

City of Newport, Vermont
BASIC FINANCIAL STATEMENTS
June 30, 2025

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Kittell Branagan & Sargent

Certified Public Accountants

Vermont License #167

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Newport
Newport, Vermont

Report on the Audit of the Financial Statements

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, 2025, 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, 2025, 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.

Change in Accounting Principle

As described in Note 18 of the financial statements, the City adopted new accounting guidance, *GASB No. 101, Compensated Absences*. Our opinion is not modified as a result of this change.

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 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



City of Newport, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

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, 2025.

Financial Highlights

- The assets of the City of Newport exceeded its liabilities at the close of the most recent fiscal year by \$9,440,827 (net position). For the government activities, the total net position is \$5,601,964 however there is an unrestricted deficit in net position of \$1,474,523. For the business-type activities the total net position is \$3,838,863, which means that if we were to liquidate the water/sewer funds we would have a cash surplus of \$3,838,863. Net position attributable to business-type activities increased by \$950,213 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 \$803,723. Of this amount, there is available for spending at the government's discretion of \$79,108 (unassigned fund balance). Management has committed \$7,241 of the fund balance for particular purposes as identified in Note 9 and the remaining \$717,374 has been restricted for purposes also identified in Note 9.

Overview of the Financial Statements

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

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

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

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

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

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, 2025

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 45 and 46.

The City of Newport adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided on pages 38-42 for the general fund to demonstrate compliance with its budget.

The basic governmental fund financial statements may be found on pages 1 and 2.

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 and 8.

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 47 and 48.

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, 2025

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 \$9,440,827 at the close of the most recent fiscal year.

By far the largest portion of the City of Newport's total net position 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, 2025

	Governmental Activities		Business-Type Activities		Total	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Current and other assets	\$ 2,274,941	\$ 3,401,830	\$ 818,236	\$ 1,817,015	\$ 3,093,177	\$ 5,218,845
Capital assets	6,717,137	6,691,993	8,425,348	6,209,046	15,142,485	12,901,039
Deferred outflows	<u>689,041</u>	<u>888,009</u>	<u>94,551</u>	<u>116,445</u>	<u>783,592</u>	<u>1,004,454</u>
Total Assets and Deferred Outflows	<u>\$ 9,681,119</u>	<u>\$10,981,832</u>	<u>\$ 9,338,135</u>	<u>\$ 8,142,506</u>	<u>\$19,019,254</u>	<u>\$19,124,338</u>
Other liabilities	\$ 1,072,234	\$ 839,740	\$ 3,337,516	\$ 2,386,435	\$ 4,409,750	\$ 3,226,175
Net pension liabilities	2,651,943	2,646,287	409,215	394,791	3,061,158	3,041,078
Tax anticipation note	-	1,300,000	-	-	-	1,300,000
Notes and bonds payable	233,659	224,672	1,740,201	2,463,056	1,973,860	2,687,728
Deferred inflows	<u>121,319</u>	<u>73,009</u>	<u>12,340</u>	<u>9,574</u>	<u>133,659</u>	<u>82,583</u>
Total Liabilities and Deferred Inflows	<u>\$ 4,079,155</u>	<u>\$ 5,083,708</u>	<u>\$ 5,499,272</u>	<u>\$ 5,253,856</u>	<u>\$ 9,578,427</u>	<u>\$ 9,037,564</u>
Net Investment in capital assets	\$ 6,359,113	\$ 6,467,321	\$ 6,251,361	\$ 3,745,990	\$12,610,474	\$10,213,311
Restricted	717,374	842,704	-	-	717,374	842,704
Unrestricted	<u>(1,474,523)</u>	<u>(1,411,901)</u>	<u>(2,412,498)</u>	<u>(857,340)</u>	<u>(3,887,021)</u>	<u>(2,269,241)</u>
Total Net Position	<u>\$ 5,601,964</u>	<u>\$ 5,898,124</u>	<u>\$ 3,838,863</u>	<u>\$ 2,888,650</u>	<u>\$ 9,440,827</u>	<u>\$ 8,786,774</u>

City of Newport, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

Governmental activities – Governmental activities decreased the City of Newport's net position by (\$284,470) during the current fiscal year.

City of Newport, Vermont's Changes in Net Position
June 30, 2025

	Governmental Activities		Business-Type Activities		Total	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Revenues						
Program Revenues:						
Charges for services	\$ 1,160,838	\$ 1,055,359	\$ 2,632,318	\$ 2,168,542	\$ 3,793,156	\$ 3,223,901
Operating grants	788,814	636,435	731,501	63,679	1,520,315	700,114
Capital grants	77,591	29,909	182,465	725,843	260,056	755,752
General Revenues:						
Property taxes	11,145,669	10,104,325	-	-	11,145,669	10,104,325
Investment earnings	26,942	26,612	22,427	15,033	49,369	41,645
Other revenues	<u>82,101</u>	<u>58,470</u>	<u>-</u>	<u>-</u>	<u>82,101</u>	<u>58,470</u>
Total Revenues	<u>13,281,955</u>	<u>11,911,110</u>	<u>3,568,711</u>	<u>2,973,097</u>	<u>16,850,666</u>	<u>14,884,207</u>
Expenses						
Governmental activities:						
General	1,155,741	1,249,456	-	-	1,155,741	1,249,456
Public Safety	3,296,226	3,032,987	-	-	3,296,226	3,032,987
Public Works	2,269,656	2,181,061	-	-	2,269,656	2,181,061
Library	110,000	110,000	-	-	110,000	110,000
Interest on long-term debt	159,682	83,610	-	-	159,682	83,610
Education, recreation, health and welfare	6,575,120	6,203,282	-	-	6,575,120	6,203,282
Business-type activities:						
Water	-	-	975,258	949,601	975,258	949,601
Sewer	<u>-</u>	<u>-</u>	<u>1,643,240</u>	<u>1,776,261</u>	<u>1,643,240</u>	<u>1,776,261</u>
Total Expenses	<u>13,566,425</u>	<u>12,860,396</u>	<u>2,618,498</u>	<u>2,725,862</u>	<u>16,184,923</u>	<u>15,586,258</u>
Change in net position	(284,470)	(949,286)	950,213	247,235	665,743	(702,051)
Net position, beginning, as restated	<u>5,886,434</u>	<u>6,847,411</u>	<u>2,888,650</u>	<u>2,641,415</u>	<u>8,775,084</u>	<u>9,488,826</u>
Net position, ending	<u>\$ 5,601,964</u>	<u>\$ 5,898,125</u>	<u>\$ 3,838,863</u>	<u>\$ 2,888,650</u>	<u>\$ 9,440,827</u>	<u>\$ 8,786,775</u>

City of Newport, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

Business-type activities – Business-type activities increased the City of Newport's net position by \$950,213 during the current fiscal year. The water fund had a net gain of \$828,673 while the sewer fund had a net gain of \$121,540. Key elements of this change are as follows:

- Water charges and rents increased revenue by \$123,872 from the previous year and operating expenses increased by \$7,506. We had an increase in net income of \$828,673 from the prior year in the Water Fund. Most of this increase in income can be attributable to grant funds used for the water tower construction of \$731,501, compared to \$63,697 in the prior year, the offsetting expenses for the project are capitalized on the statement of net position. The Water Fund has a payable from the General Fund of \$36,249 which is a decrease of \$358,170 from the prior year's balance due of \$394,419.
- Sewer charges and rents increased in revenue by \$301,930 with discharge fees increased by \$52,791 from the previous year, while operating expenses decreased by \$125,933. Interest expense decreased by \$7,088 from the prior year. The Sewer Fund has a payable from the General Fund of \$873,515 which is a decrease of \$447,804 from the prior year's balance due of \$1,321,319.
- Depreciation expense for the sewer fund is \$420,790 as compared to last year's \$486,466 and \$253,723 from last year's \$258,716 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 \$803,723, a decrease of \$496,415 in comparison to the prior year. The City of Newport has available \$83,489 of this fund balance for various purposes, including capital reserve funds and expenditures in subsequent periods. The City of Newport has committed \$7,224 for specific budget items and \$702,193 is restricted donations to the city.

The general fund is the chief operating fund of the City of Newport. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to total general fund expenditures. The unassigned fund balance \$83,489 represents approximately 1% of general fund expenditures (\$13,405,386) while total fund balance \$702,193 represents approximately 5% of that same amount.

During the year ending June 30, 2025, the Fund Balance of the City of Newport's general fund decreased by \$402,347 (from \$1,195,253 to \$792,906). Key factors in this change are as follows:

- The City had budgeted State Payments on tax bills as additional revenue therefore set a municipal tax rate too low along with unanticipated interest on debt.

Special revenue funds consist primarily of the Recreation Fund \$15,181 and a deficit in the Mooring Management Fund of (\$4,381). The fund balance of \$15,181 equates to additional fund raising by the Recreation Committee in anticipation of a cash match for the Gardner Park Playground Rehabilitation project. The Recreation Fund is used to ensure that monies donated to the Recreation and Parks Department is solely used to benefit Recreation and Parks. The Mooring Management Fund is used so that the City receives no net income from the Mooring Management of Public Waters. Also, the Mooring Management Fund will insure no net expense over time to City taxpayers.

City of Newport, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

Capital Asset and Debt Administration

Capital Assets – The City of Newport's investment in capital assets, net of depreciation for its governmental activities increased by \$25,144 to a total of \$6,717,137. It is to be noted that we used the exemption allowed under GASB 34 to not include road and bridge investments prior to 1 July 2003. Also, 1.5" asphalt overlays of existing streets are not capitalized. For our business-type activities as of June 30, 2025, our capital investment, net of depreciation increased by \$2,216,302 to \$8,425,348 (sewer \$2,611,315, water \$5,814,033). 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 \$2,532,011. Of this amount, \$2,148,987 represents low to no-interest loans issued by the State of Vermont, and \$383,024 represents loans with local banks or leasing companies.

The City of Newport's total debt decreased by \$147,283 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, 2025

ASSETS AND DEFERRED OUTFLOWS

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
CURRENT ASSETS			
Cash	\$ 225,480	\$ 33	\$ 225,513
Cash - restricted	50	-	50
Taxes receivable	623,365	-	623,365
Accounts receivable	-	247,999	247,999
Grant receivable	182,750	114,830	297,580
Other receivables	303,227	-	303,227
Unbilled revenues	-	455,374	455,374
Due from other funds	881,690	-	881,690
Prepaid expenses	58,379	-	58,379
TOTAL CURRENT ASSETS	<u>2,274,941</u>	<u>818,236</u>	<u>3,093,177</u>
 CAPITAL ASSETS, net of depreciation	 <u>6,717,137</u>	 <u>8,425,348</u>	 <u>15,142,485</u>
 DEFERRED OUTFLOWS	 <u>689,041</u>	 <u>94,551</u>	 <u>783,592</u>
 TOTAL ASSETS AND DEFERRED OUTFLOWS	 <u>\$ 9,681,119</u>	 <u>\$ 9,338,135</u>	 <u>\$ 19,019,254</u>

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

CURRENT LIABILITIES			
Current portion notes and bonds payable	\$ 124,365	\$ 433,786	\$ 558,151
Accounts payable	401,727	503,059	904,786
Municipal line of credit	-	1,438,376	1,438,376
Accrued liabilities	1,165	-	1,165
Accrued wages	97,074	12,631	109,705
Current portion of compensated absences	181,629	8,349	189,978
Accrued interest	-	35,966	35,966
Due to other funds	-	909,764	909,764
Unearned revenue	168,209	-	168,209
TOTAL CURRENT LIABILITIES	<u>974,169</u>	<u>3,341,931</u>	<u>4,316,100</u>
 LONG-TERM LIABILITIES			
Net pension liabilities	2,651,943	400,531	3,052,474
Compensated absences	98,065	4,269	102,334
Notes and bonds payable	233,659	1,740,201	1,973,860
TOTAL LONG-TERM LIABILITIES	<u>2,983,667</u>	<u>2,145,001</u>	<u>5,128,668</u>
 TOTAL LIABILITIES	 <u>3,957,836</u>	 <u>5,486,932</u>	 <u>9,444,768</u>
 DEFERRED INFLOWS			
Prepaid property taxes	31,390	-	31,390
Deferred inflows of resources related to VMERS	89,929	12,340	102,269
TOTAL DEFERRED INFLOWS	<u>121,319</u>	<u>12,340</u>	<u>133,659</u>
 NET POSITION			
Net investment in capital assets	6,359,113	6,251,361	12,610,474
Restricted	717,374	-	717,374
Unrestricted	(1,474,523)	(2,412,498)	(3,887,021)
TOTAL NET POSITION	<u>5,601,964</u>	<u>3,838,863</u>	<u>9,440,827</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	 <u>\$ 9,681,119</u>	 <u>\$ 9,338,135</u>	 <u>\$ 19,019,254</u>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2025

	Program Revenues				Net (Expense) Revenue & Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants & Revenues	Capital Grants & Revenues	Governmental Activities	Business-Type Activities	
<u>Functions/Programs</u>							
Governmental activities:							
Current:							
General government	\$ 1,155,741	\$ 255,238	\$ -	\$ 7,500	\$ (893,003)	\$ -	\$ (893,003)
Public safety	3,296,226	206,806	346,328	-	(2,743,092)	-	(2,743,092)
Public works	2,269,656	11,482	442,486	-	(1,815,688)	-	(1,815,688)
Recreation, health, education and welfare	6,575,120	687,312	-	70,091	(5,817,717)	-	(5,817,717)
Library	110,000	-	-	-	(110,000)	-	(110,000)
Interest on long-term debt	159,682	-	-	-	(159,682)	-	(159,682)
Total governmental activities	<u>13,566,425</u>	<u>1,160,838</u>	<u>788,814</u>	<u>77,591</u>	<u>(11,539,182)</u>	<u>-</u>	<u>(11,539,182)</u>
Business-type activities:							
Water	975,258	880,983	731,501	182,465	-	819,691	819,691
Sewer	1,643,240	1,751,335	-	-	-	108,095	108,095
Total business-type activities	<u>2,618,498</u>	<u>2,632,318</u>	<u>731,501</u>	<u>182,465</u>	<u>-</u>	<u>927,786</u>	<u>927,786</u>
General Revenues:							
Property taxes, levied for general purposes					11,145,669	-	11,145,669
Unrestricted investment earnings					26,942	22,427	49,369
Donations					75	-	75
Interest Delinquent					19,754	-	19,754
Penalty Delinquent					46,045	-	46,045
Miscellaneous					16,227	-	16,227
Total general revenues and transfers					<u>11,254,712</u>	<u>22,427</u>	<u>11,277,139</u>
Change in Net Position					(284,470)	950,213	665,743
Net Position, beginning, as restated					<u>5,886,434</u>	<u>2,888,650</u>	<u>8,775,084</u>
Net Position, ending					<u>\$ 5,601,964</u>	<u>\$ 3,838,863</u>	<u>\$ 9,440,827</u>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2025

ASSETS

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 196,635	\$ -	\$ 28,895	\$ 225,530
Delinquent tax receivables net of reserves of \$545,296	78,068	-	-	78,068
Other receivables	303,227	-	-	303,227
Grant receivables	182,750	-	-	182,750
Due from other funds	882,891	17	36,784	919,692
Prepaid expenses	<u>58,379</u>	<u>-</u>	<u>-</u>	<u>58,379</u>
 TOTAL ASSETS	 <u>\$ 1,701,950</u>	 <u>\$ 17</u>	 <u>\$ 65,679</u>	 <u>\$ 1,767,646</u>

LIABILITIES AND FUND BALANCE

LIABILITIES				
Accounts payable	\$ 346,827	\$ -	\$ 54,879	\$ 401,706
Accrued expenses	1,165	-	-	1,165
Accrued wages	97,074	-	-	97,074
Accrued compensated absences	181,629	-	-	181,629
Unavailable grant revenue	82,750	-	-	82,750
Unearned revenue	<u>168,209</u>	<u>-</u>	<u>-</u>	<u>168,209</u>
 TOTAL LIABILITIES	 <u>877,654</u>	 <u>-</u>	 <u>54,879</u>	 <u>932,533</u>
 DEFERRED INFLOW OF RESOURCES				
Prepaid property taxes	<u>31,390</u>	<u>-</u>	<u>-</u>	<u>31,390</u>
 FUND BALANCE				
Restricted	702,193	-	15,181	717,374
Committed	7,224	17	-	7,241
Unassigned	<u>83,489</u>	<u>-</u>	<u>(4,381)</u>	<u>79,108</u>
 TOTAL FUND BALANCE	 <u>792,906</u>	 <u>17</u>	 <u>10,800</u>	 <u>803,723</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 1,701,950</u>	 <u>\$ 17</u>	 <u>\$ 65,679</u>	 <u>\$ 1,767,646</u>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2025

Total fund balances - governmental funds \$ 803,723

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 6,717,137

Capital Assets - From trust funds (38,001)

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 545,296

Unavailable grant revenue 82,750

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:

Compensated absences (98,086)

Net pension liability (2,651,943)

Notes and bonds payable (358,024)

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. 689,041

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. (89,929)

\$ 5,601,964

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, 2025

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes and Special Assessments	\$ 10,759,798	\$ -	\$ -	\$ 10,759,798
General Government	486,031	-	-	486,031
Public Safety	553,135	-	-	553,135
Public Works	400,659	-	-	400,659
Recreation and Culture	683,870	-	10,355	694,225
Investment Income	<u>7,868</u>	<u>-</u>	<u>566</u>	<u>8,434</u>
TOTAL REVENUES	<u>12,891,361</u>	<u>-</u>	<u>10,921</u>	<u>12,902,282</u>
EXPENDITURES				
General	824,805	-	-	824,805
Public Safety	3,003,572	-	-	3,003,572
Public Works	1,544,286	-	-	1,544,286
Culture and Recreation	828,079	-	6,429	834,508
Other Expenses & Appropriations	777,790	-	-	777,790
Capital Outlay	998,168	-	77,743	1,075,911
Debt Service and Sinking Funds	225,437	-	-	225,437
School Appropriations	<u>5,203,249</u>	<u>-</u>	<u>-</u>	<u>5,203,249</u>
TOTAL EXPENDITURES	<u>13,405,386</u>	<u>-</u>	<u>84,172</u>	<u>13,489,558</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(514,025)</u>	<u>-</u>	<u>(73,251)</u>	<u>(587,276)</u>
OTHER FINANCING SOURCES:				
Proceeds from long term debt	255,023	-	-	255,023
Operating transfers in	20,817	-	-	20,817
Operating transfers out	<u>-</u>	<u>-</u>	<u>(20,817)</u>	<u>(20,817)</u>
TOTAL OTHER FINANCING SOURCES	<u>275,840</u>	<u>-</u>	<u>(20,817)</u>	<u>255,023</u>
NET CHANGE IN FUND BALANCE	(238,185)	-	(94,068)	(332,253)
FUND BALANCES AT BEGINNING OF YEAR, as restated	<u>1,031,091</u>	<u>17</u>	<u>104,868</u>	<u>1,135,976</u>
FUND BALANCES AT END OF YEAR	<u>\$ 792,906</u>	<u>\$ 17</u>	<u>\$ 10,800</u>	<u>\$ 803,723</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, 2025

Net change in fund balances - governmental funds \$ (332,253)

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 (788,287)

Capital assets purchased 813,431

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. (255,023)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 121,671

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 332,262

Increase in the unearned and other unavailable revenue 26,597

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 (221,548)

Compensated absences 18,679

Change in net position of governmental activities **\$ (284,470)**

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION - PROPRIETARY FUNDS
 June 30, 2025

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	\$ -	\$ 33	\$ 33
Fees receivable	148,993	99,006	247,999
Grants receivable	-	114,830	114,830
Unbilled revenues	268,970	186,404	455,374
TOTAL CURRENT ASSETS	<u>417,963</u>	<u>400,273</u>	<u>818,236</u>
CAPITAL ASSETS			
Land	4,462	24,800	29,262
Wells	-	629,354	629,354
Buildings	341,645	-	341,645
Improvements other than buildings	13,845,213	5,502,746	19,347,959
Machinery and equipment	1,489,992	599,165	2,089,157
Interlocal waterline project	-	773,757	773,757
Storm water separation	1,019,610	-	1,019,610
Construction in progress	85,927	3,681,075	3,767,002
	<u>16,786,849</u>	<u>11,210,897</u>	<u>27,997,746</u>
Less: accumulated depreciation	<u>(14,175,534)</u>	<u>(5,396,864)</u>	<u>(19,572,398)</u>
CAPITAL ASSETS, net	<u>2,611,315</u>	<u>5,814,033</u>	<u>8,425,348</u>
DEFERRED OUTFLOWS	<u>65,106</u>	<u>29,445</u>	<u>94,551</u>
TOTAL ASSETS	<u>\$ 3,094,384</u>	<u>\$ 6,243,751</u>	<u>\$ 9,338,135</u>
 <u>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u>			
CURRENT LIABILITIES			
Due to other funds	\$ 873,515	\$ 36,249	\$ 909,764
Accounts payable	83,872	419,187	503,059
Municipal line of credit	-	1,438,376	1,438,376
Accrued wages	7,786	4,845	12,631
Current portion of bonds and notes payable	257,997	175,789	433,786
Current portion of compensated absences	5,176	3,173	8,349
Accrued Interest	2,292	33,674	35,966
TOTAL CURRENT LIABILITIES	<u>\$ 1,230,638</u>	<u>2,111,293</u>	<u>3,341,931</u>
LONG-TERM LIABILITIES			
Net pension liabilities	269,723	130,808	400,531
Compensated absences	2,647	1,622	4,269
Notes and bonds payable	793,511	946,690	1,740,201
TOTAL LONG-TERM LIABILITIES	<u>1,065,881</u>	<u>1,079,120</u>	<u>2,145,001</u>
TOTAL LIABILITIES	<u>2,296,519</u>	<u>3,190,413</u>	<u>5,486,932</u>
DEFERRED INFLOWS	<u>8,497</u>	<u>3,843</u>	<u>12,340</u>
NET POSITION			
Net investment in capital assets	1,559,807	4,691,554	6,251,361
Unrestricted	<u>(770,439)</u>	<u>(1,642,059)</u>	<u>(2,412,498)</u>
TOTAL NET POSITION	<u>789,368</u>	<u>3,049,495</u>	<u>3,838,863</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 3,094,384</u>	<u>\$ 6,243,751</u>	<u>\$ 9,338,135</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, 2025

	<u>Business Type Activities - Enterprise Funds</u>		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges and rent	\$ 1,398,622	\$ 880,983	\$ 2,279,605
Derby share	113,460	-	113,460
Discharge fees	239,253	-	239,253
ARPA grant income	-	182,465	182,465
Other grant income	-	731,501	731,501
	<u>1,751,335</u>	<u>1,794,949</u>	<u>3,546,284</u>
TOTAL OPERATING REVENUES			
OPERATING EXPENSES			
Sewer system	207,512	-	207,512
Sewer plant	759,985	-	759,985
Water treatment and pumping	-	332,173	332,173
Water transmitting and distribution	-	141,507	141,507
Administration	65,920	74,820	140,740
Depreciation	420,790	253,723	674,513
Personnel and other expenses	154,504	72,555	227,059
Maintenance expenses	8,422	42,183	50,605
	<u>1,617,133</u>	<u>916,961</u>	<u>2,534,094</u>
TOTAL OPERATING EXPENSES			
GAIN FROM OPERATIONS	<u>134,202</u>	<u>877,988</u>	<u>1,012,190</u>
NON-OPERATING INCOME/(EXPENSES)			
Interest income	13,445	8,982	22,427
Interest expense	<u>(26,107)</u>	<u>(58,297)</u>	<u>(84,404)</u>
	<u>(12,662)</u>	<u>(49,315)</u>	<u>(61,977)</u>
TOTAL NON-OPERATING (EXPENSES)			
CHANGE IN NET POSITION	121,540	828,673	950,213
NET POSITION AT BEGINNING OF YEAR	<u>667,828</u>	<u>2,220,822</u>	<u>2,888,650</u>
NET POSITION AT END OF YEAR	<u>\$ 789,368</u>	<u>\$ 3,049,495</u>	<u>\$ 3,838,863</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, 2025

	Business-Type Activities		
	Sewer Fund	Water Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,643,250	\$ 808,145	\$ 2,451,395
Payments to suppliers	(998,892)	(558,554)	(1,557,446)
Payments for employees and benefits	(135,103)	(60,591)	(195,694)
Other receipts (payments)	<u>-</u>	<u>1,100,052</u>	<u>1,100,052</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>509,255</u>	<u>1,289,052</u>	<u>1,798,307</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	<u>(447,804)</u>	<u>(358,170)</u>	<u>(805,974)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of property, plant and equipment	(142,402)	(2,748,417)	(2,890,819)
Proceeds from line of credit	-	1,438,376	1,438,376
Principal payments on debt	(289,069)	-	(289,069)
Interest payments on debt	<u>(26,107)</u>	<u>(58,297)</u>	<u>(84,404)</u>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(457,578)</u>	<u>(1,368,338)</u>	<u>(1,825,916)</u>
CASH FLOW FROM INVESTING ACTIVITIES:			
Receipt of interest and dividends	<u>13,445</u>	<u>8,982</u>	<u>22,427</u>
NET DECREASE IN CASH	(382,682)	(428,474)	(811,156)
CASH - BEGINNING OF YEAR	<u>382,682</u>	<u>428,507</u>	<u>811,189</u>
CASH - END OF YEAR	<u>\$ -</u>	<u>\$ 33</u>	<u>\$ 33</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 134,202	\$ 877,988	\$ 1,012,190
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	420,790	253,723	674,513
Change in net assets and liabilities:			
Restricted cash	-	483,381	483,381
Receivables, net	(70,666)	(33,600)	(104,266)
Grants receivable	-	(114,830)	(114,830)
Unbilled revenues	(37,419)	(39,238)	(76,657)
Deferred income	-	(182,465)	(182,465)
Accounts Payable	40,655	(1,545)	39,110
Accrued wages	720	454	1,174
Deferred outflows	12,494	9,400	21,894
Net pension liability	6,321	(581)	5,740
Deferred inflows	2,117	649	2,766
Accrued vacation	<u>(2,251)</u>	<u>2,042</u>	<u>(209)</u>
Net cash provided by operating activities	<u>\$ 509,255</u>	<u>\$ 1,289,052</u>	<u>\$ 1,798,307</u>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION - FIDUCIARY FUNDS
 June 30, 2025

ASSETS

	<u>Private Purpose Trust Funds</u>
CASH	
Checking	\$ 39,320
Savings and money markets	<u>59,295</u>
TOTAL CASH	<u>98,615</u>
INVESTMENTS	
Trust account	<u>375,097</u>
TOTAL ASSETS	<u>\$ 473,712</u>

LIABILITIES AND NET POSITION

LIABILITIES	
Due to other funds	<u>\$ 9,928</u>
NET POSITION	
Reserved for trust funds	62,000
Unreserved	<u>401,784</u>
TOTAL NET POSITION	<u>463,784</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 473,712</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, 2025

	Private Purpose Trust Funds
ADDITIONS	
Contributions	<u>\$ 150</u>
Investment Earnings	
Interest income	22,563
Dividend income	3,648
Net gain on investments	<u>21,198</u>
Net Investment Earnings	<u>47,409</u>
TOTAL ADDITIONS	<u>47,559</u>
DEDUCTIONS	
Administrative fees	3,657
Contracted services	7,085
Police expenditures	18,693
Other	<u>271</u>
TOTAL ADDITIONS	<u>29,706</u>
CHANGE IN NET POSITION	17,853
NET POSITION AT BEGINNING OF YEAR	<u>445,931</u>
NET POSITION AT END OF YEAR	<u><u>\$ 463,784</u></u>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

The City of Newport, Vermont, (herein the "City") operates under a Mayor and City Council 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, 2025

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 (CEO or designated Council Member when there is no 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, 2025

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 (CEO or designated Council Member when there is no 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, 2025

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

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.

Unassigned – All amounts not included in other classifications.

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2025 consisted of the following:

	<u>Bank Balance</u>	<u>Book Balance</u>
Insured - FDIC	\$ 310,226	\$ 310,288
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.	313,816	-
Uninsured, Right to Offset by Outstanding Debt	103,551	13,590
Petty Cash	<u>-</u>	<u>300</u>
 TOTAL	 <u>\$ 727,593</u>	 <u>\$ 324,178</u>

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

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, 2025 consist of the following:

	General Fund	Proprietary Funds	Total
Delinquent Taxes, Penalties and Interest, net of \$545,296 reserves	\$ 78,068	\$ -	\$ 78,068
Grant Receivable	182,750	114,830	297,580
Other Receivable	303,227	-	303,227
Water Rents - Billed	-	99,006	99,006
Sewer Rents - Billed	-	148,387	148,387
Sewer Derby Share	-	45	45
Sewer Contracted Works	-	561	561
	<u>\$ 564,045</u>	<u>\$ 362,829</u>	<u>\$ 926,874</u>
TOTAL NET RECEIVABLES	<u>\$ 564,045</u>	<u>\$ 362,829</u>	<u>\$ 926,874</u>

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 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	351,403	473,566	-	824,969
	<u>765,638</u>	<u>473,566</u>	<u>-</u>	<u>1,239,204</u>
Capital assets, being depreciated				
Land improvements	781,112	-	-	781,112
Buildings and improvements	4,459,144	35,141	-	4,494,285
Equipment	3,778,156	52,434	-	3,830,590
Vehicles	3,964,230	252,290	-	4,216,520
Infrastructure	4,548,799	-	-	4,548,799
	<u>17,531,441</u>	<u>339,865</u>	<u>-</u>	<u>17,871,306</u>
Total capital assets, being depreciated	<u>17,531,441</u>	<u>339,865</u>	<u>-</u>	<u>17,871,306</u>

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 4 CAPITAL ASSETS (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities: (cont'd)</u>				
Accumulated depreciation for				
Land improvements	(412,229)	(23,841)	-	(436,070)
Buildings and improvements	(2,104,526)	(131,024)	-	(2,235,550)
Equipment	(2,811,484)	(253,984)	-	(3,065,468)
Vehicles	(3,323,235)	(205,933)	-	(3,529,168)
Infrastructure	(2,953,612)	(173,505)	-	(3,127,117)
Total accumulated depreciation	(11,605,086)	(788,287)	-	(12,393,373)
Total capital assets, being depreciated, net	5,926,355	(448,422)	-	5,477,933
Governmental activities, capital assets, net	<u>\$ 6,691,993</u>	<u>\$ 25,144</u>	<u>\$ -</u>	<u>\$ 6,717,137</u>

Depreciation is allocated in the General Fund as follows:

Public Works	\$ 354,478
Public Safety	336,036
Recreation	95,727
General Government	2,046
TOTAL	<u>\$ 788,287</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-type activities:</u>				
Water utility:				
Capital assets, not being depreciated				
Land	\$ 24,800	\$ -	\$ -	\$ 24,800
Construction in progress	940,959	2,740,116	-	3,681,075
Total capital assets, not being depreciated	965,759	2,740,116	-	3,705,875
Capital assets, being depreciated				
Equipment and vehicles	590,865	8,300	-	599,165
Water system and improvements	5,502,746	-	-	5,502,746
Water lines	773,757	-	-	773,757
Wells	629,354	-	-	629,354
Total capital assets, being depreciated	7,496,722	8,300	-	7,505,022

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 4 CAPITAL ASSETS (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-type activities (cont'd):</u>				
Accumulated depreciation for				
Equipment and vehicles	(436,967)	(36,317)	-	(473,284)
Water system and improvements	(3,706,358)	(174,548)	-	(3,880,906)
Water lines	(509,359)	(19,341)	-	(528,700)
Wells	(490,457)	(23,517)	-	(513,974)
Total accumulated depreciation	<u>(5,143,141)</u>	<u>(253,723)</u>	<u>-</u>	<u>(5,396,864)</u>
Total capital assets, being depreciated, net	<u>2,353,581</u>	<u>(245,423)</u>	<u>-</u>	<u>2,108,158</u>
Water utility, capital assets, net	<u>3,319,340</u>	<u>2,494,693</u>	<u>-</u>	<u>5,814,033</u>
Sewer utility:				
Capital assets, not being depreciated				
Land	4,462	-	-	4,462
Construction in progress	90,131	32,361	(36,565)	85,927
Total capital assets, not being depreciated	<u>94,593</u>	<u>32,361</u>	<u>(36,565)</u>	<u>90,389</u>
Capital assets, being depreciated				
Buildings	341,645	-	-	341,645
Equipment and vehicles	1,417,644	72,348	-	1,489,992
Sewer system and improvements	13,770,958	74,255	-	13,845,213
Storm water separation	1,019,610	-	-	1,019,610
Total capital assets, being depreciated	<u>16,549,857</u>	<u>146,603</u>	<u>-</u>	<u>16,696,460</u>
Accumulated depreciation for				
Buildings	(284,145)	(5,280)	-	(289,425)
Equipment and vehicles	(1,184,696)	(65,262)	-	(1,249,958)
Sewer system and improvements	(11,533,961)	(324,758)	-	(11,858,719)
Storm water separation	(751,942)	(25,490)	-	(777,432)
Total accumulated depreciation	<u>(13,754,744)</u>	<u>(420,790)</u>	<u>-</u>	<u>(14,175,534)</u>

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

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>2,795,113</u>	<u>(274,187)</u>	<u>-</u>	<u>2,520,926</u>
Sewer utility, capital assets, net	<u>2,889,706</u>	<u>(241,826)</u>	<u>(36,565)</u>	<u>2,611,315</u>
Business-type activities, capital assets, net	<u>\$ 6,209,046</u>	<u>\$ 2,252,867</u>	<u>\$ (36,565)</u>	<u>\$ 8,425,348</u>

NOTE 5 UNEARNED REVENUE

Unearned revenue in the General Fund consists of the following at June 30, 2025:

Project D.A.R.E.	\$ 4,577
Reappraisal - Act 60	124,746
Fire Boat Grant	20,000
Bike Path Grant	<u>18,886</u>
	<u>\$ 168,209</u>

NOTE 6 COMPENSTATED ABSENCES

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.

<u>General Fund</u>	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Amounts Due within One Year</u>
Vacation	\$ 94,394	\$ 21,001	\$ -	\$ 115,395	\$ 115,394
Comp time	6,886	10,306	-	17,192	17,192
Sick	<u>188,549</u>	<u>-</u>	<u>(41,442)</u>	<u>147,107</u>	<u>49,043</u>
	<u>289,829</u>	<u>31,307</u>	<u>(41,442)</u>	<u>279,694</u>	<u>181,629</u>

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 6 COMPENSTATED ABSENCES (continued)

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Amounts Due within One Year</u>
<u>Sewer Fund</u>					
Vacation	1,297	1,395	-	2,692	2,692
Comp time	418	743	-	1,161	1,161
Sick	8,359	-	(4,389)	3,970	1,323
	<u>10,074</u>	<u>2,138</u>	<u>(4,389)</u>	<u>7,823</u>	<u>5,176</u>
<u>Water Fund</u>					
Vacation	1,533	117	-	1,650	1,650
Comp time	-	711	-	711	711
Sick	1,220	1,214	-	2,434	812
	<u>2,753</u>	<u>2,042</u>	<u>-</u>	<u>4,795</u>	<u>3,173</u>
TOTAL COMPENSATED ABSENCES	<u>\$ 302,656</u>	<u>\$ 35,487</u>	<u>\$ (45,831)</u>	<u>\$ 292,312</u>	<u>\$ 189,978</u>

NOTE 7 SHORT TERM DEBT

The City had a tax anticipation line of credit with Passumpsic Savings Bank with an available balance of \$2,000,000 at a rate of 4.72% dated July 1, 2024, and due June 30, 2025. During the year ended June 30, 2025, there were multiple draws on the line totaling \$2,750,000 and total principal payments on the line of \$4,050,000. The balance due on the tax anticipation note at June 30, 2025, was \$0.

The Water department has a municipal line of credit with Passumpsic Savings Bank for the purpose of providing working capital for the water tower construction project. The maximum amount available on the line is \$2,400,000 at a rate of 5.06%. The line is dated October 7, 2024, and is due on October 7, 2025. As of June 30, 2025, the line had a balance of \$1,438,376.

NOTE 8 NOTES AND BONDS PAYABLE

The following is a summary of changes in notes and bonds payable for the year ended June 30, 2025:

	<u>Beginning Balance June 30, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2025</u>
<u>Governmental Activities:</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.	\$ 5,122	\$ -	\$ 5,122	\$ -

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 8 NOTES AND BONDS PAYABLE (continued)

	<u>Beginning Balance June 30, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2025</u>
<u>Governmental Activities: (cont'd)</u>				
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.	66,541	-	22,427	44,114
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.	29,474	-	16,522	12,952
Municipal Leasing Consultants - Finance purchase agreement for fire dept equipment, principal and 5.87% interest payments of \$18,544 due annually. Matures January 2030.	91,558	-	13,355	78,203
Passumpsic Savings Bank - Promissory Note for financing of a 2023 Ford Explorer, principal and 4.59% interest payments of \$1,464 due monthly. Matures July 2026.	31,977	-	15,025	16,952
Gardner Park Remediation - Origination 7/1/2024 for \$200,000 at 5.09%, monthly and principal and interest payments of \$3,783 due monthly. Matures July 2029.	-	200,000	35,997	164,003
Passumpsic Savings Bank - Promissory Note for financing of a 2025 Chevy Tahoe, principal and 4.59% interest payments of \$1,645 due monthly. Matures September 2027.	<u>-</u>	<u>55,023</u>	<u>13,223</u>	<u>41,800</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 224,672</u>	<u>\$ 255,023</u>	<u>\$ 121,671</u>	<u>\$ 358,024</u>

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 8 NOTES AND BONDS PAYABLE (continued)

Anticipated maturities are as follows for the Governmental Funds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 124,365	\$ 16,119	\$ 140,484
2027	92,962	10,942	103,904
2028	62,128	6,540	68,668
2029	61,239	2,701	63,940
2030	17,330	1,028	18,358
Thereafter	-	-	-
TOTAL	<u>\$ 358,024</u>	<u>\$ 37,330</u>	<u>\$ 395,354</u>

	<u>Beginning Balance June 30, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2025</u>
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Sewer Fund:

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.

	\$ 1,128,801	\$ -	\$ 216,908	\$ 911,893
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Note payable to State of Vermont Revolving Loan Fund RFI-150, at 0% interest with a 2% admin fee, with principal and fee payments of \$13,250, matures 7/1/2034.

	114,615	-	-	114,615
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Note payable to Passumpsic Savings Bank 2.27% interest. Payments of \$47,939 due two times annually, matures 12/1/2024.

	47,161	-	47,161	-
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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>50,000</u>	<u>-</u>	<u>25,000</u>	<u>25,000</u>
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TOTAL SEWER FUND

	<u>1,340,577</u>	<u>-</u>	<u>289,069</u>	<u>1,051,508</u>
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Water Fund:

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

	1,041,567	-	-	1,041,567
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City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 8 NOTES AND BONDS PAYABLE (continued)

	Beginning Balance <u>June 30, 2024</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 2025</u>
<u>Water Fund: (cont'd)</u>				
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.	80,912	-	-	80,912
 TOTAL WATER FUND	 <u>1,122,479</u>	 <u>-</u>	 <u>-</u>	 <u>1,122,479</u>
 TOTAL BUSINESS-TYPE FUNDS	 <u>\$ 2,463,056</u>	 <u>\$ -</u>	 <u>\$ 289,069</u>	 <u>\$ 2,173,987</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 433,786	\$ 54,423	\$ 488,209
2027	418,720	44,271	462,991
2028	386,619	34,086	420,705
2029	395,794	24,911	420,705
2030	165,710	15,510	181,220
2031-2035	<u>373,358</u>	<u>17,165</u>	<u>390,523</u>
TOTAL	<u>\$ 2,173,987</u>	<u>\$ 190,366</u>	<u>\$ 2,364,353</u>

NOTE 9 RESTRICTED/COMMITTED/ASSIGNED FUND BALANCES

Restricted fund balances at June 30, 2025, are as follows:

General Fund:

Restricted for Records Restoration	\$ 55,380
Resctricted for Reappraisal Fund	20,000
Restricted for NBRC Grant Funding Match	240,800
Restricted for Economic Development - Walmart Funds	<u>386,013</u>
 Total General Fund	 <u>\$ 702,193</u>

Recreation Fund:

Restricted for use on Playground Equipment	<u>\$ 15,181</u>
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City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

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

Committed fund balances at June 30, 2025, are as follows:

General Fund:	
Committed for:	
Tennis Court Sinking Fund	<u>\$ 7,224</u>
Total General Fund	<u>7,224</u>
Capital Projects Fund:	
Committed for use in the Capital Projects Fund	<u>17</u>
TOTAL COMMITTED FUND BALANCES	<u><u>\$ 7,241</u></u>

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, 2025 are as follows:

	Cost	Market Value
East Main Street Cemetery Fund		
Equities	\$ 36,884	\$ 72,138
Fixed Income	<u>144,706</u>	<u>128,373</u>
Total	<u>181,590</u>	<u>200,511</u>
Perley J. Niles Fund		
Equities	35,601	58,644
Fixed Income	<u>111,469</u>	<u>115,942</u>
Total	<u>147,070</u>	<u>174,586</u>
TOTAL	<u><u>\$ 328,660</u></u>	<u><u>\$ 375,097</u></u>

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, 2025

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, 2025 and for the City of Newport, Vermont's reporting period (the year ended June 30, 2025). 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 (3) as the measurement date, and the year ended June 30, 2022, 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, 2023.

Schedule A – Employer Allocations as of June 30, 2023

Fiscal Year Ended June 30, 2023						
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% Increase (8.00% Disc Rate)
\$ 270,631	0.94946%	\$3,041,078	\$ 701,733	\$ 82,583	\$ 4,577,288	\$ 1,778,367

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 12 PENSION PLAN (continued)

Schedule B – Employers’ Allocation as of June 30, 2024

Fiscal Year Ended June 30, 2024						
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% Increase (8.00% Disc Rate)
\$ 302,721	0.91901%	\$ 3,052,474	\$ 457,524	\$ 102,269	\$ 4,666,778	\$ 1,727,487

Schedule C – Employers’ Allocation of Pension Amounts as of June 30, 2024

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
0.91901%	\$ 3,052,474	\$ 330,590	\$ 16,450	\$ -	\$ 75,296	\$ 35,188	\$ 457,524

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	
\$ -	\$ -	\$ -	\$ -	\$ 102,269	\$ 102,269	

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 12 PENSION PLAN (continued)

Schedule C – Employers’ Allocation of Pension Amounts as of June 30, 2024

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
\$ 604,755	\$ (26,744)	\$ 578,011

Schedule D – Employers’ Allocation of Recognition of Deferred Outflows/Inflows as of June 30, 2024

Fiscal Year Ending June 30,					
2025	2026	2027	2028	2029	Thereafter
\$ 78,541	\$ 325,919	\$ 183	\$ (49,387)	\$ -	\$ -

For entities with a reporting date in 2024, the amounts shown will be recognized in the expense for plan years ending in 2025, 2026, 2027 and 2028.

Schedule E – Contributions History for Fiscal Years 2022-2024

FY 2024	FY 2023	FY 2022
\$ 302,721	\$ 270,631	\$ 229,396

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>

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 12 PENSION PLAN (continued)

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, 2023, the retirement system consisted of 357 participating employers.

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

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

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

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.

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 12 PENSION PLAN (continued)

Service Retirement Allowance

Eligibility	<p>Group A – The earlier of age 65 with 5 years of service or age 55 with 35 years of service.</p> <p>Group B – The earlier of age 62 with 5 years of service or age 55 with 30 years of service.</p> <p>Groups C and D – Age 55 with 5 years of service.</p>
Amount	<p>Group A – 1.4% of AFC x service</p> <p>Group B – 1.7% of AFC x service as Group B member plus percentage earned as Group A member x AFC</p> <p>Group C – 2.5% of AFC x service as a Group C member plus percentage earned as a Group A or B member x AFC</p> <p>Group D – 2.5% of AFC x service as a Group D member plus percentage earned as a Group A, B or C member x AFC</p> <p>Maximum benefit is 60% of AFC for Groups A and B and 50% of AFC for Groups C and D. The above amounts include the portion of the allowance provided by member contributions.</p>

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.

City of Newport, Vermont
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2025

NOTE 12 PENSION PLAN (continued)

Disability Retirement Allowance

Eligibility	5 years of service and disability as determined by Retirement Board.
Amount	Immediate allowance based on AFC and service to date of disability; children's benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.

Death Benefit

Eligibility	Death after 5 years of service.
Amount	For Groups A, B and C, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor's benefit under disability annuity computed as a date of death. For Group D, 70% of the unreduced accrued benefit plus children's benefit.

Optional Benefit and Death after Retirement

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

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.

City of Newport, Vermont
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2025

NOTE 12 PENSION PLAN (continued)

Member Contributions	For Fiscal Year Ended June 30, 2024	Effective July 1, 2024
	Group A – 3.75%	4.00%
	Group B – 6.125%	6.375%
	Group C – 11.5%	11.50%
	Group D – 12.60%	12.85%
Employer Contributions	Group A – 5.25%	5.50%
	Group B – 6.75%	7.00%
	Group C – 8.50%	8.75%
	Group D – 11.10%	11.35%

Significant Actuarial Assumptions and Methods

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

Salary Increases: Varying service-based rates from 0-10 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 – 60% PubG-2010 General Employee Amount-Weighted below-median and 40% of PubG-2010 General Employee, with generational projection using scale MP-2021

Group C – PubG-2010 General Employee Amount-Weighted, with generational projection using scale MP-2021.

Group D – PubS-2010 Public Safety Employee Amount-Weighted below-median, with generational projection using scale MP-2021.

Healthy Post-Retirement - Retirees:

Groups A, B – 104% of 40% PubG-2010 General Healthy Retiree Amount-Weighted below median table with credibility adjustments of 90% to 87% for the Male and Female tables, respectively, with generational projection using scale MP-2021.

Group C – PubG-2010 General Healthy Retiree Amount-Weighted Table, with generational projection using scale MP-2021.

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 12 PENSION PLAN (continued)

Group D - PubS-2010 Public Safety Retiree Amount-Weighted Below-Median Table, with generational projection using Scale MP-2021.

Healthy Post-Retirement – Beneficiaries:

Groups A, B, C, D – Pub-2010 Contingent Survivor Amount-Weighted Below-Median Table, with generational projection using scale MP-2021.

Disabled Post-Retirement:

Groups A, B, C – PubNS-2010 Non-Safety Disable Retiree Amount-Weighted Table with generational projection using Scale MP-2021.

Group D – PubS-2010 Safety Disabled Retiree Amount-Weighted Table with generational projection using Scale MP-2010.

Spouse's Age: Females three years younger than males

Cost-of-Living Adjustments: 1.10% per annum for Group A members and 1.20% per annum for Groups B, C and D members. The January 1, 2025, COLA is expected to be 1.90% for Group A and 1.90% for Groups B, C and D. The January 1, 2024, COLAs were 1.10% for Group A members and 1.10% 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.

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, 2023, is summarized in the following table:

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 12 PENSION PLAN (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Agg Fixed Income	19.00%	1.70%
TIPS	2.00%	1.70%
Large/Mid Cap U Security	4.00%	4.20%
Small Cap US Equity	3.00%	4.70%
Developed Lage/Mid Cap Int. Eq.	5.00%	5.95%
Global Equity	32.00%	5.25%
Core Real Estate	3.00%	3.45%
Non-Core Real Estate	4.00%	5.70%
Private Credit	11.00%	5.70%
Private Equity	11.00%	7.45%
Private Core Infrastructure	4.00%	4.95%
Agriculture/Farmland	2.00%	3.95%

Discount Rate:

The long-term expected rate of return on pension plan assets is 7.00%. 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, 2024, is 3.93%, as published by The Bond Buyer.

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. 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). 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 cost of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2024. 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%)
\$ 4,666,778	\$ 3,052,474	\$ 1,727,487

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

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, 2025, the tax rate is as follows:

	<u>Non-Residential</u>	<u>Residential</u>
City	\$ 1.6169	\$ 1.6169
School	<u>1.8276</u>	<u>1.7677</u>
 TOTAL	 <u>\$ 3.4445</u>	 <u>\$ 3.3846</u>

NOTE 14 INTERFUND RECEIVABLE AND PAYABLE BALANCES

Individual Fund Interfund Receivable and Payable balances are as follows at June 30, 2025:

	<u>Interfund Receivables</u>	<u>Interfund Payable</u>
General Fund	\$ 882,891	\$ -
Capital Projects Fund	17	-
Other Governmental Funds	36,784	-
Sewer Fund	-	873,515
Water Fund	-	36,249
Private-Purpose Trust Funds	<u>-</u>	<u>9,928</u>
 Total Fund Financial Statement Balances	 <u>\$ 919,692</u>	 <u>\$ 919,692</u>

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

NOTE 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.

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 15 RISK MANAGEMENT (continued)

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

NOTE 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 \$879,976. 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 and other financing sources in the General Fund were in excess of amounts budgeted by \$365,951 and \$275,840, respectively.

NOTE 18 CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT

On July 1, 2025, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. GASB No. 101 will supersede GASB No. 16, which was issued in 1992. GASB No. 101 will result in a more robust estimate of liabilities for compensated absences and greater consistency in how these liabilities are reported. These changes were incorporated in the City's June 30, 2025, financial statements. The City of Newport recognized \$152,472 in additional compensated absences, due to the implementation of GASB Statement No. 101; the amount adjusted through General fund equity was \$164,162 and the amount adjusted through the government wide general fund was \$11,690.

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 19 SUBSEQUENT EVENTS

In accordance with Accounting Standards, the City has evaluated subsequent events through October 2, 2025, which is the date these basic financial statements were available to be issued. All subsequent events requiring recognition as June 30, 2025, have been incorporated into these basic financial statements herein.

On July 3, 2025, the City signed a tax anticipation line of credit with Passumpsic Savings Bank for \$2,725,000 at an interest rate of 5.24%, due June 30, 2026.

On July 3, 2025, the City signed a municipal note with Passumpsic Savings Bank for \$53,917 at an interest rate of 4.97% with principal and interest payments of \$1,615 due monthly through July 2028 for the purchase of a new police cruiser.

The City signed a municipal note with Passumpsic Savings Bank for \$2,827,000 at an interest rate of 5.06%, due October 8, 2026.

The City has entered into a lease agreement with Customers Commercial Finance, LLC for \$868,448 at an interest rate of 4.77% the next 10 years, with principal and interest payments of \$106,984.14 due annually for a 2025 Spartan Firetruck.

REQUIRED SUPPLEMENTARY INFORMATION

City of Newport, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
TAXES				
Property Taxes	\$ 10,413,843	\$ 10,413,843	\$ 9,902,972	\$ (510,871)
Appropriations	177,818	177,818	177,818	-
Fish & Wildlife Taxes	200	200	-	(200)
Pilot	-	-	1,124	1,124
Payments in Lieu of Taxes	655,700	655,700	677,884	22,184
TOTAL TAXES	11,247,561	11,247,561	10,759,798	(487,763)
GENERAL GOVERNMENT				
City Clerk/Treasurer:				
Reimbursements	29,500	29,500	34,110	4,610
Licenses and Fees	61,400	61,400	73,992	12,592
Interest/penalties on Delinquent Taxes	61,000	61,000	84,306	23,306
Corrections Contract	95,000	95,000	106,411	11,411
Administrative Grants	-	-	7,600	7,600
Miscellaneous Revenues	35,500	35,500	179,612	144,112
TOTAL GENERAL GOVERNMENT	282,400	282,400	486,031	203,631
PUBLIC SAFETY				
Police Department:				
Traffic Court Fines	10,500	10,500	4,658	(5,842)
Police Department Services	234,506	234,506	275,558	41,052
Other Public safety grants	71,633	71,633	238,310	166,677
Miscellaneous	200	200	105	(95)
Total Police Department	316,839	316,839	518,631	201,792
Fire Department:				
Labor and Materials	32,000	32,000	34,504	2,504
TOTAL PUBLIC SAFETY	348,839	348,839	553,135	204,296
PUBLIC WORKS				
Street Department:				
Street Dept. St. Aid to Highway	146,000	146,000	183,619	37,619
Street Dept. Labor and Materials	-	-	8,304	8,304
Other Income	-	-	1,588	1,588
Lane Mileage	-	-	1,590	1,590
Public works grants	5,500	5,500	205,558	200,058
TOTAL PUBLIC WORKS	151,500	151,500	400,659	249,159

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, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
CULTURE AND RECREATION				
Prouty Beach:				
Admissions	500	500	42	(458)
Camping	190,000	190,000	244,935	54,935
Tennis	58,500	58,500	49,978	(8,522)
Electric fees	4,000	4,000	6,789	2,789
Aquatic Grant	-	-	11,382	11,382
Swing Project	1,000	1,000	150	(850)
Miscellaneous	14,000	14,000	16,233	2,233
Total Prouty Beach	<u>268,000</u>	<u>268,000</u>	<u>329,509</u>	<u>61,509</u>
Miscellaneous Recreation:				
Miscellaneous	36,030	36,030	36,178	148
Summer Programs	4,000	4,000	14,921	10,921
Gym Rental	7,000	7,000	11,075	4,075
VOREC Grant	-	-	19,499	19,499
Annual Events	27,000	27,000	15,703	(11,297)
Total Miscellaneous Recreation	<u>74,030</u>	<u>74,030</u>	<u>97,376</u>	<u>23,346</u>
Gardner Park:				
Grant Income	-	-	100,000	100,000
Rental	9,500	9,500	6,400	(3,100)
Total Gardner Park	<u>9,500</u>	<u>9,500</u>	<u>106,400</u>	<u>96,900</u>
Senior Center:				
Salary reimbursement	3,800	3,800	3,782	(18)
Waterfront:				
Gasoline Sales	60,000	60,000	63,114	3,114
Boatslip Rentals	39,500	39,500	52,497	12,997
Miscellaneous Rentals	5,930	5,930	6,760	830
Miscellaneous	7,500	7,500	1,882	(5,618)
Gateway Center	19,500	19,500	22,550	3,050
Total Waterfront	<u>132,430</u>	<u>132,430</u>	<u>146,803</u>	<u>14,373</u>
 TOTAL CULTURE AND RECREATION	 <u>487,760</u>	 <u>487,760</u>	 <u>683,870</u>	 <u>196,110</u>
 INVESTMENT INCOME	 <u>7,350</u>	 <u>7,350</u>	 <u>7,868</u>	 <u>518</u>
 TOTAL REVENUES	 <u>12,525,410</u>	 <u>12,525,410</u>	 <u>12,891,361</u>	 <u>365,951</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, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES				
GENERAL GOVERNMENT				
City Council	14,311	14,311	11,590	2,721
City Manager Department	117,362	117,362	171,426	(54,064)
Delinquent Tax Collector	5,707	5,707	2,090	3,617
Election Expense	10,630	10,630	10,188	442
City Treasurer	123,097	123,097	140,724	(17,627)
Audit and City Report	49,900	49,900	52,317	(2,417)
Tax Listing	27,472	27,472	49,739	(22,267)
City Clerk Department	130,933	130,933	131,798	(865)
Legal Expense	18,000	18,000	43,471	(25,471)
Planning & Zoning	94,088	94,088	66,495	27,593
Reappraisal	8,200	8,200	11,068	(2,868)
Municipal Building	<u>156,354</u>	<u>156,354</u>	<u>133,899</u>	<u>22,455</u>
TOTAL GENERAL GOVERNMENT	<u>756,054</u>	<u>756,054</u>	<u>824,805</u>	<u>(68,751)</u>
PUBLIC SAFETY				
Police Department				
Administration	199,587	199,587	210,808	(11,221)
Patrol	1,657,481	1,657,481	1,888,610	(231,129)
Dispatch Services	508,236	508,236	587,095	(78,859)
Operation Stonegarden	-	-	86,125	(86,125)
Animal Control	1,050	1,050	695	355
Investigation	-	-	1,083	(1,083)
Police Contracted Services	-	-	10,716	(10,716)
Total Police Department	<u>2,366,354</u>	<u>2,366,354</u>	<u>2,785,132</u>	<u>(418,778)</u>
Fire Department				
Fire Fighting	164,705	164,705	122,028	42,677
Fire Training	2,000	2,000	1,952	48
Fire Communications	10,800	10,800	10,452	348
Fire Station	16,000	16,000	29,310	(13,310)
Fire Trucks & Equipment	<u>26,300</u>	<u>26,300</u>	<u>54,698</u>	<u>(28,398)</u>
Total Fire Department	<u>219,805</u>	<u>219,805</u>	<u>218,440</u>	<u>1,365</u>
TOTAL PUBLIC SAFETY	<u>2,586,159</u>	<u>2,586,159</u>	<u>3,003,572</u>	<u>(417,413)</u>
PUBLIC WORKS				
Public Works Administration	342,929	342,929	286,024	56,905
Street Maintenance	285,909	285,909	338,062	(52,153)
Winter Maintenance	401,050	401,050	365,759	35,291
Garage and Facilities	51,950	51,950	43,870	8,080

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, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
PUBLIC WORKS (continued)				
City Property	118,100	118,100	192,739	(74,639)
Storm Maintenance	156,850	156,850	46,654	110,196
Traffic Maintenance	175,900	175,900	166,110	9,790
City Landscaper	83,590	83,590	105,068	(21,478)
TOTAL PUBLIC WORKS	1,616,278	1,616,278	1,544,286	71,992
CULTURE AND RECREATION				
Administration	152,129	152,129	194,206	(42,077)
Senior Citizens	9,467	9,467	9,938	(471)
Prouty Beach and Swimming	200,081	200,081	186,813	13,268
Recreational Programs	117,575	117,575	93,391	24,184
Gardner Park	152,828	152,828	220,797	(67,969)
Waterfront	150,300	150,300	122,934	27,366
TOTAL CULTURE AND RECREATION	782,380	782,380	828,079	(45,699)
OTHER EXPENSES & APPROPRIATIONS				
Conservation & Development	23,489	23,489	37,202	(13,713)
Health & Welfare	4,277	4,277	6,245	(1,968)
Recycling Project	80,662	80,662	69,485	11,177
County Tax	54,000	54,000	76,078	(22,078)
Renaissance Project	30,000	30,000	68,602	(38,602)
General Insurance	15,900	15,900	37,420	(21,520)
Claims and Damages	1,500	1,500	3,860	(2,360)
Employment Practices Insurance	12,240	12,240	16,493	(4,253)
Public Official Liability	6,000	6,000	4,594	1,406
Miscellaneous	700	700	2,207	(1,507)
NCIC Grant Administration	30,000	30,000	28,794	1,206
Newport Ambulance, Inc.	240,870	240,870	248,992	(8,122)
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	-
Cornucipia- Appropriations	8,500	8,500	8,500	-
Home Health Agency- Appropriations	17,500	17,500	17,500	-
N.E.K. Mental Health- Appropriations	4,818	4,818	4,818	-
Orleans County Historical Society- Appropriations	4,000	4,000	4,000	-
Orleans County Citizens- Appropriations	2,000	2,000	2,000	-
Rural Community Transit- Appropriations	11,000	11,000	11,000	-
NE Kingdom Comm Action	8,000	8,000	8,000	-
Reappraisal Fund Payments	20,000	20,000	-	20,000
TOTAL OTHER EXPENSES & APPROPRIATIONS	697,456	697,456	777,790	(80,334)

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, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
CAPITAL OUTLAY				
Street Repairs and Maintenance	275,000	275,000	352,088	(77,088)
Public Works Vehicles	170,000	170,000	201,037	(31,037)
VISTA Traffic Lights	80,000	80,000	317,985	(237,985)
Bridge Repairs	25,000	25,000	-	25,000
Municipal Building Remodel	15,000	15,000	-	15,000
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	7,533	(2,533)
Fire Station Repairs & Maintenance	5,000	5,000	-	5,000
Fire Vehicles and Equipment	60,000	60,000	-	60,000
Police Vehicles	-	-	55,023	(55,023)
Prouty Beach Improvements	15,000	15,000	35,141	(20,141)
Gardner Park Improvements	32,500	32,500	-	32,500
Gateway Maintenance	36,000	36,000	18,015	17,985
Rec Maintenance Vehicles	10,000	10,000	11,346	(1,346)
	<u>743,500</u>	<u>743,500</u>	<u>998,168</u>	<u>(254,668)</u>
TOTAL CAPITAL OUTLAY				
DEBT SERVICE & SINKING FUNDS				
Debt Principal Payments	129,444	129,444	129,264	180
Interest on Notes	3,700	3,700	11,758	(8,058)
Interest on Bonds	2,250	2,250	2,654	(404)
Interest on Line of Credit - TAN	-	-	81,761	(81,761)
Capital Sinking Fund	3,500	3,500	-	3,500
Tennis Court Sinking Funds	1,440	1,440	-	1,440
	<u>140,334</u>	<u>140,334</u>	<u>225,437</u>	<u>(85,103)</u>
TOTAL DEBT SERVICE & SINKING FUNDS				
SCHOOL APPROPRIATION	<u>5,203,249</u>	<u>5,203,249</u>	<u>5,203,249</u>	<u>-</u>
TOTAL EXPENDITURES				
	<u>12,525,410</u>	<u>12,525,410</u>	<u>13,405,386</u>	<u>(879,976)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES				
	<u>-</u>	<u>-</u>	<u>(514,025)</u>	<u>(514,025)</u>
OTHER FINANCING SOURCES				
Proceeds from Long Term Debt	-	-	255,023	255,023
Operating Transfers In	-	-	20,817	20,817
	<u>-</u>	<u>-</u>	<u>275,840</u>	<u>275,840</u>
TOTAL OTHER FINANCING SOURCES				
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (238,185)</u>	<u>\$ (238,185)</u>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2025

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.0919%	0.0949%	0.9169%	0.9339%	1.0263%	0.9776%	0.9725%	0.9213%	0.9655%	0.9631%
City's proportionate share of the net pension liability (asset)	<u>\$ 3,052,470</u>	<u>\$ 3,041,074</u>	<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>
City's covered-employee payroll	<u>\$ 3,068,851</u>	<u>\$ 3,042,901</u>	<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>
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	99.47%	99.94%	103.81%	54.46%	97.97%	70.76%	61.25%	52.12%	59.10%	35.32%
Plan fiduciary net position as a percentage of the total pension liability	75.22%	74.01%	73.60%	86.29%	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%

*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, 2025

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contributions (Actuarially Determined)	<u>\$ 302,721</u>	<u>\$ 270,631</u>	<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>
Contributions in Relation to the Actuarially Determined Contributions	<u>\$ 302,721</u>	<u>\$ 270,631</u>	<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>
Covered Employee Payroll	<u>\$ 3,068,851</u>	<u>\$ 3,042,901</u>	<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>
Contributions as a Percentage of Covered Employee Payroll	9.86%	8.89%	8.56%	8.23%	8.03%	7.84%	7.63%	7.03%	6.98%	6.85%

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, 2025

ASSETS

	Special Revenue		
	Recreation	Mooring	Total
	Fund	Management Fund	Non-Major Governmental Funds
ASSETS			
Cash	\$ 28,895	\$ -	\$ 28,895
Due from other funds	41,165	-	41,165
TOTAL ASSETS	\$ 70,060	\$ -	\$ 70,060

LIABILITIES AND FUND BALANCES

LIABILITIES			
Due to other funds	\$ -	\$ 4,381	\$ 4,381
Accounts Payable	54,879	-	54,879
TOTAL LIABILITIES	54,879	4,381	59,260
FUND BALANCES			
Restricted	15,181	-	15,181
Unassigned	-	(4,381)	(4,381)
TOTAL FUND BALANCE	15,181	(4,381)	10,800
TOTAL LIABILITIES AND FUND BALANCES	\$ 70,060	\$ -	\$ 70,060

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, 2025

	<u>Special Revenue</u>		
	<u>Recreation Fund</u>	<u>Mooring Management Fund</u>	<u>Total Non-Major Governmental Funds</u>
REVENUES			
Recreation and Culture	\$ 7,095	\$ 3,260	\$ 10,355
Investment Income	<u>566</u>	<u>-</u>	<u>566</u>
TOTAL REVENUES	<u>7,661</u>	<u>3,260</u>	<u>10,921</u>
EXPENDITURES			
Culture and Recreation	3,228	3,201	6,429
Capital Outlay	<u>77,743</u>	<u>-</u>	<u>77,743</u>
TOTAL EXPENDITURES	<u>80,971</u>	<u>3,201</u>	<u>84,172</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers Out	<u>(20,817)</u>	<u>-</u>	<u>(20,817)</u>
CHANGE IN FUND BALANCE	(94,127)	59	(94,068)
FUND BALANCE AT BEGINNING OF YEAR	<u>109,308</u>	<u>(4,440)</u>	<u>104,868</u>
FUND BALANCE AT END OF YEAR	<u>\$ 15,181</u>	<u>\$ (4,381)</u>	<u>\$ 10,800</u>

City of Newport, Vermont
OTHER SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF NET POSITION -
PRIVATE-PURPOSE TRUST FUNDS
June 30, 2025

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	\$ 9,000	\$ 2,560	\$ -	\$ 27,760	\$ 39,320
Savings and money markets	<u>-</u>	<u>27,460</u>	<u>31,835</u>	<u>-</u>	<u>59,295</u>
TOTAL CASH	<u>9,000</u>	<u>30,020</u>	<u>31,835</u>	<u>27,760</u>	<u>98,615</u>
DUE FROM OTHER FUNDS	<u>13,059</u>	<u>-</u>	<u>18</u>	<u>-</u>	<u>13,077</u>
INVESTMENTS					
Trust Account	<u>-</u>	<u>200,511</u>	<u>-</u>	<u>174,586</u>	<u>375,097</u>
TOTAL ASSETS	<u>\$ 22,059</u>	<u>\$ 230,531</u>	<u>\$ 31,853</u>	<u>\$ 202,346</u>	<u>\$ 486,789</u>

LIABILITIES AND NET POSITION

LIABILITIES					
Due to other Funds	\$ -	\$ 23,005	\$ -	\$ -	\$ 23,005
NET POSITION					
Reserved for trust funds	-	-	-	62,000	62,000
Unreserved	<u>22,059</u>	<u>207,526</u>	<u>31,853</u>	<u>140,346</u>	<u>401,784</u>
TOTAL NET POSITION	<u>22,059</u>	<u>207,526</u>	<u>31,853</u>	<u>202,346</u>	<u>463,784</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 22,059</u>	<u>\$ 230,531</u>	<u>\$ 31,853</u>	<u>\$ 202,346</u>	<u>\$ 486,789</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, 2025

	Police Safety Fund	Public Fund	East Main Street Cemetery Fund	Community Development Block Grant Fund	Perley J. Niles Fund	Total
ADDITIONS						
Contributions	\$ -	\$ -	\$ 150	\$ -	\$ -	\$ 150
Investment Earnings						
Interest Income	11,518		6,238	35	4,772	22,563
Dividend Income	-		1,868	-	1,780	3,648
Net gain/(loss) from investments	-		10,997	-	10,201	21,198
Net Investment Earnings	11,518		19,103	35	16,753	47,409
TOTAL ADDITIONS	11,518		19,253	35	16,753	47,559
DEDUCTIONS						
Administrative Fees	-		1,980	-	1,677	3,657
Contracted Services	-		7,000	-	85	7,085
Police Expenditures	18,693		-	-	-	18,693
Other	-		-	-	271	271
TOTAL DEDUCTIONS	18,693		8,980	-	2,033	29,706
CHANGE IN NET POSITION	(7,175)		10,273	35	14,720	17,853
NET POSITION AT BEGINNING OF YEAR	29,234		197,253	31,818	187,626	445,931
NET POSITION AT END OF YEAR	\$ 22,059		\$ 207,526	\$ 31,853	\$ 202,346	\$ 463,784