



Kittell Branagan & Sargent

Certified Public Accountants

Vermont License # 167

November 30, 2023

To the Honorable Mayor, City Council
And City Manager
Newport, Vermont

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Newport, Vermont for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 30, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Newport, Vermont are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2023. We noted no transactions entered into by City of Newport, Vermont during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Management's estimate of the Accounting for Delinquent Tax Receivable Reserve is based on Management's best estimate using subsequent collections and historical information. We evaluated the methods, assumptions, and data used to develop the Delinquent Tax Receivable in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements, and a list of those approved is attached.

Disagreements with Management

For the purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 30, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to City of Newport, Vermont's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as City of Newport, Vermont's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Budgetary Comparison Schedule, the Schedule of Contributions, and the Schedule of Proportionate Share of the Net Pension Liability, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

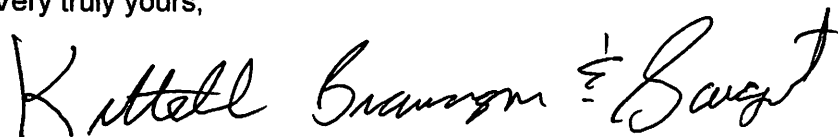
We were engaged to report on combining statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

To the Honorable Mayor, City Council
And City Manager
Page 3

Restriction on Use

This information is intended solely for the information and use of City Council and management of City of Newport, Vermont and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Kittell Branagan & Sargent". The signature is written in a cursive, flowing style.

KITTELL, BRANAGAN & SARGENT

Client: NEWPORT, CITY OF
 Report: Journal Entry

Account	Description	Debit	Credit
5			
To move reappraisal funds to deferred revenue			
0-00-16.10	Deferred Revenue-ACT 60	0.00	17,884.00
0-00-23.86	ACT60 Reappr-EEGL Asst	17,884.00	0.00
Total		17,884.00	17,884.00
7			
To record principal payments against debt in sewer fund			
8-00-12.77	Note Payable SRF RF1-079	15,444.15	0.00
8-50-95.75	RF079 Gateway Pump Prin	0.00	15,444.15
8-00-12.78	Note Payable SRF RF1-029	25,513.00	0.00
8-50-95.71	RF029 Indian Head Pump	0.00	25,513.00
8-00-12.79	Note Payable SRF RF1-075	208,485.91	0.00
8-50-95.73	RF075 Plant Upgrade	0.00	208,485.91
8-00-12.82	Dewatering Loan #2921	91,120.27	0.00
8-50-95.98	Dewatering Loan #2921 Pri	0.00	91,120.27
8-00-12.70	Bond Payable Sewer 2001	25,000.00	0.00
8-50-95.30	2001 Sewer Prin 2010-4	0.00	25,000.00
8-00-12.81	Note Pay - CWSRF RF1-150	11,293.59	0.00
8-50-95.89	RF150 Prive Pump Prin	0.00	11,293.59
Total		376,856.92	376,856.92
8			
To record principal payments against debt in water fund			
9-00-12.60	Bond Payable-G E Servicer	38,802.91	0.00
9-50-95.91	1984 Water Bond Prin #775	0.00	39,418.98
9-50-95.92	1984 Wate Bond Int #7750-	616.07	0.00
9-00-12.82	SRF RF3-129	128,127.82	0.00
9-50-95.98	RF3-129 Arsenic Water Pri	0.00	128,127.82
9-00-12.81	SRF RF3-095	37,569.84	0.00
9-50-95.96	RF3-095 Water Well Prin	0.00	37,569.84
Total		205,116.64	205,116.64
9			
To adjust accrued interest to \$0 in water and sewer fund - both balances are immaterial as loans wind down			
8-00-11.50	Accrued Interest	2,668.92	0.00
8-50-95.31	2001 Sewer Int 2010-4	0.00	2,668.92
9-00-11.50	Accrued Interest	952.05	0.00
9-50-95.92	1984 Wate Bond Int #7750-	0.00	952.05
Total		3,620.97	3,620.97
10			
To record purchase via financing for two new police vehicles			
0-00-29.99	2020 Ford Explorer Proceeds	0.00	49,058.00
0-92-98.05	Police Vehicles	49,058.00	0.00
Total		49,058.00	49,058.00
12			
To adjust equity to actual - identified variances in PY TB to client final - all immaterial			
8-50-57.23	Small Tools & Equipment	0.00	74.50
8-50-57.66	Truck & Equip Rental	0.00	79.05
8-50-58.10	Regular Pay	0.00	2,080.00
8-50-58.60	Professional Expense	0.00	60.00

8-00-18.00	Fund Balance (Sewer Dept)	2,293.55	0.00
9-50-62.76	Utilities	0.00	221.67
9-50-62.79	Other Expenses	0.00	280.00
9-50-64.23	Small Tools & Equipment	0.00	74.49
9-00-18.00	Fund Balance (Water Dept)	576.16	0.00
7-00-18.00	Fund Balance - Rec Fund	113.00	0.00
7-71-76.80	Ice Out Expenses	0.00	113.00
Total		<u>2,982.71</u>	<u>2,982.71</u>

13

outstanding deposit - dated July 7/11/23
(opened a new accounting not realizing one
already existed)

8-00-04.45	Vactor Sinking Fund	100,000.00	0.00
8-50-95.63	Vactor Sinking Fund	0.00	100,000.00
Total		<u>100,000.00</u>	<u>100,000.00</u>

14

To book AR for tax reimbursement from City
School - ONLY AR PORTION NEEDS TO BE
REVERSED!

0-00-22.80	School Tax Reim	21,742.41	0.00
0-00-04.94	Miscellaneous Receivable	22,190.52	0.00
0-95-99.00	Transfer Funds School	0.00	43,932.93
Total		<u>43,932.93</u>	<u>43,932.93</u>

15

To record property tax reserve for fund financial

0-00-03.99	Allowance for Uncollectab	0.00	43,384.59
0-00-20.00	Property Taxes	43,384.59	0.00
Total		<u>43,384.59</u>	<u>43,384.59</u>

17

Orleans Cty Historical Society - overpaid 23
appropriation by \$2,600 - returning in FY 24

0-95-66.60	Orls Cty Historic Society	0.00	2,600.00
0-00-04.94	Miscellaneous Receivable	2,600.00	0.00
Total		<u>2,600.00</u>	<u>2,600.00</u>

18

To record prepaid health insurance

0-00-07.86	Prepaid Health Insurance - July	41,002.12	0.00
0-30-31.54	Health Insurance	0.00	1,659.84
0-30-35.54	Health Insurance	0.00	829.87
0-30-33.54	Health Insurance	0.00	829.87
0-30-36.58	Health Insurance	0.00	663.90
0-30-34.58	Health Insurance	0.00	2,655.58
0-30-40.54	Health Insurance	0.00	829.87
0-40-40.54	Health Insurance	0.00	2,331.93
0-40-41.54	Health Insurance	0.00	14,128.68
0-40-42.54	Health Insurance	0.00	2,946.29
0-50-50.54	Health Insurance	0.00	4,755.16
0-60-10.18	Health Insurance	0.00	496.37
0-70-70.44	Health Insurance	0.00	2,331.93
0-70-73.38	Health Insurance	0.00	871.36
0-70-79.38	Health Insurance	0.00	41.49
0-70-78.38	Health Insurance	0.00	663.90
0-70-76.46	Health Insurance	0.00	82.99
8-50-57.27	Health Insurance	0.00	850.62
8-50-90.08	Health Insurance	0.00	2,284.05
9-50-90.08	Health Insurance	0.00	1,748.42
9-00-08.00	Due From/To Other Funds	1,748.42	0.00
8-00-08.00	Due From/To Other Funds	3,134.67	0.00
0-00-08.00	Due From/To Other Funds	0.00	4,883.09
		<u>0.00</u>	<u>4,883.09</u>

Total		<u>45,885.21</u>	<u>45,885.21</u>
20			
Client expensed transfer to sinking fund - need to debt tennis ct sinking fund cash for deposit			
0-00-00.83	Tennis Court Fund MMA	1,440.00	0.00
0-90-90.89	Tennis Court Sinking Fund	<u>0.00</u>	<u>1,440.00</u>
Total		<u>1,440.00</u>	<u>1,440.00</u>
21			
outstanding deposit - ck# 17000			
9-50-95.50	Water Tower Sinking Fund	0.00	70,814.00
9-00-06.70	Water Tower Sinking Fund	<u>70,814.00</u>	<u>0.00</u>
Total		<u>70,814.00</u>	<u>70,814.00</u>
22			
work completed - palin hill reservior - Client needs to reverse			
9-00-06.30	Water System Improvements	364,395.00	0.00
9-00-10.20	Accounts Payable	<u>0.00</u>	<u>364,395.00</u>
Total		<u>364,395.00</u>	<u>364,395.00</u>
23			
to adjust AP to include June legal invoice and other misc. invoices - Client should have made this entry already			
0-50-50.60	Professional Expense	160.00	0.00
0-50-50.60	Professional Expense	954.63	0.00
0-30-38.90	Professional Expense	1,807.50	0.00
0-30-38.90	Professional Expense	1,925.00	0.00
0-70-78.81	Contracted Services	340.00	0.00
0-30-38.90	Professional Expense	3,910.00	0.00
0-30-38.90	Professional Expense	2,182.50	0.00
0-30-38.90	Professional Expense	2,000.00	0.00
0-40-40.79	Other Expenses	1,820.00	0.00
0-30-39.79	Other Expenses	28.80	0.00
0-30-38.90	Professional Expense	4,141.00	0.00
0-30-38.90	Professional Expense	1.80	0.00
0-30-36.60	Professional Expense	60.00	0.00
0-30-38.90	Professional Expense	20.00	0.00
0-00-10.20	Accounts Payable	0.00	19,351.23
0-00-10.20	Accounts Payable	0.00	6,052.00
8-00-10.20	Accounts Payable	0.00	1,436.33
8-50-58.50	Plant Improvements	1,436.33	0.00
0-30-34.88	Reappraisal Software Main	<u>6,052.00</u>	<u>0.00</u>
Total		<u>26,839.56</u>	<u>26,839.56</u>
24			
CAJE - to reconcile HRA acct - Client has already posted			
0-40-41.58	HRA Insurance	482.09	0.00
0-40-42.58	HRA Expense	89.90	0.00
0-40-41.58	HRA Insurance	97.08	0.00
8-50-90.19	HRA Expense	1,680.00	0.00
9-50-90.19	HRA Expense	420.00	0.00
0-40-42.58	HRA Expense	844.80	0.00
0-40-41.58	HRA Insurance	1,826.92	0.00
0-40-42.58	HRA Expense	90.00	0.00
0-40-41.58	HRA Insurance	108.90	0.00
0-40-41.58	HRA Insurance	28.00	0.00
0-50-50.58	HRA Expense	2,100.00	0.00
0-40-42.58	HRA Expense	75.00	0.00
0-40-41.58	HRA Insurance	753.64	0.00
0-30-31.58	HRA Expense	760.25	0.00
0-50-50.58	HRA Expense	<u>1,130.41</u>	<u>0.00</u>

0-40-42.58	HRA Expense	69.77	0.00
0-00-00.39	Health Reimbursement Acct	0.00	10,556.76
8-00-08.00	Due From/To Other Funds	0.00	1,680.00
9-00-08.00	Due From/To Other Funds	0.00	420.00
0-00-08.00	Due From/To Other Funds	2,100.00	0.00
Total		12,656.76	12,656.76

26
to adjust vac/comp/sick time in water/sewer funds

8-00-10.50	Accrued Vac/Sick/Comp	3,184.80	0.00
9-00-10.50	Accrued Vac/Sick/Comp	1,606.30	0.00
8-50-57.10	Regular Pay	0.00	3,184.80
9-50-62.10	Regular Pay	0.00	1,606.30
Total		4,791.10	4,791.10

30
to adjust unbilled AR to 8/4/23 actual billing

8-00-04.70	Unbilled Revenue - Sewer	0.00	4,189.00
8-00-26.50	Change in Unbilled Revenue - Sewer Fund	4,189.00	0.00
9-00-04.60	Unbilled Revenue - Water	0.00	4,225.00
9-00-26.52	Change in Unbilled Revenue - Water Fund	4,225.00	0.00
Total		8,414.00	8,414.00

32
to record VMERS pension liability to water fund

9-00-07.01	Deferred Outflow VMER	30,080.68	0.00
9-00-07.01	Deferred Outflow VMER	9,809.00	0.00
9-00-16.02	Deferred Inflow VMER	51,867.52	0.00
9-00-16.03	Pension Liability VMER	4,962.51	0.00
9-00-16.03	Pension Liability VMER	41,579.43	0.00
9-50-90.10	Municipal Retirement	19,133.04	0.00
9-00-07.01	Deferred Outflow VMER	0.00	41,579.43
9-00-16.02	Deferred Inflow VMER	0.00	4,379.79
9-00-16.03	Pension Liability VMER	0.00	49,213.72
9-00-16.03	Pension Liability VMER	0.00	51,867.52
9-50-90.10	Municipal Retirement	0.00	582.72
9-50-90.10	Municipal Retirement	0.00	9,809.00
Total		157,432.18	157,432.18

33
to record VMERS adjustment to Sewer fund

8-00-07.01	Deferred Outflow VMER	59,201.50	0.00
8-00-07.01	Deferred Outflow VMER	19,305.00	0.00
8-00-16.02	Deferred Inflow VMER	86,740.06	0.00
8-00-16.03	Pension Liability VMER	9,766.67	0.00
8-00-16.03	Pension Liability VMER	69,534.88	0.00
8-00-17.04	Pension Expense	37,655.56	0.00
8-00-07.01	Deferred Outflow VMER	0.00	69,534.88
8-00-16.02	Deferred Inflow VMER	0.00	8,613.92
8-00-16.03	Pension Liability VMER	0.00	96,857.06
8-00-16.03	Pension Liability VMER	0.00	86,740.06
8-00-17.04	Pension Expense	0.00	1,152.75
8-00-17.04	Pension Expense	0.00	19,305.00
Total		282,203.67	282,203.67

34
additional A/R

0-00-27.86	Northern Star Electric Re	0.00	615.00
0-00-24.97	Dispatch Income	0.00	22,049.24
0-00-24.97	Dispatch Income	0.00	7,444.73
0-00-24.97	Dispatch Income	0.00	2,650.00
0-00-24.94	VT Drug Task Force Grant	0.00	52,379.61

0-00-24.59	Stonegarden Equip 97.067	0.00	44,716.16
0-00-24.56	Oper Stonegarden 97.067	0.00	6,678.22
0-00-24.56	Oper Stonegarden 97.067	0.00	17,869.17
0-00-24.56	Oper Stonegarden 97.067	0.00	5,307.42
0-00-04.94	Miscellaneous Receivable	159,709.55	0.00
Total		159,709.55	159,709.55

35

stonegarden gasoline - client has already posted

0-40-41.91	Oper Stonegarden 97.067	333.64	0.00
0-40-41.91	Oper Stonegarden 97.067	175.68	0.00
0-40-41.91	Oper Stonegarden 97.067	109.80	0.00
0-40-41.91	Oper Stonegarden 97.067	273.13	0.00
0-00-27.96	Waterfront-Gasoline Sales	0.00	892.25
Total		892.25	892.25

38

To capitalize assets in water/sewer fund

8-50-58.50	Plant Improvements	0.00	49,989.41
8-50-58.68	Repair & Maintenance	0.00	20,258.05
8-50-94.59	CSO Engineering	0.00	7,268.00
8-00-06.50	Machinery & Equipment	70,247.46	0.00
8-00-07.10	Proj-Constr in Progress	7,268.00	0.00
9-50-94.60	Waterline Eng & Des	0.00	102,661.00
9-00-06.01	CIP	102,661.00	0.00
Total		180,176.46	180,176.46

39

Sewer Fund Depreciation Expense

8-00-06.90	Accumulated Depreciation	0.00	492,482.99
8-50-97.00	Depreciation	492,482.99	0.00
Total		492,482.99	492,482.99

40

Water Fund Depreciation Expense - 2023

9-00-06.90	Accumulated Depreciation	0.00	251,556.06
9-50-97.00	Depreciation	251,556.06	0.00
Total		251,556.06	251,556.06

42

Q3 & 4 SIU Revenue - Client adjustment on 8/19

- do not post

0-00-24.31	Special Invest Unit SIU	0.00	15,000.00
0-00-04.94	Miscellaneous Receivable	15,000.00	0.00
Total		15,000.00	15,000.00

43

to recognize revenue for bike path deferral

0-00-16.20	Deferred Rev-Bike Path Gr	2,360.70	0.00
0-00-26.95	AOT Bike Path CA0009	0.00	2,360.70
Total		2,360.70	2,360.70

44

To recognize ARPA funds in WF for Cover expense

9-00-16.04	Def ARPA Funds	364,395.00	0.00
9-00-26.89	ARPA Funds	0.00	364,395.00
Total		364,395.00	364,395.00

45

To record additional AP for water/sewer fund received from Becky

8-00-10.20	Accounts Payable	0.00	5,155.55
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8-50-57.83	Pump Station Repair	5,155.55	0.00
0-90-97.35	NCIC Grants Admin	10,431.24	0.00
0-00-10.20	Accounts Payable	0.00	10,431.24
Total		15,586.79	15,586.79

46

CAJE - to post additional AP

0-70-71.21	Rental	500.00	0.00
8-50-58.20	Office Supplies	5,948.27	0.00
0-70-78.68	Repair & Maintenance	199.57	0.00
0-70-73.68	Repair & Maintenance	116.73	0.00
0-30-34.60	Professional Expense	1,334.30	0.00
0-40-41.95	K-9 Expenses	190.75	0.00
0-40-41.95	K-9 Expenses	162.00	0.00
0-40-41.95	K-9 Expenses	30.00	0.00
0-70-73.84	Solid Waste Disposal	154.96	0.00
9-50-62.21	Operating Supplies	279.95	0.00
0-50-55.22	Truck & Equip Parts	3.99	0.00
9-50-62.21	Operating Supplies	84.98	0.00
0-50-55.22	Truck & Equip Parts	109.78	0.00
0-92-98.10	Main Street Maintenance	19.99	0.00
0-70-73.84	Solid Waste Disposal	95.99	0.00
0-70-73.83	Improvements	112.00	0.00
8-50-58.66	Truck & Equip Rental	30.00	0.00
8-50-58.23	Small Tools & Equipment	24.95	0.00
0-92-98.10	Main Street Maintenance	256.04	0.00
8-50-57.23	Small Tools & Equipment	72.98	0.00
0-70-79.68	Repair & Maintenance	35.00	0.00
0-50-53.23	Small Tools & Equipment	7.99	0.00
0-70-73.89	Vehicle Maintenance	250.00	0.00
8-50-57.23	Small Tools & Equipment	299.00	0.00
0-50-51.33	Truck & Equipment Parts	127.72	0.00
0-70-73.23	Small Tools & Equipment	123.96	0.00
0-50-51.33	Truck & Equipment Parts	6.62	0.00
9-50-64.68	Repair & Maintenance	535.28	0.00
8-50-58.79	Other Expenses	25.94	0.00
0-50-58.76	Utilities (Railroad Sq)	39.82	0.00
9-50-62.76	Utilities	9,120.37	0.00
0-50-57.86	Utility Traffic Lights	51.62	0.00
0-50-62.76	Utilities	207.03	0.00
0-90-97.79	Miscellaneous	60.72	0.00
0-00-10.20	Accounts Payable	0.00	4,196.58
8-00-10.20	Accounts Payable	0.00	6,401.14
9-00-10.20	Accounts Payable	0.00	10,020.58
Total		20,618.30	20,618.30
GRAND TOTAL		3,323,086.34	3,323,086.34