

City of Newport, Vermont
BASIC FINANCIAL STATEMENTS
June 30, 2023

City of Newport, Vermont
TABLE OF CONTENTS
June 30, 2023

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	
MANAGEMENT'S DISCUSSION AND ANALYSIS	
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet – Governmental Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	5
Statement of Net Position – Proprietary Funds	7
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	8
Statement of Cash Flows – Proprietary Funds	9
Statement of Net Position – Fiduciary Funds	10
Statement of Changes in Fiduciary Net Position	11
Notes to Basic Financial Statements	12
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule – General Fund	38
Schedule of Proportionate Share of the Net Pension Liability	44
Schedule of Contributions	45

City of Newport, Vermont
TABLE OF CONTENTS
June 30, 2023

	<u>Page</u>
OTHER SUPPLEMENTARY INFORMATION:	
Combining Balance Sheet – Non-Major Governmental Funds	46
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Non-Major Governmental Funds	47
Combining Statement of Net Position – Private-Purpose Trust Funds	48
Combining Statement of Changes in Fiduciary Net Position of Private-Purpose Trust Funds	49



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 City of Newport, Vermont, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise 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, 2023, 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.



St. Albans, Vermont
November 30, 2023

City of Newport, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

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, 2023.

Financial Highlights

- The assets of the City of Newport exceeded its liabilities at the close of the most recent fiscal year by \$9,591,118 (net position). For the government activities, the total net position is \$6,949,703 however there is an unrestricted deficit in net position of \$337,824. For the business-type activities the total net position is \$2,641,415, which means that if we were to liquidate the water/sewer funds we would have a cash surplus of \$2,641,415. Net position attributable to business-type activities decreased by \$543,581 during the last fiscal year.
- As of the close of the current fiscal year, the City of Newport's governmental funds reported combined ending fund balances of \$2,204,586. Of this total amount, (\$195,137) makes up an unassigned deficit that is not available for spending at the government's discretion (unassigned fund balance). The city Council has committed \$1,469,319 of the fund balance for various purposes as identified in Note 9 and the remaining \$930,404 has been restricted for specific purposes also identified in Note 9.

Overview of the Financial Statements

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

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

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

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

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

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, 2023

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

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

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

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

The City of Newport adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided on pages 38-43 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, 2023

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 \$9,591,118 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, 2023

	Governmental Activities		Business-Type Activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 2,683,653	\$ 2,301,738	\$ 2,361,131	\$ 1,896,620	\$ 5,044,784	\$ 4,198,358
Capital assets	6,555,556	7,050,425	6,098,422	6,297,890	12,653,978	13,348,315
Deferred outflows	<u>982,163</u>	<u>640,994</u>	<u>118,397</u>	<u>111,114</u>	<u>1,100,560</u>	<u>752,108</u>
Total Assets and Deferred Outflows	<u>\$10,221,372</u>	<u>\$ 9,993,157</u>	<u>\$ 8,577,950</u>	<u>\$ 8,305,624</u>	<u>\$ 18,799,322</u>	<u>\$ 18,298,781</u>
Other liabilities	\$ 540,495	\$ 492,660	\$ 2,897,248	\$ 1,191,822	\$ 3,437,743	\$ 1,684,482
Net pension liabilities	2,424,976	1,176,821	356,513	197,679	2,781,489	1,374,500
Notes and bonds payable	198,433	248,298	3,011,161	3,592,519	3,209,594	3,840,817
Deferred inflows	<u>107,765</u>	<u>799,596</u>	<u>12,994</u>	<u>138,608</u>	<u>120,759</u>	<u>938,204</u>
Total Liabilities and Deferred Inflows	<u>\$ 3,271,669</u>	<u>\$ 2,717,375</u>	<u>\$ 6,277,916</u>	<u>\$ 5,120,628</u>	<u>\$ 9,549,585</u>	<u>\$ 7,838,003</u>
Net Investment in capital assets	\$ 6,357,123	\$ 6,802,127	\$ 3,087,261	\$ 2,705,371	\$ 9,444,384	\$ 9,507,498
Restricted	930,404	817,675	-	-	930,404	817,675
Unrestricted	<u>(337,824)</u>	<u>(344,020)</u>	<u>(787,227)</u>	<u>479,625</u>	<u>(1,125,051)</u>	<u>135,605</u>
Total Net Position	<u>\$ 6,949,703</u>	<u>\$ 7,275,782</u>	<u>\$ 2,300,034</u>	<u>\$ 3,184,996</u>	<u>\$ 9,249,737</u>	<u>\$ 10,460,778</u>

City of Newport, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

Governmental activities – Governmental activities decreased the City of Newport's net position by (\$326,079) during the current fiscal year. Investment in capital assets, net of related debt, decreased overall, while principal payments on long-term bonds and notes payable exceeded borrowings during the year by \$49,864 there was an increase in pension related liabilities of \$215,153 and depreciation expense was more than current year net additions to capital assets by \$494,869, resulting in the overall decrease.

City of Newport, Vermont's Changes in Net Position
June 30, 2023

	Governmental Activities		Business-Type Activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues						
Program Revenues:						
Charges for services	\$ 919,480	\$ 906,916	\$ 1,958,262	\$ 2,129,597	\$ 2,877,742	\$ 3,036,513
Operating grants	827,554	608,278	40	21	827,594	608,299
Capital grants	-	11,880	364,395	-	364,395	11,880
General Revenues:						
Property taxes	9,631,166	9,722,466	-	-	9,631,166	9,722,466
Investment earnings	29,849	30,812	14,717	12,312	44,566	43,124
Other revenues	45,241	107,046	-	132,861	45,241	239,907
Total Revenues	<u>11,453,290</u>	<u>11,387,398</u>	<u>2,337,414</u>	<u>2,274,791</u>	<u>13,790,704</u>	<u>13,662,189</u>
Expenses						
Governmental activities:						
General	1,026,977	735,752	-	-	1,026,977	735,752
Public Safety	2,854,009	2,314,944	-	-	2,854,009	2,314,944
Public Works	1,932,922	2,071,740	-	-	1,932,922	2,071,740
Library	110,000	110,000	-	-	110,000	110,000
Interest on long-term debt	80,491	67,212	-	-	80,491	67,212
Education, recreation, health and welfare	5,774,970	5,769,442	-	-	5,774,970	5,769,442
Business-type activities:						
Water	-	-	1,051,701	956,159	1,051,701	956,159
Sewer	-	-	1,829,294	1,860,218	1,829,294	1,860,218
Total Expenses	<u>11,779,369</u>	<u>11,069,090</u>	<u>2,880,995</u>	<u>2,816,377</u>	<u>14,660,364</u>	<u>13,885,467</u>
Change in net position	(326,079)	318,308	(543,581)	(541,586)	(869,660)	(223,278)
Net position, beginning	<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>
Net position, ending	<u>\$ 6,949,703</u>	<u>\$ 7,275,782</u>	<u>\$ 2,641,415</u>	<u>\$ 3,184,996</u>	<u>\$ 9,591,118</u>	<u>\$ 10,460,778</u>

Business-type activities – Business-type activities decreased the City of Newport's net position by \$543,581 during the current fiscal year. The water fund had a net gain of \$21,848 while the sewer fund had a net loss of \$565,429. Key elements of this change are as follows:

- Water charges and rents decreased revenue by \$85,796 from the previous year while operating expenses increased by \$100,600. The gain was created mainly due to the recognition of \$364,395 of ARPA grant revenue used to offset the cost of water system improvements. We had an increase in net income of \$184,978 from the prior year in the Water Fund.

City of Newport, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

- Sewer charges and rents decreased in revenue by \$42,283 and discharge fees decreased by \$43,256 from the previous year, while operating expenses decreased by \$20,750. Interest expense decreased by \$10,174 from the prior year. The Sewer Fund has a payable to the General Fund of \$810,244, which is an increase of \$583,287 from the prior year's payable of \$226,957.
- Depreciation expense for the sewer fund is \$492,483 as compared to last year's \$587,439 and \$251,556 as compare to last year's \$258,384 for the water fund.

Financial Analysis of the Government's Funds

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

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

At the end of the current fiscal year, the City of Newport's governmental funds reported combined ending fund balances of \$2,204,586 an increase of \$294,901 in comparison to the prior year. Approximately 90% of the total fund balance (\$2,002,877) constitutes general fund equity, which is available for spending at the government's discretion. The City of Newport has a deficit of \$(184,980) in unassigned fund balance. The City of Newport Council has voted to commit \$1,463,769 for specific budget items and \$724,088 is restricted donations to the city. This deficit is expected to be recovered in 2024 as expenditures are incurred which have been previously committed for at June 30, 2023.

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 (\$184,980) represents approximately 1% of general fund expenditures (\$11,150,244), while total fund balance (\$2,002,877) represents approximately 15% of that same amount.

During the year ending June 30, 2023 the Fund Balance of the City of Newport's general fund increased by \$294,371 (from \$1,708,506 to \$2,002,877). Key factors in this change are as follows:

- The City had additional income than was anticipated from grants and other sources.

Special revenue funds consist primarily of the Recreation Fund (\$5,533) and a deficit in the Mooring Management Fund of (\$10,157). \$206,316 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 decreased by \$494,869 to a total of \$6,555,556. It is to be noted that we used the exemption allowed under GASB 34 to not include road and bridge investments prior to July 1, 2003. Also, 1.5" asphalt overlays of existing streets are not capitalized. For our business-type activities as of June 30, 2023 our capital investment, net of depreciation decreased by \$199,468 to \$6,098,422 (sewer \$3,238,684, water \$2,859,738).

City of Newport, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

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

- The Palin Hill Reservoir Cover was replaced in June 2023 at a cost of \$364,395, ARPA Funds were used.
- The WWTF purchased a new POS Septage Receiving System to replace the old one that was failing at a cost of \$31,500.
- The WWTF purchased a Flow Signal & Tank Mixer for \$10,791.99.
- The WWTF purchased 2 new Gas Detection Systems for \$9,466.06.

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 \$3,209,594. Of this amount, \$2,760,739 represents low to no-interest loans issued by the State of Vermont, \$413,722 represents loans with local banks and the remaining \$35,133 represents bonded debt backed by the full faith and credit of the City of Newport.

The City of Newport's total debt decreased by \$631,223 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, 2023

ASSETS AND DEFERRED OUTFLOWS

	Governmental Activities	Business-Type Activities	Total
CURRENT ASSETS			
Cash	\$ 813,579	\$ 680,703	\$ 1,494,282
Cash - restricted	-	1,275,367	1,275,367
Taxes receivable	309,917	-	309,917
Accounts receivable	-	112,330	112,330
Other receivables	358,164	-	358,164
Unbilled revenues	-	292,731	292,731
Due from other funds	1,153,346	-	1,153,346
Prepaid expenses	48,647	-	48,647
TOTAL CURRENT ASSETS	2,683,653	2,361,131	5,044,784
 CAPITAL ASSETS, net of depreciation	 6,555,556	 6,098,422	 12,653,978
 DEFERRED OUTFLOWS	 982,163	 118,397	 1,100,560
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 10,221,372	\$ 8,577,950	\$ 18,799,322

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

CURRENT LIABILITIES			
Current portion notes and bonds payable	\$ 96,709	\$ 547,353	\$ 644,062
Accounts payable	152,149	455,503	607,652
Accrued liabilities	60	-	60
Accrued wages	74,930	7,564	82,494
Accrued vacation/sick/comp time	123,049	11,082	134,131
Due to other funds	-	1,173,285	1,173,285
Deferred ARPA revenue	-	908,433	908,433
Unearned revenue	117,011	-	117,011
TOTAL CURRENT LIABILITIES	563,908	3,103,220	3,667,128
 LONG-TERM LIABILITIES			
Net pension liabilities	2,424,976	356,513	2,781,489
Accrued vacation/sick/comp time	73,296	-	73,296
Notes and bonds payable	101,724	2,463,808	2,565,532
TOTAL LONG-TERM LIABILITIES	2,599,996	2,820,321	5,420,317
TOTAL LIABILITIES	3,163,904	5,923,541	9,087,445
 DEFERRED INFLOWS	 107,765	 12,994	 120,759
 NET POSITION			
Net investment in capital assets	6,357,123	3,087,261	9,444,384
Restricted	930,404	-	930,404
Unrestricted	(337,824)	(445,846)	(783,670)
TOTAL NET POSITION	6,949,703	2,641,415	9,591,118
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 10,221,372	\$ 8,577,950	\$ 18,799,322

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2023

	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
<u>Functions/Programs</u>							
Governmental activities:							
Current:							
General government	\$ 1,026,977	\$ 240,904	\$ 125,000	\$ -	\$ (661,073)	\$ -	\$ (661,073)
Public safety	2,854,009	171,064	457,377	-	(2,225,568)	-	(2,225,568)
Public works	1,932,922	11,588	245,177	-	(1,676,157)	-	(1,676,157)
Recreation, health, education and welfare	5,774,970	495,924	-	-	(5,279,046)	-	(5,279,046)
Library	110,000	-	-	-	(110,000)	-	(110,000)
Interest on long-term debt	80,491	-	-	-	(80,491)	-	(80,491)
Total governmental activities	<u>11,779,369</u>	<u>919,480</u>	<u>827,554</u>	<u>-</u>	<u>(10,032,335)</u>	<u>-</u>	<u>(10,032,335)</u>
Business-type activities:							
Water	1,051,701	701,466	40	364,395	-	14,200	14,200
Sewer	1,829,294	1,256,796	-	-	-	(572,498)	(572,498)
Total business-type activities	<u>\$ 2,880,995</u>	<u>\$ 1,958,262</u>	<u>\$ 40</u>	<u>\$ 364,395</u>	<u>-</u>	<u>(558,298)</u>	<u>(558,298)</u>
General Revenues:							
Property taxes, levied for general purposes					9,631,166	-	9,631,166
Unrestricted investment earnings					29,849	14,717	44,566
Interest Delinquent					9,398	-	9,398
Penalty Delinquent					35,601	-	35,601
Miscellaneous					242	-	242
Total general revenues and transfers					<u>9,706,256</u>	<u>14,717</u>	<u>9,720,973</u>
Change in Net Position					(326,079)	(543,581)	(869,660)
Net Position, beginning					<u>7,275,782</u>	<u>3,184,996</u>	<u>10,460,778</u>
Net Position, ending					<u>\$ 6,949,703</u>	<u>\$ 2,641,415</u>	<u>\$ 9,591,118</u>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2023

ASSETS

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 620,091	\$ -	\$ 193,488	\$ 813,579
Delinquent tax receivables net of reserves of \$172,919	136,998	-	-	136,998
Other receivables	358,164	-	-	358,164
Due from other funds	1,182,970	17	8,361	1,191,348
Prepaid expenses	48,647	-	-	48,647
 TOTAL ASSETS	 \$ 2,346,870	 \$ 17	 \$ 201,849	 \$ 2,548,736

LIABILITIES AND FUND BALANCE

LIABILITIES				
Accounts payable	\$ 151,992	\$ -	\$ 157	\$ 152,149
Accrued expenses	60	-	-	60
Accrued wages	74,930	-	-	74,930
Unearned revenue	117,011	-	-	117,011
 TOTAL LIABILITIES	 343,993	 -	 157	 344,150
 FUND BALANCE				
Restricted	724,088	-	206,316	930,404
Committed	1,463,769	17	5,533	1,469,319
Unassigned	(184,980)	-	(10,157)	(195,137)
 TOTAL FUND BALANCE	 2,002,877	 17	 201,692	 2,204,586
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 2,346,870	 \$ 17	 \$ 201,849	 \$ 2,548,736

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
FUND FINANCIAL STATEMENTS
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2023

Total fund balances - governmental funds \$ 2,204,586

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

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

Capital Assets - Governmental fund expenditures 6,555,556

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 172,919

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 (196,345)

Net pension liability (2,424,976)

Notes and bonds payable (198,433)

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. 982,163

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. (107,765)

\$ 6,949,703

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, 2023

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes and Special Assessments	\$ 9,584,727	\$ -	\$ -	\$ 9,584,727
General Government	449,147	-	-	449,147
Public Safety	631,102	-	-	631,102
Public Works	260,092	-	-	260,092
Recreation and Culture	462,738	-	14,135	476,873
Investment Income	7,751	-	209	7,960
	<u>11,395,557</u>	<u>-</u>	<u>14,344</u>	<u>11,409,901</u>
EXPENDITURES				
General	745,956	-	-	745,956
Public Safety	2,565,783	-	-	2,565,783
Public Works	1,473,942	-	-	1,473,942
Culture and Recreation	751,117	-	13,814	764,931
Other Expenses & Appropriations	650,854	-	-	650,854
Capital Outlay	352,573	-	-	352,573
Debt Service and Sinking Funds	115,957	-	-	115,957
School Appropriations	4,494,062	-	-	4,494,062
	<u>11,150,244</u>	<u>-</u>	<u>13,814</u>	<u>11,164,058</u>
EXCESS OF REVENUES OVER EXPENDITURES	245,313	-	530	245,843
OTHER FINANCING SOURCES:				
Proceeds From long term debt	49,058	-	-	49,058
NET CHANGE IN FUND BALANCE	294,371	-	530	294,901
FUND BALANCES AT BEGINNING OF YEAR	1,708,506	17	201,162	1,909,685
FUND BALANCES AT END OF YEAR	<u>\$ 2,002,877</u>	<u>\$ 17</u>	<u>\$ 201,692</u>	<u>\$ 2,204,586</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, 2023

Net change in fund balances - governmental funds \$ 294,901

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 (810,892)

Capital assets purchased 316,023

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. (49,058)

Repayment of bond principal is an expenditure in the governmental
 funds, but the repayment reduces long-term liabilities in the
 Statement of Net Position. 98,922

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

Increase in allowance for delinquent tax reserve 43,385

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 (215,153)

Vacation/sick/comp-time earned (4,207)

Change in net position of governmental activities \$ (326,079)

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION - PROPRIETARY FUNDS
 June 30, 2023

ASSETS AND DEFERRED OUTFLOWS

	<u>Business Type Activities - Enterprise Funds</u>		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
CURRENT ASSETS			
Cash	\$ 282,560	\$ 398,143	\$ 680,703
Cash - restricted	-	1,275,367	1,275,367
Fees receivable	61,497	50,833	112,330
Unbilled revenues	171,507	121,224	292,731
TOTAL CURRENT ASSETS	<u>515,564</u>	<u>1,845,567</u>	<u>2,361,131</u>
CAPITAL ASSETS			
Land	4,462	24,800	29,262
Wells	-	629,354	629,354
Buildings	341,645	-	341,645
Improvements other than buildings	13,770,958	5,491,629	19,262,587
Machinery and equipment	1,363,019	590,865	1,953,884
Interlocal waterline project	-	773,757	773,757
Storm water separation	1,019,610	-	1,019,610
Construction in progress	7,268	233,759	241,027
	<u>16,506,962</u>	<u>7,744,164</u>	<u>24,251,126</u>
Less: accumulated depreciation	<u>(13,268,278)</u>	<u>(4,884,426)</u>	<u>(18,152,704)</u>
CAPITAL ASSETS, net	<u>3,238,684</u>	<u>2,859,738</u>	<u>6,098,422</u>
DEFERRED OUTFLOWS			
	<u>78,507</u>	<u>39,890</u>	<u>118,397</u>
TOTAL ASSETS	<u>\$ 3,832,755</u>	<u>\$ 4,745,195</u>	<u>\$ 8,577,950</u>
 <u>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u>			
CURRENT LIABILITIES			
Due to other funds	\$ 810,244	\$ 363,041	\$ 1,173,285
Accounts payable	52,900	402,603	455,503
Accrued wages	5,273	2,291	7,564
Current portion of bonds and notes payable	341,551	205,802	547,353
Accrued vacation/sick/comp.	10,171	911	11,082
Deferred ARPA revenue	-	908,433	908,433
TOTAL CURRENT LIABILITIES	<u>1,220,139</u>	<u>1,883,081</u>	<u>3,103,220</u>
LONG-TERM LIABILITIES			
Net pension liabilities	237,544	118,969	356,513
Notes and bonds payable	1,341,329	1,122,479	2,463,808
TOTAL LONG-TERM LIABILITIES	<u>1,578,873</u>	<u>1,241,448</u>	<u>2,820,321</u>
TOTAL LIABILITIES	<u>2,799,012</u>	<u>3,124,529</u>	<u>5,923,541</u>
DEFERRED INFLOWS			
	<u>8,614</u>	<u>4,380</u>	<u>12,994</u>
NET POSITION			
Net investment in capital assets	1,555,804	1,531,457	3,087,261
Unrestricted	(530,675)	84,829	(445,846)
TOTAL NET POSITION	<u>1,025,129</u>	<u>1,616,286</u>	<u>2,641,415</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 3,832,755</u>	<u>\$ 4,745,195</u>	<u>\$ 8,577,950</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, 2023

	<u>Business Type Activities - Enterprise Funds</u>		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges and rent	\$ 984,198	\$ 701,466	\$ 1,685,664
Derby share	121,772	-	121,772
Discharge fees	150,826	-	150,826
ARPA Grant income	-	364,395	364,395
Other Grant income	-	40	40
	<u>1,256,796</u>	<u>1,065,901</u>	<u>2,322,697</u>
TOTAL OPERATING REVENUES			
OPERATING EXPENSES			
Sewer system	202,666	-	202,666
Sewer plant	842,176	-	842,176
Water treatment and pumping	-	322,342	322,342
Water transmitting and distribution	-	153,455	153,455
Administration	119,391	82,507	201,898
Depreciation	492,483	251,556	744,039
Personnel and other expenses	107,498	60,692	168,190
Maintenance expenses	26,896	135,288	162,184
	<u>1,791,110</u>	<u>1,005,840</u>	<u>2,796,950</u>
TOTAL OPERATING EXPENSES			
GAIN (LOSS) FROM OPERATIONS	<u>(534,314)</u>	<u>60,061</u>	<u>(474,253)</u>
NON-OPERATING INCOME/(EXPENSES)			
Interest income	7,069	7,648	14,717
Interest expense	<u>(38,184)</u>	<u>(45,861)</u>	<u>(84,045)</u>
	<u>(31,115)</u>	<u>(38,213)</u>	<u>(69,328)</u>
TOTAL NON-OPERATING (EXPENSES)			
CHANGE IN NET POSITION	(565,429)	21,848	(543,581)
NET POSITION AT BEGINNING OF YEAR	<u>1,590,558</u>	<u>1,594,438</u>	<u>3,184,996</u>
NET POSITION AT END OF YEAR	<u>\$ 1,025,129</u>	<u>\$ 1,616,286</u>	<u>\$ 2,641,415</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, 2023

	Business-Type Activities		
	Sewer Fund	Water Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,255,166	\$ 701,642	\$ 1,956,808
Payments to suppliers	(1,159,811)	(323,075)	(1,482,886)
Payments for employees and benefits	(93,059)	(52,992)	(146,052)
Other receipts (payments)	-	(1,742)	(1,742)
	<u>2,295</u>	<u>323,833</u>	<u>326,128</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES			
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	<u>583,287</u>	<u>110,554</u>	<u>693,841</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of property, plant and equipment	(77,515)	(467,058)	(544,573)
Principal payments on debt	(376,856)	(204,501)	(581,357)
Interest payments on debt	<u>(38,184)</u>	<u>(45,861)</u>	<u>(84,045)</u>
	<u>(492,555)</u>	<u>(717,420)</u>	<u>(1,209,975)</u>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES			
CASH FLOW FROM INVESTING ACTIVITIES:			
Receipt of interest and dividends	<u>7,069</u>	<u>7,648</u>	<u>14,717</u>
NET INCREASE/(DECREASE) IN CASH	100,096	(275,385)	(175,289)
CASH - BEGINNING OF YEAR	<u>182,464</u>	<u>673,528</u>	<u>855,992</u>
CASH - END OF YEAR	<u>\$ 282,560</u>	<u>\$ 398,143</u>	<u>\$ 680,703</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating (loss)	\$ (534,314)	\$ 60,061	\$ (474,253)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	492,483	251,556	744,039
Change in net assets and liabilities:			
Restricted cash	-	(638,346)	(638,346)
Receivables, net	(5,819)	(4,049)	(9,868)
Unbilled revenues	4,189	4,225	8,414
Deferred income	-	272,169	272,169
Accounts Payable	33,987	371,469	405,456
Accrued wages	427	565	991
Accrued interest	(2,669)	(952)	(3,621)
Deferred outflows	(8,972)	1,689	(7,283)
Net pension liability	104,295	54,539	158,835
Deferred inflows	(78,126)	(47,488)	(125,614)
Accrued vacation	<u>(3,185)</u>	<u>(1,607)</u>	<u>(4,792)</u>
Net cash provided by operating activities	<u>\$ 2,295</u>	<u>\$ 323,833</u>	<u>\$ 326,128</u>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION - FIDUCIARY FUNDS
 June 30, 2023

ASSETS

	<u>Private Purpose Trust Funds</u>
CASH	
Checking	\$ 74,464
Savings and money markets	<u>48,547</u>
TOTAL CASH	<u>123,011</u>
INVESTMENTS	
Trust account	<u>331,363</u>
TOTAL ASSETS	<u>\$ 454,374</u>

LIABILITIES AND NET POSITION

LIABILITIES	
Due to other funds	<u>\$ 18,063</u>
NET POSITION	
Reserved for trust funds	62,000
Unreserved	<u>374,311</u>
TOTAL NET POSITION	<u>436,311</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 454,374</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, 2023

	Private Purpose Trust Funds
ADDITIONS	
Contributions	\$ 10,000
Grant Income	36,976
Investment Earnings	
Interest income	2,897
Dividend income	2,547
Net gain/(loss) on investments	15,103
Net Investment Earnings	20,547
TOTAL ADDITIONS	67,523
DEDUCTIONS	
Administrative fees	3,133
Contracted services	6,000
Police expenditures	4,456
Other	10,318
TOTAL DEDUCTIONS	23,907
CHANGE IN NET POSITION	43,616
NET POSITION AT BEGINNING OF YEAR	392,695
NET POSITION AT END OF YEAR	\$ 436,311

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

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, 2023

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 the financial resources of the City, except those required to be accounted for in another fund.

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

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

Budgetary Data

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

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

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

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, 2023

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, 2023

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, 2023 consisted of the following:

	Bank Balance	Book Balance
Insured - FDIC	\$ 959,777	\$ 781,036
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.	921,391	312,253
Uninsured, Right to Offset by Outstanding Debt	247,535	247,535
Uninsured	1,455,548	1,551,506
Petty Cash	-	330
TOTAL	\$ 3,584,251	\$ 2,892,660

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

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, 2023 consist of the following:

	General Fund	Proprietary Funds	Total
Delinquent Taxes, net of \$172,919 reserves	\$ 95,916	\$ -	\$ 95,916
Penalty and Interest	41,082	-	41,082
Other Receivable	358,164	-	358,164
Water Rents - Billed	-	50,833	50,833
Sewer Rents - Billed	-	60,891	60,891
Sewer Derby Share	-	45	45
Sewer Contracted Works	-	561	561
	<u> </u>	<u> </u>	<u> </u>
TOTAL NET RECEIVABLES	<u>\$ 495,162</u>	<u>\$ 112,330</u>	<u>\$ 607,492</u>

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 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>223,867</u>	<u>88,494</u>	<u>(114,992)</u>	<u>197,369</u>
Total capital assets, not being depreciated	<u>638,102</u>	<u>88,494</u>	<u>(114,992)</u>	<u>611,604</u>
Capital assets, being depreciated				
Land improvements	612,683	114,992	-	727,675
Buildings and improvements	4,308,317	124,931	-	4,433,248
Equipment	3,281,934	48,673	-	3,330,607
Vehicles	3,902,413	53,925	(30,478)	3,925,860
Infrastructure	<u>4,548,799</u>	<u>-</u>	<u>-</u>	<u>4,548,799</u>
Total capital assets, being depreciated	<u>16,654,146</u>	<u>342,521</u>	<u>(30,478)</u>	<u>16,966,189</u>

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

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	(368,355)	(24,751)	-	(393,106)
Buildings and improvements	(1,854,230)	(121,176)	-	(1,975,406)
Equipment	(2,327,318)	(287,082)	-	(2,614,400)
Vehicles	(3,092,548)	(199,980)	30,478	(3,262,050)
Infrastructure	(2,599,372)	(177,903)	-	(2,777,275)
	<u>(10,241,823)</u>	<u>(810,892)</u>	<u>30,478</u>	<u>(11,022,237)</u>
 Total accumulated depreciation	 <u>(10,241,823)</u>	 <u>(810,892)</u>	 <u>30,478</u>	 <u>(11,022,237)</u>
 Total capital assets, being depreciated, net	 <u>6,412,323</u>	 <u>(468,371)</u>	 <u>-</u>	 <u>5,943,952</u>
 Governmental activities, capital assets, net	 <u>\$ 7,050,425</u>	 <u>\$ (379,877)</u>	 <u>\$ (114,992)</u>	 <u>\$ 6,555,556</u>

Depreciation is allocated in the General Fund as follows:

Public Works	\$ 415,864
Public Safety	300,480
Recreation	91,701
General Government	<u>2,847</u>
 TOTAL	 <u>\$ 810,892</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>131,098</u>	<u>102,661</u>	<u>-</u>	<u>233,759</u>
	<u>155,898</u>	<u>102,661</u>	<u>-</u>	<u>258,559</u>
 Total capital assets, not being depreciated	 <u>155,898</u>	 <u>102,661</u>	 <u>-</u>	 <u>258,559</u>
 Equipment and vehicles	 590,865	 -	 -	 590,865
Water system and improvements	5,127,234	364,395	-	5,491,629
Water lines	773,757	-	-	773,757
Wells	<u>629,354</u>	<u>-</u>	<u>-</u>	<u>629,354</u>
	<u>7,121,210</u>	<u>364,395</u>	<u>-</u>	<u>7,485,605</u>
 Total capital assets, being depreciated	 <u>7,121,210</u>	 <u>364,395</u>	 <u>-</u>	 <u>7,485,605</u>

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

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	(357,179)	(42,625)	-	(399,804)
Water system and improvements	(3,361,591)	(166,073)	-	(3,527,664)
Water lines	(470,678)	(19,341)	-	(490,019)
Wells	(443,422)	(23,517)	-	(466,939)
	<u>(4,632,870)</u>	<u>(251,556)</u>	<u>-</u>	<u>(4,884,426)</u>
Total capital assets, being depreciated, net	<u>2,488,340</u>	<u>112,839</u>	<u>-</u>	<u>2,601,179</u>
Water utility, capital assets, net	<u>2,644,238</u>	<u>215,500</u>	<u>-</u>	<u>2,859,738</u>
Sewer utility:				
Capital assets, not being depreciated				
Land	4,462	-	-	4,462
Construction in progress	-	7,268	-	7,268
	<u>4,462</u>	<u>7,268</u>	<u>-</u>	<u>11,730</u>
Total capital assets, being depreciated	<u>16,424,985</u>	<u>70,247</u>	<u>-</u>	<u>16,495,232</u>
Accumulated depreciation for				
Buildings	(266,925)	(8,610)	-	(275,535)
Equipment and vehicles	(1,072,368)	(58,793)	-	(1,131,161)
Sewer system and improvements	(10,735,540)	(399,590)	-	(11,135,130)
Storm water separation	(700,962)	(25,490)	-	(726,452)
	<u>(12,775,795)</u>	<u>(492,483)</u>	<u>-</u>	<u>(13,268,278)</u>

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

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>3,649,190</u>	<u>(422,236)</u>	<u>-</u>	<u>3,226,954</u>
Sewer utility, capital assets, net	<u>3,653,652</u>	<u>(414,968)</u>	<u>-</u>	<u>3,238,684</u>
Business-type activities, capital assets, net	<u>\$ 6,297,890</u>	<u>\$ (199,468)</u>	<u>\$ -</u>	<u>\$ 6,098,422</u>

NOTE 5 UNEARNED REVENUE

Unearned revenue in the General Fund consists of the following at June 30, 2023:

Project D.A.R.E.	\$ 4,545
Reappraisal - Act 60	88,859
Bike Path Grant	<u>23,607</u>
	<u>\$ 117,011</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, 2023

NOTE 6 ACCRUED VACATION/SICK/COMPTIME (continued)

	General	Water/Sewer
Vacation	\$ 78,571	\$ 4,695
Comp time	7,830	3,451
Sick - Short-Term	36,648	2,936
	123,049	11,082
Sick - Long-Term	73,296	-
	\$ 196,345	\$ 11,082

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 3.13% dated July 1, 2022 and due June 30, 2023. During the year ended June 30, 2023, there was one draw on the line for \$300,000. The balance on the line was \$0 at June 30, 2023.

NOTE 8 NOTES AND BONDS PAYABLE

The following is a summary of changes in notes and bonds payable for the year ended June 30, 2023:

	Beginning Balance June 30, 2022	Additions	Deletions	Ending Balance June 30, 2023
<u>Governmental Activities:</u>				
Passumpsic Saving Bank Muni Note issued July 7, 2014 for \$369,916 at 2.46% for ten years pmts due 7/1 for \$42,166. Matures July 2024.	\$ 81,208	\$ -	\$ 40,143	\$ 41,065
Passumpsic Savings Bank - Promissory Note for financing of a 2017 Ford Explorer, principal and 1.86% interest payments of \$524 due monthly. Matured March 2023.	3,632	-	3,632	-

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 NOTES AND BONDS PAYABLE (continued)

	Beginning Balance <u>June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 2023</u>
<u>Governmental Activities (cont'd):</u>				
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.	28,233	-	11,976	16,257
Passumpsic Savings Bank - Promissory Note for financing of a 2020 Ford Explorer, principal and 2.19% interest payments of \$746 due monthly. Matured January 2023.	5,185	-	5,185	-
Community First National Bank - Finance Purchase agreement for fire dept, equipment, principal and 3.194% interest payments of \$24,646 due annually. Matures July 2026.	112,248	-	21,061	91,187
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.	17,793	-	11,815	5,978
Passumpsic Savings Bank - Promissory Note for financing of a 2023 Ford Explorer, principal and 4.74% interest payments of \$1,465 due monthly. Matures March 2027.	<u>-</u>	<u>49,058</u>	<u>5,112</u>	<u>43,946</u>
 TOTAL GOVERNMENTAL ACTIVITIES	 <u>\$ 248,298</u>	 <u>\$ 49,058</u>	 <u>\$ 98,922</u>	 <u>\$ 198,433</u>

Anticipated maturities are as follows for the Governmental Funds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 96,709	\$ 6,002	\$ 102,711
2025	43,065	3,275	46,340
2026	34,777	1,759	36,536
2027	<u>23,882</u>	<u>763</u>	<u>24,645</u>
 TOTAL	 <u>\$ 198,433</u>	 <u>\$ 11,799</u>	 <u>\$ 210,232</u>

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 NOTES AND BONDS PAYABLE (continued)

	Beginning Balance <u>June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 2023</u>
<u>BUSINESS-TYPE FUNDS</u>				
<u>Sewer Fund:</u>				
Note payable to State of Vermont Revolving Loan Fund RFI-079 at 0% interest 2% admin fee. Annual principal and interest installments of \$15,779, matured 6/30/2023.	\$ 15,444	\$ -	\$ 15,444	\$ -
 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, matured 1/24/23.	 25,513	 -	 25,513	 -
 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.	 1,549,942	 -	 208,486	 1,341,456
 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.	 137,428	 -	 11,293	 126,135
 Note payable to Passumpsic Savings Bank 2.27% interest. Payments of \$47,939 due two times annually, matures 12/1/2024.	 231,409	 -	 91,120	 140,289
 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>100,000</u>	 <u>-</u>	 <u>25,000</u>	 <u>75,000</u>
 TOTAL SEWER FUND	 <u>2,059,736</u>	 <u>-</u>	 <u>376,856</u>	 <u>1,682,880</u>

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 NOTES AND BONDS PAYABLE (continued)

	Beginning Balance <u>June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 2023</u>
<u>Water Fund:</u>				
Water System Bond issued 5/2/84; principal and interest at 5.0% due in semi-annual installments of \$20,925 payable to GMAC Commercial Mortgage Corp., maturing 5/2/24.	73,936	-	38,803	35,133
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	1,301,667	-	128,128	1,173,539
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>157,179</u>	<u>-</u>	<u>37,570</u>	<u>119,609</u>
TOTAL WATER FUND	<u>1,532,782</u>	<u>-</u>	<u>204,501</u>	<u>1,328,281</u>
TOTAL BUSINESS-TYPE FUNDS	<u>\$ 3,592,518</u>	<u>\$ -</u>	<u>\$ 581,357</u>	<u>\$ 3,011,161</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 547,353	51,952	\$ 599,305
2025	475,662	40,298	515,960
2026	438,420	31,328	469,748
2027	381,212	23,387	404,599
2028	390,280	17,204	407,484
2029-2033	769,025	19,140	788,165
2034-2038	<u>9,209</u>	<u>-</u>	<u>9,209</u>
TOTAL	<u>\$ 3,011,161</u>	<u>\$ 183,309</u>	<u>\$ 3,194,470</u>

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 9 RESTRICTED/COMMITTED/ASSIGNED FUND BALANCES

Restricted fund balances at June 30, 2023 are as follows:

General Fund:

Restricted for Records Restoration	\$ 33,288
Restricted for NBRC Grant Funding Match	240,800
Restricted for Economic Development - Walmart Funds	<u>450,000</u>

Total General Fund	<u>\$ 724,088</u>
--------------------	-------------------

Recreation Fund:

Restricted for use on Playground Equipment	<u>\$ 206,316</u>
--	-------------------

Committed fund balances at June 30, 2023 are as follows:

General Fund:

Committed for:

Street Capital Design Projects	\$ 363,375
Tennis Court Sinking Fund	5,784
Street Resurfacing	350,881
Main Street Maintenance	21,207
Street Reconstruction	118,655
Street Banners & Lights	4,710
Municipal Bldg Remodel	10,000
Public Works Vehicles	200,973
Bridge Culvert and Retaining Wall Repairs	63,707
Police Tech Equipment	11,207
Dispatch Equipment	127,318
Bullet Proof Vest Replacement	16,022
Fire Vehicle/Equipment	28,720
Recreation Vehicles	15,610
Prouty Beach Equipment	452
Gardner Park Improvements	37,843
Gateway and Waterfront Improvements	20,460
Dock Improvements	40,555
Aquatic Weed Control	21,990
Event Tent and Equipment	<u>4,300</u>

Total General Fund	<u>1,463,769</u>
--------------------	------------------

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

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

Recreation Fund:	
Committed for use in the Recreation Fund	5,533
Total Recreation Fund	5,533
Capital Projects Fund:	
Committed for use in the Capital Projects Fund	17
TOTAL COMMITTED FUND BALANCES	\$ 1,469,319

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

NOTE 10 INVESTMENTS

The trust accounts are carried at market value. The balances at June 30, 2023 are as follows:

	Cost	Market Value
East Main Street Cemetery Fund		
Equities	\$ 46,439	\$ 66,275
Fixed Income	135,338	117,919
Total	181,777	184,194
Perley J. Niles Fund		
Equities	35,601	49,587
Fixed Income	111,469	97,582
Total	147,070	147,169
TOTAL	\$ 328,847	\$ 331,363

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

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 11 DEFERRED COMPENSATION PLAN

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

NOTE 12 PENSION PLAN

Information Required Under GASB Statement No. 68

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

Reporting Date, Measurement Date, and Valuation Date

Net pension liabilities, deferred pension outflows of resources, deferred pension inflows of resources, and pension expense are all presented as of the City of Newport, Vermont's reporting date June 30, 2023 and for the City of Newport, Vermont's reporting period (the year ended June 30, 2023). 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, 2022) as the measurement date, and the year ended June 30, 2021, 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, 2021, to the measurement date of June 30, 2022.

Schedule A – Employer Allocations 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, 2023

NOTE 12 PENSION PLAN (continued)

Schedule B – Employers’ Allocation as of June 30, 2022

Fiscal Year Ended June 30, 2022						
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)
\$ 229,396	0.91686%	\$ 2,781,489	\$ 829,928	\$ 120,759	\$ 4,167,940	\$ 1,641,076

Schedule C – Employers’ Allocation of Pension Amounts as of June 30, 2022

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
0.91686%	\$ 2,781,489	\$ 208,891	\$ 142,203	\$ -	\$ 451,579	\$ 27,258	\$ 829,928

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	
\$ -	\$ -	\$ -	\$ -	\$ 120,759	\$ 120,759	

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
\$ 527,882	\$ (16,160)	\$ 511,722

City of Newport, Vermont
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

NOTE 12 PENSION PLAN (continued)

Schedule D – Employers’ Allocation of Recognition of Deferred Outflows/Inflows as of June 30, 2022

Fiscal Year Ending June 30,					
2023	2024	2025	2026	2027	Thereafter
\$ 227,969	\$ 173,921	\$ 30,204	\$ 277,077	\$ -	\$ -

For entities with a reporting date in 2023, the amounts shown will be recognized in the expense for plan years ending in 2024, 2025, 2026 and 2027.

Schedule E – Contributions History for Fiscal Years 2020-2022

FY 2022	FY 2021	FY 2020
\$ 229,396	\$ 207,630	\$ 212,698

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, 2022, the retirement system consisted of 359 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, 2023

NOTE 12 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, 2023

NOTE 12 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, 2023

NOTE 12 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	
June 30, 2022	Effective July 1, 2022

Group A – 3.25%	3.50%
-----------------	-------

Group B – 5.625%	5.875%
------------------	--------

Group C – 10.75%	11.00%
------------------	--------

Group D – 12.10%	12.35%
------------------	--------

Employer Contributions

Group A – 4.75%	5.00%
-----------------	-------

Group B – 6.25%	6.50%
-----------------	-------

Group C – 8.00%	8.25%
-----------------	-------

Group D – 10.60%	10.85%
------------------	--------

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 12 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 years 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, 2023, COLAs is assumed to be 2% for Group A and 3% for Groups B, C and D. The January 1, 2022, COLAs were 2% for Group A and 2.3% for Groups B, C and D members.

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, 2023

NOTE 12 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 weighing 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, 2022, is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Passive Global Equity	24.00%	4.30%
Activity Global Equities	5.00%	4.30%
US Equity - Large Cap	4.00%	3.25%
US Equity - Small/Mid Cap	3.00%	3.75%
Non-US Developed US Equities	7.00%	5.00%
Emerging Markets Debt	4.00%	3.50%
Core Fixed Income	19.00%	0.00%
Private & Alternative Credit	10.00%	4.75%
US TIPS	3.00%	-0.50%
Core Real Estate	3.00%	3.75%
Non-Core Real Estate	4.00%	6.00%
Private Equity	10.00%	5.50%
Infrastructure/Farmland	4.00%	4.25%

Discount Rate: The long-term expected rate of return on pension plan assets is 7%. The high quality tax-exempt general obligation municipal bond rate (20-Bond GO Index) as of the closes date prior to the valuation date of June 30, 2022, is 3.54%, as published by The Bond Buyer.

The discount rate used to measure the total pension liability was 7% as of June 30, 2022. 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 0.50% 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 Legislature. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries. As well as projected contributions from future plan members, are not included.

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 12 PENSION PLAN (continued)

Discount Rate (continued): 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, 2022. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.00%) or one percent higher (8.00%) than the current rate:

1% Decrease (6%)	Discount Rate (7%)	1% Increase (8%)
\$ 4,167,940	\$ 2,781,490	\$ 1,641,076

NOTE 13 PROPERTY TAXES

Property taxes are levied by August 15 and are due in full on May 15. All unpaid taxes become delinquent on May 16. Interest is assessed at 1% per month and an 8% penalty is assessed when the taxes become delinquent. The City bills and collects its own property taxes. City property tax revenues are recognized when levied. For the year ended June 30, 2023, the tax rate is as follows:

	<u>Non-Residential</u>	<u>Residential</u>
City	\$ 1.3865	\$ 1.3865
School	<u>1.5963</u>	<u>1.5483</u>
TOTAL	<u>\$ 2.9828</u>	<u>\$ 2.9348</u>

NOTE 14 INTERFUND RECEIVABLE AND PAYABLE BALANCES

Individual Fund Interfund Receivable and Payable balances are as follows at June 30, 2023:

	<u>Interfund Receivables</u>	<u>Interfund Payable</u>
General Fund	\$ 1,182,970	\$ -
Capital Projects Fund	17	-
Other Governmental Funds	8,361	-
Sewer Fund	-	810,244
Water Fund	-	363,041
Private-Purpose Trust Funds	<u>-</u>	<u>18,063</u>
Total Fund Financial Statement Balances	<u>\$ 1,191,348</u>	<u>\$ 1,191,348</u>

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 14 INTERFUND RECEIVABLE AND PAYABLE BALANCES (continued)

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

NOTE 15 RISK MANAGEMENT

The City of Newport is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

NOTE 16 DEFERRED LOAN – CDBG EXPENDABLE TRUST FUND

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

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

NOTE 17 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenditures exceeded appropriations in the General Fund by \$505,841. 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. Overall, total revenues in the General Fund were in excess of amounts budgeted by \$751,154.

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 18 SUBSEQUENT EVENTS

On July 1, 2023, the City signed a tax anticipation line of credit with Passumpsic Savings Bank for \$1,000,000 at the interest rate of 5.45%, due June 30, 2024.

On July 11, 2023, the City signed a municipal note in the amount of \$49,134 with Passumpsic Bank for the purchase of a police cruiser at an interest rate of 4.59%. The note is due July 11, 2026.

In accordance with Accounting Standards, the City has evaluated subsequent events through November 30, 2023, which is the date these basic financial statements were available to be issued. All subsequent events requiring recognition as June 30, 2023, 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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
TAXES				
Property Taxes	\$ 8,932,036	\$ 8,932,036	\$ 8,776,220	\$ (155,816)
Appropriations	167,218	167,218	167,218	-
Fish & Wildlife Taxes	200	200	242	42
Payments in Lieu of Taxes	490,700	490,700	641,047	150,347
TOTAL TAXES	9,590,154	9,590,154	9,584,727	(5,427)
GENERAL GOVERNMENT				
City Clerk/Treasurer:				
Reimbursements	22,800	22,800	33,189	10,389
Licenses and Fees	64,400	64,400	77,641	13,241
Interest/penalties on Delinquent Taxes	78,000	78,000	63,384	(14,616)
Corrections Contract	87,000	87,000	101,286	14,286
Administrative Grants	-	-	17,500	17,500
Miscellaneous Revenues	63,000	63,000	156,147	93,147
TOTAL GENERAL GOVERNMENT	315,200	315,200	449,147	133,947
PUBLIC SAFETY				
Police Department:				
Traffic Court Fines	10,500	10,500	9,645	(855)
Police Department Services	94,844	94,844	227,577	132,733
Other Public safety grants	61,500	61,500	330,319	268,819
Miscellaneous	200	200	2,776	2,576
Total Police Department	167,044	167,044	570,317	403,273
Fire Department:				
Labor and Materials	42,500	42,500	33,785	(8,715)
USDA Grant	-	-	27,000	27,000
Total Fire Department	42,500	42,500	60,785	18,285
TOTAL PUBLIC SAFETY	209,544	209,544	631,102	421,558
PUBLIC WORKS				
Street Department:				
Street Dept. St. Aid to Highway	141,100	141,100	242,816	101,716
Street Dept. Labor and Materials	-	-	7,890	7,890
Other Income	-	-	2,108	2,108
Lane Mileage	-	-	1,590	1,590
Public works grants	5,500	5,500	5,688	188
TOTAL PUBLIC WORKS	146,600	146,600	260,092	113,492

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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
CULTURE AND RECREATION				
Prouty Beach:				
Admissions	-	-	320	320
Camping	112,000	112,000	174,918	62,918
Tennis	55,000	55,000	58,552	3,552
Electric fees	5,700	5,700	3,398	(2,302)
Swing Project	500	500	200	(300)
Miscellaneous	<u>5,800</u>	<u>5,800</u>	<u>22,739</u>	<u>16,939</u>
Total Prouty Beach	<u>179,000</u>	<u>179,000</u>	<u>260,127</u>	<u>81,127</u>
Miscellaneous Recreation:				
Miscellaneous	63,500	63,500	35,400	(28,100)
Summer Programs	3,500	3,500	3,690	190
Gym Rental	3,500	3,500	6,493	2,993
City Landscaper	-	-	400	400
Annual Events	<u>27,000</u>	<u>27,000</u>	<u>27,853</u>	<u>853</u>
Total Miscellaneous Recreation	<u>97,500</u>	<u>97,500</u>	<u>74,226</u>	<u>(23,274)</u>
Gardner Park:				
Miscellaneous	-	-	994	994
Rental	<u>8,500</u>	<u>8,500</u>	<u>8,842</u>	<u>342</u>
Total Gardner Park	<u>8,500</u>	<u>8,500</u>	<u>9,836</u>	<u>1,336</u>
Senior Center:				
Salary reimbursement	<u>3,000</u>	<u>3,000</u>	<u>3,882</u>	<u>882</u>
Waterfront:				
Gasoline Sales	45,000	45,000	49,756	4,756
Boatslip Rentals	31,000	31,000	39,195	8,195
Pump-Outs	-	-	5	5
Miscellaneous Rentals	5,830	5,830	5,500	(330)
Miscellaneous	1,000	1,000	7,374	6,374
Gateway Center	<u>5,000</u>	<u>5,000</u>	<u>12,837</u>	<u>7,837</u>
Total Waterfront	<u>87,830</u>	<u>87,830</u>	<u>114,667</u>	<u>26,837</u>
TOTAL CULTURE AND RECREATION	<u>375,830</u>	<u>375,830</u>	<u>462,738</u>	<u>86,908</u>
INVESTMENT INCOME	<u>7,075</u>	<u>7,075</u>	<u>7,751</u>	<u>676</u>
TOTAL REVENUES	<u>10,644,403</u>	<u>10,644,403</u>	<u>11,395,557</u>	<u>751,154</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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES				
GENERAL GOVERNMENT				
City Council	12,935	12,935	10,603	2,332
City Manager Department	91,853	91,853	110,455	(18,602)
Delinquent Tax Collector	5,995	5,995	12,111	(6,116)
Election Expense	11,375	11,375	6,216	5,159
City Treasurer	113,343	113,343	124,508	(11,165)
Audit and City Report	42,500	42,500	48,690	(6,190)
Tax Listing	35,350	35,350	36,632	(1,282)
City Clerk Department	120,247	120,247	126,328	(6,081)
Legal Expense	15,500	15,500	51,691	(36,191)
Planning & Zoning	55,301	55,301	75,615	(20,314)
Reappraisal	7,000	7,000	7,987	(987)
Municipal Building	<u>124,183</u>	<u>124,183</u>	<u>135,120</u>	<u>(10,937)</u>
TOTAL GENERAL GOVERNMENT	<u>635,582</u>	<u>635,582</u>	<u>745,956</u>	<u>(110,374)</u>
PUBLIC SAFETY				
Police Department				
Administration	164,734	164,734	203,843	(39,109)
Patrol	1,326,581	1,326,581	1,615,244	(288,663)
Dispatch Services	417,254	417,254	429,154	(11,900)
Operation Stonegarden	-	-	63,994	(63,994)
Animal Control	1,050	1,050	435	615
Police Contracted Services	-	-	9,422	(9,422)
Total Police Department	<u>1,909,619</u>	<u>1,909,619</u>	<u>2,322,092</u>	<u>(412,473)</u>
Fire Department				
Fire Fighting	132,312	132,312	136,881	(4,569)
Fire Training	2,000	2,000	1,710	290
Fire Communications	11,100	11,100	12,696	(1,596)
Fire Station	16,000	16,000	15,738	262
Fire Trucks & Equipment	<u>28,000</u>	<u>28,000</u>	<u>76,666</u>	<u>(48,666)</u>
Total Fire Department	<u>189,412</u>	<u>189,412</u>	<u>243,691</u>	<u>(54,279)</u>
TOTAL PUBLIC SAFETY	<u>2,099,031</u>	<u>2,099,031</u>	<u>2,565,783</u>	<u>(466,752)</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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
PUBLIC WORKS				
Public Works Administration	297,112	297,112	323,020	(25,908)
Street Maintenance	243,000	243,000	348,397	(105,397)
Winter Maintenance	363,300	363,300	310,221	53,079
Garage and Facilities	48,322	48,322	35,913	12,409
City Property	61,360	61,360	169,278	(107,918)
Storm Maintenance	100,600	100,600	46,679	53,921
Traffic Maintenance	151,167	151,167	142,629	8,538
City Landscaper	<u>75,390</u>	<u>75,390</u>	<u>97,805</u>	<u>(22,415)</u>
TOTAL PUBLIC WORKS	<u>1,340,251</u>	<u>1,340,251</u>	<u>1,473,942</u>	<u>(133,691)</u>
CULTURE AND RECREATION				
Administration	117,186	117,186	159,472	(42,286)
Senior Citizens	7,600	7,600	9,634	(2,034)
Prouty Beach and Swimming	150,630	150,630	179,860	(29,230)
Recreational Programs	68,701	68,701	57,687	11,014
Annual Events	45,000	45,000	43,959	1,041
Gardner Park	136,811	136,811	150,449	(13,638)
Waterfront	<u>103,880</u>	<u>103,880</u>	<u>150,056</u>	<u>(46,176)</u>
TOTAL CULTURE AND RECREATION	<u>629,808</u>	<u>629,808</u>	<u>751,117</u>	<u>(121,309)</u>
OTHER EXPENSES & APPROPRIATIONS				
Conservation & Development	22,855	22,855	16,881	5,974
Health & Welfare	4,465	4,465	4,691	(226)
Recycling Project	64,234	64,234	82,243	(18,009)
County Tax	54,590	54,590	54,285	305
Renaissance Project	60,000	60,000	60,000	-
General Insurance	14,000	14,000	14,585	(585)
Claims and Damages	1,500	1,500	-	1,500
Employment Practices Insurance	11,000	11,000	11,939	(939)
Public Official Liability	6,000	6,000	5,596	404
Miscellaneous	-	-	57,150	(57,150)
NCIC Grant Administration	-	-	28,627	(28,627)
Newport Ambulance, Inc.	148,938	148,938	147,639	1,299
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	-

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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
OTHER EXPENSES & APPROPRIATIONS (Continued)				
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>
TOTAL OTHER EXPENSES & APPROPRIATIONS	<u>554,800</u>	<u>554,800</u>	<u>650,854</u>	<u>(96,054)</u>
CAPITAL OUTLAY				
Street Repairs and Maintenance	278,540	278,540	66,793	211,747
Public Works Vehicles	155,000	155,000	5,473	149,527
VISTA Traffic Lights	80,000	80,000	32,570	47,430
Bridge Repairs	50,000	50,000	-	50,000
Main and Field St. Intersection Upgrades	-	-	200	(200)
Municipal Building Remodel	10,000	10,000	-	10,000
Tech Equipment Fleet Replacement	5,000	5,000	-	5,000
Dispatch Equipment	10,000	10,000	-	10,000
Bullet Proof Vest	5,000	5,000	1,168	3,832
Fire Station Repairs & Maintenance	20,000	20,000	32,375	(12,375)
Fire Vehicles and Equipment	38,000	38,000	9,280	28,720
Police Vehicles	-	-	49,058	(49,058)
Prouty Beach Improvements	10,000	10,000	65,854	(55,854)
Prouty Beach Equipment	-	-	5,225	(5,225)
Gardner Park Improvements	32,500	32,500	15,109	17,391
Gateway Maintenance	38,000	38,000	59,077	(21,077)
Dock Improvements	5,500	5,500	-	5,500
Main Street Lights Project	-	-	10,391	(10,391)
Rec Maintenance Vehicles	<u>12,500</u>	<u>12,500</u>	<u>-</u>	<u>12,500</u>
TOTAL CAPITAL OUTLAY	<u>750,040</u>	<u>750,040</u>	<u>352,573</u>	<u>397,467</u>
DEBT SERVICE & SINKING FUNDS				
Debt Principal Payments	130,371	130,371	105,663	24,708
Interest on Notes	6,018	6,018	8,592	(2,574)
Interest on Bonds	3,000	3,000	210	2,790
Interest on Line of Credit	-	-	1,492	(1,492)
Tennis Court Sinking Funds	<u>1,440</u>	<u>1,440</u>	<u>-</u>	<u>1,440</u>
TOTAL DEBT SERVICE & SINKING FUNDS	<u>140,829</u>	<u>140,829</u>	<u>115,957</u>	<u>24,872</u>
SCHOOL APPROPRIATION	<u>4,494,062</u>	<u>4,494,062</u>	<u>4,494,062</u>	<u>-</u>
TOTAL EXPENDITURES	<u>10,644,403</u>	<u>10,644,403</u>	<u>11,150,244</u>	<u>(505,841)</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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXCESS OF REVENUES OVER EXPENDITURES	-	-	245,313	245,313
OTHER FINANCING SOURCES Proceeds from Long Term Debt	-	-	49,058	49,058
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ 294,371	\$ 294,371

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, 2023

	<u>2022</u>	<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)	0.9169%	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>\$ 2,781,490</u>	<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>\$ 2,679,401</u>	<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	103.81%	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	73.60%	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 12 to the financial statements. No changes in actuarial assumptions and methods since the last measurement date.

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 For the Year Ended June 30, 2023

	<u>2022</u>	<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)	\$ 229,396	\$ 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>\$ 229,396</u>	<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>\$ 2,679,401</u>	<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	8.56%	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 12 to the financial statements. No changes in actuarial assumptions and methods since the last measurement date.

See Accompanying Notes to Basic Financial Statements.

OTHER SUPPLEMENTARY INFORMATION

City of Newport, Vermont
 OTHER SUPPLEMENTARY INFORMATION
 COMBINING BALANCE SHEET -
 NON-MAJOR GOVERNMENTAL FUNDS
 June 30, 2023

ASSETS

	Special Revenue		
	Recreation	Mooring	Total
	Fund	Management Fund	Non-Major Governmental Funds
ASSETS			
Cash	\$ 193,488	\$ -	\$ 193,488
Due from other funds	18,518	-	18,518
TOTAL ASSETS	\$ 212,006	\$ -	\$ 212,006

LIABILITIES AND FUND BALANCES

LIABILITIES			
Due to other funds	\$ -	\$ 10,157	\$ 10,157
Accounts Payable	157	-	157
TOTAL LIABILITIES	157	10,157	10,314
FUND BALANCES			
Restricted	206,316	-	206,316
Committed	5,533	-	5,533
Unassigned	-	(10,157)	(10,157)
TOTAL FUND BALANCE	211,849	(10,157)	201,692
TOTAL LIABILITIES AND FUND BALANCES	\$ 212,006	\$ -	\$ 212,006

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, 2023

	<u>Special Revenue</u>		
	<u>Recreation Fund</u>	<u>Mooring Management Fund</u>	<u>Total Non-Major Governmental Funds</u>
REVENUES			
Recreation and Culture	\$ 9,156	\$ 4,979	\$ 14,135
Investment Income	<u>209</u>	<u>-</u>	<u>209</u>
TOTAL REVENUES	<u>9,365</u>	<u>4,979</u>	<u>14,344</u>
EXPENDITURES			
Culture and Recreation	<u>3,832</u>	<u>9,982</u>	<u>13,814</u>
CHANGE IN FUND BALANCE	5,533	(5,003)	530
FUND BALANCE AT BEGINNING OF YEAR	<u>206,316</u>	<u>(5,154)</u>	<u>201,162</u>
FUND BALANCE AT END OF YEAR	<u>\$ 211,849</u>	<u>\$ (10,157)</u>	<u>\$ 201,692</u>

City of Newport, Vermont
OTHER SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF NET POSITION -
PRIVATE-PURPOSE TRUST FUNDS
June 30, 2023

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>
CASH					
Checking	\$ 42,248	\$ 5,084	\$ -	\$ 27,132	\$ 74,464
Savings and money markets	<u>-</u>	<u>16,783</u>	<u>31,764</u>	<u>-</u>	<u>48,547</u>
TOTAL CASH	<u>42,248</u>	<u>21,867</u>	<u>31,764</u>	<u>27,132</u>	<u>123,011</u>
DUE FROM OTHER FUNDS	<u>5,917</u>	<u>-</u>	<u>18</u>	<u>-</u>	<u>5,935</u>
INVESTMENTS					
Trust Account	<u>-</u>	<u>184,194</u>	<u>-</u>	<u>147,169</u>	<u>331,363</u>
TOTAL ASSETS	<u>\$ 48,165</u>	<u>\$ 206,061</u>	<u>\$ 31,782</u>	<u>\$ 174,301</u>	<u>\$ 460,309</u>

LIABILITIES AND NET POSITION

LIABILITIES					
Due to other Funds	<u>\$ -</u>	<u>\$ 23,005</u>	<u>\$ -</u>	<u>\$ 993</u>	<u>\$ 23,998</u>
NET POSITION					
Reserved for trust funds	-	-	-	62,000	62,000
Unreserved	<u>48,165</u>	<u>183,056</u>	<u>31,782</u>	<u>111,308</u>	<u>374,311</u>
TOTAL NET POSITION	<u>48,165</u>	<u>183,056</u>	<u>31,782</u>	<u>173,308</u>	<u>436,311</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 48,165</u>	<u>\$ 206,061</u>	<u>\$ 31,782</u>	<u>\$ 174,301</u>	<u>\$ 460,309</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, 2023

	Police Public Safety Fund	East Main Street Cemetery Fund	Community Development Block Grant Fund	Perley J. Niles Fund	Total
ADDITIONS					
Contributions	\$ -	\$ 10,000	\$ -	\$ -	\$ 10,000
Grant Income	36,976	-	-	-	36,976
Investment Earnings					
Interest Income	3	4,585	26	(1,717)	2,897
Dividend Income	-	1,234	-	1,313	2,547
Net gain/(loss) from investments	-	7,994	-	7,109	15,103
Net Investment Earnings	3	13,813	26	6,705	20,547
TOTAL ADDITIONS	36,979	23,813	26	6,705	67,523
DEDUCTIONS					
Administrative Fees	-	1,732	-	1,401	3,133
Contracted Services	-	6,000	-	-	6,000
Police Expenditures	4,300	-	-	156	4,456
Other	-	10,175	-	143	10,318
TOTAL DEDUCTIONS	4,300	17,907	-	1,700	23,907
CHANGE IN NET POSITION	32,679	5,906	26	5,005	43,616
NET POSITION AT BEGINNING OF YEAR	15,486	177,150	31,756	168,303	392,695
NET POSITION AT END OF YEAR	\$ 48,165	\$ 183,056	\$ 31,782	\$ 173,308	\$ 436,311