



NPD School Resource Program



60+ Center



Public Works



Newport Municipal Airport



2021-2022

Annual
Comprehensive
Financial Report
For Year Ended
June 30, 2022

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



City of Newport, Oregon
Annual Comprehensive Financial Report
For the Fiscal Year Ended
June 30, 2022

* * * * *

Spencer Nebel, City Manager

Prepared by:
Steve Baugher, Interim Finance Director

CITY OF NEWPORT
Annual Comprehensive Financial Report
Year Ended June 30, 2022

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INTRODUCTORY SECTION

CITY OF NEWPORT

Council Members, Administrative Staff and Principal Financial Staff

Year Ended June 30, 2022

City of Newport, Oregon

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

Council Member	Term Expires	Elected/Appointed
Dean Sawyer, Mayor	1/3/2023	1/1/2017
Beatriz Botello	1/6/2025	1/7/2019
Jan Kaplan	1/3/2023	11/16/2021
Dietmar Goebel	1/6/2025	1/1/2017
CM Hall	1/3/2023	1/7/2019
Cynthia Jacobi	1/6/2025	1/7/2019
Ryan Parker	1/3/2023	1/7/2019

Administrative Staff

City Manager	Spencer Nebel
Assistant City Manager/City Recorder	Erik Glover
Interim Finance Director	Steve Baugher
City Attorney	David Allen
Judge	Jeffrey Pridgeon
Public Works Director	David Powell
City Engineer	Aaron Collett
Community Development Director	Derrick Tokos
Parks and Recreation Director	Michael Cavanaugh
Library Director	Laura Kimberly
Police Chief	Jason Malloy
Fire Chief	Rob Murphy
Information Technology Director	Richard Dutton
Human Resource Director	Barbara James
Special Projects Director	Peggy Hawker
Airport Director	Lance Vanderbeck

Principal Finance Staff

Steve Baugher, Interim Finance Director

Citizens of the City of Newport

City Council

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

Citizen Boards and Committees

Municipal Judge
 Jeff Pridgeon

City Manager
 Spencer Nebel

City Attorney
 David Allen

Recorder/
 Special Projects
 Director
 Erik Glover &
 Peggy Hawker

HR Director
 Barb James

IT Director
 Richard Dutton

Airport
 Director
 Lance Vanderbeck

Library
 Director
 Laura Kimberly

Interim
 Finance
 Director
 Steve Baudher

Risk Management
 Communications
 Records

Fire Chief
 Rob Murphy

Police Chief
 Jason Malloy

Public Works
 Director
 David Powell

City Engineer
 Aaron Collett

Recreation
 Director
 Mike Cavanaugh

Community
 Development
 Director
 Derrick Tokos

Utility Billing
 Court
 Payroll

Fire Suppression
 Rescue
 Medical Response
 Emergency Management

Police
 Parking Enforcement
 Code Enforcement

Streets
 Water
 Wastewater
 Stormwater
 Building
 Maintenance

Engineering

Recreation Center
 Aquatic Center
 Sports Programs
 Parks Maintenance

Building Code
 Zoning Enforcement
 Planning
 URA

Notes:

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



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

February 14, 2023

Citizens of Newport
Honorable Mayor Dean Sawyer
Members of the Newport City Council
City of Newport, Oregon

State law requires that every general-purpose local government publish, within six months of the close of each fiscal year, unless extended, a complete set of audited financial statements. An extension of this deadline was requested, and granted, to complete this task, due to staffing turnover in the Finance Department. Thus, we are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Newport, Oregon (City) for the fiscal year ended June 30, 2022, together with the unmodified opinion therein of our independent certified public accountants, Aldrich CPAs and Advisors, LLP.

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

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

In addition to the annual audit, the City is required to have a comprehensive single audit of its Federal Assistance Programs in accordance with the Single Audit Act, Office of Management and Budget (OMB) and the provisions of Government Auditing Standards

promulgated by the U.S. Comptroller General as they pertain to financial and compliance audits. The report can be found in the Compliance Section at the end of this financial report.

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

CITY PROFILE

Background

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

Population: City of Newport, Lincoln County

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

The City is governed by a non-partisan Council consisting of a Mayor elected to a two-year term and six City Council members elected to four-year overlapping terms. A full-time City Manager administers the affairs of the City for the Council, and supervises a staff of twelve department directors, with 157 full-time equivalent employees budgeted for the current fiscal year, which includes 133 full-time employees. In addition to the City Manager, the City Council also employs a full-time City Attorney and a part-time Municipal Judge.

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

Reporting Entity

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

Budget Process

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

ECONOMIC OUTLOOK AND CONDITION

Recent Economic Performance

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

In 2019, prior to COVID-19, Lincoln County had its lowest annual unemployment rate in the past 20 years of 4.3%. During the last two decades, the County's highest annual unemployment rate was 11.1% in 2010, closely followed by a rate of 10.9% in 2020 due to COVID-19. The county's unemployment rate peaked at 23.8% in April, 2020. As of June, 2022, the county's monthly unemployment rate is back down to 4.6%. Lincoln County's tourism businesses were hard hit during 2020 with restrictions on non-essential travel from April to June, 2020. Hotels, motels, restaurants, and other tourism-service industries were significantly impacted during that time. The City of Newport provided small businesses with \$1 million in economic impact funds to help ride out the impacts of COVID-19 in 2020. In addition, businesses benefitted from various state and federal programs that injected a significant amount of cash to help those businesses get through the pandemic.

During the 2022 Fiscal Year, the City collected a record amount of room tax indicating a significant recovery for the travel industry with \$6.7 million being collected. This was up from \$5.0 million in the previous fiscal year. The City imposed an increase in the rate from 9.5% to 12%, effective September 2021. Those trends have been sustained through this fiscal year. Property values continue to grow at a significant rate in the city. The median sales price for all housing units in Newport City limits grew from \$390,000 in 2021 to \$496,000 in 2022. During the past two fiscal years, property values have increased by 8.0% based on the market value determined by the Lincoln County Assessor. While the

unemployment numbers have not reached the low point of 2019, there is a general shortage of employees to fill positions within the Greater Newport area.

Greater Newport Area Vision 2040

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

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

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

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

Long-Term Financial Planning

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

In addition, the work group reviewed estimates of future funding needed to properly maintain the 48 public structures and facilities supported by the City’s General Fund. These amenities of this community of 10,000 include the PAC, VAC, Recreation Center, 60+ Center, Aquatics Center, numerous parks and trails, fire hall, city hall, airport, and

other key pieces of the infrastructure, some of which currently require significant reinvestment at this stage in order to extend their serviceable life span.

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

Relevant Financial Policies

In Fiscal Year, 2021-2022, the City utilized a total of 27 funds, of which 18 are governmental fund types and nine are proprietary fund types. The modified accrual basis of accounting is used for the governmental fund types (General, Special Revenue, Debt Service, and Capital Project). The accrual basis is used for the proprietary fund types (Enterprise and Internal Service).

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

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

Financial Condition

The City of Newport made significant reductions in staffing and expenditures during the fiscal year that began July 1, 2020 in anticipation of the economic impacts of the COVID-19 pandemic, and addressing recommendations from the Council appropriated Finance Work Group. The City utilized conservative revenue projections based on the anticipated economic impact that the pandemic could have had on City revenues. Most funds finished much stronger than projected due to revenues exceeding the budgeted projections, and expenditures falling below appropriation levels. During Fiscal Year 2021-2022, anticipated expenditures fell below appropriated levels due to the inability to fill budgeted positions through the course of the year. With these changes, the City's ending General Fund increased from \$5.6 million in Fiscal Year 2020-2021 to \$6.4 million in Fiscal Year 2021-2022. While the City has been able to improve its financial condition during the pandemic, there remain significant unmet investments that need to be made in various

facilities and infrastructure. The increase in the Room Tax Fund can help meet needs for facilities that serve our tourism industry. Funding for street improvements is not sufficient to meet replacement needs based on a street condition assessment that has been completed. A measure to increase the local fuel tax to help fill that gap failed in November 2021.

The City is looking at a number of significant infrastructure investments in the next five to ten years. A major project will be the replacement of two earthen Dams at an estimated cost of \$85 million dollars. The City has been successful in receiving \$14 million from the State of Oregon to pay for design and permitting for this project, and has received a \$60 million authorization in the 2022 Water Resource Development Act (WRDA) of 2022 to assist with this project. Actual funding through WRDA will require annual federal appropriations as authorized at the time funding is needed. In addition, the City will need to invest \$15 million in wastewater treatment plant improvements through 2025 and another \$40 million to meet long-term capacity needs following this time period. The initial investments can be completed with DEQ low-interest revolving funds with the debt being supported through utility rates. Other investments are necessary to address improvements to water, storm sewer, and sanitary sewer infrastructures for various city facilities, parks, sidewalks, streets, and other infrastructure.

Overall, the City Council and the Budget Committee have made prudent financial decisions based on the long-term impacts that these decisions will have on future finances for the City of Newport.

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

The City's Proprietary Funds (water, wastewater, and storm water) are facing significant challenges with aging infrastructure that will require an increased financial commitment in coming years to continue providing safe drinking water and effectively treated wastewater. Reserves in these funds have been significantly reduced due to unanticipated repairs and replacement of equipment during the past two years. Reserves will need to be re-established in the future. These costs will be supported by increases to utility rates beginning with Fiscal Year 2023-2024 in order to rebuild sufficient fund balances and pay for future upgrades to the systems.

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

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

Major Initiatives

The 2021 – 2022 Fiscal Year was a year in which many organizations, including the City of Newport, developed “new normals” following the pandemic. The City had to make many adjustments to manage the COVID-19 pandemic and emergency within the City of Newport. This included making a number of physical changes throughout the City, as well as implementing new forms of technology to conduct business remotely. This included new technology to assist with communication, paying bills and interacting with each other in order to carry out the business of the City. The City is grateful for efforts to assist local government directly by the federal government with pandemic funding. The City Council identified a plan for use of these funds to facilitate the Big Creek Dam, wastewater infrastructure, and development of outdoor recreational facilities.

Just as things were settling in from the pandemic, on February 24, 2022, Russia invaded Ukraine. In addition to the humanitarian impacts, the invasion, along with subsequent economic sanctions, has had a significant impact on the cost of energy which contributed to the highest inflationary rates in the past 30+ years. Finally, the “Great Resignation”. This has created many extended vacancies in City positions. The City has, at times, been operating with nearly 20% of funded positions vacant during this past year, and that has had direct impacts on services that the City of Newport provides to the public.

In order to address these new workplace realities, the City has initiated an effort to strengthen workplace culture within the organization. These efforts are designed to attract and retain employees who are constructively engaged in addressing continual improvement to the operations of the City.

The City Council has adopted the amendment number XIV to the South Beach Urban Renewal District to guide the expenditures of the tax increment funding that will be received by the District through its closure in 2027.

The City has seen an expansion in multifamily housing in the city of Newport, resulting in part, from implementation of various regulatory reforms in order to help facilitate additional units to meet the housing crisis within the city.

Funding was utilized to replace windows at the Library, the roof at the 60+ Center, completion of the Highway 101/SE 35th Street intersection, design for the PAC expansion project; the Ferry Slip utility line under grounding project, and the storm water pipe rehabilitation project at the airport was initiated along with the mitigation work.

For the City’s proprietary operations, \$571,000 was spent for the Big Creek preliminary design work; and \$261,000 was spent for the Big Creek Dam spillway hazard mitigation project. At the wastewater treatment plant, the solids Serpentix conveyance system was

replaced at a cost of \$500,000; and the aerator gearbox was replaced at \$177,000. The sidewalk and stormwater improvements were also completed on Harbor Way between Nye and Abbey Street at a cost of just over \$500,000 during the course of the fiscal year.

OTHER INFORMATION

Certificate of Achievement

On March 1, 2022, the Government Finance Officers Association notified the City of Newport that the Annual Comprehensive Financial Report for the fiscal year which ended June 30, 2020 was awarded a certificate of achievement for excellence in financial reporting. The certificate of achievement is the highest form of recognition in governmental accounting and financial reporting, and attainment represents a significant accomplishment by a government and its management. Congratulations to former Finance Director, Mike Murzynsky, and current Finance Director, Steve Baugher and staff on obtaining this significant recognition!

Acknowledgments

This ACFR was prepared by the City's Finance Department with information and assistance being provided by other City departments. I would like to thank the Finance Department and all City personnel who contributed to compiling and presenting these reports. I would like to specifically recognize Acting Finance Director, Steve Baugher, who filled the vacant Finance Director position through the end of Fiscal Year 2021-2022, and throughout the audit process while also maintaining his responsibilities as Assistant Finance Director. Appreciation is also expressed to certified public accountants, Aldrich CPAs and Advisors, LLP for their efforts in reviewing the financial statements, and contributing to the preparation of this report. It should be noted that Aldrich CPAs and Advisors, LLP, stepped in just prior to the close of the fiscal year to complete the independent audit after our previous auditors indicated in 2022 that they would not be able to conduct the audit. Finally, I would like to express appreciation to the role that the Mayor and City Council play in the establishment of policies, adoption of an annual budget, and monitoring of financial activities through the course of the year that are captured in this report.

Respectfully submitted,



Spencer R. Nebel
City Manager



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newport (the City) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT, CONTINUED

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

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

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

Required Supplementary Information

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

Supplementary Information

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

INDEPENDENT AUDITOR'S REPORT, CONTINUED

Other Information

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

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

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by *Government Auditing Standards*

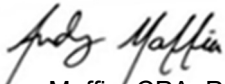
In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is issued separately and is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Other Reporting Required by Oregon State Regulations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated February 14, 2023, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.

Aldrich CPAs + Advisors LLP

By:



Andrew Maffia, CPA, Partner
Salem, Oregon
February 14, 2023



MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Newport ("City") offers to the public a discussion of its financial statements for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the additional information furnished in the financial statements that follow.

Financial Highlights

- The assets and deferred outflow of resources of the City exceeded its liabilities and deferred inflows of resources at June 30, 2022 by \$134 million which equals the City's total Net Position.
- The City's total assets for the 2021-2022 Fiscal Year (FY) increased by \$12.3 million, total deferred outflows increased by \$0.6 million, total liabilities decreased by \$0.3 million, total deferred inflows increased by \$2.9 million, and net investment in capital assets decreased by \$3.3 million. Total increase in assets is due to an increase in cash and investments of \$11.8 million from several sources including COVID relief, urban renewal, room tax, and bond proceeds for upcoming projects. The increase in deferred inflows is due to pension related item calculations and the newly implemented provisions for GASB 87 related to leases. Net investment in capital assets decreased due to depreciation of assets. The biggest factor related to the restricted fund balance increase was the accumulation of capital projects, room tax (tourism), and urban renewal revitalization funds for future projects that have been delayed due to supply chain issues and staff shortages. Unrestricted fund balance increase of \$3.4 million is also due to supply chain issues, staff shortages, and an increase in room tax rates.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances (EFBs) of \$30.9 million, an increase of \$7.4 million as compared to the previous year. The general fund increased by \$0.8 million, because total income exceeded the expenditures, the effects of supply chain issues and staff shortages. Other significant increases or decreases in EFB's were: the room tax fund accumulated additional revenues due to a tax increase of 2.5% which increased the EFB by \$0.9 million, the urban renewal fund had an increase of \$1.7 million due to funding accumulation for future projects, the governmental capital projects fund had an increase of \$1.3 million, and the capital improvement fund with an increase of \$1.2 million. Many of the funds' proceeds will be used for upcoming projects.
- The business-type activities, at the close of the fiscal year, had a decrease of \$0.2 million. The water fund encountered a filter issue in late June 2020 which caused the expenditures to increase slightly and also caused a curtailment of water for our fish processors. This required additional investment in the water plant to eliminate reoccurring problems in the future. The water and wastewater fund both decreased by \$2.5 million due to costs relating to the aging infrastructure and transfers of funds to the capital projects fund, which increased by \$4 million for upcoming projects. The stormwater fund increased by \$0.8 million. The wastewater debt fund increased by \$0.5 million in anticipation of deferred interest becoming due in the near future from DEQ deferred notes.
- As of the end of FY 2022, the total assigned and unassigned fund balance in the General Fund was \$6.4 million, which was 58.6% of the total General Fund operating expenditures of \$10.968 million. The increase in fund balance available for expenditures is primarily due to City directors monitoring their expenditures, supply chain issues and staff shortages, unfilled budgeted staff positions, and use of a long-range financial plan developed by the City's Finance Work Group.
- Total governmental activities debt decreased by \$1.9 million or 16.8% during the FY 2022. The decrease was the result of paying all required debt payments as planned. Total business-type activities debt increased by \$2.1 million or 5.2%. The increase was due additional DEQ borrowing

of \$0.5 million, 2022 water borrowing of \$4.6 million, and it was tempered by a decrease due to the result of paying all required debt payments.

Overview of the Financial Statements

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

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

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

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

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

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

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

The City maintains 17 governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance for these "major" funds.

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

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

Proprietary Funds. Ten Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent is that the cost of providing the services to the general public on a continuing basis be financed primarily through user charges. These funds represent three significant segments of the City's operations: Water, Wastewater, and Stormwater which includes the treatment plants, the collection and distribution systems and the related Capital Projects, Debt Service, and Internal Service funds. Along with this is debt outlined in Long-term Debt Section of the Notes to the Financial statements.

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

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

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2022, the City's assets exceeded liabilities by \$134 million. This represents an increase of \$10.4 million or 8.39% increase in net position from the prior fiscal year.

TABLE 1 - Condensed Statement of Net Position

ASSETS	Governmental Activities		Business-type Activities		Total Government	
	2021	2022	2021	2022	2021	2022
Cash and investments	\$ 24,046,074	\$ 32,261,314	\$ 5,922,321	\$ 9,523,368	\$ 29,968,395	\$ 41,784,682
Other assets	2,264,303	3,063,240	2,385,278	2,326,517	4,649,581	5,389,757
Capital assets	78,417,031	79,355,337	80,122,298	78,931,140	158,539,329	158,286,477
Total Assets	104,727,408	114,679,891	88,429,897	90,781,025	193,157,305	205,460,916
DEFERRED OUTFLOWS OF RESOURCES						
Other postemployment benefit related items	39,181	24,321	10,295	11,386	49,476	35,707
Pension related items	2,668,404	2,817,428	72,031	529,016	2,740,435	3,346,444
Total Deferred Outflows of Resources	2,707,585	2,841,749	82,326	540,402	2,789,911	3,382,151
LIABILITIES						
Other liabilities	1,201,759	2,281,216	10,383,473	8,724,052	11,585,232	11,005,268
Long term debt outstanding	19,216,942	15,308,019	39,214,013	43,357,877	58,430,955	58,665,896
Total Liabilities	20,418,701	17,589,235	49,597,486	52,081,929	70,016,187	69,671,164
DEFERRED INFLOWS OF RESOURCES						
Other postemployment benefit related items	136,973	102,711	35,989	50,655	172,962	153,366
Pension related items	1,829,263	3,890,098	338,296	436,367	2,167,559	4,326,465
Deferred Lease Resources	-	730,591	-	-	-	730,591
Total Deferred Inflows of Resources	1,966,236	4,723,400	374,285	487,022	2,340,521	5,210,422
NET POSITION						
Net investment in capital assets	67,056,257	69,303,793	42,154,618	36,602,565	109,210,875	105,906,358
Restricted						
Capital projects	4,972,702	6,677,707	2,072,415	6,047,096	7,045,117	12,724,803
Debt service	20,475	84,114	811,461	1,402,903	831,936	1,487,017
Agate Beach closure	-	1,128,085	-	-	-	1,128,085
Tourism	1,989,467	2,882,819	-	-	1,989,467	2,882,819
Highways and streets	854,785	1,096,252	-	-	854,785	1,096,252
RHIA OPEB benefits	47,105	57,748	-	-	47,105	57,748
Building inspection	374,482	372,858	-	-	374,482	372,858
Urban renewal revitalization	3,935,056	5,592,866	-	-	3,935,056	5,592,866
Unrestricted	5,799,727	8,012,763	(6,498,042)	(5,300,088)	(698,315)	2,712,675
Total Net Position	\$ 85,050,056	\$ 95,209,005	\$ 38,540,452	\$ 38,752,476	\$ 123,590,508	\$ 133,961,481

The largest portion of the City's net position, \$105.9 million or 79.1%, 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 position, \$12.7 million (9.5%) is restricted for capital projects paid for by system development charges (SDCs) and other restricted items, \$1.5 million (1.1%) is restricted for the City debt, namely bonds and loans, and \$5.6 million (4.2%) is restricted for the City Urban Renewal projects which are funded by Oregon's Property Tax-increment financing.

Governmental Activities. Governmental net position increased from \$85.3 million in fiscal year 2020-21 to \$95.2 million in fiscal year 2021-22. The unrestricted balance increased from \$5.8 million to \$8 million, a 38.2% increase due to due paying down debt of \$1.9 million, an accumulation of reserves in the room tax fund and urban renewal fund, and the \$0.8 million increase from the general fund.

Business-Type Activities. Business-type net position increased from \$38.5 million in fiscal year 2020-21 to \$38.8 million in fiscal year 2021-22. The unrestricted balance increased 18.4% due to an increase of \$5 million in borrowings from the DEQ program and 2022 water bonds and the planned payment of \$2.9 million in debt.

TABLE 2 - Governmental and Proprietary Activities

	Governmental Activities		Business-type Activities		Total Government	
	2021	2022	2021	2022	2021	2022
REVENUES:						
Program revenues						
Charges for services	\$ 4,135,687	\$ 3,882,718	\$ 11,080,522	\$ 9,839,633	\$ 15,216,209	\$ 13,722,351
Operating grants and contributions	1,046,120	2,549,596	-	-	1,046,120	2,549,596
Capital grants and contributions	34,716	2,586,959	3,084,868	125,059	3,119,584	2,712,018
General revenues						
Taxes	16,261,408	18,540,483	2,168,090	2,209,388	18,429,498	20,749,871
Licenses, permits and fees	1,426,122	1,670,419	-	-	1,426,122	1,670,419
Intergovernmental	1,764,513	998,891	-	-	1,764,513	998,891
Investment earnings	146,477	153,673	91,661	62,368	238,138	216,041
Other revenue	192,559	371,642	56,866	69,012	249,425	440,654
Total Revenues	25,007,602	30,754,381	16,482,007	12,305,460	41,489,609	43,059,841
EXPENSES:						
General government	9,294,809	7,260,423	-	-	9,294,809	7,260,423
Public safety	6,758,782	6,161,819	-	-	6,758,782	6,161,819
Public Works	847,463	1,716,106	-	-	847,463	1,716,106
Culture and recreation	3,105,836	3,896,058	-	-	3,105,836	3,896,058
Interest on long-term obligations	432,110	332,785	-	-	432,110	332,785
Water	-	-	8,936,513	4,968,698	8,936,513	4,968,698
Sewer	-	-	5,608,368	7,051,610	5,608,368	7,051,610
Stormwater	-	-	849,782	1,108,625	849,782	1,108,625
Total Expenses	20,439,000	19,367,191	15,394,663	13,128,933	35,833,663	32,496,124
Excess of revenues over expenditures						
before transfers	\$ 4,568,602	\$ 11,387,190	\$ 1,087,344	\$ (823,473)	5,655,946	10,563,717
Transfers	50,644	(1,084,691)	(50,644)	1,084,691	-	-
Changes in net position	4,619,246	10,302,499	1,036,700	261,218	5,655,946	10,563,717
Net Position - Beginning	80,430,810	85,050,056	38,319,839	38,540,452	118,750,649	123,590,508
Restatement	-	(143,550)	(816,087)	(49,194)	(816,087)	(192,744)
Net Position - Restated	80,430,810	84,906,506	37,503,752	38,491,258	117,934,562	123,397,764
Ending net position	\$ 85,050,056	\$ 95,209,005	\$ 38,540,452	\$ 38,752,476	\$ 123,590,508	\$ 133,961,481

Financial Analysis of the City's Funds

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

Governmental activities increased the City's net position by \$10.3 million. The City has an ending fund balance policy, which sets the carry forward for each year. The City departments monitor their budgets in order to stay within their planned expenditures, this way they have a carry forward balance. The main reason for the increase is projects that have been delayed due to supply chain issues and staff shortages, unfilled budgeted staff positions, and goals related to the City's Finance Work Group.

Business-type activities increased the City's net position by \$0.2 million. Looking at the overall business-type activities categories, capital contributions decreased \$3.0 million from the 2020-2021 fiscal year. One FEMA grant was received of \$0.1 million in 2021-22 for the Big Creek Dam project. The Water fund encountered a filter issue in late June 2020 which caused the caused a curtailment of water for our fish processors (reduction of charges for services). Additional unanticipated investment was made to avoid reoccurring problems in the future resulting in an excess of expenditures over revenues by \$0.8 million. The overall increase to the Net Position grew by 0.55% due to these factors.

A summary of all fund balances is shown below.

TABLE 3 - Ending Fund Balances

GOVERNMENTAL FUNDS				FY21 to FY22
	FY 2020	FY 2021	FY 2022	Change
General Fund	\$ 4,125,066	\$ 5,639,296	\$ 6,424,223	\$ 784,927
Parks and Recreation Fund	167,224	316,899	452,586	135,687
Public Parking Fund	366,474	389,388	20,058	(369,330)
Housing Fund	238,874	357,572	539,864	182,292
Airport Fund	108,187	183,384	374,342	190,958
Room Tax Fund	383,278	1,989,467	2,882,819	893,352
Building Inspection Fund	474,599	374,482	372,858	(1,624)
Street Fund	747,076	854,785	1,096,252	241,467
Line Undergrounding Fund	307,536	496,736	691,829	195,093
SDC Fund	2,077,484	2,332,379	2,738,394	406,015
Agate Beach Closure Fund	1,214,484	1,169,455	1,128,085	(41,370)
Urban Renewal Agency Fund	2,083,885	3,807,152	5,474,072	1,666,920
General Debt Service Fund	(5,477)	38,262	43,768	5,506
G.O. Debt Service Fund	(32,291)	(3,518)	63,715	67,233
Capital Project Fund	5,838,654	2,640,323	3,939,313	1,298,990
Reserve Fund	2,028,597	2,144,594	2,603,870	459,276
Capital Improvements Fund	637,364	815,348	2,051,044	1,235,696
Total Governmental Funds	\$ 20,761,014	\$ 23,546,004	\$ 30,897,092	\$ 7,351,088

PROPRIETARY FUNDS				FY21 to FY22
	FY 2020	FY 2021	FY 2022	Change
Water Fund	\$ 7,277,806	\$ 7,344,871	4,813,054	\$ (2,531,817)
Wastewater Fund	29,458,551	28,460,542	26,009,325	(2,451,217)
Stormwater Fund	(2,491,712)	(1,554,845)	(767,471)	787,374
Debt Fund - Water	3,523	4,229	6,221	1,992
Debt Fund - Wastewater	635,229	461,478	973,852	512,374
Debt Fund - Stormwater	2,312	177,391	175,398	(1,993)
G.O. Debt Service Fund	69,396	168,363	247,432	79,069
Capital Projects	2,089,968	2,072,415	6,047,096	3,974,681
Public Works Fund	1,274,766	1,406,008	1,247,569	(158,439)
City Facility Fund	312,843	752,387	376,327	(376,060)
Total Proprietary Funds	\$ 38,632,682	\$ 39,292,839	\$ 39,128,803	\$ (164,036)

The City’s governmental funds reported combined ending fund balances (EFBs) of \$30.9 million, an increase of \$7.4 million or 31.2% from the previous year.

The General Fund is the main operating fund for the City. At the end of 2021-22 FY, the unassigned and assigned fund balance of the General Fund was \$6.4 million. As a measure of the General Fund’s liquidity, it may be useful to compare the spendable fund balance to total fund expenditures. The unassigned fund balance represents 58.6% of the total General Fund operating expenditures. The total fund balance (non-spendable, restricted, committed, assigned, and unassigned) increased by \$0.8 million to \$6.4 million, or 10.7% compared to the previous year. The key items which lead to this percentage increase included an increase in property taxes of 4.4% or \$326,552 and transient room tax increased 23.9% or \$644,083, coupled with staffing positions that remained unfilled due to a tight employment market. The expenditures increased 10.3% or \$1 million due to return to pre-COVID conditions.

The Proprietary funds reported combined EFB’s of \$39.1 million, a decrease of \$0.2 million or 0.4%. The operating revenues for stormwater fund increased 1% or \$10,145 while the water and wastewater funds

decreased 11.9%, and 12.9%, or \$575,861 and \$675,173, respectively. The water fund encountered a filter issue in late June 2020 which caused curtailment of water and wastewater for our customers. Increased expenditures due to a filter failure resulted in additional expenditures at the water treatment plant including addition of new filtering equipment. The expenditures for the wastewater and stormwater funds increased due to maintenance and repairs to an aging infrastructure.

General Fund Budgetary Highlights

There was a \$2.1 million increase between the adopted and final amended budgeted expenditures in the general fund. During the course of the year, the City Council accepted, appropriated and approved four supplemental budgets for this fund. For the year there were two significant adjustments. The first adjustment was completed in January 2022 where we recognized a \$742,596 increase to the beginning fund balance and the offset went to contingency to match the 2020-21 fiscal year audit ending fund balance. The second adjustment was to recognize \$1.2 million in ARPA funds received and appropriated to Big Creek Dam preliminary design, Big Creek Dam spillway hazard mitigation, and soccer field development projects.

Capital Assets. As of June 30, 2022, the City’s investment in capital assets for its governmental and business type activities was \$158.3 million, net of accumulated depreciation (see table 4). Investment in capital assets includes land, buildings and structures, equipment, vehicles, infrastructure, and construction in progress. The total decrease in the City’s investment in capital assets for the current fiscal year was \$0.2 million or 0.1%. This total includes a 1.3% increase in assets related to governmental activities and a 1.5% decrease in assets related business-type activities.

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

	Governmental Activities		Business-type Activities		Total Government	
	2021	2022	2021	2022	2021	2022
Land	\$ 12,225,530	\$ 12,225,530	\$ 858,652	\$ 1,095,452	\$ 13,084,182	\$ 13,320,982
Buildings and structures	44,378,034	45,113,428	28,831,082	39,300,959	73,209,116	84,414,387
Equipment	4,784,957	5,080,036	2,414,454	4,104,121	7,199,411	9,184,157
Vehicles	6,208,593	6,222,828	2,213,337	2,208,842	8,421,930	8,431,670
Infrastructure	58,775,984	58,922,603	71,289,246	73,368,730	130,065,230	132,291,333
Construction in progress	3,251,458	5,206,906	19,624,485	7,016,006	22,875,943	12,222,912
Right to use lease assets	-	576,793	-	168,045	-	744,838
Less accumulated depreciation	(51,254,630)	(53,992,787)	(45,108,958)	(48,331,015)	(96,363,588)	(102,323,802)
Total	\$ 78,369,926	\$ 79,355,337	\$ 80,122,298	\$ 78,931,140	\$ 158,492,224	\$ 158,286,477

Some significant changes are as follows.

Governmental activities:

- Upstairs west side and downstairs library windows began and accumulated \$159.6K in costs,
- 60+ activity center roof began and accumulated \$108.3K in costs,
- South Beach SE 35th & Highway 101 project accumulated \$81.5K in costs,
- PAC expansion project began and accumulated \$198.1K in costs,
- Hoses and connectors for the Fire Department accumulated \$106.3K in costs,
- Ferry slip utility line undergrounding accumulated \$80.2K in costs,
- Airport lake mitigation and storm pipe rehabilitation began and accumulated \$2.1M in costs.

Business-type activities:

- Big Creek Dam design began in earnest and \$571K in costs accumulated,
- Big Creek Dam spillway hazard mitigation began and accumulated \$261.2K in costs,

- Solids serpentix belt conveyance accumulated \$499.9K in costs,
- Aerator gear box equipment began and accumulated \$177.1K in costs,
- Stormwater improvement on Harbor Way between Nye & Abby accumulated \$525.5K in costs.

TABLE 5 - Change in Capital Assets

	Governmental Activities		Business-type Activities		Total Government	
	2021	2022	2021	2022	2021	2022
Beginning balance	\$ 77,660,206	\$ 78,761,913	\$ 79,830,854	\$ 80,122,298	\$ 157,491,060	\$ 158,884,211
Additions	4,305,339	4,040,033	3,284,596	16,840,662	7,589,935	20,880,695
Depreciation	(3,116,205)	(2,855,665)	(2,993,152)	(3,245,703)	(6,109,357)	(6,101,368)
Deletions	(87,427)	(590,944)	-	(14,786,117)	(87,427)	(15,377,061)
Ending Balance	\$ 78,761,913	\$ 79,355,337	\$ 80,122,298	\$ 78,931,140	\$ 158,884,211	\$ 158,286,477

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

Long-Term Debt. At the end of FY 2022 the City had total debt outstanding of \$52.3 million. The City has four major types of debt along with Leases (see Table 6):

1. General Obligations Bonds (GO). Debt approved by the City’s taxpayers and for which they pay thorough an increase in their property taxes. The total amount outstanding is \$13 million, which includes \$357,773 of unamortized bond premium.
2. Debt based upon the “full faith and credit of the City” (FFC). Debt the City’s taxpayers do not pay directly. Revenue bonds are an example, revenues generated by the particular project being financed secure these bonds or whatever source the City has available for payment. The total amount outstanding are \$35.9 million.
3. Tax-increment financing. Debt financed using property taxes generated by development in a specific area which is used to pay for the infrastructure related to this area. The balance outstanding at the end of FY 2022 is \$2.7 million, which includes \$5,023 in unamortized premium.
4. Loans made to the City by banks and other institutions. Debt for this type of financing are funded by specific funds. The total outstanding at June 30, 2022 is \$133,329.
5. Leases – debt financing used to purchase copiers, computer equipment, vehicles and Yaquina River use rights. These types are paid by internal funding methods. The lease liability for the City is at June 30, 2022 is \$614,676.

In fiscal year 2021-22, the City added DEQ Clean Water SRF Draws of \$0.5 million and 2022 FFC water borrowing of \$4.6 million. The City continued to pay down debt, \$4.8 million was expended as planned.

TABLE 6 Outstanding Debt at Year-End

GOVERNMENTAL ACTIVITIES	FY 2020	FY 2021	FY 2022
2013 Series GO for Swimming Pool	\$ 6,635,000	\$ 6,315,000	\$ 5,970,000
2007 Certificate of Participation (LoCap)	95,000	75,000	50,000
2010 B Full Faith & Credit Urban Renewal	1,595,000	1,115,000	550,000
2015 A and B Urban Renewal	4,205,000	3,340,000	2,678,000
2018 Airport Fuel Farm Borrowing	222,000	166,500	83,329
Leases	289,794	222,099	456,781
City Bond Premium	325,837	292,123	258,411
URA Bond Premium	15,069	10,046	5,023
Total Governmental Debt	13,382,700	11,535,768	10,051,544
BUSINESS-TYPE ACTIVITIES	FY 2020	FY 2021	FY 2022
2009 GO Water Improvement Bonds (WTP)	8,924,134	7,786,329	6,686,249
2010A Series, Full Faith and Refunding	1,285,000	780,000	255,000
2018 Series, Full Faith and Credit - Stormwater	2,667,000	2,367,000	2,058,000
Clean Water SRF DEQ Notes	19,081,790	21,285,193	21,566,513
2007 Seal Rock Water District Agreement	648,552	615,252	580,417
2014 Water Borrowing	3,746,433	3,559,743	3,365,530
2019 Water Borrowing	4,035,000	3,502,000	2,956,000
2022 Series, Full Faith and Credit - Water	-	-	4,551,000
Leases	-	-	157,895
Bond Premium	166,012	132,687	99,362
Total Business Type Debt	40,553,921	40,028,204	42,275,966
TOTALS:	\$ 53,936,621	\$ 51,563,972	\$ 52,327,510

Further discussion and information on the City’s Long-term debt may be found in the Notes to the Financials, Section 3 Detailed Notes.

Economic Factors and Next Year’s Budget and Rates

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

Another indicator of economic trends is the unemployment rate for a particular area. In reviewing the Lincoln County unemployment statistics over the past ten years for the month of June, it shows that 2019 was at 4.4%. Prior to the COVID pandemic, the February 2020 unemployment rate was at 4.6%. The rate rose to a high point of 25.9% in April and once the economy opened the rate dropped to 15.4% as of June 30, 2020. In the current fiscal year, the unemployment rate has dropped to 4.6% at June 30, 2022.

The city’s single largest source of revenue governmental operation of the City of Newport comes from property taxes. The city has seen a incremental growth in this revenue over the past years, which is used to fund the major operations of the city, including police, fire, and general government. The State of Oregon has passed a number of initiatives that impact the amount of property taxes paid to local governments, including Measure 5 which passed in 1990, and Measure 50, which passed in 1996. Measure 5 imposes a limit of \$10 per \$1,000 of real market value for the overall payments of general government taxes. The City of Newport has not been significantly impacted by compression, which results when the rate limits enacted by Measure 50 are exceeded on individual properties. Compression applies to the real market value of properties rather than the assessed valuation. The city should continue seeing a modest growth in property tax revenues for the near future, the average rate of growth has been around 4.2% for the past four years.

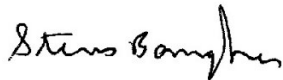
Another significant sources of revenues for the City of Newport include the transient room tax; it has increased an average of 13.1% over the last five years, which includes the substantial decline of revenue during COVID in 2020. The Newport transient room tax rate was increased in September 2021 from 9.5% to 12%.

The City provides for water, wastewater, and stormwater services. The rates were increased by 6% for water, 12% for wastewater, and 5% for the stormwater for the 2022-23 budget. However, the rate increase for 2023-24 fiscal year are expected to be higher due to current operations caused by inflation and additional costs to maintain and/or replace an aging infrastructure. These rates are a significant source of revenue for the City's proprietary funds.

In assembling the City-wide budget for the 2022-23 budget, the City Finance Department utilized various five-year projections based on historic trends. This included assumptions that assessed value of property would increase by 3.0%. Medical insurance coverage would increase by an average 3.5%, and an average Cost of Living Adjustment of 3.5% would be used for budgeted wages. Other expenses and revenue percentages were adjusted based on history factored in with expected higher than normal inflation.

All of these factors were considered when preparing the budget for the 2022-23 fiscal year.

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



Signature: _____
Interim Finance Director



BASIC FINANCIAL STATEMENTS

CITY OF NEWPORT
Statement of Net Position
June 30, 2022

ASSETS	Governmental Activities	Business-Type Activities	Total
Cash and Cash Equivalents	\$ 32,261,314	\$ 9,523,368	\$ 41,784,682
Receivables:			
Accounts, net	1,574,199	1,646,501	3,220,700
Taxes	517,519	96,830	614,349
Inventory	103,847	581,830	685,677
Prepaid Expenses	76,992	1,356	78,348
Lease Receivables	718,474	-	718,474
Net Other Postemployment Benefits Asset	72,209	-	72,209
Capital Assets:			
Land and construction in progress	17,432,436	8,111,458	25,543,894
Other capital assets, net of depreciation	61,922,901	70,819,682	132,742,583
Total Assets	<u>114,679,891</u>	<u>90,781,025</u>	<u>205,460,916</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Items	2,817,428	529,016	3,346,444
Other Postemployment Benefits Related Items	24,321	11,386	35,707
Total Deferred Outflows of Resources	<u>2,841,749</u>	<u>540,402</u>	<u>3,382,151</u>
LIABILITIES			
Accounts Payable	1,149,583	408,342	1,557,925
Payroll and Related Liabilities	637,429	169,692	807,121
Customer Deposits	-	827,936	827,936
Unearned Revenue	468,322	226,417	694,739
Accrued Interest	25,882	7,091,665	7,117,547
Long-Term Liabilities:			
Due within one year	2,310,721	2,865,523	5,176,244
Due in more than one year	12,997,298	40,492,354	53,489,652
Total Liabilities	<u>17,589,235</u>	<u>52,081,929</u>	<u>69,671,164</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related Items	3,890,098	436,367	4,326,465
Other Postemployment Benefits Related Items	102,711	50,655	153,366
Deferred Lease Resources	730,591	-	730,591
Total Deferred Inflows of Resources	<u>4,723,400</u>	<u>487,022</u>	<u>5,210,422</u>
NET POSITION			
Net Investment in Capital Assets	69,303,793	36,602,565	105,906,358
Restricted for:			
Highways and streets	1,096,252	-	1,096,252
Capital projects	6,677,707	6,047,096	12,724,803
Debt service	84,114	1,402,903	1,487,017
Tourism	2,882,819	-	2,882,819
RHIA OPEB benefits	57,748	-	57,748
Building inspection	372,858	-	372,858
Agate Beach disposal site closure	1,128,085	-	1,128,085
Urban renewal revitalization	5,592,866	-	5,592,866
Unrestricted	8,012,763	(5,300,088)	2,712,675
Total Net Position	<u>\$ 95,209,005</u>	<u>\$ 38,752,476</u>	<u>\$ 133,961,481</u>

See accompanying notes to basic financial statements.

CITY OF NEWPORT
Statement of Activities

Year Ended June 30, 2022

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ 7,260,423	\$ 2,766,485	\$ 999,571	\$ 2,313,334	\$ (1,181,033)	\$ -	\$ (1,181,033)
Public safety	6,161,819	263,606	295,815	-	(5,602,398)	-	(5,602,398)
Public works	1,716,106	-	1,227,491	213,202	(275,413)	-	(275,413)
Culture and recreation	3,896,058	852,627	26,719	60,423	(2,956,289)	-	(2,956,289)
Interest on long-term debt	332,785	-	-	-	(332,785)	-	(332,785)
Total Governmental Activities	<u>19,367,191</u>	<u>3,882,718</u>	<u>2,549,596</u>	<u>2,586,959</u>	<u>(10,347,918)</u>	<u>-</u>	<u>(10,347,918)</u>
Business-Type Activities:							
Water	4,968,698	4,247,406	-	125,059	-	(596,233)	(596,233)
Wastewater	7,051,610	4,572,868	-	-	-	(2,478,742)	(2,478,742)
Stormwater	1,108,625	1,019,359	-	-	-	(89,266)	(89,266)
Total Business-Type Activities	<u>13,128,933</u>	<u>9,839,633</u>	<u>-</u>	<u>125,059</u>	<u>-</u>	<u>(3,164,241)</u>	<u>(3,164,241)</u>
Totals	<u>\$ 32,496,124</u>	<u>\$ 13,722,351</u>	<u>\$ 2,549,596</u>	<u>\$ 2,712,018</u>	<u>(10,347,918)</u>	<u>(3,164,241)</u>	<u>(13,512,159)</u>
General Revenues:							
Property taxes					11,873,913	2,209,388	14,083,301
Transient room taxes					6,666,570	-	6,666,570
Franchise fees					1,670,419	-	1,670,419
Other taxes					998,891	-	998,891
Interest earnings					153,673	62,368	216,041
Other revenue					371,642	69,012	440,654
Transfers					(1,084,691)	1,084,691	-
Total General Revenues and Transfers					<u>20,650,417</u>	<u>3,425,459</u>	<u>24,075,876</u>
Change in Net Position					10,302,499	261,218	10,563,717
Net Position, beginning, as restated					85,272,155	38,540,452	123,812,607
Prior Period Adjustment					(365,649)	(49,194)	(414,843)
Net Position, ending					<u>\$ 95,209,005</u>	<u>\$ 38,752,476</u>	<u>\$ 133,961,481</u>

See accompanying notes to basic financial statements.

CITY OF NEWPORT
Governmental Funds
Balance Sheet
June 30, 2022

	General	Room Tax	Urban Renewal
ASSETS			
Cash and Cash Equivalents	\$ 7,082,991	\$ 2,139,635	\$ 5,444,721
Receivables:			
Accounts	593,685	746,996	500
Taxes	338,865	-	152,110
Due from Other Funds	-	-	-
Inventory	-	-	-
Prepaid Expenses	41,595	22,500	-
Lease Receivables	250,618	-	-
	<u>8,307,754</u>	<u>2,909,131</u>	<u>5,597,331</u>
Total Assets	\$ <u>8,307,754</u>	\$ <u>2,909,131</u>	\$ <u>5,597,331</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 175,366	\$ 26,312	\$ 41
Payroll and related liabilities	484,827	-	4,424
Unearned revenue	468,322	-	-
Due to other funds	-	-	-
	<u>1,128,515</u>	<u>26,312</u>	<u>4,465</u>
Total Liabilities	<u>1,128,515</u>	<u>26,312</u>	<u>4,465</u>
Deferred Inflows of Resources:			
Unavailable revenues	510,213	-	118,794
Deferred lease resources	244,803	-	-
	<u>755,016</u>	<u>-</u>	<u>118,794</u>
Total Deferred Inflows of Resources	<u>755,016</u>	<u>-</u>	<u>118,794</u>
Fund Balances:			
Nonspendable	41,595	22,500	-
Restricted	-	2,860,319	5,474,072
Committed	-	-	-
Assigned	-	-	-
Unassigned	6,382,628	-	-
	<u>6,424,223</u>	<u>2,882,819</u>	<u>5,474,072</u>
Total Fund Balances	<u>6,424,223</u>	<u>2,882,819</u>	<u>5,474,072</u>
	<u>\$ 8,307,754</u>	<u>\$ 2,909,131</u>	<u>\$ 5,597,331</u>
Total Liabilities and Fund Balances	<u>\$ 8,307,754</u>	<u>\$ 2,909,131</u>	<u>\$ 5,597,331</u>

	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
\$	4,250,810	\$	12,651,691
	-	233,018	1,574,199
	-	26,544	517,519
	-	137,500	137,500
	-	103,847	103,847
	-	12,837	76,932
	-	467,856	718,474
	<u>4,250,810</u>	<u>13,633,293</u>	<u>34,698,319</u>
\$	311,497	\$	526,967
	-	104,711	593,962
	-	-	468,322
	-	137,500	137,500
	<u>311,497</u>	<u>769,178</u>	<u>2,239,967</u>
	-	201,662	830,669
	-	485,788	730,591
	-	687,450	1,561,260
	-	116,684	180,779
	3,939,313	5,352,752	17,626,456
	-	2,008,547	2,008,547
	-	4,698,682	4,698,682
	-	-	6,382,628
	<u>3,939,313</u>	<u>12,176,665</u>	<u>30,897,092</u>
\$	<u>4,250,810</u>	\$	<u>13,633,293</u>
		\$	<u>34,698,319</u>



CITY OF NEWPORT

Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position

June 30, 2022

Total Fund Balances for Governmental Funds		\$	30,897,092
Total Net Position Reported for the Governmental Activities in the Statement of Net Position is Different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets and related accumulated depreciation are reported as follows:			
Land and construction in progress	\$	17,432,436	
Other capital assets, net of depreciation, net of internal service funds		<u>61,869,960</u>	
Total Capital Assets			79,302,396
The net other postemployment benefit asset is reported in the statement of net position but is not reported in the funds			
			72,209
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds			
			830,669
Long-term liabilities are not due and payable in the current period and therefore are not reported as fund liabilities:			
Long-term debt		(9,594,763)	
Lease liability		(404,041)	
Compensated absences, net of internal service funds		(501,355)	
Interest payable on long-term debt		(25,882)	
Other postemployment benefit liability, net of internal service funds		(261,678)	
Net pension liability, net of internal service funds		<u>(4,322,765)</u>	
Total Long-Term Liabilities			(15,110,484)
Internal service funds are used by management to charge the costs of information systems services, central services, and geographic information system services to individual funds. A portion of the assets and liabilities of the internal service funds is included in governmental activities statement of net position			
			376,327
Certain changes in net pension liabilities are deferred rather than recognized immediately. These items are amortized over time and are shown net of internal service fund balances:			
Deferred outflows of resources - pension related		2,736,715	
Deferred inflows of resources - pension related		(3,823,520)	
Deferred outflows of resources - other postemployment benefits related		22,584	
Deferred inflows of resources - other postemployment benefits related		<u>(94,983)</u>	
			<u>(1,159,204)</u>
Total Net Position of Governmental Activities		\$	<u>95,209,005</u>

See accompanying notes to basic financial statements.

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

Year Ended June 30, 2022

	<u>General</u>	<u>Room Tax</u>	<u>Urban Renewal</u>
Revenues:			
Taxes:			
Property	\$ 7,698,589	\$ -	\$ 3,594,251
Transient room	3,340,776	3,325,794	-
Other	203,655	-	-
Franchise fees, privilege taxes, licenses and permits	1,682,589	-	-
Intergovernmental	1,887,465	-	-
Charges for services	1,438,533	-	-
Fines and forfeitures	174,491	-	-
System development charges	-	-	-
Interest earnings	38,060	11,828	26,690
Other revenue	208,421	-	44,750
Total Revenues	<u>16,672,579</u>	<u>3,337,622</u>	<u>3,665,691</u>
Expenditures:			
Current:			
General government	3,273,134	834,696	120,805
Public safety	6,329,104	-	-
Public works	-	-	-
Culture and recreation	1,030,021	-	-
Capital outlay	335,895	-	-
Debt service:			
Principal	-	-	1,227,000
Interest	-	-	127,642
Total Expenditures	<u>10,968,154</u>	<u>834,696</u>	<u>1,475,447</u>
Excess (Deficiency) of Revenues over Expenditures	<u>5,704,425</u>	<u>2,502,926</u>	<u>2,190,244</u>
Other Financing Sources (Uses):			
Transfers in	91,783	-	1,350,000
Lease proceeds	128,890	-	-
Transfers out	<u>(4,841,709)</u>	<u>(1,609,574)</u>	<u>(1,872,246)</u>
Total Other Financing Sources (Uses)	<u>(4,621,036)</u>	<u>(1,609,574)</u>	<u>(522,246)</u>
Net Change in Fund Balances	1,083,389	893,352	1,667,998
Fund Balances, Beginning	5,639,296	1,989,467	3,807,152
Prior Period Adjustment	<u>(298,462)</u>	<u>-</u>	<u>(1,078)</u>
Fund Balances, Ending	<u>\$ 6,424,223</u>	<u>\$ 2,882,819</u>	<u>\$ 5,474,072</u>

See accompanying notes to basic financial statements.

	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
\$	-	\$ 651,650	\$ 11,944,490
	-	-	6,666,570
	-	213,007	416,662
	-	219,690	1,902,279
	2,091,040	1,535,494	5,513,999
	-	1,578,979	3,017,512
	-	-	174,491
	-	475,190	475,190
	16,871	56,368	149,817
	-	146,599	399,770
	<u>2,107,911</u>	<u>4,876,977</u>	<u>30,660,780</u>
	275,216	1,572,133	6,075,984
	-	-	6,329,104
	-	553,396	553,396
	-	1,562,101	2,592,122
	1,972,355	715,721	3,023,971
	-	453,171	1,680,171
	-	249,780	377,422
	<u>2,247,571</u>	<u>5,106,302</u>	<u>20,632,170</u>
	<u>(139,660)</u>	<u>(229,325)</u>	<u>10,028,610</u>
	1,531,900	4,426,552	7,400,235
	-	52,170	181,060
	<u>(93,250)</u>	<u>(1,491,352)</u>	<u>(9,908,131)</u>
	<u>1,438,650</u>	<u>2,987,370</u>	<u>(2,326,836)</u>
	1,298,990	2,758,045	7,701,774
	2,640,323	9,469,766	23,546,004
	-	(51,146)	(350,686)
\$	<u><u>3,939,313</u></u>	<u><u>12,176,665</u></u>	<u><u>30,897,092</u></u>

CITY OF NEWPORT

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

Year Ended June 30, 2022

Net Change in Fund Balances - Total Governmental Funds		\$ 7,701,774
The Change in Net Position Reported for Governmental Activities in the Statement of Activities is Different because:		
Governmental funds report capital outlays as expenditures. However, on the Statement of Activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay	3,466,605	
Depreciation	<u>(2,853,655)</u>	612,950
The net effect of transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		
		(77,367)
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	(70,577)	
Charges for services	(79,537)	
Miscellaneous	<u>238,280</u>	88,166
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position		
Amortization of bond premium	38,735	
Accrued interest	5,902	
Change in leases payable	(67,005)	
Principal payments	<u>1,680,171</u>	1,657,803
The amount contributed to defined benefit pension plans is reported as an expenditure in the funds while governmental activities report pension expense as the change in net pension asset or liability, pension related deferred outflows of resources and deferred inflows of resources, net of the internal service funds		
Change in deferred outflows of resources - pension related	80,895	
Change in net pension liability	2,422,850	
Change in deferred inflows of resources - pension related	<u>(2,053,358)</u>	450,387
The amount contributed to defined benefit other postemployment benefit plans is reported as an expenditure in the funds while governmental activities report other postemployment benefit expense as the change in other postemployment benefit (OPEB) asset or liability, OPEB related deferred outflows of resources and deferred inflows of resources, net of the internal service funds		
Change in deferred outflows of resources - OPEB related	(14,798)	
Change in net OPEB asset	25,104	
Change in OPEB liability	67,056	
Change in deferred inflows of resources - OPEB related	<u>35,702</u>	113,064
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds		
Compensated absences, net of internal service funds		56,968
The transfer of capital assets from the business-type activities is reported as an additional transfer in the governmental funds		
		59,851
The net expense of certain activities of internal service funds is reported in the governmental activities		
		<u>(361,097)</u>
Change in Net Position of Governmental Activities		<u>\$ 10,302,499</u>

See accompanying notes to basic financial statements.

CITY OF NEWPORT

General Fund

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

Year Ended June 30, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes				
Property	\$ 7,452,000	\$ 7,452,000	\$ 7,698,589	\$ 246,589
Transient room	2,256,000	2,256,000	3,340,776	1,084,776
Other	185,408	185,408	203,655	18,247
Franchise fees, privilege taxes, licenses and permits	1,595,408	1,595,408	1,682,589	87,181
Intergovernmental	1,022,136	2,301,029	1,887,465	(413,564)
Charges for services	1,438,533	1,438,533	1,438,533	-
Fines and forfeitures	102,875	102,875	174,491	71,616
Interest earnings	29,000	29,000	38,060	9,060
Other revenue	73,500	75,294	208,421	133,127
Total Revenues	<u>14,154,860</u>	<u>15,435,547</u>	<u>16,672,579</u>	<u>1,237,032</u>
Expenditures:				
City administration	2,831,505	2,906,505	2,777,074	129,431
Police	4,529,545	4,529,545	3,937,024	592,521
Fire	2,440,161	2,659,797	2,476,958	182,839
Emergency coordinator	334,433	334,433	94,352	240,081
Library	1,138,276	1,142,720	1,089,221	53,499
Community development	286,309	286,309	300,192	(13,883)
Non-departmental	499,995	544,995	293,333	251,662
Contingency	482,409	818,560	-	818,560
Total Expenditures	<u>12,542,633</u>	<u>13,222,864</u>	<u>10,968,154</u>	<u>2,254,710</u>
Excess of Revenues Over Expenditures	<u>1,612,227</u>	<u>2,212,683</u>	<u>5,704,425</u>	<u>3,491,742</u>
Other Financing Sources (Uses):				
Transfers in	136,907	161,783	91,783	(70,000)
Lease proceeds	-	-	128,890	128,890
Transfers out	(3,444,781)	(4,841,709)	(4,841,709)	-
Total Other Financing Sources (Uses)	<u>(3,307,874)</u>	<u>(4,679,926)</u>	<u>(4,621,036)</u>	<u>58,890</u>
Net Change in Fund Balance	(1,695,647)	(2,467,243)	1,083,389	3,550,632
Fund Balance, beginning	4,896,702	5,639,298	5,639,296	(2)
Prior Period Adjustment	-	-	(298,462)	(298,462)
Fund Balance, ending	<u>\$ 3,201,055</u>	<u>\$ 3,172,055</u>	<u>\$ 6,424,223</u>	<u>\$ 3,252,168</u>

CITY OF NEWPORT

Room Tax Fund

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

Year Ended June 30, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes				
Transient room	\$ 2,321,000	\$ 2,321,000	\$ 3,325,794	\$ 1,004,794
Interest earnings	6,000	6,000	11,828	5,828
Total Revenues	<u>2,327,000</u>	<u>2,327,000</u>	<u>3,337,622</u>	<u>1,010,622</u>
Expenditures:				
Room tax	1,133,145	1,133,145	834,696	298,449
Contingency	113,315	602,329	-	602,329
Total Expenditures	<u>1,246,460</u>	<u>1,735,474</u>	<u>834,696</u>	<u>900,778</u>
Excess of Revenues Over Expenditures	<u>1,080,540</u>	<u>591,526</u>	<u>2,502,926</u>	<u>1,911,400</u>
Other Financing Sources (Uses):				
Transfers out	<u>(1,485,041)</u>	<u>(1,609,574)</u>	<u>(1,609,574)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,485,041)</u>	<u>(1,609,574)</u>	<u>(1,609,574)</u>	<u>-</u>
Net Change in Fund Balance	(404,501)	(1,018,048)	893,352	1,911,400
Fund Balance, beginning	<u>1,498,420</u>	<u>1,989,467</u>	<u>1,989,467</u>	<u>-</u>
Fund Balance, ending	<u>\$ 1,093,919</u>	<u>\$ 971,419</u>	<u>\$ 2,882,819</u>	<u>\$ 1,911,400</u>

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

Year Ended June 30, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes				
Property	\$ 3,653,671	\$ 3,653,671	\$ 3,594,251	\$ (59,420)
Interest earnings	32,595	32,595	26,690	(5,905)
Other revenue	24,150	24,150	44,750	20,600
Total Revenues	<u>3,710,416</u>	<u>3,710,416</u>	<u>3,665,691</u>	<u>(44,725)</u>
Expenditures:				
Newport south beach operations	138,454	138,954	87,370	51,584
Newport northside operations	91,664	91,664	33,381	58,283
McLean point operations	600	1,100	54	1,046
Debt service	1,354,642	1,354,642	1,354,642	-
Contingency	5,432,230	5,252,233	-	5,252,233
Total Expenditures	<u>7,017,590</u>	<u>6,838,593</u>	<u>1,475,447</u>	<u>5,363,146</u>
Excess of Revenues Over Expenditures	<u>(3,307,174)</u>	<u>(3,128,177)</u>	<u>2,190,244</u>	<u>5,318,421</u>
Other Financing Sources (Uses):				
Transfers in	1,350,000	1,350,000	1,350,000	-
Transfers out	<u>(1,678,300)</u>	<u>(1,872,246)</u>	<u>(1,872,246)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(328,300)</u>	<u>(522,246)</u>	<u>(522,246)</u>	<u>-</u>
Net Change in Fund Balance	(3,635,474)	(3,650,423)	1,667,998	5,318,421
Fund Balance, beginning	3,792,617	3,807,152	3,807,152	-
Prior Period Adjustment	-	-	(1,078)	(1,078)
Fund Balance, ending	<u>\$ 157,143</u>	<u>\$ 156,729</u>	<u>\$ 5,474,072</u>	<u>\$ 5,317,343</u>

CITY OF NEWPORT
Proprietary Funds
Statement of Net Position
June 30, 2022

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Wastewater</u>	<u>Stormwater</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 938,110	\$ 166,711	\$ 159,707
Receivables:			
Accounts, net	700,107	736,308	159,767
Property taxes	-	-	-
Inventory	344,753	237,077	-
Prepaid expenses	365	900	-
Total Current Assets	<u>1,983,335</u>	<u>1,140,996</u>	<u>319,474</u>
Noncurrent Assets:			
Capital assets:			
Land and construction in progress	6,047,195	614,155	850,768
Other capital assets, net	23,232,209	47,220,520	220,028
Total Capital Assets	<u>29,279,404</u>	<u>47,834,675</u>	<u>1,070,796</u>
Total Noncurrent Assets	<u>29,279,404</u>	<u>47,834,675</u>	<u>1,070,796</u>
Total Assets	<u>31,262,739</u>	<u>48,975,671</u>	<u>1,390,270</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Items	201,280	149,218	47,629
Other Postemployment Benefits Related Items	4,332	3,212	1,025
Total Deferred Outflows of Resources	<u>205,612</u>	<u>152,430</u>	<u>48,654</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	69,489	243,172	405
Payroll and related liabilities	56,335	50,774	7,737
Customer deposits	827,936	-	-
Unearned revenue	205,589	20,828	-
Accrued interest	6,595,128	491,392	5,145
Accrued compensated absences	46,259	21,989	4,240
Long-term obligations due within one year	1,550,712	886,434	318,000
Total Current Liabilities	<u>9,351,448</u>	<u>1,714,589</u>	<u>335,527</u>
Long-Term Obligations Due in More than One Year	<u>17,118,547</u>	<u>21,266,814</u>	<u>1,827,020</u>
Total Liabilities	<u>26,469,995</u>	<u>22,981,403</u>	<u>2,162,547</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related Items	166,029	123,085	39,287
Other Postemployment Benefits Related Items	19,273	14,288	4,561
Total Deferred Inflows of Resources	<u>185,302</u>	<u>137,373</u>	<u>43,848</u>
NET POSITION			
Net Investment in Capital Assets	11,283,017	25,956,654	1,070,796
Restricted for:			
Debt service	-	-	-
Capital projects	-	-	-
Unrestricted	<u>(6,469,963)</u>	<u>52,671</u>	<u>(1,838,267)</u>
Total Net Position	<u>\$ 4,813,054</u>	<u>\$ 26,009,325</u>	<u>\$ (767,471)</u>

Business-Type Activities - Enterprise Funds

<u>G.O. Debt Service</u>	<u>Nonmajor Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 150,602	\$ 7,230,587	\$ 8,645,717	\$ 1,569,117
-	50,319	1,646,501	-
96,830	-	96,830	-
-	-	581,830	-
-	-	1,265	151
<u>247,432</u>	<u>7,280,906</u>	<u>10,972,143</u>	<u>1,569,268</u>
-	-	7,512,118	599,340
-	-	<u>70,672,757</u>	<u>199,866</u>
-	-	<u>78,184,875</u>	<u>799,206</u>
-	-	<u>78,184,875</u>	<u>799,206</u>
<u>247,432</u>	<u>7,280,906</u>	<u>89,157,018</u>	<u>2,368,323</u>
-	-	398,127	211,602
-	-	<u>8,569</u>	<u>4,554</u>
-	-	<u>406,696</u>	<u>216,156</u>
-	78,339	391,405	126,337
-	-	114,846	98,313
-	-	827,936	-
-	-	226,417	-
-	-	7,091,665	-
-	-	72,488	46,709
-	-	<u>2,755,146</u>	<u>12,341</u>
-	78,339	11,479,903	283,700
-	-	<u>40,212,381</u>	<u>482,229</u>
-	<u>78,339</u>	<u>51,692,284</u>	<u>765,929</u>
-	-	328,401	174,544
-	-	<u>38,122</u>	<u>20,261</u>
-	-	<u>366,523</u>	<u>194,805</u>
-	-	36,602,565	699,568
247,432	1,155,471	1,402,903	-
-	6,047,096	6,047,096	-
-	-	<u>(6,547,657)</u>	<u>924,328</u>
<u>\$ 247,432</u>	<u>\$ 7,202,567</u>	<u>\$ 37,504,907</u>	<u>\$ 1,623,896</u>

CITY OF NEWPORT
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2022

	Business-Type Activities - Enterprise Funds		
	Water	Wastewater	Stormwater
Operating Revenues:			
Service charges and fees	\$ 4,247,406	\$ 4,572,868	\$ 1,019,359
Miscellaneous	67,717	1,295	-
Total Operating Revenues	<u>4,315,123</u>	<u>4,574,163</u>	<u>1,019,359</u>
Operating Expenses:			
Salaries and wages	1,161,420	1,010,240	214,407
Contracted services	142,915	245,325	9,831
Property services	253,137	297,828	-
Operating supplies	306,755	383,155	2,147
Utilities	229,225	320,648	1,871
Depreciation	1,328,866	1,826,823	55,007
Repairs and maintenance	362,323	236,790	51,826
Charges for services	756,213	855,234	144,000
Miscellaneous	51,600	87,085	1,291
Total Operating Expenses	<u>4,592,454</u>	<u>5,263,128</u>	<u>480,380</u>
Operating Income (Loss)	(277,331)	(688,965)	538,979
Nonoperating Revenues (Expenses):			
Interest income	9,916	2,332	1,157
Interest expense	(928,302)	(585,077)	(70,237)
Property taxes	-	-	-
Grants	-	-	-
Gain (loss) on sale of capital assets	(33,946)	(421,726)	-
Total Nonoperating Revenues (Expenses)	<u>(952,332)</u>	<u>(1,004,471)</u>	<u>(69,080)</u>
Income (Loss) Before Capital Contributions and Transfers	(1,229,663)	(1,693,436)	469,899
Transfers In	5,141,664	2,141,749	1,124,256
Transfers Out	<u>(6,428,563)</u>	<u>(2,883,243)</u>	<u>(804,656)</u>
Change in Net Position	(2,516,562)	(2,434,930)	789,499
Net Position, beginning	7,344,871	28,460,542	(1,554,845)
Prior Period Adjustment	<u>(15,255)</u>	<u>(16,287)</u>	<u>(2,125)</u>
Net Position, ending	<u>\$ 4,813,054</u>	<u>\$ 26,009,325</u>	<u>\$ (767,471)</u>

<u>Business-Type Activities - Enterprise Funds</u>			
<u>G.O. Debt Service</u>	<u>Nonmajor Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ -	\$ -	\$ 9,839,633	\$ 1,301,367
-	-	69,012	1,579
-	-	9,908,645	1,302,946
-	-	2,386,067	1,545,785
-	621,247	1,019,318	179,460
-	-	550,965	394,932
-	-	692,057	70,685
-	-	551,744	482,653
-	-	3,210,696	37,018
-	-	650,939	177,312
-	-	1,755,447	149,611
-	-	139,976	126,233
-	621,247	10,957,209	3,163,689
-	(621,247)	(1,048,564)	(1,860,743)
4,681	40,041	58,127	8,097
-	-	(1,583,616)	-
2,209,388	-	2,209,388	-
-	125,059	125,059	-
-	-	(455,672)	-
2,214,069	165,100	353,286	8,097
2,214,069	(456,147)	(695,278)	(1,852,646)
-	11,078,441	19,486,110	2,682,117
(2,135,000)	(6,135,240)	(18,386,702)	(1,333,480)
-	79,069	404,130	(504,009)
168,363	2,715,513	37,134,444	2,158,395
-	-	(33,667)	(30,490)
\$ 247,432	\$ 7,202,567	\$ 37,504,907	\$ 1,623,896

CITY OF NEWPORT
Proprietary Funds
Statement of Cash Flows
Year Ended June 30, 2022

	Business-Type Activities - Enterprise Funds		
	Water	Wastewater	Stormwater
Cash Flows from Operating Activities:			
Receipts from customers and users	\$ 3,971,625	\$ 4,383,580	\$ 1,011,627
Services provided to other funds	-	-	-
Payments for interfund services used	(756,213)	(855,234)	(144,000)
Payments to suppliers	(1,332,441)	(1,518,232)	(67,725)
Payments to employees	(968,468)	(904,181)	(174,000)
Other revenues	67,717	1,295	-
Net Cash from (for) Operating Activities	982,220	1,107,228	625,902
Cash Flows from (for) Noncapital and Related Financing Activities:			
Transfer in	-	-	137,429
Transfer out	(86,000)	(86,000)	(7,300)
Net Cash Flows from (for) Noncapital and Related Financing Activities	(86,000)	(86,000)	130,129
Cash Flows from (for) Capital and Related Financing Activities:			
Acquisition of capital assets	(53,397)	(192,546)	-
Proceeds from issuance of debt	-	-	-
Grants	-	-	-
Property taxes	-	-	-
Transfers in	1,047,000	697,332	75,000
Transfers out	(1,791,563)	(2,321,239)	(797,356)
Principal payments on leases	(1,757)	(1,035)	-
Principal paid	-	-	-
Interest paid	-	-	-
Net Cash Flows from (for) Capital and Related Financing Activities	(799,717)	(1,817,488)	(722,356)
Cash Flows from (for) Investing Activities:			
Investment income received	9,916	2,332	1,157
Net Increase (Decrease) in Cash and Cash Equivalents	106,419	(793,928)	34,832
Cash and Cash Equivalents, beginning	831,691	960,639	124,875
Cash and Cash Equivalents, ending	<u>\$ 938,110</u>	<u>\$ 166,711</u>	<u>\$ 159,707</u>

Business-Type Activities - Enterprise Funds

	<u>G.O. Debt Service</u>	<u>Nonmajor Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$	-	\$ -	\$ 9,366,832	\$ -
	-	-	-	1,301,367
	-	-	(1,755,447)	(149,611)
	-	(621,247)	(3,539,645)	(1,417,936)
	-	-	(2,046,649)	(1,372,721)
	-	-	69,012	1,579
	-	<u>(621,247)</u>	<u>2,094,103</u>	<u>(1,637,322)</u>
	-	-	137,429	2,682,117
	-	-	<u>(179,300)</u>	<u>(1,273,629)</u>
	-	-	<u>(41,871)</u>	<u>1,408,488</u>
	-	(2,355,487)	(2,601,430)	(69,441)
	-	5,027,004	5,027,004	-
	-	80,532	80,532	-
	2,226,546	-	2,226,546	-
	-	6,051,437	7,870,769	-
	-	(1,819,332)	(6,729,490)	-
	-	-	(2,792)	(4,305)
	(1,100,080)	(1,809,524)	(2,909,604)	-
	<u>(1,034,920)</u>	<u>(420,272)</u>	<u>(1,455,192)</u>	<u>-</u>
	<u>91,546</u>	<u>4,754,358</u>	<u>1,506,343</u>	<u>(73,746)</u>
	<u>4,681</u>	<u>40,041</u>	<u>58,127</u>	<u>8,097</u>
	<u>96,227</u>	<u>4,173,152</u>	<u>3,616,702</u>	<u>(294,483)</u>
	<u>54,375</u>	<u>3,057,435</u>	<u>5,029,015</u>	<u>1,863,600</u>
\$	<u><u>150,602</u></u>	\$ <u><u>7,230,587</u></u>	\$ <u><u>8,645,717</u></u>	\$ <u><u>1,569,117</u></u>

CITY OF NEWPORT
Proprietary Funds
Statement of Cash Flows, continued
Year Ended June 30, 2022

	Business-Type Activities - Enterprise Funds		
	Water	Wastewater	Stormwater
Reconciliation of Operating Income (Loss) to Net Cash Flows from (for) Operating Activities:			
Operating income (loss)	\$ (277,331)	\$ (688,965)	\$ 538,979
Adjustments to reconcile operating income (loss) to net cash flows from (for) operating activities:			
Depreciation and amortization	1,328,866	1,826,823	55,007
(Increase) decrease in assets and deferred outflows of resources:			
Accounts receivable	54,894	138,800	(6,599)
Prepaid expenses	(365)	(900)	-
Inventory	15,291	(109,108)	-
Deferred outflows of resources - pension related	(177,826)	(125,764)	(42,481)
Deferred outflows of resources - other postemployment benefits related	(980)	140	(289)
Increase (decrease) in liabilities and deferred inflows of resources:			
Accounts payable	(1,412)	162,607	(759)
Accrued liabilities	(2,461)	4,957	(2,654)
Accrued leave	(518)	(6,346)	(5,809)
Customer deposits	88,050	-	-
Unearned revenue	(418,725)	(328,088)	(1,133)
Net pension liability	273,304	197,022	65,045
Net other postemployment benefits liability	38,002	20,548	9,496
Deferred inflows of resources - pension related	55,876	12,932	15,110
Deferred inflows of resources - other postemployment benefits related	7,555	2,570	1,989
Net Cash Flows from (for) Operating Activities	<u>\$ 982,220</u>	<u>\$ 1,107,228</u>	<u>\$ 625,902</u>
Noncash Capital and Related Financing Activities:			
Lease proceeds and lease assets	\$ 78,568	\$ 35,221	\$ -
Transfers in	4,094,664	1,444,417	911,827
Transfers out	<u>(4,551,000)</u>	<u>(476,004)</u>	<u>-</u>
Net Noncash Capital and Related Financing Activities	<u>\$ (377,768)</u>	<u>\$ 1,003,634</u>	<u>\$ 911,827</u>

<u>Business-Type Activities - Enterprise Funds</u>				
	<u>G.O. Debt Service</u>	<u>Nonmajor Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$	-	\$ (621,247)	\$ (1,048,564)	\$ (1,860,743)
	-	-	3,210,696	37,018
	-	-	187,095	-
	-	-	(1,265)	(151)
	-	-	(93,817)	-
	-	-	(346,071)	(179,043)
	-	-	(1,129)	100
	-	-	160,436	13,490
	-	-	(158)	23,076
	-	-	(12,673)	(6,746)
	-	-	88,050	-
	-	-	(747,946)	-
	-	-	535,371	280,039
	-	-	68,046	30,016
	-	-	83,918	21,630
	-	-	12,114	3,992
\$	<u>-</u>	<u>\$ (621,247)</u>	<u>\$ 2,094,103</u>	<u>\$ (1,637,322)</u>
\$	\$	\$ -	\$ 113,789	\$ 48,992
	-	5,027,004	11,477,912	-
	<u>(2,135,000)</u>	<u>(4,315,908)</u>	<u>(11,477,912)</u>	<u>(59,851)</u>
\$	<u>(2,135,000)</u>	<u>\$ 711,096</u>	<u>\$ 113,789</u>	<u>\$ (10,859)</u>

CITY OF NEWPORT
Fiduciary Fund
Statement of Net Position
June 30, 2022

	<u>City of Newport Employees Retirement Plan Pension Trust Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 1,070,465
Investments	
Equities	6,182,926
Mutual funds	4,616,438
Receivables	<u>61,511</u>
 Total Assets	 <u>11,931,340</u>
NET POSITION	
Restricted for Defined Benefit Pension	8,690,264
Restricted for Defined Contribution Pension	<u>3,241,076</u>
 Total Net Position	 \$ <u><u>11,931,340</u></u>

CITY OF NEWPORT
Fiduciary Fund
Statement of Changes in Net Position
Year Ended June 30, 2022

	City of Newport Employees Retirement Plan Pension Trust Fund
Additions	
Employer contributions	\$ 729,295
Investment earnings (losses):	
Investment earnings	(1,856,291)
Less investment expense	<u>(55,331)</u>
Total investment earnings (losses), net	<u>(1,911,622)</u>
Total Additions	<u>(1,182,327)</u>
Deductions	
Benefits	<u>878,757</u>
Total Deductions	<u>878,757</u>
Change in Net Position	(2,061,084)
Net Position, Beginning	<u>13,992,424</u>
Net Position, Ending	<u>\$ <u>11,931,340</u></u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

The City of Newport operates under a council-manager form of government instituted by a vote of the people on May 18, 1962, effective as of July 1, 1962. It provides for a mayor, six councilors and a city manager. The accompanying basic financial statements present all activities, funds and component units for which the City is considered to be financially accountable. The criteria used in making this determination includes appointment of the voting majority, imposition of will, financial benefit or burden on the primary government and fiscal dependency on the primary government. Based upon the evaluation of this criteria, the City is the primary government of its blended component unit, the Newport Urban Renewal Agency.

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

Blended Component Unit

The Newport Urban Renewal Agency (NURA) serves the citizens of the City of Newport 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.

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 1 - Summary of Significant Accounting Policies, continued

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

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

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

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

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

The City reports the following major governmental funds:

General

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

Room Tax

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

Urban Renewal

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

Capital Projects Fund

This fund accounts for capital projects of the governmental funds.

The City reports the following major proprietary funds:

Water

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 1 - Summary of Significant Accounting Policies, continued

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

Wastewater

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

Stormwater

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

G.O. Debt Service

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

Internal Service

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

Additionally, the City reports the following nonmajor fund types:

Special Revenue

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

Debt Service

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

Capital Projects

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

Enterprise

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

Internal Service

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

Fiduciary

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

Cash and Cash Equivalents

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 1 - Summary of Significant Accounting Policies, continued

Investments

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

Restricted Assets

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

Inventories

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

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

Receivables

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

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

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

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

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

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

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

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 1 - Summary of Significant Accounting Policies, continued

Lease Assets

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

Capital Assets

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

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

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

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

Compensated Absences

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

Long-Term Obligations

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

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

Pensions - Oregon Public Employees Retirement System (OPERS)

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 1 - Summary of Significant Accounting Policies, continued

Pensions – City of Newport Employees Retirement Plan

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

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

Other postemployment benefits

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

An actuarial valuation dated July 1, 2020, was completed for purposes of measuring the other postemployment benefits liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, and other postemployment benefits expense for the Implicit Subsidy for the Employees of City of Newport.

Deferred outflows / inflows of resources

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

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

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

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.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 1 - Summary of Significant Accounting Policies, continued

Equity Classifications, continued

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

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

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

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

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

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

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

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

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

Special Items

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

Implementation of a new accounting standard

During the fiscal year ended June 30, 2022, the City implemented GASB Statement No. 87, *Leases*. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The statement effects both the presentation of the financial statements on the current financial resource measurement focus and the economic resources measurement focus.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 2 - Stewardship, Compliance and Accountability

Budgetary Information

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

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

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

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

An election must be held to approve general obligation debt pledging the full faith and credit of the City. As a result of Ballot Measure 50 and subsequent legislation, the City's permanent tax rate was set at \$5.5938 per \$1,000 of assessed value. The assessed value (not including the urban renewal district) for 2021-2022 was \$1,625,399,477. Assessed value is calculated on a property-by-property basis and is limited to a three percent increase annually. Compression of tax revenues comes into play when the real market value of an individual residential property is not sufficient to allow for an annual three percent increase in the assessed value.

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 2 - Stewardship, Compliance and Accountability, continued

Budgetary Information, continued

During the fiscal year ended June 30, 2022, the City adopted supplemental budgets which totaled \$9,200,687, a 10.79% increase over the original budget. The following table outlines the budget changes:

	Fund	2021-2022 Original Budget	2021-2022 Final Budget	Change
101	General Fund	\$ 15,987,414	\$ 18,064,573	\$ 2,077,159
201	Parks and Recreation Fund	2,360,154	2,391,477	31,323
211	Public Parking Fund	716,720	717,187	467
212	Housing Fund	485,422	491,980	6,558
220	Airport Fund	890,888	1,074,319	183,431
230	Room Tax Fund	2,731,501	3,345,048	613,547
240	Building Inspection Fund	642,540	640,611	(1,929)
251	Streets Fund	1,401,986	1,653,821	251,835
252	Line Undergrounding Fund	616,792	648,830	32,038
253	SDC Fund	2,652,823	2,732,743	79,920
254	Agate Beach Closure Fund	1,048,671	1,031,955	(16,716)
270	Urban Renewal Agency	8,695,890	8,710,839	14,949
301	Debt Service - Water Fund	1,032,573	1,033,573	1,000
302	Debt Service - Wastewater Fund	1,055,723	1,056,223	500
303	Governmental Debt Service Fund	90,735	118,406	27,671
305	Stormwater Debt Service Fund	633,245	634,245	1,000
351	GO Debt Service - Proprietary	2,135,081	2,135,581	500
352	GO Debt Service - Governmental	586,000	586,500	500
402	Capital Projects Fund - Governmental	7,730,322	8,703,839	973,517
403	Capital Projects Fund - Proprietary	9,291,169	11,791,108	2,499,939
404	Reserve Fund	2,565,800	2,616,800	51,000
405	Capital Improvements Fund	2,954,722	3,792,076	837,354
601	Water Fund	5,418,881	5,691,877	272,996
602	Wastewater Fund	6,039,222	6,686,060	646,838
603	Stormwater Fund	1,252,390	1,377,797	125,407
701	Public Works Fund	1,435,437	1,385,742	(49,695)
711	City Facility Fund	4,811,227	5,350,805	539,578
		<u>\$ 85,263,328</u>	<u>\$ 94,464,015</u>	<u>\$ 9,200,687</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 3 - Detailed Notes

Cash, Cash Equivalents and Investments

The City's cash, cash equivalents and investments at June 30, 2022 are as follows:

Cash and cash equivalents		
Deposits with financial institutions	\$	1,566,599
Cash on hand		1,930
State of Oregon Treasurer's short-term investment pool		39,578,549
Money market		<u>1,708,069</u>
Total cash and cash equivalents	\$	<u>42,855,147</u>
Investments		
Equities	\$	6,182,926
Mutual funds		<u>4,616,438</u>
Total investments	\$	<u>10,799,364</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, 2022, none of the City's bank balances were exposed to custodial credit risk.

State of Oregon Local Government Investment Pool

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 3 - Detailed Notes, continued

Cash, Cash Equivalents and Investments, continued

Investments

As of June 30, 2022, the City had the following investments:

<u>Investment Type</u>	<u>Rating</u>	<u>Fair Value</u>	<u>Risk Consideration</u>	<u>Weighted Average</u>
Pension Trust Investments				
Equities	Not Rated	\$ 6,182,926	57.25%	N/A
Mutual Funds	Not Rated	4,616,438	42.75%	N/A
Total Investments		\$ <u>10,799,364</u>		

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

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

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

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

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

Fair Value Measurements

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

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

CITY OF NEWPORT**Notes to Financial Statements**

Year Ended June 30, 2022

Note 3 - Detailed Notes, continuedLease Receivables

Lease receivables as of June 30, 2022 consisted of the following:

	Outstanding June 30, 2021 (as restated)	Additions	Payments	Outstanding June 30, 2022
<i>Governmental activities</i>				
Various hangar leases	\$ 197,208	\$ 166,490	\$ 32,504	\$ 331,194
Municipal Airport	155,801	-	19,139	136,662
Abbey Street Pier Building	43,821	-	14,565	29,256
SW Fall Street	252,278	-	34,485	217,793
315 SW 9th Street	4,531	-	962	3,569
	<u>\$ 653,639</u>	<u>\$ 166,490</u>	<u>\$ 101,655</u>	<u>\$ 718,474</u>

The City acts as lessor for 31 hangar leases with various individuals and companies. The lessees are required to make annual variable principal and interest payments based on a CPI Index of 0.00%. Monthly lease payments ranged during the 2022 fiscal year from \$37 to \$1,265 including interest from 0.32% to 2.87%. The City recognized revenue of \$105,265 for the fiscal year ended June 30, 2022.

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

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

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

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 3 - Detailed Notes, continued

Lease Receivables

As of June 30, 2022, the future maturities of lease receivables are as follows:

Year Ended June 30,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 86,707	\$ 7,953	\$ 94,660
2024	89,124	7,534	96,658
2025	75,172	6,811	81,983
2026	75,551	6,104	81,655
2027	75,605	5,394	80,999
2028 - 2032	125,816	20,174	145,990
2033 - 2037	79,267	13,557	92,824
2038 - 2042	71,376	7,014	78,390
2043 - 2047	39,856	1,723	41,579
	<u>\$ 718,474</u>	<u>\$ 76,264</u>	<u>\$ 794,738</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 3 - Detailed Notes, continued

Capital Assets

Capital asset activity for the governmental activities for the year ended June 30, 2022 was as follows:

	June 30, 2021 <u>(as restated)</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2022</u>
Capital assets not being depreciated				
Land	\$ 12,225,530	\$ -	\$ -	\$ 12,225,530
Construction in progress	<u>3,251,458</u>	<u>2,546,392</u>	<u>(590,944)</u>	<u>5,206,906</u>
Total capital assets not being depreciated	<u>15,476,988</u>	<u>2,546,392</u>	<u>(590,944)</u>	<u>17,432,436</u>
Capital assets being depreciated				
Building and structures	44,378,034	735,394	-	45,113,428
Equipment	4,784,957	311,367	(16,288)	5,080,036
Vehicles	6,208,593	115,455	(101,220)	6,222,828
Infrastructure	58,775,984	146,619	-	58,922,603
Right to use lease assets:				
Land	83,380	-	-	83,380
Equipment	308,607	75,378	-	383,985
Vehicles	<u>-</u>	<u>109,428</u>	<u>-</u>	<u>109,428</u>
Total capital assets being depreciated	<u>114,539,555</u>	<u>1,493,641</u>	<u>(117,508)</u>	<u>115,915,688</u>
Less accumulated depreciation				
Building and structures	(24,481,684)	(1,121,575)	-	(25,603,259)
Equipment	(3,859,166)	(131,818)	16,288	(3,974,696)
Vehicles	(5,386,650)	(265,519)	101,220	(5,550,949)
Infrastructure	(17,527,130)	(1,220,399)	-	(18,747,529)
Right to use lease assets:				
Land	-	(3,051)	-	(3,051)
Equipment	-	(112,185)	-	(112,185)
Vehicles	<u>-</u>	<u>(1,118)</u>	<u>-</u>	<u>(1,118)</u>
Total accumulated depreciation	<u>(51,254,630)</u>	<u>(2,855,665)</u>	<u>117,508</u>	<u>(53,992,787)</u>
Total capital assets being depreciated, net	<u>63,284,925</u>	<u>(1,362,024)</u>	<u>-</u>	<u>61,922,901</u>
Total capital asset, net	<u>\$ 78,761,913</u>	<u>\$ 1,184,368</u>	<u>\$ (590,944)</u>	<u>\$ 79,355,337</u>

Depreciation for the governmental activities was charged as follows:

General government	\$ 1,201,141
Public safety	234,931
Highways and streets	801,525
Culture and recreation	<u>618,068</u>
	<u>\$ 2,855,665</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 3 - Detailed Notes, continued

Capital Assets, continued

Capital asset activity for the business-type activities for the year ended June 30, 2022 was as follows:

	June 30, 2021 (as restated)	Additions	Deletions	June 30, 2022
Capital assets not being depreciated				
Land	\$ 858,652	\$ 236,800	\$ -	\$ 1,095,452
Construction in progress	19,624,485	2,177,638	(14,786,117)	7,016,006
Total capital assets not being depreciated	<u>20,483,137</u>	<u>2,414,438</u>	<u>(14,786,117)</u>	<u>8,111,458</u>
Capital assets being depreciated				
Building and structures	28,831,082	10,469,877	-	39,300,959
Equipment	2,414,454	1,708,819	(19,152)	4,104,121
Vehicles	2,213,337	-	(4,495)	2,208,842
Infrastructure	71,289,247	2,079,483	-	73,368,730
Right to use lease assets:				
Equipment	-	15,204	-	15,204
Vehicles	-	152,841	-	152,841
Total capital assets being depreciated	<u>104,748,120</u>	<u>14,426,224</u>	<u>(23,647)</u>	<u>119,150,697</u>
Less accumulated depreciation				
Building and structures	(16,223,243)	(860,849)	-	(17,084,092)
Equipment	(1,889,978)	(172,550)	19,152	(2,043,376)
Vehicles	(1,192,536)	(166,248)	4,495	(1,354,289)
Infrastructure	(25,803,202)	(2,041,001)	-	(27,844,203)
Right to use lease assets:				
Equipment	-	(3,360)	-	(3,360)
Vehicles	-	(1,695)	-	(1,695)
Total accumulated depreciation	<u>(45,108,959)</u>	<u>(3,245,703)</u>	<u>23,647</u>	<u>(48,331,015)</u>
Total capital assets being depreciated, net	<u>59,639,161</u>	<u>11,180,521</u>	<u>-</u>	<u>70,819,682</u>
Total capital asset, net	<u>\$ 80,122,298</u>	<u>\$ 13,594,959</u>	<u>\$ (14,786,117)</u>	<u>\$ 78,931,140</u>

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

Water	\$ 1,344,620
Wastewater	1,842,577
Stormwater	<u>58,506</u>
	<u>\$ 3,245,703</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 3 - Detailed Notes, continued

Interfund Transactions

As part of the budget process, the City plans to make interfund transfer to move resources between funds to provide resources for specific expenditures that are not supported by other revenues. Cash transfers made during the year ended June 30, 2022 were as follows:

Fund	Transfers	
	In	Out
General	\$ 91,783	\$ 4,841,709
Room Tax	-	1,609,574
Urban Renewal	1,350,000	1,872,246
Capital Projects	1,531,900	93,250
Nonmajor Governmental	4,426,552	1,491,352
Water	1,047,000	1,877,563
Wastewater	697,332	2,407,239
Stormwater	212,429	804,656
Nonmajor Enterprise	6,051,437	1,819,332
Internal Service	2,682,117	1,273,629
	<u>\$ 18,090,550</u>	<u>\$ 18,090,550</u>

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

Fund	Transfers	
	In	Out
Governmental Activities	\$ 59,851	\$ -
Water	4,094,664	4,551,000
Wastewater	1,444,417	476,004
Stormwater	911,827	-
G.O. Debt Service	-	2,135,000
Nonmajor Enterprise	5,027,004	4,315,908
Internal Service	-	59,851
	<u>\$ 11,537,763</u>	<u>\$ 11,537,763</u>

The Agate Beach Foreclosure Fund lent \$275,000 to the Parks and Recreation Fund in 2016-17. The loan is being repaid in annual installments of \$27,500. At June 30, 2022, the balance is \$137,500.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 3 - Detailed Notes, continued

Unavailable Revenues

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

	General	Urban Renewal	Nonmajor Governmental	Totals
Delinquent property taxes receivable				
General	\$ 263,645	\$ -	\$ -	\$ 263,645
General bond debt	-	-	20,399	20,399
Urban renewal debt	-	118,794	-	118,794
Intergovernmental	246,568	-	-	246,568
Charges for services	-	-	181,263	181,263
Total unavailable revenue	<u>\$ 510,213</u>	<u>\$ 118,794</u>	<u>\$ 201,662</u>	<u>\$ 830,669</u>

Construction Commitments

The City has active construction projects as of June 30, 2022 as follows:

Project Number	Asset Description	Cost	Remaining Commitment
11025	Big Creek Dam	\$ 5,237,442	\$ 1,216,000
13018	SE 35th & Hwy 101	1,892,566	204,000
15035	Hwy 101 & Golf Course Improve	166,397	225,492
16026	Betty Wheeler Drainage project	27,628	54,147
17020	NE 54th PS Replacement	14,535	133,192
18015	60+ Center Reception remodel	59,832	17,085
20018	PAC Expansion Project	198,141	85,881
21009	Storm Drain Replacement on NW Spring Street	6,270	9,482
21012	Betty Wheeler Lighting Project	20,691	59,938
21026	Airport Lake Midigation and Storm Pipe Rehabilitation	2,101,100	235,654
21053	Big Creek Dam #2 Spillway Hazard Mitigation	261,225	45,152

CITY OF NEWPORT
Notes to Financial Statements
Year Ended June 30, 2022

Note 3 - Detailed Notes, continued

Long-Term Obligations

Transactions for the governmental activities for the year ended June 30, 2022 were as follows:

	June 30, 2021 Balance (as restated)	Additions	Reduction	June 30, 2022 Balance	Due Within One Year
Long-Term Debt					
General Obligation Bonds					
Series 2013, Swimming Pool	\$ 6,315,000	\$ -	\$ 345,000	\$ 5,970,000	\$ 375,000
Urban Renewal Bonds					
FF&C Refunding Series 2010B	1,115,000	-	565,000	550,000	550,000
Series 2015A and B	3,340,000	-	662,000	2,678,000	718,000
Direct Borrowings and Placements					
League of Oregon Cities Cooperative Asset Financing Program, Series 2007B	75,000	-	25,000	50,000	25,000
2018 Airport Fuel Farm Borrowing	166,500	-	83,171	83,329	55,500
Total Long-Term Debt	11,011,500	-	1,680,171	9,331,329	1,723,500
Other Long-Term Obligations					
Unamortized premium	302,170	-	38,735	263,435	38,735
Net pension liability	6,757,211	-	2,316,185	4,441,026	-
Compensated absences	579,412	393,447	446,147	526,712	405,569
Other postemployment benefits liability	344,551	-	55,815	288,736	-
Lease payable	391,987	181,060	116,266	456,781	142,917
Total Other Long-Term Obligations	8,375,331	574,507	2,973,148	5,976,690	587,221
Total	\$ 19,386,831	\$ 574,507	\$ 4,653,319	\$ 15,308,019	\$ 2,310,721

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 3 - Detailed Notes, continued

Long-Term Obligations, continued

Transactions for the business-type activities for the year ended June 30, 2022 were as follows:

	June 30, 2021 Balance (as restated)	Additions	Reduction	June 30, 2022 Balance	Due Within One Year
Long-Term Debt					
Enterprise Bonds					
Water Series 2009B	\$ 7,786,329	\$ -	\$ 1,100,080	\$ 6,686,249	\$ 1,070,476
Water Revenue Bonds Series 2019	3,502,000	-	546,000	2,956,000	215,000
FF&C Refunding Obligation Series 2010A	780,000	-	525,000	255,000	255,000
FF&C Stormwater Borrowing Series 2018	2,367,000	-	309,000	2,058,000	318,000
FF&C Water Borrowing Series 2022	-	4,551,000	-	4,551,000	-
Direct Borrowings and Placements					
2007 Seal Rock Water District	615,252	-	34,835	580,417	36,536
2014 Water Projects Borrowing	3,559,743	-	194,213	3,365,530	202,039
2020 Clean Water SRF DEQ Note R68935	3,935,702	-	194,684	3,741,018	196,636
2022 Clean Water SRF DEQ Note R68933	9,576,039	454,988	-	10,031,027	405,634
DEQ Note R68934 (Deferred)	810,354	-	-	810,354	-
DEQ Note R68936 (Deferred)	6,963,098	21,016	-	6,984,114	-
Total Long-Term Debt	39,895,517	5,027,004	2,903,812	42,018,709	2,699,321
Other Long-Term Obligations					
Unamortized premium	132,687	-	33,325	99,362	33,325
Net pension liability	66,374	708,742	-	775,116	-
Compensated absences	153,131	94,224	117,911	129,444	99,672
Other postemployment benefits liability	90,531	86,820	-	177,351	-
Lease payable	-	162,781	4,886	157,895	33,205
Total Other Long-Term Obligations	442,723	1,052,567	156,122	1,339,168	166,202
Total	\$ 40,338,240	\$ 6,079,571	\$ 3,059,934	\$ 43,357,877	\$ 2,865,523

Governmental Activities

General Obligation Bonds

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 3 - Detailed Notes, continued

Long-Term Obligations, continued

Governmental Activities, continued

The City issued \$7,900,000 in general obligation bonds in December 2013, to finance the costs of a new indoor municipal swimming pool and related systems, facilities and improvements. Interest rates range from 2 to 4 percent. Final maturity is June 1, 2033. The balance outstanding at June 30, 2022 is \$5,970,000. Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	Principal	Interest
2023	\$ 375,000	\$ 226,669
2024	405,000	211,669
2025	435,000	195,469
2026	465,000	182,419
2027	495,000	167,888
2028-2032	3,055,000	531,000
2033	740,000	29,600
	<u>\$ 5,970,000</u>	<u>\$ 1,544,713</u>

Urban Renewal Bonds

In July 2010, Full Faith & Credit Refunding Obligations, Series 2010B was issued in the amount of \$8,465,000 to refinance one loan agreement with the Oregon DEQ (loan #68931) and two loan agreements with the Oregon Business Development Department (OBDD), formerly the Oregon Economic and Community Development Department (OECDD), which were issued to help finance a portion of the City's wastewater treatment plant. An additional \$2,000,000 was borrowed as part of the refunding to help finance transportation infrastructure improvements, which has enhanced access to the Pacific Marine Operation Center. The DEQ loan was considered a current refunding and was called July 14, 2010. The OBDD loans advanced refunded, whereby \$3,711,619 was used to purchase United States Government obligations, which were deposited into an escrow account. These funds were sufficient to call the bonds on January 1, 2011. The new bonds were issued at a premium of \$276,407 with bond issue cost totaling \$129,484. Interest ranges from 2.0 percent to 4.5 percent, with a final maturity of June 15, 2023. As of June 30, 2022, the outstanding balance is \$550,000. Annual debt service requirements to maturity for this bond is as follows:

Year Ending June 30,	Principal	Interest
2023	\$ 550,000	\$ 19,250

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 3 - Detailed Notes, continued

Long-Term Obligations, continued

Governmental Activities, continued

In March 2015, the South Beach Urban Renewal District completed a bank borrowing, Series 2015A & 2015B, totaling \$5,456,000 to finance property acquisitions, infrastructure projects, and a trail project in the South Beach urban growth area. The interest rate ranges from 2.45 percent to 3.45 percent. In the event of a default, the interest rate may be increased an additional 5 percent over the then existing rate. Final maturity is June 1, 2025. As of June 30, 2022, the outstanding balance is \$2,678,000. Annual debt service requirements to maturity for this bond is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 718,000	\$ 66,522
2024	968,000	48,820
2025	<u>992,000</u>	<u>24,641</u>
	<u>\$ 2,678,000</u>	<u>\$ 139,983</u>

Direct Borrowings and Placements

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

In October 2007, the City issued \$1,015,000 debt from the League of Oregon Cities, Cooperative Assets Finance Program. This loan was issued to provide funds for various City purchases of vehicles, equipment and pay off the Municipal Airport Debt. Interest rate ranges from 3.90 percent to 5.00 percent. Final maturity is July 1, 2024. As of June 30, 2022, the balance outstanding is \$50,000.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 25,000	\$ 1,875
2024	<u>25,000</u>	<u>625</u>
	<u>\$ 50,000</u>	<u>\$ 2,500</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 3 - Detailed Notes, continued

Long-Term Obligations, continued

Governmental Activities, continued

In September 2018, the City entered into a loan agreement with Umpqua Bank in the amount of \$277,500 to finance purchase of the airport fuel farm. Interest for the loan is 4.5 percent, with a final maturity of October 5, 2023. As of June 30, 2022, the outstanding balance is \$83,329. Annual debt service requirements to maturity for this loan is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 55,500	\$ 3,803
2024	27,829	1,269
	<u>\$ 83,329</u>	<u>\$ 5,072</u>

Business-Type Activities

General Obligation Bonds

The City issued \$6,265,000 (Series 2009A) and \$9,630,541 (Series 2009B) in general obligation bonds in March 2009, to finance the costs of capital construction and capital improvement for the City's water system. Series 2009A interest rates range 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, 2022, the outstanding balance is \$0 (Series 2009A) and \$6,686,249 (Series 2009B). Annual debt service requirements to maturity for this bond is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,070,476	\$ 1,129,524
2024	1,033,610	1,231,390
2025	992,889	1,342,111
2026	953,895	1,451,105
2027	915,503	1,559,498
2028-2029	1,719,877	3,455,125
	<u>\$ 6,686,249</u>	<u>\$ 10,168,753</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 3 - Detailed Notes, continued

Long-Term Obligations, continued

Business-Type Activities, continued

Revenue Bond

In June 2019, the City issued water revenue bonds in the amount of \$4,558,000 to finance costs of water infrastructure projects. Interest for the loan is 2.46 percent, with a final maturity of June 1, 2034. As of June 30, 2022, the outstanding balance is \$2,956,000. Annual debt service requirements to maturity for this bond is as follows

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 215,000	\$ 72,717
2024	220,000	67,429
2025	225,000	62,017
2026	231,000	56,481
2027	237,000	50,799
2028-2032	1,273,000	163,763
2033-2034	555,000	20,565
	<u>\$ 2,956,000</u>	<u>\$ 493,771</u>

Full Faith & Credit Bonds

In July 2010, Full Faith & Credit Refunding Obligations, Series 2010A was issued in the amount of \$5,560,000 to refinance a loan agreement with the Oregon DEQ to help finance a portion of the City's wastewater treatment plant. Interest ranges from 2.0 percent to 4.5 percent, with a final maturity of June 15, 2023. As of June 30, 2022, the outstanding balance is \$255,000. Annual debt service requirements to maturity for this bond is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 255,000	\$ 10,838

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, 2022, the outstanding balance is \$2,058,000. Annual debt service requirements to maturity for this bond are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 318,000	\$ 61,740
2024	328,000	52,200
2025	337,000	42,360
2026	348,000	32,250
2027	358,000	21,810
2028	369,000	11,070
	<u>\$ 2,058,000</u>	<u>\$ 221,430</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 3 - Detailed Notes, continued

Long-Term Obligations, continued

Business-Type Activities, continued

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ -	\$ 131,959
2024	87,000	101,942
2025	145,000	99,994
2026	208,000	96,746
2027	277,000	92,086
2028-2032	1,479,000	364,605
2033-2037	2,355,000	172,177
	<u>\$ 4,551,000</u>	<u>\$ 1,059,509</u>

Direct Borrowings and Placements

The City entered into an agreement with Seal Rock Water District to assume responsibility to provided water services for an area of property. In return, the City agreed to pay the District \$958,502 as the rate of interest of 4.75 percent. The outstanding balance as of June 30, 2022 is \$580,417. Annual debt service requirements to maturity for this loan is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 36,536	\$ 32,968
2024	38,304	31,318
2025	39,942	29,587
2026	40,448	27,780
2027	42,338	25,928
2028-2032	231,455	98,792
2033-2037	143,178	31,005
2038-2042	8,216	947
	<u>\$ 580,417</u>	<u>\$ 278,325</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 3 - Detailed Notes, continued

Long-Term Obligations, continued

Business-Type Activities, continued

In December 2014, the City issued a water revenue bond, in the amount of \$4,554,800 to finance costs of water infrastructure projects. Interest for the loan is 3.95 percent, with a final maturity of June 15, 2034. As of June 30, 2022, the outstanding balance is \$3,365,530. Annual debt service requirements to maturity for this bond is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 202,039	\$ 128,948
2024	210,180	120,807
2025	218,650	112,337
2026	227,460	103,527
2027	236,626	94,361
2028-2032	1,334,075	320,860
2033-2035	936,500	56,461
	<u>\$ 3,365,530</u>	<u>\$ 937,301</u>

DEQ Note R68935 has a total loan amount of \$4,128,454 for a stormwater sewer in the Bay-Moore Basin area. Interest rate is 1.5 percent. The current balance of the loan is \$3,741,018 as of June 30, 2022. Annual debt service requirements to maturity for this loan is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 196,636	\$ 55,625
2024	198,607	52,671
2025	200,598	49,687
2026	202,609	46,673
2027	204,640	43,629
2028-2032	1,054,390	171,399
2033-2037	1,108,312	90,584
2038-2040	575,226	13,848
	<u>\$ 3,741,018</u>	<u>\$ 524,116</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 3 - Detailed Notes, continued

Long-Term Obligations, continued

Business-Type Activities, continued

DEQ Note R68933 has a total loan amount of \$10,031,027 for a wastewater collection system in the Agate Beach area. The interest rate on the loan is 2.48 percent. The current balance of the loan is \$10,031,027 as of June 30, 2022. Annual debt service requirements to maturity for this loan is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 405,634	\$ 246,270
2024	415,756	236,148
2025	426,131	225,773
2026	436,765	215,139
2027	447,663	204,241
2028-2032	2,411,561	847,959
2033-2037	2,727,844	531,676
2038-2042	2,759,673	173,910
	<u>\$ 10,031,027</u>	<u>\$ 2,681,116</u>

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

DEQ Note R68934 has a total loan amount of \$1,115,000 for a wastewater pump station and pipe replacement in the Nye Beach area. The current balance of the drawdown is \$810,354 at June 30, 2022. Interest accrues from the date funds are drawn on the loan at a rate of 1 percent. The repayment term will be 20 years after completion.

DEQ Note R68936 has a total loan amount of \$7,200,000 for a wastewater improvement in the Agate Beach area. The current balance of the drawdown is \$6,984,114 as of June 30, 2022. Interest accrues from the date funds are drawn on the loan at a rate of 1 percent. The repayment term will be 20 years after completion.

Other Long-Term Obligations

Compensated Absences

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

As of June 30, 2022, accumulated and unpaid compensated absences amounted to \$526,712 for the governmental activities and \$129,444 for the business-type activities.

Net Pension Liability

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 3 - Detailed Notes, continued

Other Long-Term Obligations, continued

Other Postemployment Benefit Liability

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

Lease Payables

Lease payables currently outstanding as of June 30, 2022, are as follows:

	<u>June 30, 2021</u> Balance	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2022</u> Balance
<i>Governmental activities</i>				
Yaquina River	\$ 83,380	\$ -	\$ 3,356	\$ 80,024
Copiers and Postage	13,441	75,378	19,394	69,425
IT Equipment	295,166	-	92,450	202,716
Vehicles	-	105,682	1,066	104,616
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total governmental activities	\$ 391,987	\$ 181,060	\$ 116,266	\$ 456,781
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Business-type activities</i>				
Copiers and Postage	\$ -	\$ 15,204	\$ 3,277	\$ 11,927
Vehicles	-	147,577	1,609	145,968
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total business-type activities	\$ -	\$ 162,781	\$ 4,886	\$ 157,895
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 3 - Detailed Notes, continued

Other Long-Term Obligations, continued

Governmental activities

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

The City has entered into 20 leases as lessee for use of copiers and postage machines. The City is required to make monthly fixed payments ranging from \$9 to \$800 including interest ranging from 0.33% to 0.46%. The lease terms range from 36 to 60 months.

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

The City has entered into seven leases as lessee for vehicles. The City is required to make monthly payments ranging from \$590 to \$763 which include interest at 2.16%. The lease term is 60 months with no options to extend.

Future annual lease commitments as of June 30, 2022 are as follows:

Year Ending June 30,	Governmental activities		Business-type activities	
	Principal	Interest	Principal	Interest
2023	\$ 142,917	\$ 4,084	\$ 33,205	\$ 2,764
2024	143,707	3,294	33,699	2,271
2025	50,650	2,502	31,448	1,630
2026	28,298	1,930	30,025	989
2027	24,016	1,414	29,518	335
2028 - 2032	13,942	5,165	-	-
2033 - 2037	15,148	3,958	-	-
2038 - 2042	16,460	2,647	-	-
2043 - 2047	17,884	1,223	-	-
2048 - 2049	3,759	63	-	-
	<u>\$ 456,781</u>	<u>\$ 26,280</u>	<u>\$ 157,895</u>	<u>\$ 7,989</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 3 - Detailed Notes, continued

Governmental Fund Balances

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

<u>Fund Balance Categories</u>	<u>General</u>	<u>Room Tax</u>	<u>Urban Renewal</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
Nonspendable:						
Inventory	\$ -	\$ -	\$ -	\$ -	103,847	\$ 103,847
Prepaid expenses	41,595	22,500	-	-	12,837	76,932
Restricted for:						
Capital projects	-	-	-	3,939,313	2,738,394	6,677,707
Agate Beach disposal site closure	-	-	-	-	1,128,085	1,128,085
Tourism	-	2,860,319	-	-	-	2,860,319
Building inspection	-	-	-	-	372,828	372,828
Streets	-	-	-	-	1,049,730	1,049,730
Urban renewal	-	-	5,474,072	-	-	5,474,072
Debt service	-	-	-	-	63,715	63,715
Committed for:						
Parks and recreation	-	-	-	-	452,405	452,405
Public parking	-	-	-	-	20,058	20,058
Housing	-	-	-	-	539,864	539,864
Airport	-	-	-	-	304,391	304,391
Line undergrounding	-	-	-	-	691,829	691,829
Assigned for:						
Capital projects	-	-	-	-	4,654,914	4,654,914
Debt service	-	-	-	-	43,768	43,768
Unassigned	6,382,628	-	-	-	-	6,382,628
	<u>\$ 6,424,223</u>	<u>\$ 2,882,819</u>	<u>\$ 5,474,072</u>	<u>\$ 3,939,313</u>	<u>\$ 12,176,665</u>	<u>\$ 30,897,092</u>

Net Position Restricted Through Enabling Legislation

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

Governmental activities

Capital projects – Ordinances imposing System Development Charges (SDC) restrict the use to capital improvements which expand the capacity of the system for which the charge was made

\$ 2,738,394

Gas taxes – State laws regulate capital improvements for the streets

\$ 1,096,252

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

\$ 5,592,866

CITY OF NEWPORT**Notes to Financial Statements**Year Ended June 30, 2022

Note 3 - Detailed Notes, continuedSegment Information for Enterprise Funds

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

Summary financial information for the water, wastewater, and stormwater systems for the year ended June 30, 2022 is as follows:

Condensed statement of net position:

	<u>Water</u>	<u>Wastewater</u>	<u>Stormwater</u>
Assets			
Current	\$ 5,735,512	\$ 3,617,794	\$ 1,618,837
Noncurrent	<u>29,279,404</u>	<u>47,834,675</u>	<u>1,070,796</u>
Total Assets	<u>35,014,916</u>	<u>51,452,469</u>	<u>2,689,633</u>
Deferred Outflows of Resources	<u>205,612</u>	<u>152,430</u>	<u>48,654</u>
Liabilities			
Current	9,429,787	1,714,589	335,527
Noncurrent	<u>17,118,547</u>	<u>21,266,814</u>	<u>1,827,020</u>
Total Liabilities	<u>26,548,334</u>	<u>22,981,403</u>	<u>2,162,547</u>
Deferred Inflows of Resources	<u>185,302</u>	<u>137,373</u>	<u>43,848</u>
Net Position			
Net Investment in Capital Assets	11,283,017	25,956,654	1,070,796
Restricted	3,673,838	2,476,798	1,299,363
Unrestricted	<u>(6,469,963)</u>	<u>52,671</u>	<u>(1,838,267)</u>
Total Net Position	<u>\$ 8,486,892</u>	<u>\$ 28,486,123</u>	<u>\$ 531,892</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 3 - Detailed Notes, continued

Segment Information for Enterprise Funds, continued

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

	<u>Water</u>	<u>Wastewater</u>	<u>Stormwater</u>
Operating revenue	\$ 4,315,123	\$ 4,574,163	\$ 1,019,359
Depreciation expense	(1,328,866)	(1,826,823)	(55,007)
Other operating expenses	<u>(3,783,572)</u>	<u>(3,526,093)</u>	<u>(436,848)</u>
Operating income (loss)	(797,315)	(778,753)	527,504
Nonoperating revenues (expenses)	<u>1,405,453</u>	<u>(991,197)</u>	<u>(60,970)</u>
Income before transfers capital contributions	608,138	(1,769,950)	466,534
Capital contributions			
Transfers in	12,472,246	5,092,252	1,921,612
Transfers out	<u>(11,570,227)</u>	<u>(4,771,757)</u>	<u>(2,044,718)</u>
Change in net position	1,510,157	(1,449,455)	343,428
Net position - beginning	6,991,990	29,951,865	190,589
Prior period adjustment	<u>(15,255)</u>	<u>(16,287)</u>	<u>(2,125)</u>
Net position - ending	<u>\$ 8,486,892</u>	<u>\$ 28,486,123</u>	<u>\$ 531,892</u>

Condensed statement of cash flows:

	<u>Water</u>	<u>Wastewater</u>	<u>Stormwater</u>
Operating activities	\$ 462,236	\$ 1,017,440	\$ 614,427
Non-capital financing activities	(86,000)	(86,000)	130,129
Capital and related financing activities	3,426,904	(755,499)	(1,165,062)
Investing activities	<u>33,254</u>	<u>15,606</u>	<u>9,267</u>
Net increase (decrease) in cash and cash equivalents	3,836,394	191,547	(411,239)
Cash and cash equivalents - beginning	<u>706,744</u>	<u>2,451,962</u>	<u>1,870,309</u>
Cash and cash equivalents - ending	<u>\$ 4,543,138</u>	<u>\$ 2,643,509</u>	<u>\$ 1,459,070</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 4 - Other Information

Pension Plans

The City participates in a cost-sharing multiple-employer plan that covers all fire and police employees, and a combined single-employer defined contribution money-purchase and defined benefit for eligible employees. The aggregate amount of pension expense for the year ended June 30, 2022 is \$909,677 for all plans. Below are details related to each plan.

Oregon Public Employees Retirement System (PERS)

Defined Benefit Pension Plan

A. Plan description

Employees of the City are provided with pensions through OPERS.

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

OPERS produces an independently audited Annual Comprehensive Financial Report which includes detailed information about the pension plan's fiduciary net position. The report can be found at: <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

B. Description of benefit terms

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

Tier One/Tier Two retirement benefit (Chapter 238)

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

Pension benefits

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

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

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 4 - Other Information, continued

Pension Plans, continued

Death benefits

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

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

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

Disability benefits

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

Benefit changes after retirement

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

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

Pension benefits

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

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

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

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

Death benefits

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 4 - Other Information, continued

Pension Plans, continued

Disability benefits

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

Benefit changes after retirement

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

C. Contributions

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

Employer contribution rates during the period were based on the December 31, 2019, actuarial valuation, which became effective July 1, 2021. Tier One/Tier Two employer contribution rates are 25.07%. The OPSRP employer contribution rates are 15.2% for general service employees and 19.56% for police and fire employees. Employer contributions to PERS for the year ended June 30, 2022, were \$567,421.

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

Net pension liability

At June 30, 2022, the City reported a liability of \$3,179,105 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The projected long-term contribution effort is equal to the sum of the present value of future normal costs (PVFNC) and the unfunded actuarial liabilities (UAL).

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

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

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 4 - Other Information, continued

Pension Plans, continued

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

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

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

At June 30, 2022, the City's proportion was 0.02656675 percent, which was a decrease of 0.00323874 percent from its proportion measured as of June 30, 2021.

Pension expense

For the year ended June 30, 2022, the City recognized pension expense of \$318,019.

Deferred inflows of resources and deferred outflows of resources

Deferred outflows of resources and deferred inflows of resources are calculated at the Plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2021, employers will report the following deferred outflows of resources and/or deferred inflows of resources:

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

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 4 - Other Information, continued

Pension Plans, continued

Deferred inflows of resources and deferred outflows of resources, continued

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

- Fiscal Year ended June 30, 2021 – 5.4 years
- Fiscal Year ended June 30, 2020 – 5.3 years
- Fiscal Year ended June 30, 2019 – 5.2 years
- Fiscal Year ended June 30, 2018 – 5.2 years
- Fiscal Year ended June 30, 2017 – 5.3 years
- Fiscal Year ended June 30, 2016 – 5.3 years
- Fiscal Year ended June 30, 2015 – 5.4 years
- Fiscal Year ended June 30, 2014 – 5.6 years

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

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred</u> <u>Outflows of</u>	<u>Deferred</u> <u>Inflows of</u>
Differences between expected and actual experience	\$ 297,585	\$ -
Changes of assumptions	795,826	8,367
Net difference between projected and actual earnings on investments	-	2,353,467
Changes in proportionate share	290,307	638,674
Differences between employer contributions and employer's proportionate share of system contributions	5,028	179,165
Contributions subsequent to the measurement date	<u>567,421</u>	<u>-</u>
	<u>\$ 1,956,167</u>	<u>\$ 3,179,673</u>

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement in the amount of \$567,421 will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending</u> <u>June 30,</u>	
2023	\$ (281,496)
2024	(329,560)
2025	(506,288)
2026	(701,693)
2027	<u>28,110</u>
	<u>\$ (1,790,927)</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 4 - Other Information, continued

Pension Plans, continued

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

The total pension liability measured as of June 30, 2021, was based on an actuarial valuation as of December 31, 2019, using the following methods and assumptions:

Experience study	2018, published July 24, 2019
Actuarial cost method	Entry age normal
Inflation rate	2.4 percent
Long-term expected rate of return	6.9 percent
Discount rate	6.9 percent
Administrative expenses: Tier One/Tier Two OPSRP	\$32.5 million per year is added to the normal cost \$8 million per year is added to the normal cost
Projected salary increases	3.5 percent compounded annually
Cost of living adjustments (COLA)	Blend of 2 percent COLA and graded COLA (1.25 percent/ 0.15 percent) in accordance with Moro decision; blend based on service.
Mortality	<i>Healthy retirees and beneficiaries:</i> Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <i>Active members:</i> Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <i>Disabled retirees:</i> Pub-2010 Disabled Retiree, sex-distinct, generational with Unisex Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2018 Experience Study which reviewed experience for the four-year period ending on December 31, 2018.

Discount rate

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 4 - Other Information, continued

Pension Plans, continued

UAL amortization

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

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

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

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the PERS Board reviewed long-term assumptions developed by both the actuary’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on forward-looking capital market economic model.

Long-Term Expected Rate of Return ¹				
Asset Class	Target Allocation	Annual Arithmetic Return ²	20-Year Annualized Geometric Mean	Annual Standard Deviation
Global Equity	30.62 %	7.11 %	5.85 %	17.05 %
Private Equity	25.50	11.35	7.71	30.00
Core Fixed Income	23.75	2.80	2.73	3.85
Real Estate	12.25	6.29	5.66	12.00
Master Limited Partnerships	0.75	7.65	5.71	21.30
Infrastructure	1.50	7.24	6.26	15.00
Commodities	0.63	4.68	3.10	18.85
Hedge Fund of Funds - Multistrategy	1.25	5.42	5.11	8.45
Hedge Fund Equity - Hedge	0.63	5.85	5.31	11.05
Hedge Fund - Macro	5.62	5.33	5.06	7.90
US Cash	-2.50 ³	1.77	1.76	1.20
Assumed Inflation - Mean			2.40 %	1.65 %

¹ Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted at the OIC meeting on June 2, 2021.

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

³ Negative allocation to cash represents levered exposure from allocation to Risk Parity strategy.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 4 - Other Information, continued

Pension Plans, 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.

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

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

	<u>1 Percentage Point Lower</u>	<u>Current Discount Rate</u>	<u>1 Percentage Point Higher</u>
Proportionate share of the net pension liability	\$ <u>6,243,001</u>	\$ <u>3,179,105</u>	\$ <u>615,735</u>

Defined Contribution Plan

A. Plan description

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 4 - Other Information, continued

Pension Plans, continued

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

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

The City makes the employee contributions of 6 percent of covered payroll to the plan. Contributions for the year ended June 30, 2022, were \$151,998.

E. Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

City of Newport Employee's Retirement Plans

Defined Benefit Pension Plan

A. Plan description

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

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 4 - Other Information, continued

Pension Plans, continued

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

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

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

B. Plan membership

As of July 1, 2021, pension plan membership consisted of 38 inactive plan members (or beneficiaries) currently receiving benefits, 13 inactive plan members not yet receiving benefits and 17 active plan members.

C. Description of benefit terms

Plan benefits

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

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

Pension benefits

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

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

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

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

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

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

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

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

The greatest early retirement benefit the participant could have received.

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

"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.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 4 - Other Information, continued

Pension Plans, continued

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.

Death benefits

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

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 4 - Other Information, continued

Pension Plans, continued

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

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

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

Disability benefits

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

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

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

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

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 4 - Other Information, continued

Pension Plans, continued

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

D. Funding policy

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

The funding policy of the defined portion provides for actuarially determined periodic contributions at rates that over time provide sufficient assets available to pay benefits when dues. For the current fiscal year, \$396,802 was contributed to the plan. The plan's normal cost is \$94,996 with interest plus amortization (over 30 years) of the plans unfunded actuarial accrued liability with interest.

The annual required contribution of the defined benefit plan was computed as of an actuarial valuation performed as of July 1, 2021. Significant actuarial assumptions used in the valuation include: (a) a rate of return on the investment of present and future assets of 6.75%, (b) projected salary increases of 3% per year in addition to salary increase due to promotions and longevity.

E. Contributions

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

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

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

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

At June 30, 2022, the City of Newport reported a liability of \$2,037,037 for its net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, as follows:

Total pension liability	\$	10,727,301
Plan fiduciary net position		<u>(8,690,264)</u>
Net position liability	\$	<u>2,037,037</u>
Fiduciary net position as a percentage of total pension liability		81.01%

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 4 - Other Information, continued

Pension Plans, continued

Change in the net pension liability is as follows:

	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Beginning balances	\$ 10,344,999	\$ 10,025,997	\$ 319,002
Change for the year:			
Service cost	71,786	-	71,786
Interest on total pension liability	679,022	-	679,022
Difference between expected and actual experience	301,143	-	301,143
Changes of assumptions	19,147	-	19,147
Annuity payments	(688,796)	-	(688,796)
Contributions	-	396,802	(396,802)
Transfers and receivables from money purchase plan	-	303,690	(303,690)
Net investment income	-	(1,307,910)	1,307,910
Benefit payments	-	(688,796)	688,796
Administrative expenses	-	(39,519)	39,519
	<u> </u>	<u> </u>	<u> </u>
Ending balances	\$ <u>10,727,301</u>	\$ <u>8,690,264</u>	\$ <u>2,037,037</u>

For the year ended June 30, 2022, the City of Newport recognized pension expense of \$591,658. At June 30, 2022, the City of Newport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 50,190	\$ -
Changes of assumptions	3,191	-
Net difference between projected and actual earnings on investments	<u>1,336,896</u>	<u>1,146,792</u>
	<u>\$ 1,390,277</u>	<u>\$ 1,146,792</u>

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

Year Ending June 30,	
2023	\$ (46,505)
2024	(80,120)
2025	35,886
2026	<u>334,224</u>
	<u>\$ 243,485</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 4 - Other Information, continued

Pension Plans, continued

G. Actuarial valuations

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

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

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

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

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

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

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

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

I. Discount rate

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

J. Long-term expected rate of return

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 4 - Other Information, continued

Pension Plans, continued

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

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

	<u>1 Percentage Point Lower</u>	<u>Current Discount Rate</u>	<u>1 Percentage Point Higher</u>
Proportionate share of the net pension liability	\$ 3,023,736	\$ 2,037,037	\$ 1,193,433

L. Plan authority

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

Defined Contribution Plan– City Money Purchase

A. Plan description

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

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

B. Description of benefit terms

Pension benefits

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

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

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 4 - Other Information, continued

Pension Plans, continued

Death benefits

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

C. Contributions

The City makes the employee contributions of 6 percent of covered payroll to the plan. Contributions for the year ended June 30, 2022 were \$393,757.

D. Recordkeeping

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

Defined benefit plans aggregate information

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

	Oregon Public Employees Retirement System	City of Newport Employees' Retirement Plan	Total
Net pension liability	\$ 3,179,105	\$ 2,037,037	\$ 5,216,142
Deferred outflows of resources - pension related	1,956,167	1,390,277	3,346,444
Deferred inflows of resources - pension related	3,179,673	1,146,792	4,326,465

Other Postemployment Benefit Plans

The City participates in a cost-sharing multiple-employer plan that covers all fire and police employees, and a single employer plan for eligible employees. The aggregate amount of Other Postemployment Benefit (OPEB) income for the year ended June 30, 2022 is \$21,139 for all plans. Below are details related to each plan.

Oregon Public Employees Retirement System (PERS)

Defined Benefit OPEB Plan

A. Plan description

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

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

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

The report can be found at: <https://www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.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.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 4 - Other Information, continued

Other Postemployment Benefit Plans, continued

Other Postemployment Healthcare benefits

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

To be eligible, the member must:

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

Surviving spouse or dependent benefits

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

C. Contributions

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

The City contributed 0.05% of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits. Since the funded status of the RHIA UAL is in excess of 100%, no contributions were required to fund the RHIA UAL. For the year ended June 30, 2022, the City made contributions in the amount of \$466 to the RHIA.

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

Net OPEB liability (asset)

At June 30, 2022, the City reported an (asset) of \$(72,209) for its proportionate share of the net OPEB liability/(asset). The net OPEB liability/(asset) was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2019. The City's proportion of the net OPEB liability/(asset) was based on its actual, legally required contributions made during the fiscal year with the total actual contributions of all employers during the fiscal year.

At June 30, 2021, the City's proportion was 0.02102751 percent, which was a decrease of 0.00209011 percent from its proportion measured as of June 30, 2020.

OPEB expense

For the year ended June 30, 2022, the City recognized OPEB income of \$8,894.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 4 - Other Information, continued

Other Postemployment Benefit Plans, continued

Deferred inflows of resources and deferred outflows of resources

Deferred inflows of resources and deferred outflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2021, employers will report the following deferred inflows or resources and/or deferred outflows of resources:

Difference between expected and actual experience

Changes in assumptions

Changes in employer proportion since the prior measurement date

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

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

- Fiscal Year ended June 30, 2021 – 2.7 years
- Fiscal Year ended June 30, 2020 – 2.9 years
- Fiscal Year ended June 30, 2019 – 3.1 years
- Fiscal Year ended June 30, 2018 – 3.3 years
- Fiscal Year ended June 30, 2017 – 3.7 years

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

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to other postemployment benefits from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,009
Changes of assumptions	1,421	1,074
Net difference between projected and actual earnings on investments	-	17,161
Changes in proportionate share	3,896	-
Contributions subsequent to the measurement date	466	-
	<u>\$ 5,783</u>	<u>\$ 20,244</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 4 - Other Information, continued

Other Postemployment Benefit Plans, continued

Deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date in the amount of \$466 will be recognized as an adjustment to the net OPEB (asset) / liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>Year Ending June 30,</u>	
	2023	\$ (3,182)
	2024	(2,406)
	2025	(3,918)
	2026	<u>(5,421)</u>
		<u>\$ (14,927)</u>

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

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

Retiree healthcare participation

Healthy retirees are assumed to participate 32% of the time while disabled retirees are assumed to participate 20% of the time.

Healthcare cost trend rate

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

Depletion date projection

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

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.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 4 - Other Information, continued

Other Postemployment Benefit Plans, continued

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

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

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

	<u>1 Percentage Point Lower</u>	<u>Current Discount Rate</u>	<u>1 Percentage Point Higher</u>
Net OPEB liability (asset)	\$ <u>(63,858)</u>	\$ <u>(72,209)</u>	\$ <u>(79,342)</u>

City of Newport Other Postemployment Benefit Plan

A. Plan description and benefits provided

The City provides other postemployment benefits (OPEB) for employees, retirees, spouses and dependents through a single employer defined benefit plan in the form of group health insurance benefits. As required by ORS 243.303(2), retirees who were hired after July 1, 2003, are allowed to continue, at the retirees’ expense, coverage under the group health insurance plan until age 65. The difference between the premium actually paid by the retirees under the group insurance plan and the premium that they would pay if they were not included in the plan is considered to be an implicit subsidy under the provisions of GASB 75. The plan does not issue a separate stand-alone financial report.

B. Plan membership

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

C. Contributions

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

For retirees	\$ 573
For spouses of retirees	652

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

At June 30, 2022, the City reported a total OPEB liability of \$466,088. The total OPEB liability was measured as of June 30, 2021, and determined by an actuarial valuation as of that date.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 4 - Other Information, continued

Other Postemployment Benefit Plans, continued

Changes in the total OPEB liability is as follows:

	Total OPEB Liability
Balances at June 30, 2021	\$ 435,082
Changes for the year:	
Service cost	50,189
Interest	10,382
Changes in assumptions or other inputs	1,589
Benefit payments	<u>(31,154)</u>
	<u>\$ 466,088</u>

For the year ended June 30, 2022, the City recognized OPEB expense of \$30,033. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 84,422
Changes of assumptions	9,325	48,699
Benefit payments	<u>20,599</u>	<u>-</u>
	<u>\$ 29,924</u>	<u>\$ 133,121</u>

Deferred outflows of resources related to OPEB resulting from benefit payments in the amount of \$20,599 will be recognized as an adjustment to the total OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	
2023	\$ (30,538)
2024	(30,538)
2025	(28,978)
2026	(19,042)
2027	(8,343)
Thereafter	<u>(6,357)</u>
	<u>\$ (123,796)</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 4 - Other Information, continued

Other Postemployment Benefit Plans, continued

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.

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

Valuation date	July 1, 2020
Actuarial cost method	Entry age normal, level percent of pay
Inflation rate	2.5%
Projected salary increases	3.5%
Mortality	Pub-2010 General and Safety Employee and Healthy Retiree Table, sex distinct for members and dependents, with a one-year setback for male general service employees and female public safety employees
Withdrawal	Based on Oregon PERS assumptions. Annual rates are based on employment classification, gender and duration from hire date
Retirement	Based on Oregon PERS assumptions. Annual rates are based on age, Tier/OPSRP, duration of service, and employment classification
Election and lapse rates	40% of eligible employees. 60% of male members and 35% of female members will elect spouse coverage 5% annual lapse rate

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 4 - Other Information, continued

Other Postemployment Benefit Plans, continued

Discount rate

The discount rate used to measure the net OPEB liability was 2.21 percent. The discount rate is based on the Bond Buyer 20-year General Obligation Bond Index. The discount rate at the prior measurement date was 3.50 percent.

Healthcare cost trend rate

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

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

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

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

The following presents the City’s net OPEB liability calculated using the discount rate of 2.21 percent, as well as what the City’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

	<u>1 Percentage Point Lower</u>	<u>Current Discount Rate</u>	<u>1 Percentage Point Higher</u>
City's total OPEB liability	\$ <u>497,323</u>	\$ <u>466,088</u>	\$ <u>436,539</u>
	<u>1 Percentage Point Lower</u>	<u>Current Trend Rate</u>	<u>1 Percentage Point Higher</u>
City's total OPEB liability	\$ <u>418,394</u>	\$ <u>466,088</u>	\$ <u>521,979</u>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 4 - Other Information, continued

Other Postemployment Benefit Plans, continued

Defined benefit plans aggregate information

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

	Oregon Public Employees Retirement System RHIA	City of Newport Other Postemployment Benefit Plan	Total
Net OPEB asset	\$ 72,209	\$ -	\$ 72,209
Deferred outflows of resources - OPEB related	5,783	29,924	35,707
Other postemployment benefits liability	-	466,088	466,088
Deferred inflows of resources - OPEB related	20,244	133,121	153,365

Risk Management

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

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

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

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

Commitments and Contingent Liabilities

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

Tax Abatements

Lincoln County has established an enterprise zone under ORS 285C.050-250 that abates property taxes on new business development within the zone. As a result, the property taxes that the City will receive for the 2021-2022 levy year have been reduced by \$116,309.

Expenditures in Excess of Appropriations

Oregon law prohibits expenditures in excess of appropriations. For the year ended June 30, 2022, the City had the following expenditures in excess of appropriations:

Fund	Department	Appropriation	Actual	Variances
General	Community development	\$ 286,309	\$ 300,192	\$ (13,883)

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2022

Note 4 - Other Information, continued

Prior Period Adjustments

The City overstated accounts receivable in the prior year related to business licenses. A prior period adjustment of \$(165,045) and \$(16,694) was made for the General Fund and nonmajor governmental funds to correct this error.

The City erroneously reported inventory on the budgetary basis for the Street Fund in the prior year. A prior period adjustment of \$(42,690) was made to the Street Fund, on the budgetary basis only, to correct this error.

In prior years, the City underreported accrued payroll liabilities by \$233,104. A prior period adjustment was made to the General, Parks and Recreation, Airport, Building Inspection, Street, Urban Renewal, Water, Wastewater, Stormwater, Public Works and City Facility Funds in the amount of \$(133,417), \$(24,379), \$(4,862), \$(3,086), \$(2,125), \$(1,078), \$(15,255), \$(16,287), \$(2,125), \$(15,527), and \$(14,963), respectively to correct this error.

In the prior year, the City reported \$1,124,227 of accrued interest on the DEQ Note R68933 which, upon finalization of the long-term debt agreement with the Oregon Department of Environmental Quality (DEQ), was reclassified as long-term debt principal. The balance of the loan at June 30, 2021, was adjusted accordingly.

Restatement Due to Implementation of New Accounting Standard

The City implemented GASB 87, *Leases*, in the fiscal year ended June 30, 2022. Beginning balances for the governmental activities were restated due to implementation as follows:

	<u>As originally reported</u>	<u>As restated</u>	<u>Difference</u>
Lease receivables	\$ -	\$ 653,639	\$ 653,639
Other capital assets, net of depreciation	62,892,938	63,284,925	391,987
Capital leases	(222,099)	-	222,099
Lease payables	-	(391,987)	(391,987)
Deferred lease resources	-	(653,639)	(653,639)
Net position	85,050,056	85,272,155	222,099

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NEWPORT

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

Oregon Public Employees Retirement System

Last 10 Plan Years*

<u>Year Ended June 30,</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered- Employee Payroll</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2021	0.02656675% \$	3,179,105 \$	2,667,549	119.18%	-24.2%
2020	0.02980549%	6,504,583	2,678,690	242.83%	75.8%
2019	0.03157548%	5,461,802	2,809,247	194.42%	80.0%
2018	0.00027085%	4,102,981	2,767,384	148.26%	82.0%
2017	0.02427185%	3,271,855	2,877,270	113.71%	83.0%
2016	0.02977186%	4,469,447	2,444,013	182.87%	81.0%
2015	0.02885827%	1,656,886	2,193,182	75.55%	92.0%
2014	0.02500643%	(566,824)	2,595,985	-21.83%	104.0%

*Information will be accumulated annually until 10 years is presented

Notes to Schedule

Changes in Benefit Terms:

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

Changes of Assumptions:

The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability and June 30, 2018 total pension liability. For June 30, 2016, the changes included the lowering of the long-term expected rate of return to 7.50 percent and lowering of the assumed inflation to 2.50 percent. For June 30, 2018, the long-term expected rate of return was lowered to 7.20 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay were updated.

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

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

*Information will be accumulated annually until 10 years is presented

Notes to schedule

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

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

CITY OF NEWPORT

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

City of Newport Employees Retirement Plan

Last 10 Plan Years*

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

*Information will be accumulated annually until 10 years is presented

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

<u>Year Ended June 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percent of Covered Payroll</u>
2022	\$ 160,312	\$ 396,802	\$ (236,490)	1,248,853	-18.94%
2021	229,455	404,045	(174,590)	1,513,070	-11.54%
2020	263,263	404,045	(140,782)	1,741,551	-8.08%
2019	192,121	404,045	(211,924)	1,969,621	-10.76%
2018	218,489	402,347	(183,858)	2,335,688	-7.87%
2017	302,158	381,589	(79,431)	2,391,031	-3.32%
2016	273,120	362,578	(89,458)	2,583,588	-3.46%
2015	358,599	372,150	(13,551)	2,592,985	-0.52%
2014	405,982	416,372	(10,390)	2,925,079	-0.36%
2013	384,050	416,372	(32,322)	2,876,355	-1.12%

Notes to schedule

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

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

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

Asset valuation method: Market value

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

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

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

Cost of living increases: 1.5% per year

Salary increases: 3% per year

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

<u>Year Ended June 30,</u>	<u>Rate of Return</u>
2022	-16.02%
2021	20.46%
2020	4.26%
2019	4.50%
2018	7.64%
2017	11.69%
2016	-1.06%
2015	3.84%
2014	18.52%
2013	10.73%

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

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

*Information will be accumulated annually until 10 years is presented

Notes to Schedule

Changes of Assumptions:

The PERS Board adopted assumption changes that were used to measure the June 30, 2018 total OPEB liability. The changes include lowering of the long-term expected rate of return to 7.20 percent. In addition, healthy retiree participation and healthy mortality assumptions were changes to reflect an updated trends and mortality improvement scale for all groups.

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

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

*Information will be accumulated annually until 10 years is presented

Notes to Schedule

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

CITY OF NEWPORT

Schedule of Changes in Total OPEB Liability and Related Ratios

Last 10 Plan Years*

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

*Information will be accumulated annually until 10 years is presented



OTHER SUPPLEMENTARY INFORMATION



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

Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Intergovernmental	\$ 3,453,416	\$ 2,091,040	\$ (1,362,376)
Interest earnings	24,000	16,871	(7,129)
Other revenue	<u>474,993</u>	<u>-</u>	<u>(474,993)</u>
Total Revenues	<u>3,952,409</u>	<u>2,107,911</u>	<u>(1,844,498)</u>
Expenditures:			
General	5,648,502	383,911	5,264,591
Airport improvement program	<u>2,962,087</u>	<u>1,863,660</u>	<u>1,098,427</u>
Total Expenditures	<u>8,610,589</u>	<u>2,247,571</u>	<u>6,363,018</u>
Excess of Revenues Over Expenditures	<u>(4,658,180)</u>	<u>(139,660)</u>	<u>4,518,520</u>
Other Financing Sources (Uses):			
Transfers in	1,756,900	1,531,900	(225,000)
Transfers out	<u>(93,250)</u>	<u>(93,250)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,663,650</u>	<u>1,438,650</u>	<u>(225,000)</u>
Net Change in Fund Balance	(2,994,530)	1,298,990	4,293,520
Fund Balance, beginning	<u>3,018,530</u>	<u>2,640,323</u>	<u>(378,207)</u>
Fund Balance, ending	<u>\$ 24,000</u>	<u>\$ 3,939,313</u>	<u>\$ 3,915,313</u>

CITY OF NEWPORT
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2022

	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 7,681,872	\$ 101,338	\$ 4,868,481	\$ 12,651,691
Receivables:				
Accounts	233,018	-	-	233,018
Taxes	-	26,544	-	26,544
Due from Other Funds	137,500	-	-	137,500
Inventory	103,847	-	-	103,847
Prepaid Expenses	12,837	-	-	12,837
Lease Receivables	467,856	-	-	467,856
	<u>8,636,930</u>	<u>127,882</u>	<u>4,868,481</u>	<u>13,633,293</u>
Total Assets	\$ <u>8,636,930</u>	\$ <u>127,882</u>	\$ <u>4,868,481</u>	\$ <u>13,633,293</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 313,400	\$ -	\$ 213,567	\$ 526,967
Payroll and related liabilities	104,711	-	-	104,711
Due to other funds	137,500	-	-	137,500
	<u>555,611</u>	<u>-</u>	<u>213,567</u>	<u>769,178</u>
Total Liabilities	<u>555,611</u>	<u>-</u>	<u>213,567</u>	<u>769,178</u>
Deferred Inflows of Resources:				
Unavailable revenues	181,263	20,399	-	201,662
Deferred lease resources	485,788	-	-	485,788
	<u>667,051</u>	<u>20,399</u>	<u>-</u>	<u>687,450</u>
Total Deferred Inflows of Resources	<u>667,051</u>	<u>20,399</u>	<u>-</u>	<u>687,450</u>
Fund Balances:				
Nonspendable	116,684	-	-	116,684
Restricted	5,289,037	63,715	-	5,352,752
Committed	2,008,547	-	-	2,008,547
Assigned	-	43,768	4,654,914	4,698,682
	<u>7,414,268</u>	<u>107,483</u>	<u>4,654,914</u>	<u>12,176,665</u>
Total Fund Balances	<u>7,414,268</u>	<u>107,483</u>	<u>4,654,914</u>	<u>12,176,665</u>
Total Liabilities and Fund Balances	\$ <u>8,636,930</u>	\$ <u>127,882</u>	\$ <u>4,868,481</u>	\$ <u>13,633,293</u>

CITY OF NEWPORT
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2022

	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Revenues:				
Taxes:				
Property	\$ -	\$ 651,650	\$ -	\$ 651,650
Other	213,007	-	-	213,007
Franchise fees, privilege taxes, licenses and permits	219,690	-	-	219,690
Intergovernmental	1,535,494	-	-	1,535,494
Charges for services	1,578,979	-	-	1,578,979
System development charges	475,190	-	-	475,190
Interest earnings	35,680	1,269	19,419	56,368
Other revenue	146,599	-	-	146,599
	<u>4,204,639</u>	<u>652,919</u>	<u>19,419</u>	<u>4,876,977</u>
Total Revenues				
Expenditures:				
Current:				
General government	1,537,572	-	34,561	1,572,133
Public works	553,396	-	-	553,396
Culture and recreation	1,562,101	-	-	1,562,101
Capital outlay	140,365	-	575,356	715,721
Debt service:				
Principal	-	453,171	-	453,171
Interest	-	249,780	-	249,780
	<u>3,793,434</u>	<u>702,951</u>	<u>609,917</u>	<u>5,106,302</u>
Total Expenditures				
Excess (Deficiency) of Revenues over Expenditures				
	<u>411,205</u>	<u>(50,032)</u>	<u>(590,498)</u>	<u>(229,325)</u>
Other Financing Sources (Uses):				
Transfers in	1,979,091	122,771	2,324,690	4,426,552
Lease proceeds	52,170	-	-	52,170
Transfers out	(1,452,132)	-	(39,220)	(1,491,352)
	<u>579,129</u>	<u>122,771</u>	<u>2,285,470</u>	<u>2,987,370</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances				
	990,334	72,739	1,694,972	2,758,045
Fund Balances, Beginning	6,475,080	34,744	2,959,942	9,469,766
Prior Period Adjustment	(51,146)	-	-	(51,146)
Fund Balances, Ending	<u>\$ 7,414,268</u>	<u>\$ 107,483</u>	<u>\$ 4,654,914</u>	<u>\$ 12,176,665</u>

CITY OF NEWPORT
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2022

	<u>Parks and Recreation</u>	<u>Public Parking</u>	<u>Housing</u>	<u>Airport</u>
ASSETS				
Cash and Cash Equivalents	\$ 698,667	\$ 18,736	\$ 565,684	\$ 488,790
Receivables:				
Accounts	-	1,322	-	99,215
Due from Other Funds	-	-	-	-
Inventory	-	-	-	57,325
Prepaid Expenses	181	-	-	12,626
Lease Receivables	-	-	-	467,856
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ <u>698,848</u>	\$ <u>20,058</u>	\$ <u>565,684</u>	\$ <u>1,125,812</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 45,079	\$ -	\$ 25,820	\$ 65,108
Payroll and related liabilities	63,683	-	-	19,311
Due to other funds	137,500	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	246,262	-	25,820	84,419
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	181,263
Deferred lease resources	-	-	-	485,788
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	-	-	-	667,051
Fund Balances:				
Nonspendable	181	-	-	69,951
Restricted	-	-	-	-
Committed	452,405	20,058	539,864	304,391
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	452,586	20,058	539,864	374,342
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	\$ <u>698,848</u>	\$ <u>20,058</u>	\$ <u>565,684</u>	\$ <u>1,125,812</u>

<u>Building Inspection</u>	<u>Streets</u>	<u>Line Undergrounding</u>	<u>SDC</u>	<u>Agate Beach</u>	<u>Total</u>
\$ 536,130	\$ 962,262	\$ 676,774	\$ 2,738,394	\$ 996,435	\$ 7,681,872
-	117,426	15,055	-	-	233,018
-	-	-	-	137,500	137,500
-	46,522	-	-	-	103,847
30	-	-	-	-	12,837
-	-	-	-	-	467,856
<u>\$ 536,160</u>	<u>\$ 1,126,210</u>	<u>\$ 691,829</u>	<u>\$ 2,738,394</u>	<u>\$ 1,133,935</u>	<u>\$ 8,636,930</u>
\$ 149,327	\$ 22,216	\$ -	\$ -	\$ 5,850	\$ 313,400
13,975	7,742	-	-	-	104,711
-	-	-	-	-	137,500
<u>163,302</u>	<u>29,958</u>	<u>-</u>	<u>-</u>	<u>5,850</u>	<u>555,611</u>
-	-	-	-	-	181,263
-	-	-	-	-	485,788
-	-	-	-	-	667,051
30	46,522	-	-	-	116,684
372,828	1,049,730	-	2,738,394	1,128,085	5,289,037
-	-	691,829	-	-	2,008,547
<u>372,858</u>	<u>1,096,252</u>	<u>691,829</u>	<u>2,738,394</u>	<u>1,128,085</u>	<u>7,414,268</u>
<u>\$ 536,160</u>	<u>\$ 1,126,210</u>	<u>\$ 691,829</u>	<u>\$ 2,738,394</u>	<u>\$ 1,133,935</u>	<u>\$ 8,636,930</u>

CITY OF NEWPORT
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2022

	<u>Parks and Recreation</u>	<u>Public Parking</u>	<u>Housing</u>	<u>Airport</u>
Revenues:				
Taxes:				
Other	\$ -	\$ -	\$ 213,007	\$ -
Franchise fees, privilege taxes, licenses and permits	-	26,040	-	-
Intergovernmental	18,500	-	-	82,000
Charges for services	499,758	-	-	493,521
System development charges	-	-	-	-
Interest earnings	2,790	1,163	1,985	8,628
Other revenue	6,962	-	-	137,835
	<u>528,010</u>	<u>27,203</u>	<u>214,992</u>	<u>721,984</u>
Total Revenues				
Expenditures:				
Current:				
General government	-	4,839	32,700	888,332
Public works	-	-	-	-
Culture and recreation	1,562,101	-	-	-
Capital outlay	11,864	-	-	36,765
	<u>1,573,965</u>	<u>4,839</u>	<u>32,700</u>	<u>925,097</u>
Total Expenditures				
Excess (Deficiency) of Revenues over Expenditures	<u>(1,045,955)</u>	<u>22,364</u>	<u>182,292</u>	<u>(203,113)</u>
Other Financing Sources (Uses):				
Transfers in	1,410,590	-	-	425,501
Lease proceeds	11,864	-	-	35,432
Transfers out	(216,433)	(375,000)	-	(62,000)
	<u>1,206,021</u>	<u>(375,000)</u>	<u>-</u>	<u>398,933</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	160,066	(352,636)	182,292	195,820
Fund Balances, Beginning	316,899	389,388	357,572	183,384
Prior Period Adjustment	(24,379)	(16,694)	-	(4,862)
Fund Balances, Ending	<u>\$ 452,586</u>	<u>\$ 20,058</u>	<u>\$ 539,864</u>	<u>\$ 374,342</u>

<u>Building Inspection</u>	<u>Streets</u>	<u>Line Undergrounding</u>	<u>SDC</u>	<u>Agate Beach</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 213,007
-	-	193,650	-	-	219,690
-	1,434,994	-	-	-	1,535,494
564,971	-	-	20,729	-	1,578,979
-	-	-	475,190	-	475,190
1,831	4,553	2,863	11,867	-	35,680
-	1,802	-	-	-	146,599
<u>566,802</u>	<u>1,441,349</u>	<u>196,513</u>	<u>507,786</u>	<u>-</u>	<u>4,204,639</u>
568,340	-	1,420	571	41,370	1,537,572
-	553,396	-	-	-	553,396
-	-	-	-	-	1,562,101
1,867	89,869	-	-	-	140,365
<u>570,207</u>	<u>643,265</u>	<u>1,420</u>	<u>571</u>	<u>41,370</u>	<u>3,793,434</u>
<u>(3,405)</u>	<u>798,084</u>	<u>195,093</u>	<u>507,215</u>	<u>(41,370)</u>	<u>411,205</u>
3,000	140,000	-	-	-	1,979,091
1,867	3,007	-	-	-	52,170
-	(697,499)	-	(101,200)	-	(1,452,132)
<u>4,867</u>	<u>(554,492)</u>	<u>-</u>	<u>(101,200)</u>	<u>-</u>	<u>579,129</u>
1,462	243,592	195,093	406,015	(41,370)	990,334
374,482	854,785	496,736	2,332,379	1,169,455	6,475,080
<u>(3,086)</u>	<u>(2,125)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(51,146)</u>
<u>\$ 372,858</u>	<u>\$ 1,096,252</u>	<u>\$ 691,829</u>	<u>\$ 2,738,394</u>	<u>\$ 1,128,085</u>	<u>\$ 7,414,268</u>

CITY OF NEWPORT
Nonmajor Debt Service Funds
Combining Balance Sheet
June 30, 2022

	<u>Debt Service</u>	<u>G.O. Debt Service - Governmental</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 43,768	\$ 57,570	\$ 101,338
Receivables:			
Taxes	<u>-</u>	<u>26,544</u>	<u>26,544</u>
Total Assets	<u>\$ 43,768</u>	<u>\$ 84,114</u>	<u>\$ 127,882</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Deferred Inflows of Resources:			
Unavailable revenues	\$ <u>-</u>	\$ <u>20,399</u>	\$ <u>20,399</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>20,399</u>	<u>20,399</u>
Fund Balances:			
Restricted	-	63,715	63,715
Assigned	<u>43,768</u>	<u>-</u>	<u>43,768</u>
Total Fund Balances	<u>43,768</u>	<u>63,715</u>	<u>107,483</u>
Total Liabilities and Fund Balances	<u>\$ 43,768</u>	<u>\$ 84,114</u>	<u>\$ 127,882</u>

CITY OF NEWPORT
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2022

	<u>Debt Service</u>	<u>G.O. Debt Service - Governmental</u>	<u>Total</u>
Revenues:			
Taxes:			
Property	\$ -	\$ 651,650	\$ 651,650
Interest earnings	<u>217</u>	<u>1,052</u>	<u>1,269</u>
Total Revenues	<u>217</u>	<u>652,702</u>	<u>652,919</u>
Expenditures:			
Debt service:			
Principal	108,171	345,000	453,171
Interest	<u>9,311</u>	<u>240,469</u>	<u>249,780</u>
Total Expenditures	<u>117,482</u>	<u>585,469</u>	<u>702,951</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(117,265)</u>	<u>67,233</u>	<u>(50,032)</u>
Other Financing Sources (Uses):			
Transfers in	<u>122,771</u>	<u>-</u>	<u>122,771</u>
Total Other Financing Sources (Uses)	<u>122,771</u>	<u>-</u>	<u>122,771</u>
Net Change in Fund Balances	5,506	67,233	72,739
Fund Balances, Beginning	<u>38,262</u>	<u>(3,518)</u>	<u>34,744</u>
Fund Balances, Ending	<u>\$ 43,768</u>	<u>\$ 63,715</u>	<u>\$ 107,483</u>

CITY OF NEWPORT
Nonmajor Capital Projects Funds
Combining Balance Sheet
June 30, 2022

	<u>Capital Projects Reserve</u>	<u>Capital Improvements</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ <u>2,603,870</u>	\$ <u>2,264,611</u>	\$ <u>4,868,481</u>
Total Assets	\$ <u><u>2,603,870</u></u>	\$ <u><u>2,264,611</u></u>	\$ <u><u>4,868,481</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ <u>-</u>	\$ <u>213,567</u>	\$ <u>213,567</u>
Total Liabilities	<u>-</u>	<u>213,567</u>	<u>213,567</u>
Fund Balances:			
Assigned	<u>2,603,870</u>	<u>2,051,044</u>	<u>4,654,914</u>
Total Fund Balances	<u>2,603,870</u>	<u>2,051,044</u>	<u>4,654,914</u>
Total Liabilities and Fund Balances	\$ <u><u>2,603,870</u></u>	\$ <u><u>2,264,611</u></u>	\$ <u><u>4,868,481</u></u>

CITY OF NEWPORT
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2022

	<u>Capital Projects Reserve</u>	<u>Capital Improvements</u>	<u>Total</u>
Revenues:			
Interest earnings	\$ 11,514	\$ 7,905	\$ 19,419
Total Revenues	<u>11,514</u>	<u>7,905</u>	<u>19,419</u>
Expenditures:			
Current:			
General government	-	34,561	34,561
Capital outlay	<u>65,715</u>	<u>509,641</u>	<u>575,356</u>
Total Expenditures	<u>65,715</u>	<u>544,202</u>	<u>609,917</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(54,201)</u>	<u>(536,297)</u>	<u>(590,498)</u>
Other Financing Sources (Uses):			
Transfers in	525,000	1,799,690	2,324,690
Transfers out	<u>(11,523)</u>	<u>(27,697)</u>	<u>(39,220)</u>
Total Other Financing Sources (Uses)	<u>513,477</u>	<u>1,771,993</u>	<u>2,285,470</u>
Net Change in Fund Balances	459,276	1,235,696	1,694,972
Fund Balances, Beginning	<u>2,144,594</u>	<u>815,348</u>	<u>2,959,942</u>
Fund Balances, Ending	<u>\$ 2,603,870</u>	<u>\$ 2,051,044</u>	<u>\$ 4,654,914</u>

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

Year Ended June 30, 2022

	Budget	Actual	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 24,144	\$ 18,500	\$ (5,644)
Charges for services	597,500	499,758	(97,742)
Interest earnings	2,400	2,790	390
Other revenue	500	6,962	6,462
Total Revenues	<u>624,544</u>	<u>528,010</u>	<u>(96,534)</u>
Expenditures:			
Parks administration	206,609	193,007	13,602
60+ center	210,159	168,216	41,943
Swimming pool	542,877	412,413	130,464
Recreation center	588,983	499,959	89,024
Recreation programs	208,821	160,068	48,753
Sports programs	192,988	140,302	52,686
Interfund loan repayment	27,500	27,500	-
Contingency	186,107	-	186,107
Total Expenditures	<u>2,164,044</u>	<u>1,601,465</u>	<u>562,579</u>
Excess of Revenues Over Expenditures	<u>(1,539,500)</u>	<u>(1,073,455)</u>	<u>466,045</u>
Other Financing Sources (Uses):			
Transfers in	1,442,867	1,410,590	(32,277)
Lease proceeds	-	11,864	11,864
Transfers out	(227,433)	(216,433)	11,000
Total Other Financing Sources (Uses)	<u>1,215,434</u>	<u>1,206,021</u>	<u>(9,413)</u>
Net Change in Fund Balance	(324,066)	132,566	456,632
Fund Balance, beginning	481,899	481,899	-
Prior Period Adjustment	-	(24,379)	(24,379)
Fund Balance, ending	<u>\$ 157,833</u>	590,086	<u>\$ 432,253</u>
<i>Reconciliation to generally accepted accounting principles</i>			
Due to other funds		<u>(137,500)</u>	
Fund balance, ending - generally accepted accounting principles		<u>\$ 452,586</u>	

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

Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Franchise fees, privilege taxes, licenses and permits	\$ 24,775	\$ 26,040	\$ 1,265
Fines and forfeitures	76,125	-	(76,125)
Interest earnings	1,900	1,163	(737)
Total Revenues	<u>102,800</u>	<u>27,203</u>	<u>(75,597)</u>
Expenditures:			
Public parking - city-wide	31,622	4,839	26,783
Contingency	85,565	-	85,565
Total Expenditures	<u>117,187</u>	<u>4,839</u>	<u>112,348</u>
Excess of Revenues Over Expenditures	<u>(14,387)</u>	<u>22,364</u>	<u>36,751</u>
Other Financing Sources (Uses):			
Proceeds from interfund loan	225,000	-	(225,000)
Transfers out	(600,000)	(375,000)	225,000
Total Other Financing Sources (Uses)	<u>(375,000)</u>	<u>(375,000)</u>	<u>-</u>
Net Change in Fund Balance	(389,387)	(352,636)	36,751
Fund Balance, beginning	389,387	389,388	1
Prior Period Adjustment	-	(16,694)	(16,694)
Fund Balance, ending	<u>\$ -</u>	<u>\$ 36,752</u>	<u>\$ 36,752</u>

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

Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Taxes			
Other	\$ 132,412	\$ 213,007	\$ 80,595
Interest earnings	<u>1,996</u>	<u>1,985</u>	<u>(11)</u>
Total Revenues	<u>134,408</u>	<u>214,992</u>	<u>80,584</u>
Expenditures:			
Affordable housing	1,261	746	515
Oregon housing and community services	17,020	31,954	(14,934)
Contingency	<u>473,699</u>	<u>-</u>	<u>473,699</u>
Total Expenditures	<u>491,980</u>	<u>32,700</u>	<u>459,280</u>
Net Change in Fund Balance	(357,572)	182,292	539,864
Fund Balance, beginning	<u>357,572</u>	<u>357,572</u>	<u>-</u>
Fund Balance, ending	<u>\$ -</u>	<u>\$ 539,864</u>	<u>\$ 539,864</u>

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

Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Intergovernmental	\$ -	\$ 82,000	\$ 82,000
Charges for services	401,904	493,521	91,617
Interest earnings	1,400	8,628	7,228
Other revenue	<u>122,408</u>	<u>137,835</u>	<u>15,427</u>
Total Revenues	<u>525,712</u>	<u>721,984</u>	<u>196,272</u>
Expenditures:			
Airport operations	953,508	982,422	(28,914)
Contingency	<u>58,811</u>	<u>-</u>	<u>58,811</u>
Total Expenditures	<u>1,012,319</u>	<u>982,422</u>	<u>29,897</u>
Excess of Revenues Over Expenditures	<u>(486,607)</u>	<u>(260,438)</u>	<u>226,169</u>
Other Financing Sources (Uses):			
Transfers in	425,501	425,501	-
Lease proceeds	-	35,432	35,432
Transfers out	<u>(62,000)</u>	<u>(62,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>363,501</u>	<u>398,933</u>	<u>35,432</u>
Net Change in Fund Balance	(123,106)	138,495	261,601
Fund Balance, beginning	183,387	183,384	(3)
Prior Period Adjustment	<u>-</u>	<u>(4,862)</u>	<u>(4,862)</u>
Fund Balance, ending	\$ <u><u>60,281</u></u>	317,017	\$ <u><u>256,736</u></u>
<i>Reconciliation to generally accepted accounting principles</i>			
Inventory		<u>57,325</u>	
Fund balance, ending - generally accepted accounting principles		\$ <u><u>374,342</u></u>	

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

Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Charges for services	\$ 384,662	\$ 564,971	\$ 180,309
Interest earnings	3,350	1,831	(1,519)
Other revenue	<u>200</u>	<u>-</u>	<u>(200)</u>
Total Revenues	<u>388,212</u>	<u>566,802</u>	<u>178,590</u>
Expenditures:			
Room tax	584,127	570,207	13,920
Contingency	<u>56,484</u>	<u>-</u>	<u>56,484</u>
Total Expenditures	<u>640,611</u>	<u>570,207</u>	<u>70,404</u>
Excess of Revenues Over Expenditures	<u>(252,399)</u>	<u>(3,405)</u>	<u>248,994</u>
Other Financing Sources (Uses):			
Transfers in	3,000	3,000	-
Lease proceeds	<u>-</u>	<u>1,867</u>	<u>1,867</u>
Total Other Financing Sources (Uses)	<u>3,000</u>	<u>4,867</u>	<u>1,867</u>
Net Change in Fund Balance	(249,399)	1,462	250,861
Fund Balance, beginning	374,485	374,482	(3)
Prior Period Adjustment	<u>-</u>	<u>(3,086)</u>	<u>(3,086)</u>
Fund Balance, ending	<u>\$ 125,086</u>	<u>\$ 372,858</u>	<u>\$ 247,772</u>

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

Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Intergovernmental	\$ 1,263,031	\$ 1,434,994	\$ 171,963
Interest earnings	5,213	4,553	(660)
Other revenue	<u>3,500</u>	<u>1,802</u>	<u>(1,698)</u>
Total Revenues	<u>1,271,744</u>	<u>1,441,349</u>	<u>169,605</u>
Expenditures:			
Street maintenance	780,711	647,097	133,614
Contingency	<u>175,611</u>	<u>-</u>	<u>175,611</u>
Total Expenditures	<u>956,322</u>	<u>647,097</u>	<u>309,225</u>
Excess of Revenues Over Expenditures	<u>315,422</u>	<u>794,252</u>	<u>478,830</u>
Other Financing Sources (Uses):			
Transfers in	140,000	140,000	-
Lease proceeds	-	3,007	3,007
Transfers out	<u>(697,499)</u>	<u>(697,499)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(557,499)</u>	<u>(554,492)</u>	<u>3,007</u>
Net Change in Fund Balance	(242,077)	239,760	481,837
Fund Balance, beginning	812,092	854,785	42,693
Prior Period Adjustment	<u>-</u>	<u>(44,815)</u>	<u>(44,815)</u>
Fund Balance, ending	<u>\$ 570,015</u>	1,049,730	<u>\$ 479,715</u>
<i>Reconciliation to generally accepted accounting principles</i>			
Inventory		<u>46,522</u>	
Fund balance, ending - generally accepted accounting principles		<u>\$ 1,096,252</u>	

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

Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Franchise fees, privilege taxes, licenses and permits	\$ 150,000	\$ 193,650	\$ 43,650
Interest earnings	<u>2,094</u>	<u>2,863</u>	<u>769</u>
Total Revenues	<u>152,094</u>	<u>196,513</u>	<u>44,419</u>
Expenditures:			
Line undergrounding	1,867	1,420	447
Contingency	<u>646,963</u>	<u>-</u>	<u>646,963</u>
Total Expenditures	<u>648,830</u>	<u>1,420</u>	<u>647,410</u>
Net Change in Fund Balance	(496,736)	195,093	691,829
Fund Balance, beginning	<u>496,736</u>	<u>496,736</u>	<u>-</u>
Fund Balance, ending	<u>\$ -</u>	<u>\$ 691,829</u>	<u>\$ 691,829</u>

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

Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Charges for services	\$ 15,495	\$ 20,729	\$ 5,234
System development charges	370,697	475,190	104,493
Interest earnings	<u>14,171</u>	<u>11,867</u>	<u>(2,304)</u>
Total Revenues	<u>400,363</u>	<u>507,786</u>	<u>107,423</u>
Expenditures:			
SDC - administration	571	571	-
Contingency	<u>2,630,972</u>	<u>-</u>	<u>2,630,972</u>
Total Expenditures	<u>2,631,543</u>	<u>571</u>	<u>2,630,972</u>
Excess of Revenues Over Expenditures	<u>(2,231,180)</u>	<u>507,215</u>	<u>2,738,395</u>
Other Financing Sources (Uses):			
Transfers out	<u>(101,200)</u>	<u>(101,200)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(101,200)</u>	<u>(101,200)</u>	<u>-</u>
Net Change in Fund Balance	(2,332,380)	406,015	2,738,395
Fund Balance, beginning	<u>2,332,380</u>	<u>2,332,379</u>	<u>(1)</u>
Fund Balance, ending	<u>\$ -</u>	<u>\$ 2,738,394</u>	<u>\$ 2,738,394</u>

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

Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Other revenue	\$ 27,500	\$ 27,500	\$ -
Total Revenues	<u>27,500</u>	<u>27,500</u>	<u>-</u>
Expenditures:			
Agate beach closure	45,371	41,370	4,001
Contingency	<u>761,584</u>	<u>-</u>	<u>761,584</u>
Total Expenditures	<u>806,955</u>	<u>41,370</u>	<u>765,585</u>
Excess of Revenues Over Expenditures	<u>(779,455)</u>	<u>(13,870)</u>	<u>765,585</u>
Other Financing Sources (Uses):			
Interfund loan to other fund	<u>(225,000)</u>	<u>-</u>	<u>225,000</u>
Total Other Financing Sources (Uses)	<u>(225,000)</u>	<u>-</u>	<u>225,000</u>
Net Change in Fund Balance	(1,004,455)	(13,870)	990,585
Fund Balance, beginning	<u>1,004,455</u>	<u>1,004,455</u>	<u>-</u>
Fund Balance, ending	\$ <u><u>-</u></u>	990,585	\$ <u><u>990,585</u></u>
<i>Reconciliation to generally accepted accounting principles</i>			
Due from other funds		<u>137,500</u>	
Fund balance, ending - generally accepted accounting principles		\$ <u><u>1,128,085</u></u>	

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

Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Interest earnings	\$ -	\$ 217	\$ 217
Total Revenues	<u>-</u>	<u>217</u>	<u>217</u>
Expenditures:			
General debt	<u>118,406</u>	<u>117,482</u>	<u>924</u>
Total Expenditures	<u>118,406</u>	<u>117,482</u>	<u>924</u>
Excess of Revenues Over Expenditures	<u>(118,406)</u>	<u>(117,265)</u>	<u>1,141</u>
Other Financing Sources (Uses):			
Transfers in	<u>122,771</u>	<u>122,771</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>122,771</u>	<u>122,771</u>	<u>-</u>
Net Change in Fund Balance	4,365	5,506	1,141
Fund Balance, beginning	<u>38,262</u>	<u>38,262</u>	<u>-</u>
Fund Balance, ending	<u>\$ 42,627</u>	<u>\$ 43,768</u>	<u>\$ 1,141</u>

CITY OF NEWPORT

G.O. Debt Service - Governmental Fund

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

Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Taxes			
Property	\$ 635,000	\$ 651,650	\$ 16,650
Interest earnings	<u>1,000</u>	<u>1,052</u>	<u>52</u>
Total Revenues	<u>636,000</u>	<u>652,702</u>	<u>16,702</u>
Expenditures:			
Swimming pool GO debt	<u>586,500</u>	<u>585,469</u>	<u>1,031</u>
Total Expenditures	<u>586,500</u>	<u>585,469</u>	<u>1,031</u>
Net Change in Fund Balance	49,500	67,233	17,733
Fund Balance, beginning	<u>(3,517)</u>	<u>(3,518)</u>	<u>(1)</u>
Fund Balance, ending	<u>\$ 45,983</u>	<u>\$ 63,715</u>	<u>\$ 17,732</u>

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

Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Interest earnings	\$ 18,845	\$ 11,514	\$ (7,331)
Total Revenues	<u>18,845</u>	<u>11,514</u>	<u>(7,331)</u>
Expenditures:			
Water bond	51,000	-	51,000
Fire	<u>560,000</u>	<u>65,715</u>	<u>494,285</u>
Total Expenditures	<u>611,000</u>	<u>65,715</u>	<u>545,285</u>
Excess of Revenues Over Expenditures	<u>(592,155)</u>	<u>(54,201)</u>	<u>537,954</u>
Other Financing Sources (Uses):			
Transfers in	536,000	525,000	(11,000)
Proceeds from long-term debt	4,551,000	-	(4,551,000)
Transfers out	<u>(2,005,800)</u>	<u>(11,523)</u>	<u>1,994,277</u>
Total Other Financing Sources (Uses)	<u>3,081,200</u>	<u>513,477</u>	<u>(2,567,723)</u>
Net Change in Fund Balance	2,489,045	459,276	(2,029,769)
Fund Balance, beginning	<u>2,144,593</u>	<u>2,144,594</u>	<u>1</u>
Fund Balance, ending	<u>\$ 4,633,638</u>	<u>\$ 2,603,870</u>	<u>\$ (2,029,768)</u>

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

Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Intergovernmental	\$ 35,000	\$ -	\$ (35,000)
Interest earnings	<u>5,000</u>	<u>7,905</u>	<u>2,905</u>
Total Revenues	<u>40,000</u>	<u>7,905</u>	<u>(32,095)</u>
Expenditures:			
City hall improvements	396,698	-	396,698
Library improvements	203,000	159,561	43,439
Fire improvements	147,300	6,950	140,350
PAC improvements	1,904,617	198,141	1,706,476
VAC improvements	26,762	5,579	21,183
60+ activity center improvements	183,197	116,895	66,302
Recreation center improvements	236,500	48,139	188,361
Parks and grounds improvements	656,305	5,037	651,268
City hall police improvements	<u>10,000</u>	<u>3,900</u>	<u>6,100</u>
Total Expenditures	<u>3,764,379</u>	<u>544,202</u>	<u>3,220,177</u>
Excess of Revenues Over Expenditures	<u>(3,724,379)</u>	<u>(536,297)</u>	<u>3,188,082</u>
Other Financing Sources (Uses):			
Transfers in	3,033,373	1,799,690	(1,233,683)
Transfers out	<u>(27,697)</u>	<u>(27,697)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>3,005,676</u>	<u>1,771,993</u>	<u>(1,233,683)</u>
Net Change in Fund Balance	(718,703)	1,235,696	1,954,399
Fund Balance, beginning	<u>795,871</u>	<u>815,348</u>	<u>19,477</u>
Fund Balance, ending	<u>\$ 77,168</u>	<u>\$ 2,051,044</u>	<u>\$ 1,973,876</u>

CITY OF NEWPORT

Water Fund

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

Year Ended June 30, 2022

	Budget	Actual	Variance with Final Budget
Revenues:			
Charges for services	\$ 4,271,000	\$ 4,247,406	\$ (23,594)
Interest earnings	35,000	9,916	(25,084)
Other revenue	50,000	67,717	17,717
Total Revenues	4,356,000	4,325,039	(30,961)
Expenditures:			
Water plant	1,358,172	1,286,593	71,579
Water distribution	986,000	807,622	178,378
Water administrative programs	1,120,109	1,092,391	27,718
Contingency	350,033	-	350,033
Total Expenditures	3,814,314	3,186,606	627,708
Excess of Revenues Over Expenditures	541,686	1,138,433	596,747
Other Financing Sources (Uses):			
Transfers in	1,047,000	1,047,000	-
Lease proceeds	-	78,568	78,568
Transfers out	(1,877,563)	(1,877,563)	-
Total Other Financing Sources (Uses)	(830,563)	(751,995)	78,568
Net Change in Fund Balance	(288,877)	386,438	675,315
Fund Balance, beginning	685,631	108,050	(577,581)
Prior Period Adjustment	-	(15,255)	(15,255)
Fund Balance, ending	\$ 396,754	479,233	\$ 82,479
<i>Reconciliation to generally accepted accounting principles</i>			
Inventories		344,753	
Capital assets, net		29,279,404	
Compensated absences		(60,076)	
Deferred outflows related to pension		201,280	
Deferred outflows related to OPEB		4,332	
Net pension liability		(294,916)	
OPEB liability		(67,479)	
Deferred inflows related to pension		(166,029)	
Deferred inflows related to OPEB		(19,273)	
Long-term debt		(18,293,047)	
Interest payable		(6,595,128)	
Net position at end of year		\$ 4,813,054	

CITY OF NEWPORT

Wastewater Fund

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

Year Ended June 30, 2022

	Budget	Actual	Variance with Final Budget
Revenues:			
Charges for services	\$ 4,790,000	\$ 4,572,868	\$ (217,132)
Interest earnings	4,000	2,332	(1,668)
Other revenue	25,000	1,295	(23,705)
Total Revenues	4,819,000	4,576,495	(242,505)
Expenditures:			
Wastewater plant	1,931,355	1,890,474	40,881
Wastewater collections	789,397	519,142	270,255
Wastewater administrative programs	1,280,235	1,263,497	16,738
Contingency	277,834	-	277,834
Total Expenditures	4,278,821	3,673,113	605,708
Excess of Revenues Over Expenditures	540,179	903,382	363,203
Other Financing Sources (Uses):			
Transfers in	697,332	697,332	-
Lease proceeds	-	35,221	35,221
Transfers out	(2,407,239)	(2,407,239)	-
Total Other Financing Sources (Uses)	(1,709,907)	(1,674,686)	35,221
Net Change in Fund Balance	(1,169,728)	(771,304)	398,424
Fund Balance, beginning	1,614,421	1,376,736	(237,685)
Prior Period Adjustment	-	(16,287)	(16,287)
Fund Balance, ending	\$ 444,693	589,145	\$ 144,452
<i>Reconciliation to generally accepted accounting principles</i>			
Inventories		237,077	
Capital assets, net		47,834,675	
Compensated absences		(28,557)	
Deferred outflows related to pension		149,218	
Deferred outflows related to OPEB		3,212	
Net pension liability		(218,634)	
OPEB liability		(50,025)	
Deferred inflows related to pension		(123,085)	
Deferred inflows related to OPEB		(14,288)	
Long-term debt		(21,878,021)	
Interest payable		(491,392)	
Net position at end of year		\$ 26,009,325	

CITY OF NEWPORT

Stormwater Fund

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

Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Charges for services	\$ 1,100,000	\$ 1,019,359	\$ (80,641)
Interest earnings	<u>500</u>	<u>1,157</u>	<u>657</u>
Total Revenues	<u>1,100,500</u>	<u>1,020,516</u>	<u>(79,984)</u>
Expenditures:			
Stormwater maintenance	437,031	382,315	54,716
Contingency	<u>136,110</u>	<u>-</u>	<u>136,110</u>
Total Expenditures	<u>573,141</u>	<u>382,315</u>	<u>190,826</u>
Excess of Revenues Over Expenditures	<u>527,359</u>	<u>638,201</u>	<u>110,842</u>
Other Financing Sources (Uses):			
Transfers in	212,429	212,429	-
Transfers out	<u>(804,656)</u>	<u>(804,656)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(592,227)</u>	<u>(592,227)</u>	<u>-</u>
Net Change in Fund Balance	(64,868)	45,974	110,842
Fund Balance, beginning	268,302	267,483	(819)
Prior Period Adjustment	<u>-</u>	<u>(2,125)</u>	<u>(2,125)</u>
Fund Balance, ending	<u>\$ 203,434</u>	311,332	<u>\$ 107,898</u>
<i>Reconciliation to generally accepted accounting principles</i>			
Capital assets, net		1,070,796	
Compensated absences		(5,507)	
Deferred outflows related to pension		47,629	
Deferred outflows related to OPEB		1,025	
Net pension liability		(69,786)	
OPEB liability		(15,967)	
Deferred inflows related to pension		(39,287)	
Deferred inflows related to OPEB		(4,561)	
Long-term debt		(2,058,000)	
Interest payable		<u>(5,145)</u>	
Net position at end of year		<u>\$ (767,471)</u>	

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

Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Taxes			
Property	\$ 2,139,000	\$ 2,223,985	\$ 84,985
Interest earnings	<u>5,000</u>	<u>4,681</u>	<u>(319)</u>
Total Revenues	<u>2,144,000</u>	<u>2,228,666</u>	<u>84,666</u>
Expenditures:			
Water general obligation debt	<u>2,135,581</u>	<u>2,135,000</u>	<u>581</u>
Total Expenditures	<u>2,135,581</u>	<u>2,135,000</u>	<u>581</u>
Net Change in Fund Balance	8,419	93,666	85,247
Fund Balance, beginning	<u>78,214</u>	<u>78,213</u>	<u>(1)</u>
Fund Balance, ending	\$ <u><u>86,633</u></u>	171,879	\$ <u><u>85,246</u></u>
<i>Reconciliation to generally accepted accounting principles</i>			
Unavailable revenues		<u>75,553</u>	
Net position at end of year		\$ <u><u>247,432</u></u>	

CITY OF NEWPORT
Nonmajor Enterprise Funds
Combining Statement of Net Position
June 30, 2022

ASSETS	<u>Water Debt Service</u>	<u>Wastewater Debt Service</u>	<u>Stormwater Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Current Assets:					
Cash and cash equivalents	\$ 429	\$ 973,852	\$ 175,398	\$ 6,080,908	\$ 7,230,587
Receivables:					
Accounts, net	<u>5,792</u>	<u>-</u>	<u>-</u>	<u>44,527</u>	<u>50,319</u>
Total Current Assets	<u>6,221</u>	<u>973,852</u>	<u>175,398</u>	<u>6,125,435</u>	<u>7,280,906</u>
Total Assets	<u>6,221</u>	<u>973,852</u>	<u>175,398</u>	<u>6,125,435</u>	<u>7,280,906</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,339</u>	<u>78,339</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,339</u>	<u>78,339</u>
NET POSITION					
Restricted for:					
Debt service	6,221	973,852	175,398	-	1,155,471
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,047,096</u>	<u>6,047,096</u>
Total Net Position	<u>\$ 6,221</u>	<u>\$ 973,852</u>	<u>\$ 175,398</u>	<u>\$ 6,047,096</u>	<u>\$ 7,202,567</u>

CITY OF NEWPORT
Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2022

	<u>Water Debt Service</u>	<u>Wastewater Debt Service</u>	<u>Stormwater Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Operating Expenses:					
Contracted services	\$ -	\$ -	\$ -	\$ 621,247	\$ 621,247
Total Operating Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>621,247</u>	<u>621,247</u>
Operating Income (Loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(621,247)</u>	<u>(621,247)</u>
Nonoperating Revenues (Expenses):					
Interest income	19	3,728	854	35,440	40,041
Grants	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,059</u>	<u>125,059</u>
Total Nonoperating Revenues (Expenses)	<u>19</u>	<u>3,728</u>	<u>854</u>	<u>160,499</u>	<u>165,100</u>
Income (Loss) Before Capital Contributions and Transfers	19	3,728	854	(460,748)	(456,147)
Transfers In	1,034,582	1,066,796	630,398	8,346,665	11,078,441
Transfers Out	<u>(1,032,609)</u>	<u>(558,150)</u>	<u>(633,245)</u>	<u>(3,911,236)</u>	<u>(6,135,240)</u>
Change in Net Position	1,992	512,374	(1,993)	3,974,681	4,487,054
Net Position, beginning	<u>4,229</u>	<u>461,478</u>	<u>177,391</u>	<u>2,072,415</u>	<u>2,715,513</u>
Net Position, ending	<u>\$ 6,221</u>	<u>\$ 973,852</u>	<u>\$ 175,398</u>	<u>\$ 6,047,096</u>	<u>\$ 7,202,567</u>

CITY OF NEWPORT
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
Year Ended June 30, 2022

	Water Debt Service	Wastewater Debt Service	Stormwater Debt Service	Capital Projects	Total
Cash Flows from Operating Activities:					
Payments to suppliers	\$ -	\$ -	\$ -	\$ (621,247)	\$ (621,247)
Net Cash from (for) Operating Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(621,247)</u>	<u>(621,247)</u>
Cash Flows from (for) Capital and Related Financing Activities:					
Acquisition of capital assets	-	-	-	(2,355,487)	(2,355,487)
Proceeds from issuance of debt	-	-	-	5,027,004	5,027,004
Grants	-	-	-	80,532	80,532
Transfers in	1,034,582	1,066,796	630,398	3,319,661	6,051,437
Transfers out	-	-	-	(1,819,332)	(1,819,332)
Principal paid	(780,840)	(525,000)	(503,684)	-	(1,809,524)
Interest paid	(257,561)	(33,150)	(129,561)	-	(420,272)
Net Cash Flows from (for) Capital and Related Financing Activities	<u>(3,819)</u>	<u>508,646</u>	<u>(2,847)</u>	<u>4,252,378</u>	<u>4,754,358</u>
Cash Flows from (for) Investing Activities:					
Investment income received	<u>19</u>	<u>3,728</u>	<u>854</u>	<u>35,440</u>	<u>40,041</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(3,800)</u>	<u>512,374</u>	<u>(1,993)</u>	<u>3,666,571</u>	<u>4,173,152</u>
Cash and Cash Equivalents, beginning	<u>4,229</u>	<u>461,478</u>	<u>177,391</u>	<u>2,414,337</u>	<u>3,057,435</u>
Cash and Cash Equivalents, ending	<u>\$ 429</u>	<u>\$ 973,852</u>	<u>\$ 175,398</u>	<u>\$ 6,080,908</u>	<u>\$ 7,230,587</u>
Noncash Capital and Related Financing Activities:					
Transfers in	\$ -	\$ -	\$ -	\$ 5,027,004	\$ 5,027,004
Transfers out	<u>(1,032,609)</u>	<u>(558,150)</u>	<u>(633,245)</u>	<u>(2,091,904)</u>	<u>(4,315,908)</u>
Net Noncash Capital and Related Financing Activities	<u>\$ (1,032,609)</u>	<u>\$ (558,150)</u>	<u>\$ (633,245)</u>	<u>\$ 2,935,100</u>	<u>\$ 711,096</u>

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

Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Interest earnings	\$ 20	\$ 19	\$ (1)
Total Revenues	<u>20</u>	<u>19</u>	<u>(1)</u>
Expenditures:			
Water general debt	69,936	69,436	500
Water revenue bonds	<u>963,637</u>	<u>963,173</u>	<u>464</u>
Total Expenditures	<u>1,033,573</u>	<u>1,032,609</u>	<u>964</u>
Excess of Revenues Over Expenditures	<u>(1,033,553)</u>	<u>(1,032,590)</u>	<u>963</u>
Other Financing Sources (Uses):			
Transfers in	<u>1,034,582</u>	<u>1,034,582</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,034,582</u>	<u>1,034,582</u>	<u>-</u>
Net Change in Fund Balance	1,029	1,992	963
Fund Balance, beginning	<u>4,229</u>	<u>4,229</u>	<u>-</u>
Fund Balance, ending	<u>\$ 5,258</u>	<u>\$ 6,221</u>	<u>\$ 963</u>

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

Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Interest earnings	\$ 2,660	\$ 3,728	\$ 1,068
Total Revenues	<u>2,660</u>	<u>3,728</u>	<u>1,068</u>
Expenditures:			
General debt	558,650	558,150	500
DEQ debt	<u>497,573</u>	<u>-</u>	<u>497,573</u>
Total Expenditures	<u>1,056,223</u>	<u>558,150</u>	<u>498,073</u>
Excess of Revenues Over Expenditures	<u>(1,053,563)</u>	<u>(554,422)</u>	<u>499,141</u>
Other Financing Sources (Uses):			
Transfers in	<u>1,066,796</u>	<u>1,066,796</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,066,796</u>	<u>1,066,796</u>	<u>-</u>
Net Change in Fund Balance	13,233	512,374	499,141
Fund Balance, beginning	<u>461,478</u>	<u>461,478</u>	<u>-</u>
Fund Balance, ending	<u>\$ 474,711</u>	<u>\$ 973,852</u>	<u>\$ 499,141</u>

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

Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Interest earnings	\$ 2,510	\$ 854	\$ (1,656)
Total Revenues	<u>2,510</u>	<u>854</u>	<u>(1,656)</u>
Expenditures:			
2018 stormwater debt	380,510	380,010	500
DEQ debt	<u>253,735</u>	<u>253,235</u>	<u>500</u>
Total Expenditures	<u>634,245</u>	<u>633,245</u>	<u>1,000</u>
Excess of Revenues Over Expenditures	<u>(631,735)</u>	<u>(632,391)</u>	<u>(656)</u>
Other Financing Sources (Uses):			
Transfers in	<u>630,398</u>	<u>630,398</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>630,398</u>	<u>630,398</u>	<u>-</u>
Net Change in Fund Balance	(1,337)	(1,993)	(656)
Fund Balance, beginning	<u>177,391</u>	<u>177,391</u>	<u>-</u>
Fund Balance, ending	<u>\$ 176,054</u>	<u>\$ 175,398</u>	<u>\$ (656)</u>

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

Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Intergovernmental	\$ 370,515	\$ 125,059	\$ (245,456)
Charges for services	350,000	-	(350,000)
Interest earnings	<u>36,900</u>	<u>35,440</u>	<u>(1,460)</u>
Total Revenues	<u>757,415</u>	<u>160,499</u>	<u>(596,916)</u>
Expenditures:			
Water general obligation debt	6,333,913	1,447,039	4,886,874
Wastewater collections	2,044,862	722,820	1,322,042
Wastewater administrative programs	<u>1,660,001</u>	<u>543,292</u>	<u>1,116,709</u>
Total Expenditures	<u>10,038,776</u>	<u>2,713,151</u>	<u>7,325,625</u>
Excess of Revenues Over Expenditures	<u>(9,281,361)</u>	<u>(2,552,652)</u>	<u>6,728,709</u>
Other Financing Sources (Uses):			
Transfers in	4,544,661	3,319,661	(1,225,000)
Proceeds from long-term debt	304,646	5,027,004	4,722,358
Transfers out	<u>(1,752,332)</u>	<u>(1,819,332)</u>	<u>(67,000)</u>
Total Other Financing Sources (Uses)	<u>3,096,975</u>	<u>6,527,333</u>	<u>3,430,358</u>
Net Change in Fund Balance	(6,184,386)	3,974,681	10,159,067
Fund Balance, beginning	<u>6,221,286</u>	<u>2,072,415</u>	<u>(4,148,871)</u>
Fund Balance, ending	<u>\$ 36,900</u>	<u>\$ 6,047,096</u>	<u>\$ 6,010,196</u>

CITY OF NEWPORT
Internal Service Funds
Combining Statement of Net Position
June 30, 2022

ASSETS	<u>Public Works</u>	<u>City Facility</u>	<u>Total</u>
Current Assets:			
Cash and cash equivalents	\$ 877,651	\$ 691,466	\$ 1,569,117
Prepaid expenses	91	60	151
Total Current Assets	<u>877,742</u>	<u>691,526</u>	<u>1,569,117</u>
Noncurrent Assets:			
Capital assets:			
Land and construction in progress	599,340	-	599,340
Other capital assets, net	146,925	52,941	199,866
Total Capital Assets	<u>746,265</u>	<u>52,941</u>	<u>799,206</u>
Total Noncurrent Assets	<u>746,265</u>	<u>52,941</u>	<u>799,206</u>
Total Assets	<u>1,624,007</u>	<u>744,467</u>	<u>2,368,323</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Items	130,889	80,713	211,602
Other Postemployment Benefits Related Items	2,817	1,737	4,554
Total Deferred Outflows of Resources	<u>133,706</u>	<u>82,450</u>	<u>216,156</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	16,937	109,400	126,337
Payroll and related liabilities	54,846	43,467	98,313
Accrued compensated absences	27,184	19,525	46,709
Long-term obligations due within one year	10,705	1,636	12,341
Total Current Liabilities	<u>109,672</u>	<u>174,028</u>	<u>283,700</u>
Long-Term Obligations Due in More than One Year	<u>279,973</u>	<u>202,256</u>	<u>482,229</u>
Total Liabilities	<u>389,645</u>	<u>376,284</u>	<u>765,929</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related Items	107,966	66,578	174,544
Other Postemployment Benefits Related Items	12,533	7,728	20,261
Total Deferred Inflows of Resources	<u>120,499</u>	<u>74,306</u>	<u>194,805</u>
NET POSITION			
Net Investment in Capital Assets	699,367	201	699,568
Unrestricted	548,202	376,126	924,328
Total Net Position	<u>\$ 1,247,569</u>	<u>\$ 376,327</u>	<u>\$ 1,623,896</u>

CITY OF NEWPORT
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2022

	<u>Public Works</u>	<u>City Facility</u>	<u>Total</u>
Operating Revenues:			
Service charges and fees	\$ 1,001,537	\$ 299,830	\$ 1,301,367
Miscellaneous	<u>-</u>	<u>1,579</u>	<u>1,579</u>
Total Operating Revenues	<u>1,001,537</u>	<u>301,409</u>	<u>1,302,946</u>
Operating Expenses:			
Salaries and wages	917,038	628,747	1,545,785
Contracted services	67,604	111,856	179,460
Property services	16,249	378,683	394,932
Operating supplies	32,295	38,390	70,685
Utilities	-	482,653	482,653
Depreciation	35,008	2,010	37,018
Repairs and maintenance	1,031	176,281	177,312
Charges for services	66,457	83,154	149,611
Miscellaneous	<u>13,008</u>	<u>113,225</u>	<u>126,233</u>
Total Operating Expenses	<u>1,148,690</u>	<u>2,014,999</u>	<u>3,163,689</u>
Operating Income (Loss)	<u>(147,153)</u>	<u>(1,713,590)</u>	<u>(1,860,743)</u>
Nonoperating Revenues (Expenses):			
Interest income	<u>4,241</u>	<u>3,856</u>	<u>8,097</u>
Total Nonoperating Revenues (Expenses)	<u>4,241</u>	<u>3,856</u>	<u>8,097</u>
Income (Loss) Before Capital Contributions and Transfers			
	(142,912)	(1,709,734)	(1,852,646)
Transfers In	-	2,682,117	2,682,117
Transfers Out	<u>-</u>	<u>(1,333,480)</u>	<u>(1,333,480)</u>
Change in Net Position	(142,912)	(361,097)	(504,009)
Net Position, beginning	1,406,008	752,387	2,158,395
Prior Period Adjustment	<u>(15,527)</u>	<u>(14,963)</u>	<u>(30,490)</u>
Net Position, ending	<u>\$ 1,247,569</u>	<u>\$ 376,327</u>	<u>\$ 1,623,896</u>

CITY OF NEWPORT
Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2022

	<u>Public Works</u>	<u>City Facility</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Services provided to other funds	\$ 1,001,537	\$ 299,830	\$ 1,301,367
Payments for interfund services used	(66,457)	(83,154)	(149,611)
Payments to suppliers	(124,165)	(1,293,771)	(1,417,936)
Payments to employees	(819,125)	(553,596)	(1,372,721)
Other revenues	-	1,579	1,579
	<u> </u>	<u> </u>	<u> </u>
Net Cash from (for) Operating Activities	<u>(8,210)</u>	<u>(1,629,112)</u>	<u>(1,637,322)</u>
Cash Flows from (for) Noncapital and Related Financing Activities:			
Transfer in	-	2,682,117	2,682,117
Transfer out	-	(1,273,629)	(1,273,629)
	<u> </u>	<u> </u>	<u> </u>
Net Cash Flows from (for) Noncapital and Related Financing Activities	<u>-</u>	<u>1,408,488</u>	<u>1,408,488</u>
Cash Flows from (for) Capital and Related Financing Activities:			
Acquisition of capital assets	(9,590)	(59,851)	(69,441)
Principal payments on leases	(2,094)	(2,211)	(4,305)
	<u> </u>	<u> </u>	<u> </u>
Net Cash Flows from (for) Capital and Related Financing Activities	<u>(11,684)</u>	<u>(62,062)</u>	<u>(73,746)</u>
Cash Flows from (for) Investing Activities:			
Investment income received	4,241	3,856	8,097
	<u> </u>	<u> </u>	<u> </u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(15,653)</u>	<u>(278,830)</u>	<u>(294,483)</u>
Cash and Cash Equivalents, beginning	<u>893,304</u>	<u>970,296</u>	<u>1,863,600</u>
Cash and Cash Equivalents, ending	<u>\$ 877,651</u>	<u>\$ 691,466</u>	<u>\$ 1,569,117</u>

CITY OF NEWPORT
Internal Service Funds
Combining Statement of Cash Flows, continued
Year Ended June 30, 2022

	<u>Public Works</u>	<u>City Facility</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows from (for) Operating Activities:			
Operating income (loss)	\$ (147,153)	\$ (1,713,590)	\$ (1,860,743)
Adjustments to reconcile operating income (loss) to net cash flows from (for) operating activities:			
Depreciation and amortization	35,008	2,010	37,018
(Increase) decrease in assets and deferred outflows of resources:			
Prepaid expenses	(91)	(60)	(151)
Deferred outflows of resources - pension related	(110,914)	(68,129)	(179,043)
Deferred outflows of resources - other postemployment benefits related	38	62	100
Increase (decrease) in liabilities and deferred inflows of resources:			
Accounts payable	6,113	7,377	13,490
Accrued liabilities	10,950	12,126	23,076
Accrued leave	(11,014)	4,268	(6,746)
Net pension liability	173,374	106,665	280,039
Net other postemployment benefits liability	18,774	11,242	30,016
Deferred inflows of resources - pension related	14,153	7,477	21,630
Deferred inflows of resources - other postemployment benefits related	2,552	1,440	3,992
Net Cash Flows from (for) Operating Activities	<u>\$ (8,210)</u>	<u>\$ (1,629,112)</u>	<u>\$ (1,637,322)</u>
Noncash Capital and Related Financing Activities:			
Lease proceeds and lease assets	\$ 48,992	\$ -	\$ 48,992
Transfers out	<u>-</u>	<u>(59,851)</u>	<u>(59,851)</u>
Net Noncash Capital and Related Financing Activities	<u>\$ 48,992</u>	<u>\$ (59,851)</u>	<u>\$ (10,859)</u>

CITY OF NEWPORT

Public Works Fund

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

Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Charges for services	\$ 1,001,537	\$ 1,001,537	\$ -
Interest earnings	<u>5,500</u>	<u>4,241</u>	<u>(1,259)</u>
Total Revenues	<u>1,007,037</u>	<u>1,005,778</u>	<u>(1,259)</u>
Expenditures:			
Public works administration	358,192	393,324	(35,132)
Engineering services	946,751	694,071	252,680
Contingency	<u>80,799</u>	<u>-</u>	<u>80,799</u>
Total Expenditures	<u>1,385,742</u>	<u>1,087,395</u>	<u>298,347</u>
Excess of Revenues Over Expenditures	<u>(378,705)</u>	<u>(81,617)</u>	<u>297,088</u>
Other Financing Sources (Uses):			
Lease proceeds	<u>-</u>	<u>48,992</u>	<u>48,992</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>48,992</u>	<u>48,992</u>
Net Change in Fund Balance	(378,705)	(32,625)	346,080
Fund Balance, beginning	854,109	854,111	2
Prior Period Adjustment	<u>-</u>	<u>(15,527)</u>	<u>(15,527)</u>
Fund Balance, ending	<u>\$ 475,404</u>	805,959	<u>\$ 330,555</u>
<i>Reconciliation to generally accepted accounting principles</i>			
Capital assets, net		746,265	
Compensated absences		(35,304)	
Deferred outflows related to pension		130,889	
Deferred outflows related to OPEB		2,817	
Net pension liability		(191,780)	
OPEB liability		(43,880)	
Deferred inflows related to pension		(107,966)	
Deferred inflows related to OPEB		(12,533)	
Long-term debt		<u>(46,898)</u>	
Net position at end of year		<u>\$ 1,247,569</u>	

CITY OF NEWPORT

City Facility Fund

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

Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Charges for services	\$ 299,830	\$ 299,830	\$ -
Interest earnings	2,700	3,856	1,156
Other revenue	<u>914,262</u>	<u>1,579</u>	<u>(912,683)</u>
Total Revenues	<u>1,216,792</u>	<u>305,265</u>	<u>(911,527)</u>
Expenditures:			
Facilities administration	386,019	369,734	16,285
City hall facility	223,550	202,549	21,001
Fire facilities	57,590	51,763	5,827
Library facility	88,691	59,492	29,199
Parks facilities and grounds	722,137	574,649	147,488
City public restrooms	183,350	157,238	26,112
Pier & boardwalks	11,077	11,905	(828)
Performing arts center	164,511	137,775	26,736
Visual arts center	85,305	82,889	2,416
Street lights	390,000	366,042	23,958
Contingency	<u>531,263</u>	<u>-</u>	<u>531,263</u>
Total Expenditures	<u>2,843,493</u>	<u>2,014,036</u>	<u>829,457</u>
Excess of Revenues Over Expenditures	<u>(1,626,701)</u>	<u>(1,708,771)</u>	<u>(82,070)</u>
Other Financing Sources (Uses):			
Transfers in	3,282,117	2,682,117	(600,000)
Lease proceeds	-	2,010	2,010
Transfers out	<u>(2,507,312)</u>	<u>(1,273,629)</u>	<u>1,233,683</u>
Total Other Financing Sources (Uses)	<u>774,805</u>	<u>1,410,498</u>	<u>635,693</u>
Net Change in Fund Balance	(851,896)	(298,273)	553,623
Fund Balance, beginning	851,896	851,895	(1)
Prior Period Adjustment	<u>-</u>	<u>(14,963)</u>	<u>(14,963)</u>
Fund Balance, ending	<u>\$ -</u>	<u>538,659</u>	<u>\$ 538,659</u>
<i>Reconciliation to generally accepted accounting principles</i>			
Capital assets, net		52,941	
Compensated absences		(25,357)	
Deferred outflows related to pension		80,713	
Deferred outflows related to OPEB		1,737	
Net pension liability		(118,261)	
OPEB liability		(27,059)	
Deferred inflows related to pension		(66,578)	
Deferred inflows related to OPEB		(7,728)	
Long-term debt		<u>(52,740)</u>	
Net position at end of year		<u>\$ 376,327</u>	



STATISTICAL SECTION



STATISTICAL SCHEDULES

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

FINANCIAL TRENDS

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

REVENUE CAPACITY

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

DEBT CAPACITY

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

OPERATING INFORMATION

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

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

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

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

	2013	2014	2015	2016	2017
Governmental Activities					
Net investment in capital assets	\$ 37,076,075	\$ 32,776,862	\$ 36,828,050	\$ 47,957,375	\$ 55,462,857
Restricted	1,897,970	791,582	18,367,842	12,536,216	9,818,841
Unrestricted	9,223,667	18,471,205	5,038,816	2,279,339	3,050,358
Total governmental activities net position	<u>48,197,712</u>	<u>52,039,649</u>	<u>60,234,708</u>	<u>62,772,930</u>	<u>68,332,056</u>
Business-type activities					
Net investment in capital assets	33,161,900	34,062,589	31,271,352	35,038,648	37,154,863
Restricted	1,068,652	1,176,784	4,548,076	3,199,262	2,922,277
Unrestricted	1,095,920	2,722,774	3,620,402	3,001,169	(1,520,208)
Total business-type activities net position	<u>35,326,472</u>	<u>37,962,147</u>	<u>39,439,830</u>	<u>41,239,079</u>	<u>38,556,932</u>
Total City of Newport					
Net investment in capital assets	70,237,975	66,839,451	68,099,402	82,996,023	92,617,720
Restricted	2,966,622	1,968,366	22,915,918	15,735,478	12,741,118
Unrestricted	10,319,587	21,193,979	8,659,218	5,280,508	1,530,150
Total net position	<u>\$ 83,524,184</u>	<u>\$ 90,001,796</u>	<u>\$ 99,674,538</u>	<u>\$ 104,012,009</u>	<u>\$ 106,888,988</u>

Note 1

In the last ten years, the net position of governmental activities increased by approximately 98 percent \$47,011,000. This increase is broken down as follows: Capital Assets less related debt increased by \$32,228,000. Restricted assets grew \$15,994,000 while the Unrestricted fell by (\$1,211,000) for a net gain of \$14,783,000.

During the same time frame (ten years), the net position of the business-type activities have increased by 9 percent or \$3,426,000. This increase is broken down as follows: Capital Assets less related debt increased by \$3,441,000. Restricted assets grew \$6,381,000 while the Unrestricted fell by \$6,396,000 for a net loss of \$15,000.

Note 1: GASB 68 adopted (defined benefit pension reporting)

Note 2: GASB 75 adopted (post-employment benefit reporting)

Note 3: GASB 87 adopted (lease reporting)

Source: City of Newport 2013-2022 Annual Financial Reports

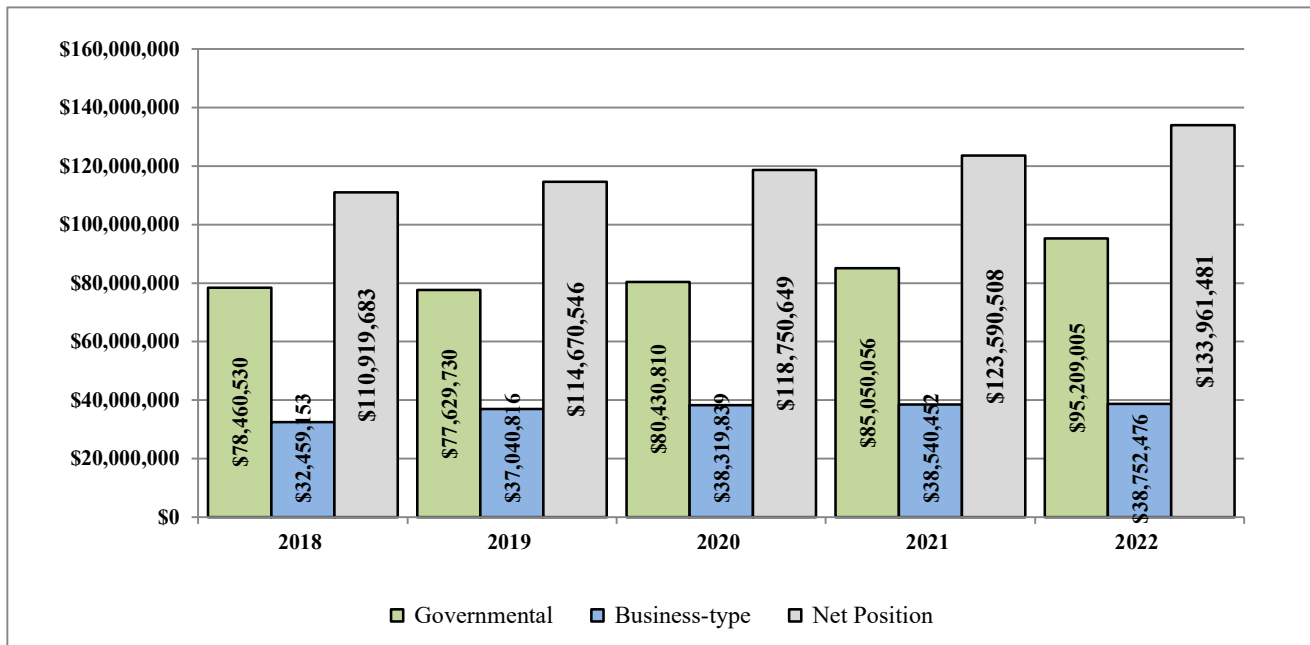
Schedule 1
CITY OF NEWPORT, OREGON
NET POSITION BY COMPONENT, continued
 Last Ten Fiscal Years
 (accrual basis of accounting)

2018	2019	2020	2021	2022	
					Governmental Activities
\$ 61,363,627	\$ 61,753,931	\$ 64,567,300	\$ 67,056,257	\$ 69,303,793	Net investment in capital assets
16,131,218	17,622,044	11,819,747	12,194,072	17,892,449	Restricted
965,685	(1,746,245)	4,043,763	5,799,727	8,012,763	Unrestricted
<u>78,460,530</u>	<u>77,629,730</u>	<u>80,430,810</u>	<u>85,050,056</u>	<u>95,209,005</u>	Total governmental activities net position
					Business-type activities
\$ 32,912,784	\$ 35,237,692	\$ 41,614,582	\$ 42,154,618	\$ 36,602,565	Net investment in capital assets
1,305,902	1,873,545	2,800,428	2,883,876	7,449,999	Restricted
(1,759,533)	(70,421)	(6,095,171)	(6,498,042)	(5,300,088)	Unrestricted
<u>32,459,153</u>	<u>37,040,816</u>	<u>38,319,839</u>	<u>38,540,452</u>	<u>38,752,476</u>	Total business-type activities net position
					Total City of Newport
94,276,411	96,991,623	106,181,882	109,210,875	105,906,358	Net investment in capital assets
17,437,120	19,495,589	14,620,175	15,077,948	25,342,448	Restricted
(793,848)	(1,816,666)	(2,051,408)	(698,315)	2,712,675	Unrestricted
<u>\$ 110,919,683</u>	<u>\$ 114,670,546</u>	<u>\$ 118,750,649</u>	<u>\$ 123,590,508</u>	<u>\$ 133,961,481</u>	Total net position

Note 2

Note 3

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)

	2013	2014	2015	2016	2017
Expenses					
Governmental activities:					
General government	2,524,975	2,620,714	5,446,621	6,271,284	6,708,369
Public safety	5,409,033	6,013,687	5,185,741	7,122,338	6,475,521
Highways and streets (public works)	1,398,550	1,530,448	1,905,912	1,391,446	1,694,645
Economic development	2,022,285	1,815,605	-	-	-
Culture and recreation	2,162,587	2,265,394	2,600,685	2,680,451	2,941,138
Airport operations	2,398,097	795,401	-	-	-
Facilities & Parks	-	704,184	-	-	-
Interest on long-term debt	442,850	411,693	758,037	716,647	641,681
Total governmental activities expenses	<u>16,358,377</u>	<u>16,157,126</u>	<u>15,896,996</u>	<u>18,182,166</u>	<u>18,461,354</u>
Business-type activities					
Water	2,204,937	3,276,390	3,622,964	5,016,453	6,094,409
Sewer	3,688,140	2,834,964	4,334,154	3,383,671	3,456,552
Stormwater	-	-	-	-	-
Capital Projects	-	-	247,936	-	-
Total business-type activities expenses	<u>5,893,077</u>	<u>6,111,354</u>	<u>8,205,054</u>	<u>8,400,124</u>	<u>9,550,961</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General Government (1)	377,993	421,764	3,517,226	2,617,314	2,774,718
Public Safety	-	-	429,024	493,593	388,197
Highways and streets (public works)	85,367	205,010	441,582	435,731	452,828
Economic development	123,842	140,926	-	-	-
Culture and recreation	572,929	585,687	691,150	607,228	799,377
Airport operations	343,298	532,163	-	-	-
Operating grants and contributions	-	-	127,365	188,354	54,964
Capital grants and contributions	2,057,293	2,804,362	5,978,209	1,743,842	3,441,549
Total governmental activities program revenues	<u>3,560,722</u>	<u>4,689,912</u>	<u>11,184,556</u>	<u>6,086,062</u>	<u>7,911,633</u>
Business-type activities					
Water	2,826,126	3,328,473	3,573,859	3,537,147	4,056,102
Sewer	3,215,260	3,813,260	3,841,320	3,831,317	4,029,679
Stormwater	-	-	-	-	-
Total business-type activities program revenues	<u>6,041,386</u>	<u>7,141,733</u>	<u>7,415,179</u>	<u>7,368,464</u>	<u>8,085,781</u>
Total program revenues	<u>9,602,108</u>	<u>11,831,645</u>	<u>18,599,735</u>	<u>13,454,526</u>	<u>15,997,414</u>
General Revenues					
Governmental activities:					
Taxes:					
Property taxes used for general purposes	7,778,988	7,777,047	6,245,760	6,342,098	6,482,576
Property taxes used for debt service	-	-	2,408,623	2,393,393	2,677,775
Transient room taxes used for general purposes	2,419,699	2,964,050	3,167,392	3,569,523	3,743,308
Licenses, Permits & Fees	1,358,095	835,533	724,801	1,421,518	1,350,193
Fines & Forfeitures	179,432	156,070	-	-	-
Motor fuel	-	-	1,308,389	761,637	817,131
Cigarette, liquor, marijuana and const excise tax (CET)	-	-	240,401	274,987	303,930
Other Taxes	1,061,986	1,603,594	-	-	-
Intergovernmental (+grants)	658,707	850,074	-	-	-
Loss on Disposal	(129,986)	-	-	-	-
Unrestricted interest earnings	58,573	217,720	106,880	148,909	201,725
Miscellaneous	1,010,092	675,871	379,998	505,102	391,231
Gain on sale of capital assets	-	-	-	-	1,650,272
Total governmental activities general revenues	<u>14,395,586</u>	<u>15,079,959</u>	<u>14,582,244</u>	<u>15,417,167</u>	<u>17,618,141</u>
Transfers	687,411	229,192	(172,072)	(782,845)	(1,509,294)
Total governmental activities	<u>15,082,997</u>	<u>15,309,151</u>	<u>14,410,172</u>	<u>14,634,322</u>	<u>16,108,847</u>

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

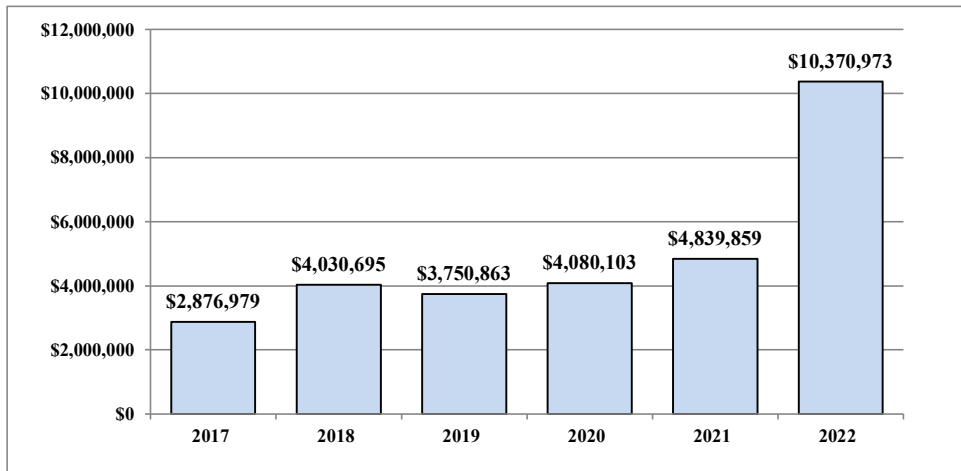
2018	2019	2020	2021	2022	
					Expenses
					Governmental activities:
7,070,473	6,974,042	8,797,823	9,312,659	7,260,423	General government
6,611,040	7,024,000	7,715,840	6,758,875	6,161,819	Public safety
1,858,877	1,737,166	756,036	829,487	1,716,106	Public works
-	-	-	-	-	Economic development
3,872,839	4,136,018	3,453,213	3,105,869	3,896,058	Culture and recreation
-	-	-	-	-	Airport operations
-	-	-	-	-	Facilities & Parks
583,024	614,849	502,835	432,110	332,785	Interest on long-term debt
<u>19,996,253</u>	<u>20,486,075</u>	<u>21,225,747</u>	<u>20,439,000</u>	<u>19,367,191</u>	Total governmental activities expenses
					Business-type activities
7,271,364	6,319,871	8,826,163	8,936,513	4,968,698	Water
2,539,598	4,153,178	11,495,261	5,608,368	7,051,610	Sewer
-	-	2,230,813	849,782	1,108,625	Stormwater
-	-	-	-	-	Capital Projects
<u>9,810,962</u>	<u>10,473,049</u>	<u>22,552,237</u>	<u>15,394,663</u>	<u>13,128,933</u>	Total business-type activities expenses
					Program Revenues
					Governmental activities:
					Charges for services:
2,540,739	1,907,132	2,295,466	2,358,023	2,766,485	General Government (1)
465,808	545,777	336,567	309,448	263,606	Public Safety
463,743	1,082,894	220,060	284,630	-	Highways and streets (public works)
-	-	-	-	-	Economic development
836,585	854,680	1,166,184	1,183,586	852,627	Culture and recreation
-	-	-	-	-	Airport operations
816,211	789,799	1,011,200	1,046,120	2,549,596	Operating grants and contributions
1,941,312	1,333,493	82,678	34,716	2,586,959	Capital grants and contributions
<u>7,064,398</u>	<u>6,513,775</u>	<u>5,112,155</u>	<u>5,216,523</u>	<u>9,019,273</u>	Total governmental activities program revenues
					Business-type activities
4,455,924	4,327,951	7,869,378	6,489,606	4,372,465	Water
4,066,006	4,242,558	13,443,236	6,347,619	4,572,868	Sewer
-	-	1,034,954	1,328,165	1,019,359	Stormwater
<u>8,521,930</u>	<u>8,570,509</u>	<u>22,347,568</u>	<u>14,165,390</u>	<u>9,964,692</u>	Total business-type activities program revenues
<u>15,586,328</u>	<u>15,084,284</u>	<u>27,459,723</u>	<u>19,381,913</u>	<u>18,983,965</u>	Total program revenues
					General Revenues
					Governmental activities:
					Taxes:
6,629,032	6,822,818	8,573,616	9,177,229	9,933,802	Property taxes used for general purposes
3,038,201	3,358,110	2,076,870	2,090,303	1,940,111	Property taxes used for debt service
4,248,219	4,402,983	3,743,320	4,993,876	6,666,570	Transient room taxes used for general purposes
1,259,130	1,325,445	1,434,629	1,426,122	1,670,419	Franchise fees
-	-	-	-	-	Fines & Forfeitures
166,966	190,099	870,500	974,226	-	Motor fuel
550,546	536,675	692,108	790,287	-	Cigarette, liquor, marijuana and const excise tax (CE)
-	-	-	-	998,891	Other Taxes
-	-	-	-	-	Intergovernmental (+grants)
-	-	-	-	-	Loss on Disposal
290,164	585,896	384,856	146,477	153,673	Unrestricted interest earnings
287,475	365,973	275,991	192,559	371,642	Miscellaneous
-	-	-	-	-	Gain on sale of capital assets
<u>16,469,733</u>	<u>17,587,999</u>	<u>18,051,890</u>	<u>19,791,079</u>	<u>21,735,108</u>	Total governmental activities general revenues
6,638,046	(1,198,499)	862,782	50,644	(1,084,691)	Transfers
<u>23,107,779</u>	<u>16,389,500</u>	<u>18,914,672</u>	<u>19,841,723</u>	<u>20,650,417</u>	Total governmental activities

continued pages 145-146

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

	2013	2014	2015	2016	2017
General Revenues, continued					
Business-type activities					
Property taxes used for debt service	1,633,558	1,823,865	1,928,761	1,783,433	1,902,502
Unrestricted investment earnings	20,056	10,623	67,944	49,845	82,773
Miscellaneous	-	-	376,389	-	-
Total business-type activities general revenues	1,653,614	1,834,488	2,373,094	1,833,278	1,985,275
Transfers	(687,411)	(229,192)	172,072	782,845	1,509,294
Total business-type activities	966,203	1,605,296	2,545,166	2,616,123	3,494,569
Change in Net Position					
Governmental activities	2,285,342	3,841,937	9,697,732	2,538,222	5,559,126
Business-type activities	1,114,512	2,635,675	1,755,291	1,584,463	2,029,389
Total Change in net position	3,399,854	6,477,612	11,453,023	4,122,685	7,588,515
Net position - beginning, as restated	80,124,330	83,524,184	90,001,796	99,674,538	104,012,009
Prior period adjustments	-	-	(1,780,281)	214,786	(4,711,536)
Net position - ending	\$ 83,524,184	\$ 90,001,796	\$ 99,674,538	\$104,012,009	\$106,888,988

Change in Net Position
last five years



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

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

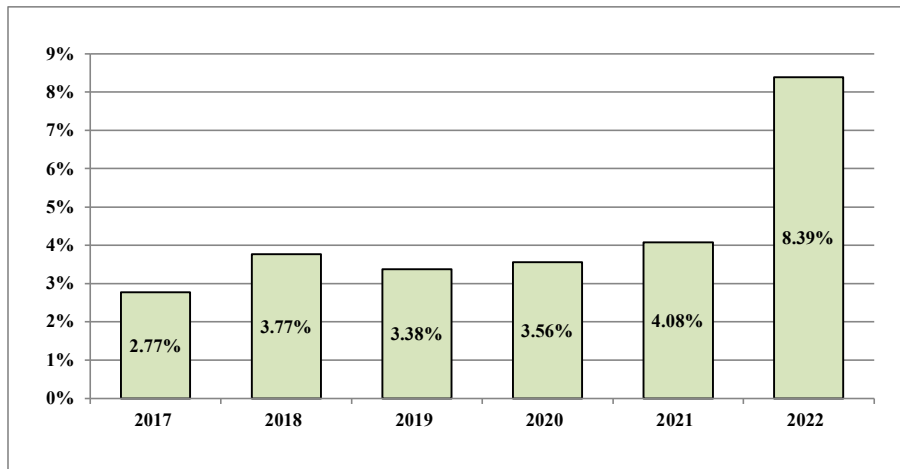
Source: City of Newport 2013-2022 Annual Financial Reports

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

2018	2019	2020	2021	2022	
					General Revenues, continued
					Business-type activities
1,745,661	1,749,192	1,970,103	2,168,090	2,209,388	Property taxes used for debt service
111,477	116,536	296,819	88,293	62,368	Unrestricted investment earnings
-	-	79,552	60,234	69,012	Miscellaneous
1,857,138	1,865,728	2,346,474	2,316,617	2,340,768	Total business-type activities general revenues
(6,638,046)	1,198,499	(862,782)	(50,644)	1,084,691	Transfers
(4,780,908)	3,064,227	1,483,692	2,265,973	3,425,459	Total business-type activities
					Change in Net Position
10,175,924	2,417,200	2,801,080	4,619,246	10,302,499	Governmental activities
(6,069,940)	1,161,687	1,279,023	1,036,700	261,218	Business-type activities
4,105,984	3,578,887	4,080,103	5,655,946	10,563,717	Total Change in net position
106,888,988	110,919,683	114,670,546	118,750,649	123,812,607	Net position - beginning, as restated
(75,289)	171,976	-	(816,087)	(414,843)	Prior period adjustments
<u>\$110,919,683</u>	<u>\$114,670,546</u>	<u>\$118,750,649</u>	<u>\$123,590,508</u>	<u>\$133,961,481</u>	Net position - ending

Note 2

Year to Year Percentage Change in Net Position
 last five years

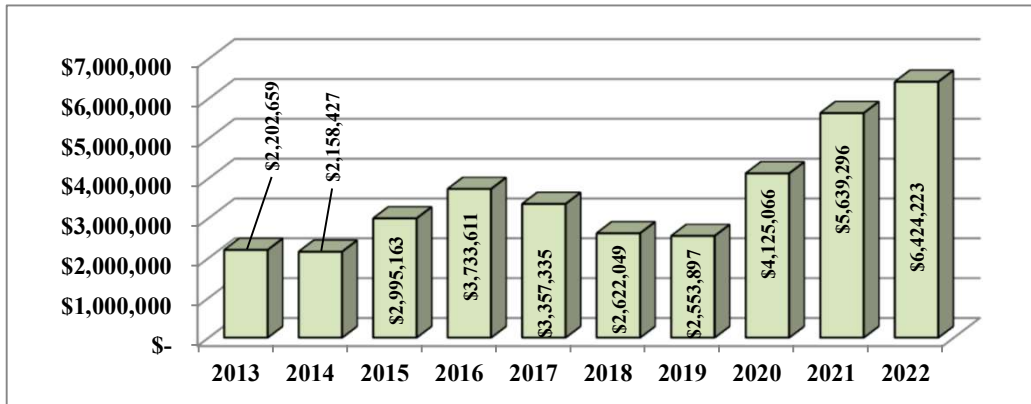


Schedule 3
CITY OF NEWPORT, OREGON
FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years (1)
 (modified accrual basis of accounting)

	2013	2014	2015	2016	2017
General Fund					
Nonspendable	\$ 6,404	\$ 7,713	\$ 111	\$ 1,002	\$ -
Committed	-	-	176,067	-	-
Unassigned	2,196,255	2,150,714	2,818,985	3,732,609	3,357,335
Total General Fund	<u>2,202,659</u>	<u>2,158,427</u>	<u>2,995,163</u>	<u>3,733,611</u>	<u>3,357,335</u>
All other governmental funds					
Nonspendable	33,328	17,949	65,900	8,127	16,391
Restricted	1,897,970	791,582	18,367,842	12,316,651	9,635,599
Committed	4,482,182	5,440,021	4,076,374	2,333,999	2,564,502
Assigned	2,542,406	11,774,636	-	-	1,347,435
Unassigned	(2,510)	320,212	-	-	(9,017)
Total all other governmental funds	<u>8,953,376</u>	<u>18,344,400</u>	<u>22,510,116</u>	<u>14,658,777</u>	<u>13,554,910</u>
Total fund balances of governmental funds	<u>\$ 11,156,035</u>	<u>\$ 20,502,827</u>	<u>\$ 25,505,279</u>	<u>\$ 18,392,388</u>	<u>\$ 16,912,245</u>

General Fund Unassigned Fund Balance

Last Ten Fiscal Years



Source: City of Newport 2013-2022 Annual Financial Reports

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

2018	2019	2020	2021	2022	
\$ 3,746	\$ 18,861	\$ 7,888	\$ 50,010	\$ 41,595	General Fund
-	-	-	-	-	Nonspendable
2,618,303	2,535,036	4,117,178	5,589,286	6,382,628	Committed
2,622,049	2,553,897	4,125,066	5,639,296	6,424,223	Unassigned
					Total General Fund
					All other governmental funds
3,271	21,533	84,056	111,564	139,184	Nonspendable
15,857,053	17,494,059	12,755,625	13,123,615	17,626,456	Restricted
1,482,887	1,295,160	1,168,074	1,715,105	2,008,547	Committed
1,362,885	1,779,369	2,665,961	2,959,942	4,698,682	Assigned
(9,477)	-	(37,768)	(3,518)	-	Unassigned
18,696,619	20,590,121	16,635,948	17,906,708	24,472,869	Total all other governmental funds
<u>\$ 21,318,668</u>	<u>\$ 23,144,018</u>	<u>\$ 20,761,014</u>	<u>\$ 23,546,004</u>	<u>\$ 30,897,092</u>	Total fund balances of governmental funds

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

Last Ten Fiscal Years

Fiscal Year	Fund Balance	% Change
2013	\$ 11,156,035	-
2014	20,502,827	83.78%
2015	25,505,279	24.40%
2016	18,392,388	-27.89%
2017	16,912,245	-8.05%
2018	21,318,668	26.05%
2019	23,144,018	8.56%
2020	20,761,014	-10.30%
2021	23,546,004	13.41%
2022	30,897,092	31.22%

The total governmental unassigned fund balance has increased by 176.95 percent over the last ten years. The average change in percent over the the ten years is a 16 percent growth.

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

	2013	2014	2015	2016	2017
Revenues					
Taxes	\$ 11,306,092	\$ 12,234,880	\$ 11,757,609	\$ 12,607,792	\$ 12,927,595
Franchise fees, privilege taxes, licenses, and permits	2,572,998	1,722,388	1,676,410	1,441,951	1,560,734
Intergovernmental	4,476,545	3,854,436	7,279,349	2,627,484	4,480,147
Charges for services		1,572,840	4,019,705	3,896,832	3,928,927
Fines and forfeitures	179,432	156,070	164,816	117,404	128,048
Leases & rents	171,166	153,240	-	-	-
System development charges	-	-	-	-	-
Interest on investments	58,573	217,720	106,880	148,909	201,725
Miscellaneous	1,127,451	1,521,326	495,178	639,290	562,370
Total revenues	<u>19,892,257</u>	<u>21,432,900</u>	<u>25,499,947</u>	<u>21,479,662</u>	<u>23,789,546</u>
Expenditures					
General government	2,487,057	2,379,674	5,471,035	6,345,215	6,499,792
Public safety	5,327,804	5,395,473	4,935,829	5,339,330	5,616,027
Highways and streets (public works)	1,569,827	1,428,723	1,396,889	873,861	1,038,748
Culture and recreation	2,131,145	2,097,976	2,252,354	2,329,955	2,627,593
Economic development	2,014,640	1,653,453	-	-	-
Facilities & Parks	-	704,184	-	-	-
Airport Operations	2,446,628	848,953	-	-	-
Materials & Services	245,809	96,853	-	-	-
Debt service	1,868,440	1,752,501	-	-	-
Principal	-	-	1,274,980	1,582,639	2,984,432
Interest	-	-	758,037	761,502	679,509
Capital outlay	1,356,925	4,578,983	9,652,113	11,318,251	8,984,654
Total expenditures	<u>19,448,275</u>	<u>20,936,773</u>	<u>25,741,237</u>	<u>28,550,753</u>	<u>28,430,755</u>
Excess (deficiency) of revenues over (under) expenditures	<u>443,982</u>	<u>496,127</u>	<u>(241,290)</u>	<u>(7,071,091)</u>	<u>(4,641,209)</u>
Other financing sources (uses)					
Debt issuance	-	8,239,500	5,456,000	-	1,548,404
Proceeds from sale of capital assets	-	-	-	-	1,657,500
Premium on debt issuance	260,000	381,973	-	-	-
Transfers in	4,136,449	5,076,982	5,525,894	4,103,145	6,003,534
Lease proceeds	-	-	-	-	-
Transfers out	(3,449,038)	(4,847,790)	(5,697,966)	(3,961,468)	(6,048,372)
Total other financing sources (uses)	<u>947,411</u>	<u>8,850,665</u>	<u>5,283,928</u>	<u>141,677</u>	<u>3,161,066</u>
Prior period adjustments	-	-	(40,186)	(183,477)	-
Net change in fund balances	<u>\$ 1,391,393</u>	<u>\$ 9,346,792</u>	<u>\$ 5,002,452</u>	<u>\$ (7,112,891)</u>	<u>\$ (1,480,143)</u>

Ratio of Total Debt Service Expenditures to Total Noncapital Expenditures

Total debt service expenditures	\$ 1,868,440	\$ 1,752,501	\$ -	\$ 2,344,141	\$ 3,663,941
Total noncapital expenditures	<u>18,091,350</u>	<u>16,357,790</u>	<u>16,089,124</u>	<u>17,232,502</u>	<u>19,446,101</u>
Ratio of total debt service expenditures less refundings to total noncapital expenditures	<u>10.33%</u>	<u>10.71%</u>	<u>0.00%</u>	<u>13.60%</u>	<u>18.84%</u>

Source: City of Newport 2013-2022 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)

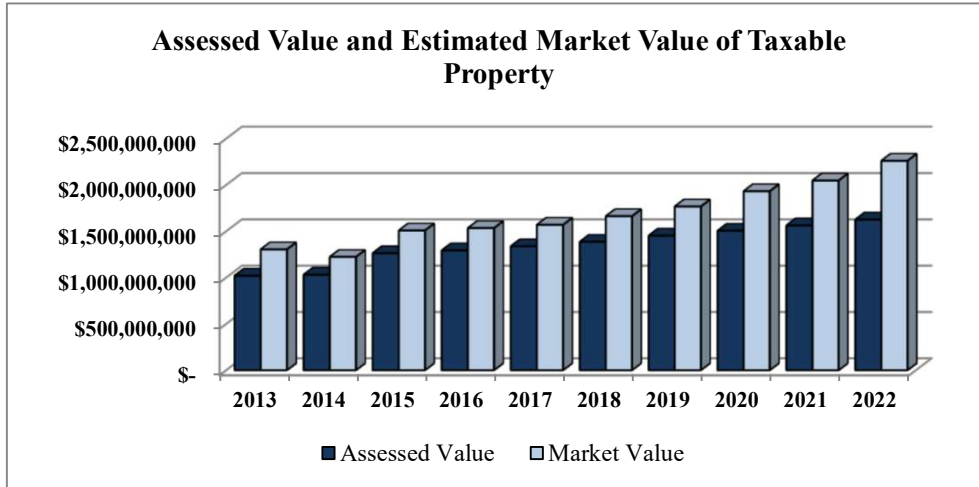
2018	2019	2020	2021	2022	
\$ 14,327,621	\$ 14,883,660	\$ 14,731,874	\$ 16,700,277	\$ 19,027,722	Revenues
					Taxes
1,496,719	1,576,701	1,839,736	1,850,692	1,902,279	Franchise fees, privilege taxes, licenses, and permits
3,258,664	2,399,402	2,905,961	2,651,968	5,513,999	Intergovernmental
4,088,450	4,649,068	2,715,811	2,625,180	3,017,512	Charges for services
114,747	128,525	150,209	129,867	174,491	Fines and forfeitures
-	-	-	-	-	Leases & rents
-	-	-	-	475,190	System development charges
287,572	582,067	380,280	142,675	149,817	Interest on investments
454,365	480,612	256,286	192,415	399,770	Miscellaneous
<u>24,028,138</u>	<u>24,700,035</u>	<u>22,980,157</u>	<u>24,293,074</u>	<u>30,660,780</u>	Total revenues
					Expenditures
6,218,707	5,680,845	6,067,872	4,806,118	6,075,984	General government
6,033,231	6,273,966	6,528,173	6,011,154	6,329,104	Public safety
1,034,352	912,425	503,594	486,222	553,396	Highways and streets (public works)
3,018,475	3,070,872	2,806,195	2,079,283	2,592,122	Culture and recreation
-	-	-	-	-	Economic development
-	-	-	-	-	Facilities & Parks
-	-	-	-	-	Airport Operations
-	-	-	-	-	Materials & Services
-	-	-	-	-	Debt service
1,745,000	2,120,000	1,664,500	1,740,500	1,680,171	Principal
624,442	649,128	501,528	438,398	377,422	Interest
5,944,630	3,108,644	3,215,274	4,222,198	3,023,971	Capital outlay
<u>24,618,837</u>	<u>21,815,880</u>	<u>21,287,136</u>	<u>19,783,873</u>	<u>20,632,170</u>	Total expenditures
(590,699)	2,884,155	1,693,021	4,509,201	10,028,610	Excess (deficiency) of revenues over (under) expenditures
					Other financing sources (uses)
6,849,577	277,500	-	-	-	Debt issuance
-	-	-	-	-	Proceeds from sale of capital assets
-	-	-	-	-	Premium on debt issuance
7,276,372	5,631,722	7,844,765	4,991,776	7,400,235	Transfers in
-	-	-	-	181,060	Lease proceeds
(9,128,827)	(6,968,027)	(11,920,790)	(6,715,987)	(9,908,131)	Transfers out
4,997,122	(1,058,805)	(4,076,025)	(1,724,211)	(2,326,836)	Total other financing sources (uses)
-	-	-	-	(350,686)	Prior period adjustments
<u>\$ 4,406,423</u>	<u>\$ 1,825,350</u>	<u>\$ (2,383,004)</u>	<u>\$ 2,784,990</u>	<u>\$ 7,351,088</u>	Net change in fund balances
\$ 2,369,442	\$ 2,769,128	\$ 2,166,028	\$ 2,178,898	\$ 2,057,593	Total debt service expenditures
18,674,207	18,707,236	18,071,862	15,561,675	17,608,199	Total noncapital expenditures
<u>12.69%</u>	<u>14.80%</u>	<u>11.99%</u>	<u>14.00%</u>	<u>11.69%</u>	Ratio of total debt service expenditures less refundings to total noncapital expenditures

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

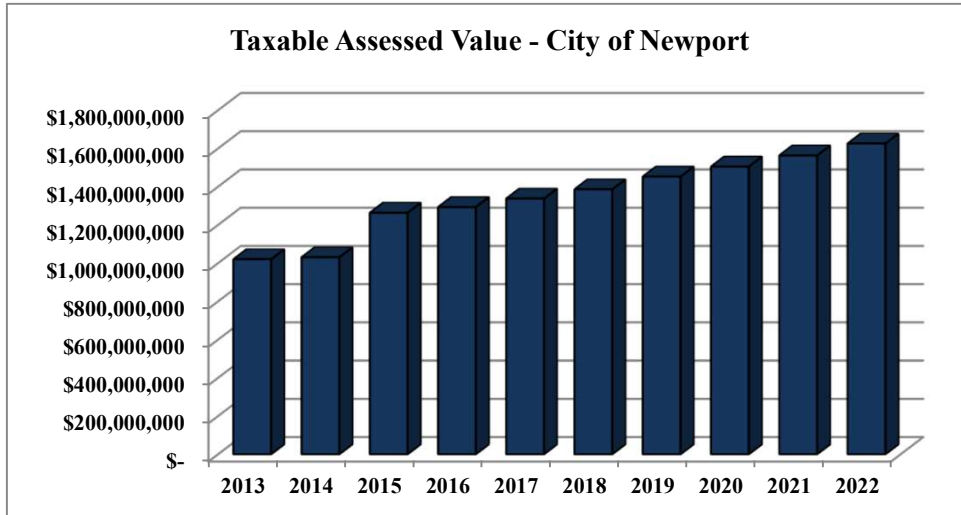
Fiscal Year Ended June 30,	Taxable Assessed Value	Direct Tax Rate Per \$1,000 of Assessed Value	Urban Renewal District Assessed Value	Total Assessed Value	Estimated Market Value	Assessed Value as a % of Market Value
2013	1,019,889,985	5.5938	135,451,937	1,155,341,922	1,304,161,493	88.59%
2014	1,030,390,405	5.5938	135,875,197	1,166,265,602	1,222,412,409	95.41%
2015	1,263,033,051	5.5938	136,869,617	1,399,902,668	1,508,268,831	92.82%
2016	1,292,794,735	5.5938	138,719,427	1,431,514,162	1,533,699,076	93.34%
2017	1,337,383,961	5.5938	162,028,890	1,499,412,851	1,569,196,193	95.55%
2018	1,385,786,447	5.5938	180,183,069	1,565,969,516	1,662,018,005	94.22%
2019	1,452,221,107	5.5938	207,584,349	1,659,805,456	1,766,719,111	93.95%
2020	1,504,939,337	5.5938	219,494,051	1,724,433,388	1,931,905,479	89.26%
2021	1,563,166,867	5.5938	259,618,108	1,822,784,975	2,047,158,163	89.04%
2022	1,625,399,477	5.5938	257,637,331	1,883,036,808	2,260,563,647	83.30%

Source: Lincoln County Tax Assessor

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



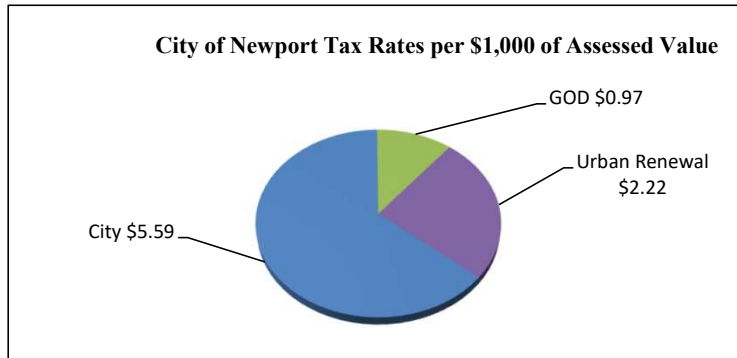
The "gap" between the market value and the assessed value is important to note. Oregon statutes allow the assessed value on a single piece of property to rise no more than three percent annually up to the market value, where the assessed value is capped. Currently, the assessed value is 83.3 percent of market value. Current economic conditions will have an effect on the market value of properties, but the extent of the effect is not known at this time.



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

City of Newport Direct Rates

Fiscal Year Ended June 30,	Basic Rate	General Obligation Debt Service	Total Before Urban Renewal	Newport Urban Renewal	Total Direct Rate
2013	5.59	1.39	6.98	1.24	8.22
2014	5.59	1.54	7.14	1.24	8.37
2015	5.59	1.91	7.51	1.22	8.72
2016	5.59	1.82	7.41	1.31	8.72
2017	5.59	1.81	7.41	1.66	9.07
2018	5.59	1.72	7.31	1.76	9.07
2019	5.59	1.61	7.20	1.90	9.10
2020	5.59	0.94	6.53	2.03	8.56
2021	5.59	1.01	6.60	2.17	8.77
2022	5.59	0.97	6.56	2.22	8.78



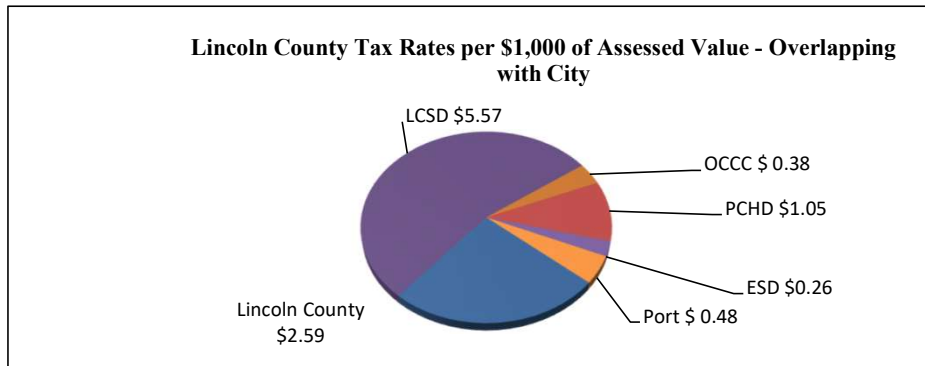
(1) - Rate per \$1,000 of assessed value City = City of Newport
 GOD = General Obligation Debt

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	5.67	0.41	0.36	0.30	0.53	18.49
3.21	5.68	0.35	0.36	0.30	0.63	18.91
3.21	5.64	0.46	0.36	0.30	0.61	19.30
3.21	5.64	0.44	0.36	0.30	0.61	19.29
3.21	5.64	0.44	1.23	0.30	0.59	20.47
3.21	5.62	0.43	1.21	0.30	0.57	20.41
3.18	5.62	0.39	1.12	0.26	0.31	19.99
2.63	4.85	0.37	1.09	0.26	0.43	18.18
2.60	4.92	0.39	1.09	0.26	0.42	18.44
2.59	5.57	0.38	1.05	0.26	0.48	19.11



LCS = 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 2022 and 2013

Taxpayer	2022		% of		2013		% of	
	Taxable Assessed Value	Rank	Total Taxable Assessed Value		Taxable Assessed Value	Rank	Total Taxable Assessed Value	
Northwest Natural Gas Company	\$ 42,221,000	1	2.60%		\$ 72,556,700	1	7.11%	
Central Lincoln PUD	31,153,000	2	1.92%		64,137,900	2	6.29%	
Hallmark Inns and Resorts	22,716,430	3	1.40%		8,764,980	7	0.86%	
Fred Meyer Stores/Kroger Co.	17,717,680	4	1.09%		10,804,660	5	1.06%	
Shilo Inns	14,689,170	5	0.90%		15,649,500	3	1.53%	
Wal Mart Real Estate	12,901,720	6	0.79%		14,270,700	4	1.40%	
Charter Communications	12,185,000	7	0.75%		6,316,880	10	0.62%	
Oregon Brewing Co.	12,177,520	8	0.75%		-	0	0.00%	
RV Agate Beach	11,064,050	9	0.68%		-	0	0.00%	
King Hoof LLC & Coast Hwy LLC	9,757,090	10	0.60%		-	0	0.00%	
Port of Newport	-		0.00%		8,109,070	6	0.80%	
EY Inc. and E W & J B Inc.	-		0.00%		6,967,860	8	0.68%	
SPM Little Creek LLC	-		0.00%		6,483,030	9	0.64%	
Total	\$ 186,582,660		11.48%		\$ 214,061,280		20.99%	
Total taxable assessed value, all properties	<u>\$ 1,625,399,477</u>				<u>\$ 1,019,889,985</u>			

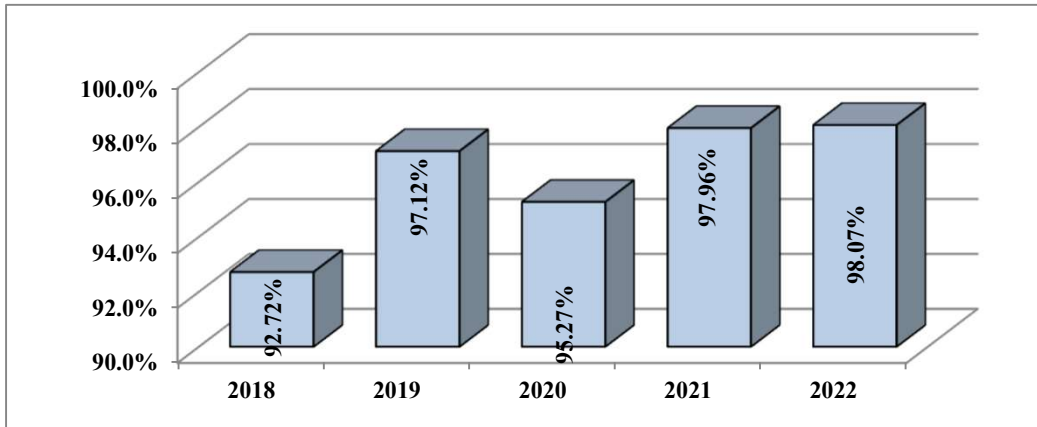
The above Total Taxable percentage of the Top Ten Taxpayers is normally graphed. However the information will be accumulated yearly, until 10 years are reported.

Source: Lincoln County Tax Assessors

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

Fiscal Year Ended June 30,	Tax Levy as Extended by the Assessor (1)	Collected within the Fiscal Year of the Levy	Percentage Collected	Collections In Subsequent Years	Total Collections to Date	Percentage of Levy as Extended
2015	\$ 10,567,908	\$ 9,751,502	92.27%	\$ 432,387	\$ 10,183,889	96.37%
2016	10,743,889	9,927,597	92.40%	487,728	10,415,325	96.94%
2017	11,289,267	10,493,168	92.95%	472,582	10,965,750	97.13%
2018	11,682,522	10,831,481	92.72%	465,102	11,296,583	96.70%
2019	12,259,650	11,906,854	97.12%	520,334	12,427,188	101.37%
2020	12,929,064	12,317,791	95.27%	377,089	12,694,880	98.19%
2021	13,717,759	13,437,555	97.96%	375,227	13,812,782	100.69%
2022	14,312,388	14,036,810	98.07%	-	14,036,810	98.07%

Percentage of Taxes Collected in the Year Assessed



The City has chosen to calculate the property tax collection rate based on the gross amount of the levy as extended by the Lincoln County Assessors. The resulting rate is a lower percentage, but for comparative purposes it can be applied to future years' levies without having to estimate discounts and adjustments. This method of calculating the collection rate is the same one used for the budget. In past annual reports the collection percentage was based on a net levy, which included discounts and adjustments. Using the new method, the five-year average first-year collection rate is 96.23 percent of the levy as extended by the assessors.

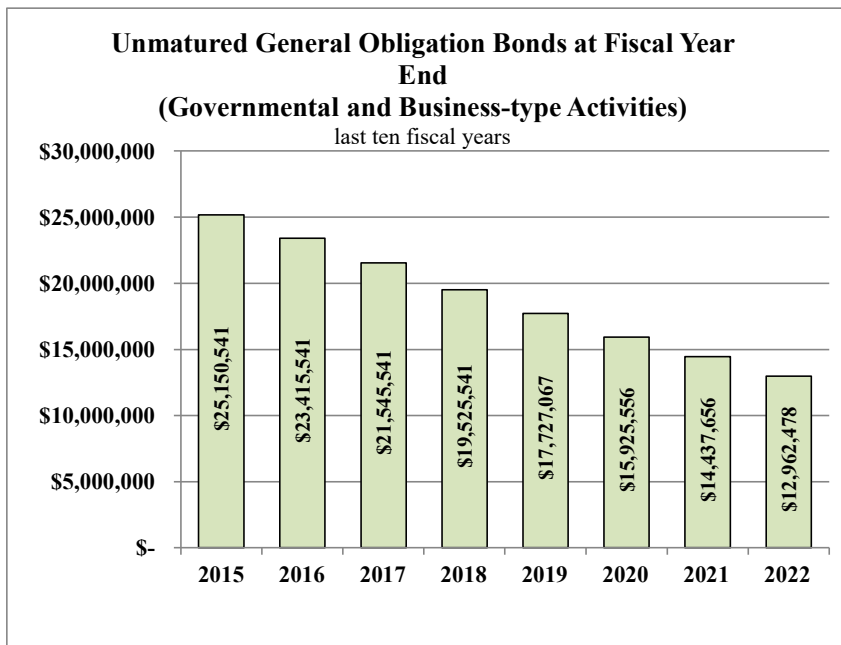
There are three ways in which property tax revenue can be adversely affected by a slowdown in the economy: 1) market value falls below assessed value; 2) assessed value falls; and 3) the rate of tax collection falls. Because of the healthy gap between market values and assessed values, there would be 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 2022-23 revenues. The tax collection rate will also be a factor in the preparation of the 2023-24 budget.

Sources: Lincoln County Tax Assessor

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

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

Fiscal Year Ended June 30,	GOVERNMENTAL ACTIVITIES				
	General	Urban			Leases
	Obligation Bonds	Revenue Bonds	Renewal (UR) TIF Bonds (1)	Notes Payable	
2015	\$ 7,850,000	\$1,270,000	\$ 11,820,000	\$ 226,776	\$ 57,778
2016	7,655,000	995,000	10,721,000	213,132	24,694
2017	7,440,000	715,000	9,559,000	-	-
2018	7,200,000	420,000	8,349,000	-	-
2019	7,216,476	392,500	7,187,167	-	-
2020	6,902,377	317,000	5,873,529	-	289,794
2021	6,563,282	241,500	4,513,874	-	222,099
2022	6,199,184	133,329	3,262,250	-	456,781



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.

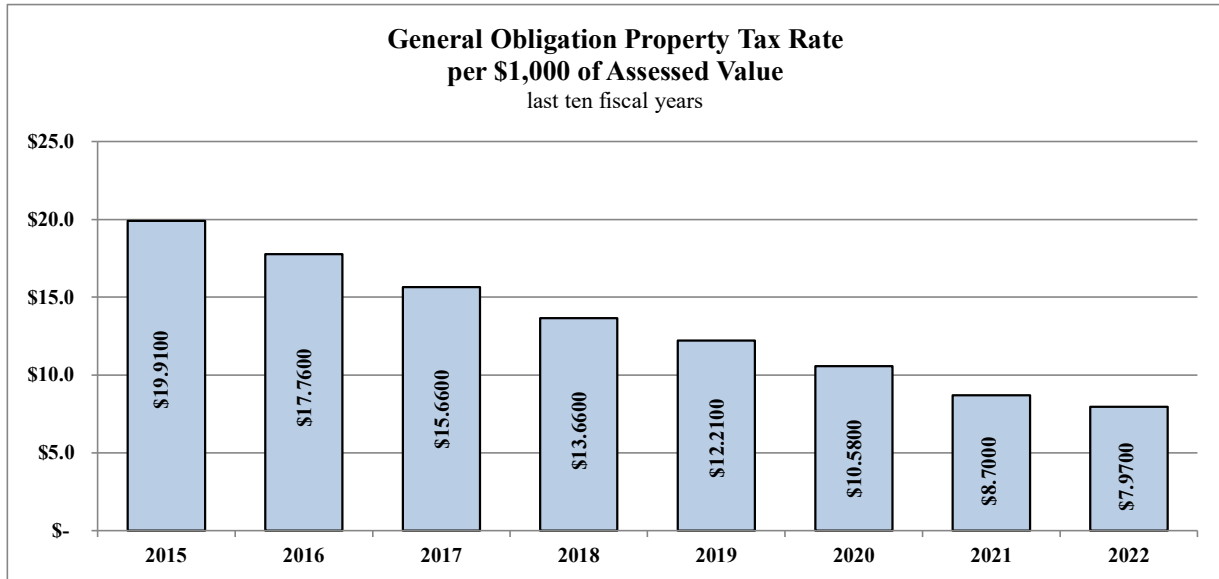
(1) TIF-Tax Increment Financing

(2) Includes \$21,566,513.00 State of Oregon Revolving Fund loan for Water and Wastewater projects

Source: City of Newport 2013-2022 Annual Financial Reports

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

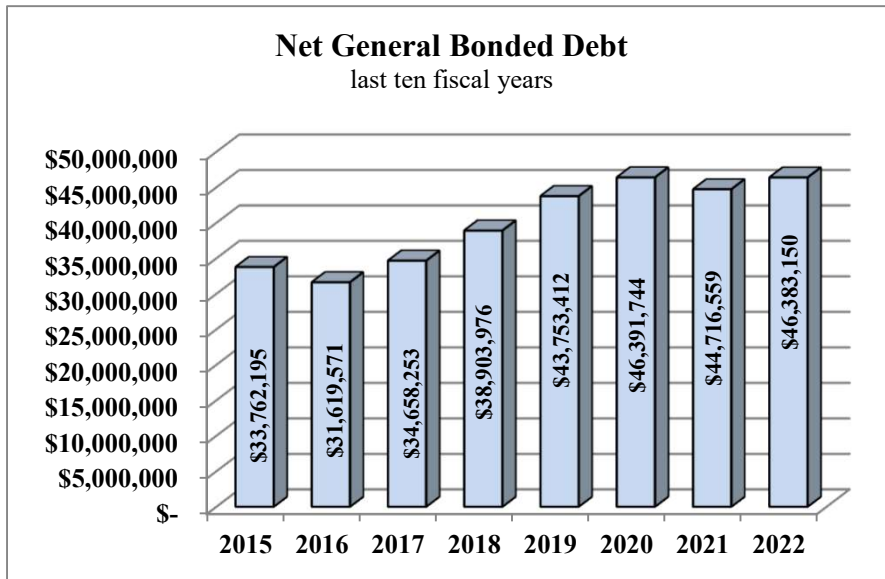
BUSINESS-TYPE ACTIVITIES						Total Outstanding Debt	% of Personal Income	Debt per Capita
General Obligation Bonds	Water Revenue Bonds (2)	Sewer Revenue Bonds (2)	Stormwater Revenue Bonds	Notes Payable	Leases			
\$ 17,300,541	\$ 6,412,987	\$ 3,560,000	\$ -	\$ 794,505	\$ -	49,292,587		
15,760,541	7,300,213	3,135,000	-	767,888	-	\$ 46,572,468	24.20	1,155
14,105,541	9,286,091	3,129,104	-	739,941	-	44,974,677	22.16	1,063
12,325,541	9,506,606	6,275,681	3,248,000	710,789	-	48,035,617	22.21	1,071
10,510,591	8,843,892	14,673,029	2,958,000	680,378	-	52,462,033	23.42	1,130
9,023,179	7,781,433	20,433,757	2,667,000	648,552	-	53,936,621	22.58	1,138
7,874,374	7,061,743	21,440,596	2,367,000	615,252	-	50,899,720	19.07	970
6,763,294	10,872,530	21,843,830	2,058,000	580,417	157,895	52,327,510	n/a	n/a



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

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

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



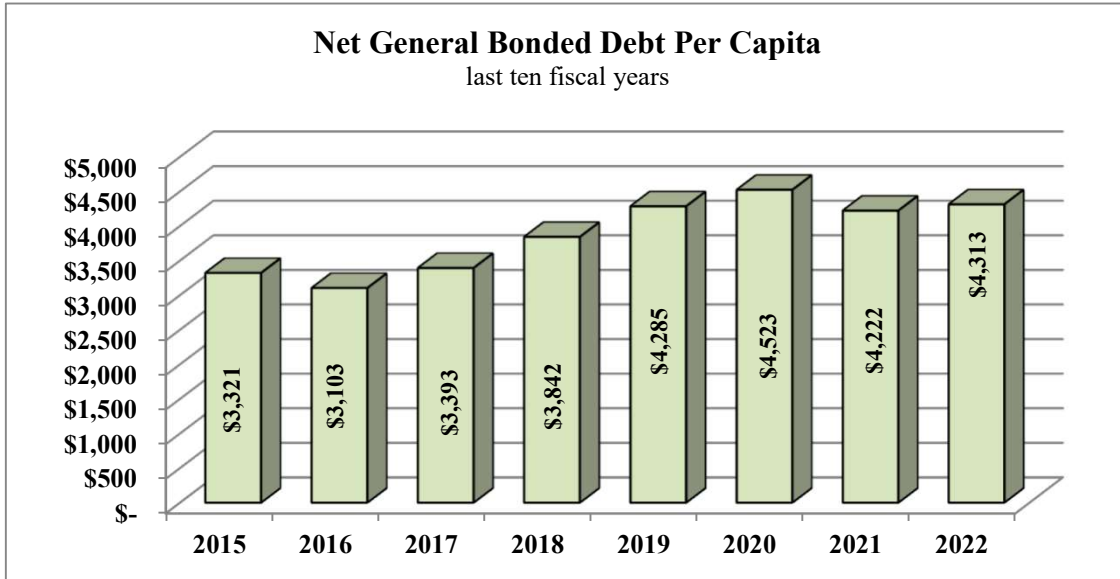
(1) General bonded debt includes general obligation bonds and other bonded debt financed with any general governmental resources.

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

Source: City of Newport 2013-2022 Annual Financial Reports

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

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

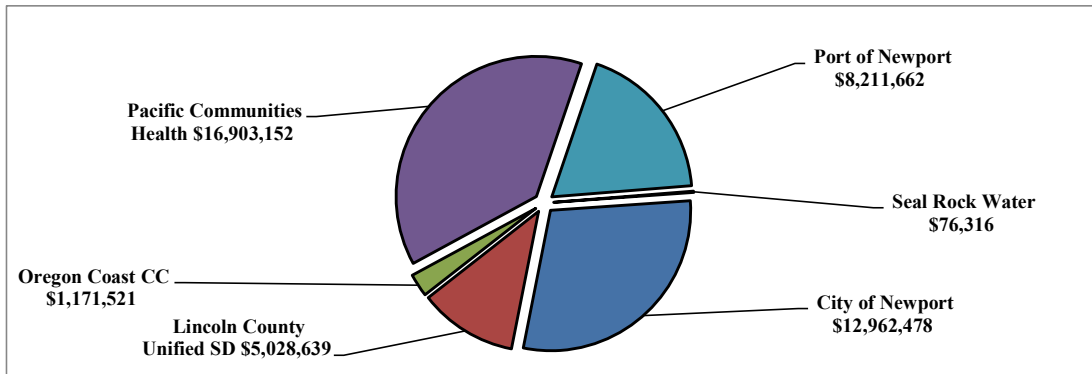




Schedule 11
CITY OF NEWPORT, OREGON
COMPUTATION OF DIRECT AND OVERLAPPING DEBT (1)
as of June 30, 2022

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)	\$ 12,962,478	100.00%	\$ 12,962,478
OVERLAPPING DEBT			
Lincoln County Unified School District	25,410,000	19.79%	5,028,639
Oregon Coast Community College	5,890,000	19.89%	1,171,521
Pacific Communities Health District	42,945,000	39.36%	16,903,152
Port of Newport	11,235,000	73.09%	8,211,662
Seal Rock Water District	5,156,473	1.48%	76,316
<u>Total overlapping debt</u>	<u>90,636,473</u>		<u>31,391,290</u>
<u>Total direct and overlapping debt</u>	<u>\$ 103,598,951</u>		<u>\$ 44,353,768</u>

Direct and Overlapping Debt Applicable to the City of Newport



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

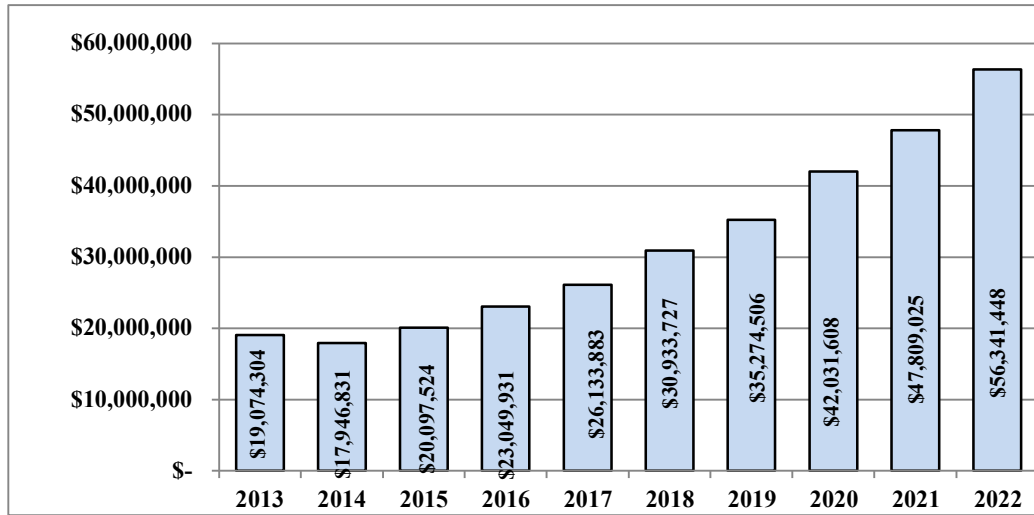
(2) City of Newport net outstanding debt

2013 Aquatic Center GO Bonds	\$ 6,199,184
2009 A&B Water GO Bonds	6,763,294
Total City of Newport net outstanding debt - bonded	<u>12,962,478</u>

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

	2013	2014	2015	2016
Debt limitation	\$ 39,124,845	\$ 36,672,372	\$ 45,248,065	\$ 46,010,972
Total net debt applicable to limitation	20,050,541	18,725,541	25,150,541	22,961,041
Legal debt margin	<u>\$ 19,074,304</u>	<u>\$ 17,946,831</u>	<u>\$ 20,097,524</u>	<u>\$ 23,049,931</u>
Ratio of net debt applicable to the debt limitation	<u>51.25%</u>	<u>51.06%</u>	<u>55.58%</u>	<u>49.90%</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

2017	2018	2019	2020	2021	2022	
\$ 47,075,886	\$ 49,860,540	\$ 53,001,573	\$ 57,957,164	\$ 61,414,745	\$ 67,816,909	Debt limitation
20,942,003	18,926,813	17,727,067	15,925,556	13,605,720	11,475,461	Total net debt applicable to limitation
<u>\$ 26,133,883</u>	<u>\$ 30,933,727</u>	<u>\$ 35,274,506</u>	<u>\$ 42,031,608</u>	<u>\$ 47,809,025</u>	<u>\$ 56,341,448</u>	Legal debt margin
<u>44.49%</u>	<u>37.96%</u>	<u>33.45%</u>	<u>27.48%</u>	<u>22.15%</u>	<u>16.92%</u>	Ratio of net debt applicable to the debt limitation

Legal debt margin calculation for Fiscal Year

True cash value	\$ 2,260,563,647
General obligation debt limit - 3% of true cash value	3%
General obligation debt limit	67,816,909
Gross general obligation bonded debt principal	
2013 Aquatic Center GO Bonds	\$ 6,199,184
2009 A&B Water GO Bonds	6,763,294
Less: Debt service monies available	
Debt Service Fund:	1,487,017
Net debt subject to the three percent limitation	<u>11,475,461</u>
Legal debt margin	<u>\$ 56,341,448</u>

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

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

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

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

Operating data is from the combined Urban Renewal data.

2015 and 2019 Water Borrowings (Coverage requirement equals 125%)

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

Operating data is from the Water Fund Statement of Revenues.

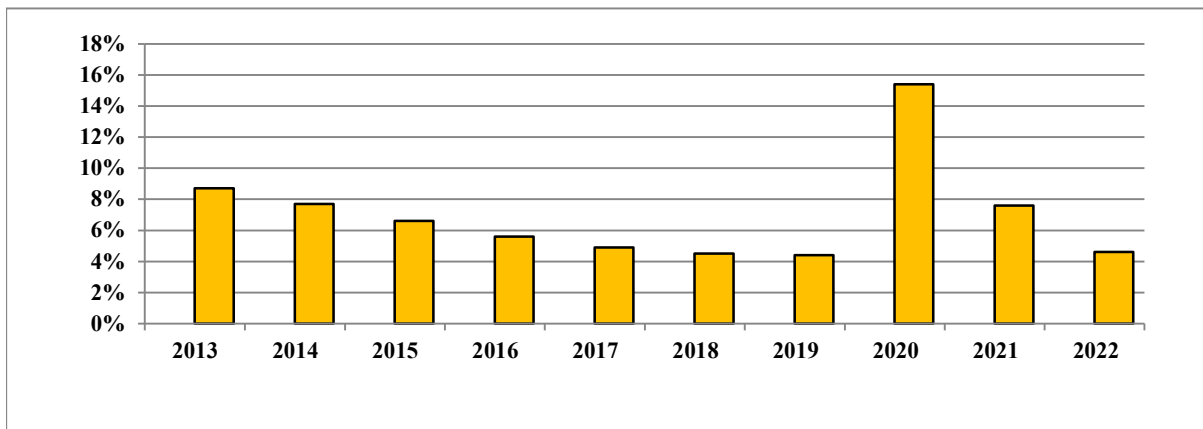
The amount of net available resources for bond coverage is determined by subtracting operating expenses from operating revenues. Interest payments on property assessments are deducted from operating revenues. Operating expenses are reduced by the amount of depreciation taken for the fiscal year, if any.

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

Fiscal Year Ended June 30,	City of Newport Population(1)	Lincoln County Population(1)	Personal Income(2)	Per Capita Personal Income(2)	Newport School Enrollment(3)	Unemployment Rate (4) Lincoln County
2013	10,160	46,560	\$ 1,661,972	\$ 35,695	1,852	8.7%
2014	10,095	46,890	1,737,712	37,059	1,908	7.7%
2015	10,165	47,225	1,832,982	38,814	1,965	6.6%
2016	10,190	47,735	1,924,237	40,311	2,024	5.6%
2017	10,215	47,960	2,029,283	42,312	2,085	4.9%
2018	10,125	48,210	2,163,060	44,867	2,147	4.5%
2019	10,210	48,260	2,240,027	46,416	2,212	4.4%
2020	10,256	50,395	2,389,106	47,408	2,278	15.4%
2021	10,591	50,868	2,669,654	52,482	2,346	7.6%
2022	10,755	51,090	n/a	n/a	2,481	4.6%

Over the last ten years, the City's population has increased by 5.86 percent (595). From 2013 to 2021 per capita personal income has risen by 47.03 percent (\$16,787) in the Newport statistical area. As of Fiscal Year 2020-21 (per capita data lags one year), per capita personal income was \$52,482 for Lincoln County, and \$60,342 for the state as a whole. For the ten-year period, enrollment in the Lincoln County Public School District increased by 33.96 percent (629 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 (2021 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

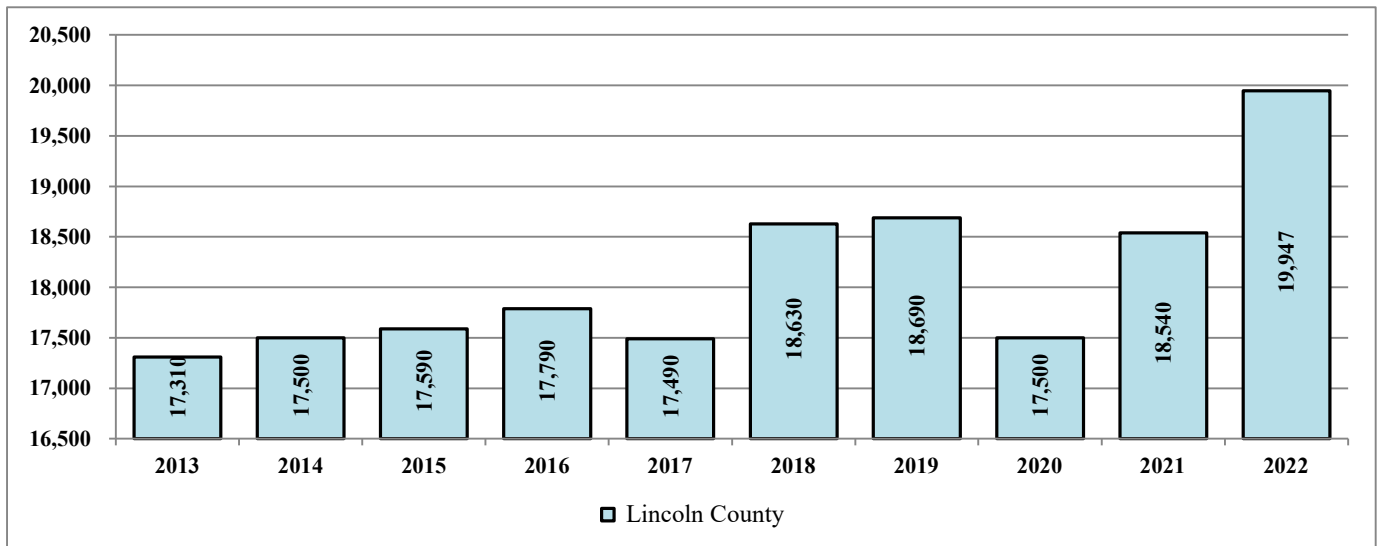


Schedule 15
CITY OF NEWPORT, OREGON
NEWPORT AREA PRINCIPAL EMPLOYERS
for the Fiscal Years ended June 30, 2013, and June 30, 2022

Employer	2022			2013		
	Number of Employees	Rank	% of Total Employment	Number of Employees	Rank	% of Total Employment
Lincoln County	523	1	2.62%	385	2	2.22%
Samaritan Health Services	439	2	2.20%	572	1	3.30%
OSU Hatfield Marine Science Center/NOAA	410	3	2.06%	295	3	1.70%
Pacific Seafood/Trident	320	4	1.60%	150	7	0.87%
Fred Meyer	299	5	1.50%	127	8	0.73%
Lincoln County School District	268	6	1.34%	237	4	1.37%
Wal Mart	180	7	0.90%	170	5	0.98%
City of Newport	144	8	0.72%	123	9	0.71%
Pacific Surimi	135	9	0.68%			0.00%
Central Lincoln PUD	85	10	0.43%	96	10	0.55%
Rogue Ales & Spirit	-	-		159	6	0.92%
Totals	2,803		14.05%	2,314		13.37%
Total employment in Lincoln County	19,947			17,310		

Lincoln County Employment

last ten fiscal years



The percentage of top ten employers to total jobs for Lincoln Counties has been quite stable over the ten-year period. The figures range from a low of 9.37 percent in 2018 to a high of 23.66 percent in 2017. Total employment in Lincoln County has increased by 14.88 percent (2637 jobs) over the last ten years. For the ten-year period, the low point was 17,310 jobs in June 2013, and the high point was 19,947 jobs in June 2022. National and international economic instability will likely have an adverse effect in the coming years, although at this time the extent is unknown.

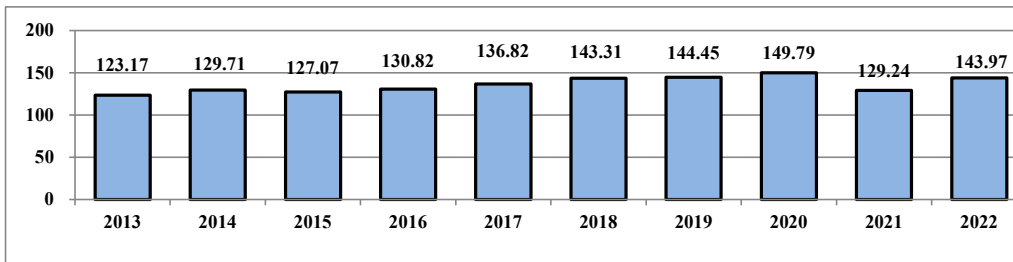
Sources:

Economic Development Alliance - Lincoln County
Oregon Employment Department

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

Function	2013	2014	2015	2016	2017
GOVERNMENTAL FUNDS					
General Government					
Administration	9.95	13.10	11.70	13.75	15.25
Economic Development	-	-	0.25	0.25	0.50
Planning	2.10	3.70	2.45	2.95	2.45
Building Inspection	1.30	1.30	1.80	1.80	1.80
Total General Government	13.35	18.10	16.20	18.75	20.00
Public Safety					
Fire	11.00	12.00	12.00	13.00	13.00
Police	25.00	24.00	25.00	25.00	27.00
Municipal Court	0.75	0.75	0.70	0.70	0.70
Total Public Safety	36.75	36.75	37.70	38.70	40.70
Highways and Streets					
Street Fund	5.08	5.08	5.00	5.00	5.00
Airport	4.00	3.00	3.00	3.00	2.00
Total Highways and Streets	9.08	8.08	8.00	8.00	7.00
Culture and Recreation					
Recreation	24.10	21.50	20.25	20.25	23.73
Library	11.54	11.54	12.39	11.89	11.89
Total Culture and Recreation	35.64	33.04	32.64	32.14	35.62
Total Governmental Funds	94.82	95.97	94.54	97.59	103.32
Proprietary Funds					
Proprietary					
Water	10.08	11.08	11.10	11.10	11.10
Wastewater	7.08	8.08	8.00	9.00	9.00
Stormwater	-	-	-	-	-
Total Proprietary Funds	17.16	19.16	19.10	20.10	20.10
Internal Service					
Public Works Services	11.19	14.58	13.43	13.13	13.40
City Facility	-	-	-	-	-
Total Internal Service	11.19	14.58	13.43	13.13	13.40
Total Proprietary Funds	28.35	33.74	32.53	33.23	33.50
Grand Total - All Full-time Equivalents	123.17	129.71	127.07	130.82	136.82

Total Full-time Equivalents
last ten fiscal years



Source: City of Newport Budget 2013-2022

Schedule 16

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

Last Ten Fiscal Years

2018	2019	2020	2021	2022	
					GOVERNMENTAL ACTIVITIES
					General Government
15.25	15.75	15.74	15.46	16.51	Administration
0.50	0.50	0.50	0.50	1.50	Economic Development
2.45	2.60	2.00	1.75	2.25	Planning
1.90	2.37	2.97	2.22	2.72	Building Inspection
<u>20.10</u>	<u>21.22</u>	<u>21.21</u>	<u>19.93</u>	<u>22.98</u>	Total General Government
					Public Safety
14.00	14.00	14.00	11.50	12.50	Fire
27.00	27.35	29.35	24.85	26.85	Police
0.70	0.60	0.60	0.60	0.60	Municipal Court
<u>41.70</u>	<u>41.95</u>	<u>43.95</u>	<u>36.95</u>	<u>39.95</u>	Total Public Safety
					Highways and Streets
5.00	4.50	2.25	2.25	2.25	Street Fund
3.00	3.00	3.00	3.00	3.00	Airport
<u>8.00</u>	<u>7.50</u>	<u>5.25</u>	<u>5.25</u>	<u>5.25</u>	Total Highways and Streets
					Culture and Recreation
26.42	26.68	30.30	22.28	23.98	Recreation
11.89	12.10	12.10	8.85	9.10	Library
<u>38.31</u>	<u>38.78</u>	<u>42.40</u>	<u>31.13</u>	<u>33.08</u>	Total Culture and Recreation
<u>108.11</u>	<u>109.45</u>	<u>112.81</u>	<u>93.26</u>	<u>101.26</u>	Total Governmental Activities
					BUSINESS-TYPE ACTIVITIES
					Enterprise
10.60	10.25	10.25	10.25	10.25	Water
9.50	10.25	10.25	10.25	10.25	Sewer
-	-	2.25	2.25	2.25	Stormwater
<u>20.10</u>	<u>20.50</u>	<u>22.75</u>	<u>22.75</u>	<u>22.75</u>	Total Enterprise
					Internal Service
7.50	8.50	8.73	7.73	9.73	Public Works Services
7.60	6.00	5.50	5.50	10.23	City Facility
<u>15.10</u>	<u>14.50</u>	<u>14.23</u>	<u>13.23</u>	<u>19.96</u>	Total Internal Service
<u>35.20</u>	<u>35.00</u>	<u>36.98</u>	<u>35.98</u>	<u>42.71</u>	Total Business-type Activities
<u>143.31</u>	<u>144.45</u>	<u>149.79</u>	<u>129.24</u>	<u>143.97</u>	Grand Total - All Full-time Equivalents

Fiscal Year	Total FTE	Annual Percentage Change	Total Percentage Change from 2013
2013	123.17	-	-
2014	129.71	5.31%	5.31%
2015	127.07	-2.04%	3.17%
2016	130.82	2.95%	6.21%
2017	136.82	4.59%	11.08%
2018	143.31	4.74%	16.35%
2019	144.45	0.80%	17.28%
2020	149.79	3.70%	21.61%
2021	129.24	-13.72%	4.93%
2022	143.97	11.40%	16.89%

The average annual rate of change over ten year period is 1.97%.

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

Function	2015	2016	2017	2018	2019	2020	2021	2022
GOVERNMENTAL ACTIVITIES								
General Government								
Planning and Community Development								
Number of planning applications	54	51	73	74	58	57	42	69
Total permits issued	477	580	692	730	638	652	720	727
Multi-family units permitted	-	-	-	28	113	-	66	-
Single-family units permitted	28	23	7	19	16	11	30	22
Electrical permits issued	289	333	307	306	251	279	296	338
Building Maintenance								
Square footage of buildings maintained	NA	206,780	206,780	233,780	233,780	233,780	233,780	233,780
Work orders completed	NA	2,228	2,250	2,203	2,001	2,001	2,001	NA
Man hours completed	NA	NA	NA	16,653	21,993	16,867	13,285	11,572
Public Safety								
Police								
Total arrests	784	706	785	1,079	1,087	816	914	793
Traffic citations issued	565	735	902	1,603	1,268	965	596	1,097
Abandoned vehicle calls	100	99	114	129	180	189	224	304
Animal problem calls	NA	86	136	152	210	126	130	201
Fire								
Overlapping calls for fire and EMS services	NA	NA	NA	NA	NA	NA	NA	543
Total calls for emergency fire and EMS services	2,060	2,294	2,059	2,170	2,131	1,924	2,183	2,330
Total transport (N2 and N3)		NA	NA	8	25	13	-	1
Highways and Streets								
Street Fund								
Miles of painted paving marking	12	1	10	9.25	9.25	9.25	9.25	NA
Thermoplastic marking	0.90	-	0.30	0.70	0.70	2.70	2.70	NA
Miles of improved streets (asphalt and cobbled)	NA	NA	NA	NA	NA	NA	NA	52.10
Miles of gravel streets	NA	NA	NA	NA	NA	NA	NA	10.84
Culture and Recreation								
Parks & Recreation								
Number of participants in classes, Senior Center activities, sports programs, and aquatic programs	20,620	55,750	25,935	28,545	30,514	7,250	48,515	87,821
Library								
Total number of library items borrowed	253,831	299,867	297,263	296,799	255,916	209,819	124,326	192,835
Total number of reference questions	24,355	23,065	20,821	20,553	17,789	11,899	5,097	7,700
Total number of registered users	NA	NA	NA	NA	NA	NA	10,302	9,530
Total wireless sessions	NA	NA	NA	NA	NA	NA	28,890	84,960
BUSINESS-TYPE ACTIVITIES								
Sewer								
Dry tons of biosolids applied annually	530	547	537	525	764	658	757	696
Millions of gallons of wastewater treated annually	640	694	818	652	573	599	660	636
Water								
Millions of gallons of water treated annually	732	748	764	821	821	752	767	773
Miles of water pipe maintained annually	NA	NA	NA	95	96	90	91	93
Number of fire hydrants maintained in the water system	NA	NA	NA	653	634	520	582	651
Stormwater								
Miles of stormwater pipe maintained annually	NA	NA	NA	NA	NA	NA	NA	23.4

Source: City of Newport Departmental records.

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

Function	2015	2016	2017	2018	2019	2020	2021	2022
GOVERNMENTAL ACTIVITIES								
Public Safety								
Police Stations	1	1	1	1	1	1	1	1
Fire Stations	3	3	3	3	3	3	3	3
Culture and Recreation								
Parks & Recreation								
Number of developed park sites	NA	NA	NA	15	15	15	15	15
Acres of developed park land	NA	NA	NA	NA	NA	NA	NA	29.25
Library								
Number of libraries	1	1	1	1	1	1	1	1
Number of volumes	83,194	84,806	82,599	81,068	77,978	77,642	68,398	67,083
Number of audio books online	53,883	53,699	68,839	75,788	27,802	36,022	186,613	35,057
Number of E-Books online	5,045	19,560	45,559	48,478	48,438	63,664	678,554	57,720
BUSINESS-TYPE ACTIVITIES								
Enterprise								
Sewer								
Numbers of sewer treatment plant	1	1	1	1	1	1	1	1
Number of sewer customers	4,324	4,345	4,338	4,349	4,894	4,858	4,923	4,420
Water								
Number of water customers	4,528	4,539	4,545	4,542	5,090	4,613	5,301	4,640
Number of water treatment plants	1	1	1	1	1	1	1	1

Source: City of Newport departmental records



AUDIT COMMENTS AND DISCLOSURES



INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

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

We have audited the basic financial statements of the City of Newport (the City) as of and for the year ended June 30, 2022, and have issued our report thereon dated February 14, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

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

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

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

Budgets legally required (ORS Chapter 294)

- Expenditures in the following funds exceeded appropriations for the year ended June 30, 2022:

<u>Fund</u>	<u>Budget Category</u>	<u>Budget</u>	<u>Actual</u>	<u>Over Expenditure</u>
General	Community development	\$286,309	\$300,192	\$(13,883)
Housing	Oregon housing and community services	17,020	31,954	(14,934)
Airport	Airport operations	953,508	982,422	(28,914)
Public Works	Public works administration	358,192	393,324	(35,132)
City Facility	Pier & boardwalks	11,077	11,905	(828)

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

Compliance, continued

Public Contracting and Purchasing (ORS Chapters 279A, 279B, 279C)

The City entered into a contract related to the Nye Beach Pump Station grinder and sanitary sewer pipe replacement project but did not include Davis-Bacon prevailing wage labor requirements in the bid (solicitation) document as required by ORS Chapter 279C.

OAR 162-10-0230 Internal Control

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

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

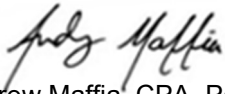
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Restriction on Use

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

Aldrich CPAs + Advisors LLP

By:



Andrew Maffia, CPA, Partner
Salem, Oregon
February 14, 2023

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newport (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 14, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

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

Purpose of This Report

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

Aldrich CPAs + Advisors LLP

Salem, Oregon
February 14, 2023

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Newport's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City's major federal programs for the year ended June 30, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-002 and 2022-003 to be significant deficiencies.

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

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

Aldrich CPAs + Advisors LLP

Salem, Oregon
February 14, 2023

CITY OF NEWPORT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal AL (Assistance Listing) Number</i>	<i>Pass-through Number</i>	<i>Passed- through to Subrecipients</i>	<i>Expenditures</i>
Department of Justice				
Bulletproof Vest Partnership Program	16.607		\$ -	\$ 4,680
<i>Total Department of Justice</i>			-	4,680
Federal Aviation Administration				
Airport Improvement Program	20.106	AIP27	-	1,711,215
		AIP29	-	161,921
COVID-19 - Airport Improvement Program		3-41-0040-031-2022	-	59,000
		3-41-0040-030-2021	-	23,000
<i>Total Airport Improvement Program</i>			-	1,955,136
<i>Total Federal Aviation Administration</i>			-	1,955,136
Department of the Treasury				
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		-	744,665
<i>Total Department of the Treasury</i>			-	744,665
General Services Administration				
Passed through the Oregon Department of Administrative Services				
Donation of Federal Surplus Personal Property	39.003	ARK46639/ARK46913	-	2,580
<i>Total General Services Administration</i>			-	2,580
Environmental Protection Agency				
Passed through Business Oregon				
Drinking Water State Revolving Fund	66.468	117001	-	1,318
<i>Total Environmental Protection Agency</i>			-	1,318
Department of Homeland Security				
Passed through Oregon Office of Emergency Management				
Hazard Mitigation Grant	97.039	4599-DR-OR	-	35,036
<i>Total Department of Homeland Security</i>			-	35,036
Total Expenditures of Federal Awards			\$ -	\$ 2,743,415

CITY OF NEWPORT

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of City of Newport under programs of the federal government for the year ended June 30, 2022. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2 - Summary of Significant Accounting Policies

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

Note 3 - Indirect Costs

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

CITY OF NEWPORT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Significant deficiency(ies) identified?	Yes
Material weakness(es) identified?	No
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major program:	
Significant deficiency(ies) identified?	Yes
Material weakness(es) identified?	No
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, 2 CFR section 200.516(a)?	No

Identification of major programs:

<u>Federal Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program

Dollar threshold used to distinguish Between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee under the Uniform Guidance 2 CFR section 200.520	No

CITY OF NEWPORT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

Section II – Financial Statement Findings

Finding 2022-001

Criteria

Internal controls should include review procedures to identify and correct errors in the trial balance and supporting schedules.

Condition

Errors in ending account balances and supporting schedules were identified during the course of the audit resulting in adjustments for the financial statements to be presented in accordance with generally accepted accounting principles and for supporting schedules to agree to amounts presented in the financial statements.

Cause

Prior to this fiscal year, the supporting financial schedules and trial balance were prepared and reconciled by the Assistant Finance Director and the Finance Director would review the work performed. The Finance Director left the City in early 2022 and the position was unfilled the remainder of the fiscal year resulting in a deficiency in internal controls.

Effect

Errors in the trial balance and supporting schedules were identified during the course of the audit causing journal entries to be made in order for the financial statements to be presented in accordance with generally accepted accounting principles.

Recommendation

We recommend management implement internal control procedures to review and reconcile the trial balance and supporting schedules.

Views of responsible officials

Fiscal year 2021-2022 was a challenging year for the City of Newport. The Finance Director left in February 2022. The Finance Director position was filled on an interim basis by the Assistant Finance Director, leaving the Assistant Finance Director position vacant. In addition, a second key position was vacant due to family medical leave. Once both positions are filled, the process will be to have another person review supporting schedules and reconciliations before submitting the schedules to the auditors.

Section III - Federal Award Findings and Questioned Costs

Finding 2022-002

20.106 Airport Improvement Program

Criteria:

Proper oversight, review procedures and controls should be established to ensure the amounts reported on the Schedule of Expenditures of Federal Awards (SEFA) are accurate and adequately supported.

Condition:

Amounts reported on the original SEFA were incomplete and did not include all year end accruals.

Cause:

There was a lack of review of the SEFA and supporting documentation resulting in errors in the original SEFA.

CITY OF NEWPORT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

Section III - Federal Award Findings and Questioned Costs, continued

Effect:

Corrections were required to revise the amounts reported on the SEFA. A lack of controls can result in errors not being caught in a timely manner.

Questioned Costs:

None

Identification as a Repeat Finding

This finding was reported in the prior year as finding 2021-002.

Recommendations:

The City should establish oversight and review procedures to ensure the amounts reported on the SEFA are accurate and adequately support.

Views of responsible officials:

The Finance Department experienced a number of vacancies caused by an unfilled vacant position, a position on family leave (currently Capital Grants Accountant), and retirements. Once key positions are filled, the process will be to have another person review the SEFA report and supporting documentation to reduce the risk of errors.

Finding 2022-003

20.106 Airport Improvement Program

Criteria:

Proper oversight, review procedures and controls should be established to ensure the reports submitted are accurate.

Condition:

Amounts reported on the Request for Advance or Reimbursement and Federal Financial Report submitted for AIP29, project #17023, were incorrect.

Cause:

The review process was ineffective, and errors were not identified prior to submission of the reports.

Effect:

The City corrected the reports after the original submission but ineffectively designed internal controls resulted in errors not being caught in a timely manner.

Questioned Costs:

None

Recommendations:

The City should establish oversight and review procedures to ensure the amounts reported on the reports are accurate and adequately support.

Views of responsible officials:

The Airport Director will initially review all Request for Advance or Reimbursement and supporting documentation by the contracted supervisor of the project. The Capital Projects Accountant will then also review the Request for Advance or Reimbursement and supporting documentation before submission for reimbursement.

CITY OF NEWPORT

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2022

Section IV – Schedule of Prior Audit Findings

2021-001

Criteria:

Proper oversight, review procedures and controls should be established to ensure the amounts recorded in the accounting detailed records are accurate and adequately supported.

Condition

Data entry errors caused financial records to be inaccurate. The City has a lack of oversight and controls over yearend supporting documentation. Oversight and controls help prevent or detect and correct misstatements in a timely manner.

Status:

This finding has been repeated in the current fiscal year as 2022-001.

2021-002

Program:

20.106 Airport Improvement Program
Federal Aviation Administration

Criteria:

Proper oversight, review procedures and controls should be established to ensure the amounts reported on the Schedule of Expenditures of Federal Awards (SEFA) are accurate and adequately supported.

Condition:

Amounts reported on the original SEFA were not adequately supported and listed under the wrong grant number which has different applicable compliance requirements.

Status:

This finding has been repeated in the current fiscal year as 2022-002.