

2017-2018



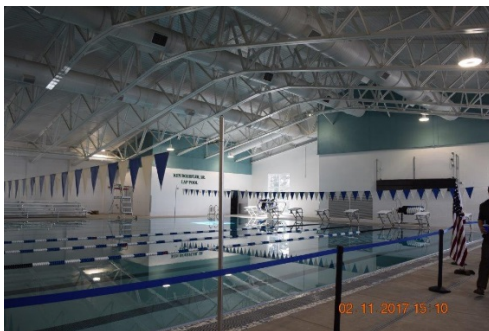
Construction Site – Agate Beach Pump Station



City Police Vehicles Displayed in front of US Coast Guard



"Kick-Off – Vision 2040"



Newport Aquatic Center

Comprehensive
Annual
Financial
Report For Year Ended
June 30, 2018

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.

“Every great dream begins with a dreamer. Always remember, you have within you the strength, the patience, and the passion to reach for the stars to change the world.” – Harriet Tubman

City of Newport, Oregon

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“If something is important enough, even if the odds are against you, you should still do it.” – Elon Musk

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

Council Members, Administrative Staff and Principal Financial Staff as of June 30, 2018:

<u>Council Members</u>	<u>Years of Service</u>	<u>Term Expires (d)</u>
Sandra Roumagoux, Mayor	7.5	December 31, 2018
Dean Sawyer	7.5	December 31, 2020
David Allen	13.5	December 31, 2018
Laura Swanson	5.5	July 9, 2018
Mark Saelens	5.5	December 31, 2018
Wendy Engler	3.5	December 31, 2018
Dietmar Goebel	1.5	December 31, 2020

<u>Administrative Staff</u>		<u>Years in this Position</u>	<u>Years of Service with the City of Newport</u>
City Manager	Spencer Nebel	4.5	4.5
Finance Director	Mike Murzynsky	4.0	4.0
City Attorney	Steve Rich	3.5	3.5
Judge	Jeffrey Pridgeon	6.0	6.0
Public Works Director	Tim Gross	6.0	6.0
Community Development Director	Derrick Tokos	9.0	9.0
Parks and Recreation Director	Jim Protiva	13.0	13.0
Library Director	Ted Smith	9.0	9.0
Police Chief	Jason Malloy	2.0	24.5
Fire Chief	Rob Murphy	4.0	11.0
Information Technology Director	Richard Dutton	6.0	11.0
Human Resource Director	Barbara James	2.5	4.0
City Recorder/Special Projects Director	Peggy Hawker	18.0	18.0
Airport Director	Lance Vanderbeck	2.0	3.0

Principal Finance Staff

Finance Director
 Mike Murzynsky

Asst. Finance Director
 Steve Baugher

“Champions keep playing until they get it right.” – Billie Jean King

Citizens of the City of Newport

City Council

Mayor: Sandra Roumagoux
 Council President: Dietmar Goebel
 Members: David Allen
 Dean Sawyer
 Laura Swanson
 Mark Saelens
 Wendy Engler

Citizen Boards and Committees

Municipal Judge
 Jeff Pridgeon

City Manager
 Spencer Nebel

City Attorney
 Steve Rich

Recorder/
 Special Projects
 Director
 Peggy Hawker

HR Director
 Barb James

IT Director
 Richard Dutton

Airport
 Director
 Lance Vanderbeck

Library
 Director
 Ted Smith

Finance
 Director
 Mike Murzynsky

Risk Management
 Communications
 Records

Fire Chief
 Rob Murphy

Fire Suppression
 Rescue
 Medical Response
 Emergency Management

Police Chief
 Jason Malloy

Police
 Parking Enforcement
 Code Enforcement

Public Works
 Director
 Tim Gross

Engineering
 Streets
 Water
 Wastewater
 GIS
 Parks Maintenance
 Building Maintenance

Recreation
 Director
 Jim Protiva

Recreation Center
 Aquatic Center
 Sports Programs

Community
 Development
 Director
 Derrick Tokos

Building Code
 Zoning Enforcement
 Planning
 URA

Utility Billing
 Court
 Payroll

Notes:

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

“Please think about your legacy, because you’re writing it every day.” – Gary Vaynerchuck

December 27, 2018

Honorable Mayor Sandra Roumagoux
Members of the Newport City Council
City of Newport, Oregon

State law requires that every general-purpose local government publish, within six months of the close of each fiscal year, unless extended, a complete set of audited financial statements. Thus, we are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Newport, Oregon (City) for the fiscal year ended June 30, 2018, together with the unqualified opinion therein of our independent certified public accountants, Boldt, Carlisle & Smith (BCS), LLC.

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 BCS, 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 unqualified 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 would have been included in the Compliance Section but for the 2017-18 Fiscal Year, the City did not have minimum total grants necessary to complete the report.

This report includes all funds of the City including the Newport Urban Renewal Agency (NURA), an urban renewal agency. Financial data for NURA are included in these statements as a blended component unit.

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.

NEWPORT, OREGON PROFILE

The City was founded in 1864, incorporated in 1882, and adopted the Council Manager form of government by charter in 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 10.4 square miles, which includes 1.6 square miles of water and 8.9 square miles of land. It has been the county seat since 1952 and is the largest city in Lincoln County, and the second largest city on the Oregon Coast.

Population: City of Newport, Lincoln County

Year	City of Newport	Lincoln County
1970 Census	5,188	26,020
1980 Census	7,519	35,264
1990 Census	8,437	39,075
2000 Census	9,532	44,345
2010 Census	9,976	45,996
2017 Census Estimate	10,592	48,920

The City is governed by a directly elected nonpartisan Mayor with a two-year term who leads a six-member City Council 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 eleven department directors and 110 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.

ECONOMIC OUTLOOK AND CONDITION

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 component. The main components are commercial fishing, tourism, and a growing marine and science research community. This community consists of the National Oceanic and Atmospheric Administration Pacific Marine Operations Center (NOAA), the Hatfield Marine Science Center , and the Oregon Coast Aquarium, as well as, a number of state and federal agencies supporting various aspects of Marine Science.

NOAA boasts about 110 marine officers and a total of 175 employees. The Center, operated by Oregon State University (OSU), works closely with NOAA and other state and federal agencies and the commercial fishing industry, as it conducts research and educational programs associated with the marine environment. It also serves as the primary field station for OSU's College of Oceanic and Atmospheric Sciences department.

This segment of the community will see continued growth with the construction of the Marine Science Initiative Building, which will eventually bring 500 undergraduate and graduate students to Newport for transdisciplinary ocean studies.

Newport is home to Oregon's largest fishing fleet, miles of sandy beaches, the Oregon Coast Community College, an extensive arts community, and many fine hotels and eateries.

Unemployment in rural and coastal communities typically runs higher than the metropolitan areas of the state of Oregon. The Oregon Coast was hit hard by the great recession in 2008 with the unemployment rate for Lincoln County being at 10.5% on June 30, 2009. The economy of Lincoln County has improved substantially with historically low unemployment rates occurring at this time, with the rate for June 30, 2018 being 4.5%.

A factor in measuring the economic condition of a community is its overall real market value. For properties within the City, the estimated real market value increased by 5.92 percent from \$1.57 billion to \$1.67 billion in the last fiscal year.

MAJOR DEPARTMENTAL INITIATIVES

City Recorder/Special Projects

The office of City Recorder/Special Projects continues to expand the city's presence on social media, and general communications to update the public on things that are happening within the City of Newport. The City Recorder's office has been instrumental in implementing the Vision 2040 Advisory Committee, to help facilitate the realization of strategies identified in the Greater Newport Vision 2040 document.

Human Resources

The Human Resources Department has implemented an online application process for city employment, and is currently working to update the employee manual and policy handbooks. The department continues to work to implement standardized processes across all departments for dealing with various employee issues.

Human Resources with the assistance of the City Manager, City Attorney and the Finance Department, implemented a multi-year adjustment to compensation based on a wage and salary study commissioned by the City.

Library

During this past fiscal year, the Library completed projects identified in the strategic plan. Furthermore, positions have been reorganized in anticipation of a number of key leadership changes in that department. In addition, the Library Director plans to retire in early 2019. A national search for a replacement is underway, with the interview process beginning in January 2019.

Police

The Police Department continues to evaluate and implement technology to assist in law enforcement activities. After a number of years of outsourcing parking enforcement, the Police Department is in the process of handling the enforcement with in-house staff in

2019. The department has been assisting the Finance Department in the collection of delinquent payments related to transient room tax and business licenses.

Fire

During this past year, the Fire Department completed seismic retrofitting to the fire station. The Fire Department has added a position to facilitate fire inspections in the community. Furthermore, the Fire Department, through an Emergency Preparedness Coordinator position, has taken the lead to implement various emergency and resiliency plans to address disaster preparedness in the community.

Community Development

The department continues to see an increase in building projects within the City of Newport. In 2017, 202 building permits were issued. During the past six years, this is an increase above the low of 111 permits issued in 2013. This also reflects an increase in construction value from \$8,131,000 in 2013 to \$49,416,000 in 2017. 2018 is on track to exceed the number of building permits issued in 2017; however, construction value is down due to two large institutional projects for which permits were issued for in 2017. In addition, Community Development is overseeing a number of significant planning projects, including; affordable, workforce and market housing projects, a re-write of the vacation rental code, initiating with ODOT, a North Side Transportation Plan update, as well as, facilitating various aspects related to the construction of two major projects in the community (hospital and Oregon State University's Marine Studies Initiative Education building).

Public Works

The Public Works Department is involved in the day-to-day maintenance and operations of streets, water, storm water, sanitary sewage, parks, facilities, as well as major capital projects in the City. The department continues to tackle various storm water, sanitary sewer, and water projects to address various upgrades necessary to continue serving the community. The department is proceeding with Agate Beach wastewater improvements to address the sewer overflows, in accordance with the memorandum of agreement with the ODEQ, which outlines a specific compliance schedule. The City is on track to meet that compliance schedule. In addition, the other major project the City is pursuing is financing a seismic retrofit of the City's two reservoir dams. This project is estimated at \$70 million dollars. This project will take significant outside resources to address these issues.

Airport

The City has completed an Airport Master Plan funded largely by the Federal Aviation Administration to identify long-term needs, and determine eligibility for federal funding to help meet those needs. Furthermore, work continues to determine the role that the airport would play during a major natural disaster, such as a Cascadia Subduction Zone event.

Recreation

Recreation Department staff with the guidance of Community Development Department is in the midst of updating the Parks Master Plan, which includes an updated Parks Layout Plan and associated drawings, which will guide development of the Parks and Recreation programs for the next ten to twenty years. The goal of the Master Plan update is to develop plans to in-house the parks and recreation in a financially sustainable way.

Information Technology (IT)

The department continues to implement new security for the City's information networks and related infrastructure. In addition, work continues to consolidate the process relating to obtain, and manage smart phones, iPads, and emergency networking utilized by City staff.

Finance

The City has completed its first Comprehensive Annual Financial Report, and will present it to the Government Finance Officers Association for review, with the goal of receiving the award for Certificate of Achievement for Excellence in Financial Reporting.

The City has recently completed, and implemented, a restructuring of utility fees. This was done to allocate costs appropriately between various classes of users for the water, sewer, and storm water fees, and to review the sufficiency of the fees to cover future expenses, including, requirements to improve the systems. The new rates will be implemented with the December 2018 billing and the new stormwater fund and rate will be implemented July 2019.

LONG-TERM FINANCIAL PLANNING

Finance Work Group

As part of the 2018-2019 Fiscal Year Budget, the City Manager recommended, and the Budget Committee concurred, that a review of the City's long-term finances should be conducted prior to developing a budget for the 2019-2020 Fiscal Year. The City Council created a Finance Work Group consisting of members of the Budget Committee, Audit Committee, and the Council to address this task. This recommendation was made due to challenges of providing for personnel costs, materials, capital outlay, and addressing needs and aspirations the community expressed in visioning and planning processes for Newport, within the current financial system.

Furthermore, challenges in addressing major maintenance items for City facilities (HVAC systems, roofs, and other similar projects), have stressed the City's finances to the point that the existing revenue structure cannot sustainably support the needs identified by the community, based on current operational expenses for the City. As a result, a clear understanding of these long-term trends is necessary for staff, Budget Committee, and City Council to understand these limitations. The City also needs to help identify strategies on how best to address the level of expenditures and revenues to keep the City's operational funds in a healthy, sustainable way. The forecasting process developed as part of these

discussions will be updated on an annual basis to inform the decision-making processes for staff, the Budget Committee and City Council.

Greater Newport Area Vision 2040

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

The Greater Newport Area Vision 2040 is organized into three elements that can be used separately or together:

1. Overarching Vision. The first tier (“Our Big Vision”) is an overarching vision statement for the entire community,
2. Focus Area Visions. The second tier is a series of more specific vision statements for each of six “focus areas,” including:
 - Enhancing a Livable Region
 - Preserving and Enjoying Our Environment
 - Creating New Businesses and Jobs
 - Learning, Exploring, and Creating New Horizons
 - Improving Community Health and Safety
 - Fostering Collaboration and Engagement
3. Focus Area Vision Strategies. The third tier is a series of specific vision strategies proposed to help realize their respective focus area visions and, in turn, help achieve our Big Vision.

The City Council has created a permanent Vision 2040 Advisory Committee to advise the Council on a regular basis regarding the status of implementation of strategies outlined in the vision, and serve as a catalyst to work with all community stakeholders in achieving the vision.

RELEVANT FINANCIAL POLICIES

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.

Financial and Accounting Policies

This report is prepared in conformance with the guidelines for financial reporting developed by the Government Finance Officers Association (GFOA) of the United States and Canada and the Governmental Accounting Standards Board (GASB), including all effective GASB pronouncements. It presents fairly the financial position of the various funds of the City at June 30, 2018, the results of operations of such funds, and cash flow of the proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

During the Fiscal Year 2017-2018, the City utilized a total of 25 funds, of which 21 are governmental fund types and five 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).

Fund Balances Policies

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.

Independent Audit

Oregon Revised Statutes (ORS) 297.405-297-555 require an annual audit by independent certified public accountants. The accounting firm of Boldt, Carlisle & Smith, LLC performed the audit for the fiscal year ended June 30, 2018. This audit is conducted in accordance with generally accepted accounting standards, Government Auditing Standards, and Minimum Standards for Audits of Oregon Municipal Corporations as prescribed by the Secretary of State.

Future City Policies:

In addition, the administrative team realizes that the following policies need to be developed to improve the operation of the financial system and there are plans to create them in the next fiscal year.

- Cash Management / Investment Policy -The City funds not needed for operations is left in the State's Local Government Investment Pool with little return on the investment. An Investment Policy will take an amount of the idle cash and invest it in different instruments where the City can earn a better return on our cash reserves.
- Debt Management - The City has the following outstanding obligations: general obligation (GO) bonds, limited tax bonded indebtedness, revenue bonds, urban renewal bonds, notes, and loans. The City's current General Obligation rating from S&P (Standards & Poors) is AA-. The Finance Director manages the City debt and is responsible for evaluating funding needs and determining the appropriate means to raise necessary funds.

- Awards -As noted in the Finance initiatives, the City will be submitting its 2017-18 financial report to GFOA as an entry in their Certificate of Achievement for Excellence in Financial Reporting. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such a Comprehensive Annual Financial Report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year only and we believe our current report will conform to the Certificate of Achievement standards.

Acknowledgements

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department and the certified public accountants of Boldt, Carlisle & Smith, LLC. Each has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the Newport City Council, preparation of this report would not have been possible.

Respectfully submitted,



Spencer R. Nebel
City Manager

FINANCIAL SECTION

“The secret of getting ahead is getting started. The secret of getting started is breaking your complex, overwhelming tasks into smaller manageable tasks, then starting on the first one.” – Mark Twain



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
CITY OF NEWPORT
Newport, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **CITY OF NEWPORT**, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

INDEPENDENT AUDITOR'S REPORT (Continued)

Opinions

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 CITY OF NEWPORT, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General, and Urban Renewal Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the City implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 and the required supplementary information on pages 91 through 98 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 introductory section, combining financial statements, individual fund schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements and individual fund schedules are 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements and individual fund schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

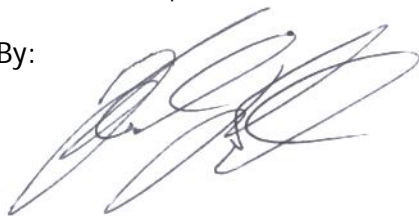
INDEPENDENT AUDITOR'S REPORT (Continued)

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 27, 2018, 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.

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
December 27, 2018

By:

A handwritten signature in black ink, appearing to read 'B. Bingenheimer', written over a faint, illegible stamp or background.

Bradley G. Bingenheimer, Member

“What I’ve learned from running is that the time to push hard is when you’re hurting like crazy and you want to give up. Success is often just around the corner.” – James Dyson

MANAGEMENT'S DISCUSSION AND ANALYSIS

“Opportunity is missed by most people because it is dressed in overalls and looks like work.” – Thomas Edison

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, 2018. We encourage readers to consider the information presented here in conjunction with the additional information furnished in the financial statements that follow.

Financial Highlights

Net Position – At the close of the most recent fiscal year, the assets of the City exceeded its liabilities by \$110.9 million up \$4.0 million (3.77%) from the previous year.

Change in Net Position – The City's total assets for the 2017-18 Fiscal Year (FY) increased by \$7.6 million, total deferred outflows decreased by \$1.3 million, total liabilities increased by \$2.1 million, total deferred inflows increased by \$0.2 million, net Investment in capital assets increased by \$1.7 million, restricted fund balances increased by \$4.7 million, and unrestricted fund balance decreased by \$2.3 million. Total increase in assets is due to an increase in cash/investments, in the following projects, main fire station seismic rehabilitation, Fogarty to John Moore Drive improvements, and storm sewer repairs. The total increase in liabilities was due to 2018 storm water borrowing, DEQ note borrowings, less payments paid on existing debt in 2017-18. Restricted fund balance increase was due to funds set aside for capital projects currently in the construction process.

Governmental Funds – As of the close of the fiscal year, the City's governmental funds reported combined Ending Fund Balances (EFBs) of \$21.3 million, up \$4.4 million from the previous year. The General Fund decreased by \$735,286, planned expenditures exceeded the total income. The significant increase in EFB's was in the Capital Projects – General Fund, it increased by \$6.9 million due to funds set aside for capital construction projects. The Urban Renewal Agency Fund decreased by \$1.8 million due to transfers which will be used for urban renewal capital projects.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The statements are comprised of three components: 1) Government-Wide Financial Statements, 2) Fund Financial Statements and 3) Notes to the Financial Statements. In addition to those statements, the report also contains other supplementary information.

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

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

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

Fund financial statements. A fund is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. As do other state and local governments, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City has two type of funds: Governmental and Proprietary Funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the governmental wide financial statements. By doing so, readers may better understand the long term impact of the City’s near term financial decisions. Both the Governmental Fund Balance Sheet and Governmental Fund Statement of Revenues, Expenditures and Change in Fund Balances provide a reconciliation to facilitate this comparison.

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

1. General Fund
2. Urban Renewal Fund
3. Capital Projects Fund

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

Proprietary Funds. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent is that the cost of providing the services to the general public on a continuing basis be financed primarily through user charges. These funds represent two significant segments of the City’s operations: Water and Wastewater, which includes the treatment plants, the collection and distribution systems and the related Capital Projects, Debt Service, and the Public Works fund.

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

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

Supplementary Information. The combining statements for the non-major governmental funds and budgetary comparison schedules for both the non-major governmental funds and the proprietary funds are presented following the notes to the basic financial statements.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. As of June 30, 2018, the City's assets exceeded liabilities by \$110.9 million.

The largest portion of the City's net position (85.0%) is its investment in capital assets (land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses those capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets in reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Of the remaining balance in net assets, \$10.8 million (9.76%) is restricted for Capital projects paid for by System Development Charges (SDCs) and other restricted items, \$1.3 million (1.19%) are restricted for the City debt, namely bonds and loans, and \$2.2 million (2.02%) is restricted for the City Urban renewal projects which are funded by tax-increment financing.

The following summary is a comparison between the City's net positions at the end of the fiscal year as compared to the end of last fiscal year, as restated.

TABLE 1
SUMMARY OF NET POSITION

	Governmental Activities		Business-type Activities		Total Government	
	2017	2018	2017	2018	2017	2018
ASSETS						
Cash and investments	\$ 17,473,517	\$ 21,293,101	\$ 5,316,102	\$ 3,919,338	\$ 22,789,619	\$ 25,212,439
Other assets	1,172,979	929,929	3,080,895	3,030,021	4,253,874	3,959,950
Capital assets	73,643,725	77,760,758	64,681,527	66,037,525	138,325,252	143,798,283
Total Assets	92,290,221	99,983,788	73,078,524	72,986,884	165,368,745	172,970,672
DEFERRED OUTFLOWS OF RESOURCES						
Other postemployment benefit related items	-	33,253	-	6,041	-	39,294
Pension related items	3,115,173	1,857,121	342,044	260,269	3,457,217	2,117,390
Total Deferred Outflows of Resources	3,115,173	1,890,374	342,044	266,310	3,457,217	2,156,684
LIABILITIES						
Other liabilities	2,053,244	1,108,690	6,500,151	7,715,181	8,553,395	8,823,871
Long term debt outstanding	24,124,557	21,186,554	28,009,569	32,783,579	52,134,126	53,970,133
Total Liabilities	26,177,801	22,295,244	34,509,720	40,498,760	60,687,521	62,794,004
DEFERRED INFLOWS OF RESOURCES						
Other postemployment benefit related items	-	24,469	-	5,815	-	30,284
Pension related items	895,537	1,093,919	353,916	289,466	1,249,453	1,383,385
Total Deferred Inflows of Resources	895,537	1,118,388	353,916	295,281	1,249,453	1,413,669
NET POSITION						
Net investment in capital assets	55,462,857	61,363,627	37,154,863	32,912,784	92,617,720	94,276,411
Restricted						
Capital projects	3,898,688	10,773,384	1,223,473	56,516	5,122,161	10,829,900
Debt service	17,483	71,852	1,698,804	1,249,386	1,716,287	1,321,238
Agate Beach closure	1,339,564	1,298,872	-	-	1,339,564	1,298,872
Tourism	227,989	515,131	-	-	227,989	515,131
Street	428,054	540,503	-	-	428,054	540,503
Building inspection	-	688,418	-	-	-	688,418
Urban renewal revitalization	3,907,063	2,243,058	-	-	3,907,063	2,243,058
Unrestricted	3,050,358	965,685	(1,520,208)	(1,759,533)	1,530,150	(793,848)
Total Net Position	\$ 68,332,056	\$ 78,460,530	\$ 38,556,932	\$ 32,459,153	\$ 106,888,988	\$ 110,919,683

Governmental activities. Governmental net position increased from \$68.3 million in fiscal year 2016-17 to \$78.5 million in fiscal year 2017-18.

Business-type activities. Business-type net position decreased from \$38.6 million in fiscal year 2016-17 to \$32.5 million in fiscal year 2017-18.

TABLE 2
GOVERNMENTAL AND PROPRIETARY ACTIVITIES

	Governmental Activities		Business-type Activities		Total Government	
	2017	2018	2017	2018	2017	2018
REVENUES:						
Program revenues						
Charges for services	\$ 4,415,120	\$ 4,306,875	\$ 7,822,165	\$ 7,964,811	\$ 12,237,285	\$ 12,271,686
Grants and contributions	3,496,513	2,757,523	263,616	557,119	3,760,129	3,314,642
General revenues						
Taxes	12,903,659	13,915,452	1,902,502	1,745,661	14,806,161	15,661,113
Licenses, permits and fees	1,350,193	1,259,130	-	-	1,350,193	1,259,130
Intergovernmental	1,121,061	717,512	-	-	1,121,061	717,512
Investment earnings	201,725	290,164	82,773	111,477	284,498	401,641
Other revenue	391,231	287,475	-	-	391,231	287,475
Gain on sale of capital assets	1,650,272	-	-	-	1,650,272	-
Transfers	(1,509,294)	6,638,046	1,509,294	(6,638,046)	-	-
Total Revenues	24,020,480	30,172,177	11,580,350	3,741,022	35,600,830	33,913,199
EXPENSES:						
General government	6,708,369	7,070,473	-	-	6,708,369	7,070,473
Public safety	6,475,521	6,611,040	-	-	6,475,521	6,611,040
Highways and streets	1,694,645	1,858,877	-	-	1,694,645	1,858,877
Culture and recreation	2,941,138	3,872,839	-	-	2,941,138	3,872,839
Interest on long-term obligations	641,681	583,024	-	-	641,681	583,024
Water	-	-	6,094,409	7,271,364	6,094,409	7,271,364
Sewer	-	-	3,456,552	2,539,598	3,456,552	2,539,598
Total Expenses	18,461,354	19,996,253	9,550,961	9,810,962	28,012,315	29,807,215
Changes in net position	5,559,126	10,175,924	2,029,389	(6,069,940)	7,588,515	4,105,984
Beginning net position	62,772,930	68,332,056	41,239,079	38,556,932	104,012,009	106,888,988
Prior period adjustment	-	(47,450)	(4,711,536)	(27,839)	(4,711,536)	(75,289)
Ending net position	\$ 68,332,056	\$ 78,460,530	\$ 38,556,932	\$ 32,459,153	\$ 106,888,988	\$ 110,919,683

Financial Analysis of the City's Funds

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

At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$21.3 million, of which \$18.7 million is either non-spendable, restricted, or committed fund balance. \$2.6 million is unassigned fund balance and, if appropriated, is available for new spending.

A summary of all fund balances is shown below.

TABLE 3
ENDING FUND BUDGETARY BALANCES

GOVERNMENTAL FUNDS	FY 2016	FY 2017	FY 2018	FY17 to FY18 Change
General Fund	\$ 3,733,611	\$ 3,357,335	\$ 2,622,049	\$ (735,286)
Parks and Recreation Fund	447,082	518,225	383,169	(135,056)
Public Parking Fund	285,365	287,373	309,458	22,085
Housing Fund	134,414	112,742	169,746	57,004
Airport Fund	231,798	255,295	335,735	80,440
Room Tax Fund	504,109	227,989	515,131	287,142
Building Inspection Fund	563,897	633,127	688,406	55,279
Street Fund	765,078	428,054	540,503	112,449
Line Undergrounding Fund	674,570	761,011	288,050	(472,961)
SDC Fund	1,291,147	1,391,244	1,424,219	32,975
Agate Beach Closure Fund	1,372,665	1,339,564	1,298,872	(40,692)
Urban Renewal Agency Fund	417,744	3,907,063	2,077,943	(1,829,120)
General Debt Service Fund	47,210	4,103	(9,477)	(13,580)
Newport Urban Renewal Debt Fund	2,995,704	-	-	-
G.O. Debt Service Fund	-	-	42,197	42,197
Capital Project Fund	4,642,994	2,341,685	9,269,782	6,928,097
Reserve Fund	285,000	714,012	818,220	104,208
Capital Improvements Fund	-	633,423	544,665	(88,758)
Total Governmental Funds	\$ 18,392,388	\$ 16,912,245	\$ 21,318,668	\$ 4,406,423

PROPRIETARY FUNDS	FY 2016	FY 2017	FY 2018	FY17 to FY18 Change
Water Fund	\$ 939,208	\$ 1,356,789	\$ 1,383,730	\$ 26,941
Sewer Fund	992,495	1,325,502	1,288,506	(36,996)
Debt Fund - Water	92,511	177,418	(251,719)	(429,137)
Debt Fund - Sewer	1,259,933	1,377,713	527,784	(849,929)
G.O. Debt Service Fund	-	-	590,010	590,010
Capital Projects	1,695,745	1,223,473	56,516	(1,166,957)
Public Works Fund	63,678	52,816	231,233	178,417
City Facility Fund	-	-	180,142	180,142
Total Proprietary Funds	\$ 5,043,570	\$ 5,513,711	\$ 4,006,202	\$ (1,507,509)

The City's governmental funds reported combined Ending Fund Balances (EFBs) of \$21.3 million, up \$4.4 million from the previous year. The General Fund EFB decreased by \$735,286 to \$2.6 million. In the General Fund, the ratio of EFB to total expenditures less non-departmental and transfers is 24.74%. Other substantial increases/decreases were in the Urban Renewal Agency Fund which decreased by \$1.8 million and the Capital Project Fund which increased by \$6.9 million to \$9.3 million.

The primary reason for the increase in governmental fund balances was within the Capital Project Fund. The fund increased due to significant capital projects funds set aside for future capital projects.

Capital assets. As of June 30, 2018 the City’s investment in capital assets for its governmental and business type activities was \$143.8 million, net of accumulated depreciation (see table 4). Investment in capital assets includes land, buildings and structures, equipment, vehicles, infrastructure, and construction in progress.

TABLE 4
CAPITAL ASSETS AT YEAR END - Net of depreciation

	Governmental Activities		Business-type Activities		Total Government	
	2017	2018	2017	2018	2017	2018
Land	\$ 12,225,530	\$ 12,225,530	\$ 858,652	\$ 858,652	\$ 13,084,182	\$ 13,084,182
Buildings and structures	31,118,425	33,145,563	28,831,082	28,831,082	59,949,507	61,976,645
Equipment	4,054,671	4,082,081	1,986,700	2,183,940	6,041,371	6,266,021
Vehicles	5,701,031	5,948,108	1,594,948	1,751,234	7,295,979	7,699,342
Infrastructure	43,733,135	43,939,406	57,736,067	57,736,067	101,469,202	101,675,473
Construction in progress	18,052,520	21,729,632	8,397,459	12,003,946	26,449,979	33,733,578
Less accumulated depreciation	(41,251,338)	(43,319,313)	(34,723,381)	(37,327,396)	(75,974,719)	(80,646,709)
Total	\$ 73,633,974	\$ 77,751,007	\$ 64,681,527	\$ 66,037,525	\$ 138,315,501	\$ 143,788,532

Major capital assets events during the current fiscal year included the following:

- main fire station seismic rehabilitation
- Fogarty to John Moore Drive improvements
- Agate Beach improvements
- Big Creek dam
- Fixed base metering system
- Candletree pump station

TABLE 5
Change in Capital Assets

	Governmental Activities		Business-type Activities		Total Government	
	2017	2018	2017	2018	2017	2018
Beginning balance	\$ 68,062,055	\$ 73,633,974	\$ 62,301,602	\$ 64,681,527	\$ 130,363,657	\$ 138,315,501
Additions	7,611,178	8,184,378	4,873,210	3,960,013	12,484,388	12,144,391
Depreciation	(2,032,031)	(2,185,351)	(2,493,285)	(2,604,015)	(4,525,316)	(4,789,366)
Deletions	(7,228)	(1,881,994)	-	-	(7,228)	(1,881,994)
Ending Balance	\$ 73,633,974	\$ 77,751,007	\$ 64,681,527	\$ 66,037,525	\$ 138,315,501	\$ 143,788,532

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

Long-term debt

The City has three major types of debt:

- General Obligations Bonds, debt approved by the City’s taxpayers and for which they pay thorough an increase in their property taxes.
- Debt based upon the “full faith and credit of the City”, for which the City’s taxpayers do not pay directly. Revenue bonds, as an example, are secured by revenues generated by the particular project being financed.
- Loans made to the City by banks and other institutions.

Currently the City has all three types of debt (See Table 6), which are further categorized for funding Government activities and for funding Business type activities. In fiscal year 2017-18, the City added the 2018 storm water borrowing of \$3.2 million and continued to pay down the debt, \$2.0 million as planned.

TABLE 6
OUTSTANDING DEBT AT YEAR END

GOVERNMENTAL ACTIVITIES	FY 2016	FY 2017	FY 2018
2013 Series GO for Swimming Pool	\$ 7,655,000	\$ 7,440,000	\$ 7,200,000
2007 Certificate of Participation (LoCap)	170,000	155,000	135,000
2009 Certificate of Participation (LoCap)	825,000	560,000	285,000
2012 North Side Fire Station	213,132	-	-
2010B Series, Full Faith and Refunding	4,675,000	4,015,000	3,240,000
2007 Series, Bank of America	112,000	-	-
2008 Series, Bank of America	595,000	305,000	-
2015 A and B Urban Renewal	5,339,000	5,239,000	5,109,000
Dell Finance - Capital Leases	24,694	-	-
City Bond Premium	460,690	426,978	393,264
URA Bond Premium	35,160	30,139	25,116
Total Governmental Debt	20,104,676	18,171,117	16,387,380
BUSINESS-TYPE ACTIVITIES	FY 2016	FY 2017	FY 2018
2009 GO Water Improvement Bonds (WTP)	13,120,541	12,310,541	11,410,541
2008 GO Refunding Bonds (Wastewater)	2,640,000	1,795,000	915,000
2010A Series, Full Faith and Refunding	3,135,000	2,695,000	2,240,000
2018 Series, Full Faith and Credit	-	-	3,248,000
Clean Water SRF Draw	2,876,587	5,455,971	9,443,888
2007 Seal Rock Water District Agreement	767,888	739,941	710,789
2015 Water Borrowing	4,423,626	4,264,224	4,098,399
Bond Premium	299,312	265,987	232,662
Total Business Type Debt	27,262,954	27,526,664	32,299,279
TOTALS:	\$ 47,367,630	\$ 45,697,781	\$ 48,686,659

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

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

Another indicator of economic trends is the unemployment rate for a particular area. In reviewing the Lincoln County unemployment statistics over the past ten years for the month of February, it shows that 2017 (4.9%) had the second lowest unemployment rate during this ten-year window, with only 2018 having a lower rate (4.5%). While Lincoln County is lagging both the State and Federal unemployment rates Lincoln County has seen a significant reduction since the highest February rate of 12.3% in 2010.

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

Other significant sources of revenues for the City of Newport include the transient room tax and local gas tax, state shared revenues, state gas tax and franchise fees, and line undergrounding fees from various utilities utilizing the city's right-of-way or being granted an exclusive franchise within the city. Also, because the City provides for Water and Sewer services there are related fees and charges for these and are a significant source for our Proprietary funds.

In assembling the City-wide budget for the 2018-19 Budget, the City Finance Department assembled assumptions for the budget as follows; assessed value of property would increase by 2.0 percent and the same for interest income. Medical insurance coverage was scheduled to increase by an average 11.2 percent, and an average Cost of Living Adjustment of 2.0% for budgeted wages.

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: 
Title: FINANCE DIRECTOR

Signature: 
Title: ASST. FINANCE DIRECTOR

BASIC FINANCIAL STATEMENTS

“Fall seven times and stand up eight.” - Unknown

CITY OF NEWPORT, OREGON
STATEMENT OF NET POSITION

June 30, 2018

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and cash equivalents	\$ 21,293,101	\$ 3,919,338	\$ 25,212,439
Internal balances	(1,126,158)	1,126,158	-
Receivables			
Property taxes	817,095	157,538	974,633
Accounts	1,199,014	1,238,662	2,437,676
Inventories	23,162	501,873	525,035
Prepaid items	7,017	5,790	12,807
Land held for resale	9,751	-	9,751
Net other postemployment benefit asset	9,799	-	9,799
Capital assets			
Land and construction in progress	33,955,162	12,862,598	46,817,760
Other capital assets, net of depreciation	<u>43,795,845</u>	<u>53,174,927</u>	<u>96,970,772</u>
Total assets	<u>99,983,788</u>	<u>72,986,884</u>	<u>172,970,672</u>
DEFERRED OUTFLOWS OF RESOURCES			
Other postemployment benefit related items	33,253	6,041	39,294
Pension related items	<u>1,857,121</u>	<u>260,269</u>	<u>2,117,390</u>
Total deferred outflows of resources	<u>1,890,374</u>	<u>266,310</u>	<u>2,156,684</u>
LIABILITIES			
Accounts payable	668,768	692,032	1,360,800
Payroll and related liabilities	397,353	90,153	487,506
Accrued interest payable	39,701	6,372,333	6,412,034
Refundable deposits and advances	2,868	560,663	563,531
Long-term obligations			
Due within one year			
Compensated absences	529,956	102,634	632,590
All other debt	1,868,737	2,921,243	4,789,980
Due in more than one year			
Other postemployment benefit liability	415,324	121,482	536,806
Net pension liability	3,853,894	260,184	4,114,078
All other debt	<u>14,518,643</u>	<u>29,378,036</u>	<u>43,896,679</u>
Total liabilities	<u>22,295,244</u>	<u>40,498,760</u>	<u>62,794,004</u>
DEFERRED INFLOWS OF RESOURCES			
Other postemployment benefit related items	24,469	5,815	30,284
Pension related items	<u>1,093,919</u>	<u>289,466</u>	<u>1,383,385</u>
Total deferred inflow of resources	<u>1,118,388</u>	<u>295,281</u>	<u>1,413,669</u>
NET POSITION			
Net investment in capital assets	61,363,627	32,912,784	94,276,411
Restricted for:			
Capital projects	10,773,384	56,516	10,829,900
Debt service	71,852	1,249,386	1,321,238
Agate beach disposal site closure	1,298,872	-	1,298,872
Tourism	515,131	-	515,131
Streets	540,503	-	540,503
Building inspection	688,418	-	688,418
Urban renewal revitalization	2,243,058	-	2,243,058
Unrestricted	<u>965,685</u>	<u>(1,759,533)</u>	<u>(793,848)</u>
Total net position	<u>\$ 78,460,530</u>	<u>\$ 32,459,153</u>	<u>\$ 110,919,683</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF NEWPORT, OREGON
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
Governmental activities				
General government	\$ 7,070,473	\$ 2,540,739	\$ 118,913	\$ 1,537,032
Public safety	6,611,040	465,808	1,000	-
Highways and streets	1,858,877	463,743	681,798	65,195
Culture and recreation	3,872,839	836,585	14,500	339,085
Interest on long-term obligations	583,024	-	-	-
Total governmental activities	<u>19,996,253</u>	<u>4,306,875</u>	<u>816,211</u>	<u>1,941,312</u>
Business-type activities				
Water	7,271,364	3,898,805	-	557,119
Wastewater	2,539,598	4,066,006	-	-
Total business-type activities	<u>9,810,962</u>	<u>7,964,811</u>	<u>-</u>	<u>557,119</u>
Totals	<u>\$ 29,807,215</u>	<u>\$ 12,271,686</u>	<u>\$ 816,211</u>	<u>\$ 2,498,431</u>

General revenues

- Property taxes used for general purposes
- Property taxes used for debt service
- Transient room taxes used for general purposes
- Franchise fees
- Motor fuel taxes
- Cigarette and alcoholic beverage taxes
- Unrestricted investment earnings
- Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Prior period adjustments

Net position - ending

Net (Expense) Revenue and
Change in Net Position

Governmental Activities	Business- type Activities	Totals	
			Governmental activities
\$ (2,873,789)		\$ (2,873,789)	General government
(6,144,232)		(6,144,232)	Public safety
(648,141)		(648,141)	Highways and streets
(2,682,669)		(2,682,669)	Culture and recreation
(583,024)		(583,024)	Interest on long-term obligations
<u>(12,931,855)</u>		<u>(12,931,855)</u>	Total governmental activities
			Business-type activities
	\$ (2,815,440)	(2,815,440)	Water
	<u>1,526,408</u>	<u>1,526,408</u>	Sewer
	<u>(1,289,032)</u>	<u>(1,289,032)</u>	Total business-type activities
<u>(12,931,855)</u>	<u>(1,289,032)</u>	<u>(14,220,887)</u>	Totals
			General revenues
6,629,032	-	6,629,032	Property taxes used for general purposes
3,038,201	1,745,661	4,783,862	Property taxes used for debt service
4,248,219	-	4,248,219	Transient room taxes used for general purposes
1,259,130	-	1,259,130	Franchise fees
166,966	-	166,966	Motor fuel taxes
550,546	-	550,546	Cigarette and alcoholic beverage taxes
290,164	111,477	401,641	Unrestricted investment earnings
287,475	-	287,475	Miscellaneous
<u>6,638,046</u>	<u>(6,638,046)</u>	<u>-</u>	Transfers
<u>23,107,779</u>	<u>(4,780,908)</u>	<u>18,326,871</u>	Total general revenues and transfers
10,175,924	(6,069,940)	4,105,984	Change in net position
68,332,056	38,556,932	106,888,988	Net position - beginning
<u>(47,450)</u>	<u>(27,839)</u>	<u>(75,289)</u>	Prior period adjustments
<u>\$ 78,460,530</u>	<u>\$ 32,459,153</u>	<u>\$ 110,919,683</u>	Net position - ending

CITY OF NEWPORT, OREGON
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General	Urban Renewal	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,759,698	\$ 2,047,905	\$ 9,281,764	\$ 6,895,544	\$ 20,984,911
Receivables					
Property taxes	582,263	197,644	-	37,188	817,095
Accounts	294,350	-	169,610	735,054	1,199,014
Land held for resale	-	-	-	9,751	9,751
Prepaid items	3,746	-	-	3,271	7,017
Inventories	-	-	-	23,162	23,162
Due from other funds	-	-	-	247,500	247,500
Total assets	<u>\$ 3,640,057</u>	<u>\$ 2,245,549</u>	<u>\$ 9,451,374</u>	<u>\$ 7,951,470</u>	<u>\$ 23,288,450</u>
LIABILITIES					
Accounts payable	\$ 222,849	\$ 154	\$ 181,592	\$ 152,817	\$ 557,412
Payroll and related liabilities	297,203	2,337	-	81,121	380,661
Deposits	1,228	-	-	1,640	2,868
Due to other funds	-	-	-	247,500	247,500
Total liabilities	<u>521,280</u>	<u>2,491</u>	<u>181,592</u>	<u>483,078</u>	<u>1,188,441</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	496,728	165,115	-	119,498	781,341
Total deferred inflows of resources	<u>496,728</u>	<u>165,115</u>	<u>-</u>	<u>119,498</u>	<u>781,341</u>
FUND BALANCES					
Nonspendable	3,746	-	-	3,271	7,017
Restricted	-	2,077,943	9,269,782	4,509,328	15,857,053
Committed	-	-	-	1,482,887	1,482,887
Assigned	-	-	-	1,362,885	1,362,885
Unassigned	2,618,303	-	-	(9,477)	2,608,826
Total fund balances	<u>2,622,049</u>	<u>2,077,943</u>	<u>9,269,782</u>	<u>7,348,894</u>	<u>21,318,668</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,640,057</u>	<u>\$ 2,245,549</u>	<u>\$ 9,451,374</u>	<u>\$ 7,951,470</u>	<u>\$ 23,288,450</u>

The notes to the basic financial statements are an integral part of this statement.

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

June 30, 2018

Total fund balances per governmental funds balance sheet \$ 21,318,668

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land and construction in progress	\$ 33,955,162
Other capital assets, net of depreciation	<u>43,795,845</u>

Total capital asset adjustments	77,751,007
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Other long-term assets are not available to pay current-period expenditures and, therefore, are reported as unavailable revenue in the funds. 781,341

The net other postemployment benefit asset is reported in the statement of net position but is not reported in the funds 9,799

Governmental activities report as deferred outflows of resources, the difference between expected and actual experience, the changes in proportionate share, and subsequent contributions to the public employees retirement system and the City of Newport retirement plan. 1,857,121

Governmental activities report as deferred outflows of resources, subsequent contributions to the public employees retirement system retiree health insurance account's 33,253

Internal service funds are used by management to charge the costs of information systems services, central services, and geographic information system services to individual funds. A portion of the assets and liabilities of the internal service funds is included in governmental activities in the statement of net position. (946,016)

Long-term liabilities, including bonds payable, notes payable, accrued interest, deferred inflows of resources, compensated absences, net pension liability and other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.

Long-term obligations	\$ (16,387,380)
Interest payable on long-term debt	(39,701)
Deferred inflows - pension related	(1,093,919)
Deferred inflows - other postemployment benefit related	(24,469)
Compensated absences	(529,956)
Net pension liability	(3,853,894)
Other postemployment benefits	<u>(415,324)</u>

Total long-term obligations adjustments	<u>(22,344,643)</u>
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Net position of the governmental activities \$ 78,460,530

The notes to the basic financial statements are an integral part of this statement.

CITY OF NEWPORT, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	General	Urban Renewal	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property	\$ 6,647,712	\$ 2,473,188	\$ -	\$ 558,216	\$ 9,679,116
Transient room	2,294,190	-	-	1,954,029	4,248,219
Other	184,761	-	160,415	55,110	400,286
Franchise fees, privilege taxes, licenses, and permits	1,285,673	-	-	211,046	1,496,719
Intergovernmental	1,047,864	-	1,522,451	688,349	3,258,664
Charges for services	1,192,756	-	624,643	2,271,051	4,088,450
Fines and forfeitures	114,747	-	-	-	114,747
Interest on investments	52,195	73,672	71,876	89,829	287,572
Miscellaneous	262,505	54,200	-	137,660	454,365
Total revenues	13,082,403	2,601,060	2,379,385	5,965,290	24,028,138
EXPENDITURES					
Current:					
General government	3,121,124	109,827	933,401	2,054,355	6,218,707
Public safety	6,033,231	-	-	-	6,033,231
Highways and streets	-	-	-	1,034,352	1,034,352
Culture and recreation	1,136,762	-	-	1,881,713	3,018,475
Debt service:					
Principal	-	1,210,000	-	535,000	1,745,000
Interest	-	306,916	-	317,526	624,442
Capital outlay	308,267	-	5,375,618	260,745	5,944,630
Total expenditures	10,599,384	1,626,743	6,309,019	6,083,691	24,618,837
Excess (deficiency) of revenues over expenditures	2,483,019	974,317	(3,929,634)	(118,401)	(590,699)
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of long-term debt	-	-	6,849,577	-	6,849,577
Transfers in	85,300	2,563	4,288,549	2,899,960	7,276,372
Transfers out	(3,303,605)	(2,806,000)	(280,395)	(2,738,827)	(9,128,827)
Total other financing sources (uses)	(3,218,305)	(2,803,437)	10,857,731	161,133	4,997,122
Net change in fund balances	(735,286)	(1,829,120)	6,928,097	42,732	4,406,423
Fund balance - beginning	3,357,335	3,907,063	2,341,685	7,306,162	16,912,245
Fund balance - ending	<u>\$ 2,622,049</u>	<u>\$ 2,077,943</u>	<u>\$ 9,269,782</u>	<u>\$ 7,348,894</u>	<u>\$ 21,318,668</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF NEWPORT, OREGON
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

Net change in fund balances - total governmental funds		\$ 4,406,423
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and disposals in the current period.		
Capital outlay	\$ 6,332,863	
Depreciation for the current fiscal year	(2,185,351)	
Disposal of capital assets	<u>(30,479)</u>	
Total capital outlay/depreciation adjustment		4,117,033
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	(11,883)	
Charges for services	10,558	
System development charges	<u>(92,848)</u>	
Total revenue adjustments		(94,173)
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Issuance of long-term debt	(6,849,577)	
Amortization of bond premium	38,737	
Accrued interest	2,681	
Principal payments	<u>1,745,000</u>	
Total long-term debt adjustments		(5,063,159)
The amount contributed to defined benefit plans is reported as an expenditure in the funds, while governmental activities reports pension expense as the change in net pension asset or liability, pension related deferred outflows of resources and deferred inflows of resources		
Change in deferred outflows of resources - pension related	(1,258,052)	
Change in net pension asset or liability	1,312,472	
Change in deferred inflows of resources - pension related	<u>(198,382)</u>	
Total pension expense adjustment		(143,962)
The amount contributed to the other postemployment benefit plans is reported as an expenditure in the funds, while governmental activities reports additional other postemployment benefit expense of the change in other postemployment asset or liability, other postemployment benefit related deferred outflows of resources and deferred inflows of resources		
Change in deferred outflows of resources - other postemployment benefit related	955	
Change in other postemployment benefit asset	9,799	
Change in other postemployment benefit liability	(12,225)	
Change in deferred inflows of resources - other postemployment benefit related	<u>(24,469)</u>	
Total other postemployment benefit expense adjustment		(25,940)
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 the governmental funds.		
Compensated absences		(66,231)
The transfer of debt proceeds and capital assets to the business-type activities is reported as an additional transfer in the governmental activities		
		6,849,577
The net expense of certain activities of internal service funds is reported with governmental activities.		
		<u>196,356</u>
Change in net position of governmental activities		<u>\$ 10,175,924</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF NEWPORT, OREGON
GENERAL FUND
BUDGETARY COMPARISON STATEMENT
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Property taxes:				
Current	\$ 6,476,431	\$ 6,476,431	\$ 6,423,782	\$ (52,649)
Delinquent	267,000	267,000	223,930	(43,070)
Transient room tax	1,900,000	1,900,000	2,294,190	394,190
Fees in lieu of franchise	162,076	162,076	157,108	(4,968)
Vacation rental and bed and breakfast endorsement tax	3,500	3,500	9,600	6,100
State cigarette tax	14,000	14,000	12,591	(1,409)
State liquor proration	151,000	151,000	162,722	11,722
State marijuana tax proration	5,000	5,000	67,429	62,429
Local marijuana tax proration	10,000	10,000	114,796	104,796
CET affordable housing administration	-	-	2,536	2,536
Franchise tax - Georgia Pacific	72,000	72,000	73,910	1,910
Franchise tax - Century Link	23,000	23,000	18,223	(4,777)
Franchise tax - Charter	160,000	160,000	123,870	(36,130)
Franchise tax - Coast Communications	21,000	21,000	17,741	(3,259)
Franchise tax - NW Natural	142,000	142,000	130,774	(11,226)
Franchise tax - Central Lincoln Public Utility District	380,000	380,000	408,569	28,569
Franchise tax - Thompson sanitary service	123,000	123,000	126,110	3,110
Franchise tax - miscellaneous	10,000	10,000	9,665	(335)
State revenue sharing	154,000	154,000	135,362	(18,638)
Ready to read grant	1,100	1,100	-	(1,100)
Newport rural fire protection	244,000	244,000	248,398	4,398
Lincoln County grant	5,000	5,000	2,500	(2,500)
Miscellaneous grant	-	-	1,000	1,000
CIS return to work grant	15,000	15,000	-	(15,000)
Library foundation grant	12,000	12,000	12,000	-
Lincoln County School District	45,000	45,000	45,000	-
Lincoln County Library District	330,000	330,000	324,766	(5,234)
Conflagration reimbursement	-	82,500	81,938	(562)
Service provided parks and recreation	100,664	100,664	100,664	-
Service provided public parking	4,032	4,032	4,032	-
Service provided housing	6,374	6,374	6,374	-
Service provided airport	73,489	73,489	73,489	-
Service provided room tax	108,831	108,831	108,831	-
Service provided building inspection	33,670	33,670	33,670	-
Service provided street	84,547	84,547	84,547	-
Service provided line undergrounding	1,000	1,000	1,000	-
Service provided SDC	500	500	500	-
Service provided agate beach	500	500	500	-
Service provided Newport Urban Renewal Agency - so beach	37,856	37,856	37,856	-
Service provided Newport Urban Renewal Agency - no side	500	500	500	-
Service provided water	311,387	311,387	311,387	-
Service provided sewer	371,211	371,211	371,211	-
Service provided public works	58,195	58,195	58,195	-
K-9 program	5,500	5,500	-	(5,500)
Rents and leases	130,000	130,000	81,352	(48,648)
Land use fees	26,000	26,000	21,037	(4,963)
Municipal court fines	115,000	115,000	86,138	(28,862)
State/county court fines	16,000	16,000	21,587	5,587
Parking tickets	-	-	1,573	1,573
Library fines	13,200	13,200	13,142	(58)
Training court cost	2,000	2,000	1,808	(192)
Court restitution payments	3,200	3,200	9,161	5,961
Business licenses	130,000	130,000	181,581	51,581
Oregon Liquor Control Commission licenses	5,000	5,000	7,485	2,485
Police reports	5,300	5,300	4,733	(567)
Interest on investments	28,000	28,000	52,195	24,195
Miscellaneous sales and services	25,000	25,000	102,843	77,843
Gifts and donations	3,500	69,500	73,451	3,951
Special events and fundraising	250	250	462	212
Skate park donations	-	-	1,236	1,236
Tower optic	1,000	1,000	1,353	353
Total revenues	12,427,813	12,576,313	13,082,403	506,090

Continued on next page

CITY OF NEWPORT, OREGON
GENERAL FUND
BUDGETARY COMPARISON STATEMENT
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Over (Under)
Other financing sources				
Proceeds from sale of capital assets	\$ -	\$ 33,900	\$ -	\$ (33,900)
Transfer from room tax fund	20,300	20,300	20,300	-
Transfer from street fund	7,000	7,000	7,000	-
Transfer from capital projects fund	-	18,000	18,000	-
Transfer from reserve fund	10,000	10,000	10,000	-
Transfer from water fund	15,000	15,000	15,000	-
Transfer from sewer fund	15,000	15,000	15,000	-
Total other financing sources	<u>67,300</u>	<u>119,200</u>	<u>85,300</u>	<u>(33,900)</u>
Fund balance, beginning				
Unassigned	3,087,489	3,357,335	3,357,335	-
Amount available for appropriation	<u>15,582,602</u>	<u>16,052,848</u>	<u>16,525,038</u>	<u>472,190</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
City administration	2,328,123	2,456,547	2,582,854	(126,307)
Police	4,269,094	4,300,424	3,969,465	330,959
Fire	2,286,768	2,322,584	2,210,278	112,306
Emergency coordinator	119,622	95,452	91,998	3,454
Library	1,150,810	1,185,982	1,168,034	17,948
Community development	305,020	342,376	309,119	33,257
Non-departmental	190,253	240,253	267,636	(27,383)
Contingency	423,565	403,313	-	403,313
Total expenditures	<u>11,073,255</u>	<u>11,346,931</u>	<u>10,599,384</u>	<u>747,547</u>
Other financing uses				
Transfers to other funds	<u>3,157,628</u>	<u>3,354,198</u>	<u>3,303,605</u>	<u>50,593</u>
Total expenditures and other financing uses	<u>14,230,883</u>	<u>14,701,129</u>	<u>13,902,989</u>	<u>798,140</u>
Fund balance, ending	<u>\$ 1,351,719</u>	<u>\$ 1,351,719</u>	<u>\$ 2,622,049</u>	<u>\$ 1,270,330</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF NEWPORT, OREGON
URBAN RENEWAL FUND
BUDGETARY COMPARISON STATEMENT
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Property taxes:				
Current	\$ 2,245,910	\$ 2,245,910	\$ 2,401,139	\$ 155,229
Delinquent	64,484	64,484	72,049	7,565
Rents and leases	51,000	51,000	54,200	3,200
Interest on investments	28,500	28,500	73,672	45,172
Total revenues	<u>2,389,894</u>	<u>2,389,894</u>	<u>2,601,060</u>	<u>211,166</u>
Other financing sources				
Transfer from Capital Projects Fund	-	2,563	2,563	-
Total other financing sources	<u>-</u>	<u>2,563</u>	<u>2,563</u>	<u>-</u>
Fund balance, beginning	<u>3,897,021</u>	<u>3,997,062</u>	<u>3,907,063</u>	<u>(89,999)</u>
Amount available for appropriation	<u>6,286,915</u>	<u>6,389,519</u>	<u>6,510,686</u>	<u>121,167</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Newport south beach operations	108,674	108,674	107,034	1,640
Newport northside operations	1,600	2,100	1,891	209
McLean point operations	100	100	2	98
Debt service	1,517,847	1,517,847	1,517,816	31
Contingency	1,342,694	1,375,317	-	1,375,317
Total expenditures	<u>2,970,915</u>	<u>3,004,038</u>	<u>1,626,743</u>	<u>1,377,295</u>
Other financing uses				
Transfers to other funds	<u>2,816,000</u>	<u>2,856,000</u>	<u>2,806,000</u>	<u>50,000</u>
Total other financing uses	<u>2,816,000</u>	<u>2,856,000</u>	<u>2,806,000</u>	<u>50,000</u>
Total expenditures and other financing uses	<u>5,786,915</u>	<u>5,860,038</u>	<u>4,432,743</u>	<u>1,427,295</u>
Fund balance, ending	<u>\$ 500,000</u>	<u>\$ 529,481</u>	<u>\$ 2,077,943</u>	<u>\$ 1,548,462</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF NEWPORT, OREGON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

	Business-type Activities					
	Water	Wastewater	Capital Projects	Total Nonmajor Funds	Total Enterprise Funds	Total Internal Service Funds
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 1,464,191	\$ 862,610	\$ 472,024	\$ 834,339	\$ 3,633,164	\$ 594,364
Receivables						
Property taxes	-	-	-	157,538	157,538	-
Accounts	558,671	679,991	-	-	1,238,662	-
Inventories	501,873	-	-	-	501,873	-
Prepaid items	-	-	-	5,790	5,790	-
Total current assets	<u>2,524,735</u>	<u>1,542,601</u>	<u>472,024</u>	<u>997,667</u>	<u>5,537,027</u>	<u>594,364</u>
Noncurrent assets						
Land and construction in progress	5,071,982	7,191,276	-	-	12,263,258	599,340
Other capital assets, net of depreciation	20,461,373	32,487,432	-	-	52,948,805	226,122
Total noncurrent assets	<u>25,533,355</u>	<u>39,678,708</u>	<u>-</u>	<u>-</u>	<u>65,212,063</u>	<u>825,462</u>
Total assets	<u>28,058,090</u>	<u>41,221,309</u>	<u>472,024</u>	<u>997,667</u>	<u>70,749,090</u>	<u>1,419,826</u>
DEFERRED OUTFLOWS OF RESOURCES						
Other postemployment benefit related items	2,458	2,115	-	-	4,573	1,584
Pension related items	104,024	77,694	-	-	181,718	85,795
Total deferred outflows of resources	<u>106,482</u>	<u>79,809</u>	<u>-</u>	<u>-</u>	<u>186,291</u>	<u>87,379</u>
LIABILITIES						
Current liabilities						
Accounts payable	40,278	202,363	415,508	-	658,149	145,239
Payroll and related liabilities	38,191	30,904	-	-	69,095	37,750
Compensated absences	46,676	35,583	-	-	82,259	49,122
Interest payable	6,330,605	41,728	-	-	6,372,333	-
Refundable deposits	560,663	-	-	-	560,663	-
Current portion long-term debt	1,223,923	1,697,320	-	-	2,921,243	-
Total current liabilities	<u>8,240,336</u>	<u>2,007,898</u>	<u>415,508</u>	<u>-</u>	<u>10,663,742</u>	<u>232,111</u>
Long-term obligations						
Net pension liability	103,988	77,670	-	-	181,658	85,768
Total other postemployment benefits liability	49,428	42,529	-	-	91,957	31,864
Long-term debt, net	20,525,073	8,852,963	-	-	29,378,036	-
Total long-term obligations	<u>20,678,489</u>	<u>8,973,162</u>	<u>-</u>	<u>-</u>	<u>29,651,651</u>	<u>117,632</u>
Total liabilities	<u>28,918,825</u>	<u>10,981,060</u>	<u>415,508</u>	<u>-</u>	<u>40,315,393</u>	<u>349,743</u>
DEFERRED INFLOWS OF RESOURCES						
Other postemployment benefit related items	2,366	2,036	-	-	4,402	1,525
Pension related items	115,694	86,409	-	-	202,103	95,420
Total deferred inflows of resources	<u>118,060</u>	<u>88,445</u>	<u>-</u>	<u>-</u>	<u>206,505</u>	<u>96,945</u>
NET POSITION						
Net investment in capital assets	3,784,359	29,128,425	-	-	32,912,784	825,462
Restricted for capital construction	-	-	56,516	-	56,516	-
Restricted for debt service	-	-	-	1,249,386	1,249,386	-
Unrestricted	(4,656,672)	1,103,188	-	(251,719)	(3,805,203)	235,055
Total net position	<u>\$ (872,313)</u>	<u>\$ 30,231,613</u>	<u>\$ 56,516</u>	<u>\$ 997,667</u>	<u>30,413,483</u>	<u>\$ 1,060,517</u>

Adjustment to reflect the cumulative internal balance for
the net effect of the activity between the internal service
funds and the enterprise funds over time. 2,045,670

Net position of the business-type activities \$ 32,459,153

The notes to the basic financial statements are an integral part of this statement.

CITY OF NEWPORT, OREGON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2018

	Business-type Activities					
	Water	Wastewater	Capital Projects	Total Nonmajor Funds	Total Enterprise Funds	Total Internal Service Funds
OPERATING REVENUES						
Service charges and fees	\$ 3,867,061	\$ 4,064,743	\$ -	\$ -	\$ 7,931,804	\$ 1,170,775
Miscellaneous	<u>28,534</u>	<u>1,263</u>	<u>500</u>	<u>-</u>	<u>30,297</u>	<u>51,580</u>
Total operating revenues	<u>3,895,595</u>	<u>4,066,006</u>	<u>500</u>	<u>-</u>	<u>7,962,101</u>	<u>1,222,355</u>
OPERATING EXPENSES						
Salaries and wages	944,232	850,905	-	-	1,795,137	1,066,422
Contracted services	61,425	132,742	528,431	-	722,598	280,922
Property services	97,196	146,804	-	-	244,000	219,481
Operating supplies	172,714	232,424	2,222	-	407,360	27,147
Utilities	240,929	307,535	-	-	548,464	409,572
Depreciation	1,016,982	1,513,391	-	-	2,530,373	73,642
Repairs and maintenance	341,989	237,250	-	-	579,239	161,968
Charges for services	709,212	799,740	-	-	1,508,952	58,195
Miscellaneous	<u>63,459</u>	<u>105,945</u>	<u>1,037</u>	<u>-</u>	<u>170,441</u>	<u>128,255</u>
Total operating expenses	<u>3,648,138</u>	<u>4,326,736</u>	<u>531,690</u>	<u>-</u>	<u>8,506,564</u>	<u>2,425,604</u>
Operating income (loss)	<u>247,457</u>	<u>(260,730)</u>	<u>(531,190)</u>	<u>-</u>	<u>(544,463)</u>	<u>(1,203,249)</u>
NONOPERATING REVENUES (EXPENSES)						
Grants	-	-	557,119	-	557,119	-
Property taxes	-	-	-	1,745,661	1,745,661	-
Interest on investments	21,921	12,629	45,566	28,532	108,648	5,421
Interest	<u>(1,240,847)</u>	<u>(160,216)</u>	<u>-</u>	<u>-</u>	<u>(1,401,063)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(1,218,926)</u>	<u>(147,587)</u>	<u>602,685</u>	<u>1,774,193</u>	<u>1,010,365</u>	<u>5,421</u>
Income (loss) before capital contributions and transfers	(971,469)	(408,317)	71,495	1,774,193	465,902	(1,197,828)
Transfers in	3,715,943	2,802,348	2,408,342	1,385,310	10,311,943	1,640,924
Transfers out	<u>(1,671,136)</u>	<u>(7,771,419)</u>	<u>(3,646,794)</u>	<u>(3,860,640)</u>	<u>(16,949,989)</u>	<u>(183,671)</u>
Change in net position	1,073,338	(5,377,388)	(1,166,957)	(701,137)	(6,172,144)	259,425
Prior period restatement	(10,649)	(12,175)	-	-	(22,824)	(5,015)
Net position - beginning	<u>(1,935,002)</u>	<u>35,621,176</u>	<u>1,223,473</u>	<u>1,698,804</u>	<u>36,608,451</u>	<u>806,107</u>
Net position - ending	<u>\$ (872,313)</u>	<u>\$ 30,231,613</u>	<u>\$ 56,516</u>	<u>\$ 997,667</u>	<u>\$ 30,413,483</u>	<u>\$ 1,060,517</u>
Change in net position					\$ (6,172,144)	
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds					<u>102,204</u>	
Change in net position of the business-type activities					<u>\$ (6,069,940)</u>	

The notes to the basic financial statements are an integral part of this statement.

CITY OF NEWPORT, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2018

	Business-type activities					
	Water	Wastewater	Capital Projects	Total Nonmajor Funds	Total Enterprise Funds	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 3,951,098	\$ 4,069,448	\$ -	\$ -	\$ 8,020,546	\$ -
Service provided to other funds	-	-	-	-	-	1,173,376
Cash payments to suppliers of goods and services	(1,694,484)	(1,822,264)	(538,927)	-	(4,055,675)	(1,154,842)
Cash payments to employees for services	(911,957)	(822,320)	-	-	(1,734,277)	(1,008,361)
Other revenues	28,534	1,263	500	-	30,297	51,580
Net cash provided by (used in) operating activities	<u>1,373,191</u>	<u>1,426,127</u>	<u>(538,427)</u>	<u>-</u>	<u>2,260,891</u>	<u>(938,247)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	-	-	-	-	-	(183,671)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets	-	(384,020)	(3,575,993)	-	(3,960,013)	-
Proceeds from issuance of debt	-	-	386,340	-	386,340	-
Grants	-	-	557,119	-	557,119	-
Property taxes	-	-	-	1,754,841	1,754,841	-
Transfers in	10,381	588	2,022,002	1,241,637	3,274,608	1,640,924
Transfers out	(1,284,796)	(921,842)	(70,801)	(785,638)	(3,063,077)	-
Principal payments	(1,029)	-	-	(2,434,822)	(2,435,851)	-
Interest payments	-	-	-	(496,507)	(496,507)	-
Net cash (used in) capital and related financing activities	<u>(1,275,444)</u>	<u>(1,305,274)</u>	<u>(681,333)</u>	<u>(720,489)</u>	<u>(3,982,540)</u>	<u>1,640,924</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on investments	21,921	12,629	45,566	28,532	108,648	5,421
Net increase (decrease) in cash and cash equivalents	119,668	133,482	(1,174,194)	(691,957)	(1,613,001)	524,427
Cash and cash equivalents, July 1, 2017	<u>1,344,523</u>	<u>729,128</u>	<u>1,646,218</u>	<u>1,526,296</u>	<u>5,246,165</u>	<u>69,937</u>
Cash and cash equivalents, June 30, 2018	<u>\$ 1,464,191</u>	<u>\$ 862,610</u>	<u>\$ 472,024</u>	<u>\$ 834,339</u>	<u>\$ 3,633,164</u>	<u>\$ 594,364</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES						
Operating income (loss)	\$ 247,457	\$ (260,730)	\$ (531,190)	\$ -	\$ (544,463)	\$ (1,203,249)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	1,016,982	1,513,391	-	-	2,530,373	73,642
Changes in assets, deferred outflows, liabilities and deferred inflows:						
Receivables	3,579	4,705	-	-	8,284	2,601
Inventories	14,593	-	-	-	14,593	-
Deferred outflows of resources	32,684	24,410	-	-	57,094	17,322
Accounts payable	(22,153)	140,176	(7,237)	-	110,786	130,698
Payroll and related liabilities	30,963	25,597	-	-	56,560	32,569
Compensated absences	10,324	9,199	-	-	19,523	22,632
Other postemployment benefit liability	2,222	1,912	-	-	4,134	3,666
Refundable deposits	80,458	-	-	-	80,458	-
Net pension liability	(20,525)	(15,330)	-	-	(35,855)	(8,258)
Deferred inflows of resources	(23,393)	(17,203)	-	-	(40,596)	(9,870)
Total adjustments	<u>1,125,734</u>	<u>1,686,857</u>	<u>(7,237)</u>	<u>-</u>	<u>2,805,354</u>	<u>265,002</u>
Net cash provided by (used in) operating activities	<u>\$ 1,373,191</u>	<u>\$ 1,426,127</u>	<u>\$ (538,427)</u>	<u>\$ -</u>	<u>\$ 2,260,891</u>	<u>\$ (938,247)</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:						
Transfers in	\$ 3,705,562	\$ 2,801,760	\$ 386,340	\$ 143,673	\$ 7,037,335	\$ -
Transfers out	<u>(386,340)</u>	<u>(6,849,577)</u>	<u>(3,575,993)</u>	<u>(3,075,002)</u>	<u>(13,886,912)</u>	<u>(183,671)</u>
	<u>\$ 3,319,222</u>	<u>\$ (4,047,817)</u>	<u>\$ (3,189,653)</u>	<u>\$ (2,931,329)</u>	<u>\$ (6,849,577)</u>	<u>\$ (183,671)</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF NEWPORT, OREGON

**STATEMENT OF NET POSITION
FIDUCIARY FUND**

June 30, 2018

	City of Newport Employees Retirement Plan Pension Trust Fund
ASSETS	
Cash and cash equivalents	\$ 1,165,109
Investments	
Bonds	986,571
Equities	6,732,453
Mutual funds	2,337,487
Receivable	<u>56,297</u>
TOTAL ASSETS	<u>11,277,917</u>
NET POSITION	
Held in trust for defined benefit pension	7,245,158
Held in trust for defined contribution pension	<u>4,032,759</u>
TOTAL NET POSITION	<u><u>\$ 11,277,917</u></u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF NEWPORT, OREGON

**STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS**

For the Year Ended June 30, 2018

	<u>City of Newport Employees Retirement Plan Pension Trust Fund</u>
ADDITIONS	
Employer contributions	\$ 714,783
Investment earnings, net	<u>815,299</u>
Total additions	<u>1,530,082</u>
DEDUCTIONS	
Benefits	947,692
Administrative expenses	<u>49,415</u>
Total deductions	<u>997,107</u>
Change in net position	532,975
Net position - beginning	<u>10,744,942</u>
Net position - ending	<u><u>\$ 11,277,917</u></u>

The notes to the basic financial statements are an integral part of this statement.

“Yesterday’s home runs don’t win today’s games.” – Babe Ruth

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The City of Newport operates under a council-manager form of government instituted by a vote of the people on May 18, 1962, effective as of July 1, 1962. It provides for a mayor, six councilors and a city manager. As required by GAAP, these financial statements present the City and its one component unit, an entity for which the City is considered to be financially accountable, in accordance with GASB 61. A blended component unit, although a legally separate entity, is, in substance, part of the City's operations and, therefore, data from the unit is combined with the data of the City of Newport. The City's component unit operates on a June 30 year.

There are various other governmental agencies and special service districts which provide services within the City's boundaries. However, the City is not financially accountable for any of these entities and accordingly their financial information is not included in these financial statements.

Blended Component Unit

The Newport Urban Renewal Agency (NURA) serves the citizens of the City of Newport and is governed by a board comprised of the City's elected officials. NURA is reported as a governmental fund type. Its annual financial report may be obtained at City Hall in Newport, OR 97365.

Basic Financial Statements

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

Government-wide financial statements display information about the City as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the City as an entity and the change in financial position resulting from the activities of the fiscal period. These statements consist of the statement of net position and the statement of activities.

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The City reports the following major governmental funds:

General

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

Urban Renewal

This fund implements projects identified in the South Beach Urban Renewal Plan. Project implementation is schedule to run through 2020. This fund also accounts for the debt service related to the construction/operations of the Newport Urban Renewal Agency. For more detail please see the separately created financial report.

Capital Projects

A governmental fund 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 (grants); donations; and transfers from other funds.

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

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

All activities associated with the provision of water to citizenry of Newport are reported in this fund. Activities include treatment, distribution, canal maintenance, plant expansion, administration, equipment replacement, economic development, and payment of related debt. The primary source of revenue is 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.

Capital Projects – Proprietary

The proprietary funds use this separate fund to account for the acquisition or construction of major capital facilities. Sources of revenue include local, state and federal support (grants), bank borrowings and transfers from the Water and Wastewater Funds.

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.

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

Investments

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

Restricted Assets

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

Inventories

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

In the governmental funds, no inventories are maintained, as costs are expensed at the time of purchase. However, in the debt service fund, foreclosed land held for resale is recorded at the related lien value plus cost of foreclosure.

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables

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

Assessments receivable represent the uncollected amounts levied against benefited properties for the costs of local improvements. Since the assessments are liens against properties, an allowance for uncollectible amounts is not deemed necessary by management. Assessments are payable over a period of ten years and bear interest at 6.467% 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.

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

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

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

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

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

Compensated Absences

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

Long-term Obligations

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

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, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

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 Finance Director 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.

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting standards implemented

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as amended and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures. This statement also identifies the actuarial methods and assumptions that are required to be used and enhances note disclosures and required supplementary information. The specific accounts impacting the City are detailed below.

Other postemployment benefit liability – Previous standards defined other postemployment benefit liabilities in terms of the Annually Required Contribution. Statement No. 75 defines the other postemployment benefit liability as the portion of projected benefit payments that is attributed to past periods of employee service provided through a defined benefit other postemployment benefit plan that is not administered through a trust.

Deferred inflows of resources and deferred outflows of resources – Statement No. 75 includes recognition of deferred inflows and outflows of resources associated with changes of assumptions. This difference is to be recognized in OPEB expense using a closed period equal to the average expected remaining service lives of all covered active and inactive participants.

Statement No. 75 is effective for financial statement periods beginning after June 15, 2017 with the effects of the accounting change to be applied retroactively by restating the financial statements. The County adopted this new pronouncement in the current year and, accordingly, has restated amounts of effected balances within the financial statements as of June 30, 2017 as follows:

	As Originally Reported	As Restated	Effect of Change
Statement of Net Position			
<u>Governmental activities</u>			
Deferred outflows of resources	\$ --	\$ 32,298	\$ 32,298
Net other postemployment benefit obligation	(323,351)	--	323,351
Other postemployment benefit liability	--	(403,099)	(403,099)
Net position	68,332,056	68,284,606	47,450
<u>Business-type activities</u>			
Deferred outflows of resources	\$ --	\$ 6,041	\$ 6,041
Net other postemployment benefit obligation	(82,141)	--	82,141
Other postemployment benefit liability	--	(116,021)	(116,021)
Net position	38,556,932	38,529,093	27,839

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Special Items

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

Budgetary Information

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

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

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

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

An election must be held to approve general obligation debt pledging the full faith and credit of the City. As a result of Ballot Measure 50 and subsequent legislation, the City's permanent tax rate was set at \$5.5938 per \$1,000 of assessed value. The assessed value (not including the urban renewal district) for 2017-18 was \$1,385,786,447. Assessed value is calculated on a property-by-property basis and is limited to a three percent increase annually. Compression of tax revenues comes into play when the real market value of an individual residential property is not sufficient to allow for an annual three percent increase in the assessed value.

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

Budgetary Information (continued)

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

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

During the fiscal year ended June 30, 2018, the City adopted supplemental budgets which totaled \$4,620,724, a 6% increase over the original budget. The following table outlines the budget changes:

Fund	2017-18 Original Budget	2017-18 Final Budget	Change
General	\$ 14,230,883	\$ 14,701,129	\$ 470,246
Parks and Recreation	2,135,321	2,354,058	218,737
Public Parking	312,676	317,950	5,274
Housing	113,583	119,920	6,337
Airpot	1,025,243	1,097,740	72,497
Room Tax	1,938,553	1,949,434	10,881
Building Inspection	567,840	687,761	119,921
Street	1,350,863	1,413,617	62,754
Line Undergrounding	955,267	933,797	(21,470)
SDC	2,194,796	2,458,708	263,912
Agate Beach Closure	1,095,748	1,370,639	274,891
Newport Urban Renewal	5,786,915	5,860,038	73,123
Water Debt	400,499	741,462	340,963
Wastewater Debt	871,727	871,727	-
General Debt	318,320	328,820	10,500
GO Debt Service - Governmental	523,069	523,069	-
GO Debt Service - Proprietary	1,965,325	1,965,325	-
Capital Projects - General	14,014,817	15,758,693	1,743,876
Capital Projects - Proprietary	14,279,943	14,804,542	524,599
Reserve	10,000	267,000	257,000
Capital Improvement	493,762	493,762	-
Water	4,231,864	4,287,757	55,893
Wastewater	5,158,112	5,279,216	121,104
Public Works	926,098	947,264	21,166
City Facility	2,094,354	2,082,874	(11,480)
	<u>\$ 76,995,578</u>	<u>\$ 81,616,302</u>	<u>\$ 4,620,724</u>

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

3. DETAILED NOTES

Cash, Cash Equivalents and Investments

The City’s cash, cash equivalents and investments at June 30, 2018 are as follows:

Cash and cash equivalents		
Deposits with financial institutions	\$	596,827
Cash on hand		1,599
State of Oregon Treasurer's short-term investment pool		24,026,017
Money market		<u>1,753,105</u>
Total cash and cash equivalents	\$	<u>26,377,548</u>
Investments		
Bonds	\$	986,571
Equities		6,732,453
Mutual funds		<u>2,337,487</u>
Total investments	\$	<u>10,056,511</u>

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

Deposits with financial institutions

Custodial Credit Risk – Deposits: This is the risk that in the event of a bank failure, the City’s deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the District’s deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. As of June 30, 2018, \$718,030 of the City’s bank balances were exposed to custodial credit risk.

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

3. DETAILED NOTES (continued)

Cash, Cash Equivalents and Investments (continued)

State of Oregon Local Government Investment Pool

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

Investments

As of June 30, 2018, the City had the following investments:

<u>Investment Type</u>	<u>Rating</u>	<u>Fair Value</u>	<u>Risk Concentration</u>	<u>Weighted Average Maturity (in months)</u>
Pension Trust Investments:				
Bonds	AAA	\$ 986,571	9.81%	13.39
Equities	Not Rated	6,732,453	66.95%	N/A
Mutual Funds	Not Rated	<u>2,337,487</u>	23.24%	N/A
Total Investments		<u>\$ 10,056,511</u>		

Credit Risk. Oregon statutes authorize the County 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.

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

3. DETAILED NOTES (continued)

Cash, Cash Equivalents and Investments (continued)

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

Fair Value Measurements

The City categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

3. DETAILED NOTES (continued)

Capital Assets

Governmental Activities

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Balances</u> July 01, 2017	<u>Additions and</u> <u>Transfers</u>	<u>Deletions and</u> <u>Transfers</u>	<u>Balances</u> June 30, 2018
Capital assets not being depreciated				
Land and land improvements	\$ 12,225,530	\$ -	\$ -	\$ 12,225,530
Construction in progress	<u>18,052,520</u>	<u>5,528,627</u>	<u>(1,851,515)</u>	<u>21,729,632</u>
Total capital assets not being depreciated	<u>30,278,050</u>	<u>5,528,627</u>	<u>(1,851,515)</u>	<u>33,955,162</u>
Capital assets being depreciated				
Buildings and structures	31,118,425	2,060,088	(32,950)	33,145,563
Equipment	4,054,671	27,410	-	4,082,081
Vehicles	5,701,031	361,982	(114,905)	5,948,108
Infrastructure	<u>43,733,135</u>	<u>206,271</u>	<u>-</u>	<u>43,939,406</u>
Total capital assets being depreciated	<u>84,607,262</u>	<u>2,655,751</u>	<u>(147,855)</u>	<u>87,115,158</u>
Less accumulated depreciation				
Buildings and structures	20,399,046	852,603	(2,471)	21,249,178
Equipment	3,552,767	69,466	-	3,622,233
Vehicles	4,062,193	373,595	(114,905)	4,320,883
Infrastructure	<u>13,237,332</u>	<u>889,687</u>	<u>-</u>	<u>14,127,019</u>
Total accumulated depreciation	<u>41,251,338</u>	<u>2,185,351</u>	<u>(117,376)</u>	<u>43,319,313</u>
Total capital assets being depreciated, net	<u>43,355,924</u>	<u>470,400</u>	<u>(30,479)</u>	<u>43,795,845</u>
Governmental activities capital assets, net	<u>\$ 73,633,974</u>	<u>\$ 5,999,027</u>	<u>\$ (1,881,994)</u>	<u>\$ 77,751,007</u>

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

Governmental activities:

General government	\$ 875,905
Public safety	370,740
Highways and streets	621,962
Culture and recreation	<u>316,744</u>
Total governmental activities	<u>\$ 2,185,351</u>

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

3. DETAILED NOTES (continued)

Capital Assets (continued)

Business-type Activities

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balances July 01, 2017	Additions and Transfers	Deletions and Transfers	Balances June 30, 2018
Capital assets not being depreciated				
Land	\$ 858,652	\$ -	\$ -	\$ 858,652
Construction in progress	<u>8,397,459</u>	<u>3,606,487</u>	<u>-</u>	<u>12,003,946</u>
Total capital assets not being depreciated	<u>9,256,111</u>	<u>3,606,487</u>	<u>-</u>	<u>12,862,598</u>
Capital assets, being depreciated and amortized				
Buildings and structures	28,831,082	-	-	28,831,082
Equipment	1,986,700	197,240	-	2,183,940
Vehicles	1,594,948	156,286	-	1,751,234
Infrastructure	<u>57,736,067</u>	<u>-</u>	<u>-</u>	<u>57,736,067</u>
Total capital assets, being depreciated and amortized	<u>90,148,797</u>	<u>353,526</u>	<u>-</u>	<u>90,502,323</u>
Less accumulated depreciation and amortization:				
Buildings and structures	13,139,376	853,284	-	13,992,660
Equipment	1,524,654	76,285	-	1,600,939
Vehicles	808,833	152,131	-	960,964
Infrastructure	<u>19,250,518</u>	<u>1,522,315</u>	<u>-</u>	<u>20,772,833</u>
Total accumulated depreciation and amortization	<u>34,723,381</u>	<u>2,604,015</u>	<u>-</u>	<u>37,327,396</u>
Total capital assets, being depreciated and amortized, net	<u>55,425,416</u>	<u>(2,250,489)</u>	<u>-</u>	<u>53,174,927</u>
Business-type activities capital assets, net	<u>\$ 64,681,527</u>	<u>\$ 1,355,998</u>	<u>\$ -</u>	<u>\$ 66,037,525</u>

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

Business-type activities:	
Water	\$ 1,053,803
Wastewater	<u>1,550,212</u>
Total business-type activities	<u>\$ 2,604,015</u>

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

3. DETAILED NOTES (continued)

Interfund Transactions

Transfers between funds to provide financial resources were as follows:

Transfers out	Transfers in									Total
	Governmental funds				Proprietary funds					
	General	Urban renewal	Capital projects	Nonmajor governmental	Water	Wastewater	Capital projects	Nonmajor proprietary	Internal service	
Governmental funds										
General	\$ -	\$ -	\$ 181,550	\$ 2,110,431	\$ -	\$ -	\$ -	\$ -	\$ 1,011,624	\$ 3,303,605
Urban renewal	-	-	2,806,000	-	-	-	-	-	-	2,806,000
Capital projects	18,000	2,563	-	100,000	-	-	159,832	-	-	280,395
Nonmajor funds	37,300	-	966,167	514,965	-	-	300,000	16,095	629,300	2,463,827
Total governmental funds	55,300	2,563	3,953,717	2,725,396	-	-	459,832	16,095	1,640,924	8,853,827
Proprietary funds										
Water	15,000	-	-	73,227	-	-	796,070	400,499	-	1,284,796
Wastewater	15,000	-	-	101,337	-	-	766,100	39,405	-	921,842
Capital projects	-	-	59,832	-	10,381	588	-	-	-	70,801
Nonmajor proprietary	-	-	-	-	-	-	-	785,638	-	785,638
Total proprietary funds	30,000	-	59,832	174,564	10,381	588	1,562,170	1,225,542	-	2,277,439
Total transfers	\$85,300	\$ 2,563	\$ 4,013,549	\$ 2,899,960	\$ 10,381	\$ 588	\$ 2,022,002	\$ 1,241,637	\$ 1,640,924	\$11,131,266

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

Transfers out	Transfers in						Total
	Capital projects	Governmental activities	Water	Wastewater	Capital projects	Nonmajor enterprise	
Nonmajor governmental	\$ 275,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 275,000
Proprietary funds							
Water	-	-	-	-	386,340	-	386,340
Wastewater	-	6,849,577	-	-	-	-	6,849,577
Capital projects	-	-	2,283,013	1,292,980	-	-	3,575,993
Nonmajor enterprise	-	-	1,422,549	1,508,780	-	143,673	3,075,002
Internal service	-	183,671	-	-	-	-	183,671
Total non-cash transfers	\$ 275,000	\$ 7,033,248	\$ 3,705,562	\$ 2,801,760	\$ 386,340	\$ 143,673	\$ 14,345,583

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, 2018, the balance is \$247,500.

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

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:

	<u>General</u>	Urban renewal	Nonmajor governmental	<u>Total</u>
Delinquent property taxes receivable:				
General	\$ 488,345	\$ -	\$ -	\$ 488,345
General bond debt	-	-	29,655	29,655
Urban renewal debt	-	165,115	-	165,115
Assessments receivable:				
System development charges	-	-	79,383	79,383
Charges for services	<u>8,383</u>	<u>-</u>	<u>10,460</u>	<u>18,843</u>
Total unavailable revenue	<u>\$ 496,728</u>	<u>\$ 165,115</u>	<u>\$ 119,498</u>	<u>\$ 781,341</u>

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

3. DETAILED NOTES (continued)

Construction Commitments

The City has active construction projects as of June 30, 2018 as follows:

<u>Capital Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Agate Beach Improvements	\$ 1,111,659	\$ 3,968,880
Grove Street Extension	31,701	420,000
Big Creek Dam	2,409,414	1,000,000
Bay/Moore Storm Sewer	4,157,973	3,365,896
Big Creek Lift Station Replacement	3,704,887	32,000
Fixed Base Metering System	1,317,025	684,553
Sanitary Sewer Televising Program	224,402	150,000
Water Quality Testing & Smoke Testing	10,246	46,495
SE 35th & Hwy 101	61,293	2,415,220
Aquatic Center and Sidewalk	10,137,824	54,100
Sam Moore Creek Water Quality Improvement	321,815	1,492,884
City HVAC Replacement	53,028	594,471
Candletree Pump Station	638,473	69,980
Emergency Generator Replacement	47,942	470,000
Ny Beach Pump Station Screen & Grinder	288,564	32,540
2015-16 Street Overlay & Improvement	31,060	181,505
Nye Beach Turnaround Pavement Rehab	15,716	25,000
Hwy 101 & Golf Course Improvement	112,230	819,149
Nye Creek Storm Sewer	41,850	183,291
Storm Sewer Repair SE 4th	663,026	54,131
RFB on Highway 101 Crossing	175,500	5,000
Siletz Water Quality Study	12,796	35,515
Power Ford & Sunwest Motor Storm Drain	173,673	1,450,000
Computer Maintenance Management System	28,820	80,000
Recreation Center HVAC Project - 18001	4,200	420,000
	<u>\$ 25,775,117</u>	<u>\$ 18,050,610</u>

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

3. DETAILED NOTES (continued)

Long-term Obligations

Governmental Activities

Transactions for the year ended June 30, 2018 were as follows:

	Beginning Balance <u>July 1, 2017</u>	Increase	Decrease	Ending Balance <u>June 30, 2018</u>	Due Within <u>One Year</u>
<u>Governmental activities</u>					
Long-term debt obligations:					
General obligation bonds:					
Series 2013, Swimming pool	\$ 7,440,000	\$ -	\$ 240,000	\$ 7,200,000	\$ 270,000
Other loans and bonds:					
League of Oregon Cities Cooperative Asset Financing Program, Series 2007B	155,000	-	20,000	135,000	20,000
League of Oregon Cities Cooperative Asset Financing Program, Series 2009B	560,000	-	275,000	285,000	285,000
Urban Renewal Bonds:					
2008 Urban Renewal Bond, Tax-exempt	305,000	-	305,000	-	-
2015A & 2015B Tax Exemp UR Bonds	5,239,000	-	130,000	5,109,000	280,000
Full Faith & Credit Refunding Series 2010B	<u>4,015,000</u>	<u>-</u>	<u>775,000</u>	<u>3,240,000</u>	<u>975,000</u>
Total long-term debt obligations	<u>17,714,000</u>	<u>-</u>	<u>1,745,000</u>	<u>15,969,000</u>	<u>1,830,000</u>
Other long-term obligations:					
Other postemployment benefit liability	403,099	18,668	6,443	415,324	-
Net pension liability	5,166,364	7,242	1,319,712	3,853,894	-
Unamortized premium	457,117	-	38,737	418,380	38,737
Compensated absences	<u>463,725</u>	<u>529,956</u>	<u>463,725</u>	<u>529,956</u>	<u>529,956</u>
Total other long-term obligations	<u>6,490,305</u>	<u>555,866</u>	<u>1,828,617</u>	<u>5,217,554</u>	<u>568,693</u>
Total long-term obligations	<u>\$ 24,204,305</u>	<u>\$ 555,866</u>	<u>\$ 3,573,617</u>	<u>\$ 21,186,554</u>	<u>\$ 2,398,693</u>

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

3. DETAILED NOTES (continued)

Long-term Obligations (continued)

Business-type Activities

Transactions for the year ended June 30, 2018 were as follows:

	Beginning Balance July 1, 2017	Increase	Decrease	Ending Balance June 30, 2018	Due Within One Year
<u>Business-type activities</u>					
Long-term debt obligations:					
General obligation bonds:					
Water Series 2009A	\$ 2,680,000	\$ -	\$ 900,000	\$ 1,780,000	\$ 1,010,000
Water Series 2009B	9,630,541	-	-	9,630,541	-
Wastewater Series 2008	1,795,000	-	880,000	915,000	915,000
Other loans and bonds:					
Full Faith & Credit Refunding Obligation Series 2010A	2,695,000	-	455,000	2,240,000	470,000
Full Faith & Credit Series 2018	-	3,248,000	-	3,248,000	290,000
DEQ Note R68933 (Deferred)	5,021,867	386,340	-	5,408,207	-
DEQ Note R68935 (Deferred)	434,104	3,601,577	-	4,035,681	-
2007 Seal Rock Water District	739,941	-	29,152	710,789	30,411
2015 Water Borrowing	4,264,224	-	165,825	4,098,399	172,507
Total long-term debt obligations	<u>27,260,677</u>	<u>7,235,917</u>	<u>2,429,977</u>	<u>32,066,617</u>	<u>2,887,918</u>
Other long-term obligations					
Other postemployment benefit liability	116,021	5,461	-	121,482	-
Net pension liability	311,538	-	51,354	260,184	-
Unamortized premium	265,987	-	33,325	232,662	33,325
Compensated absences	89,226	102,634	89,226	102,634	102,634
Total other long-term obligations	<u>782,772</u>	<u>108,095</u>	<u>173,905</u>	<u>716,962</u>	<u>135,959</u>
Total long-term obligations	<u>\$ 28,043,449</u>	<u>\$ 7,344,012</u>	<u>\$ 2,603,882</u>	<u>\$ 32,783,579</u>	<u>\$ 3,023,877</u>

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

3. DETAILED NOTES (continued)

Long-term Obligations (continued)

Governmental Activities

General Obligation Bonds

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

The City issued \$7,900,000 in general obligation bonds in December 2013, to finance the costs of a new indoor municipal swimming pool and related systems, facilities and improvements. Interest rates range from 2 to 4 percent. Final maturity is June 1, 2033. The balance outstanding at June 30, 2018 is \$7,200,000. Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending			
June 30,	Principal	Interest	Total
2019	\$ 270,000	\$ 275,869	\$ 545,869
2020	295,000	265,069	560,069
2021	320,000	253,269	573,269
2022	345,000	240,469	585,469
2023	375,000	226,669	601,669
2024-2028	2,330,000	909,245	3,239,245
2029-2033	<u>3,265,000</u>	<u>408,800</u>	<u>3,673,800</u>
	<u>\$ 7,200,000</u>	<u>\$ 2,579,390</u>	<u>\$ 9,779,390</u>

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

3. DETAILED NOTES (continued)

Long-term Obligations (continued)

Other Loans/Bonds

Other loans/bonds are Certificates of Participation from the League of Oregon Cities Cooperative Asset Financing Program. These loans are issued to provide funds for various City purchases of vehicles, equipment, capital project and debt payoff. Also, the City entered into a Real Estate loan agreement in order to finance the new North Side Fire Station.

In October 2007, the City issued \$1,015,000 debt from the League of Oregon Cities, Cooperative Assets Finance Program. This loan was issued to provide funds for various City purchases of vehicles, equipment and pay off the Municipal Airport Debt. Interest rate ranges from 3.90 percent to 5.00 percent. Final maturity is July 1, 2024. As of June 30, 2018, the balance outstanding is \$135,000.

Year Ending			
June 30,	Principal	Interest	Total
2019	\$ 20,000	\$ 6,250	\$ 26,250
2020	20,000	5,250	25,250
2021	20,000	4,250	24,250
2022	25,000	3,750	28,750
2023	25,000	2,500	27,500
2024	<u>25,000</u>	<u>1,250</u>	<u>26,250</u>
	<u>\$ 135,000</u>	<u>\$ 23,250</u>	<u>\$ 158,250</u>

In September 2009, the City issued \$2,580,000 debt from the League of Oregon Cities, Cooperative Assets Finance Program. This loan was issued to provide funds for the Bay Boulevard project and large equipment for Fire, Water and Wastewater. Interest rate ranges from 1.00 percent to 3.50 percent. Final maturity is January 1, 2019. As of June 30, 2018, the balance outstanding is \$285,000.

Year Ending			
June 30,	Principal	Interest	Total
2019	<u>\$ 285,000</u>	<u>\$ 4,845</u>	<u>\$ 289,845</u>

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

3. DETAILED NOTES (continued)

Long-term Obligations (continued)

Urban Renewal Bonds

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

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

In March 2015, the South Beach Urban Renewal District completed a bank borrowing, Series 2015A & 2015B, totaling \$5,456,000 to finance property acquisitions, infrastructure projects, and a trail project in the South Beach urban growth area. The interest rate ranges from 2.45 percent to 3.45 percent. Final maturity is June 1, 2025. As of June 30, 2018, the outstanding balance is \$5,109,000. Annual debt service requirements to maturity for this bond is as follows:

Year Ending			
June 30,	Principal	Interest	Total
2019	\$ 280,000	\$ 138,762	\$ 418,762
2020	624,000	129,321	753,321
2021	865,000	107,140	972,140
2022	662,000	82,967	744,967
2023	718,000	66,522	784,522
2024-2025	<u>1,960,000</u>	<u>73,462</u>	<u>2,033,462</u>
	<u>\$ 5,109,000</u>	<u>\$ 598,174</u>	<u>\$ 5,707,174</u>

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

3. DETAILED NOTES (continued)

Long-term Obligations (continued)

In July 2010, Full Faith & Credit Refunding Obligations, Series 2010B was issued in the amount of \$8,465,000 to refinance one loan agreement with the Oregon DEQ (loan #68931) and two loan agreements with the Oregon Business Development Department (OBDD), formerly the Oregon Economic and Community Development Department (OECDD), which were issued to help finance a portion of the City’s wastewater treatment plant. An additional \$2,000,000 was borrowed as part of the refunding to help finance transportation infrastructure improvements, which has enhance access to the Pacific Marine Operation Center. The DEQ loan was considered a current refunding and was called July 14, 2010. The OBDD loans advanced refunded, whereby \$3,711,619 was used to purchase United States Government obligations, which were deposited into an escrow account. These funds were sufficient to call the bonds on January 1, 2011. The new bonds were issued at a premium of \$276,407 with bond issue cost totaling \$129,484. Interest range from 2.0 percent to 4.5 percent, with a final maturity of June 15, 2023. As of June 30, 2018, the outstanding balance is \$3,240,000. Annual debt service requirements to maturity for this bond is as follows:

Year Ending			
June 30,	Principal	Interest	Total
2019	\$ 975,000	\$ 122,800	\$ 1,097,800
2020	670,000	93,550	763,550
2021	480,000	65,075	545,075
2022	565,000	44,675	609,675
2023	<u>550,000</u>	<u>19,250</u>	<u>569,250</u>
	<u>\$ 3,240,000</u>	<u>\$ 345,350</u>	<u>\$ 3,585,350</u>

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

3. DETAILED NOTES (continued)

Long-term Obligations (continued)

Business-type Activities

General Obligation Bonds

The City issued \$6,265,000 (Series 2009A) and \$9,630,541 (Series 2009B) in general obligation bonds in March 2009, to finance the costs of capital construction and capital improvement for the City's water system. Series 2009A interest rates ranges from 3.5 percent to 5.0 percent and Series 2009B interest rate is 5.0 percent, with a final maturity of June 30, 2029. As of June 30, 2018, the outstanding balance is \$1,780,000 (Series 2009A) and \$9,630,541 (Series 2009B). Annual debt service requirements to maturity for this bond is as follows:

General Obligation Bonds, Series 2009A - Water

Year Ending			
June 30,	Principal	Interest	Total
2019	\$ 1,010,000	\$ 78,900	\$ 1,088,900
2020	<u>770,000</u>	<u>38,500</u>	<u>808,500</u>
	<u>\$ 1,780,000</u>	<u>\$ 117,400</u>	<u>\$ 1,897,400</u>

General Obligation Bonds, Series 2009B - Wastewater

Year Ending			
June 30,	Principal	Interest	Total
2020	\$ 706,407	\$ 498,593	\$ 1,205,000
2021	1,137,806	937,194	2,075,000
2022	1,100,080	1,034,920	2,135,000
2023	1,070,476	1,129,524	2,200,000
2024	1,033,610	1,231,390	2,265,000
2025-2029	<u>4,582,162</u>	<u>7,807,838</u>	<u>12,390,000</u>
	<u>\$ 9,630,541</u>	<u>\$ 12,639,459</u>	<u>\$ 22,270,000</u>

The City issued \$7,470,000 in general obligation refunding bonds in April 2008, to refinance a portion of the City's outstanding General Obligation Bonds, Series 1999 that financed improvements to the City's sewer system. Interest rates is 3.5 percent. The bonds final maturity is February 1, 2019. As of June 30, 2018 the outstanding balance is \$915,000. Annual debt service requirement to maturity is as follows:

Year Ending			
June 30,	Principal	Interest	Total
2019	<u>\$ 915,000</u>	<u>\$ 32,025</u>	<u>\$ 947,025</u>

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

3. DETAILED NOTES (continued)

Long-term Obligations (continued)

Full Faith & Credit Bonds and Loans Payable

In July 2010, Full Faith & Credit Refunding Obligations, Series 2010A was issued in the amount of \$5,560,000 to refinance a loan agreement with the Oregon DEQ to help finance a portion of the City’s wastewater treatment plant. Interest ranges from 2.0 percent to 4.5 percent, with a final maturity of June 15, 2023. As of June 30, 2018, the outstanding balance is \$2,240,000. Annual debt service requirements to maturity for this bond is as follows:

Year Ending	Principal	Interest	Total
<u>June 30,</u>			
2019	\$ 470,000	\$ 92,763	\$ 562,763
2020	485,000	73,963	558,963
2021	505,000	53,350	558,350
2022	525,000	33,150	558,150
2023	<u>255,000</u>	<u>10,837</u>	<u>265,837</u>
	<u>\$ 2,240,000</u>	<u>\$ 264,063</u>	<u>\$ 2,504,063</u>

In June 2018, Full Faith & Credit Bond, Series 2018, was issued in the amount of \$3,258,000 to replace failing storm drains and other stormwater system infrastructure. Interest is 3 percent, with a final maturity of June 1, 2028. As of June 30, 2018, the outstanding balance is \$3,248,000. Annual debt service requirements to maturity for this bond are as follows:

Year Ending	Principal	Interest	Total
<u>June 30,</u>			
2019	\$ 290,000	\$ 90,132	\$ 380,132
2020	291,000	88,740	379,740
2021	300,000	80,010	380,010
2022	309,000	71,010	380,010
2023	318,000	61,740	379,740
2024-2028	<u>1,740,000</u>	<u>159,690</u>	<u>1,899,690</u>
	<u>\$ 3,248,000</u>	<u>\$ 551,322</u>	<u>\$ 3,799,322</u>

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

3. DETAILED NOTES (continued)

Long-term Obligations (continued)

Loans Payable

The City entered into an agreement with Seal Rock Water District to assume responsibility to provided water services for an area of property. In return, the City agreed to pay the District \$958,502 as the rate of interest of 4.75 percent. The outstanding balance as of June 30, 2018 is \$710,789. Annual debt service requirements to maturity for this loan is as follows:

Year Ending	Principal	Interest	Total
June 30,			
2019	\$ 30,411	\$ 39,073	\$ 69,484
2020	31,826	37,650	69,476
2021	33,300	36,160	69,460
2022	34,835	34,601	69,436
2023	36,536	32,968	69,504
2024-2028	205,242	138,591	343,833
2029-2033	235,950	87,938	323,888
2034-2038	95,998	18,186	114,184
2039-2042	<u>6,691</u>	<u>637</u>	<u>7,328</u>
	<u>\$ 710,789</u>	<u>\$ 425,804</u>	<u>\$ 1,136,593</u>

In December 2014, the City entered into a 2014 Loan Agreement, 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, 2018, the outstanding balance is \$4,098,399. Annual debt service requirements to maturity for this bond is as follows:

Year Ending	Principal	Interest	Total
June 30,			
2019	\$ 172,507	\$ 158,480	\$ 330,987
2020	179,459	151,528	330,987
2021	186,690	144,297	330,987
2022	194,213	136,774	330,987
2023	202,039	128,948	330,987
2024-2028	1,139,077	515,859	1,654,936
2029-2033	1,387,833	267,102	1,654,935
2034-2038	<u>636,581</u>	<u>25,393</u>	<u>661,974</u>
	<u>\$ 4,098,399</u>	<u>\$ 1,528,381</u>	<u>\$ 5,626,780</u>

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

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>Categories</u>	<u>General</u>	<u>Urban Renewal</u>	<u>Capital Projects</u>	<u>Nonmajor Govern- mental</u>	<u>Total</u>
Nonspendable:					
Prepaid items	\$ 3,746	\$ -	\$ -	\$ 3,271	\$ 7,017
Restricted for:					
Capital projects	-	-	9,269,782	1,424,219	10,694,001
Agate Beach disposal site closure	-	-	-	1,298,872	1,298,872
Tourism	-	-	-	515,131	515,131
Streets	-	-	-	540,503	540,503
Building inspection	-	-	-	688,406	688,406
Urban renewal	-	2,077,943	-	-	2,077,943
Debt service	-	-	-	42,197	42,197
Committed for:					
Parks and recreation	-	-	-	379,898	379,898
Public parking	-	-	-	309,458	309,458
Housing	-	-	-	169,746	169,746
Airport	-	-	-	335,735	335,735
Line undergrounding	-	-	-	288,050	288,050
Assigned for:					
Capital projects	-	-	-	1,362,885	1,362,885
Unassigned	<u>2,618,303</u>	<u>-</u>	<u>-</u>	<u>(9,477)</u>	<u>2,608,826</u>
Total Fund Balances	<u>\$ 2,622,049</u>	<u>\$ 2,077,943</u>	<u>\$9,269,782</u>	<u>\$ 7,348,894</u>	<u>\$ 21,318,668</u>

Net Position Restricted Through Enabling Legislation

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

Governmental activities

Capital projects – Ordinances imposing System Development Charges (SDC) restrict the use to capital improvements which expand the capacity of the system for which the charge was made	1,503,602
Urban Renewal - Establishment of the urban renewal agency restricts the use to projects meeting the objectives for which it was formed	2,243,058

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

3. DETAILED NOTES (continued)

Segment Information for Enterprise Funds

The City has issued revenue bonds to finance water and wastewater systems. The two systems are accounted for in five enterprise funds.

Summary financial information for the water and wastewater systems for the year ended June 30, 2018 is as follows:

Condensed statement of net position	<u>Water</u>	<u>Wastewater</u>
Assets		
Current	\$ 1,835,404	\$ 3,701,623
Noncurrent		
Capital assets, net	<u>25,533,355</u>	<u>39,678,708</u>
Total assets	<u>27,368,759</u>	<u>43,380,331</u>
Deferred outflows of resources	<u>106,482</u>	<u>79,809</u>
Liabilities		
Current	8,486,212	2,177,530
Noncurrent	<u>20,678,489</u>	<u>8,973,162</u>
Total liabilities	<u>29,164,701</u>	<u>11,150,692</u>
Deferred inflows of resources	<u>118,060</u>	<u>88,445</u>
Net position		
Net investment in capital assets	3,784,359	29,128,425
Restricted	163,023	1,989,390
Unrestricted	<u>(5,754,902)</u>	<u>1,103,188</u>
Total net position	<u><u>\$ (1,807,520)</u></u>	<u><u>\$ 32,221,003</u></u>

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

3. DETAILED NOTES (continued)

Segment Information for Enterprise Funds (continued)

	Water	Wastewater
Condensed statement of revenues, expenses and changes in net position		
Operating revenue	\$ 3,896,095	\$ 4,066,006
Depreciation expense	1,016,982	1,513,391
Other operating expenses	2,778,854	3,197,337
Operating income (loss)	100,259	(644,722)
Nonoperating revenues (expenses)	365,793	644,572
Income before transfers	466,052	(150)
Transfers in	5,381,424	4,930,519
Transfers (out)	(5,919,756)	(11,030,233)
Change in net position	(72,280)	(6,099,864)
Prior period adjustment	(10,649)	(12,175)
Net position - beginning	(1,724,591)	38,333,042
Net position - ending	\$(1,807,520)	\$ 32,221,003
 Condensed statement of cash flows		
Net cash provided by (used in):		
Operating activities	\$ 1,221,711	\$ 1,039,180
Non-capital financing activities	11,233	11,812
Capital and related financing activities	(2,290,332)	(1,715,253)
Investing activities	31,673	76,975
Net (decrease) in cash	(1,025,715)	(587,286)
Cash and cash equivalents - beginning	1,645,740	3,600,425
Cash and cash equivalents - ending	\$ 620,025	\$ 3,013,139

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

4. OTHER INFORMATION

Pension Plans

The City participates in a cost-sharing multiple-employer plan that covers all fire and police employees, and a combined single-employer defined contribution money-purchase and defined benefit for eligible employees. Below are details related to each plan.

Oregon Public Employees Retirement System (PERS)

Defined Benefit Pension Plan

A. Plan description

Employees of the City are provided with pensions through the Oregon Public Employee Retirement Systems (OPERS).

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

OPERS produces an independently audited Comprehensive Annual Financial Report which includes detailed information about the pension plan's fiduciary net position. The report can be found at: www.oregon.gov/pers/Documents/Financials/CAFR/2017-CAFR.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 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

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, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

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

Disability benefits

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

Benefit changes after retirement

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

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.

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

4. OTHER INFORMATION (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.

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.

C. Contributions

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

Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation.

Tier 1/tier 2 employer contribution rates are 19.43 percent and the OPSRP employer contribution rates are 7.48 percent for general service employees and 12.25 percent for police and fire. Employer contributions for the year ended June 30, 2018 were \$394,569.

D. Actuarial valuations – Tier One/Tier Two

The December 31, 2015 actuarial valuation used the following actuarial methods and valuation procedures in determining the Tier One/Tier Two contribution rates.

Actuarial cost method

The employer contribution rates effective July 1, 2017, through June 30, 2019, were set using the entry age normal actuarial cost method. Under this actuarial cost method, each active member's entry age present value of projected benefits is allocated over the member's service from the member's date of entry until their assumed date of exit, taking into consideration expected future compensation increases.

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

4. OTHER INFORMATION (continued)

Unfunded actuarial accrued liability amortization

The Tier 1/Tier 2 UAL amortization period is 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 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.

Retiree healthcare unfunded actuarial accrued liability amortization

The UAL for Retiree Health Care as of December 31, 2007 is amortized as a level percentage of combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed 10 year period. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over a closed 10 year period from the valuation in which they are first recognized.

Asset valuation method

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

Contribution rate stabilization method

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

Allocation of liability for service segments

For active Tier 1/Tier 2 members who have worked for multiple PERS employers over their career, the calculated actuarial accrued liability is allocated among the employers based on a weighted average of the Money Match methodology, which uses account balance, and the Full Formula methodology, which uses service. The allocation is 25% based on account balance with each employer and 75% based on service with each employer. The entire normal cost is allocated to the current employer.

Allocation of benefits-in-force reserve

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

4. OTHER INFORMATION (continued)

Economic assumptions

Investment return	7.50% compounded annually
Interest crediting	7.50% compounded annually on regular and variable account balances
Inflation	2.50% compounded annually
Payroll growth	3.50% compounded annually
Healthcare cost trends	Ranges from 6.3% in 2016 to 4.4% in 2094

Demographic assumptions

Mortality tables

Healthy retirees	RP 2000, Generational (Scale BB) Combined Active/Healthy Annuitant, Sex Distinct
Disabled retirees	RP 2000, Generational (Scale BB), Combined Disabled, No Collar, Sex Distinct. Male 70% and Female 95% of disabled table
Non-annuitants	Ranges from 55% to 75% of healthy retired mortality tables depending upon sex and employment type

Retirement assumptions

Probability tables based on age of member, years of service and employment type with all police and fire retired by age 65 and all others retired by age 70. Dormant members are assumed to retire at Normal Retirement Age or at the first unreduced retirement age. Members retiring may elect to receive a full or partial lump sum at retirement with a partial lump sum estimated to be elected 4.5% of the time and a total lump sum elected 3% for 2015 and declining by 0.5% per year until reaching zero.

Salary increase assumptions

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

E. Actuarial valuations – OPSRP

The December 31, 2015 actuarial valuation for OPSRP generally used the same actuarial methods and valuation procedures as Tier One/Tier Two contribution rates except as follows:

OPSRP unfunded actuarial accrued liability amortization

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

4. OTHER INFORMATION (continued)

Economic assumptions

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

Retirement assumptions

Probability tables are different but still based on age of member, years of service and employment type with all police and fire retired by age 65 and all others retired by age 70. Dormant members are assumed to retire at Normal Retirement Age or at the first unreduced retirement age. Members retiring may elect to receive a full or partial lump sum at retirement with a partial lump sum estimated to be elected 4.5% of the time and a total lump sum elected 3% for 2015 and declining by 0.5% per year until reaching zero.

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

Net pension liability

At June 30, 2018, the City reported a liability of \$3,271,855 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

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

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

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

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

4. OTHER INFORMATION (continued)

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

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

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

At June 30, 2017, the City's proportion was .02427185 percent, which was a decrease of .00550001 percent from its proportion measured as of June 30, 2016.

Pension expense

For the year ended June 30, 2018, the City recognized pension expense of \$614,683.

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, 2017, employers will report the following deferred inflows or resources and/or deferred outflows of resources:

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

4. OTHER INFORMATION (continued)

Differences between expected and actual experience, changes in assumptions and changes in employer proportionate are amortized over the average remaining service lives of all plan participants, including retirees, determined at the beginning of the respective measurement period.

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 158,228	\$ --
Changes of assumptions	596,401	--
Net difference between projected and actual earnings on pension plan investments	33,708	--
Changes in proportionate share	73,816	372,514
Difference between contributions and proportionate share of system contributions	18,170	73,862
Contributions subsequent to the measurement date	394,569	--
 Total	 \$ 1,274,892	 \$ 446,376

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement in the amount of \$394,569 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ends June 30,	
2019	\$ 69,479
2020	336,372
2021	205,761
2022	(157,779)
2023	(19,886)
 Total	 \$ 433,947

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

4. OTHER INFORMATION (continued)

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

The total pension liability measured as of June 30, 2017 was based on an actuarial valuation as of December 31, 2015 using the following methods and assumptions:

Experience study report	2014, published September 2015
Inflation rate	2.5 percent
Long-term expected rate of return	7.5 percent
Discount rate	7.5 percent
Projected salary increases	3.5 percent
	Cost of living adjustments (COLA) blend of 2.00 percent COLA and graded COLA (1.25 percent/.015) in accordance with <i>Moro</i> decision; blend based on service
	<i>Healthy retirees and beneficiaries:</i>
	RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.
	<i>Active members:</i>
	Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.
	<i>Disabled retirees:</i>
	Mortality rates are a percentage (70 percent for males, 95 percent for females) of the RP-2000 Sex-distinct generational per Scale BB, disabled mortality table.
Mortality	

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 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

4. OTHER INFORMATION (continued)

Discount rate

The discount rate used to measure the total pension liability was 7.5 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. On July 28, 2017, the PERS Board adopted a discount rate of 7.2 percent. The new rate will be effective January 1, 2018.

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both the actuaries capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compound Annual Return (Geometric)</u>
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00%	3.61%
Bank/Leveraged Loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
Large/Mid Cap US Equities	15.75%	6.70%
Small Cap US Equities	1.31%	6.99%
Micro Cap US Equities	1.31%	7.01%
Developed Foreign Equities	13.13%	6.73%
Emerging Market Equities	4.12%	7.25%
Non-US Small Cap Equities	1.88%	7.22%
Private Equity	17.50%	7.97%
Real Estate (Property)	10.00%	5.84%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - diversified	2.50%	4.64%
Hedge Fund - Event-driven	0.63%	6.72%
Commodities/Other	9.37%	7.01%
Assumed Inflation - Mean		2.50%

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

4. OTHER INFORMATION (continued)

Depletion date projection

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

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

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

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

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

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
Proportionate share of net pension liability	\$ 5,575,838	\$ 3,271,855	\$ 1,345,298

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

4. OTHER INFORMATION (continued)

Defined contribution plan

A. Plan description

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

B. Pension benefits

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

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

C. Death benefits

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

D. Contributions

The City makes the employee contributions of 6 percent of covered payroll to the plan. Contributions for the year ended June 30, 2018 were \$163,906.

E. Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

4. OTHER INFORMATION (continued)

City of Newport Employee's Retirement Plans

Defined Benefit Pension Plan

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.

Plan description

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.

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

4. OTHER INFORMATION (continued)

Plan membership

As of July 1, 2017, pension plan membership consisted of 23 inactive plan members (or beneficiaries) currently receiving benefits, 15 inactive plan members not yet receiving benefits and 35 active plan members.

Description of benefit terms

Plan benefits

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

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

Pension benefits

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

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

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

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

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

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

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

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

The greatest early retirement benefit the participant could have received.

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

4. OTHER INFORMATION (continued)

“Monthly Earnings” for a plan year means one-twelfth of the participant’s Compensation for the plan year.

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

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

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

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

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

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

Pre-retirement death benefits

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

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

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

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

4. OTHER INFORMATION (continued)

Death benefits

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

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

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

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

4. OTHER INFORMATION (continued)

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

Disability benefits

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

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

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

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

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

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

4. OTHER INFORMATION (continued)

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, \$402,347 was contributed to the plan. The plan's normal cost is \$100,597 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, 2017. 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.

Contributions

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

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

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

4. OTHER INFORMATION (continued)

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

At June 30, 2018, the City of Newport reported a liability of \$842,223 for its net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date as follows:

Total pension liability	\$	8,053,710
Plan Fiduciary Net Position		<u>(7,211,487)</u>
 Net Pension Liability	 \$	 <u>842,223</u>
 Fiduciary net position as a percentage of total pension liability		 89.54%

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	\$ 7,872,517	\$ 6,864,062	\$ 1,008,455
Changes for the year:			
Service cost	120,946	-	120,946
Interest on total pension liability	524,396	-	524,396
Difference between expected and actual experience	112,457	-	112,457
Annuity payments	(347,877)	-	(347,877)
Lump sum payments	(228,729)	-	(228,729)
Contributions	-	402,347	(402,347)
Transfers and receivables from Money Purchase Plan	-	47,198	(47,198)
Transfer to Money Purchase Plan	-	(228,729)	228,729
Net investment income	-	504,959	(504,959)
Benefit payments	-	(347,877)	347,877
Administrative expenses	-	(30,473)	30,473
	<u> </u>	<u> </u>	<u> </u>
Ending balances	<u>\$ 8,053,710</u>	<u>\$ 7,211,487</u>	<u>\$ 842,223</u>

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

4. OTHER INFORMATION (continued)

For the year ended June 30, 2018, the City of Newport recognized pension expense (revenue) of \$292,198. At June 30, 2018, 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>
Difference between expected and actual experience	\$ 413,874	\$ 34,583
Changes of assumptions	221,603	--
Net difference between projected and actual earnings		
On pension plan investments	<u>207,021</u>	<u>902,426</u>
	<u>\$ 842,498</u>	<u>\$ 937,009</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 ends June 30,	
2019	\$ 73,824
2020	34,359
2021	(175,706)
2022	<u>(26,988)</u>
	<u>\$ (94,511)</u>

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 is level as a percentage of that member's projected pay.

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

4. OTHER INFORMATION (continued)

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

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

Actuarial methods and assumptions used in developing total pension liability

Valuation Date	July 1, 2017 rolled forward to June 30, 2018.
Actuarial Cost Method	Entry Age Normal with normal cost as level percentage of salary
Amortization Method	Amortized as a level percentage of salary as layered amortization bases over a closed period
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	N/A
Investment rate of return	6.75 percent
Projected Salary Increases	3.00 percent overall payroll growth
Mortality	RP-2000, Scale AA post-retirement only, without variation by subgroups

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

Discount rate

The discount rate used to measure the 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.

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

4. OTHER INFORMATION (continued)

Long-term expected rate of return

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

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

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

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
City of Newport’s net pension asset or liability	\$ 1,637,187	\$ 842,223	\$ 161,554

Changes in actuarial methods and assumptions

There have been no changes in the actuarial methods and assumptions.

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.

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

4. OTHER INFORMATION (continued)

Defined Contribution Plan– City Money Purchase

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

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

Pension benefits

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

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

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

Death benefits

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

Contributions

The City makes the employee contributions of 6 percent of covered payroll to the plan. Contributions for the year ended June 30, 2017 were \$311,146.

Recordkeeping

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

4. OTHER INFORMATION (continued)

Other Postemployment Benefit Plans

The City participates in a cost-sharing multiple-employer plan that covers all fire and police employees, and a single employer plan for eligible employees. Below are details related to each plan.

Oregon Public Employees Retirement System (PERS)

Defined Benefit Other Postemployment 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: www.oregon.gov/pers/Documents/Financials/CAFR/2017-CAFR.pdf

B. Description of benefit terms

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

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

Other Postemployment Healthcare benefits

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

To be eligible, the member must:

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

4. OTHER INFORMATION (continued)

Surviving spouse or dependent benefits

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

C. Contributions

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

Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation. The City contributed 0.07 percent of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits and 0.43 percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability. For the year ended June 30, 2018, the City made contributions in the amount of \$12,603 to the RHIA.

D. Actuarial valuations

Except as outlined below, the December 31, 2015 actuarial valuation used the same actuarial methods and valuation procedures to determine contribution rates as the PERS Tier One and Tier Two defined benefit pension plan as discussed in the Oregon Public Employees Retirement System (PERS) pension plan note.

Economic assumptions

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

Retiree healthcare participation assumptions

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

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

Net OPEB liability (asset)

At June 30, 2018, the City reported an (asset) of \$(9,799) for its proportionate share of the net OPEB liability/(asset). The net OPEB liability/(asset) was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of that date. 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.

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

4. OTHER INFORMATION (continued)

At June 30, 2017, the City's proportion was .02348035 percent, which was a decrease of .00024433 percent from its proportion measured as of June 30, 2016.

OPEB expense

For the year ended June 30, 2018, the City recognized OPEB expense (revenue) of \$(9).

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, 2017, employers will report the following deferred inflows or resources and/or deferred outflows of resources:

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

Differences between expected and actual experience, changes in assumptions and changes in employer proportionate are amortized over the average remaining service lives of all plan participants, including retirees, determined at the beginning of the respective measurement period.

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ --	\$ 4,538
Changes in proportionate share	--	48
Contributions subsequent to the measurement date	12,603	--
Total	\$ 12,603	\$ 4,586

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

4. OTHER INFORMATION (continued)

Deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date in the amount of \$12,603 will be recognized as an adjust to the net OPEB (asset) / liability in the year ended June 30, 2018. 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 ends June 30,	
2018	\$ (1,153)
2019	(1,153)
2020	(1,147)
2021	<u>(1,135)</u>
Total	<u>\$ (4,586)</u>

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

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 above in the Oregon Public Employees Retirement System (PERS) pension plan note.

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 Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 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, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

4. OTHER INFORMATION (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.

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

The following presents the proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 7.5 percent, as well as what the proportionate share of the net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
Proportionate share of net OPEB liability/(asset)	\$ 1,366	\$ (9,799)	\$ (19,296)

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.

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

4. OTHER INFORMATION (continued)

B. Plan membership

As of July 1, 2016, there were 106 active employees, 1 eligible retiree, and 1 spouses of eligible retirees for a total of 108 plan members.

C. Contributions

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

For retirees	\$	556
For spouses of retirees		599

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

At June 30, 2018, the City reported a total OPEB liability of \$536,806. The total OPEB liability was measured as of June 30, 2017 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, 2017	\$ 512,678
Changes for the year:	
Service cost	52,534
Interest	15,900
Changes in assumptions or other inputs	(29,592)
Benefit payments	<u>(14,714)</u>
Balances at June 30, 2018	<u>\$ 536,806</u>

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

4. OTHER INFORMATION (continued)

For the year ended June 30, 2018, the City recognized OPEB expense of \$76,517. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or inputs	\$ --	\$ 25,698
City's contributions subsequent to the measurement date	26,691	--
	\$ 26,691	\$ 25,698

Deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date in the amount of \$26,691 will be recognized as an adjustment to the Total OPEB liability in the year ended June 30, 2019. 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 ends June 30,			
2019	\$	(3,894)	
2020		(3,894)	
2021		(3,894)	
2022		(3,894)	
2023		(3,894)	
Thereafter		(6,228)	

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, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

4. OTHER INFORMATION (continued)

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

Valuation Date	July 1, 2016
Actuarial Cost Method	Entry Age Normal, Level Percent of Pay
Actuarial Assumptions:	
Inflation Rate	2.5 percent
Projected Salary Increases	3.5 percent
Mortality	Healthy retirees and beneficiaries: RP-2000 white collar male and female set back one year for male, generational per Scale BB for males and females

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

Discount rate

The discount rate used to measure the total OPEB liability was 3.58 percent. The discount rate is based on the Bond Buyer 20-year General Obligation Bond Index. The discount rate at the prior measurement date was 2.85 percent.

Healthcare cost trend rate

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

<u>Year</u>	<u>Pre-65 Trend</u>
2016	7.00%
2017	7.50%
2018	6.00%
2019	5.50%
2020-2025	5.25%
2026	5.00%
2027-2035	5.25%
2036	5.75%
2037-2039	6.25%
2040-2042	6.00%
2043-2047	5.75%
2048-2056	5.50%
2057-2064	5.25%
2065+	5.00%

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

4. OTHER INFORMATION (continued)

Dental costs are assumed to increase 4.5 percent in all future years.

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

The following presents the City's total OPEB liability calculated using the discount rate of 3.58 percent, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

	1 Percentage Point Lower		Current Discount Rate		1 Percentage Point Higher
City's total OPEB liability	\$ 578,121	\$	536,806	\$	498,467
	1 Percentage Point Lower		Current Trend Rate		1 Percentage Point Higher
City's total OPEB liability	\$ 482,913	\$	536,806	\$	599,610

Risk Management

In February 1996, GASB issued Statement No. 30 (GASB No. 30), *Risk Financing Omnibus*, which amends GASB Statement No. 10, to require inclusion of specific, incremental claim adjustment expenses and estimated recoveries in the determination of the liability of unpaid claims. GASB No. 30 also requires disclosure of whether other claim adjustment expenses are included in the liability for unpaid claims.

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.

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

4. OTHER INFORMATION (continued)

Commitments and Contingent Liabilities

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

Tax Abatements

Lincoln County has established an enterprise zone under ORS 285C.050-250 that abates property taxes on new business development within the zone. As a result, the property taxes that the City will receive for the 2017-18 levy year have been reduced by \$51,792.

Expenditures in Excess of Appropriations

Expenditures in excess of appropriations occurred as follows:

<u>Fund/Department</u>	<u>Appropriation</u>	<u>Actual</u>	<u>Variance</u>
General			
City administration	\$ 2,456,547	\$ 2,561,603	\$ (126,307)
Non-departmental	240,253	267,636	(27,383)

Deficit fund balances of nonmajor funds

The General Debt Service and Water Debt Service Funds had deficit fund balances of \$(9,477) and \$(251,719), respectively, at year end June 30, 2018.

Subsequent event

On September 4, 2018, the City of Newport obtained a \$277,500 loan from Umpqua Bank to fund the purchase and installation of bulk fuel storage tanks. Quarterly interest payments at 4.5 percent are to be made beginning October 5, 2018 and annual principal payments are to be made beginning October 5, 2019. The loan matures October 5, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

“When I started counting my blessings, my whole life turned around.” –Willie Nelson

CITY OF NEWPORT, OREGON
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Ten Fiscal Years*

Year Ended June 30,	City's proportion of the net pension liability (asset)	City's proportionate share of the net pension liability (asset)	City's covered payroll	City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	0.02427185%	\$ 3,271,855	\$ 2,767,384	118.23%	83%
2017	0.02977186%	4,469,447	2,877,270	155.34%	81%
2016	0.02885827%	1,656,886	2,444,013	67.79%	92%
2015	0.02500643%	(566,824)	2,193,182	-25.84%	104%

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

CITY OF NEWPORT, OREGON
SCHEDULE OF CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Ten Fiscal Years*

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

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

CITY OF NEWPORT, OREGON
SCHEDULE OF NET PENSION LIABILITY AND CHANGES IN NET PENSION LIABILITY
CITY OF NEWPORT EMPLOYEES RETIREMENT PLAN
Last 10 Plan Years*

	June 30 2018	June 30, 2017	June 30, 2016	June 30, 2015
<u>Beginning of year</u>				
Total pension liability	\$ 7,872,517	\$ 7,246,065	\$ 6,860,012	\$ 6,525,032
Fiduciary net position	<u>6,864,062</u>	<u>5,702,821</u>	<u>5,681,108</u>	<u>5,328,828</u>
Net pension liability	<u>\$ 1,008,455</u>	<u>\$ 1,543,244</u>	<u>\$ 1,178,904</u>	<u>\$ 1,196,204</u>
<u>Changes in total pension liability</u>				
Service cost	\$ 120,946	\$ 134,359	\$ 141,340	\$ 166,928
Interest on total pension liability	524,396	473,831	461,564	440,163
Difference between expected and actual experience	112,457	563,229	53,539	(69,963)
Change of Assumptions	-	392,067	-	-
Benefit payments	<u>(576,606)</u>	<u>(937,034)</u>	<u>(270,390)</u>	<u>(202,148)</u>
Net change in total pension liability	<u>\$ 181,193</u>	<u>\$ 626,452</u>	<u>\$ 386,053</u>	<u>\$ 334,980</u>
<u>Changes in fiduciary net position</u>				
Employer contributions	\$ 402,347	\$ 381,589	\$ 362,578	\$ 372,150
Transfer from Money Purchase Plan	47,198	1,076,001	15,618	-
Transfer to Money Purchase Plan	(228,729)	(636,333)	-	-
Investment income (loss) net of expenses	504,959	667,952	(60,573)	207,422
Benefit payments	(347,877)	(300,701)	(270,390)	(202,148)
Administrative expenses	<u>(30,473)</u>	<u>(27,267)</u>	<u>(25,520)</u>	<u>(25,144)</u>
Net change in fiduciary net position	<u>\$ 347,425</u>	<u>\$ 1,161,241</u>	<u>\$ 21,713</u>	<u>\$ 352,280</u>
<u>End of year</u>				
Total pension liability	\$ 8,053,710	\$ 7,872,517	\$ 7,246,065	\$ 6,860,012
Fiduciary net position	<u>7,211,487</u>	<u>6,864,062</u>	<u>5,702,821</u>	<u>5,681,108</u>
Net pension liability	<u>\$ 842,223</u>	<u>\$ 1,008,455</u>	<u>\$ 1,543,244</u>	<u>\$ 1,178,904</u>
Fiduciary net position as a percent of total pension liability	89.5%	87.2%	78.7%	82.8%
Coverd payroll	\$ 2,335,688	\$ 2,391,031	\$ 2,583,588	\$ 2,592,985
Net pension liability as a percent of covered payroll	36.1%	42.2%	59.7%	45.5%

*Information will be accumulated until 10 years are presented.

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

	June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 218,489	\$ 302,158	\$ 273,120	\$ 358,599	\$ 405,982	\$ 384,050	\$ 390,397	\$ 431,651	\$ 399,465	\$ 371,735
Actual employer contribution	402,347	381,589	362,578	-	416,372	416,372	431,631	399,465	368,346	369,735
Contribution deficiency (excess)	(183,858)	(79,431)	(89,458)	358,599	(10,390)	(32,322)	(41,234)	32,186	31,119	2,000
Covered payroll	2,335,688	2,391,031	2,583,588	2,592,985	2,925,079	2,876,355	2,887,270	2,932,240	2,647,845	2,557,688
Contribution as a percent of covered payroll	17.23%	15.96%	14.03%	0.00%	14.23%	14.48%	14.95%	13.62%	13.91%	14.46%
Valuation date	7/1/2017	7/1/2016	7/1/2015	7/1/2014	7/1/2013	7/1/2012	7/1/2011	7/1/2010	7/1/2009	7/1/2008
Assumed investment rate of return	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%

Notes to schedule

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry age normal, level percentage of pay												
Amortization method	Level dollar over a 25 year closed period beginning 7/1/16												
Asset valuation method	Market value												
Retirement age	<table border="1"> <thead> <tr> <th>Age</th> <th>Service</th> <th>Rate</th> </tr> </thead> <tbody> <tr> <td>55</td> <td>30+ years</td> <td>50%</td> </tr> <tr> <td>60</td> <td>25+ years</td> <td>50%</td> </tr> <tr> <td>62</td> <td>n/a</td> <td>100%</td> </tr> </tbody> </table>	Age	Service	Rate	55	30+ years	50%	60	25+ years	50%	62	n/a	100%
Age	Service	Rate											
55	30+ years	50%											
60	25+ years	50%											
62	n/a	100%											
Marriage	75% of both males and females with males 3 year older than spouses												
Healthy mortality	Healthy combined RP-2000 mortality												
Cost of living increases	1.5 percent per year												
Salary increases	3 percent per year												

CITY OF NEWPORT, OREGON
SCHEDULE OF INVESTMENT RATE OF RETURN
CITY OF NEWPORT EMPLOYEES RETIREMENT PLAN
Last 10 Plan Years

<u>Year Ended</u> <u>June 30,</u>	<u>Rate of</u> <u>Return</u>
2018	7.64%
2017	11.69%
2016	-1.06%
2015	3.84%
2014	18.52%
2013	10.73%
2012	3.60%
2011	16.92%
2010	7.55%
2009	-15.04%

CITY OF NEWPORT, OREGON
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Ten Fiscal Years*

Year Ended June 30,	City's proportion of the net OPEB liability (asset)	City's proportionate share of the net OPEB liability (asset)	City's covered payroll	City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2018	0.02348035%	\$ (9,799)	\$ 2,767,384	-0.35%	108.88%
2017	0.02372468%	6,433	2,877,270	0.22%	80.53%

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

CITY OF NEWPORT, OREGON
SCHEDULE OF OPEB CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Ten Fiscal Years*

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percent of covered payroll
2018	\$ 12,603	\$ 12,603	\$ -	\$ 2,767,384	0.46%
2017	11,647	11,647	-	2,877,270	0.40%

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

CITY OF NEWPORT
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OTHER POSTEMPLOYMENT
BENEFIT LIABILITY AND RELATED RATIOS
Last 10 Plan Fiscal Years

	June 30, 2017
Service cost	\$ 52,534
Interest on total other postemployment benefit liability	15,900
Effect of assumptions changes or inputs	(29,592)
Benefit payments	(14,714)
Net change in total other postemployment benefit liability	24,128
Total other postemployment benefit liability - beginning of year	512,678
Total other postemployment benefit liability - end of year	\$ 536,806
Covered payroll	\$ 5,103,072
Total other postemployment benefit liability as a percentage of covered payroll	10.5%

Notes to schedule

Information will be accumulated until 10 years are presented.

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

SUPPLEMENTARY INFORMATION

“Keep your face to the sunshine and you cannot see a shadow.” – Hellen Keller

CITY OF NEWPORT, OREGON
CAPITAL PROJECTS FUND (A MAJOR FUND)
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
State gas tax proration	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Newport gas tax proration	155,000	155,000	145,415	(9,585)
Seismic rehabilitation grant	844,991	844,991	1,130,105	285,114
State traffic entitlement	115,000	115,000	64,350	(50,650)
Capital improvement surcharge	429,025	429,025	624,643	195,618
Miscellaneous grant	-	30,000	-	(30,000)
Aviation grant	935,536	1,049,040	305,702	(743,338)
HR 2075 grant from the ODA	37,500	35,000	22,294	(12,706)
Interest on investments	-	-	71,876	71,876
Total revenues	<u>2,532,052</u>	<u>2,673,056</u>	<u>2,379,385</u>	<u>(293,671)</u>
Other financing sources				
Bond and loan proceeds	4,926,661	5,129,661	6,849,577	1,719,916
Transfer from Room Tax Fund	10,000	18,667	18,667	-
Transfer from Line Undergrounding Fund	600,000	600,000	600,000	-
Transfer from Urban Renewal Agency Fund	2,816,000	2,856,000	2,806,000	(50,000)
Transfer from General Fund	125,000	205,550	181,550	(24,000)
Transfer from Parks and Recreation Fund	50,000	50,000	50,000	-
Transfer from Capital Improvement Fund	100,000	100,000	100,000	-
Transfer from Proprietary Capital Projects Fund	-	59,832	59,832	-
Transfer from Airport Fund	195,000	197,500	197,500	-
Total other financing sources	<u>8,822,661</u>	<u>9,217,210</u>	<u>10,863,126</u>	<u>1,645,916</u>
Fund balance, beginning	<u>2,660,104</u>	<u>3,868,427</u>	<u>2,616,685</u>	<u>(1,251,742)</u>
Amount available for appropriation	<u>14,014,817</u>	<u>15,758,693</u>	<u>15,859,196</u>	<u>100,503</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Capital projects - general	12,421,286	13,448,960	5,718,822	7,730,138
Capital projects - swimming pool	248,384	254,412	200,312	54,100
Capital projects - airport improvement program	1,245,147	1,774,730	389,885	1,384,845
Capital projects - visual and performing art centers	-	196	-	196
Total expenditures	<u>13,914,817</u>	<u>15,478,298</u>	<u>6,309,019</u>	<u>9,169,279</u>
Other financing uses				
Transfers to other funds	100,000	280,395	280,395	-
Total expenditures and other financing uses	<u>\$ 14,014,817</u>	<u>\$ 15,758,693</u>	<u>\$ 6,589,414</u>	<u>\$ 9,169,279</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,269,782</u>	<u>\$ 9,269,782</u>

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

June 30, 2018

	Special Revenue	Debt Service	Capital Projects	Totals
ASSETS				
Cash and cash equivalents	\$ 5,506,425	\$ 15,436	\$ 1,373,683	\$ 6,895,544
Receivables				
Property taxes	-	37,188	-	37,188
Accounts	735,054	-	-	735,054
Investment in property	-	9,751	-	9,751
Prepaid items	3,271	-	-	3,271
Inventories	23,162	-	-	23,162
Due from other funds	247,500	-	-	247,500
Total assets	\$ 6,515,412	\$ 62,375	\$ 1,373,683	\$ 7,951,470
LIABILITIES				
Accounts payable	\$ 142,019	\$ -	\$ 10,798	\$ 152,817
Payroll and related liabilities	81,121	-	-	81,121
Deposits	1,640	-	-	1,640
Due to other funds	247,500	-	-	247,500
Total liabilities	472,280	-	10,798	483,078
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	89,843	29,655	-	119,498
Total deferred inflows of resources	89,843	29,655	-	119,498
FUND BALANCES				
Nonspendable	3,271	-	-	3,271
Restricted	4,467,131	42,197	-	4,509,328
Committed	1,482,887	-	-	1,482,887
Assigned	-	-	1,362,885	1,362,885
Unassigned	-	(9,477)	-	(9,477)
Total fund balances	5,953,289	32,720	1,362,885	7,348,894
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,515,412	\$ 62,375	\$ 1,373,683	\$ 7,951,470

CITY OF NEWPORT, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	Special Revenue	Debt Service	Capital Projects	Totals
REVENUES				
Property taxes	\$ -	\$ 558,216	\$ -	\$ 558,216
Transient room taxes	1,954,029	-	-	1,954,029
Other taxes	55,110	-	-	55,110
Franchise fees, privilege taxes, licenses, and permits	211,046	-	-	211,046
Intragovernmental	688,349	-	-	688,349
Charges for services	2,271,051	-	-	2,271,051
Interest on investments	67,555	2,934	19,340	89,829
Miscellaneous	137,660	-	-	137,660
Total revenues	<u>5,384,800</u>	<u>561,150</u>	<u>19,340</u>	<u>5,965,290</u>
EXPENDITURES				
Current:				
General government	2,052,545	1,810	-	2,054,355
Highway and streets	1,034,352	-	-	1,034,352
Culture and recreation	1,875,360	-	6,353	1,881,713
Debt service:				
Principal	-	535,000	-	535,000
Interest	-	317,526	-	317,526
Capital outlay	116,023	-	144,722	260,745
Total expenditures	<u>5,078,280</u>	<u>854,336</u>	<u>151,075</u>	<u>6,083,691</u>
Excess (deficiency) of revenues over expenditures	<u>306,520</u>	<u>(293,186)</u>	<u>(131,735)</u>	<u>(118,401)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,136,852	325,923	437,185	2,899,960
Transfers out	<u>(2,444,707)</u>	<u>(4,120)</u>	<u>(290,000)</u>	<u>(2,738,827)</u>
Total other financing sources (uses)	<u>(307,855)</u>	<u>321,803</u>	<u>147,185</u>	<u>161,133</u>
Net change in fund balances	(1,335)	28,617	15,450	42,732
Fund balance - beginning	<u>5,954,624</u>	<u>4,103</u>	<u>1,347,435</u>	<u>7,306,162</u>
Fund balance - ending	<u>\$ 5,953,289</u>	<u>\$ 32,720</u>	<u>\$ 1,362,885</u>	<u>\$ 7,348,894</u>

CITY OF NEWPORT, OREGON
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2018

	Parks and Recreation	Public Parking	Housing	Airport	Room Tax	Building Inspection
ASSETS						
Cash and cash equivalents	\$ 701,128	\$ 299,254	\$ 169,746	\$ 355,657	\$ 82,551	\$ 705,866
Receivables						
Accounts	-	10,204	-	11,126	463,243	-
Prepaid items	3,271	-	-	-	-	-
Inventories	-	-	-	23,162	-	-
Due from other funds	-	-	-	-	-	-
Total assets	<u>\$ 704,399</u>	<u>\$ 309,458</u>	<u>\$ 169,746</u>	<u>\$ 389,945</u>	<u>\$ 545,794</u>	<u>\$ 705,866</u>
LIABILITIES						
Accounts payable	\$ 31,815	\$ -	\$ -	\$ 32,171	\$ 30,663	\$ 8,067
Payroll and related liabilities	41,915	-	-	9,951	-	9,381
Deposits	-	-	-	1,640	-	-
Due to other funds	247,500	-	-	-	-	-
Total liabilities	<u>321,230</u>	<u>-</u>	<u>-</u>	<u>43,762</u>	<u>30,663</u>	<u>17,448</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	-	-	10,448	-	12
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,448</u>	<u>-</u>	<u>12</u>
FUND BALANCES						
Nonspendable	3,271	-	-	-	-	-
Restricted	-	-	-	-	515,131	688,406
Committed	379,898	309,458	169,746	335,735	-	-
Total fund balances	<u>383,169</u>	<u>309,458</u>	<u>169,746</u>	<u>335,735</u>	<u>515,131</u>	<u>688,406</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 704,399</u>	<u>\$ 309,458</u>	<u>\$ 169,746</u>	<u>\$ 389,945</u>	<u>\$ 545,794</u>	<u>\$ 705,866</u>

Streets	Line Under-grounding	SDC	Agate Beach Closure	Totals	
\$ 441,905	\$ 274,727	\$ 1,424,219	\$ 1,051,372	\$ 5,506,425	ASSETS
					Cash and cash equivalents
157,775	13,323	79,383	-	735,054	Receivables
-	-	-	-	3,271	Accounts
-	-	-	-	23,162	Prepaid items
-	-	-	247,500	247,500	Inventories
<u>\$ 599,680</u>	<u>\$ 288,050</u>	<u>\$ 1,503,602</u>	<u>\$ 1,298,872</u>	<u>\$ 6,515,412</u>	Due from other funds
					Total assets
\$ 39,303	\$ -	\$ -	\$ -	\$ 142,019	LIABILITIES
19,874	-	-	-	81,121	Accounts payable
-	-	-	-	1,640	Payroll and related liabilities
-	-	-	-	247,500	Deposits
<u>59,177</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>472,280</u>	Due to other funds
					Total liabilities
-	-	79,383	-	89,843	DEFERRED INFLOWS OF RESOURCES
-	-	79,383	-	89,843	Unavailable revenue
					Total deferred inflows of resources
-	-	-	-	3,271	FUND BALANCES
540,503	-	1,424,219	1,298,872	4,467,131	Nonspendable
-	288,050	-	-	1,482,887	Restricted
<u>540,503</u>	<u>288,050</u>	<u>1,424,219</u>	<u>1,298,872</u>	<u>5,953,289</u>	Committed
					Total fund balances
<u>\$ 599,680</u>	<u>\$ 288,050</u>	<u>\$ 1,503,602</u>	<u>\$ 1,298,872</u>	<u>\$ 6,515,412</u>	Total liabilities, deferred inflows of resources and fund balances

CITY OF NEWPORT, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2018

	Parks and Recreation	Public Parking	Housing	Airport	Room Tax	Building Inspection
REVENUES						
Transient room taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,954,029	\$ -
Other taxes	-	-	55,110	-	-	-
Franchise fees, privilege taxes, licenses and permits	-	27,486	-	-	-	-
Intragovernmental	-	-	-	-	-	-
Charges for services	764,089	-	-	363,235	-	478,691
Interest on investments	9,235	4,503	2,122	4,890	3,825	10,954
Miscellaneous	60,908	-	-	76,375	-	233
Total revenues	<u>834,232</u>	<u>31,989</u>	<u>57,232</u>	<u>444,500</u>	<u>1,957,854</u>	<u>489,878</u>
EXPENDITURES						
Current:						
General government	-	9,905	6,506	739,191	816,700	437,599
Highways and streets	-	-	-	-	-	-
Culture and recreation	1,875,360	-	-	-	-	-
Capital outlay	49,655	-	-	-	-	-
Total expenditures	<u>1,925,015</u>	<u>9,905</u>	<u>6,506</u>	<u>739,191</u>	<u>816,700</u>	<u>437,599</u>
Excess (deficiency) of revenues over expenditures	<u>(1,090,783)</u>	<u>22,084</u>	<u>50,726</u>	<u>(294,691)</u>	<u>1,141,154</u>	<u>52,279</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,308,489	-	6,278	579,085	-	3,000
Transfers out	(352,762)	-	-	(203,954)	(854,012)	-
Total other financing sources (uses)	<u>955,727</u>	<u>-</u>	<u>6,278</u>	<u>375,131</u>	<u>(854,012)</u>	<u>3,000</u>
Net change in fund balances	(135,056)	22,084	57,004	80,440	287,142	55,279
Fund balances - beginning	518,225	287,374	112,742	255,295	227,989	633,127
Fund balances - ending	<u>\$ 383,169</u>	<u>\$ 309,458</u>	<u>\$ 169,746</u>	<u>\$ 335,735</u>	<u>\$ 515,131</u>	<u>\$ 688,406</u>

Streets	Line Under-grounding	SDC	Agate Beach Closure	Totals	
\$ -	\$ -	\$ -	\$ -	\$ 1,954,029	REVENUES
-	-	-	-	55,110	Transient room taxes
-	183,560	-	-	211,046	Other taxes
688,349	-	-	-	688,349	Franchise fees, privilege taxes, licenses and permits
450,747	-	214,289	-	2,271,051	Intragovernmental
5,477	6,253	20,296	-	67,555	Charges for services
144	-	-	-	137,660	Interest on investments
<u>1,144,717</u>	<u>189,813</u>	<u>234,585</u>	<u>-</u>	<u>5,384,800</u>	Miscellaneous
					Total revenues
					EXPENDITURES
					Current:
-	1,452	500	40,692	2,052,545	General government
1,034,352	-	-	-	1,034,352	Highways and streets
-	-	-	-	1,875,360	Culture and recreation
66,368	-	-	-	116,023	Capital outlay
<u>1,100,720</u>	<u>1,452</u>	<u>500</u>	<u>40,692</u>	<u>5,078,280</u>	Total expenditures
<u>43,997</u>	<u>188,361</u>	<u>234,085</u>	<u>(40,692)</u>	<u>306,520</u>	Excess (deficiency) of revenues over expenditures
					OTHER FINANCING SOURCES (USES)
140,000	-	100,000	-	2,136,852	Transfers in
(71,548)	(661,321)	(301,110)	-	(2,444,707)	Transfers out
<u>68,452</u>	<u>(661,321)</u>	<u>(201,110)</u>	<u>-</u>	<u>(307,855)</u>	Total other financing sources (uses)
112,449	(472,960)	32,975	(40,692)	(1,335)	Net change in fund balances
428,054	761,010	1,391,244	1,339,564	5,954,624	Fund balances - beginning
<u>\$ 540,503</u>	<u>\$ 288,050</u>	<u>\$ 1,424,219</u>	<u>\$ 1,298,872</u>	<u>\$ 5,953,289</u>	Fund balances - ending

**CITY OF NEWPORT, OREGON
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS**

June 30, 2018

	<u>General Debt Service</u>	<u>G.O. Debt Service - Governmental</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ (19,228)	\$ 34,664	\$ 15,436
Receivables			
Property taxes	-	37,188	37,188
Investment in property	<u>9,751</u>	<u>-</u>	<u>9,751</u>
Total assets	<u>\$ (9,477)</u>	<u>\$ 71,852</u>	<u>\$ 62,375</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>-</u>	<u>29,655</u>	<u>29,655</u>
FUND BALANCES			
Restricted	-	42,197	42,197
Unassigned	<u>(9,477)</u>	<u>-</u>	<u>(9,477)</u>
Total fund balances	<u>(9,477)</u>	<u>42,197</u>	<u>32,720</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ (9,477)</u>	<u>\$ 71,852</u>	<u>\$ 62,375</u>

CITY OF NEWPORT, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
For the Year Ended June 30, 2018

	General Debt Service	G.O. Debt Service - Governmental	Totals
REVENUES			
Property taxes	\$ -	\$ 558,216	\$ 558,216
Interest on investments	7	2,927	2,934
Total revenues	<u>7</u>	<u>561,143</u>	<u>561,150</u>
EXPENDITURES			
Current:			
General government	1,810	-	1,810
Debt service:			
Principal	295,000	240,000	535,000
Interest	34,460	283,066	317,526
Total expenditures	<u>331,270</u>	<u>523,066</u>	<u>854,336</u>
Excess (deficiency) of revenues over expenditures	<u>(331,263)</u>	<u>38,077</u>	<u>(293,186)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	321,803	4,120	325,923
Transfers out	<u>(4,120)</u>	<u>-</u>	<u>(4,120)</u>
Total other financing sources (uses)	<u>317,683</u>	<u>4,120</u>	<u>321,803</u>
Net change in fund balances	(13,580)	42,197	28,617
Fund balances - beginning	4,103	-	4,103
Fund balances - ending	<u>\$ (9,477)</u>	<u>\$ 42,197</u>	<u>\$ 32,720</u>

**CITY OF NEWPORT, OREGON
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS**

June 30, 2018

	Capital Projects Reserve	Capital Improvements	Totals
ASSETS			
Cash and cash equivalents	<u>\$ 829,018</u>	<u>\$ 544,665</u>	<u>\$ 1,373,683</u>
LIABILITIES			
Accounts payable	<u>\$ 10,798</u>	<u>\$ -</u>	<u>\$ 10,798</u>
Total liabilities	<u>10,798</u>	<u>-</u>	<u>10,798</u>
FUND BALANCES			
Assigned	<u>818,220</u>	<u>544,665</u>	<u>1,362,885</u>
Total fund balances	<u>818,220</u>	<u>544,665</u>	<u>1,362,885</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 829,018</u>	<u>\$ 544,665</u>	<u>\$ 1,373,683</u>

CITY OF NEWPORT, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
For the Year Ended June 30, 2018

	Capital Projects Reserve	Capital Improvements	Totals
REVENUES			
Interest on investments	\$ 10,679	\$ 8,661	\$ 19,340
Total revenues	<u>10,679</u>	<u>8,661</u>	<u>19,340</u>
EXPENDITURES			
Current:			
Culture and recreation	6,353	-	6,353
Capital outlay	<u>113,541</u>	<u>31,181</u>	<u>144,722</u>
Total expenditures	<u>119,894</u>	<u>31,181</u>	<u>151,075</u>
Excess (deficiency) of revenues over expenditures	<u>(109,215)</u>	<u>(22,520)</u>	<u>(131,735)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	223,423	213,762	437,185
Transfers out	<u>(10,000)</u>	<u>(280,000)</u>	<u>(290,000)</u>
Total other financing sources (uses)	<u>213,423</u>	<u>(66,238)</u>	<u>147,185</u>
Net change in fund balances	104,208	(88,758)	15,450
Fund balances - beginning	<u>714,012</u>	<u>633,423</u>	<u>1,347,435</u>
Fund balances - ending	<u>\$ 818,220</u>	<u>\$ 544,665</u>	<u>\$ 1,362,885</u>

“A champion is defined not by their wins but by how they can recover when they fall.” – Serena Williams

Combining Statements and Budgetary Comparison Schedules

Nonmajor Special Revenue Funds

Special revenue funds account for revenues derived from specific taxes or other earmarked revenue sources, which are restricted to finance particular functions or activities.

Parks and Recreation – accounts for the activities related to the parks and recreation operations. Major sources of revenues are customer sales and fees and charges related to activities. Transfers from the General and Room Tax Funds provide other financing sources to supplement revenues. Expenditures are for the operations related to the parks and recreation operations and activities.

Public Parking – receives proceeds from payment in lieu of parking fees paid in association with new development in the Bay Front, Nye Beach, and City Center areas. Expenditures are for parking and related improvements that benefit businesses in these areas

Housing – provides support for affordable housing to Newport residents at all wage levels consistent with the goals and policies outlined in the Newport Comprehensive Plan.

Airport – operates and maintains the Newport Municipal Airport in accordance with Part 139 regulations and the Airport Certification Manual, which also includes operation of the fixed base operations.

Room Tax – receives the City's hotel/motel tax to enhance the tourism and tourism facilities for the City of Newport. This fund also transfers funds to the Airport and Parks and Recreation Funds in order to help their operations of their facilities.

Building Inspection – administers and develops the City's building program, consisting of serving the public on building code questions, updating ordinances to comply with state and city building codes, collect and update system development charges and related building fees, review construction plans, and conduct inspections for construction projects.

Streets – receives the State Gas Tax, Storm Drain Fee and services provided for the Water and Wastewater Funds. Expenditures are for the maintenance, repair and operations of City streets, storm drain system and sidewalks.

Line Undergrounding – receives the Central Lincoln PUD 1.5% franchise fee. Expenditures are for projects in which utility lines are placed underground.

SDC (System Development Charges) – receives SDCs and administers city-wide SDC programs.

Agate Beach Closure – accounts for the Agate Beach Disposal Site Closure. Major sources of revenue are fees collected through the disposal service companies. Expenditures are costs related to the closed site, namely various Department of Environmental Quality (DEQ) inspections and sampling.

“No matter what people tell you, words and ideas can change the world.” – Robin Williams

CITY OF NEWPORT, OREGON
PARKS AND RECREATION FUND
BUDGETARY COMPARISON STATEMENT
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Interest on investments	\$ 4,100	\$ 4,100	\$ 9,235	\$ 5,135
Special event	10,000	10,000	12,313	2,313
Rents and leases	47,000	47,000	30,663	(16,337)
60+ center revenue	4,000	4,000	1,886	(2,114)
60+ center rents & leases	9,400	9,400	6,797	(2,603)
60+ center trips revenue	10,000	10,000	7,581	(2,419)
Miscellaneous sales and services	-	1,600	1,926	326
Gifts and donations	5,000	5,000	6,878	1,878
Swimming pool passes	-	-	1,710	1,710
Swimming pool lessons	23,000	23,000	25,184	2,184
Swimming pool merchandise	500	500	-	(500)
Swimming pool rentals	9,000	9,000	15,400	6,400
Swimming pool special events	10,000	10,000	2,736	(7,264)
Recreation center	363,000	363,000	477,901	114,901
Concessions	12,000	12,000	14,644	2,644
Activity programs - youth	160,000	160,000	141,230	(18,770)
Activity programs - seniors	-	-	703	703
Activity programs - adults	12,000	12,000	4,833	(7,167)
Sports programs - adults	12,500	12,500	13,061	561
Sports programs - youth	34,000	34,000	41,630	7,630
Sports programs - special event	25,000	25,000	17,921	(7,079)
Total revenues	<u>750,500</u>	<u>752,100</u>	<u>834,232</u>	<u>82,132</u>
Other financing sources				
Transfer from General Fund	1,060,889	1,060,889	1,060,889	-
Transfer from Room Tax Fund	247,600	247,600	247,600	-
Total other financing sources	<u>1,308,489</u>	<u>1,308,489</u>	<u>1,308,489</u>	<u>-</u>
Fund balance, beginning	<u>301,088</u>	<u>518,225</u>	<u>518,225</u>	<u>-</u>
Amount available for appropriation	<u>2,360,077</u>	<u>2,578,814</u>	<u>2,660,946</u>	<u>82,132</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Parks administration	199,563	231,343	230,469	874
Senior center	187,528	192,808	184,671	8,137
Swimming pool	505,985	548,129	574,201	(26,072)
Recreation center	546,573	552,513	544,815	7,698
Recreation programs	221,179	221,179	199,178	22,001
Sports programs	181,430	188,234	191,681	(3,447)
Contingency	184,226	311,015	-	311,015
Total expenditures	<u>2,026,484</u>	<u>2,245,221</u>	<u>1,925,015</u>	<u>320,206</u>
Other financing uses				
Transfers to other funds	108,837	108,837	105,262	3,575
Total other financing uses	<u>108,837</u>	<u>108,837</u>	<u>105,262</u>	<u>3,575</u>
Total expenditures and other financing uses	<u>2,135,321</u>	<u>2,354,058</u>	<u>2,030,277</u>	<u>323,781</u>
Fund balance, ending	<u>\$ 224,756</u>	<u>\$ 224,756</u>	630,669	<u>\$ 405,913</u>
Reconciliation to generally accepted accounting principles				
Due to other funds			(247,500)	
Fund balances at end of year			<u>\$ 383,169</u>	

CITY OF NEWPORT, OREGON
PUBLIC PARKING FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Interest on investments	\$ 1,450	\$ 1,450	\$ 4,503	\$ 3,053
Fees in lieu of parking	<u>29,127</u>	<u>29,127</u>	<u>27,486</u>	<u>(1,641)</u>
Total revenues	30,577	30,577	31,989	1,412
Fund balance, beginning	<u>282,099</u>	<u>287,373</u>	<u>287,374</u>	<u>1</u>
Amount available for appropriation	<u>312,676</u>	<u>317,950</u>	<u>319,363</u>	<u>1,413</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Nye Beach parking district	1,136	3,536	3,272	264
City center parking district	453	4,203	1,349	2,854
Bay front parking district	2,443	3,576	5,284	(1,708)
Contingency	<u>308,644</u>	<u>306,635</u>	<u>-</u>	<u>306,635</u>
Total expenditures	<u>312,676</u>	<u>317,950</u>	<u>9,905</u>	<u>308,045</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 309,458</u>	<u>\$ 309,458</u>

CITY OF NEWPORT, OREGON
HOUSING FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
CET affordable housing - other	\$ -	\$ -	\$ 20,797	\$ 20,797
CET affordable housing - Oregon	-	-	7,752	7,752
CET affordable housing - incentive	-	-	26,561	26,561
Interest on investments	<u>900</u>	<u>900</u>	<u>2,122</u>	<u>1,222</u>
Total revenues	<u>900</u>	<u>900</u>	<u>57,232</u>	<u>56,332</u>
Other financing sources				
Transfer from General Fund	<u>6,278</u>	<u>6,278</u>	<u>6,278</u>	<u>-</u>
Total other financing sources	<u>6,278</u>	<u>6,278</u>	<u>6,278</u>	<u>-</u>
Fund balance, beginning	<u>106,405</u>	<u>112,742</u>	<u>112,742</u>	<u>-</u>
Amount available for appropriation	<u>113,583</u>	<u>119,920</u>	<u>176,252</u>	<u>56,332</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Materials and services	\$ 40,074	\$ 40,074	\$ 6,506	\$ 33,568
Contingency	<u>73,509</u>	<u>79,846</u>	<u>-</u>	<u>79,846</u>
Total expenditures	<u>113,583</u>	<u>119,920</u>	<u>6,506</u>	<u>113,414</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 169,746</u>	<u>\$ 169,746</u>

CITY OF NEWPORT, OREGON
AIRPORT FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Jet fuel	\$ 140,000	\$ 140,000	\$ 205,747	\$ 65,747
Aviation gas	75,000	75,000	107,025	32,025
Oil	1,000	1,000	1,227	227
Pilot supplies	1,200	1,200	2,819	1,619
Food catering	1,400	1,400	1,129	(271)
Tie down	150	150	140	(10)
Rental car fees	5,000	5,000	14,444	9,444
Service provided for Wastewater Fund	30,704	30,704	30,704	-
Rents and leases	60,000	60,000	74,465	14,465
Concessions	1,400	1,400	1,572	172
Interest on investments	1,036	1,036	4,890	3,854
Miscellaneous sales and services	500	500	338	(162)
Total revenues	<u>317,390</u>	<u>317,390</u>	<u>444,500</u>	<u>127,110</u>
Other financing sources				
Transfer from General Fund	488,835	488,835	488,835	-
Transfer from Room Tax Fund	90,250	90,250	90,250	-
Total other financing sources	<u>579,085</u>	<u>579,085</u>	<u>579,085</u>	<u>-</u>
Fund balance, beginning	<u>185,297</u>	<u>257,794</u>	<u>255,295</u>	<u>(2,499)</u>
Amount available for appropriation	<u>1,081,772</u>	<u>1,154,269</u>	<u>1,278,880</u>	<u>124,611</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Airport operations	739,755	750,983	739,191	11,792
Contingency	84,488	142,757	-	142,757
Total expenditures	<u>824,243</u>	<u>893,740</u>	<u>739,191</u>	<u>154,549</u>
Other financing uses				
Transfers to other funds	201,000	204,000	203,954	46
Total other financing uses	<u>201,000</u>	<u>204,000</u>	<u>203,954</u>	<u>46</u>
Total expenditures and other financing uses	<u>1,025,243</u>	<u>1,097,740</u>	<u>943,145</u>	<u>154,595</u>
Fund balance, ending	<u>\$ 56,529</u>	<u>\$ 56,529</u>	<u>\$ 335,735</u>	<u>\$ 279,206</u>

CITY OF NEWPORT, OREGON
ROOM TAX FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Transient room tax	\$ 1,790,098	\$ 1,790,098	\$ 1,954,029	\$ 163,931
Interest on investments	2,000	2,000	3,825	1,825
Total revenues	<u>1,792,098</u>	<u>1,792,098</u>	<u>1,957,854</u>	<u>165,756</u>
Fund balance, beginning	<u>270,775</u>	<u>281,656</u>	<u>227,989</u>	<u>(53,667)</u>
Amount available for appropriation	<u>2,062,873</u>	<u>2,073,754</u>	<u>2,185,843</u>	<u>112,089</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Room tax	844,881	899,881	816,700	83,181
Contingency	<u>94,722</u>	<u>41,936</u>	<u>-</u>	<u>41,936</u>
Total expenditures	<u>939,603</u>	<u>941,817</u>	<u>816,700</u>	<u>125,117</u>
Other financing uses				
Transfers to other funds	<u>998,950</u>	<u>1,007,617</u>	<u>854,012</u>	<u>153,605</u>
Total other financing uses	<u>998,950</u>	<u>1,007,617</u>	<u>854,012</u>	<u>153,605</u>
Total expenditures and other financing uses	<u>1,938,553</u>	<u>1,949,434</u>	<u>1,670,712</u>	<u>278,722</u>
Fund balance, ending	<u><u>\$ 124,320</u></u>	<u><u>\$ 124,320</u></u>	<u><u>\$ 515,131</u></u>	<u><u>\$ 390,811</u></u>

CITY OF NEWPORT, OREGON
BUILDING INSPECTION FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Building permits	\$ 199,500	\$ 199,500	\$ 109,681	\$ (89,819)
Electrical permits	30,000	30,000	54,497	24,497
Plumbing permits	12,000	12,000	32,529	20,529
Mechanical permits	26,000	26,000	41,334	15,334
Sign permits	-	-	4,680	4,680
Building plan review	190,000	190,000	137,045	(52,955)
Building state surcharge	23,520	23,520	14,247	(9,273)
Construction excise tax Lincoln County School District	130,000	130,000	54,653	(75,347)
Construction excise tax Lincoln County School District - Admin	5,434	5,434	3,349	(2,085)
Electrical plan review	1,000	1,000	4,531	3,531
Electrical state surcharge	3,600	3,600	6,724	3,124
Plumbing plan review	900	900	3,240	2,340
Plumbing state surcharge	1,440	1,440	4,017	2,577
Mechanical plan review	10,400	10,400	338	(10,062)
Mechanical state surcharge	3,120	3,120	3,981	861
MFD and RV parks	1,000	1,000	3,205	2,205
Building inspections reimbursement	-	-	640	640
Interest on investments	3,600	3,600	10,954	7,354
Miscellaneous sales and services	200	200	233	33
Total revenues	<u>641,714</u>	<u>641,714</u>	<u>489,878</u>	<u>(151,836)</u>
Other financing sources				
Transfer from General Fund	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Total other financing sources	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Fund balance, beginning	<u>513,206</u>	<u>633,127</u>	<u>633,127</u>	<u>-</u>
Amount available for appropriation	<u>1,157,920</u>	<u>1,277,841</u>	<u>1,126,005</u>	<u>(151,836)</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Building inspection services	516,218	520,694	437,599	83,095
Contingency	<u>51,622</u>	<u>167,067</u>	<u>-</u>	<u>167,067</u>
Total expenditures	<u>567,840</u>	<u>687,761</u>	<u>437,599</u>	<u>250,162</u>
Fund balance, ending	<u>\$ 590,080</u>	<u>\$ 590,080</u>	<u>\$ 688,406</u>	<u>\$ 98,326</u>

CITY OF NEWPORT, OREGON
STREETS FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Revenues				
State gas tax proration	\$ 588,000	\$ 588,000	\$ 666,798	\$ 78,798
Newport gas tax proration	-	-	21,551	21,551
Storm drain utility fees	472,308	472,308	450,747	(21,561)
Interest on investments	2,100	2,100	5,477	3,377
Miscellaneous sales and services	-	-	144	144
Total revenues	<u>1,062,408</u>	<u>1,062,408</u>	<u>1,144,717</u>	<u>82,309</u>
Other financing sources				
Transfer from Water Fund	70,000	70,000	70,000	-
Transfer from Wastewater Fund	70,000	70,000	70,000	-
Total other financing sources	<u>140,000</u>	<u>140,000</u>	<u>140,000</u>	<u>-</u>
Fund balance, beginning	<u>365,300</u>	<u>428,054</u>	<u>428,054</u>	<u>-</u>
Amount available for appropriation	<u>1,567,708</u>	<u>1,630,462</u>	<u>1,712,771</u>	<u>82,309</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Over) Under</u>
Expenditures				
Street maintenance	646,540	647,140	740,335	(93,195)
Storm drain maintenance	518,790	518,790	360,385	158,405
Contingency	116,533	176,087	-	176,087
Total expenditures	<u>1,281,863</u>	<u>1,342,017</u>	<u>1,100,720</u>	<u>241,297</u>
Other financing uses				
Transfers to other funds	69,000	71,600	71,548	52
Total other financing uses	<u>69,000</u>	<u>71,600</u>	<u>71,548</u>	<u>52</u>
Total expenditures and other financing uses	<u>1,350,863</u>	<u>1,413,617</u>	<u>1,172,268</u>	<u>241,349</u>
Fund balance, ending	<u>\$ 216,845</u>	<u>\$ 216,845</u>	<u>\$ 540,503</u>	<u>\$ 323,658</u>

CITY OF NEWPORT, OREGON
LINE UNDERGROUNDING FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Franchise tax - Central Lincoln PUD	\$ 167,786	\$ 167,786	\$ 183,560	\$ 15,774
Interest on investments	5,000	5,000	6,253	1,253
Total revenues	<u>172,786</u>	<u>172,786</u>	<u>189,813</u>	<u>17,027</u>
Fund balance, beginning	<u>782,481</u>	<u>761,011</u>	<u>761,010</u>	<u>(1)</u>
Amount available for appropriation	<u>955,267</u>	<u>933,797</u>	<u>950,823</u>	<u>17,026</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Line undergrounding	1,400	1,900	1,452	448
Contingency	<u>294,867</u>	<u>270,497</u>	<u>-</u>	<u>270,497</u>
Total expenditures	<u>296,267</u>	<u>272,397</u>	<u>1,452</u>	<u>270,945</u>
Other financing uses				
Transfers to other funds	<u>659,000</u>	<u>661,400</u>	<u>661,321</u>	<u>79</u>
Total other financing uses	<u>659,000</u>	<u>661,400</u>	<u>661,321</u>	<u>79</u>
Total expenditures and other financing uses	<u>955,267</u>	<u>933,797</u>	<u>662,773</u>	<u>271,024</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 288,050</u>	<u>\$ 288,050</u>

CITY OF NEWPORT, OREGON
SDC FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
System development charges	\$ 958,664	\$ 958,664	\$ 201,293	\$ (757,371)
Interest from system development charges	-	-	12,996	12,996
Interest on investments	8,800	8,800	20,296	11,496
Total revenues	<u>967,464</u>	<u>967,464</u>	<u>234,585</u>	<u>(732,879)</u>
Other financing sources				
Transfer from Capital Projects Fund	-	100,000	100,000	-
Total other financing sources	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Fund balance, beginning	<u>1,227,332</u>	<u>1,391,244</u>	<u>1,391,244</u>	<u>-</u>
Amount available for appropriation	<u>2,194,796</u>	<u>2,458,708</u>	<u>1,725,829</u>	<u>(732,879)</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
SDC - administration	500	500	500	-
Contingency	1,884,296	2,148,208	-	2,148,208
Total expenditures	<u>1,884,796</u>	<u>2,148,708</u>	<u>500</u>	<u>2,148,208</u>
Other financing uses				
Transfers to other funds	310,000	310,000	301,110	8,890
Total other financing uses	<u>310,000</u>	<u>310,000</u>	<u>301,110</u>	<u>8,890</u>
Total expenditures and other financing uses	<u>2,194,796</u>	<u>2,458,708</u>	<u>301,610</u>	<u>2,157,098</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,424,219</u>	<u>\$ 1,424,219</u>

CITY OF NEWPORT, OREGON
AGATE BEACH CLOSURE FUND
BUDGETARY COMPARISON STATEMENT
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Interfund loan repayment	\$ 31,075	\$ 31,075	\$ 27,500	\$ (3,575)
Total revenues	31,075	31,075	27,500	(3,575)
Fund balance, beginning	\$ 1,064,673	\$ 1,339,564	\$ 1,064,564	\$ (275,000)
Amount available for appropriation	<u>1,095,748</u>	<u>1,370,639</u>	<u>1,092,064</u>	<u>(278,575)</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Materials and services	33,250	48,250	40,692	7,558
Contingency	<u>1,062,498</u>	<u>1,322,389</u>	<u>-</u>	<u>1,322,389</u>
Total expenditures	<u>1,095,748</u>	<u>1,370,639</u>	<u>40,692</u>	<u>1,329,947</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	1,051,372	<u>\$ 1,051,372</u>
<i>Reconciliation to generally accepted accounting principles</i>				
Due from other funds			<u>247,500</u>	
Fund balances at end of year			<u>\$ 1,298,872</u>	

Budgetary Comparison Schedule

Nonmajor Debt Service Fund

Debt Service Funds accumulate resources for payment of long-term debt principal and interest associated with governmental activities.

Debt Service – accounts for repayment of the League of Oregon Cities Certificates of Participation Loans, Series 2007B and Series 2009B, whose requirements are met through transfers from the General, Water, Wastewater, Airport, Street, Line Undergrounding and Room Tax Funds. Also included is the 2013 North Side Fire Station whose debt service is provided through a transfer from the General Fund.

G.O. Debt Service – Governmental – accounts for repayment of the Swimming Pool General Obligation Bond, which was financed by property taxes.

“You are enough just as you are.” – Meghan Markle

CITY OF NEWPORT, OREGON
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Interest on investments	\$ 25	\$ 25	\$ 7	\$ (18)
Total revenues	<u>25</u>	<u>25</u>	<u>7</u>	<u>(18)</u>
Other financing sources				
Transfer from General Fund	137,079	142,079	142,006	(73)
Transfer from Airport Fund	6,000	6,500	6,454	(46)
Transfer from Room Tax Fund	13,500	13,500	12,910	(590)
Transfer from Streets Fund	62,000	64,600	64,548	(52)
Transfer from Line Undergrounding Fund	59,000	61,400	61,321	(79)
Transfer from Water Fund	4,550	4,550	3,227	(1,323)
Transfer from Wastewater Fund	31,337	31,337	31,337	-
Total other financing sources	<u>313,466</u>	<u>323,966</u>	<u>321,803</u>	<u>(2,163)</u>
Fund balance, beginning	<u>4,829</u>	<u>4,829</u>	<u>4,103</u>	<u>(726)</u>
Amount available for appropriation	<u>318,320</u>	<u>328,820</u>	<u>325,913</u>	<u>(2,907)</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
General debt	<u>318,320</u>	<u>328,820</u>	<u>331,270</u>	<u>(2,450)</u>
Total expenditures	<u>318,320</u>	<u>328,820</u>	<u>331,270</u>	<u>(2,450)</u>
Other financing uses				
Transfers to other funds	<u>-</u>	<u>-</u>	<u>4,120</u>	<u>(4,120)</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>4,120</u>	<u>(4,120)</u>
Total expenditures	<u>318,320</u>	<u>328,820</u>	<u>335,390</u>	<u>(6,570)</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,477)</u>	<u>\$ (9,477)</u>

CITY OF NEWPORT, OREGON
G.O. DEBT SERVICE - GOVERNMENTAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Property taxes				
Current	\$ 516,500	\$ 516,500	\$ 542,573	\$ 26,073
Delinquent	16,800	16,800	15,643	(1,157)
Interest on investments	-	-	2,927	2,927
Total revenues	<u>533,300</u>	<u>533,300</u>	<u>561,143</u>	<u>27,843</u>
Other financing sources				
Transfer from Debt Service Fund	-	-	4,120	4,120
Total other financing sources	<u>-</u>	<u>-</u>	<u>4,120</u>	<u>4,120</u>
Fund balance, beginning	<u>14,032</u>	<u>14,032</u>	<u>-</u>	<u>(14,032)</u>
Amount available for appropriation	<u>547,332</u>	<u>547,332</u>	<u>565,263</u>	<u>17,931</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Swimming pool GO bond	<u>523,069</u>	<u>523,069</u>	<u>523,066</u>	<u>3</u>
Total expenditures	<u>523,069</u>	<u>523,069</u>	<u>523,066</u>	<u>3</u>
Fund balance, ending	<u>\$ 24,263</u>	<u>\$ 24,263</u>	<u>\$ 42,197</u>	<u>\$ 17,934</u>

Budgetary Comparison Schedule

Nonmajor Capital Projects Fund

Capital Projects funds are created to account for financial resources used for the acquisition or construction of major capital facilities and infrastructure. Projects financed by proprietary funds are included in the Enterprise Funds.

Reserve – accounts for monies accumulated for the replacement of vehicles, computer equipment and City facilities.

Capital improvements – accounts for monies accumulated for building maintenance and replacement.

Today is yours. Own it. - Unknown

CITY OF NEWPORT, OREGON
CAPITAL PROJECTS RESERVE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Interest on investments	\$ 3,900	\$ 3,900	\$ 10,679	\$ 6,779
Total revenues	<u>3,900</u>	<u>3,900</u>	<u>10,679</u>	<u>6,779</u>
Other financing sources				
Transfer from General Fund	88,923	223,423	223,423	-
Total other financing sources	<u>88,923</u>	<u>223,423</u>	<u>223,423</u>	<u>-</u>
Fund balance, beginning	<u>676,533</u>	<u>714,012</u>	<u>714,012</u>	<u>-</u>
Amount available for appropriation	<u>769,356</u>	<u>941,335</u>	<u>948,114</u>	<u>6,779</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Fire reserve	\$ -	\$ 180,000	\$ 84,874	\$ 95,126
Library reserve	-	66,000	28,028	37,972
IT reserve	-	11,000	6,992	4,008
Total expenditures	<u>-</u>	<u>257,000</u>	<u>119,894</u>	<u>137,106</u>
Other financing uses				
Transfers to other funds	10,000	10,000	10,000	-
Total other financing sources	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total expenditures	<u>10,000</u>	<u>267,000</u>	<u>129,894</u>	<u>137,106</u>
Fund balance, ending	<u>\$ 759,356</u>	<u>\$ 674,335</u>	<u>\$ 818,220</u>	<u>\$ 143,885</u>

CITY OF NEWPORT, OREGON
CAPITAL IMPROVEMENTS FUND
BUDGETARY COMPARISON SCHEDULE

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Interest on investments	\$ -	\$ -	\$ 8,661	\$ 8,661
Total revenues	<u>-</u>	<u>-</u>	<u>8,661</u>	<u>8,661</u>
Other financing sources				
Transfer from General Fund	186,000	186,000	186,000	-
Transfer from Parks and Recreation Fund	<u>27,762</u>	<u>27,762</u>	<u>27,762</u>	<u>-</u>
Total other financing sources	<u>213,762</u>	<u>213,762</u>	<u>213,762</u>	<u>-</u>
Fund balance, beginning	<u>374,392</u>	<u>635,816</u>	<u>633,423</u>	<u>(2,393)</u>
Amount available for appropriation	<u>588,154</u>	<u>849,578</u>	<u>855,846</u>	<u>6,268</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
City Hall/general capital improvements	-	-	6,722	(6,722)
60+ activity center capital improvements	40,000	40,000	-	40,000
Recreation center capital improvements	<u>173,762</u>	<u>173,762</u>	<u>24,459</u>	<u>149,303</u>
Total expenditures	<u>213,762</u>	<u>213,762</u>	<u>31,181</u>	<u>182,581</u>
Other financing uses				
Transfers to other funds	<u>280,000</u>	<u>280,000</u>	<u>280,000</u>	<u>-</u>
Total other financing sources	<u>280,000</u>	<u>280,000</u>	<u>280,000</u>	<u>-</u>
Total expenditures	<u>493,762</u>	<u>493,762</u>	<u>311,181</u>	<u>182,581</u>
Fund balance, ending	<u>\$ 94,392</u>	<u>\$ 355,816</u>	<u>\$ 544,665</u>	<u>\$ 188,849</u>

Combining Statements and Budgetary Comparison Schedules

Major Enterprise Funds

The enterprise fund type is used to report an activity for which a fee is charged to external users for goods and services.

Water – accounts for all programs associated with the provision of water to the citizenry of the City of Newport. Activities include treatment distribution, source (dams) maintenance and improvements to the water system.

Wastewater – accounts for all programs associated with the collection and treatment of wastewater in the City of Newport. Activities include collection and treatment to the wastewater system.

Capital Projects – Proprietary – accounts for various projects for improvement of the water and wastewater systems for the City of Newport.

I used to think I was Indecisive, but now I'm not too sure. – Anonymous

CITY OF NEWPORT, OREGON
WATER FUND (A MAJOR FUND)
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Revenues				
Water user charges	\$ 4,017,000	\$ 4,017,000	\$ 3,826,024	\$ (190,976)
Miscellaneous sales and services	62,500	62,500	28,534	(33,966)
New services and meters	15,000	15,000	41,037	26,037
Interest on investments	5,500	5,500	21,921	16,421
Total revenues	<u>4,100,000</u>	<u>4,100,000</u>	<u>3,917,516</u>	<u>(182,484)</u>
Other financing sources				
Transfer from Proprietary Capital Projects Fund	-	10,381	10,381	-
Total other financing sources	<u>-</u>	<u>10,381</u>	<u>10,381</u>	<u>-</u>
Fund balance, beginning				
Unassigned	1,300,896	1,356,789	1,356,789	-
Total fund balance, beginning	<u>1,300,896</u>	<u>1,356,789</u>	<u>1,356,789</u>	<u>-</u>
Amount available for appropriation	<u>5,400,896</u>	<u>5,467,170</u>	<u>5,284,686</u>	<u>(182,484)</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Over) Under</u>
Expenditures				
Water plant	1,021,142	1,032,866	978,032	54,834
Water distribution	834,876	834,876	800,649	34,227
Non-departmental	829,023	940,623	837,479	103,144
Contingency	265,704	193,273	-	193,273
Total expenditures	<u>2,950,745</u>	<u>3,001,638</u>	<u>2,616,160</u>	<u>385,478</u>
Other financing uses				
Transfers to other funds	1,281,119	1,286,119	1,284,796	1,323
Total other financing uses	<u>1,281,119</u>	<u>1,286,119</u>	<u>1,284,796</u>	<u>1,323</u>
Total expenditures and other financing uses	<u>4,231,864</u>	<u>4,287,757</u>	<u>3,900,956</u>	<u>386,801</u>
Budgetary fund balance	<u>\$ 1,169,032</u>	<u>\$ 1,179,413</u>	1,383,730	<u>\$ 204,317</u>
RECONCILIATION TO NET POSITION				
Capital asset, net			25,533,355	
Inventories			501,873	
Deferred outflows of resources			106,482	
Compensated absences			(46,676)	
Long-term debt			(21,627,936)	
Bond premium			(121,060)	
Interest payable			(6,330,605)	
Net pension liability			(103,988)	
Other post employment benefits liability			(49,428)	
Deferred inflows of resources			<u>(118,060)</u>	
Net position at end of year			<u>\$ (872,313)</u>	

CITY OF NEWPORT, OREGON
WASTEWATER FUND (A MAJOR FUND)
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Sewer user charges	\$ 4,086,784	\$ 4,086,784	\$ 4,016,147	\$ (70,637)
Septage	21,000	21,000	48,596	27,596
Interest on investments	2,500	2,500	12,629	10,129
Miscellaneous sales and services	2,100	2,100	1,263	(837)
Total revenues	<u>4,112,384</u>	<u>4,112,384</u>	<u>4,078,635</u>	<u>(33,749)</u>
Other financing sources				
Transfer from Wastewater Debt Service Fund	305,764	305,764	-	(305,764)
Transfer from Sewer Fund	-	588	588	-
Total other financing sources	<u>305,764</u>	<u>306,352</u>	<u>588</u>	<u>(305,764)</u>
Fund balance, beginning				
Unassigned	1,204,987	1,325,502	1,325,502	-
Total fund balance, beginning	<u>1,204,987</u>	<u>1,325,502</u>	<u>1,325,502</u>	<u>-</u>
Amount available for appropriation	<u>5,623,135</u>	<u>5,744,238</u>	<u>5,404,725</u>	<u>(339,513)</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Wastewater plant	1,643,448	1,651,320	1,412,913	238,407
Wastewater collection	1,056,093	1,056,093	831,992	224,101
Non-departmental	925,255	925,255	949,472	(24,217)
Contingency	362,480	434,111	-	434,111
Total expenditures	<u>3,987,276</u>	<u>4,066,779</u>	<u>3,194,377</u>	<u>872,402</u>
Other financing uses				
Transfers to other funds	1,170,837	1,212,437	921,842	290,595
Total other financing uses	<u>1,170,837</u>	<u>1,212,437</u>	<u>921,842</u>	<u>290,595</u>
Total expenditures and other financing uses	<u>5,158,113</u>	<u>5,279,216</u>	<u>4,116,219</u>	<u>1,162,997</u>
Budgetary fund balance	<u>\$ 465,022</u>	<u>\$ 465,022</u>	1,288,506	<u>\$ 823,484</u>
RECONCILIATION TO NET POSITION				
Capital asset, net			39,678,708	
Deferred outflows of resources			79,809	
Compensated absences			(35,583)	
Long-term debt			(10,438,681)	
Bond premium			(111,602)	
Interest payable			(41,728)	
Net pension liability			(77,670)	
Other postemployment benefits liability			(42,529)	
Unavailable revenues			20,828	
Deferred inflows of resources			<u>(88,445)</u>	
Net position at end of year			<u>\$ 30,231,613</u>	

CITY OF NEWPORT, OREGON
CAPITAL PROJECTS - PROPRIETARY FUND (A MAJOR FUND)
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
State grants	\$ -	\$ -	\$ 20,000	\$ 20,000
Water smart grant	300,000	300,000	295,000	(5,000)
Federal grant	45,000	45,000	-	(45,000)
OWRD water supply grant	30,000	30,000	97,619	67,619
SB839 grant	1,730,000	1,730,000	-	(1,730,000)
Local improvement district revenue	200,000	200,000	-	(200,000)
Local and private grants miscellaneous	-	205,000	144,500	(60,500)
Interest on investments	-	-	45,566	45,566
Misc sales and services	-	-	500	500
Total revenues	<u>2,305,000</u>	<u>2,510,000</u>	<u>603,185</u>	<u>(1,906,815)</u>
Other financing sources				
Bond and loan proceeds	8,032,880	7,829,880	386,340	(7,443,540)
Transfer from System Development Charge Fund	300,000	300,000	300,000	-
Transfer from Capital Projects Fund	100,000	159,832	159,832	-
Transfer from Water Fund	791,070	796,070	796,070	-
Transfer from Wastewater Fund	724,500	766,100	766,100	-
Total other financing sources	<u>9,948,450</u>	<u>9,851,882</u>	<u>2,408,342</u>	<u>(7,443,540)</u>
Fund balance, beginning	<u>2,176,493</u>	<u>2,592,660</u>	<u>1,223,473</u>	<u>(1,369,187)</u>
Amount available for appropriation	<u>14,429,943</u>	<u>14,954,542</u>	<u>4,235,000</u>	<u>(10,719,542)</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Water capital projects	8,150,806	8,469,375	2,430,711	6,038,664
Wastewater capital projects	6,129,137	6,264,366	1,676,972	4,587,394
Total expenditures	<u>14,279,943</u>	<u>14,733,741</u>	<u>4,107,683</u>	<u>10,626,058</u>
Other financing uses				
Transfers to other funds	-	70,801	70,801	-
Total other financing uses	-	70,801	70,801	-
Total expenditures and other financing uses	<u>14,279,943</u>	<u>14,804,542</u>	<u>4,178,484</u>	<u>10,626,058</u>
Budgetary fund balance / net position	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 56,516</u>	<u>\$ (93,484)</u>

CITY OF NEWPORT, OREGON
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2018

	Water Debt Service	Wastewater Debt Service	G.O. Debt Service - Proprietary	Totals
ASSETS				
Current assets:				
Cash and cash equivalents	\$ (257,509)	\$ 527,784	\$ 564,064	\$ 834,339
Receivables				
Property taxes	-	-	157,538	157,538
Prepaid items	5,790	-	-	5,790
Total current assets	<u>(251,719)</u>	<u>527,784</u>	<u>721,602</u>	<u>997,667</u>
Total assets	<u>(251,719)</u>	<u>527,784</u>	<u>721,602</u>	<u>997,667</u>
NET POSITION				
Restricted for debt service	-	527,784	721,602	1,249,386
Unrestricted	<u>(251,719)</u>	<u>-</u>	<u>-</u>	<u>(251,719)</u>
Total net position	<u>\$ (251,719)</u>	<u>\$ 527,784</u>	<u>\$ 721,602</u>	<u>\$ 997,667</u>

CITY OF NEWPORT, OREGON
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2018

	Water Debt Service	Wastewater Debt Service	G.O. Debt Service - Proprietary	Totals
NONOPERATING REVENUES (EXPENSES)				
Property taxes	\$ -	\$ -	\$ 1,745,661	\$ 1,745,661
Interest on investments	<u>1,607</u>	<u>15,420</u>	<u>11,505</u>	<u>28,532</u>
Total nonoperating revenues (expenses)	<u>1,607</u>	<u>15,420</u>	<u>1,757,166</u>	<u>1,774,193</u>
Income (loss) before capital contributions and transfers	1,607	15,420	1,757,166	1,774,193
Transfers in	400,499	55,500	929,311	1,385,310
Transfers out	<u>(903,260)</u>	<u>(992,505)</u>	<u>(1,964,875)</u>	<u>(3,860,640)</u>
Change in net position	(501,154)	(921,585)	721,602	(701,137)
Net position - beginning	<u>249,435</u>	<u>1,449,369</u>	<u>-</u>	<u>1,698,804</u>
Net position - ending	<u>\$ (251,719)</u>	<u>\$ 527,784</u>	<u>\$ 721,602</u>	<u>\$ 997,667</u>

CITY OF NEWPORT, OREGON
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2018

	Water Debt Service	Wastewater Debt Service	G.O. Debt Service - Proprietary	Totals
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Property taxes	\$ 11,233	\$ 11,812	\$ 1,731,796	\$ 1,754,841
Transfers in	400,499	55,500	785,638	1,241,637
Transfers out	(430,744)	(354,894)	-	(785,638)
Principal payments	(199,822)	(455,000)	(1,780,000)	(2,434,822)
Interest payments	(200,677)	(110,955)	(184,875)	(496,507)
Net cash (used in) capital and related financing activities	<u>(419,511)</u>	<u>(853,537)</u>	<u>552,559</u>	<u>(720,489)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	<u>1,607</u>	<u>15,420</u>	<u>11,505</u>	<u>28,532</u>
Net increase (decrease) in cash and cash equivalents	(417,904)	(838,117)	564,064	(691,957)
Cash and cash equivalents, July 1, 2017	<u>160,395</u>	<u>1,365,901</u>	<u>-</u>	<u>1,526,296</u>
Cash and cash equivalents, June 30, 2018	<u>\$ (257,509)</u>	<u>\$ 527,784</u>	<u>\$ 564,064</u>	<u>\$ 834,339</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:				
Transfers in	\$ -	\$ -	\$ 143,673	\$ 143,673
Transfers out	<u>(472,516)</u>	<u>(637,611)</u>	<u>(1,964,875)</u>	<u>(3,075,002)</u>
	<u>\$ (472,516)</u>	<u>\$ (637,611)</u>	<u>\$ (1,821,202)</u>	<u>\$ (2,931,329)</u>

Combining Statements and Budgetary Comparison Schedules

Nonmajor Enterprise Funds

The enterprise fund type is used to report an activity for which a fee is charged to external users for goods and services.

Water Debt Service – accounts for repayment of debt incurred for the new water treatment plant and improvements to the water system. These debts were financed by property taxes, revenue bonds and utility service charges.

Wastewater Debt Service – accounts for repayment of debt incurred for the wastewater treatment plant and improvements to the wastewater system. These debts were financed by property taxes, Clean Water State Revolving Fund loans and utility service charges.

G.O. Debt Service – Proprietary – accounts for repayment of debt incurred for the water and wastewater treatment plans. These debts were financed by property taxes.

My Mind is like my internet browser. At least 19 open tabs, 3 of them are frozen. And I have no clue where the music is coming from. – Anonymous

CITY OF NEWPORT, OREGON
WATER DEBT SERVICE FUND - ENTERPRISE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Interest on investments	\$ -	\$ -	\$ 1,607	\$ 1,607
Total revenues	-	-	1,607	1,607
Other financing sources				
Transfer from Water Fund	400,499	400,499	400,499	-
Total other financing sources	400,499	400,499	400,499	-
Fund balance, beginning	-	340,963	177,418	(163,545)
Amount available for appropriation	400,499	741,462	579,524	(161,938)
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Water General Debt	69,512	69,512	69,512	-
Water Revenue Bond	330,987	330,987	330,987	-
Total expenditures	400,499	400,499	400,499	-
Other financing uses				
Transfers to other funds	-	340,963	430,744	(89,781)
Total other financing uses	-	340,963	430,744	(89,781)
Total expenditures and other financing uses	400,499	741,462	831,243	(89,781)
Budgetary fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (251,719)</u>	<u>\$ (251,719)</u>

CITY OF NEWPORT, OREGON
WASTEWATER FUND (A MAJOR FUND)
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Sewer user charges	\$ 4,086,784	\$ 4,086,784	\$ 4,016,147	\$ (70,637)
Septage	21,000	21,000	48,596	27,596
Interest on investments	2,500	2,500	12,629	10,129
Miscellaneous sales and services	2,100	2,100	1,263	(837)
Total revenues	4,112,384	4,112,384	4,078,635	(33,749)
Other financing sources				
Transfer from Wastewater Debt Service Fund	305,764	305,764	-	(305,764)
Transfer from Sewer Fund	-	588	588	-
Total other financing sources	305,764	306,352	588	(305,764)
Fund balance, beginning				
Unassigned	1,204,987	1,325,502	1,325,502	-
Total fund balance, beginning	1,204,987	1,325,502	1,325,502	-
Amount available for appropriation	5,623,135	5,744,238	5,404,725	(339,513)
Expenditures				
Wastewater plant	1,643,448	1,651,320	1,412,913	238,407
Wastewater collection	1,056,093	1,056,093	831,992	224,101
Non-departmental	925,255	925,255	949,472	(24,217)
Contingency	362,480	434,111	-	434,111
Total expenditures	3,987,276	4,066,779	3,194,377	872,402
Other financing uses				
Transfers to other funds	1,170,837	1,212,437	921,842	290,595
Total other financing uses	1,170,837	1,212,437	921,842	290,595
Total expenditures and other financing uses	5,158,113	5,279,216	4,116,219	1,162,997
Budgetary fund balance	\$ 465,022	\$ 465,022	1,288,506	\$ 823,484
RECONCILIATION TO NET POSITION				
Capital asset, net			39,678,708	
Deferred outflows of resources			79,809	
Compensated absences			(35,583)	
Long-term debt			(10,438,681)	
Bond premium			(111,602)	
Interest payable			(41,728)	
Net pension liability			(77,670)	
Other postemployment benefits liability			(42,529)	
Unavailable revenues			20,828	
Deferred inflows of resources			(88,445)	
Net position at end of year			\$ 30,231,613	

CITY OF NEWPORT, OREGON
G.O. DEBT SERVICE - ENTERPRISE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Revenues				
Property taxes				
Current	\$ 1,610,825	\$ 1,610,825	\$ 1,692,504	\$ 81,679
Delinquent	59,000	59,000	65,238	6,238
Interest and investment	<u>7,000</u>	<u>7,000</u>	<u>11,505</u>	<u>4,505</u>
Total revenues	<u>1,676,825</u>	<u>1,676,825</u>	<u>1,769,247</u>	<u>92,422</u>
Other financing sources				
Transfer from Debt Service-Wastewater	-	253,900	698,575	444,675
Transfer from Debt Service-Water	-	<u>87,063</u>	<u>87,063</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>340,963</u>	<u>785,638</u>	<u>444,675</u>
Fund balance, beginning	<u>335,744</u>	<u>335,744</u>	<u>-</u>	<u>(335,744)</u>
Amount available for appropriation	<u>2,012,569</u>	<u>2,353,532</u>	<u>2,554,885</u>	<u>201,353</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Over) Under</u>
Expenditures				
Water G.O. bond	1,022,500	1,022,500	1,022,050	450
Wastewater G.O. bond	<u>942,825</u>	<u>942,825</u>	<u>942,825</u>	<u>-</u>
Total expenditures	<u>1,965,325</u>	<u>1,965,325</u>	<u>1,964,875</u>	<u>450</u>
Total expenditures	<u>1,965,325</u>	<u>1,965,325</u>	<u>1,964,875</u>	<u>450</u>
Budgetary fund balance	<u>\$ 47,244</u>	<u>\$ 388,207</u>	590,010	<u>\$ 201,803</u>
RECONCILIATION TO NET POSITION				
Unavailable revenues			<u>131,592</u>	
Net position at end of year			<u>\$ 721,602</u>	

CITY OF NEWPORT, OREGON
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2018

	<u>Public Works</u>	<u>City Facility</u>	<u>Total</u>
Assets			
Current assets:			
Cash and investments	\$ 286,174	\$ 308,190	\$ 594,364
Total current assets	<u>286,174</u>	<u>308,190</u>	<u>594,364</u>
Noncurrent assets:			
Land and construction in progress	599,340	-	599,340
Other capital assets, net of depreciation	<u>226,122</u>	<u>-</u>	<u>226,122</u>
Total noncurrent assets	<u>825,462</u>	<u>-</u>	<u>825,462</u>
Total assets	<u>1,111,636</u>	<u>308,190</u>	<u>1,419,826</u>
Deferred Outflows of Resources			
Pension related items	78,551	7,244	85,795
Other postemployment benefits related items	<u>1,468</u>	<u>116</u>	<u>1,584</u>
Total deferred outflows of resources	<u>80,019</u>	<u>7,360</u>	<u>87,379</u>
Liabilities			
Current liabilities:			
Accounts payable	33,883	111,356	145,239
Payroll and related liabilities	21,058	16,692	37,750
Compensated absences	<u>20,375</u>	<u>28,747</u>	<u>49,122</u>
Total current liabilities	<u>75,316</u>	<u>156,795</u>	<u>232,111</u>
Long-term obligations			
Net pension liability	78,526	7,242	85,768
Other postemployment benefits	<u>29,525</u>	<u>2,339</u>	<u>31,864</u>
Total long-term obligations	<u>108,051</u>	<u>9,581</u>	<u>117,632</u>
Total liabilities	<u>183,367</u>	<u>166,376</u>	<u>349,743</u>
Deferred Inflows of Resources			
Pension related items	87,363	8,057	95,420
Other postemployment benefits related items	<u>1,413</u>	<u>112</u>	<u>1,525</u>
Total deferred inflows of resources	<u>88,776</u>	<u>8,169</u>	<u>96,945</u>
Net Position			
Net investment in capital assets	825,462	-	825,462
Unrestricted	<u>94,050</u>	<u>141,005</u>	<u>235,055</u>
Total net position	<u>\$ 919,512</u>	<u>\$ 141,005</u>	<u>\$ 1,060,517</u>

CITY OF NEWPORT, OREGON
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUND
For the Year Ended June 30, 2018

	<u>Public Works</u>	<u>City Facility</u>	<u>Total</u>
OPERATING REVENUES:			
Service charges and fees	\$ 994,560	\$ 176,215	\$ 1,170,775
Miscellaneous	<u>2,710</u>	<u>48,870</u>	<u>51,580</u>
 Total operating revenues	 <u>997,270</u>	 <u>225,085</u>	 <u>1,222,355</u>
OPERATING EXPENSES:			
Salaries and wages	635,289	431,133	1,066,422
Contracted services	57,154	223,768	280,922
Property services	8,246	211,235	219,481
Operating supplies	14,223	12,924	27,147
Utilities	-	409,572	409,572
Depreciation and amortization	73,642	-	73,642
Repairs and maintenance	1,780	160,188	161,968
Charges for services	58,195	-	58,195
Miscellaneous	<u>33,150</u>	<u>95,105</u>	<u>128,255</u>
 Total operating expenses	 <u>881,679</u>	 <u>1,543,925</u>	 <u>2,425,604</u>
 Operating income	 115,591	 (1,318,840)	 (1,203,249)
NONOPERATING REVENUES (EXPENSES):			
Interest on investments	<u>2,829</u>	<u>2,592</u>	<u>5,421</u>
 Income before capital contributions and transfers	 118,420	 (1,316,248)	 (1,197,828)
Transfers in	-	1,640,924	1,640,924
Transfers out	<u>-</u>	<u>(183,671)</u>	<u>(183,671)</u>
 Change in net position	 118,420	 141,005	 259,425
Prior period restatement	(5,015)	-	(5,015)
Net position - beginning	<u>806,107</u>	<u>-</u>	<u>806,107</u>
 Net position - ending	 <u>\$ 919,512</u>	 <u>\$ 141,005</u>	 <u>\$ 1,060,517</u>

CITY OF NEWPORT, OREGON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
For the Year Ended June 30, 2018

	Public Works	City Facility	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Service provided to other funds	\$ 997,161	\$ 176,215	\$ 1,173,376
Cash payments to suppliers of goods and services	(153,406)	(1,001,436)	(1,154,842)
Cash payments to employees for services	(633,057)	(375,304)	(1,008,361)
Other revenues	2,710	48,870	51,580
Net cash provided by (used in) operating activities	213,408	(1,151,655)	(938,247)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	-	1,640,924	1,640,924
Net cash (used in) noncapital financing activities	-	1,640,924	1,640,924
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets	-	(183,671)	(183,671)
Net cash (used in) capital and related financing activities	-	(183,671)	(183,671)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	2,829	2,592	5,421
Net increase (decrease) in cash and cash equivalents	216,237	308,190	524,427
Cash and cash equivalents, July 1, 2017	69,937	-	69,937
Cash and cash equivalents, June 30, 2018	\$ 286,174	\$ 308,190	\$ 594,364
RECONCILIATION OF OPERATING INCOME (LOSS) TO			
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income (loss)	\$ 115,591	\$ (1,318,840)	\$ (1,203,249)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	73,642	-	73,642
Changes in assets, deferred outflows, liabilities and deferred inflows:			
Receivables	2,601	-	2,601
Deferred outflows of resources	24,681	(7,359)	17,322
Accounts payable	19,342	111,356	130,698
Payroll and related liabilities	15,877	16,692	32,569
Compensated absences	(6,115)	28,747	22,632
Other postemployment benefits	1,327	2,339	3,666
Net pension liability	(15,499)	7,241	(8,258)
Deferred inflows of resources	(18,039)	8,169	(9,870)
Total adjustments	97,817	167,185	265,002
Net cash provided by operating activities	\$ 213,408	\$ (1,151,655)	\$ (938,247)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Transfers out	\$ -	\$ (183,671)	\$ (183,671)

Budgetary Comparison Schedule

Internal Service Fund

The Internal Service Fund was established to account 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.

Public Works – provides engineering and administration for water, wastewater, street, and storm sewer improvements and operations.

City Facility – accounts for rent charged other funds for use of city facilities.

At every party there are two kinds of people – those who want to go home and those who don't. The trouble is, they are usually married to each other. – Ann Landers

CITY OF NEWPORT, OREGON
PUBLIC WORKS FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Service provided for Street Fund	\$ 198,910	\$ 198,910	\$ 198,910	\$ -
Service provided for Water Fund	397,825	397,825	397,825	-
Service provided for Wastewater Fund	397,825	397,825	397,825	-
Interest on investments	2,100	2,100	2,829	729
Miscellaneous sales and services	500	500	2,710	2,210
Total revenues	<u>997,160</u>	<u>997,160</u>	<u>1,000,099</u>	<u>2,939</u>
Fund balance, beginning	<u>31,650</u>	<u>52,816</u>	<u>52,816</u>	<u>-</u>
Amount available for appropriation	<u>1,028,810</u>	<u>1,049,976</u>	<u>1,052,915</u>	<u>2,939</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Public works administration	320,000	325,508	309,142	16,366
Engineering services	521,907	525,963	512,540	13,423
Contingency	84,191	95,793	-	95,793
Total expenditures	<u>926,098</u>	<u>947,264</u>	<u>821,682</u>	<u>125,582</u>
Budgetary fund balance	<u>\$ 102,712</u>	<u>\$ 102,712</u>	231,233	<u>\$ 128,521</u>
RECONCILIATION TO NET POSITION				
Capital asset, net			825,462	
Deferred outflows of resources			80,019	
Compensated absences			(20,375)	
Net pension liability			(78,526)	
Net other post employment benefit obligation			(29,525)	
Deferred inflows of resources			<u>(88,776)</u>	
Net position at end of year			<u>\$ 919,512</u>	

CITY OF NEWPORT, OREGON
CITY FACILITY FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Matching funds	\$ 150,000	\$ 150,000	\$ -	\$ (150,000)
Visual arts center revenue	16,000	16,000	26,223	10,223
Interest on investments	-	-	2,592	2,592
City facilities rental income	197,430	197,430	176,215	(21,215)
Miscellaneous sales and services	-	12,000	22,647	10,647
Total revenues	363,430	375,430	227,677	(147,753)
Other financing sources				
Transfer from General Fund	1,061,624	1,038,144	1,011,624	(26,520)
Transfer from Room Tax Fund	489,300	489,300	449,300	(40,000)
Transfer from Capital Improvement Fund	180,000	180,000	180,000	-
Total other financing sources	1,730,924	1,707,444	1,640,924	(66,520)
Fund balance, beginning	-	-	-	-
Amount available for appropriation	2,094,354	2,082,874	1,868,601	(214,273)
Expenditures				
Facilities administration	309,936	336,456	304,714	31,742
City hall facility	239,706	239,706	181,895	57,811
Fire facilities	83,356	33,356	31,030	2,326
Library facility	127,968	127,968	85,319	42,649
Parks facilities and grounds	381,104	381,104	383,518	(2,414)
City public restrooms	191,299	191,299	114,101	77,198
Piers & boardwalk	5,600	5,600	1,454	4,146
Performing arts center	246,289	246,289	99,409	146,880
Visual arts center	184,096	196,096	169,350	26,746
Street lights	325,000	325,000	317,669	7,331
Total expenditures	2,094,354	2,082,874	1,688,459	394,415
Budgetary fund balance	\$ -	\$ -	180,142	\$ 180,142
RECONCILIATION TO NET POSITION				
Deferred outflows of resources			7,360	
Compensated absences			(28,747)	
Net pension liability			(7,242)	
Other postemployment benefit liability			(2,339)	
Deferred inflows of resources			(8,169)	
Net position at end of year			\$ 141,005	

STATISTICAL SECTION

If you want your children to listen, try talking softly to someone else. – Ann Landers

STATISTICAL SCHEDULES

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

FINANCIAL TRENDS

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

REVENUE CAPACITY

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

DEBT CAPACITY

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

OPERATING INFORMATION

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

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

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

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

	2009	2010	2011	2012	2013
Governmental Activities					
Net investment in capital assets	\$ 32,983,517	\$ 25,710,830	\$ 34,067,289	\$ 34,587,900	\$ 37,076,075
Restricted	6,687,685	3,583,806	3,212,002	2,021,952	1,897,970
Unrestricted	8,053,598	20,034,437	8,779,162	9,302,518	9,223,667
Total governmental activities net position	<u>47,724,800</u>	<u>49,329,073</u>	<u>46,058,453</u>	<u>45,912,370</u>	<u>48,197,712</u>
Business-type activities					
Net investment in capital assets	6,508,792	10,561,229	27,293,814	31,225,370	33,161,900
Restricted	967,862	734,815	830,128	1,101,568	1,068,652
Unrestricted	15,585,106	12,544,516	4,495,156	1,885,022	1,095,920
Total business-type activities net position	<u>23,061,760</u>	<u>23,840,560</u>	<u>32,619,098</u>	<u>34,211,960</u>	<u>35,326,472</u>
Total City of Newport					
Net investment in capital assets	39,492,309	36,272,059	61,361,103	65,813,270	70,237,975
Restricted	7,655,547	4,318,621	4,042,130	3,123,520	2,966,622
Unrestricted	23,638,704	32,578,953	13,274,318	11,187,540	10,319,587
Total net position	<u>\$ 70,786,560</u>	<u>\$ 73,169,633</u>	<u>\$ 78,677,551</u>	<u>\$ 80,124,330</u>	<u>\$ 83,524,184</u>

In the ten years since the City began reporting under GASB Statement 34, the net position of governmental activities increased by just over 39 percent (\$30,736,000). This increase is broken down as follows: Capital Assets less related debt increased by (\$28,380,000). Restricted assets grew \$9,444,000 while the Unrestricted fell by (\$7,088,000) for a net gain of \$2,356,000.

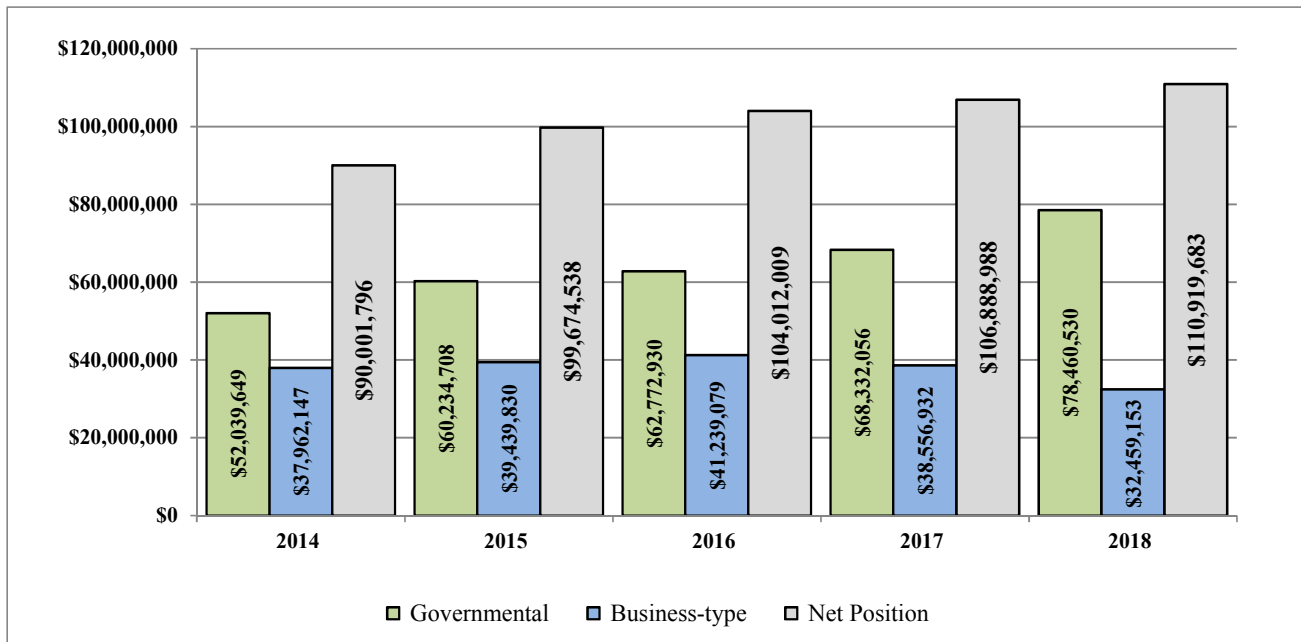
During the same time frame (ten years), the net position of the business-type activities have increased by 29 percent (\$9,397,000). This increase is broken down as follows: Capital Assets less related debt increased by (\$26,404,000). Restricted assets grew \$338,000 while the Unrestricted fell by (\$17,345,000) for a net loss of (\$17,007,000).

Source: City of Newport 2009-2018 Annual Financial Reports

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

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

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)

	2009	2010	2011	2012	2013
Expenses					
Governmental activities:					
General government	\$ 3,515,074	2,593,603	2,760,233	2,946,250	2,524,975
Public safety	4,971,158	4,322,280	4,897,412	5,910,614	5,409,033
Highways and streets	651,987	2,027,122	486,823	715,630	1,398,550
Economic development	1,352,326	1,389,451	1,329,239	2,268,506	2,022,285
Culture and recreation	3,171,277	3,175,760	2,966,405	2,917,529	2,162,587
Airport operations	1,007,182	2,213,315	2,302,109	804,391	2,398,097
Facilities & Parks	-	-	-	-	-
Interest on long-term debt	1,117,871	817,588	485,616	408,038	442,850
Total governmental activities expenses	<u>15,786,875</u>	<u>16,539,119</u>	<u>15,227,837</u>	<u>15,970,958</u>	<u>16,358,377</u>
Business-type activities					
Water	2,058,968	1,985,327	1,903,871	2,360,710	2,204,937
Sewer	3,806,258	3,696,996	3,602,579	2,914,571	3,688,140
Capital Projects	-	-	-	-	-
Total business-type activities expenses	<u>5,865,226</u>	<u>5,682,323</u>	<u>5,506,450</u>	<u>5,275,281</u>	<u>5,893,077</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General Government	369,989	344,225	494,299	377,544	377,993
Public Safety	141,154	163,292	-	-	-
Highways and Streets	13,469	113,016	81,513	126,521	85,367
Economic development	113,653	126,988	412,433	182,511	123,842
Culture and recreation	543,018	577,705	637,297	512,375	572,929
Airport operations	282,644	301,867	450,968	427,648	343,298
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	954,380	2,204,481	1,813,418	90,658	2,057,293
Total governmental activities program revenues	<u>2,418,307</u>	<u>3,831,574</u>	<u>3,889,928</u>	<u>1,717,257</u>	<u>3,560,722</u>
Business-type activities					
Water	2,064,143	1,988,342	2,135,827	2,417,535	2,826,126
Sewer	2,785,702	2,868,533	2,934,904	3,134,620	3,215,260
Total business-type activities program revenues	<u>4,849,845</u>	<u>4,856,875</u>	<u>5,070,731</u>	<u>5,552,155</u>	<u>6,041,386</u>
Total program revenues	<u>7,268,152</u>	<u>8,688,449</u>	<u>8,960,659</u>	<u>7,269,412</u>	<u>9,602,108</u>
General Revenues					
Governmental activities:					
Taxes:					
Property taxes used for general purposes	8,616,819	9,281,264	8,100,988	7,738,397	7,778,988
Property taxes used for debt service	-	-	-	-	-
Transient room taxes used for general purposes	2,229,833	2,278,501	2,297,243	2,367,590	2,419,699
Licenses, Permits & Fees	750,076	856,283	840,949	1,036,047	1,358,095
Fines & Forfeitures	-	173,203	210,133	177,919	179,432
Motor fuel	-	-	-	-	-
Cigarette and alcoholic beverage	-	-	-	-	-
Other Taxes	55,606	553,113	845,524	1,046,275	1,061,986
Intergovernmental (+grants)	696,564	770,990	760,840	1,151,530	658,707
Loss on Disposal	-	-	-	-	(129,986)
Unrestricted interest earnings	315,667	104,501	40,947	45,753	58,573
Miscellaneous	929,734	419,281	452,534	641,840	1,010,092
Gain on sale of capital assets	-	-	-	-	-
Total governmental activities general revenues	<u>13,594,299</u>	<u>14,437,136</u>	<u>13,549,158</u>	<u>14,205,351</u>	<u>14,395,586</u>
Prior period adjustments	-	-	-	-	-
Transfers	(111,491)	(125,318)	(7,442,237)	(82,709)	687,411
Total governmental activities	<u>13,482,808</u>	<u>14,311,818</u>	<u>6,106,921</u>	<u>14,122,642</u>	<u>15,082,997</u>

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

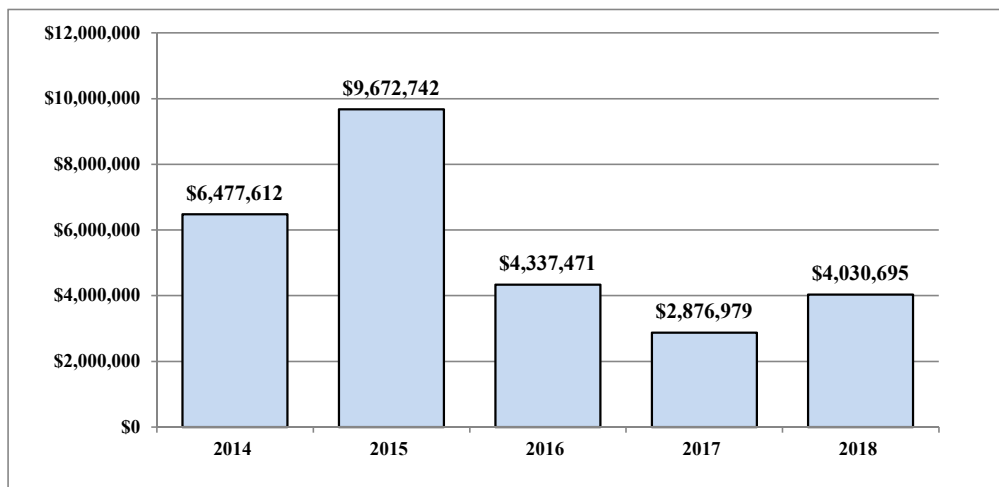
2014	2015	2016	2017	2018	
					Expenses
					Governmental activities:
2,620,714	5,446,621	6,271,284	6,708,369	7,070,473	General government
6,013,687	5,185,741	7,122,338	6,475,521	6,611,040	Public safety
1,530,448	1,905,912	1,391,446	1,694,645	1,858,877	Highways and streets
1,815,605	-	-	-	-	Economic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

continued pages 142-143

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

	2009	2010	2011	2012	2013
General Revenues, continued					
Business-type activities					
Property taxes used for debt service	1,203,796	1,225,852	1,515,373	1,745,566	1,633,558
Licenses, Permits & Fees	-	71,000	264,161	-	-
Unrestricted investment earnings	152,801	182,078	63,553	30,347	20,056
Miscellaneous	69,443			-	-
Total business-type activities general revenues	1,426,040	1,478,930	1,843,087	1,775,913	1,653,614
Transfers	111,491	125,318	7,442,237	82,709	(687,411)
Total business-type activities	1,537,531	1,604,248	9,285,324	1,858,622	1,048,912
Change in Net Position					
Governmental activities	114,240	1,604,273	(5,230,988)	(131,059)	2,285,342
Business-type activities	522,150	778,800	8,849,605	2,135,496	1,197,221
Total Change in net position	636,390	2,383,073	5,578,985	2,018,699	3,399,854
Net position - beginning	70,150,170	70,786,560	73,169,633	78,677,551	80,124,330
Prior period adjustments			(71,067)	(571,920)	-
Net position - ending	<u>\$ 70,786,560</u>	<u>\$ 73,169,633</u>	<u>\$ 78,677,551</u>	<u>\$ 80,124,330</u>	<u>\$ 83,524,184</u>

Change in Net Position
last five years

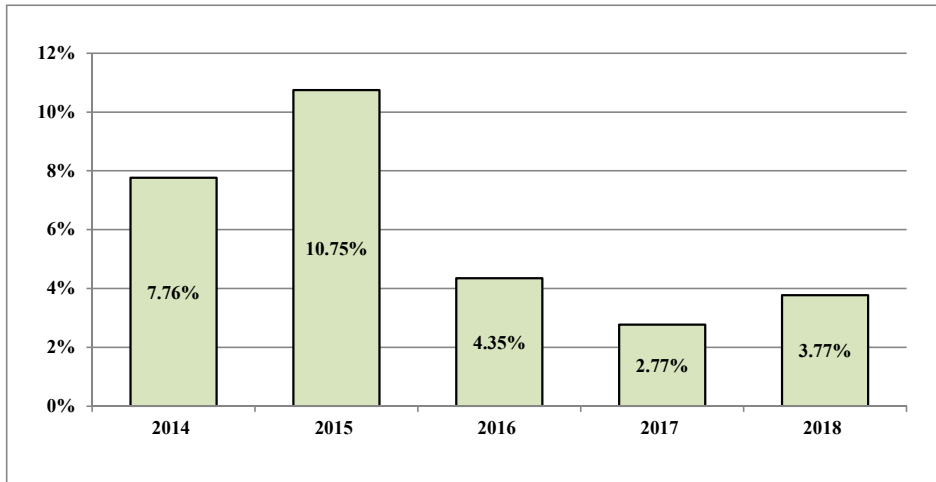


Source: City of Newport 2009-2018 Annual Financial Reports

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

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

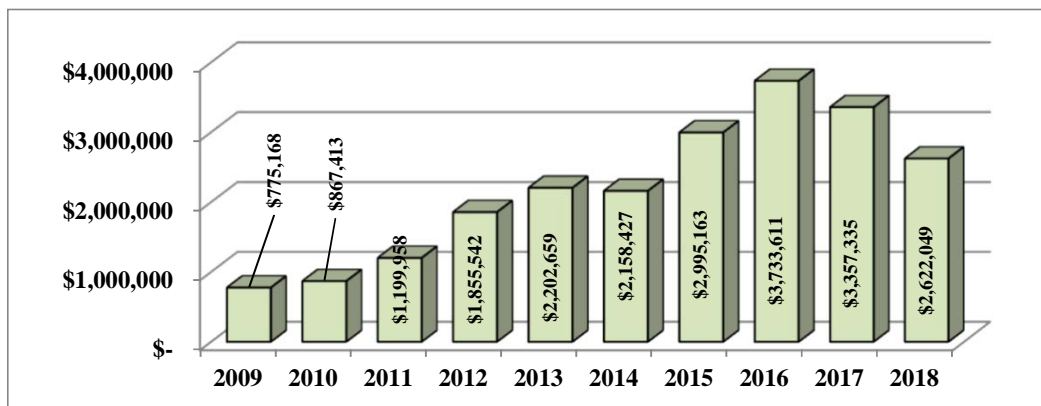
Year to Year Percentage Change in Net Position
 last five years



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

	2009	2010	2011	2012	2013
General Fund					
Unreserved	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	7,420	7,651	6,404
Committed	-	-	-	-	-
Unassigned	-	-	1,192,538	1,847,891	2,196,255
Total General Fund	-	-	1,199,958	1,855,542	2,202,659
All other governmental funds					
Reserved for:					
Debt service	6,207,709	3,016,657	-	-	-
System Development	479,976	567,149	-	-	-
Unreserved, reported in:					
General Fund	775,168	867,413	-	-	-
Special revenue funds	4,987,577	5,919,798	-	-	-
Capital project funds	766,768	(648,064)	901,288	1,360,895	2,542,406
Nonspendable	-	-	9,751	34,167	33,328
Restricted	-	-	3,212,002	2,021,952	1,897,970
Committed	-	-	4,359,134	4,498,001	4,482,182
Assigned	-	-	-	-	-
Unassigned	-	-	(75,196)	(5,915)	(2,510)
Total all other governmental funds	13,217,198	9,722,953	8,406,979	7,909,100	8,953,376
Total fund balances of governmental funds	<u>\$ 13,217,198</u>	<u>\$ 9,722,953</u>	<u>\$ 9,606,937</u>	<u>\$ 9,764,642</u>	<u>\$ 11,156,035</u>

General Fund Unreserved Fund Balance
 Last Ten Fiscal Years



Note (1): The City has implemented GASB 54, effective Fiscal Year 2011. Due to the conversion, the City has reclassified ending fund balances, which has made prior periods not comparable. The above information will be accumulated yearly, until 10 years are reported.

Source: City of Newport 2009-2018 Annual Financial Reports

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

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

**Governmental funds Unreserved/Unassigned Fund Balance
 and Annual Percentage Change**
 Last Ten Fiscal Years

Fiscal Year	Fund Balance	% Change
2009	\$ 13,217,198	-
2010	9,722,953	-26.44%
2011	9,606,937	-1.19%
2012	9,764,642	1.64%
2013	11,156,035	14.25%
2014	20,502,827	83.78%
2015	25,505,279	24.40%
2016	18,392,388	-27.89%
2017	16,912,245	-8.05%
2018	21,318,668	26.05%

The total governmental unreserved fund balance has increased by 61.29 percent over the last ten years. The average change in percent over the the ten years is a 10 percent growth.

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

	2009	2010	2011	2012	2013
Revenues					
Taxes	\$ 11,113,854	12,056,207	\$ 11,140,622	\$ 11,175,848	\$ 11,306,092
Franchise fees, privilege taxes, licenses, and permits	1,897,848	2,211,458	2,448,022	2,345,151	2,572,998
Intergovernmental	2,293,389	4,128,937	5,655,641	2,423,197	4,476,545
Charges for services					
Fines and forfeitures	150,355	173,203	210,133	177,919	179,432
Leases & Rents	165,852	152,530	160,945	168,842	171,166
Interest on investments	315,667	86,984	40,947	45,753	58,573
Miscellaneous	887,577	435,638	720,947	756,993	1,127,451
Total revenues	<u>16,824,542</u>	<u>19,244,957</u>	<u>20,377,257</u>	<u>17,093,703</u>	<u>19,892,257</u>
Expenditures					
General government	2,887,085	2,583,684	2,441,340	2,374,149	2,487,057
Public safety	4,357,908	4,305,751	4,331,608	4,762,895	5,327,804
Highways and streets	633,905	2,090,904	561,404	653,142	1,569,827
Culture and recreation	2,780,063	3,117,844	2,630,155	2,358,379	2,131,145
Economic development	1,442,040	1,611,102	1,193,657	1,485,007	2,014,640
Facilities & Parks	-	-	-	-	-
Airport Operations	-	-	2,362,067	804,391	2,446,628
Materials & Services	1,055,173	2,263,096	100,512	629,309	245,809
Debt service	3,665,627	5,519,822	2,476,311	1,820,616	1,868,440
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	1,175,795	1,362,056	5,643,805	1,965,401	1,356,925
Total expenditures	<u>17,997,596</u>	<u>22,854,259</u>	<u>21,740,859</u>	<u>16,853,289</u>	<u>19,448,275</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,173,054)</u>	<u>(3,609,302)</u>	<u>(1,363,602)</u>	<u>240,414</u>	<u>443,982</u>
Other financing sources (uses)					
Debt issuance	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
Premium on debt issuance	-	2,242,567	8,611,923	-	260,000
Payment to escrow agent for refunded bonds	-	-	-	-	-
Capital lease	-	-	-	-	-
Interfund Loan Payback	-	-	77,900	-	-
Special Payments	(578,409)	(2,144,149)	-	-	-
Transfers in	-	16,639	-	4,815,606	4,136,449
Transfers out	(1,557,501)	-	(7,442,237)	(4,898,315)	(3,449,038)
Total other financing sources (uses)	<u>(2,135,910)</u>	<u>115,057</u>	<u>1,247,586</u>	<u>(82,709)</u>	<u>947,411</u>
Prior period adjustments	-	-	-	-	-
Net change in fund balances	<u>\$ (3,308,964)</u>	<u>\$ (3,494,245)</u>	<u>\$ (116,016)</u>	<u>\$ 157,705</u>	<u>\$ 1,391,393</u>

Ratio of Total Debt Service Expenditures to Total Noncapital Expenditures

Total debt service expenditures	\$ 3,665,627	\$ 5,519,822	\$ 2,476,311	\$ 1,820,616	\$ 1,868,440
Total noncapital expenditures	<u>16,821,801</u>	<u>21,492,203</u>	<u>16,097,054</u>	<u>14,887,888</u>	<u>18,091,350</u>
Ratio of total debt service expenditures less refundings to total noncapital expenditures	<u>21.79%</u>	<u>25.68%</u>	<u>15.38%</u>	<u>12.23%</u>	<u>10.33%</u>

Source: City of Newport 2009-2018 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)

2014	2015	2016	2017	2018	
					Revenues
\$ 12,234,880	\$ 11,757,609	\$ 12,607,792	\$ 12,927,595	\$ 14,327,621	Taxes
					Franchise fees, privilege taxes, licenses, and permits
1,722,388	1,676,410	1,441,951	1,560,734	1,496,719	Intergovernmental
3,854,436	7,279,349	2,627,484	4,480,147	3,258,664	Charges for services
1,572,840	4,019,705	3,896,832	3,928,927	4,088,450	Fines and forfeitures
156,070	164,816	117,404	128,048	114,747	Leases & Rents
153,240	-	-	-	-	Interest on investments
217,720	106,880	148,909	201,725	287,572	Miscellaneous
1,521,326	495,178	639,290	562,370	454,365	Total revenues
<u>21,432,900</u>	<u>25,499,947</u>	<u>21,479,662</u>	<u>23,789,546</u>	<u>24,028,138</u>	
					Expenditures
2,379,674	5,471,035	6,345,215	6,499,792	6,218,707	General government
5,395,473	4,935,829	5,339,330	5,616,027	6,033,231	Public safety
1,428,723	1,396,889	873,861	1,038,748	1,034,352	Highways and streets
2,097,976	2,252,354	2,329,955	2,627,593	3,018,475	Culture and recreation
1,653,453	-	-	-	-	Economic development
704,184	-	-	-	-	Facilities & Parks
848,953	-	-	-	-	Airport Operations
96,853	-	-	-	-	Materials & Services
1,752,501	-	-	-	-	Debt service
-	1,274,980	1,582,639	2,984,432	1,745,000	Principal
-	758,037	761,502	679,509	624,442	Interest
4,578,983	9,652,113	11,318,251	8,984,654	5,944,630	Capital outlay
<u>20,936,773</u>	<u>25,741,237</u>	<u>28,550,753</u>	<u>28,430,755</u>	<u>24,618,837</u>	Total expenditures
					Excess (deficiency) of revenues over (under) expenditures
496,127	(241,290)	(7,071,091)	(4,641,209)	(590,699)	
					Other financing sources (uses)
8,239,500	5,456,000	-	1,548,404	6,849,577	Debt issuance
-	-	-	1,657,500	-	Proceeds from sale of capital assets
381,973	-	-	-	-	Premium on debt issuance
-	-	-	-	-	Payment to escrow agent for refunded bonds
-	-	-	-	-	Capital lease
-	-	-	-	-	Interfund Loan Payback
-	-	-	-	-	Special Payments
5,076,982	5,525,894	4,103,145	6,003,534	7,276,372	Transfers in
(4,847,790)	(5,697,966)	(3,961,468)	(6,048,372)	(9,128,827)	Transfers out
8,850,665	5,283,928	141,677	3,161,066	4,997,122	Total other financing sources (uses)
-	(40,186)	(183,477)	-	-	Prior period adjustments
<u>\$ 9,346,792</u>	<u>\$ 5,002,452</u>	<u>\$ (7,112,891)</u>	<u>\$ (1,480,143)</u>	<u>\$ 4,406,423</u>	Net change in fund balances
\$ 1,752,501	\$ 2,033,017	\$ 2,344,141	\$ 3,663,941	\$ 2,369,442	Total debt service expenditures
16,357,790	16,089,124	17,232,502	19,446,101	18,295,974	Total noncapital expenditures
					Ratio of total debt service expenditures less refundings to total noncapital expenditures
<u>10.71%</u>	<u>12.64%</u>	<u>13.60%</u>	<u>18.84%</u>	<u>12.95%</u>	

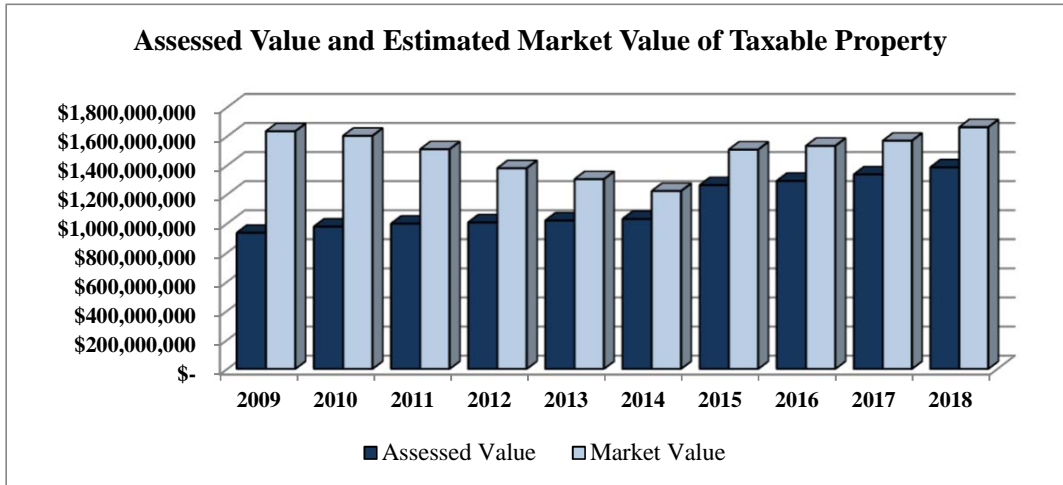
Schedule 5
CITY OF NEWPORT, OREGON
ASSESSED VALUE AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Fiscal Year Ended June 30,	County	Taxable Assessed Value (1)	Direct Tax Rate Per \$1,000 of Assessed Value	Urban Renewal District Assessed Value (2)	Total Assessed Value	Estimated Market Value	Assessed Value as a % of Market Value
2009	Lincoln	934,820,717	5.5938	114,944,377	1,049,765,094	1,634,036,479	64.24%
	Total	934,820,717		114,944,377	1,049,765,094	1,634,036,479	64.24%
2010	Lincoln	977,553,317	5.5938	122,609,487	1,100,162,804	1,602,751,236	68.64%
	Total	977,553,317		122,609,487	1,100,162,804	1,602,751,236	68.64%
2011	Lincoln	997,901,139	5.5938	127,731,767	1,125,632,906	1,510,524,448	74.52%
	Total	997,901,139		127,731,767	1,125,632,906	1,510,524,448	74.52%
2012	Lincoln	1,006,836,711	5.5938	132,458,357	1,139,295,068	1,379,970,260	82.56%
	Total	1,006,836,711		132,458,357	1,139,295,068	1,379,970,260	82.56%
2013	Lincoln	1,019,889,985	5.5938	135,451,937	1,155,341,922	1,304,161,493	88.59%
	Total	1,019,889,985		135,451,937	1,155,341,922	1,304,161,493	88.59%
2014	Lincoln	1,030,390,405	5.5938	135,875,197	1,166,265,602	1,222,412,409	95.41%
	Total	1,030,390,405		135,875,197	1,166,265,602	1,222,412,409	95.41%
2015	Lincoln	1,263,033,051	5.5938	136,869,617	1,399,902,668	1,508,268,831	92.82%
	Total	1,263,033,051		136,869,617	1,399,902,668	1,508,268,831	92.82%
2016	Lincoln	1,292,794,735	5.5938	138,719,427	1,431,514,162	1,533,699,076	93.34%
	Total	1,292,794,735		138,719,427	1,431,514,162	1,533,699,076	93.34%
2017	Lincoln	1,337,383,961	5.5938	162,028,890	1,499,412,851	1,569,196,193	95.55%
	Total	1,337,383,961		162,028,890	1,499,412,851	1,569,196,193	95.55%
2018	Lincoln	1,385,786,447	5.5938	180,183,069	1,565,969,516	1,662,018,005	94.22%
	Total	1,385,786,447		180,183,069	1,565,969,516	1,662,018,005	94.22%

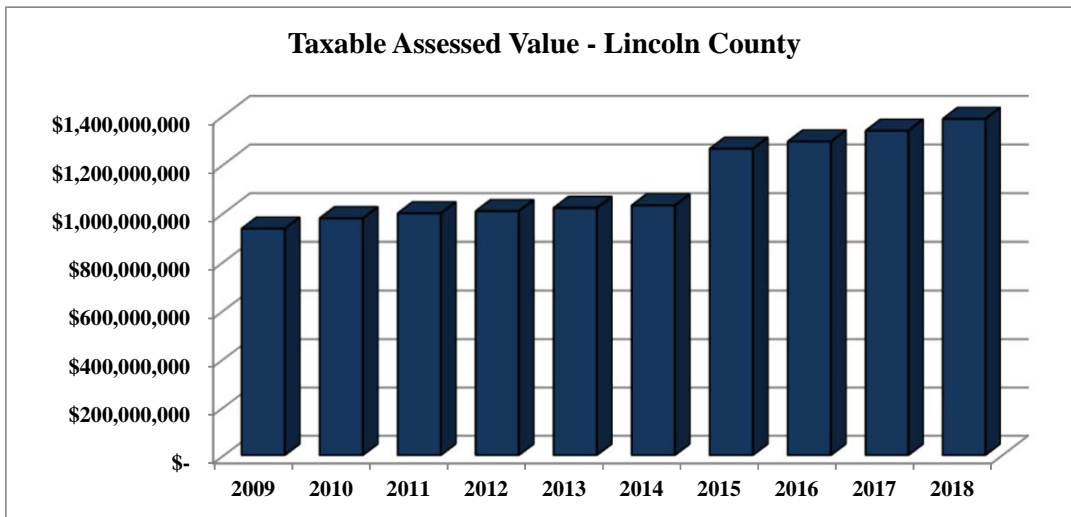
- (1) Does not include the assessed value of the urban renewal district.
(2) Urban renewal district incremental amount.

Source: Lincoln County Tax Assessor

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



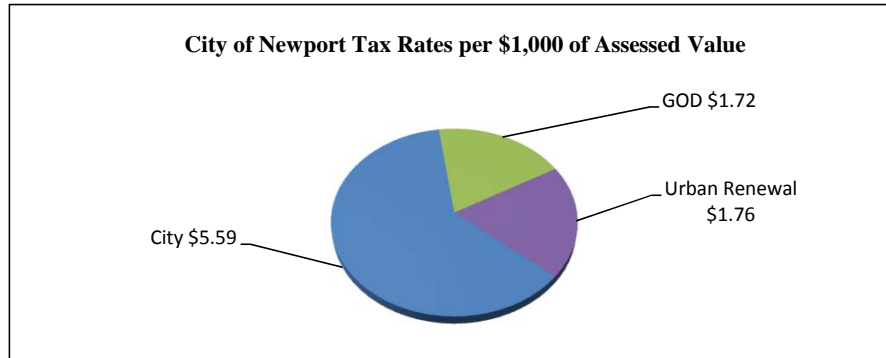
The "gap" between the market value and the assessed value is important to note. Oregon statutes allow the assessed value on a single piece of property to rise no more than three percent annually up to the market value, where the assessed value is capped. Currently, the assessed value is 94.22 percent 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,	County	Basic Rate	General Obligation Debt Service	Total Before Urban Renewal	Newport Urban Renewal	Total Direct Rate
2009	Lincoln	5.59	1.56	7.15	2.57	9.72
2010	Lincoln	5.59	1.36	6.95	2.52	9.47
2011	Lincoln	5.59	1.40	7.00	1.55	8.55
2012	Lincoln	5.59	1.54	7.13	1.30	8.43
2013	Lincoln	5.59	1.39	6.98	1.24	8.22
2014	Lincoln	5.59	1.54	7.14	1.24	8.37
2015	Lincoln	5.59	1.91	7.51	1.22	8.72
2016	Lincoln	5.59	1.82	7.41	1.31	8.72
2017	Lincoln	5.59	1.81	7.41	1.66	9.07
2018	Lincoln	5.59	1.72	7.31	1.76	9.07



(1) - Rate per \$1,000 of assessed value

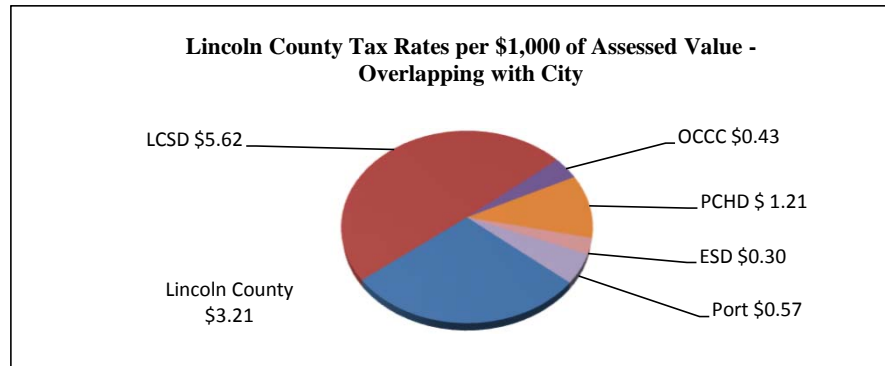
City = City of Newport
 GOD = General Obligation Debt

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
3.00	5.63	0.45	0.36	0.30	0.57	20.09
3.00	5.70	0.44	0.36	0.30	0.59	19.91
3.00	5.66	0.43	0.36	0.30	0.54	18.89
3.00	5.66	0.43	0.36	0.30	0.35	18.58
3.00	5.67	0.41	0.36	0.30	0.53	18.55
3.21	5.68	0.35	0.36	0.30	0.63	19.16
3.21	5.64	0.46	0.36	0.30	0.61	19.56
3.21	5.64	0.44	0.36	0.30	0.61	19.53
3.21	5.64	0.44	1.23	0.30	0.59	20.72
3.21	5.62	0.43	1.21	0.30	0.57	20.67



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 2008-2009 and 2017-2018

Taxpayer	2017-2018		% of		2008-2009		% of	
	Taxable Assessed Value	Rank	Total Taxable Assessed Value		Taxable Assessed Value	Rank	Total Taxable Assessed Value	
Central Lincoln PUD	\$ 22,146,000	1	1.60%		\$ 18,560,500	2	1.99%	
Northwest Natural Gas	22,141,000	2	1.60%		40,053,800	1	4.28%	
Fred Meyer Stores	15,105,080	3	1.09%		11,247,960	4	1.20%	
Hallmark Inns and Resorts, Inc.	14,453,450	4	1.04%		10,468,740	5	1.12%	
Shilo Inn Newport LLC	12,637,320	5	0.91%		11,303,580	3	1.21%	
Charter Communications	9,954,800	6	0.72%		-	0	0.00%	
Wal Mart Real Estate	9,733,050	7	0.70%		6,132,910	9	0.66%	
EY Inc. and E W & J B Inc.	9,007,360	8	0.65%		6,764,920	7	0.72%	
Oregon Brewing	7,564,660	9	0.55%		-	0	0.00%	
Port of Newport	7,151,850	10	0.52%		7,167,810	6	0.77%	
SPM Little Creek LLC	-		-		6,295,140	8	0.67%	
Lincoln Properties LLC	-		-		5,915,210	10	0.63%	
Total	\$ 129,894,570		9.37%		\$ 123,910,570		13.26%	
Total taxable assessed value, all properties	<u>\$ 1,385,786,447</u>				<u>\$ 934,820,717</u>			

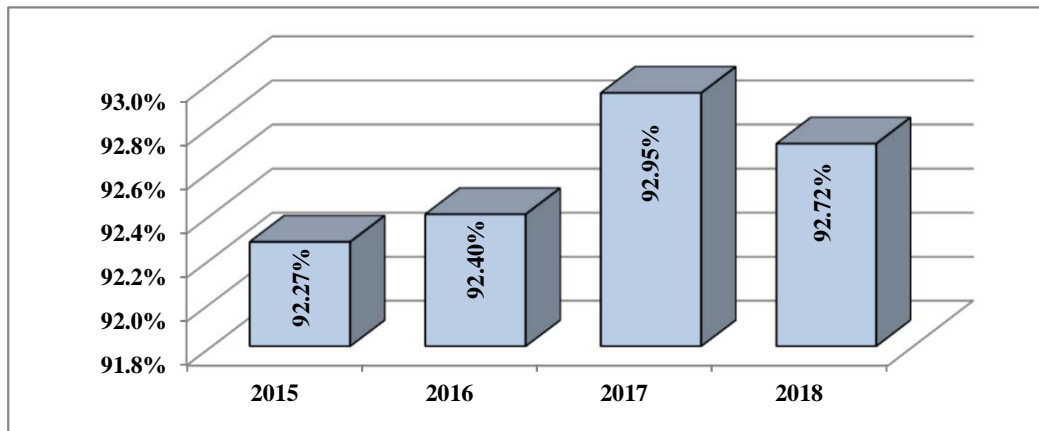
The above Total Taxable percentage of the Top Ten Taxpayers is normally graphed. However the information will be accumulated yearly, until 10 years are reported.

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%

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 ten-year average first-year collection rate is 96.79 percent of the levy as extended by the assessors.

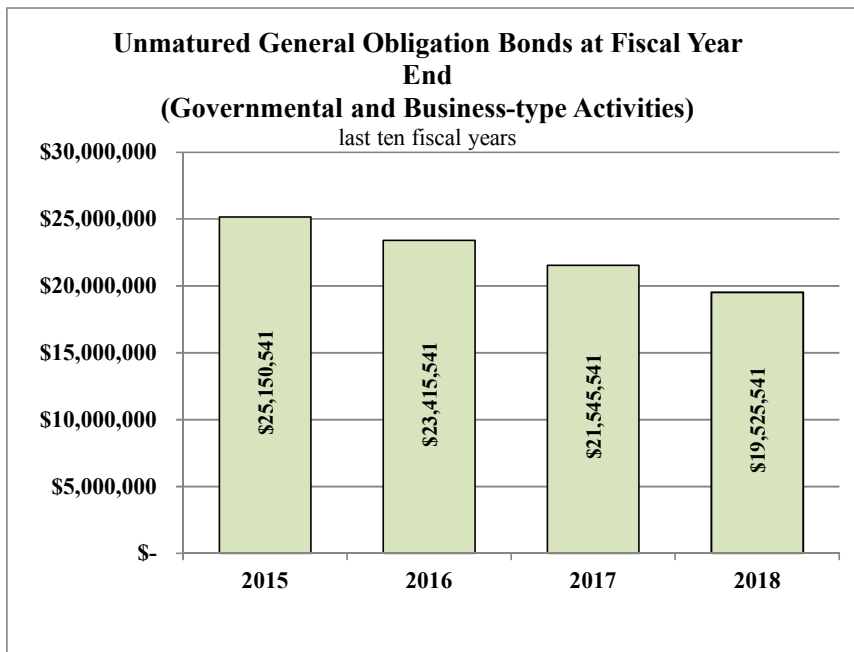
There are three ways in which property tax revenue can be adversely affected by a slowdown in the economy: 1) market value falls below assessed value; 2) assessed value falls; and 3) the rate of tax collection falls. Because of the healthy gap between market values and assessed values, there would be lag time before a downturn would directly affect the market value limit on assessed value. In the second situation, assessed values will not fall quickly. It is more likely that the rate of growth of the assessed value will slow. The third factor has the potential to have a more immediate effect. A one percentage point drop in the tax collection rate would translate into a \$250,000 decrease in current tax revenues. The City will monitor the tax collection rate to gauge its effect on 2018-19 revenues. The tax collection rate will also be a factor in the preparation of the 2019-20 budget.

Sources: Lincoln County Tax Assessor

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

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

Fiscal Year Ended June 30,	GOVERNMENTAL ACTIVITIES				
	General Obligation Bonds	Revenue Bonds	Urban Renewal (UR) TIF Bonds (1)	Notes Payable	Capital Leases
2015	7,850,000	1,270,000	11,820,000	226,776	57,778
2016	7,655,000	995,000	10,721,000	213,132	24,694
2017	7,440,000	715,000	9,559,000	-	-
2018	7,200,000	420,000	8,349,000	-	-



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.

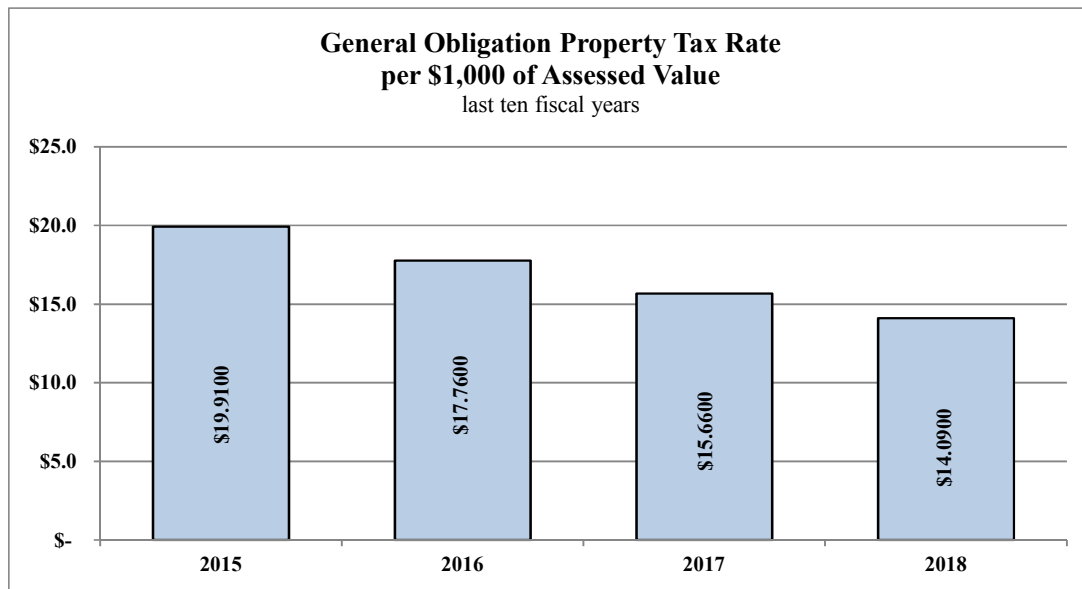
(1) TIF-Tax Increment Financing

(2) Includes \$9,443,888.00 State of Oregon Revolving Fund loan for Water and Wastewater projects

Source: City of Newport 2009-2018 Annual Financial Reports

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

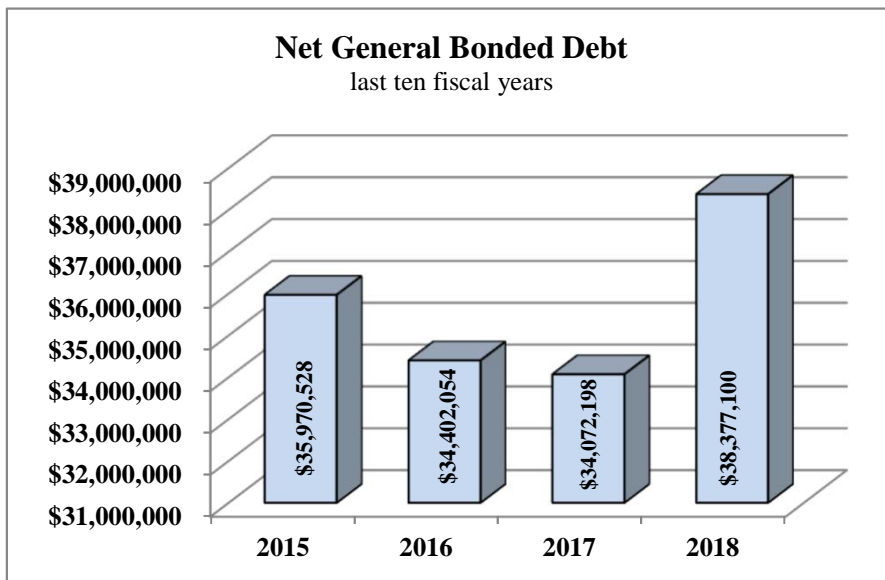
BUSINESS-TYPE ACTIVITIES							
General Obligation Bonds	Water Revenue Bonds (2)	Sewer Revenue Bonds (2)	Stormwater Revenue Bonds	Notes Payable	Total Outstanding Debt	% of Personal Income	Debt per Capita
17,300,541	6,412,987	3,560,000	-	794,505	49,292,587	26.89	1,270
15,760,541	7,300,213	3,135,000	-	767,888	46,572,468	24.67	1,178
14,105,541	9,286,091	3,129,104	-	739,941	44,974,677	23.13	1,109
12,325,541	9,506,606	6,275,681	3,248,000	710,789	48,035,617	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



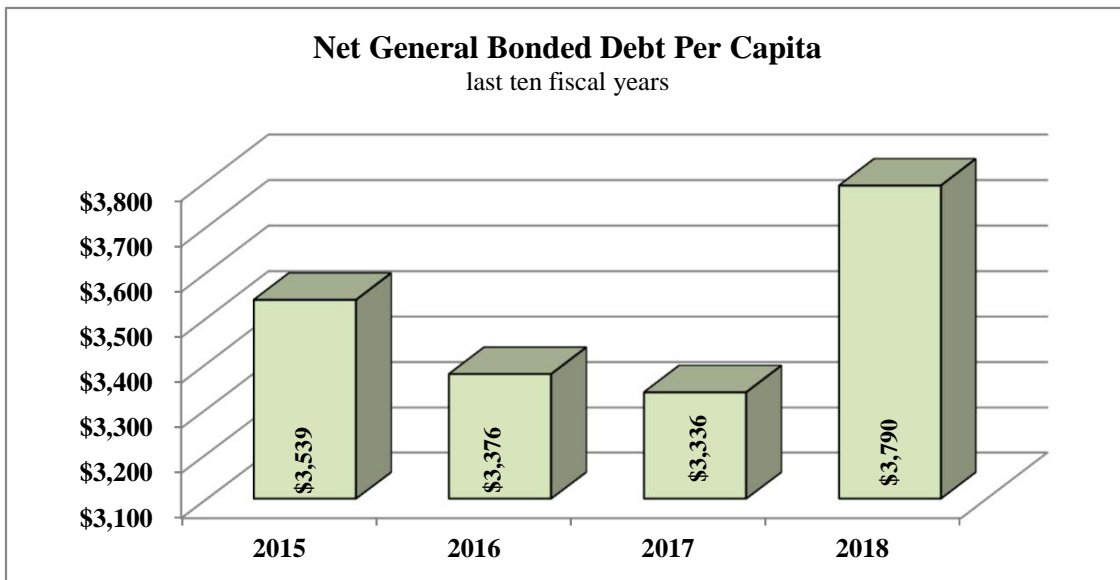
(1) General bonded debt includes general obligation bonds and other bonded debt financed with any general governmental resources.

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

Source: City of Newport 2009-2018 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

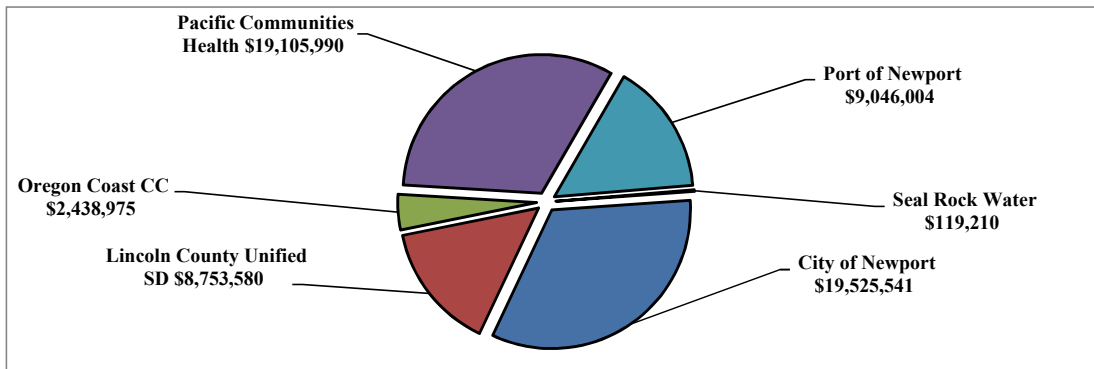
Less: Amounts Available in Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita	Net Bonded Debt as a Percent of Personal Income
423,000	35,970,528	2.85%	3,539	1962%
443,700	34,402,054	2.66%	3,376	1822%
603,538	34,072,198	2.55%	3,336	1752%
598,728	38,377,100	2.77%	3,790	n/a



Schedule 11
CITY OF NEWPORT, OREGON
COMPUTATION OF DIRECT AND OVERLAPPING DEBT (1)
as of June 30, 2018

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)	\$ 19,525,541	100.0000%	\$ 19,525,541
OVERLAPPING DEBT			
Lincoln County Unified School District	44,210,000	19.8000%	8,753,580
Oregon Coast Community College	12,250,000	19.9100%	2,438,975
Pacific Communities Health District	48,005,000	39.8000%	19,105,990
Port of Newport	12,385,000	73.0400%	9,046,004
Seal Rock Water District	6,773,272	1.7600%	119,210
Total overlapping debt	123,623,272		39,463,759
Total direct and overlapping debt	\$ 143,148,813		\$ 58,989,300

Direct and Overlapping Debt Applicable to the City of Newport



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

(2) City of Newport net outstanding debt

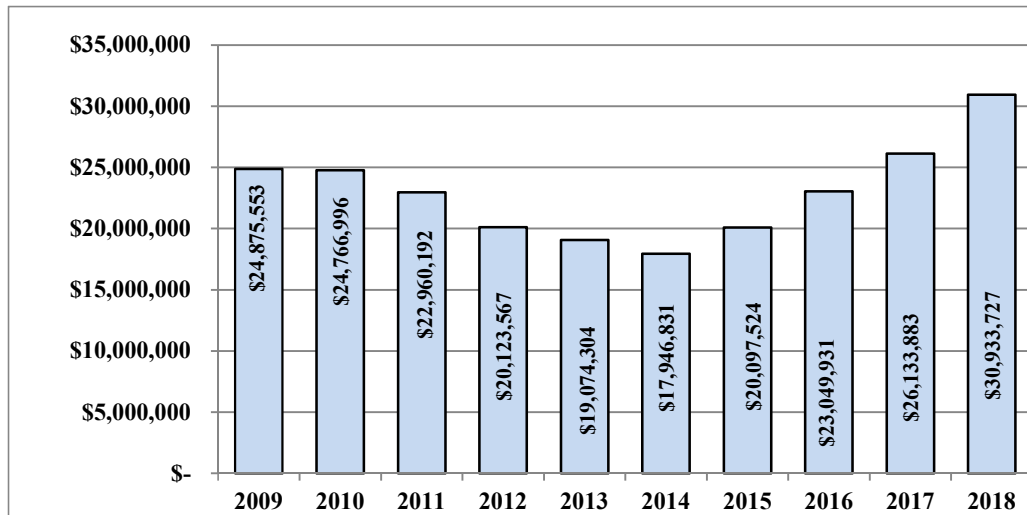
2013 Aquatic Center GO Bonds	\$ 7,200,000
2009 A&B Water GO Bonds	11,410,541
2008 Wastewater GO Bonds	915,000
Total City of Newport net outstanding debt - bonded	19,525,541

Facebook just sounds like a drag; in my day, seeing pictures of people's vacations was considered a punishment. – Betty White

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

	2009	2010	2011	2012
Debt limitation	\$ 49,021,094	\$ 48,082,537	\$ 45,315,733	\$ 41,399,108
Total net debt applicable to limitation	24,145,541	23,315,541	22,355,541	21,275,541
Legal debt margin	<u>\$ 24,875,553</u>	<u>\$ 24,766,996</u>	<u>\$ 22,960,192</u>	<u>\$ 20,123,567</u>
Ratio of net debt applicable to the debt limitation	<u>49.26%</u>	<u>48.49%</u>	<u>49.33%</u>	<u>51.39%</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

2013	2014	2015	2016	2017	2018	
\$ 39,124,845	\$ 36,672,372	\$ 45,248,065	\$ 46,010,972	\$ 47,075,886	\$ 49,860,540	Debt limitation
20,050,541	18,725,541	25,150,541	22,961,041	20,942,003	18,926,813	Total net debt applicable to limitation
<u>\$ 19,074,304</u>	<u>\$ 17,946,831</u>	<u>\$ 20,097,524</u>	<u>\$ 23,049,931</u>	<u>\$ 26,133,883</u>	<u>\$ 30,933,727</u>	Legal debt margin
<u>51.25%</u>	<u>51.06%</u>	<u>55.58%</u>	<u>49.90%</u>	<u>44.49%</u>	<u>37.96%</u>	Ratio of net debt applicable to the debt limitation

Legal debt margin calculation for Fiscal Year

True cash value	\$ 1,662,018,005
General obligation debt limit - 3% of true cash value	<u>3%</u>
General obligation debt limit	49,860,540
Gross general obligation bonded debt principal	
2013 Aquatic Center GO Bonds	\$ 7,200,000
2009 A&B Water GO Bonds	11,410,541
2008 Wastewater GO Bonds	915,000
Less: Debt service monies available	
Debt Service Fund:	598,728
Net debt subject to the three percent limitation	<u>18,926,813</u>
Legal debt margin	<u>\$ 30,933,727</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
PLEDGED 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	Depreciation	Net Available Resources	Principal	Debt Service Interest	Total	Coverage Percentage
2015	\$ 779,392	\$ 296,012	\$ -	\$ 483,380	\$ 117,000	\$ 179,012	\$ 296,012	1.63
2016	785,305	246,807	-	538,498	100,000	146,807	246,807	2.18
2017	952,280	273,309	-	678,971	130,000	143,309	273,309	2.48
2018	743,638	273,309	-	470,329	130,000	143,309	273,309	1.72

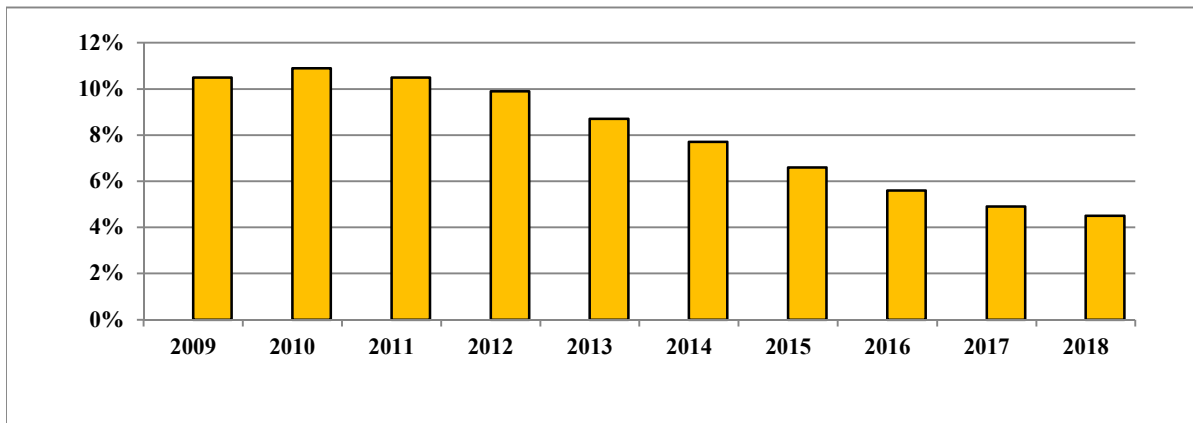
The amount of net available resources for bond coverage is determined by subtracting operating expenses from operating revenues. Interest payments on property assessments are deducted from operating revenues. Operating expenses are reduced by the amount of depreciation taken for the fiscal year.

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
2009	10,600	44,700	1,502,151	33,605	3,498	10.5%
2010	10,605	44,620	1,522,810	34,128	3,472	10.9%
2011	10,065	46,155	1,582,460	34,286	3,019	10.5%
2012	10,150	46,295	1,648,531	35,609	3,339	9.9%
2013	10,160	46,560	1,661,972	35,695	3,725	8.7%
2014	10,095	46,890	1,737,712	37,059	3,725	7.7%
2015	10,165	47,225	1,832,982	38,814	3,621	6.6%
2016	10,190	47,735	1,887,971	39,551	2,024	5.6%
2017	10,215	47,960	1,944,611	40,547	2,085	4.9%
2018	10,125	n/a	n/a	n/a	n/a	4.5%

Over the last ten years, the City's population has decreased by -4.48 percent (-475). From 2009 to 2018 per capita personal income has risen by 17.69 percent (\$5,946) in the Newport statistical area. As of Fiscal Year 2016-17 (per capita data lags one year), per capita personal income was \$40,547 for Lincoln County, and \$38,786 for the state as a whole. For the ten-year period, enrollment in the Lincoln County Public School District decreased by -40.4 percent (-1,413 students).

Lincoln County Unemployment Rate
 last 10 fiscal years



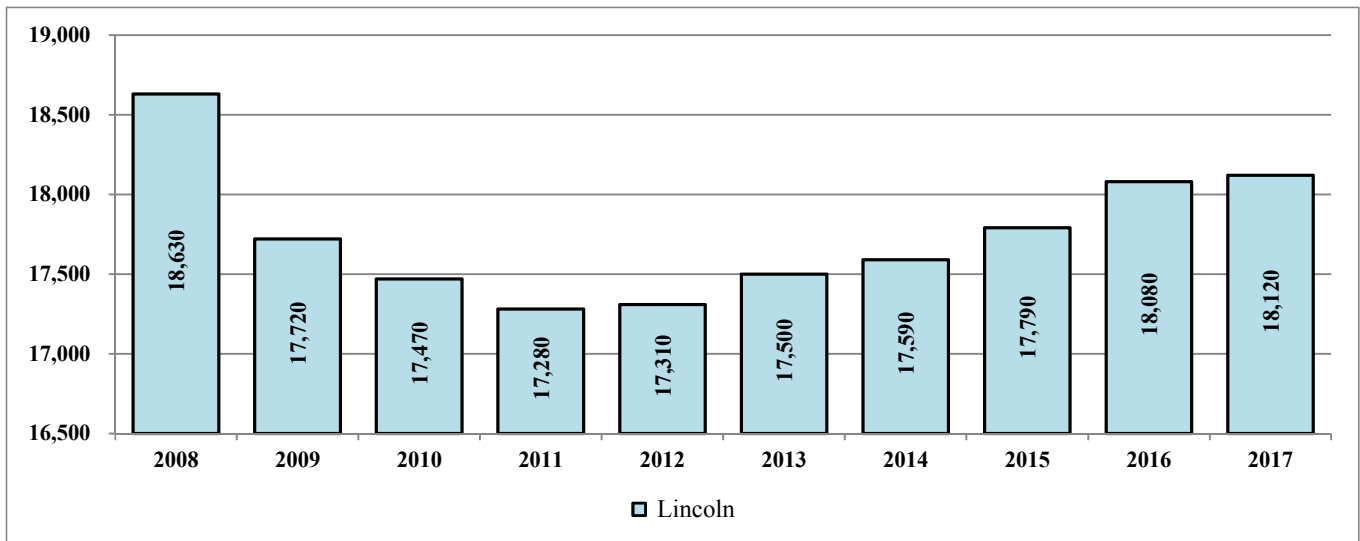
Sources:

- (1) Portland State University, Population Research and Census Center
- (2) U. S. Department of Commerce, Bureau of Economic Analysis (2017 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, 2009, and June 30, 2018

Employer	2009		2018	
	Number of Employees	% of Total Employment	Number of Employees	% of Total Employment
Lincoln County School District	608	3.36%	500	2.66%
Samaritan Health Services	506	2.80%	800	4.26%
OSU Hatfield Marine Science Center/NOAA	450	2.49%	401	2.14%
Lincoln County	400	2.21%	425	2.26%
Wal Mart	190	1.05%	157	0.84%
City of Newport	190	1.05%	125	0.67%
Pacific Seafood	155	0.86%	200	1.06%
Trident	150	0.83%	120	0.64%
Fred Meyer	130	0.72%	200	1.06%
Central Lincoln PUD	122	0.67%	136	0.72%
Totals	2,901	16.05%	3,064	16.32%
Total employment in Lincoln County	18,080		18,780	

Lincoln County Employment
last ten fiscal years



The percentage of top ten employers to total jobs for Lincoln Counties has been quite stable over the ten-year period. The figures range from a low of 16.05 percent in 2011 to a high of 117.45 percent in 2008. Total employment in Lincoln County has decreased by -2.74 percent (510 jobs) over the last ten years. For the ten-year period, the low point was 17,280 jobs in June 2011, and the high point was 18,630 jobs in June 2008. National and international economic instability will likely have an adverse effect in the coming years, although at this time the extent is unknown.

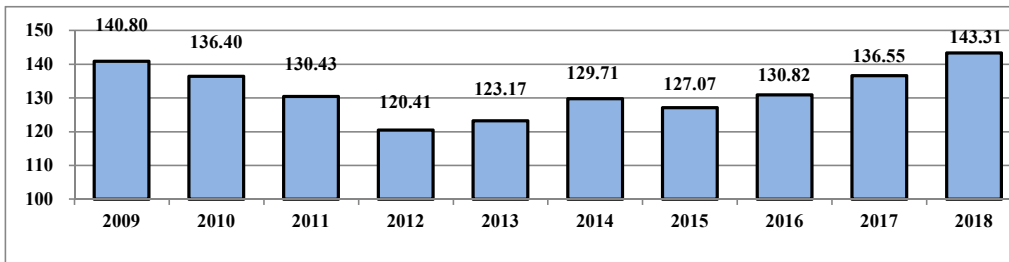
Sources:
Economic Development Alliance - Lincoln County
Oregon Employment Department

“You are what you do, not what you say you’ll do.” - Carl Jung

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

Function	2009	2010	2011	2012	2013
GOVERNMENTAL FUNDS					
General Government					
Administration	12.25	12.25	10.88	9.38	9.95
Building Maintenance	-	-	-	-	-
Economic Development	-	-	-	0.90	-
Planning	4.00	4.00	4.00	2.10	2.10
Building Inspection	0.50	0.50	0.50	1.20	1.30
Total General Government	16.75	16.75	15.38	13.58	13.35
Public Safety					
Fire	10.00	10.00	10.00	10.00	11.00
Police	27.00	27.00	26.00	26.00	25.00
Municipal Court	0.25	0.25	0.25	0.25	0.75
Total Public Safety	37.25	37.25	36.25	36.25	36.75
Highways and Streets					
Street Fund	6.00	6.00	5.00	5.00	5.08
Airport	6.00	4.00	4.00	4.00	4.00
Total Highways and Streets	12.00	10.00	9.00	9.00	9.08
Culture and Recreation					
Recreation	40.40	37.20	34.40	26.70	24.10
Library	11.40	11.40	11.40	11.58	11.54
Total Culture and Recreation	51.80	48.60	45.80	38.28	35.64
Total Governmental Funds	117.80	112.60	106.43	97.11	94.82
Proprietary Funds					
Proprietary					
Water	10.00	10.00	10.00	10.00	10.08
Wastewater	7.00	8.00	7.00	7.00	7.08
Total Proprietary Funds	17.00	18.00	17.00	17.00	17.16
Internal Service					
Public Works Services	6.00	5.80	7.00	6.30	11.19
City Facility	-	-	-	-	-
Total Internal Service	6.00	5.80	7.00	6.30	11.19
Total Proprietary Funds	23.00	23.80	24.00	23.30	28.35
Grand Total - All Full-time Equivalents	140.80	136.40	130.43	120.41	123.17

Total Full-time Equivalents
last ten fiscal years



Source: City of Newport Budget 2008-2017

Schedule 16

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

Last Ten Fiscal Years

2014	2015	2016	2017	2018	
					GOVERNMENTAL ACTIVITIES
					General Government
13.10	11.70	13.75	15.25	15.25	Administration
-	0.25	0.25	0.50	0.50	Building Maintenance
3.70	2.45	2.95	2.45	2.45	Economic Development
1.30	1.80	1.80	1.80	1.90	Planning
1.80	1.80	1.80	1.80	1.90	Building Inspection
18.10	16.20	18.75	20.00	20.10	Total General Government
					Public Safety
12.00	12.00	13.00	13.00	14.00	Fire
24.00	25.00	25.00	27.00	27.00	Police
0.75	0.70	0.70	0.70	0.70	Municipal Court
36.75	37.70	38.70	40.70	41.70	Total Public Safety
					Highways and Streets
5.08	5.00	5.00	5.00	5.00	Street Fund
3.00	3.00	3.00	2.00	3.00	Airport
8.08	8.00	8.00	7.00	8.00	Total Highways and Streets
					Culture and Recreation
21.50	20.25	20.25	23.46	26.42	Recreation
11.54	12.39	11.89	11.89	11.89	Library
33.04	32.64	32.14	35.35	38.31	Total Culture and Recreation
95.97	94.54	97.59	103.05	108.11	Total Governmental Activities
					BUSINESS-TYPE ACTIVITIES
					Enterprise
11.08	11.10	11.10	11.10	10.60	Water
8.08	8.00	9.00	9.00	9.50	Sewer
19.16	19.10	20.10	20.10	20.10	Total Enterprise
					Internal Service
14.58	13.43	13.13	13.40	7.50	Public Works Services
-	-	-	-	7.60	
14.58	13.43	13.13	13.40	15.10	Total Internal Service
33.74	32.53	33.23	33.50	35.20	Total Business-type Activities
129.71	127.07	130.82	136.55	143.31	Grand Total - All Full-time Equivalents

Fiscal Year	Total FTE	Annual Percentage Change	Total Percentage Change from 2009
2009	140.80	-	-
2010	136.40	-3.13%	-3.13%
2011	130.43	-4.38%	-7.37%
2012	120.41	-7.68%	-14.48%
2013	123.17	2.29%	-12.52%
2014	129.71	5.31%	-7.88%
2015	127.07	-2.04%	-9.75%
2016	130.82	2.95%	-7.09%
2017	136.55	4.38%	-3.02%
2018	143.31	4.95%	1.78%

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

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

Function	2015	2016	2017	2018
GOVERNMENTAL ACTIVITIES				
General Government				
Planning and Community Development				
Number of planning applications	54	51	73	74
Total permits issued	477	580	692	730
New construction permits issued	12	6	18	14
Single-family permits issued	25	20	7	9
Electrical permits issued	289	333	307	306
Public Safety				
Police				
Total arrests	784	706	785	1,079
Traffic citations issued	565	735	902	1,603
Abandoned vehicle calls	100	99	114	129
Animal problem calls	NA	86	136	152
Fire				
Total calls for emergency fire and EMS services	2,060	2,294	2,059	2,170
Total transport (N2 and N3)	6	12	4	23
Highways and Streets				
Street Fund				
Miles of painted paving marking	12	1	10	9.25
Thermoplastic marking	0.90	-	0.30	0.70
Culture and Recreation				
Parks & Recreation				
Number of participants in classes, Senior Center activities, sports programs, and aquatic programs	20,620	55,750	25,935	28,545
Library				
Total number of library items borrowed	253,831	299,867	297,263	296,799
Total number of reference questions	24,355	23,065	20,821	20,553
BUSINESS-TYPE ACTIVITIES				
Sewer				
Dry tons of biosolids applied annually	530	547	537	525
Millions of gallons of wastewater treated annually	640	694	818	652
Water				
Millions of gallons of water treated annually	788	718	753	783
Miles of water pipe maintained annually	NA	NA	NA	95
Number of fire hydrants maintained in the water system	NA	NA	NA	653

Source: City of Newport annual budget

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

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

Source: City of Newport departmental records

Before you judge a man, walk a mile in his shoes. After that who cares? He is a mile away and you've got his shoes! – Billy Connolly

COMPLIANCE SECTION

Once you have commitment you need the discipline and hard work to get you there. - Anonymous

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

Honorable Mayor and Members
 of the City Council
CITY OF NEWPORT
 Newport, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the **CITY OF NEWPORT** as of and for the year ended June 30, 2018, and have issued our report thereon dated December 27, 2018.

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).**

**INDEPENDENT AUDITOR’S REPORT REQUIRED BY
OREGON STATE REGULATIONS (Continued)**

Compliance (continued)

In connection with our testing nothing came to our attention, except as noted below, 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 162-10-240 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except as follows:

Deposit of public funds with financial institutions (ORS Chapter 295)

The public official responsible for public funds did not provide the Oregon State Treasurer with the name and address of the bank depository as required by OAR 170-040-0050.

Budgets legally required (ORS Chapter 294)

Expenditures in excess of appropriations (which is prohibited by ORS 294.435) occurred as follows:

<u>Fund/Category</u>	<u>Appropriation</u>	<u>Actual</u>	<u>Variance</u>
General			
City administration	\$ 2,456,547	\$ 2,582,854	\$ (126,307)
Non-departmental	240,253	267,636	(27,383)
Parks and recreation			
Swimming pool	548,129	574,201	(26,072)
Sports programs	188,234	191,681	(3,447)
Public parking			
Bay front parking district	3,576	5,284	(1,708)
Streets			
Street maintenance	647,140	740,335	(93,195)
Debt service			
General debt	328,820	331,270	(2,450)
Capital improvements			
City hall/general capital improvement	--	6,722	(6,722)
Wastewater			
Non-departmental	925,255	949,472	(24,217)
City Facility			
Parks facilities and grounds	381,104	383,518	(2,414)

Programs funded from outside sources

The City of Newport expended funds under federal award programs, but has not developed written policies and procedures over the determination of allowable costs charged to federal award programs as required by 2CFR Chapter 1, Chapter II, Part 2, Section 200.302(7).

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the City's internal control over financial reporting to determine the 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.

**INDEPENDENT AUDITOR'S REPORT REQUIRED BY
OREGON STATE REGULATIONS (Continued)**

Restriction on Use

This report is intended solely for the information and use of the City Council members 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.

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
December 27, 2018

By:

A handwritten signature in black ink, appearing to read 'B. Bingenheimer', written over a faint, illegible stamp or background.

Bradley G. Bingenheimer, Member