

City of Newport, Vermont  
BASIC FINANCIAL STATEMENTS  
June 30, 2021

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**Kittell Branagan & Sargent**

*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, 2021, 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, 2021, 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 46 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.

A handwritten signature in cursive script that reads "Kaitell Brannagan" followed by a small symbol and the word "Sargent".

St. Albans, Vermont  
October 26, 2021

City of Newport, Vermont  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2021

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, 2021.

### **Financial Highlights**

- The assets of the City of Newport exceeded its liabilities at the close of the most recent fiscal year by \$10,684,056 (net position). Of this amount, \$1,043,956 (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 \$3,726,582, which means that if we were to liquidate the water/sewer funds we would have a cash surplus of \$3,726,582. Net position attributable to business-type activities decreased by \$479,067 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 \$2,072,162. Of this total amount, \$247,005 is available for spending at the government's discretion (unassigned fund balance). Management has committed \$1,129,681 of the fund balance for particular purposes as identified in Note 10 and the remaining \$695,476 has been restricted for purposes also identified in Note 10.

### **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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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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 48 and 49.

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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**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. All of the fiduciary funds accounted for within the city are Private-Purpose Trust Funds. The financial statements for these funds are located on pages 10 and 11 with combining statements 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 \$10,684,056 at the close of the most recent fiscal year.

By far the largest portion of the City of Newport's total net position (84%) reflects its investment in capital assets (e.g. land, buildings, equipment and infrastructure) less any related debt used to acquire those assets that are still outstanding. The City of Newport uses these capital assets to provide services to its citizens: consequently, these assets are not available for future spending. Although the City of Newport's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

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



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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**City of Newport, Vermont's Net Position**  
June 30, 2021

	Governmental Activities		Business-Type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 2,640,451	\$ 2,894,430	\$ 1,191,746	\$ 1,496,483	\$ 3,832,197	\$ 4,390,913
Capital assets	6,530,279	6,607,051	6,938,738	7,611,038	13,469,017	14,218,089
Deferred outflows	<u>931,565</u>	<u>550,125</u>	<u>177,532</u>	<u>82,142</u>	<u>1,109,097</u>	<u>632,267</u>
 Total Assets and Deferred Outflows	 <u>\$ 10,102,295</u>	 <u>\$ 10,051,606</u>	 <u>\$ 8,308,016</u>	 <u>\$ 9,189,663</u>	 <u>\$ 18,410,311</u>	 <u>\$ 19,241,269</u>
 Other liabilities	 \$ 569,491	 \$ 1,085,035	 \$ 22,854	 \$ 27,325	 \$ 592,345	 \$ 1,112,360
Net pension liabilities	2,204,509	1,466,777	391,680	229,321	2,596,189	1,696,098
Notes and bonds payable	226,970	384,170	4,164,767	4,724,000	4,391,737	5,108,170
Capital lease payable	132,656	-	-	-	132,656	-
Deferred inflows	<u>11,195</u>	<u>22,560</u>	<u>2,133</u>	<u>3,368</u>	<u>13,328</u>	<u>25,928</u>
 Total Liabilities and Deferred Inflows	 <u>\$ 3,144,821</u>	 <u>\$ 2,958,542</u>	 <u>\$ 4,581,434</u>	 <u>\$ 4,984,014</u>	 <u>\$ 7,726,255</u>	 <u>\$ 7,942,556</u>
 Net Investment in capital assets	 \$ 6,170,653	 \$ 6,222,881	 \$ 2,773,971	 \$ 2,887,038	 \$ 8,944,624	 \$ 9,109,919
Restricted	729,816	615,635	-	-	729,816	615,635
Unrestricted	<u>57,005</u>	<u>254,548</u>	<u>952,611</u>	<u>1,318,611</u>	<u>1,009,616</u>	<u>1,573,159</u>
 Total Net Position	 <u>\$ 6,957,474</u>	 <u>\$ 7,093,064</u>	 <u>\$ 3,726,582</u>	 <u>\$ 4,205,649</u>	 <u>\$ 10,684,056</u>	 <u>\$ 11,298,713</u>

**Governmental activities** – Governmental activities decreased the City of Newport's net position by \$135,590 during the current fiscal year. Investment in capital assets, net of related debt, decreased as a result of borrowings during the year exceeded principal payments on long-term bonds, notes and leases by \$24,543, while depreciation expense was more than current year net additions to capital assets by \$76,776.

City of Newport, Vermont  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**City of Newport, Vermont's Changes in Net Position**  
June 30, 2021

	Governmental Activities		Business-Type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues						
Program Revenues:						
Charges for services	\$ 823,037	\$ 867,255	\$2,140,437	\$2,326,662	\$ 2,963,474	\$ 3,193,917
Operating grants	482,316	599,668	-	-	482,316	599,668
Capital grants	36,107	53,292	-	-	36,107	53,292
General Revenues:						
Property taxes	9,449,648	9,085,510	-	-	9,449,648	9,085,510
Investment earnings	36,613	35,487	17,163	16,238	53,776	51,725
Other revenues	<u>77,603</u>	<u>120,446</u>	<u>209</u>	<u>5,300</u>	<u>77,812</u>	<u>125,746</u>
 Total Revenues	<u>10,905,324</u>	<u>10,761,658</u>	<u>2,157,809</u>	<u>2,348,200</u>	<u>13,063,133</u>	<u>13,109,858</u>
 Expenses						
Governmental activities:						
General	1,020,192	930,038	-	-	1,020,192	930,038
Public Safety	2,222,423	2,315,074	-	-	2,222,423	2,315,074
Public Works	1,840,970	1,899,662	-	-	1,840,970	1,899,662
Library	110,000	101,000	-	-	110,000	101,000
Interest on long-term debt	72,599	68,328	-	-	72,599	68,328
Education, recreation, health and welfare	5,774,730	5,668,871	-	-	5,774,730	5,668,871
Business-type activities:						
Water	-	-	898,964	890,809	898,964	890,809
Sewer	-	-	<u>1,737,912</u>	<u>1,756,413</u>	<u>1,737,912</u>	<u>1,756,413</u>
 Total Expenses	<u>11,040,914</u>	<u>10,982,973</u>	<u>2,636,876</u>	<u>2,647,222</u>	<u>13,677,790</u>	<u>13,630,195</u>
 Change in net position	(135,590)	(221,315)	(479,067)	(299,022)	(614,657)	(520,337)
 Net position, beginning	<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>
 Net position, ending	<u>\$6,957,474</u>	<u>\$7,093,064</u>	<u>\$3,726,582</u>	<u>\$4,205,649</u>	<u>\$10,684,056</u>	<u>\$11,298,713</u>

**Business-type activities** – Business-type activities decreased the City of Newport's net position by \$479,067 during the current fiscal year. The water fund had a net loss of \$61,899 while the sewer fund had a net loss of \$417,168. Key elements of this change are as follows:

- Water charges and rents increased revenue by \$15,355 from the previous year while operating expenses decreased by \$42,870. We had an increase in net income (loss) of \$6,728 from the prior year in the Water Fund. Total water distribution expenses totaled \$89,122, a decrease of \$2,963 from the previous year.

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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- Sewer charges and rents decreased in revenue by \$179,281 and discharge fees decreased by \$26,889 from the previous year, while operating expenses increased by \$18,276. Interest expense decreased by \$36,777 from the prior year. The Sewer Fund has a receivable from the General Fund of \$16,394, which is a decrease of \$270,303 from the prior year's receivable of \$286,697.
- Depreciation expense for the sewer fund is \$592,244 as compared to last year's \$581,886; and \$255,418 from last year's \$253,173 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 \$2,072,162 an increase of \$364,490 in comparison to the prior year. Approximately 90% of the total fund balance (\$1,865,283) constitutes general fund equity, which is available for spending at the government's discretion. The City of Newport has available \$247,005 of this fund balance for various purposes, including capital reserve funds and expenditures in subsequent periods. The City of Newport has committed \$1,095,341 for specific budget items and \$729,816 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 (\$247,005) represents approximately 2.3% of general fund expenditures (\$10,828,854), while total fund balance (\$1,865,283) represents approximately 17% of that same amount.

During the year ending June 30, 2021 the Fund Balance of the City of Newport's general fund increased by \$318,631 (from \$1,546,652 to \$1,865,283). Key factors in this change are as follows:

- We budgeted for a net change in fund balance in the amount of \$100,000.
- Recreation programs over spent by \$7,393 and brought in \$68,537 less than anticipated.
- Covid continued to provide unprecedented challenges for park users and programming, due in part to the delay in the supply chain as well as ensuring safety while social distancing. As a result, we were not able to conduct the normal programming we have become accustomed to. Our summer camp was shortened by 4 weeks. Our waterfront revenues were significantly reduced by approximately 60% from previous years due to the closed border.

Special revenue funds consist primarily of the Recreation Fund (\$38,221) and the Mooring Management Fund (\$10,254). \$158,387 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  
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## 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 \$76,772 to a total of \$6,530,279. 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, 2021 our capital investment, net of depreciation decreased by \$672,300 to \$6,938,738 (sewer \$4,157,419, water \$2,781,319).

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

- The City completed the installation of an electric car charging station at the corner of Main St. and Coventry St. The project was grant funded in the amount of \$18,839, and the City contributed \$2,093.
- The Police Department was awarded an HSI Grant that purchased various small tools and supplies in the amount of \$11,000 that did not require a cash match.
- The Police Department financed a cruiser in the amount of \$35,194.
- Public Works purchased a Case Loader Backhoe in the amount of \$94,315 through the water and sewer budget
- Public works purchased a Ford F550 spread evenly over the capital, water and sewer budgets in the amount of \$57,958.
- Public Works purchased a 2021 Freightliner from the capital budget in the amount of \$81,622.
- The Fire Department resurfaced their floor for \$52,000.
- Local resident Polly Dagasse donated a golf cart to the Recreation Department for use at Prouty Beach with a value of \$3,000 and we thank her from the bottom of our hearts.

Summarized listings of capital assets can be found in Note 4 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 \$4,524,393. Of this amount, \$3,783,669 represents low to no-interest loans issued by the State of Vermont, \$497,464 represents loans with local banks, \$132,656 represents equipment capital lease obligations and the remaining \$110,604 represents bonded debt backed by the full faith and credit of the City of Newport.

The City of Newport's total debt decreased by \$583,777 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 8 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, 2021

ASSETS AND DEFERRED OUTFLOWS

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>CURRENT ASSETS</b>			
Cash	\$ 2,036,900	\$ 685,671	\$ 2,722,571
Taxes receivable	375,262	-	375,262
Accounts receivable	-	135,457	135,457
Other receivables	199,480	-	199,480
Unbilled revenues	-	344,472	344,472
Due from other funds	-	26,146	26,146
Prepaid expenses	28,809	-	28,809
<b>TOTAL CURRENT ASSETS</b>	<u>2,640,451</u>	<u>1,191,746</u>	<u>3,832,197</u>
 CAPITAL ASSETS, net of depreciation	 <u>6,530,279</u>	 <u>6,938,738</u>	 <u>13,469,017</u>
 DEFERRED OUTFLOWS	 <u>931,565</u>	 <u>177,532</u>	 <u>1,109,097</u>
 <b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	 <u><b>\$ 10,102,295</b></u>	 <u><b>\$ 8,308,016</b></u>	 <u><b>\$ 18,410,311</b></u>

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

<b>CURRENT LIABILITIES</b>			
Current portion notes and bonds payable	\$ 118,593	\$ 553,543	\$ 672,136
Current portion capital lease payable	20,409	-	20,409
Accounts payable	211,168	-	211,168
Accrued wages	38,931	3,573	42,504
Accrued liabilities	437	6,478	6,915
Accrued vacation/sick/comp time	114,791	12,803	127,594
Due to other funds	46,132	-	46,132
Unearned revenue	86,055	-	86,055
<b>TOTAL CURRENT LIABILITIES</b>	<u>636,516</u>	<u>576,397</u>	<u>1,212,913</u>
 <b>LONG-TERM LIABILITIES</b>			
Net pension liabilities	2,204,509	391,680	2,596,189
Accrued vacation/sick/comp time	71,977	-	71,977
Notes and bonds payable	108,377	3,611,224	3,719,601
Capital lease payable	112,247	-	112,247
<b>TOTAL LONG-TERM LIABILITIES</b>	<u>2,497,110</u>	<u>4,002,904</u>	<u>6,500,014</u>
 <b>TOTAL LIABILITIES</b>	 <u>3,133,626</u>	 <u>4,579,301</u>	 <u>7,712,927</u>
 DEFERRED INFLOWS	 <u>11,195</u>	 <u>2,133</u>	 <u>13,328</u>
 <b>NET POSITION</b>			
Net investment in capital assets	6,170,653	2,773,971	8,944,624
Restricted	729,816	-	729,816
Unrestricted	57,005	952,611	1,009,616
<b>TOTAL NET POSITION</b>	<u>6,957,474</u>	<u>3,726,582</u>	<u>10,684,056</u>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	 <u><b>\$ 10,102,295</b></u>	 <u><b>\$ 8,308,016</b></u>	 <u><b>\$ 18,410,311</b></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, 2021

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	\$ 1,020,192	\$ 223,674	\$ 88,632	\$ -	\$ (707,886)	\$ -	\$ (707,886)
Public safety	2,222,423	175,807	205,269	36,107	(1,805,240)	-	(1,805,240)
Public works	1,840,970	22,974	183,564	-	(1,634,432)	-	(1,634,432)
Recreation, health, education and welfare	5,774,730	400,582	4,851	-	(5,369,297)	-	(5,369,297)
Library	110,000	-	-	-	(110,000)	-	(110,000)
Interest on long-term debt	72,599	-	-	-	(72,599)	-	(72,599)
Total governmental activities	<u>11,040,914</u>	<u>823,037</u>	<u>482,316</u>	<u>36,107</u>	<u>(9,699,454)</u>	<u>-</u>	<u>(9,699,454)</u>
Business-type activities:							
Water	898,964	829,608	-	-	-	(69,356)	(69,356)
Sewer	1,737,912	1,310,829	-	-	-	(427,083)	(427,083)
Total business-type activities	<u>\$ 2,636,876</u>	<u>\$ 2,140,437</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>(496,439)</u>	<u>(496,439)</u>
General Revenues:							
Property taxes, levied for general purposes					9,449,648	-	9,449,648
Unrestricted investment earnings					36,613	17,163	53,776
Donations					25	-	25
Gain on Sale of Assets					16,830	-	16,830
Interest Delinquent					18,035	-	18,035
Penalty Delinquent					42,479	-	42,479
Miscellaneous					234	209	443
Total general revenues and transfers					<u>9,563,864</u>	<u>17,372</u>	<u>9,581,236</u>
Change in Net Position					(135,590)	(479,067)	(614,657)
Net Position, beginning					<u>7,093,064</u>	<u>4,205,649</u>	<u>11,298,713</u>
Net Position, ending					<u>\$ 6,957,474</u>	<u>\$ 3,726,582</u>	<u>\$ 10,684,056</u>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont  
 FUND FINANCIAL STATEMENTS  
 BALANCE SHEET - GOVERNMENTAL FUNDS  
 June 30, 2021

ASSETS

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 1,843,988	\$ -	\$ 192,912	\$ 2,036,900
Delinquent tax receivables net of reserves of \$223,568	151,694	-	-	151,694
Other receivables	199,480	-	-	199,480
Due from other funds	-	17	13,950	13,967
Prepaid expenses	<u>28,809</u>	<u>-</u>	<u>-</u>	<u>28,809</u>
 TOTAL ASSETS	 <u>\$ 2,223,971</u>	 <u>\$ 17</u>	 <u>\$ 206,862</u>	 <u>\$ 2,430,850</u>

LIABILITIES AND FUND BALANCE

LIABILITIES				
Due to other funds	\$ 22,097	\$ -	\$ -	\$ 22,097
Accounts payable	211,168	-	-	211,168
Accrued wages	39,368	-	-	39,368
Unearned revenue	<u>86,055</u>	<u>-</u>	<u>-</u>	<u>86,055</u>
 TOTAL LIABILITIES	 <u>358,688</u>	 <u>-</u>	 <u>-</u>	 <u>358,688</u>
 FUND BALANCE				
Restricted	571,429	-	158,387	729,816
Committed	1,046,849	17	48,475	1,095,341
Unassigned	<u>247,005</u>	<u>-</u>	<u>-</u>	<u>247,005</u>
 TOTAL FUND BALANCE	 <u>1,865,283</u>	 <u>17</u>	 <u>206,862</u>	 <u>2,072,162</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 2,223,971</u>	 <u>\$ 17</u>	 <u>\$ 206,862</u>	 <u>\$ 2,430,850</u>

See Accompanying Notes to Basic Financial Statements

City of Newport, Vermont  
 FUND FINANCIAL STATEMENTS  
 BALANCE SHEET - GOVERNMENTAL FUNDS  
 June 30, 2021

**Total fund balances - governmental funds** \$ 2,072,162

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	6,530,279
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	223,568
--------------------------------------	---------

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	(186,768)
Net pension liability	(2,204,509)
Notes and bonds payable	(226,970)
Capital lease payable	(132,656)

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.	931,565
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Deferred inflows of resources represent the acquisition of net position applicable to a future reporting period and therefore are not reported as liabilities in the funds.	<u>(11,195)</u>
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\$ 6,957,474

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, 2021

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Taxes and Special Assessments	\$ 9,538,368	\$ -	\$ -	\$ 9,538,368
General Government	459,751	-	-	459,751
Public Safety	417,183	-	-	417,183
Public Works	209,851	-	-	209,851
Recreation and Culture	322,993	-	57,096	380,089
Investment Income	8,418	-	5	8,423
<b>TOTAL REVENUES</b>	<u>10,956,564</u>	<u>-</u>	<u>57,101</u>	<u>11,013,665</u>
<b>EXPENDITURES</b>				
General	660,353	-	-	660,353
Public Safety	2,090,558	-	-	2,090,558
Public Works	1,462,614	-	-	1,462,614
Culture and Recreation	614,403	-	11,242	625,645
Other Expenses & Appropriations	588,269	-	-	588,269
Capital Outlay	560,092	-	-	560,092
Debt Service and Sinking Funds	234,179	-	-	234,179
School Appropriations	4,618,386	-	-	4,618,386
<b>TOTAL EXPENDITURES</b>	<u>10,828,854</u>	<u>-</u>	<u>11,242</u>	<u>10,840,096</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	127,710	-	45,859	173,569
<b>OTHER FINANCING SOURCES:</b>				
Proceeds From long term debt	190,921	-	-	190,921
<b>NET CHANGE IN FUND BALANCE</b>	318,631	-	45,859	364,490
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>1,546,652</u>	<u>17</u>	<u>161,003</u>	<u>1,707,672</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 1,865,283</u>	<u>\$ 17</u>	<u>\$ 206,862</u>	<u>\$ 2,072,162</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, 2021

**Net change in fund balances - governmental funds** \$ 364,490

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 (686,303)

Capital assets purchased 609,527

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. (35,194)

The proceeds from the issuance of a capital lease is a revenue  
 source in the governmental funds, while the issuance  
 increases capital lease in the Statement of Net Position. (155,727)

Repayment of bond principal is an expenditure in the governmental  
 funds, but the repayment reduces long-term liabilities in the  
 Statement of Net Position. 192,393

Repayment of capital lease principal is an expenditure in the governmental  
 funds, but the repayment reduces long-term liabilities in the  
 Statement of Net Position. 23,071

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

Decrease in allowance for delinquent tax reserve (105,169)

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 (344,927)

Vacation/sick/comp-time earned 2,249

**Change in net position of governmental activities** **\$ (135,590)**

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
 June 30, 2021

ASSETS AND DEFERRED OUTFLOWS

	Business Type Activities - Enterprise Funds		
	Sewer Fund	Water Fund	Total
<b>CURRENT ASSETS</b>			
Cash	\$ 117,405	\$ 568,266	\$ 685,671
Due from other funds	16,394	9,752	26,146
Fees receivable	76,218	59,239	135,457
Unbilled revenues	196,473	147,999	344,472
<b>TOTAL CURRENT ASSETS</b>	<b>406,490</b>	<b>785,256</b>	<b>1,191,746</b>
<b>CAPITAL ASSETS</b>			
Land	4,462	24,800	29,262
Wells	-	629,354	629,354
Buildings	341,645	-	341,645
Improvements other than buildings	13,720,102	5,120,420	18,840,522
Machinery and equipment	1,246,536	532,713	1,779,249
Interlocal waterline project	-	773,757	773,757
Storm water separation	1,019,610	-	1,019,610
Construction in progress	13,420	74,761	88,181
	16,345,775	7,155,805	23,501,580
Less: accumulated depreciation	(12,188,356)	(4,374,486)	(16,562,842)
<b>CAPITAL ASSETS, net</b>	<b>4,157,419</b>	<b>2,781,319</b>	<b>6,938,738</b>
<b>DEFERRED OUTFLOWS</b>	<b>118,518</b>	<b>59,014</b>	<b>177,532</b>
<b>TOTAL ASSETS</b>	<b>\$ 4,682,427</b>	<b>\$ 3,625,589</b>	<b>\$ 8,308,016</b>

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

<b>CURRENT LIABILITIES</b>			
Accrued wages	\$ 2,227	\$ 1,346	\$ 3,573
Current portion of bonds and notes payable	373,917	179,626	553,543
Accrued vacation/sick/comp.	10,664	2,139	12,803
Accrued interest	2,669	3,809	6,478
<b>TOTAL CURRENT LIABILITIES</b>	<b>389,477</b>	<b>186,920</b>	<b>576,397</b>
<b>LONG-TERM LIABILITIES</b>			
Net pension liabilities	261,984	129,696	391,680
Notes and bonds payable	2,060,528	1,550,696	3,611,224
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>2,322,512</b>	<b>1,680,392</b>	<b>4,002,904</b>
<b>TOTAL LIABILITIES</b>	<b>2,711,989</b>	<b>1,867,312</b>	<b>4,579,301</b>
<b>DEFERRED INFLOWS</b>	<b>1,424</b>	<b>709</b>	<b>2,133</b>
<b>NET POSITION</b>			
Net investment in capital assets	1,722,974	1,050,997	2,773,971
Unrestricted	246,040	706,571	952,611
<b>TOTAL NET POSITION</b>	<b>1,969,014</b>	<b>1,757,568</b>	<b>3,726,582</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<b>\$ 4,682,427</b>	<b>\$ 3,625,589</b>	<b>\$ 8,308,016</b>

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, 2021

	<u>Business Type Activities - Enterprise Funds</u>		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges and rent	\$ 1,088,499	\$ 828,953	\$ 1,917,452
Derby share	40,232	-	40,232
Discharge fees	182,098	-	182,098
Gain on Sale of Asset	-	655	655
Other income	209	-	209
	<u>1,311,038</u>	<u>829,608</u>	<u>2,140,646</u>
TOTAL OPERATING REVENUES			
OPERATING EXPENSES			
Sewer system	181,988	-	181,988
Sewer plant	676,860	-	676,860
Water treatment and pumping	-	250,830	250,830
Water transmitting and distribution	-	89,122	89,122
Administration	124,285	72,819	197,104
Depreciation	592,244	255,418	847,662
Personnel and other expenses	105,806	72,568	178,374
Maintenance expenses	42,420	98,464	140,884
	<u>1,723,603</u>	<u>839,221</u>	<u>2,562,824</u>
TOTAL OPERATING EXPENSES			
(LOSS) FROM OPERATIONS	<u>(412,565)</u>	<u>(9,613)</u>	<u>(422,178)</u>
NON-OPERATING INCOME/(EXPENSES)			
Interest income	9,706	7,457	17,163
Interest expense	<u>(14,309)</u>	<u>(59,743)</u>	<u>(74,052)</u>
	<u>(4,603)</u>	<u>(52,286)</u>	<u>(56,889)</u>
TOTAL NON-OPERATING (EXPENSES)			
CHANGE IN NET POSITION	(417,168)	(61,899)	(479,067)
NET POSITION AT BEGINNING OF YEAR	<u>2,386,182</u>	<u>1,819,467</u>	<u>4,205,649</u>
NET POSITION AT END OF YEAR	<u>\$ 1,969,014</u>	<u>\$ 1,757,568</u>	<u>\$ 3,726,582</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, 2021

	Business-Type Activities		
	Sewer Fund	Water Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 1,314,415	\$ 829,982	\$ 2,144,397
Payments to suppliers	(1,025,553)	(511,235)	(1,536,788)
Payments for employees and benefits	(66,225)	(50,886)	(117,111)
Other receipts (payments)	209	655	864
	<u>222,846</u>	<u>268,516</u>	<u>491,362</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to other funds	270,303	90,261	360,564
	<u>270,303</u>	<u>90,261</u>	<u>360,564</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of property, plant and equipment	(120,799)	(150,777)	(271,576)
Proceeds from sale of asset	-	96,212	96,212
Principal payments on debt	(367,662)	(191,571)	(559,233)
Interest payments on debt	(14,309)	(59,743)	(74,052)
	<u>(502,770)</u>	<u>(305,879)</u>	<u>(808,649)</u>
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>			
Receipt of interest and dividends	9,706	7,459	17,165
	<u>9,706</u>	<u>7,459</u>	<u>17,165</u>
<b>NET INCREASE IN CASH</b>	85	60,357	60,442
<b>CASH - BEGINNING OF YEAR</b>	<u>117,320</u>	<u>507,909</u>	<u>625,229</u>
<b>CASH - END OF YEAR</b>	<u>\$ 117,405</u>	<u>\$ 568,266</u>	<u>\$ 685,671</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating (loss)	\$ (412,565)	\$ (9,613)	\$ (422,178)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	592,244	255,418	847,662
Change in net assets and liabilities:			
Receivables, net	9,341	4,665	14,006
Unbilled revenues	(5,755)	(3,636)	(9,391)
Accrued wages	1,431	(340)	1,091
Deferred outflows	(61,572)	(33,818)	(95,390)
Net pension liability	106,367	55,992	162,359
Deferred inflows	(911)	(324)	(1,235)
Accrued vacation	(5,734)	172	(5,562)
	<u>\$ 222,846</u>	<u>\$ 268,516</u>	<u>\$ 491,362</u>
<b>Net cash provided by operating activities</b>			

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
 June 30, 2021

ASSETS

	<u>Private Purpose Trust Funds</u>
CASH	
Checking	\$ 69,955
Savings and money markets	<u>65,045</u>
TOTAL CASH	<u>135,000</u>
INVESTMENTS	
Trust account	<u>343,369</u>
TOTAL ASSETS	<u><u>\$ 478,369</u></u>

LIABILITIES AND NET POSITION

LIABILITIES	
Due to other funds	<u>\$ 18,016</u>
NET POSITION	
Reserved for trust funds	62,000
Unreserved	<u>398,353</u>
TOTAL NET POSITION	<u>460,353</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 478,369</u></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, 2021

	<u>Private Purpose Trust Funds</u>
ADDITIONS	
Contributions	\$ 150
Investment Earnings	
Interest income	146
Dividend income	7,852
Net gain on investments	<u>35,722</u>
Net Investment Earnings	<u>43,720</u>
TOTAL ADDITIONS	<u>43,870</u>
DEDUCTIONS	
Administrative fees	3,375
Contracted services	6,000
Police expenditures	5,082
Beneficiaries	400
Other	<u>117</u>
TOTAL DEDUCTIONS	<u>14,974</u>
CHANGE IN NET POSITION	28,896
NET POSITION AT BEGINNING OF YEAR	<u>431,457</u>
NET POSITION AT END OF YEAR	<u><u>\$ 460,353</u></u>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2021

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, 2021

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 1<sup>st</sup>. This budget includes proposed expenditures and the means of financing them. Included also is a final budget for the current year ending June 30<sup>th</sup>.
- \* 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, 2021

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, 2021

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, 2021

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, 2021 consisted of the following:

	<u>Bank Balance</u>	<u>Book Balance</u>
Insured - FDIC	\$ 836,880	\$ 994,347
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.	2,461,521	1,862,438
Petty Cash	-	786
TOTAL	<u>\$3,298,401</u>	<u>\$2,857,571</u>

City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2021

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, 2021 consist of the following:

	General Fund	Proprietary Funds	Total
Delinquent Taxes, net of \$223,568 reserves	\$ 101,862	\$ -	\$ 101,862
Penalty and Interest	49,832	-	49,832
Other Receivable	199,480	-	199,480
Water Rents - Billed	-	59,239	59,239
Sewer Rents - Billed	-	75,612	75,612
Sewer Derby Share	-	45	45
Sewer Contracted Works	-	561	561
TOTAL NET RECEIVABLES	\$ 351,174	\$ 135,457	\$ 486,631

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 417,405	\$ -	\$ (3,170)	\$ 414,235
Construction in progress	168,143	52,534	-	220,677
Total capital assets, not being depreciated	585,548	52,534	(3,170)	634,912
Capital assets, being depreciated				
Land improvements	476,934	18,980	-	495,914
Buildings and improvements	3,855,943	96,111	-	3,952,054
Equipment	2,610,458	281,297	-	2,891,755
Vehicles	3,784,032	163,775	-	3,947,807
Infrastructure	4,309,769	-	-	4,309,769
Total capital assets, being depreciated	15,037,136	560,163	-	15,597,299

City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2021

NOTE 4 CAPITAL ASSETS (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental activities: (cont'd)</u>				
Accumulated depreciation for				
Land improvements	(343,957)	(9,292)	-	(353,249)
Buildings and improvements	(1,641,832)	(104,765)	-	(1,746,597)
Equipment	(1,867,556)	(225,292)	-	(2,092,848)
Vehicles	(2,886,452)	(185,382)	-	(3,071,834)
Infrastructure	(2,275,832)	(161,572)	-	(2,437,404)
Total accumulated depreciation	<u>(9,015,629)</u>	<u>(686,303)</u>	<u>-</u>	<u>(9,701,932)</u>
Total capital assets, being depreciated, net	<u>6,021,507</u>	<u>(126,140)</u>	<u>-</u>	<u>5,895,367</u>
Governmental activities, capital assets, net	<u>\$ 6,607,055</u>	<u>\$ (73,606)</u>	<u>\$ (3,170)</u>	<u>\$ 6,530,279</u>

Depreciation is allocated in the General Fund as follows:

Public Works	\$ 286,538
Public Safety	318,009
Recreation	79,483
General Government	<u>2,273</u>
TOTAL	<u>\$ 686,303</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-type activities:</u>				
Water utility:				
Capital assets, not being depreciated				
Land	\$ 121,013	\$ -	\$ (96,213)	\$ 24,800
Construction in progress	<u>46,637</u>	<u>28,124</u>	<u>-</u>	<u>74,761</u>
Total capital assets, not being depreciated	<u>167,650</u>	<u>28,124</u>	<u>(96,213)</u>	<u>99,561</u>
Equipment and vehicles	457,560	75,153	-	532,713
Water system and improvements	5,072,920	47,500	-	5,120,420
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>6,933,591</u>	<u>122,653</u>	<u>-</u>	<u>7,056,244</u>

City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2021

NOTE 4 CAPITAL ASSETS (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-type activities (cont'd):</u>				
Accumulated depreciation for				
Equipment and vehicles	(281,280)	(36,599)	-	(317,879)
Water system and improvements	(3,009,406)	(175,960)	-	(3,185,366)
Water lines	(431,996)	(19,341)	-	(451,337)
Wells	<u>(396,386)</u>	<u>(23,518)</u>	<u>-</u>	<u>(419,904)</u>
 Total accumulated depreciation	 <u>(4,119,068)</u>	 <u>(255,418)</u>	 <u>-</u>	 <u>(4,374,486)</u>
 Total capital assets, being depreciated, net	 <u>2,814,523</u>	 <u>(132,765)</u>	 <u>-</u>	 <u>2,681,758</u>
 Water utility, capital assets, net	 <u>2,982,173</u>	 <u>(104,641)</u>	 <u>(96,213)</u>	 <u>2,781,319</u>
 Sewer utility:				
Capital assets, not being depreciated				
Land	4,462	-	-	4,462
Construction in progress	<u>-</u>	<u>13,420</u>	<u>-</u>	<u>13,420</u>
 Total capital assets, not being depreciated	 <u>4,462</u>	 <u>13,420</u>	 <u>-</u>	 <u>17,882</u>
 Capital assets, being depreciated				
Buildings	341,645	-	-	341,645
Equipment and vehicles	1,156,976	89,560	-	1,246,536
Sewer system and improvements	13,702,283	17,819	-	13,720,102
Storm water separation	<u>1,019,610</u>	<u>-</u>	<u>-</u>	<u>1,019,610</u>
 Total capital assets, being depreciated	 <u>16,220,514</u>	 <u>107,379</u>	 <u>-</u>	 <u>16,327,893</u>
 Accumulated depreciation for				
Buildings	(249,705)	(8,610)	-	(258,315)
Equipment and vehicles	(927,445)	(71,384)	-	(998,829)
Sewer system and improvements	(9,768,980)	(486,760)	-	(10,255,740)
Storm water separation	<u>(649,982)</u>	<u>(25,490)</u>	<u>-</u>	<u>(675,472)</u>
 Total accumulated depreciation	 <u>(11,596,112)</u>	 <u>(592,244)</u>	 <u>-</u>	 <u>(12,188,356)</u>

City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2021

NOTE 4 CAPITAL ASSETS (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-type activities (cont'd):</u>				
Total capital assets, being depreciated, net	4,624,402	(484,865)	-	4,139,537
Sewer utility, capital assets, net	4,628,864	(471,445)	-	4,157,419
Business-type activities, capital assets, net	\$ 7,611,037	\$ (576,086)	\$ (96,213)	\$ 6,938,738

NOTE 5 UNEARNED REVENUE

Unearned revenue in the General Fund consists of the following at June 30, 2021:

Project D.A.R.E.	\$ 4,533
Reappraisal - Act 60	53,193
Bike Path Grant	28,329
	\$ 86,055

NOTE 6 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.

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:



City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2021

NOTE 6 ACCRUED VACATION/SICK/COMPTIME (continued)

	General	Water/Sewer
Vacation	\$ 73,488	\$ 5,312
Comp time	5,315	786
Sick - Short-Term	35,988	6,705
	114,791	12,803
Sick - Long-Term	71,977	-
	\$ 186,768	\$ 12,803

NOTE 7 SHORT TERM DEBT

The City had a tax anticipation line of credit with Passumpsic Savings Bank with an available balance of \$1,000,000 at a rate of 1.38% dated July 20, 2020 and due June 30, 2021. There was no amount drawn on the line of credit during the fiscal year. This line of credit was renewed subsequent to year end, see Note 20.

NOTE 8 NOTES AND BONDS PAYABLE

The following is a summary of changes in notes and bonds payable for the year ended June 30, 2021:

	Beginning Balance June 30, 2020	Additions	Deletions	Ending Balance June 30, 2021
<u>Governmental Activities:</u>				
Vermont Municipal Bond Bank issued 7/1/10, principal and interest at 2.22% due in annual				
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.	100,000	-	50,000	50,000
Passumpsic Saving Bank Muni Note issued July 7, 2014 for \$369,916 at 2.46% for ten years				

City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2021

NOTE 8      NOTES AND BONDS PAYABLE (continued)

	Beginning Balance <u>June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 2021</u>
<u>Governmental Activities (cont'd):</u>				
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.	16,834	-	6,539	10,295
Passumpsic Savings Bank - Promissory Note for financing of a 2017 Ford F-150, principal and 2.99% interest payments of \$416 due monthly. Matured November 2020.	1,601	-	1,601	-
Passumpsic Savings Bank - Promissory Note for financing of a 2017 Ford Explorer, principal and 1.34% interest payments of \$716 due				
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	11,516	-	8,593	2,923
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.	22,462	-	8,544	13,918
Passumpsic Savings Bank - Promissory Note for financing of a 2021 Ford Explorer, principal and 1.48% interest payments of \$1,000 due monthly. Matures January 2024.	-	35,194	5,759	29,435

City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2021

NOTE 8 NOTES AND BONDS PAYABLE (continued)

Anticipated maturities are as follows for the Governmental Funds:

	Principal	Interest	Total
2022	\$ 118,593	\$ 4,631	\$ 123,224
2023	61,287	2,299	63,586
2024	47,090	1,064	48,154
TOTAL	\$ 226,970	\$ 7,994	\$ 234,964

	Beginning Balance June 30, 2020	Additions	Deletions	Ending Balance June 30, 2021
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BUSINESS-TYPE FUNDS

Sewer Fund:

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.

	\$ 45,426	\$ -	\$ 14,842	\$ 30,584
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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.

	75,049	-	24,523	50,526
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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.

	1,954,730	-	200,390	1,754,340
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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	-	10,855	148,501
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Note payable to Passumpsic Savings Bank 2.27% interest. Payments of \$47,939 due two times annually, matures 12/1/2024.

	407,546	-	87,052	320,494
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City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2021

NOTE 8 NOTES AND BONDS PAYABLE (continued)

	Beginning Balance <u>June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 2021</u>
<u>Sewer Fund (cont'd):</u>				
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.	160,000	-	30,000	130,000
TOTAL SEWER FUND	<u>2,802,107</u>	<u>-</u>	<u>367,662</u>	<u>2,434,445</u>
<u>Water Fund:</u>				
Water System Bond issued 5/2/84; principal and interest at 5.0% due in semi-annual install- ments of \$20,925 payable to GMAC Commercial Mortgage Corp., maturing 5/2/24.	145,989	-	35,385	110,604
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	-	120,773	1,426,063
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.	229,068	-	35,413	193,655
TOTAL WATER FUND	<u>1,921,893</u>	<u>-</u>	<u>191,571</u>	<u>1,730,322</u>
TOTAL BUSINESS-TYPE FUNDS	<u>\$ 4,724,000</u>	<u>\$ -</u>	<u>\$ 559,233</u>	<u>\$ 4,164,767</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 553,543	78,179	\$ 631,722
2023	561,816	65,712	627,528
2024	528,928	53,055	581,983
2025	456,158	41,483	497,641

City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2021

NOTE 8 NOTES AND BONDS PAYABLE (continued)

	Principal	Interest	Total
2026	418,366	32,833	451,199
2027-2031	1,470,745	64,835	1,535,580
2032-2033	175,211	2,507	177,718
TOTAL	\$ 4,164,767	\$ 338,604	\$ 4,503,371

NOTE 9 CAPITAL LEASE PAYABLE

The City has a capital lease agreement for the financing of fire department equipment. The asset has a value of \$155,727, a useful life of 10 years and accumulated depreciation of \$15,573 at June 30, 2021. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021 were as follows:

Year Ending <u>June 30,</u>	Future Minimum Payments	Net Present Value	Interest
2022	\$ 24,646	\$ 20,409	\$ 4,237
2023	24,646	21,061	3,585
2024	24,646	21,733	2,913
2025	24,646	22,427	2,219
2026	24,646	23,144	1,502
2027-2031	24,646	23,882	764
Total minimum lease payments	\$ 147,876	\$ 132,656	\$ 15,220

NOTE 10 RESTRICTED/COMMITTED/ASSIGNED FUND BALANCES

Restricted fund balances at June 30, 2021 are as follows:

General Fund:

Restricted for Records Restoration	\$ 20,629
Restricted for NBRC Grant Funding Match	240,800
Restricted for Economic Development - Walmart Funds	310,000
Total General Fund	\$ 571,429

Recreation Fund:

Restricted for use on Playground Equipment	\$ 158,387
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City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2021

NOTE 10 RESTRICTED/COMMITTED/ASSIGNED FUND BALANCES (continued)

Committed Fund Balances at June 30, 2021 are as follows:

General Fund:

Committed for:

Street Capital Design Projects	\$ 193,946
Tennis Court Sinking Fund	2,904
Street Resurfacing	130,573
Main Street Maintenance	32,023
Street Reconstruction	110,653
Public Works Vehicles	214,913
Bridge Culvert and Retaining Wall Repairs	8,707
Police Tech Equipment	11,548
Dispatch Equipment	114,876
Bullet Proof Vest Replacement	11,665
Fire Dept. Grant Match	15,000
Recreation Vehicles	3,091
Prouty Beach Improvements	47,799
Gardner Park Improvements	21,059
Gateway and Waterfront Improvements	4,960
Dock Improvements	53,132
Streetscape & Park Improvements	<u>70,000</u>
Total General Fund	<u>1,046,849</u>

Recreation Fund:

Committed for use in the Recreation Fund	38,221
Committed for use in the Mooring Management Fund	<u>10,254</u>
Total Recreation Fund	<u>48,475</u>

Capital Projects Fund:

Committed for use in the Capital Projects Fund	<u>17</u>
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TOTAL COMMITTED FUND BALANCES	<u><u>\$ 1,095,341</u></u>
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City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2021

NOTE 10 RESTRICTED/COMMITTED/ASSIGNED FUND BALANCES (continued)

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

NOTE 11 INVESTMENTS

The trust accounts are carried at market value. The balances at June 30, 2021 are as follows:

	Cost	Market Value
East Main Street Cemetery Fund		
Equities	\$ 48,576	\$ 66,383
Fixed Income	118,379	131,556
Total	166,955	197,939
Perley J. Niles Fund		
Equities	35,732	48,833
Fixed Income	87,034	96,597
Total	122,766	145,430
TOTAL	\$ 289,721	\$ 343,369

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 12 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.

City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2021

NOTE 13 PENSION PLAN

Information Required Under GASB Statement No. 68

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

Reporting Date, Measurement Date, and Valuation Date

Net pension liabilities, deferred pension outflows of resources, deferred pension inflows of resources, and pension expense are all presented as of the City of Newport, Vermont's reporting date June 30, 2021 and for the City of Newport, Vermont's reporting period (the year ended June 30, 2021). 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, 2020) as the measurement date, and the year ended June 30, 2019 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, 2019, to the measurement date of June 30, 2020.

**Schedule A – Employer Allocations 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

**Schedule B – Employers' Allocation as of June 30, 2020**

Fiscal Year Ended June 30, 2020						
Employer Contributions	Employer Proportion	Net Pension Liability	Total Deferred Outflows	Total Deferred Inflows	Net Pension Liability 1% Decrease (6.00% Disc Rate)	Net Pension Liability 1% Decrease (8.00% Disc Rate)
\$ 212,698	1.02627%	\$ 2,596,189	\$ 901,468	\$ 13,328	\$ 3,966,450	\$ 1,468,752



City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2021

NOTE 13 PENSION PLAN (continued)

**Schedule C – Employers’ Allocation of Pension Amounts as of June 30, 2020**

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
1.02627%	\$2,596,189	\$ 233,816	\$ 348,067	\$ -	\$ 248,304	\$ 71,281	\$ 901,486

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	
\$ 7,695	\$ -	\$ -	\$ -	\$ 5,633	\$ 13,328	

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
\$ 601,914	\$ 16,378	\$ 618,292

**Schedule D – Employers’ Allocation of Recognition of Deferred Outflows/Inflows as of June 30, 2020**

Fiscal Year Ending June 30,					
2021	2022	2023	2024	2025	Thereafter
\$246,887	\$262,272	\$219,678	\$159,301	\$ -	\$ -

City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2021

NOTE 13 PENSION PLAN (continued)

**Schedule E – Contributions History for Fiscal Years 2018-2020**

FY 2020	FY 2019	FY 2018
\$212,698	\$187,835	\$170,342

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>

**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, 2020, the retirement system consisted of 353 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, 2021

NOTE 13 PENSION PLAN (continued)

Summary of System Provisions

Membership	Full time employees of participating municipalities. Municipality elect's 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, 2021

NOTE 13 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.

City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2021

NOTE 13 PENSION PLAN (continued)

Optional Benefit and Death after Retirement	For Groups A, B and C, lifetime allowance or actuarially equivalent 50% or 100% joint or survivor allowance with refund of contribution guarantee. For Group D, lifetime allowance or 70% contingent annuitant option with no reduction.	
Refund of Contribution	Upon termination, if the member so elects or if no other benefit is payable, the member's accumulated contributions are refunded.	
Post-Retirement Adjustments	Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in consumer price index but not more than 2% for Group A and 3% for Groups B, C and D.	
Retirement Stipend	\$25 per month payable at the option of the Board of retirees.	
Member Contributions	For Fiscal Year Ended June 30, 2020	Effective July 1, 2020
	Group A – 2.75%	3.00%
	Group B – 5.125%	5.375%
	Group C – 10.25%	10.50%
	Group D – 11.60%	11.85%
Employer Contributions	Group A – 4.25%	4.5%
	Group B – 5.75%	6.00%
	Group C – 7.5%	7.75%
	Group D – 10.10%	10.35%

Significant Actuarial Assumptions and Methods

Investment Rate of Return: 7%, net of pension plan investment expenses, including inflation

Salary Increases: Varying service-based rates from 0-10 year of service, then a single rate of 4.5% (individuals assumed inflation rate of 2.3%) for all subsequent year

City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2021

NOTE 13 PENSION PLAN (continued)

Mortality:

*Pre-Retirement:*

Groups A, B, C: 40% PubG-2010 General Employee below-median and 60% of PubG-2010 General Employee, with generational projection using scale MP-2019.

Group D: PubG-2010 General Employee above-median, with generational projection using scale MP-2019.

*Healthy Post-Retirement - Retirees:*

Groups A, B, C: 104% of 40% PubG-2010 General Healthy Retiree below-median and 60% of PubG-2010 General Healthy Retiree, with generational projection using scale MP-2019.

Group D: PubG-2010 General Healthy Retiree, with generational projection using scale MP-2019.

*Healthy Post-Retirement – Beneficiaries:*

Groups A, B, C – 70% Pub-2010 Contingent Survivor below-median and 30% of Pub-2010 Contingent Survivor, with generational projection using scale MP-2019.

Group D – Pub-2010 Contingent Survivor, with generational projection using scale MP-2019.

*Disabled Post-Retirement:*

All Groups- PubNS-2010 Non-Safety Disabled Retiree Mortality Table with generational projection using scale MP-2019.

Spouse's Age: Females three years younger than males

Cost-of-Living Adjustments: 1.10% for Group A members and 1.20% for Groups B,C and D members. The January 1, 2020 and January 1, 2021 COLAs are 0.80% and 0.40%, 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: 2.30 per year%

City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2021

NOTE 13 PENSION PLAN (continued)

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, 2020, is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	29.00%	7.07%
US Equity - Large Cap	4.00%	6.19%
US Equity - Small/Mid Cap	3.00%	6.93%
Non-US Equity - Large Cap	5.00%	7.01%
Non-US Equity - Small Cap	2.00%	7.66%
Emerging Markets Debt	4.00%	3.66%
Core Bond	20.00%	0.39%
Private & Alternative Credit	10.00%	6.03%
US TIPS	3.00%	-0.20%
Core Real Estate	5.00%	4.06%
Non-Core Real Estate	3.00%	6.43%
Private Equity	10.00%	11.27%
Infrastructure/Farmland	2.00%	5.44%

Discount Rate: The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates set by the Board (employers) and statute (members) with scheduled increases through July 1, 2021. Further, based upon Board resolution, projected contributions beginning July 1, 2022, and each subsequent July 1, though 2025 include additional total contribution increases of 0.50% per year. For this purpose, only employer contributions that intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from plan members, are not included. Based on those assumptions, the pension plans' Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2020. 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 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.00%) or one percent higher (8.00%) than the current rate:

1% Decrease (6%)	Discount Rate (7%)	1% Increase (8%)
\$ 3,966,450	\$ 2,596,189	\$ 1,468,752

City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2021

NOTE 14 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, 2021, the tax rate is as follows:

	<u>Residential</u>	<u>Residential</u>
City	\$ 1.3461	\$ 1.3461
School	<u>1.6822</u>	<u>1.5209</u>
 TOTAL	 <u>\$ 3.0283</u>	 <u>\$ 2.8670</u>

NOTE 15 INTERFUND RECEIVABLE AND PAYABLE BALANCES

Individual Fund Interfund Receivable and Payable balances are as follows at June 30, 2021:

	<u>Interfund Receivables</u>	<u>Interfund Payable</u>
General Fund	\$ -	\$ 22,097
Capital Projects Fund	17	-
Other Governmental Funds	13,950	-
Sewer Fund	16,394	-
Water Fund	9,752	-
Private-Purpose Trust Funds	<u>-</u>	<u>18,016</u>
 Total Fund Financial Statement Balances	 <u>\$ 40,113</u>	 <u>\$ 40,113</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.

NOTE 16 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.



City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2021

NOTE 16 RISK MANAGEMENT (continued)

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 17 DEFERRED LOAN – CDBG EXPENDABLE TRUST FUND

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

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

NOTE 18 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenditures exceeded appropriations in the General Fund by \$220,829. This excess was covered by excess revenues over appropriations and by use of funds committed at June 30, 2021.

NOTE 19 RISK AND UNCERTAINTIES

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 through such potential impact and the duration cannot be reasonably estimated at this time. Possible effects may include, but are not limited to, disruption to the City's customers 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 receivables and property and equipment.

City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2021

NOTE 20      SUBSEQUENT EVENTS

On July 1, 2021 the City signed a tax anticipation line of credit with Passumpsic Savings Bank for \$1,000,000 at the interest rate of 1.19%, due June 30, 2022.

In accordance with Accounting Standards, the City has evaluated subsequent events through October 26, 2021, which is the date these basic financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2021, 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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
<b>TAXES</b>				
Property Taxes	\$ 8,903,202	\$ 8,903,202	8,879,887	\$ (23,315)
Appropriations	167,218	167,218	167,218	-
Fish & Wildlife Taxes	400	400	239	(161)
Payments in Lieu of Taxes	490,700	490,700	491,024	324
<b>TOTAL TAXES</b>	<b>9,561,520</b>	<b>9,561,520</b>	<b>9,538,368</b>	<b>(23,152)</b>
<b>GENERAL GOVERNMENT</b>				
City Clerk/Treasurer:				
Reimbursements	22,000	22,000	21,762	(238)
Licenses and Fees	62,000	62,000	81,880	19,880
Interest/penalties on Delinquent Taxes	70,000	70,000	88,704	18,704
Corrections Contract	82,000	82,000	88,096	6,096
Private Donations	-	-	25	25
Miscellaneous Revenues	62,700	62,700	179,284	116,584
<b>TOTAL GENERAL GOVERNMENT</b>	<b>298,700</b>	<b>298,700</b>	<b>459,751</b>	<b>161,051</b>
<b>PUBLIC SAFETY</b>				
Police Department:				
K-9 Donations	-	-	3,250	3,250
Traffic Court Fines	9,500	9,500	10,681	1,181
Police Department Services	55,500	55,500	83,891	28,391
Other Public safety grants	-	-	260,376	260,376
Community Justice Program	-	-	11,000	11,000
Miscellaneous	200	200	4,700	4,500
<b>Total Police Department</b>	<b>65,200</b>	<b>65,200</b>	<b>373,898</b>	<b>308,698</b>
Fire Department:				
Labor and Materials	42,500	42,500	43,285	785
<b>Total Fire Department</b>	<b>42,500</b>	<b>42,500</b>	<b>43,285</b>	<b>785</b>
<b>TOTAL PUBLIC SAFETY</b>	<b>107,700</b>	<b>107,700</b>	<b>417,183</b>	<b>309,483</b>
<b>PUBLIC WORKS</b>				
Street Department:				
Street Dept. St. Aid to Highway	138,500	138,500	200,904	62,404
Street Dept. Labor and Materials	-	-	1,178	1,178
Other Income	-	-	2,095	2,095
Public works grants	5,000	5,000	5,674	674
<b>TOTAL PUBLIC WORKS</b>	<b>143,500</b>	<b>143,500</b>	<b>209,851</b>	<b>66,351</b>

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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>CULTURE AND RECREATION</b>				
Prouty Beach:				
Admissions	600	600	12	(588)
Camping	95,000	95,000	114,760	19,760
Tennis	48,750	48,750	58,276	9,526
Electric fees	5,000	5,000	4,643	(357)
Aquatic Grant	-	-	2,499	2,499
Swing Project	700	700	855	155
Miscellaneous	7,900	7,900	7,225	(675)
Total Prouty Beach	<u>157,950</u>	<u>157,950</u>	<u>188,270</u>	<u>30,320</u>
Miscellaneous Recreation:				
Miscellaneous	22,000	22,000	35,690	13,690
Summer Programs	30,000	30,000	10,133	(19,867)
Municipal Building	4,000	4,000	110	(3,890)
Gym Rental	-	-	150	150
City Landscaper	-	-	843	843
Annual Events	30,000	30,000	26,552	(3,448)
Total Miscellaneous Recreation	<u>86,000</u>	<u>86,000</u>	<u>73,478</u>	<u>(12,522)</u>
Gardner Park:				
Rental	10,000	10,000	9,789	(211)
Total Gardner Park	<u>10,000</u>	<u>10,000</u>	<u>9,789</u>	<u>(211)</u>
Senior Center:				
Salary reimbursement	3,000	3,000	-	(3,000)
Total Senior Center	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>(3,000)</u>
Waterfront:				
Gasoline Sales	60,000	60,000	8,639	(51,361)
Boatslip Rentals	44,000	44,000	31,640	(12,360)
Miscellaneous Rents	14,080	14,080	6,165	(7,915)
Miscellaneous	2,000	2,000	477	(1,523)
Pump Outs	100	100	-	(100)
Gateway Center	14,400	14,400	4,535	(9,865)
Total Waterfront	<u>134,580</u>	<u>134,580</u>	<u>51,456</u>	<u>(83,124)</u>
TOTAL CULTURE AND RECREATION	<u>391,530</u>	<u>391,530</u>	<u>322,993</u>	<u>(68,537)</u>
INVESTMENT INCOME	<u>5,075</u>	<u>5,075</u>	<u>8,418</u>	<u>3,343</u>
TOTAL REVENUES	<u>10,508,025</u>	<u>10,508,025</u>	<u>10,956,564</u>	<u>448,539</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
City Council	13,882	13,882	10,592	3,290
City Manager Department	88,765	88,765	92,170	(3,405)
Delinquent Tax Collector	5,649	5,649	16,019	(10,370)
Election Expense	10,380	10,380	8,874	1,506
City Treasurer	116,478	116,478	120,289	(3,811)
Audit and City Report	39,700	39,700	41,959	(2,259)
Tax Listing	33,000	33,000	32,501	499
City Clerk Department	119,719	119,719	139,303	(19,584)
Legal Expense	15,500	15,500	3,501	11,999
Planning & Zoning	57,955	57,955	70,547	(12,592)
Reappraisal	7,000	7,000	758	6,242
Municipal Building	122,533	122,533	123,840	(1,307)
<b>TOTAL GENERAL GOVERNMENT</b>	<b>630,561</b>	<b>630,561</b>	<b>660,353</b>	<b>(29,792)</b>
<b>PUBLIC SAFETY</b>				
<b>Police Department</b>				
Administration	246,770	246,770	150,372	96,398
Patrol	1,192,653	1,192,653	1,191,431	1,222
Dispatch Services	367,761	367,761	337,122	30,639
Operation Stonegarden	-	-	67,323	(67,323)
Animal Control	1,550	1,550	120	1,430
NICS	12,960	12,960	17,519	(4,559)
Police Contracted Services	-	-	1,676	(1,676)
<b>Total Police Department</b>	<b>1,821,694</b>	<b>1,821,694</b>	<b>1,765,563</b>	<b>56,131</b>
<b>Fire Department</b>				
Fire Fighting	129,247	129,247	103,198	26,049
Fire Training	2,000	2,000	688	1,312
Fire Communications	9,000	9,000	7,349	1,651
Fire Station	12,300	12,300	19,044	(6,744)
Fire Trucks & Equipment	24,500	24,500	194,716	(170,216)
<b>Total Fire Department</b>	<b>177,047</b>	<b>177,047</b>	<b>324,995</b>	<b>(147,948)</b>
<b>TOTAL PUBLIC SAFETY</b>	<b>1,998,741</b>	<b>1,998,741</b>	<b>2,090,558</b>	<b>(91,817)</b>
<b>PUBLIC WORKS</b>				
Public Works Administration	294,259	294,259	264,037	30,222
Street Maintenance	223,028	223,028	312,884	(89,856)
Winter Maintenance	374,514	374,514	304,740	69,774
Garage and Facilities	39,245	39,245	36,138	3,107
City Property	50,060	50,060	66,769	(16,709)
Storm Maintenance	95,130	95,130	99,143	(4,013)
Traffic Maintenance	140,300	140,300	142,835	(2,535)
Private Work expenditures	61,805	61,805	236,068	(174,263)
<b>TOTAL PUBLIC WORKS</b>	<b>1,278,341</b>	<b>1,278,341</b>	<b>1,462,614</b>	<b>(184,273)</b>

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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>CULTURE AND RECREATION</b>				
Administration	73,990	73,990	115,417	(41,427)
Senior Citizens	7,600	7,600	15,574	(7,974)
Prouty Beach and Swimming	132,359	132,359	154,027	(21,668)
Recreational Programs	102,758	102,758	71,346	31,412
Annual Events	47,500	47,500	37,761	9,739
Gardner Park	112,344	112,344	116,594	(4,250)
Waterfront	130,459	130,459	103,684	26,775
<b>TOTAL CULTURE AND RECREATION</b>	<b>607,010</b>	<b>607,010</b>	<b>614,403</b>	<b>(7,393)</b>
<b>OTHER EXPENSES &amp; APPROPRIATIONS</b>				
Conservation & Development	24,600	24,600	27,075	(2,475)
Health & Welfare	34,755	34,755	22,027	12,728
Recycling Project	32,480	32,480	36,543	(4,063)
County Tax	55,000	55,000	51,140	3,860
Renaissance Project	60,000	60,000	60,000	-
General Insurance	18,000	18,000	12,155	5,845
Claims and Damages	1,500	1,500	-	1,500
Employment Practices Insurance	12,000	12,000	9,614	2,386
Public Official Liability	7,000	7,000	4,536	2,464
Miscellaneous	-	-	57,721	(57,721)
Advertise City Ordinance	200	200	-	200
Newport Ambulance, Inc.	140,300	140,300	140,240	60
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	110,000	110,000	110,000	-
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	1,400	1,400	1,400	-
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	-
<b>TOTAL OTHER EXPENSES &amp; APPROPRIATIONS</b>	<b>553,053</b>	<b>553,053</b>	<b>588,269</b>	<b>(35,216)</b>

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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>CAPITAL OUTLAY</b>				
Street Repairs and Maintenance	362,083	362,083	242,116	119,967
Public Works Vehicles	155,000	155,000	111,891	43,109
VISTA Traffic Lights	80,000	80,000	10,453	69,547
Bridge Repairs	5,000	5,000	-	5,000
Municipal Building Remodel	10,000	10,000	10,337	(337)
Tech Equipment Fleet Replacement	5,000	5,000	-	5,000
Dispatch Equipment	5,000	5,000	54,958	(49,958)
Bullet Proof Vest	5,000	5,000	-	5,000
Fire Station Repairs & Maintenance	25,000	25,000	-	25,000
Police Vehicles	-	-	35,194	(35,194)
Prouty Beach Improvements	18,500	18,500	18,981	(481)
Gardner Park Improvements	10,000	10,000	-	10,000
Gateway Maintenance	10,000	10,000	10,040	(40)
Dock Improvements	15,000	15,000	-	15,000
Traffic Lights	-	-	4,713	(4,713)
Fire Station Floors	-	-	52,000	(52,000)
Rec Maintenance Vehicles	12,500	12,500	9,409	3,091
<b>TOTAL CAPITAL OUTLAY</b>	<b>718,083</b>	<b>718,083</b>	<b>560,092</b>	<b>157,991</b>
<b>DEBT SERVICE &amp; SINKING FUNDS</b>				
Debt Principal Payments	190,504	190,504	215,447	(24,943)
Interest on Notes	5,360	5,360	11,234	(5,874)
Interest on Bonds	6,546	6,546	7,498	(952)
Tennis Court Sinking Funds	1,440	1,440	-	1,440
<b>TOTAL DEBT SERVICE &amp; SINKING FUNDS</b>	<b>203,850</b>	<b>203,850</b>	<b>234,179</b>	<b>(30,329)</b>
<b>SCHOOL APPROPRIATION</b>	<b>4,618,386</b>	<b>4,618,386</b>	<b>4,618,386</b>	<b>-</b>
<b>TOTAL EXPENDITURES</b>	<b>10,608,025</b>	<b>10,608,025</b>	<b>10,828,854</b>	<b>(220,829)</b>
<b>EXCESS/(DEFICIENCY) OF REVENUES OVER/(UNDER) EXPENDITURES</b>				
	(100,000)	(100,000)	127,710	227,710
<b>OTHER FINANCING SOURCES</b>				
Proceeds from Long Term Debt	-	-	190,921	190,921
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (100,000)</b>	<b>\$ (100,000)</b>	<b>\$ 318,631</b>	<b>\$ 418,631</b>

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, 2021

	<u>2020</u>	<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)	1.2627%	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>\$ 2,596,189</u>	<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>	<u>\$ 1,886,486</u>
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	97.97%	70.76%	61.25%	52.12%	59.10%	35.32%	4.58%	18.97%
Plan fiduciary net position as a percentage of the total pension liability	74.52%	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.*

*Changes in Assumptions:*

The following changes were effective June 30, 2020:

- The investment return assumption was lowered from 7.50% to 7.00%
- The inflation assumption was lowered from 2.50% to 2.30%
- The COLA assumption was lowered from 1.15% to 1.10% for Group A members and from 1.30% to 1.20% for Groups B, C, and D members.

- The mortality assumptions were updated as follows:

Pre-Retirement:

- Groups A/B/C- 40% PubG-2010 General Employee below-median and 60% of PubG-2010 General Employee, with generational projection using Scale MP-2019
- Group D - PubG-2010 General Employee above-median, with generational projection using scale MP-2019

Healthy Post-Retirement - Retirees:

- Groups A/B/C- 104% of 40% PubG-2010 General Healthy Retiree below-median and 60% of PubG-2010 General Healthy Retiree, with generational projection using Scale MP-2019
- Group D - PubG-2010 General Healthy Retiree, with generational projection using scale MP-2019

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, 2021

*Changes in Assumptions- Continued*

Healthy Post-Retirement - Beneficiaries:

- Groups A/B/C- 70% PubG-2010 Contingent Survivor below-median and 30% of PubG-2010 Contingent Survivor with generational projection using Scale MP-2019
- Group D - PubG-2010 Contingent Survivor, with generational projection using scale MP-2019

Disabled Retirees:

- All Groups- PubNS-2010 Non-safety Disabled Retiree Mortality Table with generational projection using scale MP-2019
- The salary scale assumption was revised for varying service based rates from 0-10 years of service, then a single rate of 2.20% for all subsequent years, plus revised inflation of 2.30%
- The active retirement rates were updated as followed:
  - Group A: Decreased the rates throughout all ages.
  - Group B: For females, slightly decreased the rates at younger ages and then increased the rates at later ages. For males, slightly decreased the rates at most ages.
  - Group C: Simplified the assumption to a unisex table that more accurately aligns with the actual experience for both males and females.
  - Group D: For members with less than 20 years of service, increased the rates for ages 55-59.
- The inactive retirement assumption was updated to add a rate of 10% from the early retirement age for each year until normal retirement age, then 100% at normal retirement age.
- The liability load of accumulated contributions for Inactive Members was removed. Liabilities for Inactive Members are now based on 100% of the accumulated contributions. Inactive Members who are vested immediately become Deferred Members, and the liabilities for all Deferred Members are based on the accrued benefit.
- The termination rates were updated as follows:  
Simplified female rates to one set of slightly reduced rates for all females.
- These changes increased the Total Pension Liability as of June 30, 2020 by \$22.6 million and increased the service cost as of June 30, 2020 by \$2.0 million.

*Changes in Plan Provisions: There have been no changes in plan provisions 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, 2021

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contributions (Actuarially Determined)	\$ 212,698	\$ 187,835	\$ 170,342	\$ 150,450	\$ 146,742	\$ 134,620	\$ 127,244	\$ 119,978
Contributions in Relation to the Actuarially Determined Contributions	<u>212,698</u>	<u>187,835</u>	<u>170,342</u>	<u>150,450</u>	<u>146,742</u>	<u>134,620</u>	<u>127,244</u>	<u>119,978</u>
Contribution Excess/(Deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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>	<u>\$ 1,886,486</u>
Contributions as a Percentage of Covered Employee Payroll	8.03%	7.84%	7.63%	7.03%	6.98%	6.85%	6.63%	6.36%

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See Accompanying Notes to Basic Financial Statements

City of Newport, Vermont  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
For the Year Ended June 30, 2021

*Changes in Assumptions- Continued*

Healthy Post-Retirement - Beneficiaries:

- Groups A/B/C- 70% PubG-2010 Contingent Survivor below-median and 30% of PubG-2010 Contingent Survivor with generational projection using Scale MP-2019
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*Changes in Plan Provisions: There have been no changes in plan provisions 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, 2021

ASSETS

	Special Revenue		
	Recreation Fund	Mooring Management Fund	Total Non-Major Governmental Funds
ASSETS			
Cash	\$ 192,912	\$ -	\$ 192,912
Due from other funds	3,696	10,254	13,950
TOTAL ASSETS	\$ 196,608	\$ 10,254	\$ 206,862

LIABILITIES AND FUND BALANCES

FUND BALANCES			
Restricted	\$ 158,387	\$ -	\$ 158,387
Committed	38,221	10,254	48,475
TOTAL FUND BALANCE	196,608	10,254	206,862
TOTAL LIABILITIES AND FUND BALANCES	\$ 196,608	\$ 10,254	\$ 206,862

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, 2021

	<u>Special Revenue</u>		
	<u>Recreation Fund</u>	<u>Mooring Management Fund</u>	<u>Total Non-Major Governmental Funds</u>
REVENUES			
Recreation and Culture	\$ 52,102	\$ 4,994	\$ 57,096
Investment Income	<u>5</u>	<u>-</u>	<u>5</u>
TOTAL REVENUES	<u>52,107</u>	<u>4,994</u>	<u>57,101</u>
EXPENDITURES			
Culture and Recreation	<u>10,976</u>	<u>266</u>	<u>11,242</u>
CHANGE IN FUND BALANCE	41,131	4,728	45,859
FUND BALANCE AT BEGINNING OF YEAR	<u>155,477</u>	<u>5,526</u>	<u>161,003</u>
FUND BALANCE AT END OF YEAR	<u>\$ 196,608</u>	<u>\$ 10,254</u>	<u>\$ 206,862</u>

City of Newport, Vermont  
OTHER SUPPLEMENTARY INFORMATION  
COMBINING STATEMENT OF NET POSITION -  
PRIVATE-PURPOSE TRUST FUNDS  
June 30, 2021

ASSETS

	<u>Police Public Safety Fund</u>	<u>East Main Street Cemetery Fund</u>	<u>Community Development Block Grant Fund</u>	<u>Perley J. Niles Fund</u>	<u>Total</u>
<b>CASH</b>					
Checking	\$ 15,612	\$ 9,117	\$ -	\$ 45,226	\$ 69,955
Savings and money markets	<u>-</u>	<u>33,324</u>	<u>31,721</u>	<u>-</u>	<u>65,045</u>
<b>TOTAL CASH</b>	<u>15,612</u>	<u>42,441</u>	<u>31,721</u>	<u>45,226</u>	<u>135,000</u>
<b>DUE FROM OTHER FUNDS</b>	<u>5,917</u>	<u>-</u>	<u>19</u>	<u>-</u>	<u>5,936</u>
<b>INVESTMENTS</b>					
Trust Account	<u>-</u>	<u>197,939</u>	<u>-</u>	<u>145,430</u>	<u>343,369</u>
<b>TOTAL ASSETS</b>	<u>\$ 21,529</u>	<u>\$ 240,380</u>	<u>\$ 31,740</u>	<u>190,656</u>	<u>\$ 484,305</u>

LIABILITIES AND NET POSITION

<b>LIABILITIES</b>					
Due to other Funds	\$ -	\$ 22,958	\$ -	\$ 994	\$ 23,952
<b>NET POSITION</b>					
Reserved for trust funds	-	-	-	62,000	62,000
Unreserved	<u>21,529</u>	<u>217,422</u>	<u>31,740</u>	<u>127,662</u>	<u>398,353</u>
<b>TOTAL NET POSITION</b>	<u>21,529</u>	<u>217,422</u>	<u>31,740</u>	<u>189,662</u>	<u>460,353</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 21,529</u>	<u>\$ 240,380</u>	<u>\$ 31,740</u>	<u>\$ 190,656</u>	<u>\$ 484,305</u>



City of Newport, Vermont  
OTHER SUPPLEMENTARY INFORMATION  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION OF  
PRIVATE-PURPOSE TRUST FUNDS  
For the Year Ended June 30, 2021

	Police Public Safety Fund	East Main Street Cemetery Fund	Community Development Block Grant Fund	Perley J. Niles Fund	Total
<b>ADDITIONS</b>					
Contributions	\$ -	\$ 150	\$ -	\$ -	\$ 150
Investment Earnings					
Interest Income	8	81	28	29	146
Dividend Income	-	4,604	-	3,248	7,852
Net gain from investments	-	20,898	-	14,824	35,722
Net Investment Earnings	8	25,583	28	18,101	43,720
<b>TOTAL ADDITIONS</b>	<b>8</b>	<b>25,733</b>	<b>28</b>	<b>18,101</b>	<b>43,870</b>
<b>DEDUCTIONS</b>					
Administrative Fees	-	1,969	-	1,406	3,375
Contracted Services	-	6,000	-	-	6,000
Police Expenditures	5,027	-	-	55	5,082
Beneficiaries	-	-	-	400	400
Other	-	10	22	85	117
<b>TOTAL DEDUCTIONS</b>	<b>5,027</b>	<b>7,979</b>	<b>22</b>	<b>1,946</b>	<b>14,974</b>
<b>CHANGE IN NET POSITION</b>	<b>(5,019)</b>	<b>17,754</b>	<b>6</b>	<b>16,155</b>	<b>28,896</b>
<b>NET POSITION AT BEGINNING OF YEAR</b>	<b>26,548</b>	<b>199,668</b>	<b>31,734</b>	<b>173,507</b>	<b>431,457</b>
<b>NET POSITION AT END OF YEAR</b>	<b>\$ 21,529</b>	<b>\$ 217,422</b>	<b>\$ 31,740</b>	<b>\$ 189,662</b>	<b>\$ 460,353</b>