



Library Centennial



Fire Training Exercise



Parks and Recreation Hike



Public Works Tree Installation



2020-2021

Annual
Comprehensive
Financial Report
For Year Ended
June 30, 2021

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.

What do you call an accountant with an opinion? An Auditor. - Unknown

City of Newport Oregon

Annual Comprehensive Financial Report

For the Fiscal Year Ended

June 30, 2021

*** * * * ***

Spencer Nebel, City Manager

Prepared by:

**Mike Murzynsky, Finance Director
Steve Baugher, Asst. Finance Director**

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INTRODUCTORY SECTION

Life is like accounting, everything must be balanced. - Unknown

CITY OF NEWPORT, OREGON
COUNCIL MEMBERS, ADMINISTRATIVE STAFF AND PRINCIPAL FINANCIAL STAFF
As of June 30, 2021

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

Council Member	Term Expires	Elected/Appointed
Dean Sawyer, Mayor	1/4/2022	1/1/2017
Beatriz Botello	1/3/2023	1/7/2019
Jan Kaplan	1/3/2023	11/16/2021
Dietmar Goebel	1/4/2022	1/1/2017
CM Hall	1/4/2022	1/7/2019
Cynthia Jacobi	1/3/2023	1/7/2019
Ryan Parker	1/3/2023	1/7/2019

Administrative Staff

City Manager	Spencer Nebel
Finance Director	Mike Murzynsky
City Attorney	David Allen
Judge	Jeffrey Pridgeon
Public Works Director	Tim Gross
Acting City Engineer	Chris Janigo
Community Development Director	Derrick Tokos
Parks and Recreation Director	Michael Cavanaugh
Library Director	Laura Kimberly
Police Chief	Jason Malloy
Fire Chief	Rob Murphy
Information Technology Director	Richard Dutton
Human Resource Director	Barbara James
City Recorder/ Special Projects Director	Peggy Hawker
Airport Director	Lance Vanderbeck

Principal Finance Staff

Mike Murzynsky, Finance Director

Steve Baugher, Asst. Finance Director

Citizens of the City of Newport

City Council

Mayor: Dean Sawyer
 Council President: CM Hall
 Members: Beatriz Botello
 Aaron Collett
 Dietmar Goebel
 Cynthia Jacobi
 Ryan Parker

Citizen Boards and Committees

Municipal Judge
 Jeff Pridgeon

City Manager
 Spencer Nebel

City Attorney
 David Allen

Recorder/
 Special Projects
 Director
 Peggy Hawker

HR Director
 Barb James

IT Director
 Richard Dutton

Airport
 Director
 Lance Vanderbeck

Library
 Director
 Laura Kimberly

Finance
 Director
 Mike Murzynsky

Risk Management
 Communications
 Records

Fire Chief
 Rob Murphy

Fire Suppression
 Rescue
 Medical Response
 Emergency Management

Police Chief
 Jason Malloy

Police
 Parking Enforcement
 Code Enforcement

Public Works
 Director
 David Powell

Streets
 Water
 Wastewater
 Stormwater
 Building
 Maintenance

City Engineer
 Acting Chris Janigo

Engineering
 GIS

Recreation
 Director
 Mike Cavanaugh

Recreation Center
 Aquatic Center
 Sports Programs
 Parks Maintenance

Community
 Development
 Director
 Derrick Tokos

Building Code
 Zoning Enforcement
 Planning
 URA

Utility Billing
 Court
 Payroll

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.



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

December 30, 2021

Citizens of Newport
Honorable Mayor Dean Sawyer
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. Thus, we are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Newport, Oregon (City) for the fiscal year ended June 30, 2021, together with the unmodified opinion therein of our independent certified public accountants, Merina + Co.

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 Merina + Co, 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.

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 since 1952 and is the largest city in Lincoln County, and the second largest city on the Oregon Coast.

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

Mike please confirm the highlighted numbers. 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 144 full-time equivalent employees budgeted for the current fiscal year. and 116 full-time employees. In addition to the City Manager, the City Council also employees’ 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 notes to the financial statements provide additional detail describing the inclusion of the Urban Renewal Agency as a blended component unit.

Budget Process

The Council and Urban Renewal Agency Board are required to adopt a budget for the subsequent fiscal year no later than the close of the 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, as appropriate. Appropriation transfers between accounts within the same budget category (line items) within a department are made within a departmental request.

ECONOMIC OUTLOOK AND CONDITION

Recent Economic Performance

The City's economic base is one of diversity. Newport enjoys an economy that is not dependent up 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), 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.

In 2019, prior to COVID-19, Lincoln County had its lowest annual unemployment rate in the past 20 years of 4.3%. 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, 2021, the county's monthly unemployment rate is back down to 6.5%. Lincoln County's tourism businesses were hard hit during 2020 with restrictions 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 2021 Fiscal Year, the City collected a record amount of room tax indicating a significant recovery for the travel industry with \$4.8 million in room tax being collected during this fiscal year. This was up from \$3.7 million in the Fiscal Year 2019-2020, and surpassed the City's highest collection of \$4.4 million in the Fiscal Year 2018-2019. Those trends have continued through this fiscal year. 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 \$285,000 in 2019 to \$315,000 in 2020. During the past two fiscal years, property values have increased by 17.6% based on the market value determined by the Lincoln County Assessor. While the unemployment numbers have not reached the low point of 2019, there is a general shortage of employees to fill positions within the greater Newport area.

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 inducted 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 is funding outreach activities to help community-building around the vision. In 2021, the Committee recognized 24 individuals and organizations who made meaningful contributions in realizing the Vision.

Long-Term Financial Planning

The City Council has established Finance Work Groups over the past three years to develop a system for projecting the City’s long-range financial condition (year one); identify options to address the 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 (year three).

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

In Fiscal Year 2020-2021, the City Council adopted a five-year financial sustainability plan for the General Fund, and those funds supported by the General Fund, that outlines 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.

Relevant Financial Policies (Mike check highlighted numbers)

In Fiscal Year 2019-2020, the City utilized a total of 27 funds, of which 19 are governmental fund types and eight 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 Council appropriated Finance Work Group. The City utilized conservative revenue projections based on the anticipated economic impact that the pandemic could have had on City revenues. Most funds finished much stronger than what was projected due to revenues exceeding the budgeted projections, and expenditures falling below appropriation levels. Expenditures were impacted by the inability of the City to fill positions through the course of the year. With these changes, the City's General fund increased from \$2.5 million in 2018-2019 to \$5.6 million in the fiscal year for 2020-2021. While the City has been able to improve its financial condition during the pandemic, there are significant unmet investments that need to be made in various facilities and for city infrastructure. The City is looking at a number of significant investments in the next five to ten years. A major project will be the replace of the two earthen Big Creek Dams at an estimated cost of \$85 million dollars. 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 addition, the City Council is looking at opportunities to expand the Police, Fire, and Library services. The City is exploring additional revenues to meet these needs.

Major Initiatives

During this fiscal year, the City responded to a number of emergencies, including the COVID-19 pandemic, a water production emergency, and providing support to North Lincoln County for fire emergencies. The City has seen an expansion in housing, with 108 low-and-moderate income units coming online in 2020, Wyndhaven Ridge Apartments with 66 units opening in 2021, and an expansion of in-fill housing at various locations in the community to help address the housing shortage. The City worked in conjunction with Samaritan Pacific Communities Hospital on a construction project to do extensive resurfacing work on streets around the new hospital, as well as resurfacing a number of other city streets in City Center. In conjunction with ODOT, the City completed \$6.5 million in improvements to US 101, and completed 5th Street, including bike, pedestrian, and lighting amenities through this area, and traffic signal relocations.

The City has leased property for future development at the Newport Municipal Airport. Significant financial assistance for the design and permitting for Big Creek Dams was obtained with a \$14 million commitment approved by the legislature and signed by the Governor. These funds will be available over the next two years. The City received notice that it will be eligible for \$2.4 million from the American Rescue Plan Act (ARPA) which will be provided in two separate installments over the next year. The City has completing a refinement plan for the remaining years of the South Beach Urban Renewal District. The City may realize as much as \$9 million dollars for various improvements to South Beach before the District retires in 2027.

Investment in the City's infrastructure and future planning has been a priority in the last several years. The City has recently completed a new system of lift stations and force mains to address compliance issues with the DEQ for overflow issues at Agate Beach. The department continues to work on efforts to address seismic issues relating to the City's two reservoir dams. The City is focused on obtaining state and federal funding to reduce the impact of the project on city residents and businesses.

The City of Newport made significant reductions in expenditures during the fiscal year that began July 1, 2020. Overall, the City has financially performed ahead of the projected revenues in the current-year budget. The City of Newport is projected to finish this fiscal year in a stronger financial position than what was budgeted for the fiscal year. The City remains focused on addressing recommendations outlined in the Five-year Sustainability Plan adopted by the City Council in 2021.

The City Council will be seeking new revenue sources to address long-term public safety and operational needs, as well as the need to reinvest in city facilities and infrastructure supported by the General Fund and room tax funds. The City Council has approved an increase in the room tax rate, as well as consideration of a prepared food tax and a gas tax increase, with the proceeds supporting the impact that tourism has on various city infrastructure needs.

OTHER INFORMATION

Mike, please check this paragraph Certificate of Achievement

Government Finance Officers Association (GFOA) of the United States and Canada award a Certificate of Achievement in Excellence for Financial Reporting to entities meeting certain requirements with the Annual Comprehensive Financial Report (ACFR). The City submitted the ACFR for Fiscal Year 2019-2020 for this consideration. A certificate of achievement is valid only for one year. Due to the CARES Act funding, there was a delay in submitting the ACFR, and the GFOA is currently reviewing this submission.

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 also like to express appreciation to certified public accountants, Merina + Co, for their efforts in reviewing the financial statements, and contributing to the preparation of this report. Finally, I would like to express appreciation to the role that the 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,



Spencer R. Nebel
City Manager

The safest way to double your money is to fold it over and put it in your pocket. - Kin Hubbard

FINANCIAL SECTION

A bank is a place that will lend you money if you can prove that you don't need it. - Bob Hope

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Newport, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Newport, Oregon, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise City of Newport, Oregon's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 City of Newport, Oregon, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison statements for the General Fund and Urban Renewal 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (GAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Newport, 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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Newport'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 GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Newport's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Newport'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 required supplementary information, such as management's discussion and analysis, schedule of proportionate share of net pension liability, 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 the proportionate share of OPEB – RHIA, schedule of contributions to OPEB – RHIA, schedule of changes in OPEB liability and related ratios – implicit rate subsidy, and schedule of contributions to OPEB – implicit rate subsidy, as listed in the table of contents under required supplementary information, as listed in the table of contents under required supplementary information, 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 net pension liability, 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 the proportionate share of OPEB – RHIA, schedule of contributions to OPEB – RHIA, schedule of changes in OPEB liability and related ratios – implicit rate subsidy, and schedule of contributions to OPEB – implicit rate subsidy, as listed in the table of contents under required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Newport, Oregon's basic financial statements. The accompanying other supplementary information, as listed in the table of contents including the combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical section 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 January 31, 2022 on our consideration of City of Newport, Oregon'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 of Newport, Oregon'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 City of Newport, Oregon's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated January 31, 2022, on our consideration of City of Newport, Oregon'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.

For Merina+Co
Tualatin, Oregon
January 31, 2022

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, 2021. 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, 2021 by \$123.6 million which equals the City's total Net Position.
- The City's total assets for the 2020-2021 Fiscal Year (FY) increased by \$2.5 million, total deferred outflows increased by \$0 million, total liabilities decreased by \$3.3 million, total deferred inflows increased by \$0.872 million, and net investment in capital assets increased by \$3.03 million. Total increase in assets is due to an increase the following Capital Projects: The costs for the Big Creek Dam project, Yaquina Heights Tank Rehab, Bridge Installation at Wessel Creek, City Street Overlays, Betty Wheeler Lighting and Drainage Projects, and South Beach ROW acquisitions are continuing. The total increase in liabilities was due to borrowings related to DEQ note borrowings, and accrued interest related to the Water GO Bonds. The biggest factor related to the Restricted fund balance increased was the accumulation of Room Tax Funds as projects were set aside during COVID.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances (EFBs) of \$23.6 million, an increase of \$2.8 million as compared to the previous year. The General Fund increased by \$1.5 million, because total income exceeded the planned expenditures, the big factor the effects of COVID 19 on the City and a planned 12-day furlough for the non-represented staff members. Other significant increases or decreases in EFB's were; the Room Tax fund accumulated additional revenues due to the COVID effects which increase the EFB by \$1.6M, in the Urban Renewal with an increase of \$1.7 million and Governmental Capital Projects with a decrease of \$3.2 million
- The Water Funds, at the close of the fiscal year, had an increase of \$.067 million. It too was affected by the COVID pandemic which effected the income from the Water and Wastewater fund. The Water fund encountered a filter issue in late June which caused the expenditures to increase slightly, it also caused a curtailment of water for our fish processors. The main effect of the filter issue will show up next year and did as the fund basically broke-even.
- As of the end of FY 2021, the total assigned and unassigned fund balance in the General Fund was \$5.6 million, which was 56.7% of the total General Fund operating expenditures of \$9.947 million. The increase in fund balance available for expenditures is primarily due to City directors monitoring their expenditures, reduction of labor force due to the COVID pandemic shutdown via a 12-day furlough, and a long-range plan developed by the Finance Work Group.
- Total governmental activities debt decreased by \$1.84 million or 13.8% during the FY 2021. The decrease was the result of paying all required debt payments as planned. Total business-type activities debt decreased by \$1.65 million or 4.1%. The decrease was due additional DEQ borrowing of \$1.3 million, and it was tempered by a decrease due to the result of paying all required debt payments.

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 and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net assets 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 type 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 Change in Fund Balances provide a reconciliation to facilitate this comparison.

The City maintains 19 governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance for these "major" funds.

- General Fund
- Urban Renewal 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 supplementary information description below.

Proprietary Funds. Eight 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 two 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 Financials.

Also included in this area are the two Internal Service Funds, the Public Service Fund and the Capital Facility Fund. The Public Service Fund is used to account the Administrative personnel of the Public Works, directly Water, Wastewater, and Stormwater, indirectly the Street fund. The Capital 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.

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 notes to the basic financial statements.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. As of June 30, 2021, the City's assets exceeded liabilities by \$123.6 million. This represents an increase of \$4.8 million or 4.08% increase in net position from the prior fiscal year.

TABLE 1 - Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total Government	
	2020	2021	2020	2021	2020	2021
ASSETS						
Cash and investments	\$ 20,888,828	\$ 24,046,074	\$ 8,102,710	\$ 5,922,321	\$ 28,991,538	\$ 29,968,395
Other assets	2,090,663	2,264,303	2,130,773	2,385,278	4,221,436	4,649,581
Capital assets	77,660,206	78,417,031	79,830,853	80,122,298	157,491,059	158,539,329
Total Assets	100,639,697	104,727,408	90,064,336	88,429,897	190,704,033	193,157,305
DEFERRED OUTFLOWS OF RESOURCES						
Other postemployment benefit related items	29,742	39,181	15,055	10,295	44,797	49,476
Pension related items	2,559,075	2,668,404	179,134	72,031	2,738,209	2,740,435
Total Deferred Outflows of Resources	2,588,817	2,707,585	194,189	82,326	2,783,006	2,789,911
LIABILITIES						
Other liabilities	1,178,089	1,201,759	10,287,751	10,383,473	11,465,840	11,585,232
Long term debt outstanding	20,496,840	19,216,942	41,305,442	39,214,013	61,802,282	58,430,955
Total Liabilities	21,674,929	20,418,701	51,593,193	49,597,486	73,268,122	70,016,187
DEFERRED INFLOWS OF RESOURCES						
Other postemployment benefit related items	90,773	136,973	43,437	35,989	134,210	172,962
Pension related items	1,032,002	1,829,263	302,056	338,296	1,334,058	2,167,559
Total Deferred Inflows of Resources	1,122,775	1,966,236	345,493	374,285	1,468,268	2,340,521
NET POSITION						
Net investment in capital assets	64,567,300	67,056,257	41,614,582	42,154,618	106,181,882	109,210,875
Restricted						
Capital projects	7,916,138	4,972,702	2,089,968	2,072,415	10,006,106	7,045,117
Debt service	22,542	20,475	710,460	811,461	733,002	831,936
Agate Beach closure	-	-	-	-	-	-
Tourism	383,278	1,989,467	-	-	383,278	1,989,467
Street	747,076	854,785	-	-	747,076	854,785
OPEB benefits	49,996	47,105	-	-	49,996	47,105
Building inspection	474,599	374,482	-	-	474,599	374,482
Urban renewal revitalization	2,226,118	3,935,056	-	-	2,226,118	3,935,056
Unrestricted	4,043,763	5,799,727	(6,095,171)	(6,498,042)	(2,051,408)	(698,315)
Total Net Position	\$ 80,430,810	\$ 85,050,056	\$ 38,319,839	\$ 38,540,452	\$ 118,750,649	\$ 123,590,508

The largest portion of the City’s net position, \$109.2 million or 88.4%, 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 those 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 in 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 assets, \$7.0 million (5.70%) is restricted for capital projects paid for by system development charges (SDCs) and other restricted items, \$0.8 million (0.7%) are restricted for the City debt, namely bonds and loans, and \$3.9 million (3.18%) 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 \$80.4 million in fiscal year 2019-20 to \$85.1 million in fiscal year 2020-21. The unrestricted balance increased from 4.04 million to \$5.8 million, a 5.74% increase due to paying down debt of \$1.7 million, an accumulation of reserves in the Room Tax Fund and the Urban Renewal Fund, and the \$1.5 million increase from the General Fund.

Business-Type Activities. Business-type net position increased from \$38.3 million in fiscal year 2019-20 to \$38.5 million in fiscal year 2019-20. The unrestricted balance increased 7.0% due to increase of \$1.3 million in borrowings from the DEQ program and the planned payment of \$2.9 million in debt.

TABLE 2 - Governmental and Proprietary Activities

	Governmental Activities		Business-type Activities		Total Government	
	2020	2021	2020	2021	2020	2021
REVENUES:						
Program revenues						
Charges for services	\$ 4,018,277	\$ 4,135,687	\$ 10,259,088	\$ 11,080,522	\$ 14,277,365	\$ 15,216,209
Grants and contributions	1,093,878	1,080,836	12,088,480	3,084,868	13,182,358	4,165,704
General revenues						
Taxes	15,264,306	16,261,408	1,970,103	2,168,090	17,234,409	18,429,498
Licenses, permits and fees	1,434,629	1,426,122	-	-	1,434,629	1,426,122
Intergovernmental	692,108	1,764,513	-	-	692,108	1,764,513
Investment earnings	384,856	146,477	296,819	91,661	681,675	238,138
Other revenue	275,991	192,559	79,552	56,866	355,543	249,425
Total Revenues	23,164,045	25,007,602	24,694,042	16,482,007	47,858,087	41,489,609
EXPENSES:						
General government	8,797,823	9,294,809	-	-	8,797,823	9,294,809
Public safety	7,715,840	6,758,782	-	-	7,715,840	6,758,782
Highways and streets	756,036	847,463	-	-	756,036	847,463
Culture and recreation	3,453,213	3,105,836	-	-	3,453,213	3,105,836
Interest on long-term obligations	502,835	432,110	-	-	502,835	432,110
Water	-	-	8,826,163	8,936,513	8,826,163	8,936,513
Sewer	-	-	11,495,261	5,608,328	11,495,261	5,608,328
Stormwater	-	-	2,230,813	849,782	2,230,813	849,782
Total Expenses	21,225,747	20,439,000	22,552,237	15,394,623	43,777,984	35,833,623
Excess of revenues over expenditures						
before transfers	\$ 1,938,298	\$ 4,568,602	\$ 2,141,805	\$ 1,087,384	4,080,103	5,655,986
Transfers	862,782	50,644	(862,782)	(50,644)	-	-
Changes in net position	2,801,080	4,619,246	1,279,023	1,036,740	4,080,103	5,655,986
Net Position - Beginning	77,629,730	80,430,810	37,040,816	38,319,839	114,670,546	118,750,649
Restatement	-	-	-	(816,087)	-	(816,087)
Net Position - Restated	77,629,730	80,430,810	37,040,816	37,503,752	114,670,546	117,934,562
Ending net position	\$ 80,430,810	\$ 85,050,056	\$ 38,319,839	\$ 38,540,492	\$ 118,750,649	\$ 123,590,548

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, unreserved 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 \$4.6 million. The City has an ending fund balance policy, which sets the carry forward for each year. The City departments monitor their budgets in order to stay within their planned expenditures, this way they have a carry forward balance. The main reason for the increase is the planned reduction in budgeted expenditures predicated by COVID and goals related to the Finance Work Group.

Business-type activities increased the City's net position by \$.221 million. Looking at the overall business-type activities categories, capital contributions decreased \$9.0 million from the 2019-2020 fiscal year. The main reason for the decrease, the DEQ loans which were used to fund the projects are now fully funded. The capital asset category increased by \$.54 million which accounted for the start of three projects for the Water fund, one project for the Wastewater fund, and one in the Stormwater fund. Water charges were up slightly as the City did implement the rates for the Water and Wastewater services for the year. The overall increase to the Net Position grew by 0.01% due to these factors.

A summary of all fund balances is shown below.

TABLE 3 - Ending Fund Balances

GOVERNMENTAL FUNDS	FY 2019	FY 2020	FY 2021	FY20 to FY21 Change
General Fund	\$ 2,553,897	\$ 4,125,066	\$ 5,639,296	\$ 1,514,230
Parks and Recreation Fund	91,321	167,224	319,899	152,675
Public Parking Fund	338,294	366,474	389,388	22,914
Housing Fund	214,813	238,874	357,572	118,698
Airport Fund	234,270	108,187	183,384	75,197
Room Tax Fund	672,173	383,278	1,989,467	1,606,189
Building Inspection Fund	669,057	474,599	374,482	(100,117)
Street Fund	687,632	747,076	854,785	107,709
Line Undergrounding Fund	418,324	307,536	496,736	189,200
SDC Fund	2,099,202	2,077,484	2,332,379	254,895
Agate Beach Closure Fund	1,257,654	1,214,484	1,169,455	(45,029)
Urban Renewal Agency Fund	3,244,846	2,083,885	3,807,152	1,723,267
General Debt Service Fund	6,816	(5,477)	38,262	43,739
G.O. Debt Service Fund	15,024	(32,291)	(3,518)	28,773
Capital Project Fund	8,868,142	5,838,654	2,640,323	(3,198,331)
Reserve Fund	1,263,518	2,028,597	2,144,594	115,997
Capital Improvements Fund	509,035	637,364	815,348	177,984
Total Governmental Funds	\$ 23,144,018	\$ 20,761,014	\$ 23,549,004	\$ 2,787,990
PROPRIETARY FUNDS	FY 2019	FY 2020	FY 2021	FY20 to FY21 Change
Water Fund	\$ 4,653,347	\$ 7,277,806	7,344,871	\$ 67,065
Wastewater Fund	28,145,590	29,458,551	28,460,542	(998,009)
Stormwater Fund	-	(2,491,712)	(1,554,845)	936,867
Debt Fund - Water	2,209	3,523	4,229	706
Debt Fund - Wastewater	344,051	635,229	461,478	(173,751)
Debt Fund - Stormwater	-	2,312	177,391	175,079
G.O. Debt Service Fund	455,321	69,396	168,363	98,967
Capital Projects	1,071,964	2,089,968	2,072,415	(17,553)
Public Works Fund	1,307,047	1,274,766	1,406,008	131,242
City Facility Fund	73,685	312,843	752,387	439,544
Total Proprietary Funds	\$ 36,053,214	\$ 38,632,682	\$ 39,292,839	\$ 660,157

The City's governmental funds reported combined ending fund balances (EFBs) of \$23.5 million, an increase of \$2.8 million or 13.4% from the previous year.

The General Fund is the main operating fund for the City. At the end of 2020-21 FY, the unassigned and assigned fund balance of the General Fund was \$5.639 million. Monies restricted, committed, and non-spendable totaled \$50,010. 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 56.2% of the total General Fund operating expenditures. The total fund balance (non-spendable, restricted, committed, assigned, and unassigned) increased by \$1.51 million to \$5.6 million, or 54.3% compared to the previous year. The key item which lead to this percentage increase was in the total revenues, the two biggest revenue sources lead the way. Property taxes increased 2.95% or \$211,452, and Transient Room tax increased 33.4% or \$675,000. The expenditures decreased 14.57% or \$1.5 million in line with the new goals from the Finance Work group and a 12-day furlough due to COVID.

As part of the 2018-19 FY Budget process, the City Manager recommended to the City Council that a review of the City’s long-term trends should be conducted so the City Council formed a committee called the Finance Work Group. The Finance Work Group is comprised of the City Council, the City’s Budget Committee, and the City’s Audit Committee members who have been tasked with helping guide the development of a long-term strategy to address the declining beginning fund balance.

The Proprietary funds reported combined EFB’s of \$39.3 million, an increase of \$0.66 million or 1.71%. The operating revenues for Wastewater Fund they increased 0.01% or \$25,297 while the Water and Stormwater Funds decreased 6.69%, and 2.35%, or \$303,212 and \$24,528, respectively. As these are fees for services charges the increases are due to volume usage increases or decreases. The expenditures for the Water decreased by 6.412%. The reason for the Water fund increased expenditures due to a filter failure at the Water Treatment Plant which caused an increase in equipment repair and rental in July 2020.

General Fund Budgetary Highlights

There was a \$2.21 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. For the year there were two significant adjustments. The first adjustment was completed in February 2021 where we recognized a \$742,305 increase to the beginning fund balance and the offset went to contingency, this was the beginning of the yearly audit adjustment. The second adjustment was the final audit adjustment of \$932,278 where we recognized an increase in the beginning fund balance and an increase in contingency.

Capital Assets. As of June 30, 2021, the City’s investment in capital assets for its governmental and business type activities was \$158.5 million, net of accumulated depreciation (see table 4). Investment in capital assets includes land, buildings and structures, equipment, vehicles, infrastructure, and construction in progress. The total increase in the City’s investment in capital assets for the current fiscal year was \$1.00 million or 0.636%. This total includes a 0.1% increase in assets related to governmental activities and a 0.004% increase in assets related business-type activities.

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

	Governmental Activities		Business-type Activities		Total Government	
	2020	2021	2020	2021	2020	2021
Land	\$ 12,225,530	\$ 12,225,530	\$ 858,652	\$ 858,652	\$ 13,084,182	\$ 13,084,182
Buildings and structures	44,094,414	44,378,034	28,831,082	28,831,082	72,925,496	73,209,116
Equipment	4,586,415	4,784,957	2,390,784	2,414,454	6,977,199	7,199,411
Vehicles	6,148,833	6,208,593	1,938,302	2,213,337	8,087,135	8,421,930
Infrastructure	57,957,816	58,775,984	71,197,496	71,289,246	129,155,312	130,065,230
Construction in progress	785,623	3,251,458	16,730,343	19,624,485	17,515,966	22,875,943
Less accumulated depreciation	(48,138,425)	(51,254,630)	(42,115,806)	(45,108,958)	(90,254,231)	(96,363,588)
Total	\$ 77,660,206	\$ 78,369,926	\$ 79,830,853	\$ 80,122,298	\$ 157,491,059	\$ 158,492,224

Some significant changes are as follows.

Governmental activities:

- The Betty Wheeler Lighting and Drainage projects began and accumulated \$48K in costs,
- South Beach SE 35th & Highway 101 Project broke ground and accumulated over \$1.9M in costs.

Business-type activities:

- Big Creek Dam design began in earnest and \$957K in costs accumulated,
- Yaquina Heights Tank Recoat and handrails was started and accumulated \$157K in costs,
- The Emergency Generator Wastewater project entered final construction and accumulated \$745K in costs,

TABLE 5 - Change in Capital Assets

	Governmental Activities		Business-type Activities		Total Government	
	2020	2021	2020	2021	2020	2021
Beginning balance	\$ 77,051,953	\$ 77,660,206	\$ 70,446,804	\$ 79,830,854	\$ 147,498,757	\$ 157,491,060
Additions	12,324,747	3,913,352	25,209,615	3,284,596	37,534,362	7,197,948
Depreciation	(2,664,112)	(3,116,205)	(2,364,136)	(2,993,152)	(5,028,248)	(6,109,357)
Deletions	(9,052,382)	(87,427)	(13,461,429)	-	(22,513,811)	(87,427)
Ending Balance	\$ 77,660,206	\$ 78,369,926	\$ 79,830,854	\$ 80,122,298	\$ 157,491,060	\$ 158,492,224

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 2021 the City had total debt outstanding of \$50.4 million. The City has four major types of debt along with Leases (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 \$14.5 million, which includes \$424,810 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 are \$32.2 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 2021 is \$3.3 million, which includes \$10,046 in unamortized premium.
4. Loans made to the City by banks and other institutions. Debt for this type of financing are funded by specific funds. The total outstanding at June 30, 2021 is \$241,500.
5. Leases – debt financing used to purchase copiers or computer equipment. These types are paid by internal funding methods. The lease for the City is for the Network computer equipment and the balance at June 20, 2021 is \$222,099.

In fiscal year 2020-21, the City added the DEQ Clean Water SRF Draws, this added an additional \$1.3 million. The City continued to pay down debt, \$4.6 million was expended as planned.

TABLE 6 Outstanding Debt at Year-End

GOVERNMENTAL ACTIVITIES	FY 2019	FY 2020	FY 2021
2013 Series GO for Swimming Pool	\$ 6,930,000	\$ 6,635,000	\$ 6,315,000
2007 Certificate of Participation (LoCap)	115,000	95,000	75,000
2009 Certificate of Participation (LoCap)	-	-	-
2010 B Full Faith & Credit Urban Renewal	2,265,000	1,595,000	1,115,000
2015 A and B Urban Renewal	4,829,000	4,205,000	3,340,000
2018 Airport Fuel Farm Borrowing	277,500	222,000	166,500
2020 IT Equipment Lease	-	289,794	222,099
City Bond Premium	359,550	325,837	292,123
URA Bond Premium	20,093	15,069	10,046
Total Governmental Debt	14,796,143	13,382,700	11,535,768
BUSINESS-TYPE ACTIVITIES	FY 2019	FY 2020	FY 2021
2009 GO Water Improvement Bonds (WTP)	10,400,541	8,924,134	7,786,329
2008 GO Refunding Bonds (Wastewater)	-	-	-
2010A Series, Full Faith and Refunding	1,770,000	1,285,000	780,000
2018 Series, Full Faith and Credit - Stormwater	2,958,000	2,667,000	2,367,000
Clean Water SRF Draw	12,813,742	19,081,790	20,160,966
2007 Seal Rock Water District Agreement	680,378	648,552	615,252
2015 Water Borrowing	3,925,892	3,746,433	3,559,743
2019 Water Borrowing	4,558,000	4,035,000	3,502,000
Bond Premium	199,337	166,012	132,687
Total Business Type Debt	37,305,890	40,553,921	38,903,977
TOTALS:	\$ 52,102,033	\$ 53,936,621	\$ 50,439,745

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, this 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%, with 2018 unemployment rate at 4.5%. 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 7.6% at June 30, 2021

The City’s single largest source of revenue for the operation of the City of Newport comes from property taxes. The City has seen a steady 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 3.8+% for the past four years.

Other significant sources of revenues for the City of Newport include the transient room tax; it has increased an average of 38.3% over the last five years, 2014-15 to 2018-19. When COVID hit in March 2020, the collection rate took a substantial hit, the five-year average fell from 38.3% to 2.18% as compared to the five-year range of 2015-16 to 2019-2020. Now that the economy is progressing through a recovery it appears that our collections are recovering too, the total collected to date appears to be similar to the 2016-17 Fiscal Year.

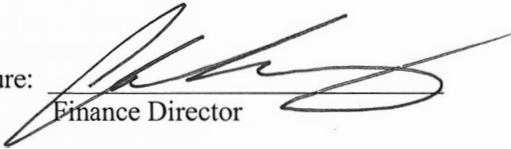
The City provides for water and wastewater services along with a new rate for the stormwater program so there are related rates and charges for these services. The rates are scheduled to increase 6% for water, 8% for wastewater, and 2.25% for the stormwater for the next five years. These rates are a significant source of revenue for the City's proprietary funds.

In assembling the City-wide budget for the 2020-21 Budget, the City Finance Department assembled assumptions for the budget as follows; assessed value of property would increase by 3.0% and interest income would decrease by 30.5%. Medical insurance coverage was scheduled to increase by an average 2.5%, and an average Cost of Living Adjustment of 2.0% for budgeted wages. Some of the percentages were adjusted based on history.

All of these factors were considered when preparing the budget for the 2022 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

Signature:



Assistant Finance Director

If you think nobody cares if you're alive, try missing a couple of car payments. - Earl Wilson

BASIC FINANCIAL STATEMENTS

Inflation is when you pay fifteen dollars for the ten-dollar haircut you used to get for five dollars when you had hair. - Sam Ewing

CITY OF NEWPORT, OREGON
STATEMENT OF NET POSITION
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 24,046,074	\$ 5,922,321	\$ 29,968,395
Accounts receivable, net	1,489,120	1,783,277	3,272,397
Property taxes receivable	613,609	113,988	727,597
Prepaid items	118,884	-	118,884
Inventories	42,690	488,013	530,703
Total current assets	26,310,377	8,307,599	34,617,976
Noncurrent assets:			
Capital assets:			
Land and construction in progress	15,476,988	20,483,137	35,960,125
Other capital assets, net of depreciation	62,892,938	59,639,161	122,532,099
Net OPEB asset	47,105	-	47,105
Total noncurrent assets	78,417,031	80,122,298	158,539,329
Total assets	104,727,408	88,429,897	193,157,305
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	2,668,404	72,031	2,740,435
Deferred outflows related to OPEB	39,181	10,295	49,476
Total deferred outflows of resources	2,707,585	82,326	2,789,911
Total assets and deferred outflows of resources	\$ 107,434,993	\$ 88,512,223	\$ 195,947,216
LIABILITIES:			
Current liabilities:			
Accounts payable and accrued expenses	\$ 760,140	\$ 487,990	\$ 1,248,130
Payroll and related liabilities	398,086	109,704	507,790
Deposits	-	739,886	739,886
Retainage payable	11,749	17,388	29,137
Accrued interest payable	31,784	8,054,143	8,085,927
Unearned revenues	-	974,362	974,362
Long-term obligations:			
Current portion of compensated absences	439,831	126,428	566,259
Current portion of long-term debt	1,691,237	2,937,137	4,628,374
Total current liabilities	3,332,827	13,447,038	16,779,865
Noncurrent liabilities:			
Net pension liability	6,757,211	66,374	6,823,585
Net OPEB liability	344,551	90,531	435,082
Noncurrent portion of compensated absences	139,581	26,703	166,284
Noncurrent portion of long-term debt	9,844,531	35,966,840	45,811,371
Total noncurrent liabilities	17,085,874	36,150,448	53,236,322
Total liabilities	20,418,701	49,597,486	70,016,187
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	1,829,263	338,296	2,167,559
Deferred inflows related to OPEB	136,973	35,989	172,962
Total deferred inflows of resources	1,966,236	374,285	2,340,521
NET POSITION:			
Net investment in capital assets	67,056,257	42,154,618	109,210,875
Restricted for:			
Capital projects	4,972,702	2,072,415	7,045,117
Debt service	20,475	811,461	831,936
Highways and streets	854,785	-	854,785
Tourism promotion	1,989,467	-	1,989,467
OPEB benefits	47,105	-	47,105
Building inspection	374,482	-	374,482
Urban renewal revitalization	3,935,056	-	3,935,056
Unrestricted	5,799,727	(6,498,042)	(698,315)
Total net position	85,050,056	38,540,452	123,590,508
Total liabilities, deferred inflows of resources, and net position	\$ 107,434,993	\$ 88,512,223	\$ 195,947,216

The accompanying notes are an integral part of the basic financial statements.

CITY OF NEWPORT, OREGON
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 9,312,659	\$ 2,358,023	\$ 719,610	\$ -
Highways and streets	829,487	284,630	-	-
Culture and recreation	3,105,869	1,183,586	27,662	34,716
Public safety	6,758,875	309,448	298,848	-
Interest on long-term obligations	432,110	-	-	-
Total governmental activities	20,439,000	4,135,687	1,046,120	34,716
Business type activities:				
Water	8,936,513	4,823,267	-	1,666,339
Wastewater	5,608,368	5,248,041	-	1,099,578
Stormwater	849,782	1,009,214	-	318,951
Total business type activities	15,394,663	11,080,522	-	3,084,868
Total government	\$ 35,833,663	\$ 15,216,209	\$ 1,046,120	\$ 3,119,584

General revenues:

Property taxes
 Transient room taxes used for general purposes
 Franchise fees
 Motor fuel taxes
 Cigarette, liquor, marijuana and construction excise taxes (CET)
 Unrestricted investment earning
 Miscellaneous revenues
 Transfers in (out)

Total general revenues and transfers

Change in net position

Net position, beginning

Change in account principle and estimate

Net position, ending

The accompanying notes are an integral part of the basic financial statements.

Net (Expense) Revenue and Change in Net Position		
Governmental Activities	Business Type Activities	Total
\$ (6,235,026)	\$ -	\$ (6,235,026)
(544,857)	-	(544,857)
(1,859,905)	-	(1,859,905)
(6,150,579)	-	(6,150,579)
(432,110)	-	(432,110)
<u>(15,222,477)</u>	<u>-</u>	<u>(15,222,477)</u>
-	(2,446,907)	(2,446,907)
-	739,251	739,251
-	478,383	478,383
<u>-</u>	<u>(1,229,273)</u>	<u>(1,229,273)</u>
<u>(15,222,477)</u>	<u>(1,229,273)</u>	<u>(16,451,750)</u>
11,267,532	2,168,090	13,435,622
4,993,876	-	4,993,876
1,426,122	-	1,426,122
974,226	-	974,226
790,287	-	790,287
146,477	88,293	234,770
192,559	60,234	252,793
50,644	(50,644)	-
<u>19,841,723</u>	<u>2,265,973</u>	<u>22,107,696</u>
4,619,246	1,036,700	5,655,946
80,430,810	38,319,839	118,750,649
<u>-</u>	<u>(816,087)</u>	<u>(816,087)</u>
<u>\$ 85,050,056</u>	<u>\$ 38,540,452</u>	<u>\$ 123,590,508</u>

The accompanying notes are an integral part of the basic financial statements.

Budget: a mathematical confirmation of your suspicions. - A.A. Latimer

CITY OF NEWPORT, OREGON
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2021

	General Fund	Urban Renewal Fund	Capital Projects Fund	Total Non-Major Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	\$ 5,528,350	\$ 3,770,742	\$ 2,925,221	\$ 10,851,465	\$ 23,075,778
Receivables					
Accounts receivable, net	429,923	250	26,156	1,032,791	1,489,120
Property taxes receivable	419,617	166,930	-	27,062	613,609
Prepaid items	50,010	-	-	68,874	118,884
Inventories	-	-	-	42,690	42,690
Due from other funds	10,105	-	-	165,000	175,105
	<u>6,438,005</u>	<u>3,937,922</u>	<u>2,951,377</u>	<u>12,187,882</u>	<u>25,515,186</u>
Total assets	<u>\$ 6,438,005</u>	<u>\$ 3,937,922</u>	<u>\$ 2,951,377</u>	<u>\$ 12,187,882</u>	<u>\$ 25,515,186</u>
LIABILITIES:					
Accounts payable and accrued expenses	\$ 144,619	\$ 65	\$ 299,305	\$ 214,128	\$ 658,117
Payroll and related liabilities	320,766	2,801	-	58,141	381,708
Due to other funds	-	-	-	175,105	175,105
Retainage payable	-	-	11,749	-	11,749
	<u>465,385</u>	<u>2,866</u>	<u>311,054</u>	<u>447,374</u>	<u>1,226,679</u>
Total liabilities	<u>465,385</u>	<u>2,866</u>	<u>311,054</u>	<u>447,374</u>	<u>1,226,679</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	325,036	127,904	-	20,475	473,415
Unavailable revenue - other	8,288	-	-	260,800	269,088
	<u>333,324</u>	<u>127,904</u>	<u>-</u>	<u>281,275</u>	<u>742,503</u>
Total deferred inflows of resources	<u>333,324</u>	<u>127,904</u>	<u>-</u>	<u>281,275</u>	<u>742,503</u>
FUND BALANCES:					
Nonspendable	50,010	-	-	111,564	161,574
Restricted	-	3,807,152	2,640,323	6,676,140	13,123,615
Committed	-	-	-	1,715,105	1,715,105
Assigned	-	-	-	2,959,942	2,959,942
Unassigned	5,589,286	-	-	(3,518)	5,585,768
	<u>5,639,296</u>	<u>3,807,152</u>	<u>2,640,323</u>	<u>11,459,233</u>	<u>23,546,004</u>
Total fund balances	<u>5,639,296</u>	<u>3,807,152</u>	<u>2,640,323</u>	<u>11,459,233</u>	<u>23,546,004</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,438,005</u>	<u>\$ 3,937,922</u>	<u>\$ 2,951,377</u>	<u>\$ 12,187,882</u>	<u>\$ 25,515,186</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF NEWPORT, OREGON
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2021

Total fund balances - governmental funds		\$ 23,546,004
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Land and construction in progress	\$ 15,476,988	
Other capital assets, net of depreciation	<u>62,892,938</u>	78,369,926
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds:		742,503
The net other postemployment benefit asset is reported in the statement of net position but is not reported in the funds.		47,105
Governmental activities report as deferred outflows of resources, the difference between expected and actual experience, the changes in proportionate share and subsequent contribution to the public employees retirement system and the City of Newport retirement plan, net of internal service.		2,655,820
Governmental activities report as deferred outflows of resources, subsequent contributions to the public employees retirement system retiree health insurance accounts, net of internal service.		37,382
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 in the statement of net position.		752,387
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Long-term obligations	(11,535,768)	
Interest payable on long-term debt	(31,784)	
Deferred inflows - pension related, net of internal service	(1,770,162)	
Deferred inflows - other postemployment benefit related, net of internal service	(130,685)	
Compensated absences, net of internal service	(558,323)	
Net pension liability, net of internal service	(6,745,615)	
Other postemployment benefits, net of internal service	<u>(328,734)</u>	<u>(21,101,071)</u>
Total net position - governmental activities		<u>\$ 85,050,056</u>

The accompanying notes are an integral part of the basic financial statement s.

CITY OF NEWPORT, OREGON
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2021

	General Fund	Urban Renewal Fund	Capital Projects Fund	Total Non-Major Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes:					
Property	\$ 7,372,037	\$ 3,364,405	\$ -	\$ 600,897	\$ 11,337,339
Transient room	2,696,693	-	-	2,297,183	4,993,876
Other	231,028	-	-	138,034	369,062
Franchise fees, privilege taxes, licenses, and permits	1,637,508	-	-	213,184	1,850,692
Intergovernmental	1,398,501	-	45,533	1,207,934	2,651,968
Charges for services	1,389,888	-	-	1,235,292	2,625,180
Fines and forfeitures	129,867	-	-	-	129,867
Interest on investments	31,491	28,511	22,455	60,218	142,675
Miscellaneous	7,564	45,000	63,333	76,518	192,415
Total revenues	14,894,577	3,437,916	131,321	5,829,260	24,293,074
EXPENDITURES:					
Current:					
General government	2,850,278	105,614	144,273	1,705,953	4,806,118
Highways and streets	-	-	-	486,222	486,222
Culture and recreation	897,961	-	-	1,181,322	2,079,283
Public safety	6,011,154	-	-	-	6,011,154
Debt service:					
Principal	-	1,345,000	-	395,500	1,740,500
Interest	-	172,035	-	266,363	438,398
Capital outlay	188,546	-	3,650,833	382,819	4,222,198
Total expenditures	9,947,939	1,622,649	3,795,106	4,418,179	19,783,873
Revenues over (under) expenditures	4,946,638	1,815,267	(3,663,785)	1,411,081	4,509,201
OTHER FINANCING SOURCES (USES):					
Transfers in	171,720	1,510,000	635,576	2,674,480	4,991,776
Transfers out	(3,604,128)	(1,602,000)	(170,122)	(1,339,737)	(6,715,987)
Total other financing sources (uses)	(3,432,408)	(92,000)	465,454	1,334,743	(1,724,211)
Net change in fund balance	1,514,230	1,723,267	(3,198,331)	2,745,824	2,784,990
FUND BALANCE, BEGINNING	4,125,066	2,083,885	5,838,654	8,713,409	20,761,014
FUND BALANCE, ENDING	\$ 5,639,296	\$ 3,807,152	\$ 2,640,323	\$ 11,459,233	\$ 23,546,004

The accompanying notes are an integral part of the basic financial statements.

CITY OF NEWPORT, OREGON
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2021

Amounts reported in the statement of activities are different because:

Net change in fund balance		\$ 2,784,990
<p>Governmental funds report capital outlays as expenditures. However, in 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 and disposals in the current period.</p>		
Capital outlay	3,825,925	
Depreciation for the current fiscal year	<u>(3,116,205)</u>	709,720
<p>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.</p>		
Property taxes	(69,807)	
Charges for services	<u>248,626</u>	178,819
<p>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.</p>		
Amortization of bond premium	38,737	
Accrued interest	6,288	
Change in leases payable	67,695	
Principal payments	<u>1,740,500</u>	1,853,220
<p>The amount contributed to defined benefit plans is reported as an expenditures in the funds, while governmental activates reports pension expense as the change in net pension asset or liability, pension related deferred outflows of resources and deferred inflows of resources, net of internal service funds.</p>		
Change in deferred outflows of resources - pension related	126,543	
Change in net pension liability	(546,846)	
Change in deferred inflows of resources - pension related	<u>(788,406)</u>	(1,208,709)
<p>The amount contributed to the other postemployment benefit plans is reported as an expenditure in the funds, while governmental activities reports additional other postemployment benefit expense of the change in other postemployment asset or liability, other postemployment benefit (OPEB) related deferred outflows of resources and deferred inflows of resources, net of internal service funds.</p>		
Change in deferred outflows of resources - OPEB	10,144	
Change in OPEB asset	(2,891)	
Change in OPEB liability	(43,589)	
Change in deferred inflows of resources - OPEB	<u>(47,138)</u>	(83,474)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Compensated absences, net of internal service		(54,864)
<p>The net expense of certain activities of internal service funds is reported with governmental activities.</p>		<u>439,544</u>
Change in net position of governmental activities		<u>\$ 4,619,246</u>

The accompanying notes are an integral part of the basic financial statements.

**CITY OF NEWPORT, OREGON
GENERAL FUND - BUDGETARY BASIS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes				
Current	\$ 6,755,400	\$ 6,855,400	\$ 7,159,099	\$ 303,699
Delinquent	221,000	221,000	212,938	(8,062)
Transient room tax	1,200,000	1,740,000	2,696,693	956,693
Fees in lieu of franchise	418,000	418,000	432,882	14,882
Vacation rental and bed and breakfast endorsement tax	-	-	80	80
State cigarette tax	12,000	12,000	9,917	(2,083)
State liquor tax	160,253	160,253	201,389	41,136
State marijuana tax	55,000	55,000	53,158	(1,842)
Local marijuana tax	120,000	120,000	172,119	52,119
CET affordable housing administration	2,200	2,200	5,751	3,551
Franchise tax - Georgia Pacific	75,000	75,000	80,760	5,760
Franchise tax - Century Link	16,000	16,000	14,842	(1,158)
Franchise tax - Charter	150,000	150,000	162,909	12,909
Franchise tax - Coast Communications	22,000	22,000	22,073	73
Franchise tax - NW Natural	107,200	107,200	131,417	24,217
Franchise tax - Central Lincoln Public Utility District	380,000	380,000	418,488	38,488
Franchise tax - Thompson sanitary service	140,000	140,000	158,583	18,583
Franchise tax - miscellaneous	5,000	5,000	4,168	(832)
Cares grant	-	117,027	117,026	(1)
State revenue sharing	125,000	125,000	162,992	37,992
Ready to read grant	1,160	1,160	1,187	27
Newport rural fire protection	260,000	280,000	298,848	18,848
Miscellaneous grant	85,000	95,748	87,000	(8,748)
Lincoln county Library District	350,000	350,000	359,337	9,337
Conflagration reimbursement	-	50,182	50,182	-
Service provided parks and recreation	111,070	111,070	111,070	-
Service provided public parking	4,448	4,448	4,448	-
Service provided housing	536	536	536	-
Service provided airport	81,085	81,085	81,085	-
Service provided room tax	120,080	120,080	120,080	-
Service provided building inspection	37,150	37,150	37,150	-
Service provided street	50,922	50,922	50,922	-
Service provided line undergrounding	1,103	1,103	1,103	-
Service provided SDC	552	552	552	-
Service provided agate beach	552	552	552	-
Service provided Newport Urban Renewal Agency - so beach	41,769	41,769	41,769	-
Service provided Newport Urban Renewal Agency - no side	552	552	552	-
Service provided water	343,573	343,573	343,573	-
Service provided wastewater	409,580	409,580	409,580	-
Service provided stormwater	42,364	42,364	42,364	-
Service provided public works	64,210	64,210	64,210	-
Service provided city facility	80,342	80,342	80,342	-
Rents and leases	72,000	72,000	69,059	(2,941)
Land use fees	15,000	15,000	16,951	1,951
Municipal court fines	60,000	60,000	83,783	23,783
State/county court fines	16,000	16,000	24,824	8,824
Parking tickets	15,000	15,000	1,995	(13,005)
Library fines	10,000	10,000	1,178	(8,822)
Training court fines	1,492	1,492	1,136	(356)
Court restitution payments	1,000	1,000	-	(1,000)
Ordinance fines	50,000	50,000	-	(50,000)
Business licenses	173,650	173,650	184,743	11,093
Oregon Liquor Control Commission licenses	6,055	6,055	5,620	(435)
Police reports	6,228	6,228	7,347	1,119
Short-term rental endorse fee	56,000	56,000	55,160	(840)
Interest on investment	30,785	30,785	31,491	706
Miscellaneous sales and services	20,000	20,000	5,255	(14,745)
Gifts and donations	1,000	1,000	-	(1,000)
Special events and fundraising	-	-	1,800	1,800
Tower optic	500	500	509	9
Total revenues	12,584,811	13,422,768	14,894,577	1,471,809

**CITY OF NEWPORT, OREGON
GENERAL FUND - BUDGETARY BASIS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021**

(Continued)

EXPENDITURES:				
City administration	2,379,032	2,542,062	2,357,162	184,900
Police	3,982,933	4,038,647	3,756,272	282,375
Fire	2,173,916	2,225,674	2,211,656	14,018
Emergency coordinator	15,150	422,685	231,765	190,920
Library	979,889	991,388	897,962	93,426
Community development	217,049	230,181	224,941	5,240
Non-departmental	200,061	300,061	268,181	31,880
Contingency	398,980	1,612,316	-	1,612,316
	<u>10,347,010</u>	<u>12,363,014</u>	<u>9,947,939</u>	<u>2,415,075</u>
Total expenditures				
Revenues over (under) expenditures	<u>2,237,801</u>	<u>1,059,754</u>	<u>4,946,638</u>	<u>3,886,884</u>
OTHER FINANCING SOURCES (USES):				
Transfer from room tax fund	59,000	59,000	59,000	-
Transfer from capital projects fund	-	16,305	16,305	-
Transfer from capital improvement fund	12,500	57,115	57,115	-
Transfer from water fund	16,000	16,000	16,000	-
Transfer from wastewater fund	16,000	16,000	16,000	-
Transfer from stormwater fund	7,300	7,300	7,300	-
Transfers to other funds	(3,409,217)	(3,604,128)	(3,604,128)	-
	<u>(3,298,417)</u>	<u>(3,432,408)</u>	<u>(3,432,408)</u>	<u>-</u>
Total other financing sources (uses)				
Net change in fund balance	(1,060,616)	(2,372,654)	1,514,230	3,886,884
FUND BALANCE, BEGINNING - BUDGETARY BASIS	<u>2,813,028</u>	<u>4,125,066</u>	<u>4,125,066</u>	<u>-</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ 1,752,412</u>	<u>\$ 1,752,412</u>	<u>\$ 5,639,296</u>	<u>\$ 3,886,884</u>

CITY OF NEWPORT, OREGON
URBAN RENEWAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes				
Current	\$ 2,977,386	\$ 2,977,386	\$ 3,278,837	\$ 301,451
Delinquent	55,529	55,529	85,568	30,039
Rents and leases	48,300	48,300	45,000	(3,300)
Interest on investments	61,362	61,362	28,511	(32,851)
	<u>3,142,577</u>	<u>3,142,577</u>	<u>3,437,916</u>	<u>295,339</u>
EXPENDITURES:				
Newport south beach operations	91,868	92,397	78,917	13,480
Newport northside operations	33,151	33,680	26,657	7,023
McLean point operations	600	600	40	560
Debt service	1,517,215	1,517,215	1,517,035	180
Contingency	3,182,314	3,322,674	-	3,322,674
	<u>4,825,148</u>	<u>4,966,566</u>	<u>1,622,649</u>	<u>3,343,917</u>
Revenues over (under) expenditures	<u>(1,682,571)</u>	<u>(1,823,989)</u>	<u>1,815,267</u>	<u>3,639,256</u>
OTHER FINANCING SOURCES (USES):				
Transfer from other funds	1,510,000	1,510,000	1,510,000	-
Transfers to other funds	(1,602,000)	(1,602,000)	(1,602,000)	-
	<u>(92,000)</u>	<u>(92,000)</u>	<u>(92,000)</u>	<u>-</u>
Net change in fund balance	(1,774,571)	(1,915,989)	1,723,267	3,639,256
FUND BALANCE, BEGINNING- BUDGETARY BASIS				
	<u>1,940,106</u>	<u>2,083,885</u>	<u>2,083,885</u>	<u>-</u>
FUND BALANCE, ENDING - BUDGETARY BASIS				
	<u>\$ 165,535</u>	<u>\$ 167,896</u>	<u>\$ 3,807,152</u>	<u>\$ 3,639,256</u>

CITY OF NEWPORT, OREGON
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 June 30, 2021

	Business-Type Activities - Enterprise Funds						
	Water Fund	Wastewater Fund	Stormwater Fund	G.O. Debt Service	Total Nonmajor Funds	Total	Internal Service Funds
ASSETS:							
Current assets:							
Cash and cash equivalents	\$ 831,691	\$ 960,639	\$ 124,875	\$ 54,375	\$ 3,057,437	\$ 5,029,017	\$ 1,863,600
Receivables							
Property taxes	-	-	-	113,988	-	113,988	-
Accounts	755,001	875,108	153,168	-	-	1,783,277	-
Inventories	360,044	127,969	-	-	-	488,013	-
Total current assets	1,946,736	1,963,716	278,043	168,363	3,057,437	7,414,295	1,863,600
Noncurrent assets:							
Land and construction in progress	7,328,374	12,236,472	318,951	-	-	19,883,797	599,340
Other capital assets, net of depreciation	22,254,822	36,985,953	275,035	-	-	59,515,810	123,351
Total noncurrent assets	29,583,196	49,222,425	593,986	-	-	79,399,607	722,691
Total assets	31,529,932	51,186,141	872,029	168,363	3,057,437	86,813,902	2,586,291
DEFERRED OUTFLOWS OF RESOURCES:							
Deferred outflows related to pensions	23,454	23,454	5,148	-	-	52,056	32,559
Deferred outflows related to OPEB	3,352	3,352	736	-	-	7,440	4,654
Total deferred outflows of resources	26,806	26,806	5,884	-	-	59,496	37,213
Total assets and deferred outflows of resources	\$ 31,556,738	\$ 51,212,947	\$ 877,913	\$ 168,363	\$ 3,057,437	\$ 86,873,398	\$ 2,623,504
LIABILITIES:							
Current liabilities:							
Accounts payable	\$ 70,901	\$ 80,565	\$ 1,164	\$ -	\$ 324,536	\$ 477,166	\$ 112,847
Accrued payroll and other payroll liabilities	43,541	29,530	8,264	-	-	81,335	44,747
Refundable deposits	739,886	-	-	-	-	739,886	-
Retainage payable	-	-	-	-	17,388	17,388	-
Accrued interest payable	6,948,307	1,099,918	5,918	-	-	8,054,143	-
Unearned revenue	624,314	348,916	1,132	-	-	974,362	-
Accrued compensated absences	45,446	26,177	8,487	-	-	80,110	67,407
Current portion of long-term debt	1,886,133	742,004	309,000	-	-	2,937,137	-
Total current liabilities	10,358,528	2,327,110	333,965	-	341,924	13,361,527	225,001
Noncurrent liabilities:							
Noncurrent accrued compensated absences	15,148	8,726	2,829	-	-	26,703	-
Noncurrent portion of long-term debt	13,665,231	20,243,609	2,058,000	-	-	35,966,840	-
Net pension liability	21,612	21,612	4,744	-	-	47,968	30,002
Net OPEB liability	29,477	29,477	6,471	-	-	65,425	40,923
Total noncurrent liabilities	13,731,468	20,303,424	2,072,044	-	-	36,106,936	70,925
Total liabilities	24,089,996	22,630,534	2,406,009	-	341,924	49,468,463	295,926
DEFERRED INFLOWS OF RESOURCES:							
Deferred inflows related to pensions	110,153	110,153	24,177	-	-	244,483	152,914
Deferred inflows related to OPEB	11,718	11,718	2,572	-	-	26,008	16,269
Total deferred inflows of resources	121,871	121,871	26,749	-	-	270,491	169,183
NET POSITION:							
Net investment in capital assets	14,618,301	28,236,812	593,986	-	-	41,431,927	722,691
Restricted for:							
Capital construction	-	-	-	-	2,072,415	2,072,415	-
Debt service	-	-	-	168,363	643,098	811,461	-
Unrestricted	(7,273,430)	223,730	(2,148,831)	-	-	(7,181,359)	1,435,704
Total net position	7,344,871	28,460,542	(1,554,845)	168,363	2,715,513	37,134,444	2,158,395
Total liabilities, deferred inflows of resources, and net position	\$ 31,556,738	\$ 51,212,947	\$ 877,913	\$ 168,363	\$ 3,057,437	\$ 86,873,398	\$ 2,623,504
Internal balances result from transactions between the governmental activities, business-type activities and internal						1,638,825	
Total liabilities and net position of business-type activities						\$ 88,512,223	

The accompanying notes are an integral part of the basic financial statements.

**CITY OF NEWPORT, OREGON
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN NET POSITION
 For the Fiscal Year Ended June 30, 2021**

Business-Type Activities - Enterprise Funds

	Water Fund	Wastewater Fund	Stormwater Fund	G.O. Debt Service	Total Nonmajor Funds	Total	Internal Service Funds
OPERATING REVENUES:							
Service charges and fees	\$ 4,195,893	\$ 4,620,667	\$ 1,017,945	\$ -	\$ -	\$ 9,834,505	\$ 1,146,840
Miscellaneous	35,957	20,909	-	-	-	56,866	3,512
Matching funds	-	-	-	-	-	-	352,592
Total operating revenues	<u>4,231,850</u>	<u>4,641,576</u>	<u>1,017,945</u>	<u>-</u>	<u>-</u>	<u>9,891,371</u>	<u>1,502,944</u>
OPERATING EXPENSES:							
Salaries and wages	924,571	792,074	124,300	-	-	1,840,945	1,019,349
Contracted services	262,420	121,863	6,227	-	-	390,510	277,746
Property services	243,412	279,121	-	-	-	522,533	165,999
Operating supplies	303,173	403,987	165	-	-	707,325	20,706
Utilities	258,276	304,723	464	-	-	563,463	462,604
Depreciation	1,265,363	1,695,349	-	-	-	2,960,712	32,440
Repairs and maintenance	3,397,866	537,205	244,740	-	-	4,179,811	172,979
Charges for services	730,641	827,352	139,130	-	-	1,697,123	144,552
Miscellaneous	191,759	114,157	1,419	-	-	307,335	141,638
Total operating expenses	<u>7,577,481</u>	<u>5,075,831</u>	<u>516,445</u>	<u>-</u>	<u>-</u>	<u>13,169,757</u>	<u>2,438,013</u>
Operating income (loss)	<u>(3,345,631)</u>	<u>(434,255)</u>	<u>501,500</u>	<u>-</u>	<u>-</u>	<u>(3,278,386)</u>	<u>(935,069)</u>
NON-OPERATING REVENUES (EXPENSES):							
Property taxes	-	-	-	2,168,090	-	2,168,090	-
Grants	-	-	-	-	75,306	75,306	-
Interest income	33,135	5,514	882	5,877	37,339	82,747	9,348
Interest	(936,362)	(109,866)	(333,337)	-	-	(1,379,565)	-
Total non-operating revenues (expenses)	<u>(903,227)</u>	<u>(104,352)</u>	<u>(332,455)</u>	<u>2,173,967</u>	<u>112,645</u>	<u>946,578</u>	<u>9,348</u>
Net income (loss) before transfers	<u>(4,248,858)</u>	<u>(538,607)</u>	<u>169,045</u>	<u>2,173,967</u>	<u>112,645</u>	<u>(2,331,808)</u>	<u>(925,721)</u>
TRANSFERS AND CONTRIBUTIONS:							
Capital contributions	1,591,033	1,099,578	318,951	-	-	3,009,562	-
Transfers from other funds	6,082,104	1,079,472	1,428,516	-	5,685,247	14,275,339	1,704,407
Transfers to other funds	(2,779,635)	(2,400,764)	(978,825)	(2,075,000)	(5,813,411)	(14,047,635)	(207,900)
Total transfers and contributions	<u>4,893,502</u>	<u>(221,714)</u>	<u>768,642</u>	<u>(2,075,000)</u>	<u>(128,164)</u>	<u>3,237,266</u>	<u>1,496,507</u>
Change in net position	<u>644,644</u>	<u>(760,321)</u>	<u>937,687</u>	<u>98,967</u>	<u>(15,519)</u>	<u>905,458</u>	<u>570,786</u>
NET POSITION, BEGINNING	<u>7,277,806</u>	<u>29,458,551</u>	<u>(2,491,712)</u>	<u>69,396</u>	<u>2,731,032</u>	<u>37,045,073</u>	<u>1,587,609</u>
PRIOR PERIOD ADJUSTMENT	<u>(577,579)</u>	<u>(237,688)</u>	<u>(820)</u>	<u>-</u>	<u>-</u>	<u>(816,087)</u>	<u>-</u>
NET POSITION, ENDING	<u>\$ 7,344,871</u>	<u>\$ 28,460,542</u>	<u>\$ (1,554,845)</u>	<u>\$ 168,363</u>	<u>\$ 2,715,513</u>	<u>\$ 37,134,444</u>	<u>\$ 2,158,395</u>

Some amounts reported for business-type activities in the statement of activities are different because:

Change in net position enterprise funds	\$ 905,458
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds	<u>131,242</u>
Total change in net position of business-type activities	<u>\$ 1,036,700</u>

The accompanying notes are an integral part of the basic financial statements.

**CITY OF NEWPORT, OREGON
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 For the Fiscal Year Ended June 30, 2021**

	Business-Type Activities - Enterprise Funds						
	Water Fund	Wastewater Fund	Stormwater Fund	G.O. Debt Service	Total Nonmajor Funds	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:							
Cash received from customers	\$ 4,156,584	\$ 4,426,713	\$ 1,029,118	\$ 14,327	\$ 1,832	\$ 9,628,574	\$ 1,509,526
Services provided to other funds	-	-	-	-	-	-	3,512
Cash payments to suppliers of goods and services	(4,658,925)	(1,628,463)	(253,385)	-	(922,037)	(7,462,810)	(1,209,011)
Cash payments to employees for services	(1,033,018)	(856,335)	(181,794)	-	-	(2,071,147)	(1,141,455)
Cash payments to other funds	(730,641)	(827,352)	(139,130)	-	-	(1,697,123)	(144,552)
Other revenues	35,957	20,909	-	-	-	56,866	-
Net cash provided by (used for) operating activities	(2,230,043)	1,135,472	454,809	14,327	(920,205)	(1,545,640)	(981,980)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:							
Advance to other fund	-	-	-	(58,919)	-	(58,919)	-
Advance from other fund	58,919	-	-	-	-	58,919	-
Transfers in	-	-	-	-	-	-	1,704,407
Transfers out	-	-	-	-	-	-	(207,900)
Net cash provided by (used for) non-capital financing activities	58,919	-	-	(58,919)	-	-	1,496,507
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Purchase of capital assets	1,365,155	(760,182)	(275,035)	-	(3,512,207)	(3,182,269)	-
Proceeds from the issuance of debt	-	-	-	-	1,271,928	1,271,928	-
Grants	-	-	-	-	75,306	75,306	-
Property taxes	-	-	-	2,168,090	-	2,168,090	-
Transfers in	1,609,420	1,281,304	794,429	-	4,413,319	8,098,472	-
Transfers out	(2,779,635)	(1,128,836)	(978,825)	-	(710,325)	(5,597,621)	-
Principal payments	(29,994)	(192,757)	-	(1,670,806)	(696,285)	(2,589,842)	-
Interest payment (receipts)	29,994	192,757	-	(404,194)	(894,594)	(1,076,037)	-
Net cash provided by (used for) capital and related financing activities	194,940	(607,714)	(459,431)	93,090	(52,858)	(831,973)	-
CASH FLOWS FROM INVESTING ACTIVITIES:							
Interest on investments	33,135	5,514	882	5,877	37,339	82,747	9,348
Net cash provided by investing activities	33,135	5,514	882	5,877	37,339	82,747	9,348
Net increase (decrease) in cash and cash equivalents	(1,943,049)	533,272	(3,740)	54,375	(935,724)	(2,294,866)	523,875
CASH AND CASH EQUIVALENTS, BEGINNING	2,774,740	427,367	128,615	-	3,993,161	7,323,883	1,339,725
CASH AND CASH EQUIVALENTS, ENDING	\$ 831,691	\$ 960,639	\$ 124,875	\$ 54,375	\$ 3,057,437	\$ 5,029,017	\$ 1,863,600
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:							
Operating Income	\$ (3,345,631)	\$ (434,255)	\$ 501,500	\$ -	\$ -	\$ (3,278,386)	\$ (935,069)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	1,265,363	1,695,349	-	-	-	2,960,712	32,440
Changes in assets, deferred outflows, liabilities and deferred inflows:							
Receivables	(101,939)	(193,954)	11,173	14,327	1,832	(268,561)	10,094
Prepaid items	-	840	-	-	-	840	-
Inventories	-	3,122	-	-	-	3,122	-
Deferred outflows of resources	39,945	28,097	17,438	-	-	85,480	44,302
Accounts payable	(2,019)	128,631	(370)	-	(500,339)	(374,097)	32,661
Payroll and related items	1,505	(1,379)	1,378	-	-	1,504	(553)
Compensated absences	3,320	4,340	(312)	-	-	7,348	(7,638)
Other postemployment benefit liability	(28,388)	(18,118)	(13,747)	-	-	(60,253)	(29,740)
Refundable deposits	62,630	-	-	-	-	62,630	-
Retainage payable	-	-	-	-	(421,698)	(421,698)	-
Net pension liability	(127,939)	(101,392)	(47,507)	-	-	(276,838)	(152,629)
Deferred inflows of resources	3,110	24,191	(14,744)	-	-	12,557	24,152
Net cash provided by (used for) operating activities	\$ (2,230,043)	\$ 1,135,472	\$ 454,809	\$ 14,327	\$ (920,205)	\$ (1,545,640)	\$ (981,980)
NON-CASH CAPITAL FINANCING ACTIVITIES:							
Contributions	\$ 1,591,033	\$ 1,099,578	\$ 318,951	\$ -	\$ -	\$ 3,009,562	\$ -
Transfers in	6,063,717	897,746	634,087	-	1,271,928	8,867,478	-
Transfers out	-	(1,271,928)	-	(2,075,000)	(5,103,086)	(8,450,014)	-
Total non-cash capital financing activities	\$ 7,654,750	\$ 725,396	\$ 953,038	\$ (2,075,000)	\$ (3,831,158)	\$ 3,427,026	\$ -

The accompanying notes are an integral part of the basic financial statements.

CITY OF NEWPORT, OREGON
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
June 30, 2021

	City of Newport Employees Retirement Plan Pension Trust Fund
	<u>Trust Fund</u>
ASSETS:	
Cash and cash equivalents	\$ 656,754
Investments	
Bonds	4,373,596
Equities	8,632,410
Mutual funds	268,400
Receivable	<u>61,264</u>
Total assets	<u>\$ 13,992,424</u>
NET POSITION	
Restricted for defined benefit pension	\$ 9,508,620
Restricted for defined contribution pension	<u>4,483,804</u>
Total net position	<u>\$ 13,992,424</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF NEWPORT, OREGON
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2021

	City of Newport Employees Retirement Plan Pension Trust Fund
ADDITIONS	
Employer contributions	\$ 735,264
Investment earnings:	
Investment earnings	2,427,046
Less investment expense	(52,948)
Total Investment earnings, net	2,374,098
Total additions	3,109,362
DEDUCTIONS	
Benefits	714,084
Total deductions	714,084
Change in net position	2,395,278
NET POSITION, BEGINNING	11,597,146
NET POSITION, ENDING	13,992,424

The accompanying notes are an integral part of the basic financial statements.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Newport (the City) have been prepared in accordance with generally accepted accounting principles (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 and is governed by a board comprised of the City's elected officials. NURA is reported as a governmental fund type. Its 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.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Basic Financial Statements (continued)

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.

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.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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).

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.

Capital Projects Fund

This fund accounts for capital projects of the governmental funds.

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.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

Stormwater

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

G.O. Debt Service

This fund accounts for activity related to the City's proprietary general obligation debt service. The primary revenue is coming from property taxes.

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.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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.

Investments

State statutes authorize the City to invest in obligations of the U. S. Treasury, commercial paper and repurchase agreements. Additionally, the 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.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 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.

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.

2. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Special Items

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

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 2020-2021 was \$1,563,166,867. 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.

CITY OF NEWPORT, OREGON
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 For the Fiscal Year Ended June 30, 2021

2. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)**

Budgetary Information (continued)

The City budgets at the program level with the exception of contingency and transfers out.

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.

During the fiscal year ended June 30, 2021, the City adopted supplemental budgets which totaled (2,248,215), a 2.86% decrease over the original budget. The following table outlines the budget changes:

		2020-2021 Original Budget	2020-2021 Final Budget	Change
101	General Fund	\$ 13,756,227	\$ 15,967,142	\$ 2,210,915
201	Parks And Recreation Fund	2,145,607	2,175,707	30,100
211	Public Parking Fund	33,335	33,763	428
212	Housing Fund	379,793	355,648	(24,145)
220	Airport Fund	845,050	924,406	79,356
230	Room Tax Fund	824,030	1,600,298	776,268
240	Building Inspection Fund	455,522	611,421	155,899
251	Streets Fund	1,259,758	1,622,295	362,537
252	Line Undergrounding Fund	455,853	461,292	5,439
253	Sdc Fund	2,756,977	2,563,859	(193,118)
254	Agate Beach Closure Fund	803,321	789,484	(13,837)
270	Urban Renewal Agency	6,427,148	6,570,927	143,779
301	Debt Service - Water Fund (A Ma	1,032,708	1,035,699	2,991
302	Debt Service - Sewer Fund (A Ma	733,550	773,735	40,185
303	Debt Service	88,135	88,135	-
305	Debt Service	634,208	634,208	-
351	Go Debt Service - Proprietary	2,075,001	2,075,001	-
352	Go Debt Service - Governmental	573,269	573,269	-
402	Capital Projects Fund (A Major Fu	9,660,005	9,532,987	(127,018)
403	Capital Projects Fund - Proprietai	13,302,108	10,187,210	(3,114,898)
404	Reserve Fund	92,400	161,900	69,500
405	Capital Improvements Fund	520,527	985,020	464,493
601	Water Fund (A Major Fund)	10,142,030	6,314,969	(3,827,061)
602	Sewer Fund (A Major Fund)	4,737,844	4,710,659	(27,185)
603	Stormwater Fund (A Major Fund)	1,598,834	2,045,526	446,692
701	Public Works Fund	1,048,728	1,080,331	31,603
711	City Facility Fund	2,164,705	2,423,567	258,862
		<u>\$ 78,546,673</u>	<u>\$ 76,298,458</u>	<u>\$ (2,248,215)</u>

3. **DETAILED NOTES**

Cash, Cash Equivalents and Investments

The City’s cash, cash equivalents and investments at June 30, 2021 are as follows:

Cash and cash equivalents		
Deposits with financial institutions	\$	968,883
Cash on hand		1,730
State of Oregon Treasurer's short-term investment pool		28,408,983
Money market		<u>1,245,553</u>
Total cash and cash equivalents	\$	<u>30,625,149</u>
Investments		
Bonds	\$	4,373,596
Equities		8,632,410
Mutual funds		<u>268,400</u>
Total investments	\$	<u>13,274,406</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, 2021, \$1,923,672 of the City’s bank balances were exposed to custodial credit risk.

3. **DETAILED NOTES (continued)**

Cash, Cash Equivalents and Investments (continued)

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.

Investments

As of June 30, 2021, the City had the following investments:

<u>Investment Type</u>	<u>Rating</u>	<u>Fair Value</u>	<u>Risk Consideration</u>	<u>Weighted Average Maturity (in months)</u>
Pension Trust Investment				
Bonds	AAA	\$ 4,373,596	32.95%	-8.98
Equities	Not Rated	8,632,410	65.03%	N/A
Mutual Funds	Not Rated	<u>268,400</u>	2.02%	N/A
Total Investments		<u>\$ 13,274,406</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.

3. **DETAILED NOTES (continued)**

Cash, Cash Equivalents and Investments (continued)

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, OREGON
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 For the Fiscal Year Ended June 30, 2021

3. **DETAILED NOTES (continued)**

Capital Assets

Governmental Activities

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2021</u>
Capital assets not being depreciated				
Land	\$ 12,225,530	\$ -	\$ -	\$ 12,225,530
Construction in progress	785,623	2,553,262	(87,427)	3,251,458
Total capital assets not being depreciated	<u>13,011,153</u>	<u>2,553,262</u>	<u>(87,427)</u>	<u>15,476,988</u>
Capital assets being depreciated				
Building and structures	44,094,414	283,620	-	44,378,034
Equipment	4,586,415	198,542	-	4,784,957
Vehicles	6,148,833	59,760	-	6,208,593
Infrastructure	57,957,816	818,168	-	58,775,984
Total capital assets being depreciated	<u>112,787,478</u>	<u>1,360,090</u>	<u>-</u>	<u>114,147,568</u>
Less accumulated depreciation				
Building and structures	(23,306,699)	(1,174,985)	-	(24,481,684)
Equipment	(3,764,962)	(94,204)	-	(3,859,166)
Vehicles	(5,031,300)	(355,350)	-	(5,386,650)
Infrastructure	(16,035,464)	(1,491,666)	-	(17,527,130)
Total accumulated depreciation	<u>(48,138,425)</u>	<u>(3,116,205)</u>	<u>-</u>	<u>(51,254,630)</u>
Total capital assets being depreciated, net	<u>64,649,053</u>	<u>(1,756,115)</u>	<u>-</u>	<u>62,892,938</u>
Governmental activities capital assets, net	<u>\$ 77,660,206</u>	<u>\$ 797,147</u>	<u>\$ (87,427)</u>	<u>\$ 78,369,926</u>

Depreciation expense for the governmental activities has been charged as follows:

Governmental activities:	
General government	\$ 1,414,021
Public safety	312,778
Highway and streets	797,839
Culture and recreation	591,567
Total depreciation expense, government activities	<u>\$ 3,116,205</u>

CITY OF NEWPORT, OREGON
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 For the Fiscal Year Ended June 30, 2021

3. **DETAILED NOTES (continued)**

Capital Assets (continued)

Business-type Activities

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2021</u>
Capital assets not being depreciated				
Land	\$ 858,652	\$ -	\$ -	\$ 858,652
Construction in progress	16,730,343	2,894,142	-	19,624,485
Total capital assets not being depreciated	<u>17,588,995</u>	<u>2,894,142</u>	<u>-</u>	<u>20,483,137</u>
Capital assets being depreciated				
Building and structures	28,831,082	-	-	28,831,082
Equipment	2,390,784	23,670	-	2,414,454
Vehicles	1,938,302	275,035	-	2,213,337
Infrastructure	71,197,497	91,750	-	71,289,247
Total capital assets being depreciated	<u>104,357,665</u>	<u>390,455</u>	<u>-</u>	<u>104,748,120</u>
Less accumulated depreciation				
Building and structures	(15,493,219)	(730,024)	-	(16,223,243)
Equipment	(1,786,764)	(103,214)	-	(1,889,978)
Vehicles	(1,018,361)	(174,175)	-	(1,192,536)
Infrastructure	(23,817,463)	(1,985,739)	-	(25,803,202)
Total accumulated depreciation	<u>(42,115,807)</u>	<u>(2,993,152)</u>	<u>-</u>	<u>(45,108,959)</u>
Total capital assets being depreciated, net	<u>62,241,858</u>	<u>(2,602,697)</u>	<u>-</u>	<u>59,639,161</u>
Business-type activities capital assets, net	<u>\$ 79,830,853</u>	<u>\$ 291,445</u>	<u>\$ -</u>	<u>\$ 80,122,298</u>

Depreciation expense for the business-type activities has been charged as follows:

Business activities:	
Water	\$ 1,281,583
Wastewater	<u>1,711,569</u>
Total depreciation expense, business-type activities	<u>\$ 2,993,152</u>

CITY OF NEWPORT, OREGON
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 For the Fiscal Year Ended June 30, 2021

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 2020-2021 were as follows:

Transfer out	Transfers in									Total
	Governmental funds				Proprietary funds					
	General	Capital Projects	Urban Renewal	Nonmajor governmental	Water	Wastewater	Stormwater	Nonmajor proprietary	Internal service	
Governmental funds										
General	\$ -	\$ 39,650	\$ -	\$ 1,860,071	\$ -	\$ -	\$ -	\$ -	\$ 1,704,407	\$ 3,604,128
Urban renewal	-	92,000	1,510,000	-	-	-	-	-	-	1,602,000
Capital projects	16,305	-	-	70,839	-	-	10,977	72,001	-	170,122
Nonmajor funds	116,115	503,926	-	423,763	-	-	333,426	170,407	-	1,547,637
Total governmental funds:	132,420	635,576	1,510,000	2,354,673	-	-	344,403	242,408	1,704,407	6,923,887
Proprietary funds										
Water	16,000	-	-	151,000	-	-	-	2,612,635	-	2,779,635
Wastewater	16,000	-	-	72,000	-	-	-	1,040,836	-	1,128,836
Stormwater	7,300	-	-	-	-	-	-	971,525	-	978,825
Nonmajor proprietary	-	-	-	96,807	18,387	181,726	233,403	180,002	-	710,325
Total proprietary funds	39,300	-	-	319,807	18,387	181,726	233,403	4,804,998	-	5,597,621
Total transfers	\$ 171,720	\$ 635,576	\$ 1,510,000	\$ 2,674,480	\$ 18,387	\$ 181,726	\$ 577,806	\$ 5,047,406	\$ 1,704,407	\$ 12,521,508

Non-cash transfers related to the acquisition of capital assets, issuance of debt and repayment of long-term obligations were as follows:

Transfers out	Transfers in				Total
	Water	Wastewater	Stormwater	Nonmajor enterprise	
Proprietary funds					
Wastewater	\$ -	\$ -	\$ -	\$ 1,271,928	\$ 1,271,928
G.O. Debt Service- Proprietary	2,075,000	-	-	-	2,075,000
Nonmajor enterprise	3,988,717	897,746	391,823	-	5,278,286
Total non-cash transfers	\$ 6,063,717	\$ 897,746	\$ 391,823	\$ 1,271,928	\$ 8,625,214

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, 2021, the balance is \$165,000.

CITY OF NEWPORT, OREGON
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 For the Fiscal Year Ended June 30, 2021

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	Total
Delinquent property taxes receivable				
General	\$ 325,036	\$ -	\$ -	\$ 325,036
General bond debt	-	-	20,475	20,475
Urban renewal debt	-	127,904	-	127,904
Charges for services	8,288	-	260,800	269,088
Total unavailable revenue	<u>\$ 333,324</u>	<u>\$ 127,904</u>	<u>\$ 281,275</u>	<u>\$ 742,503</u>

Construction Commitments

The City has active construction projects as of June 30, 2021 as follows:

Project Number	Asset Description	Cost	Remaining Commitment
11025	Big Creek Dam	\$4,666,063	\$2,375,000
12029	FIXED BASE METERING SYSTEM	\$1,682,637	\$7,519
13009	San Sewer Televising Program	\$224,402	\$37,356
13018	SE 35th & Hwy 101	\$1,811,105	\$998,771
15003	2015-15 Street Overlay & Improve	\$599,418	\$482,180
15014	Harbor Way btwn Nye & Abby	\$318,951	\$458,958
15033	NE 7th & Douglas & Hubert Btw 3rd & 6th	\$148,952	\$304,646
15035	Hwy 101 & Gold Course Improve	\$166,397	\$400,000
16015	Siletz Water Quality Study	\$12,796	\$34,550
17004	South Beach ROW acquisition	\$144,124	\$150,840
17018	Computer Maintenance Man. Sys.	\$35,090	\$54,558
17019	Longview Estates Master Water Meter	\$37,881	\$62,119
18015	60+ Center Reception remodel	\$57,936	\$54,964
19016	Solids Serpentix Belt Conveyance	\$113,517	\$316,129
19030	Card Read/Touch Pad System Water	\$106,279	\$8,721
21012	Betty Wheeler Lighting Project - 21012	\$20,691	\$55,000

CITY OF NEWPORT, OREGON
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 For the Fiscal Year Ended June 30, 2021

3. **DETAILED NOTES (continued)**

Long-term Obligations

Governmental Activities

Transactions for the year ended June 30, 2021 were as follows:

Governmental Activities	<u>June 30, 2020</u> Balance	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2021</u> Balance	<u>Due Within</u> <u>One Year</u>
Governmental Bonds					
Series 2013, Swimming Pool	\$ 6,635,000	\$ -	\$ 320,000	\$ 6,315,000	\$ 345,000
Obligations Series 2010B	1,595,000	-	480,000	1,115,000	565,000
Urban Renewal - 2015 A&B Bond	4,205,000	-	865,000	3,340,000	662,000
Total Governmental Bonds	<u>12,435,000</u>	<u>-</u>	<u>1,665,000</u>	<u>10,770,000</u>	<u>1,572,000</u>
Governmental Loans					
2018 Airport Fuel Farm Borrowing	222,000	-	55,500	166,500	55,500
League of Oregon Cities - Series 2007B	95,000	-	20,000	75,000	25,000
Total Governmental Loans	<u>317,000</u>	<u>-</u>	<u>75,500</u>	<u>241,500</u>	<u>80,500</u>
Governmental Leases					
IT Equipment Lease	289,794	-	67,695	222,099	-
Total Governmental Leases	<u>289,794</u>	<u>-</u>	<u>67,695</u>	<u>222,099</u>	<u>-</u>
Other Long-Term Obligations					
Total - Unamortized Premium	340,906	-	38,737	302,169	38,737
Pension Liability	6,271,140	486,071	-	6,757,211	-
Compensated Absences	529,852	453,547	403,987	579,412	439,831
Other Postemployment Benefits	313,148	31,403	-	344,551	-
Total Other Long-Term Obligations	<u>7,455,046</u>	<u>971,021</u>	<u>442,724</u>	<u>7,983,343</u>	<u>478,568</u>
Total Governmental	<u>\$20,496,840</u>	<u>\$ 971,021</u>	<u>\$ 2,250,919</u>	<u>\$19,216,942</u>	<u>\$ 2,131,068</u>

CITY OF NEWPORT, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Fiscal Year Ended June 30, 2021

3. **DETAILED NOTES (continued)**

Long-term Obligations (continued)

Business-type Activities

Transactions for the year ended June 30, 2021 were as follows:

Business Type Activities	June 30, 2020			June 30, 2021	
	Balance	Additions	Reductions	Balance	Due Within One Year
Enterprise Bonds					
Water Series 2009B	\$ 8,924,134	\$ -	\$ 1,137,805	\$ 7,786,329	\$ 1,100,080
Full Faith & Credit Refunding Obligation Series 2010A	1,285,000	-	505,000	780,000	525,000
2018 Full Faith & Credit Stormwater Borrowing	2,667,000	-	300,000	2,367,000	309,000
Total Enterprise Bonds	12,876,134	-	1,942,805	10,933,329	1,934,080
Enterprise Loans					
2007 Seal Rock Water District	648,552	-	33,300	615,252	34,835
2015 Water Borrowing	3,746,433	-	186,690	3,559,743	194,213
2019 Water Borrowing	4,035,000	-	533,000	3,502,000	546,000
Total Enterprise Loans	8,429,985	-	752,990	7,676,995	775,048
Enterprise Notes					
DEQ Note R68933 (Deferred)	7,992,888	458,924	-	8,451,812	-
DEQ Note R68934 (Deferred)	796,482	13,872	-	810,354	-
DEQ Note R68936	6,163,966	799,132	-	6,963,098	-
2020 Clean Water SRF DEQ Note R68935	4,128,454	-	192,752	3,935,702	194,684
Total Enterprise Notes	19,081,790	1,271,928	192,752	20,160,966	194,684
Other Long-Term Obligations					
Unamortized Premium	166,012	-	33,325	132,687	33,325
Pension Liability	435,066	-	368,692	66,374	-
Compensated Absences	148,117	128,264	123,250	153,131	126,428
Other Postemployment Benefits	168,338	-	77,807	90,531	-
Total Other Long-Term Obligations	917,533	128,264	603,074	442,723	159,753
Total Enterprise	\$ 41,305,442	\$ 1,400,192	\$ 3,491,621	\$ 39,214,013	\$ 3,063,565

CITY OF NEWPORT, OREGON
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 For the Fiscal Year Ended June 30, 2021

3. **DETAILED NOTES (continued)**

Long-term Obligations (continued)

	Interest Rate	Date of Issue	Years of Maturity	Outstanding July 1, 2020	Adjusted or Issued During Year	Matured/ Paid off During Year	Outstanding June 30, 2021
GOVERNMENTAL ACTIVITIES							
2013 General Obligation-Swimming Pool	2.00-4.00	12/19/13	2013-2033	\$ 6,635,000	\$ -	\$ 320,000	\$ 6,315,000
2007B Series LoCap (1)	3.90-5.00	10/04/07	2007-2024	95,000	-	20,000	75,000
2018 Airport Fuel Farm Borrowing	4.5	09/04/18	2022-2023	222,000	-	55,500	166,500
2010B Series SB URA Obligation	2.00-4.25	07/14/10	2010-2023	1,595,000	-	480,000	1,115,000
2015A&B Series URA Obligation	2.45-3.45	03/26/15	2024-2025	4,205,000	-	865,000	3,340,000
Total governmental activities				\$ 12,752,000	\$ -	\$ 1,740,500	\$ 11,011,500
BUSINESS-TYPE ACTIVITIES							
2009B General Obligation-Water Bonds	3.50	03/31/09	2009-2029	\$ 8,924,134	\$ -	\$ 1,137,806	\$ 7,786,329
DEQ Note R68933 (Deferred)	-	-	-	7,992,888	458,924	-	8,451,812
DEQ Note R68934 (Deferred)	-	-	-	796,482	13,872	-	810,354
DEQ Note R68936 (Deferred)	-	-	-	6,163,966	799,132	-	6,963,098
2020 Clean Water SRF DEQ Note R68935	1.50	03/31/16	2020-2039	4,128,454	-	192,752	3,935,702
2007 Seal Rock Water District	4.75	12/08/07	2007-2037	648,552	-	33,300	615,252
2010A Series Obligation- Wastewater	2.00-4.25	07/14/10	2010-2023	1,285,000	-	505,000	780,000
2014 Loan Agreement - Water	3.95	12/16/14	2033-2034	3,746,433	-	186,690	3,559,743
2018 Series Full Faith Stormwater Borrowing	3.00	6/28/18	2027-28	2,667,000	-	300,000	2,367,000
2019 Loan Agreement - Water	2.46	6/11/19	2033-34	4,035,000	-	533,000	3,502,000
Total business-type activities				\$ 40,387,909	\$ 1,271,928	\$ 2,888,548	\$ 38,771,290

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.

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, 2021 is \$6,315,000. Annual debt service requirements to maturity for general obligation bonds are as follows:

Series 2013 Swimming Pool

Year Ending June 30	Principal	Interest
2022	\$ 345,000	\$ 240,469
2023	375,000	226,669
2024	405,000	211,669
2025-2029	2,495,000	828,175
2030-2033	2,695,000	278,200
Totals	\$ 6,315,000	\$ 1,785,181

3. DETAILED NOTES (continued)

Long-term Obligations (continued)

Urban Renewal Bonds

The South Beach Urban Renewal District finance bonds in both 2007 and 2008 for financing authorized projects in the urban renewal area. In 2010, the SB URD issued bonds to refinance loans for the Wastewater Treatment Plant, along with additional funds for an infrastructure project.

In May 2008, the South Beach Urban Renewal District issued bonds totaling \$2,530,000 to finance infrastructure projects in the South Beach urban growth area. The interest rate is 4.25 percent. The bond matured June 15, 2018.

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, 2021, the outstanding balance is \$3,340,000. Annual debt service requirements to maturity for this bond is as follows:

2015 A&B Urban Renewal Bank Borrowing

Year Ending June 30	Principal	Interest
2022	\$ 662,000	\$ 82,966
2023	718,000	66,522
2024	968,000	48,820
2025	992,000	24,641
<u>Totals</u>	<u>\$ 3,340,000</u>	<u>\$ 222,949</u>

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 enhance 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 range from 2.0 percent to 4.5 percent, with a final maturity of June 15, 2023. As of June 30, 2021, the outstanding balance is \$1,115,000. Annual debt service requirements to maturity for this bond is as follows:

3. **DETAILED NOTES (continued)**

Long-term Obligations (continued)

**Full Faith & Credit Refunding Obligation,
 Series 2010B**

Year Ending June 30	Principal	Interest
2022	\$ 565,000	\$ 44,675
2023	550,000	19,250
<u>Totals</u>	<u>\$ 1,115,000</u>	<u>\$ 63,925</u>

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, 2021, the balance outstanding is \$75,000.

**League of Oregon Cities Cooperative Asset
 Financing Program, Series 2007B**

Year Ending June 30	Principal	Interest
2022	\$ 25,000	\$ 3,125
2023	25,000	1,875
2024	25,000	625
<u>Totals</u>	<u>\$ 75,000</u>	<u>\$ 5,625</u>

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, 2021, the outstanding balance is \$166,500. Annual debt service requirements to maturity for this loan is as follows:

2018 Airport Fuel Farm Borrowing

Year Ending June 30	Principal	Interest
2022	\$ 55,500	\$ 6,335
2023	55,500	3,803
2024	55,500	1,269
<u>Totals</u>	<u>\$ 166,500</u>	<u>\$ 11,407</u>

3. **DETAILED NOTES (continued)**

Long-term Obligations (continued)

In September 2019, the City entered into a five-year Dell Computer Network Equipment lease in the amount of \$358,507. The lease enabled the City to upgrade the network equipment related to the City’s computer infrastructure. The interest rate is 4.4507% with a maturity date of August 31, 2024. As of June 30, 2021, the balance outstanding is \$222,099. The lease payment requirements are as follows:

IT Equipment Lease		
	Principal	Interest
2022	\$ 70,769	\$ 8,747
2023	73,985	5,532
2024	<u>77,345</u>	<u>2,171</u>
Total	<u>\$ 222,099</u>	<u>\$ 16,450</u>

Business-type Activities

General Obligation Bonds

The City issued \$6,265,000 (Series 2009A) and \$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 2009A interest rates ranges from 3.5 percent to 5.0 percent and Series 2009B interest rate is 5.0 percent, with a final maturity of June 30, 2029. As of June 30, 2021, the outstanding balance is \$0 (Series 2009A) and \$7,786,329 (Series 2009B). Annual debt service requirements to maturity for this bond is as follows:

General Obligation Bonds, Series 2009A – Water. In March 2009, the City issued \$6,265,000 in general obligation bonds to finance the costs of capital construction and capital improvement for the City’s water system. Series 2009A interest rates ranges from 3.5 percent to 5.0 percent. The loan was paid off June 30, 2020.

General Obligation Bonds, Series 2009B – Water.

Water Series 2009B

Year Ending June 30	Principal	Interest
2022	\$ 1,100,080	\$ 1,034,920
2023	1,070,476	1,129,524
2024	1,033,610	1,231,390
2025-2029	<u>4,582,162</u>	<u>7,807,839</u>
Totals	<u>\$ 7,786,329</u>	<u>\$ 11,203,673</u>

3. DETAILED NOTES (continued)

Long-term Obligations (continued)

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. As of June 30, 2021, the outstanding balance is \$780,000. Annual debt service requirements to maturity for this bond is as follows:

**Full Faith & Credit Refunding Obligation,
 Series 2010A**

Year Ending		
June 30	Principal	Interest
2022	\$ 525,000	\$ 33,150
2023	255,000	10,838
<u>Totals</u>	<u>\$ 780,000</u>	<u>\$ 43,988</u>

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, 2021, the outstanding balance is \$2,367,000. Annual debt service requirements to maturity for this bond are as follows:

2018 Full Faith & Credit Borrowing

Year Ending		
June 30	Principal	Interest
2022	\$ 309,000	\$ 71,010
2023	318,000	61,740
2024	328,000	52,200
2025	337,000	42,360
2026	348,000	32,250
2027-2030	727,000	32,880
<u>Totals</u>	<u>\$ 2,367,000</u>	<u>\$ 292,440</u>

Revenue Bonds

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, 2021, the outstanding balance is \$3,559,743. Annual debt service requirements to maturity for this bond is as follows:

3. **DETAILED NOTES (continued)**

Long-term Obligations (continued)

2015 Water Borrowing

Year Ending June 30	Principal	Interest
2022	\$ 194,213	\$ 136,774
2023	202,039	128,948
2024	210,180	120,807
2025	218,650	112,337
2026	227,460	103,527
2027-2031	1,282,400	372,535
2032-2035	1,224,801	99,147
<u>Totals</u>	<u>\$ 3,559,743</u>	<u>\$ 1,074,075</u>

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, 2021, the outstanding balance is \$3,502,000. Annual debt service requirements to maturity for this bond is as follows:

2019 Water Borrowing

Year Ending June 30	Principal	Interest
2022	\$ 546,000	\$ 86,149
2023	215,000	72,717
2024	220,000	67,429
2025	225,000	62,017
2026	231,000	56,481
2027-2030	982,000	167,699
2032-2035	1,083,000	67,428
<u>Totals</u>	<u>\$ 3,502,000</u>	<u>\$ 579,920</u>

Direct Borrowings and Placements

The City entered into an agreement with Seal Rock Water District to assume responsibility to provided 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, 2021 is \$615,252. Annual debt service requirements to maturity for this loan is as follows:

3. DETAILED NOTES (continued)

Long-term Obligations (continued)

2007 Seal Rock Water District

Year Ending June 30	Principal	Interest
2022	\$ 34,835	\$ 34,601
2023	36,536	32,968
2024	38,304	31,318
2025	39,942	29,587
2026	40,448	27,780
2027-2031	223,712	109,227
2032-2036	191,789	46,135
2037-2041	7,923	1,242
2042-2046	1,763	68
Totals	\$ 615,252	\$ 312,926

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 \$3,935,702 as of June 30, 2021. Annual debt service requirements to maturity for this loan is as follows:

2020 CWSRF DEQ Note R68935

Year Ending June 30	Principal	Interest
2022	\$ 194,684	\$ 58,551
2023	196,636	55,625
2024	198,607	52,671
2025	200,598	49,687
2026	202,609	46,673
2027-2031	1,043,924	187,085
2032-2036	1,097,312	107,070
2037-2041	801,332	25,305
Totals	\$ 3,935,702	\$ 582,667

The City obtained loans from the Oregon Department of Environmental Quality for wastewater projects which have not been completed as of June 30, 2021. The final repayment schedules will be established at the completion each project.

DEQ Note R68933 has a total loan amount of \$8,906,800 for a wastewater collection system in the Agate Beach area. The current balance of the drawdown is \$8,451,812 at June 30, 2021. Interest accrues from the date funds are drawn on the loan at a rate of 2.54 percent. The repayment term will be 20 years after completion.

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, 2021. 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.

3. **DETAILED NOTES (continued)**

Long-term Obligations (continued)

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 \$6,963,098 as of June 30, 2021. 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, 2021, accumulated and unpaid compensated absences amounted to \$579,412 for the governmental activities and \$153,131 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, OREGON
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 For the Fiscal Year Ended June 30, 2021

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.

Governmental Fund Balances

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

Fund Balance Categories	General Fund	Urban Renewal Fund	Capital Projects Fund	Total Non-Major Governmental Funds	Total Governmental Funds
Nonspendable					
Prepaid items	\$ 50,010	\$ -	\$ -	\$ 111,564	\$ 161,574
Restricted for					
Capital projects	-	-	2,640,323	2,332,379	4,972,702
Agate Beach disposal site closure	-	-	-	1,169,455	1,169,455
Tourism	-	-	-	1,949,467	1,949,467
Building Inspection	-	-	-	374,482	374,482
Streets	-	-	-	812,095	812,095
Urban renewal	-	3,807,152	-	-	3,807,152
Debt service	-	-	-	38,262	38,262
Committed for					
Parks and recreation	-	-	-	316,899	316,899
Public parking	-	-	-	389,388	389,388
Housing	-	-	-	357,572	357,572
Airport	-	-	-	154,510	154,510
Line undergrounding	-	-	-	496,736	496,736
Assigned for					
Capital projects	-	-	-	2,959,942	2,959,942
Unassigned	5,589,286	-	-	(3,518)	5,585,768
Total Fund Balances	<u>\$ 5,639,296</u>	<u>\$ 3,807,152</u>	<u>\$ 2,640,323</u>	<u>\$ 11,459,233</u>	<u>\$ 23,546,004</u>

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

2,332,379

CITY OF NEWPORT, OREGON
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 For the Fiscal Year Ended June 30, 2021

3. **DETAILED NOTES (continued)**

Net Position Restricted Through Enabling Legislation (continued)

Gas taxes – State laws regulate capital improvements for the streets	812,095
Urban Renewal - Establishment of the urban renewal agency restricts the use to projects meeting the objectives for which it was formed	3,807,152

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 six enterprise funds.

Summary financial information for the water, wastewater, and stormwater systems for the year ended June 30, 2021 is as follows:

Condensed statement of net position	Water	Wastewater	Stormwater
Assets			
Current	\$ 1,946,736	\$ 1,963,716	\$ 278,043
Noncurrent			
Capital assets, net	<u>29,583,196</u>	<u>49,222,425</u>	<u>593,986</u>
Total assets	<u>31,529,932</u>	<u>51,186,141</u>	<u>872,029</u>
Deferred outflows of resources	<u>26,806</u>	<u>26,806</u>	<u>5,884</u>
Liabilities			
Current	10,358,528	2,327,110	333,965
Noncurrent	<u>13,731,468</u>	<u>20,303,424</u>	<u>2,072,044</u>
Total liabilities	<u>24,089,996</u>	<u>22,630,534</u>	<u>2,406,009</u>
Deferred inflows of resources	<u>121,871</u>	<u>121,871</u>	<u>26,749</u>
Net position			
Net investment in capital assets	14,618,301	28,236,812	593,986
Unrestricted	<u>(7,273,430)</u>	<u>223,730</u>	<u>(2,148,831)</u>
Total net position	<u>\$ 7,344,871</u>	<u>\$28,460,542</u>	<u>\$ (1,554,845)</u>

CITY OF NEWPORT, OREGON
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 For the Fiscal Year Ended June 30, 2021

3. **DETAILED NOTES (continued)**

Segment Information for Enterprise Funds (continued)

Condensed statement of revenue, expenses, and changes in net position	Water	Wastewater	Stormwater
Operating revenue	\$ 4,231,850	\$ 4,641,576	\$ 1,017,945
Depreciation expense	1,265,363	1,695,349	-
Other operating expenses	6,312,118	3,380,482	516,445
Operating income (loss)	(3,345,631)	(434,255)	501,500
Nonoperating revenues (expenses)	(903,227)	(104,352)	(332,455)
Income before transfers and contributions	(4,248,858)	(538,607)	169,045
Capital contributions	1,591,033	1,099,578	318,951
Transfers in	6,082,104	1,079,472	1,428,516
Transfers out	(2,779,635)	(2,400,764)	(978,825)
Change in net position	644,644	(760,321)	937,687
Net position - beginning	7,277,806	29,458,551	(2,491,712)
Prior Period Adjustment	(577,579)	(237,688)	(820)
Net position - ending	<u>\$ 7,344,871</u>	<u>\$ 28,460,542</u>	<u>\$ (1,554,845)</u>
Condensed statement of cash flows	Water	Wastewater	Stormwater
Net cash provided by (used in):			
Operating activities	\$ (2,230,043)	\$ 1,135,472	\$ 454,809
Non-capital financing activities	58,919	-	-
Capital and related financing activities	194,940	(607,714)	(459,431)
Investing activities	33,135	5,514	882
Net (decreased) in cash	(1,943,049)	533,272	(3,740)
Cash and cash equivalents - beginning	2,774,740	427,367	128,615
Cash and cash equivalents - ending	<u>\$ 831,691</u>	<u>\$ 960,639</u>	<u>\$ 124,875</u>

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, 2021 is \$948,654 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 the Oregon Public Employee Retirement Systems (OPERS).

The 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 \$195,000 in 2020, and will be indexed with inflation in later years.

4. **OTHER INFORMATION (continued)**

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.

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 a OPERS-covered job, or
- the member was on an official leave of absence from a OPERS-covered job at the time of death.

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 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:

4. **OTHER INFORMATION (continued)**

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.

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 \$195,000 in 2020, 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.

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 employer contributions at actuarially determined rates. 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, 2018 actuarial valuation.

Tier One/Tier Two employer contribution rates are 25.49 percent and the OPSRP employer contribution rates are 13.16 percent for general service employees and 17.79 for police and fire employees. Employer contributions for the year ended June 30, 2021 were \$507,743.

4. **OTHER INFORMATION (continued)**

D. Actuarial valuations – Tier One/Tier Two

The December 31, 2018 actuarial valuation used the following actuarial methods and valuation procedures in determining the Tier One/Tier Two contribution rates.

Actuarial cost method

The employer contribution rates effective July 1, 2019, through June 30, 2021, were set using the entry age normal actuarial cost method. Under this actuarial cost method, each active member's entry age present value of projected benefits is allocated over the member's service from the member's date of entry until their assumed date of exit, taking into consideration expected future compensation increases.

Unfunded actuarial accrued liability amortization

The Tier One/Tier Two UAL amortization period is reset to 20 years as of December 31, 2018. Gains and losses between subsequent odd-year valuations will be amortized as a level percentage of combined valuation payroll (Tier One/ Tier Two plus OPSRP payroll) over a closed 20 year period from the valuation in which they are first recognized.

Retiree healthcare unfunded actuarial accrued liability amortization

The UAL for Retiree Health Care as of December 31, 2018 is amortized as a level percentage of combined valuation payroll (Tier One/ Tier Two plus OPSRP payroll) over a closed 10 year period. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over a closed 10 year period from the valuation in which they are first recognized.

Asset valuation method

The actuarial value of assets equals the market value of assets, excluding the Contingency and Capital Preservation Reserves, and the Rate Guarantee Reserve when it is in positive surplus status. Market values are reported to the actuary by PERS. Real estate and private equity investments are reported on a three-month lag basis.

Contribution rate stabilization method

Contribution rates are confined to a collared range based on the prior contribution rates. The new contribution rates will generally not increase or decrease from the prior contribution rate by more than the greater of 3 percentage points or 20 percent of the prior contribution rate. If the funded percentage excluding side accounts drops below 60 percent or increases above 140 percent the size of the collar doubles. If the funded percentage excluding side accounts is between 60 percent and 70 percent or between 130 percent and 140 percent, the size of the rate collar is increased on a graded scale.

4. **OTHER INFORMATION (continued)**

Allocation of liability for service segments

For active Tier One/Tier Two members who have worked for multiple PERS employers over their career, the calculated actuarial accrued liability is allocated among the employers based on a weighted average of the Money Match methodology, which uses account balance, and the Full Formula methodology, which uses service. The allocation is 25 percent based on account balance with each employer and 75 percent based on service with each employer. The entire normal cost is allocated to the current employer.

Allocation of benefits-in-force reserve

The reserve is allocated to each rate pool in proportion to the retiree liability attributable to the rate pool.

Economic assumptions

Investment return	7.50% compounded annually
Interest crediting	7.50% compounded annually on regular and variable account balances
Inflation	2.50% compounded annually
Discount Rate	2.21%
Payroll growth	3.50% compounded annually
Healthcare cost trends	Ranges from 3.75% per year increasing to 5.75%

Demographic assumptions

Mortality tables

Healthy retirees	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
Disabled retirees	Pub-2010 Disable Employee, Sex Distinct, Generational with Unisex, Combined Disabled, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation
Non-annuitants	Ranges from 35% to 65% of healthy retired mortality tables depending upon sex and employment type

Salary increase assumptions

Salary increase assumptions, in addition to general payroll growth, include merit increase, unused sick leave and vacation pay adjustments.

E. Actuarial valuations – OPSRP

The December 31, 2018 actuarial valuation for OPSRP generally used the same actuarial methods and valuation procedures as Tier One/Tier Two contribution rates except as follows:

4. **OTHER INFORMATION (continued)**

OPSRP unfunded actuarial accrued liability amortization

The UAL as of December 31, 2018 is amortized as a level percentage of combined valuation payroll (Tier One/ Tier Two plus OPSRP payroll) over a closed period 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.

Economic assumptions

An additional amount for administrative expenses is added to the normal cost.

Retirement assumptions

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 2018 Experience Study which reviewed experience for the four-year period ending on December 31, 2018.

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

Net pension liability

At June 30, 2021, the City reported a liability of \$6,823,585 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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.

Employers' long-term contribution efforts are based on projected rates that have two major components:

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.

4. **OTHER INFORMATION (continued)**

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.

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, 2021, the City's proportion was 0.02981 percent, which was a decrease of 0.00177 percent from its proportion measured as of June 30, 2020.

Pension expense

For the year ended June 30, 2021, the City recognized pension expense of \$945,953.

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, 2020, 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 proportion, changes in employer proportion since the prior measurement date, and differences between projected and actual earnings.

CITY OF NEWPORT, OREGON
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 For the Fiscal Year Ended June 30, 2021

4. **OTHER INFORMATION (continued)**

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.

At June 30, 2021, the City 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	\$ 268,280	\$ -
Changes of assumptions	349,080	12,231
Net difference between projected and actual earnings on investments	764,854	-
Changes in proportion	450,853	320,665
Differences between employer contributions and proportionate share of contributions	<u>12,385</u>	<u>208,783</u>
Total (prior to post-MD contributions)	1,863,452	541,679
Contributions subsequent to the MD	<u>530,797</u>	-
Total	<u>\$ 2,394,249</u>	<u>\$ 541,679</u>

Deferred outflows of resources related to pensions resulting from the City’s contributions subsequent to the measurement in the amount of \$530,797 will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. 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 ended June 30:</u>	
2022	\$ 257,039
2023	432,832
2024	390,943
2025	239,411
2026	<u>1,548</u>
Total	<u>\$ 1,321,773</u>

4. **OTHER INFORMATION (continued)**

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

The total pension liability measured as of June 30, 2020 was based on an actuarial valuation as of December 31, 2018 using the following methods and assumptions:

Experience study report	2018, published July 24, 2019
Inflation rate	2.5 percent
Long-term expected rate of return	7.2 percent
Discount rate	7.2 percent
Projected salary increases	3.5 percent
	Cost of living adjustments (COLA) blend of 2.00 percent COLA and graded COLA (1.25 percent/.015 percent) in accordance with <i>Moro</i> decision; blend based on service
Mortality	<p>Healthy retirees and beneficiaries: 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.</p> <p>Active members: Pub-2010 Employees, sex-distinct, Generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disable Employee, Sex Distinct, Generational with Unisex, Combined Disabled, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation</p>

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 2018 Experience Study which reviewed experience for the four-year period ending on December 31, 2018.

Discount rate

The discount rate used to measure the total pension liability was 7.2 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, OREGON
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 For the Fiscal Year Ended June 30, 2021

4. **OTHER INFORMATION (continued)**

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the PERS Board reviewed long-term assumptions developed by both the actuaries 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.

<u>Long-Term Expected Rate of Return</u> ¹				
Asset Class	Target Allocation	Annual Arithmetic Return ²	20-Year Annualized Geometric Mean	Annual Standard Deviation
Core Fixed Income	9.60 %	4.14 %	4.07 %	3.90 %
Short-Term Bonds	9.60	3.70	3.68	2.10
Bank/Leveraged Loans	3.60	5.40	5.19	6.85
High Yield Bonds	1.20	6.13	5.74	9.35
Large/Mid Cap US Equities	16.17	7.35	6.30	15.50
Small Cap US Equities	1.35	8.35	6.68	19.75
Micro Cap US Equities	1.35	8.86	6.79	22.10
Developed Foreign Equities	13.48	8.30	6.91	17.95
Emerging Market Equities	4.24	10.35	7.69	25.35
Non-US Small Cap Equities	1.93	8.81	7.25	19.10
Private Equity	17.50	11.95	8.33	30.00
Real Estate (Property)	10.00	6.19	5.55	12.00
Real Estate (REITS)	2.50	8.29	6.69	21.00
Hedge Fund of Funds - Diversified	1.50	4.28	4.06	6.90
Hedge Fund - Event-driven	0.38	5.89	5.59	8.10
Timber	1.13	6.36	5.61	13.00
Farmland	1.13	6.87	6.12	13.00
Infrastructure	2.25	7.51	6.67	13.85
Commodities	1.13	5.34	3.79	18.70
Assumed Inflation - Mean			2.50 %	1.65 %

¹ Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of April 24, 2019.

² The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

4. **OTHER INFORMATION (continued)**

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.

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.

H. 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 7.2 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 (6.2 percent) or 1-percentage-point higher (8.2 percent) than the current rate:

	<u>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
City's proportionate share of the net pension liability (asset)	\$ 9,658,769	\$ 6,504,583	\$ 3,859,652

4. **OTHER INFORMATION (continued)**

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.

D. Contributions

The City makes the employee contributions of 6 percent of covered payroll to the plan. Contributions for the year ended June 30, 2021 were \$123,802.

E. Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

4. **OTHER INFORMATION (continued)**

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.

4. **OTHER INFORMATION (continued)**

B. Plan membership

As of July 1, 2020, pension plan membership consisted of 34 inactive plan members (or beneficiaries) currently receiving benefits, 12 inactive plan members not yet receiving benefits and 22 active plan members.

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:

$$BY \times 1.2\% \times AME$$

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 benefit 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:

4. **OTHER INFORMATION (continued)**

“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.

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.

4. **OTHER INFORMATION (continued)**

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.

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.

4. **OTHER INFORMATION (continued)**

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.

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.

4. **OTHER INFORMATION (continued)**

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, \$404,045 was contributed to the plan. The plan's normal cost is \$94,996 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, 2020. 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.

CITY OF NEWPORT, OREGON
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 For the Fiscal Year Ended June 30, 2021

4. **OTHER INFORMATION (continued)**

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

At June 30, 2021, the City of Newport reported a liability of \$319,002 for its net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date as follows:

Total Pension Liability	\$ 10,344,999
Plan Fiduciary Net Position	<u>(10,025,997)</u>
Net Pension Liability	<u>\$ 319,002</u>
Fiduciary net position as a percentage of total pension liability	96.92%

Change in the net pension liability is as follows:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Beginning balances	\$ 9,442,920	\$ 8,198,516	\$ 1,244,404
Change for the year:			
Service cost	94,996		94,996
Interest on total pension liability	648,002		648,002
Difference between expected and actual experience	778,918		778,918
Changes of assumptions	(40,473)		(40,473)
Annuity payments	(579,364)		(579,364)
Contributions		404,045	(404,045)
Transfers and receivables from money purchase plan		413,184	(413,184)
Net investment income		1,625,989	(1,625,989)
Benefit payments		(579,364)	579,364
Administrative expenses		(36,373)	36,373
Ending balances	<u>\$ 10,344,999</u>	<u>\$ 10,025,997</u>	<u>\$ 319,002</u>

CITY OF NEWPORT, OREGON
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 For the Fiscal Year Ended June 30, 2021

4. **OTHER INFORMATION (continued)**

For the year ended June 30, 2021, the City of Newport recognized pension expense of \$2,701. At June 30, 2021, 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	\$ 346,186	\$ 8,048
Changes of assumptions	-	17,988
Net difference between projected and actual earnings on investments	-	1,599,844
Total	<u>\$ 346,186</u>	<u>\$ 1,625,880</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 ended June 30:</u>	
2022	\$ (132,902)
2023	(434,110)
2024	(414,344)
2025	<u>(298,338)</u>
Total	<u>\$ (1,279,694)</u>

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.

4. **OTHER INFORMATION (continued)**

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, 2020 rolled forward to June 30, 2021.
Actuarial Cost Method	Entry Age Normal with normal cost as level percentage of salary
Amortization Method	Amortized as a level percentage of salary as layered amortization bases over a closed period
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	N/A
Investment rate of return	6.75 percent
Projected Salary Increases	3.00 percent overall payroll growth
Mortality	PubG-2010, Scale MP-2020

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.

4. **OTHER INFORMATION (continued)**

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 estates of return by the target asset allocation percentage and by adding expected inflation.

K. Sensitivity of the City of Newport’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% Decrease (5.75%)</u>	<u>Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
City's proportionate share of the net pension liability (asset)	\$ 1,281,245	\$ 319,002	\$ (501,967)

L. Changes in actuarial methods and assumptions

The mortality assumptions have been updated to use the PubG-2010 mortality tables and the MP-2020 mortality improvement scale.

M. 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.

4. **OTHER INFORMATION (continued)**

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:

Years of Service	Vested Percentage
Less than 3 years	0%
3	50%
4	62%
5	75%
6	87 1/2%
7 or more	100%

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

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, 2021 were \$329,680.

D. Recordkeeping

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

4. **OTHER INFORMATION (continued)**

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, 2021 is \$9,440 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/CAFR/2020-CAFR.pdf>

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

4. **OTHER INFORMATION (continued)**

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 monthly employer contributions at actuarially determined rates. 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, 2018 actuarial valuation. The City contributed 0.06 percent of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits and 0.00 percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability. For the year ended June 30, 2021, the City made contributions in the amount of \$563 to the RHIA.

D. Actuarial valuations

Except as outlined below, the December 31, 2018 actuarial valuation used the same actuarial methods and valuation procedures to determine contribution rates as the PERS Tier One and Tier Two defined benefit pension plan as discussed in PERS pension footnote.

Economic assumptions

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

Retiree healthcare participation assumptions

Eligible retiring members are assumed to elect RHIA coverage 38 percent of the time for health retirees and 20 percent of the time for disabled retirees.

4. **OTHER INFORMATION (continued)**

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

Net OPEB asset

At June 30, 2021, the City reported an asset of \$47,105 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2020, and the net OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB 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, 2020, the City's proportion was 0.0231 percent, which was an decrease of 0.0076 percent from its proportion measured as of June 30, 2019.

OPEB expense

For the year ended June 30, 2021, the City recognized OPEB revenue of \$6,241.

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, 2020, 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

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.

CITY OF NEWPORT, OREGON
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 For the Fiscal Year Ended June 30, 2021

4. **OTHER INFORMATION (continued)**

At June 30, 2021, the City 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	\$ -	\$ 4,815
Changes of assumptions	-	2,504
Net difference between projected and actual earnings on investments	5,238	-
Changes in proportionate share	2,853	52
Differences between employer contributions and proportionate share of contributions	-	-
Total (prior to post-MD contributions)	<u>8,091</u>	<u>7,371</u>
Contributions subsequent to the MD	<u>563</u>	<u>-</u>
Total	<u>\$ 8,654</u>	<u>\$ 7,371</u>

Deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date in the amount of \$563 will be recognized as an adjust to the net OPEB (asset) / liability in the year ended June 30, 2022. 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 ended June 30:</u>	
2022	\$ (3,228)
2023	360
2024	1,936
2025	<u>1,652</u>
Total	<u>\$ 720</u>

F. Actuarial methods and assumptions used in developing net OPEB asset

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

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.

4. **OTHER INFORMATION (continued)**

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.

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.

H. 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 7.2 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 (6.2 percent) or 1-percentage-point higher (8.2 percent) than the current rate:

Discount Rate:

	<u>1% Decrease (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
Net OPEB Asset	\$ (38,029)	\$ (47,105)	\$ (54,864)

4. **OTHER INFORMATION (continued)**

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.

B. Plan membership

As of July 1, 2020, there were 104 active employees, 4 eligible retiree, and 0 spouses of ineligible retirees for a total of 108 plan members.

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	\$ 573
For spouses of retirees	652

CITY OF NEWPORT, OREGON
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 For the Fiscal Year Ended June 30, 2021

4. **OTHER INFORMATION (continued)**

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

At June 30, 2021, the City reported a net OPEB liability of \$435,082. The net OPEB liability was measured as of June 30, 2020 and determined by an actuarial valuation as of that date.

Changes in the net OPEB liability is as follows:

	Net OPEB Liability
Balance as of June 30, 2020	\$ 481,486
Changes for the year:	
Service cost	41,333
Interest on total OPEB liability	17,749
Effect of changes to benefit terms	-
Effect of economic demographic gains or losses	(68,017)
Effect of assumptions changes or inputs	(5,802)
Benefit payments	(31,667)
Balance as of June 30, 2021	<u>\$ 435,082</u>

For the year ended June 30, 2021, the City recognized OPEB expense of \$28,338. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 102,720
Changes of assumptions	9,668	62,871
Total (prior to post-MD contributions)	9,668	165,591
Contributions subsequent to the MD	31,154	-
Total	<u>\$ 40,822</u>	<u>\$ 165,591</u>

4. **OTHER INFORMATION (continued)**

Deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date in the amount of \$31,154 will be recognized as an adjustment to the net OPEB liability in the year ended June 30, 2022. 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 ended June 30:</u>		
2022	\$	(30,744)
2023		(30,744)
2024		(30,744)
2025		(29,184)
2026		(19,248)
Thereafter		<u>(15,259)</u>
Total	\$	<u><u>(155,923)</u></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 net 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 net OPEB liability is equal to the present value of benefits.

4. **OTHER INFORMATION (continued)**

F. Actuarial methods and assumptions used in developing net OPEB liability

Valuation Date	July 1, 2020
Actuarial Cost Method	Entry Age Normal, Level Percent of Pay
Actuarial Assumptions:	
Inflation Rate	2.5 percent
Projected Salary Increases	3.5 percent
Mortality	Healthy retirees and beneficiaries: Pub-2010 General and Safety Employee and Healthy Retiree tables, Sex Distinct for Members and Dependents, With a One-year Setback for Male General Service Employees and Female Safety Employees.

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.

Discount rate

The discount rate used to measure the net OPEB liability was 2.21 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 3.50 percent.

Healthcare cost trend rate

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

<u>Year</u>	<u>Per-65 Trend</u>
2020	3.75 %
2021	5.75 %
2022	5.25 %
2023-2025	5.00 %
2026-2040	4.75 %
2041-2049	5.00 %
2050-2064	4.75 %
2065-2067	4.50 %
2068-2071	4.25 %
2072+	4.00 %

4. OTHER INFORMATION (continued)

Dental costs are assumed to increase 4.0 percent in all future years.

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 2.21 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 (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

Discount Rate:

	<u>1% Decrease (1.21%)</u>	<u>Current Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
Net OPEB Liability	\$ 464,258	\$ 435,082	\$ 407,491

Healthcare Cost Trend:

	<u>1% Decrease</u>	<u>Current Health Care Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 390,647	\$ 435,082	\$ 487,141

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.

4. **OTHER INFORMATION (continued)**

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 2020-2021 levy year have been reduced by \$86,949.

Subsequent Events

On September 1, 2021, the City settled a claim with Shilo Inn for water, wastewater, and stormwater overcharges. The settled agreement provides that the City will pay Shilo Inn \$580,206 for overcharges and interest.

Prior Period Adjustment

On October 27, 2020, the City settled a claim with Pacific Seafood - Newport, LLC for water billing overcharges. The settled agreement provides Pacific Seafood with billing credits against future charges for water use in the amount of \$454,701, with \$250,000 applied in fiscal year 2021-2022 and \$204,701 applied in fiscal year 2022-2023.

The prior period adjustments are the overcharges with Pacific Seafood – Newport, LLC and Shilo Inn from prior fiscal years. The overcharges due to prior years in the Water Fund was \$577,579, Wastewater Fund was \$237,688, and Stormwater Fund was \$820.

REQUIRED SUPPLEMENTARY INFORMATION

The way I see it, if you want the rainbow, you gotta put up with the rain. Dolly Parton

CITY OF NEWPORT, OREGON

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

For the Last Ten Fiscal Years¹

Measurement Date June 30,	(a) City's proportion of the net pension liability (asset)	(b) City's proportionate share of the net pension liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
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	0.02708474%	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%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

¹This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

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. Senate Bill 1049 was reflected in the June 30, 2019 Total Pension Liability as a reduction in liability.

Changes of Assumptions:

The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability and June 30, 2018 total pension liability. For June 30, 2016, the changes included 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.

CITY OF NEWPORT, OREGON
SCHEDULE OF CONTRIBUTIONS - PENSION
For the Last Ten Fiscal Years¹

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
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%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

¹This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

NOTES TO SCHEDULE

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

	December 31, 2017	December 31, 2015	December 31, 2013	December 31, 2011
Actuarial valuation	July 2019 - June 2021	July 2017 - June 2019	July 2015 - June 2017	July 2013 - June 2015
Effective	Entry Age Normal			Projected Unit Credit
Actuarial cost method	Level percentage of payroll			
Amortization method	Market Value			
Asset valuation method	20 years			N/A
Remaining amortization periods	2.50 percent		2.75 percent	
Actuarial assumptions:	3.50 percent			
Inflation rate	7.20 percent	7.50 percent	7.75 percent	8.00 percent
Projected salary increases				
Investment rate of return				

CITY OF NEWPORT, OREGON
SCHEDULE OF NET PENSION LIABILITY AND CHANGES IN NET PENSION LIABILITY
CITY OF NEWPORT EMPLOYEES RETIREMENT PLAN
For the Last Ten Fiscal Years¹

	June 30 2021	June 30 2020	June 30 2019	June 30 2018	June 30, 2017	June 30, 2016	June 30, 2015
<u>Beginning of year</u>							
Total pension liability	\$ 9,442,920	\$ 8,635,623	\$ 8,053,710	\$ 7,872,517	\$ 7,246,065	\$ 6,860,012	\$ 6,525,032
Fiduciary net position	8,198,516	7,332,166	7,211,487	6,864,062	5,702,821	5,681,108	5,328,828
Net pension liability	\$ 1,244,404	\$ 1,303,457	\$ 842,223	\$ 1,008,455	\$ 1,543,244	\$ 1,178,904	\$ 1,196,204
<u>Changes in total pension liability</u>							
Service cost	\$ 94,996	\$ 98,316	\$ 100,597	\$ 120,946	\$ 134,359	\$ 141,340	\$ 166,928
Interest on total pension liability	648,002	607,964	533,239	524,396	473,831	461,564	440,163
Difference between expected and actual experience	778,918	696,080	407,936	112,457	563,229	53,539	(69,963)
Change of assumptions	(40,473)	(20,624)	362,739	-	392,067	-	-
Benefit payments	(579,364)	(574,439)	(822,598)	(576,606)	(937,034)	(270,390)	(202,148)
Net change in total pension liability	\$ 902,079	\$ 807,297	\$ 581,913	\$ 181,193	\$ 626,452	\$ 386,053	\$ 334,980
<u>Changes in fiduciary net position</u>							
Employer contributions	\$ 404,045	\$ 404,045	\$ 404,045	\$ 402,347	\$ 381,589	\$ 362,578	\$ 372,150
Transfer from Money Purchase Plan	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	1,625,989	311,449	328,566	504,959	667,952	(60,573)	207,422
Benefit payments	(579,364)	(567,480)	(433,400)	(347,877)	(300,701)	(270,390)	(202,148)
Administrative expenses	(36,373)	(32,464)	(32,237)	(30,473)	(27,267)	(25,520)	(25,144)
Net change in fiduciary net position	\$ 1,827,481	\$ 866,350	\$ 120,679	\$ 347,425	\$ 1,161,241	\$ 21,713	\$ 352,280
<u>End of year</u>							
Total pension liability	\$ 10,344,999	\$ 9,442,920	\$ 8,635,623	\$ 8,053,710	\$ 7,872,517	\$ 7,246,065	\$ 6,860,012
Fiduciary net position	10,025,997	8,198,516	7,332,166	7,211,487	6,864,062	5,702,821	5,681,108
Net pension liability	\$ 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	96.9%	86.8%	84.9%	89.5%	87.2%	78.7%	82.8%
Coverd payroll	\$ 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	21.1%	72.6%	66.2%	36.1%	42.2%	59.7%	45.5%

¹This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

CITY OF NEWPORT, OREGON
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 CITY OF NEWPORT EMPLOYEES RETIREMENT PLAN
 Last 10 Fiscal Years

	June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 229,455	\$ 263,263	\$ 192,121	\$ 218,489	\$ 302,158	\$ 273,120	\$ 358,599	\$ 405,982	\$ 384,050	\$ 390,397
Actual employer contribution	404,045	404,045	404,045	402,347	381,589	362,578	372,150	416,372	416,372	431,631
Contribution deficiency (excess)	(174,590)	(140,782)	(211,924)	(183,858)	(79,431)	(89,458)	(13,551)	(10,390)	(32,322)	(41,234)
Covered payroll	1,513,070	1,714,551	1,969,621	2,335,688	2,391,031	2,583,588	2,592,985	2,925,079	2,876,355	2,887,270
Contribution as a percent of covered payroll	26.70%	23.57%	20.51%	17.23%	15.96%	14.03%	14.35%	14.23%	14.48%	14.95%
Valuation date	7/1/2020	7/1/2019	7/1/2018	7/1/2017	7/1/2016	7/1/2015	7/1/2014	7/1/2013	7/1/2012	7/1/2011
Assumed investment rate of return	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%

Notes to schedule

Methods and assumptions used to determine contribution rates:

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	Age	Service	Rate
	55	30+ years	50%
	60	25+ years	50%
	62	n/a	100%

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

Healthy mortality 2020: PubG-2010 2019-2011: Healthy combined RP-2000 mortality

Cost of living increases 1.5 percent per year

Salary increases 3 percent per year

CITY OF NEWPORT, OREGON
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>
2021	20.46%
2020	4.26%
2019	4.50%
2018	7.64%
2017	11.69%
2016	-1.06%
2015	3.84%
2014	18.52%
2013	10.73%
2012	3.60%

CITY OF NEWPORT, OREGON
SCHEDULE OF THE PROPORTIONATE SHARE OF OPEB - RHIA
For the Last Ten Fiscal Years¹

Measurement Date June 30,	(a) City's proportion of the net OPEB liability (asset)	(b) City's proportionate share of the net OPEB liability (asset)	(c) Covered payroll	(b/c) City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2020	0.02311762%	\$ (47,105)	\$ 2,678,690	-1.76%	150.1%
2019	0.02587288%	(49,996)	2,809,247	-1.78%	144.4%
2018	0.02602888%	(29,055)	2,767,384	-1.05%	124.0%
2017	0.02348035%	(9,799)	2,877,270	-0.34%	108.9%
2016	0.02372468%	(6,433)	2,444,013	-0.26%	80.5%

NOTES TO SCHEDULE

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

¹This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

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.

CITY OF NEWPORT, OREGON
SCHEDULE OF CONTRIBUTIONS TO OPEB - RHIA
For the Last Ten Fiscal Years¹

Year Ended June 30,	(a) Contractually determined contribution	(b) Contributions in relation to the actuarially required contribution	(a-b) Contribution deficiency (excess)	(c) Covered payroll	(b/c) Contributions as a percent of covered payroll
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%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

¹This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

NOTES TO SCHEDULE

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

Actuarial valuation:	December 31, 2017	December 31, 2015	December 31, 2013	December 31, 2011
Effective:	July 2019 - June 2021	July 2017 - June 2019	July 2015 - June 2017	July 2013 - June 2015
Actuarial cost method:	Entry Age Normal			Projected Unit Credit
Amortization method:	Level percentage of payroll, closed			
Amortization period:	10 years			
Asset valuation method:	Market value			
Remaining amortization periods:	20 years	20 years	N/A	
Actuarial assumptions	2.50 percent		2.75 percent	
Inflation rate	3.50 percent		3.75 percent	
Projected salary increases	7.20 percent	7.50 percent	7.75 percent	8.00 percent
Investment rate of return	None. Statute stipulates \$60 monthly payment for healthcare insurance			
Healthcare cost trend rates				

CITY OF NEWPORT, OREGON
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS - IMPLICIT RATE SUBSIDY
For the Last Ten Fiscal Years¹

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability			
Service Interest	\$ 41,333	\$ 37,007	\$ 49,922
Interest	17,749	17,879	20,531
Differences between economic/demographic gains or losses	(68,017)	-	(71,931)
Changes of assumptions	(5,802)	13,120	(72,379)
Benefit payment	(31,667)	(22,778)	(26,691)
Net change in total OPEB liability	<u>(46,404)</u>	<u>45,228</u>	<u>(100,548)</u>
Total OPEB liability - beginning	<u>481,486</u>	<u>436,258</u>	<u>536,806</u>
Total OPEB liability - ending	<u>\$ 435,082</u>	<u>\$ 481,486</u>	<u>\$ 436,258</u>
Covered-employee payroll	\$ 8,970,115	\$ 8,923,176	\$ 8,806,753
Total OPEB liability as a percentage of covered-employee payroll	4.85%	5.40%	4.95%

NOTES TO SCHEDULE

The amounts presented for each fiscal year were actuarial determined at July 1 and rolled forward to the measurement date.

¹This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

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

CITY OF NEWPORT, OREGON
SCHEDULE OF CONTRIBUTIONS TO OPEB - IMPLICIT RATE SUBSIDY
For the Last Ten Fiscal Years¹

Year Ended June 30,	(a) Actuarially determined contribution	(b) Contributions in relation to the actuarially required contribution	(a-b) Contribution deficiency (excess)	(c) Covered payroll	(b/c) Contributions as a percent of covered payroll
2021	\$ 31,154	\$ 31,154	\$ -	\$ 8,047,728	0.39%
2020	31,667	31,667	-	8,970,115	0.35%
2019	12,823	12,823	-	8,923,176	0.14%
2018	12,603	12,603	-	8,806,753	0.14%
2017	11,647	11,647	-	7,783,198	0.15%

NOTES TO SCHEDULE

The amounts presented for each fiscal year were actuarial determined at July 1 and rolled forward to the measurement date.

¹This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

Actuarial valuation:	July 1, 2020	July 1, 2018	July 1, 2016
Effective:	June 30, 2020 and 2021	June 30, 2018 and 2019	June 30, 2016 and 2017
Actuarial cost method:	Entry Age Normal		
Amortization method:	Level percentage of payroll, closed		
Amortization period:	5.8 years	6.8 years	7.7 years
Asset valuation method:	Market value		
Remaining amortization periods:	20 years		
Actuarial assumptions:			
Inflation rate	2.50 percent		
Projected salary increases	3.50 percent		

Life is like riding a bicycle. To keep your balance, you must keep moving. Albert Einstein

OTHER SUPPLEMENTARY INFORMATION

CITY OF NEWPORT, OREGON
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Aviation grant	\$ 3,037,644	\$ 3,037,644	\$ 34,716	\$ (3,002,928)
Federal grant	14,000	-	-	-
HR 2075 grant from the ODA	-	-	10,817	10,817
ODOT/DLCD competitive grant	88,000	88,000	-	(88,000)
Newport rural fire protection	10,000	10,000	-	(10,000)
Interest on investments	83,057	83,057	22,455	(60,602)
Miscellaneous sales and services	-	-	63,333	63,333
Total revenues	3,232,701	3,218,701	131,321	(3,087,380)
EXPENDITURES:				
General	6,429,145	6,283,216	3,395,518	2,887,698
Airport improvement program	3,230,860	3,079,649	399,588	2,680,061
Total expenditures	9,660,005	9,362,865	3,795,106	5,567,759
Revenues over (under) expenditures	(6,427,304)	(6,144,164)	(3,663,785)	2,480,379
OTHER FINANCING SOURCES (USES):				
Transfer from Room Tax Fund	-	4,913	4,913	-
Transfer from Street Fund	408,707	408,707	408,707	-
Transfer from Urban Renewal Agency Fund	92,000	92,000	92,000	-
Transfer from General Fund	-	39,650	39,650	-
Transfer from Airport Fund	16,668	90,306	90,306	-
Transfers to other funds	-	(170,122)	(170,122)	-
Total other financing sources (uses)	517,375	465,454	465,454	-
Net change in fund balance	(5,909,929)	(5,678,710)	(3,198,331)	2,480,379
FUND BALANCE, BEGINNING-BUDGETARY BASIS	5,992,986	5,761,767	5,838,654	76,887
FUND BALANCE, ENDING -BUDGETARY BASIS	\$ 83,057	\$ 83,057	\$ 2,640,323	\$ 2,557,266

**CITY OF NEWPORT, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2021**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Totals Nonmajor Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 7,734,128	\$ 38,262	\$ 3,079,075	\$ 10,851,465
Receivables				
Accounts receivable, net	1,032,791	-	-	1,032,791
Property taxes receivable	-	27,062	-	27,062
Prepaid items	68,874	-	-	68,874
Inventories	42,690	-	-	42,690
Due from other funds	165,000	-	-	165,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 9,043,483</u>	<u>\$ 65,324</u>	<u>\$ 3,079,075</u>	<u>\$ 12,187,882</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and accrued expenses	\$ 94,995	\$ -	\$ 119,133	\$ 214,128
Payroll and related liabilities	58,141	-	-	58,141
Due to other funds	165,000	10,105	-	175,105
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>318,136</u>	<u>10,105</u>	<u>119,133</u>	<u>447,374</u>
DEBRIEFED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	-	20,475	-	20,475
Unavailable revenue - other	260,800	-	-	260,800
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>260,800</u>	<u>20,475</u>	<u>-</u>	<u>281,275</u>
FUND BALANCE:				
Nonspendable	111,564	-	-	111,564
Restricted	6,637,878	38,262	-	6,676,140
Committed	1,715,105	-	-	1,715,105
Assigned	-	-	2,959,942	2,959,942
Unassigned	-	(3,518)	-	(3,518)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>8,464,547</u>	<u>34,744</u>	<u>2,959,942</u>	<u>11,459,233</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 9,043,483</u>	<u>\$ 65,324</u>	<u>\$ 3,079,075</u>	<u>\$ 12,187,882</u>

CITY OF NEWPORT, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2021

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Totals Nonmajor Governmental Funds
REVENUES:				
Property taxes	\$ -	\$ 600,897	\$ -	\$ 600,897
Transient room taxes	2,297,183	-	-	2,297,183
Other taxes	138,034	-	-	138,034
Franchise fees, privilege taxes, licenses, and permits	213,184	-	-	213,184
Intergovernmental	1,207,934	-	-	1,207,934
Charges for services	1,235,292	-	-	1,235,292
Interest on investments	39,866	1,161	19,191	60,218
Miscellaneous	76,518	-	-	76,518
Total revenues	<u>5,208,011</u>	<u>602,058</u>	<u>19,191</u>	<u>5,829,260</u>
EXPENDITURES:				
Current:				
General government	1,705,763	190	-	1,705,953
Highways and streets	486,222	-	-	486,222
Culture and recreation	1,181,322	-	-	1,181,322
Debt service:				
Principal	-	395,500	-	395,500
Interest	-	266,363	-	266,363
Capital outlay	69,233	-	313,586	382,819
Total expenditures	<u>3,442,540</u>	<u>662,053</u>	<u>313,586</u>	<u>4,418,179</u>
Revenues over (under) expenditures	<u>1,765,471</u>	<u>(59,995)</u>	<u>(294,395)</u>	<u>1,411,081</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,871,119	132,507	670,854	2,674,480
Transfers out	(1,257,259)	-	(82,478)	(1,339,737)
Total other financing sources (uses)	<u>613,860</u>	<u>132,507</u>	<u>588,376</u>	<u>1,334,743</u>
Net change in fund balance	2,379,331	72,512	293,981	2,745,824
FUND BALANCE, BEGINNING	<u>6,085,216</u>	<u>(37,768)</u>	<u>2,665,961</u>	<u>8,713,409</u>
FUND BALANCE, ENDING	<u>\$ 8,464,547</u>	<u>\$ 34,744</u>	<u>\$ 2,959,942</u>	<u>\$ 11,459,233</u>

Logic is the beginning of wisdom, not the end.
Spock, Star Trek

CITY OF NEWPORT, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2021

	Parks and Recreation Fund	Public Parking Fund	Housing Fund	Airport Fund
ASSETS:				
Cash and cash equivalents	\$ 530,182	\$ 369,431	\$ 361,550	\$ 437,130
Accounts receivable, net	1,200	19,957	-	2,241
Prepaid items	-	-	-	28,874
Inventories	-	-	-	-
Due from other funds	-	-	-	-
	<u>\$ 531,382</u>	<u>\$ 389,388</u>	<u>\$ 361,550</u>	<u>\$ 468,245</u>
LIABILITIES:				
Accounts payable and accrued expenses	\$ 22,204	\$ -	\$ 3,978	\$ 11,290
Payroll and related liabilities	27,279	-	-	12,771
Due to other funds	165,000	-	-	-
	<u>214,483</u>	<u>-</u>	<u>3,978</u>	<u>24,061</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue	-	-	-	260,800
	<u>-</u>	<u>-</u>	<u>-</u>	<u>260,800</u>
FUND BALANCE:				
Nonspendable	-	-	-	28,874
Restricted	-	-	-	-
Committed	316,899	389,388	357,572	154,510
	<u>316,899</u>	<u>389,388</u>	<u>357,572</u>	<u>183,384</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 531,382</u>	<u>\$ 389,388</u>	<u>\$ 361,550</u>	<u>\$ 468,245</u>

Room Tax Fund	Building Inspection Fund	Streets Fund	Line Undergrounding Fund	SDC Fund	Agate Beach Fund	Total
\$ 1,295,906	\$ 423,421	\$ 492,052	\$ 482,782	\$ 2,332,379	\$ 1,009,295	\$ 7,734,128
651,421	-	344,018	13,954	-	-	1,032,791
40,000	-	-	-	-	-	68,874
-	-	42,690	-	-	-	42,690
-	-	-	-	-	165,000	165,000
<u>\$ 1,987,327</u>	<u>\$ 423,421</u>	<u>\$ 878,760</u>	<u>\$ 496,736</u>	<u>\$ 2,332,379</u>	<u>\$ 1,174,295</u>	<u>\$ 9,043,483</u>
\$ (2,140)	\$ 38,435	\$ 16,388	\$ -	\$ -	\$ 4,840	\$ 94,995
-	10,504	7,587	-	-	-	58,141
-	-	-	-	-	-	165,000
<u>(2,140)</u>	<u>48,939</u>	<u>23,975</u>	<u>-</u>	<u>-</u>	<u>4,840</u>	<u>318,136</u>
-	-	-	-	-	-	260,800
-	-	-	-	-	-	260,800
40,000	-	42,690	-	-	-	111,564
1,949,467	374,482	812,095	-	2,332,379	1,169,455	6,637,878
-	-	-	496,736	-	-	1,715,105
<u>1,989,467</u>	<u>374,482</u>	<u>854,785</u>	<u>496,736</u>	<u>2,332,379</u>	<u>1,169,455</u>	<u>8,464,547</u>
<u>\$ 1,987,327</u>	<u>\$ 423,421</u>	<u>\$ 878,760</u>	<u>\$ 496,736</u>	<u>\$ 2,332,379</u>	<u>\$ 1,174,295</u>	<u>\$ 9,043,483</u>

CITY OF NEWPORT, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2021

	Parks and Recreation Fund	Public Parking Fund	Housing Fund	Airport Fund
REVENUES:				
Transient room taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	138,034	-
Franchise fees, privilege taxes, licenses, and permits	-	25,168	-	-
Intergovernmental	-	-	-	-
Charges for services	198,092	-	-	374,688
Interest on investments	2,677	2,428	2,109	764
Miscellaneous	8,071	-	-	64,130
Total revenues	<u>208,840</u>	<u>27,596</u>	<u>140,143</u>	<u>439,582</u>
EXPENDITURES:				
General government	-	4,682	21,445	672,624
Highways and streets	-	-	-	-
Culture and recreation	1,181,322	-	-	-
Capital outlay	18,323	-	-	-
Total expenditures	<u>1,199,645</u>	<u>4,682</u>	<u>21,445</u>	<u>672,624</u>
Revenues over (under) expenditures	<u>(990,805)</u>	<u>22,914</u>	<u>118,698</u>	<u>(233,042)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,254,280	-	-	464,545
Transfers out	(113,800)	-	-	(156,306)
Total other financing sources (uses)	<u>1,140,480</u>	<u>-</u>	<u>-</u>	<u>308,239</u>
Net change in fund balance	149,675	22,914	118,698	75,197
FUND BALANCE, BEGINNING	<u>167,224</u>	<u>366,474</u>	<u>238,874</u>	<u>108,187</u>
FUND BALANCE, ENDING	<u>\$ 316,899</u>	<u>\$ 389,388</u>	<u>\$ 357,572</u>	<u>\$ 183,384</u>

Room Tax Fund	Building Inspection Fund	Streets Fund	Line Undergrounding Fund	SDC Fund	Agate Beach Fund	Total
\$ 2,297,183	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,297,183
-	-	-	-	-	-	138,034
-	-	-	188,016	-	-	213,184
-	-	1,207,934	-	-	-	1,207,934
-	383,312	-	-	279,200	-	1,235,292
7,669	3,190	3,848	2,527	14,654	-	39,866
-	125	4,192	-	-	-	76,518
<u>2,304,852</u>	<u>386,627</u>	<u>1,215,974</u>	<u>190,543</u>	<u>293,854</u>	<u>-</u>	<u>5,208,011</u>
470,344	489,744	-	1,343	552	45,029	1,705,763
-	-	486,222	-	-	-	486,222
-	-	-	-	-	-	1,181,322
-	-	17,910	-	33,000	-	69,233
<u>470,344</u>	<u>489,744</u>	<u>504,132</u>	<u>1,343</u>	<u>33,552</u>	<u>45,029</u>	<u>3,442,540</u>
<u>1,834,508</u>	<u>(103,117)</u>	<u>711,842</u>	<u>189,200</u>	<u>260,302</u>	<u>(45,029)</u>	<u>1,765,471</u>
9,294	3,000	140,000	-	-	-	1,871,119
(237,613)	-	(744,133)	-	(5,407)	-	(1,257,259)
<u>(228,319)</u>	<u>3,000</u>	<u>(604,133)</u>	<u>-</u>	<u>(5,407)</u>	<u>-</u>	<u>613,860</u>
1,606,189	(100,117)	107,709	189,200	254,895	(45,029)	2,379,331
<u>383,278</u>	<u>474,599</u>	<u>747,076</u>	<u>307,536</u>	<u>2,077,484</u>	<u>1,214,484</u>	<u>6,085,216</u>
<u>\$ 1,989,467</u>	<u>\$ 374,482</u>	<u>\$ 854,785</u>	<u>\$ 496,736</u>	<u>\$ 2,332,379</u>	<u>\$ 1,169,455</u>	<u>\$ 8,464,547</u>

Do or DO NOT, there is NO try.
Yoda

CITY OF NEWPORT, OREGON
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
June 30, 2021

	Debt Service Fund	G.O. Debt Service - Governmental Fund	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS:			
Cash and cash equivalents	\$ 38,262	\$ -	\$ 38,262
Receivables			
Property Taxes	-	27,062	27,062
Total assets	<u>\$ 38,262</u>	<u>\$ 27,062</u>	<u>\$ 65,324</u>
LIABILITIES:			
Due to other funds	\$ -	\$ 10,105	\$ 10,105
Total liabilities	<u>-</u>	<u>10,105</u>	<u>10,105</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue- property taxes	-	20,475	20,475
Total deferred inflows of resources	<u>-</u>	<u>20,475</u>	<u>20,475</u>
FUND BALANCE:			
Restricted	38,262	-	38,262
Unassigned	-	(3,518)	(3,518)
Total fund balance	<u>38,262</u>	<u>(3,518)</u>	<u>34,744</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 38,262</u>	<u>\$ 27,062</u>	<u>\$ 65,324</u>

CITY OF NEWPORT, OREGON
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2021

	Debt Service Fund	G.O. Debt Service Governmental Fund	Total
REVENUES:			
Property taxes	\$ -	\$ 600,897	\$ 600,897
Interest on investments	17	1,144	1,161
Total revenues	<u>17</u>	<u>602,041</u>	<u>602,058</u>
EXPENDITURES:			
Current			
General government	190	-	190
Debt service:			
Principal	75,500	320,000	395,500
Interest	13,095	253,268	266,363
Total expenditures	<u>88,785</u>	<u>573,268</u>	<u>662,053</u>
Revenues over (under) expenditures	<u>(88,768)</u>	<u>28,773</u>	<u>(59,995)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	132,507	-	132,507
Transfers out	-	-	-
Total other financing sources (uses)	<u>132,507</u>	<u>-</u>	<u>132,507</u>
Net change in fund balance	43,739	28,773	72,512
FUND BALANCE, BEGINNING	<u>(5,477)</u>	<u>(32,291)</u>	<u>(37,768)</u>
FUND BALANCE, ENDING	<u>\$ 38,262</u>	<u>\$ (3,518)</u>	<u>\$ 34,744</u>

CITY OF NEWPORT, OREGON
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 2021

	Capital Projects Reserve Fund	Capital Improvements Fund	Total
ASSETS:			
Cash and cash equivalents	\$ 2,144,594	\$ 934,481	\$ 3,079,075
Total assets	<u>\$ 2,144,594</u>	<u>\$ 934,481</u>	<u>\$ 3,079,075</u>
LIABILITIES:			
Accounts payable and accrued expenses	\$ -	\$ 119,133	\$ 119,133
Total liabilities	<u>-</u>	<u>119,133</u>	<u>119,133</u>
FUND BALANCE:			
Assigned	<u>2,144,594</u>	<u>815,348</u>	<u>2,959,942</u>
Total fund balance	<u>2,144,594</u>	<u>815,348</u>	<u>2,959,942</u>
Total liabilities and fund balance	<u>\$ 2,144,594</u>	<u>\$ 934,481</u>	<u>\$ 3,079,075</u>

CITY OF NEWPORT, OREGON
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2021

	Capital Projects Reserve Fund	Capital Improvements Fund	Total
REVENUES:			
Interest on investments	\$ 14,170	\$ 5,021	\$ 19,191
Total revenues	14,170	5,021	19,191
EXPENDITURES:			
Capital outlay	59,760	253,826	313,586
Total expenditures	59,760	253,826	313,586
Revenues over (under) expenditures	(45,590)	(248,805)	(294,395)
OTHER FINANCING SOURCES (USES):			
Transfers in	165,800	505,054	670,854
Transfers out	(4,213)	(78,265)	(82,478)
Total other financing sources (uses)	161,587	426,789	588,376
Net changes in fund balances	115,997	177,984	293,981
FUND BALANCE, BEGINNING	<u>2,028,597</u>	<u>637,364</u>	<u>2,665,961</u>
FUND BALANCE, ENDING	<u><u>\$ 2,144,594</u></u>	<u><u>\$ 815,348</u></u>	<u><u>\$ 2,959,942</u></u>

**CITY OF NEWPORT, OREGON
PARKS AND RECREATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest on investments	\$ 4,550	\$ 4,550	\$ 2,677	\$ (1,873)
Special event	3,000	3,000	3,100	100
Rents and leases	19,000	19,000	921	(18,079)
60+ center revenue	15,100	15,100	2,429	(12,671)
60+ center rents & leases	5,270	5,270	5,850	580
60+ center trips revenue	3,000	3,000	(16)	(3,016)
60+ center sponsor/fundraising	500	500	1,131	631
Swimming pool lessons	53,000	53,000	8,011	(44,989)
Swimming pool rentals	14,000	14,000	12,266	(1,734)
Swimming pool special events	2,000	2,000	31	(1,969)
Recreation center	475,000	475,000	95,629	(379,371)
Concessions	14,000	14,000	169	(13,831)
Activity programs - youth	135,000	135,000	21,293	(113,707)
Activity programs - adults	8,500	8,500	3,119	(5,381)
Sports programs - adults	10,000	10,000	5,700	(4,300)
Sports programs - youth	62,800	62,800	15,668	(47,132)
Sports programs - special event	13,000	13,000	5,518	(7,482)
Misc. grant	10,400	34,544	25,344	(9,200)
Total revenues	848,120	872,264	208,840	(663,424)
EXPENDITURES:				
Parks administration	178,592	190,497	194,676	(4,179)
60 + center	186,383	203,466	150,355	53,111
Swimming pool	517,848	524,543	371,370	153,173
Recreation center	526,905	533,934	389,533	144,401
Recreation programs	215,455	221,850	67,892	153,958
Sports programs	199,869	201,208	25,819	175,389
Interfund loan repayment	27,500	27,500	27,500	-
Contingency	185,255	158,909	-	158,909
Total expenditures	2,037,807	2,061,907	1,227,145	834,762
Revenues over (under) expenditures	(1,189,687)	(1,189,643)	(1,018,305)	171,338
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	(107,800)	(113,800)	(113,800)	-
Transfer from General Fund	1,248,917	1,248,917	1,248,917	-
Transfer from Reserve Fund	37,800	37,800	4,213	(33,587)
Transfer from Capital Improvement Fund	-	1,150	1,150	-
Total other financing sources (uses)	1,178,917	1,174,067	1,140,480	(33,587)
Net change in fund balance	(10,770)	(15,576)	122,175	137,751
FUND BALANCE, BEGINNING	354,918	359,724	359,724	-
FUND BALANCE, ENDING	\$ 344,148	\$ 344,148	481,899	\$ 137,751
<i>Reconciliation to generally accepted accounting principles</i>				
Due to other funds			(165,000)	
FUND BALANCE, ENDING - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES			\$ 316,899	

**CITY OF NEWPORT, OREGON
PUBLIC PARKING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest on investments	\$ 3,774	\$ 3,774	\$ 2,428	\$ (1,346)
Fees in lieu of parking	26,515	26,515	25,168	(1,347)
Total revenues	30,289	30,289	27,596	(2,693)
EXPENDITURES:				
Materials and services	4,689	4,689	4,682	7
Contingency	28,646	29,074	-	29,074
Total expenditures	33,335	33,763	4,682	29,081
Revenues over (under) expenditures	(3,046)	(3,474)	22,914	26,388
Net change in fund balance	(3,046)	(3,474)	22,914	26,388
FUND BALANCE, BEGINNING - BUDGETARY BASIS	366,046	366,474	366,474	-
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ 363,000</u>	<u>\$ 363,000</u>	<u>\$ 389,388</u>	<u>\$ 26,388</u>

CITY OF NEWPORT, OREGON
HOUSING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
CET affordable housing - other	\$ 21,280	\$ 51,280	\$ 48,312	\$ (2,968)
CET affordable housing - Oregon	14,476	14,476	20,705	6,229
CET affordable housing - incentive	48,253	48,253	69,017	20,764
Interest on investments	2,764	2,764	2,109	(655)
Total revenues	86,773	116,773	140,143	23,370
EXPENDITURES:				
Affordable housing	26,036	26,036	740	25,296
Oregon housing and community services	14,476	44,476	20,705	23,771
Contingency	339,281	285,136	-	285,136
Total expenditures	379,793	355,648	21,445	334,203
Revenues over (under) expenditures	(293,020)	(238,875)	118,698	357,573
Net change in fund balance	(293,020)	(238,875)	118,698	357,573
FUND BALANCE, BEGINNING - BUDGETARY BASIS	293,020	238,875	238,874	(1)
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 357,572	\$ 357,572

CITY OF NEWPORT, OREGON
AIRPORT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Jet fuel	\$ 150,000	\$ 150,000	\$ 190,423	\$ 40,423
Aviation gas	75,000	75,000	84,707	9,707
Oil	1,200	1,200	1,714	514
Pilot supplies	1,000	1,000	426	(574)
Food catering	750	750	164	(586)
Tie down	3,500	3,500	4,694	1,194
Rental car fees	25,000	25,000	(7,144)	(32,144)
Service provided for Wastewater Fund	30,704	30,704	30,704	-
Rents and leases	67,000	67,000	63,273	(3,727)
Concessions	1,000	1,000	175	(825)
COVID relief grants	69,000	69,000	69,000	-
Interest on investments	1,680	1,680	764	(916)
Miscellaneous sales and services	400	400	682	282
Total revenues	426,234	426,234	439,582	13,348
EXPENDITURES:				
Airport operations	693,984	698,842	672,624	26,218
Contingency	69,398	69,258	-	69,258
Total expenditures	763,382	768,100	672,624	95,476
Revenues over (under) expenditures	(337,148)	(341,866)	(233,042)	108,824
OTHER FINANCING SOURCES (USES):				
Transfer from General Fund	403,000	403,000	403,000	-
Transfer from Capital Projects Fund	-	61,545	61,545	-
Transfers to other funds	(81,668)	(156,306)	(156,306)	-
Total other financing sources (uses)	321,332	308,239	308,239	-
Net change in fund balance	(15,816)	(33,627)	75,197	108,824
FUND BALANCE, BEGINNING	90,378	108,187	108,187	-
FUND BALANCE, ENDING	\$ 74,562	\$ 74,560	\$ 183,384	\$ 108,824

CITY OF NEWPORT, OREGON
ROOM TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Transient room tax	\$ 998,823	\$ 1,458,823	\$ 2,297,183	\$ 838,360
Interest on investments	5,250	5,250	7,669	2,419
Total revenues	1,004,073	1,464,073	2,304,852	840,779
EXPENDITURES:				
Room tax	539,845	539,845	470,344	69,501
Contingency	53,485	822,840	-	822,840
Total expenditures	593,330	1,362,685	470,344	892,341
Revenues over (under) expenditures	410,743	101,388	1,834,508	1,733,120
OTHER FINANCING SOURCES (USES):				
Transfer from Capital Projects Fund	-	9,294	9,294	-
Transfers to other funds	(230,700)	(237,613)	(237,613)	-
Total other financing sources (uses)	(230,700)	(228,319)	(228,319)	-
Net change in fund balance	180,043	(126,931)	1,606,189	1,733,120
FUND BALANCE, BEGINNING - BUDGETARY BASIS	76,304	383,278	383,278	-
FUND BALANCE, ENDING -BUDGETARY BASIS	<u>\$ 256,347</u>	<u>\$ 256,347</u>	<u>\$ 1,989,467</u>	<u>\$ 1,733,120</u>

CITY OF NEWPORT, OREGON
BUILDING INSPECTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Building permits	\$ 54,000	\$ 54,000	\$ 84,186	\$ 30,186
Electrical permits	38,250	38,250	39,024	774
Plumbing permits	37,260	37,260	22,155	(15,105)
Mechanical permits	12,330	12,330	15,369	3,039
Sign permits	2,700	2,700	5,507	2,807
Building plan review	63,000	63,000	39,218	(23,782)
Building state surcharge	6,120	6,120	11,291	5,171
Construction excise tax Lincoln County School District	24,300	174,300	144,533	(29,767)
Construction excise tax Lincoln County School District - Admin	1,008	1,008	6,022	5,014
Electrical plan review	4,590	4,590	2,960	(1,630)
Electrical state surcharge	4,590	4,590	4,857	267
Plumbing plan review	450	450	0	(450)
Plumbing state surcharge	4,500	4,500	2,655	(1,845)
Mechanical plan review	225	225	701	476
Mechanical state surcharge	1,485	1,485	1,853	368
MFD and RV parks	900	900	691.00	(209)
Building inspections reimbursement	900	900	2,290	1,390
Interest on investments	7,183	7,183	3,190	(3,993)
Miscellaneous sales and services	125	125	125	-
Total revenues	<u>263,916</u>	<u>413,916</u>	<u>386,627</u>	<u>(27,289)</u>
EXPENDITURES:				
Building inspections	414,111	568,011	489,744	78,267
Contingency	41,411	43,410	-	43,410
Total expenditures	<u>455,522</u>	<u>611,421</u>	<u>489,744</u>	<u>121,677</u>
Revenues over (under) expenditures	(191,606)	(197,505)	(103,117)	94,388
OTHER FINANCING SOURCES (USES):				
Transfer from General Fund	3,000	3,000	3,000	-
Total other financing sources (uses)	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Net changes in fund balances	(188,606)	(194,505)	(100,117)	94,388
FUND BALANCES, BEGINNING	<u>468,700</u>	<u>474,599</u>	<u>474,599</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 280,094</u>	<u>\$ 280,094</u>	<u>\$ 374,482</u>	<u>\$ 94,388</u>

CITY OF NEWPORT, OREGON
STREETS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
State gas tax proration	\$ 631,520	\$ 631,520	\$ 769,903	\$ 138,383
Newport gas tax proration	160,000	160,000	204,323	44,323
State IS TEA entitlement	233,707	233,707	233,708	1
Interest on investments	5,213	5,213	3,848	(1,365)
Miscellaneous sales and services	1,000	1,000	4,192	3,192
Total revenues	<u>1,031,440</u>	<u>1,031,440</u>	<u>1,215,974</u>	<u>184,534</u>
EXPENDITURES:				
Street maintenance	652,386	652,824	486,222	166,602
Storm drain maintenance	-	-	17,910	(17,910)
Contingency	65,239	225,338	-	225,338
Total expenditures	<u>717,625</u>	<u>878,162</u>	<u>504,132</u>	<u>374,030</u>
Revenues over (under) expenditures	313,815	153,278	711,842	558,564
OTHER FINANCING SOURCES (USES):				
Transfer from Water Fund	70,000	70,000	70,000	-
Transfer from Wastewater Fund	70,000	70,000	70,000	-
Transfers to other funds	(542,133)	(744,133)	(744,133)	-
Total other financing sources (uses)	<u>(402,133)</u>	<u>(604,133)</u>	<u>(604,133)</u>	<u>-</u>
Net changes in fund balances	(88,318)	(450,855)	107,709	558,564
FUND BALANCES, BEGINNING	<u>541,847</u>	<u>704,384</u>	<u>747,076</u>	<u>42,692</u>
FUND BALANCES, ENDING	<u>\$ 453,529</u>	<u>\$ 253,529</u>	<u>\$ 854,785</u>	<u>\$ 601,256</u>

CITY OF NEWPORT, OREGON
LINE UNDERGROUNDING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Franchise tax - Central Lincoln PUD	\$ 150,000	\$ 150,000	\$ 188,016	\$ 38,016
Interest on investments	3,756	3,756	2,527	(1,229)
Total revenues	153,756	153,756	190,543	36,787
EXPENDITURES:				
Line undergrounding	1,654	1,654	1,343	311
Contingency	454,199	459,638	-	459,638
Total expenditures	455,853	461,292	1,343	459,949
Revenues over (under) expenditures	(302,097)	(307,536)	189,200	496,736
Net changes in fund balances	(302,097)	(307,536)	189,200	496,736
FUND BALANCES, BEGINNING	302,097	307,536	307,536	-
FUND BALANCES, ENDING	\$ -	\$ -	\$ 496,736	\$ 496,736

CITY OF NEWPORT, OREGON
SDC FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
System development charges	\$ 457,403	\$ 457,403	\$ 279,200	\$ (178,203)
Interest from system development charges	4,818	4,818	-	(4,818)
Interest on investments	24,154	24,154	14,654	(9,500)
Total revenues	486,375	486,375	293,854	(192,521)
EXPENDITURES:				
Administrative fees	552	552	552	-
Street charges	-	33,000	33,000	-
Contingency	2,751,018	2,524,900	-	2,524,900
Total expenditures	2,751,570	2,558,452	33,552	2,524,900
Revenues over (under) expenditures	(2,265,195)	(2,072,077)	260,302	2,332,379
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	(5,407)	(5,407)	(5,407)	-
Total other financing sources (uses)	(5,407)	(5,407)	(5,407)	-
Net changes in fund balances	(2,270,602)	(2,077,484)	254,895	2,332,379
FUND BALANCES, BEGINNING	2,270,602	2,077,484	2,077,484	-
FUND BALANCES, ENDING	\$ -	\$ -	\$ 2,332,379	\$ 2,332,379

CITY OF NEWPORT, OREGON
AGATE BEACH FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Interfund loan repayment	\$ 27,500	\$ 27,500	\$ 27,500	\$ -
Total revenues	<u>27,500</u>	<u>27,500</u>	<u>27,500</u>	<u>-</u>
EXPENDITURES:				
Materials and services	32,402	52,402	45,029	7,373
Contingency	<u>770,919</u>	<u>737,082</u>	<u>-</u>	<u>737,082</u>
Total expenditures	<u>803,321</u>	<u>789,484</u>	<u>45,029</u>	<u>744,455</u>
Revenues over (under) expenditures	<u>(775,821)</u>	<u>(761,984)</u>	<u>(17,529)</u>	<u>744,455</u>
Net changes in fund balances	(775,821)	(761,984)	(17,529)	744,455
FUND BALANCES, BEGINNING	<u>1,035,821</u>	<u>1,021,984</u>	<u>1,021,984</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 260,000</u>	<u>\$ 260,000</u>	1,004,455	<u>\$ 744,455</u>
<i>Reconciliation to generally accepted accounting principles</i>				
Due from other funds			<u>165,000</u>	
FUND BALANCE, ENDING - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES			<u>\$ 1,169,455</u>	

CITY OF NEWPORT, OREGON
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest on investments	\$ 2	\$ 2	\$ 17	\$ 15
Total revenues	2	2	17	15
EXPENDITURES:				
General debt	88,135	88,135	88,785	(650)
Total expenditures	88,135	88,135	88,785	(650)
Revenues over (under) expenditures	(88,133)	(88,133)	(88,768)	(635)
OTHER FINANCING SOURCES (USES):				
Transfer from General Fund	8,000	11,000	11,000	-
Transfer from Airport Fund	65,000	66,000	66,000	-
Transfer from Room Tax Fund	6,700	8,700	8,700	-
Transfer from Street Fund	-	2,000	2,000	-
Transfer from Debt Service - Wastewater Fund	-	36,807	36,807	-
Transfer from Water Fund	5,000	6,000	6,000	-
Transfer from Wastewater Fund	1,000	2,000	2,000	-
Total other financing sources (uses)	85,700	132,507	132,507	-
Net change in fund balance	(2,433)	44,374	43,739	(635)
FUND BALANCE, BEGINNING	7,171	(5,477)	(5,477)	-
FUND BALANCE, ENDING	\$ 4,738	\$ 38,897	\$ 38,262	\$ (635)

CITY OF NEWPORT, OREGON
G.O. DEBT SERVICE - GOVERNMENTAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes				
Current	\$ 613,398	\$ 613,398	\$ 585,687	\$ (27,711)
Delinquent	15,000	15,000	15,210	210
Interest on investments	1,400	1,400	1,144	(256)
	<u>629,798</u>	<u>629,798</u>	<u>602,041</u>	<u>(27,757)</u>
Total revenues				
EXPENDITURES:				
Swimming pool GO debt	<u>573,269</u>	<u>573,269</u>	<u>573,268</u>	<u>1</u>
Total expenditures	<u>573,269</u>	<u>573,269</u>	<u>573,268</u>	<u>1</u>
Revenues over (under) expenditures	<u>56,529</u>	<u>56,529</u>	<u>28,773</u>	<u>(27,756)</u>
Net change in fund balance	56,529	56,529	28,773	(27,756)
FUND BALANCE, BEGINNING	<u>437</u>	<u>(32,291)</u>	<u>(32,291)</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 56,966</u>	<u>\$ 24,238</u>	<u>\$ (3,518)</u>	<u>\$ (27,756)</u>

CITY OF NEWPORT, OREGON
CAPITAL PROJECTS RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest on investments	\$ 22,187	\$ 22,187	\$ 14,170	\$ (8,017)
Total revenues	22,187	22,187	14,170	(8,017)
EXPENDITURES:				
Police	40,000	40,000	-	40,000
Fire	-	69,500	59,760	9,740
Library	14,600	14,600	-	14,600
Total expenditures	54,600	124,100	59,760	64,340
Revenues over (under) expenditures	(32,413)	(101,913)	(45,590)	56,323
OTHER FINANCING SOURCES (USES):				
Transfer from Water Fund	75,000	75,000	75,000	-
Transfer from General Fund	20,000	53,000	53,000	-
Transfer from Recreation Fund	37,800	37,800	37,800	-
Transfers out	(37,800)	(37,800)	(4,213)	33,587
Total other financing sources (uses)	95,000	128,000	161,587	33,587
Net change in fund balance	62,587	26,087	115,997	89,910
FUND BALANCE, BEGINNING	2,220,781	2,028,597	2,028,597	-
FUND BALANCE, ENDING	<u>\$ 2,283,368</u>	<u>\$ 2,054,684</u>	<u>\$ 2,144,594</u>	<u>\$ 89,910</u>

CITY OF NEWPORT, OREGON
CAPITAL IMPROVEMENTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest on investments	\$ 7,470	\$ 7,470	\$ 5,021	\$ (2,449)
Total revenues	7,470	7,470	5,021	(2,449)
EXPENDITURES:				
City hall improvements	108,600	97,901	26,203	71,698
Library improvements	115,000	135,700	117,500	18,200
Fire improvements	75,000	86,038	30,238	55,800
PAC improvements	-	70,000	633	69,367
VAC improvements	15,000	15,218	3,680	11,538
60+ activity center improvements	6,800	41,765	-	41,765
Recreation center improvements	95,000	195,464	27,642	167,822
Parks & grounds improvements	92,627	264,669	47,930	216,739
Total expenditures	508,027	906,755	253,826	652,929
Revenues over (under) expenditures	(500,557)	(899,285)	(248,805)	650,480
OTHER FINANCING SOURCES (USES):				
Transfer from General Fund	55,000	141,154	141,154	-
Transfer from City Facilities Fund	115,000	207,900	207,900	-
Transfer from Recreation Fund	70,000	76,000	76,000	-
Transfer from Capital Projects Fund	-	60,000	60,000	-
Transfer from Capital Improvements Fund	-	20,000	20,000	-
Transfers out	(12,500)	(78,265)	(78,265)	-
Total other financing sources (uses)	227,500	426,789	426,789	-
Net changes in fund balances	(273,057)	(472,496)	177,984	650,480
FUND BALANCE, BEGINNING - BUDGETARY BASIS				
	493,078	637,364	637,364	-
FUND BALANCE, ENDING - BUDGETARY BASIS				
	\$ 220,021	\$ 164,868	\$ 815,348	\$ 650,480

CITY OF NEWPORT, OREGON
WATER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Water user charges	\$ 4,020,000	\$ 4,020,000	\$ 4,166,574	\$ 146,574
Miscellaneous sales and services	60,000	60,000	35,957	(24,043)
New services and meters	26,000	26,000	29,319	3,319
Interest on investments	110,855	110,855	33,135	(77,720)
Bond and loan proceeds	4,000,000	-	-	-
Total revenues	8,216,855	4,216,855	4,264,985	48,130
EXPENDITURES:				
Water plant	1,122,986	1,574,381	1,629,150	(54,769)
Water distribution	917,688	921,888	804,240	117,648
Water administrative programs	1,016,958	1,039,065	1,032,492	6,573
Contingency	305,763	-	-	-
Total expenditures	3,363,395	3,535,334	3,465,882	69,452
Revenues over (under) expenditures	4,853,460	681,521	799,103	117,582
OTHER FINANCING SOURCES (USES):				
Transfer from Prop. Capital Projects Fund	-	18,387	18,387	-
Transfers out	(6,778,635)	(2,779,635)	(2,779,635)	-
Total other financing sources (uses)	(6,778,635)	(2,761,248)	(2,761,248)	-
Net change in fund balance	(1,925,175)	(2,079,727)	(1,962,145)	117,582
FUND BALANCE, BEGINNING - BUDGETARY BASIS				
	2,857,351	2,647,774	2,647,774	-
PRIOR PERIOD ADJUSTMENT				
	-	-	(577,579)	(577,579)
FUND BALANCE, ENDING - BUDGETARY BASIS				
	\$ 932,176	\$ 568,047	108,050	\$ (459,997)
RECONCILIATION TO NET POSITION				
Inventories			360,044	
Capital assets, net			29,583,196	
Compensated absences			(60,594)	
Deferred outflows related to pensions			23,454	
Deferred outflows related to OPEB			3,352	
Net pension liability			(21,612)	
OPEB liability			(29,477)	
Deferred inflows related to pensions			(110,153)	
Deferred inflows related to OPEB			(11,718)	
Long-term debt			(15,463,324)	
Bond premium			(88,040)	
Interest payable			(6,948,307)	
Net position at end of year			\$ 7,344,871	

CITY OF NEWPORT, OREGON
WASTEWATER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Sewer user charges	\$ 4,340,000	\$ 4,340,000	\$ 4,549,361	\$ 209,361
Septage	105,000	105,000	92,134	(12,866)
Interest on investments	5,598	5,598	5,514	(84)
Miscellaneous sales and services	5,000	5,000	20,909	15,909
Total revenues	<u>4,455,598</u>	<u>4,455,598</u>	<u>4,667,918</u>	<u>212,320</u>
EXPENDITURES:				
Wastewater plant	1,502,169	1,504,207	1,354,314	149,893
Wastewater collections	744,468	744,906	568,857	176,049
Wastewater administrative programs	1,160,091	1,185,091	1,177,675	7,416
Contingency	340,673	147,619	-	147,619
Total expenditures	<u>3,747,401</u>	<u>3,581,823</u>	<u>3,100,846</u>	<u>480,977</u>
Revenues over (under) expenditures	<u>708,197</u>	<u>873,775</u>	<u>1,567,072</u>	<u>693,297</u>
OTHER FINANCING SOURCES (USES):				
Transfer from Prop. Capital Projects Fund	-	181,726	181,726	-
Transfers to other funds	(990,443)	(1,128,836)	(1,128,836)	-
Total other financing sources (uses)	<u>(990,443)</u>	<u>(947,110)</u>	<u>(947,110)</u>	<u>-</u>
Net change in fund balance	(282,246)	(73,335)	619,962	693,297
FUND BALANCE, BEGINNING - BUDGETARY BASIS	1,203,371	994,462	994,462	-
PRIOR PERIOD ADJUSTMENT	-	-	(237,688)	(237,688)
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ 921,125</u>	<u>\$ 921,125</u>	1,376,736	<u>\$ 455,609</u>
RECONCILIATION TO NET POSITION				
Inventories			127,969	
Capital assets, net			49,222,425	
Compensated absences			(34,903)	
Deferred outflows related to pensions			23,454	
Deferred outflows related to OPEB			3,352	
Net pension liability			(21,612)	
OPEB liability			(29,477)	
Deferred inflows related to pensions			(110,153)	
Deferred inflows related to OPEB			(11,718)	
Long-term debt			(20,940,966)	
Bond premium			(44,647)	
Interest payable			(1,099,918)	
Net position at end of year			<u>\$ 28,460,542</u>	

CITY OF NEWPORT, OREGON
STORMWATER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Capital Improvement surcharge	\$ 209,000	\$ 209,000	\$ 199,261	\$ (9,739)
Storm drain utility fees	-	-	-	-
Stormwater fees	1,242,000	1,242,000	818,684	(423,316)
Interest on investments	611	611	882	271
Total revenues	1,451,611	1,451,611	1,018,827	(432,784)
EXPENDITURES:				
Stormwater maintenance	694,396	694,834	633,729	61,105
Contingency	69,440	371,867	-	371,867
Total expenditures	763,836	1,066,701	633,729	432,972
Revenues over (under) expenditures	687,775	384,910	385,098	188
OTHER FINANCING SOURCES (USES):				
Transfer from street fund	133,426	333,426	333,426	-
Transfer from capital projects fund	-	244,380	244,380	-
Transfers to other funds	(834,998)	(978,825)	(978,825)	-
Total other financing sources (uses)	(701,572)	(401,019)	(401,019)	-
Net changes in fund balances	(13,797)	(16,109)	(15,921)	188
FUND BALANCE, BEGINNING BUDGETARY BASIS	281,911	284,224	284,224	-
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ 268,114</u>	<u>\$ 268,115</u>	267,483	<u>\$ (632)</u>
RECONCILIATION TO NET POSITION				
Capital assets, net			593,986	
Compensated absences			(11,316)	
Deferred outflows related to pensions			5,148	
Deferred outflows related to OPEB			736	
Net pension liability			(4,744)	
OPEB liability			(6,471)	
Deferred inflows related to pensions			(24,177)	
Deferred inflows related to OPEB			(2,572)	
Long-term debt			(2,367,000)	
Interest payable			(5,918)	
Net position at end of year			<u>\$ (1,554,845)</u>	

CITY OF NEWPORT, OREGON
G.O. DEBT SERVICE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes				
Current	\$ 2,220,251	\$ 2,220,251	\$ 2,119,950	\$ (100,301)
Delinquent	37,000	37,000	55,092	18,092
Interest on investment	6,650	6,650	5,877	(773)
Total revenues	<u>2,263,901</u>	<u>2,263,901</u>	<u>2,180,919</u>	<u>(82,982)</u>
EXPENDITURES:				
Water GO debt	<u>2,075,001</u>	<u>2,075,001</u>	<u>2,075,000</u>	<u>1</u>
Total expenditures	<u>2,075,001</u>	<u>2,075,001</u>	<u>2,075,000</u>	<u>1</u>
Revenues over (under) expenditures	188,900	188,900	105,919	(82,981)
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>455</u>	<u>(27,706)</u>	<u>(27,706)</u>	<u>-</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ 189,355</u>	<u>\$ 161,194</u>	<u>78,213</u>	<u>\$ (82,981)</u>
RECONCILIATION TO NET POSITION				
Unavailable revenues			<u>90,150</u>	
Net position at end of year			<u>\$ 168,363</u>	

CITY OF NEWPORT, OREGON
COMBINING SCHEDULE OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2021

	Business-Type Activities - Enterprise Funds				
	Water Debt Service Fund	Wastewater Debt Service Fund	Stormwater Debt Service Fund	Capital Projects Fund	Total
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ 4,229	\$ 461,478	\$ 177,391	\$ 2,414,339	\$ 3,057,437
Total assets	<u>\$ 4,229</u>	<u>\$ 461,478</u>	<u>\$ 177,391</u>	<u>\$ 2,414,339</u>	<u>\$ 3,057,437</u>
LIABILITIES:					
Current liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 324,536	\$ 324,536
Retainage payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,388</u>	<u>17,388</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>341,924</u>	<u>341,924</u>
NET POSITION:					
Restricted for:					
Capital construction	-	-	-	2,072,415	2,072,415
Debt service	<u>4,229</u>	<u>461,478</u>	<u>177,391</u>	<u>-</u>	<u>643,098</u>
Total net position	<u>4,229</u>	<u>461,478</u>	<u>177,391</u>	<u>2,072,415</u>	<u>2,715,513</u>
Total liabilities and net position	<u>\$ 4,229</u>	<u>\$ 461,478</u>	<u>\$ 177,391</u>	<u>\$ 2,414,339</u>	<u>\$ 3,057,437</u>

CITY OF NEWPORT, OREGON
NONMAJOR ENTERPRISE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2021

	Water Debt Service Fund	Wastewater Debt Service Fund	Stormwater Debt Service Fund	Capital Projects Fund	Total Nonmajor Enterprise Funds
REVENUES:					
Interest on investments	\$ 25	\$ 3,256	\$ 1,768	\$ 32,290	\$ 37,339
Total revenues	25	3,256	1,768	32,290	37,339
EXPENDITURES:					
Total expenditures	-	-	-	-	-
Revenues over (under) expenditures	25	3,256	1,768	32,290	37,339
OTHER FINANCING SOURCES (USES):					
Grants	-	-	-	75,306	75,306
Transfers in	1,033,210	593,350	173,311	3,885,376	5,685,247
Transfers out	(1,032,529)	(770,357)	-	(4,010,525)	(5,813,411)
Total other financing sources (uses)	681	(177,007)	173,311	(49,843)	(52,858)
Net change in fund balance	706	(173,751)	175,079	(17,553)	(15,519)
NET POSITION - BEGINNING	3,523	635,229	2,312	2,089,968	2,731,032
NET POSITION - ENDING	<u>\$ 4,229</u>	<u>\$ 461,478</u>	<u>\$ 177,391</u>	<u>\$ 2,072,415</u>	<u>\$ 2,715,513</u>

CITY OF NEWPORT, OREGON
PROPRIETARY FUNDS
SCHEDULE OF CASH FLOWS
For the Fiscal Year Ended June 30, 2021

	Business-Type Activities - Enterprise Funds				
	Water Debt Service Fund	Wastewater Debt Service Fund	Stormwater Debt Service Fund	Capital Projects Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ -	\$ -	\$ -	\$ 1,832	\$ 1,832
Cash payments to suppliers of goods and services	-	-	-	(922,037)	(922,037)
Net cash provided by (used for) operating activities	-	-	-	(920,205)	(920,205)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Purchase of capital assets	-	-	-	(3,512,207)	(3,512,207)
Proceeds from the issuance of debt	-	-	-	1,271,928	1,271,928
Grants	-	-	-	75,306	75,306
Transfers in	1,033,210	593,350	173,311	2,613,448	4,413,319
Transfers out	-	(212,007)	-	(498,318)	(710,325)
Principal payments	(211,285)	(485,000)	-	-	(696,285)
Interest payment	(821,244)	(73,350)	-	-	(894,594)
Net cash provided by (used for) capital and related financing activities	681	(177,007)	173,311	(49,843)	(52,858)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on investments	25	3,256	1,768	32,290	37,339
Net cash provided by investing activities	25	3,256	1,768	32,290	37,339
Net increase (decrease) in cash and cash equivalents	706	(173,751)	175,079	(937,758)	(935,724)
CASH AND CASH EQUIVALENTS, BEGINNING	3,523	635,229	2,312	3,352,097	3,993,161
CASH AND CASH EQUIVALENTS, ENDING	\$ 4,229	\$ 461,478	\$ 177,391	\$ 2,414,339	\$ 3,057,437
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:					
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Changes in assets, deferred outflows, liabilities and deferred inflows:					
Receivables	-	-	-	1,832	1,832
Accounts payable	-	-	-	(500,339)	(500,339)
Retainage payable	-	-	-	(421,698)	(421,698)
Net cash provided by (used for) operating activities	\$ -	\$ -	\$ -	\$ (920,205)	\$ (920,205)
NON-CASH CAPITAL FINANCING ACTIVITIES:					
Transfers in	\$ -	\$ -	\$ -	\$ 1,271,928	\$ 1,271,928
Transfers out	(1,032,529)	(558,350)	-	(3,512,207)	(5,103,086)
Total non-cash capital financing activities	\$ (1,032,529)	\$ (558,350)	\$ -	\$ (2,240,279)	\$ (3,831,158)

CITY OF NEWPORT, OREGON
WATER DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest on investments	\$ 4	\$ 4	\$ 25	\$ 21
Total revenues	4	4	25	21
EXPENDITURES:				
General debt	69,460	69,460	69,460	-
Revenue bonds debt	963,248	963,248	963,069	179
Contingency	-	2,991	-	2,991
Total expenditures	1,032,708	1,035,699	1,032,529	3,170
Revenues over (under) expenditures	(1,032,704)	(1,035,695)	(1,032,504)	3,191
OTHER FINANCING SOURCES (USES):				
Transfer from Water Fund	1,033,210	1,033,210	1,033,210	-
Total other financing sources (uses)	1,033,210	1,033,210	1,033,210	-
Net change in fund balance	506	(2,485)	706	3,191
FUND BALANCE, BEGINNING - BUDGETARY BASIS	532	3,523	3,523	-
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 1,038	\$ 1,038	\$ 4,229	\$ 3,191

CITY OF NEWPORT, OREGON
WASTEWATER DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest on investments	\$ 6,370	\$ 6,370	\$ 3,256	\$ (3,114)
Total revenues	6,370	6,370	3,256	(3,114)
EXPENDITURES:				
General debt	558,350	558,350	558,350	-
Contingency	-	3,378	-	3,378
Total expenditures	558,350	561,728	558,350	3,378
Revenues over (under) expenditures	(551,980)	(555,358)	(555,094)	264
OTHER FINANCING SOURCES (USES):				
Transfer from Room Tax Fund	165,000	165,000	165,000	-
Transfer from SDC Fund	5,407	5,407	5,407	-
Transfer from Wastewater Fund	422,943	422,943	422,943	-
Transfer to Debt Service Governmental Fund	-	(36,807)	(36,807)	-
Transfer to Debt Service Stormwater Fund	(175,200)	(175,200)	(175,200)	-
Total other financing sources (uses)	418,150	381,343	381,343	-
Net change in fund balance	(133,830)	(174,015)	(173,751)	264
FUND BALANCE, BEGINNING -				
BUDGETARY BASIS	631,851	635,229	635,229	-
FUND BALANCE, ENDING -				
BUDGETARY BASIS	\$ 498,021	\$ 461,214	\$ 461,478	\$ 264

CITY OF NEWPORT, OREGON
STORMWATER DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Interest on investments	\$ 8	\$ 8	\$ 1,768	\$ 1,760
Total revenues	8	8	1,768	1,760
EXPENDITURES:				
2018 stormwater debt	380,010	380,010	379,889	121
DEQ debt	254,198	254,198	254,198	-
Total expenditures	634,208	634,208	634,087	121
Revenues over (under) expenditures	(634,200)	(634,200)	(632,319)	1,881
OTHER FINANCING SOURCES (USES):				
Transfer from stormwater fund	632,198	632,198	632,198	-
Transfer from debt service wastewater fund	175,200	175,200	175,200	-
Total other financing sources (uses)	807,398	807,398	807,398	-
Net changes in fund balances	173,198	173,198	175,079	1,881
FUND BALANCE, BEGINNING BUDGETARY BASIS	2,140	2,312	2,312	-
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ 175,338</u>	<u>\$ 175,510</u>	<u>\$ 177,391</u>	<u>\$ 1,881</u>

**CITY OF NEWPORT, OREGON
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
ODOT/ODF development fees	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)
OWRD place based plan grant	75,000	75,000	15,000	(60,000)
Local improvement district revenue	250,000	250,000	-	(250,000)
Interest on investments	74,675	74,675	32,290	(42,385)
Safe drinking water grant	25,515	25,515	-	(25,515)
FEMA grant	345,000	345,000	60,306	(284,694)
Total revenues	870,190	870,190	107,596	(762,594)
EXPENDITURES:				
Water	9,771,344	6,751,250	2,956,188	3,795,062
Wastewater	2,106,807	1,522,617	339,396	1,183,221
Stormwater	1,423,957	1,415,025	216,623	1,198,402
Total expenditures	13,302,108	9,688,892	3,512,207	6,176,685
Revenues over (under) expenditures	(12,431,918)	(8,818,702)	(3,404,611)	5,414,091
OTHER FINANCING SOURCES (USES):				
Bond and loan proceeds	329,228	1,480,042	1,271,928	(208,114)
Transfers in	6,255,425	2,613,448	2,613,448	-
Transfers out	-	(498,318)	(498,318)	-
Total other financing sources (uses)	6,584,653	3,595,172	3,387,058	(208,114)
Net changes in fund balances	(5,847,265)	(5,223,530)	(17,553)	5,205,977
FUND BALANCE, BEGINNING BUDGETARY BASIS	5,921,940	5,298,205	2,089,968	(3,208,237)
FUND BALANCE, ENDING BUDGETARY BASIS	\$ 74,675	\$ 74,675	\$ 2,072,415	\$ 1,997,740

CITY OF NEWPORT, OREGON
INTERNAL SERVICE FUNDS
COMBINING SCHEDULE OF NET POSITION
June 30, 2021

	Internal Service Funds		
	Public Works Fund	City Facility Fund	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 893,304	\$ 970,296	\$ 1,863,600
Total current assets	893,304	970,296	1,863,600
Noncurrent assets:			
Capital assets:			
Land and construction in progress	599,340	-	599,340
Other capital assets, net of depreciation	123,351	-	123,351
Total noncurrent assets	722,691	-	722,691
Total assets	1,615,995	970,296	2,586,291
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	19,975	12,584	32,559
Deferred outflows related to OPEB	2,855	1,799	4,654
Total deferred outflows of resources	22,830	14,383	37,213
Total deferred outflows of resources and assets	\$ 1,638,825	\$ 984,679	\$ 2,623,504
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
LIABILITIES:			
Current liabilities:			
Accounts payable	\$ 10,824	\$ 102,023	\$ 112,847
Accrued payroll and other payroll liabilities	28,369	16,378	44,747
Accrued compensated absences	46,318	21,089	67,407
Total current liabilities	85,511	139,490	225,001
Noncurrent liabilities:			
Net pension liability	18,406	11,596	30,002
Net OPEB liability	25,106	15,817	40,923
Total noncurrent liabilities	43,512	27,413	70,925
Total Liabilities	129,023	166,903	295,926
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	93,813	59,101	152,914
Deferred inflows related to OPEB	9,981	6,288	16,269
Total deferred inflows of resources	103,794	65,389	169,183
NET POSITION:			
Investment in capital assets	722,691	-	722,691
Unrestricted	683,317	752,387	1,435,704
Total net position	1,406,008	752,387	2,158,395
Total liabilities, deferred inflows of resources and net position	\$ 1,638,825	\$ 984,679	\$ 2,623,504

CITY OF NEWPORT, OREGON
INTERNAL SERVICE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2021

	Internal Service Funds		
	Public Works Fund	City Facility Fund	Total
OPERATING REVENUES:			
Service charges and fees	\$ 967,669	\$ 179,171	\$ 1,146,840
Miscellaneous	3,368	144	3,512
Matching funds	-	352,592	352,592
Total operating revenues	971,037	531,907	1,502,944
OPERATING EXPENSES:			
Salaries and wages	625,324	394,025	1,019,349
Contracted services	60,880	216,866	277,746
Property services	13,974	152,025	165,999
Operating supplies	10,744	9,962	20,706
Utilities	-	462,604	462,604
Depreciation and amortization	32,440	-	32,440
Repairs and maintenance	5,992	166,987	172,979
Charges for services	64,210	80,342	144,552
Miscellaneous	31,777	109,861	141,638
Total operating expenses	845,341	1,592,672	2,438,013
Operating income (loss)	125,696	(1,060,765)	(935,069)
NON-OPERATING REVENUES (EXPENSE):			
Interest on investments	5,546	3,802	9,348
Total non-operating income (expenses)	5,546	3,802	9,348
Net income (loss) before transfers	131,242	(1,056,963)	(925,721)
TRANSFERS:			
Transfers in	-	1,704,407	1,704,407
Transfers out	-	(207,900)	(207,900)
Total transfers in(out)	-	1,496,507	1,496,507
Net change in fund balance	131,242	439,544	570,786
NET POSITION, BEGINNING	1,274,766	312,843	1,587,609
NET POSITION, ENDING	\$ 1,406,008	\$ 752,387	\$ 2,158,395

CITY OF NEWPORT, OREGON
INTERNAL SERVICE FUNDS
COMBINING SCHEDULE OF CASH FLOWS
For the Fiscal Year Ended June 30, 2021

	Internal Service Funds		
	Public Works Fund	City Facility Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 977,763	\$ 531,763	\$ 1,509,526
Services provided to other funds	3,368	144	3,512
Cash payments to suppliers of goods and services	(113,763)	(1,095,248)	(1,209,011)
Cash payments to employees for services	(694,227)	(447,228)	(1,141,455)
Cash payments to other funds	(64,210)	(80,342)	(144,552)
Net cash provided by (used for) operating activities	<u>108,931</u>	<u>(1,090,911)</u>	<u>(981,980)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers in	-	1,704,407	1,704,407
Transfers out	-	(207,900)	(207,900)
Net cash provided by (used for) non-capital financing activities	<u>-</u>	<u>1,496,507</u>	<u>1,496,507</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	<u>5,546</u>	<u>3,802</u>	<u>9,348</u>
Net cash provided by investing activities	<u>5,546</u>	<u>3,802</u>	<u>9,348</u>
Net increase (decrease) in cash and cash equivalents	114,477	409,398	523,875
CASH AND CASH EQUIVALENTS, BEGINNING	<u>778,827</u>	<u>560,898</u>	<u>1,339,725</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 893,304</u>	<u>\$ 970,296</u>	<u>\$ 1,863,600</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating Income	\$ 125,696	\$ (1,060,765)	\$ (935,069)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	32,440	-	32,440
Changes in assets, deferred outflows, liabilities and deferred inflows:			
Receivables	10,094	-	10,094
Deferred outflows of resources	26,383	17,919	44,302
Accounts payable	9,604	23,057	32,661
Payroll and related items	221	(774)	(553)
Compensated absences	(2,334)	(5,304)	(7,638)
Other postemployment benefit liability	(17,554)	(12,186)	(29,740)
Net pension liability	(91,854)	(60,775)	(152,629)
Deferred inflows of resources	16,235	7,917	24,152
Net cash provided by (used for) operating activities	<u>\$ 108,931</u>	<u>\$ (1,090,911)</u>	<u>\$ (981,980)</u>

CITY OF NEWPORT, OREGON
PUBLIC WORKS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Service provided for Street Fund	\$ 96,767	\$ 96,767	\$ 96,767	\$ -
Service provided for Water Fund	387,068	387,068	387,068	-
Service provided for Wastewater Fund	387,068	387,068	387,068	-
Service provided for Stormwater Fund	96,766	96,766	96,766	-
Interest on investments	8,484	8,484	5,546	(2,938)
Miscellaneous sales and services	-	-	3,368	3,368
Total revenues	976,153	976,153	976,583	430
EXPENDITURES:				
Public works administration	334,460	358,778	353,330	5,448
Engineering services	618,929	685,167	528,695	156,472
Contingency	95,338	36,386	-	36,386
Total expenditures	1,048,727	1,080,331	882,025	198,306
Net change in fund balance	(72,574)	(104,178)	94,558	198,736
FUND BALANCE, BEGINNING BUDGETARY BASIS	727,947	759,553	759,553	-
FUND BALANCE, ENDING BUDGETARY BASIS	\$ 655,373	\$ 655,375	854,111	\$ 198,736
RECONCILIATION TO NET POSITION				
Capital asset, net			722,691	
Compensated absences			(46,318)	
Deferred outflows related to pensions			19,975	
Deferred outflows related to OPEB			2,855	
Net pension liability			(18,406)	
OPEB liability			(25,106)	
Deferred inflows related to pensions			(93,813)	
Deferred inflows related to OPEB			(9,981)	
Net position at end of year			\$ 1,406,008	

CITY OF NEWPORT, OREGON
CITY FACILITY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Matching funds	\$ -	\$ 72,200	\$ 352,592	\$ 280,392
Interest on investments	3,009	3,009	3,802	793
City facilities rental income	179,171	179,171	179,171	-
Miscellaneous sales and services	-	-	144	144
Total revenues	182,180	254,380	535,709	281,329
EXPENDITURES:				
Facilities administration	360,376	363,482	303,090	60,392
City hall facility	132,052	151,857	140,822	11,035
Fire facilities	46,636	46,636	43,416	3,220
Library facility	65,481	65,481	61,932	3,549
Parks facilities and grounds	418,239	431,916	443,311	(11,395)
City public restrooms	157,344	158,468	88,077	70,391
Pier & boardwalks	8,828	13,828	9,191	4,637
Performing arts center	121,052	121,052	109,061	11,991
Visual arts center	82,195	82,195	78,961	3,234
Street lights	380,000	410,000	367,240	42,760
Contingency	277,502	370,752	-	370,752
Total expenditures	2,049,705	2,215,667	1,645,101	570,566
Revenues over (under) expenditures	(1,867,525)	(1,961,287)	(1,109,392)	851,895
OTHER FINANCING SOURCES (USES):				
Transfers in	1,671,300	1,704,407	1,704,407	-
Transfers out	(115,000)	(207,900)	(207,900)	-
Total other financing sources (uses)	1,556,300	1,496,507	1,496,507	-
Net changes in fund balances	(311,225)	(464,780)	387,115	851,895
FUND BALANCE, BEGINNING BUDGETARY BASIS	311,225	464,780	464,780	-
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	851,895	\$ 851,895
RECONCILIATION TO NET POSITION				
Compensated absences			(21,089)	
Deferred outflows related to pensions			12,584	
Deferred outflows related to OPEB			1,799	
Net pension liability			(11,596)	
OPEB liability			(15,817)	
Deferred inflows related to pensions			(59,101)	
Deferred inflows related to OPEB			(6,288)	
Net position at end of year			<u>\$ 752,387</u>	

STATISTICAL SECTION

Sometimes you will never know the VALUE of a moment, until it becomes a MEMORY.

Dr. Seuss

STATISTICAL SCHEDULES

This section of the City of Newport's Comprehensive Annual 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)

	2012	2013	2014	2015	2016
Governmental Activities					
Net investment in capital assets	\$ 34,587,900	\$ 37,076,075	\$ 32,776,862	\$ 36,828,050	\$ 47,957,375
Restricted	2,021,952	1,897,970	791,582	18,367,842	12,536,216
Unrestricted	9,302,518	9,223,667	18,471,205	5,038,816	2,279,339
Total governmental activities net position	<u>45,912,370</u>	<u>48,197,712</u>	<u>52,039,649</u>	<u>60,234,708</u>	<u>62,772,930</u>
Business-type activities					
Net investment in capital assets	31,225,370	33,161,900	34,062,589	31,271,352	35,038,648
Restricted	1,101,568	1,068,652	1,176,784	4,548,076	3,199,262
Unrestricted	1,885,022	1,095,920	2,722,774	3,620,402	3,001,169
Total business-type activities net position	<u>34,211,960</u>	<u>35,326,472</u>	<u>37,962,147</u>	<u>39,439,830</u>	<u>41,239,079</u>
Total City of Newport					
Net investment in capital assets	65,813,270	70,237,975	66,839,451	68,099,402	82,996,023
Restricted	3,123,520	2,966,622	1,968,366	22,915,918	15,735,478
Unrestricted	11,187,540	10,319,587	21,193,979	8,659,218	5,280,508
Total net position	<u>\$ 80,124,330</u>	<u>\$ 83,524,184</u>	<u>\$ 90,001,796</u>	<u>\$ 99,674,538</u>	<u>\$ 104,012,009</u>

In the ten years since the City began reporting under GASB Statement 34, the net position of governmental activities increased by approximately 85 percent \$39,138,000. This increase is broken down as follows: Capital Assets less related debt increased by \$32,468,000. Restricted assets grew \$10,172,000 while the Unrestricted fell by \$3,503,000 for a net gain of \$13,675,000.

During the same time frame (ten years), the net position of the business-type activities have increased by 11 percent \$4,328,000. This increase is broken down as follows: Capital Assets less related debt increased by \$10,929,000. Restricted assets grew \$1,782,000 while the Unrestricted fell by \$8,383,000 for a net loss of \$6,601,000.

Note 1: GASB 68 adopted
 Note 2: GASB 75 adopted

Source: City of Newport 2012-2021 Annual Financial Reports

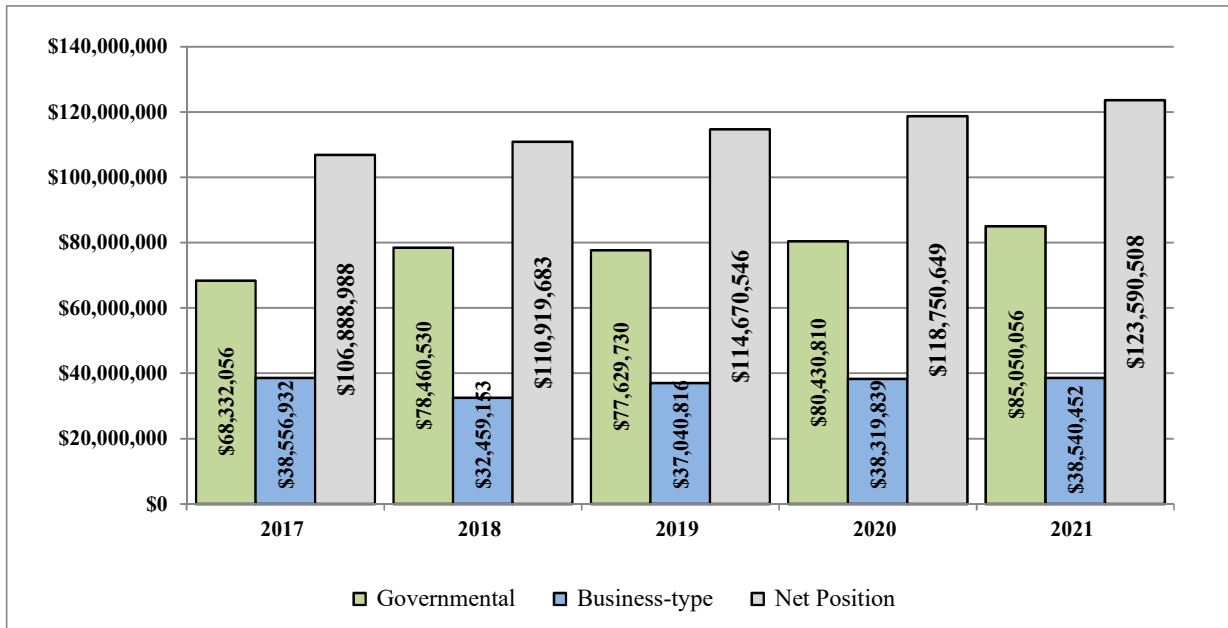
Schedule 1
CITY OF NEWPORT, OREGON
NET POSITION BY COMPONENT, continued
 Last Ten Fiscal Years
 (accrual basis of accounting)

2017	2018	2019	2020	2021	
					Governmental Activities
\$ 55,462,857	\$ 61,363,627	\$ 61,753,931	\$ 64,567,300	\$ 67,056,257	Net investment in capital assets
9,818,841	16,131,218	17,622,044	11,819,747	12,194,072	Restricted
3,050,358	965,685	(1,746,245)	4,043,763	5,799,727	Unrestricted
<u>68,332,056</u>	<u>78,460,530</u>	<u>77,629,730</u>	<u>80,430,810</u>	<u>85,050,056</u>	Total governmental activities net position
					Business-type activities
37,154,863	\$ 32,912,784	\$ 35,237,692	\$ 41,614,582	\$ 42,154,618	Net investment in capital assets
2,922,277	1,305,902	1,873,545	2,800,428	2,883,876	Restricted
(1,520,208)	(1,759,533)	(70,421)	(6,095,171)	(6,498,042)	Unrestricted
<u>38,556,932</u>	<u>32,459,153</u>	<u>37,040,816</u>	<u>38,319,839</u>	<u>38,540,452</u>	Total business-type activities net position
					Total City of Newport
92,617,720	94,276,411	96,991,623	106,181,882	109,210,875	Net investment in capital assets
12,741,118	17,437,120	19,495,589	14,620,175	15,077,948	Restricted
1,530,150	(793,848)	(1,816,666)	(2,051,408)	(698,315)	Unrestricted
<u>\$ 106,888,988</u>	<u>\$ 110,919,683</u>	<u>\$ 114,670,546</u>	<u>\$ 118,750,649</u>	<u>\$ 123,590,508</u>	Total net position

Note 1

Note 2

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)

	2012	2013	2014	2015	2016
Expenses					
Governmental activities:					
General government	2,946,250	2,524,975	2,620,714	5,446,621	6,271,284
Public safety	5,910,614	5,409,033	6,013,687	5,185,741	7,122,338
Highways and streets	715,630	1,398,550	1,530,448	1,905,912	1,391,446
Economic development	2,268,506	2,022,285	1,815,605	-	-
Culture and recreation	2,917,529	2,162,587	2,265,394	2,600,685	2,680,451
Airport operations	804,391	2,398,097	795,401	-	-
Facilities & Parks	-	-	704,184	-	-
Interest on long-term debt	408,038	442,850	411,693	758,037	716,647
Total governmental activities expenses	<u>15,970,958</u>	<u>16,358,377</u>	<u>16,157,126</u>	<u>15,896,996</u>	<u>18,182,166</u>
Business-type activities					
Water	2,360,710	2,204,937	3,276,390	3,622,964	5,016,453
Sewer	2,914,571	3,688,140	2,834,964	4,334,154	3,383,671
Stormwater	-	-	-	-	-
Capital Projects	-	-	-	247,936	-
Total business-type activities expenses	<u>5,275,281</u>	<u>5,893,077</u>	<u>6,111,354</u>	<u>8,205,054</u>	<u>8,400,124</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General Government (1)	377,544	377,993	421,764	3,517,226	2,617,314
Public Safety	-	-	-	429,024	493,593
Highways and Streets	126,521	85,367	205,010	441,582	435,731
Economic development	182,511	123,842	140,926	-	-
Culture and recreation	512,375	572,929	585,687	691,150	607,228
Airport operations	427,648	343,298	532,163	-	-
Operating grants and contributions	-	-	-	127,365	188,354
Capital grants and contributions	90,658	2,057,293	2,804,362	5,978,209	1,743,842
Total governmental activities program revenues	<u>1,717,257</u>	<u>3,560,722</u>	<u>4,689,912</u>	<u>11,184,556</u>	<u>6,086,062</u>
Business-type activities					
Water	2,417,535	2,826,126	3,328,473	3,573,859	3,537,147
Sewer	3,148,882	3,215,260	3,813,260	3,841,320	3,831,317
Stormwater	-	-	-	-	-
Total business-type activities program revenues	<u>5,566,417</u>	<u>6,041,386</u>	<u>7,141,733</u>	<u>7,415,179</u>	<u>7,368,464</u>
Total program revenues	<u>7,283,674</u>	<u>9,602,108</u>	<u>11,831,645</u>	<u>18,599,735</u>	<u>13,454,526</u>
General Revenues					
Governmental activities:					
Taxes:					
Property taxes used for general purposes	7,738,397	7,778,988	7,777,047	6,245,760	6,342,098
Property taxes used for debt service	-	-	-	2,408,623	2,393,393
Transient room taxes used for general purposes	2,367,590	2,419,699	2,964,050	3,167,392	3,569,523
Licenses, Permits & Fees	1,036,047	1,358,095	835,533	724,801	1,421,518
Fines & Forfeitures	177,919	179,432	156,070	-	-
Motor fuel	-	-	-	1,308,389	761,637
Cigarette, liquor, marijuana and const excise tax (CET)	-	-	-	240,401	274,987
Other Taxes	1,046,275	1,061,986	1,603,594	-	-
Intergovernmental (+grants)	1,151,530	658,707	850,074	-	-
Loss on Disposal	-	(129,986)	-	-	-
Unrestricted interest earnings	45,753	58,573	217,720	106,880	148,909
Miscellaneous	641,840	1,010,092	675,871	379,998	505,102
Gain on sale of capital assets	-	-	-	-	-
Total governmental activities general revenues	<u>14,205,351</u>	<u>14,395,586</u>	<u>15,079,959</u>	<u>14,582,244</u>	<u>15,417,167</u>
Prior period adjustments	-	-	-	-	-
Transfers	(82,709)	687,411	229,192	(172,072)	(782,845)
Total governmental activities	<u>14,122,642</u>	<u>15,082,997</u>	<u>15,309,151</u>	<u>14,410,172</u>	<u>14,634,322</u>

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

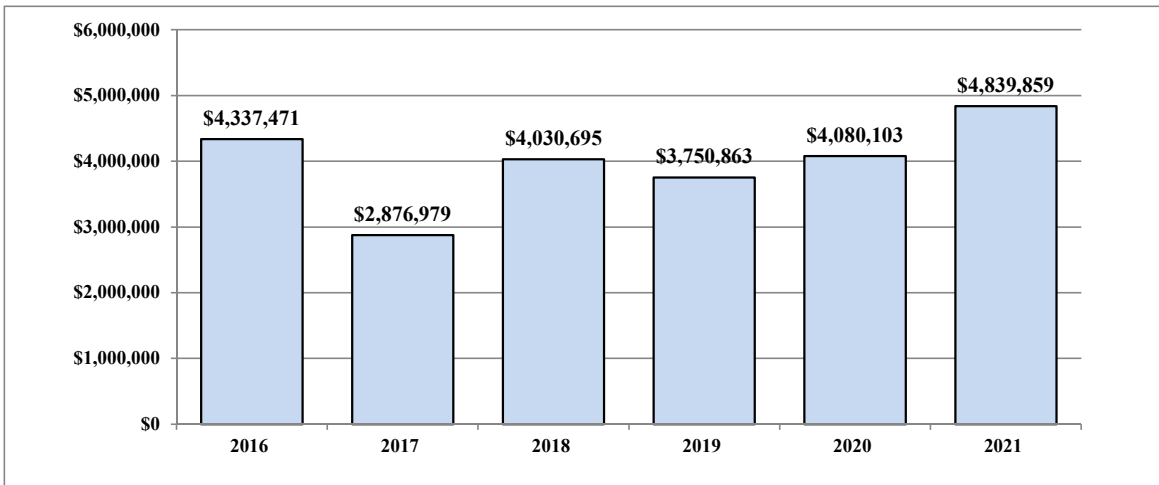
2017	2018	2019	2020	2021	
					Expenses
					Governmental activities:
6,708,369	7,070,473	6,974,042	8,797,823	9,312,659	General government
6,475,521	6,611,040	7,024,000	7,715,840	6,758,875	Public safety
1,694,645	1,858,877	1,737,166	756,036	826,487	Highways and streets
-	-	-	-	-	Economic development
2,941,138	3,872,839	4,136,018	3,453,213	3,105,836	Culture and recreation
-	-	-	-	-	Airport operations
-	-	-	-	-	Facilities & Parks
641,681	583,024	614,849	502,835	432,110	Interest on long-term debt
<u>18,461,354</u>	<u>19,996,253</u>	<u>20,486,075</u>	<u>21,225,747</u>	<u>20,435,967</u>	Total governmental activities expenses
					Business-type activities
6,094,409	7,271,364	6,319,871	8,826,163	8,936,513	Water
3,456,552	2,539,598	4,153,178	11,495,261	5,608,368	Sewer
-	-	-	2,230,813	849,782	Stormwater
-	-	-	-	-	Capital Projects
<u>9,550,961</u>	<u>9,810,962</u>	<u>10,473,049</u>	<u>22,552,237</u>	<u>15,394,663</u>	Total business-type activities expenses
					Program Revenues
					Governmental activities:
					Charges for services:
2,774,718	2,540,739	1,907,132	2,295,466	2,358,023	General Government (1)
388,197	465,808	545,777	336,567	309,448	Public Safety
452,828	463,743	1,082,894	220,060	284,630	Highways and Streets
-	-	-	-	-	Economic development
799,377	836,585	854,680	1,166,184	1,183,586	Culture and recreation
-	-	-	-	-	Airport operations
54,964	816,211	789,799	1,011,200	1,046,120	Operating grants and contributions
3,441,549	1,941,312	1,333,493	82,678	34,716	Capital grants and contributions
<u>7,911,633</u>	<u>7,064,398</u>	<u>6,513,775</u>	<u>5,112,155</u>	<u>5,216,523</u>	Total governmental activities program revenues
					Business-type activities
4,056,102	4,455,924	4,327,951	7,869,378	6,489,606	Water
4,029,679	4,066,006	4,242,558	13,443,236	6,347,619	Sewer
-	-	-	1,034,954	1,328,165	Stormwater
<u>8,085,781</u>	<u>8,521,930</u>	<u>8,570,509</u>	<u>22,347,568</u>	<u>14,165,390</u>	Total business-type activities program revenues
<u>15,997,414</u>	<u>15,586,328</u>	<u>15,084,284</u>	<u>27,459,723</u>	<u>19,381,913</u>	Total program revenues
					General Revenues
					Governmental activities:
					Taxes:
6,482,576	6,629,032	6,822,818	8,573,616	9,177,229	Property taxes used for general purposes
2,677,775	3,038,201	3,358,110	2,076,870	2,090,303	Property taxes used for debt service
3,743,308	4,248,219	4,402,983	3,743,320	4,993,876	Transient room taxes used for general purposes
1,350,193	1,259,130	1,325,445	1,434,629	1,426,122	Franchise fees
-	-	-	-	-	Fines & Forfeitures
817,131	166,966	190,099	870,500	974,226	Motor fuel
303,930	550,546	536,675	692,108	790,287	Cigarette, liquor, marijuana and const excise tax (CE)
-	-	-	-	-	Other Taxes
-	-	-	-	-	Intergovernmental (+grants)
-	-	-	-	-	Loss on Disposal
201,725	290,164	585,896	384,856	146,477	Unrestricted interest earnings
391,231	287,475	365,973	275,991	192,559	Miscellaneous
1,650,272	-	-	-	-	Gain on sale of capital assets
<u>17,618,141</u>	<u>16,469,733</u>	<u>17,587,999</u>	<u>18,051,890</u>	<u>19,791,079</u>	Total governmental activities general revenues
-	-	-	-	-	Prior period adjustments
(1,509,294)	6,638,046	(1,198,499)	862,782	50,644	Transfers
<u>16,108,847</u>	<u>23,107,779</u>	<u>16,389,500</u>	<u>18,914,672</u>	<u>19,841,723</u>	Total governmental activities

continued pages 136-137

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

	2012	2013	2014	2015	2016
General Revenues, continued					
Business-type activities					
Property taxes used for debt service	1,745,566	1,633,558	1,823,865	1,928,761	1,783,433
Licenses, Permits & Fees	-	-	-	-	-
Unrestricted investment earnings	30,347	20,056	10,623	67,944	49,845
Miscellaneous	-	-	-	376,389	-
Total business-type activities general revenues	1,775,913	1,653,614	1,834,488	2,373,094	1,833,278
Prior period adjustments	-	-	-	-	-
Transfers	82,709	(687,411)	(229,192)	172,072	782,845
Total business-type activities	1,858,622	966,203	1,605,296	2,545,166	2,616,123
Change in Net Position					
Governmental activities	(131,059)	2,285,342	3,841,937	9,697,732	2,538,222
Business-type activities	2,149,758	1,114,512	2,635,675	1,755,291	1,584,463
Total Change in net position	2,018,699	3,399,854	6,477,612	11,453,023	4,122,685
Net position - beginning	78,677,551	80,124,330	83,524,184	90,001,796	99,674,538
Prior period adjustments	(571,920)	-	-	(1,780,281)	214,786
Net position - ending	<u>\$ 80,124,330</u>	<u>\$ 83,524,184</u>	<u>\$ 90,001,796</u>	<u>\$ 99,674,538</u>	<u>\$ 104,012,009</u>

Change in Net Position
last five years



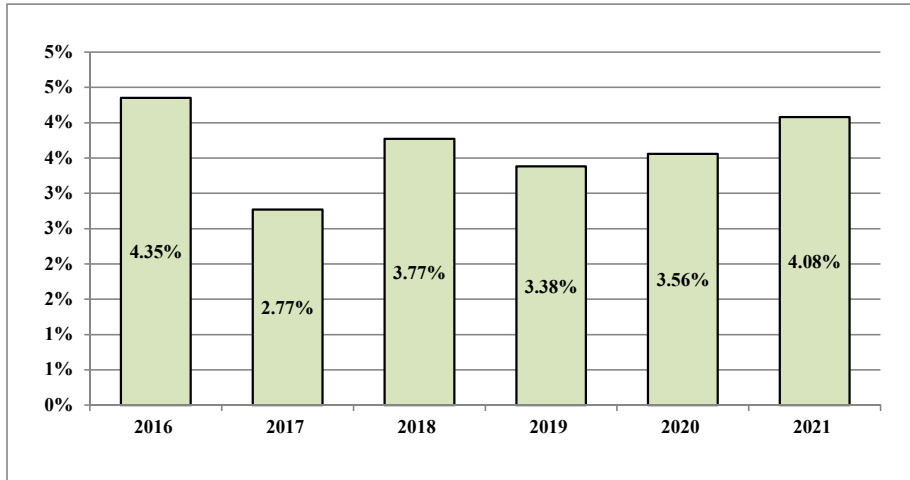
1. In the 2014-15 Fiscal Year, the City Facilities programs were moved from Public Works to the General Government category.

Source: City of Newport 2012-2021 Annual Financial Reports

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

2017	2018	2019	2020	2021	
					General Revenues, continued
					Business-type activities
1,902,502	1,745,661	1,749,192	1,970,103	2,168,090	Property taxes used for debt service
-	-	-	-	-	Licenses, Permits & Fees
82,773	111,477	116,536	296,819	91,661	Unrestricted investment earnings
-	-	-	79,552	56,866	Miscellaneous
1,985,275	1,857,138	1,865,728	2,346,474	2,316,617	Total business-type activities general revenues
-	-	-	-	-	Prior period adjustments
1,509,294	(6,638,046)	1,198,499	(862,782)	(50,644)	Transfers
3,494,569	(4,780,908)	3,064,227	1,483,692	2,265,973	Total business-type activities
					Change in Net Position
5,559,126	10,175,924	2,417,200	2,801,080	4,619,246	Governmental activities
2,029,389	(6,069,940)	1,161,687	1,279,023	1,036,700	Business-type activities
7,588,515	4,105,984	3,578,887	4,080,103	5,655,946	Total Change in net position
104,012,009	106,888,988	110,919,683	114,670,546	118,750,649	Net position - beginning
(4,711,536)	(75,289)	171,976	-	(816,087)	Prior period adjustments
<u>\$106,888,988</u>	<u>\$110,919,683</u>	<u>\$114,670,546</u>	<u>\$118,750,649</u>	<u>\$123,590,508</u>	Net position - ending

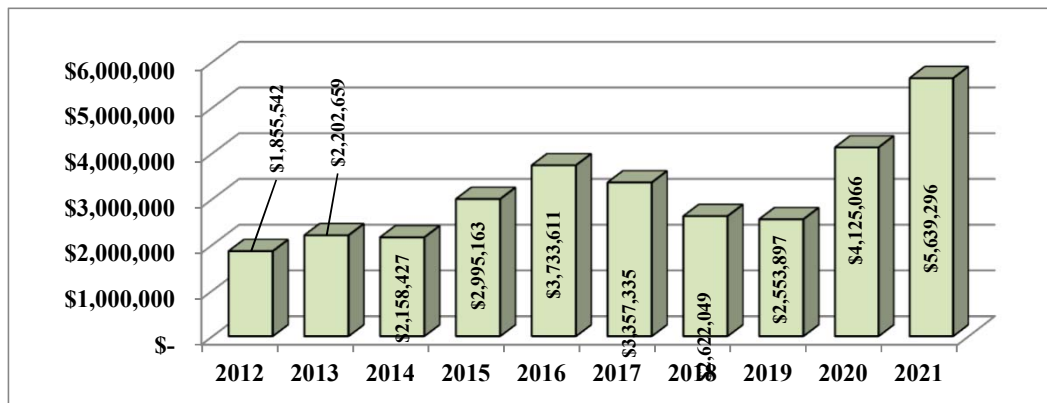
Year to Year Percentage Change in Net Position
 last five years



Schedule 3
CITY OF NEWPORT, OREGON
FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years (1)
 (modified accrual basis of accounting)

	2012	2013	2014	2015	2016
General Fund					
Nonspendable	\$ 7,651	\$ 6,404	\$ 7,713	\$ 111	\$ 1,002
Committed	-	-	-	176,067	-
Unassigned	1,847,891	2,196,255	2,150,714	2,818,985	3,732,609
Total General Fund	<u>1,855,542</u>	<u>2,202,659</u>	<u>2,158,427</u>	<u>2,995,163</u>	<u>3,733,611</u>
All other governmental funds					
Reserved for:					
Debt service	-	-	-	-	-
System Development	-	-	-	-	-
Unreserved, reported in:					
General Fund	-	-	-	-	-
Special revenue funds	-	-	-	-	-
Capital project funds	1,360,895	2,542,406	11,774,636	-	-
Nonspendable	34,167	33,328	17,949	65,900	8,127
Restricted	2,021,952	1,897,970	791,582	18,367,842	12,316,651
Committed	4,498,001	4,482,182	5,440,021	4,076,374	2,333,999
Assigned	-	-	-	-	-
Unassigned	(5,915)	(2,510)	320,212	-	-
Total all other governmental funds	<u>7,909,100</u>	<u>8,953,376</u>	<u>18,344,400</u>	<u>22,510,116</u>	<u>14,658,777</u>
Total fund balances of governmental funds	<u>\$ 9,764,642</u>	<u>\$ 11,156,035</u>	<u>\$ 20,502,827</u>	<u>\$ 25,505,279</u>	<u>\$ 18,392,388</u>

General Fund Unreserved Fund Balance
 Last Ten Fiscal Years



Note (1): The City has implemented GASB 54, effective Fiscal Year 2011. Due to the conversion, the City has reclassified ending fund balances, which has made prior periods not comparable.

Source: City of Newport 2012-2021 Annual Financial Reports

Schedule 3
CITY OF NEWPORT, OREGON
FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years (1)
 (modified accrual basis of accounting)

2017	2018	2019	2020	2021	
					General Fund
\$ -	\$ 3,746	\$ 18,861	\$ 7,888	\$ 50,010	Nonspendable
-	-	-	-	-	Committed
3,357,335	2,618,303	2,535,036	4,117,178	5,589,286	Unassigned
<u>3,357,335</u>	<u>2,622,049</u>	<u>2,553,897</u>	<u>4,125,066</u>	<u>5,639,296</u>	Total General Fund
					All other governmental funds
					Reserved for:
-	-	-	-	-	Debt service
-	-	-	-	-	System Development
					Unreserved, reported in:
-	-	-	-	-	General Fund
-	-	-	-	-	Special revenue funds
-	-	-	-	-	Capital projects fund
16,391	3,271	21,533	84,056	111,564	Nonspendable
9,635,599	15,857,053	17,494,059	12,755,625	13,123,615	Restricted
2,564,502	1,482,887	1,295,160	1,168,074	1,715,105	Committed
1,347,435	1,362,885	1,779,369	2,665,961	2,959,942	Assigned
(9,017)	(9,477)	-	(37,768)	(3,518)	Unassigned
<u>13,554,910</u>	<u>18,696,619</u>	<u>20,590,121</u>	<u>16,635,948</u>	<u>17,906,708</u>	Total all other governmental funds
<u>\$ 16,912,245</u>	<u>\$ 21,318,668</u>	<u>\$ 23,144,018</u>	<u>\$ 20,761,014</u>	<u>\$ 23,546,004</u>	Total fund balances of governmental funds

**Governmental funds Unreserved/Unassigned Fund Balance
 and Annual Percentage Change**

Last Ten Fiscal Years

Fiscal Year	Fund Balance	% Change
2012	\$ 9,764,642	-
2013	11,156,035	14.25%
2014	20,502,827	83.78%
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%

The total governmental unreserved fund balance has increased by 141.14 percent over the last ten years. The average change in percent over the the ten years is a 14 percent growth.

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

	2012	2013	2014	2015	2016
Revenues					
Taxes	\$ 11,175,848	\$ 11,306,092	\$ 12,234,880	\$ 11,757,609	\$ 12,607,792
Franchise fees, privilege taxes, licenses, and permits	2,345,151	2,572,998	1,722,388	1,676,410	1,441,951
Intergovernmental	2,423,197	4,476,545	3,854,436	7,279,349	2,627,484
Charges for services			1,572,840	4,019,705	3,896,832
Fines and forfeitures	177,919	179,432	156,070	164,816	117,404
Leases & Rents	168,842	171,166	153,240	-	-
Interest on investments	45,753	58,573	217,720	106,880	148,909
Miscellaneous	756,993	1,127,451	1,521,326	495,178	639,290
Total revenues	<u>17,093,703</u>	<u>19,892,257</u>	<u>21,432,900</u>	<u>25,499,947</u>	<u>21,479,662</u>
Expenditures					
General government	2,374,149	2,487,057	2,379,674	5,471,035	6,345,215
Public safety	4,762,895	5,327,804	5,395,473	4,935,829	5,339,330
Highways and streets	653,142	1,569,827	1,428,723	1,396,889	873,861
Culture and recreation	2,358,379	2,131,145	2,097,976	2,252,354	2,329,955
Economic development	1,485,007	2,014,640	1,653,453	-	-
Facilities & Parks	-	-	704,184	-	-
Airport Operations	804,391	2,446,628	848,953	-	-
Materials & Services	629,309	245,809	96,853	-	-
Debt service	1,820,616	1,868,440	1,752,501	-	-
Principal	-	-	-	1,274,980	1,582,639
Interest	-	-	-	758,037	761,502
Capital outlay	1,965,401	1,356,925	4,578,983	9,652,113	11,318,251
Total expenditures	<u>16,853,289</u>	<u>19,448,275</u>	<u>20,936,773</u>	<u>25,741,237</u>	<u>28,550,753</u>
Excess (deficiency) of revenues over (under) expenditures	<u>240,414</u>	<u>443,982</u>	<u>496,127</u>	<u>(241,290)</u>	<u>(7,071,091)</u>
Other financing sources (uses)					
Debt issuance	-	-	8,239,500	5,456,000	-
Proceeds from sale of capital assets	-	-	-	-	-
Premium on debt issuance	-	260,000	381,973	-	-
Payment to escrow agent for refunded bonds	-	-	-	-	-
Capital lease	-	-	-	-	-
Interfund Loan Payback	-	-	-	-	-
Special Payments	-	-	-	-	-
Transfers in	4,815,606	4,136,449	5,076,982	5,525,894	4,103,145
Transfers out	(4,898,315)	(3,449,038)	(4,847,790)	(5,697,966)	(3,961,468)
Total other financing sources (uses)	<u>(82,709)</u>	<u>947,411</u>	<u>8,850,665</u>	<u>5,283,928</u>	<u>141,677</u>
Prior period adjustments	-	-	-	(40,186)	(183,477)
Net change in fund balances	<u>\$ 157,705</u>	<u>\$ 1,391,393</u>	<u>\$ 9,346,792</u>	<u>\$ 5,002,452</u>	<u>\$ (7,112,891)</u>

Ratio of Total Debt Service Expenditures to Total Noncapital Expenditures

Total debt service expenditures	\$ 1,820,616	\$ 1,868,440	\$ 1,752,501	\$ 2,033,017	\$ 2,344,141
Total noncapital expenditures	<u>14,887,888</u>	<u>18,091,350</u>	<u>16,357,790</u>	<u>16,089,124</u>	<u>17,232,502</u>
Ratio of total debt service expenditures less refundings to total noncapital expenditures	<u>12.23%</u>	<u>10.33%</u>	<u>10.71%</u>	<u>12.64%</u>	<u>13.60%</u>

Source: City of Newport 2012-2021 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)

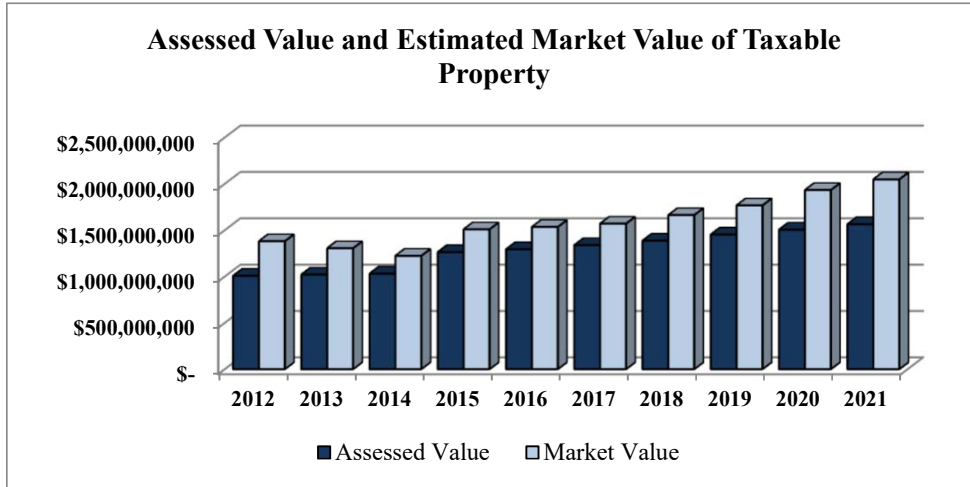
2017	2018	2019	2020	2021	
					Revenues
\$ 12,927,595	\$ 14,327,621	\$ 14,883,660	\$ 14,731,874	\$ 16,700,277	Taxes
					Franchise fees, privilege taxes, licenses, and permits
1,560,734	1,496,719	1,576,701	1,839,736	1,850,692	Intergovernmental
4,480,147	3,258,664	2,399,402	2,905,961	2,651,968	Charges for services
3,928,927	4,088,450	4,649,068	2,715,811	2,625,180	Fines and forfeitures
128,048	114,747	128,525	150,209	129,867	Leases & Rents
-	-	-	-	-	Interest on investments
201,725	287,572	582,067	380,280	142,675	Miscellaneous
562,370	454,365	480,612	256,286	192,415	Total revenues
<u>23,789,546</u>	<u>24,028,138</u>	<u>24,700,035</u>	<u>22,980,157</u>	<u>24,293,074</u>	
					Expenditures
6,499,792	6,218,707	5,680,845	6,067,872	4,806,118	General government
5,616,027	6,033,231	6,273,966	6,528,173	6,011,154	Public safety
1,038,748	1,034,352	912,425	503,594	486,222	Highways and streets
2,627,593	3,018,475	3,070,872	2,806,195	2,079,283	Culture and recreation
-	-	-	-	-	Economic development
-	-	-	-	-	Facilities & Parks
-	-	-	-	-	Airport Operations
-	-	-	-	-	Materials & Services
					Debt service
2,984,432	1,745,000	2,120,000	1,664,500	1,740,500	Principal
679,509	624,442	649,128	501,528	438,398	Interest
8,984,654	5,944,630	3,108,644	3,215,274	4,222,198	Capital outlay
<u>28,430,755</u>	<u>24,618,837</u>	<u>21,815,880</u>	<u>21,287,136</u>	<u>19,783,873</u>	Total expenditures
					Excess (deficiency) of revenues over (under) expenditures
(4,641,209)	(590,699)	2,884,155	1,693,021	4,509,201	
					Other financing sources (uses)
1,548,404	6,849,577	277,500	-	-	Debt issuance
1,657,500	-	-	-	-	Proceeds from sale of capital assets
-	-	-	-	-	Premium on debt issuance
-	-	-	-	-	Payment to escrow agent for refunded bonds
-	-	-	-	-	Capital lease
-	-	-	-	-	Interfund Loan Payback
-	-	-	-	-	Special Payments
6,003,534	7,276,372	5,631,722	7,844,765	4,991,776	Transfers in
(6,048,372)	(9,128,827)	(6,968,027)	(11,920,790)	(6,715,987)	Transfers out
3,161,066	4,997,122	(1,058,805)	(4,076,025)	(1,724,211)	Total other financing sources (uses)
-	-	-	-	-	Prior period adjustments
<u>\$ (1,480,143)</u>	<u>\$ 4,406,423</u>	<u>\$ 1,825,350</u>	<u>\$ (2,383,004)</u>	<u>\$ 2,784,990</u>	Net change in fund balances
\$ 3,663,941	\$ 2,369,442	\$ 2,769,128	\$ 2,166,028	\$ 2,178,898	Total debt service expenditures
19,446,101	18,674,207	18,707,236	18,071,862	15,561,675	Total noncapital expenditures
					Ratio of total debt service expenditures less refundings to total noncapital expenditures
<u>18.84%</u>	<u>12.69%</u>	<u>14.80%</u>	<u>11.99%</u>	<u>14.00%</u>	

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

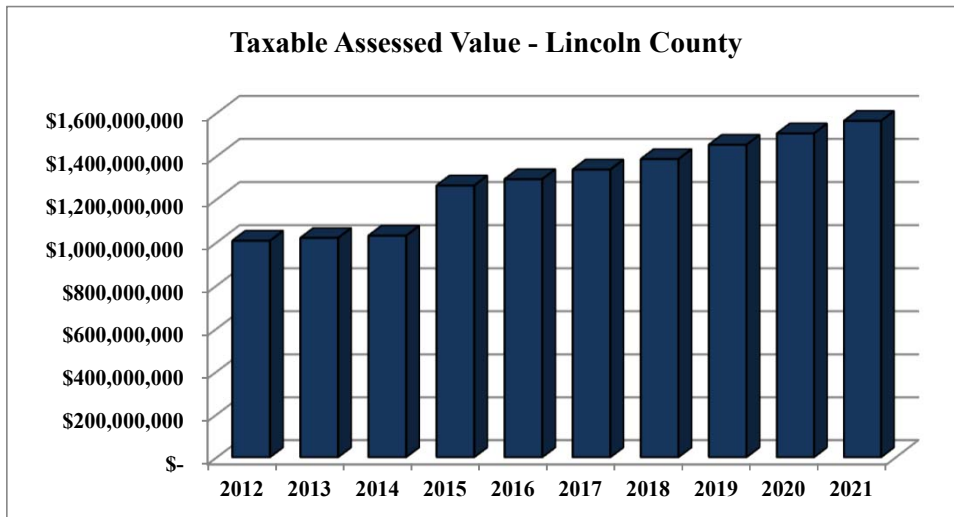
Fiscal Year Ended June 30,	Taxable Assessed Value	Direct Tax Rate Per \$1,000 of Assessed Value	Urban Renewal District Assessed Value	Total Assessed Value	Estimated Market Value	Assessed Value as a % of Market Value
2012	1,006,836,711	5.5938	132,458,357	1,139,295,068	1,379,970,260	82.56%
2013	1,019,889,985	5.5938	135,451,937	1,155,341,922	1,304,161,493	88.59%
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%

Source: Lincoln County Tax Assessor

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



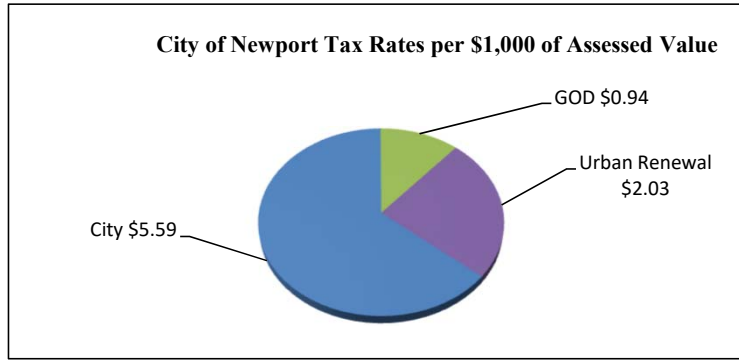
The "gap" between the market value and the assessed value is important to note. Oregon statutes allow the assessed value on a single piece of property to rise no more than three percent annually up to the market value, where the assessed value is capped. Currently, the assessed value is 89.04 percent 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
2012	5.59	1.54	7.13	1.30	8.43
2013	5.59	1.39	6.98	1.24	8.22
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	0.94	6.53	2.03	8.56
2021	5.59	1.01	6.60	2.17	8.77



City = City of Newport

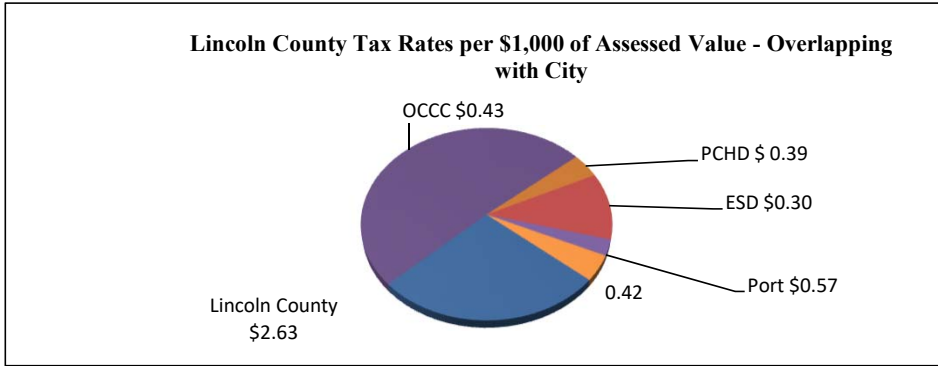
(1) - Rate per \$1,000 of assessed value GOD = General Obligation Debt

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
3.00	5.66	0.43	0.36	0.30	0.35	18.54
3.00	5.67	0.41	0.36	0.30	0.53	18.49
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	18.18
2.60	4.92	0.39	1.09	0.26	0.42	18.44



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 2003-2012 and 2012-2021

Taxpayer	2012-2021		% of		2003-2012		% of	
	Taxable Assessed Value	Rank	Taxable Assessed Value	Total Taxable Assessed Value	Taxable Assessed Value	Rank	Taxable Assessed Value	Total Taxable Assessed Value
Central Lincoln PUD	\$ 35,902,000	1	2.30%		\$ 64,137,900	2	6.37%	
Northwest Natural Gas	31,375,000	2	2.01%		72,556,700	1	7.21%	
Hallmark Inns and Resorts, Inc.	18,521,580	3	1.18%		8,764,980	7	0.87%	
Fred Meyer Stores	15,872,240	4	1.02%		10,804,660	5	1.07%	
Shilo Inn Newport LLC	12,992,660	5	0.83%		15,649,500	3	1.55%	
Wal Mart Real Estate	10,775,030	6	0.69%		14,270,700	4	1.42%	
Charter Communications	10,382,900	7	0.66%		6,316,880	10	0.63%	
EY Inc. and E W & J B Inc.	9,527,580	8	0.61%		6,967,860	8	0.69%	
RV Agate Beach LLC	8,148,845	9	0.52%		-	0	0.00%	
LC Apartments LLC	7,143,680	10	0.46%		-	0	0.00%	
SPM Little Creek LLC	-		-		6,483,030	9	0.64%	
Port of Newport	-		-		8,109,070	6	0.81%	
Total	\$ 160,641,515		10.28%		\$ 214,061,280		21.26%	
Total taxable assessed value, all properties	<u>\$ 1,563,166,867</u>				<u>\$ 1,006,836,711</u>			

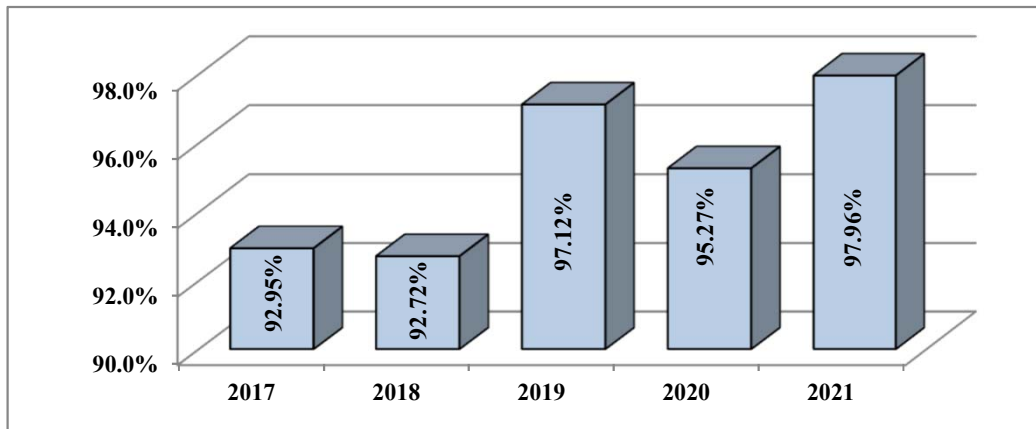
The above Total Taxable percentage of the Top Ten Taxpayers is normally graphed. However the information will be accumulated yearly, until 10 years are reported.

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	11,906,854	97.12%	520,334	12,427,188	101.37%
2020	12,929,064	12,317,791	95.27%	377,089	12,694,880	98.19%
2021	13,717,759	13,437,555	97.96%	375,227	13,812,782	100.69%

Percentage of Taxes Collected in the Year Assessed



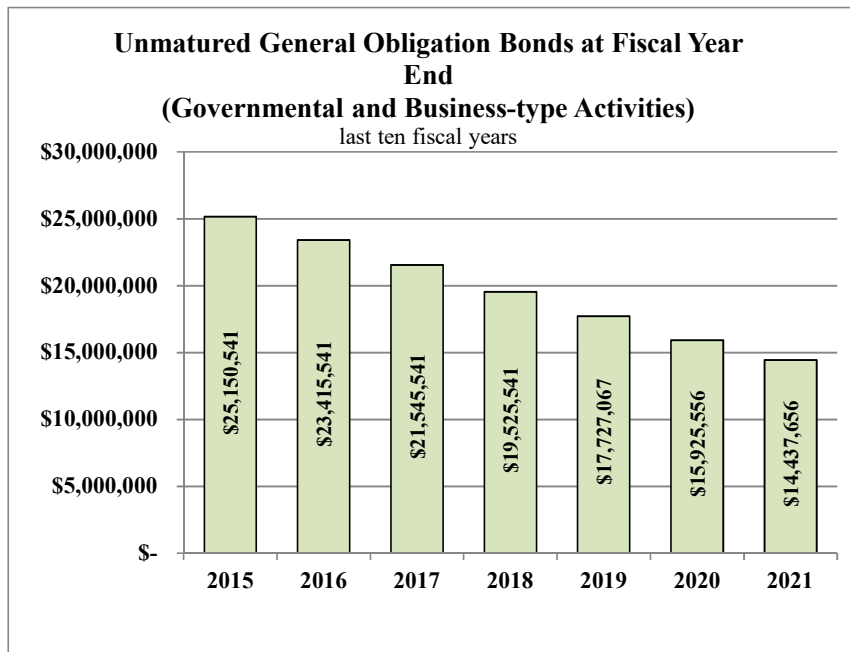
The City has chosen to calculate the property tax collection rate based on the gross amount of the levy as extended by the Lincoln County Assessors. The resulting rate is a lower percentage, but for comparative purposes it can be applied to future years' levies without having to estimate discounts and 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 95.2 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 \$250,000 decrease in current tax revenues. The City will monitor the tax collection rate to gauge its effect on 2018-19 revenues. The tax collection rate will also be a factor in the preparation of the 2019-20 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	Capital Leases
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



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.

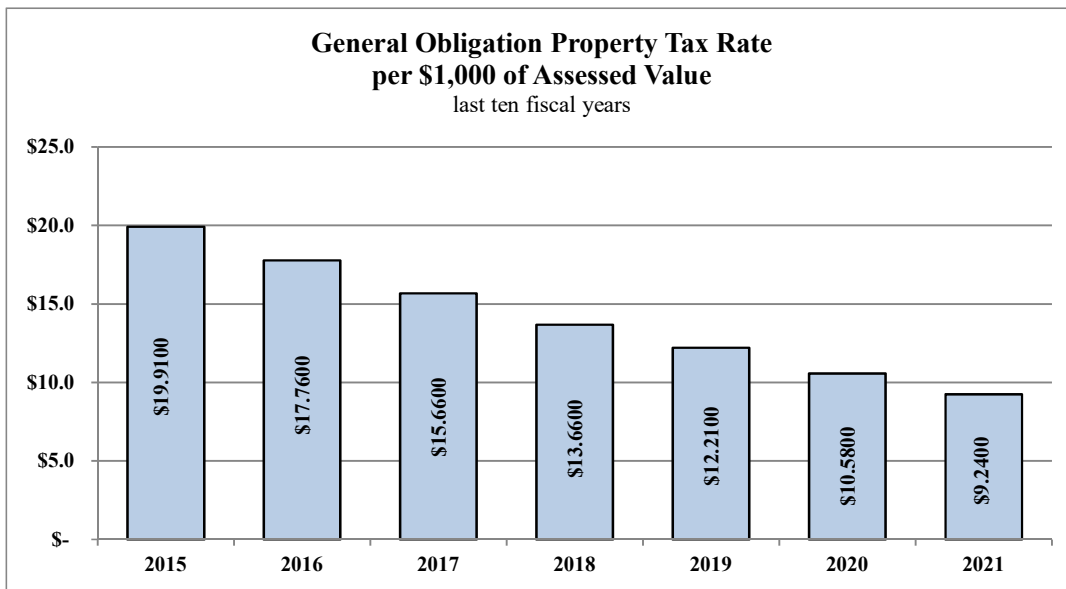
(1) TIF-Tax Increment Financing

(2) Includes \$19,081,790.00 State of Oregon Revolving Fund loan for Water and Wastewater projects

Source: City of Newport 2012-2021 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

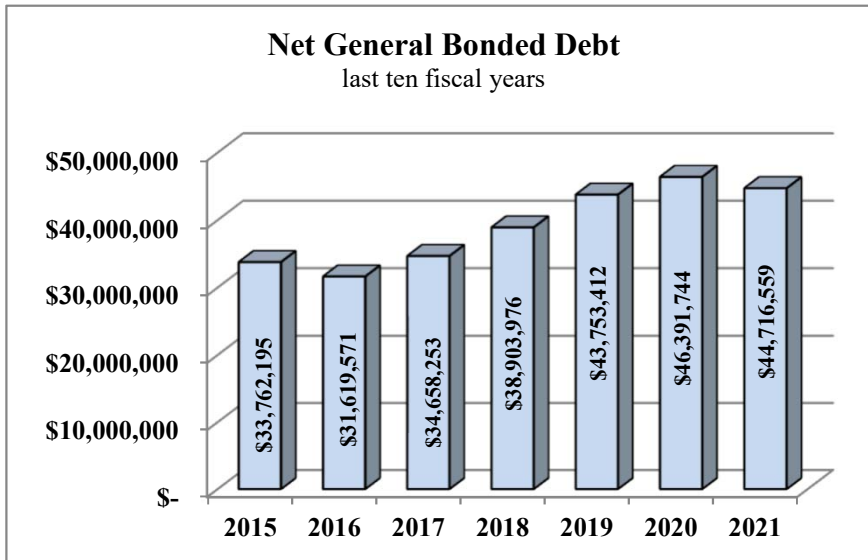
BUSINESS-TYPE ACTIVITIES							
General Obligation Bonds	Water Revenue Bonds (2)	Sewer Revenue Bonds (2)	Stormwater Revenue Bonds	Notes Payable	Total Outstanding Debt	% of Personal Income	Debt per Capita
\$ 17,300,541	\$ 6,412,987	\$ 3,560,000	\$ -	\$ 794,505	\$ 49,292,587	26.89	1,270
15,760,541	7,300,213	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	1,091
7,874,374	7,061,743	21,440,596	2,367,000	615,252	50,899,720	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.

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	10,268	1,504,939,337	15,925,556	31,199,190
2021	10,591	1,563,166,867	14,437,656	31,110,839



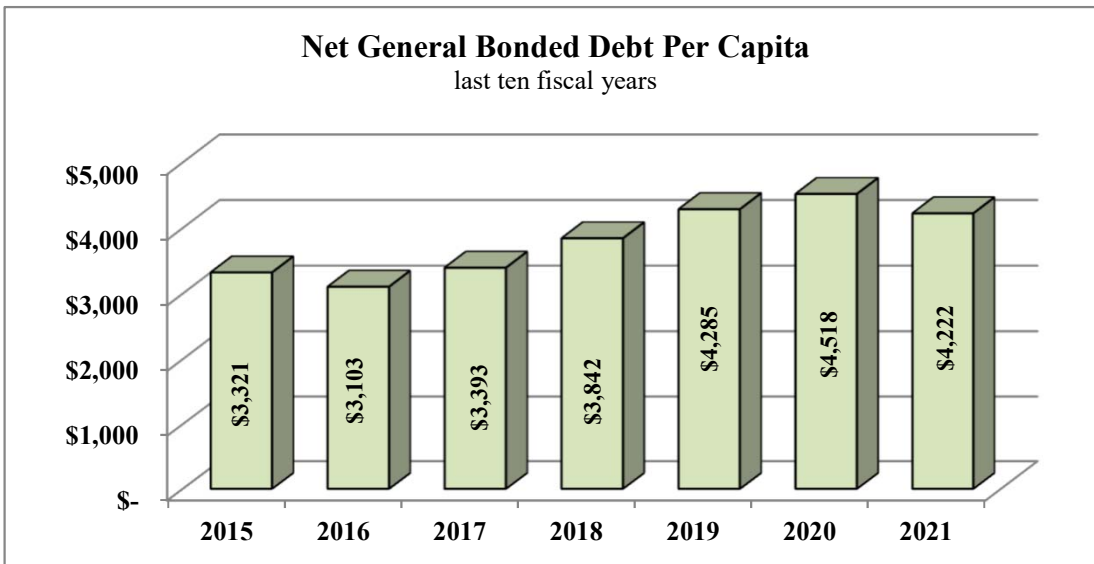
(1) General bonded debt includes general obligation bonds and other bonded debt financed with any general governmental resources.

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

Source: City of Newport 2012-2021 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

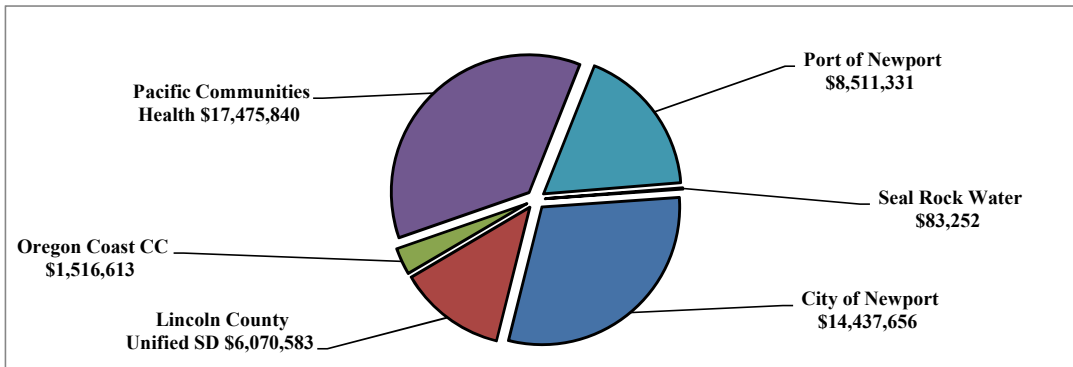
Less: Amounts Available in Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita	Net Bonded Debt as a Percent of Personal Income
2,631,333	33,762,195	2.6731%	3,321	1841.93%
3,226,183	31,619,571	2.45%	3,103	1643%
17,483	34,658,253	2.59%	3,393	1708%
71,852	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%	4,518	1942%
831,936	44,716,559	2.86%	4,222	n/a



Schedule 11
CITY OF NEWPORT, OREGON
COMPUTATION OF DIRECT AND OVERLAPPING DEBT (1)
as of June 30, 2021

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)	\$ 14,437,656	100.00%	\$ 14,437,656
OVERLAPPING DEBT			
Lincoln County Unified School District	30,675,000	19.79%	6,070,583
Oregon Coast Community College	7,625,000	19.89%	1,516,613
Pacific Communities Health District	44,400,000	39.36%	17,475,840
Port of Newport	11,645,000	73.09%	8,511,331
Seal Rock Water District	5,625,109	1.48%	83,252
<u>Total overlapping debt</u>	<u>99,970,109</u>		<u>33,657,619</u>
<u>Total direct and overlapping debt</u>	<u>\$ 114,407,765</u>		<u>\$ 48,095,275</u>

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

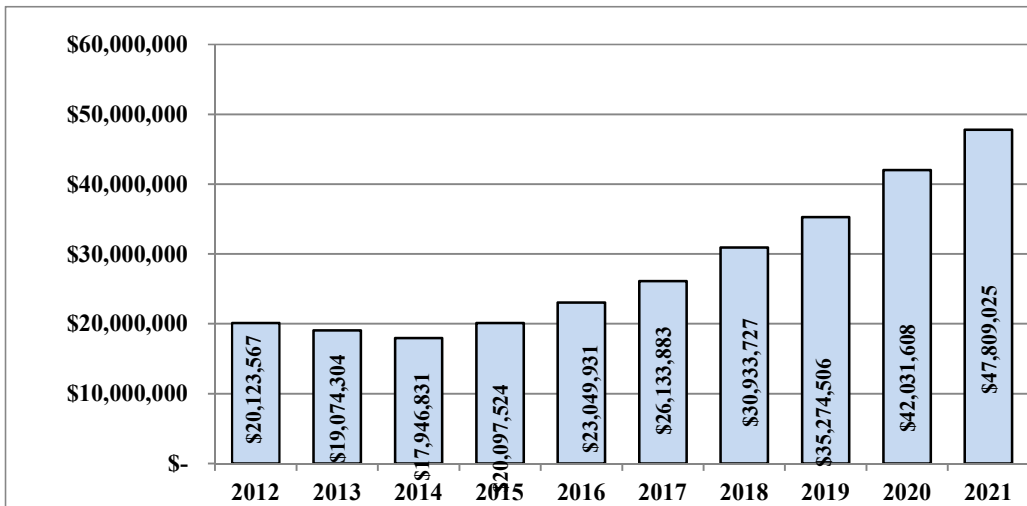
2013 Aquatic Center GO Bonds	\$ 6,563,282
2009 A&B Water GO Bonds	7,874,374
Total City of Newport net outstanding debt - bonded	<u>14,437,656</u>

Your time is limited, so don't waste it living someone else's life. Steve Jobs

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

	2012	2013	2014	2015
Debt limitation	\$ 41,399,108	\$ 39,124,845	\$ 36,672,372	\$ 45,248,065
Total net debt applicable to limitation	21,275,541	20,050,541	18,725,541	25,150,541
Legal debt margin	<u>\$ 20,123,567</u>	<u>\$ 19,074,304</u>	<u>\$ 17,946,831</u>	<u>\$ 20,097,524</u>
Ratio of net debt applicable to the debt limitation	<u>51.39%</u>	<u>51.25%</u>	<u>51.06%</u>	<u>55.58%</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

2016	2017	2018	2019	2020	2021	
\$ 46,010,972	\$ 47,075,886	\$ 49,860,540	\$ 53,001,573	\$ 57,957,164	\$ 61,414,745	Debt limitation
22,961,041	20,942,003	18,926,813	17,727,067	15,925,556	13,605,720	Total net debt applicable to limitation
<u>\$ 23,049,931</u>	<u>\$ 26,133,883</u>	<u>\$ 30,933,727</u>	<u>\$ 35,274,506</u>	<u>\$ 42,031,608</u>	<u>\$ 47,809,025</u>	Legal debt margin
<u>49.90%</u>	<u>44.49%</u>	<u>37.96%</u>	<u>33.45%</u>	<u>27.48%</u>	<u>22.15%</u>	Ratio of net debt applicable to the debt limitation

Legal debt margin calculation for Fiscal Year

True cash value	\$ 2,047,158,163
General obligation debt limit - 3% of true cash value	<u>3%</u>
General obligation debt limit	61,414,745
Gross general obligation bonded debt principal	
2013 Aquatic Center GO Bonds	\$ 6,563,282
2009 A&B Water GO Bonds	7,874,374
Less: Debt service monies available	
Debt Service Fund:	831,936
Net debt subject to the three percent limitation	<u>13,605,720</u>
Legal debt margin	<u>\$ 47,809,025</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	2,488,084	78,918	2,409,166	1,227,000	127,641	1,354,641	1.78

Operating data is from the combined Urban Renewal data.

2015 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

Operating data is from the Water Fund Statement of Revenues.

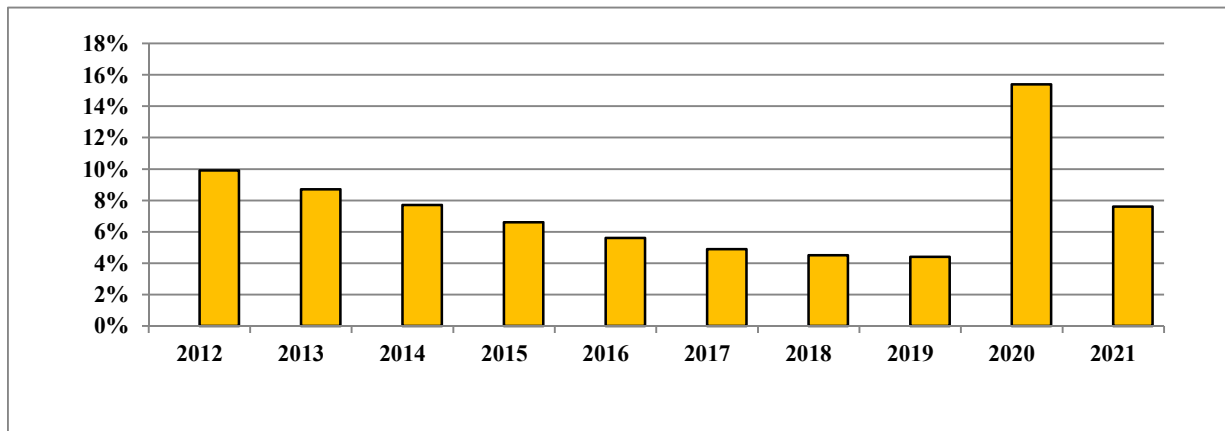
The amount of net available resources for bond coverage is determined by subtracting operating expenses from operating revenues. Interest payments on property assessments are deducted from operating revenues. Operating expenses are reduced by the amount of depreciation taken for the fiscal year, if any.

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
2012	10,150	46,295	1,648,531	35,609	3,339	9.9%
2013	10,160	46,560	1,661,972	35,695	3,725	8.7%
2014	10,095	46,890	1,737,712	37,059	3,725	7.7%
2015	10,165	47,225	1,832,982	38,814	3,621	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	10,268	48,305	2,389,106	49,459	2,278	15.4%
2021	10,591	50,387	n/a	n/a	2,346	7.6%

Over the last ten years, the City's population has increased by 4.34 percent (441). From 2011 to 2019 per capita personal income has risen by 30.35 percent (\$10,807) in the Newport statistical area. As of Fiscal Year 2017-18 (per capita data lags one year), per capita personal income was \$49,459 for Lincoln County, and \$38,786 for the state as a whole. For the ten-year period, enrollment in the Lincoln County Public School District decreased by -31.78 percent (-1,061 students).

Lincoln County Unemployment Rate
 last 10 fiscal years



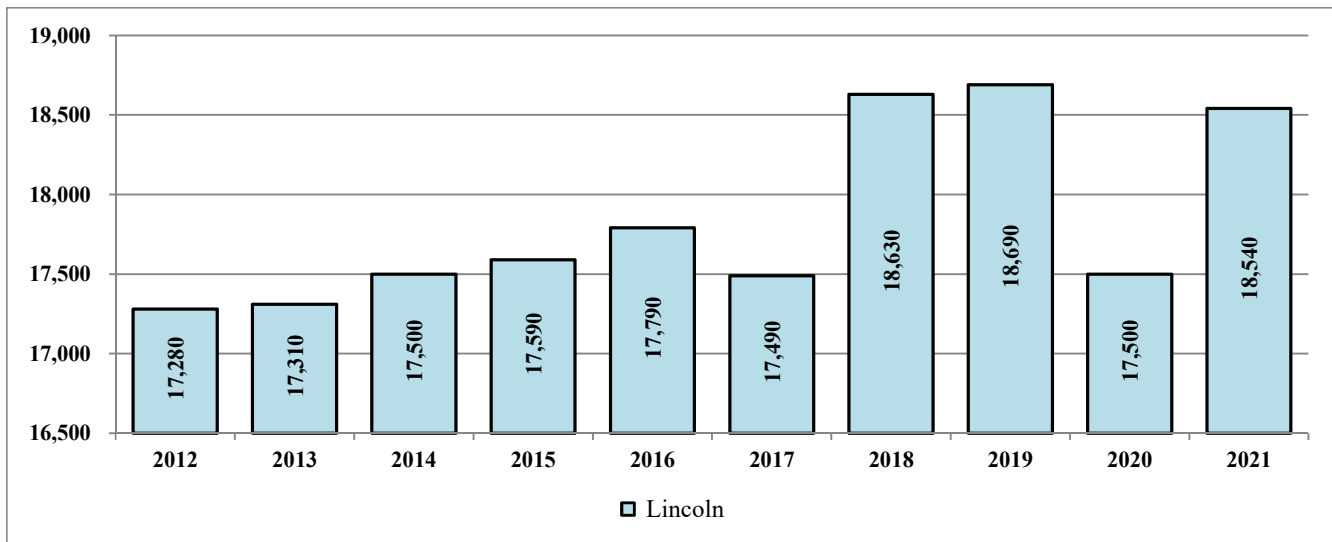
Sources:

- (1) Portland State University, Population Research and Census Center
- (2) U. S. Department of Commerce, Bureau of Economic Analysis (2019 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, 2012, and June 30, 2021

Employer	2021			2012		
	Number of Employees	Rank	% of Total Employment	Number of Employees	Rank	% of Total Employment
Lincoln County School District	616	6	3.32%	613	3	3.55%
Lincoln County	494	1	2.66%	385	2	2.23%
OSU Hatfield Marine Science Center/NOAA	421	2	2.27%	295	4	1.71%
Samaritan Health Services	420	3	2.27%	572	1	3.31%
Fred Meyer	291	5	1.57%	127	5	0.73%
Pacific Shrimp	275	4	1.48%	150	7	0.87%
Wal Mart	155	7	0.84%	114	8	0.66%
Pacific Seafood/Trident	155	9	0.84%	80	6	0.46%
City of Newport	129	8	0.70%	95	9	0.55%
Rogue Ales & Spirit	117	10	0.63%	159	10	0.92%
Totals	3,073		16.57%	2,590		14.99%
Total employment in Lincoln County	18,540			17,280		

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 16.57 percent in 2012 to a high of 118.74 percent in 2019. Total employment in Lincoln County has decreased by 5.47 percent (510 jobs) over the last ten years. For the ten-year period, the low point was 17,280 jobs in June 2012, and the high point was 18,690 jobs in June 2019. National and international economic instability will likely have an adverse effect in the coming years, although at this time the extent is unknown.

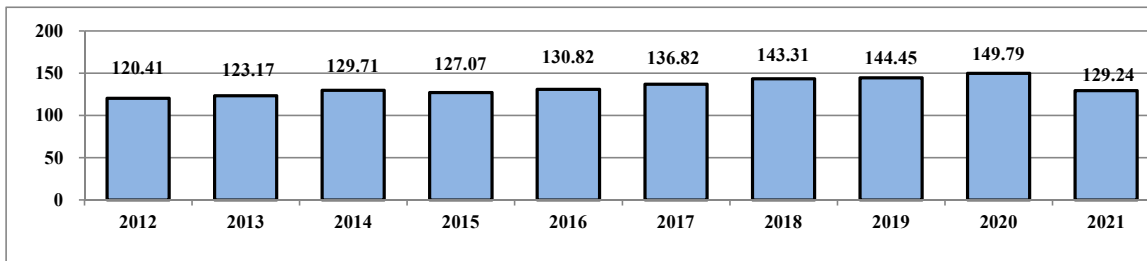
Sources:
Economic Development Alliance - Lincoln County
Oregon Employment Department

So many books, so little time. - Frank Zappa

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

Function	2012	2013	2014	2015	2016
GOVERNMENTAL FUNDS					
General Government					
Administration	9.38	9.95	13.10	11.70	13.75
Economic Development	0.90	-	-	0.25	0.25
Planning	2.10	2.10	3.70	2.45	2.95
Building Inspection	1.20	1.30	1.30	1.80	1.80
Total General Government	13.58	13.35	18.10	16.20	18.75
Public Safety					
Fire	10.00	11.00	12.00	12.00	13.00
Police	26.00	25.00	24.00	25.00	25.00
Municipal Court	0.25	0.75	0.75	0.70	0.70
Total Public Safety	36.25	36.75	36.75	37.70	38.70
Highways and Streets					
Street Fund	5.00	5.08	5.08	5.00	5.00
Airport	4.00	4.00	3.00	3.00	3.00
Total Highways and Streets	9.00	9.08	8.08	8.00	8.00
Culture and Recreation					
Recreation	26.70	24.10	21.50	20.25	20.25
Library	11.58	11.54	11.54	12.39	11.89
Total Culture and Recreation	38.28	35.64	33.04	32.64	32.14
Total Governmental Funds	97.11	94.82	95.97	94.54	97.59
Proprietary Funds					
Proprietary					
Water	10.00	10.08	11.08	11.10	11.10
Wastewater	7.00	7.08	8.08	8.00	9.00
Stormwater	-	-	-	-	-
Total Proprietary Funds	17.00	17.16	19.16	19.10	20.10
Internal Service					
Public Works Services	6.30	11.19	14.58	13.43	13.13
City Facility	-	-	-	-	-
Total Internal Service	6.30	11.19	14.58	13.43	13.13
Total Proprietary Funds	23.30	28.35	33.74	32.53	33.23
Grand Total - All Full-time Equivalents	120.41	123.17	129.71	127.07	130.82

Total Full-time Equivalents
last ten fiscal years



Source: City of Newport Budget 2011-2020

Schedule 16

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

Last Ten Fiscal Years

2017	2018	2019	2020	2021	
					GOVERNMENTAL ACTIVITIES
					General Government
15.25	15.25	15.75	15.74	15.46	Administration
0.50	0.50	0.50	0.50	0.50	Economic Development
2.45	2.45	2.60	2.00	1.75	Planning
1.80	1.90	2.37	2.97	2.22	Building Inspection
<u>20.00</u>	<u>20.10</u>	<u>21.22</u>	<u>21.21</u>	<u>19.93</u>	Total General Government
					Public Safety
13.00	14.00	14.00	14.00	11.50	Fire
27.00	27.00	27.35	29.35	24.85	Police
0.70	0.70	0.60	0.60	0.60	Municipal Court
<u>40.70</u>	<u>41.70</u>	<u>41.95</u>	<u>43.95</u>	<u>36.95</u>	Total Public Safety
					Highways and Streets
5.00	5.00	4.50	2.25	2.25	Street Fund
2.00	3.00	3.00	3.00	3.00	Airport
<u>7.00</u>	<u>8.00</u>	<u>7.50</u>	<u>5.25</u>	<u>5.25</u>	Total Highways and Streets
					Culture and Recreation
23.73	26.42	26.68	30.30	22.28	Recreation
11.89	11.89	12.10	12.10	8.85	Library
<u>35.62</u>	<u>38.31</u>	<u>38.78</u>	<u>42.40</u>	<u>31.13</u>	Total Culture and Recreation
<u>103.32</u>	<u>108.11</u>	<u>109.45</u>	<u>112.81</u>	<u>93.26</u>	Total Governmental Activities
					BUSINESS-TYPE ACTIVITIES
					Enterprise
11.10	10.60	10.25	10.25	10.25	Water
9.00	9.50	10.25	10.25	10.25	Sewer
-	-	-	2.25	2.25	Stormwater
<u>20.10</u>	<u>20.10</u>	<u>20.50</u>	<u>22.75</u>	<u>22.75</u>	Total Enterprise
					Internal Service
13.40	7.50	8.50	8.73	7.73	Public Works Services
-	7.60	6.00	5.50	5.50	City Facility
<u>13.40</u>	<u>15.10</u>	<u>14.50</u>	<u>14.23</u>	<u>13.23</u>	Total Internal Service
<u>33.50</u>	<u>35.20</u>	<u>35.00</u>	<u>36.98</u>	<u>35.98</u>	Total Business-type Activities
<u>136.82</u>	<u>143.31</u>	<u>144.45</u>	<u>149.79</u>	<u>129.24</u>	Grand Total - All Full-time Equivalents

Fiscal Year	Total FTE	Annual Percentage Change	Total Percentage Change from 2009
2012	120.41	-	-
2013	123.17	2.29%	2.29%
2014	129.71	5.31%	7.72%
2015	127.07	-2.04%	5.53%
2016	130.82	2.95%	8.65%
2017	136.82	4.59%	13.63%
2018	143.31	4.74%	19.02%
2019	144.45	0.80%	19.97%
2020	149.79	3.70%	24.40%
2021	129.24	-13.72%	7.33%

The average annual rate of change over ten year period is 2.91%.

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

Function	2015	2016	2017	2018	2019	2020	2021
GOVERNMENTAL ACTIVITIES							
General Government							
Public Safety							
Police							
Total arrests	784	706	785	1,079	1,087	816	914
Traffic citations issued	565	735	902	1,603	1,268	965	596
Abandoned vehicle calls	100	99	114	129	180	189	224
Animal problem calls	NA	86	136	152	210	126	130
Fire							
Total calls for emergency fire and EMS services	2,060	2,294	2,059	2,170	2,131	1,924	2,183
Highways and Streets							
Street Fund							
Miles of painted paving marking	12	1	10	9.25	9.25	9.25	9.25
Thermoplastic marking	0.90	-	0.30	0.70	0.70	2.70	2.70
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	7,250	48,515
Library							
Total number of library items borrowed	253,831	299,867	297,263	296,799	255,916	209,819	124,326
Total number of reference questions	24,355	23,065	20,821	20,553	17,789	11,899	5,097
Total number of registered users	NA	NA	NA	NA	NA	NA	10,302
Total wireless sessions	NA	NA	NA	NA	NA	NA	28,890
BUSINESS-TYPE ACTIVITIES							
Sewer							
Dry tons of biosolids applied annually	530	547	537	525	764	658	757
Millions of gallons of wastewater treated annually	640	694	818	652	573	599	660
Water							
Millions of gallons of water treated annually	732	748	764	821	821	752	767
Miles of water pipe maintained annually	NA	NA	NA	95	96	90	91
Number of fire hydrants maintained in the water system	NA	NA	NA	653	634	520	582

Source: City of Newport Departmental records.

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

Function	2015	2016	2017	2018	2019	2020	2021
GOVERNMENTAL ACTIVITIES							
Public Safety							
Police Stations	1	1	1	1	1	1	1
Fire Stations	3	3	3	3	3	3	3
Culture and Recreation							
Parks & Recreation							
Number of developed park sites	NA	NA	NA	15	15	15	15
Library							
Number of libraries	1	1	1	1	1	1	1
Number of volumes	83,194	84,806	82,599	81,068	77,978	77,642	68,398
Number of audio books online	53,883	53,699	68,839	75,788	27,802	36,022	186,613
Number of E-Books online	5,045	19,560	45,559	48,478	48,438	63,664	678,554
BUSINESS-TYPE ACTIVITIES							
Enterprise							
Sewer							
Numbers of sewer treatment plant	1	1	1	1	1	1	1
Number of sewer customers	4,324	4,345	4,338	4,349	4,894	4,858	4,923
Water							
Number of water customers	4,528	4,539	4,545	4,542	5,090	4,613	CASELLE 5,301
Number of water treatment plants	1	1	1	1	1	1	1

Source: City of Newport departmental records

AUDIT COMMENTS AND DISCLOSURES

**INDEPENDENT AUDITOR’S REPORT
 ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
 REPORTING ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
 ACCORDANCE WITH OREGON STATE REGULATION**

The Honorable Mayor and City Council
 City of Newport, Oregon

We have audited the basic financial statements of City of Newport, Oregon, as of and for the year ended June 30, 2021 and have issued our report thereon dated January 31, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Report on Compliance

As part of obtaining reasonable assurance about whether City of Newport, Oregon’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-0000 through 162-10-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, as set forth below, noncompliance with which could have a direct and material effect on the financial statements.

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayments.
- 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, and 279C).
- Accountability for collecting or receiving money by elected officials. The City does not have any elected officials collecting or receiving money.

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 *Minimum Standards for Audits of Oregon Municipal Corporations* except as follows.

Expenditures in the following funds exceeded appropriations for the year ended June 30, 2021:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount</u>
Parks and Recreation Fund	Park Administration	\$ 4,179
Street Fund	Storm Drain Maintenance	\$ 17,910

Debt Service Fund	General Debt	\$ 650
Water Fund	Water Plant	\$ 54,769
City Facility Fund	Parks Facilities and Grounds	\$ 11,396

At June 30, 2021, the following funds had a deficit budgetary basis fund balance:

<u>Fund</u>	<u>Amount</u>
Governmental G.O. Debt Service Fund	\$ 3,518

Our single audit over the City of Newport, Oregon’s federal grant programs identified one instances of noncompliance and related internal control weaknesses that are reported in the schedule of findings and questioned costs included in the separately issued single audit report.

Internal Control Over OAR 162-10-0230

In planning and performing our audit of the financial statements, we considered City of Newport, Oregon’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 City of Newport, Oregon’s internal control. Accordingly, we do not express an opinion on the effectiveness of City of Newport, Oregon’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 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 have not been 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 separately issued schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

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 *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State, in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



For Merina+Co
Tualatin, Oregon
January 31, 2022

The budget is a mythical bean bag. Congress votes mythical beans into it, and then tries to reach in and pull real beans out. - Will Rogers

I've missed more than 9000 shots in my career. I've lost almost 300 games. 26 times, I've been trusted to take the game winning shot and missed. I've failed over and over and over again in my life. And that is why I succeed." Michael Jordan