable Trust Funds	<u>-</u>	<u>994</u>
Total Fund Financial Statement Balances	<u>\$ 515,351</u>	<u>\$ 515,351</u>

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.

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

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 \$255,632. This excess was covered by excess revenues over appropriations and by use of funds committed at June 30, 2019.

NOTE 18 SUBSEQUENT EVENTS

On July 20, 2020 the City signed a tax anticipation line of credit with Passumpsic Savings Bank for \$1,000,000 at the interest rate of 1.38%, due June 30, 2021.

On July 01, 2020 the Company acquired equipment through the issuance of debt from an unrelated third party. The total debt was \$155,727 and is payable over 7 years at a rate of 3.24% with annual principal and interest payable in the amount of \$24,646.

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 18 SUBSEQUENT EVENTS (continued)

The City of Newport, Vermont evaluated its June 30, 2020 financial statements through October 28, 2020, the date the financial statements were available to be issued. As a result of the spread of the COVID-19 Coronavirus, economic uncertainties have arisen which are likely to negatively impact net income. Other financial impact could occur though such potential impact and the duration cannot be reasonably estimated at this time. In March 2020, the Governor of Vermont declared a state of emergency and issued an order to close all nonessential businesses. The closure lasted for months. Some businesses continue to be impacted due to restrictions in operations and the requirement for at least partial student remote learning. Due to the uncertainty of the effect of the virus and whether there could be a resurgence, possible effects may include, but are not limited to, disruption to the City's tax payers and revenue, absenteeism in the City's labor workforce, unavailability of products and supplies used in operations, and decline in value of assets held by the City, including property and equipment and investments.

In accordance with Accounting Standards, the City has evaluated subsequent events through October 28, 2020, which is the date these basic financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2020, 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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
TAXES				
Property Taxes	\$ 8,497,323	\$ 8,497,323	\$ 8,293,559	\$ (203,764)
Appropriations	173,169	173,169	173,169	-
Fish & Wildlife Taxes	400	400	239	(161)
Payments in Lieu of Taxes	410,700	410,700	491,269	80,569
TOTAL TAXES	9,081,592	9,081,592	8,958,236	(123,356)
GENERAL GOVERNMENT				
City Clerk/Treasurer:				
Reimbursements	21,000	21,000	36,103	15,103
Licenses and Fees	61,600	61,600	70,923	9,323
Interest/penalties on Delinquent Taxes	57,000	57,000	84,306	27,306
Corrections Contract	81,350	81,350	85,601	4,251
Private Donations	-	-	50,000	50,000
Administrative Grants	-	-	24,172	24,172
COVID-19 Grant FEMA	-	-	35,000	35,000
Miscellaneous Revenues	64,700	64,700	144,504	79,804
TOTAL GENERAL GOVERNMENT	285,650	285,650	530,609	244,959
PUBLIC SAFETY				
Police Department:				
Traffic Court Fines	10,450	10,450	4,031	(6,419)
Police Department Services	55,500	55,500	67,955	12,455
Other Public safety grants	-	-	324,899	324,899
Miscellaneous	1,100	1,100	18,257	17,157
Total Police Department	67,050	67,050	415,142	348,092
Fire Department:				
Labor and Materials	35,900	35,900	44,277	8,377
Total Fire Department	35,900	35,900	44,277	8,377
TOTAL PUBLIC SAFETY	102,950	102,950	459,419	356,469
PUBLIC WORKS				
Street Department:				
Street Dept. St. Aid to Highway	138,500	138,500	139,958	1,458
Lane Mileage	-	-	1,590	1,590
Other Income	1,000	1,000	14,845	13,845
Public works grants	2,000	2,000	57,780	55,780
TOTAL PUBLIC WORKS	141,500	141,500	214,173	72,673

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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
CULTURE AND RECREATION				
Prouty Beach:				
Admissions	400	400	1,634	1,234
Camping	130,000	130,000	102,128	(27,872)
Tennis	-	-	48,366	48,366
Electric fees	4,000	4,000	5,782	1,782
Aquatic Grant	-	-	6,249	6,249
Swing Project	400	400	491	91
Miscellaneous	5,800	5,800	7,579	1,779
Total Prouty Beach	<u>140,600</u>	<u>140,600</u>	<u>172,229</u>	<u>31,629</u>
Miscellaneous Recreation:				
Miscellaneous	21,000	21,000	23,559	2,559
Summer Programs	24,000	24,000	30,471	6,471
Municipal Building	3,500	3,500	4,352	852
Gym Rental	-	-	210	210
City Landscaper	-	-	10,729	10,729
Annual Events	45,000	45,000	24,954	(20,046)
Total Miscellaneous Recreation	<u>93,500</u>	<u>93,500</u>	<u>94,275</u>	<u>775</u>
Gardner Park:				
Rental	10,800	10,800	4,498	(6,302)
Total Gardner Park	<u>10,800</u>	<u>10,800</u>	<u>4,498</u>	<u>(6,302)</u>
Senior Center:				
Salary reimbursement	3,000	3,000	2,190	(810)
Total Senior Center	<u>3,000</u>	<u>3,000</u>	<u>2,190</u>	<u>(810)</u>
Waterfront:				
Gasoline Sales	60,000	60,000	42,072	(17,928)
Boatslip Rentals	39,000	39,000	50,633	11,633
Miscellaneous Rents	9,500	9,500	13,769	4,269
Miscellaneous	3,100	3,100	1,454	(1,646)
Pump Outs	100	100	-	(100)
Gateway Center	14,400	14,400	16,175	1,775
Total Waterfront	<u>126,100</u>	<u>126,100</u>	<u>124,103</u>	<u>(1,997)</u>
TOTAL CULTURE AND RECREATION	<u>374,000</u>	<u>374,000</u>	<u>397,295</u>	<u>23,295</u>
INVESTMENT INCOME	<u>2,120</u>	<u>2,120</u>	<u>7,743</u>	<u>5,623</u>
TOTAL REVENUES	<u>9,987,812</u>	<u>9,987,812</u>	<u>10,567,475</u>	<u>579,663</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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES				
GENERAL GOVERNMENT				
City Council	27,982	27,982	10,539	17,443
City Manager Department	86,830	86,830	86,343	487
Delinquent Tax Collector	5,649	5,649	6,501	(852)
Election Expense	9,053	9,053	3,056	5,997
City Treasurer	127,259	127,259	123,253	4,006
Audit and City Report	39,000	39,000	42,576	(3,576)
Tax Listing	31,350	31,350	37,579	(6,229)
City Clerk Department	133,361	133,361	123,860	9,501
Legal Expense	15,500	15,500	6,376	9,124
Planning & Zoning	54,966	54,966	52,454	2,512
Reappraisal	7,000	7,000	6,549	451
Municipal Building	<u>117,100</u>	<u>117,100</u>	<u>124,183</u>	<u>(7,083)</u>
TOTAL GENERAL GOVERNMENT	<u>655,050</u>	<u>655,050</u>	<u>623,269</u>	<u>31,781</u>
PUBLIC SAFETY				
Police Department				
Administration	138,411	138,411	267,661	(129,250)
Patrol	1,308,769	1,308,769	1,249,042	59,727
Dispatch Services	321,851	321,851	336,172	(14,321)
Operation Stonegarden	-	-	54,827	(54,827)
Animal Control	2,100	2,100	432	1,668
Investigation	-	-	2,121	(2,121)
NICS	12,509	12,509	16,809	(4,300)
Police Contracted Services	-	-	2,562	(2,562)
Total Police Department	<u>1,783,640</u>	<u>1,783,640</u>	<u>1,929,626</u>	<u>(145,986)</u>
Fire Department				
Fire Fighting	144,443	144,443	108,160	36,283
Fire Training	4,000	4,000	429	3,571
Fire Communications	10,500	10,500	9,369	1,131
Fire Station	12,400	12,400	14,239	(1,839)
Fire Trucks & Equipment	<u>33,500</u>	<u>33,500</u>	<u>33,474</u>	<u>26</u>
Total Fire Department	<u>204,843</u>	<u>204,843</u>	<u>165,671</u>	<u>39,172</u>
TOTAL PUBLIC SAFETY	<u>1,988,483</u>	<u>1,988,483</u>	<u>2,095,297</u>	<u>(106,814)</u>
PUBLIC WORKS				
Public Works Administration	275,856	275,856	320,742	(44,886)
Street Maintenance	230,199	230,199	227,245	2,954
Winter Maintenance	370,500	370,500	366,484	4,016
Garage and Facilities	39,350	39,350	35,346	4,004
City Property	50,150	50,150	54,603	(4,453)

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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
PUBLIC WORKS (cont'd)				
Storm Maintenance	88,363	88,363	55,920	32,443
Traffic Maintenance	135,900	135,900	141,370	(5,470)
Private Work expenditures	60,403	60,403	253,598	(193,195)
TOTAL PUBLIC WORKS	1,250,721	1,250,721	1,455,308	(204,587)
CULTURE AND RECREATION				
Administration	72,466	72,466	100,477	(28,011)
Senior Citizens	6,750	6,750	22,260	(15,510)
Prouty Beach and Swimming	122,205	122,205	133,096	(10,891)
Recreational Programs	98,415	98,415	87,378	11,037
Annual Events	47,000	47,000	38,455	8,545
Gardner Park	100,363	100,363	107,173	(6,810)
Waterfront	133,686	133,686	124,891	8,795
TOTAL CULTURE AND RECREATION	580,885	580,885	613,730	(32,845)
OTHER EXPENSES & APPROPRIATIONS				
Conservation & Development	24,400	24,400	22,943	1,457
Health & Welfare	43,400	43,400	35,020	8,380
Recycling Project	33,000	33,000	33,026	(26)
County Tax	52,000	52,000	50,830	1,170
Renaissance Project	60,000	60,000	60,000	-
General Insurance	20,000	20,000	12,443	7,557
Claims and Damages	1,500	1,500	1,000	500
Employment Practices Insurance	15,000	15,000	10,112	4,888
Public Official Liability	7,000	7,000	4,733	2,267
Miscellaneous	-	-	4,480	(4,480)
Advertise City Ordinance	500	500	-	500
Newport Ambulance, Inc.	136,155	136,155	136,155	-
Adult Learning Center- Appropriations	3,000	3,000	3,000	-
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	1,350	1,350	1,350	-
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	-
Newport Com. Promise	15,000	15,000	15,000	-
TOTAL OTHER EXPENSES & APPROPRIATIONS	566,123	566,123	543,910	22,213

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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
CAPITAL OUTLAY				
Street Repairs and Maintenance	355,000	355,000	289,596	65,404
Public Works Vehicles	155,000	155,000	50,304	104,696
VISTA Traffic Lights	40,000	40,000	2,793	37,207
Bridge Repairs	7,500	7,500	65,050	(57,550)
Crushed Tar Pile	28,000	28,000	93,790	(65,790)
Red Barn Demolition	35,000	35,000	26,241	8,759
Municipal Building Remodel	10,000	10,000	10,000	-
Public Safety Vehicles	-	-	46,295	(46,295)
Tech Equipment Fleet Replacement	5,000	5,000	69,945	(64,945)
Dispatch Equipment	5,000	5,000	-	5,000
Bullet Proof Vest	17,000	17,000	10,335	6,665
Fire Station Repairs & Maintenance	25,000	25,000	-	25,000
Prouty Beach Improvements	25,000	25,000	11,614	13,386
Gardner Park Improvements	5,000	5,000	10,205	(5,205)
Gateway Maintenance	5,000	5,000	-	5,000
Dock Improvements	30,000	30,000	9,400	20,600
Rec Maintenance Vehicles	8,500	8,500	8,369	131
TOTAL CAPITAL OUTLAY	756,000	756,000	703,937	52,063
DEBT SERVICE & SINKING FUNDS				
Debt Principal Payments	159,983	159,983	156,628	3,355
Interest on Notes	9,376	9,376	7,952	1,424
Interest on Bonds	10,842	10,842	10,718	124
Tennis Court Sinking Funds	1,440	1,440	23,786	(22,346)
TOTAL DEBT SERVICE & SINKING FUNDS	181,641	181,641	199,084	(17,443)
SCHOOL APPROPRIATION	4,383,909	4,383,909	4,383,909	-
TOTAL EXPENDITURES	10,362,812	10,362,812	10,618,444	(255,632)
EXCESS/(DEFICIENCY) OF REVENUES OVER/(UNDER) EXPENDITURES	(375,000)	(375,000)	(50,969)	324,031
OTHER FINANCING SOURCES				
Proceeds from Long Term Debt	-	-	25,968	25,968
TOTAL OTHER FINANCING SOURCES	-	-	25,968	25,968
NET CHANGE IN FUND BALANCE	\$ (375,000)	\$ (375,000)	\$ (25,001)	\$ 349,999

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, 2020

	<u>2019</u>	<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)	0.9776%	0.9725%	0.9213%	0.9655%	0.9631%	0.9864%	0.9995%
City's proportionate share of the net pension liability (asset)	<u>\$ 1,696,098</u>	<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>\$ 2,650,053</u>	<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	64.00%	57.07%	49.97%	58.02%	35.32%	4.58%	18.97%
Plan fiduciary net position as a percentage of the total pension liability	80.35%	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, 2020

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually Required Contributions (Actuarially Determined)	\$ 119,978	\$ 127,244	\$ 134,620	\$ 146,742	\$ 150,450	\$ 170,342	\$ 187,835
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>	<u>187,835</u>
Contribution Excess/(Deficiency)	<u>\$ -</u>	<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>	<u>\$ 2,650,053</u>
Contributions as a Percentage of Covered Employee Payroll	6.26%	6.47%	6.40%	6.85%	6.74%	7.11%	7.09%

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, 2020

ASSETS

	Special Revenue		
	Recreation Fund	Mooring Management Fund	Total Non-Major Governmental Funds
ASSETS			
Cash	\$ 32,381	\$ -	\$ 32,381
Due from other funds	123,098	5,526	128,624
TOTAL ASSETS	\$ 155,479	\$ 5,526	\$ 161,005

LIABILITIES AND FUND BALANCES

FUND BALANCES			
Restricted	\$ 124,047	\$ -	\$ 124,047
Committed	31,432	5,526	36,958
TOTAL FUND BALANCE	155,479	5,526	161,005
TOTAL LIABILITIES AND FUND BALANCES	\$ 155,479	\$ 5,526	\$ 161,005

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, 2020

	<u>Special Revenue</u>		
	<u>Recreation Fund</u>	<u>Mooring Management Fund</u>	<u>Total Non-Major Governmental Funds</u>
REVENUES			
Recreation and Culture	\$ 126,695	\$ 6,020	\$ 132,715
Investment Income	<u>157</u>	<u>-</u>	<u>157</u>
TOTAL REVENUES	<u>126,852</u>	<u>6,020</u>	<u>132,872</u>
EXPENDITURES			
Culture and Recreation	<u>15,300</u>	<u>3,766</u>	<u>19,066</u>
CHANGE IN FUND BALANCE	111,552	2,254	113,806
FUND BALANCE AT BEGINNING OF YEAR	<u>43,927</u>	<u>3,272</u>	<u>47,199</u>
FUND BALANCE AT END OF YEAR	<u>\$ 155,479</u>	<u>\$ 5,526</u>	<u>\$ 161,005</u>

City of Newport, Vermont
 OTHER SUPPLEMENTARY INFORMATION
 COMBINING STATEMENT OF NET POSITION -
 EXPENDABLE TRUST FUNDS
 June 30, 2020

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	\$ 20,631	\$ 4,976	\$ -	\$ 25,607
Savings and money markets	<u>-</u>	<u>30,085</u>	<u>31,717</u>	<u>61,802</u>
TOTAL CASH	<u>20,631</u>	<u>35,061</u>	<u>31,717</u>	<u>87,409</u>
DUE FROM OTHER FUNDS	<u>5,917</u>	<u>-</u>	<u>18</u>	<u>5,935</u>
INVESTMENTS				
Trust Account	<u>-</u>	<u>187,614</u>	<u>-</u>	<u>187,614</u>
TOTAL ASSETS	<u>\$ 26,548</u>	<u>\$ 222,675</u>	<u>\$ 31,735</u>	<u>\$ 280,958</u>

LIABILITIES AND NET POSITION

LIABILITIES				
Due to other Funds	<u>\$ -</u>	<u>\$ 23,005</u>	<u>\$ -</u>	<u>\$ 23,005</u>
NET POSITION	<u>26,548</u>	<u>199,670</u>	<u>31,735</u>	<u>257,953</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 26,548</u>	<u>\$ 222,675</u>	<u>\$ 31,735</u>	<u>\$ 280,958</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, 2020

	Police Public Safety Fund	East Main Street Cemetery Fund	Community Development Block Grant Fund	Total
ADDITIONS				
Interest Income	\$ 18	\$ 431	\$ 29	\$ 478
Dividend Income	-	5,573	-	5,573
Other Income	-	1	-	1
Net gain from investments	<u>-</u>	<u>13,310</u>	<u>-</u>	<u>13,310</u>
TOTAL ADDITIONS	<u>18</u>	<u>19,315</u>	<u>29</u>	<u>19,362</u>
DEDUCTIONS				
Administrative Fees	-	1,790	-	1,790
Contracted Services	-	4,333	-	4,333
Other	<u>-</u>	<u>2,257</u>	<u>-</u>	<u>2,257</u>
TOTAL DEDUCTIONS	<u>-</u>	<u>8,380</u>	<u>-</u>	<u>8,380</u>
CHANGE IN NET POSITION	18	10,935	29	10,982
NET POSITION AT BEGINNING OF YEAR	<u>26,530</u>	<u>188,735</u>	<u>31,706</u>	<u>246,971</u>
NET POSITION AT END OF YEAR	<u>\$ 26,548</u>	<u>\$ 199,670</u>	<u>\$ 31,735</u>	<u>\$ 257,953</u>

City of Newport, Vermont
 OTHER SUPPLEMENTARY INFORMATION
 COMBINING STATEMENT OF NET POSITION -
 NON-EXPENDABLE TRUST FUNDS
 June 30, 2020

ASSETS

	<u>Perley J. Niles Fund</u>
CASH	
Checking Account	\$ 42,729
TOTAL CASH	<u>42,729</u>
INVESTMENTS	<u>131,771</u>
TOTAL ASSETS	<u>\$ 174,500</u>

LIABILITIES AND NET POSITION

LIABILITIES	
Due to Other Funds	\$ 994
NET POSITION	
Reserved for trust funds	62,000
Unreserved	<u>111,506</u>
TOTAL NET POSITION	<u>173,506</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 174,500</u>

City of Newport, Vermont
 OTHER SUPPLEMENTARY INFORMATION
 STATEMENT OF CHANGES IN NET POSITION -
 NON-EXPENDABLE TRUST FUNDS
 For the Year Ended June 30, 2020

	<u>Perley J. Niles Fund</u>
ADDITIONS	
Dividend Income	\$ 3,910
Interest Income	446
Net gain on investments	<u>9,337</u>
TOTAL ADDITIONS	<u>13,693</u>
DEDUCTIONS	
Administrative Fees	1,260
Legal	85
Beneficiaries	<u>972</u>
TOTAL DEDUCTIONS	<u>2,317</u>
CHANGE IN NET POSITION	11,376
NET POSITION AT BEGINNING OF YEAR	<u>162,130</u>
NET POSITION AT END OF YEAR	<u><u>\$ 173,506</u></u>