



2022-2023

Annual
Comprehensive
Financial Report
For Year Ended
June 30, 2023



Wastewater Collections



Off Road Wildland Brush
Vehicle-



Coast Park



Lifeflight

Mission Statement: The City of Newport pledges to effectively manage essential community services for the well-being and public safety of residents and visitors. The City will encourage economic diversification, sustainable development, and livability.



City of Newport, Oregon
Annual Comprehensive Financial Report
For the Fiscal Year Ended
June 30, 2023

* * * * *

Spencer Nebel, City Manager

Prepared by:
Steve Baugher, Finance Director

CITY OF NEWPORT
Annual Comprehensive Financial Report
Year Ended June 30, 2023

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INTRODUCTORY SECTION

CITY OF NEWPORT

Council Members, Administrative Staff and Principal Financial Staff

Year Ended June 30, 2023

City of Newport, Oregon

169 SW Coast Highway
Newport, Oregon 97365
www.newportoregon.gov

Council Member	Term Expires	Assumed Office
Jan Kaplan, Mayor	1/6/2025	11/16/2021
Beatriz Botello	1/6/2025	1/7/2019
Robert Emond	1/4/2027	10/16/2023
Dietmar Goebel	1/6/2025	1/3/2017
CM Hall	1/4/2027	1/7/2019
Cynthia Jacobi	1/6/2025	1/7/2019
Ryan Parker	1/4/2027	1/7/2019

Administrative Staff

City Manager	Spencer Nebel
Assistant City Manager/City Recorder	Erik Glover
Finance Director	Steve Baugher
Assistant Finance Director	Eric Carpenter
City Attorney	David Allen
Judge	Jeffrey Pridgeon
Acting Public Works Director	Steven Stewart and Justin Scharbrough
City Engineer	Aaron Collett
Community Development Director	Derrick Tokos
Parks and Recreation Director	Michael Cavanaugh
Library Director	Laura Kimberly
Police Chief	Jason Malloy
Fire Chief	Rob Murphy
Acting Information Technology Director	Travis Reeves
Human Resource Director	Barbara James
Airport Director	Lance Vanderbeck

Principal Finance Staff

Steve Baugher, Finance Director
Eric Carpenter, Assistant Finance Director

Citizens of the City of Newport

Notes:

1. Mayor and Council are elected by the Citizens, and, between elections, vacancies are filled by Council-appointment.
2. Boards and commissions are appointed by the Mayor, subject to confirmation by the Council.
3. City Attorney, Municipal Judge and City Manager are appointed by City Council.
4. Department Heads and staff are hired by the City Manager.

City Council

Mayor: Jan Kaplan
 Council President: Dietmar Goebel
 Members: Beatriz Botello
 Cynthia Jacobi
 CM Hall
 Ryan Parker
 Robert Emond

Citizen Boards and
Committees

Municipal Judge
Jeff Pridgeon

City Manager
Spencer Nebel

City Attorney
David Allen

Asst. City
Manager/City
Recorder/
Erik Glover

Risk Management
Communications
Records

HR Director
Barb James

Safety

Acting IT
Director
Travis
Reeves

Public Works
Director
Acting Justin
Scharbrough &
Steve Stewart

Streets
Water
Wastewater
GIS
Maintenance
Building
Maintenance

Airport
Director
Lance
Vanderbeck

Library
Director
Laura
Kimberly

Recreation
Director
Mike
Cavanaugh

Recreation Center
Aquatic Center
Sports Programs
60+Center
Parks

Community
Development
Director
Derrick Tokos

Building Code
Zoning Enforcement
Planning
URA

Finance
Director
Steve
Baugher

Utility Billing
Court
Payroll
Accts.Payable
Capital Projects
Grant Acctg.

Fire Chief
Rob Murphy

Fire Suppression
Rescue
Medical Response
Emergency Management

Police Chief
Jason
Malloy

Police
Parking Enforcement
Code Enforcement

City Engineer
Aaron Collett

Engineering



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Newport
Oregon**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO



Spencer R. Nebel
City Manager
CITY OF NEWPORT
169 S.W. Coast Hwy.
Newport, OR 97365
s.nebel@newportoregon.gov

December 12, 2023

Citizens of Newport
Honorable Mayor Jan Kaplan
Members of the Newport City Council
City of Newport, Oregon

State law requires that every general-purpose local government publish, within six months of the close of each fiscal year, unless extended, a complete set of audited financial statements. We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Newport, Oregon (City) for the fiscal year ended June 30, 2023, together with the unmodified opinion therein of our independent certified public accountants, Aldrich CPAs and Advisors, LLP.

Management has full responsibility for the completeness and reliability of the information contained in this report based upon a comprehensive framework of internal control that has been established for that purpose. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

It is the responsibility of Aldrich CPAs and Advisors, LLP, as the independent accountants, to express an opinion of the fairness of the basic financial statements, which have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). The independent accountants have attested to the fairness of the basic financial statements with an unmodified opinion as presented in the Report of Independent Accountants.

In addition to the annual audit, the City is required to have a comprehensive single audit of its Federal Assistance Programs in accordance with the Single Audit Act, Office of Management and Budget (OMB) and the provisions of Government Auditing Standards promulgated by the U.S. Comptroller General as they pertain to financial and compliance

audits. The report can be found in the Compliance Section at the end of this financial report.

The Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City’s MD&A is located immediately following the report of the independent auditors.

CITY PROFILE

Background

The City was founded in 1864, incorporated in 1882, and has operated under the Council Manager form of government by charter since 1962. Newport is located along the Central Coast of Oregon at the mouth of the Yaquina River. The nearest major metropolitan area is Portland, Oregon, which is found 136 miles to the northeast. Newport encompasses a total area of 10.6 square miles, which includes 1.5 square miles of water and 9.1 square miles of land. It has been the county seat of Lincoln County since 1952 and is the largest city in the County, and the second largest city on the Oregon Coast based on the 2020 census.

Population: City of Newport, Lincoln County

Year	City of Newport	Lincoln County
1970 Census	5,188	25,755
1980 Census	7,519	35,264
1990 Census	8,437	38,889
2000 Census	9,532	44,479
2010 Census	9,989	40,034
2020 Census	10,256	50,395
2022 PSU Estimate	10,755	51,090

The City is governed by a non-partisan Council consisting of a Mayor elected to a two-year term and six City Council members elected to four-year overlapping terms. A full-time City Manager administers the affairs of the City for the Council, and supervises a staff of twelve department directors, with 157 full-time equivalent employees budgeted for the current fiscal year, which includes 137 full-time employees. In addition to the City Manager, the City Council also employs a full-time City Attorney and a part-time Municipal Judge.

The City provides a full range of municipal services, including but not limited to, water, wastewater, and storm water utilities; police; fire; municipal court; airport; operation and maintenance of the street systems; community planning and development; parks and recreation; Performing Arts Center; Visual Arts Center; and Library. For financial reporting purposes, the City includes all funds of the City subject to appropriation by Council.

Reporting Entity

Financial statements include information for the City of Newport and its component unit, the Newport Urban Renewal Agency. The notes to the financial statements provide additional detail describing the inclusion of the Agency as a blended component unit.

Budget Process

The Council and Urban Renewal Agency Board (Council members serve as the Agency's Board) are required to adopt a budget for the subsequent fiscal year no later than the close of the current fiscal year. These budgets are prepared at a fund and department level for all governmental and proprietary funds. Appropriation transfers between the funds or departments require the approval by the City Council. Appropriation transfers between accounts through the same budget category (line items) within a department are made through a departmental request and approved administratively.

ECONOMIC OUTLOOK AND CONDITION

Recent Economic Performance

The City's economic base is one of diversity. Newport enjoys an economy that is not dependent upon the success or failure of any specific sector. The main economic sectors are commercial fishing and processing, tourism, and a growing marine and science research community. Newport is the home to the National Oceanic and Atmospheric Administration Pacific Marine Operations Center (NOAA), U.S. Coast Guard Station Yaquina Bay, the Hatfield Marine Science Center, and the Oregon Coast Aquarium, as well as, a number of state and federal agencies supporting various aspects of Marine Science.

During the last two decades, the County's highest annual unemployment rate was 11.1% in 2010, closely followed by a rate of 10.9% in 2020 due to COVID-19. The county's unemployment rate peaked at 23.8% in April, 2020. As of June, 2023, the county's monthly unemployment rate is down to 3.8% (not seasonally adjusted). Lincoln County's tourism businesses were hard hit during 2020 with restrictions on non-essential travel from April to June, 2020. Hotels, motels, restaurants, and other tourism-service industries were significantly impacted during that time. The City of Newport provided small businesses with \$1 million in economic impact funds to help ride out the impacts of COVID-19 in 2020. In addition, businesses benefitted from various state and federal programs that injected a significant amount of cash to help those businesses get through the pandemic.

During the 2023 Fiscal Year, the City collected a record amount of room tax indicating a significant recovery for the travel industry with \$6.97 million being collected. This was up from \$6.67 million in 2022 and from \$4.99 million the previous fiscal year. The City imposed an increase in the rate from 9.5% to 12%, effective September 2021. Property values continue to grow at a significant rate in the city. The median sales price for all housing units in Newport City limits grew from \$360,000 in 2021 to \$450,000 in 2022. The total market value of property in the City of Newport increased by 23.73% as determined by the Lincoln County Assessor from 2022 to 2023. The unemployment numbers for Lincoln County are now at historically low levels and employers have had significant

challenges in filling certain positions within the Greater Newport area. These staffing challenges have directly impacted the City of Newport by having a significant number of vacancies open for extended periods within the City organization. This has had an impact on services provided for those departments having shortages in staffing.

Greater Newport Area Vision 2040

The Greater Newport Area Vision 2040 was developed, and adopted by the City Council after a significant public engagement process was conducted with committee members. The motivation for creating a Community Vision for the Greater Newport Area emerged from a desire to generate broad descriptions of the quality, spirit, and values of the community, and to divide these concepts into “focus areas” that can serve as long-term targets for future planning efforts. The Vision is designed as a “living document” that should be revisited and updated on a regular basis.

The Newport Area Vision 2040 states: “In 2040, Greater Newport is the heart of the Oregon Coast, an enterprising, livable community that feels like home to residents and visitors alike. We live in harmony with our coastal environment – the oceans, beaches and bay, natural areas, rivers, and forests that sustain and renew us with their exceptional beauty, bounty, and outdoor recreation. Our community collaborates to create economic opportunities and living-wage jobs that help keep the Greater Newport Area dynamic, diverse, and affordable. We take pride in our community’s education, innovation, and creativity, helping all our residents learn, grow, and thrive. Our community is safe and healthy, equitable and inclusive, resilient and always prepared. We volunteer, help our neighbors, support those in need, and work together as true partners in our shared future.”

The vision is divided into six focus areas including Enhancing a Livable Region, Preserving and Enjoying our Environment, Creating New Businesses and Jobs, Learning, Exploring, and Creating New Horizons, Improving Community Health and Safety, and Fostering Collaboration and Engagement. Key strategies are identified for each of these focus areas.

The City Council has created a permanent Vision 2040 Advisory Committee to advise the Council on a regular basis regarding the status of implementation of strategies outlined in the vision, and serve as a catalyst to work with all community stakeholders in achieving the vision. The Ford Family Foundation has funding outreach activities to help community-building around the vision.

Long-Term Financial Planning

The City Council established Finance Work Groups over a three-year period to develop a system for projecting the City’s long-range financial condition (year one); identify options to address an identified structural deficit by looking at ways to reduce expenditures and/or increase revenues to provide financial sustainability (year two); and develop a five-year financial plan for the City that achieves financial sustainability during this period.

In addition, the work group reviewed estimates of future funding needed to properly maintain the 48 public structures and facilities supported by the City’s General Fund. These amenities of this community of 10,000 include the Performing Arts Center, Visual

Arts Center, Recreation Center, 60+ Center, Aquatics Center, numerous parks and trails, fire hall, city hall, airport, and other key pieces of infrastructure, some of which currently require significant reinvestment at this stage in order to extend their serviceable life span.

The five-year financial sustainability plan for the General Fund and those funds supported by the General Fund outline steps to take to continue controlling expenditures while identifying new revenues to meet the needs as identified in the report from the Finance Work Group. Through this process a tool to project longer-term financial trends was developed. This tool is used as a key component during the development of annual budgets.

Relevant Financial Policies In Fiscal Year, 2022-2023, the City utilized a total of 27 funds, of which 17 are governmental fund types and 10 are proprietary fund types. The modified accrual basis of accounting is used for the governmental fund types (General, Special Revenue, Debt Service, and Capital Project). The accrual basis is used for the proprietary fund types (Enterprise and Internal Service).

City management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits require estimates and judgments by management. To assure that credible and timely information is prepared in the most efficient manner possible, accounting policies, procedures, and systems, together with related internal controls, are monitored and reviewed when necessary to meet changing requirements.

City Council has adopted, by resolution, a policy to identifying appropriated funding levels for its major operating funds. A report is provided in the annual budget message as to any variances in fund balances from this policy.

Financial Condition

The City of Newport made significant reductions in staffing and expenditures during the fiscal year that began July 1, 2020 in anticipation of the economic impacts of the COVID-19 pandemic, and addressing recommendations from the City Council-appointed Finance Work Group. Since COVID-19, the City has been able to restore a number of positions that had been dropped from the budget during the fiscal year that began July 1, 2020, in order to restore certain services that were reduced at that time. During the fiscal year ended June 30, 2023, the City has continued to see growth in the fund balance for the General Fund due, in part, to the inability to fill certain positions during the course of the fiscal year. There are projects that have funded but have not moved forward, either due to delays in receiving goods ordered or staffing shortfalls. As a result, the General Fund

has increased its balance from \$2.6 million in the fiscal year ending June 30, 2019, to \$7.2 million for the fiscal year ended the June 30, 2023. Overall, the government type funds (General Fund, Room Tax Fund, Airport Fund, Recreation Fund and others) are in a stronger position post COVID-19 than they were prior to the pandemic. In the short run, this will enable the City to proceed with a number of projects and infrastructure upgrades during the next few fiscal years. The City Council needs to remain mindful about the longer-term economic impacts that our material costs, higher labor costs and the need for significant reinvestment in our facilities and parks will have on the longer-term financial condition of the City's general operating funds.

In reviewing the budget to actual amounts for the year ended June 30, 2023, it should be noted that the collection of property taxes was \$213,000 above the budget, transient room taxes were \$331,000 above budget, and interest was \$215,000 above budget. These were offset by lower than anticipated intergovernmental funding of \$177,000. Overall, revenues exceeded the projected revenues by \$784,000. In reviewing the expenses for the fiscal year ending June 30, 2023, the Police Department finished \$1.1 million under the budget, City Administration was \$738,000 under budget, and the Fire Department was \$490,000 under budget. Much of this is related to unfilled vacancies during the course of the fiscal year. Furthermore, non-departmental activities ended up \$622,000 below budget. A significant portion of this amount are funds that have been designated for homelessness activity which are being held by the City for use for an appropriate project to make a meaningful difference in homelessness in the City of Newport.

Likewise, the Room Tax Fund saw growth in its fund balance of \$204,000 from the previous year. From a budgetary standpoint, expenditures were down significantly from appropriation levels due to projects that did not move forward in the fiscal year.

It should be noted that unspent contingency at the end of the fiscal year is folded into the fund balance. This accounts for a portion of the difference between the budgeted amount and the expended amount of City funds.

In the Capital Outlay Funds, projects are typically budgeted for the total amount, even though they may carry over into future fiscal years. Unspent funds during the fiscal year are carried over either in the following proposed budget, or by a supplemental budget in the new fiscal year. In addition, with staffing limitations in Engineering, we have not been able move forward with several projects on the time schedule initially identified for those projects.

While the General Fund, and those supported by the General Fund, are in relatively strong financial shape at the end of the fiscal year on June 30, 2023, business-type funds (Water, Wastewater and Storm Water) have been impacted by unanticipated significant repairs and reinvestments that have been required for those systems over the past three fiscal years. While the Water Fund has a slight improvement in fund balance at the end of the fiscal year, the Wastewater and Storm Water Funds continue to draw down fund balance. The resources need to be increased in all three of these business-type funds in the coming fiscal to cover unanticipated major expenses that can occur in any of these

operations. The City Council approved a significant rate increases on July 1, 2023 to help address these shortfalls and to pay for needed reinvestment in these operations. The City will be looking at future significant rate increases in order to address the financial stability of these funds and to have the resources necessary to maintain and upgrade these facilities in the coming years.

The City has been directly impacted by the “Great Resignation” and is facing significant changes in personnel in key positions of the City. These changes delay various initiatives and efforts as positions remain vacant, and as employees hired to fill these positions get up to speed moving forward with various projects. The staffing shortfalls and the work priorities identified have created additional stress within the organization. Patience is needed as we adjust to the new realities of the labor market going forward. I appreciate the efforts of staff in picking up the extra burden to move things forward when positions remain open for extended periods of time. This is particularly challenging in smaller departments with limited depth to transition through these changes.

The impact of inflation will need to be considered in future financial planning for the City. While some of the City's revenues will adjust to inflation, property tax is limited to a growth of 3% on existing taxable property within the city. It is likely that inflation will outpace property taxable values in the foreseeable future.

The City is looking at a number of significant infrastructure investments in the next five to ten years. A major project will be the replacement of two earthen dams at an estimated construction cost of \$85 million dollars. The City has been successful in receiving \$14 million from the State of Oregon to pay for design and permitting for this project, and has received a \$60 million authorization through Congress in the 2022 Water Resource Development Act (WRDA) of 2022 to assist with this project. Actual funding through WRDA will require annual federal appropriations as authorized in the future when funding for construction is needed. In addition, the City will need to invest \$15 million in wastewater treatment plant improvements through 2025 and another \$60 million to meet long-term capacity needs following this time period. The initial investments can be completed with DEQ low-interest revolving funds with the debt being supported through utility rates. Other investments are necessary to address improvements to water, storm sewer, and sanitary sewer infrastructures for various city facilities, parks, sidewalks, streets, and other infrastructure.

In summary, Governmental Type funds (General Fund, Room Tax Fund, Recreation Fund, and others) are in a stronger position post COVID-19 than were prior to the pandemic. This will provide some funding for needed improvements for facilities, parks, and other areas of the City during the coming years.

The City's Proprietary Funds (water, wastewater, and storm water) are facing significant challenges with aging infrastructure that will require an increased financial commitment in coming years to continue providing safe drinking water and effectively treated wastewater. Reserves in these funds have been significantly reduced due to unanticipated repairs and replacement of equipment during the past two years. Reserves will need to be re-established in the future. These costs will be supported by significant

increases to utility rates beginning with Fiscal Year 2023-2024 in order to rebuild sufficient fund balances and pay for future upgrades to the systems.

Finally, over the past two years, the City has faced significant changes in personnel in key positions. This, coupled with a difficult labor market, has left the City short-staffed in many departments, including the Finance Department. While the City continues to provide basic service levels to the public, many long-term issues have had to be delayed. Furthermore, with new staffing, there is a greater risk for errors and omissions in conducting day-to-day activities. This is particularly challenging in smaller departments with limited depth to transition through these changes. Adequate available staffing will be an issue that will require continued attention as we fill vacant positions and prepare for a long-term challenging labor market.

The future impacts of inflation and a historically tight labor market will create economic uncertainties that will require further examination as financial plans are developed for the coming years. Conservative financial projections will need to continue to be used to keep the City in sound financial condition in the future.

Major Initiatives

Despite the challenges in staffing and supply chain issues, the City was able to proceed with a number of Capital Outlay projects during the year. The City of Newport is ramping up efforts to complete various projects within the South Beach Urban Renewal District that closes to new projects in 2027. The City Council has hired an Urban Renewal project manager to help facilitate these processes as we move forward.

In order to take advantage of a number of the grant opportunities that will be available over the next five years through the Bipartisan Infrastructure Investments and Jobs Act, the Inflation Reduction Act, and other sources, the City Council authorized the creation of a grant manager position to assist in identifying, preparing, and monitoring grants for the City.

A major initiative of the North Side Urban Renewal District included the completion with ODOT of a Transportation System Plan for the City of Newport. This plan outlines needs for various forms of transportation.

Projects that have been either completed or were underway during the fiscal year that began July 1, 2022 include the Ferry Slip Road utility line undergrounding project, construction of sidewalk from SE. Moore Dr. to Yaquina View Elementary School, resurfacing and ADA sidewalk improvements on SE. Moore Dr. from US 20 to Bay Blvd., upgrade of power and installation of EV chargers at Ernest Bloch Wayside and City Hall, funding for the aquarium to install EV chargers in South Beach, design for the pedestrian-activated rapid flashing beacon at US 20 and Eads Street crosswalk, preliminary feasibility study for a sidewalk infill project on Elizabeth Street, and initiation of the purchase of two parcels of land located on US 101 in City Center. In addition, funding was provided for a traffic study for Oceanview Drive and other parts of the community,

and for the parking study recommendations for paid parking on the Bayfront which are being implemented. At the airport, work continued with the obstruction removal plan with the completion of the airport environmental assessment Phase II.

In the Water Fund, work continued with environmental and preliminary design of various aspects of the Big Creek Dam replacement project. Design work has continued on the main water tank replacements. Fiber installation was completed on NE 71st Street to connect the water booster station and storage tank to the City's Supervisory Control and Data Acquisition (SCADA) system. The excess recirculation upgrades were initiated at the water treatment plant, and work continued on the Big Creek Dam No. 2 spillway hazard mitigation.

In the Wastewater Fund, the Wastewater Treatment Plant Master Plan continued to proceed toward completion. Work was completed on the clarifier refurbishment. The Schooner Landing sewer bypass project was awarded and work was initiated on this project. A temporary North Side dechlorination project was completed prior to the close of the fiscal year. This is a temporary fix to address the excess chlorine that the City has, from time to time, had in the effluent being discharged into the ocean. Significant investment was made on the influent pump station repairs located below the wastewater treatment plant. Funds were also appropriated to make emergency repairs to the centrifuge system that is used to dewater sludge from the wastewater treatment plant. Work continued on City-wide cathodic inspections testing and improvements project to assure that the various lines are protected from corrosion.

In other projects, additional Library HVAC units were replaced and work was completed on the west side and downstairs Library window replacement project.

The Performing Arts Center phase VII project was bid but not awarded earlier this year. The Visual Arts Center upper roof was replaced. The Betty Wheeler Park field light replacement project was completed. The Frank Wade baseball outfield was reconstructed and a new multipurpose soccer field was built at Sam Case elementary using ARPA funds in conjunction with the School District.

OTHER INFORMATION

Certificate of Achievement

On November 7, 2023, the Government Finance Officers Association notified the City of Newport that the Annual Comprehensive Financial Report (ACFR) for the fiscal year which ended June 30, 2022 was awarded a certificate of achievement for excellence in financial reporting. The certificate of achievement is the highest form of recognition in governmental accounting and financial reporting, and attainment represents a significant accomplishment by a government and its management. Congratulations to Finance Director Steve Baugher and staff on obtaining this significant recognition!

Acknowledgments

This ACFR was prepared by the City's Finance Department with information and assistance being provided by other City departments. I would like to thank the Finance Department and all City personnel who contributed to compiling and presenting these reports. I would like to specifically recognize Finance Director, Steve Baugher, who filled the vacant Finance Director position through Fiscal Year 2022-2023, while also maintaining his responsibilities as Assistant Finance Director. We are appreciative of the timely and professional services provided by Aldrich CPAs and Advisors, LLP in conducting the independent audit. Finally, I would like to express appreciation to the role that the Audit Committee, Mayor and City Council play in the establishment of policies, adoption of an annual budget, and monitoring of financial activities through the course of the year that are captured in this report.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "S. R. Nebel".

Spencer R. Nebel
City Manager

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

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 the City of Newport (the City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City'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, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison statements for the General Fund, Room Tax Fund, Urban Renewal Fund and Airport Fund, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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 and *Government 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.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

In performing an audit in accordance with generally accepted auditing standards and *Government 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'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'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, schedule of proportionate share of the net pension liability (asset) and schedule of contributions – pension, schedule of net pension liability and changes in net pension liability, schedule of employer contributions, schedule of investment rate of return, schedule of proportionate share of the OPEB liability – RHIA, schedule of OPEB contributions – RHIA, and the schedule of changes in total OPEB liability and related ratios 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 management's discussion and analysis, schedule of proportionate share of the net pension liability (asset) and schedule of contributions – pension, schedule of net pension liability and changes in net pension liability, schedule of employer contributions, schedule of investment rate of return, schedule of proportionate share of the OPEB liability – RHIA, schedule of OPEB contributions – RHIA, and the schedule of changes in total OPEB liability and related ratios 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's basic financial statements. The combining financial statements, individual fund schedules and schedule of expenditures of federal awards 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 financial statements, individual fund schedules and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

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.

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

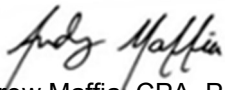
In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is issued separately and is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Other Reporting Required by Oregon State Regulations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 12, 2023, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.

Aldrich CPAs + Advisors LLP

By:



Andrew Maffia, CPA, Partner
Salem, Oregon
December 12, 2023



MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT’S DISCUSSION AND ANALYSIS

The City of Newport (“City”) offers to the public a discussion of its financial statements for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the additional information furnished in the financial statements that follow.

Financial Highlights

- The assets and deferred outflow of resources of the City exceeded its liabilities and deferred inflows of resources at June 30, 2023 by \$144.4 million which equals the City’s total net position.
- The City’s total assets for the 2022-2023 Fiscal Year (FY) increased by \$7.1 million, total deferred outflows of resources decreased by \$1.8 million, total liabilities decreased by \$4.7 million, total deferred inflows of resources decreased by \$0.4 million, and net investment in capital assets increased by \$6.3 million. See government-wide financial analysis section for a more detailed analysis.
- As of the close of the fiscal year, the City’s governmental funds reported combined ending fund balances (EFBs) of \$34.2 million, an increase of \$3.3 million as compared to the previous year. The General Fund increased by \$0.8 million, because total income exceeded the expenditures, the effects of supply chain issues and staff shortages. Other significant increases or decreases in EFB’s were; the Urban Renewal Fund decreased by \$1.2 million due to purchase of properties for redevelopment, Capital Project Fund with an increase of \$2.1 million for future capital projects. Note that many of the future capital projects have been delayed due to supply chain issues and staff shortages.
- The proprietary funds, at the close of the fiscal year, had an increase of \$4.2 million. The Water Fund increased by \$3.6 million due to an increase of capital assets of \$1 million, paying all required debt payments as planned of \$2.1 million, and a slight increase of inventory of \$0.4 million. The increase in capital assets is primarily due to preliminary design for Big Creek Dam less depreciation of existing capital assets. The increase in inventory was to increase part supplies due to delays in supply chain and increased costs in supplies.
- As of the end of FY 2023, the total assigned and unassigned fund balance in the General Fund was \$7.2 million, which was 59.58% of the total General Fund operating expenditures of \$12.1 million. The increase in fund balance available for expenditures is primarily due to City directors monitoring their expenditures, supply chain issues and staff shortages, unfilled budgeted staff positions, and use of a long-range financial plan developed by the City’s Finance Work Group.
- Total governmental activities debt decreased by \$0.9 million or 6.1% during the FY 2023. The decrease was the result of paying all required debt payments as planned. Total business-type activities debt decreased by \$2.6 million or 6.1%. The decrease was the result of paying all required debt payments as planned.

Overview of the Financial Statements

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

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City’s finances in a manner similar to a private-sector business.

The statement of net position presents information on all the City’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, 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 is improving or deteriorating.

The Statement of Activities presents information showing how the City’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 result in cash flows only in future fiscal periods (for example, uncollected taxes and earned but unused vacation leave). The governmental activities of the City include general government, public safety, streets, economic development, culture and recreation, airport operations, City Facility Internal Service Fund, and interest paid on long term debt. The business type activities include those funds dealing with water treatment and distribution, wastewater treatment and collection, stormwater activities, and the Public Works Internal Service Fund.

Fund Financial Statements. A fund is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. As do other state and local governments, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City has two types of funds: governmental and proprietary 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 near-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 a government’s near-term financial 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 governmental wide financial statements. By doing so, readers may better understand the long-term impact of the City’s near term financial decisions. Both the governmental funds balance sheet and governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison.

The City maintains 17 governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for these “major” funds.

- General Fund
- Room Tax Fund
- Urban Renewal Fund
- Airport Fund
- Capital Projects Fund

Data from the other non-major governmental funds are combined into a single aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements in the other supplementary information description below.

Proprietary Funds. Ten Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent is that the cost of providing the services to the general public on a continuing basis be financed primarily through user charges. These funds represent three significant segments of the City’s operations: water, wastewater, and stormwater

which includes the treatment plants, the collection and distribution systems and the related Capital Projects, Debt Service, and Internal Service Funds. Along with this is debt outlined in long-term debt section of the notes to the financial statements.

Also included in this area are the two Internal Service Funds, the Public Works Fund and the City Facility Fund. The Public Works Fund is used to account the administrative personnel of Public Works, directly Water, Wastewater, and Stormwater, and indirectly the Street fund. The City Facility Fund is used mainly to account for the City facility's operations and maintenance. And as everyone knows these two funds are eliminated or absorbed into the statement of net position - governmental and business-type.

Notes to the Basic Financial Statements. The notes to the basic financial statements provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements.

Required Supplementary Information. The schedules present additional and historical trend information on the City's participation in the Oregon Public Employees Retirement System (PERS) and the City's defined benefit and defined contribution pension plan.

Other Supplementary Information. The combining statements for the non-major governmental funds and budgetary comparison schedules for both the non-major governmental funds and the proprietary funds are presented following the required supplementary information.

Government-Wide Financial Analysis

The City's total assets for the 2022-2023 Fiscal Year (FY) increased by \$7.1 million, total deferred outflows of resources decreased by \$1.8 million, total liabilities decreased by \$4.7 million, total deferred inflows of resources decreased by \$0.4 million, and net investment in capital assets increased by \$6.3 million. Total increase in assets is due to an increase in cash and investments of \$2.5 million for upcoming capital projects, increase in other assets of \$2.9 million mainly due to recognition of a 40-year land lease receivable, and increase in capital assets of \$1.7 million due to preliminary design of Big Creek Dam, purchase of properties for URA redevelopment, infrastructure improvements, less depreciation. The decrease in deferred outflows is due to pension related item calculations. The decrease in total liabilities is due to the result of paying all required debt payments as planned. The increase in deferred inflows is due to a \$2.6 million decrease in pension related item calculations and an increase of \$2 million in deferred lease resources due to recognition of a 40-year land lease. Net investment in capital assets increased due to the increase of capital assets of \$1.7 million and paying all required debt payments as planned of \$4.6 million. The biggest factor related to the restricted net position increase of \$1.8 million was the accumulation of capital project funds for upcoming projects (delayed due to supply chain issues and staff shortages) less urban renewal revitalization funds used to purchase properties to be redeveloped. Unrestricted net position increase of \$2.3 million is due to supply chain issues and staff shortages.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2023, the City's assets exceeded liabilities by \$144.4 million. This represents an increase of \$10.4 million or 7.78% increase in net position from the prior fiscal year.

TABLE 1 - Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total Government	
	2022	2023	2022	2023	2022	2023
ASSETS						
Cash and investments	\$ 32,261,314	\$ 35,025,282	\$ 9,523,368	\$ 9,275,766	\$ 41,784,682	\$ 44,301,048
Other assets	3,063,240	5,166,237	2,326,517	3,145,361	5,389,757	8,311,598
Capital assets	79,583,820	80,881,112	78,968,037	79,333,967	158,551,857	160,215,079
Total Assets	114,908,374	121,072,631	90,817,922	91,755,094	205,726,296	212,827,725
DEFERRED OUTFLOWS OF RESOURCES						
Pension related items	2,817,428	1,557,825	529,016	18,743	3,346,444	1,576,568
Other postemployment benefit related items	24,321	28,849	11,386	12,990	35,707	41,839
Total Deferred Outflows of Resources	2,841,749	1,586,674	540,402	31,733	3,382,151	1,618,407
LIABILITIES						
Other liabilities	2,281,216	1,769,986	8,724,052	8,166,424	11,005,268	9,936,410
Long term debt outstanding	15,536,502	14,590,784	43,386,774	40,745,147	58,923,276	55,335,931
Total Liabilities	17,817,718	16,360,770	52,110,826	48,911,571	69,928,544	65,272,341
DEFERRED INFLOWS OF RESOURCES						
Pension related items	3,890,098	1,764,047	436,367	-	4,326,465	1,764,047
Other postemployment benefit related items	102,711	157,221	50,655	80,104	153,366	237,325
Deferred Lease Resources	730,591	2,777,379	-	-	730,591	2,777,379
Total Deferred Inflows of Resources	4,723,400	4,698,647	487,022	80,104	5,210,422	4,778,751
NET POSITION						
Net investment in capital assets	69,303,793	72,529,566	36,610,565	39,662,751	105,914,358	112,192,317
Restricted						
Highways and streets	1,096,252	747,699	-	-	1,096,252	747,699
Capital projects	6,677,707	9,062,310	6,047,096	5,968,579	12,724,803	15,030,889
Debt service	84,114	120,781	1,402,903	1,813,177	1,487,017	1,933,958
Tourism	2,882,819	3,087,686	-	-	2,882,819	3,087,686
RHIA OPEB benefits	57,748	-	-	-	57,748	-
Building inspection	372,858	441,081	-	-	372,858	441,081
Agate Beach closure	1,128,085	1,053,696	-	-	1,128,085	1,053,696
Urban renewal revitalization	5,592,866	4,424,038	-	-	5,592,866	4,424,038
Other	-	460,780	-	-	-	460,780
Unrestricted	8,012,763	9,672,251	(5,300,088)	(4,649,355)	2,712,675	5,022,896
Total Net Position	\$ 95,209,005	\$ 101,599,888	\$ 38,760,476	\$ 42,795,152	\$ 133,969,481	\$ 144,395,040

The largest portion of the City’s net position, \$112.2 million or 77.70%, is its investment in capital assets (land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses the capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’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. Of the remaining balance in net position, \$15 million (10.41%) is restricted for capital projects paid for by system development charges (SDCs) and other restricted resources, \$1.9 million (1.34%) is restricted for the City debt, namely bonds and loans, and \$4.4 million (3.06%) is restricted for the City Urban Renewal projects which are funded by Oregon’s Property Tax-increment financing.

Governmental Activities. Governmental net position increased from \$95.2 million in fiscal year 2021-22 to \$101.6 million in fiscal year 2022-23. The unrestricted balance increased from \$8 million to \$9.7 million, a 20.71% increase due to supply chain issues and staff shortages.

Business-Type Activities. Business-type net position increased from \$38.8 million in fiscal year 2021-22 to \$42.8 million in fiscal year 2022-23. The unrestricted balance increased 12.28% due to supply chain issues and staff shortages.

TABLE 2 - Governmental and Proprietary Activities

	Governmental Activities		Business-type Activities		Total Government	
	2022	2023	2022	2023	2022	2023
REVENUES:						
Program revenues						
Charges for services	\$ 3,882,718	\$ 4,190,974	\$ 9,839,633	\$ 10,945,325	\$ 13,722,351	\$ 15,136,299
Operating grants and contributions	2,549,596	2,698,364	-	-	2,549,596	2,698,364
Capital grants and contributions	2,586,959	716,052	125,059	1,336,021	2,712,018	2,052,073
General revenues						
Property taxes	11,873,913	12,402,852	2,209,388	2,198,486	14,083,301	14,601,338
Transient room taxes	6,666,570	6,974,069	-	-	6,666,570	6,974,069
Franchise fees	1,670,419	1,406,020	-	-	1,670,419	1,406,020
Other taxes	998,891	915,136	-	-	998,891	915,136
Interest earnings	153,673	1,036,051	62,368	434,539	216,041	1,470,590
Other revenue	371,642	183,425	69,012	42,038	440,654	225,463
Total Revenues	30,754,381	30,522,943	12,305,460	14,956,409	43,059,841	45,479,352
EXPENSES:						
General government	7,260,423	8,835,335	-	-	7,260,423	8,835,335
Public safety	6,161,819	7,285,141	-	-	6,161,819	7,285,141
Public Works	1,716,106	1,879,645	-	-	1,716,106	1,879,645
Culture and recreation	3,896,058	4,399,758	-	-	3,896,058	4,399,758
Interest on long-term debt	332,785	281,736	-	-	332,785	281,736
Water	-	-	4,960,698	4,407,378	4,960,698	4,407,378
Sewer	-	-	7,051,610	6,995,775	7,051,610	6,995,775
Stormwater	-	-	1,108,625	969,025	1,108,625	969,025
Total Expenses	19,367,191	22,681,615	13,120,933	12,372,178	32,488,124	35,053,793
Excess of revenues over expenditures before transfers	11,387,190	7,841,328	(815,473)	2,584,231	10,571,717	10,425,559
Transfers	(1,084,691)	(1,450,445)	1,084,691	1,450,445	-	-
Change in net position	10,302,499	6,390,883	269,218	4,034,676	10,571,717	10,425,559
Net Position, beginning, as restated	85,272,155	95,209,005	38,540,452	38,760,476	123,812,607	133,969,481
Prior Period Adjustment	(365,649)	-	(49,194)	-	(414,843)	-
Net Position, ending	\$ 95,209,005	\$ 101,599,888	\$ 38,760,476	\$ 42,795,152	\$ 133,969,481	\$ 144,395,040

Financial Analysis of the City's Funds

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

Governmental activities increased the City's net position by \$6.4 million (6.71% increase). The City has an ending fund balance policy, which sets the carry forward for each year. Department Heads monitor their budgets in order to stay within their planned expenditures, this way they have a carry forward balance. Comparing fiscal years, the City had received an additional \$1.9 million in aviation grants in FY 2022 (decrease in FY 2023) for capital grants and contributions, but was primarily offset with an increase of property taxes (4.45%) and interest earnings due to an increase in interest rates of up to 4.8%. Total expenses increased by 17.11% due to operations returning to pre-COVID hours of operation, COLI adjustments for personnel, and inflation price adjustments for materials and services.

Business-type activities increased the City's net position by \$4 million. For FY 2023, charges for service rates were increased up to 12% to help cover needed future infrastructure improvements that will need to occur. Capital grants were received in FY 2023 for the Big Creek Dam preliminary design of \$1.3 million. The Water fund encountered a filter issue in late June 2020. Additional unanticipated investment was made in FY 2022 to avoid reoccurring problems in the future resulting in an excess of expenditures in FY 2022. The overall increase to the Net Position grew by 10.41% due to these factors.

A summary of all fund balances is shown below.

TABLE 3 - Ending Fund Balances

GOVERNMENTAL FUNDS	FY 2021			FY 2022			FY 2023			FY22 to FY23
									Change	
General Fund	\$	5,639,296	\$	6,424,223	\$	7,197,788	\$	773,565		
Parks and Recreation Fund		316,899		452,586		490,367		37,781		
Public Parking Fund		389,388		20,058		(966)		(21,024)		
Housing Fund		357,572		539,864		726,500		186,636		
Airport Fund		183,384		374,342		397,935		23,593		
Room Tax Fund		1,989,467		2,882,819		3,087,686		204,867		
Building Inspection Fund		374,482		372,858		441,081		68,223		
Street Fund		854,785		1,096,252		747,699		(348,553)		
Line Undergrounding Fund		496,736		691,829		914,091		222,262		
SDC Fund		2,332,379		2,738,394		3,057,234		318,840		
Agate Beach Closure Fund		1,169,455		1,128,085		1,053,696		(74,389)		
Urban Renewal Agency Fund		3,807,152		5,474,072		4,289,871		(1,184,201)		
General Debt Service Fund		38,262		43,768		30,843		(12,925)		
G.O. Debt Service Fund		(3,518)		63,715		99,077		35,362		
Capital Project Fund		2,640,323		3,939,313		6,005,076		2,065,763		
Reserve Fund		2,144,594		2,603,870		2,548,207		(55,663)		
Capital Improvements Fund		815,348		2,051,044		3,064,677		1,013,633		
Total Governmental Funds	\$	23,546,004	\$	30,897,092	\$	34,150,862	\$	3,253,770		

PROPRIETARY FUNDS	FY 2021			FY 2022			FY 2023			FY22 to FY23
									Change	
Water Fund	\$	7,344,871	\$	4,821,054		8,449,589	\$	3,628,535		
Wastewater Fund		28,460,542		26,009,325		25,996,116		(13,209)		
Stormwater Fund		(1,554,845)		(767,471)		(549,437)		218,034		
Debt Fund - Water		4,229		6,221		6,595		374		
Debt Fund - Wastewater		461,478		973,852		1,403,975		430,123		
Debt Fund - Stormwater		177,391		175,398		122,161		(53,237)		
G.O. Debt Service Fund		168,363		247,432		280,446		33,014		
Capital Projects		2,072,415		6,047,096		5,968,579		(78,517)		
Public Works Fund		1,406,008		1,247,569		1,117,128		(130,441)		
City Facility Fund		752,387		376,327		525,729		149,402		
Total Proprietary Funds	\$	39,292,839	\$	39,136,803	\$	43,320,881	\$	4,184,078		

The City's governmental funds reported combined ending fund balances (EFBs) of \$34.2 million, an increase of \$3.3 million or 10.53% from the previous year.

The General Fund is the main operating fund for the City. At the end of 2022-23 FY, the unassigned and assigned fund balance of the General Fund was \$7.2 million. As a measure of the General Fund's liquidity, it may be useful to compare the spendable fund balance to total fund expenditures. The unassigned fund balance represents 59.58% of the total General Fund operating expenditures. The total fund balance (non-spendable, restricted, committed, assigned, and unassigned) increased by \$0.8 million to \$7.2 million, or 12.04% compared to the previous year. The increase is primarily due to City directors monitoring their expenditures, supply chain issues and staff shortages, and unfilled budgeted staff positions. The Urban Renewal Agency Fund decreased by \$1.2 million due to purchase of properties for future redevelopment. The Capital Project Fund increased \$2.1 million and the Capital Improvements Fund increased \$1 million for future capital projects (delayed due to supply chain issues and staff shortages).

The Proprietary funds reported combined EFB's of \$43.3 million, an increase of \$4.2 million or 10.69%. The Water Fund increased by \$3.6 million due to an increase of capital assets of \$1 million, paying all required debt payments as planned of \$2.1 million, and a slight increase of inventory of \$0.4 million. The

increase in capital assets is primarily due to preliminary design for Big Creek Dam less depreciation of existing capital assets. The increase in inventory was to increase part supplies due to delays in supply chain and increased costs in supplies. The Wastewater Debt Fund increased by \$0.4 million in anticipation of deferred interest becoming due in the near future from DEQ deferred notes and increased reserves required by DEQ.

General Fund Budgetary Highlights

There was a \$0.6 million increase between the adopted and final amended budgeted expenditures in the General Fund. During the course of the year, the City Council accepted, appropriated and approved four supplemental budgets for this fund. An adjustment was completed to recognize a \$0.1 million increase to the beginning fund balance and the offset went to contingency to match the 2021-22 fiscal year audit ending fund balance, adjustment to recognize opioid funds received of \$0.1 million and transferred to the Reserve Fund, adjustment to recognize potentially new leases and subscriptions (GASB 87 and GASB 96) of \$0.6 million, and a transfer of \$0.3 million to the Wastewater Fund from contingency to cover unanticipated infrastructure repairs.

Capital Assets. As of June 30, 2023, the City’s investment in capital assets for its governmental and business type activities was \$160.2 million, net of accumulated depreciation (see table 4). Investment in capital assets includes land, buildings and structures, equipment, vehicles, infrastructure, construction in progress, right to use lease assets, and subscription assets. The total increase in the City’s investment in capital assets for the current fiscal year was \$1.6 million or 1.05%. This total includes a 1.63% increase in assets related to governmental activities and a 0.46% increase in assets related business-type activities.

TABLE 4 - Capital Assets at Year-end - Net of Depreciation

	Governmental Activities		Business-type Activities		Total Government	
	2022	2023	2022	2023	2022	2023
Land	\$ 12,225,530	\$ 13,218,881	\$ 1,095,452	\$ 1,095,452	\$ 13,320,982	\$ 14,314,333
Construction in progress	5,206,906	5,835,258	7,016,006	8,756,869	12,222,912	14,592,127
Buildings and structures	45,113,428	44,911,989	39,300,959	39,368,503	84,414,387	84,280,492
Equipment	5,080,036	5,522,271	4,104,121	4,928,824	9,184,157	10,451,095
Vehicles	6,222,828	5,768,114	2,208,842	2,051,667	8,431,670	7,819,781
Infrastructure	58,922,603	60,995,157	73,368,730	74,462,737	132,291,333	135,457,894
Right to use lease assets	576,793	638,188	168,045	357,331	744,838	995,519
Subscription assets	228,483	228,483	36,897	36,897	265,380	265,380
Less accumulated depreciation	(53,992,787)	(56,237,229)	(48,331,015)	(51,724,313)	(102,323,802)	(107,961,542)
Total	\$ 79,583,820	\$ 80,881,112	\$ 78,968,037	\$ 79,333,967	\$ 158,551,857	\$ 160,215,079

Some significant changes are as follows.

Governmental activities:

- South Beach SE 35th & Highway 101 project accumulated \$207.3K in costs,
- SE Harney St sidewalk from SE Moore Dr to Yaquina View Elementary project accumulated \$779.7K in costs,
- PAC expansion project accumulated \$72.3K in costs,
- Parking meter equipment and signs began and accumulated \$103.2K in costs,
- Ferry slip utility line undergrounding project accumulated \$736.7K in costs,
- Vehicle charging station at Oregon Coast Aquarium project began and accumulated \$50K in costs,
- AT&T Firstnet CRD COW equipment began and accumulated \$78K in costs,
- Skid steer power unit w/attachments began and accumulated \$55.9K in costs,
- 30 Dell PCs began and accumulated \$60K in costs,
- Sam Case multi-purpose field began and accumulated \$500K in costs,

- 2022 Ford Explorer vehicle began and accumulated \$64.1K in costs,
- 2017 Ford F550 bucket truck began and accumulated \$95.1K in costs,
- 2023 Ford F150 truck began and accumulated \$52.6K in costs,
- 415-425 SW Coast Hwy (URA land redevelopment) began and accumulated \$503.6K in costs,
- 626, 636, and 641 SW Coast Hwy (URA land redevelopment) began and accumulated \$489.8K in costs.

Business-type activities:

- Fiber installation at NE 71ST Street PS and Tank began and accumulated \$50.8K in costs,
- Big Creek Dam design accumulated \$2M in costs,
- WTP Excess Recirculation (XR) Upgrade/Storage Building began and accumulated \$293.65K in costs,
- Northside Pump Station dechlorination project (NDP) & facility improvements accumulated \$50.9K in costs,
- Aerator gear box equipment and accumulated \$72.9K in costs,
- WWTP Master Plan began and accumulated \$272.3K in costs,
- Clarifier 2 Refurbishment equipment began and accumulated \$240.2K in costs,
- Influent Pump Station (IPS) Repairs began and accumulated \$167.8K in costs,
- Raw sewage pumps (Flygt) equipment began and accumulated \$146.5K in costs,
- Centrifuge rebuild began and accumulated \$70.1K in costs,
- Storm drain replacement on NW Spring Street began and accumulated \$123K in costs.

TABLE 5 - Change in Capital Assets

	Governmental Activities		Business-type Activities		Total Government	
	2022	2023	2022	2023	2022	2023
Beginning balance	\$ 78,990,396	\$ 79,583,820	\$ 80,159,195	\$ 78,968,037	\$ 159,149,591	\$ 158,551,857
Additions	4,040,033	6,262,699	16,840,662	5,127,422	20,880,695	11,390,121
Depreciation	(2,855,665)	(3,133,455)	(3,245,703)	(3,626,888)	(6,101,368)	(6,760,343)
Deletions	(590,944)	(1,831,952)	(14,786,117)	(1,134,604)	(15,377,061)	(2,966,556)
Ending Balance	\$ 79,583,820	\$ 80,881,112	\$ 78,968,037	\$ 79,333,967	\$ 158,551,857	\$ 160,215,079

Further information on the Capital Assets may be found in the Notes to the Financial Statements, Section 3 Detailed Notes.

Long-Term Debt. At the end of FY 2023 the City had total debt outstanding of \$55.3 million. The City has four major types of debt along with net pension liability, compensated absences, other postemployment benefits, leases, and subscriptions (see Table 6):

1. General Obligations Bonds (GO). Debt approved by the City’s taxpayers and for which they pay thorough an increase in their property taxes. The total amount outstanding is \$11.5 million, which includes \$290,734 of unamortized bond premium.
2. Debt based upon the “full faith and credit of the City” (FFC). Debt the City’s taxpayers do not pay directly. Revenue bonds are an example, revenues generated by the particular project being financed secure these bonds or whatever source the City has available for payment. The total amount outstanding is \$33.7 million.
3. Tax-increment financing. Debt financed using property taxes generated by development in a specific area which is used to pay for the infrastructure related to this area. The balance outstanding at the end of FY 2023 is \$2 million.
4. Loans made to the City by banks and other institutions. Debt for this type of financing is funded by specific funds. The total outstanding at June 30, 2023 is \$52,829.

In fiscal year 2022-23, the City continued to pay down debt, \$4.5 million was expended as planned.

TABLE 6 Outstanding Long-Term Debt at Year-End

GOVERNMENTAL ACTIVITIES	FY 2021	FY 2022	FY 2023
2013 Series GO for Swimming Pool	\$ 6,315,000	\$ 5,970,000	\$ 5,595,000
2010 B Full Faith & Credit Urban Renewal	1,115,000	550,000	-
2015 A and B Urban Renewal	3,340,000	2,678,000	1,960,000
2007 Certificate of Participation (LoCap)	75,000	50,000	25,000
2018 Airport Fuel Farm Borrowing	166,500	83,329	27,829
Unamortized Premium	302,169	263,435	224,699
Net Pension Liability	6,757,211	4,441,026	5,432,497
Compensated Absences	579,412	526,712	562,941
Other Postemployment Benefits Liability	344,551	288,736	243,800
Lease Payable	222,099	456,781	387,809
Subscription Payable	-	228,483	131,209
Total Governmental Debt	19,216,942	15,536,502	14,590,784
BUSINESS-TYPE ACTIVITIES	FY 2021	FY 2022	FY 2023
2009 GO Water Improvement Bonds (WTP)	7,786,329	6,686,249	5,615,773
2019 Water Borrowing	3,502,000	2,956,000	2,741,000
2010A Series, Full Faith and Refunding	780,000	255,000	-
2018 Series, Full Faith and Credit - Stormwater	2,367,000	2,058,000	1,740,000
2022 Series, Full Faith and Credit - Water	0	4,551,000	4,551,000
2007 Seal Rock Water District Agreement	615,252	580,417	543,881
2014 Water Borrowing	3,559,743	3,365,530	3,163,491
DEQ Note R689935	3,935,702	3,741,018	3,544,382
DEQ Note R689933	8,451,812	10,031,027	9,625,393
DEQ Note R689934	810,354	810,354	810,354
DEQ Note R689936	6,963,098	6,984,114	6,984,114
Unamortized Premium	132,687	99,362	66,035
Net Pension Liability	66,374	775,116	750,519
Compensated Absences	153,131	129,444	144,064
Other Postemployment Benefits Liability	90,531	177,351	131,924
Lease Payable	-	157,895	313,880
Subscription Payable	-	28,897	19,337
Total Business Type Debt	39,214,013	43,386,774	40,745,147
TOTALS:	\$ 58,430,955	\$ 58,923,276	\$ 55,335,931

Further discussion and information on the City's Long-term debt may be found in the notes to the financials, section 3 detailed notes.

Economic Factors and Next Year's Budget and Rates

The City of Newport is fortunate that its economy is relatively diverse and not dependent upon the success or failure of any specific component. Furthermore, with the continued growth and opportunities in the Marine Science sector promises to play a greater role in generating personal income in the years to come.

Another indicator of economic trends is the unemployment rate for a particular area. In reviewing the Lincoln County unemployment statistics over the past ten years for the month of June, it shows that 2019 was at 4.4%. Prior to the COVID pandemic, the February 2020 unemployment rate was at 4.6%. The rate rose to a high point of 25.9% in April and once the economy opened the rate dropped to 15.4% as of June 30, 2020. In the current fiscal year, the unemployment rate has dropped to 3.8% at June 30, 2023.

The City's single largest source of governmental revenue comes from property taxes. The city has seen an incremental growth in this revenue over the past years, which is used to fund the major operations of the city, including police, fire, and general government. The State of Oregon has passed a number of initiatives that impact the amount of property taxes paid to local governments, including Measure 5 which passed in 1990, and Measure 50, which passed in 1996. Measure 5 imposes a limit of \$10 per \$1,000 of real market value for the overall payments of general government taxes. The City of Newport has not been significantly impacted by compression, which results when the rate limits enacted by Measure 50 are exceeded on individual properties. Compression applies to the real market value of properties rather than the assessed valuation. The city should continue seeing a modest growth in property tax revenues for the near future, the average rate of growth has been around 4.3% for the past four years.

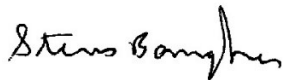
Another significant source of revenues for the City of Newport includes the transient room tax; it has increased an average of 11.34% over the last five years, which includes the substantial decline of revenue during COVID in 2020. The Newport transient room tax rate was increased in September 2021 from 9.5% to 12%.

The City provides for water, wastewater, and stormwater services. The rates were increased by 8.33% for water, 15% for wastewater, and 9.5% for the stormwater for the 2023-24 budget. Future rates will need to be increased due to current operations caused by inflation and additional costs to maintain and/or replace an aging infrastructure. These rates are a significant source of revenue for the City's proprietary funds.

In assembling the City-wide budget for the 2023-24 budget, the City Finance Department utilized various five-year projections based on historic trends. This included assumptions that assessed value of property would increase by 3.0%. Medical insurance coverage would increase by an average 5.5%, and an average Cost of Living Adjustment of 5.5% would be used for budgeted wages. Other expenses and revenue percentages were adjusted based on history factored in with expected higher than normal inflation.

All of these factors were considered when preparing the budget for the 2023-24 fiscal year.

Request for information. The financial report is designed to provide a general overview of the City's financial condition. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Newport, 169 SW Coast Highway, Newport, Oregon 97365



Signature: _____
Finance Director



BASIC FINANCIAL STATEMENTS

CITY OF NEWPORT
Statement of Net Position
June 30, 2023

ASSETS	Governmental Activities	Business-Type Activities	Total
Cash and Cash Equivalents	\$ 35,025,282	\$ 9,275,766	\$ 44,301,048
Receivables:			
Accounts, net	1,720,275	2,135,163	3,855,438
Taxes	562,367	102,465	664,832
Interest	79,049	-	79,049
Internal Balances	11,212	(11,212)	-
Inventory	84,931	899,555	984,486
Prepaid Expenses	6,985	19,390	26,375
Lease Receivables	2,634,231	-	2,634,231
Net Other Postemployment Benefits Asset	67,187	-	67,187
Capital Assets:			
Land and construction in progress	19,054,139	9,852,321	28,906,460
Other capital assets, net of depreciation	61,826,973	69,481,646	131,308,619
Total Assets	<u>121,072,631</u>	<u>91,755,094</u>	<u>212,827,725</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Items	1,557,825	18,743	1,576,568
Other Postemployment Benefits Related Items	28,849	12,990	41,839
Total Deferred Outflows of Resources	<u>1,586,674</u>	<u>31,733</u>	<u>1,618,407</u>
LIABILITIES			
Accounts Payable	543,932	497,269	1,041,201
Payroll and Related Liabilities	587,615	150,029	737,644
Customer Deposits	-	867,343	867,343
Unearned Revenue	616,573	20,828	637,401
Accrued Interest	21,866	6,630,955	6,652,821
Long-Term Liabilities:			
Due within one year	2,142,630	2,896,169	5,038,799
Due in more than one year	12,448,154	37,848,978	50,297,132
Total Liabilities	<u>16,360,770</u>	<u>48,911,571</u>	<u>65,272,341</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related Items	1,764,047	-	1,764,047
Other Postemployment Benefits Related Items	157,221	80,104	237,325
Deferred Lease Resources	2,777,379	-	2,777,379
Total Deferred Inflows of Resources	<u>4,698,647</u>	<u>80,104</u>	<u>4,778,751</u>
NET POSITION			
Net Investment in Capital Assets	72,529,566	39,662,751	112,192,317
Restricted for:			
Highways and streets	747,699	-	747,699
Capital projects	9,062,310	5,968,579	15,030,889
Debt service	120,781	1,813,177	1,933,958
Tourism	3,087,686	-	3,087,686
Building inspection	441,081	-	441,081
Agate Beach disposal site closure	1,053,696	-	1,053,696
Urban renewal revitalization	4,424,038	-	4,424,038
Other	460,780	-	460,780
Unrestricted	9,672,251	(4,649,355)	5,022,896
Total Net Position	<u>\$ 101,599,888</u>	<u>\$ 42,795,152</u>	<u>\$ 144,395,040</u>

See accompanying notes to basic financial statements.

CITY OF NEWPORT

Statement of Activities

Year Ended June 30, 2023

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ 8,835,335	\$ 2,972,772	\$ 1,256,790	\$ 494,155	\$ (4,111,618)	\$ -	\$ (4,111,618)
Public safety	7,285,141	191,656	459,009	-	(6,634,476)	-	(6,634,476)
Public works	1,879,645	2,238	949,581	185,929	(741,897)	-	(741,897)
Culture and recreation	4,399,758	1,024,308	32,984	35,968	(3,306,498)	-	(3,306,498)
Interest on long-term debt	281,736	-	-	-	(281,736)	-	(281,736)
Total Governmental Activities	22,681,615	4,190,974	2,698,364	716,052	(15,076,225)	-	(15,076,225)
Business-Type Activities:							
Water	4,407,378	4,643,198	-	1,336,021	-	1,571,841	1,571,841
Wastewater	6,995,775	5,252,241	-	-	-	(1,743,534)	(1,743,534)
Stormwater	969,025	1,049,886	-	-	-	80,861	80,861
Total Business-Type Activities	12,372,178	10,945,325	-	1,336,021	-	(90,832)	(90,832)
Totals	\$ 35,053,793	\$ 15,136,299	\$ 2,698,364	\$ 2,052,073	(15,076,225)	(90,832)	(15,167,057)
General Revenues:							
Property taxes					12,402,852	2,198,486	14,601,338
Transient room taxes					6,974,069	-	6,974,069
Franchise fees					1,406,020	-	1,406,020
Other taxes					915,136	-	915,136
Interest earnings					1,036,051	434,539	1,470,590
Other revenue					183,425	42,038	225,463
Transfers					(1,450,445)	1,450,445	-
Total General Revenues and Transfers					21,467,108	4,125,508	25,592,616
Change in Net Position					6,390,883	4,034,676	10,425,559
Net Position, beginning, as restated					95,209,005	38,760,476	133,969,481
Net Position, ending					\$ 101,599,888	\$ 42,795,152	\$ 144,395,040

See accompanying notes to basic financial statements.

CITY OF NEWPORT
Governmental Funds
Balance Sheet
June 30, 2023

	<u>General</u>	<u>Room Tax</u>	<u>Urban Renewal</u>
ASSETS			
Cash and Cash Equivalents	\$ 7,830,228	\$ 2,404,370	\$ 4,259,670
Receivables:			
Accounts	674,013	714,951	-
Taxes	363,827	-	170,525
Interest	-	-	-
Due from Other Funds	18,548	-	-
Inventory	-	-	-
Prepaid Items	2,330	-	-
Lease Receivables	196,459	-	-
	<u>9,085,405</u>	<u>3,119,321</u>	<u>4,430,195</u>
Total Assets	\$ <u>9,085,405</u>	\$ <u>3,119,321</u>	\$ <u>4,430,195</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 118,408	\$ 31,635	\$ 371
Payroll and related liabilities	439,575	-	5,786
Unearned revenue	602,208	-	-
Due to other funds	-	-	-
	<u>1,160,191</u>	<u>31,635</u>	<u>6,157</u>
Total Liabilities	1,160,191	31,635	6,157
Deferred Inflows of Resources:			
Unavailable revenues	538,450	-	134,167
Deferred lease resources	188,976	-	-
	<u>727,426</u>	<u>-</u>	<u>134,167</u>
Total Deferred Inflows of Resources	727,426	-	134,167
Fund Balances:			
Nonspendable	2,330	-	-
Restricted	-	3,087,686	4,289,871
Committed	-	-	-
Assigned	-	-	-
Unassigned	7,195,458	-	-
	<u>7,197,788</u>	<u>3,087,686</u>	<u>4,289,871</u>
Total Fund Balances	7,197,788	3,087,686	4,289,871
Total Liabilities and Fund Balances	\$ <u>9,085,405</u>	\$ <u>3,119,321</u>	\$ <u>4,430,195</u>

	Airport	Capital Projects	Nonmajor Governmental	Total Governmental Funds			
\$	451,881	\$	5,920,743	\$	13,265,781	\$	34,132,673
	16,842	137,817	146,100	1,689,723			
	-	-	28,015	562,367			
	79,049	-	-	79,049			
	-	-	110,000	128,548			
	38,946	-	45,985	84,931			
	27	-	3,729	6,086			
	<u>2,437,772</u>	<u>-</u>	<u>-</u>	<u>2,634,231</u>			
\$	<u>3,024,517</u>	\$	<u>6,058,560</u>	\$	<u>13,599,610</u>	\$	<u>39,317,608</u>
\$	6,255	\$	53,484	\$	208,265	\$	418,418
	17,559	-	79,799	542,719			
	14,365	-	-	616,573			
	<u>-</u>	<u>-</u>	<u>117,336</u>	<u>117,336</u>			
	<u>38,179</u>	<u>53,484</u>	<u>405,400</u>	<u>1,695,046</u>			
	-	-	21,704	694,321			
	<u>2,588,403</u>	<u>-</u>	<u>-</u>	<u>2,777,379</u>			
	<u>2,588,403</u>	<u>-</u>	<u>21,704</u>	<u>3,471,700</u>			
	38,973	-	49,714	91,017			
	358,962	6,005,076	5,349,262	19,090,857			
	-	-	2,130,769	2,130,769			
	-	-	5,643,727	5,643,727			
	<u>-</u>	<u>-</u>	<u>(966)</u>	<u>7,194,492</u>			
	<u>397,935</u>	<u>6,005,076</u>	<u>13,172,506</u>	<u>34,150,862</u>			
\$	<u>3,024,517</u>	\$	<u>6,058,560</u>	\$	<u>13,599,610</u>	\$	<u>39,317,608</u>



CITY OF NEWPORT

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2023

Total Fund Balances for Governmental Funds		\$	34,150,862
Total Net Position Reported for the Governmental Activities in the Statement of Net Position is Different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets and related accumulated depreciation are reported as follows:			
Land and construction in progress		\$	19,054,139
Other capital assets, net of depreciation, net of internal service funds			<u>61,740,138</u>
Total Capital Assets			80,794,277
The net other postemployment benefit asset is reported in the statement of net position but is not reported in the funds			
			67,187
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds			
			694,321
Long-term liabilities are not due and payable in the current period and therefore are not reported as fund liabilities:			
Long-term debt		(7,832,528)	
Lease liability		(300,146)	
Subscription liability		(131,209)	
Compensated absences, net of internal service funds		(540,935)	
Interest payable on long-term debt		(21,866)	
Other postemployment benefit liability, net of internal service funds		(214,733)	
Net pension liability, net of internal service funds		<u>(5,267,134)</u>	
Total Long-Term Liabilities			(14,308,551)
Internal service funds are used by management to charge the costs of information systems services, central services, and geographic information system services to individual funds. A portion of the assets and liabilities of the internal service funds is included in governmental activities statement of net position			
			525,729
Certain changes in net pension liabilities are deferred rather than recognized immediately. These items are amortized over time and are shown net of internal service fund balances:			
Deferred outflows of resources - pension related		1,553,695	
Deferred inflows of resources - pension related		(1,764,047)	
Deferred outflows of resources - other postemployment benefits related		25,987	
Deferred inflows of resources - other postemployment benefits related		<u>(139,572)</u>	
			<u>(323,937)</u>
Total Net Position of Governmental Activities		\$	<u><u>101,599,888</u></u>

See accompanying notes to basic financial statements.

CITY OF NEWPORT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2023

	<u>General</u>	<u>Room Tax</u>	<u>Urban Renewal</u>
Revenues:			
Taxes:			
Property	\$ 7,900,135	\$ -	\$ 3,837,754
Transient room	3,415,403	3,554,693	-
Other	182,670	-	-
Franchise fees, privilege taxes, licenses and permits	1,420,771	-	-
Intergovernmental	2,317,187	-	-
Charges for services	1,579,478	3,973	-
Fines and forfeitures	151,892	-	-
System development charges	-	-	-
Interest earnings	247,219	77,209	153,975
Other revenue	198,519	32,593	42,000
Total Revenues	<u>17,413,274</u>	<u>3,668,468</u>	<u>4,033,729</u>
Expenditures:			
Current:			
General government	3,748,152	1,043,793	132,666
Public safety	6,924,731	-	-
Public works	-	-	-
Culture and recreation	1,122,119	-	-
Capital outlay	150,883	-	-
Debt service:			
Principal	131,517	-	1,268,000
Interest	2,883	-	85,772
Total Expenditures	<u>12,080,285</u>	<u>1,043,793</u>	<u>1,486,438</u>
Excess (Deficiency) of Revenues over Expenditures	<u>5,332,989</u>	<u>2,624,675</u>	<u>2,547,291</u>
Other Financing Sources (Uses):			
Transfers in	382,517	4,172	1,351,508
Lease proceeds	54,389	-	-
Transfers out	<u>(4,996,330)</u>	<u>(2,423,980)</u>	<u>(5,083,000)</u>
Total Other Financing Sources (Uses)	<u>(4,559,424)</u>	<u>(2,419,808)</u>	<u>(3,731,492)</u>
Net Change in Fund Balances	773,565	204,867	(1,184,201)
Fund Balances, Beginning	<u>6,424,223</u>	<u>2,882,819</u>	<u>5,474,072</u>
Fund Balances, Ending	<u>\$ 7,197,788</u>	<u>\$ 3,087,686</u>	<u>\$ 4,289,871</u>

See accompanying notes to basic financial statements.

<u>Airport</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 628,280	\$ 12,366,169
-	-	-	6,970,096
-	-	202,371	385,041
-	-	226,640	1,647,411
-	288,233	1,168,996	3,774,416
552,033	-	1,306,299	3,441,783
-	-	-	151,892
-	-	409,952	409,952
98,287	143,952	298,007	1,018,649
135,348	-	11,867	420,327
<u>785,668</u>	<u>432,185</u>	<u>4,252,412</u>	<u>30,585,736</u>
933,359	246,979	665,181	6,770,130
-	-	10,150	6,934,881
-	-	649,378	649,378
-	-	1,969,161	3,091,280
44,405	2,861,347	924,523	3,981,158
7,119	-	460,952	1,867,588
632	-	231,223	320,510
<u>985,515</u>	<u>3,108,326</u>	<u>4,910,568</u>	<u>23,614,925</u>
<u>(199,847)</u>	<u>(2,676,141)</u>	<u>(658,156)</u>	<u>6,970,811</u>
348,853	4,756,746	4,548,944	11,392,740
-	-	897	55,286
<u>(125,413)</u>	<u>(14,842)</u>	<u>(2,521,502)</u>	<u>(15,165,067)</u>
<u>223,440</u>	<u>4,741,904</u>	<u>2,028,339</u>	<u>(3,717,041)</u>
23,593	2,065,763	1,370,183	3,253,770
374,342	3,939,313	11,802,323	30,897,092
<u>\$ 397,935</u>	<u>\$ 6,005,076</u>	<u>\$ 13,172,506</u>	<u>\$ 34,150,862</u>



CITY OF NEWPORT

Reconciliation of Change in Fund Balances of Governmental Funds to Statement of Activities

Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds	\$	3,253,770
The Change in Net Position Reported for Governmental Activities in the Statement of Activities is Different because:		
Governmental funds report capital outlays as expenditures. However, on the Statement of Activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay	\$	4,582,822
Depreciation and amortization		<u>(3,130,196)</u>
		1,452,626
The net effect of transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(189,228)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds and other revenues reported in the funds are not revenues reported in the statement of activities		
Property taxes		36,683
Charges for services		(181,263)
Miscellaneous		<u>8,232</u>
		(136,348)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position		
Amortization of bond premium		38,735
Accrued interest		4,016
Change in leases payable		103,895
Change in subscription payable		97,274
Principal payments		<u>1,723,500</u>
		1,967,420
The amount contributed to defined benefit pension plans is reported as an expenditure in the funds while governmental activities report pension expense as the change in net pension asset or liability, pension related deferred outflows of resources and deferred inflows of resources, net of the internal service funds		
Change in deferred outflows of resources - pension related		(1,183,020)
Change in net pension liability		(944,369)
Change in deferred inflows of resources - pension related		<u>2,059,473</u>
		(67,916)
The amount contributed to defined benefit other postemployment benefit plans is reported as an expenditure in the funds while governmental activities report other postemployment benefit expense as the change in other postemployment benefit (OPEB) asset or liability, OPEB related deferred outflows of resources and deferred inflows of resources, net of the internal service funds		
Change in deferred outflows of resources - OPEB related		3,403
Change in net OPEB asset		(5,022)
Change in OPEB liability		46,945
Change in deferred inflows of resources - OPEB related		<u>(44,589)</u>
		737
Some expenses reported in the statement of activities do no require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds		
Compensated absences, net of internal service funds		(39,580)
The net income of certain activities of internal service funds is reported in the governmental activities		
		<u>149,402</u>
Change in Net Position of Governmental Activities	\$	<u><u>6,390,883</u></u>

See accompanying notes to basic financial statements.

CITY OF NEWPORT

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended June 30, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes				
Property	\$ 7,687,085	\$ 7,687,085	\$ 7,900,135	\$ 213,050
Transient room	3,084,026	3,084,026	3,415,403	331,377
Other	205,580	205,580	182,670	(22,910)
Franchise fees, privilege taxes, licenses and permits	1,282,077	1,282,077	1,420,771	138,694
Intergovernmental	2,420,296	2,494,711	2,317,187	(177,524)
Charges for services	1,565,954	1,565,954	1,579,478	13,524
Fines and forfeitures	152,286	152,286	151,892	(394)
Interest earnings	32,000	32,000	247,219	215,219
Other revenue	120,000	125,545	198,519	72,974
Total Revenues	<u>16,549,304</u>	<u>16,629,264</u>	<u>17,413,274</u>	<u>784,010</u>
Expenditures:				
City administration	3,569,903	3,955,403	3,217,365	738,038
Police	5,440,227	5,514,103	4,405,535	1,108,568
Fire	2,898,250	3,004,250	2,513,993	490,257
Emergency coordinator	129,343	129,343	102,524	26,819
Library	1,217,186	1,291,355	1,130,770	160,585
Community development	502,273	502,273	363,856	138,417
Non-departmental	968,974	968,974	346,242	622,732
Contingency	589,046	86,669	-	86,669
Total Expenditures	<u>15,315,202</u>	<u>15,452,370</u>	<u>12,080,285</u>	<u>3,372,085</u>
Excess of Revenues Over Expenditures	<u>1,234,102</u>	<u>1,176,894</u>	<u>5,332,989</u>	<u>4,156,095</u>
Other Financing Sources (Uses):				
Transfers in	252,578	382,517	382,517	-
Lease proceeds	-	566,400	54,389	(512,011)
Transfers out	(4,501,439)	(4,996,330)	(4,996,330)	-
Total Other Financing Sources (Uses)	<u>(4,248,861)</u>	<u>(4,047,413)</u>	<u>(4,559,424)</u>	<u>(512,011)</u>
Net Change in Fund Balance	(3,014,759)	(2,870,519)	773,565	3,644,084
Fund Balance, beginning	<u>6,568,462</u>	<u>6,424,222</u>	<u>6,424,223</u>	<u>1</u>
Fund Balance, ending	<u>\$ 3,553,703</u>	<u>\$ 3,553,703</u>	<u>\$ 7,197,788</u>	<u>\$ 3,644,085</u>

CITY OF NEWPORT

Room Tax Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended June 30, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes				
Transient room	\$ 3,068,679	\$ 3,068,679	\$ 3,554,693	\$ 486,014
Charges for services	-	-	3,973	3,973
Interest earnings	9,400	9,400	77,209	67,809
Other revenue	-	24,000	32,593	8,593
Total Revenues	<u>3,078,079</u>	<u>3,102,079</u>	<u>3,668,468</u>	<u>566,389</u>
Expenditures:				
Room tax	1,471,841	1,526,841	1,043,793	483,048
Contingency	147,184	714,048	-	714,048
Total Expenditures	<u>1,619,025</u>	<u>2,240,889</u>	<u>1,043,793</u>	<u>1,197,096</u>
Excess of Revenues Over Expenditures	<u>1,459,054</u>	<u>861,190</u>	<u>2,624,675</u>	<u>1,763,485</u>
Other Financing Sources (Uses):				
Transfers in	-	4,172	4,172	-
Transfers out	<u>(2,388,927)</u>	<u>(2,423,980)</u>	<u>(2,423,980)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(2,388,927)</u>	<u>(2,419,808)</u>	<u>(2,419,808)</u>	<u>-</u>
Net Change in Fund Balance	(929,873)	(1,558,618)	204,867	1,763,485
Fund Balance, beginning	<u>2,280,222</u>	<u>2,882,819</u>	<u>2,882,819</u>	<u>-</u>
Fund Balance, ending	<u>\$ 1,350,349</u>	<u>\$ 1,324,201</u>	<u>\$ 3,087,686</u>	<u>\$ 1,763,485</u>

CITY OF NEWPORT

Urban Renewal Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended June 30, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes				
Property	\$ 3,718,399	\$ 3,718,399	\$ 3,837,754	\$ 119,355
Interest earnings	22,060	22,060	153,975	131,915
Other revenue	45,000	45,000	42,000	(3,000)
Total Revenues	<u>3,785,459</u>	<u>3,785,459</u>	<u>4,033,729</u>	<u>248,270</u>
Expenditures:				
Newport south beach operations	140,079	140,079	95,637	44,442
Newport northside operations	93,576	93,576	36,948	56,628
McLean point operations	100	100	81	19
Debt service	1,354,772	1,354,772	1,353,772	1,000
Contingency	4,726,962	3,786,759	-	3,786,759
Total Expenditures	<u>6,315,489</u>	<u>5,375,286</u>	<u>1,486,438</u>	<u>3,888,848</u>
Excess of Revenues Over Expenditures	<u>(2,530,030)</u>	<u>(1,589,827)</u>	<u>2,547,291</u>	<u>4,137,118</u>
Other Financing Sources (Uses):				
Transfers in	1,350,000	1,351,508	1,351,508	-
Transfers out	<u>(4,063,000)</u>	<u>(5,083,000)</u>	<u>(5,083,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(2,713,000)</u>	<u>(3,731,492)</u>	<u>(3,731,492)</u>	<u>-</u>
Net Change in Fund Balance	(5,243,030)	(5,321,319)	(1,184,201)	4,137,118
Fund Balance, beginning	<u>5,395,647</u>	<u>5,474,075</u>	<u>5,474,072</u>	<u>(3)</u>
Fund Balance, ending	<u>\$ 152,617</u>	<u>\$ 152,756</u>	<u>\$ 4,289,871</u>	<u>\$ 4,137,115</u>

CITY OF NEWPORT

Airport Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended June 30, 2023

	Budget		Actual	Variance with Final Budget
	Original	Budget		
Revenues:				
Charges for services	\$ 342,704	\$ 492,704	\$ 552,033	\$ 59,329
Interest earnings	820	820	98,287	97,467
Other revenue	170,126	170,126	135,348	(34,778)
Total Revenues	513,650	663,650	785,668	122,018
Expenditures:				
Airport operations	836,505	1,141,010	967,136	173,874
Contingency	83,651	66,177	-	66,177
Total Expenditures	920,156	1,207,187	967,136	240,051
Excess of Revenues Over Expenditures	(406,506)	(543,537)	(181,468)	362,069
Other Financing Sources (Uses):				
Transfers in	348,853	348,853	348,853	-
Lease proceeds	-	70,000	-	(70,000)
Transfers out	(125,413)	(125,413)	(125,413)	-
Total Other Financing Sources (Uses)	223,440	293,440	223,440	(70,000)
Net Change in Fund Balance	(183,066)	(250,097)	41,972	292,069
Fund Balance, beginning	249,986	317,017	317,017	-
Fund Balance, ending	\$ 66,920	\$ 66,920	358,989	\$ 292,069
<i>Reconciliation to generally accepted accounting principles</i>				
Inventory			38,946	
Fund balance, ending - generally accepted accounting principles			\$ 397,935	

CITY OF NEWPORT
Proprietary Funds
Statement of Net Position
June 30, 2023

	Business-Type Activities - Enterprise Funds		
	Water	Wastewater	Stormwater
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 1,074,735	\$ -	\$ -
Receivables:			
Accounts, net	672,542	758,371	143,585
Property taxes	-	-	-
Inventory	654,128	245,427	-
Prepaid expenses	7,107	8,689	3,513
Total Current Assets	<u>2,408,512</u>	<u>1,012,487</u>	<u>147,098</u>
Noncurrent Assets:			
Capital assets:			
Land and construction in progress	8,291,936	831,762	129,283
Other capital assets, net	22,060,484	46,175,122	1,001,520
Total Capital Assets	<u>30,352,420</u>	<u>47,006,884</u>	<u>1,130,803</u>
Total Noncurrent Assets	<u>30,352,420</u>	<u>47,006,884</u>	<u>1,130,803</u>
Total Assets	<u>32,760,932</u>	<u>48,019,371</u>	<u>1,277,901</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Items	8,353	2,744	1,158
Other Postemployment Benefits Related Items	5,790	1,902	802
Total Deferred Outflows of Resources	<u>14,143</u>	<u>4,646</u>	<u>1,960</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	118,239	148,610	2,815
Payroll and related liabilities	52,234	36,298	9,435
Due to other fund	-	1,958	9,254
Customer deposits	867,343	-	-
Unearned revenue	-	20,828	-
Accrued interest	6,005,650	620,955	4,350
Accrued compensated absences	39,434	23,437	3,066
Long-term obligations due within one year	1,631,259	795,325	328,000
Total Current Liabilities	<u>8,714,159</u>	<u>1,647,411</u>	<u>356,920</u>
Long-Term Obligations Due in More than One Year	<u>15,575,627</u>	<u>20,368,760</u>	<u>1,467,430</u>
Total Liabilities	<u>24,289,786</u>	<u>22,016,171</u>	<u>1,824,350</u>
DEFERRED INFLOWS OF RESOURCES			
Other Postemployment Benefits Related Items	35,700	11,730	4,948
Total Deferred Inflows of Resources	<u>35,700</u>	<u>11,730</u>	<u>4,948</u>
NET POSITION			
Net Investment in Capital Assets	13,475,497	25,915,405	1,130,803
Restricted for:			
Debt service	-	-	-
Capital projects	-	-	-
Unrestricted	<u>(5,025,908)</u>	<u>80,711</u>	<u>(1,680,240)</u>
Total Net Position	<u>\$ 8,449,589</u>	<u>\$ 25,996,116</u>	<u>\$ (549,437)</u>

Adjustment to reflect the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time.

Net position of business-type activities

See accompanying notes to basic financial statements.

<u>Business-Type Activities - Enterprise Funds</u>			
<u>Nonmajor Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>	
\$ 7,324,933	\$ 8,399,668	\$ 1,768,707	
560,665	2,135,163	30,552	
102,465	102,465	-	
-	899,555	-	
-	19,309	980	
<u>7,988,063</u>	<u>11,556,160</u>	<u>1,800,239</u>	
-	9,252,981	599,340	
-	69,237,126	331,355	
-	78,490,107	930,695	
-	78,490,107	930,695	
<u>7,988,063</u>	<u>90,046,267</u>	<u>2,730,934</u>	
-	12,255	10,618	
-	8,494	7,358	
-	20,749	17,976	
206,307	475,971	146,812	
-	97,967	96,958	
-	11,212	-	
-	867,343	-	
-	20,828	-	
-	6,630,955	-	
-	65,937	61,937	
-	2,754,584	39,396	
<u>206,307</u>	<u>10,924,797</u>	<u>345,103</u>	
-	37,411,817	715,575	
<u>206,307</u>	<u>48,336,614</u>	<u>1,060,678</u>	
-	52,378	45,375	
-	52,378	45,375	
-	38,967,826	694,097	
1,813,177	1,813,177	-	
5,968,579	5,968,579	-	
-	(5,071,558)	948,760	
<u>\$ 7,781,756</u>	<u>41,678,024</u>	<u>\$ 1,642,857</u>	
	1,117,128		
	<u>\$ 42,795,152</u>		

CITY OF NEWPORT
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds		
	Water	Wastewater	Stormwater
Operating Revenues:			
Service charges and fees	\$ 4,643,198	\$ 5,252,241	\$ 1,049,886
Intergovernmental	-	-	-
Miscellaneous	12,856	26,075	-
Total Operating Revenues	<u>4,656,054</u>	<u>5,278,316</u>	<u>1,049,886</u>
Operating Expenses:			
Salaries and wages	1,132,395	766,509	133,403
Contracted services	169,891	352,495	10,455
Property services	107,813	121,698	584
Operating supplies	60,013	401,144	10,296
Utilities	239,750	328,757	2,747
Depreciation and amortization	1,408,960	2,107,238	65,596
Repairs and maintenance	477,368	347,739	31,870
Charges for services	833,529	934,941	199,888
Miscellaneous	61,494	105,860	1,554
Total Operating Expenses	<u>4,491,213</u>	<u>5,466,381</u>	<u>456,393</u>
Operating Income (Loss)	164,841	(188,065)	593,493
Nonoperating Revenues (Expenses):			
Interest income	39,215	3,597	4,933
Interest expense	(896,554)	(470,529)	(60,610)
Property taxes	-	-	-
Gain (loss) on sale of capital assets	-	-	-
Total Nonoperating Revenues (Expenses)	<u>(857,339)</u>	<u>(466,932)</u>	<u>(55,677)</u>
Income (Loss) Before Capital Contributions and Transfers	(692,498)	(654,997)	537,816
Capital Contributions	-	-	-
Transfers In	5,367,657	2,290,756	505,008
Transfers Out	<u>(1,046,624)</u>	<u>(1,648,968)</u>	<u>(824,790)</u>
Change in Net Position	3,628,535	(13,209)	218,034
Net Position, beginning, as restated	<u>4,821,054</u>	<u>26,009,325</u>	<u>(767,471)</u>
Net Position, ending	\$ <u>8,449,589</u>	\$ <u>25,996,116</u>	\$ <u>(549,437)</u>

Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds

Change in net position of the business-type activities

Business-Type Activities - Enterprise Funds

<u>Nonmajor Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ -	\$ 10,945,325	\$ 1,462,076
-	-	12,887
-	38,931	46,373
-	10,984,256	1,521,336
-	2,032,307	2,013,457
396,798	929,639	56,642
-	230,095	341,365
-	471,453	68,263
-	571,254	525,468
-	3,581,794	48,353
-	856,977	240,820
-	1,968,358	154,847
-	168,908	165,133
396,798	10,810,785	3,614,348
(396,798)	173,471	(2,093,012)
364,070	411,815	40,126
-	(1,427,693)	(2,218)
2,198,486	2,198,486	-
-	-	(2,891)
2,562,556	1,182,608	35,017
2,165,758	1,356,079	(2,057,995)
1,336,021	1,336,021	-
6,011,768	14,175,189	3,298,913
(9,181,790)	(12,702,172)	(1,221,957)
331,757	4,165,117	18,961
7,449,999		1,623,896
\$ 7,781,756		\$ 1,642,857
	(130,441)	
\$	<u>4,034,676</u>	

CITY OF NEWPORT
Proprietary Funds
Statement of Cash Flows
Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds		
	Water	Wastewater	Stormwater
Cash Flows from Operating Activities:			
Receipts from customers and users	\$ 4,504,581	\$ 5,230,178	\$ 1,066,068
Services provided to other funds	-	-	-
Payments for interfund services used	(833,529)	(934,941)	(199,888)
Payments to suppliers	(1,383,696)	(1,768,394)	(58,609)
Payments to employees	(1,072,613)	(896,399)	(156,675)
Other revenues	12,856	26,075	-
Net Cash provided by (used in) Operating Activities	1,227,599	1,656,519	650,896
Cash Flows from Noncapital and Related Financing Activities:			
Transfer in	-	278,000	-
Transfer out	(70,000)	(70,000)	-
Advances from other funds	-	1,958	9,254
Net Cash Flows provided by (used in) Noncapital and Related Financing Activities	(70,000)	209,958	9,254
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	(64,744)	(451,457)	-
Grants	-	-	-
Property taxes	-	-	-
Transfers in	-	10,025	-
Transfers out	(975,753)	(1,578,968)	(824,790)
Principal paid	(18,311)	(14,977)	-
Interest paid	(1,381)	(1,408)	-
Net Cash Flows provided by (used in) Capital and Related Financing Activities	(1,060,189)	(2,036,785)	(824,790)
Cash Flows from Investing Activities:			
Investment income received	39,215	3,597	4,933
Net Increase (Decrease) in Cash and Cash Equivalents	136,625	(166,711)	(159,707)
Cash and Cash Equivalents, beginning	938,110	166,711	159,707
Cash and Cash Equivalents, ending	\$ 1,074,735	\$ -	\$ -

Business-Type Activities - Enterprise Funds

<u>Nonmajor Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ -	\$ 10,800,827	\$ -
-	-	1,431,524
-	(1,968,358)	(154,847)
(396,798)	(3,607,497)	(1,378,045)
-	(2,125,687)	(1,827,404)
-	38,931	59,260
<u>(396,798)</u>	<u>3,138,216</u>	<u>(1,869,512)</u>
-	278,000	3,298,913
-	(140,000)	(999,603)
-	11,212	-
<u>-</u>	<u>149,212</u>	<u>2,299,310</u>
(3,128,296)	(3,644,497)	(250,418)
825,685	825,685	-
2,192,851	2,192,851	-
6,011,768	6,021,793	-
(1,307,265)	(4,686,776)	-
(2,699,321)	(2,732,609)	(17,698)
<u>(1,918,950)</u>	<u>(1,921,739)</u>	<u>(2,218)</u>
<u>(23,528)</u>	<u>(3,945,292)</u>	<u>(270,334)</u>
<u>364,070</u>	<u>411,815</u>	<u>40,126</u>
<u>(56,256)</u>	<u>(246,049)</u>	<u>199,590</u>
<u>7,381,189</u>	<u>8,645,717</u>	<u>1,569,117</u>
\$ <u>7,324,933</u>	\$ <u>8,399,668</u>	\$ <u>1,768,707</u>

CITY OF NEWPORT
Proprietary Funds
Statement of Cash Flows, continued
Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds		
	Water	Wastewater	Stormwater
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:			
Operating income (loss)	\$ 164,841	\$ (188,065)	\$ 593,493
Adjustments to reconcile operating income (loss) to net cash flows provided by (used in) operating activities:			
Depreciation and amortization	1,408,960	2,107,238	65,596
(Increase) decrease in assets and deferred outflows of resources:			
Accounts receivable	27,565	(22,063)	16,182
Prepaid expenses	(6,742)	(7,789)	(3,513)
Inventory	(309,375)	(8,350)	-
Deferred outflows of resources - pension related	192,927	146,474	46,471
Deferred outflows of resources - other postemployment benefits related	(1,458)	1,310	223
Increase (decrease) in liabilities and deferred inflows of resources:			
Accounts payable	48,750	(94,562)	2,410
Accrued liabilities	(4,101)	(14,476)	1,698
Accrued leave	(8,863)	1,879	(1,525)
Customer deposits	39,407	-	-
Unearned revenue	(205,589)	-	-
Net pension liability	39,564	(108,728)	(23,422)
Net other postemployment benefits liability	(8,685)	(30,706)	(7,817)
Deferred inflows of resources - pension related	(166,029)	(123,085)	(39,287)
Deferred inflows of resources - other postemployment benefits related	16,427	(2,558)	387
Net Cash Flows provided by (used in) Operating Activities	<u>\$ 1,227,599</u>	<u>\$ 1,656,519</u>	<u>\$ 650,896</u>
Noncash Capital and Related Financing Activities:			
Lease proceeds and lease assets	\$ 74,972	\$ 2,692	\$ -
Transfers in	5,367,657	2,002,731	505,008
Transfers out	<u>(871)</u>	<u>-</u>	<u>-</u>
Net Noncash Capital and Related Financing Activities	<u>\$ 5,441,758</u>	<u>\$ 2,005,423</u>	<u>\$ 505,008</u>

Business-Type Activities - Enterprise Funds

<u>Nonmajor Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ (396,798)	\$ 173,471	\$ (2,093,012)
-	3,581,794	48,353
-	21,684	(30,552)
-	(18,044)	(829)
-	(317,725)	-
-	385,872	200,984
-	75	(2,804)
-	(43,402)	20,475
-	(16,879)	(1,355)
-	(8,509)	19,778
-	39,407	-
-	(205,589)	-
-	(92,586)	115,091
-	(47,208)	3,789
-	(328,401)	(174,544)
-	14,256	25,114
\$ (396,798)	\$ 3,138,216	\$ (1,869,512)
\$ -	\$ 77,664	\$ 154,668
-	7,875,396	-
(7,874,525)	(7,875,396)	(222,354)
\$ (7,874,525)	\$ 77,664	\$ (67,686)

CITY OF NEWPORT
Fiduciary Funds
Statement of Net Position
June 30, 2023

	City of Newport Employees Retirement Plan Pension Trust Fund
ASSETS	
Cash and Cash Equivalents	\$ 1,444,033
Investments	
Equities	6,304,332
Mutual funds	4,711,100
Receivables	61,217
	<hr/>
Total Assets	12,520,682
	<hr/>
NET POSITION	
Restricted for Defined Benefit Pension	9,030,342
Restricted for Defined Contribution Pension	3,490,340
	<hr/>
Total Net Position	\$ <u><u>12,520,682</u></u>

CITY OF NEWPORT
Fiduciary Funds
Statement of Changes in Net Position
Year Ended June 30, 2023

	City of Newport Employees Retirement Plan Pension Trust Fund
Additions	
Employer contributions	\$ 698,777
Investment earnings (losses):	
Investment earnings	877,639
Less investment expense	<u>(51,441)</u>
Total investment earnings (losses), net	<u>826,198</u>
Total Additions	<u>1,524,975</u>
Deductions	
Benefits	<u>935,633</u>
Total Deductions	<u>935,633</u>
Change in Net Position	589,342
Net Position, Beginning	<u>11,931,340</u>
Net Position, Ending	<u>\$ <u>12,520,682</u></u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 1 - Summary of Significant Accounting Policies

The financial statements of the City of Newport (the City) have been prepared in accordance accounting principles generally accepted in the United States of America (GAAP). GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reporting Entity

The City of Newport operates under a council-manager form of government instituted by a vote of the people on May 18, 1962, effective as of July 1, 1962. It provides for a mayor, six councilors and a city manager. The accompanying basic financial statements present all activities, funds and component units for which the City is considered to be financially accountable. The criteria used in making this determination includes appointment of the voting majority, imposition of will, financial benefit or burden on the primary government and fiscal dependency on the primary government. Based upon the evaluation of this criteria, the City is the primary government of its blended component unit, the Newport Urban Renewal Agency. There are various other governmental agencies and special service districts which provide services within the City's boundaries. However, the City is not financially accountable for any of these entities and accordingly their financial information is not included in these financial statements.

Blended Component Unit

The Newport Urban Renewal Agency (NURA) serves the citizens of the City of Newport. The City Council and Board of Directors of NURA are composed of the same individuals. Additionally, management of the City manages the activities of the component unit in the same manner as it manages its own activities. NURA's annual financial report may be obtained at City Hall in Newport, OR 97365.

Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund level. Both levels of statements categorize activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support.

Government-wide financial statements display information about the City as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the City as an entity and the change in financial position resulting from the activities of the fiscal period. These statements consist of the statement of net position and the statement of activities. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues.

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated into a single column 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 financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue 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

Notes to Financial Statements

Year Ended June 30, 2023

Note 1 - Summary of Significant Accounting Policies, continued

Measurement Focus, Basis of Accounting and Financial Statement Presentation, 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 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 and claims and judgments, are recorded only when payment is due.

Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the governmental activities in the government-wide financial statements, a reconciliation is necessary to explain the adjustments from one to the other. This reconciliation is part of the basic financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sanitary sewer enterprise funds and the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

In the government-wide and proprietary fund financial statements, 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.

The City reports the following major governmental funds:

General

This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Principal sources of revenues are property taxes, franchise fees, state shared revenues, permits, municipal court fines, and licenses. Primary expenditures are for general government (planning), public safety (municipal court, police, and fire), and culture and recreation (library).

Room Tax

Accounts for the collection of a lodging tax from temporary overnight stays at hotels, motels and similar establishments within the City.

Urban Renewal

This fund implements projects identified in the South Beach, North Side and McLean Urban Renewal Plans. This fund also accounts for the debt service related to the construction/operations of the Newport Urban Renewal Agency. For more detail, please see the separately created financial report.

Airport

Accounts for activity related to the Newport Municipal Airport. Primary revenues relate to sales of fuel and rents and leases.

Capital Projects Fund

This fund accounts for capital projects of the governmental funds.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 1 - Summary of Significant Accounting Policies, continued

Measurement Focus, Basis of Accounting and Financial Statement Presentation, continued

The City reports the following major proprietary funds:

Water

This fund reports financial activity related to supply, treatment and distribution of water with the primary revenue coming from water service charges.

Wastewater

All programs associated with the collection and treatment of wastewater in the City is reported in this fund. Other activities include system improvements, plant expansion, administration, equipment replacement, economic development, and payment of related debt. The primary source of revenue is wastewater service charges.

Stormwater

This fund reports financial activity related to stormwater with the primary revenue coming from stormwater charges.

Internal Service

Accounts for the cost of providing services to other funds of the City which are charged a fee on a cost reimbursement basis for those services.

Additionally, the City reports the following nonmajor fund types:

Special Revenue

A governmental fund type used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service

The City utilizes this fund type to account for debt service on bonds issued by the governmental funds. General obligation bonds are repaid using by property taxes. Other sources of revenue include transient room taxes, assessments, and general revenues of the City.

Capital Projects

A governmental fund type used to account for the acquisition or construction of major capital facilities other than those financed by proprietary funds. Sources of revenue include local, state, and federal support; donations; and transfers from other funds.

Enterprise

Accounts for the operations of predominately self-supporting activities. Enterprise funds account for services provided to the public on a user charge basis.

Internal Service

Accounts for the cost of providing services to other funds of the City which are charged a fee on a cost reimbursement basis for those services.

Fiduciary

The fiduciary fund presented in the financial statements accounts for the City of Newport's pension plan to provide retirement benefits to its employees.

Cash and Cash Equivalents

The City's cash on hand, deposits with financial institutions and investments in the Oregon State Treasurer's Local Government Investment Pool (LGIP) are considered to be cash and cash equivalents. The LGIP policies are governed by state statutes and the Oregon Investment Council. Participation by local governments is voluntary. The reported value of the pool is the same as the fair value of pool shares.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 1 - Summary of Significant Accounting Policies, continued

Investments

State statutes authorize the City to invest in obligations of the U. S. Treasury, commercial paper and repurchase agreements. Additionally, the City of Newport Employees Retirement Plan Pension Trust Fund invests in equity securities and mutual funds. Investments are stated at fair value.

Restricted Assets

Assets whose use is restricted for construction, debt service, or by other agreement are segregated on the government-wide statement of net position and the proprietary fund statement of net position.

Inventories

In the proprietary funds, inventories are reported at cost (first-in, first-out method). Inventories are recorded as expenditures when purchased or donated and charged to expenses in the statement of activities and the enterprise funds when used.

In the governmental funds, inventories are reported at cost (first-in, first-out method). However, in the debt service fund, foreclosed land held for resale is recorded at the related lien value plus cost of foreclosure.

Receivables

Management has determined that the direct method of accounting for uncollectible accounts receivable approximates the GAAP allowance for uncollectible accounts method. Therefore, no allowance for uncollectible accounts receivable has been presented. Property taxes receivable for governmental fund types which are collected within 60 days following the year end are considered measurable and available and, accordingly, are recognized as revenues in the respective funds. All other property taxes receivable for the governmental fund types are offset by deferred revenues and, accordingly, have not been recorded as revenues. Uncollected property taxes, including delinquent accounts, are deemed to be substantially collectible or recoverable through foreclosure. The major sources of revenue which are subject to accrual include property taxes, user charges, property assessments, and interest.

Assessments receivable represent the uncollected amounts levied against benefited properties for the costs of local improvements. Since the assessments are liens against properties, an allowance for uncollectible amounts is not deemed necessary by management. Assessments are payable over a period of ten years and bear interest at 6.5% to 10.1%.

The City has been involved as a conduit in a low-income housing assistance grant, the purpose of which is to encourage development of affordable housing and improve deteriorated property. These loans are either being paid monthly or become due upon the sale or transfer of the benefitting properties. The loans are recorded in capital projects or special revenue funds. The additional small loans originating from the sale of properties are recorded in various funds.

Property taxes become a lien against the property as of July 1 in the year in which they are due and are assessed in October through billing by the counties to the property owner. Payments are due in three equal installments on November 15, February 15, and May 15, with a three percent discount available for payment in full on November 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Notes and contracts are recorded at par. Interest assessed is recorded as revenue when the payment becomes due.

Federal and state grants and state, county, and local shared revenues are recorded in all fund types as earned.

User charges in the proprietary funds are recorded as they are earned, including services not yet billed.

Lease receivables are recognized at the present value of the leased assets at a borrowing rate either explicitly described in the agreement or implicitly determined by the City, reduced by principal payments.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 1 - Summary of Significant Accounting Policies, continued

Lease Assets

Lease assets are assets which the City leases for a term of more than one year. The value of leases are determined by the net present value of the leases using the interest rate implicit in the lease, or if not determinable, the City's incremental borrowing rate at the time of the lease agreement, amortized over the term of the lease.

Subscription Assets

Subscription assets are subscription-based information technology assets which the City has the right-to-use for a term of more than one year. The value of subscription assets are determined by the net present value of the subscription assets using the interest rate implicit in the agreement, or if not determinable, the City's incremental borrowing rate at the time of the subscription agreement, amortized over the term of the subscription.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are charged to expenditures as purchased in the governmental funds and capitalized in the proprietary funds. Capital assets purchased are recorded at historical cost. Donated assets are recorded at acquisition value at the date of donation.

Capital assets are defined by the City as assets with an initial individual cost of \$5,000 or more and an estimated useful life of greater than one year. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset, are capitalized. Other costs for repairs and maintenance are expensed as incurred.

Depreciation on exhaustible assets is recorded as an allocated expense in the statement of activities with accumulated depreciation reflected in the statement of net position. Depreciation is calculated using the straight-line method over the following estimated useful lives:

Vehicles and equipment	5 – 20 years
Buildings and improvements	10 – 40 years
Infrastructure	20 – 50 years

Compensated Absences

Employees earn vacation and sick leave. No liability is reported for accumulated sick leave, as it does not vest when earned. Vacation leave is accrued as it is earned and is reported as a fund liability. All vacation leave is accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured; for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term obligations, including leases payable, are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bond issuance costs expended when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period. The face amount of the debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 1 - Summary of Significant Accounting Policies, continued

Pensions - Oregon Public Employees Retirement System (OPERS)

Police employees of the City participate in the Oregon Public Employees Retirement System (OPERS). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the OPERS and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pensions – City of Newport Employees Retirement Plan

Substantially all of the City's employees are participants in the City of Newport, Oregon Employees Retirement Plan (the Plan). Contributions to the Plan are made on a current basis as required by the Plan and are charged to expenditures or expenses when due and the employer has made a formal commitment to provide the contribution. The assets of the Plan are invested in various mutual funds. The City pays the investment expenses of the Plan.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the net position of the Plan and additions to/deductions from the net position of the Plan have been determined on the same basis as reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits

For purposes of measuring the net other postemployment benefits (OPEB) asset, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, and other postemployment benefits expense, information about the fiduciary net position of the Oregon Public Employee Retirement System Retirement Health Insurance Account (RHIA) and additions to/deductions from the RHIA's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

An actuarial valuation dated July 1, 2022, was completed for purposes of measuring the other postemployment benefits liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, and other postemployment benefits expense for the Implicit Subsidy for the Employees of City of Newport.

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. These include refunded debt charges, pension related items and other postemployment benefit related items.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. This separate financial statement element represents amounts that apply to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred lease resources, pension related items and other postemployment benefit related items, which are amortized over specified periods, are reported as deferred inflows of resources.

The balance sheet of governmental funds reports as deferred inflows, unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 1 - Summary of Significant Accounting Policies, continued

Equity Classifications

In the government-wide and proprietary fund financial statements, equity is classified as net position and displayed in three components:

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted net position – Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law, through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

In the governmental fund financial statements equity is reported using the five categories listed below:

Nonspendable – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – Amounts are those constrained by City Council through resolution or ordinance before the end of the fiscal year. The State of Oregon recognizes resolutions and ordinances as being equally binding, and the process for establishing, modifying, and rescinding resolutions and ordinances are substantively the same. Therefore, the City uses both to commit funds.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The City Council has granted authority to the City Manager to assign fund balance amounts.

Unassigned – The residual classification for the government’s General Fund and includes all spendable amounts not contained in the other classifications. Additionally, other funds may report negative unassigned fund balance in certain circumstances.

The City uses resources in the following order: restricted, committed, assigned, and unassigned, unless the City Council has provided otherwise in its commitment or assignment actions.

The City of Newport has adopted this order of categories in Resolution 3642 on June 17, 2013, and has classified equity in the proper category.

Special Items

Significant transactions which are unusual or infrequent, but within the control of management are reported as special items.

Implementation of a New Accounting Standard

During the fiscal year ended June 30, 2023, the City implemented GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This statement provides guidance on the accounting and reporting for public-public and public-private partnerships and availability payment arrangements and includes and effects the presentation of financial statements on the current financial resources measurement focus and the economic resources measurement focus.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 1 - Summary of Significant Accounting Policies, continued

Implementation of a New Accounting Standard, continued

During the fiscal year ended June 30, 2023, the City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users and effects the presentation of financial statements on the economic resources measurement focus.

Note 2 - Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets for all funds are adopted on a basis consistent with Oregon Revised Statutes (ORS 294 - Local Budget Law). The city manager submits a proposed budget to the budget committee (consisting of the city council and an equal number of citizens of the City, 14 members in all). The budget committee conducts public hearings for the purpose of obtaining citizens' comments, and then approves a budget and submits it to the city council for final adoption. The city council may not increase approved expenditures for each fund by more than 10 percent without returning to the budget committee for a second approval.

The City is required to budget each fund. The City's budget is prepared on the modified accrual basis of accounting. Revenues and other increases in financial resources are recognized when they become both measurable and available. For the City, available means that the funds are collectible within 60 days of the end of the current period.

Expenditures are recognized when the fund liability is incurred, except for inventories of materials and supplies that may be considered expenditures when purchased, and prepaid insurance and other similar items that may be considered expenditures either when paid or consumed.

A resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The level of control is either by program within a fund or segregated into the following categories: personnel services, materials and services, capital outlay, transfers out, and contingency. The budget document, however, is required to contain more specific, detailed information for the above-mentioned expenditure categories. Budget appropriations can be transferred with city council approval only.

An election must be held to approve general obligation debt pledging the full faith and credit of the City. As a result of Ballot Measure 50 and subsequent legislation, the City's permanent tax rate was set at \$5.5938 per \$1,000 of assessed value. The assessed value (not including the urban renewal district) for 2022-2023 was \$1,705,023,920. Assessed value is calculated on a property-by-property basis and is limited to a three percent increase annually. Compression of tax revenues comes into play when the real market value of an individual residential property is not sufficient to allow for an annual three percent increase in the assessed value.

Unexpected additional resources may be appropriated through the use of a supplemental budget and city council action. The original and supplemental budgets require hearings before the public, publications in newspapers, notice postings, and approval by the city council. Original and supplemental budgets may be modified during the fiscal year by use of appropriation transfers between legal categories. Such transfers require approval of the city council.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 2 - Stewardship, Compliance and Accountability, continued

Budgetary Information, continued

During the fiscal year ended June 30, 2023, the City adopted supplemental budgets which totaled \$6,657,305, a 6.60% increase over the original budget. The following table outlines the budget changes:

	Fund	2022-2023 Original Budget	2022-2023 Final Budget	Change
101	General Fund	\$ 19,816,641	\$ 20,448,700	\$ 632,059
201	Parks and Recreation Fund	3,003,931	3,117,186	113,255
211	Public Parking Fund	363,793	547,258	183,465
212	Housing Fund	486,046	648,876	162,830
220	Airport Fund	1,045,569	1,332,600	287,031
230	Room Tax Fund	4,007,952	4,664,869	656,917
240	Building Inspection Fund	549,986	719,756	169,770
251	Streets Fund	1,248,883	1,832,346	583,463
252	Line Undergrounding Fund	822,642	854,029	31,387
253	SDC Fund	2,875,692	3,149,021	273,329
254	Agate Beach Closure Fund	1,028,820	1,018,086	(10,734)
270	Urban Renewal Agency	10,378,489	10,458,286	79,797
301	Debt Service - Water Fund	824,168	824,168	-
302	Debt Service - Wastewater Fund	1,456,105	1,456,105	-
303	Governmental Debt Service Fund	88,177	88,177	-
305	Stormwater Debt Service Fund	634,001	634,001	-
351	GO Debt Service - Proprietary	2,201,000	2,201,000	-
352	GO Debt Service - Governmental	602,669	602,669	-
402	Capital Projects Fund - Governmental	10,164,100	12,486,475	2,322,375
403	Capital Projects Fund - Proprietary	11,710,697	12,534,268	823,571
404	Reserve Fund	3,148,186	2,124,808	(1,023,378)
405	Capital Improvements Fund	5,483,581	5,718,356	234,775
601	Water Fund	4,728,098	5,150,944	422,846
602	Wastewater Fund	5,500,559	5,943,564	443,005
603	Stormwater Fund	1,290,278	1,314,996	24,718
701	Public Works Fund	1,708,926	1,766,288	57,362
711	City Facility Fund	5,724,021	5,913,483	189,462
		<u>\$ 100,893,010</u>	<u>\$ 107,550,315</u>	<u>\$ 6,657,305</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes

Cash, Cash Equivalents and Investments

The City's cash, cash equivalents and investments at June 30, 2023 are as follows:

Cash and cash equivalents:	
Deposits with financial institutions	\$ 258,702
Cash on hand	1,930
State of Oregon Treasurer's short-term investment pool	44,040,416
Money market	<u>1,444,033</u>
Total cash and cash equivalents	\$ <u>45,745,081</u>
Investments:	
Equities	\$ 6,304,332
Mutual funds	<u>4,711,100</u>
Total investments	\$ <u>11,015,432</u>

The City maintains a pool of cash, cash equivalents and investments that are available for use by all funds, except the City of Newport Employees Retirement Plan Pension Trust (a pension trust fund). Each fund's portion of this pool is displayed on the financial statements as cash and cash equivalents. Interest earned on pooled cash and cash equivalents is allocated to participating funds based upon their combined cash and cash equivalent balances.

Deposits with financial institutions

Custodial Credit Risk – Deposits: This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the District's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest-bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. As of June 30, 2023, none of the City's bank balances were exposed to custodial credit risk.

State of Oregon Local Government Investment Pool

Balances in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the balance could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the City's position in the LGIP is the same as the value of the pool shares.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Cash, Cash Equivalents and Investments, continued

Investments

As of June 30, 2023, the City had the following investments:

<u>Investment Type</u>	<u>Rating</u>	<u>Fair Value</u>	<u>Risk Consideration</u>	<u>Weighted Average</u>
Pension Trust Investments				
Equities	Not Rated	\$ 6,304,332	57.23%	N/A
Mutual Funds	Not Rated	<u>4,711,100</u>	42.77%	N/A
Total Investments		<u>\$ 11,015,432</u>		

Credit Risk: Oregon statutes authorize the City to invest in obligations of the U. S. Treasury and U. S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool. Additionally, the City's pension trust may invest in equity securities and mutual funds.

Concentration of Credit Risk: The City does not have a formal policy that places a limit on the amount that may be invested in any one insurer.

Interest Rate Risk: The City does not have a formal policy that limits investment maturities as a means of managing its exposure to fair-value losses arising from increases in interest rates.

Portfolio Credit Rating: The City does not have a formal policy that establishes a minimum average credit rating for its investment portfolio.

Custodial Credit Risk - Investments: This is the risk that, in the event of the failure of a counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City does not have a policy which limits the amount of investments that can be held by counterparties.

Fair Value Measurements

The City categorizes its fair value measurements with 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.

The City's investment in equities and mutual funds are measured using level 1 inputs and bonds are measured using level 2 inputs.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Lease Receivables

Lease receivables as of June 30, 2023 consisted of the following:

	Outstanding June 30, 2022 (as restated)	Additions	Payments	Outstanding June 30, 2023
<i>Governmental activities:</i>				
Various hangar leases	\$ 331,194	\$ 8,049	\$ 13,348	\$ 325,895
Airport land lease - McWatkins	1,994,413	-	-	1,994,413
Municipal Airport	136,662	-	19,198	117,464
Abbey Street Pier Building	29,256	-	14,605	14,651
SW Fall Street	217,793	-	38,588	179,205
315 SW 9th Street	3,569	-	966	2,603
	<u>\$ 2,712,887</u>	<u>\$ 8,049</u>	<u>\$ 86,705</u>	<u>\$ 2,634,231</u>

The City acts as lessor for 32 hangar leases with various individuals and companies. The lessees are required to make annual variable principal and interest payments based on a CPI Index of 0.00%. Monthly lease payments ranged during the 2023 fiscal year from \$36 to \$1,703 including interest from 0.32% to 4.26%. The City recognized revenue of \$19,425 for the fiscal year ended June 30, 2023.

On June 23, 2021, the City entered into a 480-month lease as Lessor for the use of land at the airport. An initial lease receivable was recorded in the amount of \$1,994,415. Upon lease commencement, the lessee paid the City \$250,000. Beginning September 1, 2024, lessee must make monthly lease payments of \$6,586. Beginning January 1, 2025 and continuing on January 1 of each subsequent year, monthly rental payments increase by 2.5%. The lease has an interest rate of 1.979%. The City recognized lease revenue of \$56,110 during the fiscal year. The lessee has 2 extension options, each for 120 months.

On June 1, 2019, the City entered into a 5-year lease as lessor for the use of the Newport Municipal Airport. The lessee is required to make monthly variable principal and interest payments of \$1,703 based on a CPI index of 0.00%. The lease has an interest rate of 0.9670%. The City recognized lease revenue of \$19,680 during the fiscal year. The lessee has one 60-month extension option.

On July 1, 2021, the City entered into a 36-month lease as lessor for the use of Abbey Street Pier Building. The lessee is required to make monthly fixed payments of \$1,223. The lease has an interest rate of 0.3150%. The City recognized lease revenue of \$14,607 during the fiscal year. The lessee has one 12-month extension option.

On June 6, 2019, the City entered into a 3-year lease as lessor for the use of SW Fall Street. The lessee is required to make monthly fixed payments of \$3,000.00. The lease has an interest rate of 0.7030%. The City recognized lease revenue of \$40,257 during the fiscal year. The lessee has one 64-month extension option.

On March 15, 2016, the City entered into a 10-year lease as lessor for the use of 315 SW 9th Street. The lessee is required to make monthly variable principal and interest payments of \$82 based on a CPI index of 0.00%. The lease has an interest rate of 0.5773%. The City recognized lease revenue of \$963 during the fiscal year.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Lease Receivables

As of June 30, 2023, the future maturities of lease receivables are as follows:

Year Ended June 30,	Governmental Activities		
	Principal	Interest	Total
2024	\$ 89,870	\$ 7,773	\$ 97,643
2025	(14,847)	164,170	149,323
2026	115,855	47,300	163,155
2027	116,719	45,780	162,499
2028	90,203	44,296	134,499
2029 - 2033	315,563	203,491	519,054
2034 - 2038	326,537	173,786	500,323
2039 - 2043	338,019	141,602	479,621
2044 - 2048	328,442	108,341	436,783
2049 - 2053	328,962	76,077	405,039
2054 - 2058	363,148	41,891	405,039
2059 - 2061	235,760	7,262	243,022
	<u>\$ 2,634,231</u>	<u>\$ 1,061,769</u>	<u>\$ 3,696,000</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Capital Assets

Capital asset activity for the governmental activities for the year ended June 30, 2023 was as follows:

	June 30, 2022 (as restated)	Additions	Deletions	June 30, 2023
Capital assets not being depreciated:				
Land	\$ 12,225,530	\$ 993,351	\$ -	\$ 13,218,881
Construction in progress	5,206,906	2,271,076	(1,642,724)	5,835,258
Total capital assets not being depreciated	<u>17,432,436</u>	<u>3,264,427</u>	<u>(1,642,724)</u>	<u>19,054,139</u>
Capital assets being depreciated:				
Building and structures	45,113,428	83,123	(284,562)	44,911,989
Equipment	5,080,036	533,398	(91,163)	5,522,271
Vehicles	6,222,828	216,758	(671,472)	5,768,114
Infrastructure	58,922,603	2,072,554	-	60,995,157
Right-to-use lease assets:				
Land	83,380	-	-	83,380
Equipment	383,985	56,183	(31,044)	409,124
Vehicles	109,428	36,256	-	145,684
Subscription assets	228,483	-	-	228,483
Total capital assets being depreciated	<u>116,144,171</u>	<u>2,998,272</u>	<u>(1,078,241)</u>	<u>118,064,202</u>
Less accumulated depreciation:				
Building and structures	(25,603,259)	(1,110,602)	124,701	(26,589,160)
Equipment	(3,974,696)	(163,499)	89,235	(4,048,960)
Vehicles	(5,550,949)	(236,266)	659,221	(5,127,994)
Infrastructure	(18,747,529)	(1,394,007)	-	(20,141,536)
Right-to-use lease assets:				
Land	(3,051)	(3,050)	-	(6,101)
Equipment	(112,185)	(123,697)	15,856	(220,026)
Vehicles	(1,118)	(22,983)	-	(24,101)
Subscription assets	-	(79,351)	-	(79,351)
Total accumulated depreciation	<u>(53,992,787)</u>	<u>(3,133,455)</u>	<u>889,013</u>	<u>(56,237,229)</u>
Total capital assets being depreciated, net	<u>62,151,384</u>	<u>(135,183)</u>	<u>(189,228)</u>	<u>61,826,973</u>
Total capital asset, net	<u>\$ 79,583,820</u>	<u>\$ 3,129,244</u>	<u>\$ (1,831,952)</u>	<u>\$ 80,881,112</u>

Depreciation for the governmental activities was charged as follows:

General government	\$ 1,428,448
Public safety	214,004
Highways and streets	832,833
Culture and recreation	658,170
	<u>3,133,455</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Capital Assets, continued

Capital asset activity for the business-type activities for the year ended June 30, 2023 was as follows:

	June 30, 2022 (as restated)	Additions	Deletions	June 30, 2023
Capital assets not being depreciated:				
Land	\$ 1,095,452	\$ -	\$ -	\$ 1,095,452
Construction in progress	7,016,006	2,872,576	(1,131,713)	8,756,869
Total capital assets not being depreciated	<u>8,111,458</u>	<u>2,872,576</u>	<u>(1,131,713)</u>	<u>9,852,321</u>
Capital assets being depreciated:				
Building and structures	39,300,959	67,544	-	39,368,503
Equipment	4,104,121	898,115	(73,412)	4,928,824
Vehicles	2,208,842	-	(157,175)	2,051,667
Infrastructure	73,368,730	1,094,007	-	74,462,737
Right-to-use lease assets:				
Equipment	15,204	12,501	(5,894)	21,811
Vehicles	152,841	182,679	-	335,520
Subscription assets	36,897	-	-	36,897
Total capital assets being depreciated	<u>119,187,594</u>	<u>2,254,846</u>	<u>(236,481)</u>	<u>121,205,959</u>
Less accumulated depreciation:				
Building and structures	(17,084,092)	(992,217)	-	(18,076,309)
Equipment	(2,043,376)	(283,499)	73,412	(2,253,463)
Vehicles	(1,354,289)	(186,966)	157,175	(1,384,080)
Infrastructure	(27,844,203)	(2,112,086)	-	(29,956,289)
Right-to-use lease assets:				
Equipment	(3,360)	(5,518)	3,003	(5,875)
Vehicles	(1,695)	(36,547)	-	(38,242)
Subscription assets	-	(10,055)	-	(10,055)
Total accumulated depreciation	<u>(48,331,015)</u>	<u>(3,626,888)</u>	<u>233,590</u>	<u>(51,724,313)</u>
Total capital assets being depreciated, net	<u>70,856,579</u>	<u>(1,372,042)</u>	<u>(2,891)</u>	<u>69,481,646</u>
Total capital asset, net	<u>\$ 78,968,037</u>	<u>\$ 1,500,534</u>	<u>\$ (1,134,604)</u>	<u>\$ 79,333,967</u>

Depreciation for the business-type activities was charged as follows:

Water	\$ 1,428,423
Wastewater	2,126,701
Stormwater	<u>71,764</u>
	<u>\$ 3,626,888</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Interfund Transactions

As part of the budget process, the City plans to make interfund transfer to move resources between funds to provide resources for specific expenditures that are not supported by other revenues. Cash transfers made during the year ended June 30, 2023 were as follows:

Fund	Transfers	
	In	Out
General	\$ 382,517	\$ 4,996,330
Room Tax	4,172	2,423,980
Urban Renewal	1,351,508	5,083,000
Airport	348,853	125,413
Capital Projects	4,756,746	14,842
Nonmajor Governmental	4,548,944	2,521,502
Water	-	1,045,753
Wastewater	288,025	1,648,968
Stormwater	-	824,790
Nonmajor Enterprise	6,011,768	1,307,265
Internal Service	3,298,913	999,603
	<u>\$ 20,991,446</u>	<u>\$ 20,991,446</u>

During the year, the nonmajor enterprise funds and internal service funds acquired capital assets and made debt service payments on behalf of the governmental activities, water fund, wastewater fund and stormwater fund. In addition, the water fund transferred a lease asset and corresponding lease liability to the wastewater fund. In the fund financial statements, these are shown as non-cash transfers as follows:

Fund	Transfers	
	In	Out
Governmental Activities	\$ 222,354	\$ -
Water	5,367,657	871
Wastewater	2,002,731	-
Stormwater	505,008	-
Nonmajor Enterprise	-	7,874,525
Internal Service	-	222,354
	<u>\$ 8,097,750</u>	<u>\$ 8,097,750</u>

The Agate Beach Foreclosure Fund lent \$275,000 to the Parks and Recreation Fund in 2016-17. The loan is being repaid in annual installments of \$27,500. At June 30, 2023, the balance is \$110,000.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Unavailable Revenues

Governmental funds report unavailable revenue in connection with revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the unavailable revenue reported in the governmental funds was as follows:

	General	Urban Renewal	Nonmajor Governmental	Totals
Delinquent property taxes receivable:				
General	\$ 283,650	\$ -	\$ -	\$ 283,650
General bond debt	-	-	21,704	21,704
Urban renewal debt	-	134,167	-	134,167
Intergovernmental	254,800	-	-	254,800
Total unavailable revenue	\$ 538,450	\$ 134,167	\$ 21,704	\$ 694,321

Construction Commitments

The City has active construction projects as of June 30, 2023 as follows:

Project Number	Asset Description	Cost	Remaining Commitment
11025 & 28-22040	Big Creek Dam	\$ 7,203,420	\$ 2,689,101
15017	SB Utility Undergrounding Phase 2 & 3	736,716	20,000
15035	Golf Course Drive Improvements	169,168	225,224
16013	Main Tanks Replacement	833	153,568
16016	WWTP Master Plan	272,256	71,565
17020	NE 54th Street Pump Station Improvements	-	133,192
18015	60+ Center Reception remodel	76,917	4,462
20008	Modify & Enlarge Outside Play Area for Child Center	4,259	4,462
20018	PAC Remodel	270,411	74,746
21004	Recreation Center -Pool Repair	7,533	165,307
21006	WTP Excess Recirculation (XR) Upgrade/Storage Building	293,581	354,826
21009	Storm Drain Replacement on NW Spring Street	129,283	6,082
21014	Underbay Waterline Crossing	274	4,462
21026	Airport Storm Drainage Pipe Rehab.-Design and Construction	2,134,444	874,904
21050	Pedestrian Activated Rapid Flashing Beacon US 20 & Eads St	22,407	4,463
21059	Agate Beach Staircase Terminus	4,158	4,463
24-22026	Agate Beach Community Disaster Cache	3,262	41,538
26-22039	Schooner Sewer Bypass	43,805	236,195
28-22037	Cathodic Protection - Engineering & Construction	8,775	41,225

CITY OF NEWPORT**Notes to Financial Statements**

Year Ended June 30, 2023

Note 3 - Detailed Notes, continuedLong-Term Obligations

Transactions for the governmental activities for the year ended June 30, 2023 were as follows:

	June 30, 2022 Balance (as restated)	Additions	Reduction	June 30, 2023 Balance	Due Within One Year
Long-Term Debt:					
General Obligation Bonds					
Series 2013, Swimming Pool	\$ 5,970,000	\$ -	\$ 375,000	\$ 5,595,000	\$ 405,000
Urban Renewal Bonds					
FF&C Refunding Series 2010B	550,000	-	550,000	-	-
Series 2015A and B	2,678,000	-	718,000	1,960,000	968,000
Direct Borrowings and Placements					
League of Oregon Cities Cooperative					
Asset Financing Program, Series 2007B	50,000	-	25,000	25,000	25,000
2018 Airport Fuel Farm Borrowing	83,329	-	55,500	27,829	27,829
Total Long-Term Debt	<u>9,331,329</u>	<u>-</u>	<u>1,723,500</u>	<u>7,607,829</u>	<u>1,425,829</u>
Other Long-Term Obligations:					
Unamortized premium	263,435	-	38,736	224,699	33,712
Net pension liability	4,441,026	991,471	-	5,432,497	-
Compensated absences	526,712	488,636	452,407	562,941	433,464
Other postemployment benefits liability	288,736	-	44,936	243,800	-
Lease payable	456,781	92,439	161,411	387,809	152,184
Subscription payable	228,483	-	97,274	131,209	97,441
Total Other Long-Term Obligations	<u>6,205,173</u>	<u>1,572,546</u>	<u>794,764</u>	<u>6,982,955</u>	<u>716,801</u>
Total	<u>\$ 15,536,502</u>	<u>\$ 1,572,546</u>	<u>\$ 2,518,264</u>	<u>\$ 14,590,784</u>	<u>\$ 2,142,630</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Long-Term Obligations, continued

Transactions for the business-type activities for the year ended June 30, 2023 were as follows:

	June 30, 2022 Balance (as restated)	Additions	Reduction	June 30, 2023 Balance	Due Within One Year
Long-Term Debt:					
Enterprise Bonds					
Water Series 2009B	\$ 6,686,249	\$ -	1,070,476	\$ 5,615,773	\$ 1,033,610
Water Revenue Bonds Series 2019	2,956,000	-	215,000	2,741,000	220,000
FF&C Refunding Obligation Series 2010A	255,000	-	255,000	-	-
FF&C Stormwater Borrowing Series 2018	2,058,000	-	318,000	1,740,000	328,000
FF&C Water Borrowing Series 2022	4,551,000	-	-	4,551,000	87,000
Direct Borrowings and Placements					
2007 Seal Rock Water District	580,417	-	36,536	543,881	38,304
2014 Water Projects Borrowing	3,365,530	-	202,039	3,163,491	210,180
2020 Clean Water SRF DEQ Note R68935	3,741,018	-	196,636	3,544,382	198,607
2022 Clean Water SRF DEQ Note R68933	10,031,027	-	405,634	9,625,393	415,756
DEQ Note R68934 (Deferred)	810,354	-	-	810,354	18,870
DEQ Note R68936 (Deferred)	6,984,114	-	-	6,984,114	146,422
Total Long-Term Debt	42,018,709	-	2,699,321	39,319,388	2,696,749
Other Long-Term Obligations:					
Unamortized premium	99,362	-	33,327	66,035	11,005
Net pension liability	775,116	-	24,597	750,519	-
Compensated absences	129,444	117,782	103,162	144,064	110,930
Other postemployment benefits liability	177,351	-	45,427	131,924	-
Lease payable	157,895	195,180	39,195	313,880	67,925
Subscription payable	28,897	-	9,560	19,337	9,560
Total Other Long-Term Obligations	1,368,065	312,962	255,268	1,425,759	199,420
Total	\$ 43,386,774	\$ 312,962	\$ 2,954,589	\$ 40,745,147	\$ 2,896,169

Governmental Activities

General Obligation Bonds

General obligation bonds are debt approved by the City's taxpayers which they retire through an increase in property taxes. The City issues general obligation bonds to provide funds for the construction of major capital facilities.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Long-Term Obligations, continued

Governmental Activities, continued

The City issued \$7,900,000 in general obligation bonds in December 2013, to finance the costs of a new indoor municipal swimming pool and related systems, facilities and improvements. Interest rates range from 2 to 4 percent. Final maturity is June 1, 2033. The balance outstanding at June 30, 2023, is \$5,595,000. Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 405,000	\$ 211,669
2025	435,000	195,469
2026	465,000	182,419
2027	495,000	167,888
2028	530,000	151,800
2029-2033	<u>3,265,000</u>	<u>408,800</u>
	<u>\$ 5,595,000</u>	<u>\$ 1,318,044</u>

Urban Renewal Bonds

In July 2010, Full Faith & Credit Refunding Obligations, Series 2010B was issued in the amount of \$8,465,000 to refinance one loan agreement with the Oregon DEQ (loan #68931) and two loan agreements with the Oregon Business Development Department (OBDD), formerly the Oregon Economic and Community Development Department (OECDD), which were issued to help finance a portion of the City's wastewater treatment plant. An additional \$2,000,000 was borrowed as part of the refunding to help finance transportation infrastructure improvements, which has enhanced access to the Pacific Marine Operation Center. The DEQ loan was considered a current refunding and was called July 14, 2010. The OBDD loans advanced refunded, whereby \$3,711,619 was used to purchase United States Government obligations, which were deposited into an escrow account. These funds were sufficient to call the bonds on January 1, 2011. The new bonds were issued at a premium of \$276,407 with bond issue cost totaling \$129,484. Interest ranges from 2.0 percent to 4.5 percent, with a final maturity of June 15, 2023.

In March 2015, the South Beach Urban Renewal District completed a bank borrowing, Series 2015A & 2015B, totaling \$5,456,000 to finance property acquisitions, infrastructure projects, and a trail project in the South Beach urban growth area. The interest rate ranges from 2.45 percent to 3.45 percent. In the event of a default, the interest rate may be increased an additional 5 percent over the then existing rate. Final maturity is June 1, 2025. As of June 30, 2023, the outstanding balance is \$1,960,000. Annual debt service requirements to maturity for this bond is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 968,000	\$ 48,820
2025	<u>992,000</u>	<u>24,641</u>
	<u>\$ 1,960,000</u>	<u>\$ 73,461</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Long-Term Obligations, continued

Governmental Activities, continued

Direct Borrowings and Placements

Direct Borrowings and Placements include Certificates of Participation from the League of Oregon Cities Cooperative Asset Financing Program and the Airport Fuel Farm Borrowing. The League of Oregon Cities Cooperative Asset Financing Program loans are issued to provide funds for various City purchases of vehicles, equipment, capital project and debt payoff. The Airport Fuel Farm Borrowing financed the new fuel farm at the airport.

In October 2007, the City issued \$1,015,000 debt from the League of Oregon Cities, Cooperative Assets Finance Program. This loan was issued to provide funds for various City purchases of vehicles, equipment and pay off the Municipal Airport Debt. Interest rate ranges from 3.90 percent to 5.00 percent. Final maturity is July 1, 2024. As of June 30, 2023, the balance outstanding is \$25,000.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ <u>25,000</u>	\$ <u>625</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Long-Term Obligations, continued

Governmental Activities, continued

In September 2018, the City entered into a loan agreement with Umpqua Bank in the amount of \$277,500 to finance purchase of the airport fuel farm. Interest for the loan is 4.5 percent, with a final maturity of October 5, 2023. As of June 30, 2023, the outstanding balance is \$27,829. Annual debt service requirements to maturity for this loan is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ <u>27,829</u>	\$ <u>1,269</u>

Business-Type Activities

General Obligation Bonds

The City issued \$9,630,541 (Series 2009B) in general obligation bonds in March 2009, to finance the costs of capital construction and capital improvement for the City's water system. Series 2009B interest rate is 5.0 percent, with a final maturity of June 30, 2029. As of June 30, 2023, the outstanding balance is \$5,615,773 (Series 2009B). Annual debt service requirements to maturity for this bond is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 1,033,610	\$ 1,231,390
2025	992,889	1,342,111
2026	953,895	1,451,105
2027	915,503	1,559,498
2028	878,144	1,671,857
2029	<u>841,733</u>	<u>1,783,268</u>
	\$ <u>5,615,773</u>	\$ <u>9,039,229</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Long-Term Obligations, continued

Business-Type Activities, continued

Revenue Bond

In June 2019, the City issued water revenue bonds in the amount of \$4,558,000 to finance costs of water infrastructure projects. Interest for the loan is 2.46 percent, with a final maturity of June 1, 2034. As of June 30, 2023, the outstanding balance is \$2,741,000. Annual debt service requirements to maturity for this bond is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 220,000	67,429
2025	225,000	62,017
2026	231,000	56,481
2027	237,000	50,799
2028	242,000	44,969
2029-2033	1,305,000	132,446
2034	281,000	6,912
	<u>\$ 2,741,000</u>	<u>\$ 421,053</u>

Full Faith & Credit Bonds

In July 2010, Full Faith & Credit Refunding Obligations, Series 2010A was issued in the amount of \$5,560,000 to refinance a loan agreement with the Oregon DEQ to help finance a portion of the City's wastewater treatment plant. Interest ranges from 2.0 percent to 4.5 percent, with a final maturity of June 15, 2023.

In June 2018, Full Faith & Credit Bond, Series 2018, was issued in the amount of \$3,258,000 to replace failing storm drains and other stormwater system infrastructure. Interest is 3 percent, with a final maturity of June 1, 2028. As of June 30, 2023, the outstanding balance is \$1,740,000. Annual debt service requirements to maturity for this bond are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 328,000	\$ 52,200
2025	337,000	42,360
2026	348,000	32,250
2027	358,000	21,810
2028	369,000	11,070
	<u>\$ 1,740,000</u>	<u>\$ 159,690</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Long-Term Obligations, continued

Business-Type Activities, continued

In February 2022, the City issued Full Faith & Credit Series 2022 Bonds in the amount of \$4,551,000 to finance capital improvements to the City's water system. Interest is 2.24%, with a final maturity of February 1, 2037. As of June 30, 2023, the outstanding balance is \$4,551,000. Annual debt service requirements to maturity for this bond are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 87,000	\$ 101,942
2025	145,000	99,994
2026	208,000	96,746
2027	277,000	92,086
2028	283,000	85,882
2029-2033	1,512,000	331,474
2034-2037	2,039,000	119,425
	<u>\$ 4,551,000</u>	<u>\$ 927,549</u>

Direct Borrowings and Placements

The City entered into an agreement with Seal Rock Water District to assume responsibility to provide water services for an area of property. In return, the City agreed to pay the District \$958,502 as the rate of interest of 4.75 percent. The outstanding balance as of June 30, 2023, is \$543,881. Annual debt service requirements to maturity for this loan is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 38,304	\$ 31,318
2025	39,942	29,587
2026	40,448	27,780
2027	42,338	25,928
2028	44,210	23,981
2029-2033	235,950	87,940
2034-2038	95,998	18,186
2039-2042	6,691	637
	<u>\$ 543,881</u>	<u>\$ 245,357</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Long-Term Obligations, continued

Business-Type Activities, continued

In December 2014, the City issued a water revenue bond, in the amount of \$4,554,800 to finance costs of water infrastructure projects. Interest for the loan is 3.95 percent, with a final maturity of June 15, 2034. As of June 30, 2023, the outstanding balance is \$3,163,491. Annual debt service requirements to maturity for this bond is as follows:

Year Ending June 30,	Principal	Interest
2024	\$ 210,180	\$ 120,807
2025	218,650	112,337
2026	227,460	103,527
2027	236,626	94,361
2028	246,161	84,826
2029-2033	1,387,833	267,102
2034-2035	636,581	25,393
	<u>\$ 3,163,491</u>	<u>\$ 808,353</u>

DEQ Note R68935 has a total loan amount of \$4,128,454 for a stormwater sewer in the Bay-Moore Basin area. Interest rate is 1.5 percent. The current balance of the loan is \$3,544,382 as of June 30, 2023. Annual debt service requirements to maturity for this loan is as follows:

Year Ending June 30,	Principal	Interest
2024	\$ 198,607	\$ 52,671
2025	200,598	49,687
2026	202,609	46,673
2027	204,640	43,629
2028	206,692	40,554
2029-2033	1,064,960	155,557
2034-2038	1,119,423	73,931
2039-2040	346,853	5,789
	<u>\$ 3,544,382</u>	<u>\$ 468,491</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Long-Term Obligations, continued

Business-Type Activities, continued

DEQ Note R68933 has a total loan amount of \$10,031,027 for a wastewater collection system in the Agate Beach area. The interest rate on the loan is 2.48 percent. The current balance of the loan is \$9,625,393 as of June 30, 2023. Annual debt service requirements to maturity for this loan is as follows:

Year Ending June 30,	Principal	Interest
2024	\$ 415,756	\$ 283,242
2025	426,131	270,762
2026	436,765	257,971
2027	447,663	244,862
2028	458,834	231,425
2029-2033	2,471,739	943,537
2034-2038	2,795,914	553,602
2039-2042	2,172,591	127,978
	<u>\$ 9,625,393</u>	<u>\$ 2,913,379</u>

The City obtained loans from the Oregon Department of Environmental Quality for wastewater projects which have not been completed as of June 30, 2023. The final repayment schedules will be established at the completion each project.

DEQ Note R68934 has a total loan amount of \$1,115,000 for a wastewater pump station and pipe replacement in the Nye Beach area. The current balance of the drawdown is \$810,354 at June 30, 2023. Interest accrues from the date funds are drawn on the loan at a rate of 1 percent. The repayment term will be 20 years after completion.

DEQ Note R68936 has a total loan amount of \$7,200,000 for a wastewater improvement in the Agate Beach area. The current balance of the drawdown is \$6,984,114 as of June 30, 2023. Interest accrues from the date funds are drawn on the loan at a rate of 1 percent. The repayment term will be 20 years after completion.

Other Long-Term Obligations

Compensated Absences

As described in Note 1, employees of the City are allowed to accumulate earned vacation leave. Amounts so accumulated are vested and will be paid upon termination or retirement. The General, Parks and Recreation, Airport, Building Inspection, Streets, Water, Wastewater, Public Works, and City Facility Funds have typically been used to liquidate the liability for compensated absences.

As of June 30, 2023, accumulated and unpaid compensated absences amounted to \$562,941 for the governmental activities and \$144,064 for the business-type activities.

Net Pension Liability

The net pension liability represents the difference between the total pension liability for benefits earned by City employees and the net position held in trust for pension benefits related to the City of Newport Employees' Retirement Plan and the City's proportionate share of Oregon Public Employees Retirement System (PERS) as more fully discussed in Note 4. The General, Parks and Recreation, Airport, Building Inspection, Streets, Water, Wastewater, Public Works, and City Facility Funds have typically been used to liquidate the liability.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Other Long-Term Obligations, continued

Other Postemployment Benefit Liability

The other postemployment benefit liability represents the implicit benefit for the difference between the premiums for health insurance for retirees under the group insurance plan and the premium retirees would pay for comparable benefits under other insurance plans as more fully discussed in Note 4 below. The General, Parks and Recreation, Airport, Building Inspection, Streets, Water, Wastewater, Public Works, and City Facility Funds have typically been used to liquidate the liability.

Lease Payables

Lease payables currently outstanding as of June 30, 2023, are as follows:

	June 30, 2022				June 30, 2023
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>		<u>Balance</u>
<i>Governmental activities:</i>					
Yaquina River	\$ 80,024	\$ -	\$ 2,482	\$	77,542
Copiers and Postage	69,425	56,183	45,491		80,117
IT Equipment	202,716	-	92,656		110,060
Vehicles	<u>104,616</u>	<u>36,256</u>	<u>20,782</u>		<u>120,090</u>
Total governmental activities	<u>\$ 456,781</u>	<u>\$ 92,439</u>	<u>\$ 161,411</u>	<u>\$</u>	<u>387,809</u>
<i>Business-type activities:</i>					
Copiers and Postage	\$ 11,927	\$ 12,501	\$ 8,178	\$	16,250
Vehicles	<u>145,968</u>	<u>182,679</u>	<u>31,017</u>		<u>297,630</u>
Total business-type activities	<u>\$ 157,895</u>	<u>\$ 195,180</u>	<u>\$ 39,195</u>	<u>\$</u>	<u>313,880</u>

Governmental activities

The City has entered into two leases as lessee for use of the Yaquina River. The City is required to make annual fixed payments of \$3,820 which include interest at 1.674 percent. The initial lease term for the leases is 15 years and the City has one option to extend the leases for an additional 15-year term which the City intends to exercise.

The City has entered into 33 leases as lessee for use of copiers and postage machines. The City is required to make monthly fixed payments ranging from \$9 to \$800 including interest ranging from 0.33 percent to 0.46 percent. The lease terms range from 36 to 60 months.

The City has entered into two leases as lessee for IT equipment. The City is required to make quarterly payments of \$23,310 which include interest at 0.32 percent. The lease terms are for 60 months with no options to extend.

The City has entered into 13 leases as lessee for vehicles. The City is required to make monthly payments ranging from \$590 to \$763 which include interest ranging from 2.16 percent to 6.10 percent. The lease terms are for 60 months with no options to extend.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Other Long-Term Obligations, continued

Leases Payable, continued

Future annual lease commitments as of June 30, 2023 are as follows:

Year Ending June 30,	Governmental activities		Business-type activities	
	Principal	Interest	Principal	Interest
2024	\$ 152,184	\$ 5,654	\$ 67,925	\$ 10,808
2025	65,568	4,325	68,570	8,393
2026	46,755	3,181	69,826	5,873
2027	41,756	2,133	71,303	3,235
2028	17,051	1,315	36,256	822
2029 - 2033	14,175	4,932	-	-
2034 - 2038	15,402	3,705	-	-
2039 - 2043	16,735	2,372	-	-
2044 - 2048	18,183	923	-	-
	<u>\$ 387,809</u>	<u>\$ 28,540</u>	<u>\$ 313,880</u>	<u>\$ 29,131</u>

Subscription Payables

Subscription payables currently outstanding as of June 30, 2023, are as follows:

	June 30, 2022			June 30, 2023
	Balance (as restated)	Additions	Reductions	Balance
<i>Governmental activities:</i>				
Network Software	\$ 99,503	\$ -	\$ 32,718	\$ 66,785
Display Software	2,114	-	1,056	1,058
Microsoft Enterprises Software	126,866	-	63,500	63,366
Total governmental activities	<u>\$ 228,483</u>	<u>\$ -</u>	<u>\$ 97,274</u>	<u>\$ 131,209</u>
<i>Business-type activities:</i>				
Customer Engagement Platform	\$ 28,897	\$ -	\$ 9,560	\$ 19,337
Total business-type activities	<u>\$ 28,897</u>	<u>\$ -</u>	<u>\$ 9,560</u>	<u>\$ 19,337</u>

On April 19, 2022, the City entered into a 45-month subscription for the use of Antigena Network Software. An initial subscription liability was recorded in the amount of \$99,503. As of June 30, 2023, the value of the subscription liability is \$66,785. The City is required to make annual fixed payments of \$34,536. The subscription has an interest rate of 2.2753%.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Other Long-Term Obligations, continued

Subscription Payables, continued

On December 21, 2021, the City entered into an 18-month subscription for the use of X11 Countertop-Portrait Display Software. An initial subscription liability was recorded in the amount of \$2,114. As of June 30, 2023, the value of the subscription liability is \$1,058. The City is required to make annual fixed payments of \$1,080. The subscription has an interest rate of 2.0240%. The City had a termination period of 1 month as of the subscription commencement.

On November 10, 2021, the City entered into a 29-month subscription for the use of Microsoft Enterprise Software. An initial subscription liability was recorded in the amount of \$126,866. As of June 30, 2023, the value of the subscription liability is \$63,366. The City is required to make annual fixed payments of \$64,648. The subscription has an interest rate of 2.0237%. The City had a termination period of 1 month as of the subscription commencement.

On March 2, 2021, the City entered into a 44 month subscription for the use of Customer Engagement Platform. An initial subscription liability was recorded in the amount of \$28,897. As of June 30, 2023, the value of the subscription liability is \$19,337. The City is required to make annual fixed payments of \$13,000. The subscription has an interest rate of 2.2753%.

Future annual lease commitments as of June 30, 2023 are as follows:

Year Ending June 30,	Governmental activities		Business-type activities	
	Principal	Interest	Principal	Interest
2024	\$ 97,441	\$ 2,823	\$ 9,560	\$ 440
2025	33,768	768	9,777	222
	<u>\$ 131,209</u>	<u>\$ 3,591</u>	<u>\$ 19,337</u>	<u>\$ 662</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Governmental Fund Balances

The fund balance amounts for governmental funds have been reported in the categories listed below with each specific purpose:

<u>Fund Balance Categories</u>	<u>General</u>	<u>Room Tax</u>	<u>Urban Renewal</u>	<u>Airport</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
Nonspendable:							
Inventory	\$ -	\$ -	\$ -	\$ 38,946	\$ -	\$ 45,985	\$ 84,931
Prepaid expenses	2,330	-	-	27	-	3,729	6,086
Restricted for:							
Capital projects	-	-	-	-	6,005,076	3,057,234	9,062,310
Agate Beach disposal site closure	-	-	-	-	-	1,053,696	1,053,696
Tourism	-	3,087,686	-	-	-	-	3,087,686
Building inspection	-	-	-	-	-	441,054	441,054
Streets	-	-	-	-	-	698,201	698,201
Urban renewal	-	-	4,289,871	-	-	-	4,289,871
Debt service	-	-	-	-	-	99,077	99,077
Committed for:							
Parks and recreation	-	-	-	-	-	490,178	490,178
Housing	-	-	-	-	-	726,500	726,500
Airport	-	-	-	358,962	-	-	358,962
Line undergrounding	-	-	-	-	-	914,091	914,091
Assigned for:							
Capital projects	-	-	-	-	-	5,612,884	5,612,884
Debt service	-	-	-	-	-	30,843	30,843
Unassigned	7,195,458	-	-	-	-	(966)	7,194,492
	<u>\$ 7,197,788</u>	<u>\$ 3,087,686</u>	<u>\$ 4,289,871</u>	<u>\$ 397,935</u>	<u>\$ 6,005,076</u>	<u>\$ 13,172,506</u>	<u>\$ 34,150,862</u>

As of June 30, 2023, the Public Parking Fund had a deficit fund balance of \$(966). The City expects to eliminate this deficit through future operating results.

Net Position Restricted Through Enabling Legislation

The amount of net position restricted by enabling legislation is as follows:

Governmental activities

Capital projects – Ordinances imposing System Development Charges (SDC)

restrict the use to capital improvements which expand the capacity of the system for which the charge was made

\$ 3,057,234

Gas taxes – State laws regulate capital improvements for the streets

\$ 747,699

Urban renewal – Establishment of the urban renewal agency restricts the use to projects meeting the objectives for which it was formed

\$ 4,424,038

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Segment Information for Enterprise Funds

The City has issued revenue bonds to finance water, wastewater, and stormwater systems. The three systems are accounted for in eight enterprise funds.

Summary financial information for the water, wastewater, and stormwater systems for the year ended June 30, 2023 is as follows:

Condensed statement of net position:

	<u>Water</u>	<u>Wastewater</u>	<u>Stormwater</u>
Assets:			
Current	\$ 7,486,207	\$ 3,287,181	\$ 782,772
Noncurrent	<u>30,352,420</u>	<u>47,006,884</u>	<u>1,130,803</u>
Total Assets	<u>37,838,627</u>	<u>50,294,065</u>	<u>1,913,575</u>
Deferred Outflows of Resources	<u>14,143</u>	<u>4,646</u>	<u>1,960</u>
Liabilities:			
Current	8,920,466	1,647,411	356,920
Noncurrent	<u>15,575,627</u>	<u>20,368,760</u>	<u>1,467,430</u>
Total Liabilities	<u>24,496,093</u>	<u>22,016,171</u>	<u>1,824,350</u>
Deferred Inflows of Resources	<u>35,700</u>	<u>11,730</u>	<u>4,948</u>
Net Position:			
Net Investment in Capital Assets	13,475,497	25,915,405	1,130,803
Restricted	4,871,388	2,274,694	635,674
Unrestricted	<u>(5,025,908)</u>	<u>80,711</u>	<u>(1,680,240)</u>
Total Net Position	<u>\$ 13,320,977</u>	<u>\$ 28,270,810</u>	<u>\$ 86,237</u>

CITY OF NEWPORT**Notes to Financial Statements**

Year Ended June 30, 2023

Note 3 - Detailed Notes, continuedSegment Information for Enterprise Funds, continued*Condensed statement of revenues, expenses and changes in net position:*

	<u>Water</u>	<u>Wastewater</u>	<u>Stormwater</u>
Operating revenue	\$ 4,656,054	\$ 5,278,316	\$ 1,049,886
Depreciation expense	(1,408,960)	(2,107,238)	(65,596)
Other operating expenses	<u>(3,215,800)</u>	<u>(3,470,469)</u>	<u>(542,722)</u>
Operating income (loss)	31,294	(299,391)	441,568
Nonoperating revenues (expenses)	<u>1,608,868</u>	<u>(400,690)</u>	<u>(25,570)</u>
Income before transfers capital contributions	1,640,162	(700,081)	415,998
Capital contributions	1,336,021	-	-
Transfers in	8,264,183	4,581,208	1,329,798
Transfers out	<u>(6,414,281)</u>	<u>(4,096,440)</u>	<u>(2,191,451)</u>
Change in net position	4,826,085	(215,313)	(445,655)
Net position - beginning	8,486,892	28,486,123	531,892
Prior period adjustment	<u>8,000</u>	<u>-</u>	<u>-</u>
Net position - ending	<u>\$ 13,320,977</u>	<u>\$ 28,270,810</u>	<u>\$ 86,237</u>

Condensed statement of cash flows:

	<u>Water</u>	<u>Wastewater</u>	<u>Stormwater</u>
Operating activities	\$ 1,222,020	\$ 1,545,193	\$ 498,971
Non-capital financing activities	(70,000)	209,958	9,254
Capital and related financing activities	(512,794)	(2,193,805)	(1,366,661)
Investing activities	<u>306,936</u>	<u>69,839</u>	<u>35,040</u>
Net increase (decrease) in cash and cash equivalents	946,162	(368,815)	(823,396)
Cash and cash equivalents - beginning	<u>4,543,138</u>	<u>2,643,509</u>	<u>1,459,070</u>
Cash and cash equivalents - ending	<u>\$ 5,489,300</u>	<u>\$ 2,274,694</u>	<u>\$ 635,674</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information

Pension Plans

The City participates in a cost-sharing multiple-employer plan that covers all fire and police employees, and a combined single-employer defined contribution money-purchase and defined benefit for eligible employees. The aggregate amount of pension expense for the year ended June 30, 2023, is \$1,413,555 for all plans. Below are details related to each plan.

Oregon Public Employees Retirement System (PERS)

Defined Benefit Pension Plan

A. Plan description

Employees of the City are provided with pensions through OPERS.

OPERS consists of a single cost-sharing multiple employer defined benefit pension plan. The Oregon Legislature has delegated the authority to the Public Employees Retirement Board to administer and manage the system.

OPERS produces an independently audited Annual Comprehensive Financial Report which includes detailed information about the pension plan's fiduciary net position. The report can be found at:

<http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

B. Description of benefit terms

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A.

Tier One/Tier Two retirement benefit (Chapter 238)

Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

Pension benefits

The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalent of benefits to which he or she is entitled.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2020. The limit will be equal to \$197,730 in 2021 and will be indexed with inflation in later years.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Pension Plans, continued

Death benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- The member was employed by a OPERS employer at the time of death,
- The member died within 120 days after termination of OPERS-covered employment,
- The member died as a result of injury sustained while employed in an OPERS-covered job, or
- The member was on an official leave of absence from an OPERS-covered job at the time of death.

A member's beneficiary may choose a monthly payment for life instead of the lump-sum or a combination of lump-sum and monthly payments, if eligible. The monthly payment must be a minimum of \$30 per month for deaths that occurred July 30, 2003, and earlier, and \$200 per month for deaths that occur after July 30, 2003.

Disability benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit changes after retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living (COLA) changes. The COLA is capped at 2.0 percent.

Oregon Public Service Retirement Plan (Chapter 238A) (OPSRP)

Pension benefits

The OPSRP pension program provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

- General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.
- Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 60, or age 53 with 25 years of retirement credit.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2020. The limit will be equal to \$197,730 in 2021 and will be indexed with inflation in later years.

A member of the OPSRP pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member. The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70 1/2 years.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Pension Plans, continued

Disability benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit changes after retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and \$750 plus 0.15 percent on annual benefits above \$60,000.

C. Contributions

OPERS funding policy provides for monthly member and employer contributions at actuarially determined rates, subject to limits set in statute. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due.

Employer contribution rates during the period were based on the December 31, 2019, actuarial valuation, which became effective July 1, 2021. Tier One/Tier Two employer contribution rates are 25.07%. The OPSRP employer contribution rates are 15.2% for general service employees and 19.56% for police and fire employees. Employer contributions to PERS for the year ended June 30, 2023, were \$558,232.

D. Net pension liability, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions.

Net pension liability

At June 30, 2023, the City reported a liability of \$4,045,504 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The projected long-term contribution effort is equal to the sum of the present value of future normal costs (PVFNC) and the unfunded actuarial liabilities (UAL).

Normal Cost Rate: The economic value, stated as a percent of payroll, for the portion of each active member's total projected retirement benefit that is allocated to the upcoming year of service. The rate is in effect for as long as each member continues in OPERS-covered employment. The current value of all projected future Normal Cost Rate contributions is the Present Value of Future Normal Costs (PVFNC). The PVFNC represents the portion of the projected long-term contribution effort related to future service.

An employer's PVFNC depends on both the normal cost rates charged on the employer's payrolls, and on the underlying demographics of the respective payrolls. For OPERS funding, employers have up to three different payrolls, each with a different normal cost rate: (1) Tier One/Tier Two payroll, (2) OPSRP general service payroll, and (3) OPSRP police and fire payroll.

The employer's Normal Cost Rates for each payroll are combined with system-wide present value factors for each payroll to develop an estimated PVFNC. The present value factors are actuarially determined at a system level for simplicity and to allow for the PVFNC calculations to be audited in a timely, cost-effective manner.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Pension Plans, continued

UAL Rate: If system assets are less than the actuarial liability, an Unfunded Actuarial Liability (UAL) exists. UAL can arise when an event such as experience differing from the assumptions used in the actuarial valuation occurs. An amortization schedule is established to eliminate the UAL that arises over a fixed period of time if future experience follows assumption. The UAL Rate is the upcoming year's component of the cumulative amortization schedules, stated as a percent of payroll. The present value of all projected UAL Rate contributions is equal to the Unfunded Actuarial Liability (UAL). The UAL represents the portion of the projected long-term contribution effort related to past service.

The UAL has Tier One/Tier Two and OPSRP pieces. The Tier One/Tier Two piece is based on the employer's Tier One/Tier Two pooling arrangement. If an employer participates in one of the two large Tier One/Tier Two rate pools [State & Local Government Rate Pool (SLGRP) or School Districts Rate Pool], then the employer's Tier One/Tier Two UAL is their pro-rata share of their pool's UAL. The pro-rata calculation is based on the employer's payroll in proportion to the pool's total payroll. The OPSRP piece of the UAL follows a parallel pro-rata approach, as OPSRP experience is mandatorily pooled at a state-wide level. Employers that do not participate in a Tier One/Tier Two pooling arrangement, who are referred to as "Independent Employers", have their Tier One/Tier Two UAL tracked separately in the actuarial valuation.

The projected long-term contribution effort is the sum of the PVFNC and the UAL. The PVFNC part of the contribution effort pays for the value of future service while the UAL part of the contribution effort pays for the value of past service not already funded by accumulated contributions and investment earnings. Each of the two contribution effort components are calculated at the employer-specific level. The sum of these components across all employers is the total projected long-term contribution effort.

At June 30, 2023, the City's proportion was 0.02642047 percent, which was a decrease of 0.00014628 percent from its proportion measured as of June 30, 2022.

Pension expense

For the year ended June 30, 2023, the City recognized pension expense of \$441,986.

Deferred inflows of resources and deferred outflows of resources

Deferred outflows of resources and deferred inflows of resources are calculated at the Plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2022, employers will report the following deferred outflows of resources and/or deferred inflows of resources:

- Difference between expected and actual experience
- Changes in assumptions
- Changes in employer proportion since the prior measurement date
- Net differences between projected and actual investment earnings

Differences between expected and actual experience, changes in assumptions, and changes in employer proportion are amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize pension expense based on the balance of the closed period "layers" attributable to each measurement period.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Pension Plans, continued

Deferred inflows of resources and deferred outflows of resources, continued

The average remaining service lives determined as of the beginning of each measurement period are described below:

- Fiscal Year ended June 30, 2022 – 5.5 years
- Fiscal Year ended June 30, 2021 – 5.4 years
- Fiscal Year ended June 30, 2020 – 5.3 years
- Fiscal Year ended June 30, 2019 – 5.2 years
- Fiscal Year ended June 30, 2018 – 5.2 years
- Fiscal Year ended June 30, 2017 – 5.3 years

The net difference between projected and actual investment earnings attributable to each measurement period is amortized over a closed five-year period.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of</u>	<u>Deferred Inflows of</u>
Differences between expected and actual experience	\$ 196,377	\$ 25,229
Changes of assumptions	634,761	5,799
Net difference between projected and actual earnings on investments	-	723,258
Changes in proportionate share	133,190	481,379
Differences between employer contributions and employer's proportionate share of system contributions	626	528,382
Contributions subsequent to the measurement date	<u>558,232</u>	<u>-</u>
	<u>\$ 1,523,186</u>	<u>\$ 1,764,047</u>

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement in the amount of \$558,232 will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2024	\$ (142,478)
2025	(318,638)
2026	(512,749)
2027	213,526
2028	<u>(38,754)</u>
	<u>\$ (799,093)</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Pension Plans, continued

E. Actuarial methods and assumptions used in developing total pension liability.

The total pension liability measured as of June 30, 2022, was based on an actuarial valuation as of December 31, 2020, using the following methods and assumptions:

Experience study	2020, published July 20, 2021
Actuarial cost method	Entry age normal
Inflation rate	2.4 percent
Long-term expected rate of return	6.9 percent
Discount rate	6.9 percent
Administrative expenses: Tier One/Tier Two OPSRP	\$48.3 million per year is added to the normal cost \$8.2 million per year is added to the normal cost
Projected salary increases	3.4 percent compounded annually
Cost of living adjustments (COLA)	Blend of 2 percent COLA and graded COLA (1.25 percent/ 0.15 percent) in accordance with Moro decision; blend based on service.
Mortality	<i>Healthy retirees and beneficiaries:</i> Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <i>Active members:</i> Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <i>Disabled retirees:</i> Pub-2010 Disabled Retiree, sex-distinct, generational with Unisex Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2020 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

Discount rate

The discount rate used to measure the total pension liability was 6.9 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. 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. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Pension Plans, continued

UAL amortization

The Tier 1/Tier 2 UAL amortization period was reset to 20 years as of December 31, 2013. Gains and losses between subsequent odd-year valuations will be amortized as a level percentage of projected combined valuation payroll (Tier 1/Tier 2 plus OPSRP payroll) over a closed 20-year period from the valuation in which they are first recognized.

Senate Bill 1049 was signed into law in June 2019 and requires a one-time re-amortization of Tier 1/Tier 2 UAL over a closed 22-year period at the December 31, 2019, rate-setting actuarial valuation.

The OPSRP UAL amortization as of December 31, 2007, is amortized as a level percentage of projected combined valuation payroll (Tier 1/Tier 2 plus OPSRP payroll) over a closed 16-year period. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over 16 years from the valuation in which they are first recognized.

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both the actuary's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on forward-looking capital market economic model. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at <https://www.oregon.gov/pers/Documents/Financials/ACFR/2022-Annual-Comprehensive-Financial-Report.pdf>.

Depletion date projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for OPERS:

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100 percent funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Pension Plans, continued

Depletion date projection, continued

Based on these circumstances, it is OPERS independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

F. Sensitivity of the proportionate share of the net pension liability to changes in the discount rate.

The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.9 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.9 percent) or 1-percentage-point higher (7.9 percent) than the current rate:

	<u>1 Percentage Point Lower</u>	<u>Current Discount Rate</u>	<u>1 Percentage Point Higher</u>
Proportionate share of the net pension liability	\$ <u>7,174,351</u>	\$ <u>4,045,504</u>	\$ <u>1,426,803</u>

Defined Contribution Plan

A. Plan description

Individual account program (IAP) - Participants in OPERS defined benefit pension plan also participate in the defined contribution plan.

B. Pension benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

C. Death benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Pension Plans, continued

D. Contributions

Starting July 1, 2020, Senate Bill 1049 required a portion of member contributions to their IAP accounts to be redirected to the Defined Benefit fund. If the member earns more than \$2,535 per month, 0.75 percent (if OPSRP member) or 2.5 percent (if Tier 1/Tier 2 member) of the member's contributions that were previously contributed to the member's IAP now fund the new Employee Pension Stability Accounts (EPSA). The EPSA accounts will be used to fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account. Members may elect to make voluntary IAP contributions equal to the amount redirected.

The City makes the employee contributions of 6 percent of covered payroll to the plan. Contributions for the year ended June 30, 2023, were \$146,120.

E. Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

City of Newport Employee's Retirement Plans

Defined Benefit Pension Plan

A. Plan description

The City contributes to the City of Newport Employee's Retirement Plan (Plan), administered by the Retirement Board, for the purpose of providing all of its eligible regular employees with retirement benefits. The investments of the Plan are administered by the Board of Trustees consisting of five members. The Plan is a combined single-employer defined benefit and defined contribution money purchase plan, qualifying under Sections 401(a) of the Internal Revenue Code.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Before January 1, 1983, the Plan included benefits for police and fire employees of the City. Effective January 1, 1983, retirement benefits for such employees were provided through the Public Employee Retirement System of the State of Oregon (PERS) and a portion of the Plan's funding was transferred to PERS.

All the benefits of the Plan are established by the City Council of Newport. The Plan consists of a single employer defined benefit pension plan.

The City does not issue a separate financial report available to the public for this plan.

B. Plan membership

As of July 1, 2022, pension plan membership consisted of 41 inactive plan members (or beneficiaries) currently receiving benefits, 13 inactive plan members not yet receiving benefits and 13 active plan members.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Pension Plans, continued

C. Description of benefit terms

Plan benefits

All benefits of the Plan are established by the City Council pursuant to City of Newport Employees' Retirement Plan, 2009 Restatement. Details on the Plan are found within this document.

Employees hired before March 5, 2012, shall be entitled to benefits under this Plan. Effective March 5, 2012, all non-collectively bargained employees hired on or after March 5, 2012, shall not be entitled to benefits under the Plan.

Pension benefits

The basic benefit on normal retirement is a monthly pension for life equal to the sum of the following:

A defined benefit equal to Benefit Years (BY) times 1.2 percent of Average Monthly Earnings (AME) as follows:

$$\text{BY} \times 1.2\% \times \text{AME}$$

An annuity equal in value to the combined balances of the participant's employee and Employer Money Purchase contribution accounts.

An annuity equal in value to the balance of the participant's Mandatory contribution account, if not withdrawn.

An annuity equal in value to the balance of the participant's voluntary contribution account, if not withdrawn.

The defined benefit portion of a participant's normal retirement basic benefit shall not be less than either of the following:

The participant's accrued benefit as of September 30, 1993.

The greatest early retirement benefits the participant could have received.

"Average Monthly Earnings" means the average of the participant's Monthly Earnings in the three consecutive plan years of highest Compensation as follows:

"Monthly Earnings" for a plan year means one-twelfth of the participant's Compensation for the plan year.

Compensation means taxable pay reportable on IRS Form W 2 under Internal Revenue Code section 401(a), disregarding limitations based on the nature or location of the employment, plus, for limitation years beginning after December 31, 1998.

Compensation shall be considered only during the last 10 plan years of employment by Employer.

Years separated by a period when the participant is not employed by Employer shall be treated as consecutive.

For a participant with fewer than three plan years of Compensation, all years shall be used.

During periods of reduced Compensation because of such causes as illness, disability, leave of absence or layoff, Compensation shall be figured at the last regular rate before the start of the period. Conversion to annuities under the Plan shall be based on actuarial equivalency.

Benefits shall start on the Benefit Starting Date after the retirement date and be paid as soon as practicable.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Pension Plans, continued

Pre-retirement death benefits

On death of a participant before starting retirement benefits, the participant's beneficiary under shall receive in a lump sum the total of the following:

- The balance of the participant's Money Purchase contribution accounts.
- The balance of the participant's Mandatory contribution account.
- The balance of the participant's voluntary contribution account.
- An amount attributable to the participant's defined benefit as determined.

The amount attributable to the participant's defined benefit shall be the greatest of the following:

- 50 times the participant's projected monthly pension assuming continued full-time service to normal retirement date and no change in Average Monthly Earnings.
- The actuarial present value of the participant's accrued defined benefit on the date of death.
- The amount determined for the participant under as in effect on September 30, 1993.

Death benefits

The amount of required minimum distributions during a Participant's lifetime will be determined as follows:

- During the Participant's lifetime, the minimum amount that will be distributed each Distribution Calendar Year is the lesser of (A) the quotient obtained by dividing the Participant's Account Balance by the distribution period in the Uniform Lifetime Table set forth in Regulation §1.401(a)(9)-9, using the Participant's age as of the Participant's birthday in the Distribution Calendar Year; or (B) if the Participant's sole Designated Beneficiary for the Distribution Calendar Year is the Participant's Spouse, then the quotient obtained by dividing the Participant's Account Balance by the number in the Joint and Last Survivor Table set forth in Regulation §1.401(a)(9)-9, using the Participant's and Spouse's attained ages as of the Participant's and Spouse's birthdays in the Distribution Calendar Year.
- Required minimum distributions will be determined under this paragraph beginning with the first Distribution Calendar Year and up to and including the Distribution Calendar Year that includes the Participant's date of death.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Pension Plans, continued

Required minimum distributions will be made after a Participant's death in accordance with the following provisions:

- If a Participant dies on or after the date distribution begins, then the amount of a required minimum distribution will be determined as follows:
 - If the Participant dies on or after the date distributions begin and there is a Designated Beneficiary, then the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the longer of the remaining Life Expectancy of the Participant or the remaining Life Expectancy of the Designated Beneficiary, determined in accordance with the following provisions:
 - The Participant's remaining Life Expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.
 - If the Participant's surviving Spouse is the Participant's sole Designated Beneficiary, then the remaining Life Expectancy of the surviving Spouse is calculated for each Distribution Calendar Year after the year of the Participant's death using the surviving Spouse's age as of the Spouse's birthday in that Distribution Calendar Year. For Distribution Calendar Years after the year of the surviving Spouse's death, the remaining Life Expectancy of the surviving Spouse is calculated using the age of the surviving Spouse as of the Spouse's birthday in the calendar year of the Spouse's death, reduced by one for each subsequent calendar year.
 - If the Participant's surviving Spouse is not the Participant's sole Designated Beneficiary, then the Designated Beneficiary's remaining Life Expectancy is calculated using the age of the Beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent calendar year.

If the Participant dies on or after the date distributions begin and there is no Designated Beneficiary as of September 30 of the year after the year of the Participant's death, then the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the Participant's remaining Life Expectancy calculated using the age of the Participant in the year of death, reduced by one each subsequent year.

Disability benefits

A participant whose employment terminates due to disability shall be paid in a lump sum the total of the following:

- The balance of the participant's Money Purchase contribution accounts.
- The balance of the participant's Mandatory contribution account.
- The balance of the participant's voluntary contribution account.
- An amount attributable to the participant's defined benefit as determined.

The amount attributable to the participant's defined benefit shall be the greatest of the following:

- 50 times the participant's projected monthly pension assuming continued full-time service to normal retirement date and no change in Average Monthly Earnings.
- The actuarial present value of the participant's accrued benefit on the date disability arises.
- The amount determined for the participant as in effect on September 30, 1993.

A disabled participant is one who as a result of illness or injury suffers from a condition of mind or body that permanently prevents full-time employment by Employer. The Administrator shall determine disability and may rely on advice from a medical examiner satisfactory to the Administrator.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Pension Plans, continued

If benefits after disability would be offset against any other disability benefit, the Retirement Administrator may defer the start of payments until age 65 and adjust the benefit actuarially for the later start unless the participant elects to waive disability and receive benefits.

D. Funding policy

The City shall establish the funding policy on the advice of the plan actuary and be responsible for management of the fund. The funding policy shall fix the minimum and maximum Employer contribution for each year.

The funding policy of the defined portion provides for actuarially determined periodic contributions at rates that over time provide sufficient assets available to pay benefits when dues. For the current fiscal year, \$317,288 was contributed to the plan. The plan's normal cost is \$62,655 with interest plus amortization (over 30 years) of the plans unfunded actuarial accrued liability with interest.

The annual required contribution of the defined benefit plan was computed as of an actuarial valuation performed as of July 1, 2022. Significant actuarial assumptions used in the valuation include: (a) a rate of return on the investment of present and future assets of 6.75%, (b) projected salary increases of 3% per year in addition to salary increase due to promotions and longevity.

E. Contributions

The City shall make contributions to fund the benefits for its eligible employees. The amount and time of payment shall be determined in conformance with the funding policy established by the Administrator and the rules of this Plan.

An Employer may suspend or reduce contributions in any year so long as the minimum requirements of the funding policy are satisfied.

Employers' long-term contribution efforts are based on a roll-forward technique utilizing calculations performed as of the start of the fiscal year.

F. Pension asset or liability, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions.

At June 30, 2023, the City of Newport reported a liability of \$2,137,512 for its net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022, as follows:

Total pension liability	\$	11,167,853
Plan fiduciary net position		<u>(9,030,341)</u>
Net position liability	\$	<u>2,137,512</u>
Fiduciary net position as a percentage of total pension liability		80.86%

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Pension Plans, continued

Change in the net pension liability is as follows:

	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Beginning balances	\$ 10,727,301	\$ 8,690,264	\$ 2,037,037
Change for the year:			
Service cost	62,655	-	62,655
Interest on total pension liability	714,346	-	714,346
Difference between expected and actual experience	526,979	-	526,979
Annuity payments	(863,428)	-	(863,428)
Contributions	-	317,288	(317,288)
Transfers and receivables from money purchase plan	-	292,447	(292,447)
Net investment income	-	631,358	(631,358)
Benefit payments	-	(863,428)	863,428
Administrative expenses	-	(37,588)	37,588
	<u> </u>	<u> </u>	<u> </u>
Ending balances	<u>\$ 11,167,853</u>	<u>\$ 9,030,341</u>	<u>\$ 2,137,512</u>

For the year ended June 30, 2023, the City of Newport recognized pension expense of \$971,569. At June 30, 2023, the City of Newport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 47,907	\$ -
Net difference between projected and actual earnings on investments	<u>5,475</u>	<u>-</u>
	<u>\$ 53,382</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

<u>Year Ending June 30,</u>	
2024	\$ (103,342)
2025	(35,243)
2026	263,095
2027	<u>(71,128)</u>
	<u>\$ 53,382</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Pension Plans, continued

G. Actuarial valuations

The employer contributions were set using the entry age normal actuarial cost method. The method is used to attribute the actuarial present value of projected benefits payments of each plan member to periods in conformity with the following:

Attribution is made on an individual plan-member-by-plan-member basis.

Each plan member's service costs are level as a percentage of that member's projected pay.

The beginning of the attribution period is the first period in which the member's service accrues pensions under the benefit terms, notwithstanding vesting or similar terms.

Each plan member's service cost is determined based on the same benefit terms reflected in that member's actuarial present value of projected benefit payments.

H. Actuarial methods and assumptions used in developing total pension liability.

Valuation date	July 1, 2022
Actuarial cost method	Entry age normal with normal cost as a level percentage of salary
Amortization method	Amortized as a level percentage of salary as layered amortization bases over a closed period
Asset valuation method	Fair market value
Inflation rate	N/A
Investment rate of return	6.75%
Projected salary increases	3%
Mortality	PubG-2010, Scale MP-2021

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

I. Discount rate

The discount rate used to measure the total pension liability was 6.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. 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. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

J. 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-estimates ranges of expected future real rates of returns (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 rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Pension Plans, continued

K. Sensitivity of the City’s net pension liability to changes in the discount rate.

The determination of pension liability at fiscal year-end is based on a roll-forward technique utilizing calculations performed as of the start of the year. Three separate calculations of pension liability are displayed, one using the stated discount rate together with calculations based on a 1% increase and 1% decrease in the rate. The additional calculations are required to illustrate the sensitivity of net pension liability to changes in the discount rate:

	<u>1 Percentage Point Lower</u>	<u>Current Discount Rate</u>	<u>1 Percentage Point Higher</u>
Proportionate share of the net pension liability	\$ 3,163,633	\$ 2,137,512	\$ 1,258,247

L. Plan authority

Authority to establish and amend the benefit provisions of the Plan rests with the Retirement Board. A separately issued actuarial report is available and may be obtained from the City of Newport, 169 SW Coast Highway, Newport, Oregon 97365.

Defined Contribution Plan– City Money Purchase

A. Plan description

Participants in the City of Newport Employee’s Retirement Plans also participate in the defined contribution plan along with others added after March 5, 2012, and October 12, 2012.

The City contributes 6% of compensation into the defined contribution (money purchase) plan and members may contribute up to 10% of compensation on a voluntary basis. At retirement, this amount provides an additional annuity equal in value to the combined balances of the participants employee and employer accounts. Conversion of accounts to annuities shall be based on actuarial equivalency. The employer’s contributions met the required contribution for the current and prior years.

B. Description of benefit terms

Pension benefits

A Money Purchase member becomes vested based on years of service as follows:

<u>Years of Service</u>	<u>Vested Percentage</u>
Less than 3 years	0%
3	50%
4	62%
5	75%
6	87.5%
7 or more	100%

Upon retirement, a member of the money purchase Plan may receive the amounts in their employee account as a lump-sum payment.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Pension Plans, continued

Death benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance.

C. Contributions

The City makes the employee contributions of 6 percent of covered payroll to the plan. Contributions for the year ended June 30, 2023 were \$381,489.

D. Recordkeeping

The City contracts with Silverstone Group to maintain the money purchase participant records.

Defined benefit plans aggregate information

Balances of the City's two defined benefit pension plans are aggregated and displayed in the financial statements as follows:

	Oregon Public Employees Retirement System	City of Newport Employees' Retirement Plan	Total
Net pension liability	\$ 4,045,504	\$ 2,137,512	\$ 6,183,016
Deferred outflows of resources - pension related	1,523,186	53,382	1,576,568
Deferred inflows of resources - pension related	1,764,047	-	1,764,047
Pension expense	441,986	971,569	1,413,555

Other Postemployment Benefit Plans

The City participates in a cost-sharing multiple-employer plan that covers all fire and police employees, and a single employer plan for eligible employees. The aggregate amount of Other Postemployment Benefit (OPEB) income for the year ended June 30, 2023, is \$3,375 for all plans. Below are details related to each plan.

Oregon Public Employees Retirement System (PERS)

Defined Benefit OPEB Plan

A. Plan description

The City contributes to the Oregon PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. The RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. Contributions are mandatory for each employer that is a member of PERS.

The Oregon Legislature has delegated the authority to the Public Employees Retirement Board to administer and manage the system.

OPERS produces an independently audited Comprehensive Annual Financial Report which includes detailed information about the plan's fiduciary net position.

The report can be found at: <https://www.oregon.gov/pers/Documents/Financials/ACFR/2022-Annual-Comprehensive-Financial-Report.pdf>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Other Postemployment Benefit Plans, continued

B. Description of benefit terms

All benefits of the System are established by the legislature pursuant to Oregon Revised Statutes Chapters 238 and 238A.

The RHIA is closed to new members hired on or after August 29, 2003.

Other Postemployment Healthcare benefits

Eligible retired members receive a monthly healthcare benefit for life up to \$60 toward the monthly cost health insurance.

To be eligible, the member must:

1. Have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS
2. Receive both Medicare Parts A and B coverage
3. Enroll in a PERS-sponsored health plan

Surviving spouse or dependent benefits

A surviving spouse or dependent of a deceased retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she is receiving a retirement benefit or allowance from PERS or was insured at the time the member died and the member retired before May 1, 1991.

C. Contributions

OPERS funding policy provides for periodic member and employer contributions at the rates established by the Public Employees Retirement Board, subject to limits set in statute. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates during the period were based on the December 31, 2019, actuarial valuation.

The City contributed 0.05% of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits. Since the funded status of the RHIA UAL is in excess of 100%, no contributions were required to fund the RHIA UAL. For the year ended June 30, 2023, the City made contributions in the amount of \$33 to the RHIA.

D. Net OPEB liability/(asset), pension expense and deferred outflows and deferred inflows of resources related to other postemployment benefits

Net OPEB liability (asset)

At June 30, 2023, the City reported an (asset) of \$(67,187) for its proportionate share of the net OPEB liability/(asset). The net OPEB liability/(asset) was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2020. The City's proportion of the net OPEB liability/(asset) was based on its actual, legally required contributions made during the fiscal year with the total actual contributions of all employers during the fiscal year.

At June 30, 2022, the City's proportion was 0.01890809 percent, which was a decrease of 0.00211942 percent from its proportion measured as of June 30, 2021.

OPEB expense

For the year ended June 30, 2023, the City recognized OPEB income of \$5,064.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Other Postemployment Benefit Plans, continued

Deferred inflows of resources and deferred outflows of resources

Deferred inflows of resources and deferred outflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2022, employers will report the following deferred inflows or resources and/or deferred outflows of resources:

Difference between expected and actual experience

Changes in assumptions

Changes in employer proportion since the prior measurement date

Net difference between projected and actual investment earnings. One-year's amortization is recognized in the employer's total OPEB expense for the measurement period.

Differences between expected and actual experience, changes in assumptions and changes in employer proportionate are amortized over the average remaining service lives of all plan participants, including retirees, determined at the beginning of the respective measurement period. Employers are required to recognize OPEB expense based on the balance of the closed period "layers" attributable to each measurement period. The average remaining service lives determined as of the beginning of each measurement period are described below:

Fiscal Year ended June 30, 2022 – 2.5 years

Fiscal Year ended June 30, 2021 – 2.7 years

Fiscal Year ended June 30, 2020 – 2.9 years

Fiscal Year ended June 30, 2019 – 3.1 years

The net difference between projected and actual investment earnings attributable to each measurement period is amortized over a closed five-year period.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to other postemployment benefits from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,821
Changes of assumptions	526	2,240
Net difference between projected and actual earnings on investments	-	5,124
Changes in proportionate share	4,284	-
Contributions subsequent to the measurement date	33	-
	<u>\$ 4,843</u>	<u>\$ 9,185</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Other Postemployment Benefit Plans, continued

Deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date in the amount of \$33 will be recognized as an adjustment to the net OPEB (asset) / liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>Year Ending June 30,</u>	
	2024	\$ (739)
	2025	(2,042)
	2026	(3,235)
	2027	<u>1,641</u>
		<u>\$ (4,375)</u>

E. Actuarial methods and assumptions used in developing the total OPEB liability (asset)

Except as identified below, actuarial methods and assumptions used in developing the total OPEB liability are the same as those used to develop the total PERS pension liability as discussed in the PERS pension note.

Retiree healthcare participation

Healthy retirees are assumed to participate 27.5% of the time while disabled retirees are assumed to participate 15% of the time.

Healthcare cost trend rate

A healthcare cost trend rate is not utilized in the actuarial valuation as statute stipulates a \$60 monthly payment to retirees for health insurance.

Depletion date projection

GASB 75 generally requires that a blended discount rate be used to measure the Net OPEB Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 75 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 75 (paragraph 82) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Other Postemployment Benefit Plans, continued

The following circumstances justify an alternative evaluation of sufficiency for Oregon PERS (OPERS):

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100 percent funded position by the end of the amortization period if future experience follows assumption.
- GASB 75 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is OPERS independent actuary's opinion that the detailed depletion date projections outlined in GASB 75 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

F. Sensitivity of the proportionate share of the net OPEB liability/(asset) to changes in the discount rate

The following presents the proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 6.9 percent, as well as what the proportionate share of the net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.9 percent) or 1- percentage-point higher (7.9 percent) than the current rate:

	<u>1 Percentage Point Lower</u>	<u>Current Discount Rate</u>	<u>1 Percentage Point Higher</u>
Net OPEB liability (asset) \$	\$ <u>(60,555)</u>	\$ <u>(67,187)</u>	\$ <u>(72,873)</u>

City of Newport Other Postemployment Benefit Plan

A. Plan description and benefits provided

The City provides other postemployment benefits (OPEB) for employees, retirees, spouses and dependents through a single employer defined benefit plan in the form of group health insurance benefits. As required by ORS 243.303(2), retirees who were hired after July 1, 2003, are allowed to continue, at the retirees' expense, coverage under the group health insurance plan until age 65. The difference between the premium actually paid by the retirees under the group insurance plan and the premium that they would pay if they were not included in the plan is considered to be an implicit subsidy under the provisions of GASB 75. The plan does not issue a separate stand-alone financial report. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

B. Plan membership

As of July 1, 2022, there were 103 active employees, 2 eligible retiree, and 0 spouses of ineligible retirees for a total of 105 plan members.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Other Postemployment Benefit Plans, continued

C. Contributions

The City funds the plan only to the extent of current year insurance premium requirements on a pay-as-you-go basis. The average monthly premium requirements for the City are as follows:

For retirees	\$ 683
For spouses of retirees	748

D. Total OPEB liability, changes in net OPEB liability, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB.

At June 30, 2023, the City reported a total OPEB liability of \$375,724. The total OPEB liability was measured as of June 30, 2022, and determined by an actuarial valuation as of that date.

Changes in the total OPEB liability is as follows:

	<u>Total OPEB Liability</u>
Balances at June 30, 2022	\$ 466,088
Changes for the year:	
Service cost	51,644
Interest	10,962
Effect of economic/demographic gains or losses	(144,046)
Changes in assumptions or other inputs	11,675
Benefit payments	<u>(20,599)</u>
	<u>\$ 375,724</u>

For the year ended June 30, 2023, the City recognized OPEB expense of \$1,689. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 193,613
Changes of assumptions	17,726	34,527
Benefit payments	<u>19,270</u>	<u>-</u>
	<u>\$ 36,996</u>	<u>\$ 228,140</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Other Postemployment Benefit Plans, continued

Deferred outflows of resources related to OPEB resulting from benefit payments in the amount of \$19,270 will be recognized as an adjustment to the total OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Year Ending June 30,	
	<u>2024</u>	\$ (45,753)
	2025	(44,193)
	2026	(34,257)
	2027	(23,558)
	2028	(21,719)
	Thereafter	<u>(40,934)</u>
		<u>\$ (210,414)</u>

E. Actuarial valuation

The City contributions are based on the accruing benefit costs measured using the individual entry age normal actuarial cost method. The present value of benefits is allocated over the service for each active employee from their date of hire to their expected retirement age, as a level percent of the employee's pay. This level percent times pay is referred to as the service cost and is that portion of the present value of benefits attributable to an employee's service in a current year. The service cost equals \$0 for retired members. The total OPEB liability is the present value of benefits less the actuarial present value of future normal costs and represents the liabilities allocated to service up to the valuation date. For retirees, the total OPEB liability is equal to the present value of benefits.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Other Postemployment Benefit Plans, continued

F. Actuarial methods and assumptions used in developing the total OPEB liability

Valuation date	July 1, 2022
Actuarial cost method	Entry age normal, level percent of pay
Inflation rate	2.4%
Projected salary increases	3.4%
Mortality	Pub-2010 General and Safety Employee and Healthy Retiree Table, sex distinct for members and dependents, with a one-year setback for male general service employees and female public safety employees
Withdrawal	Based on Oregon PERS assumptions. Annual rates are based on employment classification, gender and duration from hire date
Retirement	Based on Oregon PERS assumptions. Annual rates are based on age, Tier/OPSRP, duration of service, and employment classification
Election and lapse rates	35% of eligible employees. 60% of male members and 35% of female members will elect spouse coverage 5% annual lapse rate

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Other Postemployment Benefit Plans, continued

Discount rate

The discount rate used to measure the net OPEB liability was 3.54 percent. The discount rate is based on the Bond Buyer 20-year General Obligation Bond Index. The discount rate at the prior measurement date was 2.16 percent.

Healthcare cost trend rate

The assumed healthcare cost trend for medical and vision costs is as follows:

<u>Years</u>	<u>Pre-65 Trend</u>
2022	4.25%
2023	6.75%
2024	6.50%
2025	6.00%
2026	5.25%
2027	5.00%
2028-2029	4.75%
2030	4.50%
2031-2065	4.25%
2066-2071	4.00%
2072+	3.75%

Dental costs are assumed to be 1.75% for 2022, 4% per year until 2072 then 3.75% thereafter. The trend rate for 2022 includes an adjustment for known January 1, 2023 premiums.

G. Sensitivity of the City’s net OPEB liability to changes in the discount and healthcare cost trend rates

The following presents the City’s net OPEB liability calculated using the discount rate of 3.54 percent, as well as what the City’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current rate A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

	<u>1 Percentage Point Lower</u>	<u>Current Discount Rate</u>	<u>1 Percentage Point Higher</u>
City's total OPEB liability	\$ 403,327	\$ 375,724	\$ 350,001
	<u>1 Percentage Point Lower</u>	<u>Current Trend Rate</u>	<u>1 Percentage Point Higher</u>
City's total OPEB liability	\$ 335,528	\$ 375,724	\$ 422,821

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Other Postemployment Benefit Plans, continued

Defined benefit plans aggregate information

Balances of the City's two defined benefit other postemployment plans are aggregated and displayed in the financial statements as follows:

	Oregon Public Employees Retirement System RHIA	City of Newport Other Postemployment Benefit Plan	Total
Net OPEB asset	\$ 67,187	\$ -	\$ 67,187
Deferred outflows of resources - OPEB related	4,843	36,996	41,839
Other postemployment benefits liability	-	375,724	375,724
Deferred inflows of resources - OPEB related	9,185	228,140	237,325
OPEB (income) expense	(5,064)	1,689	(3,375)

Risk Management

The City participates in self-insurance pools of City/County Insurance Services for general, auto, and workers' compensation liability with self-insurance retention limits per occurrence. The pool pays all claims up to \$5,000,000 and purchases insurance to cover any excess liability up to a limit selected by the participating entity. The deductibles for the coverages are as follows:

General Liability:	\$ -
Auto Liability:	\$ -
Auto Physical Comprehensive:	\$ 100
Auto Physical Collision:	\$ 500

The City is assessed an annual maximum premium for workers' compensation liability.

Settled claims have not exceeded the coverages listed above in the past five years.

Commitments and Contingent Liabilities

The City is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operation. Claims are generally covered by insurance. In the opinion of City management, based on the advice of Counsel with respect to such litigation and claims, the ultimate disposition of these matters will not have a material adverse effect on the financial position, results of operations, or cash flows of the City's funds.

Tax Abatements

Lincoln County has established an enterprise zone under ORS 285C.050-250 that abates property taxes on new business development within the zone. As a result, the property taxes that the City will receive for the 2022-2023 levy year have been reduced by \$103,136.

Public-Private Partnership

The City entered into a public-private partnership agreement with the Oregon Coast Council for the Arts (OCCA), an Oregon nonprofit corporation for operation of the Performing Arts Center (PAC) and the Visual Arts Center (VAC). The City is the transferor in this arrangement and owns the buildings being used in this agreement. The agreement is set to expire June 30, 2024, unless both parties agree to extend the agreement. Improvements made to the PAC or VAC are shown as capital assets by the City. Equipment used in operations are purchased by OCCA who will ultimately own the assets at the conclusion of the agreement. Capital assets associated with the public-private partnership agreement have a cost of \$1,145,800 and accumulated depreciation of \$564,780.

CITY OF NEWPORT**Notes to Financial Statements**

Year Ended June 30, 2023

Note 4 - Other Information, continuedRestatement Due to Implementation of New Accounting Standard

The City implemented GASB 96, *Subscription-Based Information Technology Arrangements*, in the fiscal year ended June 30, 2023. Beginning balances for the governmental activities were restated due to implementation as follows:

	<u>As originally reported</u>		<u>As restated</u>		<u>Difference</u>
<i>Governmental activities:</i>					
Other capital assets, net of depreciation	\$ 61,922,901	\$	62,151,384	\$	228,483
Subscription payable	-		(228,483)		(228,483)
<i>Business-type activities:</i>					
Other capital assets, net of depreciation	70,819,682		70,856,579		36,897
Subscription payable	-		(28,897)		(28,897)
Net position	(38,752,476)		(38,760,476)		(8,000)

Prior Period Adjustment

Upon implementation of GASB 87, *Leases*, the City erroneously did not record a lease in which they are lessor. The prior period adjustment had no impact on beginning fund balance or beginning net position at June 30, 2022. Beginning balances related to this error were corrected as follows:

	<u>As originally reported</u>		<u>As restated</u>		<u>Difference</u>
<i>Governmental activities:</i>					
Lease receivable	\$ 718,474	\$	3,701,602	\$	2,983,128
Deferred lease resources	(730,591)		(3,881,095)		(3,150,504)
Unearned revenue	(468,322)		(300,946)		167,376
<i>Airport fund:</i>					
Lease receivable	467,856		3,450,984		2,983,128
Deferred lease resources	(485,788)		(3,636,292)		(3,150,504)
Unavailable revenues	(201,662)		(34,286)		167,376

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NEWPORT

Schedule of Proportionate Share of the Net Pension Liability (Asset)

Oregon Public Employees Retirement System

Last 10 Plan Years*

Year Ended June 30,	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered- Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.02642047%	\$ 4,045,504	\$ 2,971,662	136.14%	84.5%
2021	0.02656675%	3,179,105	2,667,549	119.18%	87.6%
2020	0.02980549%	6,504,583	2,678,690	242.83%	75.8%
2019	0.03157548%	5,461,802	2,809,247	194.42%	80.0%
2018	0.00027085%	4,102,981	2,767,384	148.26%	82.0%
2017	0.02427185%	3,271,855	2,877,270	113.71%	83.0%
2016	0.02977186%	4,469,447	2,444,013	182.87%	81.0%
2015	0.02885827%	1,656,886	2,193,182	75.55%	92.0%
2014	0.02500643%	(566,824)	2,595,985	-21.83%	104.0%

*Information will be accumulated annually until 10 years is presented

Notes to Schedule

Changes in Benefit Terms:

The 2013 Oregon Legislature made a series of changes to PERS that lowered projected future benefit payments from the System. These changes included reductions to future Cost of Living Adjustments (COLA) made through Senate Bills 822 and 861. Senate Bill 822 also required the contribution rates scheduled to be in effect from July 2013 to June 2015 to be reduced. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future System Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the total pension liability as of June 30, 2015 compared to June 30, 2014 total pension liability. A legislative change that occurred after the December 31, 2017 valuation date affected the plan provisions reflected for financial reporting purposes. Senate Bill 1049, signed into law in June 2019, introduced a limit on the amount of annual salary included for the calculation of benefits. Beginning in 2020, annual salary in excess of \$195,000 (as indexed in future years) will be excluded when determining member benefits. As a result, future Tier 1/Tier 2 and OPSRP benefits for certain active members are now projected to be lower than prior to the legislation.

Changes of Assumptions:

The PERS Board adopted impacting June 30, 2016 including the lowering of the long-term expected rate of return to 7.50 percent and lowering of the assumed inflation to 2.50 percent. For June 30, 2018, the long-term expected rate of return was lowered to 7.20 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay were updated. In plan year 2021, the long-term expected rate of return was reduced to 6.90 percent and at the same time, the inflation and payroll growth assumptions were lowered to 2.40 percent and 3.40 percent, respectively.

CITY OF NEWPORT
Schedule of Contributions - Pension
Oregon Public Employees Retirement System
Last 10 Fiscal Years*

Year Ended June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percent of Covered Payroll
2023	\$ 558,232	\$ 558,232	\$ -	\$ 3,401,451	16.41%
2022	567,421	567,421	-	2,971,662	19.09%
2021	530,797	530,797	-	2,667,549	19.90%
2020	538,516	538,516	-	2,678,690	20.10%
2019	413,934	413,934	-	2,809,247	14.73%
2018	394,569	394,569	-	2,767,384	14.26%
2017	265,656	265,656	-	2,877,270	9.23%
2016	258,320	258,320	-	2,444,013	10.57%
2015	208,544	208,544	-	2,193,182	9.51%

*Information will be accumulated annually until 10 years is presented

Notes to schedule

Actuarial Assumptions and Methods Used to Set the actuarially Determined Contributions:

Actuarial valuation	December 31, 2019	December 31, 2017	December 31, 2015	December 31, 2013	December 31, 2011
Effective	July 2021 - June 2023	July 2019 - June 2021	July 2017 - June 2019	July 2015 - June 2017	July 2013 - June 2015
Actuarial cost method	Entry Age Normal				Projected Unit Cost
Amortization method	Level percentage of payroll				
Asset valuation method	Market Value				
Remaining amortization periods	20 years				N/A
Actuarial assumptions:					
Inflation rate	2.4 percent		2.5 percent		2.75 percent
Projected salary increases			3.5 percent		
Investment rate of return	6.9 percent	7.2 percent	7.5 percent	7.75 percent	8 percent

CITY OF NEWPORT

Schedule of the Net Pension Liability and Changes in Net Pension Liability

City of Newport Employees Retirement Plan

Last 10 Plan Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Beginning of Year:									
Total pension liability	\$ 10,727,301	\$ 10,344,999	\$ 9,442,920	\$ 8,635,623	\$ 8,053,710	\$ 7,872,517	\$ 7,246,065	\$ 6,860,012	\$ 6,525,032
Fiduciary net position	8,690,264	10,025,997	8,198,516	7,332,166	7,211,487	6,864,062	5,702,821	5,681,108	5,328,828
Net Pension Liability	2,037,037	319,002	1,244,404	1,303,457	842,223	1,008,455	1,543,244	1,178,904	1,196,204
Changes in Total Pension Liability:									
Service cost	62,655	71,786	94,996	98,316	100,597	120,946	134,359	141,340	166,928
Interest on total pension liability	714,346	679,022	648,002	607,964	533,239	524,396	473,831	461,564	440,163
Difference between expected and actual experience	526,979	301,143	778,918	696,080	407,936	112,457	563,229	53,539	(69,963)
Change of assumptions	-	19,147	(40,473)	(20,624)	362,739	-	392,067	-	-
Benefit payments	(863,428)	(688,796)	(579,364)	(574,439)	(822,598)	(576,606)	(937,034)	(270,390)	(202,148)
Net Change in Total Pension Liability	440,552	382,302	902,079	807,297	581,913	181,193	626,452	386,053	334,980
Changes in Fiduciary Net Position:									
Employer contributions	317,288	396,802	404,045	404,045	404,045	402,347	381,589	362,578	372,150
Transfer from Money Purchase Plan	292,447	303,690	413,184	757,759	242,903	47,198	1,076,001	15,618	-
Transfer to Money Purchase Plan	-	-	-	(6,959)	(389,198)	(228,729)	(636,333)	-	-
Investment income (loss) net of expenses	631,358	(1,307,910)	1,625,989	311,449	328,566	504,959	667,952	(60,573)	207,422
Benefit payments	(863,428)	(688,796)	(579,364)	(567,480)	(433,400)	(347,877)	(300,701)	(270,390)	(202,148)
Administrative expenses	(37,588)	(39,519)	(36,373)	(32,464)	(32,237)	(30,473)	(27,267)	(25,520)	(25,144)
Net Change in Fiduciary Net Position	340,077	(1,335,733)	1,827,481	866,350	120,679	347,425	1,161,241	21,713	352,280
End of Year:									
Total pension liability	11,167,853	10,727,301	10,344,999	9,442,920	8,635,623	8,053,710	7,872,517	7,246,065	6,860,012
Fiduciary net position	9,030,341	8,690,264	10,025,997	8,198,516	7,332,166	7,211,487	6,864,062	5,702,821	5,681,108
Net Pension Liability	\$ 2,137,512	\$ 2,037,037	\$ 319,002	\$ 1,244,404	\$ 1,303,457	\$ 842,223	\$ 1,008,455	\$ 1,543,244	\$ 1,178,904
Fiduciary Net Position as a Percent of									
Total Pension Liability	80.9%	81.0%	96.9%	86.8%	84.9%	89.5%	87.2%	78.7%	82.8%
Covered Payroll	1,001,757	1,248,853	\$ 1,513,070	\$ 1,714,551	\$ 1,969,621	\$ 2,335,688	\$ 2,391,031	\$ 2,583,588	\$ 2,592,985
Net Pension Liability as a Percent of									
Covered Payroll	213.4%	163.1%	21.1%	72.6%	66.2%	36.1%	42.2%	59.7%	45.5%

*Information will be accumulated annually until 10 years is presented

CITY OF NEWPORT
Schedule of Employer Contributions
City of Newport Employees Retirement Plan
Last 10 Fiscal Years

<u>Year Ended June 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percent of Covered Payroll</u>
2023	\$ 181,123	\$ 317,288	\$ (136,165)	1,001,757	-13.59%
2022	160,312	396,802	(236,490)	1,248,853	-18.94%
2021	229,455	404,045	(174,590)	1,513,070	-11.54%
2020	263,263	404,045	(140,782)	1,741,551	-8.08%
2019	192,121	404,045	(211,924)	1,969,621	-10.76%
2018	218,489	402,347	(183,858)	2,335,688	-7.87%
2017	302,158	381,589	(79,431)	2,391,031	-3.32%
2016	273,120	362,578	(89,458)	2,583,588	-3.46%
2015	358,599	372,150	(13,551)	2,592,985	-0.52%
2014	405,982	416,372	(10,390)	2,925,079	-0.36%

Notes to schedule

Methods and assumptions used to determine the contribution rates were as follows:

Actuarial cost method: Individual entry age normal, level percentage of pay

Amortization method: Level dollar over a 25-year closed period beginning 7/1/16

Asset valuation method: Market value

Retirement age:	<u>Age</u>	<u>Service</u>	<u>Rate</u>
	55	30+ years	50%
	60	25+ years	50%
	62	na	100%

Marriage: 75% of both males and females with males 3 years older than spouses

Healthy mortality: 2022-2020 PubG-2021; 2019-2011 Health combined RP-2000

Cost of living increases: 1.5% per year

Salary increases: 3% per year

CITY OF NEWPORT
Schedule of Investment Rate of Return
City of Newport Employees Retirement Plan
Last 10 Fiscal Years*

<u>Year Ended June 30,</u>	<u>Rate of Return</u>
2023	6.76%
2022	-16.02%
2021	20.46%
2020	4.26%
2019	4.50%
2018	7.64%
2017	11.69%
2016	-1.06%
2015	3.84%
2014	18.52%

CITY OF NEWPORT
Schedule of Proportionate Share of the Net Other Postemployment
Benefit Liability (Asset)
Oregon Public Employees Retirement System
Last 10 Plan Years*

<u>Year Ended June 30,</u>	<u>Proportion of the Net OPEB Liability</u>	<u>Proportionate Share of the Net OPEB Liability (Asset)</u>	<u>Covered- Employee Payroll</u>	<u>Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered- Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u>
2022	0.01890809% \$	(67,187) \$	2,971,662	-2.26%	194.60%
2021	0.02102751%	(72,209)	2,667,549	-2.71%	183.90%
2020	0.02311762%	(47,105)	2,678,690	-1.76%	150.09%
2019	0.02587288%	(49,996)	2,809,247	-1.78%	144.38%
2018	0.02602888%	(29,055)	2,767,384	-1.05%	123.99%
2017	0.02348035%	(9,799)	2,877,270	-0.34%	108.88%
2016	0.02372468%	(6,433)	2,444,013	-0.26%	94.15%

*Information will be accumulated annually until 10 years is presented

Notes to Schedule

Changes of Assumptions:

The PERS Board adopted assumption changes that were used to measure the June 30, 2018 total OPEB liability. The changes include lowering of the long-term expected rate of return to 7.20 percent. In addition, healthy retiree participation and healthy mortality assumptions were changes to reflect an updated trends and mortality improvement scale for all groups. In plan year 2021, the long-term expected rate of return was reduced to 6.90 percent and at the same time, the inflation and payroll growth assumptions were lowered to 2.40 percent and 3.40 percent, respectively

CITY OF NEWPORT
Schedule of Contributions to OPEB - RHIA
Oregon Public Employees Retirement System
Last 10 Fiscal Years*

<u>Year Ended June 30,</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered- Employee Payroll</u>	<u>Contributions as a Percent of Covered Payroll</u>
2023	\$ 33	\$ 33	- \$	3,401,451	0.00%
2022	466	466	-	2,971,662	0.02%
2021	563	563	-	2,667,549	0.02%
2020	1,651	1,651	-	2,678,690	0.06%
2019	12,823	12,823	-	2,809,247	0.46%
2018	12,603	12,603	-	2,767,384	0.46%
2017	11,647	11,647	-	2,877,270	0.40%

*Information will be accumulated annually until 10 years is presented

Notes to Schedule

Actuarial assumptions and methods used to set the actuarially determined contribution rates are the same as those used to set the Oregon Public Employees Retirement Systems' pension contribution rates. See PERS' pension contribution required supplementary information for additional information.

CITY OF NEWPORT

Schedule of Changes in Total OPEB Liability and Related Ratios - Implicit Rate Subsidy

Last 10 Plan Years*

	2022	2021	2020	2019	2018	2017
Service Cost	\$ 51,644	\$ 50,189	\$ 41,333	\$ 37,007	\$ 49,922	\$ 52,534
Interest	10,962	10,382	17,749	17,879	20,531	15,900
Effect of economic/demographic gains or losses	(144,046)	-	(68,017)	-	(71,931)	-
Changes of Assumptions or Other Inputs	11,675	1,589	(5,802)	13,120	(72,379)	(29,592)
Benefit Payments	(20,599)	(31,154)	(31,667)	(22,778)	(26,691)	(14,714)
Net Change in Total OPEB Liability	(90,364)	31,006	(46,404)	45,228	(100,548)	24,128
Total OPEB liability - beginning	466,088	435,082	481,486	436,258	536,806	512,678
Total OPEB Liability - ending	<u>\$ 375,724</u>	<u>\$ 466,088</u>	<u>\$ 435,082</u>	<u>\$ 481,486</u>	<u>\$ 436,258</u>	<u>\$ 536,806</u>
Covered-Employee Payroll	8,681,081	8,166,069	8,970,115	8,923,176	8,806,753	5,103,072
Total OPEB Liability as a Percentage of Covered-Employee Payroll	4.328%	5.708%	4.850%	5.396%	4.954%	10.519%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

*Information will be accumulated annually until 10 years is presented



OTHER SUPPLEMENTARY INFORMATION



CITY OF NEWPORT**Capital Projects Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Intergovernmental	\$ 3,565,416	\$ 288,233	\$ (3,277,183)
Interest earnings	<u>12,080</u>	<u>143,952</u>	<u>131,872</u>
Total Revenues	<u>3,577,496</u>	<u>432,185</u>	<u>(3,145,311)</u>
Expenditures:			
General	7,851,535	3,019,112	4,832,423
Airport improvement program	<u>4,620,098</u>	<u>89,214</u>	<u>4,530,884</u>
Total Expenditures	<u>12,471,633</u>	<u>3,108,326</u>	<u>9,363,307</u>
Excess of Revenues Over Expenditures	<u>(8,894,137)</u>	<u>(2,676,141)</u>	<u>6,217,996</u>
Other Financing Sources (Uses):			
Transfers in	4,981,746	4,756,746	(225,000)
Transfers out	<u>(14,842)</u>	<u>(14,842)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>4,966,904</u>	<u>4,741,904</u>	<u>(225,000)</u>
Net Change in Fund Balance	(3,927,233)	2,065,763	5,992,996
Fund Balance, beginning	<u>3,939,313</u>	<u>3,939,313</u>	<u>-</u>
Fund Balance, ending	<u>\$ 12,080</u>	<u>\$ 6,005,076</u>	<u>\$ 5,992,996</u>

CITY OF NEWPORT
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2023

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 7,479,981	\$ 123,292	\$ 5,662,508	\$ 13,265,781
Receivables:				
Accounts	145,783	317	-	146,100
Taxes	-	28,015	-	28,015
Due from Other Funds	110,000	-	-	110,000
Inventory	45,985	-	-	45,985
Prepaid Items	3,729	-	-	3,729
	<u>7,785,478</u>	<u>151,624</u>	<u>5,662,508</u>	<u>13,599,610</u>
Total Assets	\$ <u>7,785,478</u>	\$ <u>151,624</u>	\$ <u>5,662,508</u>	\$ <u>13,599,610</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 158,641	\$ -	\$ 49,624	\$ 208,265
Payroll and related liabilities	79,799	-	-	79,799
Due to other funds	117,336	-	-	117,336
	<u>355,776</u>	<u>-</u>	<u>49,624</u>	<u>405,400</u>
Total Liabilities	<u>355,776</u>	<u>-</u>	<u>49,624</u>	<u>405,400</u>
Deferred Inflows of Resources:				
Unavailable revenues	-	21,704	-	21,704
	<u>-</u>	<u>21,704</u>	<u>-</u>	<u>21,704</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>21,704</u>	<u>-</u>	<u>21,704</u>
Fund Balances:				
Nonspendable	49,714	-	-	49,714
Restricted	5,250,185	99,077	-	5,349,262
Committed	2,130,769	-	-	2,130,769
Assigned	-	30,843	5,612,884	5,643,727
Unassigned	(966)	-	-	(966)
	<u>7,429,702</u>	<u>129,920</u>	<u>5,612,884</u>	<u>13,172,506</u>
Total Fund Balances	<u>7,429,702</u>	<u>129,920</u>	<u>5,612,884</u>	<u>13,172,506</u>
Total Liabilities and Fund Balances	\$ <u>7,785,478</u>	\$ <u>151,624</u>	\$ <u>5,662,508</u>	\$ <u>13,599,610</u>

CITY OF NEWPORT**Nonmajor Governmental Funds****Combining Statement of Revenues, Expenditures and Changes in Fund Balance**

Year Ended June 30, 2023

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Revenues:				
Taxes:				
Property	\$ -	\$ 628,280	\$ -	\$ 628,280
Other	202,371	-	-	202,371
Franchise fees, privilege taxes, licenses and permits	226,640	-	-	226,640
Intergovernmental	1,168,996	-	-	1,168,996
Charges for services	1,306,299	-	-	1,306,299
System development charges	409,952	-	-	409,952
Interest earnings	156,095	9,570	132,342	298,007
Other revenue	10,867	-	1,000	11,867
Total Revenues	<u>3,481,220</u>	<u>637,850</u>	<u>133,342</u>	<u>4,252,412</u>
Expenditures:				
Current:				
General government	659,742	-	5,439	665,181
Public safety	-	-	10,150	10,150
Public works	649,378	-	-	649,378
Culture and recreation	1,969,161	-	-	1,969,161
Capital outlay	56,694	-	867,829	924,523
Debt service:				
Principal	5,452	455,500	-	460,952
Interest	33	231,190	-	231,223
Total Expenditures	<u>3,340,460</u>	<u>686,690</u>	<u>883,418</u>	<u>4,910,568</u>
Excess (Deficiency) of Revenues over Expenditures	<u>140,760</u>	<u>(48,840)</u>	<u>(750,076)</u>	<u>(658,156)</u>
Other Financing Sources (Uses):				
Transfers in	2,097,161	71,277	2,380,506	4,548,944
Lease proceeds	897	-	-	897
Transfers out	<u>(1,849,042)</u>	<u>-</u>	<u>(672,460)</u>	<u>(2,521,502)</u>
Total Other Financing Sources (Uses)	<u>249,016</u>	<u>71,277</u>	<u>1,708,046</u>	<u>2,028,339</u>
Net Change in Fund Balances	389,776	22,437	957,970	1,370,183
Fund Balances, Beginning	<u>7,039,926</u>	<u>107,483</u>	<u>4,654,914</u>	<u>11,802,323</u>
Fund Balances, Ending	<u>\$ 7,429,702</u>	<u>\$ 129,920</u>	<u>\$ 5,612,884</u>	<u>\$ 13,172,506</u>

CITY OF NEWPORT
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2023

	<u>Parks and Recreation</u>	<u>Public Parking</u>	<u>Housing</u>
ASSETS			
Cash and Cash Equivalents	\$ 693,686	\$ -	\$ 748,625
Receivables:			
Accounts	-	6,370	-
Due from Other Funds	-	-	-
Inventory	-	-	-
Prepaid Items	<u>189</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 693,875</u>	<u>\$ 6,370</u>	<u>\$ 748,625</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 36,071	\$ -	\$ 22,125
Payroll and related liabilities	57,437	-	-
Due to other funds	<u>110,000</u>	<u>7,336</u>	<u>-</u>
Total Liabilities	<u>203,508</u>	<u>7,336</u>	<u>22,125</u>
Fund Balances:			
Nonspendable	189	-	-
Restricted	-	-	-
Committed	490,178	-	726,500
Unassigned	<u>-</u>	<u>(966)</u>	<u>-</u>
Total Fund Balances	<u>490,367</u>	<u>(966)</u>	<u>726,500</u>
Total Liabilities and Fund Balances	<u>\$ 693,875</u>	<u>\$ 6,370</u>	<u>\$ 748,625</u>

<u>Building Inspection</u>	<u>Streets</u>	<u>Line Undergrounding</u>	<u>SDC</u>	<u>Agate Beach</u>	<u>Total</u>
\$ 537,441	\$ 593,339	\$ 899,565	\$ 3,057,234	\$ 950,091	\$ 7,479,981
-	124,887	14,526	-	-	145,783
-	-	-	-	110,000	110,000
-	45,985	-	-	-	45,985
<u>27</u>	<u>3,513</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,729</u>
<u>\$ 537,468</u>	<u>\$ 767,724</u>	<u>\$ 914,091</u>	<u>\$ 3,057,234</u>	<u>\$ 1,060,091</u>	<u>\$ 7,785,478</u>
\$ 84,503	\$ 9,547	\$ -	\$ -	\$ 6,395	\$ 158,641
11,884	10,478	-	-	-	79,799
-	-	-	-	-	117,336
<u>96,387</u>	<u>20,025</u>	<u>-</u>	<u>-</u>	<u>6,395</u>	<u>355,776</u>
27	49,498	-	-	-	49,714
441,054	698,201	-	3,057,234	1,053,696	5,250,185
-	-	914,091	-	-	2,130,769
-	-	-	-	-	(966)
<u>441,081</u>	<u>747,699</u>	<u>914,091</u>	<u>3,057,234</u>	<u>1,053,696</u>	<u>7,429,702</u>
<u>\$ 537,468</u>	<u>\$ 767,724</u>	<u>\$ 914,091</u>	<u>\$ 3,057,234</u>	<u>\$ 1,060,091</u>	<u>\$ 7,785,478</u>

CITY OF NEWPORT
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2023

	<u>Parks and Recreation</u>	<u>Public Parking</u>	<u>Housing</u>
Revenues:			
Taxes:			
Other	\$ -	\$ -	\$ 202,371
Franchise fees, privilege taxes, licenses and permits	-	23,668	-
Intergovernmental	22,250	-	-
Charges for services	685,610	-	-
System development charges	-	-	-
Interest earnings	15,921	194	15,736
Other revenue	10,050	-	-
Total Revenues	<u>733,831</u>	<u>23,862</u>	<u>218,107</u>
Expenditures:			
Current:			
General government	-	4,886	31,471
Public works	-	-	-
Culture and recreation	1,969,161	-	-
Capital outlay	49,947	-	-
Debt service:			
Principal	3,842	-	-
Interest	25	-	-
Total Expenditures	<u>2,022,975</u>	<u>4,886</u>	<u>31,471</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,289,144)</u>	<u>18,976</u>	<u>186,636</u>
Other Financing Sources (Uses):			
Transfers in	1,954,161	-	-
Lease proceeds	-	-	-
Transfers out	(627,236)	(40,000)	-
Total Other Financing Sources (Uses)	<u>1,326,925</u>	<u>(40,000)</u>	<u>-</u>
Net Change in Fund Balances	37,781	(21,024)	186,636
Fund Balances, Beginning	<u>452,586</u>	<u>20,058</u>	<u>539,864</u>
Fund Balances, Ending	<u>\$ 490,367</u>	<u>\$ (966)</u>	<u>\$ 726,500</u>

<u>Building Inspection</u>	<u>Streets</u>	<u>Line Undergrounding</u>	<u>SDC</u>	<u>Agate Beach</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 202,371
-	-	202,972	-	-	226,640
-	1,146,746	-	-	-	1,168,996
600,584	2,238	-	17,867	-	1,306,299
-	-	-	409,952	-	409,952
12,092	17,186	20,850	74,116	-	156,095
-	817	-	-	-	10,867
<u>612,676</u>	<u>1,166,987</u>	<u>223,822</u>	<u>501,935</u>	<u>-</u>	<u>3,481,220</u>
546,845	-	1,560	591	74,389	659,742
-	649,378	-	-	-	649,378
-	-	-	-	-	1,969,161
-	6,747	-	-	-	56,694
605	1,005	-	-	-	5,452
<u>3</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33</u>
<u>547,453</u>	<u>657,135</u>	<u>1,560</u>	<u>591</u>	<u>74,389</u>	<u>3,340,460</u>
<u>65,223</u>	<u>509,852</u>	<u>222,262</u>	<u>501,344</u>	<u>(74,389)</u>	<u>140,760</u>
3,000	140,000	-	-	-	2,097,161
-	897	-	-	-	897
-	(999,302)	-	(182,504)	-	(1,849,042)
<u>3,000</u>	<u>(858,405)</u>	<u>-</u>	<u>(182,504)</u>	<u>-</u>	<u>249,016</u>
68,223	(348,553)	222,262	318,840	(74,389)	389,776
<u>372,858</u>	<u>1,096,252</u>	<u>691,829</u>	<u>2,738,394</u>	<u>1,128,085</u>	<u>7,039,926</u>
<u>\$ 441,081</u>	<u>\$ 747,699</u>	<u>\$ 914,091</u>	<u>\$ 3,057,234</u>	<u>\$ 1,053,696</u>	<u>\$ 7,429,702</u>

CITY OF NEWPORT
Nonmajor Debt Service Funds
Combining Balance Sheet
June 30, 2023

	<u>Debt Service</u>	<u>G.O. Debt Service - Governmental</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 30,526	\$ 92,766	\$ 123,292
Receivables:			
Accounts	317	-	317
Taxes	<u>-</u>	<u>28,015</u>	<u>28,015</u>
 Total Assets	 <u>\$ 30,843</u>	 <u>\$ 120,781</u>	 <u>\$ 151,624</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Deferred Inflows of Resources:			
Unavailable revenues	\$ <u>-</u>	\$ <u>21,704</u>	\$ <u>21,704</u>
 Total Deferred Inflows of Resources	 <u>-</u>	 <u>21,704</u>	 <u>21,704</u>
Fund Balances:			
Restricted	-	99,077	99,077
Assigned	<u>30,843</u>	<u>-</u>	<u>30,843</u>
 Total Fund Balances	 <u>30,843</u>	 <u>99,077</u>	 <u>129,920</u>
 Total Liabilities and Fund Balances	 <u>\$ 30,843</u>	 <u>\$ 120,781</u>	 <u>\$ 151,624</u>

CITY OF NEWPORT
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2023

	<u>Debt Service</u>	<u>G.O. Debt Service - Governmental</u>	<u>Total</u>
Revenues:			
Taxes:			
Property	\$ -	\$ 628,280	\$ 628,280
Interest earnings	819	8,751	9,570
Total Revenues	<u>819</u>	<u>637,031</u>	<u>637,850</u>
Expenditures:			
Debt service:			
Principal	80,500	375,000	455,500
Interest	4,521	226,669	231,190
Total Expenditures	<u>85,021</u>	<u>601,669</u>	<u>686,690</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(84,202)</u>	<u>35,362</u>	<u>(48,840)</u>
Other Financing Sources (Uses):			
Transfers in	71,277	-	71,277
Total Other Financing Sources (Uses)	<u>71,277</u>	<u>-</u>	<u>71,277</u>
Net Change in Fund Balances	(12,925)	35,362	22,437
Fund Balances, Beginning	<u>43,768</u>	<u>63,715</u>	<u>107,483</u>
Fund Balances, Ending	<u>\$ 30,843</u>	<u>\$ 99,077</u>	<u>\$ 129,920</u>

CITY OF NEWPORT
Nonmajor Capital Projects Funds
Combining Balance Sheet
June 30, 2023

	<u>Capital Projects Reserve</u>	<u>Capital Improvements</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ <u>2,551,469</u>	\$ <u>3,111,039</u>	\$ <u>5,662,508</u>
Total Assets	\$ <u><u>2,551,469</u></u>	\$ <u><u>3,111,039</u></u>	\$ <u><u>5,662,508</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ <u>3,262</u>	\$ <u>46,362</u>	\$ <u>49,624</u>
Total Liabilities	<u>3,262</u>	<u>46,362</u>	<u>49,624</u>
Fund Balances:			
Assigned	<u>2,548,207</u>	<u>3,064,677</u>	<u>5,612,884</u>
Total Fund Balances	<u>2,548,207</u>	<u>3,064,677</u>	<u>5,612,884</u>
Total Liabilities and Fund Balances	\$ <u><u>2,551,469</u></u>	\$ <u><u>3,111,039</u></u>	\$ <u><u>5,662,508</u></u>

CITY OF NEWPORT**Nonmajor Capital Projects Funds****Combining Statement of Revenues, Expenditures and Changes in Fund Balance**

Year Ended June 30, 2023

	Capital Projects Reserve	Capital Improvements	Total
Revenues:			
Interest earnings	\$ 60,866	\$ 71,476	\$ 132,342
Other revenue	1,000	-	1,000
Total Revenues	<u>61,866</u>	<u>71,476</u>	<u>133,342</u>
Expenditures:			
Current:			
General government	-	5,439	5,439
Public safety	10,150	-	10,150
Capital outlay	83,009	784,820	867,829
Total Expenditures	<u>93,159</u>	<u>790,259</u>	<u>883,418</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(31,293)</u>	<u>(718,783)</u>	<u>(750,076)</u>
Other Financing Sources (Uses):			
Transfers in	526,056	1,854,450	2,380,506
Transfers out	(550,426)	(122,034)	(672,460)
Total Other Financing Sources (Uses)	<u>(24,370)</u>	<u>1,732,416</u>	<u>1,708,046</u>
Net Change in Fund Balances	(55,663)	1,013,633	957,970
Fund Balances, Beginning	<u>2,603,870</u>	<u>2,051,044</u>	<u>4,654,914</u>
Fund Balances, Ending	<u>\$ 2,548,207</u>	<u>\$ 3,064,677</u>	<u>\$ 5,612,884</u>

CITY OF NEWPORT**Parks and Recreation Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Intergovernmental	\$ 37,500	\$ 22,250	\$ (15,250)
Charges for services	561,500	685,610	124,110
Interest earnings	2,100	15,921	13,821
Other revenue	<u>51,000</u>	<u>10,050</u>	<u>(40,950)</u>
Total Revenues	<u>652,100</u>	<u>733,831</u>	<u>81,731</u>
Expenditures:			
Parks administration	255,293	232,426	22,867
60+ center	262,381	222,756	39,625
Swimming pool	614,170	556,054	58,116
Recreation center	763,053	614,232	148,821
Recreation programs	267,697	232,370	35,327
Sports programs	211,626	165,137	46,489
Interfund loan repayment	27,500	27,500	-
Contingency	<u>78,230</u>	<u>-</u>	<u>78,230</u>
Total Expenditures	<u>2,479,950</u>	<u>2,050,475</u>	<u>429,475</u>
Excess of Revenues Over Expenditures	<u>(1,827,850)</u>	<u>(1,316,644)</u>	<u>511,206</u>
Other Financing Sources (Uses):			
Transfers in	1,978,508	1,954,161	(24,347)
Lease proceeds	70,000	-	(70,000)
Transfers out	<u>(637,236)</u>	<u>(627,236)</u>	<u>10,000</u>
Total Other Financing Sources (Uses)	<u>1,411,272</u>	<u>1,326,925</u>	<u>(84,347)</u>
Net Change in Fund Balance	(416,578)	10,281	426,859
Fund Balance, beginning	<u>590,085</u>	<u>590,086</u>	<u>1</u>
Fund Balance, ending	\$ <u><u>173,507</u></u>	600,367	\$ <u><u>426,860</u></u>
<i>Reconciliation to generally accepted accounting principles</i>			
Due to other funds		<u>(110,000)</u>	
Fund balance, ending - generally accepted accounting principles		\$ <u><u>490,367</u></u>	

CITY OF NEWPORT**Public Parking Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Franchise fees, privilege taxes, licenses and permits	\$ 24,775	\$ 23,668	\$ (1,107)
Fines and forfeitures	76,125	-	(76,125)
Interest earnings	1,300	194	(1,106)
Total Revenues	<u>102,200</u>	<u>23,862</u>	<u>(78,338)</u>
Expenditures:			
Public parking - city-wide	228,369	4,886	223,483
Contingency	53,889	-	53,889
Total Expenditures	<u>282,258</u>	<u>4,886</u>	<u>277,372</u>
Excess of Revenues Over Expenditures	<u>(180,058)</u>	<u>18,976</u>	<u>199,034</u>
Other Financing Sources (Uses):			
Lease proceeds	200,000	-	(200,000)
Proceeds from interfund loan	225,000	-	(225,000)
Transfers out	(265,000)	(40,000)	225,000
Total Other Financing Sources (Uses)	<u>160,000</u>	<u>(40,000)</u>	<u>(200,000)</u>
Net Change in Fund Balance	(20,058)	(21,024)	(966)
Fund Balance, beginning	<u>20,058</u>	<u>20,058</u>	<u>-</u>
Fund Balance, ending	<u>\$ -</u>	<u>\$ (966)</u>	<u>\$ (966)</u>

CITY OF NEWPORT**Housing Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Taxes			
Other	\$ 107,511	\$ 202,371	\$ 94,860
Interest earnings	<u>1,500</u>	<u>15,736</u>	<u>14,236</u>
Total Revenues	<u>109,011</u>	<u>218,107</u>	<u>109,096</u>
Expenditures:			
Affordable housing	1,786	862	924
Oregon housing and community services	41,627	30,609	11,018
Contingency	<u>605,463</u>	<u>-</u>	<u>605,463</u>
Total Expenditures	<u>648,876</u>	<u>31,471</u>	<u>617,405</u>
Net Change in Fund Balance	(539,865)	186,636	726,501
Fund Balance, beginning	<u>539,865</u>	<u>539,864</u>	<u>(1)</u>
Fund Balance, ending	<u>\$ -</u>	<u>\$ 726,500</u>	<u>\$ 726,500</u>

CITY OF NEWPORT**Building Inspection Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Charges for services	\$ 338,026	\$ 600,584	\$ 262,558
Interest earnings	1,400	12,092	10,692
Other revenue	150	-	(150)
	<u>339,576</u>	<u>612,676</u>	<u>273,100</u>
Total Revenues			
Expenditures:			
Building inspection	684,986	547,453	137,533
Contingency	34,770	-	34,770
	<u>719,756</u>	<u>547,453</u>	<u>172,303</u>
Total Expenditures			
Excess of Revenues Over Expenditures	<u>(380,180)</u>	<u>65,223</u>	<u>445,403</u>
Other Financing Sources (Uses):			
Transfers in	3,000	3,000	-
Lease proceeds	50,000	-	(50,000)
	<u>53,000</u>	<u>3,000</u>	<u>(50,000)</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balance	(327,180)	68,223	395,403
Fund Balance, beginning	<u>372,858</u>	<u>372,858</u>	<u>-</u>
Fund Balance, ending	<u>\$ 45,678</u>	<u>\$ 441,081</u>	<u>\$ 395,403</u>

CITY OF NEWPORT

Streets Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Intergovernmental	\$ 1,229,364	\$ 1,146,746	\$ (82,618)
Charges for services	-	2,238	2,238
Interest earnings	3,700	17,186	13,486
Other revenue	<u>2,000</u>	<u>817</u>	<u>(1,183)</u>
Total Revenues	<u>1,235,064</u>	<u>1,166,987</u>	<u>(68,077)</u>
Expenditures:			
Street maintenance	825,264	656,598	168,666
Contingency	<u>7,780</u>	<u>-</u>	<u>7,780</u>
Total Expenditures	<u>833,044</u>	<u>656,598</u>	<u>176,446</u>
Excess of Revenues Over Expenditures	<u>402,020</u>	<u>510,389</u>	<u>108,369</u>
Other Financing Sources (Uses):			
Transfers in	140,000	140,000	-
Lease proceeds	-	897	897
Transfers out	<u>(999,302)</u>	<u>(999,302)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(859,302)</u>	<u>(858,405)</u>	<u>897</u>
Net Change in Fund Balance	(457,282)	(348,016)	109,266
Fund Balance, beginning	<u>1,049,729</u>	<u>1,049,730</u>	<u>1</u>
Fund Balance, ending	\$ <u><u>592,447</u></u>	701,714	\$ <u><u>109,267</u></u>
<i>Reconciliation to generally accepted accounting principles</i>			
Inventory		<u>45,985</u>	
Fund balance, ending - generally accepted accounting principles		\$ <u><u>747,699</u></u>	

CITY OF NEWPORT**Line Undergrounding Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Franchise fees, privilege taxes, licenses and permits	\$ 160,000	\$ 202,972	\$ 42,972
Interest earnings	<u>2,200</u>	<u>20,850</u>	<u>18,650</u>
Total Revenues	<u>162,200</u>	<u>223,822</u>	<u>61,622</u>
Expenditures:			
Line undergrounding	2,442	1,560	882
Contingency	<u>851,587</u>	<u>-</u>	<u>851,587</u>
Total Expenditures	<u>854,029</u>	<u>1,560</u>	<u>852,469</u>
Net Change in Fund Balance	(691,829)	222,262	914,091
Fund Balance, beginning	<u>691,829</u>	<u>691,829</u>	<u>-</u>
Fund Balance, ending	<u>\$ -</u>	<u>\$ 914,091</u>	<u>\$ 914,091</u>

CITY OF NEWPORT**SDC Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Charges for services	\$ 14,291	\$ 17,867	\$ 3,576
System development charges	387,085	409,952	22,867
Interest earnings	<u>9,250</u>	<u>74,116</u>	<u>64,866</u>
Total Revenues	<u>410,626</u>	<u>501,935</u>	<u>91,309</u>
Expenditures:			
SDC - administration	591	591	-
Contingency	<u>2,965,926</u>	<u>-</u>	<u>2,965,926</u>
Total Expenditures	<u>2,966,517</u>	<u>591</u>	<u>2,965,926</u>
Excess of Revenues Over Expenditures	<u>(2,555,891)</u>	<u>501,344</u>	<u>3,057,235</u>
Other Financing Sources (Uses):			
Transfers out	<u>(182,504)</u>	<u>(182,504)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(182,504)</u>	<u>(182,504)</u>	<u>-</u>
Net Change in Fund Balance	(2,738,395)	318,840	3,057,235
Fund Balance, beginning	<u>2,738,395</u>	<u>2,738,394</u>	<u>(1)</u>
Fund Balance, ending	<u>\$ -</u>	<u>\$ 3,057,234</u>	<u>\$ 3,057,234</u>

CITY OF NEWPORT**Agate Beach Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Other revenue	\$ 27,500	\$ 27,500	\$ -
Total Revenues	<u>27,500</u>	<u>27,500</u>	<u>-</u>
Expenditures:			
Agate beach closure	106,391	74,389	32,002
Contingency	<u>686,695</u>	<u>-</u>	<u>686,695</u>
Total Expenditures	<u>793,086</u>	<u>74,389</u>	<u>718,697</u>
Excess of Revenues Over Expenditures	<u>(765,586)</u>	<u>(46,889)</u>	<u>718,697</u>
Other Financing Sources (Uses):			
Interfund loan to other fund	<u>(225,000)</u>	<u>-</u>	<u>225,000</u>
Total Other Financing Sources (Uses)	<u>(225,000)</u>	<u>-</u>	<u>225,000</u>
Net Change in Fund Balance	(990,586)	(46,889)	943,697
Fund Balance, beginning	<u>990,586</u>	<u>990,585</u>	<u>(1)</u>
Fund Balance, ending	\$ <u><u>-</u></u>	943,696	\$ <u><u>943,696</u></u>
<i>Reconciliation to generally accepted accounting principles</i>			
Due from other funds		<u>110,000</u>	
Fund balance, ending - generally accepted accounting principles		\$ <u><u>1,053,696</u></u>	

CITY OF NEWPORT**Debt Service Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Interest earnings	\$ 160	\$ 819	\$ 659
Total Revenues	<u>160</u>	<u>819</u>	<u>659</u>
Expenditures:			
General debt	<u>88,177</u>	<u>85,021</u>	<u>3,156</u>
Total Expenditures	<u>88,177</u>	<u>85,021</u>	<u>3,156</u>
Excess of Revenues Over Expenditures	<u>(88,017)</u>	<u>(84,202)</u>	<u>3,815</u>
Other Financing Sources (Uses):			
Transfers in	<u>71,277</u>	<u>71,277</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>71,277</u>	<u>71,277</u>	<u>-</u>
Net Change in Fund Balance	(16,740)	(12,925)	3,815
Fund Balance, beginning	<u>43,768</u>	<u>43,768</u>	<u>-</u>
Fund Balance, ending	<u>\$ 27,028</u>	<u>\$ 30,843</u>	<u>\$ 3,815</u>

CITY OF NEWPORT

G.O. Debt Service - Governmental Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Taxes			
Property	\$ 613,669	\$ 628,280	\$ 14,611
Interest earnings	<u>1,100</u>	<u>8,751</u>	<u>7,651</u>
Total Revenues	<u>614,769</u>	<u>637,031</u>	<u>22,262</u>
Expenditures:			
Swimming pool GO debt	<u>602,669</u>	<u>601,669</u>	<u>1,000</u>
Total Expenditures	<u>602,669</u>	<u>601,669</u>	<u>1,000</u>
Net Change in Fund Balance	12,100	35,362	23,262
Fund Balance, beginning	<u>63,716</u>	<u>63,715</u>	<u>(1)</u>
Fund Balance, ending	<u>\$ 75,816</u>	<u>\$ 99,077</u>	<u>\$ 23,261</u>

CITY OF NEWPORT**Capital Projects Reserve Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Interest earnings	\$ 6,225	\$ 60,866	\$ 54,641
Other revenue	<u>-</u>	<u>1,000</u>	<u>1,000</u>
Total Revenues	<u>6,225</u>	<u>61,866</u>	<u>55,641</u>
Expenditures:			
Fire	665,000	-	665,000
Library	20,000	1,706	18,294
Emergency coordinator	<u>251,941</u>	<u>91,453</u>	<u>160,488</u>
Total Expenditures	<u>936,941</u>	<u>93,159</u>	<u>843,782</u>
Excess of Revenues Over Expenditures	<u>(930,716)</u>	<u>(31,293)</u>	<u>899,423</u>
Other Financing Sources (Uses):			
Transfers in	536,056	526,056	(10,000)
Transfers out	<u>(1,187,867)</u>	<u>(550,426)</u>	<u>637,441</u>
Total Other Financing Sources (Uses)	<u>(651,811)</u>	<u>(24,370)</u>	<u>627,441</u>
Net Change in Fund Balance	(1,582,527)	(55,663)	1,526,864
Fund Balance, beginning	<u>2,603,869</u>	<u>2,603,870</u>	<u>1</u>
Fund Balance, ending	<u>\$ 1,021,342</u>	<u>\$ 2,548,207</u>	<u>\$ 1,526,865</u>

CITY OF NEWPORT**Capital Improvements Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Interest earnings	\$ 5,500	\$ 71,476	\$ 65,976
Total Revenues	<u>5,500</u>	<u>71,476</u>	<u>65,976</u>
Expenditures:			
City hall improvements	465,252	19,397	445,855
Library improvements	29,760	20,614	9,146
Fire improvements	156,300	-	156,300
PAC improvements	2,319,338	78,270	2,241,068
VAC improvements	93,787	4,000	89,787
60+ activity center improvements	94,976	17,085	77,891
Recreation center improvements	1,049,127	53,197	995,930
Parks and grounds improvements	1,363,782	597,696	766,086
City hall police improvements	24,000	-	24,000
Total Expenditures	<u>5,596,322</u>	<u>790,259</u>	<u>4,806,063</u>
Excess of Revenues Over Expenditures	<u>(5,590,822)</u>	<u>(718,783)</u>	<u>4,872,039</u>
Other Financing Sources (Uses):			
Transfers in	3,667,312	1,854,450	(1,812,862)
Transfers out	<u>(122,034)</u>	<u>(122,034)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>3,545,278</u>	<u>1,732,416</u>	<u>(1,812,862)</u>
Net Change in Fund Balance	(2,045,544)	1,013,633	3,059,177
Fund Balance, beginning	<u>2,051,044</u>	<u>2,051,044</u>	<u>-</u>
Fund Balance, ending	<u>\$ 5,500</u>	<u>\$ 3,064,677</u>	<u>\$ 3,059,177</u>



CITY OF NEWPORT

Water Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended June 30, 2023

	Budget	Actual	Variance with Final Budget
Revenues:			
Charges for services	\$ 4,630,000	\$ 4,643,198	\$ 13,198
Interest earnings	8,700	39,215	30,515
Other revenue	50,000	12,856	(37,144)
Total Revenues	4,688,700	4,695,269	6,569
Expenditures:			
Water plant	1,647,860	1,555,786	92,074
Water distribution	1,249,154	942,615	306,539
Water administrative programs	1,016,965	988,752	28,213
Contingency	191,212	-	191,212
Total Expenditures	4,105,191	3,487,153	618,038
Excess of Revenues Over Expenditures	583,509	1,208,116	624,607
Other Financing Sources (Uses):			
Lease proceeds	258,000	74,972	(183,028)
Transfers out	(1,045,753)	(1,045,753)	-
Total Other Financing Sources (Uses)	(787,753)	(970,781)	(183,028)
Net Change in Fund Balance	(204,244)	237,335	441,579
Fund Balance, beginning	479,233	479,233	-
Fund Balance, ending	\$ 274,989	716,568	\$ 441,579
Reconciliation to generally accepted accounting principles			
Inventories		654,128	
Capital assets, net		30,352,420	
Compensated absences		(51,213)	
Deferred outflows related to pension		8,353	
Deferred outflows related to OPEB		5,790	
Net pension liability		(334,480)	
OPEB liability		(58,794)	
Deferred inflows related to OPEB		(35,700)	
Long-term debt		(16,801,833)	
Interest payable		(6,005,650)	
Net position at end of year		\$ 8,449,589	

CITY OF NEWPORT**Wastewater Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Charges for services	\$ 5,328,019	\$ 5,252,241	\$ (75,778)
Interest earnings	1,600	3,597	1,997
Other revenue	<u>32,795</u>	<u>26,075</u>	<u>(6,720)</u>
Total Revenues	<u>5,362,414</u>	<u>5,281,913</u>	<u>(80,501)</u>
Expenditures:			
Wastewater plant	2,217,028	2,060,932	156,096
Wastewater collections	920,854	750,486	170,368
Wastewater administrative programs	<u>1,156,714</u>	<u>1,142,023</u>	<u>14,691</u>
Total Expenditures	<u>4,294,596</u>	<u>3,953,441</u>	<u>341,155</u>
Excess of Revenues Over Expenditures	<u>1,067,818</u>	<u>1,328,472</u>	<u>260,654</u>
Other Financing Sources (Uses):			
Transfers in	288,025	288,025	-
Lease proceeds	50,000	2,692	(47,308)
Transfers out	<u>(1,648,968)</u>	<u>(1,648,968)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,310,943)</u>	<u>(1,358,251)</u>	<u>(47,308)</u>
Net Change in Fund Balance	(243,125)	(29,779)	213,346
Fund Balance, beginning	<u>589,145</u>	<u>589,145</u>	<u>-</u>
Fund Balance, ending	\$ <u><u>346,020</u></u>	559,366	\$ <u><u>213,346</u></u>
<i>Reconciliation to generally accepted accounting principles</i>			
Inventories		245,427	
Capital assets, net		47,006,884	
Compensated absences		(30,436)	
Deferred outflows related to pension		2,744	
Deferred outflows related to OPEB		1,902	
Net pension liability		(109,906)	
OPEB liability		(19,319)	
Deferred inflows related to OPEB		(11,730)	
Long-term debt		(21,027,861)	
Interest payable		<u>(620,955)</u>	
Net position at end of year		\$ <u><u>25,996,116</u></u>	

CITY OF NEWPORT**Stormwater Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Charges for services	\$ 1,065,000	\$ 1,049,886	\$ (15,114)
Interest earnings	<u>1,000</u>	<u>4,933</u>	<u>3,933</u>
Total Revenues	<u>1,066,000</u>	<u>1,054,819</u>	<u>(11,181)</u>
Expenditures:			
Stormwater maintenance	483,394	415,767	67,627
Contingency	<u>6,812</u>	<u>-</u>	<u>6,812</u>
Total Expenditures	<u>490,206</u>	<u>415,767</u>	<u>74,439</u>
Excess of Revenues Over Expenditures	<u>575,794</u>	<u>639,052</u>	<u>63,258</u>
Other Financing Sources (Uses):			
Transfers out	<u>(824,790)</u>	<u>(824,790)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(824,790)</u>	<u>(824,790)</u>	<u>-</u>
Net Change in Fund Balance	(248,996)	(185,738)	63,258
Fund Balance, beginning	<u>311,330</u>	<u>311,332</u>	<u>2</u>
Fund Balance, ending	\$ <u><u>62,334</u></u>	125,594	\$ <u><u>63,260</u></u>
<i>Reconciliation to generally accepted accounting principles</i>			
Capital assets, net		1,130,803	
Compensated absences		(3,982)	
Deferred outflows related to pension		1,158	
Deferred outflows related to OPEB		802	
Net pension liability		(46,364)	
OPEB liability		(8,150)	
Deferred inflows related to OPEB		(4,948)	
Long-term debt		(1,740,000)	
Interest payable		<u>(4,350)</u>	
Net position at end of year		\$ <u><u>(549,437)</u></u>	

CITY OF NEWPORT
Nonmajor Enterprise Funds
Combining Statement of Net Position
June 30, 2023

	Water Debt Service	Wastewater Debt Service	Stormwater Debt Service
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 793	\$ 1,403,975	\$ 122,161
Receivables:			
Accounts, net	5,802	-	-
Property taxes	-	-	-
Total Assets	<u>6,595</u>	<u>1,403,975</u>	<u>122,161</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Restricted for:			
Debt service	6,595	1,403,975	122,161
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Position	<u>\$ 6,595</u>	<u>\$ 1,403,975</u>	<u>\$ 122,161</u>

	G.O. Debt Service		Capital Projects		Total
\$	177,981	\$	5,620,023	\$	7,324,933
	-		554,863		560,665
	102,465		-		102,465
	<u>280,446</u>		<u>6,174,886</u>		<u>7,988,063</u>
	-		206,307		206,307
	-		206,307		206,307
	280,446		-		1,813,177
	-		5,968,579		5,968,579
\$	<u><u>280,446</u></u>	\$	<u><u>5,968,579</u></u>	\$	<u><u>7,781,756</u></u>

CITY OF NEWPORT
Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2023

	Water Debt Service	Wastewater Debt Service	Stormwater Debt Service
Operating Expenses:			
Contracted services	\$ -	\$ -	\$ -
Total Operating Expenses	-	-	-
Operating Income (Loss)	-	-	-
Nonoperating Revenues (Expenses):			
Interest income	115	32,173	3,429
Property taxes	-	-	-
Total Nonoperating Revenues (Expenses)	115	32,173	3,429
Income (Loss) Before Capital Contributions and Transfers	115	32,173	3,429
Capital Contributions	-	-	-
Transfers In	819,965	1,364,839	575,000
Transfers Out	(819,706)	(966,889)	(631,666)
Change in Net Position	374	430,123	(53,237)
Net Position, beginning	6,221	973,852	175,398
Net Position, ending	\$ 6,595	\$ 1,403,975	\$ 122,161

G.O. Debt Service	Capital Projects	Total
\$ -	\$ 396,798	\$ 396,798
-	396,798	396,798
-	(396,798)	(396,798)
34,528	293,825	364,070
2,198,486	-	2,198,486
2,233,014	293,825	2,562,556
2,233,014	(102,973)	2,165,758
-	1,336,021	1,336,021
-	3,251,964	6,011,768
(2,200,000)	(4,563,529)	(9,181,790)
33,014	(78,517)	331,757
247,432	6,047,096	7,449,999
\$ <u>280,446</u>	\$ <u>5,968,579</u>	\$ <u>7,781,756</u>

CITY OF NEWPORT
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
Year Ended June 30, 2023

	Water Debt Service	Wastewater Debt Service	Stormwater Debt Service
Cash Flows from Operating Activities:			
Payments to suppliers	\$ -	\$ -	\$ -
Net Cash provided by (used in) Operating Activities	-	-	-
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	-	-	-
Grants	-	-	-
Property taxes	-	-	-
Transfers in	819,965	1,364,839	575,000
Transfers out	-	-	-
Principal paid	(453,575)	(660,634)	(514,636)
Interest paid	(366,141)	(306,255)	(117,030)
Net Cash Flows provided by (used in) Capital and Related Financing Activities	249	397,950	(56,666)
Cash Flows from Investing Activities:			
Investment income received	115	32,173	3,429
Net Cash provided by (used in) Investing Activities	115	32,173	3,429
Net Increase (Decrease) in Cash and Cash Equivalents	364	430,123	(53,237)
Cash and Cash Equivalents, beginning	429	973,852	175,398
Cash and Cash Equivalents, ending	\$ <u>793</u>	\$ <u>1,403,975</u>	\$ <u>122,161</u>
Noncash Capital and Related Financing Activities:			
Transfers out	\$ <u>(819,706)</u>	\$ <u>(966,889)</u>	\$ <u>(631,666)</u>

<u>G.O. Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
\$ <u>-</u>	\$ <u>(396,798)</u>	\$ <u>(396,798)</u>
<u>-</u>	<u>(396,798)</u>	<u>(396,798)</u>
-	(3,128,296)	(3,128,296)
-	825,685	825,685
2,192,851	-	2,192,851
-	3,251,964	6,011,768
-	(1,307,265)	(1,307,265)
(1,070,476)	-	(2,699,321)
<u>(1,129,524)</u>	<u>-</u>	<u>(1,918,950)</u>
<u>(7,149)</u>	<u>(357,912)</u>	<u>(23,528)</u>
<u>34,528</u>	<u>293,825</u>	<u>364,070</u>
<u>34,528</u>	<u>293,825</u>	<u>364,070</u>
<u>27,379</u>	<u>(460,885)</u>	<u>(56,256)</u>
<u>150,602</u>	<u>6,080,908</u>	<u>7,381,189</u>
\$ <u><u>177,981</u></u>	\$ <u><u>5,620,023</u></u>	\$ <u><u>7,324,933</u></u>
\$ <u><u>(2,200,000)</u></u>	\$ <u><u>(3,256,264)</u></u>	\$ <u><u>(7,874,525)</u></u>



CITY OF NEWPORT**Water Debt Service Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Interest earnings	\$ 15	\$ 115	\$ 100
Total Revenues	<u>15</u>	<u>115</u>	<u>100</u>
Expenditures:			
Water general debt	70,504	69,527	977
Water revenue bonds	<u>753,664</u>	<u>750,179</u>	<u>3,485</u>
Total Expenditures	<u>824,168</u>	<u>819,706</u>	<u>4,462</u>
Excess of Revenues Over Expenditures	<u>(824,153)</u>	<u>(819,591)</u>	<u>4,562</u>
Other Financing Sources (Uses):			
Transfers in	<u>819,965</u>	<u>819,965</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>819,965</u>	<u>819,965</u>	<u>-</u>
Net Change in Fund Balance	(4,188)	374	4,562
Fund Balance, beginning	<u>6,221</u>	<u>6,221</u>	<u>-</u>
Fund Balance, ending	<u>\$ 2,033</u>	<u>\$ 6,595</u>	<u>\$ 4,562</u>

CITY OF NEWPORT**Wastewater Debt Service Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Interest earnings	\$ 2,350	\$ 32,173	\$ 29,823
Total Revenues	<u>2,350</u>	<u>32,173</u>	<u>29,823</u>
Expenditures:			
General debt	266,838	265,838	1,000
DEQ debt	<u>1,189,267</u>	<u>701,051</u>	<u>488,216</u>
Total Expenditures	<u>1,456,105</u>	<u>966,889</u>	<u>489,216</u>
Excess of Revenues Over Expenditures	<u>(1,453,755)</u>	<u>(934,716)</u>	<u>519,039</u>
Other Financing Sources (Uses):			
Transfers in	<u>1,364,839</u>	<u>1,364,839</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,364,839</u>	<u>1,364,839</u>	<u>-</u>
Net Change in Fund Balance	(88,916)	430,123	519,039
Fund Balance, beginning	<u>973,852</u>	<u>973,852</u>	<u>-</u>
Fund Balance, ending	<u>\$ 884,936</u>	<u>\$ 1,403,975</u>	<u>\$ 519,039</u>

CITY OF NEWPORT**Stormwater Debt Service Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Interest earnings	\$ 691	\$ 3,429	\$ 2,738
Total Revenues	<u>691</u>	<u>3,429</u>	<u>2,738</u>
Expenditures:			
2018 stormwater debt	380,740	379,405	1,335
DEQ debt	<u>253,261</u>	<u>252,261</u>	<u>1,000</u>
Total Expenditures	<u>634,001</u>	<u>631,666</u>	<u>2,335</u>
Excess of Revenues Over Expenditures	<u>(633,310)</u>	<u>(628,237)</u>	<u>5,073</u>
Other Financing Sources (Uses):			
Transfers in	<u>575,000</u>	<u>575,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>575,000</u>	<u>575,000</u>	<u>-</u>
Net Change in Fund Balance	(58,310)	(53,237)	5,073
Fund Balance, beginning	<u>175,398</u>	<u>175,398</u>	<u>-</u>
Fund Balance, ending	<u>\$ 117,088</u>	<u>\$ 122,161</u>	<u>\$ 5,073</u>

CITY OF NEWPORT**G.O. Debt Service Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Taxes			
Property	\$ 2,150,000	\$ 2,194,044	\$ 44,044
Interest earnings	<u>5,800</u>	<u>34,528</u>	<u>28,728</u>
Total Revenues	<u>2,155,800</u>	<u>2,228,572</u>	<u>72,772</u>
Expenditures:			
Water general obligation debt	<u>2,201,000</u>	<u>2,200,000</u>	<u>1,000</u>
Total Expenditures	<u>2,201,000</u>	<u>2,200,000</u>	<u>1,000</u>
Net Change in Fund Balance	(45,200)	28,572	73,772
Fund Balance, beginning	<u>171,880</u>	<u>171,879</u>	<u>(1)</u>
Fund Balance, ending	\$ <u><u>126,680</u></u>	200,451	\$ <u><u>73,771</u></u>
<i>Reconciliation to generally accepted accounting principles</i>			
Unavailable revenues		<u>79,995</u>	
Net position at end of year		\$ <u><u>280,446</u></u>	

CITY OF NEWPORT**Capital Projects Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Intergovernmental	\$ 4,187,610	\$ 1,336,021	\$ (2,851,589)
Interest earnings	<u>14,500</u>	<u>293,825</u>	<u>279,325</u>
Total Revenues	<u>4,202,110</u>	<u>1,629,846</u>	<u>(2,572,264)</u>
Expenditures:			
Water	8,524,432	2,481,498	6,042,934
Wastewater	1,992,385	894,036	1,098,349
Stormwater	<u>710,186</u>	<u>277,528</u>	<u>432,658</u>
Total Expenditures	<u>11,227,003</u>	<u>3,653,062</u>	<u>7,573,941</u>
Excess of Revenues Over Expenditures	<u>(7,024,893)</u>	<u>(2,023,216)</u>	<u>5,001,677</u>
Other Financing Sources (Uses):			
Transfers in	3,251,964	3,251,964	-
Transfers out	<u>(1,307,265)</u>	<u>(1,307,265)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,944,699</u>	<u>1,944,699</u>	<u>-</u>
Net Change in Fund Balance	(5,080,194)	(78,517)	5,001,677
Fund Balance, beginning	<u>7,357,469</u>	<u>6,047,096</u>	<u>(1,310,373)</u>
Fund Balance, ending	<u>\$ 2,277,275</u>	<u>\$ 5,968,579</u>	<u>\$ 3,691,304</u>

CITY OF NEWPORT
Internal Service Funds
Combining Statement of Net Position
June 30, 2023

ASSETS	<u>Public Works</u>	<u>City Facility</u>	<u>Total</u>
Current Assets:			
Cash and cash equivalents	\$ 876,098	\$ 892,609	\$ 1,768,707
Receivables:			
Accounts, net	-	30,552	30,552
Prepaid expenses	81	899	980
Total Current Assets	<u>876,179</u>	<u>924,060</u>	<u>1,800,239</u>
Noncurrent Assets:			
Capital assets:			
Land and construction in progress	599,340	-	599,340
Other capital assets, net	244,520	86,835	331,355
Total Capital Assets	<u>843,860</u>	<u>86,835</u>	<u>930,695</u>
Total Noncurrent Assets	<u>843,860</u>	<u>86,835</u>	<u>930,695</u>
Total Assets	<u>1,720,039</u>	<u>1,010,895</u>	<u>2,730,934</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Items	6,488	4,130	10,618
Other Postemployment Benefits Related Items	4,496	2,862	7,358
Total Deferred Outflows of Resources	<u>10,984</u>	<u>6,992</u>	<u>17,976</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	21,298	125,514	146,812
Payroll and related liabilities	52,062	44,896	96,958
Accrued compensated absences	44,993	16,944	61,937
Long-term obligations due within one year	30,655	8,741	39,396
Total Current Liabilities	<u>149,008</u>	<u>196,095</u>	<u>345,103</u>
Long-Term Obligations Due in More than One Year	<u>437,161</u>	<u>278,414</u>	<u>715,575</u>
Total Liabilities	<u>586,169</u>	<u>474,509</u>	<u>1,060,678</u>
DEFERRED INFLOWS OF RESOURCES			
Other Postemployment Benefits Related Items	27,726	17,649	45,375
Total Deferred Inflows of Resources	<u>27,726</u>	<u>17,649</u>	<u>45,375</u>
NET POSITION			
Net Investment in Capital Assets	694,925	(828)	694,097
Unrestricted	422,203	526,557	948,760
Total Net Position	<u>\$ 1,117,128</u>	<u>\$ 525,729</u>	<u>\$ 1,642,857</u>

CITY OF NEWPORT**Internal Service Funds****Combining Statement of Revenues, Expenses and Changes in Net Position**

Year Ended June 30, 2023

	<u>Public Works</u>	<u>City Facility</u>	<u>Total</u>
Operating Revenues:			
Service charges and fees	\$ 1,162,911	\$ 299,165	\$ 1,462,076
Intergovernmental	-	12,887	12,887
Miscellaneous	3,107	43,266	46,373
	<u>1,166,018</u>	<u>355,318</u>	<u>1,521,336</u>
Total Operating Revenues			
Operating Expenses:			
Salaries and wages	1,116,733	896,724	2,013,457
Contracted services	17,376	39,266	56,642
Property services	18,367	322,998	341,365
Operating supplies	29,675	38,588	68,263
Utilities	-	525,468	525,468
Depreciation and amortization	45,094	3,259	48,353
Repairs and maintenance	3,129	237,691	240,820
Charges for services	68,783	86,064	154,847
Miscellaneous	15,905	149,228	165,133
	<u>1,315,062</u>	<u>2,299,286</u>	<u>3,614,348</u>
Total Operating Expenses			
Operating Income (Loss)	<u>(149,044)</u>	<u>(1,943,968)</u>	<u>(2,093,012)</u>
Nonoperating Revenues (Expenses):			
Interest income	22,724	17,402	40,126
Interest expense	(1,230)	(988)	(2,218)
Gain (loss) on sale of capital assets	(2,891)	-	(2,891)
	<u>18,603</u>	<u>16,414</u>	<u>35,017</u>
Total Nonoperating Revenues (Expenses)			
Income (Loss) Before Capital Contributions and Transfers	(130,441)	(1,927,554)	(2,057,995)
Transfers In	-	3,298,913	3,298,913
Transfers Out	-	(1,221,957)	(1,221,957)
Change in Net Position	(130,441)	149,402	18,961
Net Position, beginning	<u>1,247,569</u>	<u>376,327</u>	<u>1,623,896</u>
Net Position, ending	<u>\$ 1,117,128</u>	<u>\$ 525,729</u>	<u>\$ 1,642,857</u>

CITY OF NEWPORT
Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2023

	<u>Public Works</u>	<u>City Facility</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Services provided to other funds	\$ 1,162,911	\$ 268,613	\$ 1,431,524
Payments for interfund services used	(68,783)	(86,064)	(154,847)
Payments to suppliers	(80,081)	(1,297,964)	(1,378,045)
Payments to employees	(996,669)	(830,735)	(1,827,404)
Other revenues	<u>3,107</u>	<u>56,153</u>	<u>59,260</u>
Net Cash provided by (used in) Operating Activities	<u>20,485</u>	<u>(1,889,997)</u>	<u>(1,869,512)</u>
Cash Flows from Noncapital and Related Financing Activities:			
Transfer in	-	3,298,913	3,298,913
Transfer out	<u>-</u>	<u>(999,603)</u>	<u>(999,603)</u>
Net Cash Flows provided by (used in) Noncapital and Related Financing Activities	<u>-</u>	<u>2,299,310</u>	<u>2,299,310</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	(28,064)	(222,354)	(250,418)
Principal paid	(15,468)	(2,230)	(17,698)
Interest paid	<u>(1,230)</u>	<u>(988)</u>	<u>(2,218)</u>
Net Cash Flows provided by (used in) Capital and Related Financing Activities	<u>(44,762)</u>	<u>(225,572)</u>	<u>(270,334)</u>
Cash Flows from Investing Activities:			
Investment income received	<u>22,724</u>	<u>17,402</u>	<u>40,126</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(1,553)</u>	<u>201,143</u>	<u>199,590</u>
Cash and Cash Equivalents, beginning	<u>877,651</u>	<u>691,466</u>	<u>1,569,117</u>
Cash and Cash Equivalents, ending	<u>\$ 876,098</u>	<u>\$ 892,609</u>	<u>\$ 1,768,707</u>

CITY OF NEWPORT
Internal Service Funds
Combining Statement of Cash Flows, continued
Year Ended June 30, 2023

	<u>Public Works</u>	<u>City Facility</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:			
Operating income (loss)	\$ (149,044)	\$ (1,943,968)	\$ (2,093,012)
Adjustments to reconcile operating income (loss) to net cash flows provided by (used in) operating activities:			
Depreciation and amortization	45,094	3,259	48,353
(Increase) decrease in assets and deferred outflows of resources:			
Accounts receivable	-	(30,552)	(30,552)
Prepaid expenses	10	(839)	(829)
Deferred outflows of resources - pension related	124,401	76,583	200,984
Deferred outflows of resources - other postemployment benefits related	(1,679)	(1,125)	(2,804)
Increase (decrease) in liabilities and deferred inflows of resources:			
Accounts payable	4,361	16,114	20,475
Accrued liabilities	(2,784)	1,429	(1,355)
Accrued leave	23,129	(3,351)	19,778
Net pension liability	67,989	47,102	115,091
Net other postemployment benefits liability	1,781	2,008	3,789
Deferred inflows of resources - pension related	(107,966)	(66,578)	(174,544)
Deferred inflows of resources - other postemployment benefits related	15,193	9,921	25,114
Net Cash Flows provided by (used in) Operating Activities	<u>\$ 20,485</u>	<u>\$ (1,889,997)</u>	<u>\$ (1,869,512)</u>
Noncash Capital and Related Financing Activities:			
Lease proceeds and lease assets	\$ 117,515	\$ 37,153	\$ 154,668
Transfers out	<u>-</u>	<u>(222,354)</u>	<u>(222,354)</u>
Net Noncash Capital and Related Financing Activities	<u>\$ 117,515</u>	<u>\$ (185,201)</u>	<u>\$ (67,686)</u>

CITY OF NEWPORT**Public Works Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Charges for services	\$ 1,162,911	\$ 1,162,911	\$ -
Interest earnings	38,400	22,724	(15,676)
Other revenue	<u>17,500</u>	<u>3,107</u>	<u>(14,393)</u>
Total Revenues	<u>1,218,811</u>	<u>1,188,742</u>	<u>(30,069)</u>
Expenditures:			
Public works administration	533,628	507,826	25,802
Engineering services	1,128,269	801,571	326,698
Contingency	<u>104,391</u>	<u>-</u>	<u>104,391</u>
Total Expenditures	<u>1,766,288</u>	<u>1,309,397</u>	<u>456,891</u>
Excess of Revenues Over Expenditures	<u>(547,477)</u>	<u>(120,655)</u>	<u>426,822</u>
Other Financing Sources (Uses):			
Lease proceeds	<u>79,600</u>	<u>117,515</u>	<u>37,915</u>
Total Other Financing Sources (Uses)	<u>79,600</u>	<u>117,515</u>	<u>37,915</u>
Net Change in Fund Balance	(467,877)	(3,140)	464,737
Fund Balance, beginning	<u>805,962</u>	<u>805,959</u>	<u>(3)</u>
Fund Balance, ending	\$ <u><u>338,085</u></u>	802,819	\$ <u><u>464,734</u></u>
<i>Reconciliation to generally accepted accounting principles:</i>			
Capital assets, net		843,860	
Compensated absences		(58,433)	
Deferred outflows related to pension		6,488	
Deferred outflows related to OPEB		4,496	
Net pension liability		(259,769)	
OPEB liability		(45,661)	
Deferred inflows related to OPEB		(27,726)	
Long-term debt		<u>(148,946)</u>	
Net position at end of year		\$ <u><u>1,117,128</u></u>	

CITY OF NEWPORT

City Facility Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended June 30, 2023

	Budget	Actual	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 1,212,211	\$ 12,887	\$ (1,199,324)
Charges for services	299,165	299,165	-
Interest earnings	3,400	17,402	14,002
Other revenue	1,000	43,266	42,266
Total Revenues	1,515,776	372,720	(1,143,056)
Expenditures:			
Facilities administration	491,638	438,329	53,309
City hall facility	237,229	223,080	14,149
Fire facilities	93,241	58,215	35,026
Library facility	120,913	96,215	24,698
Parks facilities and grounds	924,896	817,444	107,452
City public restrooms	235,876	194,167	41,709
Pier & boardwalks	21,502	11,436	10,066
Performing arts center	173,627	166,885	6,742
Visual arts center	91,296	88,464	2,832
Street lights	425,000	399,957	25,043
Contingency	285,800	-	285,800
Total Expenditures	3,101,018	2,494,192	606,826
Excess of Revenues Over Expenditures	(1,585,242)	(2,121,472)	(536,230)
Other Financing Sources (Uses):			
Transfers in	3,912,007	3,298,913	(613,094)
Lease proceeds	36,000	37,153	1,153
Transfers out	(2,812,465)	(999,603)	1,812,862
Total Other Financing Sources (Uses)	1,135,542	2,336,463	1,200,921
Net Change in Fund Balance	(449,700)	214,991	664,691
Fund Balance, beginning	538,658	538,659	1
Fund Balance, ending	\$ 88,958	753,650	\$ 664,692
Reconciliation to generally accepted accounting principles:			
Capital assets, net		86,835	
Compensated absences		(22,006)	
Deferred outflows related to pension		4,130	
Deferred outflows related to OPEB		2,862	
Net pension liability		(165,363)	
OPEB liability		(29,067)	
Deferred inflows related to OPEB		(17,649)	
Long-term debt		(87,663)	
Net position at end of year		\$ 525,729	



STATISTICAL SECTION



STATISTICAL SCHEDULES

This section of the City of Newport's Annual Comprehensive Financial Report presents detailed information for understanding what the financial statements, note disclosures, and required supplementary information indicate about the City's overall financial health. The information is presented in five categories: financial trends, revenue capacity, debt capacity, demographic and economic information, and operating information.

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

REVENUE CAPACITY

These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.

DEBT CAPACITY

The schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION

Presented in these schedules are demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

OPERATING INFORMATION

These schedules present service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services it provides and the activities it performs.

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports from the relevant fiscal years.

Note: Some schedules reflect ten-years worth of data while others do not; this is mainly due to data not being available. The schedules not complete will be completed as the years go on.

Schedule 1
CITY OF NEWPORT, OREGON
NET POSITION BY COMPONENT
 Last Ten Fiscal Years
 (accrual basis of accounting)

	2014	2015	2016	2017	2018
Governmental Activities					
Net investment in capital assets	\$ 32,776,862	\$ 36,828,050	\$ 47,957,375	\$ 55,462,857	\$ 61,363,627
Restricted	791,582	18,367,842	12,536,216	9,818,841	16,131,218
Unrestricted	18,471,205	5,038,816	2,279,339	3,050,358	965,685
Total governmental activities net position	<u>52,039,649</u>	<u>60,234,708</u>	<u>62,772,930</u>	<u>68,332,056</u>	<u>78,460,530</u>
Business-type activities					
Net investment in capital assets	34,062,589	31,271,352	35,038,648	37,154,863	32,912,784
Restricted	1,176,784	4,548,076	3,199,262	2,922,277	1,305,902
Unrestricted	2,722,774	3,620,402	3,001,169	(1,520,208)	(1,759,533)
Total business-type activities net position	<u>37,962,147</u>	<u>39,439,830</u>	<u>41,239,079</u>	<u>38,556,932</u>	<u>32,459,153</u>
Total City of Newport					
Net investment in capital assets	66,839,451	68,099,402	82,996,023	92,617,720	94,276,411
Restricted	1,968,366	22,915,918	15,735,478	12,741,118	17,437,120
Unrestricted	21,193,979	8,659,218	5,280,508	1,530,150	(793,848)
Total net position	<u>\$ 90,001,796</u>	<u>\$ 99,674,538</u>	<u>\$ 104,012,009</u>	<u>\$ 106,888,988</u>	<u>\$ 110,919,683</u>
				Note 1	Note 2

In the last ten years, the net position of governmental activities increased by approximately 95.2 percent \$49,560,239. This increase is broken down as follows: Capital Assets less related debt increased by \$39,752,704. Restricted assets grew \$18,606,489 while the Unrestricted fell by \$8,798,954 for a net gain of \$9,807,535.

During the same time frame (ten years), the net position of the business-type activities have increased by 11.3 percent or \$4,833,005. This increase is broken down as follows: Capital Assets less related debt increased by \$5,600,162. Restricted assets grew \$6,604,972 while the Unrestricted fell by \$7,372,129 for a net loss of \$767,157.

- Note 1: GASB 68 adopted (defined benefit pension reporting)
- Note 2: GASB 75 adopted (post-employment benefit reporting)
- Note 3: GASB 87 adopted (lease reporting)
- Note 4: GASB 96 adopted (subscription reporting)

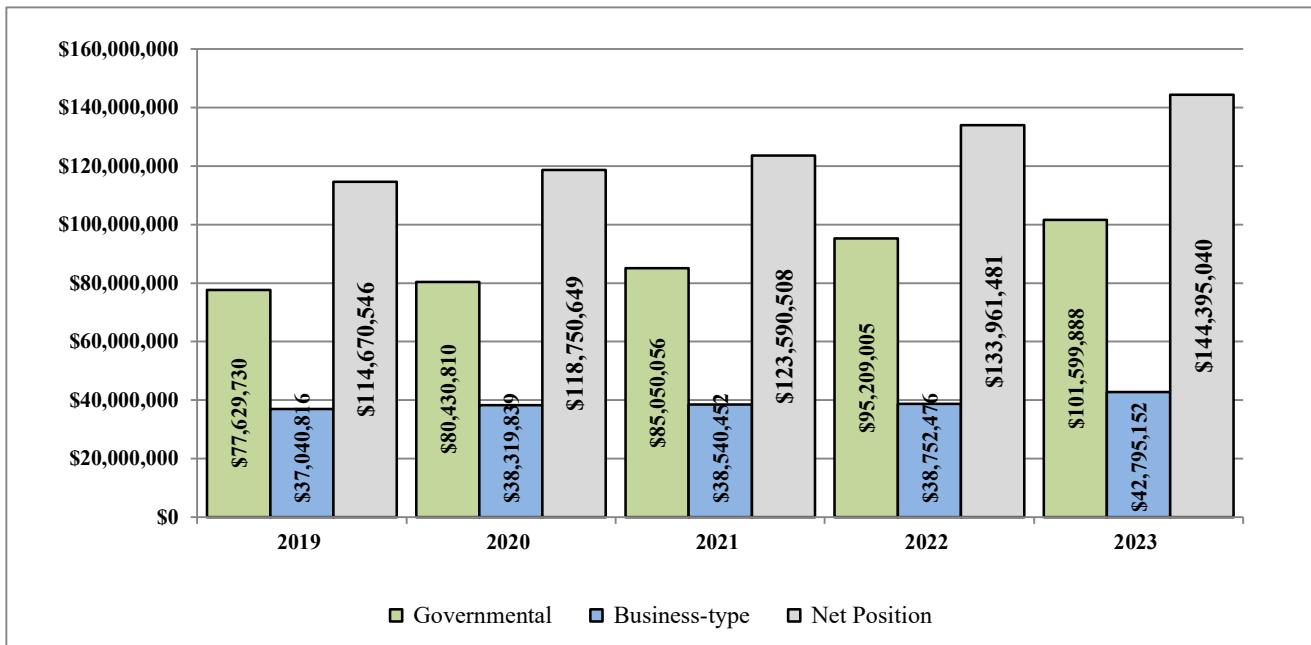
Source: City of Newport 2014-2023 Annual Financial Reports

Schedule 1
CITY OF NEWPORT, OREGON
NET POSITION BY COMPONENT, continued
 Last Ten Fiscal Years
 (accrual basis of accounting)

2019	2020	2021	2022	2023	
					Governmental Activities
\$ 61,753,931	\$ 64,567,300	\$ 67,056,257	\$ 69,303,793	\$ 72,529,566	Net investment in capital assets
17,622,044	11,819,747	12,194,072	17,892,449	19,398,071	Restricted
(1,746,245)	4,043,763	5,799,727	8,012,763	9,672,251	Unrestricted
<u>77,629,730</u>	<u>80,430,810</u>	<u>85,050,056</u>	<u>95,209,005</u>	<u>101,599,888</u>	Total governmental activities net position
					Business-type activities
35,237,692	41,614,582	42,154,618	36,602,565	39,662,751	Net investment in capital assets
1,873,545	2,800,428	2,883,876	7,449,999	7,781,756	Restricted
(70,421)	(6,095,171)	(6,498,042)	(5,300,088)	(4,649,355)	Unrestricted
<u>37,040,816</u>	<u>38,319,839</u>	<u>38,540,452</u>	<u>38,752,476</u>	<u>42,795,152</u>	Total business-type activities net position
					Total City of Newport
96,991,623	106,181,882	109,210,875	105,906,358	112,192,317	Net investment in capital assets
19,495,589	14,620,175	15,077,948	25,342,448	27,179,827	Restricted
(1,816,666)	(2,051,408)	(698,315)	2,712,675	5,022,896	Unrestricted
<u>\$ 114,670,546</u>	<u>\$ 118,750,649</u>	<u>\$ 123,590,508</u>	<u>\$ 133,961,481</u>	<u>\$ 144,395,040</u>	Total net position

Note 3 **Note 4**

Governmental, Business-type, and Total Net Position
 last 5 fiscal years



Schedule 2
CITY OF NEWPORT, OREGON
CHANGE IN NET POSITION
 Last Ten Fiscal Years
 (accrual basis of accounting)

	2014	2015	2016	2017	2018
Expenses					
Governmental activities:					
General government	2,620,714	5,446,621	6,271,284	6,708,369	7,070,473
Public safety	6,013,687	5,185,741	7,122,338	6,475,521	6,611,040
Highways and streets (public works)	1,530,448	1,905,912	1,391,446	1,694,645	1,858,877
Economic development	1,815,605	-	-	-	-
Culture and recreation	2,265,394	2,600,685	2,680,451	2,941,138	3,872,839
Airport operations	795,401	-	-	-	-
Facilities & parks	704,184	-	-	-	-
Interest on long-term debt	411,693	758,037	716,647	641,681	583,024
Total governmental activities expenses	<u>16,157,126</u>	<u>15,896,996</u>	<u>18,182,166</u>	<u>18,461,354</u>	<u>19,996,253</u>
Business-type activities					
Water	3,276,390	3,622,964	5,016,453	6,094,409	7,271,364
Sewer	2,834,964	4,334,154	3,383,671	3,456,552	2,539,598
Stormwater	-	-	-	-	-
Capital projects	-	247,936	-	-	-
Total business-type activities expenses	<u>6,111,354</u>	<u>8,205,054</u>	<u>8,400,124</u>	<u>9,550,961</u>	<u>9,810,962</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government (1)	421,764	3,517,226	2,617,314	2,774,718	2,540,739
Public safety	-	429,024	493,593	388,197	465,808
Highways and streets (public works)	205,010	441,582	435,731	452,828	463,743
Economic development	140,926	-	-	-	-
Culture and recreation	585,687	691,150	607,228	799,377	836,585
Airport operations	532,163	-	-	-	-
Operating grants and contributions	-	127,365	188,354	54,964	816,211
Capital grants and contributions	2,804,362	5,978,209	1,743,842	3,441,549	1,941,312
Total governmental activities program revenues	<u>4,689,912</u>	<u>11,184,556</u>	<u>6,086,062</u>	<u>7,911,633</u>	<u>7,064,398</u>
Business-type activities					
Water	3,328,473	3,573,859	3,537,147	4,056,102	4,455,924
Sewer	3,813,260	3,841,320	3,831,317	4,029,679	4,066,006
Stormwater	-	-	-	-	-
Total business-type activities program revenues	<u>7,141,733</u>	<u>7,415,179</u>	<u>7,368,464</u>	<u>8,085,781</u>	<u>8,521,930</u>
Total program revenues	<u>11,831,645</u>	<u>18,599,735</u>	<u>13,454,526</u>	<u>15,997,414</u>	<u>15,586,328</u>
General Revenues					
Governmental activities:					
Taxes:					
Property taxes used for general purposes	7,777,047	6,245,760	6,342,098	6,482,576	6,629,032
Property taxes used for debt service	-	2,408,623	2,393,393	2,677,775	3,038,201
Transient room taxes	2,964,050	3,167,392	3,569,523	3,743,308	4,248,219
Franchise fees	835,533	724,801	1,421,518	1,350,193	1,259,130
Fines & forfeitures	156,070	-	-	-	-
Motor fuel	-	1,308,389	761,637	817,131	166,966
Cigarette, liquor, marijuana and const excise tax (CET)	-	240,401	274,987	303,930	550,546
Other taxes	1,603,594	-	-	-	-
Intergovernmental (+grants)	850,074	-	-	-	-
Loss on disposal	-	-	-	-	-
Interest earnings	217,720	106,880	148,909	201,725	290,164
Other revenue	675,871	379,998	505,102	391,231	287,475
Gain on sale of capital assets	-	-	-	1,650,272	-
Total governmental activities general revenues	<u>15,079,959</u>	<u>14,582,244</u>	<u>15,417,167</u>	<u>17,618,141</u>	<u>16,469,733</u>
Transfers	229,192	(172,072)	(782,845)	(1,509,294)	6,638,046
Total governmental activities	<u>15,309,151</u>	<u>14,410,172</u>	<u>14,634,322</u>	<u>16,108,847</u>	<u>23,107,779</u>

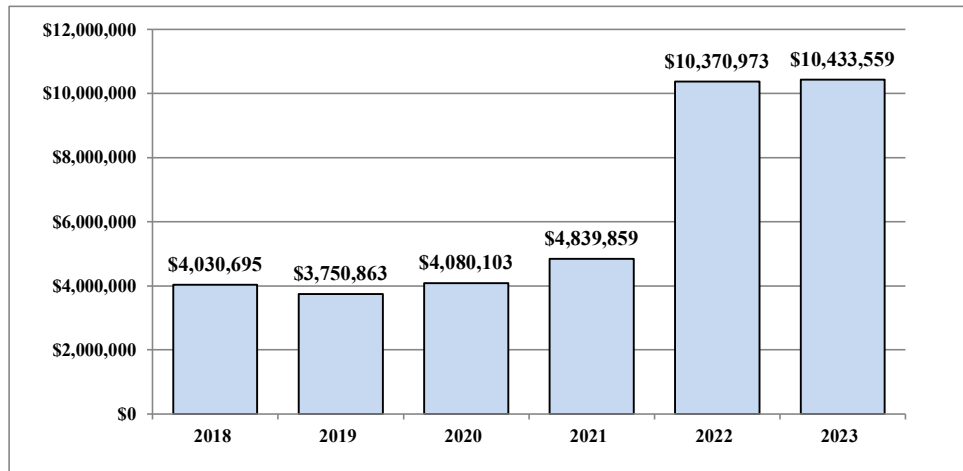
Schedule 2
CITY OF NEWPORT, OREGON
CHANGE IN NET POSITION
 Last Ten Fiscal Years
 (accrual basis of accounting)

2019	2020	2021	2022	2023	
					Expenses
					Governmental activities:
6,974,042	8,797,823	9,312,659	7,260,423	8,835,335	General government
7,024,000	7,715,840	6,758,875	6,161,819	7,285,141	Public safety
1,737,166	756,036	829,487	1,716,106	1,879,645	Highways and streets (public works)
-	-	-	-	-	Economic development
4,136,018	3,453,213	3,105,869	3,896,058	4,399,758	Culture and recreation
-	-	-	-	-	Airport operations
-	-	-	-	-	Facilities & parks
614,849	502,835	432,110	332,785	281,736	Interest on long-term debt
<u>20,486,075</u>	<u>21,225,747</u>	<u>20,439,000</u>	<u>19,367,191</u>	<u>22,681,615</u>	Total governmental activities expenses
					Business-type activities
6,319,871	8,826,163	8,936,513	4,968,698	4,407,378	Water
4,153,178	11,495,261	5,608,368	7,051,610	6,995,775	Sewer
-	2,230,813	849,782	1,108,625	969,025	Stormwater
-	-	-	-	-	Capital projects
<u>10,473,049</u>	<u>22,552,237</u>	<u>15,394,663</u>	<u>13,128,933</u>	<u>12,372,178</u>	Total business-type activities expenses
					Program Revenues
					Governmental activities:
					Charges for services:
1,907,132	2,295,466	2,358,023	2,766,485	2,972,772	General government (1)
545,777	336,567	309,448	263,606	191,656	Public safety
1,082,894	220,060	284,630	-	2,238	Highways and streets (public works)
-	-	-	-	-	Economic development
854,680	1,166,184	1,183,586	852,627	1,024,308	Culture and recreation
-	-	-	-	-	Airport operations
789,799	1,011,200	1,046,120	2,549,596	2,698,364	Operating grants and contributions
1,333,493	82,678	34,716	2,586,959	716,052	Capital grants and contributions
<u>6,513,775</u>	<u>5,112,155</u>	<u>5,216,523</u>	<u>9,019,273</u>	<u>7,605,390</u>	Total governmental activities program revenues
					Business-type activities
4,327,951	7,869,378	6,489,606	4,372,465	5,979,219	Water
4,242,558	13,443,236	6,347,619	4,572,868	5,252,241	Sewer
-	1,034,954	1,328,165	1,019,359	1,049,886	Stormwater
<u>8,570,509</u>	<u>22,347,568</u>	<u>14,165,390</u>	<u>9,964,692</u>	<u>12,281,346</u>	Total business-type activities program revenues
<u>15,084,284</u>	<u>27,459,723</u>	<u>19,381,913</u>	<u>18,983,965</u>	<u>19,886,736</u>	Total program revenues
					General Revenues
					Governmental activities:
					Taxes:
6,822,818	8,573,616	9,177,229	9,933,802	10,447,411	Property taxes used for general purposes
3,358,110	2,076,870	2,090,303	1,940,111	1,955,441	Property taxes used for debt service
4,402,983	3,743,320	4,993,876	6,666,570	6,974,069	Transient room taxes
1,325,445	1,434,629	1,426,122	1,670,419	1,406,020	Franchise fees
-	-	-	-	-	Fines & forfeitures
190,099	870,500	974,226	-	-	Motor fuel
536,675	692,108	790,287	-	-	Cigarette, liquor, marijuana and const excise tax (CE)
-	-	-	998,891	915,136	Other taxes
-	-	-	-	-	Intergovernmental (+grants)
-	-	-	-	-	Loss on disposal
585,896	384,856	146,477	153,673	1,036,051	Interest earnings
365,973	275,991	192,559	371,642	183,425	Other revenue
-	-	-	-	-	Gain on sale of capital assets
<u>17,587,999</u>	<u>18,051,890</u>	<u>19,791,079</u>	<u>21,735,108</u>	<u>22,917,553</u>	Total governmental activities general revenues
<u>(1,198,499)</u>	<u>862,782</u>	<u>50,644</u>	<u>(1,084,691)</u>	<u>(1,450,445)</u>	Transfers
<u>16,389,500</u>	<u>18,914,672</u>	<u>19,841,723</u>	<u>20,650,417</u>	<u>21,467,108</u>	Total governmental activities

Schedule 2
CITY OF NEWPORT, OREGON
CHANGE IN NET POSITION, continued
 Last Ten Fiscal Years
 (accrual basis of accounting)

	2014	2015	2016	2017	2018
General Revenues, continued					
Business-type activities					
Property taxes used for debt service	1,823,865	1,928,761	1,783,433	1,902,502	1,745,661
Interest earnings	10,623	67,944	49,845	82,773	111,477
Other revenue	-	376,389	-	-	-
Total business-type activities general revenues	1,834,488	2,373,094	1,833,278	1,985,275	1,857,138
Transfers	(229,192)	172,072	782,845	1,509,294	(6,638,046)
Total business-type activities	1,605,296	2,545,166	2,616,123	3,494,569	(4,780,908)
Change in Net Position					
Governmental activities	3,841,937	9,697,732	2,538,222	5,559,126	10,175,924
Business-type activities	2,635,675	1,755,291	1,584,463	2,029,389	(6,069,940)
Total Change in net position	6,477,612	11,453,023	4,122,685	7,588,515	4,105,984
Net position - beginning, as restated	83,524,184	90,001,796	99,674,538	104,012,009	106,888,988
Prior period adjustments	-	(1,780,281)	214,786	(4,711,536)	(75,289)
Net position - ending	<u>\$ 90,001,796</u>	<u>\$ 99,674,538</u>	<u>\$104,012,009</u>	<u>\$106,888,988</u>	<u>\$110,919,683</u>

Change in Net Position
last five years



Note 1: In the 2014-15 Fiscal Year, the City Facilities programs were moved from Public Works to the General Government category.

Note 2: GASB 87 adopted. Beginning net position has been restated.

Note 3: GASB 96 adopted. Beginning net position has been restated.

Source: City of Newport 2014-2023 Annual Financial Reports

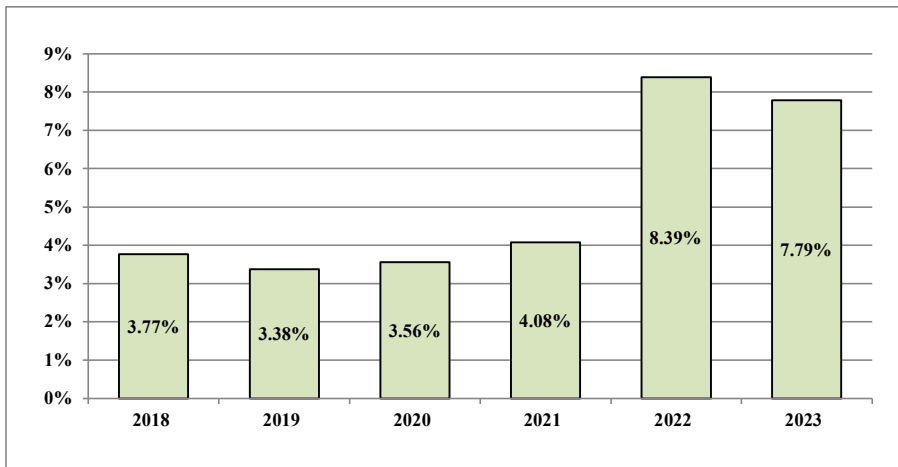
Schedule 2
CITY OF NEWPORT, OREGON
CHANGE IN NET POSITION
 Last Ten Fiscal Years
 (accrual basis of accounting)

2019	2020	2021	2022	2023	
					General Revenues, continued
					Business-type activities
1,749,192	1,970,103	2,168,090	2,209,388	2,198,486	Property taxes used for debt service
116,536	296,819	88,293	62,368	434,539	Interest earnings
-	79,552	60,234	69,012	42,038	Other revenue
<u>1,865,728</u>	<u>2,346,474</u>	<u>2,316,617</u>	<u>2,340,768</u>	<u>2,675,063</u>	Total business-type activities general revenues
1,198,499	(862,782)	(50,644)	1,084,691	1,450,445	Transfers
<u>3,064,227</u>	<u>1,483,692</u>	<u>2,265,973</u>	<u>3,425,459</u>	<u>4,125,508</u>	Total business-type activities
					Change in Net Position
2,417,200	2,801,080	4,619,246	10,302,499	6,390,883	Governmental activities
<u>1,161,687</u>	<u>1,279,023</u>	<u>1,036,700</u>	<u>261,218</u>	<u>4,034,676</u>	Business-type activities
3,578,887	4,080,103	5,655,946	10,563,717	10,425,559	Total Change in net position
110,919,683	114,670,546	118,750,649	123,812,607	133,969,481	Net position - beginning, as restated
171,976	-	(816,087)	(414,843)	-	Prior period adjustments
<u>\$114,670,546</u>	<u>\$118,750,649</u>	<u>\$123,590,508</u>	<u>\$133,961,481</u>	<u>\$144,395,040</u>	Net position - ending

Note 2

Note 3

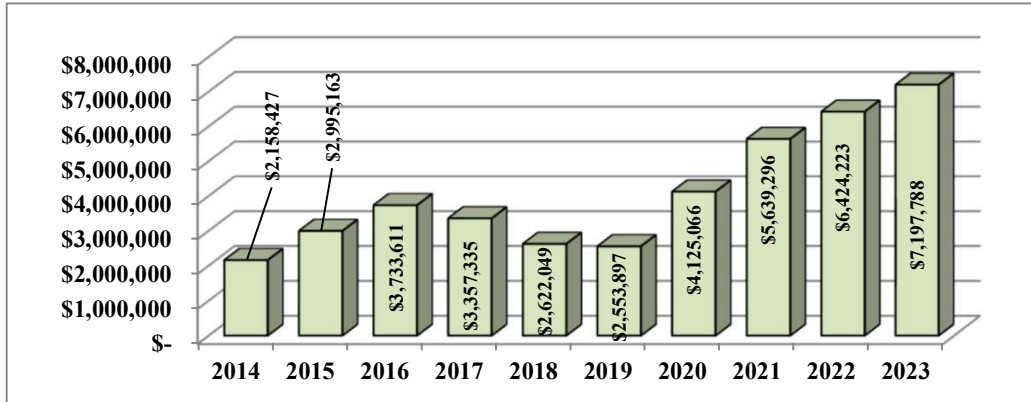
Year to Year Percentage Change in Net Position
 last five years



Schedule 3
CITY OF NEWPORT, OREGON
FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	2014	2015	2016	2017	2018
General Fund					
Nonspendable	\$ 7,713	\$ 111	\$ 1,002	\$ -	\$ 3,746
Committed	-	176,067	-	-	-
Unassigned	2,150,714	2,818,985	3,732,609	3,357,335	2,618,303
Total General Fund	<u>2,158,427</u>	<u>2,995,163</u>	<u>3,733,611</u>	<u>3,357,335</u>	<u>2,622,049</u>
All other governmental funds					
Nonspendable	17,949	65,900	8,127	16,391	3,271
Restricted	791,582	18,367,842	12,316,651	9,635,599	15,857,053
Committed	5,440,021	4,076,374	2,333,999	2,564,502	1,482,887
Assigned	11,774,636	-	-	1,347,435	1,362,885
Unassigned	320,212	-	-	(9,017)	(9,477)
Total all other governmental funds	<u>18,344,400</u>	<u>22,510,116</u>	<u>14,658,777</u>	<u>13,554,910</u>	<u>18,696,619</u>
Total fund balances of governmental funds	<u>\$ 20,502,827</u>	<u>\$ 25,505,279</u>	<u>\$ 18,392,388</u>	<u>\$ 16,912,245</u>	<u>\$ 21,318,668</u>

General Fund Total Fund Balance
 Last Ten Fiscal Years



Source: City of Newport 2014-2023 Annual Financial Reports

Schedule 3
CITY OF NEWPORT, OREGON
FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

2019	2020	2021	2022	2023	
					General Fund
\$ 18,861	\$ 7,888	\$ 50,010	\$ 41,595	\$ 2,330	Nonspendable
-	-	-	-	-	Committed
2,535,036	4,117,178	5,589,286	6,382,628	7,195,458	Unassigned
<u>2,553,897</u>	<u>4,125,066</u>	<u>5,639,296</u>	<u>6,424,223</u>	<u>7,197,788</u>	Total General Fund
					All other governmental funds
21,533	84,056	111,564	139,184	88,687	Nonspendable
17,494,059	12,755,625	13,123,615	17,626,456	19,090,857	Restricted
1,295,160	1,168,074	1,715,105	2,008,547	2,130,769	Committed
1,779,369	2,665,961	2,959,942	4,698,682	5,643,727	Assigned
-	(37,768)	(3,518)	-	(966)	Unassigned
<u>20,590,121</u>	<u>16,635,948</u>	<u>17,906,708</u>	<u>24,472,869</u>	<u>26,953,074</u>	Total all other governmental funds
<u>\$ 23,144,018</u>	<u>\$ 20,761,014</u>	<u>\$ 23,546,004</u>	<u>\$ 30,897,092</u>	<u>\$ 34,150,862</u>	Total fund balances of governmental funds

**Governmental Funds Total Fund Balance
and Annual Percentage Change**

Last Ten Fiscal Years

Fiscal Year	Fund Balance	% Change
2014	\$ 20,502,827	-
2015	25,505,279	24.40%
2016	18,392,388	-27.89%
2017	16,912,245	-8.05%
2018	21,318,668	26.05%
2019	23,144,018	8.56%
2020	20,761,014	-10.30%
2021	23,546,004	13.41%
2022	30,897,092	31.22%
2023	34,150,862	10.53%

The total governmental fund balance has increased by 66.57 percent over the last ten years. The average change in percent over the ten years is a 7.55 percent growth.

Schedule 4
CITY OF NEWPORT, OREGON
CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	2014	2015	2016	2017	2018
Revenues					
Taxes	\$ 12,234,880	\$ 11,757,609	\$ 12,607,792	\$ 12,927,595	\$ 14,327,621
Franchise fees, privilege taxes, licenses, and permits	1,722,388	1,676,410	1,441,951	1,560,734	1,496,719
Intergovernmental	3,854,436	7,279,349	2,627,484	4,480,147	3,258,664
Charges for services	1,572,840	4,019,705	3,896,832	3,928,927	4,088,450
Fines and forfeitures	156,070	164,816	117,404	128,048	114,747
Leases & rents	153,240	-	-	-	-
System development charges	-	-	-	-	-
Interest earnings	217,720	106,880	148,909	201,725	287,572
Other revenue	1,521,326	495,178	639,290	562,370	454,365
Total revenues	<u>21,432,900</u>	<u>25,499,947</u>	<u>21,479,662</u>	<u>23,789,546</u>	<u>24,028,138</u>
Expenditures					
General government	2,379,674	5,471,035	6,345,215	6,499,792	6,218,707
Public safety	5,395,473	4,935,829	5,339,330	5,616,027	6,033,231
Highways and streets (public works)	1,428,723	1,396,889	873,861	1,038,748	1,034,352
Culture and recreation	2,097,976	2,252,354	2,329,955	2,627,593	3,018,475
Economic development	1,653,453	-	-	-	-
Facilities & Parks	704,184	-	-	-	-
Airport Operations	848,953	-	-	-	-
Materials & Services	96,853	-	-	-	-
Debt service	1,752,501	-	-	-	-
Principal	-	1,274,980	1,582,639	2,984,432	1,745,000
Interest	-	758,037	761,502	679,509	624,442
Capital outlay	4,578,983	9,652,113	11,318,251	8,984,654	5,944,630
Total expenditures	<u>20,936,773</u>	<u>25,741,237</u>	<u>28,550,753</u>	<u>28,430,755</u>	<u>24,618,837</u>
Excess (deficiency) of revenues over (under) expenditures	<u>496,127</u>	<u>(241,290)</u>	<u>(7,071,091)</u>	<u>(4,641,209)</u>	<u>(590,699)</u>
Other financing sources (uses)					
Debt issuance	8,239,500	5,456,000	-	1,548,404	6,849,577
Proceeds from sale of capital assets	-	-	-	1,657,500	-
Premium on debt issuance	381,973	-	-	-	-
Transfers in	5,076,982	5,525,894	4,103,145	6,003,534	7,276,372
Lease proceeds	-	-	-	-	-
Transfers out	(4,847,790)	(5,697,966)	(3,961,468)	(6,048,372)	(9,128,827)
Total other financing sources (uses)	<u>8,850,665</u>	<u>5,283,928</u>	<u>141,677</u>	<u>3,161,066</u>	<u>4,997,122</u>
Prior period adjustments	-	(40,186)	(183,477)	-	-
Net change in fund balances	<u>\$ 9,346,792</u>	<u>\$ 5,002,452</u>	<u>\$ (7,112,891)</u>	<u>\$ (1,480,143)</u>	<u>\$ 4,406,423</u>

Ratio of Total Debt Service Expenditures to Total Noncapital Expenditures

Total debt service expenditures	\$ 1,752,501	\$ 2,033,017	\$ 2,344,141	\$ 3,663,941	\$ 2,369,442
Total noncapital expenditures	<u>15,960,144</u>	<u>16,089,124</u>	<u>16,446,553</u>	<u>18,921,017</u>	<u>18,285,974</u>
Ratio of total debt service expenditures less refundings to total noncapital expenditures	<u>10.98%</u>	<u>12.64%</u>	<u>14.25%</u>	<u>19.36%</u>	<u>12.96%</u>

Source: City of Newport 2014-2023 Annual Financial Reports

Schedule 4
CITY OF NEWPORT, OREGON
CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

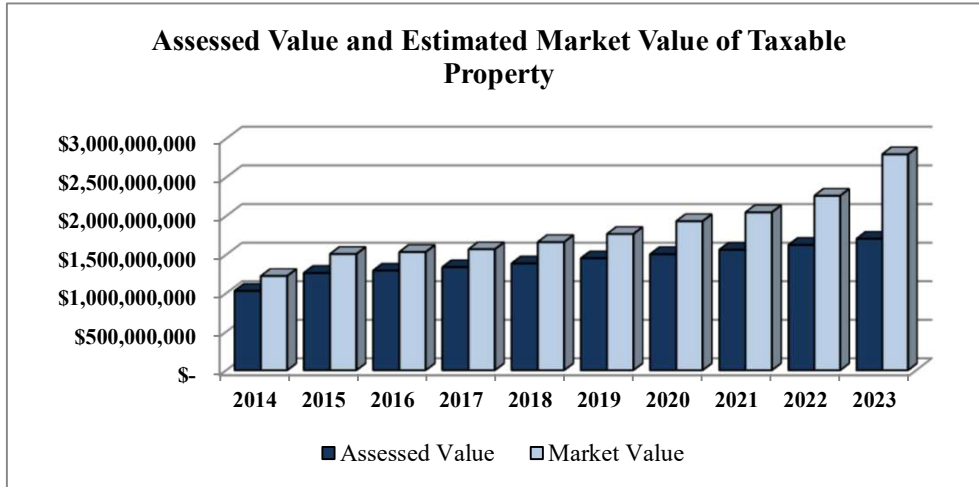
2019	2020	2021	2022	2023	
					Revenues
\$ 14,883,660	\$ 14,731,874	\$ 16,700,277	\$ 19,027,722	\$ 19,721,306	Taxes
1,576,701	1,839,736	1,850,692	1,902,279	1,647,411	Franchise fees, privilege taxes, licenses, and permits
2,399,402	2,905,961	2,651,968	5,513,999	3,774,416	Intergovernmental
4,649,068	2,715,811	2,625,180	3,017,512	3,441,783	Charges for services
128,525	150,209	129,867	174,491	151,892	Fines and forfeitures
-	-	-	-	-	Leases & rents
-	-	-	475,190	409,952	System development charges
582,067	380,280	142,675	149,817	1,018,649	Interest earnings
480,612	256,286	192,415	399,770	420,327	Other revenue
<u>24,700,035</u>	<u>22,980,157</u>	<u>24,293,074</u>	<u>30,660,780</u>	<u>30,585,736</u>	Total revenues
					Expenditures
5,680,845	6,067,872	4,806,118	6,075,984	6,770,130	General government
6,273,966	6,528,173	6,011,154	6,329,104	6,934,881	Public safety
912,425	503,594	486,222	553,396	649,378	Highways and streets (public works)
3,070,872	2,806,195	2,079,283	2,592,122	3,091,280	Culture and recreation
-	-	-	-	-	Economic development
-	-	-	-	-	Facilities & Parks
-	-	-	-	-	Airport Operations
-	-	-	-	-	Materials & Services
-	-	-	-	-	Debt service
2,120,000	1,664,500	1,740,500	1,680,171	1,867,588	Principal
649,128	501,528	438,398	377,422	320,510	Interest
3,108,644	3,215,274	4,222,198	3,023,971	3,981,158	Capital outlay
<u>21,815,880</u>	<u>21,287,136</u>	<u>19,783,873</u>	<u>20,632,170</u>	<u>23,614,925</u>	Total expenditures
					Excess (deficiency) of revenues over (under) expenditures
<u>2,884,155</u>	<u>1,693,021</u>	<u>4,509,201</u>	<u>10,028,610</u>	<u>6,970,811</u>	
					Other financing sources (uses)
277,500	-	-	-	-	Debt issuance
-	-	-	-	-	Proceeds from sale of capital assets
-	-	-	-	-	Premium on debt issuance
5,631,722	7,844,765	4,991,776	7,400,235	11,392,740	Transfers in
-	-	-	181,060	55,286	Lease proceeds
(6,968,027)	(11,920,790)	(6,715,987)	(9,908,131)	(15,165,067)	Transfers out
<u>(1,058,805)</u>	<u>(4,076,025)</u>	<u>(1,724,211)</u>	<u>(2,326,836)</u>	<u>(3,717,041)</u>	Total other financing sources (uses)
-	-	-	(350,686)	-	Prior period adjustments
<u>\$ 1,825,350</u>	<u>\$ (2,383,004)</u>	<u>\$ 2,784,990</u>	<u>\$ 7,351,088</u>	<u>\$ 3,253,770</u>	Net change in fund balances
\$ 2,769,128	\$ 2,166,028	\$ 2,178,898	\$ 2,057,593	\$ 2,188,098	Total debt service expenditures
20,239,597	18,014,771	15,957,948	17,165,565	19,032,103	Total noncapital expenditures
					Ratio of total debt service expenditures less refundings to total noncapital expenditures
<u>13.68%</u>	<u>12.02%</u>	<u>13.65%</u>	<u>11.99%</u>	<u>11.50%</u>	

Schedule 5
CITY OF NEWPORT, OREGON
ASSESSED VALUE AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years

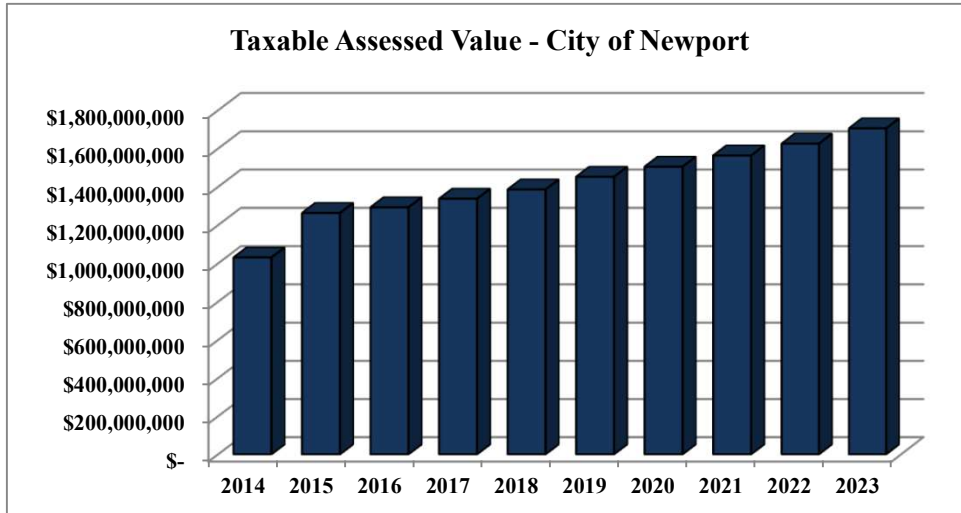
Fiscal Year Ended June 30,	Taxable Assessed Value	Direct Tax Rate Per \$1,000 of Assessed Value	Urban Renewal District Assessed Value	Total Assessed Value	Estimated Market Value	Assessed Value as a % of Market Value
2014	1,030,390,405	5.5938	135,875,197	1,166,265,602	1,222,412,409	95.41%
2015	1,263,033,051	5.5938	136,869,617	1,399,902,668	1,508,268,831	92.82%
2016	1,292,794,735	5.5938	138,719,427	1,431,514,162	1,533,699,076	93.34%
2017	1,337,383,961	5.5938	162,028,890	1,499,412,851	1,569,196,193	95.55%
2018	1,385,786,447	5.5938	180,183,069	1,565,969,516	1,662,018,005	94.22%
2019	1,452,221,107	5.5938	207,584,349	1,659,805,456	1,766,719,111	93.95%
2020	1,504,939,337	5.5938	219,494,051	1,724,433,388	1,931,905,479	89.26%
2021	1,563,166,867	5.5938	259,618,108	1,822,784,975	2,047,158,163	89.04%
2022	1,625,399,477	5.5938	257,637,331	1,883,036,808	2,260,563,647	83.30%
2023	1,705,023,920	5.5938	278,395,741	1,983,419,661	2,797,039,007	70.91%

Source: Lincoln County Tax Assessor

Schedule 5
CITY OF NEWPORT, OREGON
ASSESSED VALUE AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years



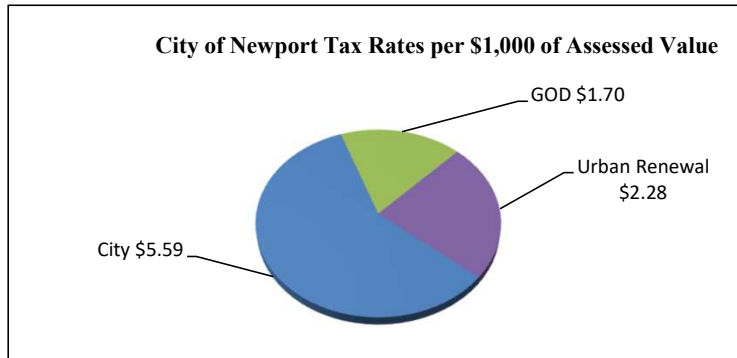
The "gap" between the market value and the assessed value is important to note. Oregon statutes allow the assessed value on a single piece of property to rise no more than three percent annually up to the market value, where the assessed value is capped. Currently, the assessed value is 70.91 percent of market value. Current economic conditions will have an effect on the market value of properties, but the extent of the effect is not known at this time.



Schedule 6
CITY OF NEWPORT, OREGON
DIRECT AND OVERLAPPING TAX RATES (1)
 Last Ten Fiscal Years

City of Newport Direct Rates

Fiscal Year Ended June 30,	Basic Rate	General Obligation Debt Service	Total Before Urban Renewal	Newport Urban Renewal	Total Direct Rate
2014	5.59	1.54	7.14	1.24	8.37
2015	5.59	1.91	7.51	1.22	8.72
2016	5.59	1.82	7.41	1.31	8.72
2017	5.59	1.81	7.41	1.66	9.07
2018	5.59	1.72	7.31	1.76	9.07
2019	5.59	1.61	7.20	1.90	9.10
2020	5.59	1.69	7.28	2.03	9.31
2021	5.59	1.81	7.41	2.17	9.58
2022	5.59	1.79	7.39	2.22	9.60
2023	5.59	1.70	7.29	2.28	9.57



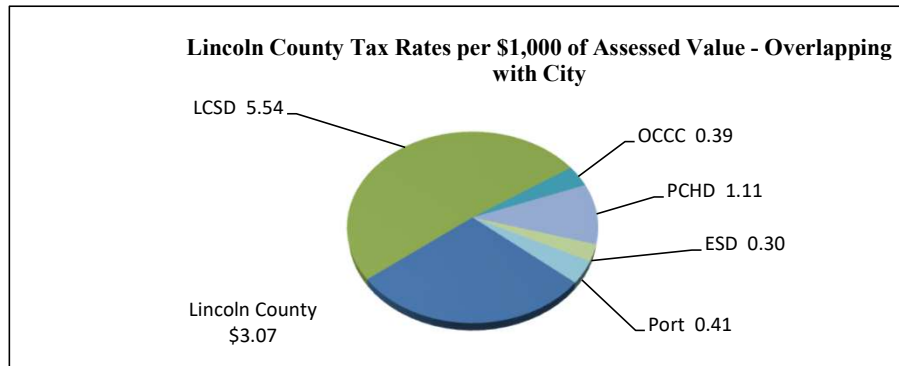
(1) - Rate per \$1,000 of assessed value City = City of Newport
 GOD = General Obligation Debt

Source: Lincoln Tax Assessor

Schedule 6
CITY OF NEWPORT, OREGON
DIRECT AND OVERLAPPING TAX RATES
 Last Ten Fiscal Years

Overlapping Rates

Lincoln County	Lincoln County School District	Oregon Coast Community College	Pacific Communities Health District	ESD Lincoln/Benton Counties	Port of Newport	Total Direct & Overlapping Rates
3.21	5.68	0.35	0.36	0.30	0.63	18.91
3.21	5.64	0.46	0.36	0.30	0.61	19.30
3.21	5.64	0.44	0.36	0.30	0.61	19.29
3.21	5.64	0.44	1.23	0.30	0.59	20.47
3.21	5.62	0.43	1.21	0.30	0.57	20.41
3.18	5.62	0.39	1.12	0.26	0.31	19.99
2.63	4.85	0.37	1.09	0.26	0.43	18.93
2.60	4.92	0.39	1.09	0.26	0.42	19.24
2.59	5.57	0.38	1.05	0.26	0.48	19.93
3.07	5.54	0.39	1.11	0.30	0.41	20.40



LCSD = Lincoln County School District
 OCCC = Oregon Coast Community College
 PCHD = Pacific Communities Health District

ESD = ESD Lincoln/Benton Counties
 Port = Port of Newport

Schedule 7
CITY OF NEWPORT, OREGON
PRINCIPAL PROPERTY TAXPAYERS
Fiscal Years 2023 and 2014

Taxpayer	2023		% of		2014		% of	
	Taxable Assessed Value	Rank	Total Taxable Assessed Value		Taxable Assessed Value	Rank	Total Taxable Assessed Value	
Northwest Natural Gas Company	\$ 42,221,000	1	2.48%		\$ 72,556,700	1	7.04%	
Central Lincoln PUD	31,153,000	2	1.83%		64,137,900	2	6.22%	
Hallmark Inns and Resorts	22,716,430	3	1.33%		8,764,980	6	0.85%	
Fred Meyer Stores/Kroger Co.	17,717,680	4	1.04%		10,804,660	5	1.05%	
Shilo Inns	14,689,170	5	0.86%		15,649,500	3	1.52%	
Wal Mart Real Estate	12,901,720	6	0.76%		14,270,700	4	1.38%	
Charter Communications	12,185,000	7	0.71%		6,316,880	10	0.61%	
Oregon Brewing Co.	12,177,520	8	0.71%		-	0	0.00%	
RV Agate Beach	11,064,050	9	0.65%		-	0	0.00%	
King Hoof LLC & Coast Hwy LLC	9,757,090	10	0.57%		-	0	0.00%	
Port of Newport	-		0.00%		8,109,070	7	0.79%	
EY Inc. and E W & J B Inc.	-		0.00%		6,967,860	8	0.68%	
SPM Little Creek LLC	-		0.00%		6,483,030	9	0.63%	
Total	\$ 186,582,660		10.94%		\$ 214,061,280		20.77%	
Total taxable assessed value, all properties	<u>\$ 1,705,023,920</u>				<u>\$ 1,030,390,405</u>			

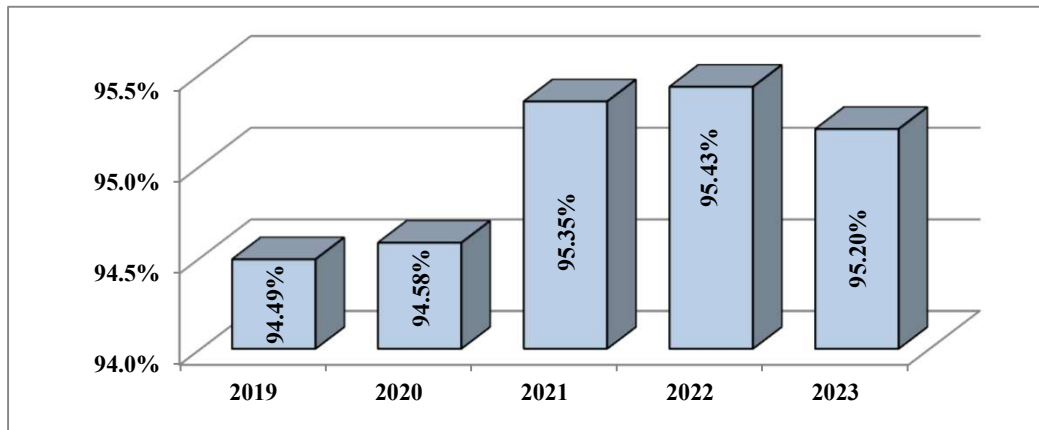
The above Total Taxable percentage of the Top Ten Taxpayers is normally graphed. However the information will be accumulated yearly, until 10 years are reported.

Source: Lincoln County Tax Assessors

Schedule 8
CITY OF NEWPORT, OREGON
PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	Tax Levy as Extended by the Assessor (1)	Collected within the Fiscal Year of the Levy	Percentage Collected	Collections In Subsequent Years	Total Collections to Date	Percentage of Levy as Extended
2015	\$ 10,567,908	\$ 9,751,502	92.27%	\$ 432,387	\$ 10,183,889	96.37%
2016	10,743,889	9,927,597	92.40%	487,728	10,415,325	96.94%
2017	11,289,267	10,493,168	92.95%	472,582	10,965,750	97.13%
2018	11,682,522	10,831,481	92.72%	465,102	11,296,583	96.70%
2019	12,259,650	11,584,279	94.49%	337,822	11,922,101	97.25%
2020	12,929,064	12,228,144	94.58%	317,000	12,545,143	97.03%
2021	13,718,120	13,080,524	95.35%	193,327	13,273,851	96.76%
2022	14,312,387	13,658,358	95.43%	139,642	13,798,000	96.41%
2023	14,929,145	14,211,846	95.20%	-	14,211,846	95.20%

Percentage of Taxes Collected in the Year Assessed



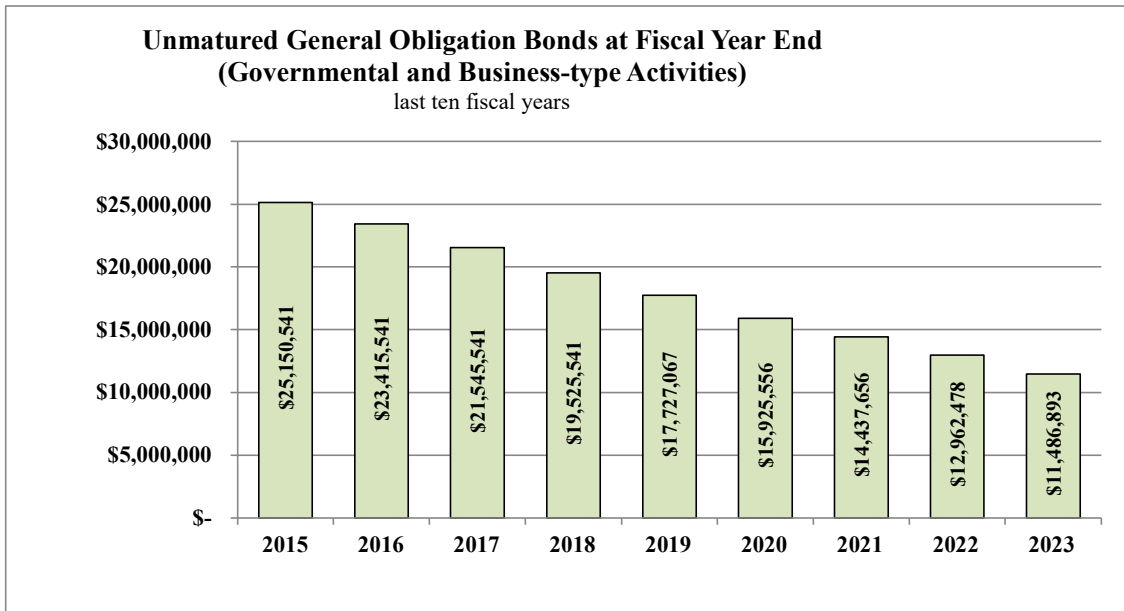
The City has chosen to calculate the property tax collection rate based on the gross amount of the levy as extended by the Lincoln County Assessors. The resulting rate is a lower percentage, but for comparative purposes it can be applied to future years' levies without having to estimate discounts and adjustments. This method of calculating the collection rate is the same one used for the budget. In past annual reports the collection percentage was based on a net levy, which included discounts and adjustments. Using the new method, the five-year average first-year collection rate is 95.01 percent of the levy as extended by the assessors.

There are three ways in which property tax revenue can be adversely affected by a slowdown in the economy: 1) market value falls below assessed value; 2) assessed value falls; and 3) the rate of tax collection falls. Because of the healthy gap between market values and assessed values, there would be lag time before a downturn would directly affect the market value limit on assessed value. In the second situation, assessed values will not fall quickly. It is more likely that the rate of growth of the assessed value will slow. The third factor has the potential to have a more immediate effect. A one percentage point drop in the tax collection rate would translate into a \$150,000 decrease in current tax revenues. The City will monitor the tax collection rate to gauge its effect on 2023-24 revenues. The tax collection rate will also be a factor in the preparation of the 2024-25 budget.

Sources: Lincoln County Tax Assessor
 (1) Levy as extended by the Lincoln County Assessor.

Schedule 9
CITY OF NEWPORT, OREGON
SCHEDULE OF DEBT PER CAPITA AND DEBT AS A PERCENTAGE OF PERSONAL INCOME
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	GOVERNMENTAL ACTIVITIES				
	General Obligation Bonds	Revenue Bonds	Urban Renewal (UR) TIF Bonds (1)	Notes Payable	Leases and Subscriptions
2015	\$ 7,850,000	\$ 1,270,000	\$ 11,820,000	\$ 226,776	\$ 57,778
2016	7,655,000	995,000	10,721,000	213,132	24,694
2017	7,440,000	715,000	9,559,000	-	-
2018	7,200,000	420,000	8,349,000	-	-
2019	7,216,476	392,500	7,187,167	-	-
2020	6,902,377	317,000	5,873,529	-	289,794
2021	6,563,282	241,500	4,513,874	-	222,099
2022	6,199,184	133,329	3,262,250	-	685,264
2023	5,805,085	52,829	1,974,614	-	519,018



As the above chart indicates, there has been a nearly linear reduction in the amount of the outstanding general obligation debt. The trend will continue as the existing bonds approach retirement.

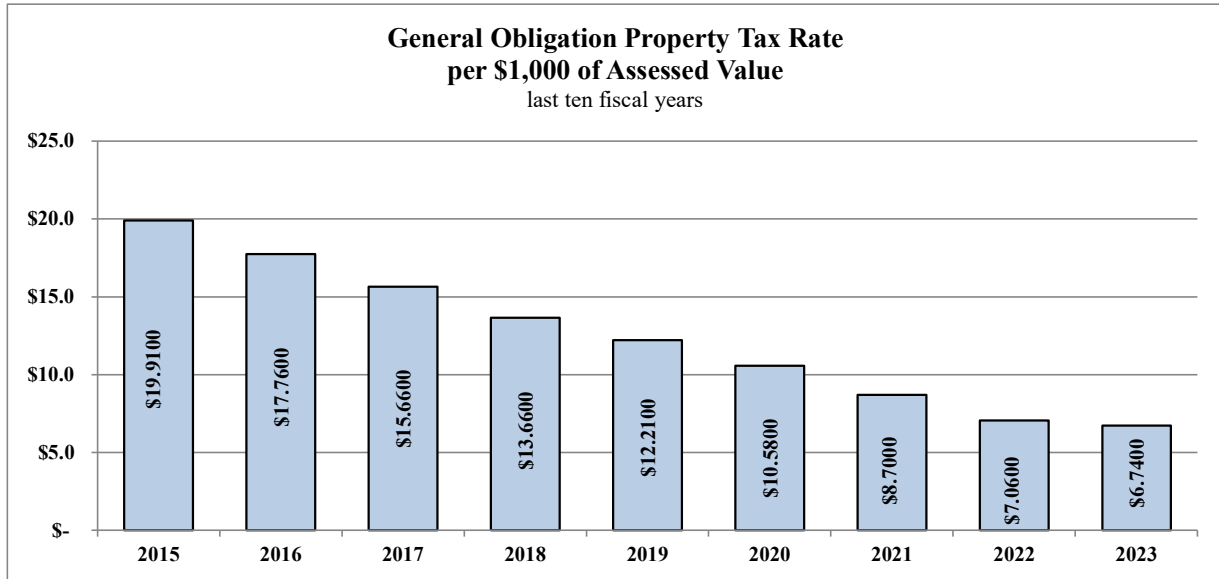
(1) TIF-Tax Increment Financing

(2) Includes \$20,964,243.00 State of Oregon Revolving Fund loan for Water and Wastewater projects

Source: City of Newport 2014-2023 Annual Financial Reports

Schedule 9
CITY OF NEWPORT, OREGON
SCHEDULE OF DEBT PER CAPITA AND DEBT AS A PERCENTAGE OF PERSONAL INCOME
 Last Ten Fiscal Years

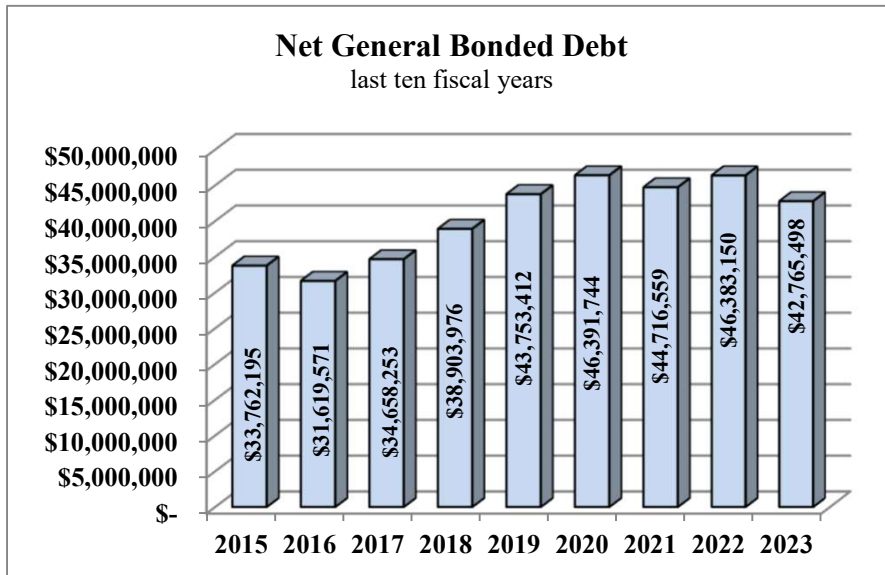
BUSINESS-TYPE ACTIVITIES						Total Outstanding Debt	% of Personal Income	Debt per Capita
General Obligation Bonds	Water Revenue Bonds (2)	Sewer Revenue Bonds (2)	Stormwater Revenue Bonds	Notes Payable	Leases and Subscriptions			
\$ 17,300,541	\$ 6,412,987	\$ 3,560,000	\$ -	\$ 794,505	\$ -	49,292,587	26.89	1,270
15,760,541	7,300,213	3,135,000	-	767,888	-	46,572,468	24.20	1,155
14,105,541	9,286,091	3,129,104	-	739,941	-	\$ 44,974,677	22.16	1,063
12,325,541	9,506,606	6,275,681	3,248,000	710,789	-	48,035,617	22.21	1,071
10,510,591	8,843,892	14,673,029	2,958,000	680,378	-	52,462,033	23.42	1,130
9,023,179	7,781,433	20,433,757	2,667,000	648,552	-	53,936,621	22.58	1,138
7,874,374	7,061,743	21,440,596	2,367,000	615,252	-	50,899,720	19.07	970
6,763,294	10,872,530	21,843,830	2,058,000	580,417	186,792	52,584,890	19.24	983
5,681,808	10,455,491	20,964,243	1,740,000	543,881	333,217	48,070,186	n/a	n/a



As the above chart indicates, there has been a nearly linear reduction in the amount of the outstanding general obligation debt. The trend will continue as the existing bonds approach retirement.

Schedule 10
CITY OF NEWPORT, OREGON
RATIO OF GENERAL BONDED DEBT (1) TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	Population (2)	Assessed Value	General Obligation Bonds	General Revenue Obligations
2015	10,165	\$ 1,263,033,051	\$25,150,541	\$ 11,242,987
2016	10,190	1,292,794,735	23,415,541	11,430,213
2017	10,215	1,337,383,961	21,545,541	13,130,195
2018	10,125	1,385,786,447	19,525,541	19,450,287
2019	10,210	1,452,221,107	17,727,067	26,867,421
2020	10,256	1,504,939,337	15,925,556	31,199,190
2021	10,591	1,563,166,867	14,437,656	31,110,839
2022	10,755	1,625,399,477	12,962,478	34,907,689
2023	10,888	1,705,023,920	11,486,893	33,212,563



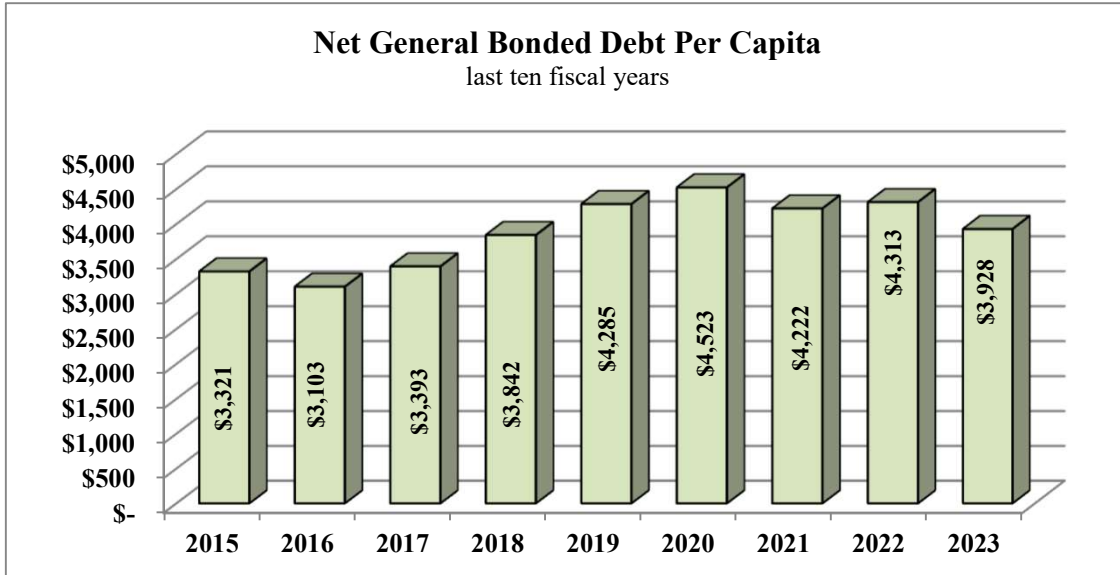
(1) General bonded debt includes general obligation bonds and other bonded debt financed with any general governmental resources.

(2) Portland State University, Population Research and Census Center

Source: City of Newport 2014-2023 Annual Financial Reports

Schedule 10
CITY OF NEWPORT, OREGON
RATIO OF GENERAL BONDED DEBT (1) TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
 Last Ten Fiscal Years

Less: Amounts Available in Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita	Net Bonded Debt as a Percent of Personal Income
\$ 2,631,333	\$ 33,762,195	2.67%	3,321	1842%
3,226,183	31,619,571	2.45%	3,103	1643%
17,483	34,658,253	2.59%	3,393	1708%
71,852	38,903,976	2.81%	3,842	1799%
841,076	43,753,412	3.01%	4,285	1953%
733,002	46,391,744	3.08%	4,523	1942%
831,936	44,716,559	2.86%	4,222	1675%
1,487,017	46,383,150	2.85%	4,313	1697%
1,933,958	42,765,498	2.51%	3,928	n/a

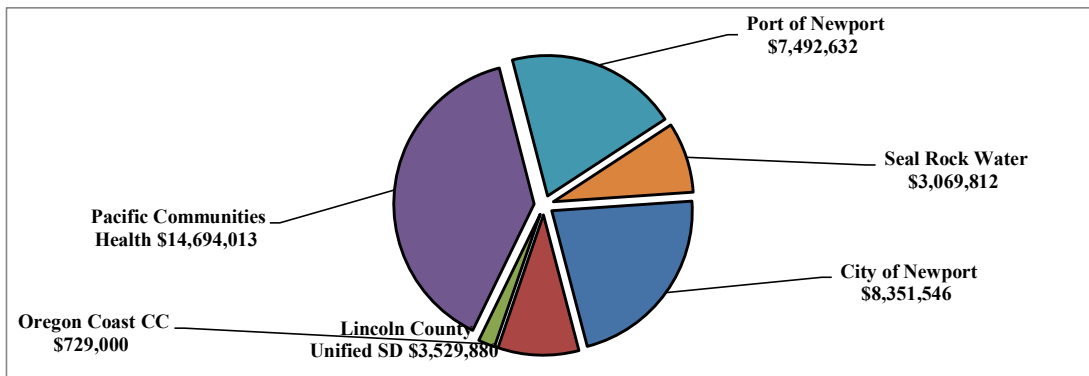




Schedule 11
CITY OF NEWPORT, OREGON
COMPUTATION OF DIRECT AND OVERLAPPING DEBT (1)
as of June 30, 2023

Jurisdiction	Net Outstanding Debt	Percentage Applicable to the City of Newport (1)	Amount Applicable to the City of Newport
DIRECT DEBT			
City of Newport (2)	\$ 8,351,546	100.00%	\$ 8,351,546
OVERLAPPING DEBT			
Lincoln County Unified School District	19,720,000	17.90%	3,529,880
Oregon Coast Community College	4,050,000	18.00%	729,000
Pacific Communities Health District	41,345,000	35.54%	14,694,013
Port of Newport	10,815,000	69.28%	7,492,632
Seal Rock Water District	4,722,787	65.00%	3,069,812
Total overlapping debt	80,652,787		29,515,337
Total direct and overlapping debt	\$ 89,004,333		\$ 37,866,883

Direct and Overlapping Debt Applicable to the City of Newport



(1) Source - State of Oregon, Treasury Department, the overlapping debt percentage is determined by the percent of real market value the City shares between itself and another issuer. This data is provided to the Treasury Department annually by the Oregon Department of Revenue.

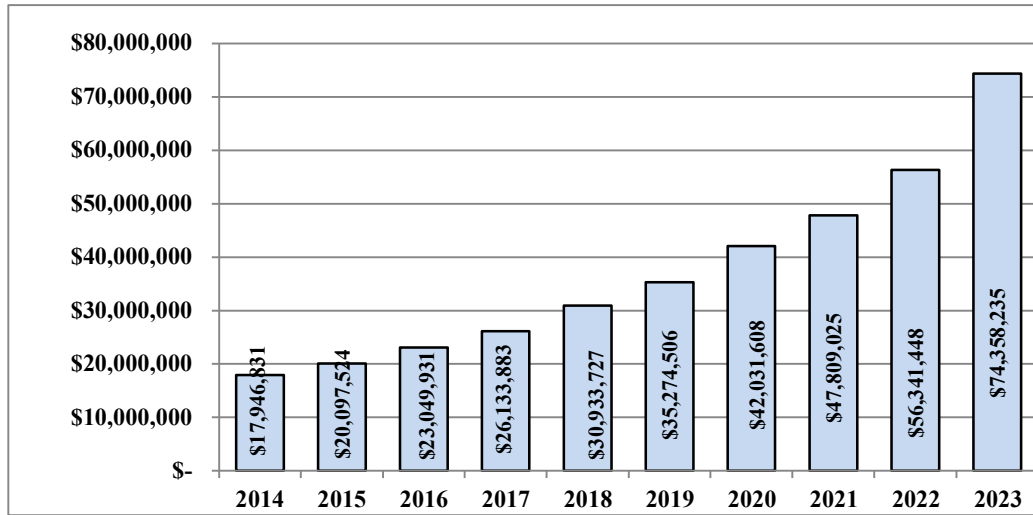
(2) City of Newport net outstanding debt

General obligation bonds	\$ 5,805,085
Revenue bonds	52,829
Urban renewal TIF bonds	1,974,614
Notes payable	-
Leases and subscriptions	519,018
Total City of Newport net outstanding debt	8,351,546

Schedule 12
CITY OF NEWPORT, OREGON
COMPUTATION OF LEGAL DEBT MARGIN
 Last Ten Fiscal Years

	2014	2015	2016	2017
Debt limitation	\$ 36,672,372	\$ 45,248,065	\$ 46,010,972	\$ 47,075,886
Total net debt applicable to limitation	18,725,541	25,150,541	22,961,041	20,942,003
Legal debt margin	<u>\$ 17,946,831</u>	<u>\$ 20,097,524</u>	<u>\$ 23,049,931</u>	<u>\$ 26,133,883</u>
Ratio of net debt applicable to the debt limitation	<u>51.06%</u>	<u>55.58%</u>	<u>49.90%</u>	<u>44.49%</u>

Legal Debt Margin
 last ten fiscal years



Sources: Lincoln County Tax Assessors and Notes to the Basic Financial Statements

Schedule 12
CITY OF NEWPORT, OREGON
COMPUTATION OF LEGAL DEBT MARGIN
Last Ten Fiscal Years

2018	2019	2020	2021	2022	2023	
\$ 49,860,540	\$ 53,001,573	\$ 57,957,164	\$ 61,414,745	\$ 67,816,909	\$ 83,911,170	Debt limitation
18,926,813	17,727,067	15,925,556	13,605,720	11,475,461	9,552,935	Total net debt applicable to limitation
<u>\$ 30,933,727</u>	<u>\$ 35,274,506</u>	<u>\$ 42,031,608</u>	<u>\$ 47,809,025</u>	<u>\$ 56,341,448</u>	<u>\$ 74,358,235</u>	Legal debt margin
<u>37.96%</u>	<u>33.45%</u>	<u>27.48%</u>	<u>22.15%</u>	<u>16.92%</u>	<u>11.38%</u>	Ratio of net debt applicable to the debt limitation

Legal debt margin calculation for Fiscal Year

True cash value	\$ 2,797,039,007
General obligation debt limit - 3% of true cash value	3%
General obligation debt limit	83,911,170
Gross general obligation bonded debt principal	
General obligation bonds	\$ 5,805,085
2009 A&B Water GO Bonds	5,681,808
Less: Debt service monies available	
Debt Service Fund:	1,933,958
Net debt subject to the three percent limitation	<u>9,552,935</u>
Legal debt margin	<u>\$ 74,358,235</u>

The lower the ratio of net debt applicable to the debt limitation, the greater the legal capacity to issue general obligation debt. However, the ratio indicates little about the City's economic condition and political atmosphere concerning the ability to issue additional general obligation debt.

Schedule 13
CITY OF NEWPORT, OREGON
PLEGGED REVENUE COVERAGE
 Last Ten Fiscal Years (*)

2015 A & B Urban Renewal Bonds (Coverage requirement equals 125%)

Fiscal Year Ended June 30,	Operating Revenues	Less: Operating Expenses	Net Available Resources	Principal	Debt Service Interest	Total	Coverage Percentage
2015	\$ 1,909,275	\$ -	\$ 1,909,275	\$ 942,000	\$ 273,078	\$ 1,215,078	1.57
2016	1,988,661	75,354	1,913,307	1,152,000	365,159	1,517,159	1.26
2017	2,350,631	96,067	2,254,564	1,162,000	355,049	1,517,049	1.49
2018	2,601,060	108,937	2,492,123	1,210,000	307,916	1,517,916	1.64
2019	3,013,477	114,045	2,899,432	1,255,000	261,529	1,516,529	1.91
2020	3,166,541	110,685	3,055,856	1,294,000	222,817	1,516,817	2.01
2021	3,437,916	105,614	3,332,302	1,345,000	172,035	1,517,035	2.20
2022	3,665,691	120,805	3,544,886	1,227,000	127,642	1,354,642	2.62
2023	4,033,729	132,666	3,901,063	1,268,000	85,772	1,353,772	2.88

Operating data is from the combined Urban Renewal data.

2014 and 2019 Water Borrowings (Coverage requirement equals 125%)

Fiscal Year Ended June 30,	Operating Revenues	Less: Operating Expenses	Net Available Resources	Principal	Debt Service Interest	Total	Coverage Percentage
2016	\$ 3,504,294	\$ 2,291,711	\$ 1,212,583	\$ 131,174	\$ 209,814	\$ 340,988	3.56
2017	3,691,435	2,418,006	1,273,429	159,402	171,585	330,987	3.85
2018	3,784,986	2,616,157	1,168,829	165,825	165,161	330,986	3.53
2019	4,095,824	2,897,199	1,198,625	172,507	158,480	330,987	3.62
2020	4,557,583	2,938,154	1,619,429	702,459	260,540	962,999	1.68
2021	4,283,371	3,037,968	1,245,403	719,690	243,558	963,248	1.29
2022	4,315,123	3,122,000	1,193,123	740,213	222,960	963,173	1.24
2023	4,656,054	3,347,437	1,308,617	417,039	201,181	618,220	2.12

Operating data is from the Water Fund Statement of Revenues.

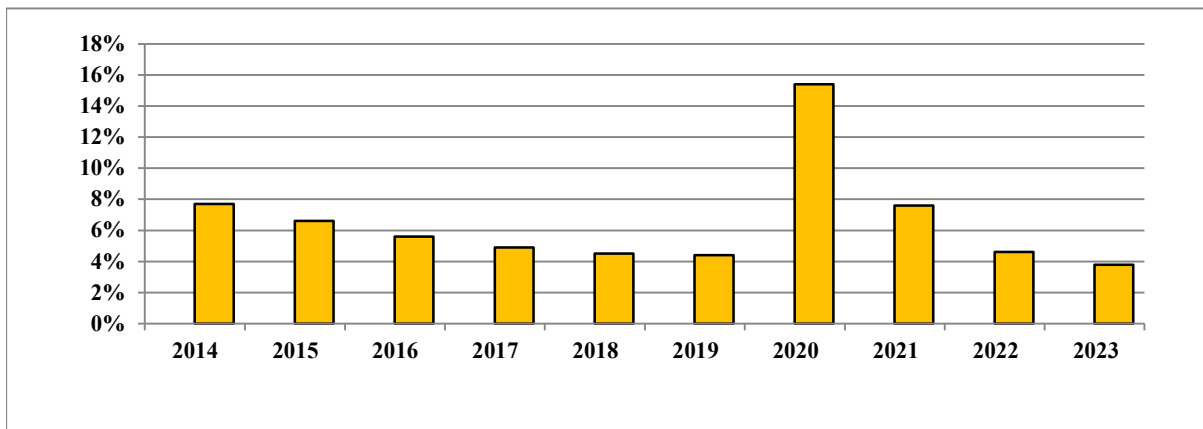
The amount of net available resources for bond coverage is determined by subtracting operating expenses from operating revenues. Interest payments on property assessments are deducted from operating revenues. Operating expenses are reduced by the amount of depreciation taken for the fiscal year, if any.

Schedule 14
CITY OF NEWPORT, OREGON
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	City of Newport Population(1)	Lincoln County Population(1)	Personal Income(2)	Per Capita Personal Income(2)	Newport School Enrollment(3)	Unemployment Rate (4) Lincoln County
2014	10,095	46,890	\$ 1,737,712	\$ 37,059	1,908	7.7%
2015	10,165	47,225	1,832,982	38,814	1,965	6.6%
2016	10,190	47,735	1,924,237	40,311	2,024	5.6%
2017	10,215	47,960	2,029,283	42,312	2,085	4.9%
2018	10,125	48,210	2,163,060	44,867	2,147	4.5%
2019	10,210	48,260	2,240,027	46,416	2,212	4.4%
2020	10,256	50,395	2,389,106	47,408	2,278	15.4%
2021	10,591	50,868	2,669,654	52,482	2,346	7.6%
2022	10,755	51,090	2,733,008	53,494	2,481	4.6%
2023	10,888	51,588	n/a	n/a	2,642	3.8%

Over the last ten years, the City's population has increased by 7.86 percent (793). From 2013 to 2021 per capita personal income has risen by 44.35 percent (\$16,435) in the Newport statistical area. As of Fiscal Year 2021-22 (per capita data lags one year), per capita personal income was \$53,494 for Lincoln County, and \$62,303 for the state as a whole. For the ten-year period, enrollment in the Lincoln County Public School District increased by 38.47 percent (734 students).

Lincoln County Unemployment Rate
 last 10 fiscal years



Sources:

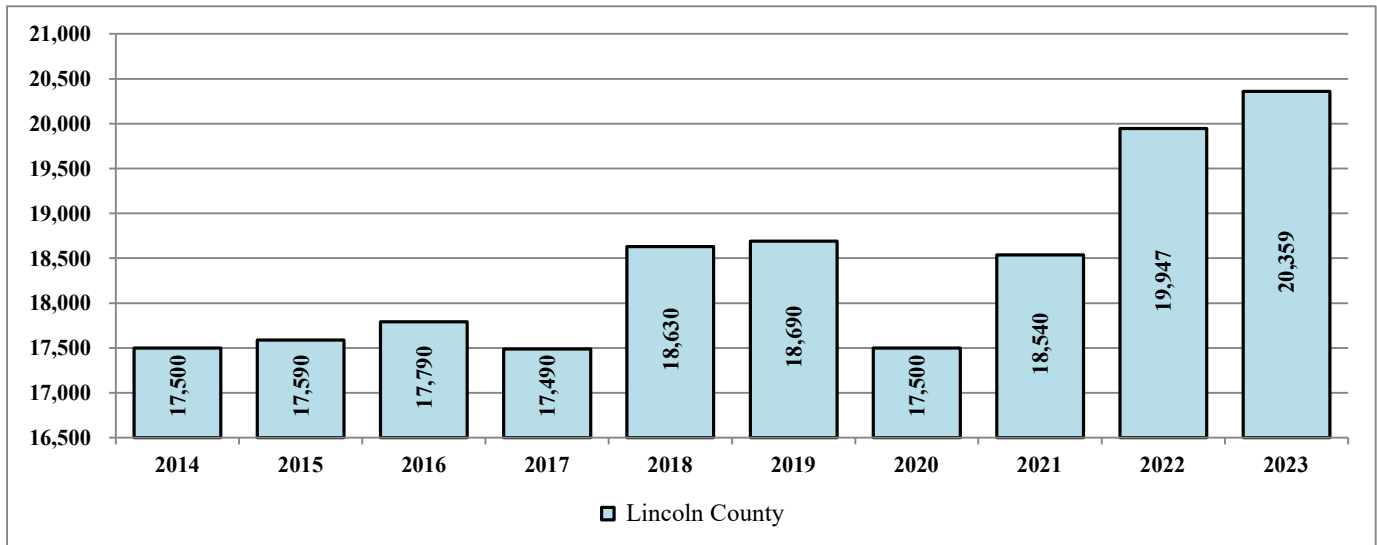
- (1) Portland State University, Population Research and Census Center
- (2) U. S. Department of Commerce, Bureau of Economic Analysis (2022 is the most current data available)
- (3) Oregon Department of Education, Oregon Coast Community College, Lincoln County School District
- (4) State of Oregon, Employment Department



Schedule 15
CITY OF NEWPORT, OREGON
NEWPORT AREA PRINCIPAL EMPLOYERS
for the Fiscal Years ended June 30, 2014, and June 30, 2023

Employer	2023			2014		
	Number of Employees	Rank	% of Total Employment	Number of Employees	Rank	% of Total Employment
Lincoln County	522	1	2.56%	440	1	2.51%
OSU Hatfield Marine Science Center/NOAA	454	2	2.23%	310	3	1.77%
Samaritan Health Services	385	3	1.89%	378	2	2.16%
Pacific Seafood/Trident	297	4	1.46%	84	10	0.48%
Fred Meyer	270	5	1.33%	134	7	0.77%
Lincoln County School District	258	6	1.27%	192	4	1.10%
Wal Mart	163	7	0.80%	120	9	0.69%
City of Newport	157	8	0.77%	130	8	0.74%
Pacific Shrimp/Pacific Surimi	150	9	0.74%	150	5	0.86%
Central Lincoln PUD	129	10	0.63%	135	6	0.77%
Totals	2,785		13.68%	2,073		11.85%
Total employment in Lincoln County	20,359			17,500		

Lincoln County Employment
last ten fiscal years



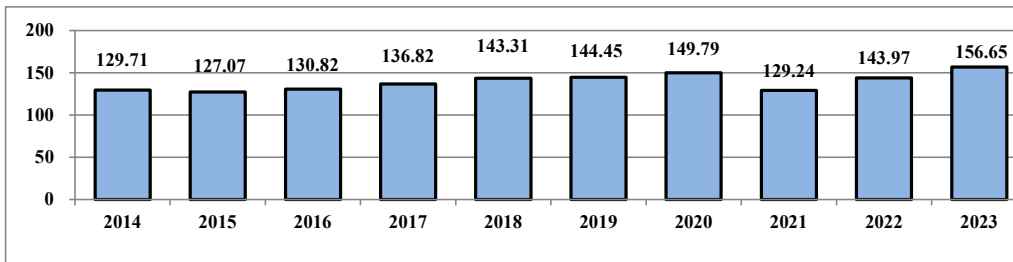
The percentage of top ten employers to total jobs for Lincoln Counties has been quite stable over the ten-year period. The figures range from a low of 9.37 percent in 2018 to a high of 23.66 percent in 2017. Total employment in Lincoln County has increased by 16.34 percent (2859 jobs) over the last ten years. For the ten-year period, the low point was 17,490 jobs in June 2017, and the high point was 20,359 jobs in June 2023. National and international economic instability will likely have an adverse effect in the coming years, although at this time the extent is unknown.

Sources:
Economic Development Alliance - Lincoln County
Oregon Employment Department

Schedule 16
CITY OF NEWPORT, OREGON
EMPLOYEE FULL-TIME EQUIVALENTS (FTE) BY FUNCTION
 Last Ten Fiscal Years

Function	2014	2015	2016	2017	2018
GOVERNMENTAL FUNDS					
General Government					
Administration	13.10	11.70	13.75	15.25	15.25
Economic Development	-	0.25	0.25	0.50	0.50
Planning	3.70	2.45	2.95	2.45	2.45
Building Inspection	1.30	1.80	1.80	1.80	1.90
Total General Government	18.10	16.20	18.75	20.00	20.10
Public Safety					
Fire	12.00	12.00	13.00	13.00	14.00
Police	24.00	25.00	25.00	27.00	27.00
Municipal Court	0.75	0.70	0.70	0.70	0.70
Total Public Safety	36.75	37.70	38.70	40.70	41.70
Highways and Streets					
Street Fund	5.08	5.00	5.00	5.00	5.00
Airport	3.00	3.00	3.00	2.00	3.00
Total Highways and Streets	8.08	8.00	8.00	7.00	8.00
Culture and Recreation					
Recreation	21.50	20.25	20.25	23.73	26.42
Library	11.54	12.39	11.89	11.89	11.89
Total Culture and Recreation	33.04	32.64	32.14	35.62	38.31
Total Governmental Funds	95.97	94.54	97.59	103.32	108.11
Proprietary Funds					
Proprietary					
Water	11.08	11.10	11.10	11.10	10.60
Wastewater	8.08	8.00	9.00	9.00	9.50
Stormwater	-	-	-	-	-
Total Proprietary Funds	19.16	19.10	20.10	20.10	20.10
Internal Service					
Public Works Services	14.58	13.43	13.13	13.40	7.50
City Facility	-	-	-	-	7.60
Total Internal Service	14.58	13.43	13.13	13.40	15.10
Total Proprietary Funds	33.74	32.53	33.23	33.50	35.20
Grand Total - All Full-time Equivalents	129.71	127.07	130.82	136.82	143.31

Total Full-time Equivalents
last ten fiscal years



Source: City of Newport Budget 2013-2022

Schedule 16

**CITY OF NEWPORT, OREGON
EMPLOYEE FULL-TIME EQUIVALENTS (FTE) BY FUNCTION**

Last Ten Fiscal Years

2019	2020	2021	2022	2023	
GOVERNMENTAL ACTIVITIES					
General Government					
15.75	15.74	15.46	16.51	19.00	Administration
0.50	0.50	0.50	1.50	1.45	Economic Development
2.60	2.00	1.75	2.25	3.45	Planning
2.37	2.97	2.22	2.72	2.57	Building Inspection
<u>21.22</u>	<u>21.21</u>	<u>19.93</u>	<u>22.98</u>	<u>26.47</u>	Total General Government
Public Safety					
14.00	14.00	11.50	12.50	16.64	Fire
27.35	29.35	24.85	26.85	30.85	Police
0.60	0.60	0.60	0.60	0.60	Municipal Court
<u>41.95</u>	<u>43.95</u>	<u>36.95</u>	<u>39.95</u>	<u>48.09</u>	Total Public Safety
Highways and Streets					
4.50	2.25	2.25	2.25	2.50	Street Fund
3.00	3.00	3.00	3.00	3.00	Airport
<u>7.50</u>	<u>5.25</u>	<u>5.25</u>	<u>5.25</u>	<u>5.50</u>	Total Highways and Streets
Culture and Recreation					
26.68	30.30	22.28	23.98	24.06	Recreation
12.10	12.10	8.85	9.10	9.60	Library
<u>38.78</u>	<u>42.40</u>	<u>31.13</u>	<u>33.08</u>	<u>33.66</u>	Total Culture and Recreation
<u>109.45</u>	<u>112.81</u>	<u>93.26</u>	<u>101.26</u>	<u>113.72</u>	Total Governmental Activities
BUSINESS-TYPE ACTIVITIES					
Enterprise					
10.25	10.25	10.25	10.25	10.00	Water
10.25	10.25	10.25	10.25	10.00	Sewer
-	2.25	2.25	2.25	2.50	Stormwater
<u>20.50</u>	<u>22.75</u>	<u>22.75</u>	<u>22.75</u>	<u>22.50</u>	Total Enterprise
Internal Service					
8.50	8.73	7.73	9.73	10.00	Public Works Services
6.00	5.50	5.50	10.23	10.43	City Facility
<u>14.50</u>	<u>14.23</u>	<u>13.23</u>	<u>19.96</u>	<u>20.43</u>	Total Internal Service
<u>35.00</u>	<u>36.98</u>	<u>35.98</u>	<u>42.71</u>	<u>42.93</u>	Total Business-type Activities
<u>144.45</u>	<u>149.79</u>	<u>129.24</u>	<u>143.97</u>	<u>156.65</u>	Grand Total - All Full-time Equivalents

Fiscal Year	Total FTE	Annual Percentage Change	Total Percentage Change from 2014
2014	129.71	-	-
2015	127.07	-2.04%	-2.04%
2016	130.82	2.95%	0.86%
2017	136.82	4.59%	5.48%
2018	143.31	4.74%	10.48%
2019	144.45	0.80%	11.36%
2020	149.79	3.70%	15.48%
2021	129.24	-13.72%	-0.36%
2022	143.97	11.40%	10.99%
2023	156.65	8.81%	20.77%

The average annual rate of change over ten year period is 2.36%.

Schedule 17
CITY OF NEWPORT, OREGON
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

Function	2015	2016	2017	2018	2019
GOVERNMENTAL ACTIVITIES					
General Government					
Planning and Community Development					
Number of planning applications	54	51	73	74	58
Total permits issued	477	580	692	730	638
Multi-family units permitted	-	-	-	28	113
Single-family units permitted	28	23	7	19	16
Electrical permits issued	289	333	307	306	251
Building Maintenance					
Square footage of buildings maintained	NA	206,780	206,780	233,780	233,780
Work orders completed	NA	2,228	2,250	2,203	2,001
Man hours completed	NA	NA	NA	16,653	21,993
Public Safety					
Police					
Total arrests	784	706	785	1,079	1,087
Traffic citations issued	565	735	902	1,603	1,268
Abandoned vehicle calls	100	99	114	129	180
Animal problem calls	NA	86	136	152	210
Fire					
Overlapping calls for fire and EMS services	NA	NA	NA	NA	NA
Total calls for emergency fire and EMS services	2,060	2,294	2,059	2,170	2,131
Total transport (N2 and N3)	NA	NA	NA	8	25
Highways and Streets					
Street Fund					
Miles of painted paving marking	12.00	0.50	10.00	9.25	9.25
Thermoplastic marking	0.90	-	0.30	0.70	0.70
Miles of improved streets (asphalt and cobbled)	NA	NA	NA	NA	NA
Miles of gravel streets	NA	NA	NA	NA	NA
Culture and Recreation					
Parks & Recreation					
Number of participants in classes, Senior Center activities, sports programs, and aquatic programs	20,620	55,750	25,935	28,545	30,514
Library					
Total number of library items borrowed	253,831	299,867	297,263	296,799	255,916
Total number of reference questions	24,355	23,065	20,821	20,553	17,789
Total number of registered users	NA	NA	NA	NA	NA
Total wireless sessions	NA	NA	NA	NA	NA
BUSINESS-TYPE ACTIVITIES					
Sewer					
Dry tons of biosolids applied annually	530	547	537	525	764
Millions of gallons of wastewater treated annually	640	694	818	652	573
Water					
Millions of gallons of water treated annually	732	748	764	821	821
Miles of water pipe maintained annually	NA	NA	NA	95	96
Number of fire hydrants maintained in the water system	NA	NA	NA	653	634
Stormwater					
Miles of stormwater pipe maintained annually	NA	NA	NA	NA	NA

Source: City of Newport Departmental records.

Schedule 17
CITY OF NEWPORT, OREGON
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

2020	2021	2022	2023	
GOVERNMENTAL ACTIVITIES				
General Government				
				Planning and Community Development
57	42	69	63	Number of planning applications
652	720	727	819	Total permits issued
-	66	-	82	Multi-family units permitted
11	30	22	44	Single-family units permitted
279	296	338	350	Electrical permits issued
Building Maintenance				
233,780	233,780	233,780	233,780	Square footage of buildings maintained
2,001	2,001	NA	796	Work orders completed
16,867	13,285	11,572	2,720	Man hours completed
Public Safety				
Police				
816	914	793	625	Total arrests
965	596	1,097	613	Traffic citations issued
189	224	304	452	Abandoned vehicle calls
126	130	201	108	Animal problem calls
Fire				
NA	NA	543	572	Overlapping calls for fire and EMS services
1,924	2,183	2,330	2,398	Total calls for emergency fire and EMS services
13	-	1	1	Total transport (N2 and N3)
Highways and Streets				
Street Fund				
9.25	9.25	NA	9.25	Miles of painted paving marking
2.70	2.70	NA	2.70	Thermoplastic marking
NA	NA	52.10	52.10	Miles of improved streets (asphalt and cobbled)
NA	NA	10.84	10.84	Miles of gravel streets
Culture and Recreation				
Parks & Recreation				
7,250	48,515	87,821	47,996	Number of participants in classes, Senior Center activities, sports programs, and aquatic programs
Library				
209,819	124,326	192,835	222,399	Total number of library items borrowed
11,899	5,097	7,700	26,047	Total number of reference questions
NA	10,302	9,530	10,089	Total number of registered users
NA	28,890	84,960	119,968	Total wireless sessions
BUSINESS-TYPE ACTIVITIES				
Sewer				
658	757	696	706	Dry tons of biosolids applied annually
599	660	636	637	Millions of gallons of wastewater treated annually
Water				
752	767	773	780	Millions of gallons of water treated annually
90	91	93	93	Miles of water pipe maintained annually
520	582	651	651	Number of fire hydrants maintained in the water system
Water				
NA	NA	23.4	23.6	Miles of water pipe maintained annually

Schedule 18
CITY OF NEWPORT, OREGON
CAPITAL ASSET STATISTICS BY FUNCTION
 Last Ten Fiscal Years

Function	2015	2016	2017	2018	2019
GOVERNMENTAL ACTIVITIES					
Public Safety					
Police Stations	1	1	1	1	1
Fire Stations	3	3	3	3	3
Culture and Recreation					
Parks & Recreation					
Number of developed park sites	NA	NA	NA	15	15
Acres of developed park land	NA	NA	NA	NA	NA
Library					
Number of libraries	1	1	1	1	1
Number of volumes	83,194	84,806	82,599	81,068	77,978
Number of audio books online	53,883	53,699	68,839	75,788	27,802
Number of E-Books online	5,045	19,560	45,559	48,478	48,438
BUSINESS-TYPE ACTIVITIES					
Enterprise					
Sewer					
Numbers of sewer treatment plant	1	1	1	1	1
Number of sewer customers	4,324	4,345	4,338	4,349	4,894
Water					
Number of water customers	4,528	4,539	4,545	4,542	5,090
Number of water treatment plants	1	1	1	1	1

Source: City of Newport departmental records

Schedule 18
CITY OF NEWPORT, OREGON
CAPITAL ASSET STATISTICS BY FUNCTION
 Last Ten Fiscal Years

2020	2021	2022	2023	
				GOVERNMENTAL ACTIVITIES
				Public Safety
1	1	1	1	Police Stations
3	3	3	3	Fire Stations
				Culture and Recreation
				Parks & Recreation
15	15	15	15	Number of developed park sites
NA	NA	29.25	29.25	Acres of developed park land
				Library
1	1	1	1	Number of libraries
77,642	68,398	67,083	69,915	Number of volumes
36,022	186,613	35,057	37,391	Number of audio books online
63,664	678,554	57,720	60,044	Number of E-Books online
				BUSINESS-TYPE ACTIVITIES
				Enterprise
				Sewer
1	1	1	1	Numbers of sewer treatment plant
4,858	4,923	4,420	4,229	Number of sewer hookups
				Water
4,613	5,301	4,640	4,496	Number of water hookups
1	1	1	1	Number of water treatment plants



AUDIT COMMENTS AND DISCLOSURES



INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

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

We have audited the basic financial statements of the City of Newport (the City) as of and for the year ended June 30, 2023, and have issued our report thereon dated December 12, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment**
- **Budgets legally required (ORS Chapter 294)**
- **Insurance and fidelity bonds in force or required by law**
- **Programs funded from outside sources**
- **Highway revenues used for public highways, roads, and streets**
- **Authorized investment of surplus funds (ORS Chapter 294)**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)**
- **State school fund factors and calculation**

In connection with our testing nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

**INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS,
CONTINUED**

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.


Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Restriction on Use

This report is intended solely for the information and use of the City Council and management of the City of Newport and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Aldrich CPAs + Advisors LLP

By:



Andrew Maffia, CPA, Partner
Salem, Oregon
December 12, 2023

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newport (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 12, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*, CONTINUED

City Newport's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Aldrich CPAs + Advisors LLP

Salem, Oregon
December 12, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Newport's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED**

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2023-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED**

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Aldrich CPAs + Advisors LLP

Salem, Oregon
December 12, 2023

CITY OF NEWPORT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal AL (Assistance Listing) Number</i>	<i>Pass-through Number</i>	<i>Passed- through to Subrecipients</i>	<i>Expenditures</i>
Federal Aviation Administration				
Airport Improvement Program	20.106	AIP27	\$ -	\$ 33,342
		AIP29	-	6,870
		AIP32	-	44,100
<i>Total Airport Improvement Program</i>			-	84,312
<i>Total Federal Aviation Administration</i>			-	84,312
Department of Transportation				
COVID-19 - Highway Planning and Construction (Federal-Aid Highway Program)	20.205		-	154,295
<i>Total Department of Transportation</i>			-	154,295
Department of the Treasury				
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		-	1,071,808
<i>Total Department of the Treasury</i>			-	1,071,808
Environmental Protection Agency				
Passed through Business Oregon				
Drinking Water State Revolving Fund	66.468	117001	-	8,100
<i>Total Environmental Protection Agency</i>			-	8,100
Department of Homeland Security				
Passed through Oregon Office of Emergency Management				
Hazard Mitigation Grant	97.039	HMGP-PF-FM-5195-OR-2	-	58,092
<i>Total Department of Homeland Security</i>			-	58,092
Total Expenditures of Federal Awards			\$ -	\$ 1,376,607

CITY OF NEWPORT

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of City of Newport under programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are presented on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Costs

The City does not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance. The City allocates indirect costs as allowed by each grant.

CITY OF NEWPORT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Significant deficiency(ies) identified?	Yes
Material weakness(es) identified?	No
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major program:	
Significant deficiency(ies) identified?	Yes
Material weakness(es) identified?	No
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, 2 CFR section 200.516(a)?	Yes

Identification of major programs:

Federal Assistance Listing Number

21.027

Name of Federal Program or Cluster

Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish Between Type A and Type B programs:	\$750,000
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Auditee qualified as a low-risk auditee under the Uniform Guidance 2 CFR section 200.520	Yes
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CITY OF NEWPORT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section II - Financial Statement Findings

Finding 2023-001

Criteria

Internal controls should include processes and procedures to ensure all journal entries posted to the general ledger are reviewed and approved by somebody other than the preparer prior to posting.

Condition

Several journal entries were posted during the year which were prepared and reviewed by the same individual.

Cause

Prior to this fiscal year, journal entries were prepared by the Assistant Finance Director and the Finance Director would review the entries. The Finance Director was promoted to Finance Director in fiscal year 2023 and the Assistant Finance Director position was vacant the entire fiscal year resulting in some journal entries being prepared and reviewed by the same individual.

Effect

Errors could be made in posting journal entries or inappropriate entries could be made.

Recommendation

We recommend management implement internal control procedures to ensure all journal entries made are reviewed prior to posting.

Views of Responsible Officials

Fiscal year 2022-23 was a challenging year for the City of Newport due to staff turnover and vacancies for key positions. The Assistant Finance Director was Interim Finance Director from July 2022 to December 2022, and was promoted to Finance Director on December 22, 2022. The Assistant Finance Director position was vacant for fiscal year 2022-23 despite multiple job posting attempts to fill the position. Therefore, the Finance Director was preparing and reviewing journal entries prior to posting due to staff vacancy. An Assistant Finance Director was hired on July 24, 2023. The Assistant Finance Director prepares all journal entries and the Finance Director reviews the journal entries.

Section III - Federal Award Findings and Questioned Costs

Finding 2023-002

21.027 Coronavirus State and Local Fiscal Recovery Funds

Noncompliance with Procurement, Suspension and Debarment and Significant Deficiency in Internal Controls

Criteria:

2 CFR Part 200.214 indicates “the regulations in 2 CFR part 180 restrict awards, subawards, and contracts with certain parties that are debarred, suspended or otherwise excluded from or ineligible for participation in Federal assistance programs or activities”.

Condition:

The City did not maintain documentation or have appropriate processes and procedures in place to ensure that prior to awarding contracts to outside parties the suspended or debarred list was checked to ensure the potential awardee was not prohibited from receiving federal funds.

Cause:

The City did not have policies and procedures in place to ensure the suspended and debarred list was checked consistently nor did they retain documentation of the list being checked prior to contracts being awarded to awardees.

CITY OF NEWPORT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Effect:

The City could award contracts to suspended or debarred parties.

Questioned Costs:

None

Recommendations:

We recommend the City implement processes and procedures to ensure the suspended and debarred listing is checked prior to awarding contracts to outside parties. In addition, we recommend the City maintain documentation of this check being performed.

Views of Responsible Officials:

Fiscal year 2022-23 was a challenging year for the City of Newport due to staff turnover and vacancies for key positions in Engineering, Public Works and Finance. Processes were in place to ensure that vendors were not on the suspended or debarred list prior to awarding contracts. However, due to key staff turnover, the documentation was not available to verify that the process was followed. The Finance Department and Engineering will work on a checklist to make sure all adequate written documentation is centrally kept with the awarded contract before awarding the contract.

CITY OF NEWPORT

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2023

Section IV - Schedule of Prior Audit Findings

2022-001

Criteria

Internal controls should include review procedures to identify and correct errors in the trial balance and supporting schedules.

Condition

Errors in ending account balances and supporting schedules were identified during the course of the audit resulting in adjustments for the financial statements to be presented in accordance with generally accepted accounting principles and for supporting schedules to agree to amounts presented in the financial statements.

Status:

This finding has been corrected.

2022-002

Program:

20.106 Airport Improvement Program
Federal Aviation Administration

Criteria:

Proper oversight, review procedures and controls should be established to ensure the amounts reported on the Schedule of Expenditures of Federal Awards (SEFA) are accurate and adequately supported.

Condition:

Amounts reported on the original SEFA were not adequately supported and listed under the wrong grant number which has different applicable compliance requirements.

Status:

This finding has been corrected.

2022-003

Program:

20.106 Airport Improvement Program
Federal Aviation Administration

Criteria:

Proper oversight, review procedures and controls should be established to ensure the reports submitted are accurate.

Condition:

Amounts reported on the Request for Advance or Reimbursement and Federal Financial Report submitted for AIP29, project #17023, were incorrect.

Status:

This finding has been corrected.