

2018-2019



Agate Beach Classic



Comprehensive
Annual
Financial Report
For Year Ended
June 30, 2019



Haz-Mat Spill on Bay Boulevard



Coast Hills Classic



Life Flight based at Airport ONP

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.

The best way to teach your kids about taxes is by eating 30 percent of their ice cream. Bill Murray

City of Newport, Oregon

Comprehensive Annual Financial Report
for the Fiscal Year Ended
June 30, 2019

Spencer R. Nebel, City Manager

Michael A. Murzynsky, Finance Director

Prepared by:

The Finance Department
City of Newport, Oregon

If you don't like something, change it. If you can't change it, change your attitude. -Dr. Maya Angelou

City of Newport, Oregon

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INTRODUCTORY SECTION

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

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

Council Members, Administrative Staff and Principal Financial Staff as of June 30, 2019:

<u>Council Members</u>	<u>Years of Service</u>	<u>Term Expires</u>
Dean Sawyer, Mayor	8.5	December 31, 2020
David Allen	13.5	December 31, 2022
Dietmar Goebel	2.5	December 31, 2020
Beatriz Botello	0.5	December 31, 2020
CM Hall	0.5	December 31, 2022
Cynthia Jacobi	0.5	December 31, 2020
Ryan Parker	0.5	December 31, 2022

<u>Administrative Staff</u>	<u>Years in this Position</u>	<u>Years of Service with the City of Newport</u>
City Manager	5.5	5.5
Finance Director	5.0	5.0
City Attorney	4.5	4.5
Judge	7.0	7.0
Public Works Director	7.0	7.0
Community Development Director	10.0	10.0
Parks and Recreation Director	14.0	14.0
Library Director	0.25	0.25
Police Chief	3.0	25.5
Fire Chief	5.0	12.0
Information Technology Director	7.0	12.0
Human Resource Director	3.5	5.0
City Recorder/Special Projects Director	19.0	19.0
Airport Director	3.0	9.0

Principal Finance Staff

Mike Murzynsky, Finance Director

Steve Baugher, Asst. Finance Director

The best way to find yourself is to lose yourself in the service of others. Mahatma Gandhi

Citizens of the City of Newport

City Council

Mayor: Dean Sawyer
 Council President: David Allen
 Members: Dietmar Goebel
 Beatriz Botello
 CM Hall
 Cythina Jacobi
 Ryan Parker

Citizen Boards and Committees

Municipal Judge
 Jeff Pridgeon

City Manager
 Spencer Nebel

City Attorney
 Steve Rich

Recorder/
 Special Projects
 Director
 Peggy Hawker

HR Director
 Barb James

IT Director
 Richard Dutton

Airport
 Director
 Lance Vanderbeck

Library
 Director
 Laura Kimberly

Finance
 Director
 Mike Murzynsky

Risk Management
 Communications
 Records

Fire Chief
 Rob Murphy

Fire Suppression
 Rescue
 Medical Response
 Emergency Management

Police Chief
 Jason Malloy

Police
 Parking Enforcement
 Code Enforcement

Public Works
 Director
 Tim Gross

Engineering
 Streets
 Water
 Wastewater
 GIS
 Parks Maintenance
 Building Maintenance

Recreation
 Director
 Jim Protiva

Recreation Center
 Aquatic Center
 Sports Programs

Community
 Development
 Director
 Derrick Tokos

Building Code
 Zoning Enforcement
 Planning
 URA

Utility Billing
 Court
 Payroll

Notes:

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

What do actuaries do to liven up their office party? Invite an accountant. - Anonymous



CITY OF NEWPORT – FINANCE
169 SW COAST HIGHWAY
NEWPORT, OR 97365

December 31, 2019

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

State law requires that every general-purpose local government publish, within six months of the close of each fiscal year, unless extended, a complete set of audited financial statements. Thus, we are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Newport, Oregon (City) for the fiscal year ended June 30, 2019, together with the unmodified opinion therein of our independent certified public accountants, Boldt, Carlisle & Smith (BCS), LLC.

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

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

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

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

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

NEWPORT, OREGON PROFILE

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

Population: City of Newport, Lincoln County

Year	City of Newport	Lincoln County
1970 Census	5,188	26,020
1980 Census	7,519	35,264
1990 Census	8,437	39,075
2000 Census	9,532	44,345
2010 Census	9,976	45,996
2019 Portland State Preliminary Estimate	10,210	48,260

The City is governed by an elected nonpartisan Mayor elected to a two-year term and a six-member City Council elected to four-year overlapping terms. A full-time City Manager administers the affairs of the City for the Council, and supervises a staff of eleven department directors and 110 full-time employees. In addition to the City Manager, the City Council also employs a full-time City Attorney and a part-time Municipal Judge.

ECONOMIC OUTLOOK AND CONDITION

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

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

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

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

Unemployment in rural and coastal communities typically runs higher than the metropolitan areas of the state of Oregon. The Oregon Coast was hit hard by the great recession in 2008 with the unemployment rate for Lincoln County being at 10.5% on June 30, 2009. The economy of Lincoln County has improved substantially with historically low unemployment rates occurring at this time, with the rate for June 30, 2019 being 4.4%.

A factor in measuring the economic condition of a community is its overall real market value. For properties within the City, the estimated real market value increased by 6.30 percent from \$1.67 billion to \$1.77 billion in the last fiscal year.

MAJOR DEPARTMENTAL INITIATIVES

City Recorder/Special Projects

The City Recorder/Special Projects Director has initiated a community electronic newsletter from the City -- E-blast -- to highlight issues and activities occurring within the City organization. The City Recorder's office has been actively engaged with the Vision 2040 Advisory Committee and has secured funding from the Ford Family Foundation to support a part-time staff person to help move various initiatives forward from the Vision 2040. Furthermore, the City Recorder's office provided support to a task force on homelessness in Newport.

Human Resources

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

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

Library

The Library has developed plans to celebrate its 100th anniversary with these events occurring in calendar years 2019-2020. The Library Director's position was filled early in 2019, following the retirement of the prior Library Director.

Police

After a number of years of outsourcing parking enforcement, the Police Department is now handling the enforcement of parking with in-house staff. The Police Department added an ordinance enforcement officer to assist with the regulation of short-term rentals within the City of Newport. This effort is a result of modifications made by the City Council in how vacation rentals are regulated within the City. The department has also played a role in collecting delinquent payments in conjunction with the Finance Department.

Fire

The Fire Department has been focusing on conducting fire inspections throughout the community. The department has been implementing policies to reduce the types of non-emergency medical calls it will respond to, in addition to the private ambulance service, to help manage increasing calls for services. The Fire Department continues to lead the implementation of various emergency and resilience plans to address disaster preparedness in the community.

Community Development

The department has been very involved with a number of major projects, including the construction of a new hospital and Oregon State University's Marine Studies Initiative Education building. The department has implemented a number of initiatives approved by the Council to facilitate the development of affordable and work force housing in the City of Newport. The department is also facilitating a collaborative planning project with ODOT to update transportation plans for Newport, north of the Yaquina Bay Bridge, as well as, developing strategies to assist the commercial corridors on Highway 101 and US 20, as well as, the Agate Beach neighborhood.

Public Works

The Public Works Department is involved day-to-day operations and maintenance of streets, water, storm water, sanitary sewer, parks facilities, as well as, major capital projects in the City. The department is actively overseeing efforts to address compliance issues with the DEQ with the construction of two new wastewater lift stations and force main line to address overflow issues in Agate Beach.

The department continues to work on efforts to address seismic issues relating to the City's two reservoir dams. The Council has settled on the option of replacing the two earthen dams with a rolled compacted concrete dam that will survive a Cascadia Subduction Zone event. This project is estimated at \$70 million dollars. The City is focused on obtaining state and federal funding to reduce the impact on City residents for this project.

Airport

The airport has pursued projects identified in the Airport Master Plan, including rehabilitation of a 48 inch culvert running under the entire airport, and addressing encroachments in the air space on the ends of the runways. The airport replaced its fuel system during the course of this year, as well.

Recreation

The Recreation Department implemented new software to allow for online registrations and scheduling of various events at the Recreation Center, Aquatic Center, and 60+ Center. The City is currently recruiting for a new Parks and Recreation Director, with this position being filled early in 2020.

Information Technology (IT)

The department continues to implement new security for the City's information network and related infrastructure. The department continues to consolidate the processes relating to obtaining and managing smartphones, iPads and emergency networking utilized by City staff. The department has recently replaced the City's primary services with greater speed, capacity and better backup capabilities.

Finance

The department has implemented a three-tiered water and sewer utility rate system as part of a recommendation from a rate study conducted by the City in 2018. In addition, with the assistance from Public Works, the department has implemented storm water rates based on impervious surfaces throughout the City. In addition, the department was involved in implementing various aspects of the short-term rental licensing provisions that were modified with changes made by the City Council.

LONG-TERM FINANCIAL PLANNING

Finance Work Group

As part of the 2018-2019 Fiscal Year Budget, the City Manager recommended, and the Budget Committee concurred, that a review of the City's long-term financial trends should be conducted prior to developing a budget for the 2019-2020 Fiscal Year. The City Council created a Finance Work Group consisting of members of the Budget Committee, Audit Committee, and the Council to address this task.

As a result, it was determined that in the General Fund, and those funds supported by the General Fund, a structural budget deficit is projected to exist with the growth of expenses exceeding the growth of revenues over the next five-year period. As part of the development of the next fiscal year budget, a recommendation was made to create a second finance work group to identify strategies for addressing the structural deficit in the General Fund. This report is expected to be accepted by the Council early in 2020, and will help guide the development of the 2020-2021 fiscal year budget, as well as, developing longer term strategies to address this structural deficit.

Greater Newport Area Vision 2040

The Greater Newport Area Vision 2040 was developed, and adopted by the City Council after a significant public engagement process was inducted with committee members. The motivation for creating a Community Vision for the Greater Newport Area emerged from a desire to generate broad descriptions of the quality, spirit, and values of the community, and to divide these concepts into "focus areas" that can serve as long-term targets for future

planning efforts. The Vision is designed as a “living document” that should be revisited and updated on a regular basis.

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

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

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

RELEVANT FINANCIAL POLICIES

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

Financial and Accounting Policies

This report is prepared in conformance with the guidelines for financial reporting developed by the Government Finance Officers Association (GFOA) of the United States and Canada and the Governmental Accounting Standards Board (GASB), including all effective GASB pronouncements. It presents fairly the financial position of the various funds of the City at June 30, 2019, the results of operations of such funds, and cash flow of the proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

During the Fiscal Year 2018-2019, the City utilized a total of 28 funds, of which 21 are governmental fund types and seven are proprietary fund types. The modified accrual basis of accounting is used for the governmental fund types (General, Special Revenue, Debt Service, and Capital Project). The accrual basis is used for the proprietary fund types (Enterprise and Internal Service).

Fund Balances Policies

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

Independent Audit

Oregon Revised Statutes (ORS) 297.405-297-555 require an annual audit by independent certified public accountants. The accounting firm of Boldt, Carlisle & Smith, LLC performed the audit for the fiscal year ended June 30, 2019. This audit is conducted in accordance with generally accepted accounting standards, Government Auditing Standards, and Minimum Standards for Audits of Oregon Municipal Corporations as prescribed by the Secretary of State.

Future City Policies:

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

- Cash Management / Investment Policy - The City funds not needed for operations are left in the State's Local Government Investment Pool with little return on the investment. An Investment Policy will take an amount of the idle cash and invest it in different instruments where the City can earn a better return on our cash reserves.
- Debt Management - The City has the following outstanding obligations: general obligation (GO) bonds, limited tax bonded indebtedness, revenue bonds, urban renewal bonds, notes, and loans. The City's current General Obligation rating from Moody's and S&P (Standards & Poors) are A2 and A+, respectively. The Finance Director manages the City debt and is responsible for evaluating funding needs and determining the appropriate means to raise necessary funds.
- Awards - As noted in the Finance initiatives, the City will be submitting its 2018-19 financial report to GFOA as an entry in their Certificate of Achievement for Excellence in Financial Reporting. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such a Comprehensive Annual Financial Report

must satisfy both generally accepted accounting principles and applicable legal requirements.

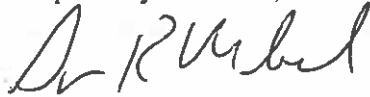
A Certificate of Achievement is valid for one year only and we believe our current report will conform to the Certificate of Achievement standards.

Acknowledgements

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

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "S. R. Nebel", written in a cursive style.

Spencer R. Nebel
City Manager

FINANCIAL SECTION

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



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **CITY OF NEWPORT**, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITOR'S REPORT (Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of CITY OF NEWPORT, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General, and Urban Renewal Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-12 and the Schedules of Proportionate Share of the Net Pension Liability, Contributions, Net Pension Liability and Changes in Net Pension Liability, Employer Contributions, Investment Rate of Return, Proportionate Share of the Net Other Postemployment Benefit Liability, Other Postemployment Benefit Contributions, and Changes in the City's Total Other Postemployment Benefit Liability and Related Ratios on pages 93 - 100 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise CITY OF NEWPORT's basic financial statements. The combining financial statements and individual fund schedules, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements, individual fund schedules, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining 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)

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

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2019 on our consideration of CITY OF NEWPORT'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CITY OF NEWPORT's internal control over financial reporting and compliance.

Other Reporting Required by Oregon State Regulations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 31, 2019, 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 reports is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
December 31, 2019

By:



Bradley G. Bingenheimer, Member

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

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, 2019. We encourage readers to consider the information presented here in conjunction with the additional information furnished in the financial statements that follow.

Financial Highlights

At the close of the most recent fiscal year, the net position or assets of the City exceeded its liabilities by \$114.7 million up \$3.6 million (3.38%) from the previous year. The City's unrestricted net position is a negative \$1.8 million which is largely the result of the City's net pension liability of \$5.4 million.

The City's total assets for the 2018-19 Fiscal Year (FY) increased by \$9.5 million, total deferred outflows increased by \$0.5 million, total liabilities increased by \$6.3 million, total deferred inflows decreased by \$0.1 million, net investment in capital assets increased by \$2.7 million, restricted fund balances increased by \$2.1 million, and unrestricted fund balance decreased by \$1.0 million. Total increase in assets is due to an increase in cash/investments and the following projects: Power Ford & Sunwest Motor storm drain improvements, Agate Beach improvements, City hall HVAC replacement, and Big Creek Dam improvements/replacement. The total increase in liabilities was due to 2019 Water borrowing, DEQ note borrowings, and Airport fuel farm funding less payments paid on existing debt in 2018-19 FY. Restricted fund balance increase was due to funds set aside for capital projects currently in the construction process and urban renewal revitalization.

As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances (EFBs) of \$23.1 million, up \$1.8 million from the previous year. The General Fund decreased by \$68,152, because planned expenditures exceeded the total income. The significant increase in EFB's was in the Urban Renewal and SDC Fund.

As of the end of FY 2019, the total assigned and unassigned fund balance in the General Fund was \$2.5 million, which was 24.4% of the total General Fund operating expenditures of \$10.4 million. The increase in fund balance available for expenditures is due primarily due to City directors monitoring their expenditures and the Council goal of creating a fund balance reserve for future pension related costs.

Total governmental activities debt decreased by \$1.9 million or 9.58% during the FY 2019. The decrease was the result of paying all required debt payments and one new borrowing for the Airport fuel farm project. Total business-type activities debt increased by \$5.3 million or 18.23%. The increase was due to a new Water borrowing of \$4.5 million, additional DEQ borrowing of \$3.4 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, and the Public Works Internal Service Fund.

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

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

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

The City maintains 21 governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for these “major” funds.

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

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

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

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

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

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

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. As of June 30, 2019, the City's assets exceeded liabilities by \$114.7 million. This represents an increase of \$3.8 million or 3.38% increase in net position from the prior fiscal year.

TABLE 1
SUMMARY OF NET POSITION

ASSETS	Governmental Activities		Business-type Activities		Total Government	
	2018	2019	2018	2019	2018	2019
Cash and investments	\$ 21,293,101	\$ 22,779,334	\$ 3,919,338	\$ 7,930,890	\$ 25,212,439	\$ 30,710,224
Other assets	929,929	1,128,781	3,030,021	3,090,565	3,959,950	4,219,346
Capital assets	77,760,758	77,061,704	66,037,525	70,446,803	143,798,283	147,508,507
Total Assets	99,983,788	100,969,819	72,986,884	81,468,258	172,970,672	182,438,077
DEFERRED OUTFLOWS OF RESOURCES						
Other postemployment benefit related items	33,253	30,532	6,041	5,069	39,294	35,601
Pension related items	1,857,121	2,363,449	260,269	232,132	2,117,390	2,595,581
Total Deferred Outflows of Resources	1,890,374	2,393,981	266,310	237,201	2,156,684	2,631,182
LIABILITIES						
Other liabilities	1,108,690	1,047,884	7,715,181	9,488,282	8,823,871	10,536,166
Long term debt outstanding	21,186,554	23,612,147	32,783,579	34,957,927	53,970,133	58,570,074
Total Liabilities	22,295,244	24,660,031	40,498,760	44,446,209	62,794,004	69,106,240
DEFERRED INFLOWS OF RESOURCES						
Other postemployment benefit related items	24,469	122,813	5,815	32,743	30,284	155,556
Pension related items	1,093,919	951,226	289,466	185,691	1,383,385	1,136,917
Total Deferred Inflows of Resources	1,118,388	1,074,039	295,281	218,434	1,413,669	1,292,473
NET POSITION						
Net investment in capital assets	61,363,627	61,753,931	32,912,784	35,237,692	94,276,411	96,991,623
Restricted						
Capital projects	10,773,384	11,046,727	56,516	1,071,964	10,829,900	12,118,691
Debt service	71,852	39,495	1,249,386	801,581	1,321,238	841,076
Agate Beach closure	1,298,872	1,256,678	-	-	1,298,872	1,256,678
Tourism	515,131	672,173	-	-	515,131	672,173
Street	540,503	540,503	-	-	540,503	540,503
Building inspection	688,418	669,069	-	-	688,418	669,069
Urban renewal revitalization	2,243,058	3,397,399	-	-	2,243,058	3,397,399
Unrestricted	965,685	(1,746,245)	(1,759,533)	(70,421)	(793,848)	(1,816,666)
Total Net Position	\$ 78,460,530	\$ 77,629,730	\$ 32,459,153	\$ 37,040,816	\$ 110,919,683	\$ 114,670,546

The largest portion of the City's net position, \$97.0 million or 84.6%, is its investment in capital assets (land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses those capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets in reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Of the remaining balance in net assets, \$12.1 million (10.6%) is restricted for capital projects paid for by system development charges (SDCs) and other restricted items, \$0.8 million (0.7%) are restricted for the City debt, namely bonds and loans, and \$3.4 million (3.0%) is restricted for the City Urban Renewal projects which are funded by tax-increment financing.

Governmental Activities. Governmental net position decreased from \$78.5 million in fiscal year 2017-18 to \$77.6 million in fiscal year 2018-19. The unrestricted balance decreased from \$965,685 to (\$1,746,245) a 280.8% decrease due to prior period adjustment of \$3.2 million.

Business-Type Activities. Business-type net position increased from \$32.5 million in fiscal year 2017-18 to \$37.0 million in fiscal year 2018-19. The unrestricted balance increased 96.0% or a positive increase of \$1.7 million due to receipt of a Water borrowing of \$4.58 million.

TABLE 2
GOVERNMENTAL AND PROPRIETARY ACTIVITIES

	Governmental Activities		Business-type Activities		Total Government	
	2018	2019	2018	2019	2018	2019
REVENUES:						
Program revenues						
Charges for services	\$ 4,306,875	\$ 4,390,483	\$ 7,964,811	\$ 8,490,509	\$ 12,271,686	\$ 12,880,992
Grants and contributions	2,757,523	2,123,292	557,119	80,000	3,314,642	2,203,292
General revenues						
Taxes	13,915,452	14,583,911	1,745,661	1,749,192	15,661,113	16,333,103
Licenses, permits and fees	1,259,130	1,325,445	-	-	1,259,130	1,325,445
Intergovernmental	717,512	726,774	-	-	717,512	726,774
Investment earnings	290,164	585,896	111,477	116,536	401,641	702,432
Other revenue	287,475	365,973	-	-	287,475	365,973
Total Revenues	23,534,131	24,101,774	10,379,068	10,436,237	33,913,199	34,538,011
EXPENSES:						
General government	7,070,473	6,974,042	-	-	7,070,473	6,974,042
Public safety	6,611,040	7,024,000	-	-	6,611,040	7,024,000
Highways and streets	1,858,877	1,737,166	-	-	1,858,877	1,737,166
Culture and recreation	3,872,839	4,136,018	-	-	3,872,839	4,136,018
Interest on long-term obligations	583,024	614,849	-	-	583,024	614,849
Water	-	-	7,271,364	6,319,871	7,271,364	6,319,871
Sewer	-	-	2,539,598	4,153,178	2,539,598	4,153,178
Total Expenses	19,996,253	20,486,075	9,810,962	10,473,049	29,807,215	30,959,124
Excess of revenues over expenditures						
before transfers	\$ 3,537,878	\$ 3,615,699	\$ 568,106	\$ (36,812)	4,105,984	3,578,887
Transfers	6,638,046	(1,198,499)	(6,638,046)	1,198,499	-	-
Changes in net position	10,175,924	2,417,200	(6,069,940)	1,161,687	4,105,984	3,578,887
Net Position - Beginning	68,332,056	78,460,530	38,556,932	32,459,153	106,888,988	110,919,683
Restatement	(47,450)	(3,248,000)	(27,839)	3,419,976	(75,289)	171,976
Net Position - Restated	68,284,606	75,212,530	38,529,093	35,879,129	106,813,699	111,091,659
Ending net position	\$ 78,460,530	\$ 77,629,730	\$ 32,459,153	\$ 37,040,816	\$ 110,919,683	\$ 114,670,546

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 decreased the City's net position by \$830,800. The restatement of \$3.2 million due to a prior period adjustment is the biggest reason for the decrease in net position. 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. Otherwise, the real change in net position of \$2.4 million is how the City departments will begin the 2019-2020 fiscal year.

Business-type activities increased the City's net position by \$4.6 million. The rate increases for Water, Wastewater, and Stormwater were delayed six months due to a new rate study implemented in December 2018. The main reason for this increase in net position was due to a receipt of a Water borrowing, which was completed in June 2019.

A summary of all fund balances is shown below.

TABLE 3
ENDING FUND BALANCES

GOVERNMENTAL FUNDS	FY 2017	FY 2018	FY 2019	FY18 to FY19 Change
General Fund	\$ 3,357,335	\$ 2,622,049	\$ 2,553,897	\$ (68,152)
Parks and Recreation Fund	518,225	383,169	91,321	(291,848)
Public Parking Fund	287,373	309,458	338,294	28,836
Housing Fund	112,742	169,746	214,813	45,067
Airport Fund	255,294	335,735	234,270	(101,465)
Room Tax Fund	227,989	515,131	672,173	157,042
Building Inspection Fund	633,127	688,406	669,057	(19,349)
Street Fund	428,054	540,503	687,632	147,129
Line Undergrounding Fund	761,011	288,050	418,324	130,274
SDC Fund	1,391,244	1,424,219	2,099,202	674,983
Agate Beach Closure Fund	1,339,564	1,298,872	1,257,654	(41,218)
Urban Renewal Agency Fund	3,907,063	2,077,943	3,244,846	1,166,903
General Debt Service Fund	4,103	(9,477)	6,816	16,293
G.O. Debt Service Fund	-	42,197	15,024	(27,173)
Capital Project Fund	2,341,685	9,269,782	8,868,142	(401,640)
Reserve Fund	714,012	818,220	1,263,518	445,298
Capital Improvements Fund	633,424	544,665	509,035	(35,630)
Total Governmental Funds	\$ 16,912,245	\$ 21,318,668	\$ 23,144,018	\$ 1,825,350
PROPRIETARY FUNDS	FY 2017	FY 2018	FY 2019	FY18 to FY19 Change
Water Fund	\$ (1,935,002)	\$ (872,313)	\$ 4,653,347	\$ 5,525,660
Wastewater Fund	35,621,176	30,231,613	28,145,590	(2,086,023)
Debt Fund - Water	249,435	(251,719)	2,209	253,928
Debt Fund - Wastewater	1,449,369	527,784	344,051	(183,733)
G.O. Debt Service Fund	-	721,602	455,321	(266,281)
Capital Projects	1,223,473	56,516	1,071,964	1,015,448
Public Works Fund	806,107	919,512	1,307,047	387,535
City Facility Fund	-	141,005	73,685	(67,320)
Total Proprietary Funds	\$ 37,414,558	\$ 31,474,000	\$ 36,053,214	\$ 4,579,214

The City's governmental funds reported combined ending fund balances (EFBs) of \$23.1 million, up \$1.8 million or 8.60% from the previous year.

The General Fund is the main operating fund for the City. At the end of 2018-19 FY, the unassigned and assigned fund balance of the General Fund was \$2,553,897. Monies restricted, committed, and non-spendable totaled \$18,861. 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 24.58% of the total General Fund operating expenditures. The total fund balance (non-spendable, restricted, committed, assigned, and unassigned) decreased by \$68,152 to \$2.6 million. The key factor in this decrease was that the beginning fund balance has experienced a decrease in that revenue over the last three years. As part of the 2018-19 FY Budget process, the City Manager recommended to the City Council that a review of the City's long-term trends should be conducted so the City Council formed a committee called the Finance Work Group.

The Finance Work Group is comprised of the City Council, the City's Budget Committee, and the City's Audit Committee members who have been tasked with helping guide the development of a long-term strategy to address the declining beginning fund balance. Further details on the Finance Work Group may be found in the Letter of Transmittal section, which precedes the Management Discussion & Analysis.

Other substantial increases/decreases were in the Urban Renewal Agency Fund which increased by \$1.2 million or 63.3% due to a transfer in from the URA Debt Service Fund and the SDC Fund which increased by \$0.7 million.

The Proprietary funds reported combined EFB's of \$36.1 million, an increase of \$4.6 million or 14.5%. The biggest increase was in the Water Fund due to a \$4.58 million borrowing which was completed in late June 2019. The Wastewater Fund decreased \$2.1 million or 6.9% due to a prior period adjustment.

General Fund Budgetary Highlights

There was a \$195,808 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 seven supplemental budgets for this fund. The significant budget adjustments were to recognize a \$21K federal grant from Office of Emergency Homeland Security, an adjustment of \$51K to update the audited ending fund balance and the addition of the Low-Income Assistance program, and \$180K adjustment for receipt from State of Oregon wildfire response and transfer back of four complete capital projects, and an additional adjustment of \$75K for receipt of the final payment from State of Oregon wildfire response. In summary: Revenues in total were \$104K above the total budget. Tax revenue was \$54K lower than expected while transient room tax were \$278K above projected budget. Staff controlled spending and in some cases, vacant positions resulted in both salary and project savings. Where appropriate, some operations set aside savings into assigned reserves for future vehicle/equipment replacements or deferred maintenance projects.

Capital Assets. As of June 30, 2019 the City's investment in capital assets for its governmental and business type activities was \$147.5 million, net of accumulated depreciation (see table 4). Investment in capital assets includes land, buildings and structures, equipment, vehicles, infrastructure, and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was \$3.7 million or 3.0%. This total includes a 0.9% decrease in governmental activities and a 6.7% increase in business-type activities.

TABLE 4
CAPITAL ASSETS AT YEAR END - Net of depreciation

	Governmental Activities		Business-type Activities		Total Government	
	2018	2019	2018	2019	2018	2019
Land	\$ 12,225,530	\$ 12,225,530	\$ 858,652	\$ 858,652	\$ 13,084,182	\$ 13,084,182
Buildings and structures	33,145,563	42,925,771	28,831,082	28,831,082	61,976,645	71,756,853
Equipment	4,082,081	4,159,007	2,183,940	2,262,685	6,266,021	6,421,692
Vehicles	5,948,108	6,074,701	1,751,234	1,938,302	7,699,342	8,013,003
Infrastructure	43,939,406	50,416,679	57,736,067	57,736,067	101,675,473	108,152,746
Construction in progress	21,729,632	6,724,578	12,003,946	18,571,686	33,733,578	25,296,264
Less accumulated depreciation	(43,319,313)	(45,474,313)	(37,327,396)	(39,751,671)	(80,646,709)	(85,225,984)
Total	\$ 77,751,007	\$ 77,051,953	\$ 66,037,525	\$ 70,446,803	\$ 143,788,532	\$ 147,498,756

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

- Power Ford & Sunwest Motor storm drain improvements totaled \$1.5 million, not yet complete.
- Agate Beach improvements totaled \$4.5 million, not yet complete.
- Big Creek Dam totaled \$2.9 million. Total projected replacement cost at this time equals \$70.0 million.
- City hall HVAC replacement was completed for \$639,871.
- City’s Aquatic Center was completed for \$9.7 million.

TABLE 5
Change in Capital Assets

	Governmental Activities		Business-type Activities		Total Government	
	2018	2019	2018	2019	2018	2019
Beginning balance	\$ 73,633,974	\$ 77,751,007	\$ 64,681,527	\$ 66,037,525	\$ 138,315,501	\$ 143,788,532
Additions	8,184,378	17,713,935	3,960,013	7,076,485	12,144,391	24,790,420
Depreciation	(2,185,351)	(2,268,900)	(2,604,015)	(2,646,740)	(4,789,366)	(4,915,640)
Deletions	(1,881,994)	(16,144,089)	-	(20,467)	(1,881,994)	(16,164,556)
Ending Balance	\$ 77,751,007	\$ 77,051,953	\$ 66,037,525	\$ 70,446,803	\$ 143,788,532	\$ 147,498,756

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

Long-Term Debt. At the end of FY 2019 the City had total debt outstanding of \$52.1 million. The City has four major types of debt (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 \$17.9 million, which includes \$558,887 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 \$29.0 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 2019 is \$4.8 million, which includes \$20,093 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, 2019 is \$392,500.

In fiscal year 2018-19, the City added the 2018 Airport fuel farm borrowing of \$227,500 and 2019 Water borrowing of \$4.56 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 2017	FY 2018	FY 2019
2013 Series GO for Swimming Pool	\$ 7,440,000	\$ 7,200,000	\$ 6,930,000
2018 Series, Full Faith and Credit	-	3,248,000	2,958,000
2007 Certificate of Participation (LoCap)	155,000	135,000	115,000
2009 Certificate of Participation (LoCap)	560,000	285,000	-
2010B Series, Full Faith and Refunding	4,015,000	3,240,000	2,265,000
2008 Series, Bank of America	305,000	-	-
2015 A and B Urban Renewal	5,239,000	5,109,000	4,829,000
2018 Airport Fuel Farm Borrowing	-	-	277,500
City Bond Premium	426,978	393,264	359,550
URA Bond Premium	30,139	25,116	20,093
Total Governmental Debt	18,171,117	19,635,380	17,754,143
BUSINESS-TYPE ACTIVITIES	FY 2017	FY 2018	FY 2019
2009 GO Water Improvement Bonds (WTP)	12,310,541	11,410,541	10,400,541
2008 GO Refunding Bonds (Wastewater)	1,795,000	915,000	-
2010A Series, Full Faith and Refunding	2,695,000	2,240,000	1,770,000
Clean Water SRF Draw	5,455,971	9,443,888	12,813,742
2007 Seal Rock Water District Agreement	739,941	710,789	680,378
2015 Water Borrowing	4,264,224	4,098,399	3,925,892
2019 Water Borrowing	-	-	4,558,000
Bond Premium	265,987	232,662	199,337
Total Business Type Debt	27,526,664	29,051,279	34,347,890
TOTALS:	\$ 45,697,781	\$ 48,686,659	\$ 52,102,033

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

Economic Factors and Next Year's Budget and Rates

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

Another indicator of economic trends is the unemployment rate for a particular area. In reviewing the Lincoln County unemployment statistics over the past ten years for the month of June, it shows that 2019 was at 4.4%, with 2018 unemployment rate at 4.5%. While Lincoln County is lagging both the State and Federal unemployment rates Lincoln County has seen a significant reduction since the highest February rate of 12.3% in 2010.

The city's single largest source of revenue for the operation of the City of Newport comes from property taxes. The city has seen a steady growth in this revenue over the past years, which is used to fund the major operations of the city, including police, fire, and general government. The State of Oregon has passed a number of initiatives that impact the amount of property taxes paid to local governments, including Measure 5 which passed in 1990, and Measure 50, which passed in 1996. Measure 5 imposes a limit of \$10 per \$1,000 of real market value for the overall payments of general government taxes.

The City of Newport has not been significantly impacted by compression, which results when the rate limits enacted by Measure 50 are exceeded on individual properties. Compression applies to the real market value

of properties rather than the assessed valuation. The city should continue seeing a modest growth in property tax revenues for the near future, the average rate of growth has been around 3.8% for the past four years.

Other significant sources of revenues for the City of Newport include the transient room tax; it has averaged an increase of 9.1% the last five years. However, this tax has reached, in all appearances, diminishing returns when the increase for the 2018-19 FY was an actual decrease of 0.006%. This will be monitored in the 2019-2020 year to see if this trend continues.

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

In assembling the City-wide budget for the 2019-20 Budget, the City Finance Department assembled assumptions for the budget as follows; assessed value of property would increase by 2.0% and the same for interest income. Medical insurance coverage was scheduled to increase by an average 2.2%, and an average Cost of Living Adjustment of 2.0% for budgeted wages.

All of these factors were considered when preparing the budget for the 2020 Fiscal Year.

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

Signature: 
Finance Director

Signature: 
Assistant Finance Director

BASIC FINANCIAL STATEMENTS

To give real service you must add something which cannot be bought or measured with money, and that is sincerity and integrity. Douglas Adams

CITY OF NEWPORT, OREGON
STATEMENT OF NET POSITION

June 30, 2019

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and cash equivalents	\$ 22,779,334	\$ 7,930,890	\$ 30,710,224
Internal balances	(1,061,287)	1,061,287	-
Receivables			
Property taxes	737,941	135,187	873,128
Accounts	1,336,261	1,339,839	2,676,100
Inventories	46,417	548,343	594,760
Prepaid items	40,394	5,909	46,303
Land held for resale	9,751	-	9,751
Net other postemployment benefit asset	29,055	-	29,055
Capital assets			
Land and construction in progress	18,950,108	19,430,338	38,380,446
Other capital assets, net of depreciation	58,101,845	51,016,465	109,118,310
Total assets	<u>100,969,819</u>	<u>81,468,258</u>	<u>182,438,077</u>
DEFERRED OUTFLOWS OF RESOURCES			
Other postemployment benefit related items	30,532	5,069	35,601
Pension related items	<u>2,363,449</u>	<u>232,132</u>	<u>2,595,581</u>
Total deferred outflows of resources	<u>2,393,981</u>	<u>237,201</u>	<u>2,631,182</u>
LIABILITIES			
Accounts payable	574,181	1,352,070	1,926,251
Payroll and related liabilities	426,676	107,544	534,220
Accrued interest payable	44,159	7,411,675	7,455,834
Refundable deposits and advances	2,868	616,993	619,861
Long-term obligations			
Due within one year			
Compensated absences	499,703	125,642	625,345
All other debt	1,994,237	2,729,017	4,723,254
Due in more than one year			
Other postemployment benefit liability	339,168	97,090	436,258
Net pension liability	5,019,133	387,305	5,406,438
All other debt	<u>15,759,906</u>	<u>31,618,873</u>	<u>47,378,779</u>
Total liabilities	<u>24,660,031</u>	<u>44,446,209</u>	<u>69,106,240</u>
DEFERRED INFLOWS OF RESOURCES			
Other postemployment benefit related items	122,813	32,743	155,556
Pension related items	<u>951,226</u>	<u>185,691</u>	<u>1,136,917</u>
Total deferred inflow of resources	<u>1,074,039</u>	<u>218,434</u>	<u>1,292,473</u>
NET POSITION			
Net investment in capital assets	61,753,931	35,237,692	96,991,623
Restricted for:			
Capital projects	11,046,727	1,071,964	12,118,691
Debt service	39,495	801,581	841,076
Agate beach disposal site closure	1,256,678	-	1,256,678
Tourism	672,173	-	672,173
Streets	540,503	-	540,503
Building inspection	669,069	-	669,069
Urban renewal revitalization	3,397,399	-	3,397,399
Unrestricted	<u>(1,746,245)</u>	<u>(70,421)</u>	<u>(1,816,666)</u>
Total net position	<u>\$ 77,629,730</u>	<u>\$ 37,040,816</u>	<u>\$ 114,670,546</u>

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

CITY OF NEWPORT, OREGON
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
Governmental activities				
General government	\$ 6,974,042	\$ 1,907,132	\$ 9,398	\$ 541,160
Public safety	7,024,000	545,777	-	-
Highways and streets	1,737,166	1,082,894	776,220	390,463
Culture and recreation	4,136,018	854,680	4,181	401,870
Interest on long-term obligations	614,849	-	-	-
Total governmental activities	<u>20,486,075</u>	<u>4,390,483</u>	<u>789,799</u>	<u>1,333,493</u>
Business-type activities				
Water	6,319,871	4,247,951	-	80,000
Wastewater	4,153,178	4,242,558	-	-
Total business-type activities	<u>10,473,049</u>	<u>8,490,509</u>	<u>-</u>	<u>80,000</u>
Totals	<u>\$ 30,959,124</u>	<u>\$ 12,880,992</u>	<u>\$ 789,799</u>	<u>\$ 1,413,493</u>

General revenues

Property taxes used for general purposes
Property taxes used for debt service
Transient room taxes used for general purposes
Franchise fees
Motor fuel taxes
Cigarette, liquor, marijuana and construction excise taxes (CET)
Unrestricted investment earnings
Miscellaneous

Transfers

Total general revenues and transfers

Change in net position
Net position - beginning
Prior period adjustments

Net position - ending

Net (Expense) Revenue and
Change in Net Position

Governmental Activities	Business- type Activities	Totals	
			Governmental activities
\$ (4,516,352)		\$ (4,516,352)	General government
(6,478,223)		(6,478,223)	Public safety
512,411		512,411	Highways and streets
(2,875,287)		(2,875,287)	Culture and recreation
(614,849)		(614,849)	Interest on long-term obligations
<u>(13,972,300)</u>		<u>(13,972,300)</u>	Total governmental activities
			Business-type activities
	\$ (1,991,920)	(1,991,920)	Water
	89,380	89,380	Sewer
	<u>(1,902,540)</u>	<u>(1,902,540)</u>	Total business-type activities
<u>(13,972,300)</u>	<u>(1,902,540)</u>	<u>(15,874,840)</u>	Totals
			General revenues
6,822,818	-	6,822,818	Property taxes used for general purposes
3,358,110	1,749,192	5,107,302	Property taxes used for debt service
4,402,983	-	4,402,983	Transient room taxes used for general purposes
1,325,445	-	1,325,445	Franchise fees
190,099	-	190,099	Motor fuel taxes
536,675	-	536,675	Cigarette, liquor, marijuana and construction excise taxes (CET)
585,896	116,536	702,432	Unrestricted investment earnings
365,973	-	365,973	Miscellaneous
(1,198,499)	1,198,499	-	Transfers
<u>16,389,500</u>	<u>3,064,227</u>	<u>19,453,727</u>	Total general revenues and transfers
2,417,200	1,161,687	3,578,887	Change in net position
78,460,530	32,459,153	110,919,683	Net position - beginning
(3,248,000)	3,419,976	171,976	Prior period adjustments
<u>\$ 77,629,730</u>	<u>\$ 37,040,816</u>	<u>\$ 114,670,546</u>	Net position - ending

CITY OF NEWPORT, OREGON
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	General	Urban Renewal	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,489,630	\$ 3,197,184	\$ 9,021,357	\$ 7,842,826	\$ 22,550,997
Receivables					
Property taxes	517,073	189,116	-	31,752	737,941
Accounts	431,729	8,550	23,535	872,447	1,336,261
Land held for resale	-	-	-	9,751	9,751
Prepaid items	18,861	5,235	-	16,298	40,394
Inventories	-	-	-	46,417	46,417
Due from other funds	2,935	-	-	220,000	222,935
	<u>3,460,228</u>	<u>3,400,085</u>	<u>9,044,892</u>	<u>9,039,491</u>	<u>24,944,696</u>
Total assets	<u>\$ 3,460,228</u>	<u>\$ 3,400,085</u>	<u>\$ 9,044,892</u>	<u>\$ 9,039,491</u>	<u>\$ 24,944,696</u>
LIABILITIES					
Accounts payable	\$ 149,926	\$ 127	\$ 176,750	\$ 146,452	\$ 473,255
Payroll and related liabilities	324,337	2,559	-	81,649	408,545
Deposits	1,228	-	-	1,640	2,868
Due to other funds	-	-	-	222,935	222,935
	<u>475,491</u>	<u>2,686</u>	<u>176,750</u>	<u>452,676</u>	<u>1,107,603</u>
Total liabilities	<u>475,491</u>	<u>2,686</u>	<u>176,750</u>	<u>452,676</u>	<u>1,107,603</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	430,840	152,553	-	109,682	693,075
	<u>430,840</u>	<u>152,553</u>	<u>-</u>	<u>109,682</u>	<u>693,075</u>
Total deferred inflows of resources	<u>430,840</u>	<u>152,553</u>	<u>-</u>	<u>109,682</u>	<u>693,075</u>
FUND BALANCES					
Nonspendable	18,861	5,235	-	16,298	40,394
Restricted	-	3,239,611	8,868,142	5,386,306	17,494,059
Committed	-	-	-	1,295,160	1,295,160
Assigned	-	-	-	1,779,369	1,779,369
Unassigned	2,535,036	-	-	-	2,535,036
	<u>2,553,897</u>	<u>3,244,846</u>	<u>8,868,142</u>	<u>8,477,133</u>	<u>23,144,018</u>
Total fund balances	<u>2,553,897</u>	<u>3,244,846</u>	<u>8,868,142</u>	<u>8,477,133</u>	<u>23,144,018</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,460,228</u>	<u>\$ 3,400,085</u>	<u>\$ 9,044,892</u>	<u>\$ 9,039,491</u>	<u>\$ 24,944,696</u>

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

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

June 30, 2019

Total fund balances per governmental funds balance sheet \$ 23,144,018

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

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

Land and construction in progress	\$ 18,950,108
Other capital assets, net of depreciation	<u>58,101,845</u>

Total capital asset adjustments 77,051,953

Other long-term assets are not available to pay current-period expenditures and, therefore, are reported as unavailable revenue in the funds. 693,075

The net other postemployment benefit asset is reported in the statement of net position but is not reported in the funds 29,055

Governmental activities report as deferred outflows of resources, the difference between expected and actual experience, the changes in proportionate share, and subsequent contributions to the public employees retirement system and the City of Newport retirement plan. 2,363,449

Governmental activities report as deferred outflows of resources, subsequent contributions to the public employees retirement system retiree health insurance account's 30,532

Internal service funds are used by management to charge the costs of information systems services, central services, and geographic information system services to individual funds. A portion of the assets and liabilities of the internal service funds is included in governmental activities in the statement of net position. (952,007)

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

Long-term obligations	\$ (17,754,143)
Interest payable on long-term debt	(44,159)
Deferred inflows - pension related	(951,226)
Deferred inflows - other postemployment benefit related	(122,813)
Compensated absences	(499,703)
Net pension liability	(5,019,133)
Other postemployment benefits	<u>(339,168)</u>

Total long-term obligations adjustments (24,730,345)

Net position of the governmental activities \$ 77,629,730

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

CITY OF NEWPORT, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	General	Urban Renewal	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property	\$ 6,890,553	\$ 2,861,325	\$ -	\$ 514,531	\$ 10,266,409
Transient room	2,377,611	-	-	2,025,372	4,402,983
Other	162,127	-	-	52,141	214,268
Franchise fees, privilege taxes, licenses, and permits	1,364,067	-	-	212,634	1,576,701
Intergovernmental	1,113,991	-	349,092	936,319	2,399,402
Charges for services	1,297,472	-	-	3,351,596	4,649,068
Fines and forfeitures	128,525	-	-	-	128,525
Interest on investments	52,396	100,852	289,526	139,293	582,067
Miscellaneous	247,179	51,300	50,816	131,317	480,612
Total revenues	<u>13,633,921</u>	<u>3,013,477</u>	<u>689,434</u>	<u>7,363,203</u>	<u>24,700,035</u>
EXPENDITURES					
Current:					
General government	2,731,232	114,045	840,731	1,994,837	5,680,845
Public safety	6,273,966	-	-	-	6,273,966
Highways and streets	-	-	-	912,425	912,425
Culture and recreation	1,089,841	-	-	1,981,031	3,070,872
Debt service:					
Principal	-	1,255,000	-	865,000	2,120,000
Interest	-	261,529	-	387,599	649,128
Capital outlay	294,920	-	1,908,389	905,335	3,108,644
Total expenditures	<u>10,389,959</u>	<u>1,630,574</u>	<u>2,749,120</u>	<u>7,046,227</u>	<u>21,815,880</u>
Excess (deficiency) of revenues over expenditures	<u>3,243,962</u>	<u>1,382,903</u>	<u>(2,059,686)</u>	<u>316,976</u>	<u>2,884,155</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of long-term debt	-	-	277,500	-	277,500
Transfers in	204,954	-	1,841,154	3,585,614	5,631,722
Transfers out	(3,517,068)	(216,000)	(460,608)	(2,774,351)	(6,968,027)
Total other financing sources (uses)	<u>(3,312,114)</u>	<u>(216,000)</u>	<u>1,658,046</u>	<u>811,263</u>	<u>(1,058,805)</u>
Net change in fund balances	(68,152)	1,166,903	(401,640)	1,128,239	1,825,350
Fund balance - beginning	2,622,049	2,077,943	9,269,782	7,348,894	21,318,668
Fund balance - ending	<u>\$ 2,553,897</u>	<u>\$ 3,244,846</u>	<u>\$ 8,868,142</u>	<u>\$ 8,477,133</u>	<u>\$ 23,144,018</u>

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

CITY OF NEWPORT, OREGON
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

Net change in fund balances - total governmental funds		\$ 1,825,350
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and disposals in the current period.		
Capital outlay	\$ 1,576,283	
Depreciation for the current fiscal year	(2,268,900)	
Disposal of capital assets	<u>(6,437)</u>	
Total capital outlay/depreciation adjustment		(699,054)
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	(85,481)	
Charges for services	<u>(2,785)</u>	
Total revenue adjustments		(88,266)
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Issuance of long-term debt	(277,500)	
Amortization of bond premium	38,737	
Accrued interest	(4,458)	
Principal payments	<u>2,120,000</u>	
Total long-term debt adjustments		1,876,779
The amount contributed to defined benefit plans is reported as an expenditure in the funds, while governmental activities reports pension expense as the change in net pension asset or liability, pension related deferred outflows of resources and deferred inflows of resources		
Change in deferred outflows of resources - pension related	568,035	
Change in net pension asset or liability	(1,165,239)	
Change in deferred inflows of resources - pension related	<u>80,986</u>	
Total pension expense adjustment		(516,218)
The amount contributed to the other postemployment benefit plans is reported as an expenditure in the funds, while governmental activities reports additional other postemployment benefit expense of the change in other postemployment asset or liability, other postemployment benefit related deferred outflows of resources and deferred inflows of resources		
Change in deferred outflows of resources - other postemployment benefit related	(2,721)	
Change in other postemployment benefit asset	19,256	
Change in other postemployment benefit liability	76,156	
Change in deferred inflows of resources - other postemployment benefit related	<u>(98,344)</u>	
Total other postemployment benefit expense adjustment		(5,653)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences		30,253
The net expense of certain activities of internal service funds is reported with governmental activities.		
		<u>(5,991)</u>
Change in net position of governmental activities		<u>\$ 2,417,200</u>

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

CITY OF NEWPORT, OREGON
GENERAL FUND
BUDGETARY COMPARISON STATEMENT
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Property taxes:				
Current	\$ 6,670,000	\$ 6,670,000	\$ 6,669,202	\$ (798)
Delinquent	275,000	275,000	221,351	(53,649)
Transient room tax	2,100,000	2,100,000	2,377,611	277,611
Fees in lieu of franchise	81,038	115,238	117,870	2,632
Vacation rental and bed and breakfast endorsement tax	10,300	10,300	8,950	(1,350)
State cigarette tax	14,420	14,420	11,702	(2,718)
State liquor proration	175,615	175,615	169,317	(6,298)
State marijuana tax proration	50,000	50,000	51,015	1,015
Local marijuana tax proration	120,000	120,000	108,945	(11,055)
CET affordable housing administration	3,090	3,090	2,167	(923)
Franchise tax - Georgia Pacific	73,910	73,910	76,130	2,220
Franchise tax - Century Link	23,000	23,000	16,249	(6,751)
Franchise tax - Charter	160,000	160,000	201,403	41,403
Franchise tax - Coast Communications	21,000	21,000	23,710	2,710
Franchise tax - NW Natural	142,000	142,000	128,046	(13,954)
Franchise tax - Central Lincoln Public Utility District	420,000	420,000	409,046	(10,954)
Franchise tax - Thompson sanitary service	155,000	155,000	154,553	(447)
Franchise tax - miscellaneous	10,000	10,000	5,714	(4,286)
Homeland fire grant	-	20,661	-	(20,661)
State revenue sharing	140,000	140,000	141,388	1,388
Ready to read grant	1,100	1,100	1,142	42
Newport rural fire protection	280,000	280,000	255,666	(24,334)
Lincoln County grant	-	2,500	2,500	-
Lincoln County School District	45,000	45,000	-	(45,000)
Lincoln County Library District	340,000	340,000	354,591	14,591
Conflagration reimbursement	-	153,633	153,774	141
Service provided parks and recreation	103,684	103,684	103,684	-
Service provided public parking	4,153	4,153	4,151	(2)
Service provided housing	500	500	500	-
Service provided airport	75,694	75,694	75,694	-
Service provided room tax	112,096	112,096	112,096	-
Service provided building inspection	34,680	34,680	34,680	-
Service provided street	87,083	87,083	87,083	-
Service provided line undergrounding	1,030	1,030	1,030	-
Service provided SDC	515	515	515	-
Service provided agate beach	515	515	515	-
Service provided Newport Urban Renewal Agency - so beach	38,992	38,992	38,992	-
Service provided Newport Urban Renewal Agency - no side	515	515	515	-
Service provided water	320,729	320,729	320,729	-
Service provided sewer	382,347	382,347	382,347	-
Service provided public works	59,941	59,941	59,941	-
Service provided city facility	75,000	75,000	75,000	-
K-9 program	5,000	5,000	-	(5,000)
Rents and leases	100,000	100,000	79,534	(20,466)
Land use fees	24,000	24,000	32,993	8,993
Municipal court fines	110,000	110,000	97,466	(12,534)
State/county court fines	56,000	56,000	23,911	(32,089)
Parking tickets	3,000	16,800	12,183	(4,617)
Library fines	10,000	10,000	12,898	2,898
Training court cost	2,000	2,000	922	(1,078)
Court restitution payments	3,000	3,000	-	(3,000)
Business licenses	240,983	240,983	181,343	(59,640)
Oregon Liquor Control Commission licenses	5,150	5,150	8,060	2,910
Police reports	5,459	5,459	5,978	519
Interest on investments	80,000	80,000	52,396	(27,604)
Miscellaneous sales and services	41,200	46,841	156,632	109,791
Gifts and donations	4,000	4,000	9,141	5,141
Special events and fundraising	721	721	257	(464)
Skate park donations	-	-	290	290
Tower optic	1,030	1,030	403	(627)
Total revenues	<u>13,299,490</u>	<u>13,529,925</u>	<u>13,633,921</u>	<u>103,996</u>

Continued on next page

CITY OF NEWPORT, OREGON
GENERAL FUND
BUDGETARY COMPARISON STATEMENT
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Over (Under)
Other financing sources				
Transfer from room tax fund	\$ 20,300	\$ 20,300	\$ 20,300	\$ -
Transfer from street fund	7,000	7,000	7,000	-
Transfer from capital projects fund	-	27,020	27,020	-
Transfer from capital improvement fund	-	120,634	120,634	-
Transfer from water fund	15,000	15,000	15,000	-
Transfer from sewer fund	15,000	15,000	15,000	-
Total other financing sources	<u>57,300</u>	<u>204,954</u>	<u>204,954</u>	<u>-</u>
Fund balance, beginning				
Unassigned	<u>2,718,585</u>	<u>2,622,051</u>	<u>2,622,049</u>	<u>(2)</u>
Amount available for appropriation	<u>16,075,375</u>	<u>16,356,930</u>	<u>16,460,924</u>	<u>103,994</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
City administration	2,439,755	2,453,805	2,275,582	178,223
Police	4,155,510	4,169,310	4,022,165	147,145
Fire	2,302,914	2,432,707	2,318,657	114,050
Emergency coordinator	155,235	178,396	178,389	7
Library	1,207,978	1,207,978	1,089,841	118,137
Community development	309,695	309,695	267,169	42,526
Non-departmental	208,500	292,700	238,156	54,544
Contingency	424,703	355,507	-	355,507
Total expenditures	<u>11,204,290</u>	<u>11,400,098</u>	<u>10,389,959</u>	<u>1,010,139</u>
Other financing uses				
Transfers to other funds	<u>3,431,321</u>	<u>3,517,068</u>	<u>3,517,068</u>	<u>-</u>
Total expenditures and other financing uses	<u>14,635,611</u>	<u>14,917,166</u>	<u>13,907,027</u>	<u>1,010,139</u>
Fund balance, ending	<u>\$ 1,439,764</u>	<u>\$ 1,439,764</u>	<u>\$ 2,553,897</u>	<u>\$ 1,114,133</u>

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

CITY OF NEWPORT, OREGON
URBAN RENEWAL FUND
BUDGETARY COMPARISON STATEMENT
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Property taxes:				
Current	\$ 2,380,838	\$ 2,380,838	\$ 2,785,278	\$ 404,440
Delinquent	68,303	68,303	76,047	7,744
Rents and leases	51,000	51,000	51,300	300
Interest on investments	60,390	60,390	100,852	40,462
Total revenues	<u>2,560,531</u>	<u>2,560,531</u>	<u>3,013,477</u>	<u>452,946</u>
Other financing sources				
Intrafund transfers	500,000	500,000	500,000	-
Total other financing sources	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Fund balance, beginning	<u>1,953,461</u>	<u>1,953,461</u>	<u>2,077,943</u>	<u>124,482</u>
Amount available for appropriation	<u>5,013,992</u>	<u>5,013,992</u>	<u>5,591,420</u>	<u>577,428</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Newport south beach operations	120,602	120,602	112,721	7,881
Newport northside operations	1,932	1,932	1,318	614
McLean point operations	101	101	6	95
Debt service	1,517,462	1,517,462	1,516,529	933
Contingency	2,065,151	2,065,151	-	2,065,151
Total expenditures	<u>3,705,248</u>	<u>3,705,248</u>	<u>1,630,574</u>	<u>2,074,674</u>
Other financing uses				
Transfers to other funds	216,000	216,000	216,000	-
Intrafund transfers	500,000	500,000	500,000	-
Total other financing uses	<u>716,000</u>	<u>716,000</u>	<u>716,000</u>	<u>-</u>
Total expenditures and other financing uses	<u>4,421,248</u>	<u>4,421,248</u>	<u>2,346,574</u>	<u>2,074,674</u>
Fund balance, ending	<u>\$ 592,744</u>	<u>\$ 592,744</u>	<u>\$ 3,244,846</u>	<u>\$ 2,652,102</u>

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

CITY OF NEWPORT, OREGON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2019

	Business-type Activities					Total Internal Service Funds
	Water	Wastewater	G.O. Debt Service - Proprietary	Total Nonmajor Funds	Total Enterprise Funds	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 4,232,720	\$ -	\$ 320,134	\$ 2,671,069	\$ 7,223,923	\$ 935,304
Receivables						
Property taxes	-	-	135,187	-	135,187	-
Accounts	644,809	695,030	-	-	1,339,839	-
Inventories	376,367	171,976	-	-	548,343	-
Prepaid items	-	2	-	5,790	5,792	117
Due from other funds	180,015	-	-	-	180,015	-
Total current assets	5,433,911	867,008	455,321	2,676,859	9,433,099	935,421
Noncurrent assets						
Land and construction in progress	7,243,203	11,587,795	-	-	18,830,998	599,340
Other capital assets, net of depreciation	19,445,308	31,382,926	-	-	50,828,234	188,231
Total noncurrent assets	26,688,511	42,970,721	-	-	69,659,232	787,571
Total assets	32,122,422	43,837,729	455,321	2,676,859	79,092,331	1,722,992
DEFERRED OUTFLOWS OF RESOURCES						
Other postemployment benefit related items	2,182	1,840	-	-	4,022	1,131
Pension related items	93,229	69,724	-	-	162,953	75,353
Total deferred outflows of resources	95,411	71,564	-	-	166,975	76,484
LIABILITIES						
Current liabilities						
Accounts payable	50,017	44,198	-	1,255,054	1,349,269	103,727
Payroll and related liabilities	44,017	37,358	-	-	81,375	44,300
Due to other funds	-	176,434	-	3,581	180,015	-
Compensated absences	58,862	35,506	-	-	94,368	55,720
Interest payable	6,833,714	577,961	-	-	7,411,675	-
Refundable deposits	616,993	-	-	-	616,993	-
Current portion long-term debt	2,221,697	507,320	-	-	2,729,017	-
Total current liabilities	9,825,300	1,378,777	-	1,258,635	12,462,712	203,747
Long-term obligations						
Net pension liability	155,548	116,332	-	-	271,880	125,727
Other postemployment benefits liability	41,796	35,233	-	-	77,029	21,681
Long-term debt, net	17,453,169	14,165,704	-	-	31,618,873	-
Total long-term obligations	17,650,513	14,317,269	-	-	31,967,782	147,408
Total liabilities	27,475,813	15,696,046	-	1,258,635	44,430,494	351,155
DEFERRED INFLOWS OF RESOURCES						
Other postemployment benefit related items	14,095	11,882	-	-	25,977	7,312
Pension related items	74,578	55,775	-	-	130,353	60,277
Total deferred inflows of resources	88,673	67,657	-	-	156,330	67,589
NET POSITION						
Net investment in capital assets	9,400,424	28,297,697	-	-	37,698,121	787,571
Restricted for capital construction	-	-	-	1,071,964	1,071,964	-
Restricted for debt service	-	-	455,321	346,260	801,581	-
Unrestricted	(4,747,077)	(152,107)	-	-	(4,899,184)	593,161
Total net position	\$ 4,653,347	\$ 28,145,590	\$ 455,321	\$ 1,418,224	34,672,482	\$ 1,380,732

Adjustment to reflect the cumulative internal balance for
the net effect of the activity between the internal service
funds and the enterprise funds over time. 2,368,334

Net position of the business-type activities \$ 37,040,816

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

CITY OF NEWPORT, OREGON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2019

	Business-type Activities					Total Internal Service Funds
	Water	Wastewater	G.O. Debt Service - Proprietary	Total Nonmajor Funds	Total Enterprise Funds	
OPERATING REVENUES						
Service charges and fees	\$ 4,141,041	\$ 4,221,119	\$ -	\$ -	\$ 8,362,160	\$ 1,344,693
Miscellaneous	85,550	21,439	-	334	107,323	41,657
Total operating revenues	<u>4,226,591</u>	<u>4,242,558</u>	<u>-</u>	<u>334</u>	<u>8,469,483</u>	<u>1,386,350</u>
OPERATING EXPENSES						
Salaries and wages	1,046,092	895,690	-	-	1,941,782	971,895
Contracted services	111,099	132,020	-	639,406	882,525	387,687
Property services	84,815	106,062	-	-	190,877	261,963
Operating supplies	204,774	358,854	-	-	563,628	20,487
Utilities	257,822	289,644	-	-	547,466	429,933
Depreciation	1,016,065	1,592,784	-	-	2,608,849	37,891
Repairs and maintenance	507,019	264,522	-	-	771,541	201,905
Charges for services	788,203	880,525	-	-	1,668,728	59,941
Miscellaneous	60,679	101,050	-	-	161,729	169,087
Total operating expenses	<u>4,076,568</u>	<u>4,621,151</u>	<u>-</u>	<u>639,406</u>	<u>9,337,125</u>	<u>2,540,789</u>
Operating income (loss)	<u>150,023</u>	<u>(378,593)</u>	<u>-</u>	<u>(639,072)</u>	<u>(867,642)</u>	<u>(1,154,439)</u>
NONOPERATING REVENUES (EXPENSES)						
Grants	-	-	-	80,000	80,000	-
Property taxes	-	-	1,749,192	-	1,749,192	-
Interest on investments	40,288	728	19,939	45,225	106,180	14,185
(Loss) on sale of asset	-	(20,467)	-	-	(20,467)	-
Interest	(1,104,439)	(302,300)	-	-	(1,406,739)	-
Total nonoperating revenues (expenses)	<u>(1,064,151)</u>	<u>(322,039)</u>	<u>1,769,131</u>	<u>125,225</u>	<u>508,166</u>	<u>14,185</u>
Income (loss) before capital contributions and transfers	(914,128)	(700,632)	1,769,131	(513,847)	(359,476)	(1,140,254)
Transfers in	3,691,147	5,909,207	-	8,119,885	17,720,239	1,855,973
Transfers out	(2,995,449)	(4,970,484)	(2,035,412)	(6,520,395)	(16,521,740)	(395,504)
Change in net position	(218,430)	238,091	(266,281)	1,085,643	839,023	320,215
Prior period restatement	5,744,090	(2,324,114)	-	-	3,419,976	-
Net position - beginning	(872,313)	30,231,613	721,602	332,581	30,413,483	1,060,517
Net position - ending	<u>\$ 4,653,347</u>	<u>\$ 28,145,590</u>	<u>\$ 455,321</u>	<u>\$ 1,418,224</u>	<u>\$ 34,672,482</u>	<u>\$ 1,380,732</u>
Change in net position					\$ 839,023	
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds					322,664	
Change in net position of the business-type activities					<u>\$ 1,161,687</u>	

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

CITY OF NEWPORT, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2019

	Business-type activities					
	Water	Wastewater	G.O. Debt Service - Proprietary	Total Nonmajor Funds	Total Enterprise Funds	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 4,111,233	\$ 4,206,080	\$ -	\$ -	\$ 8,317,313	\$ -
Service provided to other funds	-	-	-	-	-	1,344,693
Cash payments to suppliers of goods and services	(1,090,963)	(1,410,319)	-	(639,406)	(3,140,688)	(1,572,632)
Cash payments to employees for services	(1,002,468)	(870,490)	-	-	(1,872,958)	(947,432)
Cash payments to other funds	(788,203)	(880,525)	-	-	(1,668,728)	-
Other revenues	85,550	21,439	-	334	107,323	41,657
Net cash provided by (used in) operating activities	1,315,149	1,066,185	-	(639,072)	1,742,262	(1,133,714)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Advance to other fund	(180,015)	-	-	-	(180,015)	-
Advance from other fund	-	176,434	-	3,581	180,015	-
Transfers in	-	-	-	-	-	1,855,973
Transfers out	-	-	-	-	-	(362,137)
Net cash provided by (used in) noncapital financing activities	(180,015)	176,434	-	3,581	-	1,493,836
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets	-	(508,745)	-	(4,372,164)	(4,880,909)	(33,367)
Proceeds from issuance of debt	4,558,000	-	-	3,369,854	7,927,854	-
Grants	-	-	-	80,000	80,000	-
Property taxes	-	-	1,771,543	-	1,771,543	-
Transfers in	30,556	3,418	-	4,750,031	4,784,005	-
Transfers out	(2,995,449)	(1,600,630)	-	(345,457)	(4,941,536)	-
Principal payments	-	-	(1,925,000)	(672,918)	(2,597,918)	-
Interest payments	-	-	(110,412)	(290,310)	(400,722)	-
Net cash (used in) capital and related financing activities	1,593,107	(2,105,957)	(263,869)	2,519,036	1,742,317	(33,367)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on investments	40,288	728	19,939	45,225	106,180	14,185
Net increase (decrease) in cash and cash equivalents	2,768,529	(862,610)	(243,930)	1,928,770	3,590,759	340,940
Cash and cash equivalents, July 1, 2018	<u>1,464,191</u>	<u>862,610</u>	<u>564,064</u>	<u>742,299</u>	<u>3,633,164</u>	<u>594,364</u>
Cash and cash equivalents, June 30, 2019	<u>\$ 4,232,720</u>	<u>\$ -</u>	<u>\$ 320,134</u>	<u>\$ 2,671,069</u>	<u>\$ 7,223,923</u>	<u>\$ 935,304</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES						
Operating income (loss)	\$ 150,023	\$ (378,593)	\$ -	\$ (639,072)	\$ (867,642)	\$ (1,154,439)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	1,016,065	1,592,784	-	-	2,608,849	37,891
Changes in assets, deferred outflows, liabilities and deferred inflows:						
Receivables	(86,138)	(15,039)	-	-	(101,177)	-
Prepaid items	-	(2)	-	-	(2)	(117)
Inventories	125,506	-	-	-	125,506	-
Deferred outflows of resources	11,071	8,245	-	-	19,316	10,895
Accounts payable	9,739	(158,165)	-	-	(148,426)	(41,512)
Payroll and related liabilities	5,826	6,454	-	-	12,280	6,550
Compensated absences	12,186	(77)	-	-	12,109	6,598
Other postemployment benefit liability	(7,632)	(7,296)	-	-	(14,928)	(10,183)
Refundable deposits	56,330	-	-	-	56,330	-
Net pension liability	51,560	38,662	-	-	90,222	39,959
Deferred inflows of resources	(29,387)	(20,788)	-	-	(50,175)	(29,356)
Total adjustments	1,165,126	1,444,778	-	-	2,609,904	20,725
Net cash provided by (used in) operating activities	<u>\$ 1,315,149</u>	<u>\$ 1,066,185</u>	<u>\$ -</u>	<u>\$ (639,072)</u>	<u>\$ 1,742,262</u>	<u>\$ (1,133,714)</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:						
Transfers in	\$ 3,660,591	\$ 5,905,789	\$ -	\$ 3,369,854	\$ 12,936,234	\$ -
Transfers out	-	(3,369,854)	(2,035,412)	(6,174,938)	(11,580,204)	(33,367)
	<u>\$ 3,660,591</u>	<u>\$ 2,535,935</u>	<u>\$ (2,035,412)</u>	<u>\$ (2,805,084)</u>	<u>\$ 1,356,030</u>	<u>\$ (33,367)</u>

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

CITY OF NEWPORT, OREGON

**STATEMENT OF NET POSITION
FIDUCIARY FUND**

June 30, 2019

	City of Newport Employees Retirement Plan Pension Trust Fund
ASSETS	
Cash and cash equivalents	\$ 776,393
Investments	
Bonds	398,496
Equities	5,957,421
Mutual funds	3,890,707
Receivable	<u>60,674</u>
TOTAL ASSETS	<u>11,083,691</u>
NET POSITION	
Restricted for defined benefit pension	7,365,836
Restricted for defined contribution pension	<u>3,717,855</u>
TOTAL NET POSITION	<u><u>\$ 11,083,691</u></u>

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

CITY OF NEWPORT, OREGON

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

For the Year Ended June 30, 2019

	<u>City of Newport Employees Retirement Plan Pension Trust Fund</u>
ADDITIONS	
Employer contributions	\$ 614,061
Investment earnings, net	<u>492,335</u>
Total additions	<u>1,106,396</u>
DEDUCTIONS	
Benefits	1,195,239
Administrative expenses	<u>49,086</u>
Total deductions	<u>1,244,325</u>
Change in net position	(137,929)
Net position - beginning	<u>11,221,620</u>
Net position - ending	<u><u>\$ 11,083,691</u></u>

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Blended Component Unit

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

Basic Financial Statements

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

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements (continued)

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The City reports the following major governmental funds:

General

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

Urban Renewal

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

Capital Projects

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The City reports the following major proprietary funds:

Water

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

Wastewater

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

G.O. Debt Service – Proprietary

Accounts for repayment of debt incurred for the water and wastewater treatment plants. These debts were financed by property taxes.

Additionally, the City reports the following nonmajor fund types:

Special revenue

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

Debt service

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

Capital projects

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Enterprise

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

Internal Service

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

Fiduciary

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

Cash and Cash Equivalents

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

Investments

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

Restricted Assets

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

Inventories

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

In the governmental funds, 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.

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables

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

Assessments receivable represent the uncollected amounts levied against benefited properties for the costs of local improvements. Since the assessments are liens against properties, an allowance for uncollectible amounts is not deemed necessary by management. Assessments are payable over a period of ten years and bear interest at 6.467% to 10.1%.

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

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

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

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

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

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

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

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

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

Compensated Absences

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

Long-term Obligations

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

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity Classifications

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

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

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

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

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

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

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

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

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

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

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

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Special Items

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

Budgetary Information

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

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

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

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

An election must be held to approve general obligation debt pledging the full faith and credit of the City. As a result of Ballot Measure 50 and subsequent legislation, the City's permanent tax rate was set at \$5.5938 per \$1,000 of assessed value. The assessed value (not including the urban renewal district) for 2018-19 was \$1,443,535,737. Assessed value is calculated on a property-by-property basis and is limited to a three percent increase annually. Compression of tax revenues comes into play when the real market value of an individual residential property is not sufficient to allow for an annual three percent increase in the assessed value.

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

Budgetary Information (continued)

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

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

During the fiscal year ended June 30, 2019, the City adopted supplemental budgets which totaled \$4,416,431, a 5% increase over the original budget. The following table outlines the budget changes:

Fund	2018-19 Original Budget	2018-19 Final Budget	Change
General	\$ 14,635,611	\$ 14,917,166	\$ 281,555
Newport Urban Renewal	4,421,248	4,421,248	-
Parks and Recreation	2,249,591	2,184,402	(65,189)
Public Parking	1,043,333	677,371	(365,962)
Housing	385,931	327,753	(58,178)
Airport	1,080,516	1,112,807	32,291
Room Tax	1,931,664	2,320,334	388,670
Building Inspection	550,255	527,972	(22,283)
Street	2,686,095	2,811,210	125,115
Line Undergrounding	415,881	447,656	31,775
SDC	2,379,938	2,303,240	(76,698)
Agate Beach Closure	1,351,527	1,326,372	(25,155)
Water Debt	400,498	400,498	-
Wastewater Debt	562,800	562,800	-
General Debt	323,290	714,290	391,000
GO Debt Service - Governmental	545,870	545,870	-
GO Debt Service - Proprietary	2,035,925	2,035,925	-
Capital Projects - General	14,759,058	14,742,123	(16,935)
Capital Projects - Proprietary	17,756,721	18,582,436	825,715
Reserve	80,000	240,303	160,303
Capital Improvement	1,277,100	2,107,444	830,344
Water	4,040,871	6,140,842	2,099,971
Wastewater	5,232,306	5,265,047	32,741
Public Works	1,285,684	1,299,327	13,643
City Facility	2,557,618	2,391,326	(166,292)
	<u>\$ 83,989,331</u>	<u>\$ 88,405,762</u>	<u>\$ 4,416,431</u>

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

3. DETAILED NOTES

Cash, Cash Equivalents and Investments

The City’s cash, cash equivalents and investments at June 30, 2019 are as follows:

Cash and cash equivalents		
Deposits with financial institutions	\$	(21,295)
Cash on hand		1,659
State of Oregon Treasurer's short-term investment pool		30,141,570
Money market		<u>1,364,683</u>
Total cash and cash equivalents	\$	<u>31,486,617</u>
Investments		
Bonds	\$	398,496
Equities		5,957,421
Mutual funds		<u>3,890,707</u>
Total investments	\$	<u>10,246,624</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, 2019, none of the City’s bank balances were exposed to custodial credit risk.

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

3. DETAILED NOTES (continued)

Cash, Cash Equivalents and Investments (continued)

State of Oregon Local Government Investment Pool

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

Investments

As of June 30, 2019, the City had the following investments:

<u>Investment Type</u>	<u>Rating</u>	<u>Fair Value</u>	<u>Risk Concentration</u>	<u>Weighted Average Maturity (in months)</u>
Pension Trust Investments:				
Bonds	AAA	\$ 398,496	3.89%	7.88
Equities	Not Rated	5,957,421	58.14%	N/A
Mutual Funds	Not Rated	<u>3,890,707</u>	37.97%	N/A
Total Investments		<u>\$ 10,246,624</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.

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

3. DETAILED NOTES (continued)

Cash, Cash Equivalents and Investments (continued)

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

Fair Value Measurements

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

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

3. DETAILED NOTES (continued)

Capital Assets

Governmental Activities

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Balances</u> <u>July 01, 2018</u>	<u>Additions and</u> <u>Transfers</u>	<u>Deletions and</u> <u>Transfers</u>	<u>Balances</u> <u>June 30, 2019</u>
Capital assets not being depreciated				
Land and land improvements	\$ 12,225,530	\$ -	\$ -	\$ 12,225,530
Construction in progress	<u>21,729,632</u>	<u>1,132,598</u>	<u>(16,137,652)</u>	<u>6,724,578</u>
Total capital assets not being depreciated	<u>33,955,162</u>	<u>1,132,598</u>	<u>(16,137,652)</u>	<u>18,950,108</u>
Capital assets being depreciated				
Buildings and structures	33,145,563	9,780,208	-	42,925,771
Equipment	4,082,081	76,926	-	4,159,007
Vehicles	5,948,108	246,930	(120,337)	6,074,701
Infrastructure	<u>43,939,406</u>	<u>6,477,273</u>	<u>-</u>	<u>50,416,679</u>
Total capital assets being depreciated	<u>87,115,158</u>	<u>16,581,337</u>	<u>(120,337)</u>	<u>103,576,158</u>
Less accumulated depreciation				
Buildings and structures	21,249,178	908,781	-	22,157,959
Equipment	3,622,233	68,722	-	3,690,955
Vehicles	4,320,883	403,868	(113,900)	4,610,851
Infrastructure	<u>14,127,019</u>	<u>887,529</u>	<u>-</u>	<u>15,014,548</u>
Total accumulated depreciation	<u>43,319,313</u>	<u>2,268,900</u>	<u>(113,900)</u>	<u>45,474,313</u>
Total capital assets being depreciated, net	<u>43,795,845</u>	<u>14,312,437</u>	<u>(6,437)</u>	<u>58,101,845</u>
Governmental activities capital assets, net	<u>\$ 77,751,007</u>	<u>\$ 15,445,035</u>	<u>\$ (16,144,089)</u>	<u>\$ 77,051,953</u>

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

Governmental activities:	
General government	\$ 942,444
Public safety	360,054
Highways and streets	631,782
Culture and recreation	<u>334,620</u>
Total governmental activities	<u>\$ 2,268,900</u>

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

3. DETAILED NOTES (continued)

Capital Assets (continued)

Business-type Activities

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balances July 01, 2018	Additions and Transfers	Deletions and Transfers	Balances June 30, 2019
Capital assets not being depreciated				
Land	\$ 858,652	\$ -	\$ -	\$ 858,652
Construction in progress	<u>12,003,946</u>	<u>6,567,740</u>	<u>-</u>	<u>18,571,686</u>
Total capital assets not being depreciated	<u>12,862,598</u>	<u>6,567,740</u>	<u>-</u>	<u>19,430,338</u>
Capital assets, being depreciated and amortized				
Buildings and structures	28,831,082	-	-	28,831,082
Equipment	2,183,940	78,745	-	2,262,685
Vehicles	1,751,234	430,000	(242,932)	1,938,302
Infrastructure	<u>57,736,067</u>	<u>-</u>	<u>-</u>	<u>57,736,067</u>
Total capital assets, being depreciated and amortized	<u>90,502,323</u>	<u>508,745</u>	<u>(242,932)</u>	<u>90,768,136</u>
Less accumulated depreciation and amortization:				
Buildings and structures	13,992,660	773,387	-	14,766,047
Equipment	1,600,939	152,197	-	1,753,136
Vehicles	960,964	198,841	(222,465)	937,340
Infrastructure	<u>20,772,833</u>	<u>1,522,315</u>	<u>-</u>	<u>22,295,148</u>
Total accumulated depreciation and amortization	<u>37,327,396</u>	<u>2,646,740</u>	<u>(222,465)</u>	<u>39,751,671</u>
Total capital assets, being depreciated and amortized, net	<u>53,174,927</u>	<u>(2,137,995)</u>	<u>(20,467)</u>	<u>51,016,465</u>
Business-type activities capital assets, net	<u>\$ 66,037,525</u>	<u>\$ 4,429,745</u>	<u>\$ (20,467)</u>	<u>\$ 70,446,803</u>

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

Business-type activities:	
Water	\$ 1,035,011
Wastewater	<u>1,611,729</u>
Total business-type activities	<u>\$ 2,646,740</u>

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

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 2018-19 were as follows:

Transfers out	Transfers in							Total
	Governmental funds			Proprietary funds				
	General	Capital projects	Nonmajor governmental	Water	Wastewater	Nonmajor proprietary	Internal service	
Governmental funds								
General	\$ -	\$ 60,224	\$ 2,051,143	\$ -	\$ -	\$ -	\$ 1,405,701	\$ 3,517,068
Urban renewal	-	216,000	-	-	-	-	-	216,000
Capital projects	27,020	-	428,994	2,297	2,297	-	-	460,608
Nonmajor funds	147,934	1,434,930	566,790	-	-	174,425	450,272	2,774,351
Total governmental funds	174,954	1,711,154	3,046,927	2,297	2,297	174,425	1,855,973	6,968,027
Proprietary funds								
Water	15,000	65,000	74,550	-	-	2,840,899	-	2,995,449
Wastewater	15,000	65,000	102,000	-	-	1,418,630	-	1,600,630
Nonmajor proprietary	-	-	-	28,259	1,121	316,077	-	345,457
Internal service	-	-	362,137	-	-	-	-	362,137
Total proprietary funds	30,000	130,000	538,687	28,259	1,121	4,575,606	-	5,303,673
Total transfers	\$ 204,954	\$ 1,841,154	\$ 3,585,614	\$ 30,556	\$ 3,418	\$ 4,750,031	\$ 1,855,973	\$ 12,271,700

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

Transfers out	Transfers in				Total
	Governmental activities	Water	Wastewater	Nonmajor enterprise	
Governmental activities	\$ -	\$ 1,356,030	\$ -	\$ -	\$ 1,356,030
Proprietary funds					
Wastewater	-	-	-	3,369,854	3,369,854
G.O. Debt Service - Proprietary	-	1,088,900	946,512	-	2,035,412
Nonmajor enterprise	-	1,215,661	4,959,277	-	6,174,938
Internal service	33,367	-	-	-	33,367
Total non-cash transfers	\$ 33,367	\$ 3,660,591	\$ 5,905,789	\$ 3,369,854	\$ 12,969,601

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, 2019, the balance is \$220,000.

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

3. DETAILED NOTES (continued)

Unavailable Revenues

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

	<u>General</u>	Urban renewal	Nonmajor governmental	<u>Total</u>
Delinquent property taxes receivable:				
General	\$ 420,610	\$ -	\$ -	\$ 420,610
General bond debt	-	-	24,471	24,471
Urban renewal debt	-	152,553	-	152,553
Assessments receivable:				
System development charges	-	-	79,383	79,383
Charges for services	<u>10,230</u>	<u>-</u>	<u>5,828</u>	<u>16,058</u>
Total unavailable revenue	<u>\$ 430,840</u>	<u>\$ 152,553</u>	<u>\$ 109,682</u>	<u>\$ 693,075</u>

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

3. DETAILED NOTES (continued)

Construction Commitments

The City has active construction projects as of June 30, 2019 as follows:

<u>Capital Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Agate Beach Improvements	\$ 4,540,098	\$ 9,274,483
Big Creek Dam	2,949,112	1,443,875
Fixed Base Metering System	1,544,188	359,553
Sanitary Sewer Televising Program	224,402	188,934
Water Quality Testing & Smoke Testing	10,246	36,495
SE 35th & Hwy 101	61,293	2,126,922
Sam Moore Creek Water Quality Improvement	321,815	620,601
City HVAC Replacement	639,871	5,637
Candletree Pump Station	686,803	109,505
Emergency Generator Replacement	47,942	510,000
2015-16 Street Overlay & Improvement	31,060	473,888
Nye Beach Turnaround Pavement Rehab	15,716	109,284
Hwy 101 & Golf Course Improvement	146,912	781,792
Nye Creek Storm Sewer	41,850	50,000
Siletz Water Quality Study	12,796	30,515
Power Ford & Sunwest Motor Storm Drain	1,529,703	327
Parks System Master Plan	77,367	15,248
Computer Maintenance Management System	35,090	55,000
Oceanview Drive Shoulders and fogline 18011	57,996	13,600
Fuel farm Replacement and Seismic Upgrades	253,508	120,000
Skate Park Improvement project	31,560	4,966
60+ Center Reception remodel	45,476	46,000
	<u>\$ 13,304,804</u>	<u>\$ 16,376,625</u>

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

3. DETAILED NOTES (continued)

Long-term Obligations

Governmental Activities

Transactions for the year ended June 30, 2019 were as follows:

	Beginning Balance July 1, 2018	Increase	Decrease	Ending Balance June 30, 2019	Due Within One Year
<u>Governmental activities</u>					
Long-term debt obligations:					
General Obligation Bonds:					
Series 2013, Swimming pool	\$ 7,200,000	\$ -	\$ 270,000	\$ 6,930,000	\$ 295,000
Full Faith and Credit Bonds:					
2018 Full Faith and Credit					
Stormwater Borrowing	3,248,000	-	290,000	2,958,000	291,000
Urban Renewal Bonds:					
2015A & 2015B Tax Exemp UR Bonds	5,109,000	-	280,000	4,829,000	624,000
Full Faith & Credit Refunding Series 2010B	3,240,000	-	975,000	2,265,000	670,000
Direct borrowings and placements:					
League of Oregon Cities Cooperative Asset					
Financing Program, Series 2007B	135,000	-	20,000	115,000	20,000
League of Oregon Cities Cooperative Asset					
Financing Program, Series 2009B	285,000	-	285,000	-	-
2018 Airport Fuel Farm Borrowing	-	277,500	-	277,500	55,500
Total long-term debt obligations	<u>19,217,000</u>	<u>277,500</u>	<u>2,120,000</u>	<u>17,374,500</u>	<u>1,955,500</u>
Other long-term obligations:					
Other postemployment benefit liability	415,324	-	76,156	339,168	-
Net pension liability	3,853,894	1,165,239	-	5,019,133	-
Unamortized premium	418,380	-	38,737	379,643	38,737
Compensated absences	529,956	-	30,253	499,703	499,703
Total other long-term obligations	<u>5,217,554</u>	<u>1,165,239</u>	<u>145,146</u>	<u>6,237,647</u>	<u>538,440</u>
Total long-term obligations	<u>\$ 24,434,554</u>	<u>\$ 1,442,739</u>	<u>\$ 2,265,146</u>	<u>\$ 23,612,147</u>	<u>\$ 2,493,940</u>

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

3. DETAILED NOTES (continued)

Long-term Obligations (continued)

Business-type Activities

Transactions for the year ended June 30, 2019 were as follows:

	Beginning Balance July 1, 2018	Increase	Decrease	Ending Balance June 30, 2019	Due Within One Year
<u>Business-type activities</u>					
Long-term debt obligations:					
General Obligation Bonds:					
Water Series 2009A	\$ 1,780,000	\$ -	\$ 1,010,000	\$ 770,000	\$ 770,000
Water Series 2009B	9,630,541	-	-	9,630,541	706,407
Wastewater Series 2008	915,000	-	915,000	-	-
Full Faith and Credit Bonds:					
Full Faith and Credit Refunding					
Obligation Series 2010A	2,240,000	-	470,000	1,770,000	485,000
Revenue bonds:					
2015 Water Borrowing	4,098,399	-	172,507	3,925,892	179,459
2019 Water Borrowing	-	4,558,000	-	4,558,000	523,000
Direct Borrowings and Placements					
2007 Seal Rock Water District	710,789	-	30,411	680,378	31,826
DEQ Note R68933 (Deferred)	5,408,207	2,584,681	-	7,992,888	-
DEQ Note R68934 (Deferred)	-	785,173	-	785,173	-
DEQ Note R68935 (Deferred)	4,035,681	-	-	4,035,681	-
Total long-term debt obligations	<u>28,818,617</u>	<u>7,927,854</u>	<u>2,597,918</u>	<u>34,148,553</u>	<u>2,695,692</u>
Other long-term obligations					
Other postemployment benefit liability	121,482	-	24,392	97,090	-
Net pension liability	260,184	127,121	-	387,305	-
Unamortized premium	232,662	-	33,325	199,337	33,325
Compensated absences	102,634	23,085	77	125,642	125,642
Total other long-term obligations	<u>716,962</u>	<u>150,206</u>	<u>57,794</u>	<u>809,374</u>	<u>158,967</u>
Total long-term obligations	<u>\$ 29,535,579</u>	<u>\$ 8,078,060</u>	<u>\$ 2,655,712</u>	<u>\$ 34,957,927</u>	<u>\$ 2,854,659</u>

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

3. DETAILED NOTES (continued)

Long-term Obligations (continued)

Governmental Activities

General Obligation Bonds

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

The City issued \$7,900,000 in general obligation bonds in December 2013, to finance the costs of a new indoor municipal swimming pool and related systems, facilities and improvements. Interest rates range from 2 to 4 percent. Final maturity is June 1, 2033. The balance outstanding at June 30, 2019 is \$6,930,000. Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending	Principal	Interest	Total
June 30,			
2020	\$ 295,000	\$ 265,069	\$ 560,069
2021	320,000	253,269	573,269
2022	345,000	240,469	585,469
2023	375,000	226,669	601,669
2024	405,000	211,669	616,669
2025-2029	2,495,000	828,176	3,323,176
2030-2033	<u>2,695,000</u>	<u>278,200</u>	<u>2,973,200</u>
	<u>\$ 6,930,000</u>	<u>\$ 2,303,521</u>	<u>\$ 9,233,521</u>

Full Faith and Credit Bonds

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, 2019, the outstanding balance is \$3,248,000. Annual debt service requirements to maturity for this bond are as follows:

Year Ending	Principal	Interest	Total
June 30,			
2020	\$ 291,000	\$ 88,740	\$ 379,740
2021	300,000	80,010	380,010
2022	309,000	71,010	380,010
2023	318,000	61,740	379,740
2024	328,000	52,200	380,200
2025-2028	<u>1,412,000</u>	<u>107,490</u>	<u>1,519,490</u>
	<u>\$ 2,958,000</u>	<u>\$ 461,190</u>	<u>\$ 3,419,190</u>

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

3. DETAILED NOTES (continued)

Long-term Obligations (continued)

Urban Renewal Bonds

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

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

In March 2015, the South Beach Urban Renewal District completed a bank borrowing, Series 2015A & 2015B, totaling \$5,456,000 to finance property acquisitions, infrastructure projects, and a trail project in the South Beach urban growth area. The interest rate ranges from 2.45 percent to 3.45 percent. In the event of a default, the interest rate may be increased an additional 5 percent over the then existing rate. Final maturity is June 1, 2025. As of June 30, 2019, the outstanding balance is \$4,829,000. Annual debt service requirements to maturity for this bond is as follows:

Year Ending			
June 30,	Principal	Interest	Total
2020	\$ 624,000	\$ 129,321	\$ 753,321
2021	865,000	107,140	972,140
2022	662,000	82,967	744,967
2023	718,000	66,522	784,522
2024	968,000	48,820	1,016,820
2025	992,000	24,642	1,016,642
	<u>\$ 4,829,000</u>	<u>\$ 459,412</u>	<u>\$ 5,288,412</u>

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

3. DETAILED NOTES (continued)

Long-term Obligations (continued)

In July 2010, Full Faith & Credit Refunding Obligations, Series 2010B was issued in the amount of \$8,465,000 to refinance one loan agreement with the Oregon DEQ (loan #68931) and two loan agreements with the Oregon Business Development Department (OBDD), formerly the Oregon Economic and Community Development Department (OECDD), which were issued to help finance a portion of the City’s wastewater treatment plant. An additional \$2,000,000 was borrowed as part of the refunding to help finance transportation infrastructure improvements, which has enhance access to the Pacific Marine Operation Center. The DEQ loan was considered a current refunding and was called July 14, 2010. The OBDD loans advanced refunded, whereby \$3,711,619 was used to purchase United States Government obligations, which were deposited into an escrow account. These funds were sufficient to call the bonds on January 1, 2011. The new bonds were issued at a premium of \$276,407 with bond issue cost totaling \$129,484. Interest range from 2.0 percent to 4.5 percent, with a final maturity of June 15, 2023. As of June 30, 2019, the outstanding balance is \$2,265,000. Annual debt service requirements to maturity for this bond is as follows:

Year Ending			
June 30,	Principal	Interest	Total
2020	\$ 670,000	\$ 93,550	\$ 763,550
2021	480,000	65,075	545,075
2022	565,000	44,675	609,675
2023	<u>550,000</u>	<u>19,250</u>	<u>569,250</u>
	<u>\$ 2,265,000</u>	<u>\$ 222,550</u>	<u>\$ 2,487,550</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.

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

3. DETAILED NOTES (continued)

Long-term Obligations (continued)

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, 2019, the balance outstanding is \$115,000.

Year Ending			
June 30,	Principal	Interest	Total
2020	\$ 20,000	\$ 5,250	\$ 25,250
2021	20,000	4,250	24,250
2022	25,000	3,750	28,750
2023	25,000	2,500	27,500
2024	25,000	1,250	26,250
	<u>\$ 115,000</u>	<u>\$ 17,000</u>	<u>\$ 132,000</u>

In September 2009, the City issued \$2,580,000 debt from the League of Oregon Cities, Cooperative Assets Finance Program. This loan was issued to provide funds for the Bay Boulevard project and large equipment for Fire, Water and Wastewater. Interest rate ranges from 1.00 percent to 3.50 percent. The loan was paid off January 1, 2019.

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, 2019, the outstanding balance is \$277,500. Annual debt service requirements to maturity for this loan is as follows:

Year Ending			
June 30,	Principal	Interest	Total
2020	\$ 55,500	\$ 11,426	\$ 66,926
2021	55,500	8,866	64,366
2022	55,500	6,334	61,834
2023	55,500	3,802	59,302
2024	55,500	631	56,131
	<u>\$ 277,500</u>	<u>\$ 31,059</u>	<u>\$ 308,559</u>

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

3. DETAILED NOTES (continued)

Long-term Obligations (continued)

Business-type Activities

General Obligation Bonds

The City issued \$6,265,000 (Series 2009A) and \$9,630,541 (Series 2009B) in general obligation bonds in March 2009, to finance the costs of capital construction and capital improvement for the City's water system. Series 2009A interest rates ranges from 3.5 percent to 5.0 percent and Series 2009B interest rate is 5.0 percent, with a final maturity of June 30, 2029. As of June 30, 2019, the outstanding balance is \$770,000 (Series 2009A) and \$9,630,541 (Series 2009B). Annual debt service requirements to maturity for this bond is as follows:

General Obligation Bonds, Series 2009A - Water

Year Ending	Principal	Interest	Total
<u>June 30,</u>	<u> </u>	<u> </u>	<u> </u>
2020	\$ 770,000	\$ 38,500	\$ 808,500

General Obligation Bonds, Series 2009B - Water

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

The City issued \$7,470,000 in general obligation refunding bonds in April 2008, to refinance a portion of the City's outstanding General Obligation Bonds, Series 1999 that financed improvements to the City's sewer system. Interest rates is 3.5 percent. The bonds matured February 1, 2019.

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

3. DETAILED NOTES (continued)

Long-term Obligations (continued)

Full Faith & Credit Bonds

In July 2010, Full Faith & Credit Refunding Obligations, Series 2010A was issued in the amount of \$5,560,000 to refinance a loan agreement with the Oregon DEQ to help finance a portion of the City’s wastewater treatment plant. Interest ranges from 2.0 percent to 4.5 percent, with a final maturity of June 15, 2023. As of June 30, 2019, the outstanding balance is \$1,770,000. Annual debt service requirements to maturity for this bond is as follows:

Year Ending	Principal	Interest	Total
June 30,			
2020	\$ 485,000	\$ 73,963	\$ 558,963
2021	505,000	53,350	558,350
2022	525,000	33,150	558,150
2023	<u>255,000</u>	<u>10,837</u>	<u>265,837</u>
	<u>\$ 1,770,000</u>	<u>\$ 171,300</u>	<u>\$ 1,941,300</u>

Revenue Bonds

In December 2014, the City issued a water revenue bond, in the amount of \$4,554,800 to finance costs of water infrastructure projects. Interest for the loan is 3.95 percent, with a final maturity of June 15, 2034. As of June 30, 2019, the outstanding balance is \$3,925,892. Annual debt service requirements to maturity for this bond is as follows:

Year Ending	Principal	Interest	Total
June 30,			
2020	\$ 179,459	\$ 151,528	\$ 330,987
2021	186,690	144,297	330,987
2022	194,213	136,774	330,987
2023	202,039	128,948	330,987
2024	210,180	120,807	330,987
2024-2028	1,184,977	469,959	1,654,936
2029-2033	1,443,757	211,177	1,654,934
2034-2038	<u>324,577</u>	<u>6,411</u>	<u>330,988</u>
	<u>\$ 3,925,892</u>	<u>\$ 1,369,901</u>	<u>\$ 5,295,793</u>

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

3. DETAILED NOTES (continued)

Long-term Obligations (continued)

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, 2019, the outstanding balance is \$4,558,000. Annual debt service requirements to maturity for this bond is as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 523,000	\$ 109,012	\$ 632,012
2021	533,000	99,261	632,261
2022	546,000	86,149	632,149
2023	215,000	72,718	287,718
2024	220,000	67,429	287,429
2025-2029	1,183,000	253,282	1,436,282
2030-2034	<u>1,338,000</u>	<u>100,343</u>	<u>1,438,343</u>
	<u>\$ 4,558,000</u>	<u>\$ 788,194</u>	<u>\$ 5,346,194</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, 2019 is \$680,378. Annual debt service requirements to maturity for this loan is as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 31,826	\$ 37,650	\$ 69,476
2021	33,300	36,160	69,460
2022	34,835	34,601	69,436
2023	36,536	32,968	69,504
2024	38,304	31,318	69,622
2025-2029	210,491	129,220	339,711
2030-2034	243,452	76,770	320,222
2035-2039	43,418	7,658	51,076
2040-2044	<u>8,216</u>	<u>387</u>	<u>8,603</u>
	<u>\$ 680,378</u>	<u>\$ 386,732</u>	<u>\$ 1,067,110</u>

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

3. DETAILED NOTES (continued)

The City obtained loans from the Oregon Department of Environmental Quality for wastewater projects which have not been completed as of June 30, 2019. The final repayment schedules will be established at the completion of each project.

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

DEQ Note R68934 has a total loan amount of \$1,115,000 for a wastewater pump station and pipe replacement in the Nye Beach area. 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 R68935 has a total loan amount of \$4,128,454 for a stormwater sewer in the Bay-Moore Basin area. 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, 2019, accumulated and unpaid compensated absences amounted to \$499,703 for the governmental activities and \$125,642 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.

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.

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

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:

Categories	General	Urban Renewal	Capital Projects	Nonmajor Govern- mental	Total
Nonspendable:					
Prepaid items	\$ 18,861	\$ 5,235	\$ -	\$ 16,298	\$ 40,394
Restricted for:					
Capital projects	-	-	8,868,142	2,099,202	10,967,344
Agate Beach disposal site closure	-	-	-	1,256,678	1,256,678
Tourism	-	-	-	658,714	658,714
Streets	-	-	-	687,631	687,631
Building inspection	-	-	-	669,057	669,057
Urban renewal	-	3,239,611	-	-	3,239,611
Debt service	-	-	-	15,024	15,024
Committed for:					
Parks and recreation	-	-	-	89,459	89,459
Public parking	-	-	-	338,294	338,294
Housing	-	-	-	214,813	214,813
Airport	-	-	-	234,270	234,270
Line undergrounding	-	-	-	418,324	418,324
Assigned for:					
Capital projects	-	-	-	1,772,553	1,772,553
Debt service	-	-	-	6,816	6,816
Unassigned	<u>2,535,036</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,535,036</u>
Total Fund Balances	<u>\$ 2,553,897</u>	<u>\$ 3,244,846</u>	<u>\$8,868,142</u>	<u>\$ 8,477,133</u>	<u>\$ 23,144,018</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	2,178,585
Urban Renewal - Establishment of the urban renewal agency restricts the use to projects meeting the objectives for which it was formed	3,397,399

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

3. DETAILED NOTES (continued)

Segment Information for Enterprise Funds

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

Summary financial information for the water and wastewater systems for the year ended June 30, 2019 is as follows:

Condensed statement of net position	<u>Water</u>	<u>Wastewater</u>
Assets		
Current	\$ 6,057,056	\$ 3,376,043
Noncurrent		
Capital assets, net	<u>26,688,511</u>	<u>42,970,721</u>
Total assets	<u>32,745,567</u>	<u>46,346,764</u>
Deferred outflows of resources	<u>95,411</u>	<u>71,564</u>
Liabilities		
Current	10,104,405	2,358,307
Noncurrent	<u>17,650,513</u>	<u>14,317,269</u>
Total liabilities	<u>27,754,918</u>	<u>16,675,576</u>
Deferred inflows of resources	<u>88,673</u>	<u>67,657</u>
Net position		
Net investment in capital assets	9,400,424	28,297,697
Restricted	344,040	1,529,505
Unrestricted	<u>(4,747,077)</u>	<u>(152,107)</u>
Total net position	<u>\$ 4,997,387</u>	<u>\$ 29,675,095</u>

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

3. DETAILED NOTES (continued)

Segment Information for Enterprise Funds (continued)

	Water	Wastewater
Condensed statement of revenues, expenses and changes in net position		
Operating revenue	\$ 4,226,925	\$ 4,242,558
Depreciation expense	1,016,065	1,592,784
Other operating expenses	3,529,817	3,198,459
Operating income (loss)	(318,957)	(548,685)
Nonoperating revenues (expenses)	(77,902)	586,068
Income before transfers	(396,859)	37,383
Transfers in	6,532,046	11,188,193
Transfers (out)	(5,328,269)	(11,193,471)
Change in net position	806,918	32,105
Prior period adjustment	5,997,990	(2,578,014)
Net position - beginning	(1,807,521)	32,221,004
Net position - ending	\$ 4,997,387	\$ 29,675,095
 Condensed statement of cash flows		
Net cash provided by (used in):		
Operating activities	\$ 846,169	\$ 896,093
Non-capital financing activities	(176,434)	176,434
Capital and related financing activities	3,090,472	(1,348,155)
Investing activities	76,744	29,436
Net (decrease) in cash	3,836,951	(246,192)
Cash and cash equivalents - beginning	944,237	2,688,927
Cash and cash equivalents - ending	\$ 4,781,188	\$ 2,442,735

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

4. OTHER INFORMATION

Pension Plans

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

Oregon Public Employees Retirement System (PERS)

Defined Benefit Pension Plan

A. Plan description

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

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

OPERS produces an independently audited Comprehensive Annual Financial Report which includes detailed information about the pension plan's fiduciary net position. The report can be found at: www.oregon.gov/pers/Documents/Financials/CAFR/2018-CAFR.pdf.

B. Description of benefit terms

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

Tier One/Tier Two retirement benefit (Chapter 238)

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

Pension benefits

The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

4. OTHER INFORMATION (continued)

Death benefits

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

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

Disability benefits

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

Benefit changes after retirement

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

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

Pension benefits

The OPSRP pension program provides benefits to members hired on or after August 29, 2003.

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

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

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

4. OTHER INFORMATION (continued)

Death benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability benefits

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

Benefit changes after retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes.

C. Contributions

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

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

Tier One/Tier Two employer contribution rates are 19.43 percent and the OPSRP employer contribution rates are 7.48 percent for general service employees and 12.25 for police and fire employees. Employer contributions for the year ended June 30, 2019 were \$413,934.

D. Actuarial valuations – Tier One/Tier Two

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

Actuarial cost method

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

4. OTHER INFORMATION (continued)

Unfunded actuarial accrued liability amortization

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

Retiree healthcare unfunded actuarial accrued liability amortization

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

Asset valuation method

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

Contribution rate stabilization method

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

Allocation of liability for service segments

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

Allocation of benefits-in-force reserve

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

4. OTHER INFORMATION (continued)

Economic assumptions

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

Demographic assumptions

Mortality tables

Healthy retirees	RP 2000, Generational (Scale BB) Combined Active/Healthy Annuitant, Sex Distinct
Disabled retirees	RP 2000, Generational (Scale BB), Combined Disabled, No Collar, Sex Distinct. Male 70% and Female 95% of disabled table but not less than the corresponding healthy annuity rates
Non-annuitants	Ranges from 55% to 75% of healthy retired mortality tables depending upon sex and employment type

Retirement assumptions

Probability tables based on age of member, years of service and employment type with all police and fire retired by age 65 and all others retired by age 70. Dormant members are assumed to retire at Normal Retirement Age or at the first unreduced retirement age. Members retiring may elect to receive a full or partial lump sum at retirement with a partial lump sum estimated to be elected 4.5 percent of the time and a total lump sum elected 2.5 percent for 2016 and declining by 0.5 percent per year until reaching zero.

Salary increase assumptions

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

E. Actuarial valuations – OPSRP

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

OPSRP unfunded actuarial accrued liability amortization

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

4. OTHER INFORMATION (continued)

Economic assumptions

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

Retirement assumptions

Probability tables are different but still based on age of member, years of service and employment type with all police and fire retired by age 65 and all others retired by age 70. Dormant members are assumed to retire at Normal Retirement Age or at the first unreduced retirement age. Members retiring may elect to receive a full or partial lump sum at retirement with a partial lump sum estimated to be elected 4.5 percent of the time and a total lump sum elected 2.5 percent for 2016 and declining by 0.5 percent per year until reaching zero.

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

Net pension liability

At June 30, 2019, the City reported a liability of \$4,102,981 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

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

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

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

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

4. OTHER INFORMATION (continued)

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

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

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

At June 30, 2018, the City's proportion was 0.02708474 percent, which was an increase of 0.00281289 percent from its proportion measured as of June 30, 2017.

Pension expense

For the year ended June 30, 2019, the City recognized pension expense of \$771,206.

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, 2018, employers will report the following deferred inflows or resources and/or deferred outflows of resources:

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

4. OTHER INFORMATION (continued)

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

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 139,571	\$ --
Changes of assumptions	953,935	--
Net difference between projected and actual earnings on pension plan investments	--	182,196
Changes in proportionate share	279,816	285,883
Difference between contributions and proportionate share of system contributions	27,099	43,906
Contributions subsequent to the measurement date	413,934	--
 Total	 \$ 1,814,355	 \$ 511,985

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement in the amount of \$413,934 will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ends June 30,	
2020	\$ 488,838
2021	342,435
2022	(63,019)
2023	84,376
2024	35,806
 Total	 \$ 888,436

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

4. OTHER INFORMATION (continued)

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

The total pension liability measured as of June 30, 2018 was based on an actuarial valuation as of December 31, 2016 using the following methods and assumptions:

Experience study report	2016, published July 26, 2017
Inflation rate	2.5 percent
Long-term expected rate of return	7.2 percent
Discount rate	7.2 percent
Projected salary increases	3.5 percent
	Cost of living adjustments (COLA) blend of 2.00 percent COLA and graded COLA (1.25 percent/.015) in accordance with <i>Moro</i> decision; blend based on service
	<i>Healthy retirees and beneficiaries:</i>
	RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.
	<i>Active members:</i>
	RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.
	<i>Disabled retirees:</i>
	RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.
Mortality	

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2016 Experience Study which reviewed experience for the four-year period ending on December 31, 2016.

Discount rate

The discount rate used to measure the total pension liability was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

4. OTHER INFORMATION (continued)

Long-term expected rate of return

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

<u>Long-Term Expected Rate of Return</u>				
Asset Class	Target Allocation*	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Core Fixed Income	8.00 %	3.59 %	3.49 %	4.55 %
Short-Term Bonds	8.00	3.42	3.38	2.70
Bank/Leveraged Loans	3.00	5.34	5.09	7.50
High Yield Bonds	1.00	6.90	6.45	10.00
Large/Mid Cap US Equities	15.75	7.45	6.30	16.25
Small Cap US Equities	1.31	8.49	6.69	20.55
Micro Cap US Equities	1.31	9.01	6.80	22.90
Developed Foreign Equities	13.13	8.21	6.71	18.70
Emerging Market Equities	4.13	10.53	7.45	27.35
Non-US Small Cap Equities	1.88	8.67	7.01	19.75
Private Equity	17.50	11.45	7.82	30.00
Real Estate (Property)	10.00	6.15	5.51	12.00
Real Estate (REITS)	2.50	8.26	6.37	21.00
Hedge Fund of Funds - Diversified	2.50	4.36	4.09	7.80
Hedge Fund - Event-driven	0.63	6.21	5.86	8.90
Timber	1.88	6.37	5.62	13.00
Farmland	1.88	6.90	6.15	13.00
Infrastructure	3.75	7.54	6.60	14.65
Commodities	1.88	5.43	3.84	18.95
Assumed Inflation - Mean			2.50 %	1.85 %
* Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of June 7, 2017.				

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

4. OTHER INFORMATION (continued)

Depletion date projection

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

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

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

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

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

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.2 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.2 percent) or 1-percentage-point higher (8.2 percent) than the current rate:

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
Proportionate share of net pension liability	\$ 6,856,857	\$ 4,102,981	\$ 1,829,882

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

4. OTHER INFORMATION (continued)

Defined contribution plan

A. Plan description

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

B. Pension benefits

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

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

C. Death benefits

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

D. Contributions

The City makes the employee contributions of 6 percent of covered payroll to the plan. Contributions for the year ended June 30, 2019 were \$168,115.

E. Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

4. OTHER INFORMATION (continued)

City of Newport Employee's Retirement Plans

Defined Benefit Pension Plan

A. Plan description

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

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

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

All the benefits of the Plan are established by the City Council of Newport.

The Plan consists of a single employer defined benefit pension plan.

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

4. OTHER INFORMATION (continued)

B. Plan membership

As of July 1, 2018, pension plan membership consisted of 25 inactive plan members (or beneficiaries) currently receiving benefits, 18 inactive plan members not yet receiving benefits and 31 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:

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

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

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

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

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

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

The greatest early retirement benefit the participant could have received.

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

4. OTHER INFORMATION (continued)

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

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

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

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

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

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

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

Pre-retirement death benefits

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

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

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

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

4. OTHER INFORMATION (continued)

Death benefits

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

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

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

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

4. OTHER INFORMATION (continued)

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

Disability benefits

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

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

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

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

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

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

4. OTHER INFORMATION (continued)

D. Funding policy

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

The funding policy of the defined portion provides for actuarially determined periodic contributions at rates that over time provide sufficient assets available to pay benefits when dues. For the current fiscal year, \$402,347 was contributed to the plan. The plan's normal cost is \$100,597 with interest plus amortization (over 30 years) of the plans unfunded actuarial accrued liability with interest.

The annual required contribution of the defined benefit plan was computed as of an actuarial valuation performed as of July 1, 2017. Significant actuarial assumptions used in the valuation include: (a) a rate of return on the investment of present and future assets of 6.75%, (b) projected salary increases of 3% per year in addition to salary increase due to promotions and longevity.

E. Contributions

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

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

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

4. OTHER INFORMATION (continued)

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

At June 30, 2019, the City of Newport reported a liability of \$1,303,457 for its net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date as follows:

Total pension liability	\$	8,635,623
Plan Fiduciary Net Position		<u>(7,332,166)</u>
 Net Pension Liability	 \$	 <u>1,303,457</u>
 Fiduciary net position as a percentage of total pension liability		 84.91%

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	\$ 8,053,710	\$ 7,211,487	\$ 842,223
Changes for the year:			
Service cost	100,597	-	100,597
Interest on total pension liability	533,239	-	533,239
Difference between expected and actual experience	407,936	-	407,936
Changes of assumptions	362,739	-	362,739
Annuity payments	(433,400)	-	(433,400)
Lump sum payments	(389,198)	-	(389,198)
Contributions	-	404,045	(404,045)
Transfers and receivables from Money Purchase Plan	-	242,903	(242,903)
Transfer to Money Purchase Plan	-	(389,198)	389,198
Net investment income	-	328,566	(328,566)
Benefit payments	-	(433,400)	433,400
Administrative expenses	-	(32,237)	32,237
Ending balances	<u>\$ 8,635,623</u>	<u>\$ 7,332,166</u>	<u>\$ 1,303,457</u>

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

4. OTHER INFORMATION (continued)

For the year ended June 30, 2019, the City of Newport recognized pension expense (revenue) of \$210,429. At June 30, 2019, the City of Newport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 454,849	\$ 25,738
Changes of assumptions	326,377	--
Net difference between projected and actual earnings on pension plan investments	<u> --</u>	<u>599,194</u>
	<u>\$ 781,226</u>	<u>\$ 624,932</u>

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

Year ends June 30,	
2020	\$ 381,583
2021	(158,771)
2022	(46,754)
2023	<u>(19,764)</u>
	<u>\$ 156,294</u>

G. Actuarial valuations

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

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

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

4. OTHER INFORMATION (continued)

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

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

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

Valuation Date	July 1, 2018 rolled forward to June 30, 2019.
Actuarial Cost Method	Entry Age Normal with normal cost as level percentage of salary
Amortization Method	Amortized as a level percentage of salary as layered amortization bases over a closed period
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	N/A
Investment rate of return	6.75 percent
Projected Salary Increases	3.00 percent overall payroll growth
Mortality	PubG-2010, Scale MP-2018

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.

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

4. OTHER INFORMATION (continued)

J. Long-term expected rate of return

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

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

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

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
City of Newport’s net pension asset or liability	\$ 2,177,107	\$ 1,303,457	\$ 559,443

L. Changes in actuarial methods and assumptions

The mortality assumptions have been updated to use the PubG-2010 mortality tables and the MP-2018 mortality improvement scale.

M. Plan authority

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

4. OTHER INFORMATION (continued)

Defined Contribution Plan– City Money Purchase

A. Plan description

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

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

B. Description of benefit terms

Pension benefits

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

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

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

Death benefits

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

C. Contributions

The City makes the employee contributions of 6 percent of covered payroll to the plan. Contributions for the year ended June 30, 2019 were \$149,343.

D. Recordkeeping

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

4. OTHER INFORMATION (continued)

Other Postemployment Benefit Plans

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

Oregon Public Employees Retirement System (PERS)

Defined Benefit Other Postemployment Benefit (OPEB) Plan

A. Plan description

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

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

OPERS produces an independently audited Comprehensive Annual Financial Report which includes detailed information about the plan's fiduciary net position. The report can be found at:
www.oregon.gov/pers/Documents/Financials/CAFR/2018-CAFR.pdf

B. Description of benefit terms

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

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

Other Postemployment Healthcare benefits

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

To be eligible, the member must:

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

4. OTHER INFORMATION (continued)

Surviving spouse or dependent benefits

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

C. Contributions

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

Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation. The City contributed 0.07 percent of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits and 0.43 percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability. For the year ended June 30, 2019, the City made contributions in the amount of \$12,823 to the RHIA.

D. Actuarial valuations

Except as outlined below, the December 31, 2015 actuarial valuation used the same actuarial methods and valuation procedures to determine contribution rates as the PERS Tier One and Tier Two defined benefit pension plan as discussed in PERS pension footnote.

Economic assumptions

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

Retiree healthcare participation assumptions

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

4. OTHER INFORMATION (continued)

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

Net OPEB liability (asset)

At June 30, 2019, the City reported an (asset) of \$(29,055) for its proportionate share of the net OPEB liability/(asset). The net OPEB liability/(asset) was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability/(asset) was based on its actual, legally required contributions made during the fiscal year with the total actual contributions of all employers during the fiscal year.

At June 30, 2018, the City's proportion was 0.02602888 percent, which was an increase of 0.00254853 percent from its proportion measured as of June 30, 2017.

OPEB expense

For the year ended June 30, 2019, the City recognized OPEB (revenue) of \$(2,808).

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, 2018, employers will report the following deferred inflows or resources and/or deferred outflows of resources:

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

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

4. OTHER INFORMATION (continued)

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ --	\$ 1,647
Changes of assumptions	--	92
Net difference between projected and actual earnings on pension plan investments	--	6,264
Changes in proportionate share	--	428
Contributions subsequent to the measurement date	12,823	--
 Total	 \$ 12,823	 \$ 8,431

Deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date in the amount of \$12,823 will be recognized as an adjust to the net OPEB (asset) / liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ends June 30,	
2020	\$ (2,828)
2021	(2,822)
2022	(2,159)
2023	(623)
2024	--
Total	\$ (8,431)

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

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

Healthcare cost trend rate

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

4. OTHER INFORMATION (continued)

Depletion date projection

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

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

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

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

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

The following presents the proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 7.2 percent, as well as what the proportionate share of the net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.2 percent) or 1-percentage-point higher (8.2 percent) than the current rate:

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
Proportionate share of net OPEB liability/(asset)	\$ (16,917)	\$ (29,055)	\$ (39,387)

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

4. OTHER INFORMATION (continued)

City of Newport Other Postemployment Benefit Plan

A. Plan description and benefits provided

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

B. Plan membership

As of July 1, 2018, there were 109 active employees, 3 eligible retiree, and 1 spouses of ineligible retirees for a total of 113 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	\$	619
For spouses of retirees		673

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

4. OTHER INFORMATION (continued)

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

At June 30, 2019, the City reported a total OPEB liability of \$436,258. The total OPEB liability was measured as of June 30, 2018 and determined by an actuarial valuation as of that date.

Changes in the total OPEB liability is as follows:

	<u>Total OPEB Liability</u>
Balances at June 30, 2018	\$ 536,806
Changes for the year:	
Service cost	49,922
Interest	20,531
Effect of economic/demographic gains or losses	(71,931)
Changes in assumptions or other inputs	(72,379)
Benefit payments	<u>(26,691)</u>
Balances at June 30, 2019	<u>\$ 436,258</u>

For the year ended June 30, 2019, the City recognized OPEB expense of \$47,570. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ --	\$ 62,466
Changes of assumptions or inputs	--	84,659
City's contributions subsequent to the measurement date	<u>22,778</u>	<u>--</u>
	<u>\$ 22,778</u>	<u>\$ 147,125</u>

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

4. OTHER INFORMATION (continued)

Deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date in the amount of \$22,778 will be recognized as an adjustment to the Total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ends June 30,	
2020	\$ (22,883)
2021	(22,883)
2022	(22,883)
2023	(22,883)
2024	(22,883)
Thereafter	<u>(32,710)</u>
Total	<u>\$ 147,125</u>

E. Actuarial valuation

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

4. OTHER INFORMATION (continued)

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

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

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

Discount rate

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

Healthcare cost trend rate

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

<u>Year</u>	<u>Pre-65 Trend</u>
2018	6.75%
2019	7.00%
2020	5.50%
2021-2025	5.00%
2026-2029	4.75%
2030-2033	5.00%
2034	5.25%
2035	5.75%
2036-2038	6.00%
2039-2045	5.75%
2046-2050	5.50%
2051-2061	5.25%
2062-2065	5.00%
2066+	4.75%

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

4. OTHER INFORMATION (continued)

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

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

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

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
City's total OPEB liability	\$ 469,727	\$ 436,258	\$ 405,353
	1 Percentage Point Lower	Current Trend Rate	1 Percentage Point Higher
City's total OPEB liability	\$ 393,177	\$ 436,258	\$ 486,670

Risk Management

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

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

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

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

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

City of Newport, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

4. OTHER INFORMATION (continued)

Commitments and Contingent Liabilities

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

Tax Abatements

Lincoln County has established an enterprise zone under ORS 285C.050-250 that abates property taxes on new business development within the zone. As a result, the property taxes that the City will receive for the 2018-19 levy year have been reduced by \$44,352.

Prior Period Adjustments

At June 30, 2018, a Full Faith and Credit Bond pertaining to the governmental activities was improperly included in the business-type activities and Wastewater Fund. Due to this error, the beginning net position of the governmental activities was overstated and the beginning net position of the business-type activities and Wastewater Fund was understated by \$3,248,000. A prior period adjustment has been recorded to correct this error.

The beginning net position of the Water and Wastewater Funds have been adjusted due to a long-term debt borrowing being incorrectly included in the Water Fund when it should have been in the Wastewater Fund. Due to this, the beginning net position of the Water Fund has been increased \$5,744,090 and the beginning net position of the Wastewater Fund has been decreased \$(5,744,090).

The beginning net position of the Wastewater Fund has been increased \$171,976 to record additional inventory on hand at June 30, 2018.

The beginning fund balance and beginning net position of the Water and Wastewater Debt Service Funds have been adjusted due to the City recording a transfer in the June 30, 2018 fiscal year in the incorrect fund. The beginning fund balance of the Water Debt Service Fund has been increased \$253,900 and the beginning fund balance of the Wastewater Debt Service Fund has been decreased \$(253,900) at June 30, 2018 due to this.

REQUIRED SUPPLEMENTARY INFORMATION

How do you know you have a great CPA? He has a tax loophole named after him. – Anonymous

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

Year Ended June 30,	City's proportion of the net pension liability (asset)	City's proportionate share of the net pension liability (asset)	City's covered payroll	City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	0.02708474%	\$ 4,102,981	\$ 2,767,384	148.26%	82%
2017	0.02427185%	3,271,855	2,877,270	113.71%	83%
2016	0.02977186%	4,469,447	2,444,013	182.87%	81%
2015	0.02885827%	1,656,886	2,193,182	75.55%	92%
2014	0.02500643%	(566,824)	2,592,985	-21.86%	104%

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

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

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

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

CITY OF NEWPORT, OREGON
SCHEDULE OF NET PENSION LIABILITY AND CHANGES IN NET PENSION LIABILITY
CITY OF NEWPORT EMPLOYEES RETIREMENT PLAN

Last 10 Plan Years*

	June 30 2019	June 30 2018	June 30, 2017	June 30, 2016	June 30, 2015
<u>Beginning of year</u>					
Total pension liability	\$ 8,053,710	\$ 7,872,517	\$ 7,246,065	\$ 6,860,012	\$ 6,525,032
Fiduciary net position	<u>7,211,487</u>	<u>6,864,062</u>	<u>5,702,821</u>	<u>5,681,108</u>	<u>5,328,828</u>
Net pension liability	<u>\$ 842,223</u>	<u>\$ 1,008,455</u>	<u>\$ 1,543,244</u>	<u>\$ 1,178,904</u>	<u>\$ 1,196,204</u>
<u>Changes in total pension liability</u>					
Service cost	\$ 100,597	\$ 120,946	\$ 134,359	\$ 141,340	\$ 166,928
Interest on total pension liability	533,239	524,396	473,831	461,564	440,163
Difference between expected and actual experience	407,936	112,457	563,229	53,539	(69,963)
Change of assumptions	362,739	-	392,067	-	-
Benefit payments	<u>(822,598)</u>	<u>(576,606)</u>	<u>(937,034)</u>	<u>(270,390)</u>	<u>(202,148)</u>
Net change in total pension liability	<u>\$ 581,913</u>	<u>\$ 181,193</u>	<u>\$ 626,452</u>	<u>\$ 386,053</u>	<u>\$ 334,980</u>
<u>Changes in fiduciary net position</u>					
Employer contributions	\$ 404,045	\$ 402,347	\$ 381,589	\$ 362,578	\$ 372,150
Transfer from Money Purchase Plan	242,903	47,198	1,076,001	15,618	-
Transfer to Money Purchase Plan	(389,198)	(228,729)	(636,333)	-	-
Investment income (loss) net of expenses	328,566	504,959	667,952	(60,573)	207,422
Benefit payments	(433,400)	(347,877)	(300,701)	(270,390)	(202,148)
Administrative expenses	<u>(32,237)</u>	<u>(30,473)</u>	<u>(27,267)</u>	<u>(25,520)</u>	<u>(25,144)</u>
Net change in fiduciary net position	<u>\$ 120,679</u>	<u>\$ 347,425</u>	<u>\$ 1,161,241</u>	<u>\$ 21,713</u>	<u>\$ 352,280</u>
<u>End of year</u>					
Total pension liability	\$ 8,635,623	\$ 8,053,710	\$ 7,872,517	\$ 7,246,065	\$ 6,860,012
Fiduciary net position	<u>7,332,166</u>	<u>7,211,487</u>	<u>6,864,062</u>	<u>5,702,821</u>	<u>5,681,108</u>
Net pension liability	<u>\$ 1,303,457</u>	<u>\$ 842,223</u>	<u>\$ 1,008,455</u>	<u>\$ 1,543,244</u>	<u>\$ 1,178,904</u>
Fiduciary net position as a percent of total pension liability	84.9%	89.5%	87.2%	78.7%	82.8%
Covered payroll	\$ 1,969,621	\$ 2,335,688	\$ 2,391,031	\$ 2,583,588	\$ 2,592,985
Net pension liability as a percent of covered payroll	66.2%	36.1%	42.2%	59.7%	45.5%

*Information will be accumulated until 10 years are presented.

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

	June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 192,121	\$ 218,489	\$ 302,158	\$ 273,120	\$ 358,599	\$ 405,982	\$ 384,050	\$ 390,397	\$ 431,651	\$ 399,465
Actual employer contribution	404,045	402,347	381,589	362,578	-	416,372	416,372	431,631	399,465	368,346
Contribution deficiency (excess)	(211,924)	(183,858)	(79,431)	(89,458)	358,599	(10,390)	(32,322)	(41,234)	32,186	31,119
Covered payroll	1,969,621	2,335,688	2,391,031	2,583,588	2,592,985	2,925,079	2,876,355	2,887,270	2,932,240	2,647,845
Contribution as a percent of covered payroll	20.51%	17.23%	15.96%	14.03%	0.00%	14.23%	14.48%	14.95%	13.62%	13.91%
Valuation date	7/1/2018	7/1/2017	7/1/2016	7/1/2015	7/1/2014	7/1/2013	7/1/2012	7/1/2011	7/1/2010	7/1/2009
Assumed investment rate of return	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%

Notes to schedule

Methods and assumptions used to determine contribution rates:

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

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

<u>Year Ended</u> <u>June 30,</u>	<u>Rate of</u> <u>Return</u>
2019	4.50%
2018	7.64%
2017	11.69%
2016	-1.06%
2015	3.84%
2014	18.52%
2013	10.73%
2012	3.60%
2011	16.92%
2010	7.55%

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

Year Ended June 30,	City's proportion of the net OPEB liability (asset)	City's proportionate share of the net OPEB liability (asset)	City's covered payroll	City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2018	2.60288800%	\$ (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%	80.53%

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

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

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

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

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

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Service cost	\$ 49,922	\$ 52,534
Interest on total other postemployment benefit liability	20,531	15,900
Effect of economic/demographic gains or losses	(71,931)	-
Effect of assumptions changes or inputs	(72,379)	(29,592)
Benefit payments	<u>(26,691)</u>	<u>(14,714)</u>
Net change in total other postemployment benefit liability	(100,548)	24,128
Total other postemployment benefit liability - beginning of year	<u>536,806</u>	<u>512,678</u>
Total other postemployment benefit liability - end of year	<u>\$ 436,258</u>	<u>\$ 536,806</u>
Covered payroll	\$ 8,806,753	\$ 7,783,198
Total other postemployment benefit liability as a percentage of covered payroll	5.0%	6.9%

Notes to schedule

*Information will be accumulated until 10 years are presented.

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

SUPPLEMENTARY INFORMATION

All my bills say "Outstanding". I guess I am good to go. – Anonymous

CITY OF NEWPORT, OREGON
CAPITAL PROJECTS FUND (A MAJOR FUND)
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Miscellaneous grant	\$ -	\$ -	\$ 30,000	\$ 30,000
Aviation grant	700,000	700,000	296,393	(403,607)
Federal grant	14,000	14,000	-	(14,000)
HR 2075 grant from the ODA	-	-	22,699	22,699
Interest on investments	25,000	25,000	289,526	264,526
Miscellaneous sales and services	-	42,050	50,816	8,766
Total revenues	<u>739,000</u>	<u>781,050</u>	<u>689,434</u>	<u>(91,616)</u>
Other financing sources				
Bond and loan proceeds	4,696,612	2,109,112	277,500	(1,831,612)
Transfer from Public Parking Fund	698,090	336,109	-	(336,109)
Transfer from Room Tax Fund	95,880	104,803	104,803	-
Transfer from Street Fund	1,309,273	1,349,380	993,407	(355,973)
Transfer from SDC Fund	59,720	59,720	59,720	-
Transfer from Urban Renewal Agency Fund	216,000	216,000	216,000	-
Transfer from General Fund	419,000	60,224	60,224	-
Transfer from Parks and Recreation Fund	15,000	15,000	15,000	-
Transfer from Building Inspection Fund	15,000	15,000	15,000	-
Transfer from Water Fund	65,000	65,000	65,000	-
Transfer from Wastewater Fund	15,000	65,000	65,000	-
Transfer from Airport Fund	247,000	247,000	247,000	-
Total other financing sources	<u>7,851,575</u>	<u>4,642,348</u>	<u>2,118,654</u>	<u>(2,523,694)</u>
Fund balance, beginning	<u>6,190,560</u>	<u>9,340,802</u>	<u>9,269,782</u>	<u>(71,020)</u>
Amount available for appropriation	<u>14,781,135</u>	<u>14,764,200</u>	<u>12,077,870</u>	<u>(2,686,330)</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Capital projects - general	13,404,649	12,714,698	2,246,509	10,468,189
Capital projects - swimming pool	54,412	29,689	29,689	-
Capital projects - airport improvement program	1,299,997	1,502,128	472,922	1,029,206
Contingency	-	35,000	-	35,000
Total expenditures	<u>14,759,058</u>	<u>14,281,515</u>	<u>2,749,120</u>	<u>11,532,395</u>
Other financing uses				
Transfers to other funds	-	460,608	460,608	-
Total other financing uses	<u>-</u>	<u>460,608</u>	<u>460,608</u>	<u>-</u>
Total expenditures and other financing uses	<u>14,759,058</u>	<u>14,742,123</u>	<u>3,209,728</u>	<u>11,532,395</u>
Fund balance, ending	<u>\$ 22,077</u>	<u>\$ 22,077</u>	<u>\$ 8,868,142</u>	<u>\$ 8,846,065</u>

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

June 30, 2019

	Special Revenue	Debt Service	Capital Projects	Totals
ASSETS				
Cash and cash equivalents	\$ 6,027,885	\$ 7,743	\$ 1,807,198	\$ 7,842,826
Receivables				
Property taxes	-	31,752	-	31,752
Accounts	872,447	-	-	872,447
Investment in property	-	9,751	-	9,751
Prepaid items	16,298	-	-	16,298
Inventories	46,417	-	-	46,417
Due from other funds	220,000	-	-	220,000
Total assets	<u>\$ 7,183,047</u>	<u>\$ 49,246</u>	<u>\$ 1,807,198</u>	<u>\$ 9,039,491</u>
LIABILITIES				
Accounts payable	\$ 111,807	\$ -	\$ 34,645	\$ 146,452
Payroll and related liabilities	81,649	-	-	81,649
Deposits	1,640	-	-	1,640
Due to other funds	220,000	2,935	-	222,935
Total liabilities	<u>415,096</u>	<u>2,935</u>	<u>34,645</u>	<u>452,676</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	85,211	24,471	-	109,682
Total deferred inflows of resources	<u>85,211</u>	<u>24,471</u>	<u>-</u>	<u>109,682</u>
FUND BALANCES				
Nonspendable	16,298	-	-	16,298
Restricted	5,371,282	15,024	-	5,386,306
Committed	1,295,160	-	-	1,295,160
Assigned	-	6,816	1,772,553	1,779,369
Total fund balances	<u>6,682,740</u>	<u>21,840</u>	<u>1,772,553</u>	<u>8,477,133</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,183,047</u>	<u>\$ 49,246</u>	<u>\$ 1,807,198</u>	<u>\$ 9,039,491</u>

CITY OF NEWPORT, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	Special Revenue	Debt Service	Capital Projects	Totals
REVENUES				
Property taxes	\$ -	\$ 514,531	\$ -	\$ 514,531
Transient room taxes	2,025,372	-	-	2,025,372
Other taxes	52,141	-	-	52,141
Franchise fees, privilege taxes, licenses, and permits	212,634	-	-	212,634
Intragovernmental	936,319	-	-	936,319
Charges for services	3,351,596	-	-	3,351,596
Interest on investments	96,257	4,158	38,878	139,293
Miscellaneous	131,317	-	-	131,317
Total revenues	<u>6,805,636</u>	<u>518,689</u>	<u>38,878</u>	<u>7,363,203</u>
EXPENDITURES				
Current:				
General government	1,993,067	1,770	-	1,994,837
Highway and streets	912,425	-	-	912,425
Culture and recreation	1,981,031	-	-	1,981,031
Debt service:				
Principal	-	865,000	-	865,000
Interest	10,510	377,089	-	387,599
Capital outlay	21,539	-	883,796	905,335
Total expenditures	<u>4,918,572</u>	<u>1,243,859</u>	<u>883,796</u>	<u>7,046,227</u>
Excess (deficiency) of revenues over expenditures	<u>1,887,064</u>	<u>(725,170)</u>	<u>(844,918)</u>	<u>316,976</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,492,664	714,290	1,378,660	3,585,614
Transfers out	<u>(2,650,277)</u>	<u>-</u>	<u>(124,074)</u>	<u>(2,774,351)</u>
Total other financing sources (uses)	<u>(1,157,613)</u>	<u>714,290</u>	<u>1,254,586</u>	<u>811,263</u>
Net change in fund balances	729,451	(10,880)	409,668	1,128,239
Fund balance - beginning	<u>5,953,289</u>	<u>32,720</u>	<u>1,362,885</u>	<u>7,348,894</u>
Fund balance - ending	<u>\$ 6,682,740</u>	<u>\$ 21,840</u>	<u>\$ 1,772,553</u>	<u>\$ 8,477,133</u>

CITY OF NEWPORT, OREGON
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2019

	Parks and Recreation	Public Parking	Housing	Airport	Room Tax	Building Inspection
ASSETS						
Cash and cash equivalents	\$ 387,844	\$ 323,194	\$ 214,813	\$ 232,417	\$ 193,742	\$ 699,548
Receivables						
Accounts	-	15,100	-	30,043	472,665	-
Prepaid items	1,862	-	-	-	13,459	-
Inventories	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	<u>\$ 389,706</u>	<u>\$ 338,294</u>	<u>\$ 214,813</u>	<u>\$ 262,460</u>	<u>\$ 679,866</u>	<u>\$ 699,548</u>
LIABILITIES						
Accounts payable	\$ 34,712	\$ -	\$ -	\$ 9,761	\$ 7,693	\$ 20,929
Payroll and related liabilities	43,673	-	-	10,973	-	9,550
Deposits	-	-	-	1,640	-	-
Due to other funds	220,000	-	-	-	-	-
Total liabilities	<u>298,385</u>	<u>-</u>	<u>-</u>	<u>22,374</u>	<u>7,693</u>	<u>30,479</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	-	-	5,816	-	12
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,816</u>	<u>-</u>	<u>12</u>
FUND BALANCES						
Nonspendable	1,862	-	-	-	13,459	-
Restricted	-	-	-	-	658,714	669,057
Committed	89,459	338,294	214,813	234,270	-	-
Total fund balances	<u>91,321</u>	<u>338,294</u>	<u>214,813</u>	<u>234,270</u>	<u>672,173</u>	<u>669,057</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 389,706</u>	<u>\$ 338,294</u>	<u>\$ 214,813</u>	<u>\$ 262,460</u>	<u>\$ 679,866</u>	<u>\$ 699,548</u>

Streets	Line Under-grounding	SDC	Agate Beach Closure	Totals	
\$ 426,369	\$ 404,479	\$ 2,099,202	\$ 1,046,277	\$ 6,027,885	ASSETS
					Cash and cash equivalents
261,411	13,845	79,383	-	872,447	Receivables
1	-	-	976	16,298	Accounts
46,417	-	-	-	46,417	Prepaid items
-	-	-	220,000	220,000	Inventories
<u>\$ 734,198</u>	<u>\$ 418,324</u>	<u>\$ 2,178,585</u>	<u>\$ 1,267,253</u>	<u>\$ 7,183,047</u>	Due from other funds
					Total assets
\$ 29,113	\$ -	\$ -	\$ 9,599	\$ 111,807	LIABILITIES
17,453	-	-	-	81,649	Accounts payable
-	-	-	-	1,640	Payroll and related liabilities
-	-	-	-	220,000	Deposits
<u>46,566</u>	<u>-</u>	<u>-</u>	<u>9,599</u>	<u>415,096</u>	Due to other funds
					Total liabilities
-	-	79,383	-	85,211	DEFERRED INFLOWS OF RESOURCES
-	-	79,383	-	85,211	Unavailable revenue
					Total deferred inflows of resources
1	-	-	976	16,298	FUND BALANCES
687,631	-	2,099,202	1,256,678	5,371,282	Nonspendable
-	418,324	-	-	1,295,160	Restricted
<u>687,632</u>	<u>418,324</u>	<u>2,099,202</u>	<u>1,257,654</u>	<u>6,682,740</u>	Committed
					Total fund balances
<u>\$ 734,198</u>	<u>\$ 418,324</u>	<u>\$ 2,178,585</u>	<u>\$ 1,267,253</u>	<u>\$ 7,183,047</u>	Total liabilities, deferred inflows of resources and fund balances

CITY OF NEWPORT, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2019

	Parks and Recreation	Public Parking	Housing	Airport	Room Tax	Building Inspection
REVENUES						
Transient room taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,025,372	\$ -
Other taxes	-	-	52,141	-	-	-
Franchise fees, privilege taxes, licenses and permits	-	28,860	-	-	-	-
Intragovernmental	-	-	-	-	-	-
Charges for services	799,690	-	-	336,118	-	437,942
Interest on investments	8,939	4,281	3,951	3,608	12,424	14,542
Miscellaneous	44,254	-	-	80,875	-	5
Total revenues	<u>852,883</u>	<u>33,141</u>	<u>56,092</u>	<u>420,601</u>	<u>2,037,796</u>	<u>452,489</u>
EXPENDITURES						
Current:						
General government	-	4,305	17,303	718,669	747,544	462,135
Highways and streets	-	-	-	-	-	-
Culture and recreation	1,981,031	-	-	-	-	-
Debt service:						
Interest	-	-	-	10,510	-	-
Capital outlay	21,539	-	-	-	-	-
Total expenditures	<u>2,002,570</u>	<u>4,305</u>	<u>17,303</u>	<u>729,179</u>	<u>747,544</u>	<u>462,135</u>
Excess (deficiency) of revenues over expenditures	<u>(1,149,687)</u>	<u>28,836</u>	<u>38,789</u>	<u>(308,578)</u>	<u>1,290,252</u>	<u>(9,646)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	872,839	-	6,278	460,113	5,840	5,297
Transfers out	(15,000)	-	-	(253,000)	(1,139,050)	(15,000)
Total other financing sources (uses)	<u>857,839</u>	<u>-</u>	<u>6,278</u>	<u>207,113</u>	<u>(1,133,210)</u>	<u>(9,703)</u>
Net change in fund balances	(291,848)	28,836	45,067	(101,465)	157,042	(19,349)
Fund balances - beginning	383,169	309,458	169,746	335,735	515,131	688,406
Fund balances - ending	<u>\$ 91,321</u>	<u>\$ 338,294</u>	<u>\$ 214,813</u>	<u>\$ 234,270</u>	<u>\$ 672,173</u>	<u>\$ 669,057</u>

Streets	Line Under-grounding	SDC	Agate Beach Closure	Totals	
\$ -	\$ -	\$ -	\$ -	\$ 2,025,372	REVENUES
-	-	-	-	52,141	Transient room taxes
-	183,774	-	-	212,634	Other taxes
936,319	-	-	-	936,319	Franchise fees, privilege taxes, licenses and permits
1,076,436	-	701,410	-	3,351,596	Intragovernmental
6,726	6,878	34,908	-	96,257	Charges for services
6,183	-	-	-	131,317	Interest on investments
<u>2,025,664</u>	<u>190,652</u>	<u>736,318</u>	<u>-</u>	<u>6,805,636</u>	Miscellaneous
					Total revenues
					EXPENDITURES
					Current:
-	1,378	515	41,218	1,993,067	General government
912,425	-	-	-	912,425	Highways and streets
-	-	-	-	1,981,031	Culture and recreation
-	-	-	-	10,510	Debt service:
-	-	-	-	21,539	Interest
<u>912,425</u>	<u>1,378</u>	<u>515</u>	<u>41,218</u>	<u>4,918,572</u>	Capital outlay
<u>1,113,239</u>	<u>189,274</u>	<u>735,803</u>	<u>(41,218)</u>	<u>1,887,064</u>	Total expenditures
					Excess (deficiency) of revenues over expenditures
					OTHER FINANCING SOURCES (USES)
142,297	-	-	-	1,492,664	Transfers in
(1,108,407)	(59,000)	(60,820)	-	(2,650,277)	Transfers out
<u>(966,110)</u>	<u>(59,000)</u>	<u>(60,820)</u>	<u>-</u>	<u>(1,157,613)</u>	Total other financing sources (uses)
147,129	130,274	674,983	(41,218)	729,451	Net change in fund balances
540,503	288,050	1,424,219	1,298,872	5,953,289	Fund balances - beginning
<u>\$ 687,632</u>	<u>\$ 418,324</u>	<u>\$ 2,099,202</u>	<u>\$ 1,257,654</u>	<u>\$ 6,682,740</u>	Fund balances - ending

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

June 30, 2019

	General Debt Service	G.O. Debt Service - Governmental	Totals
ASSETS			
Cash and cash equivalents	\$ -	\$ 7,743	\$ 7,743
Receivables			
Property taxes	-	31,752	31,752
Investment in property	9,751	-	9,751
Total assets	\$ 9,751	\$ 39,495	\$ 49,246
LIABILITIES			
Due to other funds	\$ 2,935	\$ -	\$ 2,935
Total liabilities	2,935	-	2,935
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	24,471	24,471
FUND BALANCES			
Restricted	-	15,024	15,024
Assigned	6,816	-	6,816
Total fund balances	6,816	15,024	21,840
Total liabilities, deferred inflows of resources and fund balances	\$ 9,751	\$ 39,495	\$ 49,246

CITY OF NEWPORT, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
For the Year Ended June 30, 2019

	General Debt Service	G.O. Debt Service - Governmental	Totals
REVENUES			
Property taxes	\$ -	\$ 514,531	\$ 514,531
Interest on investments	-	4,158	4,158
Total revenues	<u>-</u>	<u>518,689</u>	<u>518,689</u>
EXPENDITURES			
Current:			
General government	1,770	-	1,770
Debt service:			
Principal	595,000	270,000	865,000
Interest	101,227	275,862	377,089
Total expenditures	<u>697,997</u>	<u>545,862</u>	<u>1,243,859</u>
Excess (deficiency) of revenues over expenditures	<u>(697,997)</u>	<u>(27,173)</u>	<u>(725,170)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>714,290</u>	-	<u>714,290</u>
Total other financing sources (uses)	<u>714,290</u>	-	<u>714,290</u>
Net change in fund balances	16,293	(27,173)	(10,880)
Fund balances - beginning	<u>(9,477)</u>	<u>42,197</u>	<u>32,720</u>
Fund balances - ending	<u>\$ 6,816</u>	<u>\$ 15,024</u>	<u>\$ 21,840</u>

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

June 30, 2019

	Capital Projects Reserve	Capital Improvements	Totals
ASSETS			
Cash and cash equivalents	<u>\$ 1,267,265</u>	<u>\$ 539,933</u>	<u>\$ 1,807,198</u>
LIABILITIES			
Accounts payable	<u>\$ 3,747</u>	<u>\$ 30,898</u>	<u>\$ 34,645</u>
Total liabilities	<u>3,747</u>	<u>30,898</u>	<u>34,645</u>
FUND BALANCES			
Assigned	<u>1,263,518</u>	<u>509,035</u>	<u>1,772,553</u>
Total fund balances	<u>1,263,518</u>	<u>509,035</u>	<u>1,772,553</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,267,265</u>	<u>\$ 539,933</u>	<u>\$ 1,807,198</u>

CITY OF NEWPORT, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
For the Year Ended June 30, 2019

	Capital Projects Reserve	Capital Improvements	Totals
REVENUES			
Interest on investments	\$ 21,667	\$ 17,211	\$ 38,878
Total revenues	<u>21,667</u>	<u>17,211</u>	<u>38,878</u>
EXPENDITURES			
Capital outlay	<u>65,850</u>	<u>817,946</u>	<u>883,796</u>
Total expenditures	<u>65,850</u>	<u>817,946</u>	<u>883,796</u>
Excess (deficiency) of revenues over expenditures	<u>(44,183)</u>	<u>(800,735)</u>	<u>(844,918)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	489,481	889,179	1,378,660
Transfers out	<u>-</u>	<u>(124,074)</u>	<u>(124,074)</u>
Total other financing sources (uses)	<u>489,481</u>	<u>765,105</u>	<u>1,254,586</u>
Net change in fund balances	445,298	(35,630)	409,668
Fund balances - beginning	<u>818,220</u>	<u>544,665</u>	<u>1,362,885</u>
Fund balances - ending	<u>\$ 1,263,518</u>	<u>\$ 509,035</u>	<u>\$ 1,772,553</u>

The hardest thing in the world to understand is the income tax. – Albert Einstein

Budgetary Comparison Schedules

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

**CITY OF NEWPORT, OREGON
PARKS AND RECREATION FUND
BUDGETARY COMPARISON STATEMENT**

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Interest on investments	\$ 10,000	\$ 10,000	\$ 8,939	\$ (1,061)
Special event	10,000	10,000	1,486	(8,514)
Rents and leases	47,000	47,000	21,947	(25,053)
60+ center revenue	3,000	3,000	4,336	1,336
60+ center rents & leases	8,100	8,100	6,827	(1,273)
60+ center trips revenue	7,000	7,000	6,537	(463)
60+ center sponsor/fundraising	-	-	539	539
Miscellaneous sales and services	1,600	1,600	70	(1,530)
Gifts and donations	5,000	5,000	-	(5,000)
Swimming pool lessons	25,000	25,000	36,845	11,845
Swimming pool rentals	11,000	11,000	17,897	6,897
Swimming pool special events	5,000	5,000	3,585	(1,415)
Recreation center	525,000	525,000	500,440	(24,560)
Concessions	17,000	17,000	14,871	(2,129)
Activity programs - youth	160,000	160,000	139,387	(20,613)
Activity programs - seniors	1,000	1,000	-	(1,000)
Activity programs - adults	8,500	8,500	6,959	(1,541)
Sports programs - adults	15,000	15,000	15,594	594
Sports programs - youth	40,000	40,000	49,055	9,055
Sports programs - special event	20,000	20,000	17,569	(2,431)
Total revenues	<u>919,200</u>	<u>919,200</u>	<u>852,883</u>	<u>(66,317)</u>
Other financing sources				
Transfer from General Fund	621,239	621,239	621,239	-
Transfer from Room Tax Fund	247,600	251,600	251,600	-
Total other financing sources	<u>868,839</u>	<u>872,839</u>	<u>872,839</u>	<u>-</u>
Fund balance, beginning	<u>735,797</u>	<u>630,669</u>	<u>630,669</u>	<u>-</u>
Amount available for appropriation	<u>2,523,836</u>	<u>2,422,708</u>	<u>2,356,391</u>	<u>(66,317)</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Parks administration	223,483	223,483	207,547	15,936
Senior center	220,680	220,680	191,865	28,815
Swimming pool	559,287	651,287	604,989	46,298
Recreation center	567,406	607,406	579,538	27,868
Recreation programs	219,919	219,919	214,027	5,892
Sports programs	215,127	219,127	204,604	14,523
Interfund loan repayment	27,500	27,500	27,500	-
Contingency	201,189	-	-	-
Total expenditures	<u>2,234,591</u>	<u>2,169,402</u>	<u>2,030,070</u>	<u>139,332</u>
Other financing uses				
Transfers to other funds	15,000	15,000	15,000	-
Total other financing uses	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Total expenditures and other financing uses	<u>2,249,591</u>	<u>2,184,402</u>	<u>2,045,070</u>	<u>139,332</u>
Fund balance, ending	<u>\$ 274,245</u>	<u>\$ 238,306</u>	311,321	<u>\$ 73,015</u>
Reconciliation to generally accepted accounting principles				
Due to other funds			(220,000)	
Fund balances at end of year			<u>\$ 91,321</u>	

CITY OF NEWPORT, OREGON
PUBLIC PARKING FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Revenues				
Interest on investments	\$ 6,500	\$ 6,500	\$ 4,281	\$ (2,219)
Fees in lieu of parking	25,350	25,350	28,860	3,510
Meter parking fees	<u>265,800</u>	<u>265,800</u>	<u>-</u>	<u>(265,800)</u>
Total revenues	<u>297,650</u>	<u>297,650</u>	<u>33,141</u>	<u>(264,509)</u>
Other financing sources				
Advances from other funds	358,000	-	-	-
Intrafund transfers	<u>341,090</u>	<u>337,109</u>	<u>337,109</u>	<u>-</u>
Total other financing sources	<u>699,090</u>	<u>337,109</u>	<u>337,109</u>	<u>-</u>
Fund balance, beginning	<u>313,440</u>	<u>309,459</u>	<u>309,458</u>	<u>(1)</u>
Amount available for appropriation	<u>1,310,180</u>	<u>944,218</u>	<u>679,708</u>	<u>(264,510)</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Over) Under</u>
Expenditures				
Materials and services	<u>4,153</u>	<u>4,153</u>	<u>4,305</u>	<u>(152)</u>
Total expenditures	<u>4,153</u>	<u>4,153</u>	<u>4,305</u>	<u>(152)</u>
Other financing uses				
Transfers to other funds	698,090	336,109	-	336,109
Intrafund transfers	<u>341,090</u>	<u>337,109</u>	<u>337,109</u>	<u>-</u>
Total other financing uses	<u>1,039,180</u>	<u>673,218</u>	<u>337,109</u>	<u>336,109</u>
Total expenditures and other financing uses	<u>1,043,333</u>	<u>677,371</u>	<u>341,414</u>	<u>335,957</u>
Fund balance, ending	<u>\$ 266,847</u>	<u>\$ 266,847</u>	<u>\$ 338,294</u>	<u>\$ 71,447</u>

CITY OF NEWPORT, OREGON
HOUSING FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
CET affordable housing - other	\$ 52,405	\$ 52,405	\$ 18,256	\$ (34,149)
CET affordable housing - Oregon	22,459	22,459	7,878	(14,581)
CET affordable housing - incentive	74,865	74,865	26,007	(48,858)
Interest on investments	<u>2,000</u>	<u>2,000</u>	<u>3,951</u>	<u>1,951</u>
Total revenues	<u>151,729</u>	<u>151,729</u>	<u>56,092</u>	<u>(95,637)</u>
Other financing sources				
Transfer from General Fund	<u>6,278</u>	<u>6,278</u>	<u>6,278</u>	<u>-</u>
Total other financing sources	<u>6,278</u>	<u>6,278</u>	<u>6,278</u>	<u>-</u>
Fund balance, beginning	<u>227,924</u>	<u>169,746</u>	<u>169,746</u>	<u>-</u>
Amount available for appropriation	<u>385,931</u>	<u>327,753</u>	<u>232,116</u>	<u>(95,637)</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Affordable housing	4,600	40,600	17,303	23,297
Oregon housing and community services	22,459	22,459	-	22,459
Contingency	<u>358,872</u>	<u>264,694</u>	<u>-</u>	<u>264,694</u>
Total expenditures	<u>385,931</u>	<u>327,753</u>	<u>17,303</u>	<u>310,450</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 214,813</u>	<u>\$ 214,813</u>

CITY OF NEWPORT, OREGON
AIRPORT FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Jet fuel	\$ 200,000	\$ 200,000	\$ 177,455	\$ (22,545)
Aviation gas	80,000	80,000	94,462	14,462
Oil	500	500	1,153	653
Pilot supplies	1,000	1,000	807	(193)
Food catering	1,300	1,300	224	(1,076)
Tie down	200	200	3,238	3,038
Rental car fees	17,000	17,000	28,075	11,075
Service provided for Wastewater Fund	30,704	30,704	30,704	-
Rents and leases	83,000	83,000	66,851	(16,149)
Concessions	1,400	1,400	1,340	(60)
Interest on investments	5,000	5,000	3,608	(1,392)
Miscellaneous sales and services	500	500	12,684	12,184
Total revenues	<u>420,604</u>	<u>420,604</u>	<u>420,601</u>	<u>(3)</u>
Other financing sources				
Transfer from General Fund	369,863	369,863	369,863	-
Transfer from Room Tax Fund	90,250	90,250	90,250	-
Total other financing sources	<u>460,113</u>	<u>460,113</u>	<u>460,113</u>	<u>-</u>
Fund balance, beginning	<u>303,444</u>	<u>335,735</u>	<u>335,735</u>	<u>-</u>
Amount available for appropriation	<u>1,184,161</u>	<u>1,216,452</u>	<u>1,216,449</u>	<u>(3)</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Airport operations	770,436	777,836	729,179	48,657
Contingency	57,080	81,971	-	81,971
Total expenditures	<u>827,516</u>	<u>859,807</u>	<u>729,179</u>	<u>130,628</u>
Other financing uses				
Transfers to other funds	253,000	253,000	253,000	-
Total other financing uses	<u>253,000</u>	<u>253,000</u>	<u>253,000</u>	<u>-</u>
Total expenditures and other financing uses	<u>1,080,516</u>	<u>1,112,807</u>	<u>982,179</u>	<u>130,628</u>
Fund balance, ending	<u>\$ 103,645</u>	<u>\$ 103,645</u>	<u>\$ 234,270</u>	<u>\$ 130,625</u>

CITY OF NEWPORT, OREGON
ROOM TAX FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Transient room tax	\$ 1,800,000	\$ 1,800,000	\$ 2,025,372	\$ 225,372
Interest on investments	4,000	4,000	12,424	8,424
Total revenues	<u>1,804,000</u>	<u>1,804,000</u>	<u>2,037,796</u>	<u>233,796</u>
Other financing sources				
Transfer from Capital Projects Fund	-	2,400	2,400	-
Transfer from Capital Improvements Fund	-	3,440	3,440	-
Total other financing sources	<u>-</u>	<u>5,840</u>	<u>5,840</u>	<u>-</u>
Fund balance, beginning	<u>166,224</u>	<u>549,054</u>	<u>515,131</u>	<u>(33,923)</u>
Amount available for appropriation	<u>1,970,224</u>	<u>2,358,894</u>	<u>2,558,767</u>	<u>199,873</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Room tax	864,646	885,646	747,544	138,102
Contingency	75,359	295,638	-	295,638
Total expenditures	<u>940,005</u>	<u>1,181,284</u>	<u>747,544</u>	<u>433,740</u>
Other financing uses				
Transfers to other funds	991,659	1,139,050	1,139,050	-
Total other financing uses	<u>991,659</u>	<u>1,139,050</u>	<u>1,139,050</u>	<u>-</u>
Total expenditures and other financing uses	<u>1,931,664</u>	<u>2,320,334</u>	<u>1,886,594</u>	<u>433,740</u>
Fund balance, ending	<u>\$ 38,560</u>	<u>\$ 38,560</u>	<u>\$ 672,173</u>	<u>\$ 633,613</u>

CITY OF NEWPORT, OREGON
BUILDING INSPECTION FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Building permits	\$ 110,300	\$ 110,300	\$ 110,318	\$ 18
Electrical permits	50,000	50,000	46,469	(3,531)
Plumbing permits	30,000	30,000	15,196	(14,804)
Mechanical permits	35,000	35,000	33,193	(1,807)
Sign permits	4,500	4,500	5,958	1,458
Building plan review	106,000	106,000	137,607	31,607
Building state surcharge	13,300	13,300	18,367	5,067
Construction excise tax Lincoln County School District	80,000	105,000	45,560	(59,440)
Construction excise tax Lincoln County School District - Admin	3,300	3,300	1,857	(1,443)
Electrical plan review	5,350	5,350	2,816	(2,534)
Electrical state surcharge	6,000	6,000	5,813	(187)
Plumbing plan review	4,200	4,200	653	(3,547)
Plumbing state surcharge	3,600	3,600	1,809	(1,791)
Mechanical plan review	8,750	8,750	7,271	(1,479)
Mechanical state surcharge	4,200	4,200	3,965	(235)
MFD and RV parks	2,500	2,500	-	(2,500)
Building inspections reimbursement	-	-	1,090	1,090
Interest on investments	6,000	6,000	14,542	8,542
Miscellaneous sales and services	6,000	6,000	5	(5,995)
Total revenues	<u>479,000</u>	<u>504,000</u>	<u>452,489</u>	<u>(51,511)</u>
Other financing sources				
Transfer from General Fund	3,000	3,000	3,000	-
Transfer from Capital Projects Fund	-	2,297	2,297	-
Total other financing sources	<u>3,000</u>	<u>5,297</u>	<u>5,297</u>	<u>-</u>
Fund balance, beginning	<u>742,183</u>	<u>688,406</u>	<u>688,406</u>	<u>-</u>
Amount available for appropriation	<u>1,224,183</u>	<u>1,197,703</u>	<u>1,146,192</u>	<u>(51,511)</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Building inspection services	485,675	510,675	462,135	48,540
Contingency	49,580	2,297	-	2,297
Total expenditures	<u>535,255</u>	<u>512,972</u>	<u>462,135</u>	<u>50,837</u>
Other financing uses				
Transfers to other funds	15,000	15,000	15,000	-
Total other financing uses	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Total expenditures and other financing uses	<u>550,255</u>	<u>527,972</u>	<u>477,135</u>	<u>50,837</u>
Fund balance, ending	<u>\$ 673,928</u>	<u>\$ 669,731</u>	<u>\$ 669,057</u>	<u>\$ (674)</u>

CITY OF NEWPORT, OREGON
STREETS FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
State gas tax proration	\$ 739,800	\$ 759,800	\$ 746,220	\$ (13,580)
Newport gas tax proration	195,325	195,325	190,099	(5,226)
Street cut fees	-	-	303	303
LGGP grant	240,000	240,000	-	(240,000)
Storm drain utility fees	463,933	463,933	459,737	(4,196)
Capital improvement surcharge	612,975	612,975	616,396	3,421
State IS TEA entitlement	115,973	115,973	-	(115,973)
Interest on investments	5,112	5,112	6,726	1,614
Miscellaneous sales and services	222	222	6,183	5,961
Total revenues	<u>2,373,340</u>	<u>2,393,340</u>	<u>2,025,664</u>	<u>(367,676)</u>
Other financing sources				
Transfer from Water Fund	70,000	70,000	70,000	-
Transfer from Wastewater Fund	70,000	70,000	70,000	-
Transfer from Capital Projects Fund	-	2,297	2,297	-
Total other financing sources	<u>140,000</u>	<u>142,297</u>	<u>142,297</u>	<u>-</u>
Fund balance, beginning	<u>437,685</u>	<u>540,503</u>	<u>540,503</u>	<u>-</u>
Amount available for appropriation	<u>2,951,025</u>	<u>3,076,140</u>	<u>2,708,464</u>	<u>(367,676)</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Street maintenance	671,973	671,973	553,215	118,758
Storm drain maintenance	509,383	509,383	359,210	150,173
Contingency	126,466	165,474	-	165,474
Total expenditures	<u>1,307,822</u>	<u>1,346,830</u>	<u>912,425</u>	<u>434,405</u>
Other financing uses				
Transfers to other funds	<u>1,378,273</u>	<u>1,464,380</u>	<u>1,108,407</u>	<u>355,973</u>
Total other financing uses	<u>1,378,273</u>	<u>1,464,380</u>	<u>1,108,407</u>	<u>355,973</u>
Total expenditures and other financing uses	<u>2,686,095</u>	<u>2,811,210</u>	<u>2,020,832</u>	<u>790,378</u>
Fund balance, ending	<u>\$ 264,930</u>	<u>\$ 264,930</u>	<u>\$ 687,632</u>	<u>\$ 422,702</u>

CITY OF NEWPORT, OREGON
LINE UNDERGROUNDING FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Franchise tax - Central Lincoln PUD	\$ 153,606	\$ 153,606	\$ 183,774	\$ 30,168
Interest on investments	6,000	6,000	6,878	878
Total revenues	<u>159,606</u>	<u>159,606</u>	<u>190,652</u>	<u>31,046</u>
Fund balance, beginning	<u>256,275</u>	<u>288,050</u>	<u>288,050</u>	<u>-</u>
Amount available for appropriation	<u>415,881</u>	<u>447,656</u>	<u>478,702</u>	<u>31,046</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Line undergrounding	1,530	1,530	1,378	152
Contingency	<u>355,351</u>	<u>387,126</u>	<u>-</u>	<u>387,126</u>
Total expenditures	<u>356,881</u>	<u>388,656</u>	<u>1,378</u>	<u>387,278</u>
Other financing uses				
Transfers to other funds	<u>59,000</u>	<u>59,000</u>	<u>59,000</u>	<u>-</u>
Total other financing uses	<u>59,000</u>	<u>59,000</u>	<u>59,000</u>	<u>-</u>
Total expenditures and other financing uses	<u>415,881</u>	<u>447,656</u>	<u>60,378</u>	<u>387,278</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 418,324</u>	<u>\$ 418,324</u>

CITY OF NEWPORT, OREGON
SDC FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
System development charges	\$ 858,621	\$ 858,621	\$ 694,952	\$ (163,669)
Interest from system development charges	-	-	6,458	6,458
Interest on investments	20,400	20,400	34,908	14,508
Total revenues	<u>879,021</u>	<u>879,021</u>	<u>736,318</u>	<u>(142,703)</u>
Fund balance, beginning	<u>1,500,917</u>	<u>1,424,219</u>	<u>1,424,219</u>	<u>-</u>
Amount available for appropriation	<u>2,379,938</u>	<u>2,303,240</u>	<u>2,160,537</u>	<u>(142,703)</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
SDC - administration	1,515	1,515	515	1,000
Contingency	<u>2,318,703</u>	<u>2,240,905</u>	<u>-</u>	<u>2,240,905</u>
Total expenditures	<u>2,320,218</u>	<u>2,242,420</u>	<u>515</u>	<u>2,241,905</u>
Other financing uses				
Transfers to other funds	<u>59,720</u>	<u>60,820</u>	<u>60,820</u>	<u>-</u>
Total other financing uses	<u>59,720</u>	<u>60,820</u>	<u>60,820</u>	<u>-</u>
Total expenditures and other financing uses	<u>2,379,938</u>	<u>2,303,240</u>	<u>61,335</u>	<u>2,241,905</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,099,202</u>	<u>\$ 2,099,202</u>

CITY OF NEWPORT, OREGON
AGATE BEACH CLOSURE FUND
BUDGETARY COMPARISON STATEMENT
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Interfund loan repayment	\$ 27,500	\$ 27,500	\$ 27,500	\$ -
Total revenues	27,500	27,500	27,500	-
Fund balance, beginning	1,324,027	1,298,872	1,051,372	(247,500)
Amount available for appropriation	1,351,527	1,326,372	1,078,872	(247,500)
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Materials and services	33,615	33,615	41,218	(7,603)
Contingency	959,912	1,292,757	-	1,292,757
Total expenditures	993,527	1,326,372	41,218	1,285,154
Other financing uses				
Advances to other funds	358,000	-	-	-
Total other financing uses	358,000	-	-	-
Total expenditures and other financing uses	1,351,527	1,326,372	41,218	1,285,154
Fund balance, ending	\$ -	\$ -	1,037,654	\$ 1,037,654
Reconciliation to generally accepted accounting principles				
Due from other funds			220,000	
Fund balances at end of year			\$ 1,257,654	

Chocolate makes everyone smile – even bankers. – Ben Strohecker

Budgetary Comparison Schedule

Nonmajor Debt Service Fund

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

Debt Service – accounts for repayment of the League of Oregon Cities Certificates of Participation Loans, Series 2007B and Series 2009B, whose requirements are met through transfers from the General, Water, Wastewater, Airport, Street, Line Undergrounding and Room Tax Funds. Also included is the 2018 Stormwater Borrowing whose debt service is funded through a transfer from the Street Fund.

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

CITY OF NEWPORT, OREGON
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Over (Under)
Other financing sources				
Transfer from General Fund	\$ 146,240	\$ 156,240	\$ 156,240	\$ -
Transfer from Airport Fund	6,000	6,000	6,000	-
Transfer from Room Tax Fund	13,500	13,500	13,500	-
Transfer from Streets Fund	62,000	108,000	108,000	-
Transfer from Line Undergrounding Fund	59,000	59,000	59,000	-
Transfer from Capital Projects Fund	-	335,000	335,000	-
Transfer from Water Fund	4,550	4,550	4,550	-
Transfer from Wastewater Fund	32,000	32,000	32,000	-
Total other financing sources	323,290	714,290	714,290	-
Fund balance, beginning	-	-	(9,477)	(9,477)
Amount available for appropriation	323,290	714,290	704,813	(9,477)
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
General debt	323,290	333,290	317,865	15,425
Stormwater debt	-	381,000	380,132	868
Total expenditures	323,290	714,290	697,997	16,293
Fund balance, ending	\$ -	\$ -	\$ 6,816	\$ 6,816

CITY OF NEWPORT, OREGON
G.O. DEBT SERVICE - GOVERNMENTAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Property taxes				
Current	\$ 563,000	\$ 563,000	\$ 497,274	\$ (65,726)
Delinquent	16,000	16,000	17,257	1,257
Interest on investments	2,000	2,000	4,158	2,158
Total revenues	<u>581,000</u>	<u>581,000</u>	<u>518,689</u>	<u>(62,311)</u>
Fund balance, beginning	<u>16,051</u>	<u>16,051</u>	<u>42,197</u>	<u>26,146</u>
Amount available for appropriation	<u>597,051</u>	<u>597,051</u>	<u>560,886</u>	<u>(36,165)</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Swimming pool GO bond	<u>545,870</u>	<u>545,870</u>	<u>545,862</u>	<u>8</u>
Total expenditures	<u>545,870</u>	<u>545,870</u>	<u>545,862</u>	<u>8</u>
Fund balance, ending	<u>\$ 51,181</u>	<u>\$ 51,181</u>	<u>\$ 15,024</u>	<u>\$ (36,157)</u>

To achieve what 1% of the world's population has "financial freedom" you must be willing to do what only 1% dare to do – HARD WORK and PERSERVARANCE – Anonymous

Budgetary Comparison Schedule

Nonmajor Capital Projects Fund

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

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

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

CITY OF NEWPORT, OREGON
CAPITAL PROJECTS RESERVE FUND
BUDGETARY COMPARISON SCHEDULE

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Interest on investments	\$ 9,100	\$ 9,100	\$ 21,667	\$ 12,567
Total revenues	<u>9,100</u>	<u>9,100</u>	<u>21,667</u>	<u>12,567</u>
Other financing sources				
Transfer from General Fund	460,000	489,481	489,481	-
Total other financing sources	<u>460,000</u>	<u>489,481</u>	<u>489,481</u>	<u>-</u>
Fund balance, beginning	<u>668,717</u>	<u>818,220</u>	<u>818,220</u>	<u>-</u>
Amount available for appropriation	<u>1,137,817</u>	<u>1,316,801</u>	<u>1,329,368</u>	<u>12,567</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Police reserve	35,000	35,000	32,416	2,584
Fire reserve	45,000	45,000	22,640	22,360
Library reserve	-	10,800	10,794	6
Contingency	-	149,503	-	149,503
Total expenditures	<u>80,000</u>	<u>240,303</u>	<u>65,850</u>	<u>174,453</u>
Fund balance, ending	<u>\$ 1,057,817</u>	<u>\$ 1,076,498</u>	<u>\$ 1,263,518</u>	<u>\$ 187,020</u>

CITY OF NEWPORT, OREGON
CAPITAL IMPROVEMENTS FUND
BUDGETARY COMPARISON SCHEDULE

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
LGGP grant	\$ 510,000	\$ 510,000	\$ -	\$ (510,000)
Interest on investments	-	-	17,211	17,211
Total revenues	<u>510,000</u>	<u>510,000</u>	<u>17,211</u>	<u>(492,789)</u>
Other financing sources				
Transfer from General Fund	-	405,042	405,042	-
Transfer from Room Tax Fund	35,000	35,000	35,000	-
Transfer from Capital Projects Fund	-	87,000	87,000	-
Transfer from City Facilities Fund	499,100	499,100	362,137	(136,963)
Total other financing sources	<u>534,100</u>	<u>1,026,142</u>	<u>889,179</u>	<u>(136,963)</u>
Fund balance, beginning	<u>261,500</u>	<u>599,802</u>	<u>544,665</u>	<u>(55,137)</u>
Amount available for appropriation	<u>1,305,600</u>	<u>2,135,944</u>	<u>1,451,055</u>	<u>(684,889)</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
City hall improvements	200,000	743,010	586,843	156,167
Library improvements	35,000	35,000	-	35,000
Fire improvements	105,200	105,200	22,020	83,180
60+ activity center capital improvements	86,900	128,625	45,476	83,149
Recreation center capital improvements	228,500	314,623	119,162	195,461
PAC improvements	52,000	52,000	12,885	39,115
Parks and grounds capital improvements	569,500	604,912	31,560	573,352
Total expenditures	<u>1,277,100</u>	<u>1,983,370</u>	<u>817,946</u>	<u>1,165,424</u>
Other financing uses				
Transfers to other funds	-	124,074	124,074	-
Total other financing uses	<u>-</u>	<u>124,074</u>	<u>124,074</u>	<u>-</u>
Total expenditures and other financing uses	<u>1,277,100</u>	<u>2,107,444</u>	<u>942,020</u>	<u>1,165,424</u>
Fund balance, ending	<u>\$ 28,500</u>	<u>\$ 28,500</u>	<u>\$ 509,035</u>	<u>\$ 480,535</u>

Understand the concept of time and find ways to maximize it effectively – Anonymous

Budgetary Comparison Schedules

Major Enterprise Funds

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

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

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

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

CITY OF NEWPORT, OREGON
WATER FUND (A MAJOR FUND)
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Water user charges	\$ 4,297,128	\$ 4,297,128	\$ 4,094,278	\$ (202,850)
Miscellaneous sales and services	63,096	63,096	85,550	22,454
New services and meters	21,628	21,628	46,763	25,135
Interest on investments	21,181	21,181	40,288	19,107
Total revenues	4,403,033	4,403,033	4,266,879	(136,154)
Other financing sources				
Bond and loan proceeds	-	4,556,000	4,558,000	2,000
Transfer from Proprietary Capital Projects Fund	-	28,259	28,259	-
Transfer from Capital Projects Fund	-	2,297	2,297	-
Total other financing sources	-	4,586,556	4,588,556	2,000
Fund balance, beginning				
Unassigned	1,688,585	1,383,730	1,383,730	-
Total fund balance, beginning	1,688,585	1,383,730	1,383,730	-
Amount available for appropriation	6,091,618	10,373,319	10,239,165	(134,154)
Expenditures				
Water plant	1,030,692	1,030,692	1,055,357	(24,665)
Water distribution	878,569	878,569	898,436	(19,867)
Non-departmental	873,429	929,429	943,406	(13,977)
Contingency	267,658	2,297	-	2,297
Total expenditures	3,050,348	2,840,987	2,897,199	(56,212)
Other financing uses				
Transfers to other funds	990,523	3,299,855	2,995,449	304,406
Total other financing uses	990,523	3,299,855	2,995,449	304,406
Total expenditures and other financing uses	4,040,871	6,140,842	5,892,648	248,194
Budgetary fund balance	\$ 2,050,747	\$ 4,232,477	4,346,517	\$ 114,040
RECONCILIATION TO NET POSITION				
Capital asset, net			26,688,511	
Inventories			376,367	
Deferred outflows of resources			95,411	
Compensated absences			(58,862)	
Long-term debt			(19,564,811)	
Bond premium			(110,055)	
Interest payable			(6,833,714)	
Net pension liability			(155,548)	
Other post employment benefits liability			(41,796)	
Deferred inflows of resources			(88,673)	
Net position at end of year			\$ 4,653,347	

CITY OF NEWPORT, OREGON
WASTEWATER FUND (A MAJOR FUND)
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Sewer user charges	\$ 4,212,507	\$ 4,212,507	\$ 4,142,411	\$ (70,096)
Septage	54,199	54,199	78,708	24,509
Interest on investments	15,000	15,000	728	(14,272)
Miscellaneous sales and services	1,951	1,951	21,439	19,488
Total revenues	4,283,657	4,283,657	4,243,286	(40,371)
Other financing sources				
Transfer from Capital Projects Fund	-	2,297	2,297	-
Transfer from Sewer Fund	-	1,121	1,121	-
Total other financing sources	-	3,418	3,418	-
Fund balance, beginning				
Unassigned	1,319,381	1,288,506	1,288,506	-
Total fund balance, beginning	1,319,381	1,288,506	1,288,506	-
Amount available for appropriation	5,603,038	5,575,581	5,535,210	(40,371)
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Wastewater plant	1,456,705	1,453,713	1,486,737	(33,024)
Wastewater collection	1,242,101	1,242,101	1,018,115	223,986
Non-departmental	968,603	968,603	1,013,514	(44,911)
Contingency	359,922	-	-	-
Total expenditures	4,027,331	3,664,417	3,518,366	146,051
Other financing uses				
Transfers to other funds	1,204,975	1,600,630	1,600,630	-
Total other financing uses	1,204,975	1,600,630	1,600,630	-
Total expenditures and other financing uses	5,232,306	5,265,047	5,118,996	146,051
Budgetary fund balance	\$ 370,732	\$ 310,534	416,214	\$ 105,680
RECONCILIATION TO NET POSITION				
Capital asset, net			42,970,721	
Inventories			171,976	
Deferred outflows of resources			71,564	
Compensated absences			(35,506)	
Long-term debt			(14,583,742)	
Bond premium			(89,282)	
Interest payable			(577,961)	
Net pension liability			(116,332)	
Other postemployment benefits liability			(35,233)	
Unavailable revenues			20,828	
Deferred inflows of resources			(67,657)	
Net position at end of year			\$ 28,145,590	

CITY OF NEWPORT, OREGON
G.O. DEBT SERVICE FUND (A MAJOR FUND)
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Property taxes				
Current	\$ 1,936,000	\$ 1,936,000	\$ 1,709,986	\$ (226,014)
Delinquent	59,000	59,000	61,273	2,273
Interest and investment	8,000	8,000	19,939	11,939
Total revenues	2,003,000	2,003,000	1,791,198	(211,802)
Fund balance, beginning	487,130	487,130	590,010	102,880
Amount available for appropriation	2,490,130	2,490,130	2,381,208	(108,922)
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Water G.O. bond	1,088,900	1,088,900	1,088,900	-
Wastewater G.O. bond	947,025	947,025	946,512	513
Total expenditures	2,035,925	2,035,925	2,035,412	513
Budgetary fund balance	\$ 454,205	\$ 454,205	345,796	\$ (108,409)
RECONCILIATION TO NET POSITION				
Unavailable revenues			109,525	
Net position at end of year			\$ 455,321	

CITY OF NEWPORT, OREGON
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2019

	Water Debt Service	Wastewater Debt Service	Capital Projects	Totals
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ 344,051	\$ 2,327,018	\$ 2,671,069
Prepaid items	5,790	-	-	5,790
Total current assets	<u>5,790</u>	<u>344,051</u>	<u>2,327,018</u>	<u>2,676,859</u>
Total assets	<u>5,790</u>	<u>344,051</u>	<u>2,327,018</u>	<u>2,676,859</u>
LIABILITIES				
Current liabilities				
Accounts payable	-	-	1,255,054	1,255,054
Due to other funds	3,581	-	-	3,581
Total liabilities	<u>3,581</u>	<u>-</u>	<u>1,255,054</u>	<u>1,258,635</u>
NET POSITION				
Restricted for capital construction	-	-	1,071,964	1,071,964
Restricted for debt service	2,209	344,051	-	346,260
Total net position	<u>\$ 2,209</u>	<u>\$ 344,051</u>	<u>\$ 1,071,964</u>	<u>\$ 1,418,224</u>

CITY OF NEWPORT, OREGON
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2019

	Water Debt Service	Wastewater Debt Service	Capital Projects	Totals
OPERATING REVENUES				
Service charges and fees	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	334	334
Total operating revenues	-	-	334	334
OPERATING EXPENSES				
Contracted services	-	-	639,406	639,406
Total operating expenses	-	-	639,406	639,406
Operating income (loss)	-	-	(639,072)	(639,072)
NONOPERATING REVENUES (EXPENSES)				
Grants	-	-	80,000	80,000
Interest on investments	-	10,790	34,435	45,225
Total nonoperating revenues (expenses)	-	10,790	114,435	125,225
Income (loss) before capital contributions and transfers	-	10,790	(524,637)	(513,847)
Transfers in	400,498	938,212	6,781,175	8,119,885
Transfers out	(400,470)	(878,835)	(5,241,090)	(6,520,395)
Change in net position	28	70,167	1,015,448	1,085,643
Prior period restatement	253,900	(253,900)	-	-
Net position - beginning	(251,719)	527,784	56,516	332,581
Net position - ending	<u>\$ 2,209</u>	<u>\$ 344,051</u>	<u>\$ 1,071,964</u>	<u>\$ 1,418,224</u>

CITY OF NEWPORT, OREGON
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2019

	Water Debt Service	Wastewater Debt Service	Capital Projects	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash payments to suppliers of goods and services	\$ -	\$ -	\$ (639,406)	\$ (639,406)
Other revenues	-	-	334	334
Net cash provided by (used in) operating activities	-	-	(639,072)	(639,072)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Advance from other fund	3,581	-	-	3,581
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	-	-	(4,372,164)	(4,372,164)
Proceeds from issuance of debt	-	-	3,369,854	3,369,854
Grants	-	-	80,000	80,000
Transfers in	400,498	938,212	3,411,321	4,750,031
Transfers out	-	(316,077)	(29,380)	(345,457)
Principal payments	(202,918)	(470,000)	-	(672,918)
Interest payments	(197,552)	(92,758)	-	(290,310)
Net cash (used in) capital and related financing activities	28	59,377	2,459,631	2,519,036
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	-	10,790	34,435	45,225
Net increase (decrease) in cash and cash equivalents	3,609	70,167	1,854,994	1,928,770
Cash and cash equivalents, July 1, 2018	(3,609)	273,884	472,024	742,299
Cash and cash equivalents, June 30, 2019	\$ -	\$ 344,051	\$ 2,327,018	\$ 2,671,069
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:				
Transfers in	\$ -	\$ -	\$ 3,369,854	\$ 3,369,854
Transfers out	(400,470)	(562,758)	(5,211,710)	(6,174,938)
	\$ (400,470)	\$ (562,758)	\$ (1,841,856)	\$ (2,805,084)

“A journey is best measured in friends, rather than miles” – Tim Cahill

Budgetary Comparison Schedules

Nonmajor Enterprise Funds

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

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

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

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

CITY OF NEWPORT, OREGON
WATER DEBT SERVICE FUND - ENTERPRISE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Over (Under)
Other financing sources				
Transfer from Water Fund	\$ 400,498	\$ 400,498	\$ 400,498	\$ -
Total other financing sources	<u>400,498</u>	<u>400,498</u>	<u>400,498</u>	<u>-</u>
Fund balance, beginning				
Restricted	-	-	(251,719)	(251,719)
Prior period adjustment	-	-	<u>253,900</u>	<u>253,900</u>
Amount available for appropriation	<u>400,498</u>	<u>400,498</u>	<u>402,679</u>	<u>2,181</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Water General Debt	69,511	69,511	69,483	28
Water Revenue Bond	<u>330,987</u>	<u>330,987</u>	<u>330,987</u>	<u>-</u>
Total expenditures	<u>400,498</u>	<u>400,498</u>	<u>400,470</u>	<u>28</u>
Budgetary fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,209</u>	<u>\$ 2,209</u>

CITY OF NEWPORT, OREGON
WASTEWATER DEBT SERVICE FUND - ENTERPRISE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Interest on investments	\$ 3,750	\$ 3,750	\$ 10,790	\$ 7,040
Total revenues	<u>3,750</u>	<u>3,750</u>	<u>10,790</u>	<u>7,040</u>
Other financing sources				
Transfer from Room Tax Fund	38,857	173,325	173,325	-
Transfer from SDC Fund	-	1,100	1,100	-
Transfer from Wastewater Fund	<u>130,000</u>	<u>447,710</u>	<u>447,710</u>	<u>-</u>
Total other financing sources	<u>168,857</u>	<u>622,135</u>	<u>622,135</u>	<u>-</u>
Fund balance, beginning				
Restricted	723,836	1,039,913	527,784	(512,129)
Prior period adjustment	<u>-</u>	<u>-</u>	<u>(253,900)</u>	<u>(253,900)</u>
Amount available for appropriation	<u>896,443</u>	<u>1,665,798</u>	<u>906,809</u>	<u>(758,989)</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Wastewater General Debt	<u>562,800</u>	<u>562,800</u>	<u>562,758</u>	<u>42</u>
Total expenditures	<u>562,800</u>	<u>562,800</u>	<u>562,758</u>	<u>42</u>
Budgetary fund balance	<u>\$ 333,643</u>	<u>\$ 1,102,998</u>	<u>\$ 344,051</u>	<u>\$ (758,947)</u>

CITY OF NEWPORT, OREGON
CAPITAL PROJECTS - ENTERPRISE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Federal grant	\$ 35,515	\$ 35,515	\$ -	\$ (35,515)
OWRD water supply grant	100,000	-	-	-
Local improvement district revenue	250,000	250,000	-	(250,000)
Local and private grants miscellaneous	-	80,000	80,000	-
Interest on investments	-	-	34,435	34,435
Misc sales and services	-	-	334	334
Total revenues	<u>385,515</u>	<u>365,515</u>	<u>114,769</u>	<u>(250,746)</u>
Other financing sources				
Bond and loan proceeds	12,559,596	10,669,262	3,369,854	(7,299,408)
Transfer from Water Fund	435,475	2,744,807	2,440,401	(304,406)
Transfer from Wastewater Fund	942,975	970,920	970,920	-
Total other financing sources	<u>13,938,046</u>	<u>14,384,989</u>	<u>6,781,175</u>	<u>(7,603,814)</u>
Fund balance, beginning	<u>3,865,660</u>	<u>4,264,432</u>	<u>56,516</u>	<u>(4,207,916)</u>
Amount available for appropriation	<u>18,189,221</u>	<u>19,014,936</u>	<u>6,952,460</u>	<u>(12,062,476)</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Water capital projects	5,983,037	6,149,263	1,284,505	4,864,758
Wastewater capital projects	11,773,684	12,200,932	4,566,611	7,634,321
Contingency	-	202,861	-	202,861
Total expenditures	<u>17,756,721</u>	<u>18,553,056</u>	<u>5,851,116</u>	<u>12,701,940</u>
Other financing uses				
Transfers to other funds	-	29,380	29,380	-
Total other financing uses	<u>-</u>	<u>29,380</u>	<u>29,380</u>	<u>-</u>
Total expenditures and other financing uses	<u>17,756,721</u>	<u>18,582,436</u>	<u>5,880,496</u>	<u>12,701,940</u>
Budgetary fund balance / net position	<u>\$ 432,500</u>	<u>\$ 432,500</u>	<u>\$ 1,071,964</u>	<u>\$ 639,464</u>

CITY OF NEWPORT, OREGON
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2019

	<u>Public Works</u>	<u>City Facility</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and investments	\$ 706,967	\$ 228,337	\$ 935,304
Prepaid items	117	-	117
Total current assets	<u>707,084</u>	<u>228,337</u>	<u>935,421</u>
Noncurrent assets:			
Land and construction in progress	599,340	-	599,340
Other capital assets, net of depreciation	188,231	-	188,231
Total noncurrent assets	<u>787,571</u>	<u>-</u>	<u>787,571</u>
Total assets	<u>1,494,655</u>	<u>228,337</u>	<u>1,722,992</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	69,179	6,174	75,353
Other postemployment benefits related items	1,047	84	1,131
Total deferred outflows of resources	<u>70,226</u>	<u>6,258</u>	<u>76,484</u>
LIABILITIES			
Current liabilities:			
Accounts payable	2,801	100,926	103,727
Payroll and related liabilities	26,169	18,131	44,300
Compensated absences	31,274	24,446	55,720
Total current liabilities	<u>60,244</u>	<u>143,503</u>	<u>203,747</u>
Long-term obligations			
Net pension liability	115,425	10,302	125,727
Other postemployment benefits	20,061	1,620	21,681
Total long-term obligations	<u>135,486</u>	<u>11,922</u>	<u>147,408</u>
Total liabilities	<u>195,730</u>	<u>155,425</u>	<u>351,155</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related items	55,338	4,939	60,277
Other postemployment benefits related items	6,766	546	7,312
Total deferred inflows of resources	<u>62,104</u>	<u>5,485</u>	<u>67,589</u>
NET POSITION			
Net investment in capital assets	787,571	-	787,571
Unrestricted	519,476	73,685	593,161
Total net position	<u>\$ 1,307,047</u>	<u>\$ 73,685</u>	<u>\$ 1,380,732</u>

CITY OF NEWPORT, OREGON
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUND
For the Year Ended June 30, 2019

	<u>Public Works</u>	<u>City Facility</u>	<u>Total</u>
OPERATING REVENUES:			
Service charges and fees	\$ 1,168,687	\$ 176,006	\$ 1,344,693
Miscellaneous	<u>21,026</u>	<u>20,631</u>	<u>41,657</u>
 Total operating revenues	 <u>1,189,713</u>	 <u>196,637</u>	 <u>1,386,350</u>
OPERATING EXPENSES:			
Salaries and wages	567,874	404,021	971,895
Contracted services	88,673	299,014	387,687
Property services	7,950	254,013	261,963
Operating supplies	11,907	8,580	20,487
Utilities	-	429,933	429,933
Depreciation and amortization	37,891	-	37,891
Repairs and maintenance	4,227	197,678	201,905
Charges for services	59,941	-	59,941
Miscellaneous	<u>34,071</u>	<u>135,016</u>	<u>169,087</u>
 Total operating expenses	 <u>812,534</u>	 <u>1,728,255</u>	 <u>2,540,789</u>
 Operating income	 377,179	 (1,531,618)	 (1,154,439)
NONOPERATING REVENUES (EXPENSES):			
Interest on investments	<u>10,356</u>	<u>3,829</u>	<u>14,185</u>
 Income before capital contributions and transfers	 387,535	 (1,527,789)	 (1,140,254)
Transfers in	-	1,855,973	1,855,973
Transfers out	<u>-</u>	<u>(395,504)</u>	<u>(395,504)</u>
 Change in net position	 387,535	 (67,320)	 320,215
Net position - beginning	<u>919,512</u>	<u>141,005</u>	<u>1,060,517</u>
 Net position - ending	 <u>\$ 1,307,047</u>	 <u>\$ 73,685</u>	 <u>\$ 1,380,732</u>

CITY OF NEWPORT, OREGON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
For the Year Ended June 30, 2019

	<u>Public Works</u>	<u>City Facility</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Service provided to other funds	\$ 1,168,687	\$ 176,006	\$ 1,344,693
Cash payments to suppliers of goods and services	(237,968)	(1,334,664)	(1,572,632)
Cash payments to employees for services	(541,308)	(406,124)	(947,432)
Other revenues	21,026	20,631	41,657
Net cash provided by (used in) operating activities	<u>410,437</u>	<u>(1,544,151)</u>	<u>(1,133,714)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	-	1,855,973	1,855,973
Transfers out	-	(362,137)	(362,137)
Net cash (used in) noncapital financing activities	<u>-</u>	<u>1,493,836</u>	<u>1,493,836</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets	-	(33,367)	(33,367)
Net cash (used in) capital and related financing activities	<u>-</u>	<u>(33,367)</u>	<u>(33,367)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	10,356	3,829	14,185
Net increase (decrease) in cash and cash equivalents	420,793	(79,853)	340,940
Cash and cash equivalents, July 1, 2018	<u>286,174</u>	<u>308,190</u>	<u>594,364</u>
Cash and cash equivalents, June 30, 2019	<u>\$ 706,967</u>	<u>\$ 228,337</u>	<u>\$ 935,304</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO			
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income (loss)	\$ 377,179	\$ (1,531,618)	\$ (1,154,439)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	37,891	-	37,891
Changes in assets, deferred outflows, liabilities and deferred inflows:			
Prepaid items	(117)	-	(117)
Deferred outflows of resources	9,793	1,102	10,895
Accounts payable	(31,082)	(10,430)	(41,512)
Payroll and related liabilities	5,111	1,439	6,550
Compensated absences	10,899	(4,301)	6,598
Other postemployment benefits	(9,464)	(719)	(10,183)
Net pension liability	36,899	3,060	39,959
Deferred inflows of resources	(26,672)	(2,684)	(29,356)
Total adjustments	<u>33,258</u>	<u>(12,533)</u>	<u>20,725</u>
Net cash provided by operating activities	<u>\$ 410,437</u>	<u>\$ (1,544,151)</u>	<u>\$ (1,133,714)</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Transfers out	<u>\$ -</u>	<u>\$ (33,367)</u>	<u>\$ (33,367)</u>

Interesting fact...Calling "shotgun" when riding in a car comes from the term "shotgun messenger".

Budgetary Comparison Schedule

Internal Service Fund

The Internal Service Fund was established to account for the cost of providing services to other funds of the City which are charged a fee on a cost reimbursement basis for those services.

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

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

CITY OF NEWPORT, OREGON
PUBLIC WORKS FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Service provided for Street Fund	\$ 233,737	\$ 233,737	\$ 233,739	\$ 2
Service provided for Water Fund	467,474	467,474	467,474	-
Service provided for Wastewater Fund	467,474	467,474	467,474	-
Interest on investments	2,169	2,169	10,356	8,187
Miscellaneous sales and services	176	176	21,026	20,850
Total revenues	1,171,030	1,171,030	1,200,069	29,039
Fund balance, beginning	217,590	231,233	231,233	-
Amount available for appropriation	1,388,620	1,402,263	1,431,302	29,039
Expenditures				
Public works administration	309,467	309,467	314,622	(5,155)
Engineering services	860,963	860,963	438,566	422,397
Contingency	115,254	128,897	-	128,897
Total expenditures	1,285,684	1,299,327	753,188	546,139
Budgetary fund balance	\$ 102,936	\$ 102,936	678,114	\$ 575,178
RECONCILIATION TO NET POSITION				
Capital asset, net			787,571	
Deferred outflows of resources			70,226	
Compensated absences			(31,274)	
Net pension liability			(115,425)	
Net other post employment benefit obligation			(20,061)	
Deferred inflows of resources			(62,104)	
Net position at end of year			\$ 1,307,047	

CITY OF NEWPORT, OREGON
CITY FACILITY FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Over (Under)
Revenues				
Matching funds	\$ 150,000	\$ 150,000	\$ -	\$ (150,000)
Visual arts center revenue	16,000	16,000	15,590	(410)
Interest on investments	-	-	3,829	3,829
City facilities rental income	199,000	199,000	176,006	(22,994)
Miscellaneous sales and services	-	-	5,041	5,041
Total revenues	<u>365,000</u>	<u>365,000</u>	<u>200,466</u>	<u>(164,534)</u>
Other financing sources				
Transfer from General Fund	1,405,701	1,405,701	1,405,701	-
Transfer from Room Tax Fund	450,272	450,272	450,272	-
Total other financing sources	<u>1,855,973</u>	<u>1,855,973</u>	<u>1,855,973</u>	<u>-</u>
Fund balance, beginning	<u>336,645</u>	<u>180,146</u>	<u>180,142</u>	<u>(4)</u>
Amount available for appropriation	<u>2,557,618</u>	<u>2,401,119</u>	<u>2,236,581</u>	<u>(164,538)</u>
	Original Budget	Final Budget	Actual	(Over) Under
Expenditures				
Facilities administration	403,025	369,025	355,497	13,528
City hall facility	119,500	119,500	114,308	5,192
Fire facilities	72,916	74,416	74,769	(353)
Library facility	73,563	81,563	75,668	5,895
Parks facilities and grounds	538,061	439,561	472,536	(32,975)
City public restrooms	163,708	118,416	108,994	9,422
Piers & boardwalk	7,000	9,000	8,009	991
Performing arts center	261,510	261,510	110,272	151,238
Visual arts center	100,590	100,590	102,011	(1,421)
Street lights	281,000	316,000	343,100	(27,100)
Contingency	37,645	2,645	-	2,645
Total expenditures	<u>2,058,518</u>	<u>1,892,226</u>	<u>1,765,164</u>	<u>127,062</u>
Other financing uses				
Transfers to other funds	499,100	499,100	362,137	136,963
Total other financing uses	<u>499,100</u>	<u>499,100</u>	<u>362,137</u>	<u>136,963</u>
Total expenditures and other financing uses	<u>2,557,618</u>	<u>2,391,326</u>	<u>2,127,301</u>	<u>264,025</u>
Budgetary fund balance	<u>\$ -</u>	<u>\$ 9,793</u>	<u>109,280</u>	<u>\$ 99,487</u>

RECONCILIATION TO NET POSITION

Deferred outflows of resources	6,258
Compensated absences	(24,446)
Net pension liability	(10,302)
Other postemployment benefit liability	(1,620)
Deferred inflows of resources	<u>(5,485)</u>
Net position at end of year	<u>\$ 73,685</u>

Interesting fact.....The scientific term for brain freeze is “sphenopalatine ganglioneuralgia”.

STATISTICAL SECTION

Interesting fact....Forrest Fenn, an art dealer and author, hid a treasure chest in the Rocky Mountains worth over 1 million dollars. It still has not been found.

STATISTICAL SCHEDULES

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

FINANCIAL TRENDS

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

REVENUE CAPACITY

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

DEBT CAPACITY

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

OPERATING INFORMATION

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

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

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

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

	2010	2011	2012	2013	2014
Governmental Activities					
Net investment in capital assets	\$ 25,710,830	\$ 34,067,289	\$ 34,587,900	\$ 37,076,075	\$ 32,776,862
Restricted	3,583,806	3,212,002	2,021,952	1,897,970	791,582
Unrestricted	20,034,437	8,779,162	9,302,518	9,223,667	18,471,205
Total governmental activities net position	<u>49,329,073</u>	<u>46,058,453</u>	<u>45,912,370</u>	<u>48,197,712</u>	<u>52,039,649</u>
Business-type activities					
Net investment in capital assets	10,561,229	27,293,814	31,225,370	33,161,900	34,062,589
Restricted	734,815	830,128	1,101,568	1,068,652	1,176,784
Unrestricted	12,544,516	4,495,156	1,885,022	1,095,920	2,722,774
Total business-type activities net position	<u>23,840,560</u>	<u>32,619,098</u>	<u>34,211,960</u>	<u>35,326,472</u>	<u>37,962,147</u>
Total City of Newport					
Net investment in capital assets	36,272,059	61,361,103	65,813,270	70,237,975	66,839,451
Restricted	4,318,621	4,042,130	3,123,520	2,966,622	1,968,366
Unrestricted	32,578,953	13,274,318	11,187,540	10,319,587	21,193,979
Total net position	<u>\$ 73,169,633</u>	<u>\$ 78,677,551</u>	<u>\$ 80,124,330</u>	<u>\$ 83,524,184</u>	<u>\$ 90,001,796</u>

In the ten years since the City began reporting under GASB Statement 34, the net position of governmental activities increased by just over 36 percent (\$28,301,000). This increase is broken down as follows: Capital Assets less related debt increased by (\$36,043,000). Restricted assets grew \$14,038,000 while the Unrestricted fell by (\$21,781,000) for a net gain of (\$7,743,000).

During the same time frame (ten years), the net position of the business-type activities have increased by 36 percent (\$13,200,000). This increase is broken down as follows: Capital Assets less related debt increased by (\$24,676,000). Restricted assets grew \$1,139,000 while the Unrestricted fell by (\$12,615,000) for a net loss of (\$11,476,000).

Note 1: GASB 68 adopted

Note 2: GASB 75 adopted

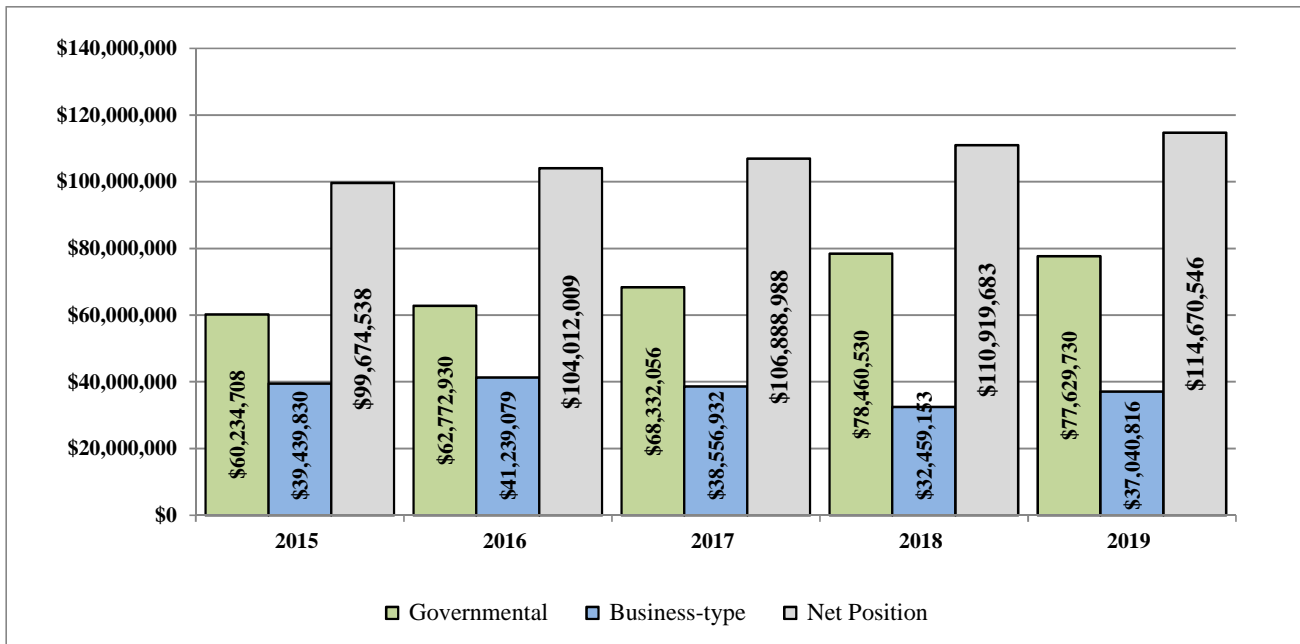
Source: City of Newport 2010-2019 Annual Financial Reports

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

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

Note 1 **Note 2**

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



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

	2010	2011	2012	2013	2014
Expenses					
Governmental activities:					
General government	2,593,603	2,760,233	2,946,250	2,524,975	2,620,714
Public safety	4,322,280	4,897,412	5,910,614	5,409,033	6,013,687
Highways and streets	2,027,122	486,823	715,630	1,398,550	1,530,448
Economic development	1,389,451	1,329,239	2,268,506	2,022,285	1,815,605
Culture and recreation	3,175,760	2,966,405	2,917,529	2,162,587	2,265,394
Airport operations	2,213,315	2,302,109	804,391	2,398,097	795,401
Facilities & Parks	-	-	-	-	704,184
Interest on long-term debt	817,588	485,616	408,038	442,850	411,693
Total governmental activities expenses	<u>16,539,119</u>	<u>15,227,837</u>	<u>15,970,958</u>	<u>16,358,377</u>	<u>16,157,126</u>
Business-type activities					
Water	1,985,327	1,903,871	2,360,710	2,204,937	3,276,390
Sewer	3,696,996	3,602,579	2,914,571	3,688,140	2,834,964
Capital Projects	-	-	-	-	-
Total business-type activities expenses	<u>5,682,323</u>	<u>5,506,450</u>	<u>5,275,281</u>	<u>5,893,077</u>	<u>6,111,354</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General Government (1)	344,225	494,299	377,544	377,993	421,764
Public Safety	163,292	-	-	-	-
Highways and Streets	113,016	81,513	126,521	85,367	205,010
Economic development	126,988	412,433	182,511	123,842	140,926
Culture and recreation	577,705	637,297	512,375	572,929	585,687
Airport operations	301,867	450,968	427,648	343,298	532,163
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	2,204,481	1,813,418	90,658	2,057,293	2,804,362
Total governmental activities program revenues	<u>3,831,574</u>	<u>3,889,928</u>	<u>1,717,257</u>	<u>3,560,722</u>	<u>4,689,912</u>
Business-type activities					
Water	1,988,342	2,135,827	2,417,535	2,826,126	3,328,473
Sewer	2,868,533	2,934,904	3,148,882	3,215,260	3,813,260
Total business-type activities program revenues	<u>4,856,875</u>	<u>5,070,731</u>	<u>5,566,417</u>	<u>6,041,386</u>	<u>7,141,733</u>
Total program revenues	<u>8,688,449</u>	<u>8,960,659</u>	<u>7,283,674</u>	<u>9,602,108</u>	<u>11,831,645</u>
General Revenues					
Governmental activities:					
Taxes:					
Property taxes used for general purposes	9,281,264	8,100,988	7,738,397	7,778,988	7,777,047
Property taxes used for debt service	-	-	-	-	-
Transient room taxes used for general purposes	2,278,501	2,297,243	2,367,590	2,419,699	2,964,050
Licenses, Permits & Fees	856,283	840,949	1,036,047	1,358,095	835,533
Fines & Forfeitures	173,203	210,133	177,919	179,432	156,070
Motor fuel	-	-	-	-	-
Cigarette and alcoholic beverage	-	-	-	-	-
Other Taxes	553,113	845,524	1,046,275	1,061,986	1,603,594
Intergovernmental (+grants)	770,990	2,721,208	1,151,530	658,707	850,074
Loss on Disposal	-	-	-	(129,986)	-
Unrestricted interest earnings	104,501	40,947	45,753	58,573	217,720
Miscellaneous	419,281	452,534	641,840	1,010,092	675,871
Gain on sale of capital assets	-	-	-	-	-
Total governmental activities general revenues	<u>14,437,136</u>	<u>15,509,526</u>	<u>14,205,351</u>	<u>14,395,586</u>	<u>15,079,959</u>
Transfers	(125,318)	(7,442,237)	(82,709)	687,411	229,192
Total governmental activities	<u>14,311,818</u>	<u>8,067,289</u>	<u>14,122,642</u>	<u>15,082,997</u>	<u>15,309,151</u>

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

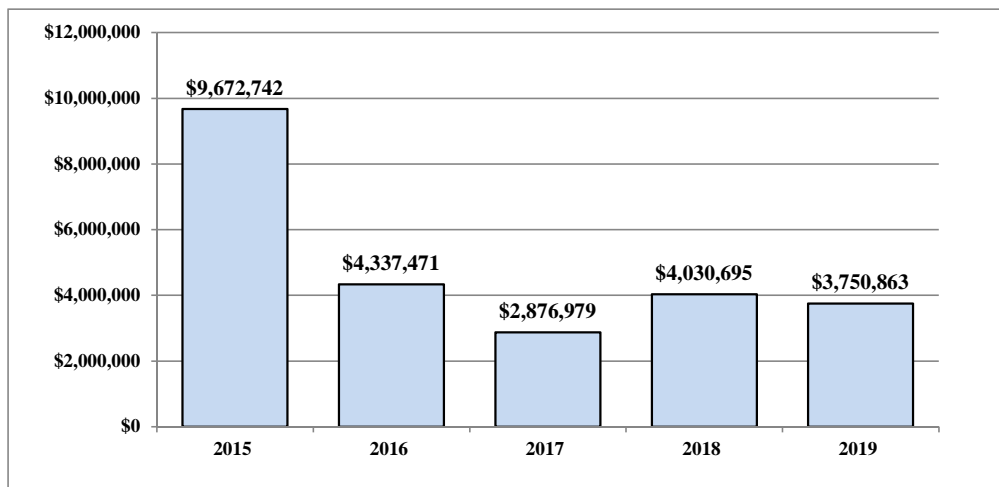
2015	2016	2017	2018	2019	
					Expenses
					Governmental activities:
5,446,621	6,271,284	6,708,369	7,070,473	6,974,042	General government
5,185,741	7,122,338	6,475,521	6,611,040	7,024,000	Public safety
1,905,912	1,391,446	1,694,645	1,858,877	1,737,166	Highways and streets
-	-	-	-	-	Economic development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

continued pages 144-145

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

	2010	2011	2012	2013	2014
General Revenues, continued					
Business-type activities					
Property taxes used for debt service	1,225,852	1,515,373	1,745,566	1,633,558	1,823,865
Licenses, Permits & Fees	71,000	264,161	-	-	-
Unrestricted investment earnings	182,078	63,553	30,347	20,056	10,623
Miscellaneous	-	-	-	-	-
Total business-type activities general revenues	1,478,930	1,843,087	1,775,913	1,653,614	1,834,488
Transfers	125,318	7,442,237	82,709	(687,411)	(229,192)
Total business-type activities	1,604,248	9,285,324	1,858,622	966,203	1,605,296
Change in Net Position					
Governmental activities	1,604,273	(3,270,620)	(131,059)	2,285,342	3,841,937
Business-type activities	778,800	8,849,605	2,149,758	1,114,512	2,635,675
Total Change in net position	2,383,073	5,578,985	2,018,699	3,399,854	6,477,612
Net position - beginning	70,786,560	73,169,633	78,677,551	80,124,330	83,524,184
Prior period adjustments	-	(71,067)	(571,920)	-	-
Net position - ending	<u>\$ 73,169,633</u>	<u>\$ 78,677,551</u>	<u>\$ 80,124,330</u>	<u>\$ 83,524,184</u>	<u>\$ 90,001,796</u>

Change in Net Position
last five years



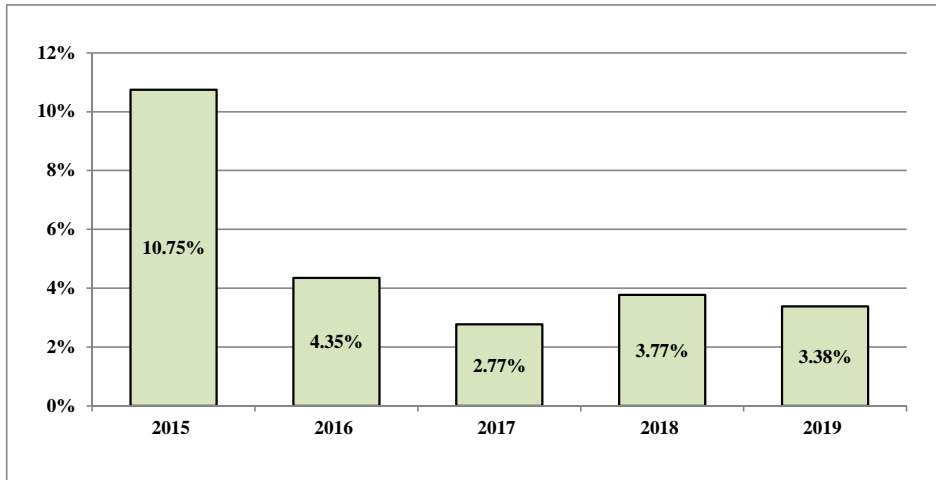
1. In the 2014-15 Fiscal Year, the City Facilities programs were moved from Public Works to the General Government category.

Source: City of Newport 2010-2019 Annual Financial Reports

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

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

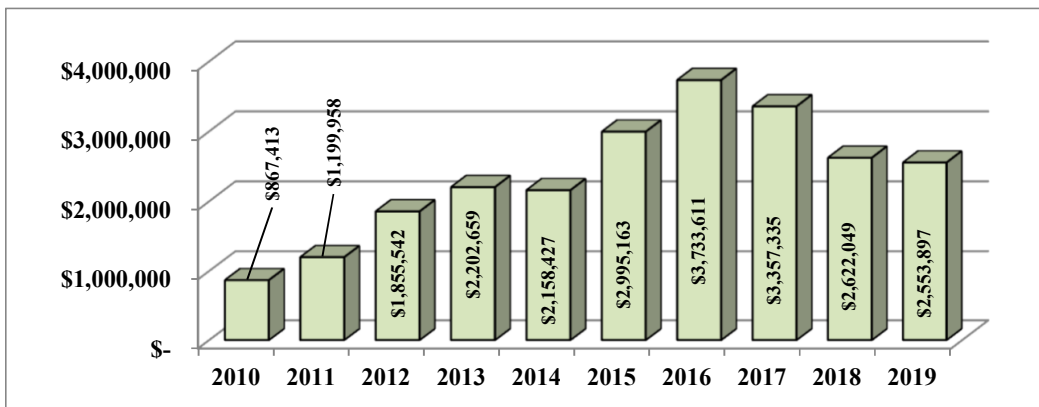
Year to Year Percentage Change in Net Position
 last five years



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

	2010	2011	2012	2013	2014
General Fund					
Nonspendable	\$ -	\$ 7,420	\$ 7,651	\$ 6,404	\$ 7,713
Committed	-	-	-	-	-
Unassigned	-	1,192,538	1,847,891	2,196,255	2,150,714
Total General Fund	<u>-</u>	<u>1,199,958</u>	<u>1,855,542</u>	<u>2,202,659</u>	<u>2,158,427</u>
All other governmental funds					
Reserved for:					
Debt service	3,016,657	-	-	-	-
System Development	567,149	-	-	-	-
Unreserved, reported in:					
General Fund	867,413	-	-	-	-
Special revenue funds	5,919,798	-	-	-	-
Capital project funds	(648,064)	901,288	1,360,895	2,542,406	11,774,636
Nonspendable	-	9,751	34,167	33,328	17,949
Restricted	-	3,212,002	2,021,952	1,897,970	791,582
Committed	-	4,359,134	4,498,001	4,482,182	5,440,021
Assigned	-	-	-	-	-
Unassigned	-	(75,196)	(5,915)	(2,510)	320,212
Total all other governmental funds	<u>9,722,953</u>	<u>8,406,979</u>	<u>7,909,100</u>	<u>8,953,376</u>	<u>18,344,400</u>
Total fund balances of governmental funds	<u>\$ 9,722,953</u>	<u>\$ 9,606,937</u>	<u>\$ 9,764,642</u>	<u>\$ 11,156,035</u>	<u>\$ 20,502,827</u>

General Fund Unreserved Fund Balance
 Last Ten Fiscal Years



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

Source: City of Newport 2010-2019 Annual Financial Reports

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

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

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

Last Ten Fiscal Years

Fiscal Year	Fund Balance	% Change
2010	\$ 9,722,953	-
2011	9,606,937	-1.19%
2012	9,764,642	1.64%
2013	11,156,035	14.25%
2014	20,502,827	83.78%
2015	25,505,279	24.40%
2016	18,392,388	-27.89%
2017	16,912,245	-8.05%
2018	21,318,668	26.05%
2019	23,144,018	8.56%

The total governmental unreserved fund balance has increased by 138.03 percent over the last ten years. The average change in percent over the the ten years is a 14 percent growth.

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

	2010	2011	2012	2013	2014
Revenues					
Taxes	12,056,207	\$ 11,140,622	\$ 11,175,848	\$ 11,306,092	\$ 12,234,880
Franchise fees, privilege taxes, licenses, and permits	2,211,458	2,448,022	2,345,151	2,572,998	1,722,388
Intergovernmental	4,128,937	5,655,641	2,423,197	4,476,545	3,854,436
Charges for services					1,572,840
Fines and forfeitures	173,203	210,133	177,919	179,432	156,070
Leases & Rents	152,530	160,945	168,842	171,166	153,240
Interest on investments	86,984	40,947	45,753	58,573	217,720
Miscellaneous	435,638	720,947	756,993	1,127,451	1,521,326
Total revenues	<u>19,244,957</u>	<u>20,377,257</u>	<u>17,093,703</u>	<u>19,892,257</u>	<u>21,432,900</u>
Expenditures					
General government	2,583,684	2,441,340	2,374,149	2,487,057	2,379,674
Public safety	4,305,751	4,331,608	4,762,895	5,327,804	5,395,473
Highways and streets	2,090,904	561,404	653,142	1,569,827	1,428,723
Culture and recreation	3,117,844	2,630,155	2,358,379	2,131,145	2,097,976
Economic development	1,611,102	1,193,657	1,485,007	2,014,640	1,653,453
Facilities & Parks	-	-	-	-	704,184
Airport Operations	-	2,362,067	804,391	2,446,628	848,953
Materials & Services	2,263,096	100,512	629,309	245,809	96,853
Debt service	5,519,822	2,476,311	1,820,616	1,868,440	1,752,501
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	1,362,056	5,643,805	1,965,401	1,356,925	4,578,983
Total expenditures	<u>22,854,259</u>	<u>21,740,859</u>	<u>16,853,289</u>	<u>19,448,275</u>	<u>20,936,773</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,609,302)</u>	<u>(1,363,602)</u>	<u>240,414</u>	<u>443,982</u>	<u>496,127</u>
Other financing sources (uses)					
Debt issuance	-	-	-	-	8,239,500
Proceeds from sale of capital assets	-	-	-	-	-
Premium on debt issuance	2,242,567	8,611,923	-	260,000	381,973
Interfund Loan Payback	-	77,900	-	-	-
Special Payments	(2,144,149)	-	-	-	-
Transfers in	16,639	-	4,815,606	4,136,449	5,076,982
Transfers out	-	(7,442,237)	(4,898,315)	(3,449,038)	(4,847,790)
Total other financing sources (uses)	<u>115,057</u>	<u>1,247,586</u>	<u>(82,709)</u>	<u>947,411</u>	<u>8,850,665</u>
Prior period adjustments	-	-	-	-	-
Net change in fund balances	<u>\$ (3,494,245)</u>	<u>\$ (116,016)</u>	<u>\$ 157,705</u>	<u>\$ 1,391,393</u>	<u>\$ 9,346,792</u>

Ratio of Total Debt Service Expenditures to Total Noncapital Expenditures

Total debt service expenditures	\$ 5,519,822	\$ 2,476,311	\$ 1,820,616	\$ 1,868,440	\$ 1,752,501
Total noncapital expenditures	<u>21,492,203</u>	<u>16,097,054</u>	<u>14,887,888</u>	<u>18,091,350</u>	<u>16,357,790</u>
Ratio of total debt service expenditures less refundings to total noncapital expenditures	<u>25.68%</u>	<u>15.38%</u>	<u>12.23%</u>	<u>10.33%</u>	<u>10.71%</u>

Source: City of Newport 2010-2019 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)

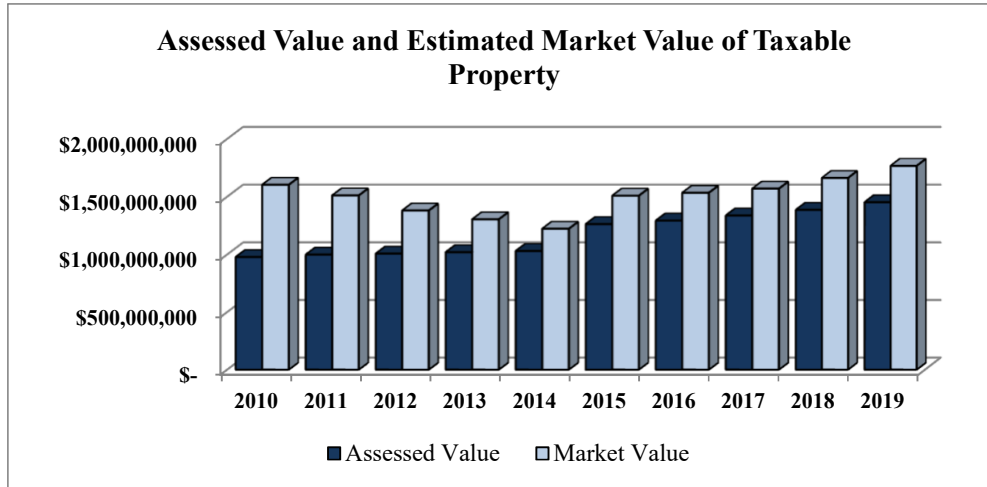
2015	2016	2017	2018	2019	
					Revenues
\$ 11,757,609	\$ 12,607,792	\$ 12,927,595	\$ 14,327,621	\$ 14,883,660	Taxes
					Franchise fees, privilege taxes, licenses, and permits
1,676,410	1,441,951	1,560,734	1,496,719	1,576,701	Intergovernmental
7,279,349	2,627,484	4,480,147	3,258,664	2,399,402	Charges for services
4,019,705	3,896,832	3,928,927	4,088,450	4,649,068	Fines and forfeitures
164,816	117,404	128,048	114,747	128,525	Leases & Rents
-	-	-	-	-	Interest on investments
106,880	148,909	201,725	287,572	582,067	Miscellaneous
495,178	639,290	562,370	454,365	480,612	Total revenues
25,499,947	21,479,662	23,789,546	24,028,138	24,700,035	
					Expenditures
5,471,035	6,345,215	6,499,792	6,218,707	5,680,845	General government
4,935,829	5,339,330	5,616,027	6,033,231	6,273,966	Public safety
1,396,889	873,861	1,038,748	1,034,352	912,425	Highways and streets
2,252,354	2,329,955	2,627,593	3,018,475	3,070,872	Culture and recreation
-	-	-	-	-	Economic development
-	-	-	-	-	Facilities & Parks
-	-	-	-	-	Airport Operations
-	-	-	-	-	Materials & Services
-	-	-	-	-	Debt service
1,274,980	1,582,639	2,984,432	1,745,000	2,120,000	Principal
758,037	761,502	679,509	624,442	649,128	Interest
9,652,113	11,318,251	8,984,654	5,944,630	3,108,644	Capital outlay
25,741,237	28,550,753	28,430,755	24,618,837	21,815,880	Total expenditures
					Excess (deficiency) of revenues over (under) expenditures
(241,290)	(7,071,091)	(4,641,209)	(590,699)	2,884,155	
					Other financing sources (uses)
5,456,000	-	1,548,404	6,849,577	277,500	Debt issuance
-	-	1,657,500	-	-	Proceeds from sale of capital assets
-	-	-	-	-	Premium on debt issuance
-	-	-	-	-	Interfund Loan Payback
-	-	-	-	-	Special Payments
5,525,894	4,103,145	6,003,534	7,276,372	5,631,722	Transfers in
(5,697,966)	(3,961,468)	(6,048,372)	(9,128,827)	(6,968,027)	Transfers out
5,283,928	141,677	3,161,066	4,997,122	(1,058,805)	Total other financing sources (uses)
(40,186)	(183,477)	-	-	-	Prior period adjustments
\$ 5,002,452	\$ (7,112,891)	\$ (1,480,143)	\$ 4,406,423	\$ 1,825,350	Net change in fund balances
\$ -	\$ 2,344,141	\$ 3,663,941	\$ 2,369,442	\$ 2,769,128	Total debt service expenditures
16,089,124	17,232,502	19,446,101	18,674,207	18,707,236	Total noncapital expenditures
					Ratio of total debt service expenditures less refundings to total noncapital expenditures
0.00%	13.60%	18.84%	12.69%	14.80%	

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

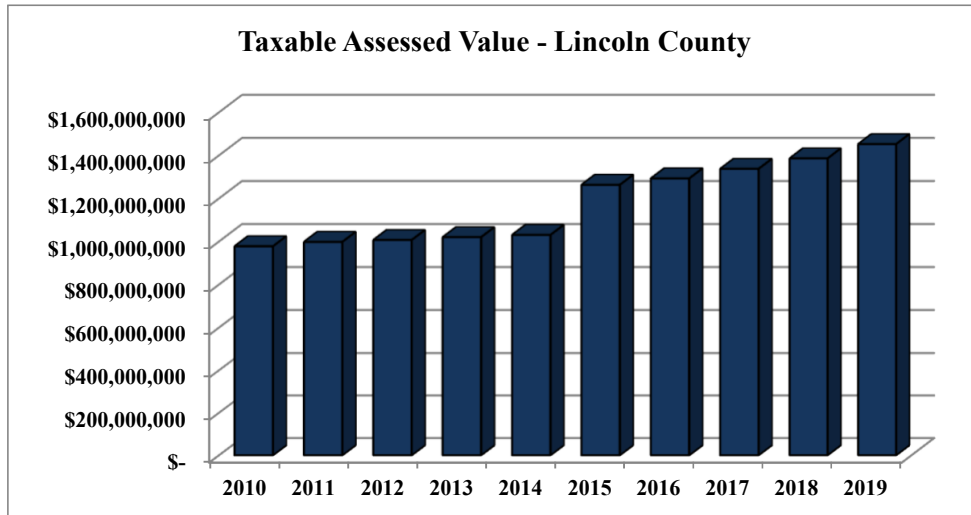
Fiscal Year Ended June 30,	Taxable Assessed Value	Direct Tax Rate Per \$1,000 of Assessed Value	Urban Renewal District Assessed Value	Total Assessed Value	Estimated Market Value	Assessed Value as a % of Market Value
2010	977,553,317	5.5938	122,609,487	1,100,162,804	1,602,751,236	68.64%
2011	997,901,139	5.5938	127,731,767	1,125,632,906	1,510,524,448	74.52%
2012	1,006,836,711	5.5938	132,458,357	1,139,295,068	1,379,970,260	82.56%
2013	1,019,889,985	5.5938	135,451,937	1,155,341,922	1,304,161,493	88.59%
2014	1,030,390,405	5.5938	135,875,197	1,166,265,602	1,222,412,409	95.41%
2015	1,263,033,051	5.5938	136,869,617	1,399,902,668	1,508,268,831	92.82%
2016	1,292,794,735	5.5938	138,719,427	1,431,514,162	1,533,699,076	93.34%
2017	1,337,383,961	5.5938	162,028,890	1,499,412,851	1,569,196,193	95.55%
2018	1,385,786,447	5.5938	180,183,069	1,565,969,516	1,662,018,005	94.22%
2019	1,452,221,107	5.5938	207,584,349	1,659,805,456	1,766,719,111	93.95%

Source: Lincoln County Tax Assessor

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



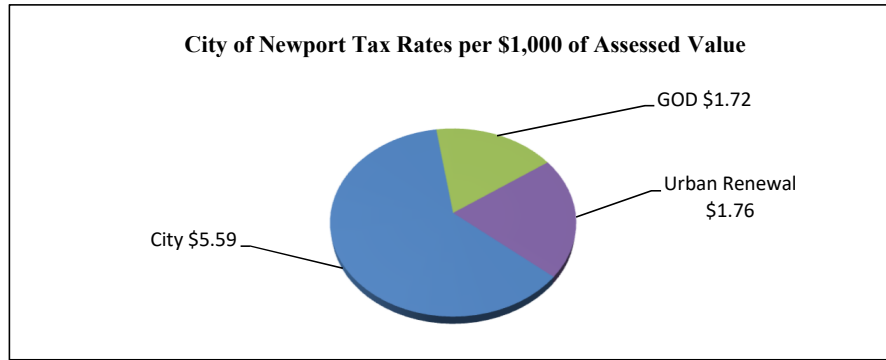
The "gap" between the market value and the assessed value is important to note. Oregon statutes allow the assessed value on a single piece of property to rise no more than three percent annually up to the market value, where the assessed value is capped. Currently, the assessed value is 93.95 percent of market value. Current economic conditions will have an effect on the market value of properties, but the extent of the effect is not known at this time.



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

City of Newport Direct Rates

Fiscal Year Ended June 30,	County	Basic Rate	General Obligation Debt Service	Total Before Urban Renewal	Newport Urban Renewal	Total Direct Rate
2010	Lincoln	5.59	1.36	6.95	2.52	9.47
2011	Lincoln	5.59	1.40	7.00	1.55	8.55
2012	Lincoln	5.59	1.54	7.13	1.30	8.43
2013	Lincoln	5.59	1.39	6.98	1.24	8.22
2014	Lincoln	5.59	1.54	7.14	1.24	8.37
2015	Lincoln	5.59	1.91	7.51	1.22	8.72
2016	Lincoln	5.59	1.82	7.41	1.31	8.72
2017	Lincoln	5.59	1.81	7.41	1.66	9.07
2018	Lincoln	5.59	1.72	7.31	1.76	9.07
2019	Lincoln	5.59	1.61	7.20	1.90	9.10



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

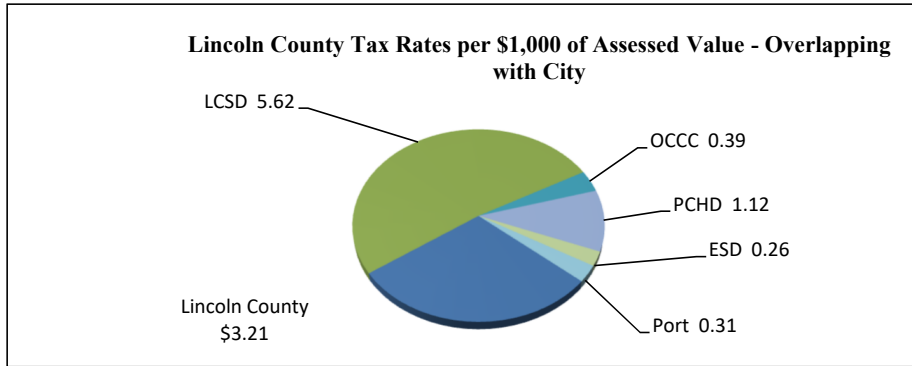
City = City of Newport
 GOD = General Obligation Debt

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	5.70	0.44	0.36	0.30	0.59	19.91
3.00	5.66	0.43	0.36	0.30	0.54	18.89
3.00	5.66	0.43	0.36	0.30	0.35	18.58
3.00	5.67	0.41	0.36	0.30	0.53	18.54
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



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

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

Schedule 7
CITY OF NEWPORT, OREGON
PRINCIPAL PROPERTY TAXPAYERS
Fiscal Years 2009-2010 and 2018-2019

Taxpayer	2018-2019		% of		2009-2010		% of	
	Taxable Assessed Value	Rank	Total Taxable Assessed Value		Taxable Assessed Value	Rank	Total Taxable Assessed Value	
Central Lincoln PUD	\$ 37,902,000	1	2.61%		\$ 64,037,900	2	6.55%	
Northwest Natural Gas	31,375,000	2	2.16%		77,556,700	1	7.93%	
Fred Meyer Stores	15,122,240	3	1.04%		8,764,980	6	0.90%	
Hallmark Inns and Resorts, Inc.	13,521,580	4	0.93%		10,804,660	5	1.11%	
Shilo Inn Newport LLC	12,992,660	5	0.89%		17,649,500	3	1.81%	
Charter Communications	10,882,900	6	0.75%		14,270,700	4	1.46%	
Wal Mart Real Estate	10,025,030	7	0.69%		6,316,880	10	0.65%	
EY Inc. and E W & J B Inc.	9,277,580	8	0.64%		6,967,860	8	0.71%	
RV Agate Beach LLC	7,911,500	9	0.54%		-	0	0.00%	
LC Apartments LLC	7,072,950	10	0.49%		-	0	0.00%	
SPM Little Creek LLC	-		-		6,483,030	9	0.66%	
Port of Newport	-		-		8,109,070	7	0.83%	
Total	\$ 156,083,440		10.75%		\$ 220,961,280		22.60%	
Total taxable assessed value, all properties	<u>\$ 1,452,221,107</u>				<u>\$ 977,553,317</u>			

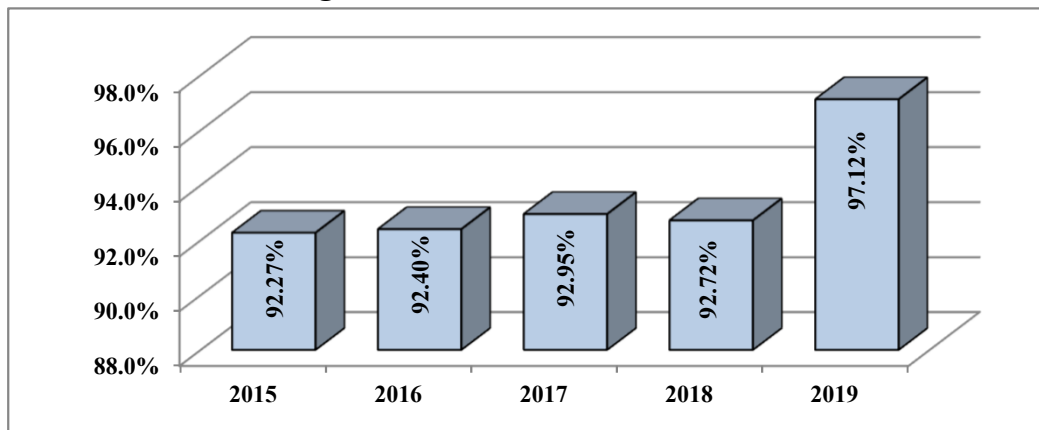
The above Total Taxable percentage of the Top Ten Taxpayers is normally graphed. However the information will be accumulated yearly, until 10 years are reported.

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%

Percentage of Taxes Collected in the Year Assessed



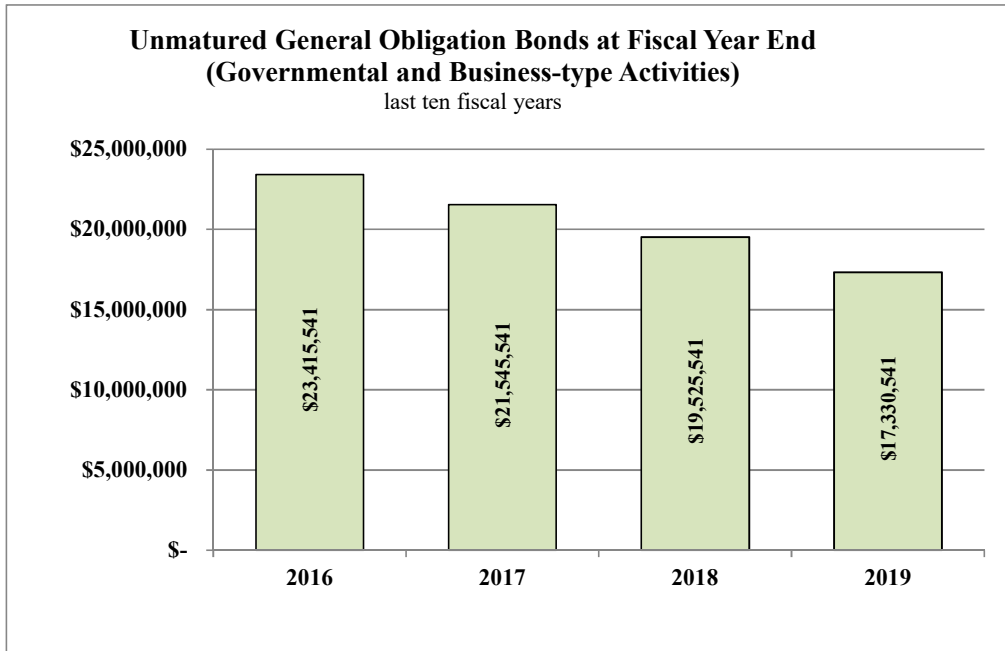
The City has chosen to calculate the property tax collection rate based on the gross amount of the levy as extended by the Lincoln County Assessors. The resulting rate is a lower percentage, but for comparative purposes it can be applied to future years' levies without having to estimate discounts and 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 93.49 percent of the levy as extended by the assessors.

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

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

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

Fiscal Year Ended June 30,	GOVERNMENTAL ACTIVITIES					
	General Obligation Bonds	Revenue Bonds	Urban Renewal (UR) TIF Bonds (1)	Stormwater Revenue Bonds	Notes Payable	Capital Leases
2015	\$ 7,850,000	\$1,270,000	\$ 11,820,000	\$ -	\$ 226,776	\$ 57,778
2016	7,655,000	995,000	10,721,000	-	213,132	24,694
2017	7,440,000	715,000	9,559,000	-	-	-
2018	7,200,000	420,000	8,349,000	3,248,000	-	-
2019	6,930,000	392,500	7,094,000	2,958,000	-	-



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

- (1) TIF-Tax Increment Financing
- (2) Includes \$12,813,742.00 State of Oregon Revolving Fund loan for Water and Wastewater projects

Source: City of Newport 2010-2019 Annual Financial Reports

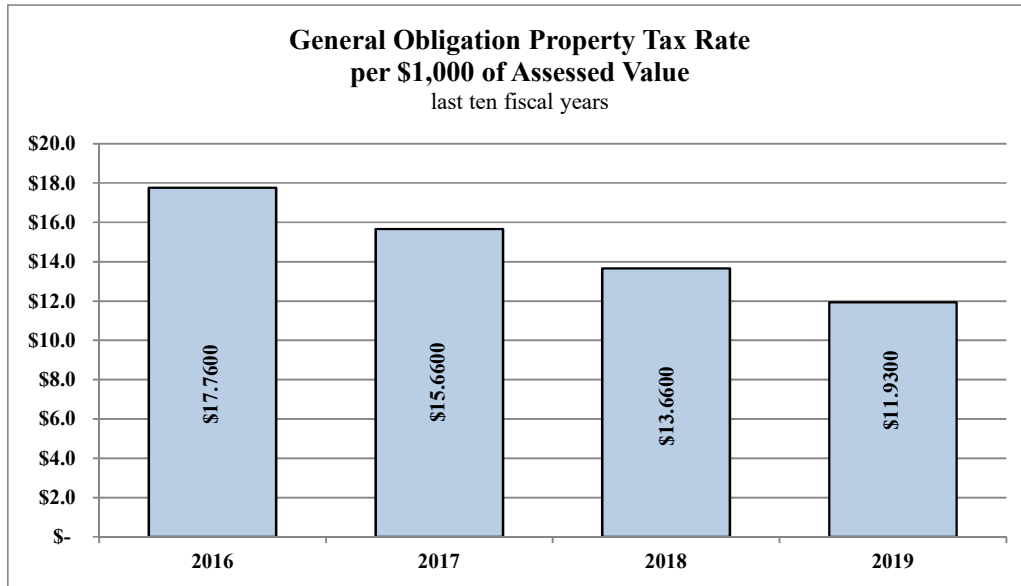
Schedule 9

CITY OF NEWPORT, OREGON

SCHEDULE OF DEBT PER CAPITA AND DEBT AS A PERCENTAGE OF PERSONAL INCOME

Last Ten Fiscal Years

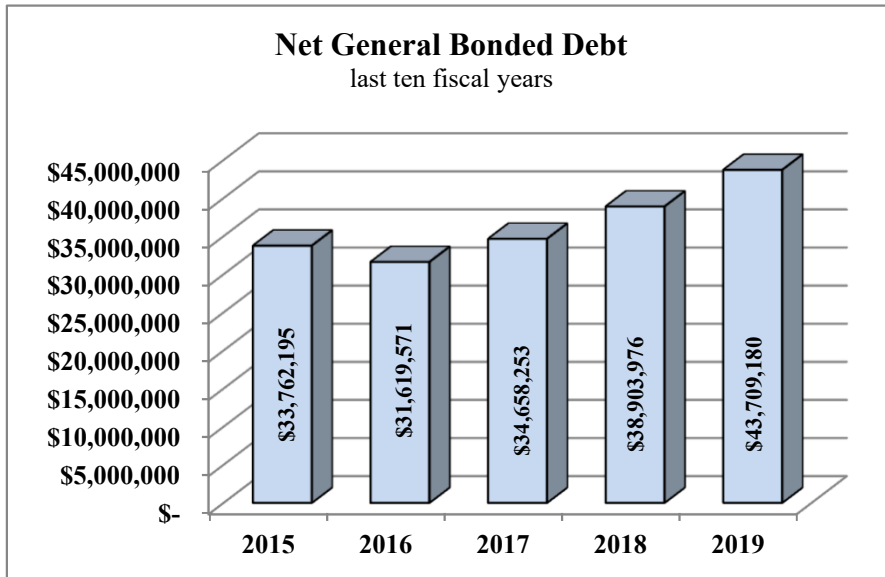
BUSINESS-TYPE ACTIVITIES							
General Obligation Bonds	Water Revenue Bonds (2)	Sewer Revenue Bonds (2)	Notes Payable	Total Outstanding Debt	% of Personal Income	Debt per Capita	
\$ 17,300,541	\$ 6,412,987	\$ 3,560,000	\$ 794,505	\$ 49,292,587	26.89	1,270	
15,760,541	7,300,213	3,135,000	767,888	46,572,468	24.67	1,178	
14,105,541	9,286,091	3,129,104	739,941	44,974,677	23.13	1,109	
12,325,541	9,506,606	6,275,681	710,789	48,035,617	23.98	1,156	
10,400,541	16,476,780	6,590,854	680,378	51,523,053	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	17,330,541	26,418,134



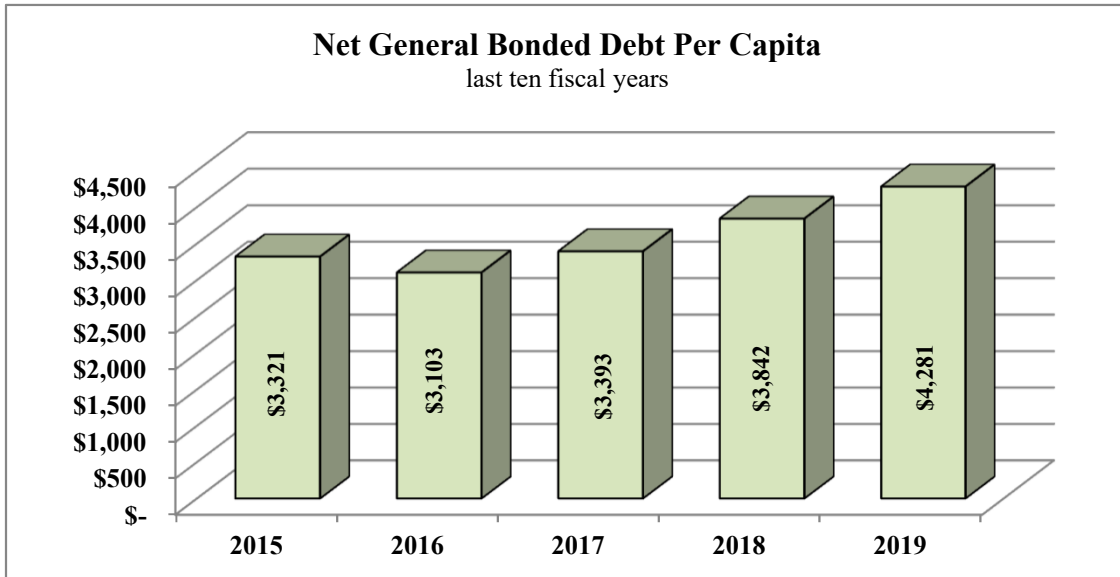
(1) General bonded debt includes general obligation bonds and other bonded debt financed with any general governmental resources.

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

Source: City of Newport 2010-2019 Annual Financial Reports

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

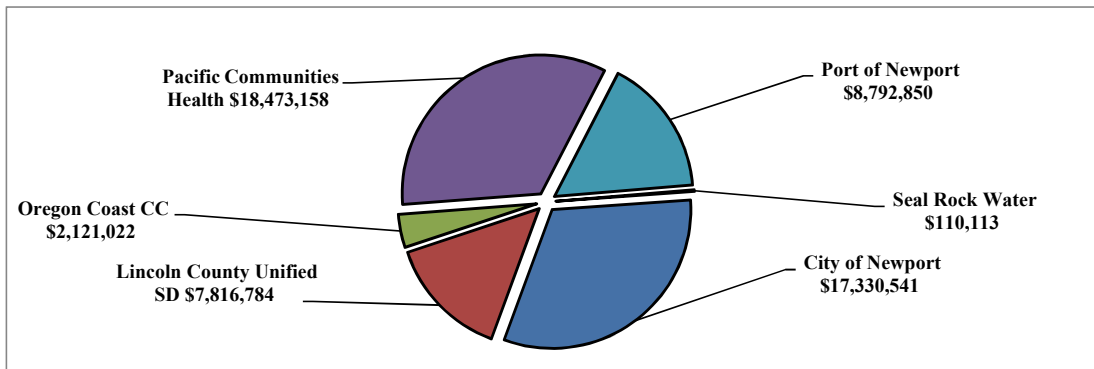
Less: Amounts Available in Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita	Net Bonded Debt as a Percent of Personal Income
2,631,333	33,762,195	2.6731%	3,321.00	1841.93%
3,226,183	31,619,571	2.45%	3,103	1675%
17,483	34,658,253	2.59%	3,393	1782%
71,852	38,903,976	2.81%	3,842	1942%
39,495	43,709,180	3.01%	4,281	n/a



Schedule 11
CITY OF NEWPORT, OREGON
COMPUTATION OF DIRECT AND OVERLAPPING DEBT (1)
as of June 30, 2019

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)	\$ 17,330,541	100.000%	\$ 17,330,541
OVERLAPPING DEBT			
Lincoln County Unified School District	40,045,000	19.520%	7,816,784
Oregon Coast Community College	10,805,000	19.630%	2,121,022
Pacific Communities Health District	46,910,000	39.380%	18,473,158
Port of Newport	12,045,000	73.000%	8,792,850
Seal Rock Water District	6,401,931	1.720%	110,113
Total overlapping debt	116,206,931		37,313,927
Total direct and overlapping debt	\$ 133,537,472		\$ 54,644,468

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.

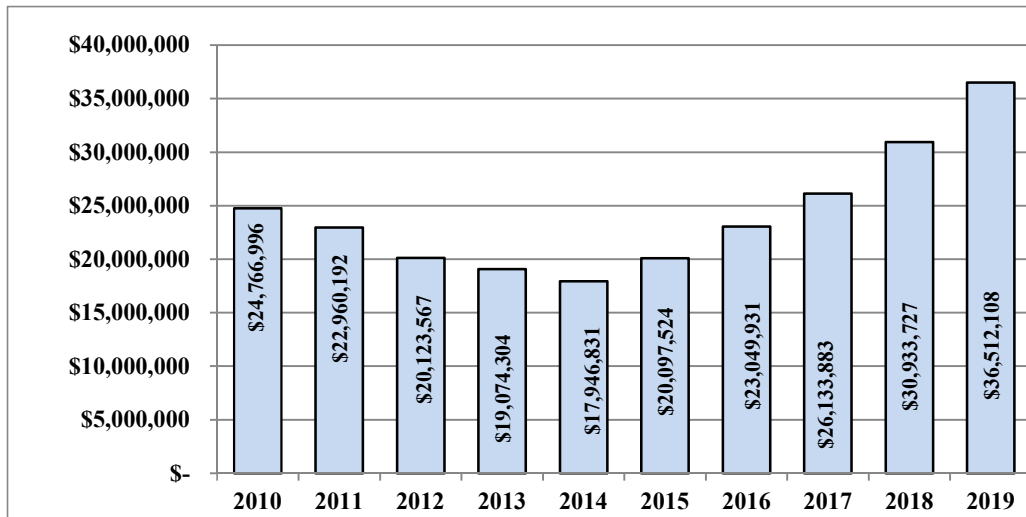
(2) City of Newport net outstanding debt

2013 Aquatic Center GO Bonds	\$ 6,930,000
2009 A&B Water GO Bonds	10,400,541
Total City of Newport net outstanding debt - bonded	17,330,541

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

	2010	2011	2012	2013
Debt limitation	\$ 48,082,537	\$ 45,315,733	\$ 41,399,108	\$ 39,124,845
Total net debt applicable to limitation	23,315,541	22,355,541	21,275,541	20,050,541
Legal debt margin	<u>\$ 24,766,996</u>	<u>\$ 22,960,192</u>	<u>\$ 20,123,567</u>	<u>\$ 19,074,304</u>
Ratio of net debt applicable to the debt limitation	<u>48.49%</u>	<u>49.33%</u>	<u>51.39%</u>	<u>51.25%</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

2014	2015	2016	2017	2018	2019	
\$ 36,672,372	\$ 45,248,065	\$ 46,010,972	\$ 47,075,886	\$ 49,860,540	\$ 53,001,573	Debt limitation
18,725,541	25,150,541	22,961,041	20,942,003	18,926,813	16,489,465	Total net debt applicable to limitation
<u>\$ 17,946,831</u>	<u>\$ 20,097,524</u>	<u>\$ 23,049,931</u>	<u>\$ 26,133,883</u>	<u>\$ 30,933,727</u>	<u>\$ 36,512,108</u>	Legal debt margin
<u>51.06%</u>	<u>55.58%</u>	<u>49.90%</u>	<u>44.49%</u>	<u>37.96%</u>	<u>31.11%</u>	Ratio of net debt applicable to the debt limitation

Legal debt margin calculation for Fiscal Year

True cash value	\$ 1,766,719,111
General obligation debt limit - 3% of true cash value	<u>3%</u>
General obligation debt limit	53,001,573
Gross general obligation bonded debt principal	
2013 Aquatic Center GO Bonds	\$ 6,930,000
2009 A&B Water GO Bonds	10,400,541
Less: Debt service monies available	
Debt Service Fund:	<u>841,076</u>
Net debt subject to the three percent limitation	16,489,465
Legal debt margin	<u>\$ 36,512,108</u>

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

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

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

Fiscal Year Ended June 30,	Operating Revenues	Less: Operating Expenses	Depreciation	Net Available Resources	Principal	Debt Service Interest	Total	Coverage Percentage
2015	\$ 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

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	Depreciation	Net Available Resources	Principal	Debt Service Interest	Total	Coverage Percentage
2016	3,537,147	3,148,963	886,126	1,274,310	131,174	209,814	340,988	3.74
2017	3,792,486	3,405,874	978,969	1,365,581	159,402	171,585	330,987	4.13
2018	3,895,595	3,648,138	1,016,982	1,264,439	165,825	165,161	330,986	3.82
2019	4,226,591	4,076,568	1,016,065	1,166,088	172,507	158,480	330,987	3.52

Operating data is from the Water Fund Statement of Revenues.

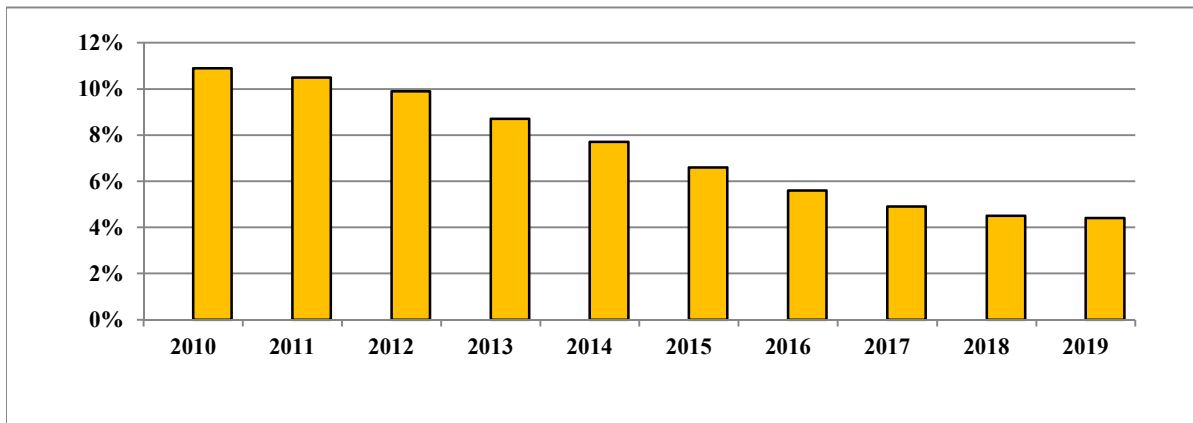
The amount of net available resources for bond coverage is determined by subtracting operating expenses from operating revenues. Interest payments on property assessments are deducted from operating revenues. Operating expenses are reduced by the amount of depreciation taken for the fiscal year.

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
2010	10,030	44,620	1,522,810	34,128	3,472	10.9%
2011	10,065	46,155	1,582,460	34,286	3,019	10.5%
2012	10,150	46,295	1,648,531	35,609	3,339	9.9%
2013	10,160	46,560	1,661,972	35,695	3,725	8.7%
2014	10,095	46,890	1,737,712	37,059	3,725	7.7%
2015	10,165	47,225	1,832,982	38,814	3,621	6.6%
2016	10,190	47,735	1,887,971	39,551	2,024	5.6%
2017	10,215	47,960	1,944,611	40,547	2,085	4.9%
2018	10,125	48,210	2,002,949	41,546	2,147	4.5%
2019	10,210	n/a	n/a	n/a	n/a	4.4%

Over the last ten years, the City's population has decreased by 1.79 percent (180). From 2009 to 2018 per capita personal income has risen by 18.81 percent (\$6,419) in the Newport statistical area. As of Fiscal Year 2016-17 (per capita data lags one year), per capita personal income was \$41,546 for Lincoln County, and \$38,786 for the state as a whole. For the ten-year period, enrollment in the Lincoln County Public School District decreased by -38.15 percent (-1,325 students).

Lincoln County Unemployment Rate
last 10 fiscal years



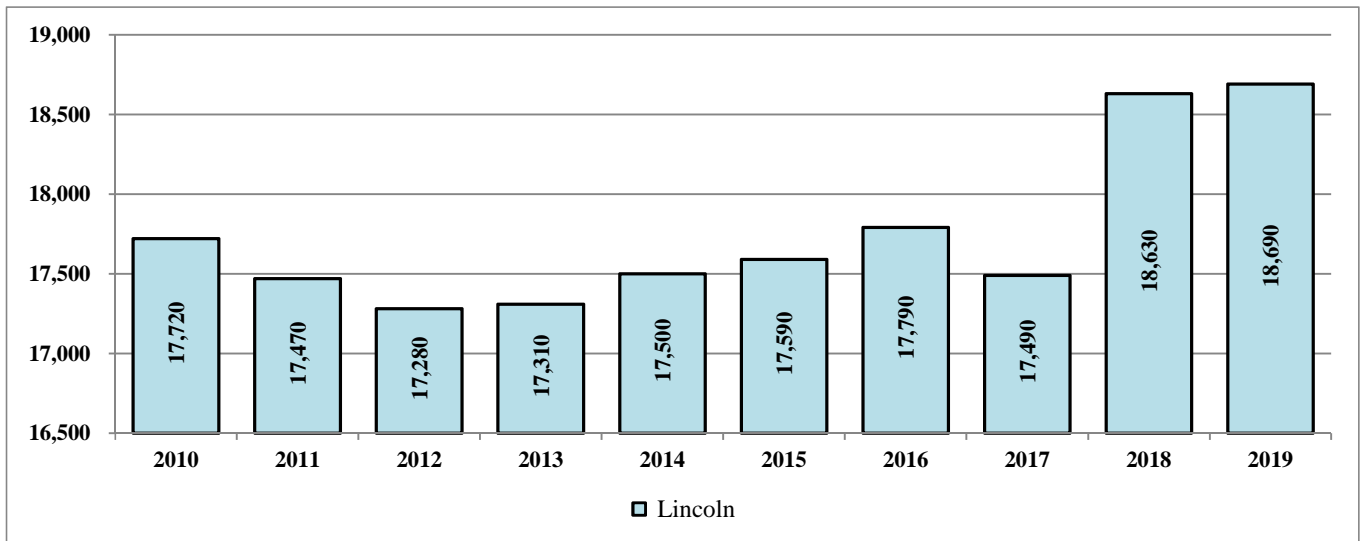
Sources:

- (1) Portland State University, Population Research and Census Center
- (2) U. S. Department of Commerce, Bureau of Economic Analysis (2018 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, 2010, and June 30, 2019

Employer	2019			2010		
	Number of Employees	Rank	% of Total Employment	Number of Employees	Rank	% of Total Employment
Samaritan Health Services	608	1	3.25%	800	1	4.51%
Lincoln County	446	2	2.39%	421	2	2.38%
Lincoln County School District	417	3	2.23%	374	3	2.11%
OSU Hatfield Marine Science Center/NOAA	407	4	2.18%	337	4	1.90%
Pacific Shrimp	300	5	1.61%	160	7	0.90%
Wal Mart	213	6	1.14%	157	8	0.89%
Fred Meyer	200	7	1.07%	200	5	1.13%
City of Newport	169	8	0.90%	136	9	0.77%
Fred Meyer	150	9	0.80%	200	6	1.13%
Central Lincoln PUD	1233	10	6.60%	130	10	0.73%
Totals	4,143		22.17%	2,915		16.45%
Total employment in Lincoln County	18,690			17,720		

Lincoln County Employment
last ten fiscal years



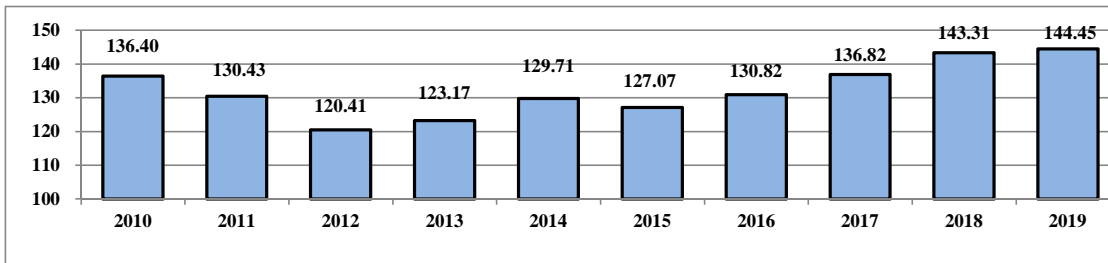
The percentage of top ten employers to total jobs for Lincoln Counties has been quite stable over the ten-year period. The figures range from a low of 22.17 percent in 2011 to a high of 118.74 percent in 2008. Total employment in Lincoln County has decreased by 5.47 percent (510 jobs) over the last ten years. For the ten-year period, the low point was 17,280 jobs in June 2012, and the high point was 18,690 jobs in June 2019. National and international economic instability will likely have an adverse effect in the coming years, although at this time the extent is unknown.

Sources:
Economic Development Alliance - Lincoln County
Oregon Employment Department

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

Function	2010	2011	2012	2013	2014
GOVERNMENTAL FUNDS					
General Government					
Administration	12.25	10.88	9.38	9.95	13.10
Economic Development	-	-	0.90	-	-
Planning	4.00	4.00	2.10	2.10	3.70
Building Inspection	0.50	0.50	1.20	1.30	1.30
Total General Government	16.75	15.38	13.58	13.35	18.10
Public Safety					
Fire	10.00	10.00	10.00	11.00	12.00
Police	27.00	26.00	26.00	25.00	24.00
Municipal Court	0.25	0.25	0.25	0.75	0.75
Total Public Safety	37.25	36.25	36.25	36.75	36.75
Highways and Streets					
Street Fund	6.00	5.00	5.00	5.08	5.08
Airport	4.00	4.00	4.00	4.00	3.00
Total Highways and Streets	10.00	9.00	9.00	9.08	8.08
Culture and Recreation					
Recreation	37.20	34.40	26.70	24.10	21.50
Library	11.40	11.40	11.58	11.54	11.54
Total Culture and Recreation	48.60	45.80	38.28	35.64	33.04
Total Governmental Funds	112.60	106.43	97.11	94.82	95.97
Proprietary Funds					
Proprietary					
Water	10.00	10.00	10.00	10.08	11.08
Wastewater	8.00	7.00	7.00	7.08	8.08
Total Proprietary Funds	18.00	17.00	17.00	17.16	19.16
Internal Service					
Public Works Services	5.80	7.00	6.30	11.19	14.58
City Facility	-	-	-	-	-
Total Internal Service	5.80	7.00	6.30	11.19	14.58
Total Proprietary Funds	23.80	24.00	23.30	28.35	33.74
Grand Total - All Full-time Equivalents	136.40	130.43	120.41	123.17	129.71

Total Full-time Equivalents
last ten fiscal years



Source: City of Newport Budget 2010-2019

Schedule 16

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

Last Ten Fiscal Years

2015	2016	2017	2018	2019	
					GOVERNMENTAL ACTIVITIES
					General Government
11.70	13.75	15.25	15.25	15.75	Administration
0.25	0.25	0.50	0.50	0.50	Economic Development
2.45	2.95	2.45	2.45	2.60	Planning
1.80	1.80	1.80	1.90	2.37	Building Inspection
<u>16.20</u>	<u>18.75</u>	<u>20.00</u>	<u>20.10</u>	<u>21.22</u>	Total General Government
					Public Safety
12.00	13.00	13.00	14.00	14.00	Fire
25.00	25.00	27.00	27.00	27.35	Police
0.70	0.70	0.70	0.70	0.60	Municipal Court
<u>37.70</u>	<u>38.70</u>	<u>40.70</u>	<u>41.70</u>	<u>41.95</u>	Total Public Safety
					Highways and Streets
5.00	5.00	5.00	5.00	4.50	Street Fund
3.00	3.00	2.00	3.00	3.00	Airport
<u>8.00</u>	<u>8.00</u>	<u>7.00</u>	<u>8.00</u>	<u>7.50</u>	Total Highways and Streets
					Culture and Recreation
20.25	20.25	23.73	26.42	26.68	Recreation
12.39	11.89	11.89	11.89	12.10	Library
<u>32.64</u>	<u>32.14</u>	<u>35.62</u>	<u>38.31</u>	<u>38.78</u>	Total Culture and Recreation
<u>94.54</u>	<u>97.59</u>	<u>103.32</u>	<u>108.11</u>	<u>109.45</u>	Total Governmental Activities
					BUSINESS-TYPE ACTIVITIES
					Enterprise
11.10	11.10	11.10	10.60	10.25	Water
8.00	9.00	9.00	9.50	10.25	Sewer
<u>19.10</u>	<u>20.10</u>	<u>20.10</u>	<u>20.10</u>	<u>20.50</u>	Total Enterprise
					Internal Service
13.43	13.13	13.40	7.50	8.50	Public Works Services
-	-	-	7.60	6.00	City Facility
<u>13.43</u>	<u>13.13</u>	<u>13.40</u>	<u>15.10</u>	<u>14.50</u>	Total Internal Service
<u>32.53</u>	<u>33.23</u>	<u>33.50</u>	<u>35.20</u>	<u>35.00</u>	Total Business-type Activities
<u>127.07</u>	<u>130.82</u>	<u>136.82</u>	<u>143.31</u>	<u>144.45</u>	Grand Total - All Full-time Equivalents

Fiscal Year	Total FTE	Annual Percentage Change	Total Percentage Change from 2009
2010	136.40	-	-
2011	130.43	-4.38%	-4.38%
2012	120.41	-7.68%	-11.72%
2013	123.17	2.29%	-9.70%
2014	129.71	5.31%	-4.90%
2015	127.07	-2.04%	-6.84%
2016	130.82	2.95%	-4.09%
2017	136.82	4.59%	0.31%
2018	143.31	4.74%	5.07%
2019	144.45	0.80%	5.90%

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

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

Function	2015	2016	2017	2018	2019
GOVERNMENTAL ACTIVITIES					
General Government					
Planning and Community Development					
Number of planning applications	54	51	73	74	58
Total permits issued	477	580	692	730	638
New construction permits issued	12	6	18	14	26
Single-family permits issued	25	20	7	9	16
Electrical permits issued	289	333	307	306	251
Public Safety					
Police					
Total arrests	784	706	785	1,079	1,087
Traffic citations issued	565	735	902	1,603	1,268
Abandoned vehicle calls	100	99	114	129	180
Animal problem calls	NA	86	136	152	210
Fire					
Total calls for emergency fire and EMS services	2,060	2,294	2,059	2,170	2,131
Total transport (N2 and N3)	NA	NA	8	25	13
Highways and Streets					
Street Fund					
Miles of painted paving marking	12	1	10	9.25	9.25
Thermoplastic marking	0.90	-	0.30	0.70	0.70
Culture and Recreation					
Parks & Recreation					
Number of participants in classes, Senior Center activities, sports programs, and aquatic programs	20,620	55,750	25,935	28,545	30,514
Library					
Total number of library items borrowed	253,831	299,867	297,263	296,799	255,916
Total number of reference questions	24,355	23,065	20,821	20,553	17,789
BUSINESS-TYPE ACTIVITIES					
Sewer					
Dry tons of biosolids applied annually	530	547	537	525	658
Millions of gallons of wastewater treated annually	640	694	818	652	573
Water					
Millions of gallons of water treated annually	788	718	753	783	922
Miles of water pipe maintained annually	NA	NA	NA	95	96
Number of fire hydrants maintained in the water system	NA	NA	NA	653	634

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

Source: City of Newport departmental records

Your brain consists of about one billion nerve cells, or neurons. Each neuron connects to about a thousand other neurons for a total of over a trillion connections. Memories are stored through these connections, so the upshot is that your brain can store around 2.5 petabytes of memory. That's the equivalent of leaving your DVR running 24 hours a day for over 300 years! Unfortunately, scientists have yet to determine why, with all that memory capacity, you still can't remember where you put your car keys.

COMPLIANCE SECTION



INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the **CITY OF NEWPORT** as of and for the year ended June 30, 2019, and have issued our report thereon dated December 31, 2019.

Compliance

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

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

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

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

Compliance (continued)

In connection with our testing nothing came to our attention, except as noted below, that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-240 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except as follows:

Budgets legally required (ORS Chapter 294)

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

<u>Fund/Category</u>	<u>Appropriation</u>	<u>Actual</u>	<u>Variance</u>
Public Parking			
Materials and services	\$ 4,153	\$ 4,305	\$ (152)
Agate Beach Closure			
Materials and services	33,615	41,218	(7,603)
Water			
Water plant	1,030,692	1,055,357	(24,665)
Water distribution	878,569	898,436	(19,867)
Non-departmental	929,429	943,406	(13,977)
Wastewater			
Wastewater plant	1,453,713	1,486,737	(33,024)
Non-departmental	968,603	1,013,514	(44,911)
Public Works			
Public works administration	309,467	314,622	(5,155)
City Facility			
Fire facilities	74,416	74,769	(353)
Parks facilities and grounds	439,561	472,536	(32,975)
Visual arts center	100,590	102,011	(1,421)
Street lights	316,000	343,100	(27,100)

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

The City entered into a contract for the Fuel Farm Replacement and Seismic Upgrades Project in the amount \$362,127 but did not comply with competitive bidding requirements as outlined in ORS 279.

OAR 162-10-0230 Internal Control

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

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

Restriction on Use

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

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
December 31, 2019

By:

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

Bradley G. Bingenheimer, Member



**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 Mayor and City Council
CITY OF NEWPORT
Newport, Oregon

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of CITY OF NEWPORT as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 31, 2019.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 may exist that have not been identified.

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)

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 determination of financial statement 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Boldt Carlisle & Smith

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
December 31, 2019



INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Mayor and City Council
CITY OF NEWPORT
Newport, Oregon

Report on Compliance for Each Major Federal Program

We have audited CITY OF NEWPORT’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended June 30, 2019. 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.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the City’s major federal programs based on our audit of the types of compliance requirements referred to above. 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City’s compliance.

Opinion on Each Major Federal Program

In our opinion, CITY OF NEWPORT 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, 2019.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE
UNIFORM GUIDANCE (Continued)

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Boldt Carlisle & Smith

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
December 31, 2019

CITY OF NEWPORT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2019

Section I Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal controls over financial reporting:

 Material weakness(es) identified? No

 Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal awards

Internal control over major federal programs:

 Material weakness(es) identified? No

 Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance for major federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
66.458	Clean Water State Revolving Funds Cluster

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as a low-risk auditee: No

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

None reported

CITY OF NEWPORT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2019

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<hr/> <i>Department of Transportation</i> <hr/>		
Federal Aviation Administration		
Airport Improvement Program	20.106	\$ <u>156,887</u>
<hr/> <i>General Services Administration</i> <hr/>		
Passed through the Oregon Department of Administrative Services		
Donation of Federal Surplus Personal Property	39.003	<u>2,442</u>
<hr/> <i>Environmental Protection Agency</i> <hr/>		
Office of Water		
Passed through Oregon Business Development		
Capitalization Grants for Clean Water State Revolving Funds	66.458	<u>2,225,802</u>
<hr/> <i>Department of Homeland Security</i> <hr/>		
Federal Emergency Management Agency		
Passed through Oregon Office of Emergency Management		
Homeland Security Grant	97.067	<u>20,544</u>
Total Expenditures of Federal Awards		\$ <u><u>2,405,675</u></u>

CITY OF NEWPORT, OREGON

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2019

1 - Basis of presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity under programs of the federal government for the year ended June 30, 2019. The information in this 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.

2 - Summary of significant accounting policies

- a. Expenditures reported on the schedule are reported 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.
- b. The City has not elected to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.
- c. The loan listed below is administered directly by the City. Balances and transactions relating to this loan are included in the City's basic financial statements. Loans made during the year are included in the federal expenditures presented in the schedule. Detail of the loans outstanding at June 30, 2019 are as follows:

CFDA Number	Program name	Outstanding Balance at June 30, 2019
66.458	Capitalization Grants for Clean Water State Revolving Funds	\$ <u>7,992,888</u>