

City of Newport, Vermont  
BASIC FINANCIAL STATEMENTS  
June 30, 2022

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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

### **Opinions**

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, 2022, and the related notes to the financial statements, which collectively comprise the City of Newport, Vermont's basic financial statements as listed in the table of contents.

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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Newport, Vermont, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Newport, Vermont's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Newport, Vermont's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Newport, Vermont's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, the schedule of Proportionate Share of Net Pension Liability and the Schedule of Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### Supplementary 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 nonmajor fund financial statements and the private-purpose trust fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 and the private-purpose trust 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 "Kittell Branczyk & Sargent". The signature is written in black ink and is positioned above the typed name and date.

St. Albans, Vermont  
November 17, 2022

City of Newport, Vermont  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022

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, 2022.

### **Financial Highlights**

- The assets of the City of Newport exceeded its liabilities at the close of the most recent fiscal year by \$10,460,778 (net position). Of this amount, \$135,605 (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 \$3,184,996, which means that if we were to liquidate the water/sewer funds we would have a cash surplus of \$3,184,996. Net position attributable to business-type activities decreased by \$541,586 during the last fiscal year.
- As of the close of the current fiscal year, the City of Newport's governmental funds reported combined ending fund balances of \$1,909,685. Of this total amount, \$101,987 is available for spending at the government's discretion (unassigned fund balance). Management has committed \$990,023 of the fund balance for particular purposes as identified in Note 10 and the remaining \$817,675 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.

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

City of Newport, Vermont  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022

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

**Governmental funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluation of a government's short-term financing requirements.

The City of Newport maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the General Fund and the Capital Projects Fund which are considered to be major funds. The City of Newport has two non-major governmental funds which are reported as "other Governmental Funds". These non-major funds include the Recreation Fund and the Mooring Management Fund. Combining financial statements for these funds are located on pages 46 and 47.

The City of Newport adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided on pages 39-43 for the general fund to demonstrate compliance with its budget.

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

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

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

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

**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 48 and 49.

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



City of Newport, Vermont  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 June 30, 2022

**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 \$10,460,778 at the close of the most recent fiscal year.

By far the largest portion of the City of Newport's total net position (91%) 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.

**City of Newport, Vermont's Net Position**  
 June 30, 2022

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 2,301,738	\$ 2,640,451	\$ 1,896,620	\$ 1,191,746	\$ 4,198,358	\$ 3,832,197
Capital assets	7,050,425	6,530,279	6,297,890	6,938,738	13,348,315	13,469,017
Deferred outflows	640,994	931,565	111,114	177,532	752,108	1,109,097
 Total Assets and Deferred Outflows	 \$ 9,993,157	 \$ 10,102,295	 \$ 8,305,624	 \$ 8,308,016	 \$ 18,298,781	 \$ 18,410,311
 Other liabilities	 \$ 492,660	 \$ 569,491	 \$ 1,191,822	 \$ 22,854	 \$ 1,684,482	 \$ 592,345
Net pension liabilities	1,176,821	2,204,509	197,679	391,680	1,374,500	2,596,189
Notes and bonds payable	248,298	359,626	3,592,519	4,164,767	3,840,817	4,524,393
Deferred inflows	799,596	11,195	138,608	2,133	938,204	13,328
 Total Liabilities and Deferred Inflows	 \$ 2,717,375	 \$ 3,144,821	 \$ 5,120,628	 \$ 4,581,434	 \$ 7,838,003	 \$ 7,726,255
 Net Investment in capital assets	 \$ 6,802,127	 \$ 6,170,653	 \$ 2,705,371	 \$ 2,773,971	 \$ 9,507,498	 \$ 8,944,624
Restricted	817,675	729,816	-	-	817,675	729,816
Unrestricted	(344,020)	57,005	479,625	952,611	135,605	1,009,616
 Total Net Position	 \$ 7,275,782	 \$ 6,957,474	 \$ 3,184,996	 \$ 3,726,582	 \$ 10,460,778	 \$ 10,684,056

City of Newport, Vermont  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Governmental activities** – Governmental activities increased the City of Newport's net position by \$318,308 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 \$653,474, while depreciation expense was less than current year net additions to capital assets by \$520,146.

**City of Newport, Vermont's Changes in Net Position**  
June 30, 2022

	Governmental Activities		Business-Type Activities		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues						
Program Revenues:						
Charges for services	\$ 906,916	\$ 823,037	\$ 2,129,597	\$ 2,140,437	\$ 3,036,513	\$ 2,963,474
Operating grants	608,278	482,316	21	-	608,299	482,316
Capital grants	11,880	36,107	-	-	11,880	36,107
General Revenues:						
Property taxes	9,722,466	9,449,648	-	-	9,722,466	9,449,648
Investment earnings	30,812	36,613	12,312	17,163	43,124	53,776
Other revenues	<u>107,046</u>	<u>77,603</u>	<u>132,861</u>	<u>209</u>	<u>239,907</u>	<u>77,812</u>
<b>Total Revenues</b>	<u>11,387,398</u>	<u>10,905,324</u>	<u>2,274,791</u>	<u>2,157,809</u>	<u>13,662,189</u>	<u>13,063,133</u>
Expenses						
Governmental activities:						
General	735,752	1,020,192	-	-	735,752	1,020,192
Public Safety	2,314,944	2,222,423	-	-	2,314,944	2,222,423
Public Works	2,071,740	1,840,970	-	-	2,071,740	1,840,970
Library	110,000	110,000	-	-	110,000	110,000
Interest on long-term debt	67,212	72,599	-	-	67,212	72,599
Education, recreation, health and welfare	5,769,442	5,774,730	-	-	5,769,442	5,774,730
Business-type activities:						
Water	-	-	956,159	898,964	956,159	898,964
Sewer	-	-	<u>1,860,218</u>	<u>1,737,912</u>	<u>1,860,218</u>	<u>1,737,912</u>
<b>Total Expenses</b>	<u>11,069,090</u>	<u>11,040,914</u>	<u>2,816,377</u>	<u>2,636,876</u>	<u>13,885,467</u>	<u>13,677,790</u>
Change in net position	318,308	(135,590)	(541,586)	(479,067)	(223,278)	(614,657)
Net position, beginning	<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>
Net position, ending	<u>\$ 7,275,782</u>	<u>\$ 6,957,474</u>	<u>\$ 3,184,996</u>	<u>\$ 3,726,582</u>	<u>\$ 10,460,778</u>	<u>\$ 10,684,056</u>

**Business-type activities** – Business-type activities decreased the City of Newport's net position by \$541,586 during the current fiscal year. The water fund had a net loss of \$163,130 while the sewer fund had a net loss of \$378,456. Key elements of this change are as follows:

- Water charges and rents decreased revenue by \$41,670 from the previous year while operating expenses increased by \$66,019. We had a decrease in net income of \$101,224 from the prior year in the Water Fund. Total water distribution expenses totaled \$126,787, an increase of \$37,665 from the previous year.

City of Newport, Vermont  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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- Sewer charges and rents increased in revenue by \$164,158 and discharge fees increased by \$11,984 from the previous year, while operating expenses increased by \$88,257. Interest expense increased by \$34,049 from the prior year. The Sewer Fund has a payable from the General Fund of \$226,957, which is an increase of \$243,351 from the prior year's receivable of \$16,394.
- Depreciation expense for the sewer fund is \$587,439 as compared to last year's \$592,244; and \$258,384 from last year's \$255,418 for the water fund.

### **Financial Analysis of the Government's Funds**

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

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

At the end of the current fiscal year, the City of Newport's governmental funds reported combined ending fund balances of \$1,909,684 a decrease of \$162,478 in comparison to the prior year. Approximately 90% of the total fund balance (\$1,708,505) constitutes general fund equity, which is available for spending at the government's discretion. The City of Newport has available \$107,140 of this fund balance for various purposes, including capital reserve funds and expenditures in subsequent periods. The City of Newport has committed \$990,023 for specific budget items and \$817,675 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 (\$107,140) represents approximately 1% of general fund expenditures (\$11,650,561), while total fund balance (\$1,708,505) represents approximately 15% of that same amount.

During the year ending June 30, 2022 the Fund Balance of the City of Newport's general fund decreased by \$156,778 (from \$1,865,283 to \$1,708,505). Key factors in this change are as follows:

- The Police Department renovated the basement area for a police locker room. The total cost was \$258,305, and this budget was able to absorb the full amount instead of taking out a loan.

Special revenue funds consist primarily of the Recreation Fund (\$36,537) and a deficit in the Mooring Management Fund of (\$5,154). \$169,779 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.

### **Capital Asset and Debt Administration**

**Capital Assets** – The City of Newport's investment in capital assets, net of depreciation for its governmental activities increased by \$520,146 to a total of \$7,050,425. 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, 2022 our capital investment, net of depreciation decreased by \$640,848 to \$6,297,890 (sewer \$3,653,652, water \$2,644,238).

City of Newport, Vermont  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Major capital asset events during the current fiscal year included the following:

- The city erected a new parklet at the corner of Main St. and Fyfe St. The parklet was made possible by a \$50,000 donation and a \$20,000 land sale.
- The Police Department purchased new equipment paid for by forfeiture funds that did not require a cash match in the amount of \$7,612.
- The Police Department financed a cruiser in the amount of \$36,116.
- Public Works purchased a 2022 John Deer Gator the amount of \$10,981 for Prouty Beach.
- Public works purchased a GMC Sierra spread evenly over the capital, water and sewer budgets in the amount of \$47,056.
- Public Works purchased a dump body, plow, and sander for \$54,850.00. A truck body and plow was purchased for \$25,200.
- Public Works purchased a sidewalk sander for \$4,938.
- The Fire Department purchased a side by side, a 2022 Can Am, in the amount of \$20,553.
- The Fire Department also purchased a trailer and winch, cargo box, in the amount of \$6,829.
- The Recreation Department purchased a new harbormaster boat in the amount of \$32,500.

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 \$3,840,817. Of this amount, \$3,287,174 represents low to no-interest loans issued by the State of Vermont, \$479,707 represents loans with local banks and the remaining \$73,936 represents bonded debt backed by the full faith and credit of the City of Newport.

The City of Newport's total debt decreased by \$719,692 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, 2022

ASSETS AND DEFERRED OUTFLOWS

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>CURRENT ASSETS</b>			
Cash	\$ 1,316,491	\$ 855,992	\$ 2,172,483
Cash - restricted	-	637,021	637,021
Taxes receivable	247,240	-	247,240
Accounts receivable	-	102,462	102,462
Other receivables	249,177	-	249,177
Unbilled revenues	-	301,145	301,145
Due from other funds	454,505	-	454,505
Prepaid expenses	34,325	-	34,325
<b>TOTAL CURRENT ASSETS</b>	<u>2,301,738</u>	<u>1,896,620</u>	<u>4,198,358</u>
 CAPITAL ASSETS, net of depreciation	 <u>7,050,425</u>	 <u>6,297,890</u>	 <u>13,348,315</u>
 DEFERRED OUTFLOWS	 <u>640,994</u>	 <u>111,114</u>	 <u>752,108</u>
 <b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	 <b><u>\$ 9,993,157</u></b>	 <b><u>\$ 8,305,624</u></b>	 <b><u>\$ 18,298,781</u></b>

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

<b>CURRENT LIABILITIES</b>			
Current portion notes and bonds payable	\$ 93,801	\$ 561,816	\$ 655,617
Accounts payable	151,959	50,047	202,006
Accrued liabilities	60	3,621	3,681
Accrued wages	47,015	6,572	53,587
Accrued vacation/sick/comp time	126,572	15,874	142,446
Due to other funds	-	479,444	479,444
Deferred ARPA revenue	-	636,264	636,264
Unearned revenue	101,488	-	101,488
<b>TOTAL CURRENT LIABILITIES</b>	<u>520,895</u>	<u>1,753,638</u>	<u>2,274,533</u>
 <b>LONG-TERM LIABILITIES</b>			
Net pension liabilities	1,176,821	197,679	1,374,500
Accrued vacation/sick/comp time	65,566	-	65,566
Notes and bonds payable	154,497	3,030,703	3,185,200
<b>TOTAL LONG-TERM LIABILITIES</b>	<u>1,396,884</u>	<u>3,228,382</u>	<u>4,625,266</u>
 <b>TOTAL LIABILITIES</b>	 <u>1,917,779</u>	 <u>4,982,020</u>	 <u>6,899,799</u>
 DEFERRED INFLOWS	 <u>799,596</u>	 <u>138,608</u>	 <u>938,204</u>
 <b>NET POSITION</b>			
Net investment in capital assets	6,802,127	2,705,371	9,507,498
Restricted	817,675	-	817,675
Unrestricted	(344,020)	479,625	135,605
<b>TOTAL NET POSITION</b>	<u>7,275,782</u>	<u>3,184,996</u>	<u>10,460,778</u>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	 <b><u>\$ 9,993,157</u></b>	 <b><u>\$ 8,305,624</u></b>	 <b><u>\$ 18,298,781</u></b>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont  
 GOVERNMENT-WIDE FINANCIAL STATEMENTS  
 STATEMENT OF ACTIVITIES  
 For the Year Ended June 30, 2022

	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
<b>Functions/Programs</b>							
Governmental activities:							
Current:							
General government	\$ 735,752	\$ 202,878	\$ 102,400	\$ -	\$ (430,474)	\$ -	\$ (430,474)
Public safety	2,314,944	215,977	208,863	11,880	(1,878,224)	-	(1,878,224)
Public works	2,071,740	23,375	236,931	-	(1,811,434)	-	(1,811,434)
Recreation, health, education and welfare	5,769,442	464,686	60,084	-	(5,244,672)	-	(5,244,672)
Library	110,000	-	-	-	(110,000)	-	(110,000)
Interest on long-term debt	67,212	-	-	-	(67,212)	-	(67,212)
Total governmental activities	<u>11,069,090</u>	<u>906,916</u>	<u>608,278</u>	<u>11,880</u>	<u>(9,542,016)</u>	<u>-</u>	<u>(9,542,016)</u>
Business-type activities:							
Water	956,159	787,262	21	-	-	(168,876)	(168,876)
Sewer	1,860,218	1,342,335	-	-	-	(517,883)	(517,883)
Total business-type activities	<u>\$ 2,816,377</u>	<u>\$ 2,129,597</u>	<u>\$ 21</u>	<u>\$ -</u>	<u>-</u>	<u>(686,759)</u>	<u>(686,759)</u>
General Revenues:							
Property taxes, levied for general purposes					9,722,466	-	9,722,466
Unrestricted investment earnings					30,812	12,312	43,124
Donations					1,600	-	1,600
Gain on Sale of Assets					58,700	-	58,700
Interest Delinquent					13,240	-	13,240
Penalty Delinquent					33,267	-	33,267
Miscellaneous					239	132,861	133,100
Total general revenues and transfers					<u>9,860,324</u>	<u>145,173</u>	<u>10,005,497</u>
Change in Net Position					318,308	(541,586)	(223,278)
Net Position, beginning					<u>6,957,474</u>	<u>3,726,582</u>	<u>10,684,056</u>
Net Position, ending					<u>\$ 7,275,782</u>	<u>\$ 3,184,996</u>	<u>\$ 10,460,778</u>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont  
 FUND FINANCIAL STATEMENTS  
 BALANCE SHEET - GOVERNMENTAL FUNDS  
 June 30, 2022

ASSETS

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash	\$ 1,127,253	\$ -	\$ 189,238	\$ 1,316,491
Delinquent tax receivables net of reserves of \$129,534	117,706	-	-	117,706
Other receivables	249,177	-	-	249,177
Due from other funds	480,566	17	11,924	492,507
Prepaid expenses	<u>34,325</u>	<u>-</u>	<u>-</u>	<u>34,325</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,009,027</u>	<u>\$ 17</u>	<u>\$ 201,162</u>	<u>\$ 2,210,206</u>

LIABILITIES AND FUND BALANCE

<b>LIABILITIES</b>				
Accounts payable	\$ 151,959	\$ -	\$ -	\$ 151,959
Accrued expenses	60	-	-	60
Accrued wages	47,015	-	-	47,015
Unearned revenue	<u>101,488</u>	<u>-</u>	<u>-</u>	<u>101,488</u>
<b>TOTAL LIABILITIES</b>	<u>300,522</u>	<u>-</u>	<u>-</u>	<u>300,522</u>
<b>FUND BALANCE</b>				
Restricted	647,896	-	169,779	817,675
Committed	953,469	17	36,537	990,023
Unassigned	<u>107,141</u>	<u>-</u>	<u>(5,154)</u>	<u>101,987</u>
<b>TOTAL FUND BALANCE</b>	<u>1,708,506</u>	<u>17</u>	<u>201,162</u>	<u>1,909,685</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 2,009,028</u>	<u>\$ 17</u>	<u>\$ 201,162</u>	<u>\$ 2,210,207</u>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont  
 FUND FINANCIAL STATEMENTS  
 BALANCE SHEET - GOVERNMENTAL FUNDS  
 June 30, 2022

**Total fund balances - governmental funds** \$ 1,909,685

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

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

Capital Assets - Governmental fund expenditures 7,050,425

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 129,534

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

Accrued vacation/sick/comp-time payable (192,138)

Net pension liability (1,176,821)

Notes and bonds payable (248,298)

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.

640,994

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.

(799,596)

\$ 7,275,783

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, 2022

	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes and Special Assessments	\$ 9,778,024	\$ -	\$ -	\$ 9,778,024
General Government	426,115	-	-	426,115
Public Safety	441,921	-	-	441,921
Public Works	367,122	-	-	367,122
Recreation and Culture	436,126	-	22,245	458,371
Investment Income	8,359	-	2,021	10,380
	<u>11,457,667</u>	<u>-</u>	<u>24,266</u>	<u>11,481,933</u>
<b>TOTAL REVENUES</b>				
<b>EXPENDITURES</b>				
General	652,184	-	-	652,184
Public Safety	2,051,928	-	-	2,051,928
Public Works	1,565,032	-	-	1,565,032
Culture and Recreation	623,035	-	29,966	653,001
Other Expenses & Appropriations	551,719	-	-	551,719
Capital Outlay	1,361,795	-	-	1,361,795
Debt Service and Sinking Funds	156,085	-	-	156,085
School Appropriations	4,688,782	-	-	4,688,782
	<u>11,650,560</u>	<u>-</u>	<u>29,966</u>	<u>11,680,526</u>
<b>TOTAL EXPENDITURES</b>				
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	(192,893)	-	(5,700)	(198,593)
<b>OTHER FINANCING SOURCES:</b>				
Proceeds From long term debt	36,116	-	-	36,116
	<u>36,116</u>	<u>-</u>	<u>-</u>	<u>36,116</u>
<b>NET CHANGE IN FUND BALANCE</b>	(156,777)	-	(5,700)	(162,477)
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>1,865,283</u>	<u>17</u>	<u>206,862</u>	<u>2,072,162</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 1,708,506</u>	<u>\$ 17</u>	<u>\$ 201,162</u>	<u>\$ 1,909,685</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, 2022

**Net change in fund balances - governmental funds** \$ (162,477)

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	(718,279)
Capital assets purchased	1,238,425

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.	(36,116)
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Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	147,444
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Decrease in allowance for delinquent tax reserve	(94,034)

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	(51,284)
Vacation/sick/comp-time earned	(5,370)

**Change in net position of governmental activities** **\$ 318,309**

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
 June 30, 2022

ASSETS AND DEFERRED OUTFLOWS

	<u>Business Type Activities - Enterprise Funds</u>		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
<b>CURRENT ASSETS</b>			
Cash	\$ 182,464	\$ 673,528	\$ 855,992
Cash - restricted	-	637,021	637,021
Fees receivable	55,678	46,784	102,462
Unbilled revenues	<u>175,696</u>	<u>125,449</u>	<u>301,145</u>
<b>TOTAL CURRENT ASSETS</b>	<u>413,838</u>	<u>1,482,782</u>	<u>1,896,620</u>
<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	13,770,958	5,127,234	18,898,192
Machinery and equipment	1,292,772	590,865	1,883,637
Interlocal waterline project	-	773,757	773,757
Storm water separation	1,019,610	-	1,019,610
Construction in progress	-	<u>131,098</u>	<u>131,098</u>
	<u>16,429,447</u>	<u>7,277,108</u>	<u>23,706,555</u>
Less: accumulated depreciation	<u>(12,775,795)</u>	<u>(4,632,870)</u>	<u>(17,408,665)</u>
<b>CAPITAL ASSETS, net</b>	<u>3,653,652</u>	<u>2,644,238</u>	<u>6,297,890</u>
<b>DEFERRED OUTFLOWS</b>	<u>69,535</u>	<u>41,579</u>	<u>111,114</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,137,025</u>	<u>\$ 4,168,599</u>	<u>\$ 8,305,624</u>
<u>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u>			
<b>CURRENT LIABILITIES</b>			
Due to other funds	\$ 226,957	\$ 252,487	\$ 479,444
Accounts payable	18,913	31,134	50,047
Accrued wages	4,846	1,726	6,572
Current portion of bonds and notes payable	376,047	185,769	561,816
Accrued vacation/sick/comp.	13,356	2,518	15,874
Deferred ARPA revenue	-	636,264	636,264
Accrued interest	<u>2,669</u>	<u>952</u>	<u>3,621</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>642,788</u>	<u>1,110,850</u>	<u>1,753,638</u>
<b>LONG-TERM LIABILITIES</b>			
Net pension liabilities	133,249	64,430	197,679
Notes and bonds payable	<u>1,683,690</u>	<u>1,347,013</u>	<u>3,030,703</u>
<b>TOTAL LONG-TERM LIABILITIES</b>	<u>1,816,939</u>	<u>1,411,443</u>	<u>3,228,382</u>
<b>TOTAL LIABILITIES</b>	<u>2,459,727</u>	<u>2,522,293</u>	<u>4,982,020</u>
<b>DEFERRED INFLOWS</b>	<u>86,740</u>	<u>51,868</u>	<u>138,608</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,593,915	1,111,456	2,705,371
Unrestricted	<u>(3,357)</u>	<u>482,982</u>	<u>479,625</u>
<b>TOTAL NET POSITION</b>	<u>1,590,558</u>	<u>1,594,438</u>	<u>3,184,996</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<u>\$ 4,137,025</u>	<u>\$ 4,168,599</u>	<u>\$ 8,305,624</u>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES  
 IN NET POSITION - PROPRIETARY FUNDS  
 For the Year Ended June 30, 2022

	<u>Business Type Activities - Enterprise Funds</u>		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges and rent	\$ 1,064,546	\$ 787,262	\$ 1,851,808
Derby share	83,707	-	83,707
Discharge fees	194,082	-	194,082
Grant income	-	21	21
Other income	<u>132,861</u>	<u>-</u>	<u>132,861</u>
 TOTAL OPERATING REVENUES	 <u>1,475,196</u>	 <u>787,283</u>	 <u>2,262,479</u>
OPERATING EXPENSES			
Sewer system	218,368	-	218,368
Sewer plant	764,738	-	764,738
Water treatment and pumping	-	276,287	276,287
Water transmitting and distribution	-	126,787	126,787
Administration	92,560	76,157	168,717
Depreciation	587,439	258,384	845,823
Personnel and other expenses	108,866	61,679	170,545
Maintenance expenses	<u>39,889</u>	<u>105,946</u>	<u>145,835</u>
 TOTAL OPERATING EXPENSES	 <u>1,811,860</u>	 <u>905,240</u>	 <u>2,717,100</u>
 (LOSS) FROM OPERATIONS	 <u>(336,664)</u>	 <u>(117,957)</u>	 <u>(454,621)</u>
NON-OPERATING INCOME/(EXPENSES)			
Interest income	6,566	5,746	12,312
Interest expense	<u>(48,358)</u>	<u>(50,919)</u>	<u>(99,277)</u>
 TOTAL NON-OPERATING (EXPENSES)	 <u>(41,792)</u>	 <u>(45,173)</u>	 <u>(86,965)</u>
 CHANGE IN NET POSITION	 (378,456)	 (163,130)	 (541,586)
 NET POSITION AT BEGINNING OF YEAR	 <u>1,969,014</u>	 <u>1,757,568</u>	 <u>3,726,582</u>
 NET POSITION AT END OF YEAR	 <u>\$ 1,590,558</u>	 <u>\$ 1,594,438</u>	 <u>\$ 3,184,996</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, 2022

	Business-Type Activities		
	Sewer Fund	Water Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,383,652	\$ 822,267	\$ 2,205,919
Payments to suppliers	(1,096,642)	(556,900)	(1,653,542)
Payments for employees and benefits	(97,991)	(57,592)	(155,583)
Other receipts (payments)	132,861	636,285	769,146
NET CASH PROVIDED BY OPERATING ACTIVITIES	321,880	844,060	1,165,940
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	243,351	262,239	505,590
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of property, plant and equipment	(83,672)	(121,303)	(204,975)
Principal payments on debt	(374,708)	(197,540)	(572,248)
Interest payments on debt	(48,358)	(50,919)	(99,277)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(506,738)	(369,762)	(876,500)
CASH FLOW FROM INVESTING ACTIVITIES:			
Receipt of interest and dividends	6,566	5,746	12,312
NET INCREASE IN CASH	65,059	742,283	807,342
CASH - BEGINNING OF YEAR	117,405	568,266	685,671
CASH - END OF YEAR	\$ 182,464	\$ 1,310,549	\$ 1,493,013
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating (loss)	\$ (336,664)	\$ (117,957)	\$ (454,621)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	587,439	258,384	845,823
Change in net assets and liabilities:			
Receivables, net	20,540	12,455	32,995
Deferred income	-	636,264	636,264
Accounts Payable	18,913	31,134	50,047
Accrued wages	2,619	380	2,999
Accrued interest	-	(2,857)	(2,857)
Deferred outflows	48,983	17,435	66,418
Net pension liability	(128,735)	(65,266)	(194,001)
Deferred inflows	85,316	51,159	136,475
Accrued vacation	2,692	379	3,071
Net cash provided by operating activities	\$ 321,880	\$ 844,060	\$ 1,165,940

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
 June 30, 2022

ASSETS

	<u>Private Purpose Trust Funds</u>
CASH	
Checking	\$ 41,941
Savings and money markets	<u>54,433</u>
TOTAL CASH	<u>96,374</u>
INVESTMENTS	
Trust account	<u>309,385</u>
TOTAL ASSETS	<u><u>\$ 405,759</u></u>

LIABILITIES AND NET POSITION

LIABILITIES	
Due to other funds	<u>\$ 13,063</u>
NET POSITION	
Reserved for trust funds	62,000
Unreserved	<u>330,696</u>
TOTAL NET POSITION	<u>392,696</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 405,759</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, 2022

	Private Purpose Trust Funds
ADDITIONS	
Contributions	\$ 2,152
Other Income	1,562
Investment Earnings	
Interest income	11,394
Dividend income	1,499
Net gain/(loss) on investments	(62,573)
Net Investment Earnings	(49,680)
TOTAL ADDITIONS	(45,966)
DEDUCTIONS	
Administrative fees	3,484
Contracted services	10,030
Police expenditures	7,665
Beneficiaries	400
Other	112
TOTAL DEDUCTIONS	21,691
CHANGE IN NET POSITION	(67,657)
NET POSITION AT BEGINNING OF YEAR	460,353
NET POSITION AT END OF YEAR	\$ 392,696

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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, 2022 consisted of the following:

	Bank Balance	Book Balance
Insured - FDIC	\$ 969,606	\$ 969,606
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.	1,296,742	896,593
Uninsured, Right to Offset by Outstanding Debt	367,460	367,460
Uninsured	671,585	671,719
Petty Cash	-	500
 TOTAL	 \$ 3,305,393	 \$ 2,905,878

City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2022

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, 2022 consist of the following:

	General Fund	Proprietary Funds	Total
Delinquent Taxes, net of \$129,534 reserves	\$ 83,001	\$ -	\$ 83,001
Penalty and Interest	34,705	-	34,705
Other Receivable	249,177	-	249,177
Water Rents - Billed	-	46,784	46,784
Sewer Rents - Billed	-	55,072	55,072
Sewer Derby Share	-	45	45
Sewer Contracted Works	-	561	561
	<u>\$ 366,883</u>	<u>\$ 102,462</u>	<u>\$ 469,345</u>
TOTAL NET RECEIVABLES	<u>\$ 366,883</u>	<u>\$ 102,462</u>	<u>\$ 469,345</u>

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 414,235	\$ -	\$ -	\$ 414,235
Construction in progress	<u>220,677</u>	<u>119,959</u>	<u>(116,769)</u>	<u>223,867</u>
Total capital assets, not being depreciated	<u>634,912</u>	<u>119,959</u>	<u>(116,769)</u>	<u>638,102</u>
Capital assets, being depreciated				
Land improvements	495,914	116,769	-	612,683
Buildings and improvements	3,952,054	356,263	-	4,308,317
Equipment	2,891,755	395,079	(4,900)	3,281,934
Vehicles	3,947,807	128,094	(173,488)	3,902,413
Infrastructure	<u>4,309,769</u>	<u>239,030</u>	<u>-</u>	<u>4,548,799</u>
Total capital assets, being depreciated	<u>15,597,299</u>	<u>1,235,235</u>	<u>(178,388)</u>	<u>16,654,146</u>

City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2022

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	(353,249)	(15,106)	-	(368,355)
Buildings and improvements	(1,746,597)	(107,633)	-	(1,854,230)
Equipment	(2,092,848)	(239,370)	4,900	(2,327,318)
Vehicles	(3,071,834)	(194,202)	173,488	(3,092,548)
Infrastructure	<u>(2,437,404)</u>	<u>(161,968)</u>	<u>-</u>	<u>(2,599,372)</u>
 Total accumulated depreciation	 <u>(9,701,932)</u>	 <u>(718,279)</u>	 <u>178,388</u>	 <u>(10,241,823)</u>
 Total capital assets, being depreciated, net	 <u>5,895,367</u>	 <u>516,956</u>	 <u>-</u>	 <u>6,412,323</u>
 Governmental activities, capital assets, net	 <u>\$ 6,530,279</u>	 <u>\$ 636,915</u>	 <u>\$ (116,769)</u>	 <u>\$ 7,050,425</u>

Depreciation is allocated in the General Fund as follows:

Public Works	\$ 344,181
Public Safety	283,583
Recreation	87,668
General Government	<u>2,847</u>
 TOTAL	 <u>\$ 718,279</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	\$ 24,800	\$ -	\$ -	\$ 24,800
Construction in progress	<u>74,761</u>	<u>56,337</u>	<u>-</u>	<u>131,098</u>
 Total capital assets, not being depreciated	 <u>99,561</u>	 <u>56,337</u>	 <u>-</u>	 <u>155,898</u>
 Equipment and vehicles	 532,713	 58,152	 	 590,865
Water system and improvements	5,120,420	6,814	-	5,127,234
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>7,056,244</u>	 <u>64,966</u>	 <u>-</u>	 <u>7,121,210</u>

City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2022

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	(317,879)	(39,300)	-	(357,179)
Water system and improvements	(3,185,366)	(176,225)	-	(3,361,591)
Water lines	(451,337)	(19,341)	-	(470,678)
Wells	<u>(419,904)</u>	<u>(23,518)</u>	-	<u>(443,422)</u>
 Total accumulated depreciation	 <u>(4,374,486)</u>	 <u>(258,384)</u>	 -	 <u>(4,632,870)</u>
 Total capital assets, being depreciated, net	 <u>2,681,758</u>	 <u>(193,418)</u>	 -	 <u>2,488,340</u>
 Water utility, capital assets, net	 <u>2,781,319</u>	 <u>(137,081)</u>	 -	 <u>2,644,238</u>
 Sewer utility:				
Capital assets, not being depreciated				
Land	4,462	-	-	4,462
Construction in progress	<u>13,420</u>	<u>21,436</u>	<u>(34,856)</u>	<u>-</u>
 Total capital assets, not being depreciated	 <u>17,882</u>	 <u>21,436</u>	 <u>(34,856)</u>	 <u>4,462</u>
 Capital assets, being depreciated				
Buildings	341,645	-	-	341,645
Equipment and vehicles	1,246,536	46,236	-	1,292,772
Sewer system and improvements	13,720,102	50,856	-	13,770,958
Storm water separation	<u>1,019,610</u>	<u>-</u>	<u>-</u>	<u>1,019,610</u>
 Total capital assets, being depreciated	 <u>16,327,893</u>	 <u>97,092</u>	 -	 <u>16,424,985</u>
 Accumulated depreciation for				
Buildings	(258,315)	(8,610)	-	(266,925)
Equipment and vehicles	(998,829)	(73,539)	-	(1,072,368)
Sewer system and improvements	(10,255,740)	(479,800)	-	(10,735,540)
Storm water separation	<u>(675,472)</u>	<u>(25,490)</u>	<u>-</u>	<u>(700,962)</u>
 Total accumulated depreciation	 <u>(12,188,356)</u>	 <u>(587,439)</u>	 -	 <u>(12,775,795)</u>

City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2022

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>				
Total capital assets, being depreciated, net	<u>4,139,537</u>	<u>(490,347)</u>	<u>-</u>	<u>3,649,190</u>
Sewer utility, capital assets, net	<u>4,157,419</u>	<u>(468,911)</u>	<u>(34,856)</u>	<u>3,653,652</u>
Business-type activities, capital assets, net	<u>\$ 6,938,738</u>	<u>\$ (605,992)</u>	<u>\$ (34,856)</u>	<u>\$ 6,297,890</u>

NOTE 5 UNEARNED REVENUE

Unearned revenue in the General Fund consists of the following at June 30, 2022:

Project D.A.R.E.	\$ 4,545
Reappraisal - Act 60	70,975
Bike Path Grant	<u>25,968</u>
	<u>\$ 101,488</u>

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, 2022

NOTE 6 ACCRUED VACATION/SICK/COMPTIME (continued)

	<u>General</u>	<u>Water/Sewer</u>
Vacation	\$ 84,388	\$ 7,017
Comp time	9,401	998
Sick - Short-Term	32,783	7,859
	126,572	15,874
Sick - Long-Term	65,566	-
	\$ 192,138	\$ 15,874

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 1.19% dated July 1, 2021 and due June 30, 2022. There was no amount drawn on the line of credit during the fiscal year. This line of credit was renewed subsequent to year end, see Note 19.

NOTE 8 NOTES AND BONDS PAYABLE

The following is a summary of changes in notes and bonds payable for the year ended June 30, 2022:

	<u>Beginning Balance June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2022</u>
<u>Governmental Activities:</u>				
Vermont Municipal Bond Bank issued July 14, 2011, Original Amount-\$500,000 with net interest of 2.64% paid in semi annual paymts Principal pmts of \$50,000 paid annually each December 1st. Matured November 2021.	\$ 50,000	\$ -	\$ 50,000	\$ -
Passumpsic Saving Bank Muni Note issued July 7, 2014 for \$369,916 at 2.46% for ten years pmts due 7/1 for \$42,166. Matures July 2024.	120,399	-	39,191	81,208

City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 8      NOTES AND BONDS PAYABLE (continued)

	Beginning Balance <u>June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 2022</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.	10,295	-	6,664	3,631
Passumpsic Savings Bank - Promissory Note for financing of a 2021 Ford Explorer, principal and 1.49% interest payments of \$1,026 due monthly. Matures November, 2024.	-	36,116	7,883	28,233
Passumpsic Savings Bank- Promissory Note for financing of a 2018 Ford Explorer, principal and 2.59% interest payments of \$733 due monthly. Matured November 2021	2,923	-	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.	13,918	-	8,733	5,185
Community First National Bank - Lease Purchase agreement for fire dept, equipment, principal and 3.194% interest payments of \$24,646 due annually. Matures July 2026.	132,656	-	20,408	112,248
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.	<u>29,435</u>	<u>-</u>	<u>11,642</u>	<u>17,793</u>
 TOTAL GOVERNMENTAL ACTIVITIES	 <u>\$ 359,626</u>	 <u>\$ 36,116</u>	 <u>\$ 147,444</u>	 <u>\$ 248,298</u>

City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 8 NOTES AND BONDS PAYABLE (continued)

Anticipated maturities are as follows for the Governmental Funds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 93,801	\$ 6,223	\$ 100,024
2024	80,946	4,136	85,082
2025	26,524	2,234	28,758
2026	23,144	1,502	24,646
2027	<u>23,883</u>	<u>763</u>	<u>24,646</u>
 TOTAL	 <u>\$ 248,298</u>	 <u>\$ 14,858</u>	 <u>\$ 263,156</u>

	<u>Beginning Balance June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2022</u>
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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.

	\$ 30,584	\$ -	\$ 15,140	\$ 15,444
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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.

	50,526	-	25,012	25,514
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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.

	1,754,340	-	204,398	1,549,942
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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.

	148,501	-	11,073	137,428
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City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 8      NOTES AND BONDS PAYABLE (continued)

	<u>Beginning Balance June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2022</u>
Note payable to Passumpsic Savings Bank 2.27% interest. Payments of \$47,939 due two times annually, matures 12/1/2024.	320,494	-	89,085	231,409
Vermont Municipal Bond Bank issued 7/26/01, sewer portion equals \$700,000 with annual installments of \$30,000 plus interest at 4.83%, matures 12/1/25.	<u>130,000</u>	<u>-</u>	<u>30,000</u>	<u>100,000</u>
<b>TOTAL SEWER FUND</b>	<u>2,434,445</u>	<u>-</u>	<u>374,708</u>	<u>2,059,737</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.	110,604	-	36,668	73,936
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	1,426,063	-	124,396	1,301,667
State of Vermont Revolving Loan Fund RF3-095 \$547,000 available, at 1% interest and 2% admin fee, due in annual installments of \$36,769, matures 7/1/2027.	<u>193,655</u>	<u>-</u>	<u>36,476</u>	<u>157,179</u>
<b>TOTAL WATER FUND</b>	<u>1,730,322</u>	<u>-</u>	<u>197,540</u>	<u>1,532,782</u>
 <b>TOTAL BUSINESS-TYPE FUNDS</b>	 <u>\$ 4,164,767</u>	 <u>\$ -</u>	 <u>\$ 572,248</u>	 <u>\$ 3,592,519</u>

City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 8 NOTES AND BONDS PAYABLE (continued)

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

	Principal	Interest	Total
2023	\$ 561,816	65,712	\$ 627,528
2024	528,831	53,055	581,886
2025	456,176	41,483	497,659
2026	418,366	32,833	451,199
2027	391,641	25,220	416,861
2028-2032	1,200,380	65,776	1,266,156
2033-2035	35,309	260	35,569
TOTAL	\$ 3,592,519	\$ 284,339	\$ 3,876,858

NOTE 9 CHANGE IN ACCOUNTING PRINCIPLES

Effective July 1, 2021, the City of Newport, Vermont implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases.

GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It established requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. These changes were incorporated in City of Newport, Vermont June 30, 2022 financial statements.

The implementation of GASB Statement No. 87 did not result in a change in net position for the year ended June 30, 2021. The City of Newport, Vermont did have a previously reported capital lease that has been determined as a financed purchased, this liability is now being reported as long term debt in Note 8.

NOTE 10 RESTRICTED/COMMITTED/ASSIGNED FUND BALANCES

Restricted fund balances at June 30, 2022 are as follows:

General Fund:

Restricted for Records Restoration	\$ 27,096
Restricted for NBRC Grant Funding Match	240,800
Restricted for Economic Development - Walmart Funds	380,000
Total General Fund	\$ 647,896

Recreation Fund:

Restricted for use on Playground Equipment	\$ 169,779
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City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2022

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

Committed fund balances at June 30, 2022 are as follows:

General Fund:

Committed for:

Street Capital Design Projects	\$ 315,945
Tennis Court Sinking Fund	4,344
Street Resurfacing	154,347
Main Street Maintenance	22,596
Street Reconstruction	102,053
Public Works Vehicles	51,447
Bridge Culvert and Retaining Wall Repairs	13,707
Police Tech Equipment	6,207
Dispatch Equipment	117,318
Bullet Proof Vest Replacement	12,190
Fire Dept. Grant Match	15,000
Recreation Vehicles	3,110
Prouty Beach Improvements	10,965
Prouty Beach Equipment	2,906
Gardner Park Improvements	22,952
Gateway and Waterfront Improvements	14,960
Dock Improvements	61,632
Aquatic Weed Control	19,990
Event Tent and Equipment	<u>1,800</u>

Total General Fund	<u>953,469</u>
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Recreation Fund:

Committed for use in the Recreation Fund	36,537
Committed for use in the Mooring Management Fund	<u>-</u>

Total Recreation Fund	<u>36,537</u>
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Capital Projects Fund:

Committed for use in the Capital Projects Fund	<u>17</u>
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TOTAL COMMITTED FUND BALANCES	<u><u>\$ 990,023</u></u>
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City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2022

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, 2022 are as follows:

	Cost	Market Value
East Main Street Cemetery Fund		
Equities	\$ 46,439	\$ 55,443
Fixed Income	135,338	120,757
Total	181,777	176,200
Perley J. Niles Fund		
Equities	39,941	46,612
Fixed Income	98,614	86,573
Total	138,555	133,185
TOTAL	\$ 320,332	\$ 309,385

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

NOTE 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, 2022

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, 2022 and for the City of Newport, Vermont's reporting period (the year ended June 30, 2022). 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, 2021) as the measurement date, and the year ended June 30, 2020 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, 2020, to the measurement date of June 30, 2021.

**Schedule A – Employer Allocations 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 (6.50% Disc Rate)	Net Pension Liability 1% Decrease (8.50% Disc Rate)
\$ 212,698	1.02627%	\$2,596,189	\$ 901,468	\$ 13,329	\$ 3,966,450	\$ 1,468,752

**Schedule B – Employers' Allocation as of June 30, 2021**

Fiscal Year Ended June 30, 2021						
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)
\$ 207,630	0.93386%	\$1,374,500	\$ 522,712	\$ 938,204	\$ 2,716,778	\$ 270,755



City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 13 PENSION PLAN (continued)

**Schedule C – Employers’ Allocation of Pension Amounts as of June 30, 2021**

Deferred Outflows of Resources							
Employer Proportion	Net Pension Liability	Difference Between Expected and Actual Experience	Changes in Assumptions	Changes in Benefits	Difference Between Projected and Actual Investment Earnings	Changes in Proportional Share of Contributions and Proportionate Share of Contributions	Total Deferred Outflows
0.93386%	\$ 1,374,500	\$ 256,182	\$ 217,260	\$ -	\$ -	\$ 49,270	\$ 522,712

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	
\$ -	\$ -	\$ -	\$ 810,444	\$ 127,760	\$ 938,204	

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
\$ 305,133	\$ (15,561)	\$ 289,572

City of Newport, Vermont  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2022

NOTE 13 PENSION PLAN (continued)

**Schedule D – Employers’ Allocation of Recognition of Deferred Outflows/Inflows as of June 30, 2021**

Fiscal Year Ending June 30,					
2022	2023	2024	2025	2026	Thereafter
\$ (10,221)	\$ (49,689)	\$ (104,721)	\$ (250,860)	\$ -	\$ -

For entities with a reporting date in 2022, the amounts shown will be recognized in the expense for plan years ending in 2023, 2024, 2025 and 2026.

**Schedule E – Contributions History for Fiscal Years 2019-2021**

FY 2021	FY 2020	FY 2019
\$ 207,630	\$ 212,698	\$ 187,835

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/content/retirement/vmers/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/annual-compenhensive-financial-report>

**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, 2021, the retirement system consisted of 352 participating employers.

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

City of Newport, Vermont  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2022

NOTE 13 PENSION PLAN (continued)

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

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

Summary of System Provisions

Membership	Full time employees of participating municipalities. Municipality elect's coverage under Groups A, B, C or D provisions.
Creditable service	Service as a member plus purchased service.
Average Final Compensation (AFC)	Group A – average annual compensation during highest 5 consecutive years.  Groups B and C – average annual compensation during highest 3 consecutive years.  Group D – average annual compensation during highest 2 consecutive years.
Service Retirement Allowance	
Eligibility	Group A – The earlier of age 65 with 5 years of service or age 55 with 35 years of service.  Group B – The earlier of age 62 with 5 years of service or age 55 with 30 years of service.  Groups C and D – Age 55 with 5 years of service.
Amount	Group A – 1.4% of AFC x service  Group B – 1.7% of AFC x service as Group B member plus percentage earned as Group A member x AFC

City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 13 PENSION PLAN (continued)

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

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

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

Early Retirement Allowance

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

Amount Normal 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.

City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 13 PENSION PLAN (continued)

Death Benefit

Eligibility Death after 5 years of service.

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

Optional Benefit and Death after Retirement

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

Refund of Contribution

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

Post-Retirement Adjustments

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

Retirement Stipend

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

Member Contributions

For Fiscal Year Ended	Effective July 1, 2021
June 30, 2021	

Group A – 3.00%	3.25%
-----------------	-------

Group B – 5.375%	5.625%
------------------	--------

Group C – 10.50%	10.75%
------------------	--------

Group D – 11.85%	12.10%
------------------	--------

Employer Contributions

Group A – 4.5%	4.75%
----------------	-------

Group B – 6.00%	6.25%
-----------------	-------

Group C – 7.75%	8%
-----------------	----

Group D – 10.35%	10.60%
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City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 13 PENSION PLAN (continued)

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

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, 2021 and January 1, 2022 COLAs are 2.0% and 2.30%, 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.

City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 13 PENSION PLAN (continued)

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%

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, 2021, is summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global Equity	24.00%	5.05%
Activity Global Equities	5.00%	5.05%
US Equity - Large Cap	4.00%	4.00%
US Equity - Small/Mid Cap	3.00%	4.50%
Non-US Developed US Equities	7.00%	5.50%
Emerging Markets Debt	4.00%	3.00%
Core Bond	19.00%	0.00%
Private & Alternative Credit	10.00%	4.75%
US TIPS	3.00%	-0.50%
Core Real Estate	4.00%	3.75%
Non-Core Real Estate	4.00%	5.75%
Private Equity	10.00%	6.75%
Infrastructure/Farmland	3.00%	4.25%

Discount Rate: The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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). The Board voted to authorize employer contribution rate increases of .50% each year for a period of four years beginning July 1, 2022 to be offset by any increases in the employee contribution rates as negotiated with employee groups and approved by the Legislature. 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, 2021. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 13 PENSION PLAN (continued)

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%)
\$ 2,716,778	\$ 1,374,500	\$ 270,755

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, 2022, the tax rate is as follows:

	Non- <u>Residential</u>	<u>Residential</u>
City	\$ 1.3760	\$ 1.3760
School	<u>1.6696</u>	<u>1.5787</u>
 TOTAL	 <u>\$ 3.0456</u>	 <u>\$ 2.9547</u>

NOTE 15 INTERFUND RECEIVABLE AND PAYABLE BALANCES

Individual Fund Interfund Receivable and Payable balances are as follows at June 30, 2022:

	<u>Interfund Receivables</u>	<u>Interfund Payable</u>
General Fund	\$ 480,566	\$ -
Capital Projects Fund	17	-
Other Governmental Funds	11,924	-
Sewer Fund	-	226,957
Water Fund	-	252,487
Private-Purpose Trust Funds	<u>-</u>	<u>13,063</u>
 Total Fund Financial Statement Balances	 <u>\$ 492,507</u>	 <u>\$ 492,507</u>



City of Newport, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 15 INTERFUND RECEIVABLE AND PAYABLE BALANCES (continued)

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

NOTE 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.

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 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, 2022

NOTE 19      EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenditures exceeded appropriations in the General Fund by \$979,615. The excess was caused by expenditures from budgeted capital expenditures that were previously committed or assigned for in previous periods. Additionally, a portion of this excess was covered by grants that were not previously budgeted for as they were not anticipated during previous budget periods.

NOTE 20      SUBSEQUENT EVENTS

On July 1, 2022 the City signed a tax anticipation line of credit with Passumpsic Savings Bank for \$1,000,000 at the interest rate of 3.13%, due June 30, 2023.

In accordance with Accounting Standards, the City has evaluated subsequent events through November 17, 2022, which is the date these basic financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2022, 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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
<b>TAXES</b>				
Property Taxes	\$ 9,090,322	\$ 9,090,322	9,046,197	\$ (44,125)
Appropriations	167,218	167,218	167,218	-
Fish & Wildlife Taxes	200	200	239	39
Payments in Lieu of Taxes	490,700	490,700	564,370	73,670
<b>TOTAL TAXES</b>	<b>9,748,440</b>	<b>9,748,440</b>	<b>9,778,024</b>	<b>29,584</b>
<b>GENERAL GOVERNMENT</b>				
City Clerk/Treasurer:				
Reimbursements	22,000	22,000	22,803	803
Licenses and Fees	61,800	61,800	79,261	17,461
Interest/penalties on Delinquent Taxes	74,000	74,000	66,939	(7,061)
Corrections Contract	84,000	84,000	94,659	10,659
Miscellaneous Revenues	63,400	63,400	140,453	77,053
<b>TOTAL GENERAL GOVERNMENT</b>	<b>305,200</b>	<b>305,200</b>	<b>426,115</b>	<b>120,915</b>
<b>PUBLIC SAFETY</b>				
Police Department:				
Traffic Court Fines	9,500	9,500	11,282	1,782
Police Department Services	71,600	71,600	131,349	59,749
Other Public safety grants	-	-	250,718	250,718
Miscellaneous	200	200	100	(100)
<b>Total Police Department</b>	<b>81,300</b>	<b>81,300</b>	<b>393,449</b>	<b>312,149</b>
Fire Department:				
Labor and Materials	42,300	42,300	48,472	6,172
<b>Total Fire Department</b>	<b>42,300</b>	<b>42,300</b>	<b>48,472</b>	<b>6,172</b>
<b>TOTAL PUBLIC SAFETY</b>	<b>123,600</b>	<b>123,600</b>	<b>441,921</b>	<b>318,321</b>
<b>PUBLIC WORKS</b>				
Street Department:				
Street Dept. St. Aid to Highway	141,100	141,100	338,892	197,792
Street Dept. Labor and Materials	-	-	3,941	3,941
Other Income	-	-	10,586	10,586
Other Reimbursements	-	-	160	160
Lane Mileage	-	-	7,867	7,867
Public works grants	5,500	5,500	5,676	176
<b>TOTAL PUBLIC WORKS</b>	<b>146,600</b>	<b>146,600</b>	<b>367,122</b>	<b>220,522</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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>CULTURE AND RECREATION</b>				
Prouty Beach:				
Admissions	-	-	89	89
Camping	102,000	102,000	172,413	70,413
Tennis	48,750	48,750	50,020	1,270
Electric fees	4,000	4,000	3,680	(320)
Swing Project	5,500	5,500	1,092	(4,408)
Miscellaneous	2,900	2,900	12,520	9,620
Total Prouty Beach	<u>163,150</u>	<u>163,150</u>	<u>239,814</u>	<u>76,664</u>
Miscellaneous Recreation:				
Miscellaneous	19,300	19,300	19,356	56
Summer Programs	12,000	12,000	28,372	16,372
Gym Rental	5,000	5,000	4,782	(218)
City Landscaper	-	-	8,311	8,311
VOREC Grant	-	-	35,000	35,000
Annual Events	30,000	30,000	22,260	(7,740)
Total Miscellaneous Recreation	<u>66,300</u>	<u>66,300</u>	<u>118,081</u>	<u>51,781</u>
Gardner Park:				
Rental	8,500	8,500	10,565	2,065
Total Gardner Park	<u>8,500</u>	<u>8,500</u>	<u>10,565</u>	<u>2,065</u>
Senior Center:				
Salary reimbursement	3,000	3,000	2,502	(498)
Total Senior Center	<u>3,000</u>	<u>3,000</u>	<u>2,502</u>	<u>(498)</u>
Waterfront:				
Gasoline Sales	45,000	45,000	13,401	(31,599)
Boatslip Rentals	42,000	42,000	37,470	(4,530)
Miscellaneous Rents	6,080	6,080	3,340	(2,740)
Miscellaneous	2,000	2,000	3,297	1,297
Gateway Center	5,000	5,000	7,656	2,656
Total Waterfront	<u>100,080</u>	<u>100,080</u>	<u>65,164</u>	<u>(34,916)</u>
TOTAL CULTURE AND RECREATION	<u>341,030</u>	<u>341,030</u>	<u>436,126</u>	<u>95,096</u>
INVESTMENT INCOME	<u>6,075</u>	<u>6,075</u>	<u>8,359</u>	<u>2,284</u>
TOTAL REVENUES	<u>10,670,945</u>	<u>10,670,945</u>	<u>11,457,667</u>	<u>786,722</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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
City Council	12,935	12,935	9,009	3,926
City Manager Department	90,338	90,338	92,217	(1,879)
Delinquent Tax Collector	5,775	5,775	20,390	(14,615)
Election Expense	8,853	8,853	4,622	4,231
City Treasurer	118,790	118,790	112,679	6,111
Audit and City Report	41,800	41,800	44,910	(3,110)
Tax Listing	35,050	35,050	40,556	(5,506)
City Clerk Department	122,105	122,105	121,263	842
Legal Expense	15,500	15,500	8,841	6,659
Planning & Zoning	38,919	38,919	64,804	(25,885)
Reappraisal	7,000	7,000	8,890	(1,890)
Municipal Building	<u>120,152</u>	<u>120,152</u>	<u>124,003</u>	<u>(3,851)</u>
<b>TOTAL GENERAL GOVERNMENT</b>	<u>617,217</u>	<u>617,217</u>	<u>652,184</u>	<u>(34,967)</u>
<b>PUBLIC SAFETY</b>				
<b>Police Department</b>				
Administration	163,384	163,384	160,452	2,932
Patrol	1,293,219	1,293,219	1,292,926	293
Dispatch Services	339,626	339,626	339,620	6
Operation Stonegarden	-	-	52,257	(52,257)
Animal Control	1,550	1,550	352	1,198
NICS	18,389	18,389	15,714	2,675
Police Contracted Services	-	-	6,579	(6,579)
Total Police Department	<u>1,816,168</u>	<u>1,816,168</u>	<u>1,867,900</u>	<u>(51,732)</u>
<b>Fire Department</b>				
Fire Fighting	124,589	124,589	109,027	15,562
Fire Training	1,200	1,200	1,906	(706)
Fire Communications	10,500	10,500	10,274	226
Fire Station	12,000	12,000	22,536	(10,536)
Fire Trucks & Equipment	<u>25,000</u>	<u>25,000</u>	<u>40,285</u>	<u>(15,285)</u>
Total Fire Department	<u>173,289</u>	<u>173,289</u>	<u>184,028</u>	<u>(10,739)</u>
<b>TOTAL PUBLIC SAFETY</b>	<u>1,989,457</u>	<u>1,989,457</u>	<u>2,051,928</u>	<u>(62,471)</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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>PUBLIC WORKS</b>				
Public Works Administration	291,566	291,566	275,505	16,061
Street Maintenance	231,636	231,636	351,235	(119,599)
Winter Maintenance	375,800	375,800	339,239	36,561
Garage and Facilities	45,272	45,272	40,725	4,547
City Property	52,160	52,160	204,800	(152,640)
Storm Maintenance	96,550	96,550	46,103	50,447
Traffic Maintenance	147,200	147,200	163,116	(15,916)
Private Work expenditures	<u>70,671</u>	<u>70,671</u>	<u>144,309</u>	<u>(73,638)</u>
<b>TOTAL PUBLIC WORKS</b>	<u>1,310,855</u>	<u>1,310,855</u>	<u>1,565,032</u>	<u>(254,177)</u>
<b>CULTURE AND RECREATION</b>				
Administration	124,399	124,399	109,135	15,264
Senior Citizens	7,600	7,600	7,321	279
Prouty Beach and Swimming	140,769	140,769	159,649	(18,880)
Recreational Programs	38,185	38,185	54,278	(16,093)
Annual Events	45,000	45,000	43,067	1,933
Gardner Park	133,194	133,194	151,297	(18,103)
Waterfront	<u>127,708</u>	<u>127,708</u>	<u>98,288</u>	<u>29,420</u>
<b>TOTAL CULTURE AND RECREATION</b>	<u>616,855</u>	<u>616,855</u>	<u>623,035</u>	<u>(6,180)</u>
<b>OTHER EXPENSES &amp; APPROPRIATIONS</b>				
Conservation & Development	22,800	22,800	24,513	(1,713)
Health & Welfare	33,415	33,415	30,232	3,183
Recycling Project	34,475	34,475	38,289	(3,814)
County Tax	53,000	53,000	50,189	2,811
Renaissance Project	60,000	60,000	60,000	-
General Insurance	14,000	14,000	12,826	1,174
Claims and Damages	1,500	1,500	1,000	500
Employment Practices Insurance	11,000	11,000	9,996	1,004
Public Official Liability	6,000	6,000	4,749	1,251
Miscellaneous	-	-	8,153	(8,153)
Newport Ambulance, Inc.	144,600	144,600	144,554	46
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	<u>8,500</u>	<u>8,500</u>	<u>8,500</u>	<u>-</u>
<b>TOTAL OTHER EXPENSES &amp; APPROPRIATIONS</b>	<u>548,008</u>	<u>548,008</u>	<u>551,719</u>	<u>(3,711)</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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>CAPITAL OUTLAY</b>				
Street Repairs and Maintenance	280,000	280,000	274,253	5,747
Public Works Vehicles	155,000	155,000	371,966	(216,966)
VISTA Traffic Lights	122,083	122,083	84	121,999
Bridge Repairs	5,000	5,000	-	5,000
Main and Field St. Intersection Upgrades	-	-	71,305	(71,305)
Municipal Building Remodel	10,000	10,000	36,745	(26,745)
Tech Equipment Fleet Replacement	5,000	5,000	10,341	(5,341)
Dispatch Equipment	5,000	5,000	2,558	2,442
Bullet Proof Vest	5,000	5,000	4,475	525
Fire Station Repairs & Maintenance	5,000	5,000	5,000	-
Fire Vehicles and Equipment	20,000	20,000	20,000	-
Police Department Locker Room	-	-	258,305	(258,305)
Police Vehicles	-	-	36,116	(36,116)
Prouty Beach Improvements	10,000	10,000	46,834	(36,834)
Gardner Park Improvements	35,000	35,000	8,107	26,893
Gateway Maintenance	13,000	13,000	3,000	10,000
Dock Improvements	8,500	8,500	-	8,500
Mooring Management Boat	22,040	22,040	32,500	(10,460)
Main Street Lights Project	-	-	167,725	(167,725)
Rec Event Tent	2,500	2,500	-	2,500
Rec Maintenance Vehicles	12,500	12,500	12,481	19
<b>TOTAL CAPITAL OUTLAY</b>	<u>715,623</u>	<u>715,623</u>	<u>1,361,795</u>	<u>(646,172)</u>
<b>DEBT SERVICE &amp; SINKING FUNDS</b>				
Debt Principal Payments	174,121	174,121	151,174	22,947
Interest on Notes	6,253	6,253	3,450	2,803
Interest on Bonds	2,334	2,334	1,461	873
Tennis Court Sinking Funds	1,440	1,440	-	1,440
<b>TOTAL DEBT SERVICE &amp; SINKING FUNDS</b>	<u>184,148</u>	<u>184,148</u>	<u>156,085</u>	<u>28,063</u>
<b>SCHOOL APPROPRIATION</b>	<u>4,688,782</u>	<u>4,688,782</u>	<u>4,688,782</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>10,670,945</u>	<u>10,670,945</u>	<u>11,650,560</u>	<u>(979,615)</u>
<b>EXCESS/(DEFICIENCY) OF REVENUES OVER/(UNDER) EXPENDITURES</b>	-	-	(192,893)	(192,893)
<b>OTHER FINANCING SOURCES</b>				
Proceeds from Long Term Debt	-	-	36,116	36,116
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (156,777)</u>	<u>\$ (156,777)</u>

See Accompanying Notes to Basic Financial Statements.



City of Newport, Vermont  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 For the Year Ended June 30, 2022

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.9339%	1.0263%	0.9776%	0.9725%	0.9213%	0.9655%	0.9631%	0.9864%
City's proportionate share of the net pension liability (asset)	<u>\$ 1,374,500</u>	<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>
City's covered-employee payroll	<u>\$ 2,524,084</u>	<u>\$ 2,650,053</u>	<u>\$ 2,397,093</u>	<u>\$ 2,233,566</u>	<u>\$ 2,141,622</u>	<u>\$ 2,102,427</u>	<u>\$ 1,966,262</u>	<u>\$ 1,917,963</u>
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	54.46%	97.97%	70.76%	61.25%	52.12%	59.10%	35.32%	4.58%
Plan fiduciary net position as a percentage of the total pension liability	86.29%	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%

*Significant Actuarial Assumptions and methods are described in Note 13 to the financial statements.  
 No changes in actuarial assumptions and methods since the last measurement date.*

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS  
 For the Year Ended June 30, 2022

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contributions (Actuarially Determined)	\$ 207,630	\$ 212,698	\$ 187,835	\$ 170,342	\$ 150,450	\$ 146,742	\$ 134,620	\$ 127,244
Contributions in Relation to the Actuarially Determined Contributions	<u>207,630</u>	<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>
Covered Employee Payroll	<u>\$ 2,524,084</u>	<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>
Contributions as a Percentage of Covered Employee Payroll	8.23%	8.03%	7.84%	7.63%	7.03%	6.98%	6.85%	6.63%

*Significant Actuarial Assumptions and methods are described in Note 13 to the financial statements. No changes in actuarial assumptions and methods since the last measurement date.*

See Accompanying Notes to Basic Financial Statements.

OTHER SUPPLEMENTARY INFORMATION

City of Newport, Vermont  
 OTHER SUPPLEMENTARY INFORMATION  
 COMBINING BALANCE SHEET -  
 NON-MAJOR GOVERNMENTAL FUNDS  
 June 30, 2022

ASSETS

	Special Revenue		
	Recreation Fund	Mooring Management Fund	Total Non-Major Governmental Funds
	ASSETS		
Cash	\$ 189,238	\$ -	\$ 189,238
Due from other funds	17,078	-	17,078
TOTAL ASSETS	\$ 206,316	\$ -	\$ 206,316

LIABILITIES AND FUND BALANCES

LIABILITIES			
Due to other funds	\$ -	\$ 5,154	\$ 5,154
TOTAL LIABILITIES	-	5,154	5,154
FUND BALANCES			
Restricted	\$ 169,779	\$ -	\$ 169,779
Committed	36,537	-	36,537
Unassigned	-	(5,154)	(5,154)
TOTAL FUND BALANCE	206,316	(5,154)	201,162
TOTAL LIABILITIES AND FUND BALANCES	\$ 206,316	\$ -	\$ 206,316

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, 2022

	Special Revenue		
	Recreation Fund	Mooring Management Fund	Total Non-Major Governmental Funds
REVENUES			
Recreation and Culture	\$ 18,640	\$ 3,605	\$ 22,245
Investment Income	<u>2,021</u>	<u>-</u>	<u>2,021</u>
TOTAL REVENUES	<u>20,661</u>	<u>3,605</u>	<u>24,266</u>
EXPENDITURES			
Culture and Recreation	<u>10,953</u>	<u>19,013</u>	<u>29,966</u>
CHANGE IN FUND BALANCE	9,708	(15,408)	(5,700)
FUND BALANCE AT BEGINNING OF YEAR	<u>196,608</u>	<u>10,254</u>	<u>206,862</u>
FUND BALANCE AT END OF YEAR	<u>\$ 206,316</u>	<u>\$ (5,154)</u>	<u>\$ 201,162</u>

City of Newport, Vermont  
OTHER SUPPLEMENTARY INFORMATION  
COMBINING STATEMENT OF NET POSITION -  
PRIVATE-PURPOSE TRUST FUNDS  
June 30, 2022

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	\$ 9,569	\$ 1,260	\$ -	\$ 31,112	\$ 41,941
Savings and money markets	<u>-</u>	<u>22,696</u>	<u>31,737</u>	<u>-</u>	<u>54,433</u>
<b>TOTAL CASH</b>	<u>9,569</u>	<u>23,956</u>	<u>31,737</u>	<u>31,112</u>	<u>96,374</u>
<b>DUE FROM OTHER FUNDS</b>	<u>5,917</u>	<u>-</u>	<u>19</u>	<u>4,006</u>	<u>9,942</u>
<b>INVESTMENTS</b>					
Trust Account	<u>-</u>	<u>176,200</u>	<u>-</u>	<u>133,185</u>	<u>309,385</u>
<b>TOTAL ASSETS</b>	<u>\$ 15,486</u>	<u>\$ 200,156</u>	<u>\$ 31,756</u>	<u>168,303</u>	<u>\$ 415,701</u>

LIABILITIES AND NET POSITION

<b>LIABILITIES</b>					
Due to other Funds	\$ -	\$ 23,005	\$ -	\$ -	\$ 23,005
<b>NET POSITION</b>					
Reserved for trust funds	-	-	-	62,000	62,000
Unreserved	<u>15,486</u>	<u>177,151</u>	<u>31,756</u>	<u>106,303</u>	<u>330,696</u>
<b>TOTAL NET POSITION</b>	<u>15,486</u>	<u>177,151</u>	<u>31,756</u>	<u>168,303</u>	<u>392,696</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 15,486</u>	<u>\$ 200,156</u>	<u>\$ 31,756</u>	<u>\$ 168,303</u>	<u>\$ 415,701</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, 2022

	Police Public Safety Fund	East Main Street Cemetery Fund	Community Development Block Grant Fund	Perley J. Niles Fund	Total
<b>ADDITIONS</b>					
Contributions	\$ -	\$ 2,152	\$ -	\$ -	\$ 2,152
Other Income	1,562	-	-	-	1,562
Investment Earnings					
Interest Income	7	3,600	16	7,771	11,394
Dividend Income	-	833	-	666	1,499
Net gain/(loss) from investments	-	(34,878)	-	(27,695)	(62,573)
Net Investment Earnings	7	(30,445)	16	(19,258)	(49,680)
<b>TOTAL ADDITIONS</b>	<b>1,569</b>	<b>(28,293)</b>	<b>16</b>	<b>(19,258)</b>	<b>(45,966)</b>
<b>DEDUCTIONS</b>					
Administrative Fees	-	1,921	-	1,563	3,484
Contracted Services	-	10,030	-	-	10,030
Police Expenditures	7,612	-	-	53	7,665
Beneficiaries	-	-	-	400	400
Other	-	27	-	85	112
<b>TOTAL DEDUCTIONS</b>	<b>7,612</b>	<b>11,978</b>	<b>-</b>	<b>2,101</b>	<b>21,691</b>
<b>CHANGE IN NET POSITION</b>	<b>(6,043)</b>	<b>(40,271)</b>	<b>16</b>	<b>(21,359)</b>	<b>(67,657)</b>
<b>NET POSITION AT BEGINNING OF YEAR</b>	<b>21,529</b>	<b>217,422</b>	<b>31,740</b>	<b>189,662</b>	<b>460,353</b>
<b>NET POSITION AT END OF YEAR</b>	<b>\$ 15,486</b>	<b>\$ 177,151</b>	<b>\$ 31,756</b>	<b>\$ 168,303</b>	<b>\$ 392,696</b>