



2023-2024

Annual
Comprehensive
Financial Report
For the Year Ended
June 30, 2024



Bilingual Storytime



Snow Day at the Airport-



Frank Wade Park Outfield



Firefighting Thermal Imaging
Camera for Temperature
Depth Gauge

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



City of Newport, Oregon
Annual Comprehensive Financial Report
For the Fiscal Year Ended
June 30, 2024

* * * * *

Nina Vetter, City Manager

Prepared by:
Steve Baugher, Finance Director

CITY OF NEWPORT
Annual Comprehensive Financial Report
Year Ended June 30, 2024

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INTRODUCTORY SECTION

CITY OF NEWPORT

Council Members, Administrative Staff and Principal Financial Staff

Year Ended June 30, 2024

City of Newport, Oregon

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

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

Administrative Staff

City Manager	Nina Vetter
Assistant City Manager/City Recorder	Erik Glover
Finance Director	Steve Baugher
Assistant Finance Director	Eric Carpenter
City Attorney	David Allen
Judge	Jeffrey Pridgeon
Public Works Director	Robert Moser
City Engineer	Chris Beatty
Community Development Director	Derrick Tokos
Parks and Recreation Director	Michael Cavanaugh
Library and Community Engagement Director	Laura Kimberly
Police Chief	Jason Malloy
Fire Chief	Rob Murphy
Information Technology Director	Travis Reeves
Human Resource Director	Barbara James
Airport Director	Lance Vanderbeck

Principal Finance Staff

Steve Baugher, Finance Director
Eric Carpenter, Assistant Finance Director

Citizens of the City of Newport

Notes:

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

City Council

Mayor: Jan Kaplan
 Council President: CM Hall

Members:
 Dietmar Goebel
 Beatriz Botello
 Cynthia Jacobi
 Ryan Parker
 Robert Emond

Citizen Boards and Committees

Municipal Judge
Jeff Pridgeon

City Manager
Nina Vetter

City Attorney
David Allen

City Recorder
VACANT

HR Director
Barb James

IT Director
Travis Reeves

Airport Director
Lance Vanderbeck

Library / City Bilingual
Community Engagement
Director
Laura Kimberly

Finance Director
Steve Baugher

Communications
Records

HR
Safety
Risk
Management

Police Chief
Jason Malloy

Public Works Director
Robert Moser
WTP Super./Asst. PW
Director
Steve Stewart

Recreation Director
Mike Cavanaugh

Community Development
Director
Derrick Tokos

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

Fire Chief
Rob Murphy

Police
Parking Enforcement
Code Enforcement
Records

Streets
Water
Wastewater
GIS
Maintenance
Building Maintenance

City Engineer
Chris Beatty

Recreation Center
Aquatic Center
Sports Programs
60+ Center
Parks

Building Code
Zoning Enforcement
Planning
URA

Fire Suppression
Rescue
Medical Response
Emergency Management



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Newport
Oregon**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO



Nina Vetter
City Manager
CITY OF NEWPORT
169 S.W. Coast Hwy.
Newport, OR 97365

December 4, 2024

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

The City of Newport is pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Newport, Oregon for the fiscal year ended June 30, 2024. The report is published in accordance with Oregon Revised Statutes which require all municipal corporations to publish audited financial statements. The ACFR includes information on the financial condition and operations of the City, and management is responsible for the contents.

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

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

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

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

City Profile

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

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 166 full-time equivalent employees budgeted for the current fiscal year, which includes 138 full-time employees. In addition to the City Manager, the City Council also employs a full-time City Attorney and a part-time Municipal Judge.

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

Reporting Entity

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

Budget Process

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

Factors Impacting the City's Financial Condition

The Mayor and City Council have firmly established the City's commitment to progressive and responsive government. Under their direction, the City continues to emphasize efficient delivery of prioritized services and planning for a higher standard of living for residents. The continued mixed performance of economic factors at the national and regional levels remains a challenge for the City as it works to maintain a sound financial condition to meet the service needs of the community.

Local Economy

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), U.S. Coast Guard Station Yaquina Bay, the Hatfield Marine Science Center, and the Oregon Coast Aquarium, as well as, a number of state and federal agencies supporting various aspects of Marine Science.

During the last two decades, the County's highest annual unemployment rate was 11.1% in 2010, closely followed by a rate of 10.9% in 2020 due to COVID-19. The county's unemployment rate peaked at 23.8% in April, 2020. Lincoln County's tourism businesses were hard hit during 2020 with restrictions on non-essential travel from April to June, 2020. Hotels, motels, restaurants, and other tourism-service industries were significantly impacted during that time. The City of Newport provided small businesses with \$1 million in economic impact funds to help ride out the impacts of COVID-19 in 2020. In addition, businesses benefitted from various state and federal programs that injected a significant amount of cash to help those businesses get through the pandemic.

At the state and federal level, inflation and increasing costs of materials and construction have impacted the City over the last fiscal year. The long-term impact of economic challenges are yet to be realized, but the City will continue to closely monitor relevant economic indicators.

Long-Term Financial Planning

The city is committed to updating and maintaining its long-term financial forecasts on a regular basis to provide relevant financial information and long-term planning tools for the variety of business functions that the city performs. State-wide property tax limitation measures enacted in the 1990's continue to have a negative impact on the General Fund balance. Over the last 5-10 years, deficits have been forecast in multiple funds.

The City is undertaking a seven-year financial strategy project to ensure that the City has sufficient funds to provide quality services to the community and to invest in needed capital improvement projects. The City will be developing a detailed plan on how to address increasing expenditures and how to address the need for additional revenue. This plan will help provide the City with long-term financial sustainability.

Relevant Financial Policies

In Fiscal Year 2023-2024, the City utilized a total of 27 funds, of which 17 are governmental fund types and 10 are proprietary fund types. The modified accrual basis of accounting is used for the governmental fund types (General, Special Revenue, Debt Service, and Capital Project). The accrual basis is used for the proprietary fund types (Enterprise and Internal Service).

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

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

Major Initiatives

The Mayor and Council's commitment to responsive and efficient service delivery is evidenced in the City Goals and Objectives for Fiscal Year 2023-2024. This plan highlights key projects the City expects to conduct on behalf of its residents during the year. Significant projects in the Goals and Objectives for Fiscal Year 2023-2024 include revitalization of the City Center, implement recommendations of the parking plan, increase supplies of affordable and workforce housing, replace the big creek dam, and invest in the reconstruction and resurfacing of the City's street system.

Certificate of Achievement

On June 14, 2024, the Government Finance Officers Association notified the City of Newport that the Annual Comprehensive Financial Report (ACFR) for the fiscal year which ended June 30, 2023 was awarded a certificate of achievement for excellence in financial reporting. The certificate of achievement is the highest form of recognition in governmental accounting and financial reporting, and attainment represents a significant accomplishment by a government and its management. Congratulations to Finance Director Steve Baugher and staff on obtaining this significant recognition!

Acknowledgments

This ACFR was prepared by the City's Finance Department with information and assistance being provided by other City departments. I would like to thank the Finance Department and all City personnel who contributed to compiling and presenting these

reports. I would like to specifically recognize Finance Director, Steve Baugher, whose dedication to the organization is evident in the results of the audit. We are appreciative of the timely and professional services provided by Aldrich CPAs and Advisors, LLP in conducting the independent audit. Finally, I would like to express appreciation to the role that the 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,

Nina Vetter

City Manager



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newport (the City) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison statements for the General Fund, Room Tax Fund, Urban Renewal Fund and Airport Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of proportionate share of the net pension liability (asset) and schedule of contributions – pension, schedule of net pension liability and changes in net pension liability, schedule of employer contributions, schedule of investment rate of return, schedule of proportionate share of the OPEB liability – RHIA, schedule of OPEB contributions – RHIA, and the schedule of changes in total OPEB liability and related ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis, schedule of proportionate share of the net pension liability (asset) and schedule of contributions – pension, schedule of net pension liability and changes in net pension liability, schedule of employer contributions, schedule of investment rate of return, schedule of proportionate share of the OPEB liability – RHIA, schedule of OPEB contributions – RHIA, and the schedule of changes in total OPEB liability and related ratios in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining financial statements, individual fund schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining financial statements, individual fund schedules and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

Other Information

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

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

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

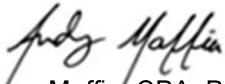
In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is issued separately and is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Other Reporting Required by Oregon State Regulations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 16, 2024, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.

Aldrich CPAs + Advisors LLP

By:



Andrew Maffia, CPA, Partner
Salem, Oregon
December 16, 2024



MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT’S DISCUSSION AND ANALYSIS

The City of Newport (“City”) offers to the public a discussion of its financial statements for the fiscal year ended June 30, 2024. 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, 2024 by \$155.04 million which equals the City’s total net position.
- The City’s total assets for the 2023-2024 Fiscal Year (FY) increased by \$7.1 million, total deferred outflows of resources increased by \$0.07 million, total liabilities decreased by \$2.5 million, total deferred inflows of resources decreased by \$0.97 million, and net investment in capital assets increased by \$10.03 million. See government-wide financial analysis section for a more detailed analysis.
- As of the close of the fiscal year, the City’s governmental funds reported combined ending fund balances (EFBs) of \$36.96 million, an increase of \$2.79 million as compared to the previous year. The Room Tax Fund decreased by \$0.82 million, due to increasing expenditures and improvements to attract tourism. SDC Fund increased by \$0.59 million to meet increased future capacity needs for utility, parks, and other qualified public improvements. Other significant increases or decreases in EFB’s were; the Capital Project Fund increased by \$1.5 million and the Capital Improvement Fund increased by \$0.98 million for future capital projects. Note that many of the future capital projects have been delayed due to supply chain issues and staff shortages.
- The proprietary funds, at the close of the fiscal year, had an increase of \$3.53 million. The Water Fund increased by \$3.1 million due to an increase of capital assets of \$1.96 million and paying all required debt payments as planned of \$1.18 million. The increase in capital assets is primarily due to preliminary design for Big Creek Dam, purchase of a vac truck, and water treatment plant excess recirculation upgrade less depreciation of existing capital assets. The Wastewater Fund increased by \$1.45 million due to paying all required debt payments as planned of \$1.02 million, decrease in assets of \$1.38 million primarily due to depreciation, and an increase of \$1.81 million in current assets (cash and accounts receivable) due to a 15% increase in wastewater rates.
- As of the end of FY 2024, the total assigned and unassigned fund balance in the General Fund was \$6.8 million, which was 47.02% of the total General Fund operating expenditures of \$14.47 million. The decrease in fund balance available for expenditures is primarily due to filling a portion of the vacant positions from the previous fiscal year and replacement of deferred equipment and vehicles.
- Total governmental activities debt decreased by \$0.42 million or 2.87% during the FY 2024. The decrease was the result of paying all required debt payments as planned and an increase in net pension liability. Total business-type activities debt decreased by \$2.56 million or 6.27%. The decrease was the result of paying all required debt payments as planned.

Overview of the Financial Statements

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

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

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

The Statement of Activities presents information showing how the City’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods (for example, uncollected taxes and earned but unused vacation leave). The governmental activities of the City include general government, public safety, streets, economic development, culture and recreation, airport operations, City Facility Internal Service Fund, and interest paid on long term debt. The business type activities include those funds dealing with water treatment and distribution, wastewater treatment and collection, stormwater activities, and the Public Works Internal Service Fund.

Fund Financial Statements. A fund is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. As do other state and local governments, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City has three types of funds: governmental, proprietary, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the governmental wide financial statements. By doing so, readers may better understand the long-term impact of the City’s near term financial decisions. Both the governmental funds balance sheet and governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison.

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

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

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

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

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

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

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

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 pension plan.

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

Government-Wide Financial Analysis

The City's total assets for the 2023-2024 Fiscal Year (FY) increased by \$7.1 million, total deferred outflows of resources increased by \$0.07 million, total liabilities decreased by \$2.5 million, total deferred inflows of resources decreased by \$0.97 million, and net investment in capital assets increased by \$10.03 million. Total increase in assets is due to an increase in cash and investments of \$2.45 million for upcoming capital projects, increase in other assets of \$1.41 million mainly due to accounts receivable timing of billings to receipt and an increase in opioid settlements, and increase in capital assets of \$3.24 million due to preliminary design of Big Creek Dam, purchase of VAC truck, Performing Arts Center remodel, Bayfront parking improvements, Airport storm drainage improvements, and infrastructure improvements, less depreciation. The increase in deferred outflows is due to pension related item calculations. The decrease in total liabilities is due to the result of paying all required debt payments as planned. The decrease in deferred inflows is due to pension related item calculations. Net investment in capital assets increased due to the increase of capital assets of \$5.67 million and paying all required debt payments as planned of \$4.36 million. The biggest factor related to the restricted net position increase of \$0.06 million was the accumulation of capital project funds for upcoming projects (delayed due to supply chain issues and staff shortages) less tourism funds used for expenditures and improvements to attract tourism and debt service funds used for debt payments. Unrestricted net position increase of \$0.54 million is due to continued staff shortages in some positions.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2024, the City's assets exceeded liabilities by \$155.04 million. This represents an increase of \$10.63 million or 7.36% increase in net position from the prior fiscal year.

TABLE 1 - Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total Government	
	2023	2024	2023	2024	2023	2024
ASSETS						
Cash and investments	\$ 35,025,282	\$ 37,291,261	\$ 9,275,766	\$ 9,459,350	\$ 44,301,048	\$ 46,750,611
Other assets	4,722,875	6,315,381	3,145,361	2,962,238	7,868,236	9,277,619
Capital assets	80,881,112	83,607,477	79,333,967	79,843,914	160,215,079	163,451,391
Total Assets	120,629,269	127,214,119	91,755,094	92,265,502	212,384,363	219,479,621
DEFERRED OUTFLOWS OF RESOURCES						
Pension related items	1,557,825	1,617,616	18,743	-	1,576,568	1,617,616
Other postemployment benefit related items	28,849	56,348	12,990	16,126	41,839	72,474
Total Deferred Outflows of Resources	1,586,674	1,673,964	31,733	16,126	1,618,407	1,690,090
LIABILITIES						
Other liabilities	1,769,986	2,527,552	8,166,424	7,886,971	9,936,410	10,414,523
Long term debt outstanding	14,590,784	14,172,155	40,745,147	38,189,100	55,335,931	52,361,255
Total Liabilities	16,360,770	16,699,707	48,911,571	46,076,071	65,272,341	62,775,778
DEFERRED INFLOWS OF RESOURCES						
Pension related items	1,764,047	989,054	-	124,965	1,764,047	1,114,019
Other postemployment benefit related items	157,221	110,982	80,104	71,276	237,325	182,258
Deferred Lease Resources	2,319,923	2,055,415	-	-	2,319,923	2,055,415
Total Deferred Inflows of Resources	4,241,191	3,155,451	80,104	196,241	4,321,295	3,351,692
NET POSITION						
Net investment in capital assets	72,529,566	76,868,602	39,662,751	45,358,374	112,192,317	122,226,976
Restricted						
Highways and streets	747,699	588,069	-	-	747,699	588,069
Capital projects	9,062,310	11,156,818	5,968,579	4,834,217	15,030,889	15,991,035
Debt service	120,781	166,067	1,813,177	1,113,811	1,933,958	1,279,878
Tourism	3,087,686	2,272,291	-	-	3,087,686	2,272,291
Building inspection	441,081	510,152	-	-	441,081	510,152
Agate Beach closure	1,053,696	1,003,517	-	-	1,053,696	1,003,517
Urban renewal revitalization	4,424,038	4,908,301	-	-	4,424,038	4,908,301
Other	474,874	700,862	-	-	474,874	700,862
Unrestricted	9,672,251	10,858,246	(4,649,355)	(5,297,086)	5,022,896	5,561,160
Total Net Position	\$ 101,613,982	\$ 109,032,925	\$ 42,795,152	\$ 46,009,316	\$ 144,409,134	\$ 155,042,241

The largest portion of the City’s net position, \$122.23 million or 78.83%, is its investment in capital assets (land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses the capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Of the remaining balance in net position, \$15.99 million (10.31%) is restricted for capital projects paid for by system development charges (SDCs) and other restricted resources, \$2.27 million (1.47%) is restricted for promotion of tourism related activity funded by transient room tax, and \$4.91 million (3.17%) 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 \$101.61 million in fiscal year 2022-23 to \$109.03 million in fiscal year 2023-24. The unrestricted balance increased from \$9.67 million to \$10.86 million, a 12.26% increase due to mainly staff shortages.

Business-Type Activities. Business-type net position increased from \$42.8 million in fiscal year 2022-23 to \$46.01 million in fiscal year 2023-24. The unrestricted balance decreased 13.93% due to purchase of capital assets.

TABLE 2 - Governmental and Proprietary Activities

	Governmental Activities		Business-type Activities		Total Government	
	2023	2024	2023	2024	2023	2024
REVENUES:						
Program revenues						
Charges for services	\$ 4,190,974	\$ 4,564,881	\$ 10,945,325	\$ 12,405,348	\$ 15,136,299	\$ 16,970,229
Operating grants and contributions	2,698,364	2,474,043	-	-	2,698,364	2,474,043
Capital grants and contributions	716,052	2,696,719	1,336,021	1,330,165	2,052,073	4,026,884
General revenues						
Property taxes	12,402,852	12,930,141	2,198,486	2,370,760	14,601,338	15,300,901
Transient room taxes	6,974,069	6,782,773	-	-	6,974,069	6,782,773
Franchise fees	1,406,020	1,411,500	-	-	1,406,020	1,411,500
Other taxes	915,136	863,711	-	-	915,136	863,711
Interest earnings	1,036,051	1,806,079	434,539	684,678	1,470,590	2,490,757
Other revenue	183,425	378,519	42,038	36,813	225,463	415,332
Total Revenues	30,522,943	33,908,366	14,956,409	16,827,764	45,479,352	50,736,130
EXPENSES:						
General government	8,835,335	10,488,586	-	-	8,835,335	10,488,586
Public safety	7,285,141	8,386,095	-	-	7,285,141	8,386,095
Public Works	1,879,645	1,920,870	-	-	1,879,645	1,920,870
Culture and recreation	4,399,758	5,059,542	-	-	4,399,758	5,059,542
Interest on long-term debt	281,736	234,166	-	-	281,736	234,166
Water	-	-	4,407,378	6,596,282	4,407,378	6,596,282
Sewer	-	-	6,995,775	6,757,126	6,995,775	6,757,126
Stormwater	-	-	969,025	660,356	969,025	660,356
Total Expenses	22,681,615	26,089,259	12,372,178	14,013,764	35,053,793	40,103,023
Excess of revenues over expenditures						
before transfers	7,841,328	7,819,107	2,584,231	2,814,000	10,425,559	10,633,107
Transfers	(1,450,445)	(400,164)	1,450,445	400,164	-	-
Change in net position	6,390,883	7,418,943	4,034,676	3,214,164	10,425,559	10,633,107
Net Position, beginning, as restated	95,209,005	101,613,982	38,760,476	42,795,152	133,969,481	144,409,134
Error Correction	14,094	-	-	-	14,094	-
Net Position, ending	\$ 101,613,982	\$ 109,032,925	\$ 42,795,152	\$ 46,009,316	\$ 144,409,134	\$ 155,042,241

Governmental activities increased the City’s net position by \$7.42 million (7.3% increase). The City has an ending fund balance policy, which sets the carry forward for each year. Department Heads monitor their budgets in order to stay within their planned expenditures, this way they have a carry forward balance. Comparing fiscal years, the City had received an additional \$1.98 million in aviation grants and Performing Arts Contributions for capital grants and contributions, increase of property taxes (4.25%), and interest earnings increase (74.32%) due to an increase in interest rates and cash balances. Total expenses increased by 15.02% due to primarily due to filling a portion of the vacant positions from the previous fiscal year, parking/traffic/revitalization studies, urban renewal demolition costs, COLI adjustments for personnel, and inflation price adjustments for materials and services.

Business-type activities increased the City’s net position by \$3.21 million (7.51% increase). For FY 2024, charges for service rates were increased up to 15% to help cover needed future infrastructure improvements that will need to occur. Capital grants were received in FY 2024 for the Big Creek Dam preliminary design of \$1.3 million. Total expenses increased by 13.27% due to primarily due to COLI adjustments for personnel, and high inflation price adjustments for materials and services, and deferred interest expense payments.

Financial Analysis of the City’s Funds

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

A summary of all fund balances is shown below.

TABLE 3 - Ending Fund Balances

GOVERNMENTAL FUNDS	FY 2022	FY 2023	FY 2024	FY23 to FY24
				Change
General Fund	\$ 6,424,223	\$ 7,197,788	\$ 6,804,981	\$ (392,807)
Parks and Recreation Fund	452,586	490,367	907,081	416,714
Public Parking Fund	20,058	(966)	(200,634)	(199,668)
Housing Fund	539,864	726,500	883,778	157,278
Airport Fund	392,274	412,029	663,745	251,716
Room Tax Fund	2,882,819	3,087,686	2,272,291	(815,395)
Building Inspection Fund	372,858	441,081	510,152	69,071
Street Fund	1,096,252	747,699	588,069	(159,630)
Line Undergrounding Fund	691,829	914,091	1,161,456	247,365
SDC Fund	2,738,394	3,057,234	3,646,973	589,739
Agate Beach Closure Fund	1,128,085	1,053,696	1,003,517	(50,179)
Urban Renewal Agency Fund	5,474,072	4,289,871	4,751,706	461,835
General Debt Service Fund	43,768	30,843	3,110	(27,733)
G.O. Debt Service Fund	63,715	99,077	141,239	42,162
Capital Project Fund	3,939,313	6,005,076	7,509,845	1,504,769
Reserve Fund	2,603,870	2,548,207	2,268,240	(279,967)
Capital Improvements Fund	2,051,044	3,064,677	4,040,462	975,785
Total Governmental Funds	\$ 30,915,024	\$ 34,164,956	\$ 36,956,011	\$ 2,791,055

PROPRIETARY FUNDS	FY 2022	FY 2023	FY 2024	FY23 to FY24
				Change
Water Fund	\$ 4,821,054	\$ 8,449,589	11,547,000	\$ 3,097,411
Wastewater Fund	26,009,325	25,996,116	27,442,208	1,446,092
Stormwater Fund	(767,471)	(549,437)	(180,428)	369,009
Debt Fund - Water	6,221	6,595	10,967	4,372
Debt Fund - Wastewater	973,852	1,403,975	532,034	(871,941)
Debt Fund - Stormwater	175,398	122,161	124,759	2,598
G.O. Debt Service Fund	247,432	280,446	446,051	165,605
Capital Projects	6,047,096	5,968,579	4,834,217	(1,134,362)
Public Works Fund	1,247,569	1,117,128	1,252,508	135,380
City Facility Fund	376,327	525,729	842,920	317,191
Total Proprietary Funds	\$ 39,136,803	\$ 43,320,881	\$ 46,852,236	\$ 3,531,355

The City’s governmental funds reported combined ending fund balances (EFBs) of \$36.96 million, an increase of \$2.79 million or 8.17% from the previous year.

The General Fund is the main operating fund for the City. At the end of 2023-24 FY, the unassigned and assigned fund balance of the General Fund was \$6.8 million. As a measure of the General Fund’s liquidity, it may be useful to compare the spendable fund balance to total fund expenditures. The unassigned fund balance represents 47.02% of the total General Fund operating expenditures. The total fund balance (non-spendable, restricted, committed, assigned, and unassigned) decreased by \$0.39 million to \$6.8 million, or 0.05% compared to the previous year. The decrease is primarily due to filling a portion of the vacant positions from the previous fiscal year and replacement of deferred equipment and vehicles. The Room Tax Fund decreased by \$0.82 million, due to increasing expenditures and improvements to attract tourism. SDC Fund increased by \$0.59 million to meet increased future capacity needs for utility, parks, and other qualified public improvements. The Capital Project Fund increased by \$1.5 million and the Capital Improvement Fund increased by \$0.98 million for future capital projects. Note that many of the future capital projects have been delayed due to supply chain issues and staff shortages.

The Proprietary funds reported combined ending net position of \$46.85 million, an increase of \$3.53 million or 8.15%. The Water Fund increased by \$3.1 million due to an increase of capital assets of \$1.96 million and paying all required debt payments as planned of \$1.18 million. The increase in capital assets is primarily due to preliminary design for Big Creek Dam, purchase of vac truck, and water treatment plant excess recirculation upgrade less depreciation of existing capital assets. The Wastewater Fund increased by \$1.45 million due to paying all required debt payments as planned of \$1.02 million, decrease in assets of \$1.38 million primarily due to depreciation, and an increase of \$1.81 million in current assets (cash and accounts receivable) due to a 15% increase in wastewater rates. The Wastewater Debt Fund decreased by \$0.87 million due to deferred interest expense payments in 2023-24. The Capital Projects Fund decreased by \$1.13 million due to preliminary design work for Big Creek Dam and water treatment plant excess recirculation upgrade.

General Fund Budgetary Highlights

There was a \$1.55 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 six supplemental budgets for this fund. An adjustment was completed to recognize a \$0.17 million decrease to the beginning fund balance and the offset went to contingency to match the 2022-23 fiscal year audit ending fund balance, adjustment to recognize a \$0.58 million interfund loan to purchase a VAC truck, adjustment to recognize a \$0.1 million transfer to cover Oceanview Drive slide and emergency repair, adjustment to recognize opioid funds received of \$0.11 million and transferred to the Reserve Fund, adjustment to recognize a \$0.59 million purchase of storage area network (SAN) computer equipment and various other equipment.

Capital Assets. As of June 30, 2024, the City’s investment in capital assets for its governmental and business type activities was \$163.45 million, net of accumulated depreciation (see table 4). Investment in capital assets includes land, buildings and structures, equipment, vehicles, infrastructure, construction in progress, right to use lease assets, and subscription assets. The total increase in the City’s investment in capital assets for the current fiscal year was \$3.24 million or 2.02%. This total includes a 3.37% increase in assets related to governmental activities and a 0.64% increase in assets related business-type activities.

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

	Governmental Activities		Business-type Activities		Total Government	
	2023	2024	2023	2024	2023	2024
Land	\$ 13,218,881	\$ 13,583,713	\$ 1,095,452	\$ 1,095,452	\$ 14,314,333	\$ 14,679,165
Construction in progress	5,835,258	3,529,776	8,756,869	11,223,785	14,592,127	14,753,561
Buildings and structures	44,911,989	45,424,701	39,368,503	39,368,503	84,280,492	84,793,204
Equipment	5,522,271	6,553,516	4,928,824	5,526,312	10,451,095	12,079,828
Vehicles	5,768,114	5,980,434	2,051,667	2,598,224	7,819,781	8,578,658
Infrastructure	60,995,157	67,057,740	74,462,737	74,977,553	135,457,894	142,035,293
Right to use lease assets	638,188	424,002	357,331	395,268	995,519	819,270
Subscription assets	228,483	326,976	36,897	36,897	265,380	363,873
Less accumulated depreciation	(56,237,229)	(59,273,381)	(51,724,313)	(55,378,080)	(107,961,542)	(114,651,461)
Total	\$ 80,881,112	\$ 83,607,477	\$ 79,333,967	\$ 79,843,914	\$ 160,215,079	\$ 163,451,391

Some significant changes are as follows.

Governmental activities:

- Visual Arts Center (VAC) upper roof began and accumulated \$85.44K in costs,
- Main fire station diesel exhaust extraction system began and accumulated \$73.58K in costs,
- Performing Arts Center (PAC) expansion project accumulated \$1.62M in costs,
- Parking meter equipment and signs accumulated \$65.8K in costs,

- PAC HVAC control system accumulated \$264.94K in costs,
- Brandit Intimidator chipper began and accumulated \$54.9K in costs,
- SAN and supporting hardware began and accumulated \$466.81K in costs,
- Aerial image and lidar data began and accumulated \$67.12K in costs,
- New Holland tractor with mower and box scraper began and accumulated \$143.69K in costs,
- Bayfront parking lot refurbishment began and accumulated \$431.12K in costs,
- Oceanview Drive slide and storm emergency repair began and accumulated \$438.49K in costs,
- Four Police vehicles began and accumulated \$240.09K in costs,
- Airport storm drainage pipe rehabilitation accumulated \$925.05K in costs,
- UV system for the aquatic system began and accumulated \$92.32K in costs,
- 2023 Ford F150 truck began and accumulated \$52.6K in costs,
- 143 SW Coast Hwy (URA land redevelopment) began and accumulated \$354.74K in costs,

Business-type activities:

- Big Creek Dam design accumulated \$1.51M in costs,
- WTP Excess Recirculation (XR) Upgrade/Storage Building accumulated \$1.04M in costs,
- Underbay waterline crossing accumulated \$91.72K in costs,
- Flocculation tank and piping painting began and accumulated \$114.75K in costs,
- 2024 Freightliner VAC truck began and accumulated \$576.52K in costs,
- Wastewater treatment plant (WWTP) Master Plan and accumulated \$52.33K in costs,
- Schooner sewer bypass accumulated \$220.9K in costs,
- Replacement of fire panels at WWTP began and accumulated \$123.91K in costs,
- Aldec 406 centrifuge began and accumulated \$124.5K in costs,

TABLE 5 - Change in Capital Assets

	Governmental Activities		Business-type Activities		Total Government	
	2023	2024	2023	2024	2023	2024
Beginning balance	\$ 79,583,820	\$ 80,881,112	\$ 78,968,037	\$ 79,333,967	\$ 158,551,857	\$ 160,215,079
Additions	6,262,699	11,623,006	5,127,422	4,939,193	11,390,121	16,562,199
Depreciation	(3,133,455)	(3,419,772)	(3,626,888)	(3,730,572)	(6,760,343)	(7,150,344)
Deletions	(1,831,952)	(5,476,869)	(1,134,604)	(698,674)	(2,966,556)	(6,175,543)
Ending Balance	\$ 80,881,112	\$ 83,607,477	\$ 79,333,967	\$ 79,843,914	\$ 160,215,079	\$ 163,451,391

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 2024 the City had total debt outstanding of \$52.36 million. The City has four major types of debt along with net pension liability, compensated absences, other postemployment benefits, leases, and subscriptions (see Table 6):

1. General Obligations Bonds (GO). Debt approved by the City’s taxpayers and for which they pay thorough an increase in their property taxes. The total amount outstanding is \$10.02 million, which includes \$246,017 of unamortized bond premium.
2. Debt based upon the “full faith and credit of the City” (FFC). Debt the City’s taxpayers do not pay directly. Revenue bonds are an example, revenues generated by the particular project being financed secure these bonds or whatever source the City has available for payment. The total amount outstanding is \$32.04 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 2024 is \$0.99 million.

4. Loans made to the City by banks and other institutions. Debt for this type of financing is funded by specific funds. The total outstanding at June 30, 2024 is \$0.

In fiscal year 2023-24, the City continued to pay down debt, \$3.39 million was expended as planned.

TABLE 6 Outstanding Long-Term Debt at Year-End

GOVERNMENTAL ACTIVITIES	FY 2022	FY 2023	FY 2024
2013 Series GO for Swimming Pool	\$ 5,970,000	\$ 5,595,000	\$ 5,190,000
2010 B Full Faith & Credit Urban Renewal	550,000	-	-
2015 A and B Urban Renewal	2,678,000	1,960,000	992,000
2007 Certificate of Participation (LoCap)	50,000	25,000	-
2018 Airport Fuel Farm Borrowing	83,329	27,829	-
Unamortized Premium	263,435	224,699	190,987
Net Pension Liability	4,441,026	5,432,497	6,470,361
Compensated Absences	526,712	562,941	698,894
Other Postemployment Benefits Liability	288,736	243,800	264,025
Lease Payable	456,781	387,809	265,513
Subscription Payable	228,483	131,209	100,375
Total Governmental Debt	15,536,502	14,590,784	14,172,155
BUSINESS-TYPE ACTIVITIES	FY 2022	FY 2023	FY 2024
2009 GO Water Improvement Bonds (WTP)	6,686,249	5,615,773	4,582,163
2019 Water Borrowing	2,956,000	2,741,000	2,521,000
2010A Series, Full Faith and Refunding	255,000	-	-
2018 Series, Full Faith and Credit - Stormwater	2,058,000	1,740,000	1,412,000
2022 Series, Full Faith and Credit - Water	4,551,000	4,551,000	4,464,000
2007 Seal Rock Water District Agreement	580,417	543,881	505,577
2014 Water Borrowing	3,365,530	3,163,491	2,953,311
DEQ Note R689935	3,741,018	3,544,382	3,345,775
DEQ Note R689933	10,031,027	9,625,393	9,209,637
DEQ Note R689934	810,354	810,354	791,484
DEQ Note R689936	6,984,114	6,984,114	6,837,692
Unamortized Premium	99,362	66,035	55,030
Net Pension Liability	775,116	750,519	899,286
Compensated Absences	129,444	144,064	152,826
Other Postemployment Benefits Liability	177,351	131,924	169,894
Lease Payable	157,895	313,880	279,648
Subscription Payable	28,897	19,337	9,777
Total Business Type Debt	43,386,774	40,745,147	38,189,100
TOTALS:	\$ 58,923,276	\$ 55,335,931	\$ 52,361,255

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

Economic Factors and Next Year's Budget and Rates

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

Another indicator of economic trends is the unemployment rate for a particular area. In reviewing the Lincoln County unemployment statistics over the past few years after the COVID pandemic, it shows that

June of 2023 was at a low of 3.9%. In the current fiscal year, the unemployment rate has increased to 4.4% for June 2024.

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

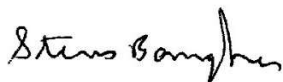
Another significant source of revenues for the City of Newport includes the transient room tax; it has increased an average of 9.55% over the last five years, which includes the substantial decline of revenue during COVID in 2020. The Newport transient room tax rate was increased in September 2021 from 9.5% to 12%.

The City provides for water, wastewater, and stormwater services. The rates were increased by 15% for water, 15% for wastewater, and 25% for the stormwater for the 2024-25 budget. Future rates will need to be increased due to current operations caused by inflation and additional costs to maintain and/or replace an aging infrastructure. These rates are a significant source of revenue for the City's proprietary funds.

In assembling the City-wide budget for the 2024-25 budget, the City Finance Department utilized various five-year projections based on historic trends. This included assumptions that assessed value of property would increase by 3.0%. Medical insurance coverage would increase by an average 10%, and an average Cost of Living Adjustment of 4.29% would be used for budgeted wages. Other expenses and revenue percentages were adjusted based on history factored in with expected higher than normal inflation.

All of these factors were considered when preparing the budget for the 2024-25 fiscal year.

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



Signature: _____
Finance Director



BASIC FINANCIAL STATEMENTS

CITY OF NEWPORT
Statement of Net Position
June 30, 2024

ASSETS	Governmental Activities	Business-Type Activities	Total
Cash and Cash Equivalents	\$ 37,291,261	\$ 9,459,350	\$ 46,750,611
Receivables:			
Accounts, net	2,759,064	2,458,632	5,217,696
Taxes	648,433	118,194	766,627
Interest	201,728	-	201,728
Internal Balances	584,000	(584,000)	-
Inventory	109,254	968,867	1,078,121
Prepaid Expenses	25,049	545	25,594
Lease Receivables	1,981,804	-	1,981,804
Net Other Postemployment Benefits Asset	6,049	-	6,049
Capital Assets:			
Land and construction in progress	17,113,489	12,319,237	29,432,726
Other capital assets, net of depreciation	66,493,988	67,524,677	134,018,665
Total Assets	<u>127,214,119</u>	<u>92,265,502</u>	<u>219,479,621</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Items	1,617,616	-	1,617,616
Other Postemployment Benefits Related Items	56,348	16,126	72,474
Total Deferred Outflows of Resources	<u>1,673,964</u>	<u>16,126</u>	<u>1,690,090</u>
LIABILITIES			
Accounts Payable	1,591,228	569,479	2,160,707
Payroll and Related Liabilities	900,008	206,705	1,106,713
Customer Deposits	-	929,104	929,104
Unearned Revenue	17,968	20,868	38,836
Accrued Interest	18,348	6,160,815	6,179,163
Long-Term Liabilities:			
Due within one year	2,114,842	3,134,584	5,249,426
Due in more than one year	12,057,313	35,054,516	47,111,829
Total Liabilities	<u>16,699,707</u>	<u>46,076,071</u>	<u>62,775,778</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related Items	989,054	124,965	1,114,019
Other Postemployment Benefits Related Items	110,982	71,276	182,258
Deferred Lease Resources	2,055,415	-	2,055,415
Total Deferred Inflows of Resources	<u>3,155,451</u>	<u>196,241</u>	<u>3,351,692</u>
NET POSITION			
Net Investment in Capital Assets	76,868,602	45,358,374	122,226,976
Restricted for:			
Highways and streets	588,069	-	588,069
Capital projects	11,156,818	4,834,217	15,991,035
Debt service	166,067	1,113,811	1,279,878
Tourism	2,272,291	-	2,272,291
Building inspection	510,152	-	510,152
Agate Beach disposal site closure	1,003,517	-	1,003,517
Urban renewal revitalization	4,908,301	-	4,908,301
Other	700,862	-	700,862
Unrestricted	10,858,246	(5,297,086)	5,561,160
Total Net Position	<u>\$ 109,032,925</u>	<u>\$ 46,009,316</u>	<u>\$ 155,042,241</u>

See accompanying notes to basic financial statements.

CITY OF NEWPORT

Statement of Activities

Year Ended June 30, 2024

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ 10,488,586	\$ 3,321,284	\$ 856,255	\$ 1,245,293	\$ (5,065,754)	\$ -	\$ (5,065,754)
Public safety	8,386,095	223,004	415,183	-	(7,747,908)	-	(7,747,908)
Public works	1,920,870	-	1,127,933	246,753	(546,184)	-	(546,184)
Culture and recreation	5,059,542	1,020,593	74,672	1,204,673	(2,759,604)	-	(2,759,604)
Interest on long-term debt	234,166	-	-	-	(234,166)	-	(234,166)
Total Governmental Activities	<u>26,089,259</u>	<u>4,564,881</u>	<u>2,474,043</u>	<u>2,696,719</u>	<u>(16,353,616)</u>	<u>-</u>	<u>(16,353,616)</u>
Business-Type Activities:							
Water	6,596,282	4,689,327	-	1,330,165	-	(576,790)	(576,790)
Wastewater	6,757,126	6,493,004	-	-	-	(264,122)	(264,122)
Stormwater	660,356	1,223,017	-	-	-	562,661	562,661
Total Business-Type Activities	<u>14,013,764</u>	<u>12,405,348</u>	<u>-</u>	<u>1,330,165</u>	<u>-</u>	<u>(278,251)</u>	<u>(278,251)</u>
Totals	<u>\$ 40,103,023</u>	<u>\$ 16,970,229</u>	<u>\$ 2,474,043</u>	<u>\$ 4,026,884</u>	<u>(16,353,616)</u>	<u>(278,251)</u>	<u>(16,631,867)</u>
General Revenues:							
Property taxes					12,930,141	2,370,760	15,300,901
Transient room taxes					6,782,773	-	6,782,773
Franchise fees					1,411,500	-	1,411,500
Other taxes					863,711	-	863,711
Interest earnings					1,806,079	684,678	2,490,757
Other revenue					378,519	36,813	415,332
Transfers					(400,164)	400,164	-
Total General Revenues and Transfers					<u>23,772,559</u>	<u>3,492,415</u>	<u>27,264,974</u>
Change in Net Position					<u>7,418,943</u>	<u>3,214,164</u>	<u>10,633,107</u>
Net Position, beginning, as previously presented					101,599,888	42,795,152	144,395,040
Error Correction					14,094	-	14,094
Net Position, beginning, as restated					<u>101,613,982</u>	<u>42,795,152</u>	<u>144,409,134</u>
Net Position, ending					<u>\$ 109,032,925</u>	<u>\$ 46,009,316</u>	<u>\$ 155,042,241</u>

See accompanying notes to basic financial statements.

CITY OF NEWPORT
Governmental Funds
Balance Sheet
June 30, 2024

	General	Room Tax	Urban Renewal
ASSETS			
Cash and Cash Equivalents	\$ 6,308,295	\$ 1,327,920	\$ 4,719,491
Receivables:			
Accounts	1,298,345	931,871	-
Taxes	415,934	-	200,309
Interest	-	-	-
Due from Other Funds	584,000	-	-
Inventory	-	-	-
Prepaid Items	10,923	12,500	-
Lease Receivables	139,964	-	-
Total Assets	\$ 8,757,461	\$ 2,272,291	\$ 4,919,800
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 353,281	\$ -	\$ -
Payroll and related liabilities	703,506	-	11,499
Unearned revenue	7,778	-	-
Due to other funds	-	-	-
Total Liabilities	1,064,565	-	11,499
Deferred Inflows of Resources:			
Unavailable revenues	754,766	-	156,595
Deferred lease resources	133,149	-	-
Total Deferred Inflows of Resources	887,915	-	156,595
Fund Balances:			
Nonspendable	10,923	12,500	-
Restricted	-	2,259,791	4,751,706
Committed	-	-	-
Assigned	-	-	-
Unassigned	6,794,058	-	-
Total Fund Balances	6,804,981	2,272,291	4,751,706
Total Liabilities and Fund Balances	\$ 8,757,461	\$ 2,272,291	\$ 4,919,800

See accompanying notes to basic financial statements.

	Airport	Capital Projects	Nonmajor Governmental	Total Governmental Funds
\$	542,426	\$ 7,676,391	\$ 15,399,367	\$ 35,973,890
	24,155	339,101	165,592	2,759,064
	-	-	32,190	648,433
	201,728	-	-	201,728
	-	-	307,500	891,500
	39,733	-	69,521	109,254
	-	-	1,626	25,049
	<u>1,841,840</u>	<u>-</u>	<u>-</u>	<u>1,981,804</u>
\$	<u>2,649,882</u>	<u>\$ 8,015,492</u>	<u>\$ 15,975,796</u>	<u>\$ 42,590,722</u>
\$	29,011	\$ 505,647	\$ 583,035	\$ 1,470,974
	24,670	-	106,990	846,665
	10,190	-	-	17,968
	<u>-</u>	<u>-</u>	<u>307,500</u>	<u>307,500</u>
	<u>63,871</u>	<u>505,647</u>	<u>997,525</u>	<u>2,643,107</u>
	-	-	24,828	936,189
	<u>1,922,266</u>	<u>-</u>	<u>-</u>	<u>2,055,415</u>
	<u>1,922,266</u>	<u>-</u>	<u>24,828</u>	<u>2,991,604</u>
	39,733	-	71,147	134,303
	624,012	7,509,845	5,820,429	20,965,783
	-	-	2,950,689	2,950,689
	-	-	6,311,812	6,311,812
	<u>-</u>	<u>-</u>	<u>(200,634)</u>	<u>6,593,424</u>
	<u>663,745</u>	<u>7,509,845</u>	<u>14,953,443</u>	<u>36,956,011</u>
\$	<u>2,649,882</u>	<u>\$ 8,015,492</u>	<u>\$ 15,975,796</u>	<u>\$ 42,590,722</u>



CITY OF NEWPORT

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

June 30, 2024

Total Fund Balances for Governmental Funds		\$	36,956,011
Total Net Position Reported for the Governmental Activities in the Statement of Net Position is Different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets and related accumulated depreciation are reported as follows:			
Land and construction in progress	\$	17,113,489	
Other capital assets, net of depreciation, net of internal service funds		<u>66,416,593</u>	
Total Capital Assets			83,530,082
The net other postemployment benefit asset is reported in the statement of net position but is not reported in the funds			6,049
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds			936,189
Long-term liabilities are not due and payable in the current period and therefore are not reported as fund liabilities:			
Long-term debt		(6,372,987)	
Lease liability		(186,591)	
Subscription liability		(100,375)	
Compensated absences, net of internal service funds		(675,101)	
Interest payable on long-term debt		(18,348)	
Other postemployment benefit liability, net of internal service funds		(226,554)	
Net pension liability, net of internal service funds		<u>(6,272,022)</u>	
Total Long-Term Liabilities			(13,851,978)
Internal service funds are used by management to charge the costs of information systems services, central services, and geographic information system services to individual funds. A portion of the assets and liabilities of the internal service funds is included in governmental activities statement of net position			842,920
Certain changes in net pension liabilities are deferred rather than recognized immediately. These items are amortized over time and are shown net of internal service fund balances:			
Deferred outflows of resources - pension related		1,617,616	
Deferred inflows of resources - pension related		(961,493)	
Deferred outflows of resources - other postemployment benefits related		52,791	
Deferred inflows of resources - other postemployment benefits related		<u>(95,262)</u>	
			<u>613,652</u>
Total Net Position of Governmental Activities		\$	<u><u>109,032,925</u></u>

See accompanying notes to basic financial statements.

CITY OF NEWPORT**Governmental Funds****Statement of Revenues, Expenditures, and Changes in Fund Balances**

Year Ended June 30, 2024

	<u>General</u>	<u>Room Tax</u>	<u>Urban Renewal</u>
Revenues:			
Taxes:			
Property	\$ 8,212,696	\$ -	\$ 4,009,646
Transient room	3,309,007	3,443,958	-
Other	207,947	-	-
Franchise fees, privilege taxes, licenses and permits	1,418,006	-	-
Intergovernmental	1,844,181	-	-
Charges for services	1,669,442	29,808	-
Fines and forfeitures	140,670	-	-
System development charges	-	-	-
Interest earnings	329,632	123,388	232,634
Other revenue	207,998	73	24,500
Total Revenues	<u>17,339,579</u>	<u>3,597,227</u>	<u>4,266,780</u>
Expenditures:			
Current:			
General government	3,992,477	1,227,033	246,320
Public safety	8,028,682	-	-
Public works	-	-	-
Culture and recreation	1,216,812	-	-
Capital outlay	966,894	-	360,911
Debt service:			
Principal	260,180	-	968,000
Interest	5,981	-	48,820
Total Expenditures	<u>14,471,026</u>	<u>1,227,033</u>	<u>1,624,051</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,868,553</u>	<u>2,370,194</u>	<u>2,642,729</u>
Other Financing Sources (Uses):			
Transfers in	764,197	83,851	1,080,283
Lease proceeds	26,829	-	-
Subscription proceeds	98,607	-	-
Transfers out	(4,150,993)	(3,269,440)	(3,261,177)
Total Other Financing Sources (Uses)	<u>(3,261,360)</u>	<u>(3,185,589)</u>	<u>(2,180,894)</u>
Net Change in Fund Balances	<u>(392,807)</u>	<u>(815,395)</u>	<u>461,835</u>
Fund Balances, Beginning, as Previously Presented	7,197,788	3,087,686	4,289,871
Error Correction	-	-	-
Fund Balances, Beginning, as Restated	<u>7,197,788</u>	<u>3,087,686</u>	<u>4,289,871</u>
Fund Balances, Ending	<u>\$ 6,804,981</u>	<u>\$ 2,272,291</u>	<u>\$ 4,751,706</u>

See accompanying notes to basic financial statements.

	<u>Airport</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
\$	-	-	\$ 642,948	\$ 12,865,290
	-	-	-	6,752,965
	-	-	134,084	342,031
	-	-	319,953	1,737,959
	-	1,038,391	1,366,405	4,248,977
	525,227	-	1,341,595	3,566,072
	-	-	-	140,670
	-	-	538,851	538,851
	148,095	307,779	621,674	1,763,202
	148,815	-	89,283	470,669
	<u>822,137</u>	<u>1,346,170</u>	<u>5,054,793</u>	<u>32,426,686</u>
	950,261	948,355	732,592	8,097,038
	-	-	48,198	8,076,880
	-	-	888,297	888,297
	-	-	2,195,124	3,411,936
	29,775	1,757,798	2,771,864	5,887,242
	7,257	-	463,447	1,698,884
	494	-	212,999	268,294
	<u>987,787</u>	<u>2,706,153</u>	<u>7,312,521</u>	<u>28,328,571</u>
	<u>(165,650)</u>	<u>(1,359,983)</u>	<u>(2,257,728)</u>	<u>4,098,115</u>
	462,465	3,144,742	6,263,891	11,799,429
	-	-	2,121	28,950
	-	-	-	98,607
	<u>(45,099)</u>	<u>(279,990)</u>	<u>(2,227,347)</u>	<u>(13,234,046)</u>
	<u>417,366</u>	<u>2,864,752</u>	<u>4,038,665</u>	<u>(1,307,060)</u>
	<u>251,716</u>	<u>1,504,769</u>	<u>1,780,937</u>	<u>2,791,055</u>
	397,935	6,005,076	13,172,506	34,150,862
	14,094	-	-	14,094
	<u>412,029</u>	<u>6,005,076</u>	<u>13,172,506</u>	<u>34,164,956</u>
\$	<u><u>663,745</u></u>	<u><u>7,509,845</u></u>	<u><u>14,953,443</u></u>	<u><u>36,956,011</u></u>



CITY OF NEWPORT

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

Year Ended June 30, 2024

Net Change in Fund Balances - Total Governmental Funds	\$	2,791,055
The Change in Net Position Reported for Governmental Activities in the Statement of Activities is Different because:		
Governmental funds report capital outlays as expenditures. However, on the Statement of Activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay	\$	6,109,188
Depreciation and amortization		<u>(3,410,332)</u>
		2,698,856
The net effect of transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(2,501)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds and other revenues reported in the funds are not revenues reported in the statement of activities		
Property taxes		64,851
Miscellaneous		<u>177,017</u>
		241,868
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position		
Amortization of bond premium		33,712
Accrued interest		3,518
Change in leases payable		113,555
Change in subscription payable		30,834
Principal payments		<u>1,425,829</u>
		1,607,448
The amount contributed to defined benefit pension plans is reported as an expenditure in the funds while governmental activities report pension expense as the change in net pension asset or liability, pension related deferred outflows of resources and deferred inflows of resources, net of the internal service funds		
Change in deferred outflows of resources - pension related		63,921
Change in net pension liability		(1,004,888)
Change in deferred inflows of resources - pension related		<u>802,554</u>
		(138,413)
The amount contributed to defined benefit other postemployment benefit plans is reported as an expenditure in the funds while governmental activities report other postemployment benefit expense as the change in other postemployment benefit (OPEB) asset or liability, OPEB related deferred outflows of resources and deferred inflows of resources, net of the internal service funds		
Change in deferred outflows of resources - OPEB related		26,804
Change in net OPEB asset		(61,138)
Change in OPEB liability		(11,821)
Change in deferred inflows of resources - OPEB related		<u>44,310</u>
		(1,845)
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		
Compensated absences, net of internal service funds		(134,166)
The transfer of capital assets from the business-type activities is reported as an additional transfer in the governmental funds		
		39,450
The net income of certain activities of internal service funds is reported in the governmental activities		
		<u>317,191</u>
Change in Net Position of Governmental Activities	\$	<u><u>7,418,943</u></u>

See accompanying notes to basic financial statements.

CITY OF NEWPORT

General Fund

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

Year Ended June 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes				
Property	\$ 7,984,476	\$ 7,984,476	\$ 8,212,696	\$ 228,220
Transient room	3,755,275	3,755,275	3,309,007	(446,268)
Other	190,050	190,050	207,947	17,897
Franchise fees, privilege taxes, licenses and permits	1,459,324	1,459,324	1,418,006	(41,318)
Intergovernmental	1,126,802	1,245,802	1,844,181	598,379
Charges for services	1,664,117	1,664,117	1,669,442	5,325
Fines and forfeitures	142,147	142,147	140,670	(1,477)
Interest earnings	100,000	100,000	329,632	229,632
Other revenue	127,194	144,797	207,998	63,201
Total Revenues	<u>16,549,385</u>	<u>16,685,988</u>	<u>17,339,579</u>	<u>653,591</u>
Expenditures:				
City administration	4,538,422	5,038,140	3,955,696	1,082,444
Police	5,957,721	5,898,383	5,374,973	523,410
Fire	2,986,021	3,065,598	2,825,380	240,218
Emergency coordinator	125,241	129,455	100,650	28,805
Library	1,358,110	1,374,474	1,226,544	147,930
Community development	605,192	625,198	595,463	29,735
Non-departmental	1,026,268	1,028,783	392,320	636,463
Contingency	655,786	365,261	-	365,261
Total Expenditures	<u>17,252,761</u>	<u>17,525,292</u>	<u>14,471,026</u>	<u>3,054,266</u>
Excess of Revenues Over Expenditures	<u>(703,376)</u>	<u>(839,304)</u>	<u>2,868,553</u>	<u>3,707,857</u>
Other Financing Sources (Uses):				
Transfers in	226,123	764,197	764,197	-
Interfund loan to other funds	-	(584,000)	(584,000)	-
Lease proceeds	-	-	26,829	26,829
Subscription proceeds	-	-	98,607	98,607
Transfers out	(3,506,053)	(4,194,778)	(4,150,993)	43,785
Total Other Financing Sources (Uses)	<u>(3,279,930)</u>	<u>(4,014,581)</u>	<u>(3,845,360)</u>	<u>169,221</u>
Net Change in Fund Balance	(3,983,306)	(4,853,885)	(976,807)	3,877,078
Fund Balance, beginning	<u>7,374,019</u>	<u>7,197,788</u>	<u>7,197,788</u>	<u>-</u>
Fund Balance, ending	\$ <u>3,390,713</u>	\$ <u>2,343,903</u>	6,220,981	\$ <u>3,877,078</u>
Reconciliation to generally accepted accounting principles				
Due from other funds			<u>584,000</u>	
Fund balance, ending - generally accepted accounting principles			\$ <u>6,804,981</u>	

See accompanying notes to basic financial statements.

CITY OF NEWPORT**Room Tax Fund****Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

Year Ended June 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes				
Transient room	\$ 3,612,530	\$ 3,612,530	\$ 3,443,958	\$ (168,572)
Charges for services	3,924	3,924	29,808	25,884
Interest earnings	36,000	36,000	123,388	87,388
Other revenue	-	-	73	73
Total Revenues	<u>3,652,454</u>	<u>3,652,454</u>	<u>3,597,227</u>	<u>(55,227)</u>
Expenditures:				
Room tax	1,153,551	1,395,791	1,227,033	168,758
Contingency	<u>115,355</u>	<u>215,099</u>	<u>-</u>	<u>215,099</u>
Total Expenditures	<u>1,268,906</u>	<u>1,610,890</u>	<u>1,227,033</u>	<u>383,857</u>
Excess of Revenues Over Expenditures	<u>2,383,548</u>	<u>2,041,564</u>	<u>2,370,194</u>	<u>328,630</u>
Other Financing Sources (Uses):				
Transfers in	-	83,851	83,851	-
Transfers out	<u>(3,228,947)</u>	<u>(3,269,440)</u>	<u>(3,269,440)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(3,228,947)</u>	<u>(3,185,589)</u>	<u>(3,185,589)</u>	<u>-</u>
Net Change in Fund Balance	(845,399)	(1,144,025)	(815,395)	328,630
Fund Balance, beginning	<u>3,031,300</u>	<u>3,087,686</u>	<u>3,087,686</u>	<u>-</u>
Fund Balance, ending	<u>\$ 2,185,901</u>	<u>\$ 1,943,661</u>	<u>\$ 2,272,291</u>	<u>\$ 328,630</u>

See accompanying notes to basic financial statements.

CITY OF NEWPORT**Urban Renewal Fund****Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

Year Ended June 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes				
Property	\$ 3,850,291	\$ 3,850,291	\$ 4,009,646	\$ 159,355
Interest earnings	64,400	64,400	232,634	168,234
Other revenue	24,150	24,150	24,500	350
Total Revenues	<u>3,938,841</u>	<u>3,938,841</u>	<u>4,266,780</u>	<u>327,939</u>
Expenditures:				
Newport south beach operations	153,850	169,005	148,037	20,968
Newport northside operations	102,519	487,519	459,065	28,454
McLean point operations	100	800	129	671
Debt service	1,018,820	1,018,820	1,016,820	2,000
Contingency	4,974,457	4,210,884	-	4,210,884
Total Expenditures	<u>6,249,746</u>	<u>5,887,028</u>	<u>1,624,051</u>	<u>4,262,977</u>
Excess of Revenues Over Expenditures	<u>(2,310,905)</u>	<u>(1,948,187)</u>	<u>2,642,729</u>	<u>4,590,916</u>
Other Financing Sources (Uses):				
Transfers in	1,020,000	1,080,283	1,080,283	-
Transfers out	<u>(2,651,250)</u>	<u>(3,261,177)</u>	<u>(3,261,177)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,631,250)</u>	<u>(2,180,894)</u>	<u>(2,180,894)</u>	<u>-</u>
Net Change in Fund Balance	(3,942,155)	(4,129,081)	461,835	4,590,916
Fund Balance, beginning	<u>4,100,890</u>	<u>4,289,871</u>	<u>4,289,871</u>	<u>-</u>
Fund Balance, ending	<u>\$ 158,735</u>	<u>\$ 160,790</u>	<u>\$ 4,751,706</u>	<u>\$ 4,590,916</u>

See accompanying notes to basic financial statements.

CITY OF NEWPORT

Airport Fund

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

Year Ended June 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Budget		
Revenues:				
Charges for services	\$ 532,084	\$ 532,084	\$ 525,227	\$ (6,857)
Interest earnings	16,000	16,000	148,095	132,095
Other revenue	179,151	179,151	148,815	(30,336)
Total Revenues	727,235	727,235	822,137	94,902
Expenditures:				
Airport operations	1,198,215	1,198,857	988,574	210,283
Contingency	120,049	208,877	-	208,877
Total Expenditures	1,318,264	1,407,734	988,574	419,160
Excess of Revenues Over Expenditures	(591,029)	(680,499)	(166,437)	514,062
Other Financing Sources (Uses):				
Transfers in	462,465	462,465	462,465	-
Transfers out	(45,099)	(45,099)	(45,099)	-
Total Other Financing Sources (Uses)	417,366	417,366	417,366	-
Net Change in Fund Balance	(173,663)	(263,133)	250,929	514,062
Fund Balance, beginning	269,520	358,990	358,989	(1)
Error Correction	-	-	14,094	14,094
Fund Balance, ending	\$ 95,857	\$ 95,857	624,012	\$ 528,155
<i>Reconciliation to generally accepted accounting principles</i>				
Inventory			39,733	
Fund balance, ending - generally accepted accounting principles			\$ 663,745	

CITY OF NEWPORT
Proprietary Funds
Statement of Net Position
June 30, 2024

	Business-Type Activities - Enterprise Funds		
	Water	Wastewater	Stormwater
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 1,038,238	\$ 1,452,999	\$ 108,381
Receivables:			
Accounts, net	724,431	1,079,431	198,126
Property taxes	-	-	-
Inventory	670,586	298,281	-
Prepaid expenses	545	-	-
Total Current Assets	2,433,800	2,830,711	306,507
Capital assets:			
Land and construction in progress	10,961,108	758,789	-
Other capital assets, net	21,348,045	44,866,149	1,059,009
Total Capital Assets	32,309,153	45,624,938	1,059,009
Total Noncurrent Assets	32,309,153	45,624,938	1,059,009
Total Assets	34,742,953	48,455,649	1,365,516
DEFERRED OUTFLOWS OF RESOURCES			
Other Postemployment Benefits Related Items	8,009	1,447	251
Total Deferred Outflows of Resources	8,009	1,447	251
LIABILITIES			
Current Liabilities:			
Accounts payable	49,718	184,353	718
Payroll and related liabilities	76,937	52,377	10,949
Due to other fund	292,000	-	292,000
Customer deposits	929,104	-	-
Unearned revenue	40	20,828	-
Accrued interest	5,977,826	179,459	3,530
Accrued compensated absences	59,760	24,826	4,561
Long-term obligations due within one year	1,663,851	977,786	337,000
Total Current Liabilities	9,049,236	1,439,629	648,758
Long-Term Obligations Due in More than One Year	14,057,263	19,557,647	894,384
Total Liabilities	23,106,499	20,997,276	1,543,142
DEFERRED INFLOWS OF RESOURCES			
Pension Related Items	62,064	11,215	1,944
Other Postemployment Benefits Related Items	35,399	6,397	1,109
Total Deferred Inflows of Resources	97,463	17,612	3,053
NET POSITION			
Net Investment in Capital Assets	19,631,624	25,342,615	1,059,009
Restricted for:			
Debt service	-	-	-
Capital projects	-	-	-
Unrestricted	(8,084,624)	2,099,593	(1,239,437)
Total Net Position	\$ 11,547,000	\$ 27,442,208	\$ (180,428)

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

Net position of business-type activities

<u>Business-Type Activities - Enterprise Funds</u>		
<u>Nonmajor Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 5,693,034	\$ 8,292,652	\$ 2,484,069
456,644	2,458,632	-
118,194	118,194	-
-	968,867	-
-	545	-
<u>6,267,872</u>	<u>11,838,890</u>	<u>2,484,069</u>
-	11,719,897	599,340
-	67,273,203	328,869
-	78,993,100	928,209
-	78,993,100	928,209
<u>6,267,872</u>	<u>90,831,990</u>	<u>3,412,278</u>
-	9,707	9,976
-	9,707	9,976
319,844	554,633	135,100
-	140,263	119,785
-	584,000	-
-	929,104	-
-	20,868	-
-	6,160,815	-
-	89,147	46,849
-	2,978,637	47,285
<u>319,844</u>	<u>11,457,467</u>	<u>349,019</u>
-	34,509,294	856,413
<u>319,844</u>	<u>45,966,761</u>	<u>1,205,432</u>
-	75,223	77,303
-	42,905	44,091
-	118,128	121,394
-	44,656,947	699,900
1,113,811	1,113,811	-
4,834,217	4,834,217	-
-	(5,848,167)	1,395,528
<u>\$ 5,948,028</u>	<u>44,756,808</u>	<u>\$ 2,095,428</u>
	<u>1,252,508</u>	
	<u>\$ 46,009,316</u>	

CITY OF NEWPORT
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2024

	Business-Type Activities - Enterprise Funds		
	Water	Wastewater	Stormwater
Operating Revenues:			
Service charges and fees	\$ 4,689,327	\$ 6,493,004	\$ 1,223,017
Miscellaneous	15,845	18,529	-
Total Operating Revenues	<u>4,705,172</u>	<u>6,511,533</u>	<u>1,223,017</u>
Operating Expenses:			
Salaries and wages	1,316,165	868,340	144,870
Contracted services	111,944	182,724	14,441
Property services	82,648	141,556	681
Operating supplies	341,153	461,666	16,304
Utilities	237,897	345,761	2,348
Depreciation and amortization	1,423,213	2,154,254	77,876
Repairs and maintenance	393,214	469,341	43,280
Charges for services	1,022,162	1,127,463	254,158
Miscellaneous	70,107	116,978	1,911
Total Operating Expenses	<u>4,998,503</u>	<u>5,868,083</u>	<u>555,869</u>
Operating Income (Loss)	(293,331)	643,450	667,148
Nonoperating Revenues (Expenses):			
Interest income	61,914	33,146	15,074
Interest expense	(1,518,307)	(479,224)	(103,892)
Property taxes	-	-	-
Gain (loss) on sale of capital assets	-	(146)	-
Total Nonoperating Revenues (Expenses)	<u>(1,456,393)</u>	<u>(446,224)</u>	<u>(88,818)</u>
Income (Loss) Before Capital			
Contributions and Transfers	(1,749,724)	197,226	578,330
Capital Contributions	-	-	-
Transfers In	6,105,971	2,172,712	787,401
Transfers Out	(1,258,836)	(923,846)	(996,722)
Change in Net Position	3,097,411	1,446,092	369,009
Net Position, beginning, as restated	<u>8,449,589</u>	<u>25,996,116</u>	<u>(549,437)</u>
Net Position, ending	<u>\$ 11,547,000</u>	<u>\$ 27,442,208</u>	<u>\$ (180,428)</u>

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

Change in net position of the business-type activities

Business-Type Activities - Enterprise Funds

<u>Nonmajor Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ -	\$ 12,405,348	\$ 2,087,240
-	34,374	38,195
-	<u>12,439,722</u>	<u>2,125,435</u>
-	2,329,375	2,195,610
572,791	881,900	78,213
-	224,885	366,616
-	819,123	70,302
-	586,006	547,833
-	3,655,343	84,669
-	905,835	217,085
-	2,403,783	163,364
-	188,996	189,538
572,791	<u>11,995,246</u>	<u>3,913,230</u>
(572,791)	444,476	(1,787,795)
530,142	640,276	87,279
-	(2,101,423)	(8,583)
2,370,760	2,370,760	-
-	(146)	-
<u>2,900,902</u>	<u>909,467</u>	<u>78,696</u>
2,328,111	1,353,943	(1,709,099)
1,330,165	1,330,165	1,161,179
3,742,608	12,808,692	4,470,902
<u>(9,234,612)</u>	<u>(12,414,016)</u>	<u>(3,470,411)</u>
(1,833,728)	3,078,784	452,571
<u>7,781,756</u>		<u>1,642,857</u>
\$ <u>5,948,028</u>		\$ <u>2,095,428</u>
	<u>135,380</u>	
\$	<u>3,214,164</u>	

CITY OF NEWPORT
Proprietary Funds
Statement of Cash Flows
Year Ended June 30, 2024

	Business-Type Activities - Enterprise Funds		
	Water	Wastewater	Stormwater
Cash Flows from Operating Activities:			
Receipts from customers and users	\$ 4,699,239	\$ 6,171,944	\$ 1,168,476
Services provided to other funds	-	-	-
Payments for interfund services used	(1,022,162)	(1,127,463)	(254,158)
Payments to suppliers	(1,315,380)	(1,726,448)	(77,549)
Payments to employees	(1,059,429)	(874,645)	(179,486)
Other revenues	15,845	18,529	-
Net Cash provided by (used in) Operating Activities	1,318,113	2,461,917	657,283
Cash Flows from Noncapital and Related Financing Activities:			
Miscellaneous revenue	-	-	-
Transfer in	6,632	-	-
Transfer out	(70,000)	(70,000)	-
Advances to other funds	-	-	-
Advances from other funds	-	(1,958)	(9,254)
Interfund loan from other funds	292,000	-	292,000
Net Cash Flows provided by (used in) Noncapital and Related Financing Activities	228,632	(71,958)	282,746
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	(420,836)	(319,640)	(288,261)
Grants	-	-	-
Property taxes	-	-	-
Transfers in	-	220,218	150,000
Transfers out	(1,188,836)	(853,846)	(708,461)
Principal paid	(31,160)	(15,813)	-
Interest paid	(4,324)	(1,025)	-
Net Cash Flows provided by (used in) Capital and Related Financing Activities	(1,645,156)	(970,106)	(846,722)
Cash Flows from Investing Activities:			
Investment income received	61,914	33,146	15,074
Net Increase (Decrease) in Cash and Cash Equivalents	(36,497)	1,452,999	108,381
Cash and Cash Equivalents, beginning	1,074,735	-	-
Cash and Cash Equivalents, ending	\$ 1,038,238	\$ 1,452,999	\$ 108,381

See accompanying notes to basic financial statements.

Business-Type Activities - Enterprise Funds

<u>Nonmajor Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ -	\$ 12,039,659	\$ -
-	-	2,117,792
-	(2,403,783)	(163,364)
(572,791)	(3,692,168)	(1,480,319)
-	(2,113,560)	(1,946,825)
-	34,374	38,195
<u>(572,791)</u>	<u>3,864,522</u>	<u>(1,434,521)</u>
-	-	-
-	6,632	4,470,902
-	(140,000)	(3,430,961)
-	-	-
-	(11,212)	-
-	584,000	-
<u>-</u>	<u>439,420</u>	<u>1,039,941</u>
(3,013,468)	(4,042,205)	(85,376)
1,434,186	1,434,186	1,161,179
2,355,031	2,355,031	-
3,742,608	4,112,826	-
(833,639)	(3,584,782)	-
(2,696,749)	(2,743,722)	(44,557)
<u>(2,577,219)</u>	<u>(2,582,568)</u>	<u>(8,583)</u>
<u>(1,589,250)</u>	<u>(5,051,234)</u>	<u>1,022,663</u>
<u>530,142</u>	<u>640,276</u>	<u>87,279</u>
<u>(1,631,899)</u>	<u>(107,016)</u>	<u>715,362</u>
<u>7,324,933</u>	<u>8,399,668</u>	<u>1,768,707</u>
<u>\$ 5,693,034</u>	<u>\$ 8,292,652</u>	<u>\$ 2,484,069</u>

CITY OF NEWPORT
Proprietary Funds
Statement of Cash Flows, continued
Year Ended June 30, 2024

	Business-Type Activities - Enterprise Funds		
	Water	Wastewater	Stormwater
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:			
Operating income (loss)	\$ (293,331)	\$ 643,450	\$ 667,148
Adjustments to reconcile operating income (loss) to net cash flows provided by (used in) operating activities:			
Depreciation and amortization	1,423,213	2,154,254	77,876
(Increase) decrease in assets and deferred outflows of resources:			
Accounts receivable	(51,889)	(321,060)	(54,541)
Prepaid expenses	6,562	8,689	3,513
Inventory	(16,458)	(52,854)	-
Deferred outflows of resources - pension related	8,353	2,744	1,158
Deferred outflows of resources - other postemployment benefits related	(2,219)	455	551
Increase (decrease) in liabilities and deferred inflows of resources:			
Accounts payable	(68,521)	35,743	(2,097)
Accrued liabilities	24,703	16,079	1,514
Accrued leave	26,398	1,806	1,941
Customer deposits	61,761	-	-
Unearned revenue	40	-	-
Net pension liability	112,153	(29,199)	(32,377)
Net other postemployment benefits liability	25,585	(4,072)	(5,508)
Deferred inflows of resources - pension related	62,064	11,215	1,944
Deferred inflows of resources - other postemployment benefits related	(301)	(5,333)	(3,839)
Net Cash Flows provided by (used in) Operating Activities	<u>\$ 1,318,113</u>	<u>\$ 2,461,917</u>	<u>\$ 657,283</u>
Noncash Capital and Related Financing Activities:			
Lease proceeds and lease assets	\$ 1,677	\$ 1,063	\$ -
Transfers in	6,099,339	1,952,494	637,401
Transfers out	-	-	(288,261)
Net Noncash Capital and Related Financing Activities	<u>\$ 6,101,016</u>	<u>\$ 1,953,557</u>	<u>\$ 349,140</u>

See accompanying notes to basic financial statements.

Business-Type Activities - Enterprise Funds

<u>Nonmajor Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ (572,791)	\$ 444,476	\$ (1,787,795)
-	3,655,343	84,669
-	(427,490)	30,552
-	18,764	980
-	(69,312)	-
-	12,255	10,618
-	(1,213)	(2,618)
-	(34,875)	(11,712)
-	42,296	22,827
-	30,145	(19,596)
-	61,761	-
-	40	-
-	50,577	131,166
-	16,005	30,369
-	75,223	77,303
-	(9,473)	(1,284)
<u>\$ (572,791)</u>	<u>\$ 3,864,522</u>	<u>\$ (1,434,521)</u>
\$ -	\$ 2,740	\$ 36,257
-	8,689,234	-
<u>(8,400,973)</u>	<u>(8,689,234)</u>	<u>(39,450)</u>
<u>\$ (8,400,973)</u>	<u>\$ 2,740</u>	<u>\$ (3,193)</u>

CITY OF NEWPORT
Fiduciary Funds
Statement of Net Position
June 30, 2024

	City of Newport Employees Retirement
ASSETS	
Cash and Cash Equivalents	\$ 702,092
Investments	
Equities	8,010,501
Mutual funds	4,885,872
Receivables	<u>37,006</u>
 Total Assets	 <u>13,635,471</u>
NET POSITION	
Restricted for Defined Benefit Pension	9,734,327
Restricted for Defined Contribution Pension	<u>3,901,143</u>
 Total Net Position	 \$ <u><u>13,635,470</u></u>

CITY OF NEWPORT
Fiduciary Funds
Statement of Changes in Net Position
Year Ended June 30, 2024

	City of Newport Employees Retirement
Additions	
Employer contributions	\$ 783,659
Investment earnings (losses):	
Investment earnings	1,363,110
Less investment expense	<u>(53,205)</u>
Total investment earnings (losses), net	<u>1,309,905</u>
Total Additions	<u>2,093,564</u>
Deductions	
Benefits	<u>978,776</u>
Total Deductions	<u>978,776</u>
Change in Net Position	1,114,788
Net Position, Beginning	<u>12,520,682</u>
Net Position, Ending	<u>\$ <u>13,635,470</u></u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

Blended Component Unit

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

Basic Financial Statements

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

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

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated into a single column in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 1 - Summary of Significant Accounting Policies, continued

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

In the government-wide and proprietary fund financial statements, when both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

The City reports the following major governmental funds:

General

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

Room Tax

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

Urban Renewal

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

Airport

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

Capital Projects Fund

This fund accounts for capital projects of the governmental funds.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 1 - Summary of Significant Accounting Policies, continued

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

The City reports the following major proprietary funds:

Water

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

Wastewater

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

Stormwater

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

Internal Service

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

Additionally, the City reports the following nonmajor fund types:

Special Revenue

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

Debt Service

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

Capital Projects

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

Enterprise

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

Internal Service

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

Fiduciary

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

Cash and Cash Equivalents

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 1 - Summary of Significant Accounting Policies, continued

Investments

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

Restricted Assets

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

Inventories

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

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

Receivables

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

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

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

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

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

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

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

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 1 - Summary of Significant Accounting Policies, continued

Lease Assets

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

Subscription Assets

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

Capital Assets

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

Capital assets are defined by the City as assets with an initial individual cost of \$10,000 or more and an estimated useful life of greater than one year. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset, are capitalized. Other costs for repairs and maintenance are expensed as incurred.

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

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

Compensated Absences

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

Long-Term Obligations

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

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 1 - Summary of Significant Accounting Policies, continued

Pensions - Oregon Public Employees Retirement System (OPERS)

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

Pensions - City of Newport Employees Retirement Plan

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

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

Other Postemployment Benefits

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

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

Deferred Outflows / Inflows of Resources

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

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

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 1 - Summary of Significant Accounting Policies, continued

Equity Classifications

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

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

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

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

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

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

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

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

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

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

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

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

Special Items

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

Implementation of a New Accounting Standard

During the fiscal year ended June 30, 2024, the City implemented GASB Statement No. 100, *Accounting Changes and Error Corrections*. This statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The City had an error correction in the current year which resulted in the application of this Standard. See Note 4 for more information.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 2 - Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets for all funds are adopted on a basis consistent with Oregon Revised Statutes (ORS 294 - Local Budget Law). The city manager submits a proposed budget to the budget committee (consisting of the city council and an equal number of citizens of the City, fourteen 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 between levels of control can be transferred with city council approval only. Budget appropriations within levels of control can be transferred by the finance director.

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 2023-2024 was \$1,777,430,520. Assessed value is calculated on a property-by-property basis and is limited to a three percent increase annually. Compression of tax revenues comes into play when the real market value of an individual residential property is not sufficient to allow for an annual three percent increase in the assessed value.

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 2 - Stewardship, Compliance and Accountability, continued

Budgetary Information, continued

During the fiscal year ended June 30, 2024, the City adopted supplemental budgets which totaled \$12,016,132, a 10.57% increase over the original budget. The following table outlines the budget changes:

	Fund	2023-2024 Original	2023-2024 Final Budget	Change
101	General Fund	\$ 20,758,814	\$ 22,304,070	\$ 1,545,256
201	Parks and Recreation Fund	2,933,241	3,051,172	117,931
211	Public Parking Fund	381,930	605,834	223,904
212	Housing Fund	674,204	964,277	290,073
220	Airport Fund	1,363,363	1,452,833	89,470
230	Room Tax Fund	4,497,853	4,880,330	382,477
240	Building Inspection Fund	830,166	912,539	82,373
251	Streets Fund	1,879,834	2,018,847	139,013
252	Line Undergrounding Fund	1,115,496	1,130,531	15,035
253	SDC Fund	3,187,152	3,358,925	171,773
254	Agate Beach Closure Fund	988,674	971,196	(17,478)
270	Urban Renewal Agency	8,900,996	9,148,205	247,209
301	Debt Service - Water Fund	880,980	880,980	-
302	Debt Service - Wastewater Fund	1,515,187	1,515,187	-
303	Governmental Debt Service Fund	56,724	88,168	31,444
305	Stormwater Debt Service Fund	633,478	633,478	-
351	GO Debt Service - Proprietary	2,266,000	2,266,000	-
352	GO Debt Service - Governmental	617,669	617,669	-
402	Capital Projects Fund - Governmental	10,094,345	11,542,015	1,447,670
403	Capital Projects Fund - Proprietary	19,836,338	25,384,047	5,547,709
404	Reserve Fund	1,422,146	1,491,269	69,123
405	Capital Improvements Fund	6,423,263	7,167,658	744,395
601	Water Fund	5,774,238	5,716,119	(58,119)
602	Wastewater Fund	5,950,666	6,541,130	590,464
603	Stormwater Fund	1,662,807	1,641,247	(21,560)
701	Public Works Fund	2,118,816	2,275,719	156,903
711	City Facility Fund	6,869,284	7,090,351	221,067
		<u>\$ 113,633,664</u>	<u>\$ 125,649,796</u>	<u>\$ 12,016,132</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 3 - Detailed Notes

Cash, Cash Equivalents and Investments

The City's cash, cash equivalents and investments at June 30, 2024 are as follows:

Cash and cash equivalents:

Deposits with financial institutions	\$ 396,004
Cash on hand	3,398
State of Oregon Treasurer's short-term investment pool	46,351,209
Money market	<u>702,092</u>

Total cash and cash equivalents \$ 47,452,703

Investments:

Equities	\$ 8,010,501
Mutual funds	<u>4,885,872</u>

Total investments \$ 12,896,373

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 City'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, 2024, none of the City's bank balances were exposed to custodial credit risk.

State of Oregon Local Government Investment Pool

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 3 - Detailed Notes, continued

Cash, Cash Equivalents and Investments, continued

Investments

As of June 30, 2024, the City had the following investments:

<u>Investment Type</u>	<u>Rating</u>	<u>Fair Value</u>	<u>Risk Consideration</u>	<u>Weighted Average</u>
Pension Trust Investments				
Equities	Not Rated	\$ 8,010,501	62.11%	N/A
Mutual Funds	Not Rated	<u>4,885,872</u>	37.89%	N/A
Total Investments		<u>\$ 12,896,373</u>		

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

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

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

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

Custodial Credit Risk - Investments: This is the risk that, in the event of the failure of a counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City does not have a policy which limits the number 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 GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 3 - Detailed Notes, continued

Lease Receivables

Lease receivables as of June 30, 2024 consisted of the following:

	Outstanding June 30, 2023 <u>(as restated)</u>		<u>Additions</u>		<u>Reductions</u>	Outstanding June 30, 2024
<i>Governmental activities:</i>						
Airport land lease - McWatkins	\$ 1,994,413	\$ -	\$ -	\$ 152,573	\$ -	\$ 1,841,840
Abbey Street Pier Building	14,651	-	-	14,651	-	-
SW Fall Street	179,205	-	-	40,872	-	138,333
315 SW 9th Street	<u>2,603</u>	<u>-</u>	<u>-</u>	<u>972</u>	<u>-</u>	<u>1,631</u>
	<u>\$ 2,190,872</u>	<u>\$ -</u>	<u>\$ -</u>	<u>209,068</u>	<u>\$ -</u>	<u>\$ 1,981,804</u>

On June 23, 2021, the City entered into a 480-month lease as Lessor for the use of land at the airport. An initial lease receivable was recorded in the amount of \$1,994,415. Upon lease commencement, the lessee paid the City \$250,000. On November 20, 2023, the City modified the terms of the agreement by pushing back the payment start date from September 1, 2024, to September 1, 2027. In addition, the City added an option to purchase the leased premises. At this time, the City is not reasonably certain the option to purchase will be exercised. Beginning September 1, 2027, the lessee must make monthly lease payments of \$6,586. Beginning January 1, 2028, and continuing on January 1 of each subsequent year, monthly rental payments increase by 2.5%. The lease has an interest rate of 1.979%. The City recognized lease revenue of \$56,106 during the fiscal year and a reduction in lease receivable and deferred inflows of lease resources of \$152,573. The lessee has two extension options, each for 120 months.

On July 1, 2021, the City entered into a 36-month lease as lessor for the use of Abbey Street Pier Building. The lessee is required to make monthly fixed payments of \$1,223. The lease has an interest rate of 0.3150%. The City recognized lease revenue of \$14,651 during the fiscal year. The lessee has one 12-month extension option.

On June 6, 2019, the City entered into a three-year lease as lessor for the use of SW Fall Street. The lessee is required to make monthly fixed payments of \$3,000. The lease has an interest rate of 0.7030%. The City recognized lease revenue of \$40,872 during the fiscal year. The lessee has one 64-month extension option.

On March 15, 2016, the City entered into a ten-year lease as lessor for the use of 315 SW 9th Street. The lessee is required to make monthly variable principal and interest payments of \$82 based on a CPI index of 0.00%. The lease has an interest rate of 0.5773%. The City recognized lease revenue of \$972 during the fiscal year.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 3 - Detailed Notes, continued

Lease Receivables

As of June 30, 2024, the future maturities of lease receivables are as follows:

Year Ended June 30,	Governmental Activities		
	Principal	Interest	Total
2025	\$ 42,137	\$ 847	\$ 42,984
2026	42,105	551	42,656
2027	41,743	257	42,000
2028	(58,172)	138,032	79,860
2029	41,529	37,503	79,032
2030-2034	220,423	174,737	395,160
2035-2039	243,330	151,830	395,160
2040-2044	268,617	126,543	395,160
2045-2049	296,532	98,628	395,160
2050-2054	327,348	67,812	395,160
2055-2059	361,366	33,794	395,160
2060-2061	154,846	3,212	158,058
	<u>\$ 1,981,804</u>	<u>\$ 833,746</u>	<u>\$ 2,815,550</u>

Regulated Leases

As of June 30, 2024, the City has 35 non-commercial hangar leases at the Newport Municipal Airport. The terms of the hangar leases range from 10 to 25-year terms with the latest expiring in fiscal year 2049. The lessees are required to make fixed monthly payments ranging from \$39 to \$1,265. The total rental revenue recognized for all hangar leases by the City for the fiscal year ended June 30, 2024 was \$16,726.

On June 1, 2024, the City entered into a 120-month lease for the use of a building. As of June 30, 2024, the value of the expected future minimum receipts is \$807,021. The lessee is required to make monthly principal and interest payments of \$3,909. The City recognized lease revenue of \$3,909 during the fiscal year. The lessee has one 60-month extension option.

The future minimum lease payments for all regulated leases are as follows:

Year Ended June 30,	Future Minimum Expected Receipts
2025	\$ 64,140
2026	64,140
2027	64,140
2028	64,140
2029	64,140
2030-2034	316,789
2035-2039	84,314
2040-2044	62,110
2045-2049	23,109

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 3 - Detailed Notes, continued

Capital Assets

Capital asset activity for the governmental activities for the year ended June 30, 2024 was as follows:

	<u>June 30, 2023</u>		<u>Additions</u>		<u>Deletions</u>		<u>June 30, 2024</u>
Capital assets not being depreciated:							
Land	\$ 13,218,881	\$	364,832	\$	-	\$	13,583,713
Construction in progress	<u>5,835,258</u>		<u>3,168,886</u>		<u>(5,474,368)</u>		<u>3,529,776</u>
Total capital assets not being depreciated	<u>19,054,139</u>		<u>3,533,718</u>		<u>(5,474,368)</u>		<u>17,113,489</u>
Capital assets being depreciated:							
Building and structures	44,911,989		529,047		(16,335)		45,424,701
Equipment	5,522,271		1,130,135		(98,890)		6,553,516
Vehicles	5,768,114		240,087		(27,767)		5,980,434
Infrastructure	60,995,157		6,062,583		-		67,057,740
Right-to-use lease assets:							
Land	83,380		-		-		83,380
Equipment	409,124		26,829		(241,015)		194,938
Vehicles	145,684		-		-		145,684
Subscription assets	<u>228,483</u>		<u>100,607</u>		<u>(2,114)</u>		<u>326,976</u>
Total capital assets being depreciated	<u>118,064,202</u>		<u>8,089,288</u>		<u>(386,121)</u>		<u>125,767,369</u>
Less accumulated depreciation:							
Building and structures	(26,589,160)		(1,120,679)		10,621		(27,699,218)
Equipment	(4,048,960)		(273,276)		98,890		(4,223,346)
Vehicles	(5,127,994)		(219,791)		27,767		(5,320,018)
Infrastructure	(20,141,536)		(1,544,764)		-		(21,686,300)
Right-to-use lease assets:							
Land	(6,101)		(3,050)		-		(9,151)
Equipment	(220,026)		(122,809)		244,228		(98,607)
Vehicles	(24,101)		(29,026)		-		(53,127)
Subscription assets	<u>(79,351)</u>		<u>(106,377)</u>		<u>2,114</u>		<u>(183,614)</u>
Total accumulated depreciation	<u>(56,237,229)</u>		<u>(3,419,772)</u>		<u>383,620</u>		<u>(59,273,381)</u>
Total capital assets being depreciated, net	<u>61,826,973</u>		<u>4,669,516</u>		<u>(2,501)</u>		<u>66,493,988</u>
Total capital asset, net	<u>\$ 80,881,112</u>	\$	<u>8,203,234</u>	\$	<u>(5,476,869)</u>	\$	<u>83,607,477</u>

Depreciation for the governmental activities was charged as follows:

General government	\$ 1,609,702
Public safety	254,709
Highways and streets	874,707
Culture and recreation	<u>680,654</u>
	<u>\$ 3,419,772</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 3 - Detailed Notes, continued

Capital Assets, continued

Capital asset activity for the business-type activities for the year ended June 30, 2024 was as follows:

	<u>June 30, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2024</u>
Capital assets not being depreciated:				
Land	\$ 1,095,452	\$ -	\$ -	\$ 1,095,452
Construction in progress	<u>8,756,869</u>	<u>3,165,444</u>	<u>(698,528)</u>	<u>11,223,785</u>
Total capital assets not being depreciated	<u>9,852,321</u>	<u>3,165,444</u>	<u>(698,528)</u>	<u>12,319,237</u>
Capital assets being depreciated:				
Building and structures	39,368,503	-	-	39,368,503
Equipment	4,928,824	597,488	-	5,526,312
Vehicles	2,051,667	622,448	(75,891)	2,598,224
Infrastructure	74,462,737	514,816	-	74,977,553
Right-to-use lease assets:				
Equipment	21,811	2,740	(1,060)	23,491
Vehicles	335,520	36,257	-	371,777
Subscription assets	<u>36,897</u>	<u>-</u>	<u>-</u>	<u>36,897</u>
Total capital assets being depreciated	<u>121,205,959</u>	<u>1,773,749</u>	<u>(76,951)</u>	<u>122,902,757</u>
Less accumulated depreciation:				
Building and structures	(18,076,309)	(970,892)	-	(19,047,201)
Equipment	(2,253,463)	(325,007)	-	(2,578,470)
Vehicles	(1,384,080)	(217,985)	75,891	(1,526,174)
Infrastructure	(29,956,289)	(2,127,999)	-	(32,084,288)
Right-to-use lease assets:				
Equipment	(5,875)	(5,598)	914	(10,559)
Vehicles	(38,242)	(73,036)	-	(111,278)
Subscription assets	<u>(10,055)</u>	<u>(10,055)</u>	<u>-</u>	<u>(20,110)</u>
Total accumulated depreciation	<u>(51,724,313)</u>	<u>(3,730,572)</u>	<u>76,805</u>	<u>(55,378,080)</u>
Total capital assets being depreciated, net	<u>69,481,646</u>	<u>(1,956,823)</u>	<u>(146)</u>	<u>67,524,677</u>
Total capital asset, net	<u>\$ 79,333,967</u>	<u>\$ 1,208,621</u>	<u>\$ (698,674)</u>	<u>\$ 79,843,914</u>

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

Water	\$ 1,460,828
Wastewater	2,191,868
Stormwater	<u>77,876</u>
	<u>\$ 3,730,572</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 3 - Detailed Notes, continued

Interfund Transactions

As part of the budget process, the City plans to make interfund transfer to move resources between funds to provide resources for specific expenditures that are not supported by other revenues. Cash transfers made during the year ended June 30, 2024 were as follows:

Fund	Transfers	
	In	Out
General	\$ 764,197	\$ 4,150,993
Room Tax	83,851	3,269,440
Urban Renewal	1,080,283	3,261,177
Airport	462,465	45,099
Capital Projects	3,144,742	279,990
Nonmajor Governmental	6,263,891	2,227,347
Water	6,632	1,258,836
Wastewater	220,218	923,846
Stormwater	150,000	708,461
Nonmajor Enterprise	3,742,608	833,639
Internal Service	4,470,902	3,430,961
	<u>\$ 20,389,789</u>	<u>\$ 20,389,789</u>

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

Fund	Transfers	
	In	Out
Governmental Activities	\$ 39,450	\$ -
Water	6,099,339	-
Wastewater	1,952,494	-
Stormwater	637,401	288,261
Nonmajor Enterprise	-	8,400,973
Internal Service	-	39,450
	<u>\$ 8,728,684</u>	<u>\$ 8,728,684</u>

The Agate Beach Foreclosure Fund lent \$275,000 to the Parks and Recreation Fund in 2016-17. The loan is being repaid in annual installments of \$27,500. At June 30, 2024, the balance is \$82,500.

The Agate Beach Foreclosure Fund lent \$225,000 to the Public Parking Fund in fiscal year 2024. The loan is being repaid in annual installments of \$45,000. At June 30, 2024, the balance is \$225,000.

The General Fund lent \$292,000 to the Water Fund and \$292,000 to the Stormwater Fund in fiscal year 2024. The loan is being repaid in annual principal payments of \$116,800 plus interest at 4.5%. At June 30, 2024, the balance is \$584,000.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 3 - Detailed Notes, continued

Unavailable Revenues

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

	General	Urban Renewal	Nonmajor Governmental	Totals
Delinquent property taxes receivable:				
General	\$ 322,949	\$ -	\$ -	\$ 322,949
General bond debt	-	-	24,828	24,828
Urban renewal debt	-	156,595	-	156,595
Settlements	431,817	-	-	431,817
Total unavailable revenue	\$ 754,766	\$ 156,595	\$ 24,828	\$ 936,189

Construction Commitments

The City has active construction projects as of June 30, 2024 as follows:

Project Number	Asset Description	Cost	Remaining Commitment
11025 & 28-22040	Big Creek Dam	\$ 8,711,438	\$ 5,991,426
15017	SB Utility Undergrounding Phase 2 & 3	768,824	17,084
15035	Golf Course Drive Improvements	171,566	220,535
16013	Main Tanks Replacement	2,269	3,953
16016	WWTP Master Plan	324,881	102,439
17008	Building Demolition Reserve - NE Corner 35th and US 101	269,850	82,037
19022	Water System Master Plan	-	560,160
20018	PAC Remodel	1,893,708	352,767
21006	WTP Excess Recirculation (XR) Upgrade/Storage Building	1,335,241	125,410
21014	Underbay Waterline Crossing	91,992	10,917
21029	PAC HVAC Control System	270,940	37,724
21049	Conduct Intersection Control Eval. & Signal Warrant Analysis NE 36th and SE 40th and 101	-	10,000
21050	Pedestrian Activated Rapid Flashing Beacon US 20 & Eads St	34,573	136,858
21054	Replacement of Fire Panels at WWTP	123,910	935
21-22021	Agate Beach Fire Station	171,967	195,000
21-23028	Abby Street Pier Modifications	11,900	11,900
22-22022	Agate Beach Neighborhood and Dog Park Improvements	2,977	96,523
22-22024	Resurfacing of Frank Wade Park Tennis Courts	8,952	49,900
22-23038	Playground Equipment Replacement	-	69,999
24-23002	Strategic Grant Consulting Services - Dig Deep Research	-	526,400
24-23071	Demolition and Abatement - Various Northside Sites	149,994	245,998
25-22029	Traffic Studies and Warrant Analysis - Multiple Locations	55,445	94,555
25-22032	South Beach Placemaking Improvement Package	19,251	201,382
25-23075	Pacific Communities Health District - NW Biggs Street Extension	-	149,927
26-22038	Clarifier #1 Refurbishment	47,892	41,234
28-23069	Drinking Water Protection Plan	9,547	20,453
	Fire Department - Type I-1500gpm Pumper	-	631,639

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 3 - Detailed Notes, continued

Long-Term Obligations

Transactions for the governmental activities for the year ended June 30, 2024 were as follows:

	June 30, 2023			June 30, 2024	Due Within
	<u>Balance</u>	<u>Additions</u>	<u>Reduction</u>	<u>Balance</u>	<u>One Year</u>
Long-Term Debt:					
General Obligation Bonds					
Series 2013, Swimming Pool	\$ 5,595,000	\$ -	\$ 405,000	\$ 5,190,000	\$ 435,000
Urban Renewal Bonds					
FF&C Refunding Series 2010B	-	-		-	
Series 2015A and B	1,960,000	-	968,000	992,000	992,000
Direct Borrowings and Placements					
League of Oregon Cities Cooperative					
Asset Financing Program, Series 2007B	25,000	-	25,000	-	-
2018 Airport Fuel Farm Borrowing	27,829	-	27,829	-	-
Total Long-Term Debt	<u>7,607,829</u>	<u>-</u>	<u>1,425,829</u>	<u>6,182,000</u>	<u>1,427,000</u>
Other Long-Term Obligations:					
Unamortized premium	224,699	-	33,712	190,987	19,099
Net pension liability	5,432,497	1,037,864	-	6,470,361	-
Compensated absences	562,941	416,684	280,731	698,894	538,148
Other postemployment benefits liability	243,800	20,225	-	264,025	-
Lease payable	387,809	28,950	151,246	265,513	64,901
Subscription payable	131,209	98,607	129,441	100,375	65,694
Total Other Long-Term Obligations	<u>6,982,955</u>	<u>1,602,330</u>	<u>595,130</u>	<u>7,990,155</u>	<u>687,842</u>
Total	<u>\$ 14,590,784</u>	<u>\$ 1,602,330</u>	<u>\$ 2,020,959</u>	<u>\$ 14,172,155</u>	<u>\$ 2,114,842</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 3 - Detailed Notes, continued

Long-Term Obligations, continued

Transactions for the business-type activities for the year ended June 30, 2024 were as follows:

	June 30, 2023			June 30, 2024	Due Within
	<u>Balance</u>	<u>Additions</u>	<u>Reduction</u>	<u>Balance</u>	<u>One Year</u>
Long-Term Debt:					
Enterprise Bonds					
Water Series 2009B	\$ 5,615,773	\$ -	\$ 1,033,610	\$ 4,582,163	\$ 992,889
Water Revenue Bonds Series 2019	2,741,000	-	220,000	2,521,000	225,000
FF&C Stormwater Borrowing Series 2018	1,740,000	-	328,000	1,412,000	337,000
FF&C Water Borrowing Series 2022	4,551,000	-	87,000	4,464,000	145,000
Direct Borrowings and Placements					
2007 Seal Rock Water District	543,881	-	38,304	505,577	39,942
2014 Water Projects Borrowing	3,163,491	-	210,180	2,953,311	218,650
2020 Clean Water SRF DEQ Note R68935	3,544,382	-	198,607	3,345,775	200,598
2022 Clean Water SRF DEQ Note R68933	9,625,393	-	415,756	9,209,637	426,131
DEQ Note R68934	810,354	-	18,870	791,484	38,024
DEQ Note R68936	6,984,114	-	146,422	6,837,692	297,383
Total Long-Term Debt	<u>39,319,388</u>	<u>-</u>	<u>2,696,749</u>	<u>36,622,639</u>	<u>2,920,617</u>
Other Long-Term Obligations:					
Unamortized premium	66,035	-	11,005	55,030	11,005
Net pension liability	750,519	148,767	-	899,286	-
Compensated absences	144,064	189,281	180,519	152,826	117,676
Other postemployment benefits liability	131,924	37,970	-	169,894	-
Lease payable	313,880	38,997	73,229	279,648	75,509
Subscription payable	19,337	-	9,560	9,777	9,777
Total Other Long-Term Obligations	<u>1,425,759</u>	<u>415,015</u>	<u>274,313</u>	<u>1,566,461</u>	<u>213,967</u>
Total	<u>\$ 40,745,147</u>	<u>\$ 415,015</u>	<u>\$ 2,971,062</u>	<u>\$ 38,189,100</u>	<u>\$ 3,134,584</u>

Governmental Activities

General Obligation Bonds

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 3 - Detailed Notes, continued

Long-Term Obligations, continued

Governmental Activities, continued

The City issued \$7,900,000 in general obligation bonds in December 2013, to finance the costs of a new indoor municipal swimming pool and related systems, facilities and improvements. Interest rates range from 2 to 4 percent. Final maturity is June 1, 2033. The balance outstanding at June 30, 2024, is \$5,190,000. Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 435,000	\$ 195,469
2026	465,000	182,419
2027	495,000	167,888
2028	530,000	151,800
2029	570,000	130,600
2030-2033	<u>2,695,000</u>	<u>278,200</u>
	<u>\$ 5,190,000</u>	<u>\$ 1,106,375</u>

Urban Renewal Bonds

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, 2024, the outstanding balance is \$992,000. Annual debt service requirements to maturity for this bond is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2025	<u>\$ 992,000</u>	<u>\$ 24,641</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 3 - Detailed Notes, continued

Long-Term Obligations, continued

Governmental Activities, continued

Direct Borrowings and Placements

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 was June 30, 2024.

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.

Business-Type Activities

General Obligation Bonds

The City issued \$9,630,541 (Series 2009B) in general obligation bonds in March 2009, to finance the costs of capital construction and capital improvement for the City's water system. Series 2009B interest rate is 5.0 percent, with a final maturity of June 30, 2029. As of June 30, 2024, the outstanding balance is \$4,582,163 (Series 2009B). Annual debt service requirements to maturity for this bond is as follows:

Year Ending June 30,	Principal	Interest
2025	\$ 992,889	\$ 1,342,111
2026	953,895	1,451,105
2027	915,503	1,559,498
2028	878,144	1,671,857
2029	841,733	1,783,268
	<u>\$ 4,582,163</u>	<u>\$ 7,807,839</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 3 - Detailed Notes, continued

Long-Term Obligations, continued

Business-Type Activities, continued

Revenue Bond

In June 2019, the City issued water revenue bonds in the amount of \$4,558,000 to finance costs of water infrastructure projects. Interest for the loan is 2.46 percent, with a final maturity of June 1, 2034. As of June 30, 2024, the outstanding balance is \$2,521,000. Annual debt service requirements to maturity for this bond is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 225,000	\$ 62,017
2026	231,000	56,481
2027	237,000	50,799
2028	242,000	44,969
2029	248,000	39,016
2030-2034	<u>1,338,000</u>	<u>100,342</u>
	<u>\$ 2,521,000</u>	<u>\$ 353,624</u>

Full Faith & Credit Bonds

In June 2018, a 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, 2024, the outstanding balance is \$1,412,000. Annual debt service requirements to maturity for this bond are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 337,000	\$ 42,360
2026	348,000	32,250
2027	358,000	21,810
2028	<u>369,000</u>	<u>11,070</u>
	<u>\$ 1,412,000</u>	<u>\$ 107,490</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 3 - Detailed Notes, continued

Long-Term Obligations, continued

Business-Type Activities, continued

In February 2022, the City issued Full Faith & Credit Series 2022 Bonds in the amount of \$4,551,000 to finance capital improvements to the City's water system. Interest is 2.24%, with a final maturity of February 1, 2037. As of June 30, 2024, the outstanding balance is \$4,464,000. Annual debt service requirements to maturity for this bond are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 145,000	\$ 99,994
2026	208,000	96,746
2027	277,000	92,086
2028	283,000	85,882
2029	289,000	79,542
2030-2034	1,546,000	297,606
2035-2037	<u>1,716,000</u>	<u>73,751</u>
	<u>\$ 4,464,000</u>	<u>\$ 825,607</u>

Direct Borrowings and Placements

The City entered into an agreement with Seal Rock Water District to assume responsibility to provide water services for an area of property. In return, the City agreed to pay the District \$958,502 as the rate of interest of 4.75 percent. The outstanding balance as of June 30, 2024, is \$505,577. Annual debt service requirements to maturity for this loan are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 39,942	\$ 29,587
2026	40,448	27,780
2027	42,338	25,928
2028	44,210	23,981
2029	43,553	21,946
2030-2034	243,452	76,770
2035-2039	46,526	7,657
2040-2042	<u>5,108</u>	<u>387</u>
	<u>\$ 505,577</u>	<u>\$ 214,036</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 3 - Detailed Notes, continued

Long-Term Obligations, continued

Business-Type Activities, continued

In December 2014, the City issued a water revenue bond, in the amount of \$4,554,800 to finance costs of water infrastructure projects. Interest for the loan is 3.95 percent, with a final maturity of June 15, 2034. As of June 30, 2024, the outstanding balance is \$2,953,311. Annual debt service requirements to maturity for this bond is as follows:

Year Ending June 30,	Principal	Interest
2025	\$ 218,650	\$ 112,337
2026	227,460	103,527
2027	236,626	94,361
2028	246,161	84,826
2029	256,080	74,907
2030-2034	1,443,757	211,177
2035	324,577	6,410
	<u>\$ 2,953,311</u>	<u>\$ 687,545</u>

DEQ Note R68935 has a total loan amount of \$4,128,454 for a stormwater sewer in the Bay-Moore Basin area. Interest rate is 1.5 percent. The current balance of the loan is \$3,345,775 as of June 30, 2024. Annual debt service requirements to maturity for this loan is as follows:

Year Ending June 30,	Principal	Interest
2025	\$ 200,598	\$ 49,687
2026	202,609	46,673
2027	204,640	43,629
2028	206,692	40,554
2029	208,764	37,448
2030-2034	1,075,637	139,555
2035-2039	1,130,645	57,112
2040	116,190	1,162
	<u>\$ 3,345,775</u>	<u>\$ 415,820</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 3 - Detailed Notes, continued

Long-Term Obligations, continued

Business-Type Activities, continued

DEQ Note R68933 has a total loan amount of \$10,031,027 for a wastewater collection system in the Agate Beach area. The interest rate on the loan is 2.48 percent. The current balance of the loan is \$9,209,637 as of June 30, 2024. Annual debt service requirements to maturity for this loan is as follows:

Year Ending June 30,	Principal	Interest
2025	\$ 426,131	\$ 270,762
2026	436,765	257,971
2027	447,663	244,862
2028	458,834	231,425
2029	470,284	217,653
2030-2034	2,533,418	869,346
2035-2039	2,865,683	469,680
2040-2042	1,570,859	68,438
	<u>\$ 9,209,637</u>	<u>\$ 2,630,137</u>

DEQ Note R68934 has a total loan amount of \$810,354 for a wastewater pump station and pipe replacement in the Nye Beach area. The interest rate on the loan is 1 percent. The current balance of the loan is \$791,484 at June 30, 2024. The loan matures February 1, 2043. Annual debt service requirements to maturity for this loan is as follows:

Year Ending June 30,	Principal	Interest
2025	\$ 38,024	\$ 11,683
2026	38,405	11,111
2027	38,790	10,533
2028	39,179	9,949
2029	39,572	9,359
2030-2034	203,890	37,740
2035-2039	214,317	22,087
2040-2043	179,307	5,863
	<u>\$ 791,484</u>	<u>\$ 118,325</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 3 - Detailed Notes, continued

Long-Term Obligations, continued

Business-Type Activities, continued

DEQ Note R68936 has a total loan amount of \$6,984,114 for a wastewater improvement in the Agate Beach area. The interest rate on the loan is 2.06 percent. The current balance of the loan is \$6,837,692 at June 30, 2024. The loan matures February 1, 2043. Annual debt service requirements to maturity for this loan is as follows:

Year Ending June 30,	Principal	Interest
2025	\$ 297,383	\$ 172,782
2026	303,541	165,122
2027	309,826	157,303
2028	316,242	149,322
2029	322,790	141,177
2030-2034	1,717,016	577,673
2035-2039	1,902,294	347,196
2040-2043	1,668,600	95,186
	<u>\$ 6,837,692</u>	<u>\$ 1,805,761</u>

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, 2024, accumulated and unpaid compensated absences amounted to \$698,894 for the governmental activities and \$152,826 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 (OPERS) as more fully discussed in Note 4. The General, Parks and Recreation, Airport, Building Inspection, Streets, Water, Wastewater, Public Works, and City Facility Funds have typically been used to liquidate the liability.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 3 - Detailed Notes, continued

Other Long-Term Obligations, continued

Other Postemployment Benefit Liability

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

Lease Payables

Lease payables currently outstanding as of June 30, 2024, are as follows:

	June 30, 2023 Balance	Additions	Reductions	June 30, 2024 Balance
<i>Governmental activities:</i>				
Yaquina River	\$ 77,542	\$ -	\$ 2,523	\$ 75,019
Copiers and Postage	80,117	28,950	28,296	80,771
IT Equipment	110,060	-	92,967	17,093
Vehicles	120,090	-	27,460	92,630
Total governmental activities	\$ 387,809	\$ 28,950	\$ 151,246	\$ 265,513
<i>Business-type activities:</i>				
Copiers and Postage	\$ 16,250	\$ 2,740	\$ 5,581	\$ 13,409
Vehicles	297,630	36,257	67,648	266,239
Total business-type activities	\$ 313,880	\$ 38,997	\$ 73,229	\$ 279,648

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

The City has entered into 34 leases as lessee for use of copiers and postage machines. The City is required to make monthly fixed payments ranging from \$9 to \$800 including interest ranging from 0.33 percent to 0.46 percent. The lease terms range from 36 to 60 months.

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

The City has entered into 14 leases as lessee for vehicles. The City is required to make monthly payments ranging from \$590 to \$763 which include interest ranging from 2.16 percent to 6.10 percent. The lease terms are for 60 months with no options to extend.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 3 - Detailed Notes, continued

Other Long-Term Obligations, continued

Leases Payable, continued

Future annual lease commitments as of June 30, 2024 are as follows:

Year Ending June 30,	Governmental activities		Business-type activities	
	Principal	Interest	Principal	Interest
2025	\$ 64,901	\$ 5,053	\$ 75,509	\$ 9,336
2026	53,521	3,746	77,683	6,575
2027	48,705	2,515	79,411	3,687
2028	22,435	1,530	44,623	1,016
2029	8,046	1,156	2,422	9
2030-2034	14,413	4,694	-	-
2035-2039	15,660	3,447	-	-
2040-2044	17,015	2,092	-	-
2045-2049	20,817	619	-	-
	<u>\$ 265,513</u>	<u>\$ 24,852</u>	<u>\$ 279,648</u>	<u>\$ 20,623</u>

Subscription Payables

Subscription payables currently outstanding as of June 30, 2024, are as follows:

	June 30, 2023		June 30, 2024	
	Balance	Additions	Reductions	Balance
<i>Governmental activities:</i>				
Network Software	\$ 66,785	\$ -	\$ 33,017	\$ 33,768
Display Software	1,058	-	1,058	-
GIS Software	-	45,435	15,500	29,935
DebtBook Software	-	53,172	16,500	36,672
Microsoft Enterprises Software	63,366	-	63,366	-
Total governmental activities	<u>\$ 131,209</u>	<u>\$ 98,607</u>	<u>\$ 129,441</u>	<u>\$ 100,375</u>
<i>Business-type activities:</i>				
Customer Engagement Platform	\$ 19,337	\$ -	\$ 9,560	\$ 9,777
Total business-type activities	<u>\$ 19,337</u>	<u>\$ -</u>	<u>\$ 9,560</u>	<u>\$ 9,777</u>

On April 19, 2022, the City entered into a 45-month subscription for the use of Antigena Network Software. An initial subscription liability was recorded in the amount of \$99,503. As of June 30, 2024, the value of the subscription liability is \$33,768. The City is required to make annual fixed payments of \$34,536. The subscription has an interest rate of 2.2753%.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 3 - Detailed Notes, continued

Other Long-Term Obligations, continued

Subscription Payables, continued

On December 21, 2021, the City entered into an 18-month subscription for the use of X11 Countertop-Portrait Display Software. An initial subscription liability was recorded in the amount of \$2,114. As of June 30, 2024, the value of the subscription liability is \$0. The City is required to make annual fixed payments of \$1,080. The subscription has an interest rate of 2.0240%. The City had a termination period of 1 month as of the subscription commencement.

On July 1, 2023, the City entered into a 35-month subscription for the use of ArcGIS. An initial subscription liability was recorded in the amount of \$45,435. As of June 30, 2024, the value of the subscription liability is \$29,935. The City is required to make annual fixed payments of \$15,500. The subscription has an interest rate of 2.3633%.

On October 28, 2023, the City entered into a 36-month subscription for the use of the DebtBook Platform. An initial subscription liability was recorded in the amount of \$53,172. As of June 30, 2024, the value of the subscription liability is \$36,672. The City is required to make annual fixed payments of \$16,500. The subscription has an interest rate of 2.3633%.

On November 10, 2021, the City entered into a 29-month subscription for the use of Microsoft Enterprise Software. An initial subscription liability was recorded in the amount of \$126,866. As of June 30, 2024, the value of the subscription liability is \$0. The City is required to make annual fixed payments of \$64,648. The subscription has an interest rate of 2.0237%. The City had a termination period of one month as of the subscription commencement.

On March 2, 2021, the City entered into a 44-month subscription for the use of Customer Engagement Platform. An initial subscription liability was recorded in the amount of \$28,897. As of June 30, 2024, the value of the subscription liability is \$9,777. The City is required to make annual fixed payments of \$13,000. The subscription has an interest rate of 2.2753%.

Future annual lease commitments as of June 30, 2024 are as follows:

Year Ending June 30,	Governmental activities		Business-type activities	
	Principal	Interest	Principal	Interest
2025	\$ 65,694	\$ 2,342	\$ 9,777	\$ 222
2026	34,681	820	-	-
	<u>\$ 100,375</u>	<u>\$ 3,162</u>	<u>\$ 9,777</u>	<u>\$ 222</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 3 - Detailed Notes, continued

Governmental Fund Balances

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

<u>Fund Balance Categories</u>	<u>General</u>	<u>Room Tax</u>	<u>Urban Renewal</u>	<u>Airport</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
Nonspendable:							
Inventory	\$ -	\$ -	\$ -	\$ 39,733	\$ -	\$ 69,521	\$ 109,254
Prepaid expenses	10,923	12,500	-	-	-	1,626	25,049
Restricted for:							
Capital projects	-	-	-	-	7,509,845	3,646,973	11,156,818
Agate Beach disposal site closure	-	-	-	-	-	1,003,517	1,003,517
Tourism	-	2,259,791	-	-	-	-	2,259,791
Building inspection	-	-	-	-	-	510,152	510,152
Streets	-	-	-	-	-	518,548	518,548
Urban renewal	-	-	4,751,706	-	-	-	4,751,706
Debt service	-	-	-	-	-	141,239	141,239
Committed for:							
Parks and recreation	-	-	-	-	-	905,455	905,455
Housing	-	-	-	-	-	883,778	883,778
Airport	-	-	-	624,012	-	-	624,012
Line undergrounding	-	-	-	-	-	1,161,456	1,161,456
Assigned for:							
Capital projects	-	-	-	-	-	6,308,702	6,308,702
Debt service	-	-	-	-	-	3,110	3,110
Unassigned	6,794,058	-	-	-	-	(200,634)	6,593,424
	<u>\$ 6,804,981</u>	<u>\$ 2,272,291</u>	<u>\$ 4,751,706</u>	<u>\$ 663,745</u>	<u>\$ 7,509,845</u>	<u>\$ 14,953,443</u>	<u>\$ 36,956,011</u>

As of June 30, 2024, the Public Parking Fund had a deficit fund balance of \$(200,634). The City expects to eliminate this deficit through future operating results.

Net Position Restricted Through Enabling Legislation

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

Governmental activities

Capital projects – Ordinances imposing System Development Charges (SDC)

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

\$ 3,646,973

Gas taxes – State laws regulate capital improvements for the streets

\$ 588,069

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

\$ 4,908,301

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 3 - Detailed Notes, continued

Segment Information for Enterprise Funds

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

Summary financial information for the water, wastewater, and stormwater systems for the year ended June 30, 2024 is as follows:

Condensed statement of net position:

	<u>Water</u>	<u>Wastewater</u>	<u>Stormwater</u>
Assets:			
Current	\$ 7,343,721	\$ 3,663,888	\$ 831,281
Noncurrent	<u>32,309,153</u>	<u>45,624,938</u>	<u>1,059,009</u>
Total Assets	<u>39,652,874</u>	<u>49,288,826</u>	<u>1,890,290</u>
Deferred Outflows of Resources	<u>8,009</u>	<u>1,447</u>	<u>251</u>
Liabilities:			
Current	9,369,080	1,439,629	648,758
Noncurrent	<u>14,057,263</u>	<u>19,557,647</u>	<u>894,384</u>
Total Liabilities	<u>23,426,343</u>	<u>20,997,276</u>	<u>1,543,142</u>
Deferred Inflows of Resources	<u>97,463</u>	<u>17,612</u>	<u>3,053</u>
Net Position:			
Net Investment in Capital Assets	19,631,624	25,342,615	1,059,009
Restricted	4,590,077	833,177	524,774
Unrestricted	<u>(8,084,624)</u>	<u>2,099,593</u>	<u>(1,239,437)</u>
Total Net Position	<u>\$ 16,137,077</u>	<u>\$ 28,275,385</u>	<u>\$ 344,346</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 3 - Detailed Notes, continued

Segment Information for Enterprise Funds, continued

Condensed statement of revenues, expenses and changes in net position:

	<u>Water</u>	<u>Wastewater</u>	<u>Stormwater</u>
Operating revenue	\$ 4,705,172	\$ 6,511,533	\$ 1,223,017
Depreciation expense	(1,423,213)	(2,154,254)	(77,876)
Other operating expenses	<u>(4,148,081)</u>	<u>(3,713,829)</u>	<u>(477,993)</u>
Operating income (loss)	(866,122)	643,450	667,148
Nonoperating revenues (expenses)	<u>1,289,468</u>	<u>(317,885)</u>	<u>(62,116)</u>
Income before transfers capital contributions	423,346	325,565	605,032
Capital contributions	1,330,165	-	-
Transfers in	8,297,852	3,015,140	1,495,700
Transfers out	<u>(7,235,263)</u>	<u>(3,336,130)</u>	<u>(1,842,623)</u>
Change in net position	2,816,100	4,575	258,109
Net position - beginning	<u>13,320,977</u>	<u>28,270,810</u>	<u>86,237</u>
Net position - ending	<u>\$ 16,137,077</u>	<u>\$ 28,275,385</u>	<u>\$ 344,346</u>

Condensed statement of cash flows:

	<u>Water</u>	<u>Wastewater</u>	<u>Stormwater</u>
Operating activities	\$ 745,322	\$ 2,461,917	\$ 657,283
Non-capital financing activities	228,632	(71,958)	282,746
Capital and related financing activities	(1,526,948)	(2,539,962)	(984,324)
Investing activities	<u>437,015</u>	<u>161,485</u>	<u>41,776</u>
Net increase (decrease) in cash and cash equivalents	(115,979)	11,482	(2,519)
Cash and cash equivalents - beginning	<u>5,489,300</u>	<u>2,274,694</u>	<u>635,674</u>
Cash and cash equivalents - ending	<u>\$ 5,373,321</u>	<u>\$ 2,286,176</u>	<u>\$ 633,155</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 4 - Other Information

Pension Plans

The City participates in a cost-sharing multiple-employer plan that covers all fire and police employees, a defined contribution 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, 2024, is \$2,572,651 for all plans. Below are details related to each plan.

Oregon Public Employees Retirement System (PERS)

Defined Benefit Pension Plan

A. Plan description

Employees of the City are provided with pensions through OPERS.

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

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

<https://www.oregon.gov/pers/Documents/Financials/ACFR/2023-ACFR.pdf>

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

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

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 4 - Other Information, continued

Pension Plans, continued

Death benefits

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

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

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

Disability benefits

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

Benefit changes after retirement

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

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

Pension benefits

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

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

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

A member of the OPSRP pension program becomes vested on the earliest of the following dates: the date the member completes six hundred 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.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 4 - Other Information, continued

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

Death benefits

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

Disability benefits

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

Benefit changes after retirement

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

C. Contributions

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

Employer contribution rates during the period were based on the December 31, 2021, actuarial valuation, which became effective July 1, 2023. Tier One/Tier Two employer contribution rates are 26.09%. The OPSRP employer contribution rates are 16.07% for general service employees and 20.86% for police and fire employees. Employer contributions to OPERS for the year ended June 30, 2024, were \$726,280.

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

Net pension liability

At June 30, 2024, the City reported a liability of \$5,072,824 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The projected long-term contribution effort is equal to the sum of the present value of future normal costs (PVFNC) and the unfunded actuarial liabilities (UAL).

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

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 4 - Other Information, continued

Pension Plans, 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, 2024, the City's proportion was 0.02708296 percent, which was an increase of 0.00066249 percent from its proportion measured as of June 30, 2023.

Pension expense

For the year ended June 30, 2024, the City recognized pension expense of \$689,977.

Deferred inflows of resources and deferred outflows of resources

Deferred outflows of resources and deferred inflows of resources are calculated at the Plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2023, employers will report the following deferred outflows of resources and/or deferred inflows of resources:

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

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 4 - Other Information, continued

Pension Plans, continued

Deferred inflows of resources and deferred outflows of resources, continued

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

- Fiscal Year ended June 30, 2023 – 5.4 years
- Fiscal Year ended June 30, 2022 – 5.5 years
- Fiscal Year ended June 30, 2021 – 5.4 years
- Fiscal Year ended June 30, 2020 – 5.3 years
- Fiscal Year ended June 30, 2019 – 5.2 years
- Fiscal Year ended June 30, 2018 – 5.2 years

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

At June 30, 2024, 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	\$ 248,077	\$ 20,114
Changes of assumptions	450,640	3,360
Net difference between projected and actual earnings on investments	91,179	-
Changes in proportionate share	101,440	325,584
Differences between employer contributions and employer's proportionate share of system contributions	-	445,796
Contributions subsequent to the measurement date	<u>726,280</u>	<u>-</u>
	<u>\$ 1,617,616</u>	<u>\$ 794,854</u>

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement in the amount of \$726,280 will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2025	\$ (135,277)
2026	(335,247)
2027	407,008
2028	146,113
2029	<u>13,885</u>
	<u>\$ 96,482</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 4 - Other Information, continued

Pension Plans, continued

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

The total pension liability measured as of June 30, 2023, was based on an actuarial valuation as of December 31, 2021, using the following methods and assumptions:

Experience study	2020, published July 20, 2021
Actuarial cost method	Entry age normal
Inflation rate	2.4 percent
Long-term expected rate of return	6.9 percent
Discount rate	6.9 percent
Administrative expenses	\$59 million per year is added to the total system normal cost and allocated between Tier One/Tier Two and OPSRP based on valuation payroll.
Projected salary increases	3.4 percent compounded annually
Cost of living adjustments (COLA)	Blend of 2 percent COLA and graded COLA (1.25 percent/ 0.15 percent) in accordance with Moro decision; blend based on service.
Mortality	<i>Healthy retirees and beneficiaries:</i> Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <i>Active members:</i> Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <i>Disabled retirees:</i> Pub-2010 Disabled Retiree, sex-distinct, generational with Unisex Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

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

Discount rate

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 4 - Other Information, continued

Pension Plans, continued

UAL amortization

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

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

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

Long-term expected rate of return

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

Depletion date projection

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

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

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 4 - Other Information, continued

Pension Plans, continued

Depletion date projection, continued

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

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

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

	<u>1 Percentage Point Lower</u>	<u>Current Discount Rate</u>	<u>1 Percentage Point Higher</u>
Proportionate share of the net pension liability	\$ <u>8,379,350</u>	\$ <u>5,072,824</u>	\$ <u>2,305,612</u>

Defined Contribution Plan

A. Plan description

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

B. Pension benefits

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

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

C. Death benefits

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 4 - Other Information, continued

Pension Plans, continued

D. Contributions

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

The City makes the employee contributions of 6 percent of covered payroll to the plan. Contributions for the year ended June 30, 2024, were \$186,478.

E. Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

City of Newport Employee's Retirement Plans

Defined Benefit Pension Plan

A. Plan description

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

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

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

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

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

B. Plan membership

As of July 1, 2023, pension plan membership consisted of 44 inactive plan members (or beneficiaries) currently receiving benefits, 13 inactive plan members not yet receiving benefits and 10 active plan members.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 4 - Other Information, continued

Pension Plans, continued

C. Description of benefit terms

Plan benefits

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

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

Pension benefits

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

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

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

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 benefits the participant could have received.

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

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

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

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

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

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

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

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 4 - Other Information, continued

Pension Plans, continued

Pre-retirement death benefits

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

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

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

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

Death benefits

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

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 4 - Other Information, continued

Pension Plans, continued

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

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

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

Disability benefits

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

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

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

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

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 4 - Other Information, continued

Pension Plans, continued

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

D. Funding policy

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

The funding policy of the defined portion provides for actuarially determined periodic contributions at rates that over time provide sufficient assets available to pay benefits when dues. For the current fiscal year, \$445,937 was contributed to the plan. The plan's normal cost is \$54,828 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, 2023. Significant actuarial assumptions used in the valuation include: (a) a rate of return on the investment of present and future assets of 6.75%, (b) projected salary increases of 3% per year in addition to salary increase due to promotions and longevity.

E. Contributions

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

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

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

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

At June 30, 2024, the City of Newport reported a liability of \$2,296,823 for its net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023, as follows:

Total pension liability	\$	11,996,144
Plan fiduciary net position		<u>(9,699,321)</u>
Net position liability	\$	<u>2,296,823</u>
Fiduciary net position as a percentage of total pension liability		80.85%

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 4 - Other Information, continued

Pension Plans, continued

Change in the net pension liability is as follows:

	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Beginning balances	\$ 11,167,853	\$ 9,030,341	\$ 2,137,512
Change for the year:			
Service cost	54,828	-	54,828
Interest on total pension liability	772,151	-	772,151
Difference between expected and actual experience	893,251	-	893,251
Annuity payments	(891,939)	-	(891,939)
Contributions	-	410,910	(410,910)
Transfers and receivables from money purchase plan	-	223,158	(223,158)
Net investment income	-	965,016	(965,016)
Benefit payments	-	(891,939)	891,939
Administrative expenses	-	(38,165)	38,165
	<u> </u>	<u> </u>	<u> </u>
Ending balances	<u>\$ 11,996,144</u>	<u>\$ 9,699,321</u>	<u>\$ 2,296,823</u>

For the year ended June 30, 2024, the City of Newport recognized pension expense of \$1,297,256. At June 30, 2024, 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>
Net difference between projected and actual earnings on investments	\$ -	\$ 319,165
	<u> </u>	<u> </u>
	\$ -	\$ 319,165
	<u> </u>	<u> </u>

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

Year Ending June 30,	
<u> </u>	
2025	\$ (154,215)
2026	144,123
2027	(190,100)
2028	<u>(118,973)</u>
	<u>\$ (319,165)</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 4 - Other Information, continued

Pension Plans, continued

G. Actuarial valuations

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

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

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

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

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

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

Valuation date	July 1, 2023
Actuarial cost method	Entry age normal with normal cost as a level percentage of salary
Amortization method	Amortized as a level percentage of salary as layered amortization bases over a closed period
Asset valuation method	Fair market value
Inflation rate	N/A
Investment rate of return	6.75%
Projected salary increases	3%
Mortality	PubG-2010, Scale MP-2021

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

I. Discount rate

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

J. Long-term expected rate of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of returns (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 4 - Other Information, continued

Pension Plans, continued

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

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

	<u>1 Percentage Point Lower</u>	<u>Current Discount Rate</u>	<u>1 Percentage Point Higher</u>
Proportionate share of the net pension liability	\$ 3,356,665	\$ 2,296,823	\$ 1,384,830

L. Plan authority

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

Defined Contribution Plan— City Money Purchase

A. Plan description

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

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

B. Description of benefit terms

Pension benefits

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

<u>Years of Service</u>	<u>Vested Percentage</u>
Less than 2 years	0%
2	40%
3	60%
4	80%
5 or more	100%

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 4 - Other Information, continued

Pension Plans, continued

Death benefits

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

C. Contributions

The City makes the employee contributions of 6 percent of covered payroll to the plan. Contributions for the year ended June 30, 2024 were \$398,940.

D. Recordkeeping

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

Defined benefit plans aggregate information

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

	Oregon Public Employees Retirement System	City of Newport Employees' Retirement Plan	Total
Net pension liability	\$ 5,072,824	\$ 2,296,823	\$ 7,369,647
Deferred outflows of resources - pension related	1,617,616	-	1,617,616
Deferred inflows of resources - pension related	794,854	319,165	1,114,019
Pension expense	689,977	1,297,256	1,987,233

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) expense for the year ended June 30, 2024, is \$51,733 for all plans. Below are details related to each plan.

Oregon Public Employees Retirement System (PERS)

Defined Benefit OPEB Plan

A. Plan description

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

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

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

The report can be found at: <https://www.oregon.gov/pers/Documents/Financials/ACFR/2023-ACFR.pdf>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 4 - Other Information, continued

Other Postemployment Benefit Plans, continued

B. Description of benefit terms

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

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

Other Postemployment Healthcare benefits

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

To be eligible, the member must:

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

Surviving spouse or dependent benefits

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

C. Contributions

OPERS funding policy provides for periodic member and employer contributions at the rates established by the Public Employees Retirement Board, subject to limits set in statute. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates during the period were based on the December 31, 2021, actuarial valuation.

The City contributed 0.05% of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits. Since the funded status of the RHIA UAL is in excess of 100%, no contributions were required to fund the RHIA UAL. For the year ended June 30, 2024, the City made no contributions to the RHIA.

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

Net OPEB liability (asset)

At June 30, 2024, the City reported an (asset) of \$(6,049) for its proportionate share of the net OPEB liability/(asset). The net OPEB liability/(asset) was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2021. The City's proportion of the net OPEB liability/(asset) was based on its actual, legally required contributions made during the fiscal year with the total actual contributions of all employers during the fiscal year.

At June 30, 2023, the City's proportion was 0.0016519 percent, which was a decrease of 0.01725619 percent from its proportion measured as of June 30, 2022.

OPEB expense

For the year ended June 30, 2024, the City recognized OPEB expense of \$25,728.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 4 - Other Information, continued

Other Postemployment Benefit Plans, continued

Deferred inflows of resources and deferred outflows of resources

Deferred inflows of resources and deferred outflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2023, employers will report the following deferred inflows or resources and/or deferred outflows of resources:

Difference between expected and actual experience

Changes in assumptions

Changes in employer proportion since the prior measurement date

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

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

Fiscal Year ended June 30, 2023 – 2.3 years

Fiscal Year ended June 30, 2022 – 2.5 years

Fiscal Year ended June 30, 2021 – 2.7 years

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

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to other postemployment benefits from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 152
Changes of assumptions	-	65
Net difference between projected and actual earnings on investments	17	-
Changes in proportionate share	31,268	-
	<u>\$ 31,285</u>	<u>\$ 217</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 4 - Other Information, continued

Other Postemployment Benefit Plans, continued

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Year Ending June 30,	
	2025	\$ 24,025
	2026	6,740
	2027	224
	2028	79
		<u>31,068</u>
		<u>\$ 31,068</u>

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

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

Retiree healthcare participation

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

Healthcare cost trend rate

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

Depletion date projection

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 4 - Other Information, continued

Other Postemployment Benefit Plans, continued

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

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

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

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

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

	<u>1 Percentage Point Lower</u>	<u>Current Discount Rate</u>	<u>1 Percentage Point Higher</u>
Net OPEB liability (asset) \$	\$ <u>(5,498)</u>	\$ <u>(6,049)</u>	\$ <u>(6,521)</u>

City of Newport Other Postemployment Benefit Plan

A. Plan description and benefits provided

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

B. Plan membership

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 4 - Other Information, continued

Other Postemployment Benefit Plans, continued

C. Contributions

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

For retirees	\$	683
For spouses of retirees		748

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

At June 30, 2024, the City reported a total OPEB liability of \$433,919. The total OPEB liability was measured as of June 30, 2023, and determined by an actuarial valuation as of that date.

Changes in the total OPEB liability is as follows:

	<u>Total OPEB Liability</u>
Balances at June 30, 2023	\$ 375,724
Changes for the year:	
Service cost	65,492
Interest	15,281
Changes in assumptions or other inputs	(3,308)
Benefit payments	(19,270)
	<u>\$ 433,919</u>

For the year ended June 30, 2024, the City recognized OPEB expense of \$26,005. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 158,758
Changes of assumptions	14,452	23,283
Benefit payments	26,737	-
	<u>\$ 41,189</u>	<u>\$ 182,041</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 4 - Other Information, continued

Other Postemployment Benefit Plans, continued

Deferred outflows of resources related to OPEB resulting from benefit payments in the amount of \$26,737 will be recognized as an adjustment to the total OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,		
2025	\$	(44,573)
2026		(34,637)
2027		(23,938)
2028		(22,099)
2029		(15,448)
Thereafter		<u>(26,894)</u>
	\$	<u>(167,589)</u>

E. Actuarial valuation

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 4 - Other Information, continued

Other Postemployment Benefit Plans, continued

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

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

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 4 - Other Information, continued

Other Postemployment Benefit Plans, continued

Discount rate

The discount rate used to measure the net OPEB liability was 3.65 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 3.54 percent.

Healthcare cost trend rate

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

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

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

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

The following presents the City's net OPEB liability calculated using the discount rate of 3.65 percent, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65 percent) or 1-percentage-point higher (4.65 percent) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

	<u>1 Percentage Point Lower</u>	<u>Current Discount Rate</u>	<u>1 Percentage Point Higher</u>
City's total OPEB liability	\$ 465,810	\$ 433,919	\$ 404,221
	<u>1 Percentage Point Lower</u>	<u>Current Trend Rate</u>	<u>1 Percentage Point Higher</u>
City's total OPEB liability	\$ 387,692	\$ 433,919	\$ 488,049

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 4 - Other Information, continued

Other Postemployment Benefit Plans, continued

Defined benefit plans aggregate information

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

	Oregon Public Employees Retirement System RHIA	City of Newport Other Postemployment Benefit Plan	Total
Net OPEB asset	\$ 6,049	\$ -	\$ 6,049
Deferred outflows of resources - OPEB related	31,285	41,189	72,474
Other postemployment benefits liability	-	433,919	433,919
Deferred inflows of resources - OPEB related	217	182,041	182,258
OPEB (income) expense	25,728	(26,005)	(277)

Risk Management

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

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

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

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

Commitments and Contingent Liabilities

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

Tax Abatements

Lincoln County has established an enterprise zone under ORS 285C.050-250 that abates property taxes on new business development within the zone. As a result, the property taxes that the City will receive for the 2022-2023 levy year have been reduced by \$99,916.

Public-Private Partnership

The City entered into a public-private partnership agreement with the Oregon Coast Council for the Arts (OCCA), an Oregon nonprofit corporation for operation of the Performing Arts Center (PAC) and the Visual Arts Center (VAC). The City is the transferor in this arrangement and owns the buildings being used in this agreement. The agreement is set to expire June 30, 2029, unless both parties agree to extend the agreement. Improvements made to the PAC or VAC are shown as capital assets by the City. Equipment used in operations are purchased by OCCA who will ultimately own the assets at the conclusion of the agreement. Capital assets associated with the public-private partnership agreement have a cost of \$3,825,242 and accumulated depreciation of \$802,374.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2024

Note 4 - Other Information, continued

Error Correction

The City reevaluated its hangar and airport building lease agreements and determined they qualify as regulated leases under GASB 87. Due to this, lease receivables and deferred inflows of lease resources should not have been reported related to these leases. This error was corrected in the current year financial statements and its impact on beginning fund balance and beginning net position is as follows:

	<u>Airport Fund</u>		<u>Governmental Activities</u>
June 30, 2023, as previously reported	\$ 397,935	\$	101,599,888
Error correction	14,094		14,094
June 30, 2023, as restated	<u>\$ 412,029</u>	<u>\$</u>	<u>101,613,982</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NEWPORT

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

Oregon Public Employees Retirement System

Last 10 Plan Years

Year Ended June 30,	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered- Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.02708260%	\$ 5,072,824	\$ 3,401,451	149.14%	81.7%
2022	0.02642047%	4,045,504	2,971,662	136.14%	84.5%
2021	0.02656675%	3,179,105	2,667,549	119.18%	87.6%
2020	0.02980549%	6,504,583	2,678,690	242.83%	75.8%
2019	0.03157548%	5,461,802	2,809,247	194.42%	80.0%
2018	0.00027085%	4,102,981	2,767,384	148.26%	82.0%
2017	0.02427185%	3,271,855	2,877,270	113.71%	83.0%
2016	0.02977186%	4,469,447	2,444,013	182.87%	81.0%
2015	0.02885827%	1,656,886	2,193,182	75.55%	92.0%
2014	0.02500643%	(566,824)	2,595,985	-21.83%	104.0%

Notes to Schedule

Changes in Benefit Terms:

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

Changes of Assumptions:

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

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

Year Ended June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percent of Covered Payroll
2024	\$ 726,280	\$ 726,280	\$ -	3,833,793	18.94%
2023	558,232	558,232	-	3,401,451	16.41%
2022	567,421	567,421	-	2,971,662	19.09%
2021	530,797	530,797	-	2,667,549	19.90%
2020	538,516	538,516	-	2,678,690	20.10%
2019	413,934	413,934	-	2,809,247	14.73%
2018	394,569	394,569	-	2,767,384	14.26%
2017	265,656	265,656	-	2,877,270	9.23%
2016	258,320	258,320	-	2,444,013	10.57%
2015	208,544	208,544	-	2,193,182	9.51%

*Information will be accumulated annually until 10 years is presented

Notes to schedule

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

Actuarial valuation	December 31, 2021	December 31, 2019	December 31, 2017	December 31, 2015	December 31, 2013	December 31, 2011
Effective	July 2023 - June 2025	July 2021 - June 2023	July 2019 - June 2021	July 2017 - June 2019	July 2015 - June 2017	July 2013 - June 2015
Actuarial cost method	Entry Age Normal					Projected Unit Cost
Amortization method	Level percentage of payroll					
Asset valuation method	Fair Value					
Remaining amortization periods	20 years					N/A
Actuarial assumptions:						
Inflation rate	2.4 percent		2.5 percent		2.75 percent	
Projected salary increases	3.4		3.5 percent			
Investment rate of return	6.9 percent		7.2 percent	7.5 percent	7.75 percent	8 percent

CITY OF NEWPORT

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

City of Newport Employees Retirement Plan

Last 10 Plan Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Beginning of Year:										
Total pension liability	\$ 11,167,853	\$ 10,727,301	\$ 10,344,999	\$ 9,442,920	\$ 8,635,623	\$ 8,053,710	\$ 7,872,517	\$ 7,246,065	\$ 6,860,012	\$ 6,525,032
Fiduciary net position	9,030,341	8,690,264	10,025,997	8,198,516	7,332,166	7,211,487	6,864,062	5,702,821	5,681,108	5,328,828
Net Pension Liability	2,137,512	2,037,037	319,002	1,244,404	1,303,457	842,223	1,008,455	1,543,244	1,178,904	1,196,204
Changes in Total Pension Liability:										
Service cost	54,828	62,655	71,786	94,996	98,316	100,597	120,946	134,359	141,340	166,928
Interest on total pension liability	772,151	714,346	679,022	648,002	607,964	533,239	524,396	473,831	461,564	440,163
Difference between expected and actual experience	893,251	526,979	301,143	778,918	696,080	407,936	112,457	563,229	53,539	(69,963)
Change of assumptions	-	-	19,147	(40,473)	(20,624)	362,739	-	392,067	-	-
Benefit payments	(891,939)	(863,428)	(688,796)	(579,364)	(574,439)	(822,598)	(576,606)	(937,034)	(270,390)	(202,148)
Net Change in Total Pension Liability	828,291	440,552	382,302	902,079	807,297	581,913	181,193	626,452	386,053	334,980
Changes in Fiduciary Net Position:										
Employer contributions	410,910	317,288	396,802	404,045	404,045	404,045	402,347	381,589	362,578	372,150
Transfer from Money Purchase Plan	223,158	292,447	303,690	413,184	757,759	242,903	47,198	1,076,001	15,618	-
Transfer to Money Purchase Plan	-	-	-	-	(6,959)	(389,198)	(228,729)	(636,333)	-	-
Investment income (loss) net of expenses	965,016	631,358	(1,307,910)	1,625,989	311,449	328,566	504,959	667,952	(60,573)	207,422
Benefit payments	(891,939)	(863,428)	(688,796)	(579,364)	(567,480)	(433,400)	(347,877)	(300,701)	(270,390)	(202,148)
Administrative expenses	(38,165)	(37,588)	(39,519)	(36,373)	(32,464)	(32,237)	(30,473)	(27,267)	(25,520)	(25,144)
Net Change in Fiduciary Net Position	668,980	340,077	(1,335,733)	1,827,481	866,350	120,679	347,425	1,161,241	21,713	352,280
End of Year:										
Total pension liability	11,996,144	11,167,853	10,727,301	10,344,999	9,442,920	8,635,623	8,053,710	7,872,517	7,246,065	6,860,012
Fiduciary net position	9,699,321	9,030,341	8,690,264	10,025,997	8,198,516	7,332,166	7,211,487	6,864,062	5,702,821	5,681,108
Net Pension Liability	\$ 2,296,823	\$ 2,137,512	\$ 2,037,037	\$ 319,002	\$ 1,244,404	\$ 1,303,457	\$ 842,223	\$ 1,008,455	\$ 1,543,244	\$ 1,178,904
Fiduciary Net Position as a Percent of										
Total Pension Liability	80.9%	80.9%	81.0%	96.9%	86.8%	84.9%	89.5%	87.2%	78.7%	82.8%
Covered Payroll	746,153	1,001,757	1,248,853	\$ 1,513,070	\$ 1,714,551	\$ 1,969,621	\$ 2,335,688	\$ 2,391,031	\$ 2,583,588	\$ 2,592,985
Net Pension Liability as a Percent of										
Covered Payroll	307.8%	213.4%	163.1%	21.1%	72.6%	66.2%	36.1%	42.2%	59.7%	45.5%

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

<u>Year Ended June 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percent of Covered Payroll</u>
2024	\$ 257,627	\$ 410,910	\$ (153,283)	746,153	-20.54%
2023	181,123	317,288	(136,165)	1,001,757	-13.59%
2022	160,312	396,802	(236,490)	1,248,853	-18.94%
2021	229,455	404,045	(174,590)	1,513,070	-11.54%
2020	263,263	404,045	(140,782)	1,741,551	-8.08%
2019	192,121	404,045	(211,924)	1,969,621	-10.76%
2018	218,489	402,347	(183,858)	2,335,688	-7.87%
2017	302,158	381,589	(79,431)	2,391,031	-3.32%
2016	273,120	362,578	(89,458)	2,583,588	-3.46%
2015	358,599	372,150	(13,551)	2,592,985	-0.52%

Notes to schedule

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

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

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

Asset valuation method: Fair value

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

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

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

Cost of living increases: 1.5% per year

Salary increases: 3% per year

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

<u>Year Ended June 30,</u>	<u>Rate of Return</u>
2024	10.87%
2023	7.35%
2022	-13.21%
2021	20.46%
2020	4.26%
2019	4.50%
2018	7.64%
2017	11.69%
2016	-1.06%
2015	3.84%

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

<u>Year Ended June 30,</u>	<u>Proportion of the Net OPEB Liability (Asset)</u>	<u>Proportionate Share of the Net OPEB Liability (Asset)</u>	<u>Covered- Employee Payroll</u>	<u>Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered- Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u>
2023	0.00165190% \$	(6,049) \$	3,401,451	-0.18%	201.60%
2022	0.01890809%	(67,187)	2,971,662	-2.26%	194.60%
2021	0.02102751%	(72,209)	2,667,549	-2.71%	183.90%
2020	0.02311762%	(47,105)	2,678,690	-1.76%	150.09%
2019	0.02587288%	(49,996)	2,809,247	-1.78%	144.38%
2018	0.02602888%	(29,055)	2,767,384	-1.05%	123.99%
2017	0.02348035%	(9,799)	2,877,270	-0.34%	108.88%
2016	0.02372468%	(6,433)	2,444,013	-0.26%	94.15%

*Information will be accumulated annually until 10 years is presented

Notes to Schedule

Changes of Assumptions:

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

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

<u>Year Ended June 30,</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered- Employee Payroll</u>	<u>Contributions as a Percent of Covered Payroll</u>
2024	\$ -	\$ -	\$ -	3,833,793	0.00%
2023	33	33	-	3,401,451	0.00%
2022	466	466	-	2,971,662	0.02%
2021	563	563	-	2,667,549	0.02%
2020	1,651	1,651	-	2,678,690	0.06%
2019	12,823	12,823	-	2,809,247	0.46%
2018	12,603	12,603	-	2,767,384	0.46%
2017	11,647	11,647	-	2,877,270	0.40%

*Information will be accumulated annually until 10 years is presented

Notes to Schedule

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

CITY OF NEWPORT

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

Last 10 Plan Years*

	2023	2022	2021	2020	2019	2018	2017
Service Cost	\$ 65,492	\$ 51,644	\$ 50,189	\$ 41,333	\$ 37,007	\$ 49,922	\$ 52,534
Interest	15,281	10,962	10,382	17,749	17,879	20,531	15,900
Effect of economic/demographic gains or losses	-	(144,046)	-	(68,017)	-	(71,931)	-
Changes of Assumptions or Other Inputs	(3,308)	11,675	1,589	(5,802)	13,120	(72,379)	(29,592)
Benefit Payments	(19,270)	(20,599)	(31,154)	(31,667)	(22,778)	(26,691)	(14,714)
Net Change in Total OPEB Liability	58,195	(90,364)	31,006	(46,404)	45,228	(100,548)	24,128
Total OPEB liability - beginning	375,724	466,088	435,082	481,486	436,258	536,806	512,678
Total OPEB Liability - ending	\$ 433,919	\$ 375,724	\$ 466,088	\$ 435,082	\$ 481,486	\$ 436,258	\$ 536,806
Covered-Employee Payroll	\$ 10,143,480	\$ 8,681,081	\$ 8,166,069	\$ 8,970,115	\$ 8,923,176	\$ 8,806,753	\$ 5,103,072
Total OPEB Liability as a Percentage of Covered-Employee Payroll	4.278%	4.328%	5.708%	4.850%	5.396%	4.954%	10.519%

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

*Information will be accumulated annually until 10 years is presented



OTHER SUPPLEMENTARY INFORMATION



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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Intergovernmental	\$ 2,744,752	\$ 1,038,391	\$ (1,706,361)
Interest earnings	<u>46,300</u>	<u>307,779</u>	<u>261,479</u>
Total Revenues	<u>2,791,052</u>	<u>1,346,170</u>	<u>(1,444,882)</u>
Expenditures:			
General	8,859,035	1,763,386	7,095,649
Airport improvement program	<u>2,402,990</u>	<u>942,767</u>	<u>1,460,223</u>
Total Expenditures	<u>11,262,025</u>	<u>2,706,153</u>	<u>8,555,872</u>
Excess of Revenues Over Expenditures	<u>(8,470,973)</u>	<u>(1,359,983)</u>	<u>7,110,990</u>
Other Financing Sources (Uses):			
Transfers in	3,144,742	3,144,742	-
Transfers out	<u>(279,990)</u>	<u>(279,990)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>2,864,752</u>	<u>2,864,752</u>	<u>-</u>
Net Change in Fund Balance	(5,606,221)	1,504,769	7,110,990
Fund Balance, beginning	<u>6,005,076</u>	<u>6,005,076</u>	<u>-</u>
Fund Balance, ending	<u>\$ 398,855</u>	<u>\$ 7,509,845</u>	<u>\$ 7,110,990</u>

CITY OF NEWPORT
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2024

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 8,702,870	\$ 136,987	\$ 6,559,510	\$ 15,399,367
Receivables:				
Accounts	165,592	-	-	165,592
Taxes	-	32,190	-	32,190
Due from Other Funds	307,500	-	-	307,500
Inventory	69,521	-	-	69,521
Prepaid Items	1,626	-	-	1,626
	<u>9,247,109</u>	<u>169,177</u>	<u>6,559,510</u>	<u>15,975,796</u>
Total Assets	\$ <u>9,247,109</u>	\$ <u>169,177</u>	\$ <u>6,559,510</u>	\$ <u>15,975,796</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 332,227	\$ -	\$ 250,808	\$ 583,035
Payroll and related liabilities	106,990	-	-	106,990
Due to other funds	307,500	-	-	307,500
	<u>746,717</u>	<u>-</u>	<u>250,808</u>	<u>997,525</u>
Total Liabilities	<u>746,717</u>	<u>-</u>	<u>250,808</u>	<u>997,525</u>
Deferred Inflows of Resources:				
Unavailable revenues	-	24,828	-	24,828
	<u>-</u>	<u>24,828</u>	<u>-</u>	<u>24,828</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>24,828</u>	<u>-</u>	<u>24,828</u>
Fund Balances:				
Nonspendable	71,147	-	-	71,147
Restricted	5,679,190	141,239	-	5,820,429
Committed	2,950,689	-	-	2,950,689
Assigned	-	3,110	6,308,702	6,311,812
Unassigned	(200,634)	-	-	(200,634)
	<u>8,500,392</u>	<u>144,349</u>	<u>6,308,702</u>	<u>14,953,443</u>
Total Fund Balances	<u>8,500,392</u>	<u>144,349</u>	<u>6,308,702</u>	<u>14,953,443</u>
Total Liabilities and Fund Balances	\$ <u>9,247,109</u>	\$ <u>169,177</u>	\$ <u>6,559,510</u>	\$ <u>15,975,796</u>

CITY OF NEWPORT

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2024

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Revenues:				
Taxes:				
Property	\$ -	\$ 642,948	\$ -	\$ 642,948
Other	134,084	-	-	134,084
Franchise fees, privilege taxes, licenses and permits	319,953	-	-	319,953
Intergovernmental	1,366,405	-	-	1,366,405
Charges for services	1,341,595	-	-	1,341,595
System development charges	538,851	-	-	538,851
Interest earnings	320,793	17,010	283,871	621,674
Other revenue	89,283	-	-	89,283
Total Revenues	4,110,964	659,958	283,871	5,054,793
Expenditures:				
Current:				
General government	732,592	-	-	732,592
Public safety	-	-	48,198	48,198
Public works	888,297	-	-	888,297
Culture and recreation	2,195,124	-	-	2,195,124
Capital outlay	200,711	-	2,571,153	2,771,864
Debt service:				
Principal	5,618	457,829	-	463,447
Interest	18	212,981	-	212,999
Total Expenditures	4,022,360	670,810	2,619,351	7,312,521
Excess (Deficiency) of Revenues over Expenditures	88,604	(10,852)	(2,335,480)	(2,257,728)
Other Financing Sources (Uses):				
Transfers in	2,296,149	56,725	3,911,017	6,263,891
Lease proceeds	2,121	-	-	2,121
Transfers out	(1,316,184)	(31,444)	(879,719)	(2,227,347)
Total Other Financing Sources (Uses)	982,086	25,281	3,031,298	4,038,665
Net Change in Fund Balances	1,070,690	14,429	695,818	1,780,937
Fund Balances, Beginning	7,429,702	129,920	5,612,884	13,172,506
Fund Balances, Ending	<u>\$ 8,500,392</u>	<u>\$ 144,349</u>	<u>\$ 6,308,702</u>	<u>\$ 14,953,443</u>

CITY OF NEWPORT
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2024

	<u>Parks and Recreation</u>	<u>Public Parking</u>	<u>Housing</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,129,725	\$ 26,901	\$ 883,778
Receivables:			
Accounts	-	9,011	-
Due from Other Funds	-	-	-
Inventory	-	-	-
Prepaid Items	<u>1,626</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 1,131,351</u>	<u>\$ 35,912</u>	<u>\$ 883,778</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 70,627	\$ 7,753	\$ -
Payroll and related liabilities	71,143	3,793	-
Due to other funds	<u>82,500</u>	<u>225,000</u>	<u>-</u>
Total Liabilities	<u>224,270</u>	<u>236,546</u>	<u>-</u>
Fund Balances:			
Nonspendable	1,626	-	-
Restricted	-	-	-
Committed	905,455	-	883,778
Unassigned	<u>-</u>	<u>(200,634)</u>	<u>-</u>
Total Fund Balances	<u>907,081</u>	<u>(200,634)</u>	<u>883,778</u>
Total Liabilities and Fund Balances	<u>\$ 1,131,351</u>	<u>\$ 35,912</u>	<u>\$ 883,778</u>

<u>Building Inspection</u>	<u>Streets</u>	<u>Line Undergrounding</u>	<u>SDC</u>	<u>Agate Beach</u>	<u>Total</u>
\$ 581,321	\$ 576,534	\$ 1,145,653	\$ 3,646,973	\$ 711,985	\$ 8,702,870
-	140,778	15,803	-	-	165,592
-	-	-	-	307,500	307,500
-	69,521	-	-	-	69,521
-	-	-	-	-	1,626
<u>\$ 581,321</u>	<u>\$ 786,833</u>	<u>\$ 1,161,456</u>	<u>\$ 3,646,973</u>	<u>\$ 1,019,485</u>	<u>\$ 9,247,109</u>
\$ 54,044	\$ 183,835	\$ -	\$ -	\$ 15,968	\$ 332,227
17,125	14,929	-	-	-	106,990
-	-	-	-	-	307,500
<u>71,169</u>	<u>198,764</u>	<u>-</u>	<u>-</u>	<u>15,968</u>	<u>746,717</u>
-	69,521	-	-	-	71,147
510,152	518,548	-	3,646,973	1,003,517	5,679,190
-	-	1,161,456	-	-	2,950,689
-	-	-	-	-	(200,634)
<u>510,152</u>	<u>588,069</u>	<u>1,161,456</u>	<u>3,646,973</u>	<u>1,003,517</u>	<u>8,500,392</u>
<u>\$ 581,321</u>	<u>\$ 786,833</u>	<u>\$ 1,161,456</u>	<u>\$ 3,646,973</u>	<u>\$ 1,019,485</u>	<u>\$ 9,247,109</u>

CITY OF NEWPORT
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2024

	<u>Parks and Recreation</u>	<u>Public Parking</u>	<u>Housing</u>
Revenues:			
Taxes:			
Other	\$ -	\$ -	\$ 134,084
Franchise fees, privilege taxes, licenses and permits	-	116,572	-
Intergovernmental	27,030	-	-
Charges for services	715,216	-	-
System development charges	-	-	-
Interest earnings	40,713	192	37,416
Other revenue	47,267	-	-
Total Revenues	<u>830,226</u>	<u>116,764</u>	<u>171,500</u>
Expenditures:			
Current:			
General government	-	91,432	14,222
Public works	-	-	-
Culture and recreation	2,195,124	-	-
Capital outlay	2,121	-	-
Debt service:			
Principal	3,855	-	-
Interest	12	-	-
Total Expenditures	<u>2,201,112</u>	<u>91,432</u>	<u>14,222</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,370,886)</u>	<u>25,332</u>	<u>157,278</u>
Other Financing Sources (Uses):			
Transfers in	1,896,519	50,000	142,640
Lease proceeds	2,121	-	-
Transfers out	(111,040)	(275,000)	(142,640)
Total Other Financing Sources (Uses)	<u>1,787,600</u>	<u>(225,000)</u>	<u>-</u>
Net Change in Fund Balances	416,714	(199,668)	157,278
Fund Balances, Beginning	<u>490,367</u>	<u>(966)</u>	<u>726,500</u>
Fund Balances, Ending	<u>\$ 907,081</u>	<u>\$ (200,634)</u>	<u>\$ 883,778</u>

<u>Building Inspection</u>	<u>Streets</u>	<u>Line Undergrounding</u>	<u>SDC</u>	<u>Agate Beach</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 134,084
-	-	203,381	-	-	319,953
-	1,339,375	-	-	-	1,366,405
608,081	-	-	18,298	-	1,341,595
-	-	-	538,851	-	538,851
25,670	24,864	45,775	146,163	-	320,793
7,272	34,744	-	-	-	89,283
<u>641,023</u>	<u>1,398,983</u>	<u>249,156</u>	<u>703,312</u>	<u>-</u>	<u>4,110,964</u>
574,344	-	1,791	624	50,179	732,592
-	888,297	-	-	-	888,297
-	-	-	-	-	2,195,124
-	198,590	-	-	-	200,711
607	1,156	-	-	-	5,618
1	5	-	-	-	18
<u>574,952</u>	<u>1,088,048</u>	<u>1,791</u>	<u>624</u>	<u>50,179</u>	<u>4,022,360</u>
<u>66,071</u>	<u>310,935</u>	<u>247,365</u>	<u>702,688</u>	<u>(50,179)</u>	<u>88,604</u>
3,000	200,000	-	3,990	-	2,296,149
-	-	-	-	-	2,121
-	(670,565)	-	(116,939)	-	(1,316,184)
<u>3,000</u>	<u>(470,565)</u>	<u>-</u>	<u>(112,949)</u>	<u>-</u>	<u>982,086</u>
69,071	(159,630)	247,365	589,739	(50,179)	1,070,690
<u>441,081</u>	<u>747,699</u>	<u>914,091</u>	<u>3,057,234</u>	<u>1,053,696</u>	<u>7,429,702</u>
\$ <u>510,152</u>	\$ <u>588,069</u>	\$ <u>1,161,456</u>	\$ <u>3,646,973</u>	\$ <u>1,003,517</u>	\$ <u>8,500,392</u>

CITY OF NEWPORT
Nonmajor Debt Service Funds
Combining Balance Sheet
June 30, 2024

	<u>Debt Service</u>	<u>G.O. Debt Service - Governmental</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 3,110	\$ 133,877	\$ 136,987
Receivables:			
Taxes	<u>-</u>	<u>32,190</u>	<u>32,190</u>
Total Assets	<u>\$ 3,110</u>	<u>\$ 166,067</u>	<u>\$ 169,177</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Deferred Inflows of Resources:			
Unavailable revenues	<u>\$ -</u>	<u>\$ 24,828</u>	<u>\$ 24,828</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>24,828</u>	<u>24,828</u>
Fund Balances:			
Restricted	-	141,239	141,239
Assigned	<u>3,110</u>	<u>-</u>	<u>3,110</u>
Total Fund Balances	<u>3,110</u>	<u>141,239</u>	<u>144,349</u>
Total Liabilities and Fund Balances	<u>\$ 3,110</u>	<u>\$ 166,067</u>	<u>\$ 169,177</u>

CITY OF NEWPORT
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2024

	<u>Debt Service</u>	<u>G.O. Debt Service - Governmental</u>	<u>Total</u>
Revenues:			
Taxes:			
Property	\$ -	\$ 642,948	\$ 642,948
Interest earnings	<u>1,127</u>	<u>15,883</u>	<u>17,010</u>
Total Revenues	<u>1,127</u>	<u>658,831</u>	<u>659,958</u>
Expenditures:			
Debt service:			
Principal	52,829	405,000	457,829
Interest	<u>1,312</u>	<u>211,669</u>	<u>212,981</u>
Total Expenditures	<u>54,141</u>	<u>616,669</u>	<u>670,810</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(53,014)</u>	<u>42,162</u>	<u>(10,852)</u>
Other Financing Sources (Uses):			
Transfers in	56,725	-	56,725
Transfers out	<u>(31,444)</u>	<u>-</u>	<u>(31,444)</u>
Total Other Financing Sources (Uses)	<u>25,281</u>	<u>-</u>	<u>25,281</u>
Net Change in Fund Balances	(27,733)	42,162	14,429
Fund Balances, Beginning	<u>30,843</u>	<u>99,077</u>	<u>129,920</u>
Fund Balances, Ending	<u>\$ 3,110</u>	<u>\$ 141,239</u>	<u>\$ 144,349</u>

CITY OF NEWPORT
Nonmajor Capital Projects Funds
Combining Balance Sheet
June 30, 2024

	<u>Capital Projects Reserve</u>	<u>Capital Improvements</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ <u>2,271,839</u>	\$ <u>4,287,671</u>	\$ <u>6,559,510</u>
Total Assets	\$ <u><u>2,271,839</u></u>	\$ <u><u>4,287,671</u></u>	\$ <u><u>6,559,510</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ <u>3,599</u>	\$ <u>247,209</u>	\$ <u>250,808</u>
Total Liabilities	<u>3,599</u>	<u>247,209</u>	<u>250,808</u>
Fund Balances:			
Assigned	<u>2,268,240</u>	<u>4,040,462</u>	<u>6,308,702</u>
Total Fund Balances	<u>2,268,240</u>	<u>4,040,462</u>	<u>6,308,702</u>
Total Liabilities and Fund Balances	\$ <u><u>2,271,839</u></u>	\$ <u><u>4,287,671</u></u>	\$ <u><u>6,559,510</u></u>

CITY OF NEWPORT
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2024

	<u>Capital Projects Reserve</u>	<u>Capital Improvements</u>	<u>Total</u>
Revenues:			
Interest earnings	\$ 116,711	\$ 167,160	\$ 283,871
Other revenue	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>116,711</u>	<u>167,160</u>	<u>283,871</u>
Expenditures:			
Current:			
Public safety	-	48,198	48,198
Capital outlay	<u>97,661</u>	<u>2,473,492</u>	<u>2,571,153</u>
Total Expenditures	<u>97,661</u>	<u>2,521,690</u>	<u>2,619,351</u>
Excess (Deficiency) of Revenues over Expenditures	<u>19,050</u>	<u>(2,354,530)</u>	<u>(2,335,480)</u>
Other Financing Sources (Uses):			
Transfers in	404,016	3,507,001	3,911,017
Transfers out	<u>(703,033)</u>	<u>(176,686)</u>	<u>(879,719)</u>
Total Other Financing Sources (Uses)	<u>(299,017)</u>	<u>3,330,315</u>	<u>3,031,298</u>
Net Change in Fund Balances	(279,967)	975,785	695,818
Fund Balances, Beginning	<u>2,548,207</u>	<u>3,064,677</u>	<u>5,612,884</u>
Fund Balances, Ending	<u>\$ 2,268,240</u>	<u>\$ 4,040,462</u>	<u>\$ 6,308,702</u>

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Intergovernmental	\$ 44,530	\$ 27,030	\$ (17,500)
Charges for services	646,500	715,216	68,716
Interest earnings	10,000	40,713	30,713
Other revenue	<u>51,530</u>	<u>47,267</u>	<u>(4,263)</u>
Total Revenues	<u>752,560</u>	<u>830,226</u>	<u>77,666</u>
Expenditures:			
Administration	433,618	332,263	101,355
60+ center	279,391	250,623	28,768
Swimming pool	790,366	599,447	190,919
Recreation center	694,378	600,154	94,224
Recreation programs	281,877	217,965	63,912
Sports programs	242,411	200,660	41,751
Interfund loan repayment	27,500	27,500	-
Contingency	<u>180,591</u>	<u>-</u>	<u>180,591</u>
Total Expenditures	<u>2,930,132</u>	<u>2,228,612</u>	<u>701,520</u>
Excess of Revenues Over Expenditures	<u>(2,177,572)</u>	<u>(1,398,386)</u>	<u>779,186</u>
Other Financing Sources (Uses):			
Transfers in	1,902,955	1,896,519	(6,436)
Lease proceeds	-	2,121	2,121
Transfers out	<u>(121,040)</u>	<u>(111,040)</u>	<u>10,000</u>
Total Other Financing Sources (Uses)	<u>1,781,915</u>	<u>1,787,600</u>	<u>5,685</u>
Net Change in Fund Balance	(395,657)	389,214	784,871
Fund Balance, beginning	<u>600,366</u>	<u>600,367</u>	<u>1</u>
Fund Balance, ending	<u>\$ 204,709</u>	989,581	<u>\$ 784,872</u>
<i>Reconciliation to generally accepted accounting principles</i>			
Due to other funds		<u>(82,500)</u>	
Fund balance, ending - generally accepted accounting principles		<u>\$ 907,081</u>	

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Franchise fees, privilege taxes, licenses and permits	\$ 331,300	\$ 116,572	\$ (214,728)
Interest earnings	<u>500</u>	<u>192</u>	<u>(308)</u>
Total Revenues	<u>331,800</u>	<u>116,764</u>	<u>(215,036)</u>
Expenditures:			
Public parking - city-wide	113,486	91,432	22,054
Contingency	<u>217,348</u>	<u>-</u>	<u>217,348</u>
Total Expenditures	<u>330,834</u>	<u>91,432</u>	<u>239,402</u>
Excess of Revenues Over Expenditures	<u>966</u>	<u>25,332</u>	<u>24,366</u>
Other Financing Sources (Uses):			
Transfers in	50,000	50,000	-
Proceeds from interfund loan	225,000	225,000	-
Transfers out	<u>(275,000)</u>	<u>(275,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	966	25,332	24,366
Fund Balance, beginning	<u>(966)</u>	<u>(966)</u>	<u>-</u>
Fund Balance, ending	\$ <u><u>-</u></u>	24,366	\$ <u><u>24,366</u></u>
<i>Reconciliation to generally accepted accounting principles</i>			
Due to other funds		<u>(225,000)</u>	
Fund balance, ending - generally accepted accounting principles		\$ <u><u>(200,634)</u></u>	

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Taxes			
Other	\$ 87,337	\$ 134,084	\$ 46,747
Interest earnings	<u>7,800</u>	<u>37,416</u>	<u>29,616</u>
Total Revenues	<u>95,137</u>	<u>171,500</u>	<u>76,363</u>
Expenditures:			
Affordable housing	2,456	1,051	1,405
Oregon housing and community services	34,242	13,171	21,071
Contingency	<u>784,939</u>	<u>-</u>	<u>784,939</u>
Total Expenditures	<u>821,637</u>	<u>14,222</u>	<u>807,415</u>
Excess of Revenues Over Expenditures	<u>(726,500)</u>	<u>157,278</u>	<u>883,778</u>
Other Financing Sources (Uses):			
Transfers in	142,640	142,640	-
Transfers out	<u>(142,640)</u>	<u>(142,640)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(726,500)	157,278	883,778
Fund Balance, beginning	<u>726,500</u>	<u>726,500</u>	<u>-</u>
Fund Balance, ending	<u>\$ -</u>	<u>\$ 883,778</u>	<u>\$ 883,778</u>

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Charges for services	\$ 529,637	\$ 608,081	\$ 78,444
Interest earnings	6,000	25,670	19,670
Other revenue	<u>100</u>	<u>7,272</u>	<u>7,172</u>
Total Revenues	<u>535,737</u>	<u>641,023</u>	<u>105,286</u>
Expenditures:			
Building inspection	656,206	574,952	81,254
Contingency	<u>256,333</u>	<u>-</u>	<u>256,333</u>
Total Expenditures	<u>912,539</u>	<u>574,952</u>	<u>337,587</u>
Excess of Revenues Over Expenditures	<u>(376,802)</u>	<u>66,071</u>	<u>442,873</u>
Other Financing Sources (Uses):			
Transfers in	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Net Change in Fund Balance	(373,802)	69,071	442,873
Fund Balance, beginning	<u>441,081</u>	<u>441,081</u>	<u>-</u>
Fund Balance, ending	<u>\$ 67,279</u>	<u>\$ 510,152</u>	<u>\$ 442,873</u>

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Intergovernmental	\$ 1,245,212	\$ 1,339,375	\$ 94,163
Interest earnings	11,000	24,864	13,864
Other revenue	<u>-</u>	<u>34,744</u>	<u>34,744</u>
Total Revenues	<u>1,256,212</u>	<u>1,398,983</u>	<u>142,771</u>
Expenditures:			
Street maintenance	1,259,525	1,111,584	147,941
Contingency	<u>88,757</u>	<u>-</u>	<u>88,757</u>
Total Expenditures	<u>1,348,282</u>	<u>1,111,584</u>	<u>236,698</u>
Excess of Revenues Over Expenditures	<u>(92,070)</u>	<u>287,399</u>	<u>379,469</u>
Other Financing Sources (Uses):			
Transfers in	200,000	200,000	-
Transfers out	<u>(670,565)</u>	<u>(670,565)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(470,565)</u>	<u>(470,565)</u>	<u>-</u>
Net Change in Fund Balance	(562,635)	(183,166)	379,469
Fund Balance, beginning	<u>701,714</u>	<u>701,714</u>	<u>-</u>
Fund Balance, ending	\$ <u><u>139,079</u></u>	518,548	\$ <u><u>379,469</u></u>
<i>Reconciliation to generally accepted accounting principles</i>			
Inventory		<u>69,521</u>	
Fund balance, ending - generally accepted accounting principles		\$ <u><u>588,069</u></u>	

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Franchise fees, privilege taxes, licenses and permits	\$ 205,440	\$ 203,381	\$ (2,059)
Interest earnings	<u>11,000</u>	<u>45,775</u>	<u>34,775</u>
Total Revenues	<u>216,440</u>	<u>249,156</u>	<u>32,716</u>
Expenditures:			
Line undergrounding	3,047	1,791	1,256
Contingency	<u>1,127,484</u>	<u>-</u>	<u>1,127,484</u>
Total Expenditures	<u>1,130,531</u>	<u>1,791</u>	<u>1,128,740</u>
Net Change in Fund Balance	(914,091)	247,365	1,161,456
Fund Balance, beginning	<u>914,091</u>	<u>914,091</u>	<u>-</u>
Fund Balance, ending	<u>\$ -</u>	<u>\$ 1,161,456</u>	<u>\$ 1,161,456</u>

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Charges for services	\$ 10,716	\$ 18,298	\$ 7,582
System development charges	245,685	538,851	293,166
Interest earnings	41,300	146,163	104,863
	<u>297,701</u>	<u>703,312</u>	<u>405,611</u>
Total Revenues			
Expenditures:			
SDC - administration	624	624	-
Contingency	3,241,362	-	3,241,362
	<u>3,241,986</u>	<u>624</u>	<u>3,241,362</u>
Total Expenditures			
Excess of Revenues Over Expenditures	<u>(2,944,285)</u>	<u>702,688</u>	<u>3,646,973</u>
Other Financing Sources (Uses):			
Transfers in	3,990	3,990	-
Transfers out	(116,939)	(116,939)	-
	<u>(112,949)</u>	<u>(112,949)</u>	<u>-</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balance	(3,057,234)	589,739	3,646,973
Fund Balance, beginning	<u>3,057,234</u>	<u>3,057,234</u>	<u>-</u>
Fund Balance, ending	<u>\$ -</u>	<u>\$ 3,646,973</u>	<u>\$ 3,646,973</u>

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Other revenue	\$ 27,500	\$ 27,500	\$ -
Total Revenues	<u>27,500</u>	<u>27,500</u>	<u>-</u>
Expenditures:			
Agate beach closure	84,709	50,179	34,530
Contingency	<u>661,487</u>	<u>-</u>	<u>661,487</u>
Total Expenditures	<u>746,196</u>	<u>50,179</u>	<u>696,017</u>
Excess of Revenues Over Expenditures	<u>(718,696)</u>	<u>(22,679)</u>	<u>696,017</u>
Other Financing Sources (Uses):			
Interfund loan to other fund	<u>(225,000)</u>	<u>(225,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(225,000)</u>	<u>(225,000)</u>	<u>-</u>
Net Change in Fund Balance	(943,696)	(247,679)	696,017
Fund Balance, beginning	<u>943,696</u>	<u>943,696</u>	<u>-</u>
Fund Balance, ending	\$ <u><u>-</u></u>	696,017	\$ <u><u>696,017</u></u>
<i>Reconciliation to generally accepted accounting principles</i>			
Due from other funds		<u>307,500</u>	
Fund balance, ending - generally accepted accounting principles		\$ <u><u>1,003,517</u></u>	

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Interest earnings	\$ 600	\$ 1,127	\$ 527
Total Revenues	<u>600</u>	<u>1,127</u>	<u>527</u>
Expenditures:			
General debt	<u>56,724</u>	<u>54,141</u>	<u>2,583</u>
Total Expenditures	<u>56,724</u>	<u>54,141</u>	<u>2,583</u>
Excess of Revenues Over Expenditures	<u>(56,124)</u>	<u>(53,014)</u>	<u>3,110</u>
Other Financing Sources (Uses):			
Transfers in	56,725	56,725	-
Transfers out	<u>(31,444)</u>	<u>(31,444)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>25,281</u>	<u>25,281</u>	<u>-</u>
Net Change in Fund Balance	(30,843)	(27,733)	3,110
Fund Balance, beginning	<u>30,843</u>	<u>30,843</u>	<u>-</u>
Fund Balance, ending	<u>\$ -</u>	<u>\$ 3,110</u>	<u>\$ 3,110</u>

CITY OF NEWPORT

G.O. Debt Service - Governmental Fund

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Taxes			
Property	\$ 626,669	\$ 642,948	\$ 16,279
Interest earnings	<u>900</u>	<u>15,883</u>	<u>14,983</u>
Total Revenues	<u>627,569</u>	<u>658,831</u>	<u>31,262</u>
Expenditures:			
Swimming pool GO debt	<u>617,669</u>	<u>616,669</u>	<u>1,000</u>
Total Expenditures	<u>617,669</u>	<u>616,669</u>	<u>1,000</u>
Net Change in Fund Balance	9,900	42,162	32,262
Fund Balance, beginning	<u>99,077</u>	<u>99,077</u>	<u>-</u>
Fund Balance, ending	<u>\$ 108,977</u>	<u>\$ 141,239</u>	<u>\$ 32,262</u>

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Interest earnings	\$ 42,288	\$ 116,711	\$ 74,423
Total Revenues	<u>42,288</u>	<u>116,711</u>	<u>74,423</u>
Expenditures:			
Fire	727,000	42,000	685,000
Library	10,000	3,672	6,328
Emergency coordinator	44,800	51,989	(7,189)
Total Expenditures	<u>781,800</u>	<u>97,661</u>	<u>684,139</u>
Excess of Revenues Over Expenditures	<u>(739,512)</u>	<u>19,050</u>	<u>758,562</u>
Other Financing Sources (Uses):			
Transfers in	457,801	404,016	(53,785)
Transfers out	(709,469)	(703,033)	6,436
Total Other Financing Sources (Uses)	<u>(251,668)</u>	<u>(299,017)</u>	<u>(47,349)</u>
Net Change in Fund Balance	(991,180)	(279,967)	711,213
Fund Balance, beginning	<u>2,548,207</u>	<u>2,548,207</u>	<u>-</u>
Fund Balance, ending	<u>\$ 1,557,027</u>	<u>\$ 2,268,240</u>	<u>\$ 711,213</u>

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Intergovernmental	\$ 390,000	\$ -	\$ (390,000)
Interest earnings	<u>39,000</u>	<u>167,160</u>	<u>128,160</u>
Total Revenues	<u>429,000</u>	<u>167,160</u>	<u>(261,840)</u>
Expenditures:			
City hall improvements	531,968	52,245	479,723
Library improvements	10,146	-	10,146
Fire improvements	286,300	123,076	163,224
PAC improvements	3,008,889	1,907,688	1,101,201
VAC improvements	124,537	116,991	7,546
60+ activity center improvements	119,911	8,800	111,111
Recreation center improvements	1,048,205	169,185	879,020
Parks and grounds improvements	1,809,016	97,459	1,711,557
City hall police improvements	<u>52,000</u>	<u>46,246</u>	<u>5,754</u>
Total Expenditures	<u>6,990,972</u>	<u>2,521,690</u>	<u>4,469,282</u>
Excess of Revenues Over Expenditures	<u>(6,561,972)</u>	<u>(2,354,530)</u>	<u>4,207,442</u>
Other Financing Sources (Uses):			
Transfers in	3,784,457	3,507,001	(277,456)
Transfers out	<u>(176,686)</u>	<u>(176,686)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>3,607,771</u>	<u>3,330,315</u>	<u>(277,456)</u>
Net Change in Fund Balance	(2,954,201)	975,785	3,929,986
Fund Balance, beginning	<u>3,064,677</u>	<u>3,064,677</u>	<u>-</u>
Fund Balance, ending	<u>\$ 110,476</u>	<u>\$ 4,040,462</u>	<u>\$ 3,929,986</u>



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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Charges for services	\$ 5,106,225	\$ 4,689,327	\$ (416,898)
Interest earnings	11,000	61,914	50,914
Other revenue	<u>9,573</u>	<u>15,845</u>	<u>6,272</u>
Total Revenues	<u>5,126,798</u>	<u>4,767,086</u>	<u>(359,712)</u>
Expenditures:			
Water plant	1,583,328	1,376,453	206,875
Water distribution	1,334,970	1,262,055	72,915
Water administrative programs	1,215,828	1,179,204	36,624
Contingency	<u>323,157</u>	<u>-</u>	<u>323,157</u>
Total Expenditures	<u>4,457,283</u>	<u>3,817,712</u>	<u>639,571</u>
Excess of Revenues Over Expenditures	<u>669,515</u>	<u>949,374</u>	<u>279,859</u>
Other Financing Sources (Uses):			
Transfers in	6,632	6,632	-
Proceeds from interfund loan	292,000	292,000	-
Lease proceeds	-	1,677	1,677
Transfers out	<u>(1,258,836)</u>	<u>(1,258,836)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(960,204)</u>	<u>(958,527)</u>	<u>1,677</u>
Net Change in Fund Balance	(290,689)	(9,153)	281,536
Fund Balance, beginning	<u>716,567</u>	<u>716,568</u>	<u>1</u>
Fund Balance, ending	<u>\$ 425,878</u>	707,415	<u>\$ 281,537</u>
<i>Reconciliation to generally accepted accounting principles</i>			
Inventories		670,586	
Capital assets, net		32,309,153	
Compensated absences		(77,611)	
Deferred outflows related to OPEB		8,009	
Due to other fund		(292,000)	
Net pension liability		(446,633)	
OPEB liability		(84,379)	
Deferred inflows related to pension		(62,064)	
Deferred inflows related to OPEB		(35,399)	
Long-term debt		(15,172,251)	
Interest payable		<u>(5,977,826)</u>	
Net position at end of year		<u>\$ 11,547,000</u>	

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Charges for services	\$ 6,106,865	\$ 6,493,004	\$ 386,139
Interest earnings	1,300	33,146	31,846
Other revenue	4,800	18,529	13,729
Total Revenues	<u>6,112,965</u>	<u>6,544,679</u>	<u>431,714</u>
Expenditures:			
Wastewater plant	2,668,914	2,096,636	572,278
Wastewater collections	929,249	669,086	260,163
Wastewater administrative programs	1,389,184	1,360,886	28,298
Contingency	629,937	-	629,937
Total Expenditures	<u>5,617,284</u>	<u>4,126,608</u>	<u>1,490,676</u>
Excess of Revenues Over Expenditures	<u>495,681</u>	<u>2,418,071</u>	<u>1,922,390</u>
Other Financing Sources (Uses):			
Transfers in	220,218	220,218	-
Lease proceeds	-	1,063	1,063
Transfers out	(923,846)	(923,846)	-
Total Other Financing Sources (Uses)	<u>(703,628)</u>	<u>(702,565)</u>	<u>1,063</u>
Net Change in Fund Balance	(207,947)	1,715,506	1,923,453
Fund Balance, beginning	<u>559,365</u>	<u>559,366</u>	<u>1</u>
Fund Balance, ending	<u>\$ 351,418</u>	2,274,872	<u>\$ 1,923,454</u>
<i>Reconciliation to generally accepted accounting principles</i>			
Inventories		298,281	
Capital assets, net		45,624,938	
Compensated absences		(32,242)	
Deferred outflows related to OPEB		1,447	
Net pension liability		(80,707)	
OPEB liability		(15,247)	
Deferred inflows related to pension		(11,215)	
Deferred inflows related to OPEB		(6,397)	
Long-term debt		(20,432,063)	
Interest payable		(179,459)	
Net position at end of year		<u>\$ 27,442,208</u>	

CITY OF NEWPORT

Stormwater Fund

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Charges for services	\$ 1,165,687	\$ 1,223,017	\$ 57,330
Interest earnings	<u>2,000</u>	<u>15,074</u>	<u>13,074</u>
Total Revenues	<u>1,167,687</u>	<u>1,238,091</u>	<u>70,404</u>
Expenditures:			
Stormwater maintenance	872,974	802,384	70,590
Contingency	<u>59,812</u>	<u>-</u>	<u>59,812</u>
Total Expenditures	<u>932,786</u>	<u>802,384</u>	<u>130,402</u>
Excess of Revenues Over Expenditures	<u>234,901</u>	<u>435,707</u>	<u>200,806</u>
Other Financing Sources (Uses):			
Transfers in	150,000	150,000	-
Proceeds from interfund loan	292,000	292,000	-
Transfers out	<u>(708,461)</u>	<u>(708,461)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(266,461)</u>	<u>(266,461)</u>	<u>-</u>
Net Change in Fund Balance	(31,560)	169,246	200,806
Fund Balance, beginning	<u>125,593</u>	<u>125,594</u>	<u>1</u>
Fund Balance, ending	\$ <u><u>94,033</u></u>	294,840	\$ <u><u>200,807</u></u>
<i>Reconciliation to generally accepted accounting principles</i>			
Capital assets, net		1,059,009	
Compensated absences		(5,923)	
Deferred outflows related to OPEB		251	
Due to other fund		(292,000)	
Net pension liability		(13,987)	
OPEB liability		(2,642)	
Deferred inflows related to pension		(1,944)	
Deferred inflows related to OPEB		(1,109)	
Long-term debt		(1,213,393)	
Interest payable		<u>(3,530)</u>	
Net position at end of year		\$ <u><u>(180,428)</u></u>	

CITY OF NEWPORT
Nonmajor Enterprise Funds
Combining Statement of Net Position
June 30, 2024

	<u>Water Debt Service</u>	<u>Wastewater Debt Service</u>	<u>Stormwater Debt Service</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 10,967	\$ 532,034	\$ 124,759
Receivables:			
Accounts, net	-	-	-
Property taxes	-	-	-
Total Assets	<u>10,967</u>	<u>532,034</u>	<u>124,759</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Restricted for:			
Debt service	10,967	532,034	124,759
Capital projects	-	-	-
Total Net Position	<u>\$ 10,967</u>	<u>\$ 532,034</u>	<u>\$ 124,759</u>

	G.O. Debt Service	Capital Projects	Total
\$	327,857	\$	4,697,417
	-	456,644	456,644
	118,194	-	118,194
	<u>446,051</u>	<u>5,154,061</u>	<u>6,267,872</u>
	-	319,844	319,844
	-	319,844	319,844
	446,051	-	1,113,811
	-	4,834,217	4,834,217
\$	<u><u>446,051</u></u>	\$	<u><u>4,834,217</u></u>
		\$	<u><u>5,948,028</u></u>

CITY OF NEWPORT
Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2024

	<u>Water Debt Service</u>	<u>Wastewater Debt Service</u>	<u>Stormwater Debt Service</u>
Operating Expenses:			
Contracted services	\$ -	\$ -	\$ -
Total Operating Expenses	<u>-</u>	<u>-</u>	<u>-</u>
Operating Income (Loss)	<u>-</u>	<u>-</u>	<u>-</u>
Nonoperating Revenues (Expenses):			
Interest income	404	28,995	5,456
Property taxes	<u>-</u>	<u>-</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>404</u>	<u>28,995</u>	<u>5,456</u>
Income (Loss) Before Capital Contributions and Transfers	404	28,995	5,456
Capital Contributions	-	-	-
Transfers In	880,874	611,251	628,461
Transfers Out	<u>(876,906)</u>	<u>(1,512,187)</u>	<u>(631,319)</u>
Change in Net Position	4,372	(871,941)	2,598
Net Position, beginning	<u>6,595</u>	<u>1,403,975</u>	<u>122,161</u>
Net Position, ending	<u>\$ 10,967</u>	<u>\$ 532,034</u>	<u>\$ 124,759</u>

	G.O. Debt Service	Capital Projects	Total
\$	-	\$ 572,791	\$ 572,791
	-	572,791	572,791
	-	(572,791)	(572,791)
	59,845	435,442	530,142
	2,370,760	-	2,370,760
	2,430,605	435,442	2,900,902
	2,430,605	(137,349)	2,328,111
	-	1,330,165	1,330,165
	-	1,622,022	3,742,608
	(2,265,000)	(3,949,200)	(9,234,612)
	165,605	(1,134,362)	(1,833,728)
	280,446	5,968,579	7,781,756
\$	<u>446,051</u>	<u>\$ 4,834,217</u>	<u>\$ 5,948,028</u>

CITY OF NEWPORT
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
Year Ended June 30, 2024

	Water Debt Service	Wastewater Debt Service	Stormwater Debt Service
Cash Flows from Operating Activities:			
Payments to suppliers	\$ -	\$ -	\$ -
Net Cash provided by (used in) Operating Activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	-	-	-
Grants	5,802	-	-
Property taxes	-	-	-
Transfers in	880,874	611,251	628,461
Transfers out	-	(11,444)	-
Principal paid	(555,484)	(581,048)	(526,607)
Interest paid	<u>(321,422)</u>	<u>(919,695)</u>	<u>(104,712)</u>
Net Cash Flows provided by (used in) Capital and Related Financing Activities	<u>9,770</u>	<u>(900,936)</u>	<u>(2,858)</u>
Cash Flows from Investing Activities:			
Investment income received	<u>404</u>	<u>28,995</u>	<u>5,456</u>
Net Cash provided by (used in) Investing Activities	<u>404</u>	<u>28,995</u>	<u>5,456</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>10,174</u>	<u>(871,941)</u>	<u>2,598</u>
Cash and Cash Equivalents, beginning	<u>793</u>	<u>1,403,975</u>	<u>122,161</u>
Cash and Cash Equivalents, ending	<u>\$ 10,967</u>	<u>\$ 532,034</u>	<u>\$ 124,759</u>
Noncash Capital and Related Financing Activities:			
Transfers out	<u>\$ (876,906)</u>	<u>\$ (1,500,743)</u>	<u>\$ (631,319)</u>

	<u>G.O. Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
\$	-	\$ (572,791)	\$ (572,791)
	-	(572,791)	(572,791)
	-	(3,013,468)	(3,013,468)
	-	1,428,384	1,434,186
	2,355,031	-	2,355,031
	-	1,622,022	3,742,608
	-	(822,195)	(833,639)
	(1,033,610)	-	(2,696,749)
	(1,231,390)	-	(2,577,219)
	<u>90,031</u>	<u>(785,257)</u>	<u>(1,589,250)</u>
	<u>59,845</u>	<u>435,442</u>	<u>530,142</u>
	<u>59,845</u>	<u>435,442</u>	<u>530,142</u>
	<u>149,876</u>	<u>(922,606)</u>	<u>(1,631,899)</u>
	<u>177,981</u>	<u>5,620,023</u>	<u>7,324,933</u>
\$	<u><u>327,857</u></u>	<u><u>4,697,417</u></u>	<u><u>5,693,034</u></u>
\$	<u><u>(2,265,000)</u></u>	<u><u>(3,127,005)</u></u>	<u><u>(8,400,973)</u></u>

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Interest earnings	\$ 55	\$ 404	\$ 349
Total Revenues	<u>55</u>	<u>404</u>	<u>349</u>
Expenditures:			
Water general debt	70,622	69,622	1,000
Water revenue bonds	<u>810,358</u>	<u>807,284</u>	<u>3,074</u>
Total Expenditures	<u>880,980</u>	<u>876,906</u>	<u>4,074</u>
Excess of Revenues Over Expenditures	<u>(880,925)</u>	<u>(876,502)</u>	<u>4,423</u>
Other Financing Sources (Uses):			
Transfers in	<u>880,874</u>	<u>880,874</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>880,874</u>	<u>880,874</u>	<u>-</u>
Net Change in Fund Balance	(51)	4,372	4,423
Fund Balance, beginning	<u>6,595</u>	<u>6,595</u>	<u>-</u>
Fund Balance, ending	<u>\$ 6,544</u>	<u>\$ 10,967</u>	<u>\$ 4,423</u>

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Interest earnings	\$ 11,176	\$ 28,995	\$ 17,819
Total Revenues	<u>11,176</u>	<u>28,995</u>	<u>17,819</u>
Expenditures:			
DEQ debt	<u>1,503,743</u>	<u>1,500,743</u>	<u>3,000</u>
Total Expenditures	<u>1,503,743</u>	<u>1,500,743</u>	<u>3,000</u>
Excess of Revenues Over Expenditures	<u>(1,492,567)</u>	<u>(1,471,748)</u>	<u>20,819</u>
Other Financing Sources (Uses):			
Transfers in	611,251	611,251	-
Transfers out	<u>(11,444)</u>	<u>(11,444)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>599,807</u>	<u>599,807</u>	<u>-</u>
Net Change in Fund Balance	(892,760)	(871,941)	20,819
Fund Balance, beginning	<u>1,403,975</u>	<u>1,403,975</u>	<u>-</u>
Fund Balance, ending	<u>\$ 511,215</u>	<u>\$ 532,034</u>	<u>\$ 20,819</u>

CITY OF NEWPORT
Stormwater Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Interest earnings	\$ 2,021	\$ 5,456	\$ 3,435
Total Revenues	<u>2,021</u>	<u>5,456</u>	<u>3,435</u>
Expenditures:			
2018 stormwater debt	381,200	380,041	1,159
DEQ debt	<u>252,278</u>	<u>251,278</u>	<u>1,000</u>
Total Expenditures	<u>633,478</u>	<u>631,319</u>	<u>2,159</u>
Excess of Revenues Over Expenditures	<u>(631,457)</u>	<u>(625,863)</u>	<u>5,594</u>
Other Financing Sources (Uses):			
Transfers in	<u>628,461</u>	<u>628,461</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>628,461</u>	<u>628,461</u>	<u>-</u>
Net Change in Fund Balance	(2,996)	2,598	5,594
Fund Balance, beginning	<u>122,161</u>	<u>122,161</u>	<u>-</u>
Fund Balance, ending	<u>\$ 119,165</u>	<u>\$ 124,759</u>	<u>\$ 5,594</u>

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Taxes			
Property	\$ 2,300,000	\$ 2,359,346	\$ 59,346
Interest earnings	<u>2,600</u>	<u>59,845</u>	<u>57,245</u>
Total Revenues	<u>2,302,600</u>	<u>2,419,191</u>	<u>116,591</u>
Expenditures:			
Water general obligation debt	<u>2,266,000</u>	<u>2,265,000</u>	<u>1,000</u>
Total Expenditures	<u>2,266,000</u>	<u>2,265,000</u>	<u>1,000</u>
Net Change in Fund Balance	36,600	154,191	117,591
Fund Balance, beginning	<u>200,451</u>	<u>200,451</u>	<u>-</u>
Fund Balance, ending	\$ <u><u>237,051</u></u>	354,642	\$ <u><u>117,591</u></u>
<i>Reconciliation to generally accepted accounting principles</i>			
Unavailable revenues		<u>91,409</u>	
Net position at end of year		\$ <u><u>446,051</u></u>	

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Intergovernmental	\$ 14,507,559	\$ 1,330,165	\$ (13,177,394)
Interest earnings	<u>194,000</u>	<u>435,442</u>	<u>241,442</u>
Total Revenues	<u>14,701,559</u>	<u>1,765,607</u>	<u>(12,935,952)</u>
Expenditures:			
Water	17,736,676	3,241,963	14,494,713
Wastewater	6,521,180	451,751	6,069,429
Stormwater	<u>303,996</u>	<u>6,082</u>	<u>297,914</u>
Total Expenditures	<u>24,561,852</u>	<u>3,699,796</u>	<u>20,862,056</u>
Excess of Revenues Over Expenditures	<u>(9,860,293)</u>	<u>(1,934,189)</u>	<u>7,926,104</u>
Other Financing Sources (Uses):			
Transfers in	1,622,022	1,622,022	-
Proceeds from long-term debt	3,620,000	-	(3,620,000)
Transfers out	<u>(822,195)</u>	<u>(822,195)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>4,419,827</u>	<u>799,827</u>	<u>(3,620,000)</u>
Net Change in Fund Balance	(5,440,466)	(1,134,362)	4,306,104
Fund Balance, beginning	<u>5,968,579</u>	<u>5,968,579</u>	<u>-</u>
Fund Balance, ending	<u>\$ 528,113</u>	<u>\$ 4,834,217</u>	<u>\$ 4,306,104</u>

CITY OF NEWPORT
Internal Service Funds
Combining Statement of Net Position
June 30, 2024

ASSETS	<u>Public Works</u>	<u>City Facility</u>	<u>Total</u>
Current Assets:			
Cash and cash equivalents	\$ 1,166,698	\$ 1,317,371	\$ 2,484,069
Total Current Assets	<u>1,166,698</u>	<u>1,317,371</u>	<u>2,484,069</u>
Noncurrent Assets:			
Capital assets:			
Land and construction in progress	599,340	-	599,340
Other capital assets, net	251,474	77,395	328,869
Total Capital Assets	<u>850,814</u>	<u>77,395</u>	<u>928,209</u>
Total Noncurrent Assets	<u>850,814</u>	<u>77,395</u>	<u>928,209</u>
Total Assets	<u>2,017,512</u>	<u>1,394,766</u>	<u>3,412,278</u>
DEFERRED OUTFLOWS OF RESOURCES			
Other Postemployment Benefits Related Items	<u>6,419</u>	<u>3,557</u>	<u>9,976</u>
Total Deferred Outflows of Resources	<u>6,419</u>	<u>3,557</u>	<u>9,976</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	14,846	120,254	135,100
Payroll and related liabilities	66,442	53,343	119,785
Accrued compensated absences	28,529	18,320	46,849
Long-term obligations due within one year	38,271	9,014	47,285
Total Current Liabilities	<u>148,088</u>	<u>200,931</u>	<u>349,019</u>
Long-Term Obligations Due in More than One Year	<u>545,222</u>	<u>311,191</u>	<u>856,413</u>
Total Liabilities	<u>693,310</u>	<u>512,122</u>	<u>1,205,432</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related Items	49,742	27,561	77,303
Other Postemployment Benefits Related Items	28,371	15,720	44,091
Total Deferred Inflows of Resources	<u>78,113</u>	<u>43,281</u>	<u>121,394</u>
NET POSITION			
Net Investment in Capital Assets	701,427	(1,527)	699,900
Unrestricted	551,081	844,447	1,395,528
Total Net Position	<u>\$ 1,252,508</u>	<u>\$ 842,920</u>	<u>\$ 2,095,428</u>

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

Year Ended June 30, 2024

	<u>Public Works</u>	<u>City Facility</u>	<u>Total</u>
Operating Revenues:			
Service charges and fees	\$ 1,599,002	\$ 488,238	\$ 2,087,240
Miscellaneous	<u>2,439</u>	<u>35,756</u>	<u>38,195</u>
Total Operating Revenues	<u>1,601,441</u>	<u>523,994</u>	<u>2,125,435</u>
Operating Expenses:			
Salaries and wages	1,232,761	962,849	2,195,610
Contracted services	36,981	41,232	78,213
Property services	36,149	330,467	366,616
Operating supplies	28,074	42,228	70,302
Utilities	-	547,833	547,833
Depreciation and amortization	75,229	9,440	84,669
Repairs and maintenance	1,619	215,466	217,085
Charges for services	72,566	90,798	163,364
Miscellaneous	<u>20,494</u>	<u>169,044</u>	<u>189,538</u>
Total Operating Expenses	<u>1,503,873</u>	<u>2,409,357</u>	<u>3,913,230</u>
Operating Income (Loss)	<u>97,568</u>	<u>(1,885,363)</u>	<u>(1,787,795)</u>
Nonoperating Revenues (Expenses):			
Interest income	44,402	42,877	87,279
Interest expense	<u>(6,590)</u>	<u>(1,993)</u>	<u>(8,583)</u>
Total Nonoperating Revenues (Expenses)	<u>37,812</u>	<u>40,884</u>	<u>78,696</u>
Income (Loss) Before Capital Contributions and Transfers	135,380	(1,844,479)	(1,709,099)
Capital Contributions	-	1,161,179	1,161,179
Transfers In	-	4,470,902	4,470,902
Transfers Out	<u>-</u>	<u>(3,470,411)</u>	<u>(3,470,411)</u>
Change in Net Position	135,380	317,191	452,571
Net Position, beginning	<u>1,117,128</u>	<u>525,729</u>	<u>1,642,857</u>
Net Position, ending	<u>\$ 1,252,508</u>	<u>\$ 842,920</u>	<u>\$ 2,095,428</u>

CITY OF NEWPORT
Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2024

	<u>Public Works</u>	<u>City Facility</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Services provided to other funds	\$ 1,599,002	\$ 518,790	\$ 2,117,792
Payments for interfund services used	(72,566)	(90,798)	(163,364)
Payments to suppliers	(129,688)	(1,350,631)	(1,480,319)
Payments to employees	(1,064,657)	(882,168)	(1,946,825)
Other revenues	<u>2,439</u>	<u>35,756</u>	<u>38,195</u>
Net Cash provided by (used in) Operating Activities	<u>334,530</u>	<u>(1,769,051)</u>	<u>(1,434,521)</u>
Cash Flows from Noncapital and Related Financing Activities:			
Transfer in	-	4,470,902	4,470,902
Transfer out	<u>-</u>	<u>(3,430,961)</u>	<u>(3,430,961)</u>
Net Cash Flows provided by (used in) Noncapital and Related Financing Activities	<u>-</u>	<u>1,039,941</u>	<u>1,039,941</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	(45,926)	(39,450)	(85,376)
Capital contributions	-	1,161,179	1,161,179
Principal paid	(35,816)	(8,741)	(44,557)
Interest paid	<u>(6,590)</u>	<u>(1,993)</u>	<u>(8,583)</u>
Net Cash Flows provided by (used in) Capital and Related Financing Activities	<u>(88,332)</u>	<u>1,110,995</u>	<u>1,022,663</u>
Cash Flows from Investing Activities:			
Investment income received	<u>44,402</u>	<u>42,877</u>	<u>87,279</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>290,600</u>	<u>424,762</u>	<u>715,362</u>
Cash and Cash Equivalents, beginning	<u>876,098</u>	<u>892,609</u>	<u>1,768,707</u>
Cash and Cash Equivalents, ending	<u>\$ 1,166,698</u>	<u>\$ 1,317,371</u>	<u>\$ 2,484,069</u>

CITY OF NEWPORT
Internal Service Funds
Combining Statement of Cash Flows, continued
Year Ended June 30, 2024

	<u>Public Works</u>	<u>City Facility</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:			
Operating income (loss)	\$ 97,568	\$ (1,885,363)	\$ (1,787,795)
Adjustments to reconcile operating income (loss) to net cash flows provided by (used in) operating activities:			
Depreciation and amortization	75,229	9,440	84,669
(Increase) decrease in assets and deferred outflows of resources:			
Accounts receivable	-	30,552	30,552
Prepaid expenses	81	899	980
Deferred outflows of resources - pension related	6,488	4,130	10,618
Deferred outflows of resources - other postemployment benefits related	(1,923)	(695)	(2,618)
Increase (decrease) in liabilities and deferred inflows of resources:			
Accounts payable	(6,452)	(5,260)	(11,712)
Accrued liabilities	14,380	8,447	22,827
Accrued leave	(21,383)	1,787	(19,596)
Net pension liability	98,190	32,976	131,166
Other postemployment benefits liability	21,965	8,404	30,369
Deferred inflows of resources - pension related	49,742	27,561	77,303
Deferred inflows of resources - other postemployment benefits related	645	(1,929)	(1,284)
Net Cash Flows provided by (used in) Operating Activities	<u>\$ 334,530</u>	<u>\$ (1,769,051)</u>	<u>\$ (1,434,521)</u>
Noncash Capital and Related Financing Activities:			
Lease proceeds and lease assets	\$ 36,257	\$ -	\$ 36,257
Transfers out	<u>-</u>	<u>(39,450)</u>	<u>(39,450)</u>
Net Noncash Capital and Related Financing Activities	<u>\$ 36,257</u>	<u>\$ (39,450)</u>	<u>\$ (3,193)</u>

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Charges for services	\$ 1,599,002	\$ 1,599,002	\$ -
Interest earnings	10,000	44,402	34,402
Other revenue	<u>17,500</u>	<u>2,439</u>	<u>(15,061)</u>
Total Revenues	<u>1,626,502</u>	<u>1,645,843</u>	<u>19,341</u>
Expenditures:			
Public works administration	669,821	572,443	97,378
Engineering services	1,460,053	827,066	632,987
Contingency	<u>145,845</u>	<u>-</u>	<u>145,845</u>
Total Expenditures	<u>2,275,719</u>	<u>1,399,509</u>	<u>876,210</u>
Excess of Revenues Over Expenditures	<u>(649,217)</u>	<u>246,334</u>	<u>895,551</u>
Other Financing Sources (Uses):			
Lease proceeds	<u>-</u>	<u>36,257</u>	<u>36,257</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>36,257</u>	<u>36,257</u>
Net Change in Fund Balance	(649,217)	282,591	931,808
Fund Balance, beginning	<u>802,819</u>	<u>802,819</u>	<u>-</u>
Fund Balance, ending	\$ <u>153,602</u>	1,085,410	\$ <u>931,808</u>
<i>Reconciliation to generally accepted accounting principles:</i>			
Capital assets, net		850,814	
Compensated absences		(37,050)	
Deferred outflows related to OPEB		6,419	
Net pension liability		(357,959)	
OPEB liability		(67,626)	
Deferred inflows related to OPEB		(28,371)	
Long-term debt		<u>(149,387)</u>	
Net position at end of year		\$ <u>1,252,508</u>	

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Intergovernmental	\$ 1,438,635	\$ 1,161,179	\$ (277,456)
Charges for services	488,238	488,238	-
Interest earnings	10,000	42,877	32,877
Other revenue	-	35,756	35,756
Total Revenues	<u>1,936,873</u>	<u>1,728,050</u>	<u>(208,823)</u>
Expenditures:			
Facilities administration	403,871	321,824	82,047
City hall facility	245,389	180,314	65,075
Fire facilities	75,093	65,077	10,016
Library facility	112,504	98,432	14,072
Parks facilities and grounds	892,036	768,180	123,856
City public restrooms	318,629	268,308	50,321
Pier & boardwalks	23,759	16,001	7,758
Performing arts center	189,720	155,799	33,921
Visual arts center	99,487	85,682	13,805
Street lights	468,055	418,250	49,805
Contingency	553,391	-	553,391
Total Expenditures	<u>3,381,934</u>	<u>2,377,867</u>	<u>1,004,067</u>
Excess of Revenues Over Expenditures	<u>(1,445,061)</u>	<u>(649,817)</u>	<u>795,244</u>
Other Financing Sources (Uses):			
Transfers in	4,470,902	4,470,902	-
Transfers out	<u>(3,708,417)</u>	<u>(3,430,961)</u>	<u>277,456</u>
Total Other Financing Sources (Uses)	<u>762,485</u>	<u>1,039,941</u>	<u>277,456</u>
Net Change in Fund Balance	(682,576)	390,124	1,072,700
Fund Balance, beginning	<u>753,648</u>	<u>753,650</u>	<u>2</u>
Fund Balance, ending	<u>\$ 71,072</u>	<u>1,143,774</u>	<u>\$ 1,072,702</u>
<i>Reconciliation to generally accepted accounting principles:</i>			
Capital assets, net		77,395	
Compensated absences		(23,793)	
Deferred outflows related to OPEB		3,557	
Net pension liability		(198,339)	
OPEB liability		(37,471)	
Deferred inflows related to OPEB		(15,720)	
Long-term debt		<u>(78,922)</u>	
Net position at end of year		<u>\$ 842,920</u>	

STATISTICAL SECTION



STATISTICAL SCHEDULES

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

FINANCIAL TRENDS

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

REVENUE CAPACITY

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

DEBT CAPACITY

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

OPERATING INFORMATION

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

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

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

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

	2015	2016	2017	2018	2019
Governmental Activities					
Net investment in capital assets	\$ 36,828,050	\$ 47,957,375	\$ 55,462,857	\$ 61,363,627	\$ 61,753,931
Restricted	18,367,842	12,536,216	9,818,841	16,131,218	17,622,044
Unrestricted	5,038,816	2,279,339	3,050,358	965,685	(1,746,245)
Total governmental activities net position	<u>60,234,708</u>	<u>62,772,930</u>	<u>68,332,056</u>	<u>78,460,530</u>	<u>77,629,730</u>
Business-type activities					
Net investment in capital assets	31,271,352	35,038,648	37,154,863	32,912,784	35,237,692
Restricted	4,548,076	3,199,262	2,922,277	1,305,902	1,873,545
Unrestricted	3,620,402	3,001,169	(1,520,208)	(1,759,533)	(70,421)
Total business-type activities net position	<u>39,439,830</u>	<u>41,239,079</u>	<u>38,556,932</u>	<u>32,459,153</u>	<u>37,040,816</u>
Total City of Newport					
Net investment in capital assets	68,099,402	82,996,023	92,617,720	94,276,411	96,991,623
Restricted	22,915,918	15,735,478	12,741,118	17,437,120	19,495,589
Unrestricted	8,659,218	5,280,508	1,530,150	(793,848)	(1,816,666)
Total net position	<u>\$ 99,674,538</u>	<u>\$ 104,012,009</u>	<u>\$ 106,888,988</u>	<u>\$ 110,919,683</u>	<u>\$ 114,670,546</u>
			Note 1	Note 2	

In the last ten years, the net position of governmental activities increased by approximately 81 percent or \$48,798,217. This increase is broken down as follows: Capital Assets less related debt increased by \$40,040,552. Restricted grew \$2,938,235 and the Unrestricted grew by \$5,819,430 for a net gain of \$8,757,665.

During the same time frame (ten years), the net position of the business-type activities have increased by 14.3 percent or \$6,569,486. This increase is broken down as follows: Capital Assets less related debt increased by \$14,087,022. Restricted grew \$1,399,952 while the Unrestricted fell by \$8,917,488 for a net loss of \$7,517,536.

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

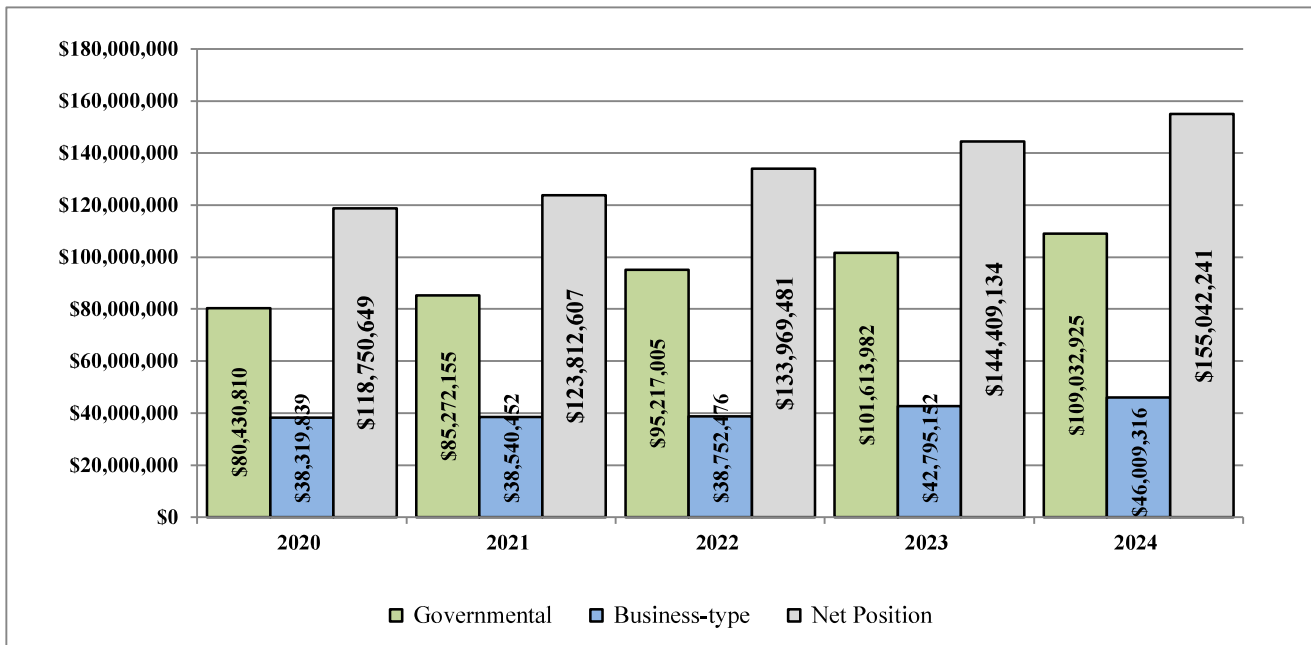
Source: City of Newport 2015-2024 Annual Financial Reports

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

2020	2021	2022	2023	2024	
					Governmental Activities
\$ 64,567,300	\$ 67,056,257	\$ 69,303,793	\$ 72,529,566	\$ 76,868,602	Net investment in capital assets
11,819,747	12,416,171	17,900,449	19,412,165	21,306,077	Restricted
4,043,763	5,799,727	8,012,763	9,672,251	10,858,246	Unrestricted
<u>80,430,810</u>	<u>85,272,155</u>	<u>95,217,005</u>	<u>101,613,982</u>	<u>109,032,925</u>	Total governmental activities net position
					Business-type activities
41,614,582	42,154,618	36,602,565	39,662,751	45,358,374	Net investment in capital assets
2,800,428	2,883,876	7,449,999	7,781,756	5,948,028	Restricted
(6,095,171)	(6,498,042)	(5,300,088)	(4,649,355)	(5,297,086)	Unrestricted
<u>38,319,839</u>	<u>38,540,452</u>	<u>38,752,476</u>	<u>42,795,152</u>	<u>46,009,316</u>	Total business-type activities net position
					Total City of Newport
106,181,882	109,210,875	105,906,358	112,192,317	122,226,976	Net investment in capital assets
14,620,175	15,300,047	25,350,448	27,193,921	27,254,105	Restricted
(2,051,408)	(698,315)	2,712,675	5,022,896	5,561,160	Unrestricted
<u>\$ 118,750,649</u>	<u>\$ 123,812,607</u>	<u>\$ 133,969,481</u>	<u>\$ 144,409,134</u>	<u>\$ 155,042,241</u>	Total net position

Note 3 **Note 4**

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



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

	2015	2016	2017	2018	2019
Expenses					
Governmental activities:					
General government	5,446,621	6,271,284	6,708,369	7,070,473	6,974,042
Public safety	5,185,741	7,122,338	6,475,521	6,611,040	7,024,000
Highways and streets (public works)	1,905,912	1,391,446	1,694,645	1,858,877	1,737,166
Culture and recreation	2,600,685	2,680,451	2,941,138	3,872,839	4,136,018
Interest on long-term debt	758,037	716,647	641,681	583,024	614,849
Total governmental activities expenses	<u>15,896,996</u>	<u>18,182,166</u>	<u>18,461,354</u>	<u>19,996,253</u>	<u>20,486,075</u>
Business-type activities					
Water	3,622,964	5,016,453	6,094,409	7,271,364	6,319,871
Sewer	4,334,154	3,383,671	3,456,552	2,539,598	4,153,178
Stormwater	-	-	-	-	-
Capital projects	247,936	-	-	-	-
Total business-type activities expenses	<u>8,205,054</u>	<u>8,400,124</u>	<u>9,550,961</u>	<u>9,810,962</u>	<u>10,473,049</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government (1)	3,517,226	2,617,314	2,774,718	2,540,739	1,907,132
Public safety	429,024	493,593	388,197	465,808	545,777
Highways and streets (public works)	441,582	435,731	452,828	463,743	1,082,894
Culture and recreation	691,150	607,228	799,377	836,585	854,680
Operating grants and contributions	127,365	188,354	54,964	816,211	789,799
Capital grants and contributions	5,978,209	1,743,842	3,441,549	1,941,312	1,333,493
Total governmental activities program revenues	<u>11,184,556</u>	<u>6,086,062</u>	<u>7,911,633</u>	<u>7,064,398</u>	<u>6,513,775</u>
Business-type activities					
Water	3,573,859	3,537,147	4,056,102	4,455,924	4,327,951
Sewer	3,841,320	3,831,317	4,029,679	4,066,006	4,242,558
Stormwater	-	-	-	-	-
Total business-type activities program revenues	<u>7,415,179</u>	<u>7,368,464</u>	<u>8,085,781</u>	<u>8,521,930</u>	<u>8,570,509</u>
Total program revenues	<u>18,599,735</u>	<u>13,454,526</u>	<u>15,997,414</u>	<u>15,586,328</u>	<u>15,084,284</u>
General Revenues					
Governmental activities:					
Taxes:					
Property taxes used for general purposes	6,245,760	6,342,098	6,482,576	6,629,032	6,822,818
Property taxes used for debt service	2,408,623	2,393,393	2,677,775	3,038,201	3,358,110
Transient room taxes	3,167,392	3,569,523	3,743,308	4,248,219	4,402,983
Franchise fees	724,801	1,421,518	1,350,193	1,259,130	1,325,445
Motor fuel	1,308,389	761,637	817,131	166,966	190,099
Cigarette, liquor, marijuana and const excise tax (CEI)	240,401	274,987	303,930	550,546	536,675
Other taxes	-	-	-	-	-
Interest earnings	106,880	148,909	201,725	290,164	585,896
Other revenue	379,998	505,102	391,231	287,475	365,973
Gain on sale of capital assets	-	-	1,650,272	-	-
Total governmental activities general revenues	<u>14,582,244</u>	<u>15,417,167</u>	<u>17,618,141</u>	<u>16,469,733</u>	<u>17,587,999</u>
Transfers	(172,072)	(782,845)	(1,509,294)	6,638,046	(1,198,499)
Total governmental activities	<u>14,410,172</u>	<u>14,634,322</u>	<u>16,108,847</u>	<u>23,107,779</u>	<u>16,389,500</u>

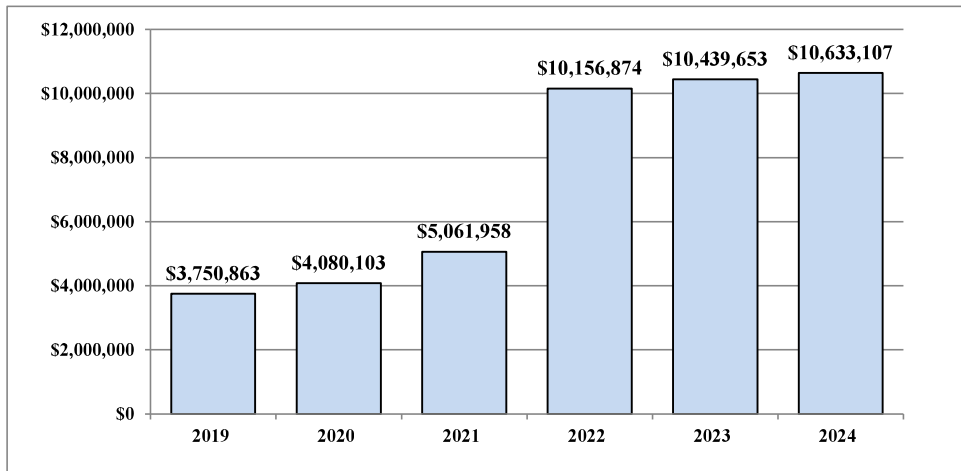
Schedule 2
CITY OF NEWPORT, OREGON
CHANGE IN NET POSITION
 Last Ten Fiscal Years
 (accrual basis of accounting)

2020	2021	2022	2023	2024	
					Expenses
					Governmental activities:
8,797,823	9,312,659	7,260,423	8,835,335	10,488,586	General government
7,715,840	6,758,875	6,161,819	7,285,141	8,386,095	Public safety
756,036	829,487	1,716,106	1,879,645	1,920,870	Highways and streets (public works)
3,453,213	3,105,869	3,896,058	4,399,758	5,059,542	Culture and recreation
502,835	432,110	332,785	281,736	234,166	Interest on long-term debt
<u>21,225,747</u>	<u>20,439,000</u>	<u>19,367,191</u>	<u>22,681,615</u>	<u>26,089,259</u>	Total governmental activities expenses
					Business-type activities
8,826,163	8,936,513	4,968,698	4,407,378	6,596,282	Water
11,495,261	5,608,368	7,051,610	6,995,775	6,757,126	Sewer
2,230,813	849,782	1,108,625	969,025	660,356	Stormwater
-	-	-	-	-	Capital projects
<u>22,552,237</u>	<u>15,394,663</u>	<u>13,128,933</u>	<u>12,372,178</u>	<u>14,013,764</u>	Total business-type activities expenses
					Program Revenues
					Governmental activities:
					Charges for services:
2,295,466	2,358,023	2,766,485	2,972,772	3,321,284	General government (1)
336,567	309,448	263,606	191,656	223,004	Public safety
220,060	284,630	-	2,238	-	Highways and streets (public works)
1,166,184	1,183,586	852,627	1,024,308	1,020,593	Culture and recreation
1,011,200	1,046,120	2,549,596	2,698,364	2,474,043	Operating grants and contributions
82,678	34,716	2,586,959	716,052	2,696,719	Capital grants and contributions
<u>5,112,155</u>	<u>5,216,523</u>	<u>9,019,273</u>	<u>7,605,390</u>	<u>9,735,643</u>	Total governmental activities program revenues
					Business-type activities
7,869,378	6,489,606	4,372,465	5,979,219	6,019,492	Water
13,443,236	6,347,619	4,572,868	5,252,241	6,493,004	Sewer
1,034,954	1,328,165	1,019,359	1,049,886	1,223,017	Stormwater
<u>22,347,568</u>	<u>14,165,390</u>	<u>9,964,692</u>	<u>12,281,346</u>	<u>13,735,513</u>	Total business-type activities program revenues
<u>27,459,723</u>	<u>19,381,913</u>	<u>18,983,965</u>	<u>19,886,736</u>	<u>23,471,156</u>	Total program revenues
					General Revenues
					Governmental activities:
					Taxes:
8,573,616	9,177,229	9,933,802	10,447,411	11,296,652	Property taxes used for general purposes
2,076,870	2,090,303	1,940,111	1,955,441	1,633,489	Property taxes used for debt service
3,743,320	4,993,876	6,666,570	6,974,069	6,782,773	Transient room taxes
1,434,629	1,426,122	1,670,419	1,406,020	1,411,500	Franchise fees
870,500	974,226	-	-	-	Motor fuel
692,108	790,287	-	-	-	Cigarette, liquor, marijuana and const excise tax (C)
-	-	998,891	915,136	863,711	Other taxes
384,856	146,477	153,673	1,036,051	1,806,079	Interest earnings
275,991	192,559	371,642	183,425	378,519	Other revenue
-	-	-	-	-	Gain on sale of capital assets
<u>18,051,890</u>	<u>19,791,079</u>	<u>21,735,108</u>	<u>22,917,553</u>	<u>24,172,723</u>	Total governmental activities general revenues
862,782	50,644	(1,084,691)	(1,450,445)	(400,164)	Transfers
<u>18,914,672</u>	<u>19,841,723</u>	<u>20,650,417</u>	<u>21,467,108</u>	<u>23,772,559</u>	Total governmental activities

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

	2015	2016	2017	2018	2019
General Revenues, continued					
Business-type activities					
Property taxes used for debt service	1,928,761	1,783,433	1,902,502	1,745,661	1,749,192
Interest earnings	67,944	49,845	82,773	111,477	116,536
Other revenue	376,389	-	-	-	-
Total business-type activities general revenues	2,373,094	1,833,278	1,985,275	1,857,138	1,865,728
Transfers	172,072	782,845	1,509,294	(6,638,046)	1,198,499
Total business-type activities	2,545,166	2,616,123	3,494,569	(4,780,908)	3,064,227
Change in Net Position					
Governmental activities	9,697,732	2,538,222	5,559,126	10,175,924	2,417,200
Business-type activities	1,755,291	1,584,463	2,029,389	(6,069,940)	1,161,687
Total Change in net position	11,453,023	4,122,685	7,588,515	4,105,984	3,578,887
Net position - beginning, as restated	90,001,796	99,674,538	104,012,009	106,888,988	110,919,683
Prior period adjustments	(1,780,281)	214,786	(4,711,536)	(75,289)	171,976
Net position - ending	<u>\$ 99,674,538</u>	<u>\$ 104,012,009</u>	<u>\$106,888,988</u>	<u>\$110,919,683</u>	<u>\$114,670,546</u>

Change in Net Position
last five years



Note 1: GASB 87 adopted. Beginning net position has been restated.

Note 2: GASB 96 adopted. Beginning net position has been restated.

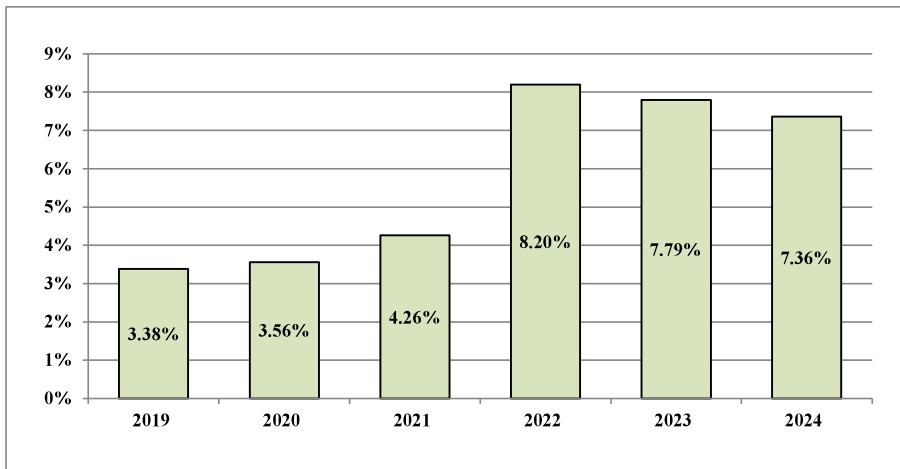
Source: City of Newport 2015-2024 Annual Financial Reports

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

2020	2021	2022	2023	2024	
					General Revenues, continued
					Business-type activities
1,970,103	2,168,090	2,209,388	2,198,486	2,370,760	Property taxes used for debt service
296,819	88,293	62,368	434,539	684,678	Interest earnings
79,552	60,234	69,012	42,038	36,813	Other revenue
2,346,474	2,316,617	2,340,768	2,675,063	3,092,251	Total business-type activities general revenues
(862,782)	(50,644)	1,084,691	1,450,445	400,164	Transfers
1,483,692	2,265,973	3,425,459	4,125,508	3,492,415	Total business-type activities
					Change in Net Position
2,801,080	4,619,246	10,302,499	6,390,883	7,418,943	Governmental activities
1,279,023	1,036,700	261,218	4,034,676	3,214,164	Business-type activities
4,080,103	5,655,946	10,563,717	10,425,559	10,633,107	Total Change in net position
114,670,546	118,750,649	123,812,607	133,969,481	144,409,134	Net position - beginning, as restated
-	(593,988)	(406,843)	14,094	-	Prior period adjustments
<u>\$118,750,649</u>	<u>\$123,812,607</u>	<u>\$133,969,481</u>	<u>\$144,409,134</u>	<u>\$155,042,241</u>	Net position - ending

Note 1 Note 2

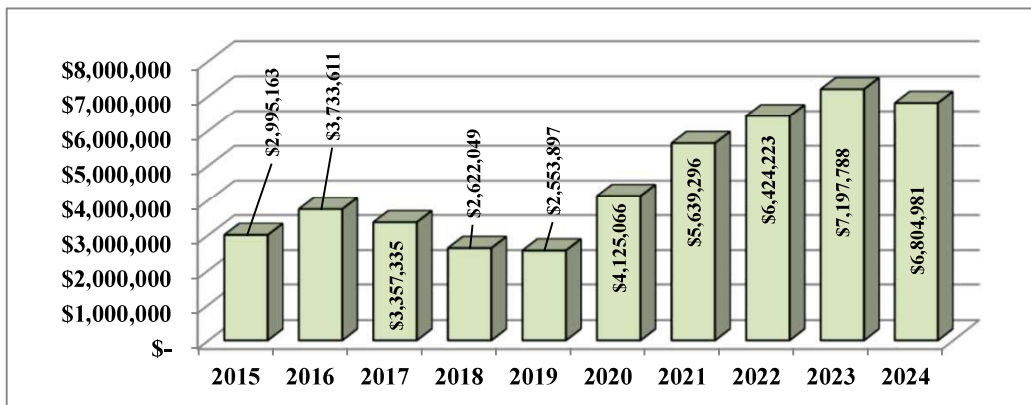
Year to Year Percentage Change in Net Position
 last five years



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

	2015	2016	2017	2018	2019
General Fund					
Nonspendable	\$ 111	\$ 1,002	\$ -	\$ 3,746	\$ 18,861
Committed	176,067	-	-	-	-
Unassigned	2,818,985	3,732,609	3,357,335	2,618,303	2,535,036
Total General Fund	<u>2,995,163</u>	<u>3,733,611</u>	<u>3,357,335</u>	<u>2,622,049</u>	<u>2,553,897</u>
All other governmental funds					
Nonspendable	65,900	8,127	16,391	3,271	21,533
Restricted	18,367,842	12,316,651	9,635,599	15,857,053	17,494,059
Committed	4,076,374	2,333,999	2,564,502	1,482,887	1,295,160
Assigned	-	-	1,347,435	1,362,885	1,779,369
Unassigned	-	-	(9,017)	(9,477)	-
Total all other governmental funds	<u>22,510,116</u>	<u>14,658,777</u>	<u>13,554,910</u>	<u>18,696,619</u>	<u>20,590,121</u>
Total fund balances of governmental funds	<u>\$ 25,505,279</u>	<u>\$ 18,392,388</u>	<u>\$ 16,912,245</u>	<u>\$ 21,318,668</u>	<u>\$ 23,144,018</u>

General Fund Total Fund Balance
 Last Ten Fiscal Years



Source: City of Newport 2015-2024 Annual Financial Reports

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

2020	2021	2022	2023	2024	
					General Fund
\$ 7,888	\$ 50,010	\$ 41,595	\$ 2,330	\$ 10,923	Nonspendable
-	-	-	-	-	Committed
4,117,178	5,589,286	6,382,628	7,195,458	6,794,058	Unassigned
<u>4,125,066</u>	<u>5,639,296</u>	<u>6,424,223</u>	<u>7,197,788</u>	<u>6,804,981</u>	Total General Fund
					All other governmental funds
84,056	111,564	139,184	88,687	123,380	Nonspendable
12,755,625	13,123,615	17,644,388	19,104,951	20,965,783	Restricted
1,168,074	1,715,105	2,008,547	2,130,769	2,950,689	Committed
2,665,961	2,959,942	4,698,682	5,643,727	6,311,812	Assigned
(37,768)	(3,518)	-	(966)	(200,634)	Unassigned
<u>16,635,948</u>	<u>17,906,708</u>	<u>24,490,801</u>	<u>26,967,168</u>	<u>30,151,030</u>	Total all other governmental funds
<u>\$ 20,761,014</u>	<u>\$ 23,546,004</u>	<u>\$ 30,915,024</u>	<u>\$ 34,164,956</u>	<u>\$ 36,956,011</u>	Total fund balances of governmental funds

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

Last Ten Fiscal Years

Fiscal Year	Fund Balance	% Change
2015	\$ 25,505,279	-
2016	18,392,388	-27.89%
2017	16,912,245	-8.05%
2018	21,318,668	26.05%
2019	23,144,018	8.56%
2020	20,761,014	-10.30%
2021	23,546,004	13.41%
2022	30,915,024	31.30%
2023	34,164,956	10.51%
2024	36,956,011	8.17%

The total governmental fund balance has increased by 44.9 percent over the last ten years. The average change in percent over the the ten years is a 5.75 percent growth.

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

	2015	2016	2017	2018	2019
Revenues					
Taxes	\$ 11,757,609	\$ 12,607,792	\$ 12,927,595	\$ 14,327,621	\$ 14,883,660
Franchise fees, privilege taxes, licenses, and permits	1,676,410	1,441,951	1,560,734	1,496,719	1,576,701
Intergovernmental	7,279,349	2,627,484	4,480,147	3,258,664	2,399,402
Charges for services	4,019,705	3,896,832	3,928,927	4,088,450	4,649,068
Fines and forfeitures	164,816	117,404	128,048	114,747	128,525
System development charges	-	-	-	-	-
Interest earnings	106,880	148,909	201,725	287,572	582,067
Other revenue	495,178	639,290	562,370	454,365	480,612
Total revenues	<u>25,499,947</u>	<u>21,479,662</u>	<u>23,789,546</u>	<u>24,028,138</u>	<u>24,700,035</u>
Expenditures					
General government	5,471,035	6,345,215	6,499,792	6,218,707	5,680,845
Public safety	4,935,829	5,339,330	5,616,027	6,033,231	6,273,966
Highways and streets (public works)	1,396,889	873,861	1,038,748	1,034,352	912,425
Culture and recreation	2,252,354	2,329,955	2,627,593	3,018,475	3,070,872
Debt service					
Principal	1,274,980	1,582,639	2,984,432	1,745,000	2,120,000
Interest	758,037	761,502	679,509	624,442	649,128
Capital outlay	9,652,113	11,318,251	8,984,654	5,944,630	3,108,644
Total expenditures	<u>25,741,237</u>	<u>28,550,753</u>	<u>28,430,755</u>	<u>24,618,837</u>	<u>21,815,880</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(241,290)</u>	<u>(7,071,091)</u>	<u>(4,641,209)</u>	<u>(590,699)</u>	<u>2,884,155</u>
Other financing sources (uses)					
Debt issuance	5,456,000	-	1,548,404	6,849,577	277,500
Proceeds from sale of capital assets	-	-	1,657,500	-	-
Transfers in	5,525,894	4,103,145	6,003,534	7,276,372	5,631,722
Lease proceeds	-	-	-	-	-
Subscription proceeds	-	-	-	-	-
Transfers out	(5,697,966)	(3,961,468)	(6,048,372)	(9,128,827)	(6,968,027)
Total other financing sources (uses)	<u>5,283,928</u>	<u>141,677</u>	<u>3,161,066</u>	<u>4,997,122</u>	<u>(1,058,805)</u>
Prior period adjustments	(40,186)	(183,477)	-	-	-
Net change in fund balances	<u>\$ 5,002,452</u>	<u>\$ (7,112,891)</u>	<u>\$ (1,480,143)</u>	<u>\$ 4,406,423</u>	<u>\$ 1,825,350</u>

Ratio of Total Debt Service Expenditures to Total Noncapital Expenditures

Total debt service expenditures	\$ 2,033,017	\$ 2,344,141	\$ 3,663,941	\$ 2,369,442	\$ 2,769,128
Total noncapital expenditures	<u>16,089,124</u>	<u>16,446,553</u>	<u>18,921,017</u>	<u>18,285,974</u>	<u>20,239,597</u>
Ratio of total debt service expenditures less refundings to total noncapital expenditures	<u>12.64%</u>	<u>14.25%</u>	<u>19.36%</u>	<u>12.96%</u>	<u>13.68%</u>

Source: City of Newport 2015-2024 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)

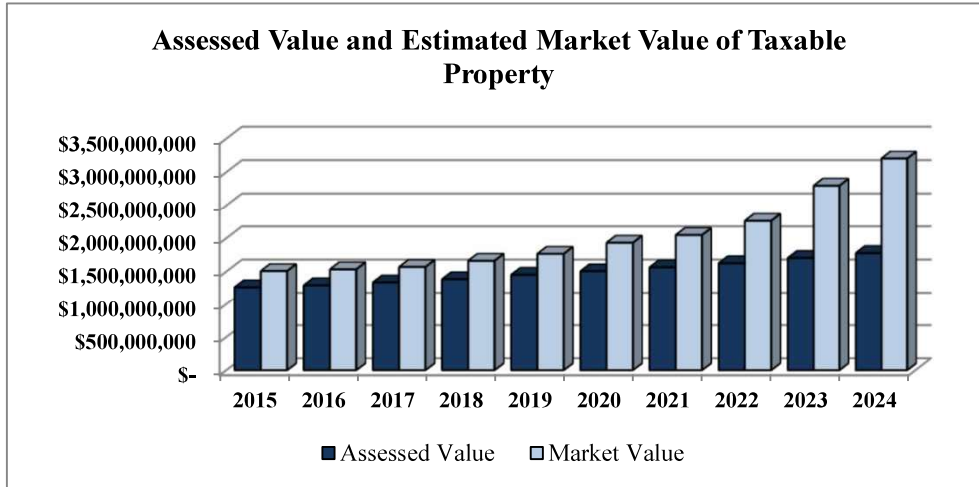
2020	2021	2022	2023	2024	
					Revenues
\$ 14,731,874	\$ 16,700,277	\$ 19,027,722	\$ 19,721,306	\$ 19,960,286	Taxes
1,839,736	1,850,692	1,902,279	1,647,411	1,737,959	Franchise fees, privilege taxes, licenses, and permits
2,905,961	2,651,968	5,513,999	3,774,416	4,248,977	Intergovernmental
2,715,811	2,625,180	3,017,512	3,441,783	3,566,072	Charges for services
150,209	129,867	174,491	151,892	140,670	Fines and forfeitures
-	-	475,190	409,952	538,851	System development charges
380,280	142,675	149,817	1,018,649	1,763,202	Interest earnings
256,286	192,415	399,770	420,327	470,669	Other revenue
<u>22,980,157</u>	<u>24,293,074</u>	<u>30,660,780</u>	<u>30,585,736</u>	<u>32,426,686</u>	Total revenues
					Expenditures
6,067,872	4,806,118	6,075,984	6,770,130	8,097,038	General government
6,528,173	6,011,154	6,329,104	6,934,881	8,076,880	Public safety
503,594	486,222	553,396	649,378	888,297	Highways and streets (public works)
2,806,195	2,079,283	2,592,122	3,091,280	3,411,936	Culture and recreation
					Debt service
1,664,500	1,740,500	1,680,171	1,867,588	1,698,884	Principal
501,528	438,398	377,422	320,510	268,294	Interest
3,215,274	4,222,198	3,023,971	3,981,158	5,887,242	Capital outlay
<u>21,287,136</u>	<u>19,783,873</u>	<u>20,632,170</u>	<u>23,614,925</u>	<u>28,328,571</u>	Total expenditures
1,693,021	4,509,201	10,028,610	6,970,811	4,098,115	Excess (deficiency) of revenues over (under) expenditures
					Other financing sources (uses)
-	-	-	-	-	Debt issuance
-	-	-	-	-	Proceeds from sale of capital assets
7,844,765	4,991,776	7,400,235	11,392,740	11,799,429	Transfers in
-	-	181,060	55,286	28,950	Lease proceeds
-	-	-	-	98,607	Subscription proceeds
(11,920,790)	(6,715,987)	(9,908,131)	(15,165,067)	(13,234,046)	Transfers out
<u>(4,076,025)</u>	<u>(1,724,211)</u>	<u>(2,326,836)</u>	<u>(3,717,041)</u>	<u>(1,307,060)</u>	Total other financing sources (uses)
-	-	(332,754)	(3,838)	-	Prior period adjustments
<u>\$ (2,383,004)</u>	<u>\$ 2,784,990</u>	<u>\$ 7,369,020</u>	<u>\$ 3,249,932</u>	<u>\$ 2,791,055</u>	Net change in fund balances
\$ 2,166,028	\$ 2,178,898	\$ 2,057,593	\$ 2,188,098	\$ 1,967,178	Total debt service expenditures
18,014,771	15,957,948	17,165,565	19,032,103	22,219,383	Total noncapital expenditures
<u>12.02%</u>	<u>13.65%</u>	<u>11.99%</u>	<u>11.50%</u>	<u>8.85%</u>	Ratio of total debt service expenditures less refundings to total noncapital expenditures

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

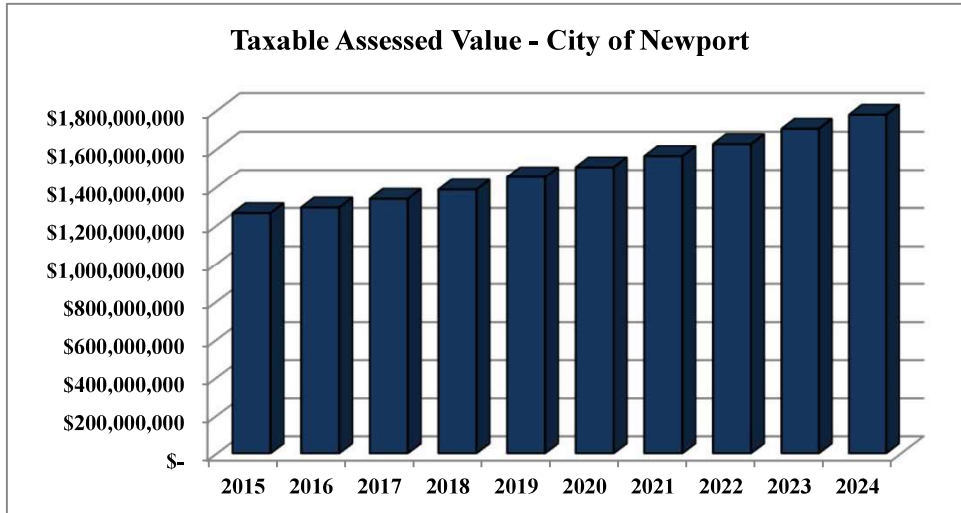
Fiscal Year Ended June 30,	Taxable Assessed Value	Direct Tax Rate Per \$1,000 of Assessed Value	Urban Renewal District Assessed Value	Total Assessed Value	Estimated Market Value	Assessed Value as a % of Market Value
2015	1,263,033,051	5.5938	136,869,617	1,399,902,668	1,508,268,831	92.82%
2016	1,292,794,735	5.5938	138,719,427	1,431,514,162	1,533,699,076	93.34%
2017	1,337,383,961	5.5938	162,028,890	1,499,412,851	1,569,196,193	95.55%
2018	1,385,786,447	5.5938	180,183,069	1,565,969,516	1,662,018,005	94.22%
2019	1,452,221,107	5.5938	207,584,349	1,659,805,456	1,766,719,111	93.95%
2020	1,504,939,337	5.5938	219,494,051	1,724,433,388	1,931,905,479	89.26%
2021	1,563,166,867	5.5938	259,618,108	1,822,784,975	2,047,158,163	89.04%
2022	1,625,399,477	5.5938	257,637,331	1,883,036,808	2,260,563,647	83.30%
2023	1,705,023,920	5.5938	278,395,741	1,983,419,661	2,797,039,007	70.91%
2024	1,777,430,520	5.5938	291,540,551	2,068,971,071	3,203,744,965	64.58%

Source: Lincoln County Tax Assessor

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



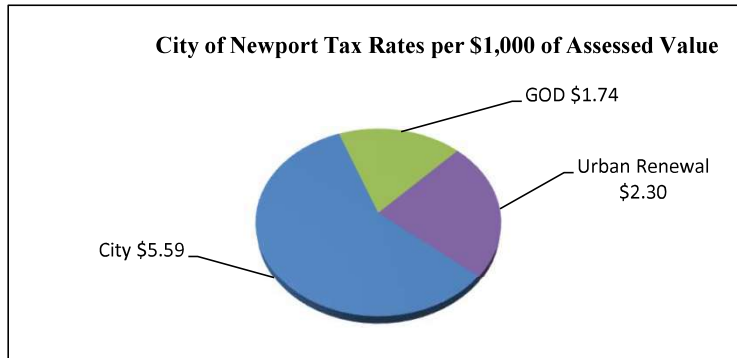
The "gap" between the market value and the assessed value is important to note. Oregon statutes allow the assessed value on a single piece of property to rise no more than three percent annually up to the market value, where the assessed value is capped. Currently, the assessed value is 64.58 percent 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
2015	5.59	1.91	7.51	1.22	8.72
2016	5.59	1.82	7.41	1.31	8.72
2017	5.59	1.81	7.41	1.66	9.07
2018	5.59	1.72	7.31	1.76	9.07
2019	5.59	1.61	7.20	1.90	9.10
2020	5.59	1.69	7.28	2.03	9.31
2021	5.59	1.81	7.41	2.17	9.58
2022	5.59	1.79	7.39	2.22	9.60
2023	5.59	1.70	7.29	2.28	9.57
2024	5.59	1.74	7.33	2.30	9.63



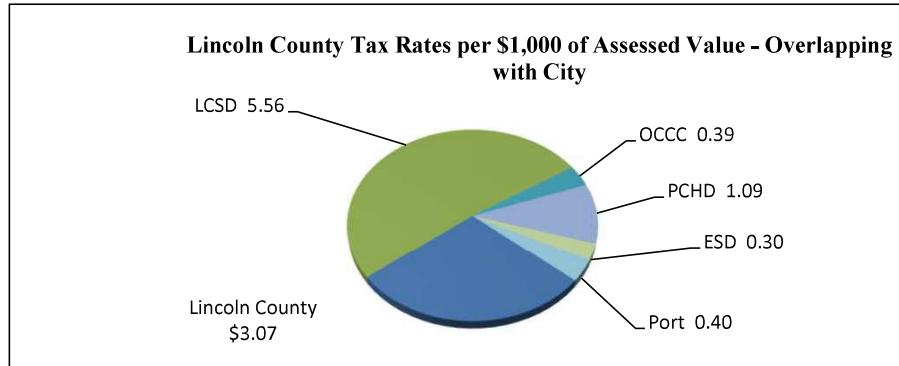
(1) - Rate per \$1,000 of assessed value City = City of Newport
 GOD = General Obligation Debt

Source: Lincoln Tax Assessor

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

Overlapping Rates

Lincoln County	Lincoln County School District	Oregon Coast Community College	Pacific Communities Health District	ESD Lincoln/Benton Counties	Port of Newport	Total Direct & Overlapping Rates
3.21	5.64	0.46	0.36	0.30	0.61	19.30
3.21	5.64	0.44	0.36	0.30	0.61	19.29
3.21	5.64	0.44	1.23	0.30	0.59	20.47
3.21	5.62	0.43	1.21	0.30	0.57	20.41
3.18	5.62	0.39	1.12	0.26	0.31	19.99
2.63	4.85	0.37	1.09	0.26	0.43	18.93
2.60	4.92	0.39	1.09	0.26	0.42	19.24
2.59	5.57	0.38	1.05	0.26	0.48	19.93
3.07	5.54	0.39	1.11	0.30	0.41	20.40
3.07	5.56	0.39	1.09	0.30	0.40	20.44



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 2024 and 2015

Taxpayer	2024		% of Total		2015		% of Total	
	Taxable Assessed Value	Rank	Taxable Assessed Value		Taxable Assessed Value	Rank	Taxable Assessed Value	
Northwest Natural Gas Company	\$ 55,623,000	1	3.13%		\$ 72,556,700	1	5.74%	
Central Lincoln PUD	31,536,000	2	1.77%		64,137,900	2	5.08%	
Hallmark Inns and Resorts	23,331,080	3	1.31%		8,764,980	6	0.69%	
Fred Meyer Stores/Kroger Co.	18,442,400	4	1.04%		10,804,660	5	0.86%	
Shilo Inns	15,083,050	5	0.85%		15,649,500	3	1.24%	
Dulcich Realty LLC	13,990,180	6	0.79%		-	0	0.00%	
Oregon Brewing Co.	13,753,970	7	0.77%		-	0	0.00%	
Charter Communications	12,704,490	8	0.71%		6,316,880	10	0.50%	
Wal Mart Real Estate	11,881,070	9	0.67%		14,270,700	4	1.13%	
RV Agate Beach	11,320,430	10	0.64%		-	0	0.00%	
Port of Newport	-		0.00%		8,109,070	7	0.64%	
EY Inc. and E W & J B Inc.	-		0.00%		6,967,860	8	0.55%	
SPM Little Creek LLC	-		0.00%		6,483,030	9	0.51%	
Total	\$ 207,665,670		11.68%		\$ 214,061,280		16.95%	
Total taxable assessed value, all properties	<u>\$ 1,777,430,520</u>				<u>\$ 1,263,033,051</u>			

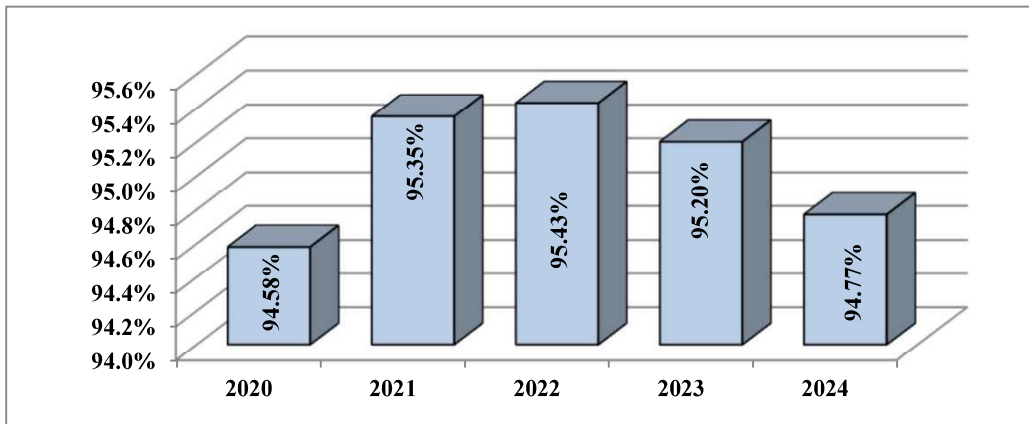
The above Total Taxable percentage of the Top Ten Taxpayers is normally graphed. However the information will be accumulated yearly, until 10 years are reported.

Source: Lincoln County Tax Assessors

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

Fiscal Year Ended June 30,	Tax Levy as Extended by the Assessor (1)	Collected within the Fiscal Year of the Levy	Percentage Collected	Collections In Subsequent Years	Total Collections to Date	Percentage of Levy as Extended
2015	\$ 10,567,908	\$ 9,751,502	92.27%	\$ 432,387	\$ 10,183,889	96.37%
2016	10,743,889	9,927,597	92.40%	487,728	10,415,325	96.94%
2017	11,289,267	10,493,168	92.95%	472,582	10,965,750	97.13%
2018	11,682,522	10,831,481	92.72%	465,102	11,296,583	96.70%
2019	12,259,650	11,584,279	94.49%	338,945	11,923,224	97.26%
2020	12,929,064	12,228,144	94.58%	331,143	12,559,287	97.14%
2021	13,718,120	13,080,524	95.35%	247,215	13,327,739	97.15%
2022	14,312,387	13,658,358	95.43%	198,416	13,856,774	96.82%
2023	14,929,145	14,211,846	95.20%	210,280	14,422,126	96.60%
2024	15,662,583	14,843,776	94.77%	-	14,843,776	94.77%

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 95.07 percent of the levy as extended by the assessors.

There are three ways in which property tax revenue can be adversely affected by a slowdown in the economy: 1) market value falls below assessed value; 2) assessed value falls; and 3) the rate of tax collection falls. Because of the healthy gap between market values and assessed values, there would be lag time before a downturn would directly affect the market value limit on assessed value. In the second situation, assessed values will not fall quickly. It is more likely that the rate of growth of the assessed value will slow. The third factor has the potential to have a more immediate effect. A one percentage point drop in the tax collection rate would translate into a \$150,000 decrease in current tax revenues. The City will monitor the tax collection rate to gauge its effect on 2024-25 revenues. The tax collection rate will also be a factor in the preparation of the 2025-26 budget.

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

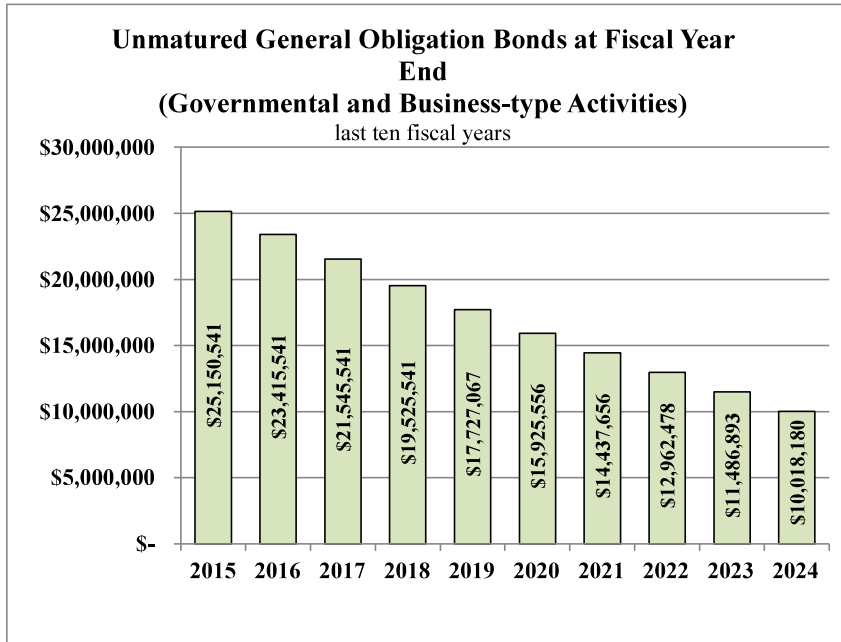
Schedule 9

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	Urban			
	Obligation Bonds	Revenue Bonds	Renewal (UR) TIF Bonds (1)	Notes Payable	Leases and Subscriptions
2015	\$ 7,850,000	\$1,270,000	\$ 11,820,000	\$ 226,776	\$ 57,778
2016	7,655,000	995,000	10,721,000	213,132	24,694
2017	7,440,000	715,000	9,559,000	-	-
2018	7,200,000	420,000	8,349,000	-	-
2019	7,216,476	392,500	7,187,167	-	-
2020	6,902,377	317,000	5,873,529	-	289,794
2021	6,563,282	241,500	4,513,874	-	222,099
2022	6,199,184	133,329	3,262,250	-	685,264
2023	5,805,085	52,829	1,974,614	-	519,018
2024	5,380,987	-	992,000	-	365,888



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

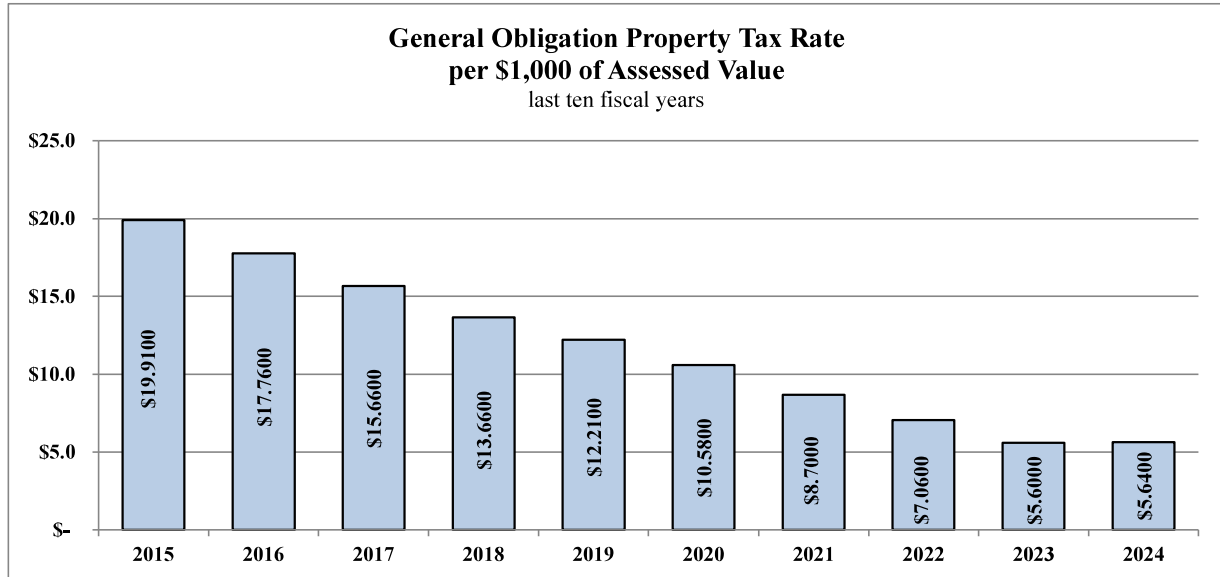
(1) TIF-Tax Increment Financing

(2) Includes \$20,184,588.00 State of Oregon Revolving Fund loan for Water and Wastewater projects

Source: City of Newport 2015-2024 Annual Financial Reports

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

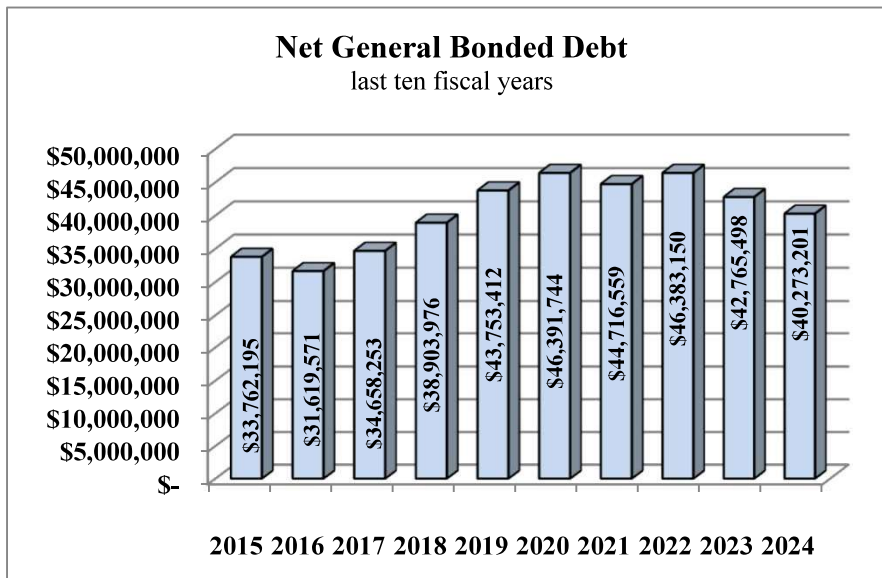
BUSINESS-TYPE ACTIVITIES						Total Outstanding Debt	% of Personal Income	Debt per Capita
General Obligation Bonds	Water Revenue Bonds (2)	Sewer Revenue Bonds (2)	Stormwater Revenue Bonds	Notes Payable	Leases and Subscriptions			
\$ 17,300,541	\$ 6,412,987	\$ 3,560,000	\$ -	\$ 794,505	\$ -	\$ 49,292,587	26.89	1,270
15,760,541	7,300,213	3,135,000	-	767,888	-	46,572,468	24.20	1,155
14,105,541	9,286,091	3,129,104	-	739,941	-	44,974,677	22.16	1,063
12,325,541	9,506,606	6,275,681	3,248,000	710,789	-	48,035,617	22.21	1,071
10,510,591	8,843,892	14,673,029	2,958,000	680,378	-	52,462,033	23.42	1,130
9,023,179	7,781,433	20,433,757	2,667,000	648,552	-	53,936,621	22.58	1,138
7,874,374	7,061,743	21,440,596	2,367,000	615,252	-	50,899,720	18.38	935
6,763,294	10,872,530	21,843,830	2,058,000	580,417	186,792	52,584,890	18.25	944
5,681,808	10,455,491	20,964,243	1,740,000	543,881	333,217	48,070,186	15.50	805
4,637,193	9,938,311	20,184,588	1,412,000	505,577	289,425	43,705,969	n/a	n/a



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

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

Fiscal Year Ended June 30,	Population (2)	Assessed Value	General Obligation Bonds	General Revenue Obligations
2015	10,165	\$ 1,263,033,051	\$25,150,541	\$ 11,242,987
2016	10,190	1,292,794,735	23,415,541	11,430,213
2017	10,215	1,337,383,961	21,545,541	13,130,195
2018	10,125	1,385,786,447	19,525,541	19,450,287
2019	10,210	1,452,221,107	17,727,067	26,867,421
2020	10,256	1,504,939,337	15,925,556	31,199,190
2021	10,591	1,563,166,867	14,437,656	31,110,839
2022	10,755	1,625,399,477	12,962,478	34,907,689
2023	11,083	1,705,023,920	11,486,893	33,212,563
2024	10,623	1,777,430,520	10,018,180	31,534,899



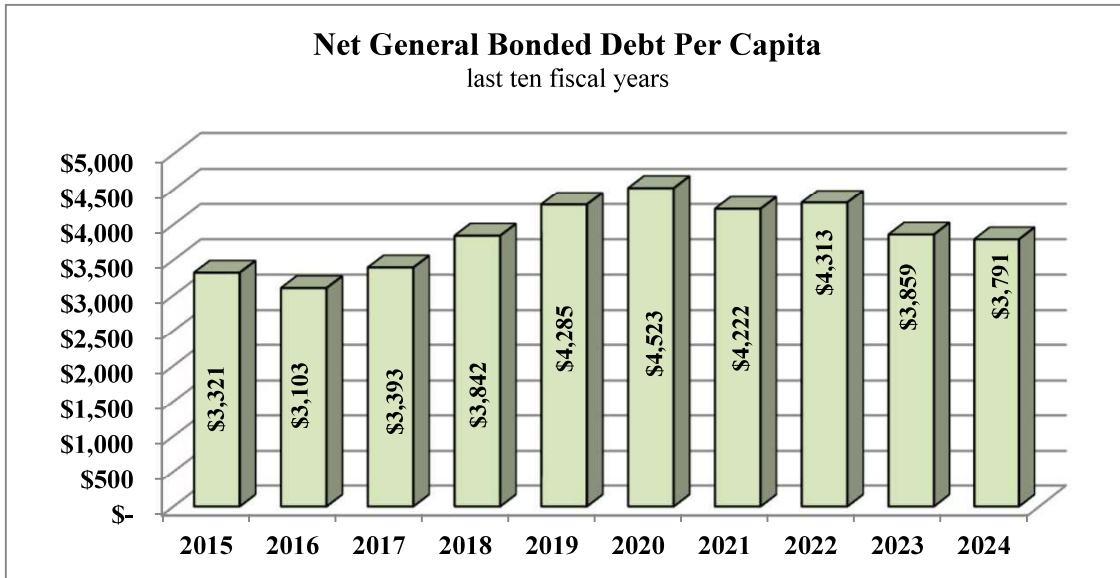
(1) General bonded debt includes general obligation bonds and other bonded debt financed with any general governmental resources.

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

Source: City of Newport 2015-2024 Annual Financial Reports

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

Less: Amounts Available in Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita	Net Bonded Debt as a Percent of Personal Income
\$ 2,631,333	\$ 33,762,195	2.67%	\$ 3,321	1842%
3,226,183	31,619,571	2.45%	3,103	1643%
17,483	34,658,253	2.59%	3,393	1708%
71,852	38,903,976	2.81%	3,842	1799%
841,076	43,753,412	3.01%	4,285	1953%
733,002	46,391,744	3.08%	4,523	1942%
831,936	44,716,559	2.86%	4,222	1615%
1,487,017	46,383,150	2.85%	4,313	1610%
1,933,958	42,765,498	2.51%	3,859	1379%
1,279,878	40,273,201	2.27%	3,791	n/a

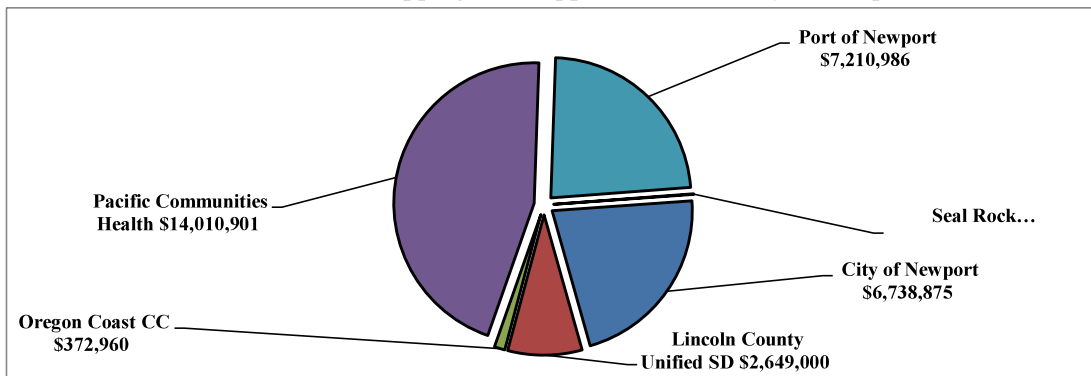




Schedule 11
CITY OF NEWPORT, OREGON
COMPUTATION OF DIRECT AND OVERLAPPING DEBT (1)
as of June 30, 2024

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)	\$ 6,738,875	100.00%	\$ 6,738,875
OVERLAPPING DEBT			
Lincoln County Unified School District	15,000,000	17.66%	2,649,000
Oregon Coast Community College	2,100,000	17.76%	372,960
Pacific Communities Health District	39,590,000	35.39%	14,010,901
Port of Newport	10,380,000	69.47%	7,210,986
Seal Rock Water District	4,272,463	0.66%	28,198
Total overlapping debt	71,342,463		24,272,045
Total direct and overlapping debt	\$ 78,081,338		\$ 31,010,920

Direct and Overlapping Debt Applicable to the City of Newport



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

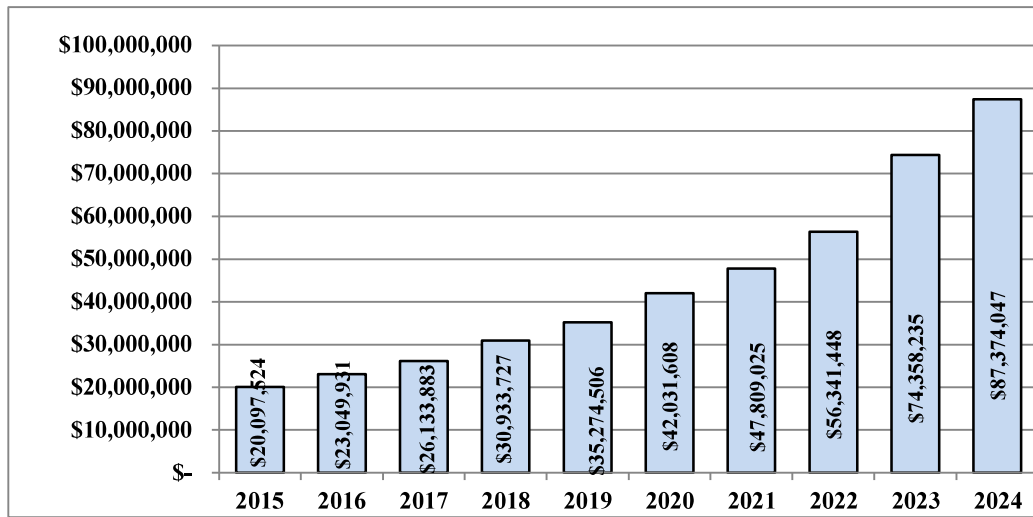
(2) City of Newport net outstanding debt

General obligation bonds	\$ 5,380,987
Revenue bonds	-
Urban renewal TIF bonds	992,000
Notes payable	-
Leases and subscriptions	365,888
Total City of Newport net outstanding debt	6,738,875

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

	2015	2016	2017	2018
Debt limitation	\$ 45,248,065	\$ 46,010,972	\$ 47,075,886	\$ 49,860,540
Total net debt applicable to limitation	25,150,541	22,961,041	20,942,003	18,926,813
Legal debt margin	<u>\$ 20,097,524</u>	<u>\$ 23,049,931</u>	<u>\$ 26,133,883</u>	<u>\$ 30,933,727</u>
Ratio of net debt applicable to the debt limitation	<u>55.58%</u>	<u>49.90%</u>	<u>44.49%</u>	<u>37.96%</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

2019	2020	2021	2022	2023	2024	
\$ 53,001,573	\$ 57,957,164	\$ 61,414,745	\$ 67,816,909	\$ 83,911,170	\$ 96,112,349	Debt limitation
<u>17,727,067</u>	<u>15,925,556</u>	<u>13,605,720</u>	<u>11,475,461</u>	<u>9,552,935</u>	<u>8,738,302</u>	Total net debt applicable to limitation
<u>\$ 35,274,506</u>	<u>\$ 42,031,608</u>	<u>\$ 47,809,025</u>	<u>\$ 56,341,448</u>	<u>\$ 74,358,235</u>	<u>\$ 87,374,047</u>	Legal debt margin
<u>33.45%</u>	<u>27.48%</u>	<u>22.15%</u>	<u>16.92%</u>	<u>11.38%</u>	<u>9.09%</u>	Ratio of net debt applicable to the debt limitation

Legal debt margin calculation for Fiscal Year

True cash value	\$ 3,203,744,965
General obligation debt limit - 3% of true cash value	3%
General obligation debt limit	96,112,349
Gross general obligation bonded debt principal	
General obligation bonds	\$ 5,380,987
2009 A&B Water GO Bonds	4,637,193
Less: Debt service monies available	
Debt Service Fund:	1,279,878
Net debt subject to the three percent limitation	<u>8,738,302</u>
Legal debt margin	<u>\$ 87,374,047</u>

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

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

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

Fiscal Year Ended June 30,	Operating Revenues	Less: Operating Expenses	Net Available Resources	Principal	Debt Service Interest	Total	Coverage Percentage
2015	\$ 1,909,275	\$ -	\$ 1,909,275	\$ 942,000	\$ 273,078	\$ 1,215,078	1.57
2016	1,988,661	75,354	1,913,307	1,152,000	365,159	1,517,159	1.26
2017	2,350,631	96,067	2,254,564	1,162,000	355,049	1,517,049	1.49
2018	2,601,060	108,937	2,492,123	1,210,000	307,916	1,517,916	1.64
2019	3,013,477	114,045	2,899,432	1,255,000	261,529	1,516,529	1.91
2020	3,166,541	110,685	3,055,856	1,294,000	222,817	1,516,817	2.01
2021	3,437,916	105,614	3,332,302	1,345,000	172,035	1,517,035	2.20
2022	3,665,691	120,805	3,544,886	1,227,000	127,642	1,354,642	2.62
2023	4,033,729	132,666	3,901,063	1,268,000	85,772	1,353,772	2.88
2024	4,266,780	607,231	3,659,549	968,000	48,820	1,016,820	3.60

Operating data is from the combined Urban Renewal data.

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

Fiscal Year Ended June 30,	Operating Revenues	Less: Operating Expenses	Net Available Resources	Principal	Debt Service Interest	Total	Coverage Percentage
2016	\$ 3,504,294	\$ 2,291,711	\$ 1,212,583	\$ 131,174	\$ 209,814	\$ 340,988	3.56
2017	3,691,435	2,418,006	1,273,429	159,402	171,585	330,987	3.85
2018	3,784,986	2,616,157	1,168,829	165,825	165,161	330,986	3.53
2019	4,095,824	2,897,199	1,198,625	172,507	158,480	330,987	3.62
2020	4,557,583	2,938,154	1,619,429	702,459	260,540	962,999	1.68
2021	4,283,371	3,037,968	1,245,403	719,690	243,558	963,248	1.29
2022	4,315,123	3,122,000	1,193,123	740,213	222,960	963,173	1.24
2023	4,656,054	3,347,437	1,308,617	417,039	201,181	618,220	2.12
2024	4,705,172	3,395,199	1,309,973	430,180	188,162	618,342	2.12

Operating data is from the Water Fund Statement of Revenues.

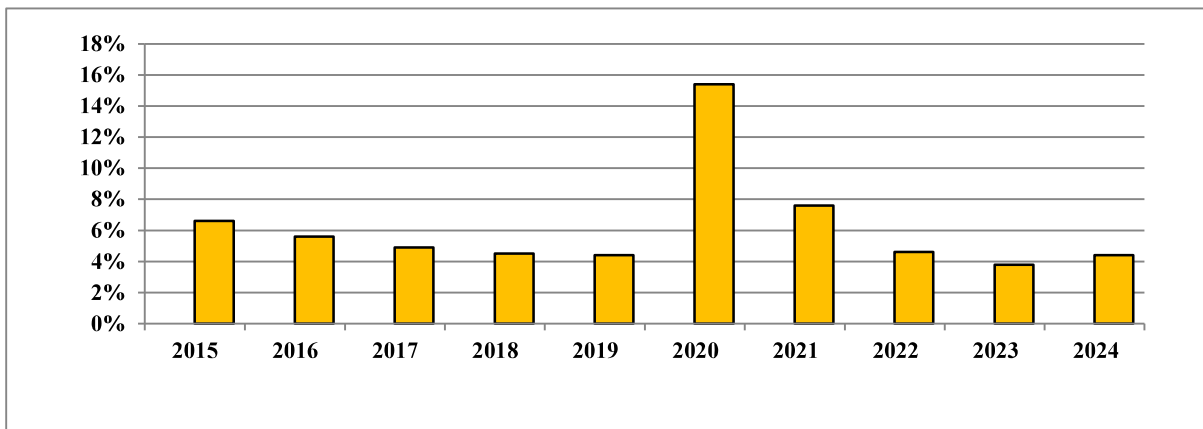
The amount of net available resources for bond coverage is determined by subtracting operating expenses from operating revenues. Interest payments on property assessments are deducted from operating revenues. Operating expenses are reduced by the amount of depreciation taken for the fiscal year, if any.

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

Fiscal Year Ended June 30,	City of Newport Population(1)	Lincoln County Population(1)	Personal Income(2)	Per Capita Personal Income(2)	Newport School Enrollment(3)	Unemployment Rate (4) Lincoln County
2015	10,165	47,225	\$ 1,832,982	\$ 38,814	1,965	6.6%
2016	10,190	47,735	1,924,237	40,311	2,024	5.6%
2017	10,215	47,960	2,029,283	42,312	2,085	4.9%
2018	10,125	48,210	2,163,060	44,867	2,147	4.5%
2019	10,210	48,260	2,240,027	46,416	2,212	4.4%
2020	10,256	50,395	2,389,106	47,408	2,278	15.4%
2021	10,591	50,868	2,768,949	54,434	2,346	7.6%
2022	10,755	51,713	2,880,880	55,709	2,481	4.6%
2023	11,083	51,930	3,101,000	59,715	2,642	3.8%
2024	10,623	51,122	n/a	n/a	2,476	4.4%

Over the last ten years, the City's population has increased by 4.51 percent (458). From 2015 to 2023 per capita personal income has risen by 53.85 percent (\$20,901) in the Newport statistical area. As of Fiscal Year 2022-23 (per capita data lags one year), per capita personal income was \$59,715 for Lincoln County, and \$67,838 for the state as a whole. For the ten-year period, enrollment in the Lincoln County Public School District increased by 26.01 percent (511 students).

Lincoln County Unemployment Rate
 last 10 fiscal years



Sources:

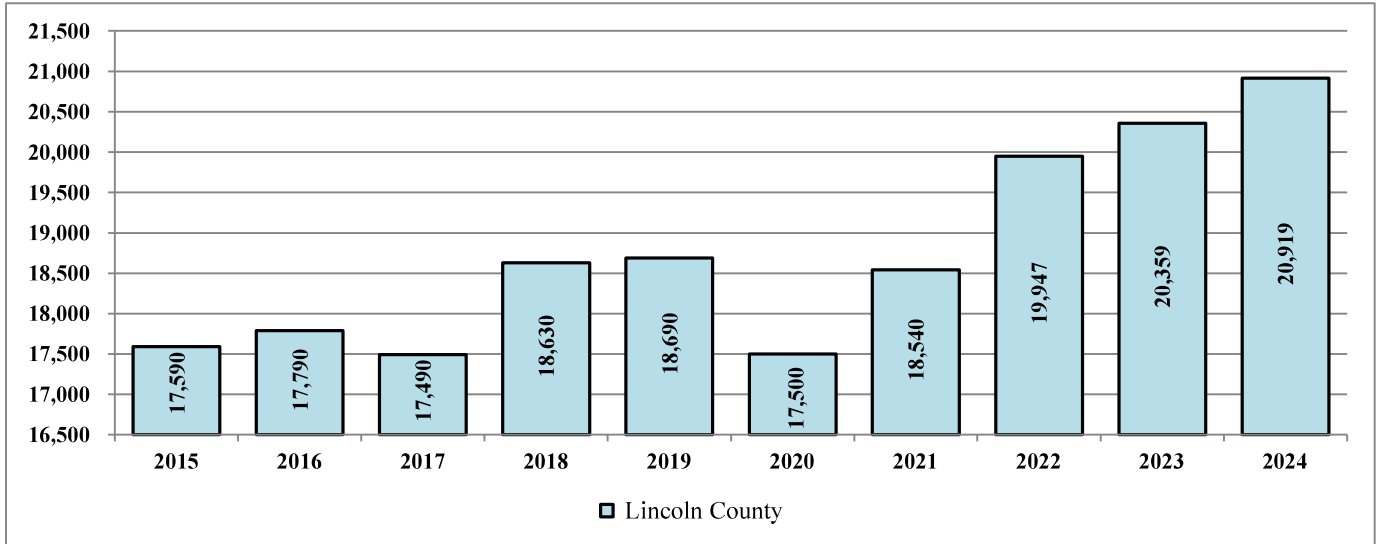
- (1) Portland State University, Population Research and Census Center
- (2) U. S. Department of Commerce, Bureau of Economic Analysis (2023 is the most current data available)
- (3) Oregon Department of Education, Oregon Coast Community College, Lincoln County School District
- (4) State of Oregon, Employment Department



Schedule 15
CITY OF NEWPORT, OREGON
NEWPORT AREA PRINCIPAL EMPLOYERS
for the Fiscal Years ended June 30, 2015, and June 30, 2024

Employer	2024			2015		
	Number of Employees	Rank	% of Total Employment	Number of Employees	Rank	% of Total Employment
Lincoln County	522	1	2.50%	440	1	2.50%
Samaritan Health Services	455	2	2.18%	378	2	2.15%
OSU Hatfield Marine Science Center/NOAA	454	3	2.17%	310	3	1.76%
Fred Meyer	270	4	1.29%	134	7	0.76%
Lincoln County School District	258	5	1.23%	192	4	1.09%
City of Newport	166	6	0.79%	127	8	0.72%
Wal Mart	163	7	0.78%	120	9	0.68%
Central Lincoln PUD	129	8	0.62%	135	6	0.77%
Rogue Ales & Spirits	110	9	0.53%			0.00%
Oregon Coast Aquarium	104	10	0.50%			0.00%
Pacific Shrimp/Pacific Surimi				150	5	0.85%
Pacific Seafood/Trident				84	10	0.48%
Totals	2,631		12.58%	2,070		11.77%
Total employment in Lincoln County	20,919			17,590		

Lincoln County Employment
last ten fiscal years



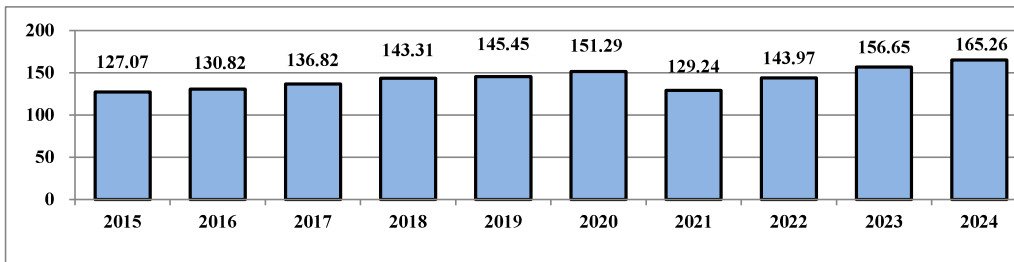
The percentage of top ten employers to total jobs for Lincoln Counties has been quite stable over the ten-year period. The figures range from a low of 9.37 percent in 2018 to a high of 23.66 percent in 2017. Total employment in Lincoln County has increased by 18.93 percent (3329 jobs) over the last ten years. For the ten-year period, the low point was 17,490 jobs in June 2017, and the high point was 20,919 jobs in June 2024. National and international economic instability will likely have an adverse effect in the coming years, although at this time the extent is unknown.

Sources:
Economic Development Alliance - Lincoln County
Oregon Employment Department

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

Function	2015	2016	2017	2018	2019
GOVERNMENTAL FUNDS					
General Government					
Administration	11.70	13.75	15.25	15.25	15.75
Economic Development	0.25	0.25	0.50	0.50	0.50
Planning	2.45	2.95	2.45	2.45	2.60
Building Inspection	1.80	1.80	1.80	1.90	2.37
Total General Government	16.20	18.75	20.00	20.10	21.22
Public Safety					
Fire	12.00	13.00	13.00	14.00	14.00
Police	25.00	25.00	27.00	27.00	28.35
Municipal Court	0.70	0.70	0.70	0.70	0.60
Total Public Safety	37.70	38.70	40.70	41.70	42.95
Highways and Streets					
Street Fund	5.00	5.00	5.00	5.00	4.50
Airport	3.00	3.00	2.00	3.00	3.00
Total Highways and Streets	8.00	8.00	7.00	8.00	7.50
Culture and Recreation					
Recreation	20.25	20.25	23.73	26.42	26.68
Library	12.39	11.89	11.89	11.89	12.10
Total Culture and Recreation	32.64	32.14	35.62	38.31	38.78
Total Governmental Funds	94.54	97.59	103.32	108.11	110.45
Proprietary Funds					
Proprietary					
Water	11.10	11.10	11.10	10.60	10.25
Wastewater	8.00	9.00	9.00	9.50	10.25
Stormwater	-	-	-	-	-
Total Proprietary Funds	19.10	20.10	20.10	20.10	20.50
Internal Service					
Public Works Services	13.43	13.13	13.40	7.50	8.50
City Facility	-	-	-	7.60	6.00
Total Internal Service	13.43	13.13	13.40	15.10	14.50
Total Proprietary Funds	32.53	33.23	33.50	35.20	35.00
Grand Total - All Full-time Equivalents	127.07	130.82	136.82	143.31	145.45

Total Full-time Equivalents
last ten fiscal years



Source: City of Newport Budget 2015-2024

Schedule 16

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

Last Ten Fiscal Years

2020	2021	2022	2023	2024	
GOVERNMENTAL ACTIVITIES					
General Government					
16.96	15.46	16.51	19.00	22.45	Administration
0.50	0.50	1.50	1.45	1.45	Economic Development
2.00	1.75	2.25	3.45	3.45	Planning
2.97	2.22	2.72	2.57	2.57	Building Inspection
<u>22.43</u>	<u>19.93</u>	<u>22.98</u>	<u>26.47</u>	<u>29.92</u>	Total General Government
Public Safety					
14.28	11.50	12.50	16.64	15.64	Fire
29.35	24.85	26.85	30.85	30.35	Police
0.60	0.60	0.60	0.60	0.60	Municipal Court
<u>44.23</u>	<u>36.95</u>	<u>39.95</u>	<u>48.09</u>	<u>46.59</u>	Total Public Safety
Highways and Streets					
2.25	2.25	2.25	2.50	2.50	Street Fund
3.00	3.00	3.00	3.00	3.00	Airport
<u>5.25</u>	<u>5.25</u>	<u>5.25</u>	<u>5.50</u>	<u>5.50</u>	Total Highways and Streets
Culture and Recreation					
30.30	22.28	23.98	24.06	28.75	Recreation
12.10	8.85	9.10	9.60	10.10	Library
<u>42.40</u>	<u>31.13</u>	<u>33.08</u>	<u>33.66</u>	<u>38.85</u>	Total Culture and Recreation
<u>114.31</u>	<u>93.26</u>	<u>101.26</u>	<u>113.72</u>	<u>120.86</u>	Total Governmental Activities
BUSINESS-TYPE ACTIVITIES					
Enterprise					
10.25	10.25	10.25	10.00	10.00	Water
10.25	10.25	10.25	10.00	10.00	Sewer
2.25	2.25	2.25	2.50	2.50	Stormwater
<u>22.75</u>	<u>22.75</u>	<u>22.75</u>	<u>22.50</u>	<u>22.50</u>	Total Enterprise
Internal Service					
8.73	7.73	9.73	10.00	11.00	Public Works Services
5.50	5.50	10.23	10.43	10.90	City Facility
<u>14.23</u>	<u>13.23</u>	<u>19.96</u>	<u>20.43</u>	<u>21.90</u>	Total Internal Service
<u>36.98</u>	<u>35.98</u>	<u>42.71</u>	<u>42.93</u>	<u>44.40</u>	Total Business-type Activities
<u>151.29</u>	<u>129.24</u>	<u>143.97</u>	<u>156.65</u>	<u>165.26</u>	Grand Total - All Full-time Equivalents

Fiscal Year	Total FTE	Annual Percentage Change	Total Percentage Change from 2015
2015	127.07	-	-
2016	130.82	2.95%	2.95%
2017	136.82	4.59%	7.67%
2018	143.31	4.74%	12.78%
2019	145.45	1.49%	14.46%
2020	151.29	4.02%	19.06%
2021	129.24	-14.57%	1.71%
2022	143.97	11.40%	13.30%
2023	156.65	8.81%	23.28%
2024	165.26	5.50%	30.05%

The average annual rate of change over ten year period is 3.21%.

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

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

Source: City of Newport Departmental records.

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

2020	2021	2022	2023	2024	
					GOVERNMENTAL ACTIVITIES
					General Government
					Planning and Community Development
57	42	69	63	67	Number of planning applications
652	720	727	819	775	Total permits issued
-	66	-	82	87	Multi-family units permitted
11	30	22	44	25	Single-family units permitted
279	296	338	350	353	Electrical permits issued
					Building Maintenance
233,780	233,780	233,780	233,780	233,780	Square footage of buildings maintained
2,001	2,001	NA	796	771	Work orders completed
16,867	13,285	11,572	2,720	2,080	Man hours completed
					Public Safety
					Police
					Total arrests
816	914	793	625	730	Traffic citations issued
965	596	1,097	613	731	Abandoned vehicle calls
189	224	304	452	585	Animal problem calls
126	130	201	108	227	Fire
					Overlapping calls for fire and EMS services
NA	NA	543	572	1,543	Total calls for emergency fire and EMS services
1,924	2,183	2,330	2,398	2,604	Total transport (N2 and N3)
13	-	1	1	-	
					Highways and Streets
					Street Fund
					Miles of painted paving marking
9.25	9.25	NA	9.25	24.00	Thermoplastic marking
2.70	2.70	NA	2.70	3.00	Miles of improved streets (asphalt and cobbled)
NA	NA	52.10	52.10	52.10	Miles of gravel streets
NA	NA	10.84	10.84	10.85	
					Culture and Recreation
					Parks & Recreation
7,250	48,515	87,821	47,996	39,721	Number of participants in classes, Senior Center activities, sports programs, and aquatic programs
					Library
209,819	124,326	192,835	222,399	260,489	Total number of library items borrowed
11,899	5,097	7,700	26,047	26,206	Total number of reference questions
NA	10,302	9,530	10,089	11,112	Total number of registered users
NA	28,890	84,960	119,968	71,580	Total wireless sessions
					BUSINESS-TYPE ACTIVITIES
					Sewer
658	757	696	706	840	Dry tons of biosolids applied annually
599	660	636	637	702	Millions of gallons of wastewater treated annually
					Water
752	767	773	780	745	Millions of gallons of water treated annually
90	91	93	93	93	Miles of water pipe maintained annually
520	582	651	651	651	Number of fire hydrants maintained in the water system
					Water
NA	NA	23.4	23.6	23.6	Miles of water pipe maintained annually

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

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

Source: City of Newport departmental records

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

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	
					GOVERNMENTAL ACTIVITIES
					Public Safety
1	1	1	1	1	Police Stations
3	3	3	3	2	Fire Stations
					Culture and Recreation
					Parks & Recreation
15	15	15	15	15	Number of developed park sites
NA	NA	29.25	29.25	29.25	Acres of developed park land
					Library
1	1	1	1	1	Number of libraries
77,642	68,398	67,083	69,915	69,348	Number of volumes
36,022	186,613	35,057	37,391	40,560	Number of audio books online
63,664	678,554	57,720	60,044	66,094	Number of E-Books online
					BUSINESS-TYPE ACTIVITIES
					Enterprise
					Sewer
1	1	1	1	1	Numbers of sewer treatment plant
4,858	4,923	4,420	4,229	4,420	Number of sewer hookups
					Water
4,613	5,301	4,640	4,496	4,657	Number of water hookups
1	1	1	1	1	Number of water treatment plants



AUDIT COMMENTS AND DISCLOSURES



INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

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

We have audited the basic financial statements of the City of Newport (the City) as of and for the year ended June 30, 2024, and have issued our report thereon dated December 16, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

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

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

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

Budgets legally required (ORS Chapter 294)

- Expenditures in the following funds exceeded appropriations for the year ended June 30, 2024:

<u>Fund</u>	<u>Budget Category</u>	<u>Budget</u>	<u>Actual</u>	<u>Overexpenditure</u>
Capital Projects Reserve	Emergency Coordinator	\$44,800	\$1,989	\$ (7,189)

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

OAR 162-10-0230 Internal Control

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

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

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

Restriction on Use

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

Aldrich CPAs + Advisors LLP

By:



Andrew Maffia, CPA, Partner

Salem, Oregon
December 16, 2024

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newport (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 16, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Aldrich CPAs + Advisors LLP

Salem, Oregon
December 16, 2024

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Newport's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City's major federal programs for the year ended June 30, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED**

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Aldrich CPAs + Advisors LLP

Salem, Oregon
December 16, 2024

CITY OF NEWPORT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing Number</i>	<i>Pass-through Number</i>	<i>Passed-through to Subrecipients</i>	<i>Expenditures</i>
Federal Aviation Administration				
Airport Improvement Program	20.106		\$ -	\$ 925,045
			-	1,043
<i>Total Airport Improvement Program</i>			-	926,088
<i>Total Federal Aviation Administration</i>			-	926,088
Department of the Treasury				
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		-	594,140
<i>Total Department of the Treasury</i>			-	594,140
Department of Homeland Security				
Passed through Oregon Office of Emergency Management				
Hazard Mitigation Grant	97.039	HMGP-PF-FM-5195-OR-2	-	42,779
		FM-5327-OR	-	1,077
<i>Total Department of Homeland Security</i>			-	43,856
Total Expenditures of Federal Awards			\$ -	\$ 1,564,084

CITY OF NEWPORT

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of City of Newport under programs of the federal government for the year ended June 30, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are presented on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Costs

The City does not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance. The City allocates indirect costs as allowed by each grant.

CITY OF NEWPORT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Significant deficiency(ies) identified?	None identified
Material weakness(es) identified?	No
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major program:	
Significant deficiency(ies) identified?	None identified
Material weakness(es) identified?	No
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, 2 CFR section 200.516(a)?	None identified

Identification of major programs:

Federal Assistance Listing Number

21.027

Name of Federal Program or Cluster

Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish Between Type A and Type B programs:	\$750,000
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Auditee qualified as a low-risk auditee under the Uniform Guidance 2 CFR section 200.520	Yes
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CITY OF NEWPORT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2024

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

None reported

CITY OF NEWPORT

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2024

Section IV - Schedule of Prior Audit Findings

Finding 2023-001

Criteria

Internal controls should include processes and procedures to ensure all journal entries posted to the general ledger are reviewed and approved by somebody other than the preparer prior to posting.

Condition

Several journal entries were posted during the year which were prepared and reviewed by the same individual.

Status

This finding has been corrected.

Finding 2023-002

21.027 Coronavirus State and Local Fiscal Recovery Funds

Noncompliance with Procurement, Suspension and Debarment and Significant Deficiency in Internal Controls

Criteria:

2 CFR Part 200.214 indicates “the regulations in 2 CFR part 180 restrict awards, subawards, and contracts with certain parties that are debarred, suspended or otherwise excluded from or ineligible for participation in Federal assistance programs or activities”.

Condition:

The City did not maintain documentation or have appropriate processes and procedures in place to ensure that prior to awarding contracts to outside parties the suspended or debarred list was checked to ensure the potential awardee was not prohibited from receiving federal funds.

Status:

This finding has been corrected.