



2019-2020



Lifeflight Helicopter



Hike on the Ocean to Bay Trail

Comprehensive
Annual
Financial Report
For Year Ended
June 30, 2020



Swimming Pool-Aquatic Center



Buccaneer Rampage 2018



Summer Reading Program with bird man, Carl Anderson

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

City of Newport Oregon

Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2020

*** * * * ***

Spencer Nebel, City Manager

Prepared by:

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

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CITY OF NEWPORT, OREGON
COUNCIL MEMBERS, ADMINISTRATIVE STAFF AND PRINCIPAL FINANCIAL STAFF
As of June 30, 2020

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

Council Member	Term Expires	Elected/Appointed
Dean Sawyer, Mayor	12/31/2020	1/1/2017
Beatriz Botello	12/31/2020	1/7/2019
Aaron Collett	12/31/2022	6/30/2020
Dietmar Goebel	12/31/2020	1/1/2017
CM Hall	12/31/2022	1/7/2019
Cynthia Jacobi	12/31/2020	1/7/2019
Ryan Parker	12/31/2022	1/7/2019

Administrative Staff

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

Principal Finance Staff

Mike Murzynsky, Finance Director

Steve Baugher, Asst. Finance Director

Citizens of the City of Newport

City Council

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

Citizen Boards and Committees

Municipal Judge
 Jeff Pridgeon

City Manager
 Spencer Nebel

City Attorney
 David Allen

Recorder/
 Special Projects
 Director
 Peggy Hawker

Risk Management
 Communications
 Records

HR Director
 Barb James

IT Director
 Richard Dutton

Airport
 Director
 Lance Vanderbeck

Library
 Director
 Laura Kimberly

Finance
 Director
 Mike Murzynsky

Utility Billing
 Court
 Payroll

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
 Mike Cavanaugh

Recreation Center
 Aquatic Center
 Sports Programs

Community
 Development
 Director
 Derrick Tokos

Building Code
 Zoning Enforcement
 Planning
 URA

Fire Chief
 Rob Murphy

Fire Suppression
 Rescue
 Medical Response
 Emergency Management

Notes:

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



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

May 19, 2021

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

State law requires that every general-purpose local government publish, within six months of the close of each fiscal year, unless extended, a complete set of audited financial statements. Thus, we are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Newport, Oregon (City) for the fiscal year ended June 30, 2020, together with the unmodified opinion therein of our independent certified public accountants, Merina + Co.

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

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

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



audits. The report can be found in the Compliance Section at the end of this financial report.

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

CITY PROFILE

Background

The City was founded in 1864, incorporated in 1882, and 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
2020 Census	10,400	48,305

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.

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



Reporting Entity

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

Budget Process

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

ECONOMIC OUTLOOK AND CONDITION

Recent Economic Performance

The City's economic base is one of diversity. Newport enjoys an economy that is not dependent up the success or failure of any specific 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.

Prior to COVID-19, Lincoln County's unemployment rate for February at an historic low at 4.6%. Following the COVID-19 emergency, Lincoln County's unemployment rate shot up to 25.9% in April. Unemployment has fallen to 8.7% in March of 2021. The impact of COVID-19 on the local economy has been difficult to gage. With the Federal stimulus funds for employers, enhanced unemployment benefits to assist people by COVID-19, and local business assistance programs that injected one million dollars interest earnings from the South Beach Urban Renewal District in Newport's small businesses, matched with additional funding from Lincoln County and the State of Oregon, Newport's economy has weathered much of the financial storm caused by the pandemic. As much as the economy has rebounded, limitations on certain businesses have been hit harder, such as the lodging industry early during the pandemic, and the food and beverage industry throughout the pandemic. The median sale price of all housing units in Newport city limits are showing a significant increase valuation by the County Assessor's office, increasing from \$285,000 per unit in 2019 to \$315,000 per unit in 2020.

The City of Newport made significant reductions in expenditures during the fiscal year that began July 1, 2020. Overall, the City has financially performed ahead of the projected revenues in the current-year budget. The City of Newport is projected to finish this fiscal year in a stronger financial position than what was budgeted for the fiscal year.

Greater Newport Area Vision 2040

The Greater Newport Area Vision 2040 was developed, and adopted by the City Council after a significant public engagement process was inducted with committee members. The motivation for creating a Community Vision for the Greater Newport Area emerged



from a desire to generate broad descriptions of the quality, spirit, and values of the community, and to divide these concepts into “focus areas” that can serve as long-term targets for future planning efforts. The Vision is designed as a “living document” that should be revisited and updated on a regular basis.

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

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

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

Long-Term Financial Planning

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

In addition, the work group reviewed estimates of future funding needed to properly maintain the 48 public structures and facilities supported by the City’s General Fund. These amenities of this community of 10,000 include the PAC, VAC, Recreation Center, 60+ Center, Aquatics Center, numerous parks and trails, fire hall, city hall, airport, and other key pieces of the infrastructure, some of which currently require significant reinvestment at this stage in order to extend their serviceable life span.

On March 1, 2021, the City Council adopted a five-year financial sustainability plan for the General Fund, and those funds supported by the General Fund, that outlines steps to take to continue controlling expenditures while identifying new revenues to meet the needs as identified in the report from the Finance Work Group.



Relevant Financial Policies

During the Fiscal Year 2019-2020, the City utilized a total of 27 funds, of which 19 are governmental fund types and eight are proprietary fund types. The modified accrual basis of accounting is used for the governmental fund types (General, Special Revenue, Debt Service, and Capital Project). The accrual basis is used for the proprietary fund types (Enterprise and Internal Service).

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

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

Major Initiatives

Investment in the City's infrastructure and future planning has been a priority in the last several years. The City has recently completed a new system of lift stations and force mains to address compliance issues with the DEQ for overflow issues at Agate Beach. The department continues to work on efforts to address seismic issues relating to the City's two reservoir dams. The plan has been accepted by Council to replace the two earthen dams with a rolled, compacted, concrete dam that will survive a Cascadia Subduction Zone event. The City is focused on obtaining state and federal funding to reduce the impact of the \$70 million project on city residents and businesses for this project. The City Council will be seeking new revenue sources to address long-term operational needs, as well as the need to reinvest in city facilities and infrastructure supported by the General Fund and room tax funds. The City Council has approved a plan to initiate an increase in the room tax rate, as well as consideration of a prepared food tax, with the proceeds supporting the impact that tourism has on various city infrastructure needs.

The City has completed a pavement management program update that identifies the methods and financial needs to continue maintaining the city's street system. The City Council has approved a recommendation to request the voters increase the city gas tax to 5 cents per gallon to assist with the work needed to adequately maintain the city's street system. The City is working collaboratively with ODOT to update the transportation plans for the City of Newport, including efforts to reduce congestion and improve economic viability of property along the US 101 and US 20 corridors.



The Parks and Recreation Department is taking steps to prioritize efforts to implement portions of a 20-year Parks and Recreation Master Plan that was adopted in 2019. Revenue from the proposed room tax increase, and a prepared food tax will help assist in the implementation of this plan.

At the Municipal Airport, a rehabilitation of a 48” culvert running under the entire airport is being addressed with funding from the FAA. The City is embarking on various efforts to address environmental sustainability issues, including the promotion of electric vehicle charging stations, purchase of hybrid vehicles, and evaluating local regulations following the 2019 implementation of a single- use plastic bag ban, including regulation of single-use plastics and Styrofoam containers in the future.

Despite high unemployment rates, the City has had challenges in filling vacant positions throughout the course of the year. The City continues to work to employ a diverse and committed work force to deliver top-level customer service to the community

OTHER INFORMATION

Certificate of Achievement

GFOA of the United States and Canada award a Certificate of Achievement in Excellence for Financial Reporting to entities meeting certain requirements with the Comprehensive Financial Report (CAFR). The City will be submitting the CAFR for this consideration. A certificate of achievement is valid only for one year, and we believe our current report will conform to the certificate of achievement standards.

Acknowledgments

This CAFR was prepared by the City’s Finance Department with information and assistance being provided by other City departments. I would like to thank the Finance Department and all City personnel who contributed to compiling and presenting these reports. I would also like to express appreciation to certified public accountants, Merina + Co, for their efforts in reviewing the financial statements, and contributing to the preparation of this report. Finally, I would like to express appreciation to the role that the Mayor and City Council play in the establishment of policies, adoption of an annual budget, and monitoring of financial activities through the course of the year that are captured in this report.

Respectfully submitted,



Spencer R. Nebel
City Manager



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of 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, Oregon, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise City of Newport, Oregon's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

City of Newport, Oregon's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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, Oregon, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison statements for the General Fund and Urban Renewal Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis and schedule of revenues, schedule of proportionate share of net pension liability, schedule of contributions – pension, schedule of net pension liability and changes in net pension liability, schedule of employer contributions, schedule of investment rate of return, schedule of the proportionate share of OPEB – RHIA, schedule of contributions to OPEB – RHIA, schedule of changes in OPEB liability and related ratios – implicit rate subsidy, and schedule of contributions to OPEB – implicit rate subsidy, as listed in the table of contents under required supplementary information, 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 management's discussion and analysis, schedule of proportionate share of net pension liability, schedule of contributions – pension, schedule of net pension liability and changes in net pension liability, schedule of employer contributions, schedule of investment rate of return, schedule of the proportionate share of OPEB – RHIA, schedule of contributions to OPEB – RHIA, schedule of changes in OPEB liability and related ratios – implicit rate subsidy, and schedule of contributions to OPEB – implicit rate subsidy, as listed in the table of contents under required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Newport, Oregon's basic financial statements. The introductory section, supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on 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 May 19, 2021 on our consideration of City of Newport, Oregon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Newport, Oregon's internal control over financial reporting or on compliance. That report is issued separately and is an

integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Newport, Oregon's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated May 19, 2021, on our consideration of City of Newport, Oregon's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.



For Merina+Co
Tualatin, Oregon
May 19, 2021

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, 2020. We encourage readers to consider the information presented here in conjunction with the additional information furnished in the financial statements that follow.

Financial Highlights

- The assets and deferred outflow of resources of the City exceeded its liabilities and deferred inflows of resources at June 30, 2020 by \$118.8 million which equals the City's total Net Position.
- The City's total assets for the 2019-2020 Fiscal Year (FY) increased by \$8.3 million, total deferred outflows increased by \$0.152 million, total liabilities increased by \$4.2 million, total deferred inflows increased by \$0.176 million, and net investment in capital assets increased by \$9.2 million. Total increase in assets is due to an increase the following Capital Projects: Final costs related to Power Ford & Sunwest Motor storm drain improvements, Yaquina Heights Drive Water Line, Ferry Slip Line Undergrounding, and Fogarty Drive to John Moore Sewer and water line improvements/replacement. The total increase in liabilities was due to borrowings related to DEQ note borrowings, and 2020 Information Technology (IT) Equipment Lease. Restricted fund balance decreased due to funds that were set aside in prior years for capital projects that went in use in this fiscal year.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances (EFBs) of \$20.8 million, a decrease of \$2.4 million as compared to the previous year. The General Fund increased by \$1.6 million, because total income exceeded the planned expenditures largely due to the effects of COVID 19 on the City. Other significant increases or decreases in EFB's were in the Urban Renewal with a decrease of \$1.1 million and Governmental Capital Projects with a decrease of \$3.0 million
- The Water Funds, at the close of the fiscal year, had an increase of \$2.6 million. It too was affected by the COVID pandemic which affected the income from the Water and Wastewater fund. The Water fund encountered a filter issue in late June which caused the expenditures to increase slightly; it also caused a curtailment of water for our fish processors. The main effect of the filter issue will show up next year. The Net investment in Capital Assets increased by \$4.4 million while the Unrestricted portion decreased by \$1.8 million.
- As of the end of FY 2020, the total assigned and unassigned fund balance in the General Fund was \$4.1 million, which was 36.2% of the total General Fund operating expenditures of \$11.4 million. The increase in fund balance available for expenditures is primarily due to City directors monitoring their expenditures, the Council goal of creating a fund balance reserve for future pension related costs, reduction of labor force due to the COVID pandemic shutdown, and a long-range plan developed by the Finance Work Group as discussed in the Letter of Transmittal.
- Total governmental activities debt decreased by \$1.4 million or 9.6% during the FY 2020. The decrease was the result of paying all required debt payments offset by an increase in a new borrowing (lease) for the IT Equipment project. Total business-type activities debt increased by \$3.3 million or 8.71%. The increase was due to the addition of the 2017 Full Faith & Credit Stormwater borrowing, transfer from the Governmental Funds (see Notes to the Financial Statements), additional DEQ borrowing of \$6.3 million, and it was tempered by a decrease due to the result of paying all required debt payments.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

- General Fund
- Urban Renewal Fund
- Capital Projects Fund

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

Proprietary Funds. Eight Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent is that the cost of providing the services to the general public on a continuing basis be financed primarily through user charges. These funds represent two significant segments of the City's operations: Water and Wastewater, which includes the treatment plants, the collection and distribution systems and the related Capital Projects, Debt Service, and Internal Service funds. Two new funds were created this year, one is called the Stormwater Fund and the second one is the Debt Service – Stormwater Fund. These programs were previously governmental funds and they were transferred to the Proprietary area because of DEQ requirements along with a new fee directly set up for the program. Along with this is debt outlined in Long-term Debt Section of the Notes to the Financials.

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

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

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

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

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. As of June 30, 2020, the City's assets exceeded liabilities by \$118.8 million. This represents an increase of \$4.1 million or 3.56% increase in net position from the prior fiscal year.

TABLE 1 - Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total Government	
	2019	2020	2019	2020	2019	2020
ASSETS						
Cash and investments	\$ 22,779,334	\$ 20,888,828	\$ 7,930,890	\$ 8,102,710	\$ 30,710,224	\$ 28,991,538
Other assets	1,128,781	2,090,663	3,090,565	2,130,773	4,219,346	4,221,436
Capital assets	77,061,704	77,660,206	70,446,803	79,830,853	147,508,507	157,491,059
Total Assets	100,969,819	100,639,697	81,468,258	90,064,336	182,438,077	190,704,033
DEFERRED OUTFLOWS OF RESOURCES						
Other postemployment benefit related items	30,532	29,742	5,069	15,055	35,601	44,797
Pension related items	2,363,449	2,559,075	232,132	179,134	2,595,581	2,738,209
Total Deferred Outflows of Resources	2,393,981	2,588,817	237,201	194,189	2,631,182	2,783,006
LIABILITIES						
Other liabilities	1,047,884	1,178,089	9,488,282	10,287,751	10,536,166	11,465,840
Long term debt outstanding	23,612,147	20,496,840	34,957,927	41,305,442	58,570,074	61,802,282
Total Liabilities	24,660,031	21,674,929	44,446,209	51,593,193	69,106,240	73,268,122
DEFERRED INFLOWS OF RESOURCES						
Other postemployment benefit related items	122,813	90,773	32,743	43,437	155,556	134,210
Pension related items	951,226	1,032,002	185,691	302,056	1,136,917	1,334,058
Total Deferred Inflows of Resources	1,074,039	1,122,775	218,434	345,493	1,292,473	1,468,268
NET POSITION						
Net investment in capital assets	61,753,931	64,567,300	35,237,692	41,614,582	96,991,623	106,181,882
Restricted						
Capital projects	11,046,727	7,916,138	1,071,964	2,089,968	12,118,691	10,006,106
Debt service	39,495	22,542	801,581	710,460	841,076	733,002
Agate Beach closure	1,256,678	-	-	-	1,256,678	-
Tourism	672,173	383,278	-	-	672,173	383,278
Street	540,503	747,076	-	-	540,503	747,076
OPEB benefits	-	49,996	-	-	-	49,996
Building inspection	669,069	474,599	-	-	669,069	474,599
Urban renewal revitalization	3,397,399	2,226,118	-	-	3,397,399	2,226,118
Unrestricted	(1,746,245)	4,043,763	(70,421)	(6,095,171)	(1,816,666)	(2,051,408)
Total Net Position	\$ 77,629,730	\$ 80,430,810	\$ 37,040,816	\$ 38,319,839	\$ 114,670,546	\$ 118,750,649

The largest portion of the City's net position, \$106.2 million or 89.4%, is its investment in capital assets (land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses those capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets in reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Of the remaining balance in net assets, \$10.0 million (8.43%) is restricted for capital projects paid for by system development charges (SDCs) and other restricted items, \$0.7 million (0.6%) are restricted for the City debt, namely bonds and loans, and \$2.2 million (1.9%) is restricted for the City Urban Renewal projects which are funded by tax-increment financing.

Governmental Activities. Governmental net position increased from \$77.6 million in fiscal year 2018-19 to \$80.4 million in fiscal year 2019-20. The unrestricted balance increased from (\$1,746,245) to \$4.04 million, a 332% increase due to paying down debt of \$1.7 million, reclassification of \$1.2 million for Agate Beach Disposal fund, and the \$4.1 million increase from the General Fund.

Business-Type Activities. Business-type net position increased from \$37.0 million in fiscal year 2018-19 to \$38.3 million in fiscal year 2019-20. The unrestricted balance decreased 8555% due to increase of \$6.5 million in borrowings from the DEQ program and the shift of \$2.958 million for the debt related to the new Stormwater fund from the governmental activities.

TABLE 2 - Governmental and Proprietary Activities

	Governmental Activities		Business-type Activities		Total Government	
	2019	2020	2019	2020	2019	2020
REVENUES:						
Program revenues						
Charges for services	\$ 4,390,483	\$ 4,018,277	\$ 8,490,509	\$ 10,259,088	\$ 12,880,992	\$ 14,277,365
Grants and contributions	2,123,292	1,093,878	80,000	12,088,480	2,203,292	13,182,358
General revenues						
Taxes	14,583,911	15,264,306	1,749,192	1,970,103	16,333,103	17,234,409
Licenses, permits and fees	1,325,445	1,434,629	-	-	1,325,445	1,434,629
Intergovernmental	726,774	692,108	-	-	726,774	692,108
Investment earnings	585,896	384,856	116,536	296,819	702,432	681,675
Other revenue	365,973	275,991	-	79,552	365,973	355,543
Total Revenues	24,101,774	23,164,045	10,436,237	24,694,042	34,538,011	47,858,087
EXPENSES:						
General government	6,974,042	8,797,823	-	-	6,974,042	8,797,823
Public safety	7,024,000	7,715,840	-	-	7,024,000	7,715,840
Highways and streets	1,737,166	756,036	-	-	1,737,166	756,036
Culture and recreation	4,136,018	3,453,213	-	-	4,136,018	3,453,213
Interest on long-term obligations	614,849	502,835	-	-	614,849	502,835
Water	-	-	6,319,871	8,826,163	6,319,871	8,826,163
Sewer	-	-	4,153,178	11,495,261	4,153,178	11,495,261
Stormwater	-	-	-	2,230,813	-	2,230,813
Total Expenses	20,486,075	21,225,747	10,473,049	22,552,237	30,959,124	43,777,984
Excess of revenues over expenditures						
before transfers	3,615,699	1,938,298	(36,812)	2,141,805	3,578,887	4,080,103
Transfers	(1,198,499)	862,782	1,198,499	(862,782)	-	-
Changes in net position	2,417,200	2,801,080	1,161,687	1,279,023	3,578,887	4,080,103
Net Position - Beginning	78,460,530	77,629,730	32,459,153	37,040,816	110,919,683	114,670,546
Restatement	(3,248,000)	-	3,419,976	-	171,976	-
Net Position - Restated	75,212,530	77,629,730	35,879,129	37,040,816	111,091,659	114,670,546
Ending net position	\$ 77,629,730	\$ 80,430,810	\$ 37,040,816	\$ 38,319,839	\$ 114,670,546	\$ 118,750,649

Financial Analysis of the City's Funds

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

Governmental activities increased the City's net position by \$2.8 million. The reason for such big increase is due to reduction of expenditures caused by the COVID pandemic. The City has an ending fund balance policy, which sets the carry forward for each year. The City departments monitor their budgets in order to stay within their planned expenditures, this way they have a carry forward balance. The main reason for the increase is the planned reduction in budgeted expenditures predicated by COVID and goals related to the Finance Work Group.

Business-type activities increased the City's net position by \$1.3 million. Looking at the overall business-type activities categories, contributions increased \$12 million, mainly due to increase in capital contributions used for construction of capital assets. The capital asset category increased by \$11.8 million which completed six major Wastewater projects. Water charges were down as the City did not increase the rates for the Water and Wastewater services for the year. However, our numbers increased from the prior year. The overall increase to the Net Position grew by 3.45% because our procedure is department heads should monitor expenditures in detail on a quarterly basis.

A summary of all fund balances is shown below.

TABLE 3 - Ending Fund Balances

GOVERNMENTAL FUNDS	FY 2018	FY 2019	FY 2020	FY19 to FY20 Change
General Fund	\$ 2,622,049	\$ 2,553,897	\$ 4,125,066	\$ 1,571,169
Parks and Recreation Fund	383,169	91,321	167,224	75,903
Public Parking Fund	309,458	338,294	366,474	28,180
Housing Fund	169,746	214,813	238,874	24,061
Airport Fund	335,735	234,270	108,187	(126,083)
Room Tax Fund	515,131	672,173	383,278	(288,895)
Building Inspection Fund	688,406	669,057	474,599	(194,458)
Street Fund	540,503	687,632	747,076	59,444
Line Undergrounding Fund	288,050	418,324	307,536	(110,788)
SDC Fund	1,424,219	2,099,202	2,077,484	(21,718)
Agate Beach Closure Fund	1,298,872	1,257,654	1,214,484	(43,170)
Urban Renewal Agency Fund	2,077,943	3,244,846	2,083,885	(1,160,961)
General Debt Service Fund	(9,477)	6,816	(5,477)	(12,293)
G.O. Debt Service Fund	42,197	15,024	(32,291)	(47,315)
Capital Project Fund	9,269,782	8,868,142	5,838,654	(3,029,488)
Reserve Fund	818,220	1,263,518	2,028,597	765,079
Capital Improvements Fund	544,665	509,035	637,364	128,329
Total Governmental Funds	\$ 21,318,668	\$ 23,144,018	\$ 20,761,014	\$ (2,383,004)

PROPRIETARY FUNDS	FY 2018	FY 2019	FY 2020	FY19 to FY20 Change
Water Fund	\$ (872,313)	\$ 4,653,347	\$ 7,277,806	\$ 2,624,459
Wastewater Fund	30,231,613	28,145,590	29,458,551	1,312,961
Stormwater Fund	-	-	(2,491,712)	(2,491,712)
Debt Fund - Water	(251,719)	2,209	3,523	1,314
Debt Fund - Wastewater	527,784	344,051	635,229	291,178
Debt Fund - Stormwater	-	-	2,312	2,312
G.O. Debt Service Fund	721,602	455,321	69,396	(385,925)
Capital Projects	56,516	1,071,964	2,089,968	1,018,004
Public Works Fund	919,512	1,307,047	1,274,766	(32,281)
City Facility Fund	141,005	73,685	312,843	239,158
Total Proprietary Funds	\$ 31,474,000	\$ 36,053,214	\$ 38,632,682	\$ 2,579,468

The City's governmental funds reported combined ending fund balances (EFBs) of \$20.8 million, a decrease of \$2.4 million or 10.3% from the previous year.

The General Fund is the main operating fund for the City. At the end of 2019-20 FY, the unassigned and assigned fund balance of the General Fund was \$4,125,066. Monies restricted, committed, and non-spendable totaled \$7,888. 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 36.12% of the total General Fund operating expenditures. The total fund balance (non-spendable, restricted, committed, assigned, and unassigned) increased by \$1.57 million to \$4.1 million. The key item which lead to this 61.5% increase was in the total revenues, the three biggest revenue sources lead the way. Property taxes increased 3.92% or \$270,032, Franchises, mainly licenses, increased 19.28% or \$262,949, and Intergovernmental, CARES and Conflagration Fire reimbursements, increased 59.96% or \$667,932. The expenditures increased 9.69% or \$1.0 million in line with the new goals from the Finance Work group.

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 Auditor Communication and the Management Discussion & Analysis.

The Proprietary funds reported combined EFB’s of \$38.6 million, an increase of \$2.6 million or 7.2%. The Operating Revenues for Water, Wastewater, and Stormwater Fund increased 7.30%, 8.81%, and, 100%, or \$308,471, \$373,721, and \$1,042,473, respectively. As these are fees for services charges the increases are due to volume usage increases. The expenditures for the Water increased by 39.7% while the Wastewater expenses increased 176.8% and Stormwater increased by 100%. The reason for the Water fund increased expenditures due to a filter failure at the Water Treatment Plant which caused an increase in equipment repair and rental in June 2020.

General Fund Budgetary Highlights

There was a \$1.8 million (or \$1.83 million with transfer) increase between the adopted and final amended budgeted expenditures in the General Fund. During the course of the year, the City Council accepted, appropriated and approved six supplemental budgets for this fund. For the year there were two significant adjustments. The first adjustment was completed in March 2020 where we recognized a \$687,000 increase to the beginning fund balance and the offset went to contingency, this was the yearly audit adjustment. The most significant adjustment was due to the creation of a COVID Personal Protective Equipment (PPE) budget of \$250,000 in the Emergency Coordinator department and COVID relief for small businesses in Newport called the Small Business Recovery Grant program in the amount of \$1.0 million. The monies were transferred in from the City’s Urban Renewal Agency (URA) District, the interest earnings had accumulated over the years so this was used to fund the program. There was also a transfer out of the URA budget in the same supplemental budget.

Capital Assets. As of June 30, 2020, the City’s investment in capital assets for its governmental and business type activities was \$157.5 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 \$9.99 million or 6.8%. This total includes a 0.1% increase in assets related to governmental activities and a 13.3% increase in assets related business-type activities.

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

	Governmental Activities		Business-type Activities		Total Government	
	2019	2020	2019	2020	2019	2020
Land	\$ 12,225,530	\$ 12,225,530	\$ 858,652	\$ 858,652	\$ 13,084,182	\$ 13,084,182
Buildings and structures	42,925,771	44,094,414	28,831,082	28,831,082	71,756,853	72,925,496
Equipment	4,159,007	4,586,415	2,262,685	2,390,784	6,421,692	6,977,199
Vehicles	6,074,701	6,148,833	1,938,302	1,938,302	8,013,003	8,087,135
Infrastructure	50,416,679	57,957,816	57,736,067	71,197,497	108,152,746	129,155,313
Construction in progress	6,724,578	785,623	18,571,686	16,730,343	25,296,264	17,515,966
Less accumulated depreciation	(45,474,313)	(48,138,425)	(39,751,671)	(42,115,807)	(85,225,984)	(90,254,232)
Total	\$ 77,051,953	\$ 77,660,206	\$ 70,446,803	\$ 79,830,853	\$ 147,498,756	\$ 157,491,059

Some significant changes are as follows.

Governmental activities:

- Final closing costs of \$469,640 related to City’s Aquatic Center total project \$10.1 million.
- Completion of Nye Beach Turnaround Pavement project of \$500,218.

Business-type activities:

- Final cost of \$1.1 million for the Power Ford & Sunwest Motor storm drain project, completed for a total cost of \$2.6 million. Project is completed as of June 30, 2020.
- Agate Beach improvements, total costs of \$5.9 million for a project total of \$10.4 million, not yet complete.
- Yaquina Heights waterline project cost of \$1.4 million, project completed as of June 30, 2020.
- 6th Street Storm Sewer upgrade project cost of \$2.0 million, project complete as of June 30, 2020.

TABLE 5 - Change in Capital Assets

	Governmental Activities		Business-type Activities		Total Government	
	2019	2020	2019	2020	2019	2020
Beginning balance	\$ 77,751,007	\$ 77,051,953	\$ 66,037,525	\$ 70,446,803	\$ 143,788,532	\$ 147,498,756
Additions	17,713,935	12,324,747	7,076,485	25,209,615	24,790,420	37,534,362
Depreciation	(2,268,900)	(2,664,112)	(2,646,740)	(2,364,136)	(4,915,640)	(5,028,248)
Deletions	(16,144,089)	(9,052,382)	(20,467)	(13,461,429)	(16,164,556)	(22,513,811)
Ending balance	\$ 77,051,953	\$ 77,660,206	\$ 70,446,803	\$ 79,830,853	\$ 147,498,756	\$ 157,491,059

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

Long-Term Debt. At the end of FY 2020 the City had total debt outstanding of \$53.9 million. The City has four major types of debt along with Leases (see Table 6):

1. General Obligations Bonds (GO). Debt approved by the City’s taxpayers and for which they pay through an increase in their property taxes. The total amount outstanding is \$15.9 million, which includes \$325,837 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 \$33.2 million.
3. Tax-increment financing. Debt financed using property taxes generated by development in a specific area which is used to pay for the infrastructure related to this area. The balance outstanding at the end of FY 2020 is \$4.2 million, which includes \$15,069 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, 2020 is \$317,000.
5. Leases – debt financing used to purchase copiers or computer equipment. These types are paid by internal funding methods. The lease for the City is for the Network computer equipment and the balance at June 20, 2020 is \$289,794.

In fiscal year 2019-20, the City added the 2020 Dell Computer lease of \$289,794 and for the DEQ Clean Water SRF Draws added an additional \$6.3 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 2018	FY 2019	FY 2020
2013 Series GO for Swimming Pool	\$ 7,200,000	\$ 6,930,000	\$ 6,635,000
2007 Certificate of Participation (LoCap)	135,000	115,000	95,000
2009 Certificate of Participation (LoCap)	285,000	-	-
2010 B Full Faith & Credit Urban Renewal	3,240,000	2,265,000	1,595,000
2015 A and B Urban Renewal	5,109,000	4,829,000	4,205,000
2018 Airport Fuel Farm Borrowing	-	277,500	222,000
2020 IT Equipment Lease	-	-	289,794
City Bond Premium	393,264	359,550	325,837
URA Bond Premium	25,116	20,093	15,069
Total Governmental Debt	16,387,380	14,796,143	13,382,700
BUSINESS-TYPE ACTIVITIES	FY 2018	FY 2019	FY 2020
2009 GO Water Improvement Bonds (WTP)	11,410,541	10,400,541	8,924,134
2008 GO Refunding Bonds (Wastewater)	915,000	-	-
2010A Series, Full Faith and Refunding	2,240,000	1,770,000	1,285,000
2018 Series, Full Faith and Credit - Stormwater	3,248,000	2,958,000	2,667,000
Clean Water SRF Draw	9,443,888	12,813,742	19,081,790
2007 Seal Rock Water District Agreement	710,789	680,378	648,552
2015 Water Borrowing	4,098,399	3,925,892	3,746,433
2019 Water Borrowing	-	4,558,000	4,035,000
Bond Premium	232,662	199,337	166,012
Total Business Type Debt	32,299,279	37,305,890	40,553,921
TOTALS:	\$ 48,686,659	\$ 52,102,033	\$ 53,936,621

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. Prior to the COVID pandemic, the February 2020 unemployment rate was at 4.6%. The rate rose to a high point of 25.9% in April and once the economy opened the rate dropped to 8.45 as of June 30, 2020.

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

The City of Newport has not been significantly impacted by compression, which results when the rate limits enacted by Measure 50 are exceeded on individual properties. Compression applies to the real market value of properties rather than the assessed valuation. The city should continue seeing a modest growth in property tax revenues for the near future, the average rate of growth has been around 3.8% for the past four years.

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

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

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

All of these factors were considered when preparing the budget for the 2021 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

Ego says: "Once everything falls into place, I will find peace."

Spirit says: "Find peace, and everything will fall into place."

Marianne Williamson

BASIC FINANCIAL STATEMENTS

CITY OF NEWPORT, OREGON
STATEMENT OF NET POSITION
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 20,888,828	\$ 8,102,710	\$ 28,991,538
Accounts receivable, net	1,238,852	1,510,483	2,749,335
Property taxes receivable	709,871	128,315	838,186
Prepaid items	49,254	840	50,094
Inventories	42,690	491,135	533,825
Total current assets	22,929,495	10,233,483	33,162,978
Noncurrent assets:			
Capital assets:			
Land and construction in progress	13,011,153	17,588,995	30,600,148
Other capital assets, net of depreciation	64,649,053	62,241,858	126,890,911
Net OPEB asset	49,996	-	49,996
Total noncurrent assets	77,710,202	79,830,853	157,541,055
Total assets	100,639,697	90,064,336	190,704,033
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	2,559,075	179,134	2,738,209
Deferred outflows related to OPEB	29,742	15,055	44,797
Total deferred outflows of resources	2,588,817	194,189	2,783,006
Total assets and deferred outflows of resources	\$ 103,228,514	\$ 90,258,525	\$ 193,487,039
LIABILITIES:			
Current liabilities:			
Accounts payable and accrued expenses	\$ 703,794	\$ 1,010,758	\$ 1,714,552
Payroll and related liabilities	395,183	107,979	503,162
Deposits	-	677,256	677,256
Retainage payable	41,040	439,086	480,126
Accrued interest payable	38,072	8,052,672	8,090,744
Long-term obligations:			
Current portion of compensated absences	403,987	123,250	527,237
Current portion of long-term debt	1,846,932	2,729,121	4,576,053
Total current liabilities	3,429,008	13,140,122	16,569,130
Noncurrent liabilities:			
Net pension liability	6,271,140	435,066	6,706,206
Net OPEB liability	313,148	168,338	481,486
Noncurrent portion of compensated absences	125,865	24,867	150,732
Noncurrent portion of long-term debt	11,535,768	37,824,800	49,360,568
Total noncurrent liabilities	18,245,921	38,453,071	56,698,992
Total liabilities	21,674,929	51,593,193	73,268,122
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	1,032,002	302,056	1,334,058
Deferred inflows related to OPEB	90,773	43,437	134,210
Total deferred inflows of resources	1,122,775	345,493	1,468,268
NET POSITION:			
Net investment in capital assets	64,567,300	41,614,582	106,181,882
Restricted for:			
Capital projects	7,916,138	2,089,968	10,006,106
Debt service	22,542	710,460	733,002
Highways and streets	747,076	-	747,076
Tourism promotion	383,278	-	383,278
OPEB benefits	49,996	-	49,996
Building inspection	474,599	-	474,599
Urban renewal revitalization	2,226,118	-	2,226,118
Unrestricted	4,043,763	(6,095,171)	(2,051,408)
Total net position	80,430,810	38,319,839	118,750,649
Total liabilities, deferred inflows of resources, and net position	\$ 103,228,514	\$ 90,258,525	\$ 193,487,039

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

CITY OF NEWPORT, OREGON
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 8,797,823	\$ 2,295,466	\$ 575,494	\$ -
Highways and streets	756,036	220,060	-	-
Culture and recreation	3,453,213	1,166,184	18,975	82,678
Public safety	7,715,840	336,567	416,731	-
Interest on long-term obligations	502,835	-	-	-
Total governmental activities	21,225,747	4,018,277	1,011,200	82,678
Business type activities:				
Water	8,826,163	3,954,427	7,604	3,907,347
Wastewater	11,495,261	5,269,707	7,603	8,165,926
Stormwater	2,230,813	1,034,954	-	-
Total business type activities	22,552,237	10,259,088	15,207	12,073,273
Total government	\$ 43,777,984	\$ 14,277,365	\$ 1,026,407	\$ 12,155,951

General revenues:

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

Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

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

Net (Expense) Revenue and Change in Net Position		
Governmental Activities	Business Type Activities	Total
\$ (5,926,863)	\$ -	\$ (5,926,863)
(535,976)	-	(535,976)
(2,185,376)	-	(2,185,376)
(6,962,542)	-	(6,962,542)
(502,835)	-	(502,835)
<u>(16,113,592)</u>	<u>-</u>	<u>(16,113,592)</u>
-	(956,785)	(956,785)
-	1,947,975	1,947,975
-	(1,195,859)	(1,195,859)
<u>-</u>	<u>(204,669)</u>	<u>(204,669)</u>
<u>(16,113,592)</u>	<u>(204,669)</u>	<u>(16,318,261)</u>
10,650,486	1,970,103	12,620,589
3,743,320	-	3,743,320
1,434,629	-	1,434,629
870,500	-	870,500
692,108	-	692,108
384,856	296,819	681,675
275,991	79,552	355,543
862,782	(862,782)	-
<u>18,914,672</u>	<u>1,483,692</u>	<u>20,398,364</u>
2,801,080	1,279,023	4,080,103
<u>77,629,730</u>	<u>37,040,816</u>	<u>114,670,546</u>
<u>\$ 80,430,810</u>	<u>\$ 38,319,839</u>	<u>\$ 118,750,649</u>

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

CITY OF NEWPORT, OREGON
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2020

	General Fund	Urban Renewal Fund	Capital Projects Fund	Total Non-Major Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	\$ 3,693,157	\$ 2,040,561	\$ 5,936,997	\$ 8,657,215	\$ 20,327,930
Receivables					
Accounts receivable, net	738,830	-	-	500,022	1,238,852
Property taxes receivable	491,179	187,997	-	30,695	709,871
Prepaid items	7,888	-	-	41,366	49,254
Inventories	-	-	-	42,690	42,690
Due from other funds	45,921	-	-	192,500	238,421
	<u>4,976,975</u>	<u>2,228,558</u>	<u>5,936,997</u>	<u>9,464,488</u>	<u>22,607,018</u>
Total assets	<u>\$ 4,976,975</u>	<u>\$ 2,228,558</u>	<u>\$ 5,936,997</u>	<u>\$ 9,464,488</u>	<u>\$ 22,607,018</u>
LIABILITIES:					
Accounts payable and accrued expenses	\$ 130,862	\$ 74	\$ 57,303	\$ 436,589	\$ 624,828
Payroll and related liabilities	329,495	2,366	-	46,170	378,031
Deposits	-	-	-	-	-
Due to other funds	-	-	-	238,421	238,421
Retainage payable	-	-	41,040	-	41,040
	<u>460,357</u>	<u>2,440</u>	<u>98,343</u>	<u>721,180</u>	<u>1,282,320</u>
Total liabilities	<u>460,357</u>	<u>2,440</u>	<u>98,343</u>	<u>721,180</u>	<u>1,282,320</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	378,446	142,233	-	22,542	543,221
Unavailable revenue - other	13,106	-	-	7,357	20,463
	<u>391,552</u>	<u>142,233</u>	<u>-</u>	<u>29,899</u>	<u>563,684</u>
Total deferred inflows of resources	<u>391,552</u>	<u>142,233</u>	<u>-</u>	<u>29,899</u>	<u>563,684</u>
FUND BALANCES:					
Nonspendable	7,888	-	-	84,056	91,944
Restricted	-	2,083,885	5,838,654	4,833,086	12,755,625
Committed	-	-	-	1,168,074	1,168,074
Assigned	-	-	-	2,665,961	2,665,961
Unassigned	4,117,178	-	-	(37,768)	4,079,410
	<u>4,125,066</u>	<u>2,083,885</u>	<u>5,838,654</u>	<u>8,713,409</u>	<u>20,761,014</u>
Total fund balances	<u>4,125,066</u>	<u>2,083,885</u>	<u>5,838,654</u>	<u>8,713,409</u>	<u>20,761,014</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 4,976,975</u>	<u>\$ 2,228,558</u>	<u>\$ 5,936,997</u>	<u>\$ 9,464,488</u>	<u>\$ 22,607,018</u>

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

CITY OF NEWPORT, OREGON
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2020

Total fund balances - governmental funds		\$ 20,761,014
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	\$ 13,011,153	
Other capital assets, net of depreciation	<u>64,649,053</u>	77,660,206
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds:		563,684
The net other postemployment benefit asset is reported in the statement of net position but is not reported in the funds.		49,996
Governmental activities report as deferred outflows of resources, the difference between expected and actual experience, the changes in proportionate share and subsequent contribution to the public employees retirement system and the City of Newport retirement plan, net of internal service.		2,529,277
Governmental activities report as deferred outflows of resources, subsequent contributions to the public employees retirement system retiree health insurance accounts, net of internal service.		27,238
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.		312,843
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Long-term obligations	(13,382,700)	
Interest payable on long-term debt	(38,072)	
Deferred inflows - pension related, net of internal service	(981,756)	
Deferred inflows - other postemployment benefit related, net of internal service	(83,547)	
Compensated absences, net of internal service	(503,459)	
Net pension liability, net of internal service	(6,198,769)	
Other postemployment benefits, net of internal service	<u>(285,145)</u>	<u>(21,473,448)</u>
Total net position - governmental activities		<u><u>\$ 80,430,810</u></u>

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

**CITY OF NEWPORT, OREGON
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2020**

	General Fund	Urban Renewal Fund	Capital Projects Fund	Total Non-Major Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes:					
Property	\$ 7,160,585	\$ 3,034,246	\$ -	\$ 510,067	\$ 10,704,898
Transient room	2,021,393	-	-	1,721,927	3,743,320
Other	219,766	-	-	63,890	283,656
Franchise fees, privilege taxes, licenses, and permits	1,627,016	-	-	212,720	1,839,736
Intergovernmental	1,781,923	-	82,678	1,041,360	2,905,961
Charges for services	1,342,886	-	-	1,372,925	2,715,811
Fines and forfeitures	150,209	-	-	-	150,209
Interest on investments	57,503	84,595	110,869	127,313	380,280
Miscellaneous	71,017	47,700	300	137,269	256,286
Total revenues	<u>14,432,298</u>	<u>3,166,541</u>	<u>193,847</u>	<u>5,187,471</u>	<u>22,980,157</u>
EXPENDITURES:					
Current:					
General government	3,738,487	110,685	179,417	2,039,283	6,067,872
Highways and streets	-	-	-	503,594	503,594
Culture and recreation	1,094,238	-	-	1,711,957	2,806,195
Public safety	6,528,173	-	-	-	6,528,173
Debt service:					
Principal	-	1,294,000	-	370,500	1,664,500
Interest	-	222,817	-	278,711	501,528
Capital outlay	36,300	-	2,646,412	532,562	3,215,274
Total expenditures	<u>11,397,198</u>	<u>1,627,502</u>	<u>2,825,829</u>	<u>5,436,607</u>	<u>21,287,136</u>
Revenues over (under) expenditures	<u>3,035,100</u>	<u>1,539,039</u>	<u>(2,631,982)</u>	<u>(249,136)</u>	<u>1,693,021</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	1,453,753	737,000	2,468,884	3,185,128	7,844,765
Transfers out	<u>(2,917,684)</u>	<u>(3,437,000)</u>	<u>(2,866,390)</u>	<u>(2,699,716)</u>	<u>(11,920,790)</u>
Total other financing sources (uses)	<u>(1,463,931)</u>	<u>(2,700,000)</u>	<u>(397,506)</u>	<u>485,412</u>	<u>(4,076,025)</u>
Net change in fund balance	1,571,169	(1,160,961)	(3,029,488)	236,276	(2,383,004)
FUND BALANCE, BEGINNING	<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>
FUND BALANCE, ENDING	<u>\$ 4,125,066</u>	<u>\$ 2,083,885</u>	<u>\$ 5,838,654</u>	<u>\$ 8,713,409</u>	<u>\$ 20,761,014</u>

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

CITY OF NEWPORT, OREGON
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2020

Amounts reported in the statement of activities are different because:

Net change in fund balance \$ (2,383,004)

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	3,272,365	
Depreciation for the current fiscal year	<u>(2,664,112)</u>	608,253

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	(54,412)	
Charges for services	<u>(74,979)</u>	(129,391)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Transfer debt and accrued interest to enterprise funds	2,965,394	
Amortization of bond premium	38,737	
Accrued interest	(1,307)	
Change in leases payable	(289,794)	
Principal payments	<u>1,664,500</u>	4,377,530

The amount contributed to defined benefit plans is reported as an expenditures in the funds, while governmental activates reports pension expense as the change in net pension asset or liability, pension related deferred outflows of resources and deferred inflows of resources, net of internal service funds.

Change in deferred outflows of resources - pension related	172,002	
Change in net pension liability	(1,189,938)	
Change in deferred inflows of resources - pension related	<u>(35,469)</u>	(1,053,405)

The amount contributed to the other postemployment benefit plans is reported as an expenditure in the funds, while governmental activities reports additional other postemployment benefit expense of the change in other postemployment asset or liability, other postemployment benefit (OPEB) related deferred outflows of resources and deferred inflows of resources, net of internal service funds.

Change in deferred outflows of resources - OPEB	(3,210)	
Change in OPEB asset	20,941	
Change in OPEB liability	52,403	
Change in deferred inflows of resources - OPEB	<u>38,720</u>	108,854

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences, net of internal service		(28,202)
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The net expense of certain activities of internal service funds is reported with governmental activities.		<u>1,300,445</u>
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Change in net position of governmental activities		<u>\$ 2,801,080</u>
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The accompanying notes are an integral part of the basic financial statements.

**CITY OF NEWPORT, OREGON
GENERAL FUND - BUDGETARY BASIS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes				
Current	\$ 6,735,000	\$ 6,735,000	\$ 6,941,924	\$ 206,924
Delinquent	240,000	240,000	218,661	(21,339)
Transient room tax	2,400,000	2,400,000	2,021,393	(378,607)
Fees in lieu of franchise	452,422	452,422	453,757	1,335
Vacation rental and bed and breakfast endorsement tax	10,000	10,000	480	(9,520)
State cigarette tax	13,000	13,000	11,112	(1,888)
State liquor tax	180,000	180,000	180,795	795
State marijuana tax	51,000	51,000	61,922	10,922
Local marijuana tax	136,500	136,500	155,381	18,881
CET affordable housing administration	3,000	3,000	2,463	(537)
Franchise tax - Georgia Pacific	75,000	75,000	78,410	3,410
Franchise tax - Century Link	23,000	23,000	16,082	(6,918)
Franchise tax - Charter	158,000	158,000	164,557	6,557
Franchise tax - Coast Communications	24,000	24,000	23,428	(572)
Franchise tax - NW Natural	135,000	135,000	124,234	(10,766)
Franchise tax - Central Lincoln Public Utility District	412,000	412,000	412,788	788
Franchise tax - Thompson sanitary service	145,000	145,000	156,564	11,564
Franchise tax - miscellaneous	10,000	10,000	4,809	(5,191)
Homeland fire grant	-	20,661	20,544	(117)
FEMA HMGP grant	-	-	123,750	123,750
Cares grant	-	-	315,420	315,420
State revenue sharing	140,000	140,000	146,613	6,613
Ready to read grant	1,100	1,100	1,160	60
Police overtime grant (State)	-	1,696	1,696	-
Newport rural fire protection	250,000	250,000	270,741	20,741
Lincoln county grant	-	2,500	2,500	-
Miscellaneous grant	-	95,500	110,961	15,461
Lincoln county School District	45,000	45,000	45,000	-
Lincoln county Library District	340,000	340,000	345,658	5,658
Conflagration reimbursement	-	56,886	56,758	(128)
Service provided parks and recreation	107,313	107,313	107,313	-
Service provided public parking	4,298	4,298	4,298	-
Service provided housing	518	518	518	-
Service provided airport	78,343	78,343	78,343	-
Service provided room tax	116,019	116,019	116,019	-
Service provided building inspection	35,894	35,894	35,894	-
Service provided street	49,200	49,200	49,200	-
Service provided line undergrounding	1,066	1,066	1,066	-
Service provided SDC	533	533	533	-
Service provided agate beach	533	533	533	-
Service provided Newport Urban Renewal Agency - so beach	40,357	40,357	40,357	-
Service provided Newport Urban Renewal Agency - no side	533	533	533	-
Service provided water	331,955	331,955	331,955	-
Service provided wastewater	395,729	395,729	395,729	-
Service provided stormwater	40,931	40,931	40,931	-
Service provided public works	62,039	62,039	62,039	-
Service provided city facility	77,625	77,625	77,625	-
Rents and leases	100,000	100,000	70,447	(29,553)
Land use fees	24,000	24,000	19,977	(4,023)
Municipal court fines	90,000	90,000	77,764	(12,236)
State/county court fines	20,000	20,000	29,294	9,294
Parking tickets	40,000	40,000	12,835	(27,165)
Library fines	14,000	14,000	9,012	(4,988)
Training court fines	1,500	1,500	952	(548)
Court restitution payments	3,000	3,000	375	(2,625)
Business licenses	221,000	221,000	200,386	(20,614)
Oregon Liquor Control Commission licenses	5,200	5,200	9,080	3,880
Police reports	5,500	5,500	5,881	381
Short-term rental endorse fee	67,000	67,000	55,328	(11,672)
Interest on investment	50,000	50,000	57,503	7,503
Miscellaneous sales and services	20,000	21,074	68,884	47,810
Gifts and donations	4,000	4,050	1,500	(2,550)
Special events and fundraising	800	800	84	(716)
Tower optic	1,100	1,100	549	(551)
Total revenues	13,989,008	14,167,375	14,432,298	264,923

**CITY OF NEWPORT, OREGON
GENERAL FUND - BUDGETARY BASIS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020**

(Continued)

EXPENDITURES:				
City administration	2,544,901	2,601,791	2,438,201	163,590
Police	4,460,344	4,464,440	4,103,650	360,790
Fire	2,425,685	2,494,557	2,296,588	197,969
Emergency coordinator	135,092	455,060	163,693	291,367
Library	1,212,094	1,213,844	1,094,239	119,605
Community development	258,945	258,945	231,126	27,819
Non-departmental	344,945	1,329,019	1,069,701	259,318
Contingency	444,880	790,646	-	790,646
	<u>11,826,886</u>	<u>13,608,302</u>	<u>11,397,198</u>	<u>2,211,104</u>
Total expenditures				
Revenues over (under) expenditures	<u>2,162,122</u>	<u>559,073</u>	<u>3,035,100</u>	<u>2,476,027</u>
OTHER FINANCING SOURCES (USES):				
Transfer from room tax fund	21,112	58,612	58,612	-
Transfer from water fund	16,000	16,000	16,000	-
Transfer from wastewater fund	16,000	16,000	16,000	-
Transfer from URA-SO beach	-	1,000,000	1,000,000	-
Transfer from GO debt service wastewater fund	486,781	486,781	355,841	(130,940)
Transfer from stormwater fund	7,300	7,300	7,300	-
Transfers to other funds	(2,870,317)	(2,917,684)	(2,917,684)	-
	<u>(2,323,124)</u>	<u>(1,332,991)</u>	<u>(1,463,931)</u>	<u>(130,940)</u>
Total other financing sources (uses)				
Net change in fund balance	(161,002)	(773,918)	1,571,169	2,345,087
FUND BALANCE, BEGINNING - BUDGETARY BASIS	<u>1,864,754</u>	<u>2,553,280</u>	<u>2,553,897</u>	<u>617</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ 1,703,752</u>	<u>\$ 1,779,362</u>	<u>\$ 4,125,066</u>	<u>\$ 2,345,704</u>

CITY OF NEWPORT, OREGON
URBAN RENEWAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes				
Current	\$ 2,822,189	\$ 2,822,189	\$ 2,951,437	\$ 129,248
Delinquent	69,864	69,864	82,809	12,945
Rents and leases	44,625	44,625	47,700	3,075
Interest on investments	55,752	55,752	84,595	28,843
	<u>2,992,430</u>	<u>2,992,430</u>	<u>3,166,541</u>	<u>174,111</u>
EXPENDITURES:				
Newport south beach operations	102,069	102,069	84,113	17,956
Newport northside operations	35,615	35,615	26,553	9,062
McLean point operations	600	600	19	581
Debt service	1,517,771	1,517,771	1,516,817	954
Contingency	2,683,071	1,728,294	-	1,728,294
	<u>4,339,126</u>	<u>3,384,349</u>	<u>1,627,502</u>	<u>1,756,847</u>
Revenues over (under) expenditures	<u>(1,346,696)</u>	<u>(391,919)</u>	<u>1,539,039</u>	<u>1,930,958</u>
OTHER FINANCING SOURCES (USES):				
Transfer from other funds	737,000	737,000	737,000	-
Transfers to other funds	(2,437,000)	(3,437,000)	(3,437,000)	-
	<u>(1,700,000)</u>	<u>(2,700,000)</u>	<u>(2,700,000)</u>	<u>-</u>
Net change in fund balance	(3,046,696)	(3,091,919)	(1,160,961)	1,930,958
FUND BALANCE, BEGINNING- BUDGETARY BASIS				
	<u>3,056,963</u>	<u>3,102,186</u>	<u>3,244,846</u>	<u>142,660</u>
FUND BALANCE, ENDING - BUDGETARY BASIS				
	<u>\$ 10,267</u>	<u>\$ 10,267</u>	<u>2,083,885</u>	<u>\$ 2,073,618</u>

CITY OF NEWPORT, OREGON
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 June 30, 2020

	Business-Type Activities - Enterprise Funds						
	Water Fund	Wastewater Fund	Stormwater Fund	G.O. Debt Service	Total Nonmajor Funds	Total	Internal Service Funds
ASSETS:							
Current assets:							
Cash and cash equivalents	\$ 2,774,740	\$ 427,367	\$ 128,615	\$ -	\$ 3,993,161	\$ 7,323,883	\$ 1,339,725
Receivables							
Property taxes	-	-	-	128,315	-	128,315	-
Accounts	653,062	681,154	164,341	-	1,832	1,500,389	10,094
Prepaid expenses	-	840	-	-	-	840	-
Due from other funds	58,919	-	-	-	-	58,919	-
Inventories	360,044	131,091	-	-	-	491,135	-
Total current assets	3,846,765	1,240,452	292,956	128,315	3,994,993	9,503,481	1,349,819
Noncurrent assets:							
Land and construction in progress	5,783,237	11,206,418	-	-	-	16,989,655	599,340
Other capital assets, net of depreciation	23,474,289	38,611,778	-	-	-	62,086,067	155,791
Total noncurrent assets	29,257,526	49,818,196	-	-	-	79,075,722	755,131
Total assets	33,104,291	51,058,648	292,956	128,315	3,994,993	88,579,203	2,104,950
DEFERRED OUTFLOWS OF RESOURCES:							
Deferred outflows related to pensions	61,576	50,646	21,514	-	-	133,736	75,196
Deferred outflows related to OPEB	5,175	4,257	1,808	-	-	11,240	6,319
Total deferred outflows of resources	66,751	54,903	23,322	-	-	144,976	81,515
Total assets and deferred outflows of resources	\$ 33,171,042	\$ 51,113,551	\$ 316,278	\$ 128,315	\$ 3,994,993	\$ 88,724,179	\$ 2,186,465
LIABILITIES:							
Current liabilities:							
Accounts payable	\$ 119,655	\$ 63,162	\$ 1,846	\$ -	\$ 824,875	\$ 1,009,538	\$ 80,186
Accrued payroll and other payroll liabilities	42,036	30,909	6,886	-	-	79,831	45,300
Refundable deposits	677,256	-	-	-	-	677,256	-
Retainage payable	-	-	-	-	439,086	439,086	-
Accrued interest payable	7,217,674	828,330	6,668	-	-	8,052,672	-
Due to other funds	-	-	-	58,919	-	58,919	-
Accrued compensated absences	42,955	22,922	8,721	-	-	74,598	75,045
Current portion of long-term debt	1,901,801	527,320	300,000	-	-	2,729,121	-
Total current liabilities	10,001,377	1,472,643	324,121	58,919	1,263,961	13,121,021	200,531
Noncurrent liabilities:							
Noncurrent accrued compensated absences	14,319	7,641	2,907	-	-	24,867	-
Noncurrent portion of long-term debt	15,551,363	19,906,437	2,367,000	-	-	37,824,800	-
Net pension liability	149,551	123,004	52,251	-	-	324,806	182,631
Net OPEB liability	57,865	47,595	20,218	-	-	125,678	70,663
Total noncurrent liabilities	15,773,098	20,084,677	2,442,376	-	-	38,300,151	253,294
Total liabilities	25,774,475	21,557,320	2,766,497	58,919	1,263,961	51,421,172	453,825
DEFERRED INFLOWS OF RESOURCES:							
Deferred inflows related to pensions	103,830	85,399	36,276	-	-	225,505	126,797
Deferred inflows related to OPEB	14,931	12,281	5,217	-	-	32,429	18,234
Total deferred inflows of resources	118,761	97,680	41,493	-	-	257,934	145,031
NET POSITION:							
Net investment in capital assets	13,792,029	29,384,439	-	-	-	40,859,451	755,131
Restricted for:							
Capital construction	-	-	-	-	2,089,968	2,089,968	-
Debt service	-	-	-	69,396	641,064	710,460	-
Unrestricted	(6,514,223)	74,112	(2,491,712)	-	-	(6,614,806)	832,478
Total net position	7,277,806	29,458,551	(2,491,712)	69,396	2,731,032	37,045,073	1,587,609
Total liabilities, deferred inflows of resources, and net position	\$ 33,171,042	\$ 51,113,551	\$ 316,278	\$ 128,315	\$ 3,994,993	\$ 88,724,179	\$ 2,186,465
Amount not included in liabilities on the government-wide statement of net position, due to other funds						(58,919)	
Internal balances result from transactions between the governmental activities, business-type activities and internal						1,593,265	
Total liabilities and net position of business-type activities						\$ 90,258,525	

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

**CITY OF NEWPORT, OREGON
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN NET POSITION
 For the Fiscal Year Ended June 30, 2020**

Business-Type Activities - Enterprise Funds

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Stormwater Fund</u>	<u>G.O. Debt Service</u>	<u>Total Nonmajor Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
OPERATING REVENUES:							
Service charges and fees	\$ 4,473,769	\$ 4,598,020	\$ 1,042,473	\$ -	\$ -	\$ 10,114,262	\$ 1,223,945
Miscellaneous	61,293	18,259	-	-	-	79,552	19,705
Total operating revenues	<u>4,535,062</u>	<u>4,616,279</u>	<u>1,042,473</u>	<u>-</u>	<u>-</u>	<u>10,193,814</u>	<u>1,243,650</u>
OPERATING EXPENSES:							
Salaries and wages	1,105,849	1,011,154	264,530	-	-	2,381,533	1,388,650
Contracted services	77,360	136,252	26,440	-	42,401	282,453	265,994
Property services	250,872	271,308	596	-	-	522,776	141,246
Operating supplies	326,239	377,581	4,673	-	-	708,493	24,734
Utilities	226,468	299,592	-	-	-	526,060	455,697
Depreciation	1,013,245	1,318,451	-	-	-	2,331,696	32,440
Repairs and maintenance	3,350,312	6,384,753	1,652,874	-	-	11,387,939	180,610
Charges for services	705,934	800,412	134,425	-	-	1,640,771	139,664
Miscellaneous	64,643	96,751	1,373	-	-	162,767	141,344
Total operating expenses	<u>7,120,922</u>	<u>10,696,254</u>	<u>2,084,911</u>	<u>-</u>	<u>42,401</u>	<u>19,944,488</u>	<u>2,770,379</u>
Operating income (loss)	<u>(2,585,860)</u>	<u>(6,079,975)</u>	<u>(1,042,438)</u>	<u>-</u>	<u>(42,401)</u>	<u>(9,750,674)</u>	<u>(1,526,729)</u>
NON-OPERATING REVENUES (EXPENSES):							
Property taxes	-	-	-	1,970,103	-	1,970,103	-
Grants	-	-	-	-	325,087	325,087	15,207
Interest income	148,472	7,609	1,005	13,313	114,844	285,243	16,152
Interest	(1,208,234)	(302,003)	(103,501)	-	-	(1,613,738)	-
Total non-operating revenues (expenses)	<u>(1,059,762)</u>	<u>(294,394)</u>	<u>(102,496)</u>	<u>1,983,416</u>	<u>439,931</u>	<u>966,695</u>	<u>31,359</u>
Net income (loss) before transfers	<u>(3,645,622)</u>	<u>(6,374,369)</u>	<u>(1,144,934)</u>	<u>1,983,416</u>	<u>397,530</u>	<u>(8,783,979)</u>	<u>(1,495,370)</u>
TRANSFERS AND CONTRIBUTIONS:							
Capital contributions	3,582,260	8,165,926	-	-	-	11,748,186	-
Transfers from other funds	6,057,275	6,783,314	2,306,072	-	14,207,559	29,354,220	1,855,347
Transfers to other funds	(3,369,454)	(7,261,910)	(3,652,850)	(2,369,341)	(13,292,281)	(29,945,836)	(153,100)
Total transfers and contributions	<u>6,270,081</u>	<u>7,687,330</u>	<u>(1,346,778)</u>	<u>(2,369,341)</u>	<u>915,278</u>	<u>11,156,570</u>	<u>1,702,247</u>
Change in net position	<u>2,624,459</u>	<u>1,312,961</u>	<u>(2,491,712)</u>	<u>(385,925)</u>	<u>1,312,808</u>	<u>2,372,591</u>	<u>206,877</u>
NET POSITION, BEGINNING	<u>4,653,347</u>	<u>28,145,590</u>	<u>-</u>	<u>455,321</u>	<u>1,418,224</u>	<u>34,672,482</u>	<u>1,380,732</u>
NET POSITION, ENDING	<u>\$ 7,277,806</u>	<u>\$ 29,458,551</u>	<u>\$ (2,491,712)</u>	<u>\$ 69,396</u>	<u>\$ 2,731,032</u>	<u>\$ 37,045,073</u>	<u>\$ 1,587,609</u>

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

Change in net position enterprise funds	\$ 2,372,591
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds	<u>(1,093,568)</u>
Total change in net position of business-type activities	<u>\$ 1,279,023</u>

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

CITY OF NEWPORT, OREGON
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 For the Fiscal Year Ended June 30, 2020

	Business-Type Activities - Enterprise Funds						
	Water Fund	Wastewater Fund	Stormwater Fund	G.O. Debt Service	Total Nonmajor Funds	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:							
Cash received from customers	\$ 4,525,779	\$ 4,611,896	\$ 878,132	\$ 6,872	\$ (1,832)	\$ 10,020,847	\$ 1,213,851
Services provided to other funds	-	-	-	-	-	-	19,705
Cash payments to suppliers of goods and services	(4,209,933)	(7,507,226)	(1,684,110)	-	(27,704)	(13,428,973)	(1,233,049)
Cash payments to employees for services	(1,040,598)	(956,828)	(155,376)	-	-	(2,152,802)	(1,190,028)
Cash payments to other funds	(705,934)	(800,412)	(134,425)	-	-	(1,640,771)	(139,664)
Other revenues	61,293	18,259	-	-	-	79,552	-
Net cash provided by (used for) operating activities	<u>(1,369,393)</u>	<u>(4,634,311)</u>	<u>(1,095,779)</u>	<u>6,872</u>	<u>(29,536)</u>	<u>(7,122,147)</u>	<u>(1,329,185)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:							
Advance to other fund	-	(176,434)	-	58,919	(3,581)	(121,096)	-
Advance from other fund	121,096	-	-	-	-	121,096	-
Transfers in	-	-	-	-	-	-	1,855,347
Transfers out	-	-	-	-	-	-	(153,100)
Net cash provided by (used for) non-capital financing activities	<u>121,096</u>	<u>(176,434)</u>	<u>-</u>	<u>58,919</u>	<u>(3,581)</u>	<u>-</u>	<u>1,702,247</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Purchase of capital assets	(572,912)	(1,976,056)	-	-	(10,825,025)	(13,373,993)	-
Proceeds from the issuance of debt	-	-	-	-	6,268,048	6,268,048	-
Grants	-	-	-	-	325,087	325,087	15,207
Property taxes	-	-	-	1,970,103	-	1,970,103	-
Transfers in	3,584,211	8,200,421	1,910,845	-	7,939,511	21,634,988	-
Transfers out	(3,369,454)	(993,862)	(687,456)	(355,841)	(480,604)	(5,887,217)	-
Principal payments	-	-	-	(1,999,407)	(987,285)	(2,986,692)	-
Interest payment	-	-	-	(14,093)	(999,367)	(1,013,460)	-
Net cash provided by (used for) capital and related financing activities	<u>(358,155)</u>	<u>5,230,503</u>	<u>1,223,389</u>	<u>(399,238)</u>	<u>1,240,365</u>	<u>6,936,864</u>	<u>15,207</u>
CASH FLOWS FROM INVESTING ACTIVITIES:							
Interest on investments	148,472	7,609	1,005	13,313	114,844	285,243	16,152
Net cash provided by investing activities	<u>148,472</u>	<u>7,609</u>	<u>1,005</u>	<u>13,313</u>	<u>114,844</u>	<u>285,243</u>	<u>16,152</u>
Net increase (decrease) in cash and cash equivalents	(1,457,980)	427,367	128,615	(320,134)	1,322,092	99,960	404,421
CASH AND CASH EQUIVALENTS, BEGINNING	<u>4,232,720</u>	<u>-</u>	<u>-</u>	<u>320,134</u>	<u>2,671,069</u>	<u>7,223,923</u>	<u>935,304</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 2,774,740</u>	<u>\$ 427,367</u>	<u>\$ 128,615</u>	<u>\$ -</u>	<u>\$ 3,993,161</u>	<u>\$ 7,323,883</u>	<u>\$ 1,339,725</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:							
Operating Income	\$ (2,585,860)	\$ (6,079,975)	\$ (1,042,438)	\$ -	\$ (42,401)	\$ (9,750,674)	\$ (1,526,729)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	1,013,245	1,318,451	-	-	-	2,331,696	32,440
Changes in assets, deferred outflows, liabilities and deferred							
Receivables	(8,253)	13,876	(164,341)	6,872	(1,832)	(153,678)	(10,094)
Prepaid items	-	(838)	-	-	5,790	4,952	117
Inventories	16,323	40,885	-	-	-	57,208	-
Deferred outflows of resources	28,660	16,661	(23,322)	-	-	21,999	(5,031)
Accounts payable	69,638	18,964	1,846	-	(430,179)	(339,731)	(23,541)
Payroll and related items	(1,981)	(6,449)	6,886	-	-	(1,544)	1,000
Compensated absences	(1,588)	(4,943)	11,628	-	-	5,097	19,325
Other postemployment benefit liability	16,069	12,362	20,218	-	-	48,649	48,982
Refundable deposits	60,263	-	-	-	-	60,263	-
Retainage payable	-	-	-	-	439,086	439,086	-
Net pension liability	(5,997)	6,672	52,251	-	-	52,926	56,904
Deferred inflows of resources	30,088	30,023	41,493	-	-	101,604	77,442
Net cash provided by (used for) operating activities	<u>\$ (1,369,393)</u>	<u>\$ (4,634,311)</u>	<u>\$ (1,095,779)</u>	<u>\$ 6,872</u>	<u>\$ (29,536)</u>	<u>\$ (7,122,147)</u>	<u>\$ (1,329,185)</u>
NON-CASH CAPITAL FINANCING ACTIVITIES:							
Contributions	\$ 3,582,260	\$ 8,165,926	\$ -	\$ -	\$ -	\$ 11,748,186	\$ -
Transfers in	6,055,324	6,748,819	395,227	-	6,268,048	19,467,418	-
Transfers out	-	(6,268,048)	(2,965,394)	(2,013,500)	(12,811,677)	(24,058,619)	-
Total non-cash capital financing activities	<u>\$ 9,637,584</u>	<u>\$ 8,646,697</u>	<u>\$ (2,570,167)</u>	<u>\$ (2,013,500)</u>	<u>\$ (6,543,629)</u>	<u>\$ 7,156,985</u>	<u>\$ -</u>

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

CITY OF NEWPORT, OREGON
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
June 30, 2020

	City of Newport Employees Retirement Plan Pension Trust Fund
ASSETS:	
Cash and cash equivalents	\$ 1,432,214
Investments	
Bonds	4,620,741
Equities	5,276,852
Mutual funds	207,655
Receivable	59,684
	<hr/>
Total assets	\$ 11,597,146
	<hr/> <hr/>
NET POSITION	
Restricted for defined benefit pension	\$ 8,232,186
Restricted for defined contribution pension	3,364,960
	<hr/>
Total net position	\$ 11,597,146
	<hr/> <hr/>

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

CITY OF NEWPORT, OREGON
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2020

	City of Newport Employees Retirement Plan Pension Trust Fund
ADDITIONS	
Employer contributions	\$ 749,861
Investment earnings:	
Investment earnings	496,613
Less investment expense	(49,243)
Total Investment earnings, net	447,370
Total additions	1,197,231
DEDUCTIONS	
Benefits	683,776
Total deductions	683,776
Change in net position	513,455
NET POSITION, BEGINNING	11,083,691
NET POSITION, ENDING	11,597,146

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

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

Reporting Entity

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

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

Blended Component Unit

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

Basic Financial Statements

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

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

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

Basic Financial Statements (continued)

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

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

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

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

The City reports the following major governmental funds:

General

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

Urban Renewal

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

Capital Projects Fund

This fund accounts for capital projects of the governmental funds.

The City reports the following major proprietary funds:

Water

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

Wastewater

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

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

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

Stormwater

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

G.O. Debt Service

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

Internal Service

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

Additionally, the City reports the following nonmajor fund types:

Special revenue

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

Debt service

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

Capital projects

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

Enterprise

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

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

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

Internal Service

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

Fiduciary

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

Cash and Cash Equivalents

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

Investments

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

Restricted Assets

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

Inventories

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

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

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

Receivables

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

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

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

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

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

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

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

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

Capital Assets

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

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

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

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

Compensated Absences

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

Long-term Obligations

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

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

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

Equity Classifications

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

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

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

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

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

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

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

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

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

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

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

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

2. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Special Items

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

Budgetary Information

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

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

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

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

An election must be held to approve general obligation debt pledging the full faith and credit of the City. As a result of Ballot Measure 50 and subsequent legislation, the City's permanent tax rate was set at \$5.5938 per \$1,000 of assessed value. The assessed value (not including the urban renewal district) for 2019-2020 was \$1,504,939,337. Assessed value is calculated on a property-by-property basis and is limited to a three percent increase annually. Compression of tax revenues comes into play when the real market value of an individual residential property is not sufficient to allow for an annual three percent increase in the assessed value.

CITY OF NEWPORT, OREGON
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 For the Fiscal Year Ended June 30, 2020

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, 2020, the City adopted supplemental budgets which totaled \$7,048,955, an 8% increase over the original budget. The following table outlines the budget changes:

Fund	2019-2020 Original Budget	2019-2020 Final Budget	Change
General	\$ 14,697,203	\$ 16,525,986	\$ 1,828,783
Newport Urban Renewal	6,776,126	6,821,349	45,223
Parks and Recreation	2,516,310	2,323,932	(192,378)
Public Parking	969,834	979,789	9,955
Housing	250,143	268,066	17,923
Airport	938,433	955,747	17,314
Room Tax	2,556,539	2,632,375	75,836
Building Inspection	567,677	603,812	36,135
Street	1,195,747	1,509,217	313,470
Line Undergrounding	487,746	548,246	60,500
SDC	2,477,828	2,654,928	177,100
Agate Beach Closure	1,074,924	1,065,154	(9,770)
Debt Service	95,044	95,044	-
Water Debt	1,035,463	1,036,463	1,000
Wastewater Debt	558,963	558,963	-
Stormwater Debt	379,740	395,396	15,656
GO Debt Service-Governmental	560,069	560,069	-
GO Debt Service-Proprietary	2,500,281	2,500,281	-
Capital Projects- General	10,768,203	12,757,694	1,989,491
Capital Projects- Proprietary	20,065,858	22,325,448	2,259,590
Reserve	503,446	564,446	61,000
Capital Improvement	610,365	750,504	140,139
Water	6,691,626	6,590,529	(101,097)
Wastewater	4,682,451	4,698,859	16,408
Stormwater	1,162,543	1,412,840	250,297
Public Works	1,183,752	1,210,252	26,500
City Facility	2,887,369	2,897,249	9,880
	<u>\$ 88,193,683</u>	<u>\$ 95,242,638</u>	<u>\$ 7,048,955</u>

3. **DETAILED NOTES**

Cash, Cash Equivalents and Investments

The City’s cash, cash equivalents and investments at June 30, 2020 are as follows:

Cash and cash equivalents	
Deposits with financial institutions	\$ 423,165
Cash on hand	1,730
State of Oregon Treasurer's short-term investment pool	27,978,059
Money market	<u>2,020,798</u>
 Total cash and cash equivalents	 <u>\$ 30,423,752</u>
 Investments	
Bonds	\$ 4,620,741
Equities	5,276,852
Mutual funds	<u>207,655</u>
 Total investments	 <u>\$ 10,105,248</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, 2020, none of the City’s bank balances were exposed to custodial credit risk.

3. DETAILED NOTES (continued)

Cash, Cash Equivalents and Investments (continued)

State of Oregon Local Government Investment Pool

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

Investments

As of June 30, 2020, the City had the following investments:

<u>Investment Type</u>	<u>Rating</u>	<u>Fair Value</u>	<u>Risk Consideration</u>	<u>Weighted Average Maturity (in months)</u>
Pension Trust Investment				
Bonds	AAA	\$ 4,620,741	45.73%	3.02
Equities	Not Rated	5,276,852	52.22%	N/A
Mutual Funds	Not Rated	<u>207,655</u>	2.05%	N/A
Total Investments		<u>\$ 10,105,248</u>		

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

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

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

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

3. **DETAILED NOTES (continued)**

Cash, Cash Equivalents and Investments (continued)

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

Fair Value Measurements

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

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

CITY OF NEWPORT, OREGON
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 For the Fiscal Year Ended June 30, 2020

3. **DETAILED NOTES (continued)**

Capital Assets

Governmental Activities

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2020</u>
Capital assets not being depreciated				
Land	\$ 12,225,530	\$ -	\$ -	\$ 12,225,530
Construction in progress	6,724,578	3,113,427	(9,052,382)	785,623
Total capital assets not being depreciated	<u>18,950,108</u>	<u>3,113,427</u>	<u>(9,052,382)</u>	<u>13,011,153</u>
Capital assets being depreciated				
Building and structures	42,925,771	1,168,643	-	44,094,414
Equipment	4,159,007	427,408	-	4,586,415
Vehicles	6,074,701	74,132	-	6,148,833
Infrastructure	50,416,679	7,541,137	-	57,957,816
Total capital assets being depreciated	<u>103,576,158</u>	<u>9,211,320</u>	<u>-</u>	<u>112,787,478</u>
Less accumulated depreciation				
Building and structures	(22,157,959)	(1,148,740)	-	(23,306,699)
Equipment	(3,690,955)	(74,007)	-	(3,764,962)
Vehicles	(4,610,851)	(420,449)	-	(5,031,300)
Infrastructure	(15,014,548)	(1,020,916)	-	(16,035,464)
Total accumulated depreciation	<u>(45,474,313)</u>	<u>(2,664,112)</u>	<u>-</u>	<u>(48,138,425)</u>
Total capital assets being depreciated, net	<u>58,101,845</u>	<u>6,547,208</u>	<u>-</u>	<u>64,649,053</u>
Governmental activities capital assets, net	<u>\$ 77,051,953</u>	<u>\$ 9,660,635</u>	<u>\$ (9,052,382)</u>	<u>\$ 77,660,206</u>

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

Governmental activities:	
General government	\$ 1,098,273
Public safety	373,803
Highway and streets	622,339
Culture and recreation	569,697
Total depreciation expense, government activities	<u>\$ 2,664,112</u>

CITY OF NEWPORT, OREGON
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 For the Fiscal Year Ended June 30, 2020

3. **DETAILED NOTES (continued)**

Capital Assets (continued)

Business-type Activities

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2020</u>
Capital assets not being depreciated				
Land	\$ 858,652	\$ -	\$ -	\$ 858,652
Construction in progress	18,571,686	11,620,086	(13,461,429)	16,730,343
Total capital assets not being depreciated	<u>19,430,338</u>	<u>11,620,086</u>	<u>(13,461,429)</u>	<u>17,588,995</u>
Capital assets being depreciated				
Building and structures	28,831,082	-	-	28,831,082
Equipment	2,262,685	128,099	-	2,390,784
Vehicles	1,938,302	-	-	1,938,302
Infrastructure	57,736,067	13,461,430	-	71,197,497
Total capital assets being depreciated	<u>90,768,136</u>	<u>13,589,529</u>	<u>-</u>	<u>104,357,665</u>
Less accumulated depreciation				
Building and structures	(14,766,047)	(727,172)	-	(15,493,219)
Equipment	(1,753,136)	(33,628)	-	(1,786,764)
Vehicles	(937,340)	(81,021)	-	(1,018,361)
Infrastructure	(22,295,148)	(1,522,315)	-	(23,817,463)
Total accumulated depreciation	<u>(39,751,671)</u>	<u>(2,364,136)</u>	<u>-</u>	<u>(42,115,807)</u>
Total capital assets being depreciated, net	<u>51,016,465</u>	<u>11,225,393</u>	<u>-</u>	<u>62,241,858</u>
Business-type activities capital assets, net	<u>\$ 70,446,803</u>	<u>\$ 22,845,479</u>	<u>\$ (13,461,429)</u>	<u>\$ 79,830,853</u>

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

Business activities:	
Water	\$ 1,013,245
Wastewater	1,318,451
Public works (internal service)	<u>32,440</u>
Total depreciation expense, business-type activities	<u>\$ 2,364,136</u>

CITY OF NEWPORT, OREGON
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 For the Fiscal Year Ended June 30, 2020

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 2019-2020 were as follows:

Transfer out	Transfers in										
	Governmental funds				Proprietary funds						Total
	General	Capital Projects	Urban Renewal	Nonmajor governmental	Water	Wastewater	Stormwater	Nonmajor proprietary	Internal service		
Governmental funds											
General	\$ -	\$ 10,000	\$ -	\$ 1,633,484	\$ -	\$ -	\$ -	\$ -	\$ 1,274,200	\$ 2,917,684	
Urban renewal	1,000,000	1,650,000	737,000	50,000	-	-	-	-	-	3,437,000	
Capital projects	-	-	-	49,178	-	-	-	2,817,212	-	2,866,390	
Nonmajor funds	58,612	808,884	-	645,866	-	-	285,038	320,169	581,147	2,699,716	
Total governmental funds	1,058,612	2,468,884	737,000	2,378,528	-	-	285,038	3,137,381	1,855,347	11,920,790	
Proprietary funds											
Water	16,000	-	-	150,000	-	-	-	3,203,454	-	3,369,454	
Wastewater	16,000	-	-	71,000	-	-	-	906,862	-	993,862	
Stormwater	7,300	-	-	-	-	-	-	680,156	-	687,456	
G.O. debt service	355,841	-	-	-	-	-	-	-	-	355,841	
Nonmajor proprietary	-	-	-	432,500	1,951	34,495	-	11,658	-	480,604	
Internal service	-	-	-	153,100	-	-	-	-	-	153,100	
Total proprietary funds	395,141	-	-	806,600	1,951	34,495	-	4,802,130	-	6,040,317	
Total transfers	\$ 1,453,753	\$ 2,468,884	\$ 737,000	\$ 3,185,128	\$ 1,951	\$ 34,495	\$ 285,038	\$ 7,939,511	\$ 1,855,347	\$ 17,961,107	

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					
	Governmental Activities	Water	Wastewater	Stormwater	Nonmajor enterprise	Total
Proprietary funds						
Wastewater	\$ -	\$ -	\$ -	\$ -	\$ 6,268,048	\$ 6,268,048
Stormwater	2,965,394	-	-	-	-	2,965,394
G.O. Debt Service- Proprietary	-	2,013,500	-	-	-	2,013,500
Nonmajor enterprise	-	4,041,824	6,748,819	2,021,034	-	12,811,677
Total non-cash transfers	\$ 2,965,394	\$ 6,055,324	\$ 6,748,819	\$ 2,021,034	\$ 6,268,048	\$ 24,058,619

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, 2020, the balance is \$192,500.

CITY OF NEWPORT, OREGON
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 For the Fiscal Year Ended June 30, 2020

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>	<u>Urban Renewal</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Delinquent property taxes receivable				
General	\$ 378,446	\$ -	\$ -	\$ 378,446
General bond debt	-	-	22,542	22,542
Urban renewal debt	-	142,233	-	142,233
Charges for services	<u>13,106</u>	<u>-</u>	<u>7,357</u>	<u>20,463</u>
Total unavailable revenue	<u>\$ 391,552</u>	<u>\$ 142,233</u>	<u>\$ 29,899</u>	<u>\$ 563,684</u>

CITY OF NEWPORT, OREGON
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 For the Fiscal Year Ended June 30, 2020

3. **DETAILED NOTES (continued)**

Construction Commitments

The City has active construction projects as of June 30, 2020 as follows:

<u>Capital Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Agate Beach Improvements	\$ 10,428,587	\$ 274,483
Big Creek Dam	3,708,378	5,988,875
Fixed Base Metering System	1,637,441	247,966
Sanitary Sewer Televising Program	224,402	25,136
Water Quality Testing and Smoke Testing	10,246	34,995
SE 35th and Hwy 101	66,937	2,713,050
Sam Moore Creek Water Quality Improvement	321,815	468,641
Emergency Generator Replacement	126,110	614,513
2015-16 Street Overlay and Improve	31,060	826,007
Hwy 101 and Golf Course Improvement	146,912	721,792
Nye Creek Storm Sewer	500,218	307,237
Siletz Water Quality Study	12,796	25,515
Computer Maintenance Management System	35,090	55,000
Solids Serpentix Belt Conveyance	37,821	510,000
Skate Park Improvement Project	31,560	162
Total	<u>\$ 17,319,373</u>	<u>\$ 12,813,372</u>

CITY OF NEWPORT, OREGON
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 For the Fiscal Year Ended June 30, 2020

3. **DETAILED NOTES (continued)**

Long-term Obligations

Governmental Activities

Transactions for the year ended June 30, 2020 were as follows:

Governmental Activities	June 30, 2019 Balance	Additions	Reductions	June 30, 2020 Balance	Due Within One Year
Governmental Bonds					
Series 2013, Swimming Pool	\$ 6,930,000	\$ -	\$ 295,000	\$ 6,635,000	\$ 320,000
Urban Renewal - Full Faith & Credit Refunding Obligations Series 2010B	2,265,000	-	670,000	1,595,000	480,000
Urban Renewal - 2015 A&B Bond	4,829,000	-	624,000	4,205,000	865,000
Total Governmental Bonds	14,024,000	-	1,589,000	12,435,000	1,665,000
Governmental Loans					
2018 Airport Fuel Farm Borrowing	277,500	-	55,500	222,000	55,500
League of Oregon Cities - Series 2007B	115,000	-	20,000	95,000	20,000
Total Governmental Loans	392,500	-	75,500	317,000	75,500
Governmental Leases					
IT Equipment Lease	-	358,507	68,713	289,794	67,695
Total Governmental Leases	-	358,507	68,713	289,794	67,695
Other Long-Term Obligations					
Total - Unamortized Premium	379,643	-	38,737	340,906	38,737
Pension Liability	5,019,133	1,252,007	-	6,271,140	-
Compensated Absences	499,703	529,852	499,703	529,852	403,987
Other Postemployment Benefits	339,168	-	26,020	313,148	-
Total Other Long-Term Obligations	6,237,647	1,781,859	564,460	7,455,046	442,724
Total Governmental	\$ 20,654,147	\$ 2,140,366	\$ 2,297,673	\$ 20,496,840	\$ 2,250,919

CITY OF NEWPORT, OREGON
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 For the Fiscal Year Ended June 30, 2020

3. **DETAILED NOTES (continued)**

Long-term Obligations (continued)

Business-type Activities

Transactions for the year ended June 30, 2020 were as follows:

Business Type Activities	Balance	Additions	Reductions	Balance	One Year
Enterprise Bonds					
Water Series 2009A	\$ 770,000	\$ -	\$ 770,000	\$ -	\$ -
Water Series 2009B	9,630,541	-	706,407	8,924,134	1,137,806
Full Faith & Credit Refunding Obligation Series 2010A	1,770,000	-	485,000	1,285,000	505,000
2018 Full Faith & Credit Stormwater Borrowing	2,958,000	-	291,000	2,667,000	300,000
Total Enterprise Bonds	15,128,541	-	2,252,407	12,876,134	1,942,806
Enterprise Loans					
2007 Seal Rock Water District	680,378	-	31,826	648,552	33,300
2015 Water Borrowing	3,925,892	-	179,459	3,746,433	186,690
2019 Water Borrowing	4,558,000	-	523,000	4,035,000	533,000
Total Enterprise Loans	9,164,270	-	734,285	8,429,985	752,990
Enterprise Notes					
DEQ Note R68933 (Deferred)	7,992,888	-	-	7,992,888	-
DEQ Note R68934 (Deferred)	785,173	11,309	-	796,482	-
DEQ Note R68936	-	6,163,966	-	6,163,966	-
2020 Clean Water SRF DEQ Note	4,035,681	92,773	-	4,128,454	-
Total Enterprise Notes	12,813,742	6,268,048	-	19,081,790	-
Other Long-Term Obligations					
Unamortized Premium	199,337	-	33,325	166,012	33,325
Pension Liability	387,305	47,761	-	435,066	-
Compensated Absences	125,642	148,117	125,642	148,117	123,250
Other Postemployment Benefits	97,090	71,248	-	168,338	-
Total Other Long-Term Obligations	809,374	267,126	158,967	917,533	156,575
Total Enterprise	\$ 37,915,927	\$ 6,535,174	\$ 3,145,659	\$ 41,305,442	\$ 2,852,371

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, 2020 is \$6,635,000. Annual debt service requirements to maturity for general obligation bonds are as follows:

	Series 2013, Swimming Pool	
	Principal	Interest
2021	\$ 320,000	\$ 253,268
2022	345,000	240,468
2023	375,000	226,669
2024	405,000	211,669
2025	435,000	195,469
2026-2030	2,670,000	740,507
2031-2035	<u>2,085,000</u>	<u>170,400</u>
Total	<u>\$ 6,635,000</u>	<u>\$ 2,038,450</u>

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, 2020, the outstanding balance is \$4,205,000. Annual debt service requirements to maturity for this bond is as follows:

	Urban Renewal - 2015 A&B Bond	
	Principal	Interest
2021	\$ 865,000	\$ 107,140
2022	662,000	82,966
2023	718,000	66,522
2024	968,000	48,820
2025	992,000	24,641
Total	<u>\$ 4,205,000</u>	<u>\$ 330,089</u>

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, 2020, the outstanding balance is \$1,595,000. Annual debt service requirements to maturity for this bond is as follows:

	Urban Renewal - Full Faith & Credit Refunding Obligations Series 2010B	
	Principal	Interest
2021	\$ 480,000	\$ 65,075
2022	565,000	44,675
2023	<u>550,000</u>	<u>19,250</u>
Total	<u>\$ 1,595,000</u>	<u>\$ 129,000</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.

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, 2020, the balance outstanding is \$95,000.

	League of Oregon Cities - Series 2007B	
	Principal	Interest
2021	\$ 20,000	\$ 4,250
2022	25,000	3,125
2023	25,000	1,875
2024	<u>25,000</u>	<u>625</u>
Total	<u>\$ 95,000</u>	<u>\$ 9,875</u>

In September 2018, the City entered into a loan agreement with Umpqua Bank in the amount of \$277,500 to finance purchase of the airport fuel farm. Interest for the loan is 4.5 percent, with a final maturity of October 5, 2023. As of June 30, 2020, the outstanding balance is \$222,000. Annual debt service requirements to maturity for this loan is as follows:

	2018 Airport Fuel Farm Borrowing	
	Principal	Interest
2021	\$ 55,500	\$ 8,867
2022	55,500	6,334
2023	55,500	3,802
2024	<u>55,500</u>	<u>1,270</u>
Total	<u>\$ 222,000</u>	<u>\$ 20,273</u>

In September 2019, the City entered into a five-year Dell Computer Network Equipment lease in the amount of \$358,507. The lease enabled the City to upgrade the network equipment related to the City's computer infrastructure. The interest rate is 4.4507% with a maturity date of August 31, 2024. As of June 30, 2020, the balance outstanding is \$289,795. The lease payment requirements are as follows:

	IT Equipment Lease	
	Principal	Interest
2021	\$ 67,695	\$ 11,822
2022	70,769	8,747
2023	73,985	5,532
2024	<u>77,345</u>	<u>2,171</u>
Total	<u>\$ 289,794</u>	<u>\$ 28,272</u>

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, 2020, the outstanding balance is \$0 (Series 2009A) and \$8,924,134 (Series 2009B). Annual debt service requirements to maturity for this bond is as follows:

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

General Obligation Bonds, Series 2009B – Water.

Water Series 2009B		
	Principal	Interest
2021	\$ 1,137,806	\$ 937,195
2022	1,100,080	1,034,920
2023	1,070,476	1,129,524
2024	1,033,610	1,231,390
2025	992,889	1,342,111
2026-2030	<u>3,589,273</u>	<u>6,465,728</u>
Total	<u>\$ 8,924,134</u>	<u>\$ 12,140,868</u>

Full Faith & Credit Bonds

In July 2010, Full Faith & Credit Refunding Obligations, Series 2010A was issued in the amount of \$5,560,000 to refinance a loan agreement with the Oregon DEQ to help finance a portion of the City’s wastewater treatment plant. Interest ranges from 2.0 percent to 4.5 percent, with a final maturity of June 15, 2023. As of June 30, 2020, the outstanding balance is \$1,285,000. Annual debt service requirements to maturity for this bond is as follows:

Full Faith & Credit Refunding Obligation Series 2010A		
	Principal	Interest
2021	\$ 505,000	\$ 53,350
2022	525,000	33,150
2023	<u>255,000</u>	<u>10,838</u>
Total	<u>\$ 1,285,000</u>	<u>\$ 97,338</u>

3. DETAILED NOTES (continued)

Long-term Obligations (continued)

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, 2020, the outstanding balance is \$2,667,000. Annual debt service requirements to maturity for this bond are as follows:

	2018 Full Faith & Credit Stormwater Borrowing	
	Principal	Interest
2021	\$ 300,000	\$ 80,010
2022	309,000	71,010
2023	318,000	61,740
2024	328,000	52,200
2025	337,000	42,360
2026-2030	<u>1,075,000</u>	<u>65,130</u>
Total	<u>\$2,667,000</u>	<u>\$ 372,450</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, 2020, the outstanding balance is \$3,746,433. Annual debt service requirements to maturity for this bond is as follows:

	2015 Water Borrowing	
	Principal	Interest
2021	\$ 186,690	\$ 144,297
2022	194,213	136,774
2023	202,039	128,948
2024	210,180	120,807
2025	218,650	112,337
2026-2030	1,232,726	422,209
2031-2035	<u>1,501,935</u>	<u>153,000</u>
Total	<u>\$ 3,746,433</u>	<u>\$ 1,218,372</u>

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, 2020, the outstanding balance is \$4,035,000. Annual debt service requirements to maturity for this bond is as follows:

2019 Water Borrowing		
	Principal	Interest
2021	\$ 533,000	\$ 99,261
2022	546,000	86,149
2023	215,000	72,717
2024	220,000	67,429
2025	225,000	62,017
2026-2030	1,213,000	224,180
2031-2035	<u>1,083,000</u>	<u>67,428</u>
Total	<u>\$ 4,035,000</u>	<u>\$ 679,181</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, 2020 is \$648,552. Annual debt service requirements to maturity for this loan is as follows:

2007 Seal Rock Water District		
	Principal	Interest
2021	\$ 33,300	\$ 36,160
2022	34,835	34,601
2023	36,536	32,968
2024	38,304	31,318
2025	39,942	29,587
2026-2030	216,419	119,260
2031-2035	238,113	63,466
2036-2040	7,637	1,528
2041-2045	<u>3,466</u>	<u>198</u>
Total	<u>\$ 648,552</u>	<u>\$ 349,086</u>

The City obtained loans from the Oregon Department of Environmental Quality for wastewater projects which have not been completed as of June 30, 2020. The final repayment schedules will be established at the completion each project.

3. DETAILED NOTES (continued)

Long-term Obligations (continued)

DEQ Note R68933 has a total loan amount of \$8,906,800 for a wastewater collection system in the Agate Beach area. The current balance of the drawdown is \$7,992,888 at June 30, 2020. Interest accrues from the date funds are drawn on the loan at a rate of 2.54 percent. The repayment term will be 20 years after completion.

DEQ Note R68934 has a total loan amount of \$1,115,000 for a wastewater pump station and pipe replacement in the Nye Beach area. The current balance of the drawdown is \$796,482 at June 30, 2020. 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. The current balance of the drawdown is \$4,128,454 as of June 30, 2020. Interest accrues from the date funds are drawn on the loan at a rate of 1 percent. The repayment term will be 20 years after completion.

DEQ Note R68936 has a total loan amount of \$7,200,000 for a wastewater improvement in the Agate Beach area. The current balance of the drawdown is \$6,163,966 as of June 30, 2020. 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, 2020, accumulated and unpaid compensated absences amounted to \$529,852 for the governmental activities and \$148,117 for the business-type activities.

Net Pension Liability

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

CITY OF NEWPORT, OREGON
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 For the Fiscal Year Ended June 30, 2020

3. **DETAILED NOTES (continued)**

Other Long-term Obligations (continued)

Other Postemployment Benefit Liability

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

Governmental Fund Balances

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

<u>Fund Balance Categories</u>	<u>General Fund</u>	<u>Urban Renewal Fund</u>	<u>Capital Projects Fund</u>	<u>Total Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable					
Prepaid items	\$ 7,888	\$ -	\$ -	\$ 84,056	\$ 91,944
Restricted for					
Capital projects	-	-	5,838,654	2,077,484	7,916,138
Agate Beach disposal site closure	-	-	-	1,214,484	1,214,484
Tourism	-	-	-	362,133	362,133
Building Inspection	-	-	-	474,599	474,599
Streets	-	-	-	704,386	704,386
Urban renewal	-	2,083,885	-	-	2,083,885
Committed for					
Parks and recreation	-	-	-	167,224	167,224
Public parking	-	-	-	366,474	366,474
Housing	-	-	-	238,874	238,874
Airport	-	-	-	87,966	87,966
Line undergrounding	-	-	-	307,536	307,536
Assigned for					
Capital projects	-	-	-	2,665,961	2,665,961
Unassigned	4,117,178	-	-	(37,768)	4,079,410
Total Fund Balances	\$ 4,125,066	\$ 2,083,885	\$ 5,838,654	\$ 8,713,409	\$ 20,761,014

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 2,077,484

CITY OF NEWPORT, OREGON
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 For the Fiscal Year Ended June 30, 2020

3. **DETAILED NOTES (continued)**

Net Position Restricted Through Enabling Legislation (continued)

Gas taxes – State laws regulate capital improvements for the streets	704,386
Urban Renewal - Establishment of the urban renewal agency restricts the use to projects meeting the objectives for which it was formed	2,083,885

Segment Information for Enterprise Funds

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

Summary financial information for the water, wastewater, and stormwater systems for the year ended June 30, 2020 is as follows:

Condensed statement of net position	Water	Wastewater	Stormwater
Assets			
Current	\$ 3,846,765	\$ 1,240,452	\$ 292,956
Noncurrent			
Capital assets, net	<u>29,257,526</u>	<u>49,818,196</u>	<u>-</u>
Total assets	<u>33,104,291</u>	<u>51,058,648</u>	<u>292,956</u>
Deferred outflows of resources	<u>66,751</u>	<u>54,903</u>	<u>23,322</u>
Liabilities			
Current	10,001,377	1,472,643	324,121
Noncurrent	<u>15,773,098</u>	<u>20,084,677</u>	<u>2,442,376</u>
Total liabilities	<u>25,774,475</u>	<u>21,557,320</u>	<u>2,766,497</u>
Deferred inflows of resources	<u>118,761</u>	<u>97,680</u>	<u>41,493</u>
Net position			
Net investment in capital assets	13,792,029	29,384,439	-
Unrestricted	<u>(6,514,223)</u>	<u>74,112</u>	<u>(2,491,712)</u>
Total net position	<u>\$ 7,277,806</u>	<u>\$29,458,551</u>	<u>\$ (2,491,712)</u>

CITY OF NEWPORT, OREGON
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 For the Fiscal Year Ended June 30, 2020

3. **DETAILED NOTES (continued)**

Segment Information for Enterprise Funds (continued)

Condensed statement of revenue, expenses, and changes in net position	Water	Wastewater	Stormwater
Operating revenue	\$ 4,535,062	\$ 4,616,279	\$ 1,042,473
Depreciation expense	1,013,245	1,318,451	-
Other operating expenses	<u>6,107,677</u>	<u>9,377,803</u>	<u>2,084,911</u>
Operating income (loss)	(2,585,860)	(6,079,975)	(1,042,438)
Nonoperating revenues (expenses)	<u>(1,059,762)</u>	<u>(294,394)</u>	<u>(102,496)</u>
Income before transfers and contributions	(3,645,622)	(6,374,369)	(1,144,934)
Capital contributions	3,582,260	8,165,926	-
Transfers in	6,057,275	6,783,314	2,306,072
Transfers out	<u>(3,369,454)</u>	<u>(7,261,910)</u>	<u>(3,652,850)</u>
Change in net position	2,624,459	1,312,961	(2,491,712)
Net position - beginning	<u>4,653,347</u>	<u>28,145,590</u>	<u>-</u>
Net position - ending	<u><u>\$ 7,277,806</u></u>	<u><u>\$ 29,458,551</u></u>	<u><u>\$ (2,491,712)</u></u>
Condensed statement of cash flows	Water	Wastewater	Stormwater
Net cash provided by (used in):			
Operating activities	\$ (1,369,393)	\$ (4,634,311)	\$ (1,095,779)
Non-capital financing activities	121,096	(176,434)	-
Capital and related financing activities	(358,155)	5,230,503	1,223,389
Investing activities	<u>148,472</u>	<u>7,609</u>	<u>1,005</u>
Net (decreased) in cash	(1,457,980)	427,367	128,615
Cash and cash equivalents - beginning	<u>4,232,720</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents - ending	<u><u>\$ 2,774,740</u></u>	<u><u>\$ 427,367</u></u>	<u><u>\$ 128,615</u></u>

4. **OTHER INFORMATION**

Pension Plans

The City participates in a cost-sharing multiple-employer plan that covers all fire and police employees, and a combined single-employer defined contribution money-purchase and defined benefit for eligible employees. The aggregate amount of pension expense for the year ended June 30, 2020 is \$1,354,281 for all plans. Below are details related to each plan.

Oregon Public Employees Retirement System (PERS)

Defined Benefit Pension Plan

A. Plan description

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

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

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

B. Description of benefit terms

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

Tier One/Tier Two retirement benefit (Chapter 238)

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

Pension benefits

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

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.

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 (COLA) changes. The COLA is capped at 2.0 percent.

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

Pension benefits

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

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

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.

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. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and \$750 plus 0.15 percent on annual benefits above \$60,000.

C. Contributions

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

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

Tier One/Tier Two employer contribution rates are 25.49 percent and the OPSRP employer contribution rates are 13.16 percent for general service employees and 17.79 for police and fire employees. Employer contributions for the year ended June 30, 2020 were \$538,516.

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.

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, 2015. 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, 2015 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.

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 2014, Healthy Annuitant, Sex Distinct, Generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation
Disabled retirees	RP 2014, Disabled Retires, Sex Distinct, Generational with Unisex, Combined Disabled, Social Security Data Scale
Non-annuitants	Ranges from 55% to 75% of healthy retired mortality tables depending upon sex and employment type

Salary increase assumptions

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

E. Actuarial valuations – OPSRP

The December 31, 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, 2015 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.

4. **OTHER INFORMATION (continued)**

Economic assumptions

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

Retirement assumptions

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

- 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, 2020, the City reported a liability of \$6,706,206 for its proportionate share of the 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. 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.

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, 2019, the City's proportion was 0.0316 percent, which was an increase of 0.0271 percent from its proportion measured as of June 30, 2018.

Pension expense

For the year ended June 30, 2020, the City recognized pension expense of \$1,299,768.

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 (CONTINUED)
 For the Fiscal Year Ended June 30, 2020

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, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 301,202	\$ -
Changes of assumptions	740,956	-
Net difference between projected and actual earnings on pension plan investments	-	154,837
Changes in proportionate share	625,421	199,252
Difference between contributions and proportionate share of system contributions	19,742	116,006
Contributions subsequent to the measurement date	<u>538,516</u>	<u>-</u>
Total	<u>\$ 2,225,837</u>	<u>\$ 470,095</u>

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement in the amount of \$538,516 will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ends June 30,	
2021	\$ 550,567
2022	100,320
2023	283,228
2024	240,162
2025	<u>42,949</u>
Total	<u>\$ 1,217,226</u>

4. **OTHER INFORMATION (continued)**

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

The total pension liability measured as of June 30, 2019 was based on an actuarial valuation as of December 31, 2017 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
Mortality	<p><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.</p> <p><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.</p> <p><i>Disabled retirees:</i> RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 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 (CONTINUED)
 For the Fiscal Year Ended June 30, 2020

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 2017 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.

4. **OTHER INFORMATION (continued)**

Depletion date projection

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

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

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

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

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

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

	<u>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
City's proportionate share of the net pension liability (asset)	\$ 8,746,591	\$ 5,461,802	\$ 2,712,886

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, 2020 were \$161,566.

E. Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

4. **OTHER INFORMATION (continued)**

City of Newport Employee's Retirement Plans

Defined Benefit Pension Plan

A. Plan description

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

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

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

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

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

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

4. **OTHER INFORMATION (continued)**

B. Plan membership

As of July 1, 2019, pension plan membership consisted of 25 inactive plan members (or beneficiaries) currently receiving benefits, 14 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:

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

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

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

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

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

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

The greatest early retirement benefit the participant could have received.

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

4. **OTHER INFORMATION (continued)**

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

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

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

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

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

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

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

Pre-retirement death benefits

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

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

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

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

4. **OTHER INFORMATION (continued)**

Death benefits

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

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

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

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

4. **OTHER INFORMATION (continued)**

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

Disability benefits

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

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

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

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

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

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

4. **OTHER INFORMATION (continued)**

D. Funding policy

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

The funding policy of the defined portion provides for actuarially determined periodic contributions at rates that over time provide sufficient assets available to pay benefits when dues. For the current fiscal year, \$404,045 was contributed to the plan. The plan's normal cost is \$98,316 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, 2019. Significant actuarial assumptions used in the valuation include: (a) a rate of return on the investment of present and future assets of 6.75%, (b) projected salary increases of 3% per year in addition to salary increase due to promotions and longevity.

E. Contributions

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

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

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

CITY OF NEWPORT, OREGON
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 For the Fiscal Year Ended June 30, 2020

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, 2020, the City of Newport reported a liability of \$1,244,404 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	\$ 9,442,920
Plan Fiduciary Net Position	<u>(8,198,516)</u>
Net Pension Liability	<u>\$ 1,244,404</u>
Fiduciary net position as a percentage of total pension liability	86.82%

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	\$ 8,635,623	\$ 7,332,166	\$ 1,303,457
Change for the year:			
Service cost	98,316		98,316
Interest on total pension liability	607,964		607,964
Difference between expected and actual experience	696,080		696,080
Changes of assumptions	(20,624)		(20,624)
Annuity payments	(567,480)		(567,480)
Lump sum payments	(6,959)		(6,959)
Contributions		404,045	(404,045)
Transfers and receivables from money purchase plan		757,759	(757,759)
Transfer to money purchase plan		(6,959)	6,959
Net investment income		311,449	(311,449)
Benefit payments		(567,480)	567,480
Administrative expenses		(32,464)	32,464
Ending balances	<u>\$ 9,442,920</u>	<u>\$ 8,198,516</u>	<u>\$ 1,244,404</u>

CITY OF NEWPORT, OREGON
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 For the Fiscal Year Ended June 30, 2020

4. **OTHER INFORMATION (continued)**

For the year ended June 30, 2020, the City of Newport recognized pension revenue of \$142,628. At June 30, 2020, 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	\$ 443,960	\$ 16,893
Changes of assumptions	68,412	10,312
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>836,758</u>
	<u>\$ 512,372</u>	<u>\$ 863,963</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:	
2021	\$ 62,949
2022	(162,762)
2023	(135,772)
2024	<u>(116,006)</u>
	<u>\$ (351,591)</u>

G. Actuarial valuations

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

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

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

4. **OTHER INFORMATION (continued)**

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

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

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

Valuation Date	July 1, 2019 rolled forward to June 30, 2020.
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-2019

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

I. Discount rate

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

4. **OTHER INFORMATION (continued)**

J. Long-term expected rate of return

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

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

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

	<u>1% Decrease (5.75%)</u>	<u>Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
City's proportionate share of the net pension liability (asset)	\$ 2,172,017	\$ 1,244,404	\$ 455,014

L. Changes in actuarial methods and assumptions

The mortality assumptions have been updated to use the PubG-2010 mortality tables and the MP-2019 mortality improvement scale.

M. Plan authority

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

4. **OTHER INFORMATION (continued)**

Defined Contribution Plan– City Money Purchase

A. Plan description

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

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

B. Description of benefit terms

Pension benefits

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

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

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

Death benefits

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

C. Contributions

The City makes the employee contributions of 6 percent of covered payroll to the plan. Contributions for the year ended June 30, 2020 were \$346,805.

D. Recordkeeping

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

4. **OTHER INFORMATION (continued)**

Other Postemployment Benefit Plans

The City participates in a cost-sharing multiple-employer plan that covers all fire and police employees, and a single employer plan for eligible employees. The aggregate amount of Other Postemployment Benefit (OPEB) income for the year ended June 30, 2020 is \$6,255 for all plans. Below are details related to each plan.

Oregon Public Employees Retirement System (PERS)

Defined Benefit OPEB Plan

A. Plan description

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

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

OPERS produces an independently audited Comprehensive Annual Financial Report which includes detailed information about the plan's fiduciary net position. The report can be found at:
<https://www.oregon.gov/pers/Documents/Financials/CAFR/2019-CAFR.pdf>

B. Description of benefit terms

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

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

Other Postemployment Healthcare benefits

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

To be eligible, the member must:

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

4. **OTHER INFORMATION (continued)**

Surviving spouse or dependent benefits

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

C. Contributions

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

Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation. The City contributed 0.06 percent of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits and 0.00 percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability. For the year ended June 30, 2020, the City made contributions in the amount of \$1,651 to the RHIA.

D. Actuarial valuations

Except as outlined below, the December 31, 2017 actuarial valuation used the same actuarial methods and valuation procedures to determine contribution rates as the PERS Tier One and Tier Two defined benefit pension plan as discussed in PERS pension footnote.

Economic assumptions

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

Retiree healthcare participation assumptions

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

4. **OTHER INFORMATION (continued)**

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

Net OPEB asset

At June 30, 2020, the City reported an asset of \$49,996 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB asset was based on its actual, legally required contributions made during the fiscal year with the total actual contributions of all employers during the fiscal year.

At June 30, 2019, the City's proportion was 0.0260 percent, which was an increase of 0.0259 percent from its proportion measured as of June 30, 2018.

OPEB expense

For the year ended June 30, 2020, the City recognized OPEB revenue of \$6,652.

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, 2019, 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 (CONTINUED)
 For the Fiscal Year Ended June 30, 2020

4. **OTHER INFORMATION (continued)**

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 6,593
Changes of assumptions	-	52
Net difference between projected and actual earnings on pension plan investments	-	3,086
Changes in proportionate share	85	237
Contributions subsequent to the measurement date	<u>1,651</u>	<u>-</u>
Total	<u>\$ 1,736</u>	<u>\$ 9,968</u>

Deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date in the amount of \$1,651 will be recognized as an adjust to the net OPEB (asset) / liability in the year ended June 30, 2021. 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	\$ (5,146)
2021	(4,486)
2022	(568)
2023	<u>317</u>
Total	<u>\$ (9,883)</u>

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.

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:

	<u>1% Decrease (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
Total OPEB Liability	\$ (38,760)	\$ (49,996)	\$ (59,570)

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, 2019, 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	\$ 569
For spouses of retirees	641

CITY OF NEWPORT, OREGON
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 For the Fiscal Year Ended June 30, 2020

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, 2020, the City reported a total OPEB liability of \$481,486. The total OPEB liability was measured as of June 30, 2019 and determined by an actuarial valuation as of that date.

Changes in the total OPEB liability is as follows:

	Total OPEB Liability
Balance as of June 30, 2019	\$ 436,258
Changes for the year:	
Service cost	37,007
Interest on Total OPEB Liability	17,879
Effect of assumptions changes or inputs	13,120
Effect of economic demographic gains or losses	-
Benefit payments	<u>(22,778)</u>
Balance as of June 30, 2020	<u>\$ 481,486</u>

For the year ended June 30, 2020, the City recognized OPEB expense of \$33,729. At June 30, 2020, 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	\$ -	\$ 53,001
Changes of assumptions or inputs	11,394	71,241
City's contributions subsequent to the measurement date	<u>31,667</u>	<u>-</u>
	<u>\$ 43,061</u>	<u>\$ 124,242</u>

4. **OTHER INFORMATION (continued)**

Deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date in the amount of \$31,667 will be recognized as an adjustment to the Total OPEB liability in the year ended June 30, 2021. 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,	
2021	\$ (21,157)
2022	(21,157)
2023	(21,157)
2024	(21,157)
2025	(19,597)
Thereafter	<u>(8,623)</u>
Total	<u>\$ (112,848)</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.

4. **OTHER INFORMATION (continued)**

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

Valuation Date	July 1, 2019
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-2014 Healthy Annuitant, Sex Distinct Mortality Tables Blended 50/50 Blue Collar and White Collar, Set Back One Year For Males. Mortality Is Projected on A Generational Basis Using The Unisex Social Security Data Scale.

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 3.50 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 2.50 percent.

Healthcare cost trend rate

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

<u>Year</u>	<u>Per-65 Trend</u>
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 %

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 3.50 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 (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

Discount Rate:

	<u>1% Decrease (2.50%)</u>	<u>Current Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Total OPEB Liability	\$ 518,460	\$ 481,486	\$ 447,285

Healthcare Cost Trend:

	<u>1% Decrease</u>	<u>Current Health Care Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 433,242	\$ 481,486	\$ 538,035

Risk Management

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

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

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

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

4. **OTHER INFORMATION (continued)**

Commitments and Contingent Liabilities

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

Tax Abatements

Lincoln County has established an enterprise zone under ORS 285C.050-250 that abates property taxes on new business development within the zone. As a result, the property taxes that the City will receive for the 2019-2020 levy year have been reduced by \$15,567.

Subsequent Events

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

As stated above and in the Management Discussion and Analysis, the COVID-19 pandemic was declared by the World Health Organization in March 2020. The operational and financial impacts are far reaching and will not be fully assessed until sometime in 2021, when the anticipated vaccines are widely distributed. All cities have been affected, and Newport has endeavored to monitor, plan and address issues on a proactive basis. As of release of this report, the current state of emergency declaration regarding COVID-19 extended through June 28, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NEWPORT, OREGON

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

For the Last Ten Fiscal Years¹

Measurement Date June 30,	(a) City's proportion of the net pension liability (asset)	(b) City's proportionate share of the net pension liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	0.03157548%	\$ 5,461,802	\$ 2,809,247	194.42%	80%
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)	2,595,985	-21.83%	104%

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

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

NOTES TO SCHEDULE

Changes in Benefit Terms:

The 2013 Oregon Legislature made a series of changes to PERS that lowered projected future benefit payments from the System. These changes included reductions to future Cost of Living Adjustments (COLA) made through Senate Bills 822 and 861. Senate Bill 822 also required the contribution rates scheduled to be in effect from July 2013 to June 2015 to be reduced. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future System Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the total pension liability as of June 30, 2015 compared to June 30, 2014 total pension liability.

A legislative change that occurred after the December 31, 2017 valuation date affected the plan provisions reflected for financial reporting purposes. Senate Bill 1049, signed into law in June 2019, introduced a limit on the amount of annual salary included for the calculation of benefits. Beginning in 2020, annual salary in excess of \$195,000 (as indexed in future years) will be excluded when determining member benefits. As a result, future Tier 1/Tier 2 and OPSRP benefits for certain active members are now projected to be lower than prior to the legislation. Senate Bill 1049 was reflected in the June 30, 2019 Total Pension Liability as a reduction in liability.

Changes of Assumptions:

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

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

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2020	\$ 538,516	\$ 538,516	\$ -	\$ 2,678,690	20.10%
2019	413,934	413,934	-	2,809,247	14.73%
2018	394,569	394,569	-	2,767,384	14.26%
2017	265,656	265,656	-	2,877,270	9.23%
2016	258,320	258,320	-	2,444,013	10.57%
2015	208,544	208,544	-	2,193,182	9.51%

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

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

NOTES TO SCHEDULE

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

Actuarial valuation:	December 31, 2015	December 31, 2013	December 31, 2011
Effective:	July 2017 - June 2019	July 2015 - June 2017	July 2013 - June 2015
Actuarial cost method:	Entry Age Normal	Entry Age Normal	Projected Unit Credit
Amortization method:	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Asset valuation method:	Market value	Market value	Market value
Remaining amortization periods:	20 years	20 years	N/A
Actuarial assumptions			
Inflation rate	2.50 percent	2.75 percent	2.75 percent
Projected salary increases	3.50 percent	3.75 percent	3.75 percent
Investment rate of return	7.50 percent	7.75 percent	8.00 percent

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

	June 30 2020	June 30 2019	June 30 2018	June 30, 2017	June 30, 2016	June 30, 2015
<u>Beginning of year</u>						
Total pension liability	\$ 8,635,623	\$ 8,053,710	\$ 7,872,517	\$ 7,246,065	\$ 6,860,012	\$ 6,525,032
Fiduciary net position	7,332,166	7,211,487	6,864,062	5,702,821	5,681,108	5,328,828
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>	<u>\$ 1,196,204</u>
<u>Changes in total pension liability</u>						
Service cost	\$ 98,316	\$ 100,597	\$ 120,946	\$ 134,359	\$ 141,340	\$ 166,928
Interest on total pension liability	607,964	533,239	524,396	473,831	461,564	440,163
Difference between expected and actual experience	696,080	407,936	112,457	563,229	53,539	(69,963)
Change of assumptions	(20,624)	362,739	-	392,067	-	-
Benefit payments	(574,439)	(822,598)	(576,606)	(937,034)	(270,390)	(202,148)
Net change in total pension liability	<u>\$ 807,297</u>	<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	\$ 404,045	\$ 402,347	\$ 381,589	\$ 362,578	\$ 372,150
Transfer from Money Purchase Plan	757,759	242,903	47,198	1,076,001	15,618	-
Transfer to Money Purchase Plan	(6,959)	(389,198)	(228,729)	(636,333)	-	-
Investment income (loss) net of expenses	311,449	328,566	504,959	667,952	(60,573)	207,422
Benefit payments	(567,480)	(433,400)	(347,877)	(300,701)	(270,390)	(202,148)
Administrative expenses	(32,464)	(32,237)	(30,473)	(27,267)	(25,520)	(25,144)
Net change in fiduciary net position	<u>\$ 866,350</u>	<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	\$ 9,442,920	\$ 8,635,623	\$ 8,053,710	\$ 7,872,517	\$ 7,246,065	\$ 6,860,012
Fiduciary net position	8,198,516	7,332,166	7,211,487	6,864,062	5,702,821	5,681,108
Net pension liability	<u>\$ 1,244,404</u>	<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	86.8%	84.9%	89.5%	87.2%	78.7%	82.8%
Coverd payroll	\$ 1,714,551	\$ 1,969,621	\$ 2,335,688	\$ 2,391,031	\$ 2,583,588	\$ 2,592,985
Net pension liability as a percent of covered payroll	72.6%	66.2%	36.1%	42.2%	59.7%	45.5%

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

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

<u>Year Ended June 30,</u>	<u>Rate of Return</u>
2020	4.26%
2019	4.50%
2018	7.64%
2017	11.69%
2016	-1.06%
2015	3.84%
2014	18.52%
2013	10.73%
2012	3.60%
2011	16.92%

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

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

NOTES TO SCHEDULE

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

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

Changes of Assumptions:

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

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

Year Ended June 30,	(a) Contractually determined contribution	(b) Contributions in relation to the actuarially required contribution	(a-b) Contribution deficiency (excess)	(c) Covered payroll	(b/c) Contributions as a percent of covered payroll
2020	\$ 1,651	\$ 1,651	\$ -	\$ 2,678,690	0.06%
2019	12,823	12,823	-	2,809,247	0.46%
2018	12,603	12,603	-	2,767,384	0.46%
2017	11,647	11,647	-	2,877,270	0.40%

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

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

NOTES TO SCHEDULE

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Interest	\$ 37,007	\$ 49,922	\$ 52,534
Interest	17,879	20,531	15,900
Changes of benefit terms	-	-	-
Differences between economic/demographic gains or losses	-	(71,931)	-
Changes of assumptions	13,120	(72,379)	(29,592)
Benefit payment	(22,778)	(26,691)	(14,714)
Net change in total OPEB liability	<u>45,228</u>	<u>(100,548)</u>	<u>24,128</u>
Total OPEB liability - beginning	436,258	536,806	512,678
Total OPEB liability - ending (a)	<u>\$ 481,486</u>	<u>\$ 436,258</u>	<u>\$ 536,806</u>
Covered-employee payroll	\$ 8,923,176	\$ 8,806,753	\$ 7,783,198
Total OPEB liability as a percentage of covered-employee payroll	5.4%	5.0%	6.9%

NOTES TO SCHEDULE

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

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

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

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

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

NOTES TO SCHEDULE

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

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

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

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

Silence & Smile

Are two powerful tools.

Smile is the way to solve many problems and

Silence is the way to avoid many problems

Anonymous

SUPPLEMENTARY INFORMATION

CITY OF NEWPORT, OREGON
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Miscellaneous grant	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Aviation grant	450,000	450,000	82,678	(367,322)
Federal grant	14,000	14,000	-	(14,000)
Interest on investments	79,000	79,000	110,869	31,869
Miscellaneous sales and services	-	-	300	300
Total revenues	553,000	553,000	193,847	(359,153)
EXPENDITURES:				
General	8,211,835	9,000,218	2,561,725	6,438,493
Airport improvement program	860,719	891,086	264,104	626,982
Total expenditures	9,072,554	9,891,304	2,825,829	7,065,475
Revenues over (under) expenditures	(8,519,554)	(9,338,304)	(2,631,982)	6,706,322
OTHER FINANCING SOURCES (USES):				
Transfer from Public Parking Fund	698,090	698,090	-	(698,090)
Transfer from Room Tax Fund	-	53	53	-
Transfer from Street Fund	445,860	445,860	358,831	(87,029)
Transfer from Line Undergrounding Fund	300,000	300,000	300,000	-
Transfer from SDC Fund	100,000	100,000	100,000	-
Transfer from Urban Renewal Agency Fund	1,650,000	1,650,000	1,650,000	-
Transfer from General Fund	10,000	10,000	10,000	-
Transfer from Airport Fund	50,000	50,000	50,000	-
Transfers to other funds	(1,695,649)	(2,866,390)	(2,866,390)	-
Total other financing sources (uses)	1,558,301	387,613	(397,506)	(785,119)
Net change in fund balance	(6,961,253)	(8,950,691)	(3,029,488)	5,921,203
FUND BALANCE, BEGINNING-BUDGETARY BASIS	7,064,664	9,054,102	8,868,142	(185,960)
FUND BALANCE, ENDING -BUDGETARY BASIS	<u>\$ 103,411</u>	<u>\$ 103,411</u>	<u>\$ 5,838,654</u>	<u>\$ 5,735,243</u>

CITY OF NEWPORT, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2020

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Totals Nonmajor Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 5,768,965	\$ -	\$ 2,888,250	\$ 8,657,215
Receivables				
Accounts receivable, net	500,022	-	-	500,022
Property taxes receivable	-	30,695	-	30,695
Prepaid items	41,366	-	-	41,366
Inventories	42,690	-	-	42,690
Due from other funds	192,500	-	-	192,500
	<u>6,545,543</u>	<u>30,695</u>	<u>2,888,250</u>	<u>9,464,488</u>
Total assets	<u>\$ 6,545,543</u>	<u>\$ 30,695</u>	<u>\$ 2,888,250</u>	<u>\$ 9,464,488</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and accrued expenses	\$ 214,300	\$ -	\$ 222,289	\$ 436,589
Payroll and related liabilities	46,170	-	-	46,170
Due to other funds	192,500	45,921	-	238,421
	<u>452,970</u>	<u>45,921</u>	<u>222,289</u>	<u>721,180</u>
Total liabilities	<u>452,970</u>	<u>45,921</u>	<u>222,289</u>	<u>721,180</u>
DEBRIEFED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	-	22,542	-	22,542
Unavailable revenue - other	7,357	-	-	7,357
	<u>7,357</u>	<u>22,542</u>	<u>-</u>	<u>29,899</u>
Total deferred inflows of resources	<u>7,357</u>	<u>22,542</u>	<u>-</u>	<u>29,899</u>
FUND BALANCE:				
Nonspendable	84,056	-	-	84,056
Restricted	4,833,086	-	-	4,833,086
Committed	1,168,074	-	-	1,168,074
Assigned	-	-	2,665,961	2,665,961
Unassigned	-	(37,768)	-	(37,768)
	<u>6,085,216</u>	<u>(37,768)</u>	<u>2,665,961</u>	<u>8,713,409</u>
Total fund balance	<u>6,085,216</u>	<u>(37,768)</u>	<u>2,665,961</u>	<u>8,713,409</u>
	<u>\$ 6,545,543</u>	<u>\$ 30,695</u>	<u>\$ 2,888,250</u>	<u>\$ 9,464,488</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 6,545,543</u>	<u>\$ 30,695</u>	<u>\$ 2,888,250</u>	<u>\$ 9,464,488</u>

CITY OF NEWPORT, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2020

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Totals Nonmajor Governmental Funds
REVENUES:				
Property taxes	\$ -	\$ 510,067	\$ -	\$ 510,067
Transient room taxes	1,721,927	-	-	1,721,927
Other taxes	63,890	-	-	63,890
Franchise fees, privilege taxes, licenses, and permits	212,720	-	-	212,720
Intergovernmental	1,041,360	-	-	1,041,360
Charges for services	1,372,925	-	-	1,372,925
Interest on investments	83,492	2,674	41,147	127,313
Miscellaneous	137,269	-	-	137,269
	<u>4,633,583</u>	<u>512,741</u>	<u>41,147</u>	<u>5,187,471</u>
EXPENDITURES:				
Current:				
General government	2,023,387	15,896	-	2,039,283
Highways and streets	503,594	-	-	503,594
Culture and recreation	1,711,957	-	-	1,711,957
Debt service:				
Principal	-	370,500	-	370,500
Interest	-	278,711	-	278,711
Capital outlay	90,416	-	442,146	532,562
	<u>4,329,354</u>	<u>665,107</u>	<u>442,146</u>	<u>5,436,607</u>
Revenues over (under) expenditures	<u>304,229</u>	<u>(152,366)</u>	<u>(400,999)</u>	<u>(249,136)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,797,095	93,626	1,294,407	3,185,128
Transfers out	(2,698,848)	(868)	-	(2,699,716)
	<u>(901,753)</u>	<u>92,758</u>	<u>1,294,407</u>	<u>485,412</u>
Net change in fund balance	(597,524)	(59,608)	893,408	236,276
FUND BALANCE, BEGINNING	<u>6,682,740</u>	<u>21,840</u>	<u>1,772,553</u>	<u>8,477,133</u>
FUND BALANCE, ENDING	<u>\$ 6,085,216</u>	<u>\$ (37,768)</u>	<u>\$ 2,665,961</u>	<u>\$ 8,713,409</u>

CITY OF NEWPORT, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2020

	Parks and Recreation Fund	Public Parking Fund	Housing Fund	Airport Fund
ASSETS:				
Cash and cash equivalents	\$ 396,049	\$ 349,521	\$ 243,772	\$ 82,852
Accounts receivable, net	-	16,953	-	31,106
Prepaid items	-	-	-	20,221
Inventories	-	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ 396,049	\$ 366,474	\$ 243,772	\$ 134,179
LIABILITIES:				
Accounts payable and accrued expenses	\$ 16,267.00	\$ -	\$ 4,898.00	\$ 7,689.00
Payroll and related liabilities	20,058	-	-	10,946
Due to other funds	192,500	-	-	-
Total liabilities	228,825	-	4,898	18,635
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue	-	-	-	7,357
Total deferred inflows of resources	-	-	-	7,357
FUND BALANCE:				
Nonspendable	-	-	-	20,221
Restricted	-	-	-	-
Committed	167,224	366,474	238,874	87,966
Total fund balance	167,224	366,474	238,874	108,187
Total liabilities, deferred inflows of resources and fund balance	\$ 396,049	\$ 366,474	\$ 243,772	\$ 134,179

Room Tax Fund	Building Inspection Fund	Streets Fund	Line Undergrounding Fund	SDC Fund	Agate Beach Fund	Total
\$ 53,263	\$ 558,201	\$ 685,996	\$ 294,132	\$ 2,077,484	\$ 1,027,695	\$ 5,768,965
369,694	-	68,865	13,404	-	-	500,022
21,145	-	-	-	-	-	41,366
-	-	42,690	-	-	-	42,690
-	-	-	-	-	192,500	192,500
<u>\$ 444,102</u>	<u>\$ 558,201</u>	<u>\$ 797,551</u>	<u>\$ 307,536</u>	<u>\$ 2,077,484</u>	<u>\$ 1,220,195</u>	<u>\$ 6,545,543</u>
\$ 60,824.00	\$ 74,646.00	\$ 44,265.00	\$ -	\$ -	\$ 5,711.00	\$ 214,300.00
-	8,956	6,210	-	-	-	46,170
-	-	-	-	-	-	192,500
<u>60,824</u>	<u>83,602</u>	<u>50,475</u>	<u>-</u>	<u>-</u>	<u>5,711</u>	<u>452,970</u>
-	-	-	-	-	-	7,357
-	-	-	-	-	-	7,357
21,145	-	42,690	-	-	-	84,056
362,133	474,599	704,386	-	2,077,484	1,214,484	4,833,086
-	-	-	307,536	-	-	1,168,074
<u>383,278</u>	<u>474,599</u>	<u>747,076</u>	<u>307,536</u>	<u>2,077,484</u>	<u>1,214,484</u>	<u>6,085,216</u>
<u>\$ 444,102</u>	<u>\$ 558,201</u>	<u>\$ 797,551</u>	<u>\$ 307,536</u>	<u>\$ 2,077,484</u>	<u>\$ 1,220,195</u>	<u>\$ 6,545,543</u>

CITY OF NEWPORT, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2020

	Parks and Recreation Fund	Public Parking Fund	Housing Fund	Airport Fund
REVENUES:				
Transient room taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	63,890	-
Franchise fees, privilege taxes, licenses, and permits	-	27,265	-	-
Intergovernmental	-	-	-	-
Charges for services	611,271	-	-	200,874
Interest on investments	7,197	5,457	3,675	2,139
Miscellaneous	45,303	-	-	74,986
Total revenues	<u>663,771</u>	<u>32,722</u>	<u>67,565</u>	<u>277,999</u>
EXPENDITURES:				
General government	-	4,542	43,504	651,809
Highways and streets	-	-	-	-
Culture and recreation	1,711,957	-	-	-
Capital outlay	18,028	-	-	32,331
Total expenditures	<u>1,729,985</u>	<u>4,542</u>	<u>43,504</u>	<u>684,140</u>
Revenues over (under) expenditures	<u>(1,066,214)</u>	<u>28,180</u>	<u>24,061</u>	<u>(406,141)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,248,917	-	-	402,984
Transfers out	(106,800)	-	-	(122,926)
Total other financing sources (uses)	<u>1,142,117</u>	<u>-</u>	<u>-</u>	<u>280,058</u>
Net change in fund balance	75,903	28,180	24,061	(126,083)
FUND BALANCE, BEGINNING	<u>91,321</u>	<u>338,294</u>	<u>214,813</u>	<u>234,270</u>
FUND BALANCE, ENDING	<u>\$ 167,224</u>	<u>\$ 366,474</u>	<u>\$ 238,874</u>	<u>\$ 108,187</u>

Room Tax Fund	Building Inspection Fund	Streets Fund	Line Undergrounding Fund	SDC Fund	Agate Beach Fund	Total
\$ 1,721,927	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,721,927
-	-	-	-	-	-	63,890
-	-	-	185,455	-	-	212,720
-	-	1,041,360	-	-	-	1,041,360
-	293,581	-	-	267,199	-	1,372,925
10,548	10,113	6,728	5,048	32,587	-	83,492
-	112	16,868	-	-	-	137,269
<u>1,732,475</u>	<u>303,806</u>	<u>1,064,956</u>	<u>190,503</u>	<u>299,786</u>	<u>-</u>	<u>4,633,583</u>
760,280	461,207	-	1,291	57,584	43,170	2,023,387
-	-	503,594	-	-	-	503,594
-	-	-	-	-	-	1,711,957
-	40,057	-	-	-	-	90,416
<u>760,280</u>	<u>501,264</u>	<u>503,594</u>	<u>1,291</u>	<u>57,584</u>	<u>43,170</u>	<u>4,329,354</u>
<u>972,195</u>	<u>(197,458)</u>	<u>561,362</u>	<u>189,212</u>	<u>242,202</u>	<u>(43,170)</u>	<u>304,229</u>
243	3,000	141,951	-	-	-	1,797,095
(1,261,333)	-	(643,869)	(300,000)	(263,920)	-	(2,698,848)
<u>(1,261,090)</u>	<u>3,000</u>	<u>(501,918)</u>	<u>(300,000)</u>	<u>(263,920)</u>	<u>-</u>	<u>(901,753)</u>
(288,895)	(194,458)	59,444	(110,788)	(21,718)	(43,170)	(597,524)
<u>672,173</u>	<u>669,057</u>	<u>687,632</u>	<u>418,324</u>	<u>2,099,202</u>	<u>1,257,654</u>	<u>6,682,740</u>
<u>\$ 383,278</u>	<u>\$ 474,599</u>	<u>\$ 747,076</u>	<u>\$ 307,536</u>	<u>\$ 2,077,484</u>	<u>\$ 1,214,484</u>	<u>\$ 6,085,216</u>

CITY OF NEWPORT, OREGON
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
June 30, 2020

	Debt Service Fund	G.O. Debt Service - Governmental Fund	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS:			
Receivables			
Property Taxes	\$ -	\$ 30,695	\$ 30,695
Total assets	<u>\$ -</u>	<u>\$ 30,695</u>	<u>\$ 30,695</u>
LIABILITIES:			
Due to other funds	\$ 5,477	\$ 40,444	\$ 45,921
Total liabilities	<u>5,477</u>	<u>40,444</u>	<u>45,921</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue- property taxes	-	22,542	22,542
Total deferred inflows of resource	<u>-</u>	<u>22,542</u>	<u>22,542</u>
FUND BALANCE:			
Restricted	(5,477)	(32,291)	(37,768)
Total fund balance	<u>(5,477)</u>	<u>(32,291)</u>	<u>(37,768)</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ -</u>	<u>\$ 30,695</u>	<u>\$ 30,695</u>

CITY OF NEWPORT, OREGON
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2020

	Debt Service Fund	G.O. Debt Service - Governmental Fund	Total
REVENUES:			
Property taxes	\$ -	\$ 510,067	\$ 510,067
Interest on investments	3	2,671	2,674
Total revenues	3	512,738	512,741
EXPENDITURES:			
Current			
General government	15,896	-	15,896
Debt service:			
Principal	75,500	295,000	370,500
Interest	13,658	265,053	278,711
Total expenditures	105,054	560,053	665,107
Revenues over (under) expenditures	(105,051)	(47,315)	(152,366)
OTHER FINANCING SOURCES (USES):			
Transfers in	93,626	-	93,626
Transfers out	(868)	-	(868)
Total other financing sources (uses)	92,758	-	92,758
Net change in fund balance	(12,293)	(47,315)	(59,608)
FUND BALANCE, BEGINNING	6,816	15,024	21,840
FUND BALANCE, ENDING	\$ (5,477)	\$ (32,291)	\$ (37,768)

CITY OF NEWPORT, OREGON
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 2020

	Capital Projects Reserve Fund	Capital Improvements Fund	Total
ASSETS:			
Cash and cash equivalents	\$ 2,222,290	\$ 665,960	\$ 2,888,250
Total assets	<u>2,222,290</u>	<u>665,960</u>	<u>2,888,250</u>
LIABILITIES:			
Accounts payable and accrued expenses	<u>193,693</u>	<u>28,596</u>	<u>222,289</u>
Total liabilities	<u>193,693</u>	<u>28,596</u>	<u>222,289</u>
FUND BALANCE:			
Assigned	<u>2,028,597</u>	<u>637,364</u>	<u>2,665,961</u>
Total fund balance	<u>2,028,597</u>	<u>637,364</u>	<u>2,665,961</u>
Total liabilities and fund balance	<u><u>\$ 2,222,290</u></u>	<u><u>\$ 665,960</u></u>	<u><u>\$ 2,888,250</u></u>

CITY OF NEWPORT, OREGON
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2020

	Capital Projects Reserve Fund	Capital Improvements Fund	Total
REVENUES:			
Interest on investments	\$ 30,999	\$ 10,148	\$ 41,147
Total revenues	30,999	10,148	41,147
EXPENDITURES:			
Capital outlay	283,934	158,212	442,146
Total expenditures	283,934	158,212	442,146
Revenues over (under) expenditures	(252,935)	(148,064)	(400,999)
OTHER FINANCING SOURCES (USES):			
Transfers in	1,018,014	276,393	1,294,407
Total other financing sources (uses)	1,018,014	276,393	1,294,407
Net changes in fund balances	765,079	128,329	893,408
FUND BALANCE, BEGINNING	1,263,518	509,035	1,772,553
FUND BALANCE, ENDING	<u>\$ 2,028,597</u>	<u>\$ 637,364</u>	<u>\$ 2,665,961</u>

**CITY OF NEWPORT, OREGON
PARKS AND RECREATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest on investments	\$ 7,500	\$ 7,500	\$ 7,197	\$ (303)
Special event	-	-	470	470
Rents and leases	25,000	25,000	22,876	(2,124)
60+ center revenue	17,000	17,000	16,583	(417)
60+ center rents & leases	6,880	6,880	6,767	(113)
60+ center trips revenue	6,000	6,000	4,025	(1,975)
60+ center sponsor/fundraising	-	-	3,793	3,793
Gifts and donations	-	275	275	-
Swimming pool lessons	31,500	31,500	25,994	(5,506)
Swimming pool rentals	16,250	16,250	12,159	(4,091)
Swimming pool special events	5,100	5,100	411	(4,689)
Swimming pools sponsor/fundraising	-	-	75	75
Recreation center	525,000	525,000	371,523	(153,477)
Concessions	17,000	17,000	11,592	(5,408)
Activity programs - youth	160,000	160,000	102,042	(57,958)
Activity programs - adults	8,500	8,500	7,606	(894)
Sports programs - adults	15,000	15,000	6,865	(8,135)
Sports programs - youth	40,000	40,000	37,043	(2,957)
Sports programs - special event	20,000	20,000	12,728	(7,272)
Misc. grant	-	347	13,747	13,400
Total revenues	900,730	901,352	663,771	(237,581)
EXPENDITURES:				
Parks administration	210,443	230,443	220,073	10,370
Senior center	215,925	199,925	185,288	14,637
Swimming pool	651,797	572,797	507,820	64,977
Recreation center	621,577	559,852	486,060	73,792
Recreation programs	243,189	193,536	177,422	16,114
Sports programs	227,305	212,305	153,322	58,983
Interfund loan repayment	27,500	27,500	27,500	-
Contingency	219,774	220,774	-	220,774
Total expenditures	2,417,510	2,217,132	1,757,485	459,647
Revenues over (under) expenditures	(1,516,780)	(1,315,780)	(1,093,714)	222,066
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	(98,800)	(106,800)	(106,800)	-
Transfer from General Fund	1,248,917	1,048,917	1,048,917	-
Transfer from Room Tax Fund	300,000	200,000	200,000	-
Total other financing sources (uses)	1,450,117	1,142,117	1,142,117	-
Net change in fund balance	(66,663)	(173,663)	48,403	222,066
FUND BALANCE, BEGINNING	204,284	311,284	311,321	37
FUND BALANCE, ENDING	\$ 137,621	\$ 137,621	359,724	\$ 222,103
<i>Reconciliation to generally accepted accounting principles</i>				
Due to other funds			(192,500)	
FUND BALANCE, ENDING - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES			\$ 167,224	

**CITY OF NEWPORT, OREGON
PUBLIC PARKING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest on investments	\$ 2,000	\$ 2,000	\$ 5,457	\$ 3,457
Fees in lieu of parking	15,695	15,695	27,265	11,570
Meter parking fees	265,800	265,800	-	(265,800)
Interfund loan - Agate Beach	358,000	358,000	-	(358,000)
Total revenues	641,495	641,495	32,722	(608,773)
EXPENDITURES:				
Materials and services	14,298	14,298	4,542	9,756
Contingency	257,446	267,401	-	267,401
Total expenditures	271,744	281,699	4,542	277,157
Revenues over (under) expenditures	369,751	359,796	28,180	(331,616)
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	(698,090)	(698,090)	(4,840)	693,250
Transfer from Public Parking	-	-	4,840	4,840
Total other financing sources (uses)	(698,090)	(698,090)	-	698,090
Net change in fund balance	(328,339)	(338,294)	28,180	366,474
FUND BALANCE, BEGINNING - BUDGETARY BASIS	328,339	338,294	338,294	-
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 366,474	\$ 366,474

CITY OF NEWPORT, OREGON
HOUSING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
CET affordable housing - other	\$ 17,600	\$ 17,600	\$ 20,689	\$ 3,089
CET affordable housing - Oregon	7,500	7,500	10,592	3,092
CET affordable housing - incentive	25,200	25,200	32,609	7,409
Interest on investments	3,000	3,000	3,675	675
Total revenues	53,300	53,300	67,565	14,265
EXPENDITURES:				
Affordable housing	20,168	20,168	17,282	2,886
Oregon housing and community services	7,500	23,130	26,222	(3,092)
Contingency	222,475	224,768	-	224,768
Total expenditures	250,143	268,066	43,504	224,562
Revenues over (under) expenditures	(196,843)	(214,766)	24,061	238,827
Net change in fund balance	(196,843)	(214,766)	24,061	238,827
FUND BALANCE, BEGINNING - BUDGETARY BASIS	196,843	214,766	214,813	47
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 238,874	\$ 238,874

CITY OF NEWPORT, OREGON
AIRPORT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Jet fuel	\$ 200,000	\$ 200,000	\$ 78,653	\$ (121,347)
Aviation gas	90,000	90,000	60,101	(29,899)
Oil	500	500	1,065	565
Pilot supplies	1,000	1,000	1,399	399
Food catering	1,000	1,000	237	(763)
Tie down	3,000	3,000	3,785	785
Rental car fees	18,000	18,000	24,930	6,930
Service provided for Wastewater Fund	30,704	30,704	30,704	-
Rents and leases	84,000	84,000	71,651	(12,349)
Concessions	1,300	1,300	1,140	(160)
Interest on investments	5,000	5,000	2,139	(2,861)
Miscellaneous sales and services	500	500	2,195	1,695
Total revenues	435,004	435,004	277,999	(157,005)
EXPENDITURES:				
Airport operations	741,370	827,370	684,140	143,230
Contingency	74,137	5,451	-	5,451
Total expenditures	815,507	832,821	684,140	148,681
Revenues over (under) expenditures	(380,503)	(397,817)	(406,141)	(8,324)
OTHER FINANCING SOURCES (USES):				
Transfer from General Fund	300,000	300,000	300,000	-
Transfer from Room Tax Fund	84,300	56,000	56,000	-
Transfer from Capital Projects Fund	-	46,984	46,984	-
Transfers to other funds	(122,926)	(122,926)	(122,926)	-
Total other financing sources (uses)	261,374	280,058	280,058	-
Net change in fund balance	(119,129)	(117,759)	(126,083)	(8,324)
FUND BALANCE, BEGINNING	250,645	234,275	234,270	(5)
FUND BALANCE, ENDING	\$ 131,516	\$ 116,516	\$ 108,187	\$ (8,329)

CITY OF NEWPORT, OREGON
ROOM TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Transient room tax	\$ 2,000,000	\$ 2,000,000	\$ 1,721,927	\$ (278,073)
Interest on investments	11,000	11,000	10,548	(452)
Total revenues	2,011,000	2,011,000	1,732,475	(278,525)
EXPENDITURES:				
Room tax	936,769	904,269	760,280	143,989
Contingency	93,677	466,773	-	466,773
Total expenditures	1,030,446	1,371,042	760,280	610,762
Revenues over (under) expenditures	980,554	639,958	972,195	332,237
OTHER FINANCING SOURCES (USES):				
Transfer from Capital Projects Fund	-	243	243	-
Transfers to other funds	(1,526,093)	(1,261,333)	(1,261,333)	-
Total other financing sources (uses)	(1,526,093)	(1,261,090)	(1,261,090)	-
Net change in fund balance	(545,539)	(621,132)	(288,895)	332,237
FUND BALANCE, BEGINNING - BUDGETARY BASIS	596,607	672,200	672,173	(27)
FUND BALANCE, ENDING -BUDGETARY BASIS	<u>\$ 51,068</u>	<u>\$ 51,068</u>	<u>\$ 383,278</u>	<u>\$ 332,210</u>

CITY OF NEWPORT, OREGON
BUILDING INSPECTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Building permits	\$ 75,000	\$ 75,000	68,901	\$ (6,099)
Electrical permits	45,000	45,000	43,878	(1,122)
Plumbing permits	15,000	15,000	34,163	19,163
Mechanical permits	40,000	40,000	15,948	(24,052)
Sign permits	4,250	4,250	3,683	(567)
Building plan review	125,000	125,000	65,804	(59,196)
Building state surcharge	14,000	14,000	7,790	(6,210)
Construction excise tax Lincoln County School District	42,200	42,200	35,004	(7,196)
Construction excise tax Lincoln County School District - Admin	1,800	1,800	1,459	(341)
Electrical plan review	3,500	3,500	4,080	580
Electrical state surcharge	5,400	5,400	5,277	(123)
Plumbing plan review	1,000	1,000	224	(776)
Plumbing state surcharge	1,800	1,800	4,099	2,299
Mechanical plan review	2,500	2,500	609	(1,891)
Mechanical state surcharge	4,000	4,000	1,914	(2,086)
MFD and RV parks	1,500	1,500	-	(1,500)
Building inspections reimbursement	1,000	1,000	748	(252)
Interest on investments	10,000	10,000	10,113	113
Miscellaneous sales and services	1,000	1,000	112	(888)
Total revenues	<u>393,950</u>	<u>393,950</u>	<u>303,806</u>	<u>(90,144)</u>
EXPENDITURES:				
Building inspections	516,070	556,070	501,264	54,806
Contingency	<u>51,607</u>	<u>47,742</u>	-	<u>47,742</u>
Total expenditures	<u>567,677</u>	<u>603,812</u>	<u>501,264</u>	<u>102,548</u>
Revenues over (under) expenditures	(173,727)	(209,862)	(197,458)	12,404
OTHER FINANCING SOURCES (USES):				
Transfer from General Fund	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	-
Total other financing sources (uses)	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	-
Net changes in fund balances	(170,727)	(206,862)	(194,458)	12,404
FUND BALANCES, BEGINNING	<u>672,922</u>	<u>669,057</u>	<u>669,057</u>	-
FUND BALANCES, ENDING	<u>\$ 502,195</u>	<u>\$ 462,195</u>	<u>\$ 474,599</u>	<u>\$ 12,404</u>

CITY OF NEWPORT, OREGON
STREETS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES:				
State gas tax proration	\$ 754,717	\$ 754,717	\$ 697,530	\$ (57,187)
Newport gas tax proration	200,000	200,000	172,970	(27,030)
State IS TEA entitlement	230,860	230,860	170,860	(60,000)
Interest on investments	2,000	2,000	6,728	4,728
Miscellaneous sales and services	500	500	16,868	16,368
Total revenues	<u>1,188,077</u>	<u>1,188,077</u>	<u>1,064,956</u>	<u>(123,121)</u>
EXPENDITURES:				
Street maintenance	650,133	648,833	503,594	145,239
Contingency	65,013	129,486	-	129,486
Total expenditures	<u>715,146</u>	<u>778,319</u>	<u>503,594</u>	<u>274,725</u>
Revenues over (under) expenditures	472,931	409,758	561,362	151,604
OTHER FINANCING SOURCES (USES):				
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	-	1,951	1,951	-
Transfers to other funds	(480,601)	(730,898)	(643,869)	87,029
Total other financing sources (uses)	<u>(340,601)</u>	<u>(588,947)</u>	<u>(501,918)</u>	<u>87,029</u>
Net changes in fund balances	132,330	(179,189)	59,444	238,633
FUND BALANCES, BEGINNING	<u>376,106</u>	<u>687,625</u>	<u>687,632</u>	<u>7</u>
FUND BALANCES, ENDING	<u>\$ 508,436</u>	<u>\$ 508,436</u>	<u>\$ 747,076</u>	<u>\$ 238,640</u>

CITY OF NEWPORT, OREGON
LINE UNDERGROUNDING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Franchise tax - Central Lincoln PUD	\$ 125,000	\$ 125,000	\$ 185,455	\$ 60,455
Interest on investments	5,000	5,000	5,048	48
Total revenues	130,000	130,000	190,503	60,503
EXPENDITURES:				
Line undergrounding	1,591	1,591	1,291	300
Contingency	186,155	246,655	-	246,655
Total expenditures	187,746	248,246	1,291	246,955
Revenues over (under) expenditures	(57,746)	(118,246)	189,212	307,458
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	(300,000)	(300,000)	(300,000)	-
Total other financing sources (uses)	(300,000)	(300,000)	(300,000)	-
Net changes in fund balances	(357,746)	(418,246)	(110,788)	307,458
FUND BALANCES, BEGINNING	357,746	418,246	418,324	78
FUND BALANCES, ENDING	\$ -	\$ -	\$ 307,536	\$ 307,536

CITY OF NEWPORT, OREGON
SDC FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
System development charges	\$ 525,400	\$ 525,400	\$ 264,049	\$ (261,351)
Interest from system development charges	5,020	5,020	3,150	(1,870)
Interest on investments	25,565	25,565	32,587	7,022
Total revenues	555,985	555,985	299,786	(256,199)
EXPENDITURES:				
Administrative Fees	533	58,033	57,584	449
Contingency	2,213,375	2,332,975	-	2,332,975
Total expenditures	2,213,908	2,391,008	57,584	2,333,424
Revenues over (under) expenditures	(1,657,923)	(1,835,023)	242,202	2,077,225
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	(263,920)	(263,920)	(263,920)	-
Total other financing sources (uses)	(263,920)	(263,920)	(263,920)	-
Net changes in fund balances	(1,921,843)	(2,098,943)	(21,718)	2,077,225
FUND BALANCES, BEGINNING	1,921,843	2,098,943	2,099,202	259
FUND BALANCES, ENDING	\$ -	\$ -	\$ 2,077,484	\$ 2,077,484

CITY OF NEWPORT, OREGON
AGATE BEACH FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Interfund loan repayment	\$ 27,500	\$ 27,500	\$ 27,500	\$ -
Total revenues	27,500	27,500	27,500	-
EXPENDITURES:				
Materials and services	33,633	33,633	43,170	(9,537)
Interfund loan	358,000	358,000	-	358,000
Contingency	683,291	673,521	-	673,521
Total expenditures	1,074,924	1,065,154	43,170	1,021,984
Revenues over (under) expenditures	(1,047,424)	(1,037,654)	(15,670)	1,021,984
Net changes in fund balances	(1,047,424)	(1,037,654)	(15,670)	1,021,984
FUND BALANCES, BEGINNING	1,047,424	1,037,654	1,037,654	-
FUND BALANCES, ENDING	\$ -	\$ -	1,021,984	\$ 1,021,984
<i>Reconciliation to generally accepted accounting principles</i>				
Due from other funds			192,500	
FUND BALANCE, ENDING - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES			\$ 1,214,484	

CITY OF NEWPORT, OREGON
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest on investments	\$ -	\$ -	\$ 3	\$ 3
Total revenues	-	-	3	3
EXPENDITURES:				
General debt	94,176	94,176	105,054	(10,878)
Total expenditures	94,176	94,176	105,054	(10,878)
Revenues over (under) expenditures	(94,176)	(94,176)	(105,051)	(10,875)
OTHER FINANCING SOURCES (USES):				
Transfer from General Fund	8,000	8,000	8,000	-
Transfer from Airport Fund	72,926	72,926	72,926	-
Transfer from Room Tax Fund	6,700	6,700	6,700	-
Transfer from Water Fund	5,000	5,000	5,000	-
Transfer from Wastewater Fund	1,000	1,000	1,000	-
Transfers to other funds	(868)	(868)	(868)	-
Total other financing sources (uses)	92,758	92,758	92,758	-
Net change in fund balance	(1,418)	(1,418)	(12,293)	(10,875)
FUND BALANCE, BEGINNING	1,472	1,472	6,816	5,344
FUND BALANCE, ENDING	\$ 54	\$ 54	\$ (5,477)	\$ (5,531)

CITY OF NEWPORT, OREGON
G.O. DEBT SERVICE - GOVERNMENTAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes				
Current	\$ 502,391	\$ 502,391	\$ 493,723	\$ (8,668)
Delinquent	16,090	16,090	16,344	254
Interest on investments	3,100	3,100	2,671	(429)
Total revenues	521,581	521,581	512,738	(8,843)
EXPENDITURES:				
Swimming pool GO debt	560,069	560,069	560,053	16
Total expenditures	560,069	560,069	560,053	16
Revenues over (under) expenditures	(38,488)	(38,488)	(47,315)	(8,827)
Net change in fund balance	(38,488)	(38,488)	(47,315)	(8,827)
FUND BALANCE, BEGINNING	92,370	92,370	15,024	(77,346)
FUND BALANCE, ENDING	\$ 53,882	\$ 53,882	\$ (32,291)	\$ (86,173)

CITY OF NEWPORT, OREGON
CAPITAL PROJECTS RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest on investments	\$ 18,800	\$ 18,800	\$ 30,999	\$ 12,199
Total revenues	18,800	18,800	30,999	12,199
EXPENDITURES:				
Police	31,000	32,000	31,521	479
Fire	419,000	461,000	39,611	421,389
Emergency coordinator	47,650	47,650	-	47,650
Library	1,565	19,565	19,109	456
Information technology	4,231	4,231	-	4,231
Water	-	193,693	193,693	-
Total expenditures	503,446	758,139	283,934	474,205
Revenues over (under) expenditures	(484,646)	(739,339)	(252,935)	486,404
OTHER FINANCING SOURCES (USES):				
Transfer from Room Tax Fund	200,000	200,000	200,000	-
Transfer from Water Fund	75,000	75,000	75,000	-
Transfer from Prop. Capital Project Fund	432,500	432,500	432,500	-
Transfer from General Fund	250,000	260,514	260,514	-
Transfer from URA-SO Beach	50,000	50,000	50,000	-
Total other financing sources (uses)	1,007,500	1,018,014	1,018,014	-
Net change in fund balance	522,854	278,675	765,079	486,404
FUND BALANCE, BEGINNING	1,202,311	1,263,390	1,263,518	128
FUND BALANCE, ENDING	<u>\$ 1,725,165</u>	<u>\$ 1,542,065</u>	<u>\$ 2,028,597</u>	<u>\$ 486,532</u>

CITY OF NEWPORT, OREGON
CAPITAL IMPROVEMENTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest on investments	\$ 15,000	\$ 15,000	\$ 10,148	\$ (4,852)
Total revenues	15,000	15,000	10,148	(4,852)
EXPENDITURES:				
City hall improvements	224,600	230,237	22,744	207,493
Fire improvements	168,500	179,680	45,195	134,485
VAC improvements	35,000	35,000	21,982	13,018
60+ activity center improvements	52,800	48,224	12,460	35,764
Recreation center improvements	92,000	102,890	51,028	51,862
Parks & grounds improvements	37,465	154,473	4,803	149,670
Total expenditures	610,365	750,504	158,212	592,292
Revenues over (under) expenditures	(595,365)	(735,504)	(148,064)	587,440
OTHER FINANCING SOURCES (USES):				
Transfer from General Fund	-	13,053	13,053	-
Transfer from City Facilities Fund	153,100	153,100	153,100	-
Transfer from Recreation Fund	98,800	106,800	106,800	-
Transfer from Room Tax Fund	-	3,440	3,440	-
Total other financing sources (uses)	251,900	276,393	276,393	-
Net changes in fund balances	(343,465)	(459,111)	128,329	587,440
FUND BALANCE, BEGINNING - BUDGETARY BASIS	358,465	474,111	509,035	34,924
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 15,000	\$ 15,000	\$ 637,364	\$ 622,364

CITY OF NEWPORT, OREGON
WATER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Water user charges	\$ 4,584,740	\$ 4,584,740	\$ 4,447,888	\$ (136,852)
Miscellaneous sales and services	75,000	75,000	61,293	(13,707)
New services and meters	25,000	25,000	25,881	881
Interest on investments	23,000	23,000	148,472	125,472
Total revenues	4,707,740	4,707,740	4,683,534	(24,206)
EXPENDITURES:				
Water plant	1,077,342	1,138,542	1,090,227	48,315
Water distribution	968,123	968,123	912,352	55,771
Water administrative programs	975,600	1,029,600	1,012,195	17,405
Contingency	302,107	84,810	-	84,810
Total expenditures	3,323,172	3,221,075	3,014,774	206,301
Revenues over (under) expenditures	1,384,568	1,486,665	1,668,760	182,095
OTHER FINANCING SOURCES (USES):				
Transfer from Prop. Capital Projects Fund	-	1,951	1,951	-
Transfers out	(3,368,454)	(3,369,454)	(3,369,454)	-
Total other financing sources (uses)	(3,368,454)	(3,367,503)	(3,367,503)	-
Net change in fund balance	(1,983,886)	(1,880,838)	(1,698,743)	182,095
FUND BALANCE, BEGINNING - BUDGETARY BASIS				
	4,449,565	4,346,517	4,346,517	-
FUND BALANCE, ENDING - BUDGETARY BASIS				
	\$ 2,465,679	\$ 2,465,679	2,647,774	\$ 182,095
RECONCILIATION TO NET POSITION				
Inventories			360,044	
Capital assets, net			29,257,526	
Compensated absences			(57,274)	
Deferred outflows related to pensions			61,576	
Deferred outflows related to OPEB			5,175	
Net pension liability			(149,551)	
OPEB liability			(57,865)	
Deferred inflows related to pensions			(103,830)	
Deferred inflows related to OPEB			(14,931)	
Long-term debt			(17,354,119)	
Bond premium			(99,045)	
Interest payable			(7,217,674)	
Net position at end of year			\$ 7,277,806	

CITY OF NEWPORT, OREGON
WASTEWATER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Sewer user charges	\$ 4,600,800	\$ 4,600,800	\$ 4,547,069	\$ (53,731)
Septage	55,000	55,000	50,951	(4,049)
Interest on investments	1,000	1,000	7,609	6,609
Miscellaneous sales and services	1,000	17,640	18,259	619
Total revenues	<u>4,657,800</u>	<u>4,674,440</u>	<u>4,623,888</u>	<u>(50,552)</u>
EXPENDITURES:				
Wastewater plant	1,562,576	1,562,576	1,363,295	199,281
Wastewater collections	711,396	711,396	592,587	118,809
Wastewater administrative programs	1,102,018	1,149,018	1,130,391	18,627
Contingency	337,599	282,007	-	282,007
Total expenditures	<u>3,713,589</u>	<u>3,704,997</u>	<u>3,086,273</u>	<u>618,724</u>
Revenues over (under) expenditures	<u>944,211</u>	<u>969,443</u>	<u>1,537,615</u>	<u>568,172</u>
OTHER FINANCING SOURCES (USES):				
Transfer from Prop. Capital Projects Fund	-	34,495	34,495	-
Transfers to other funds	(968,862)	(993,862)	(993,862)	-
Total other financing sources (uses)	<u>(968,862)</u>	<u>(959,367)</u>	<u>(959,367)</u>	<u>-</u>
Net change in fund balance	(24,651)	10,076	578,248	568,172
FUND BALANCE, BEGINNING - BUDGETARY BASIS	<u>450,940</u>	<u>416,213</u>	<u>416,214</u>	<u>1</u>
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ 426,289</u>	<u>\$ 426,289</u>	<u>994,462</u>	<u>\$ 568,173</u>
RECONCILIATION TO NET POSITION				
Inventories			131,091	
Capital assets, net			49,818,196	
Compensated absences			(30,563)	
Deferred outflows related to pensions			50,646	
Deferred outflows related to OPEB			4,257	
Net pension liability			(123,004)	
OPEB liability			(47,595)	
Deferred inflows related to pensions			(85,399)	
Deferred inflows related to OPEB			(12,281)	
Long-term debt			(20,366,790)	
Bond premium			(66,967)	
Interest payable			(828,330)	
Unavailable revenues			20,828	
Net position at end of year			<u>\$ 29,458,551</u>	

CITY OF NEWPORT, OREGON
STORMWATER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Capital Improvement surcharge	\$ 417,318	\$ 417,318	\$ 408,805	\$ (8,513)
Storm drain utility fees	303,084	303,084	-	(303,084)
Stormwater fees	440,000	440,000	633,668	193,668
Interest on investments	500	500	1,005	505
	<u>1,160,902</u>	<u>1,160,902</u>	<u>1,043,478</u>	<u>(117,424)</u>
EXPENDITURES:				
Stormwater maintenance	446,130	476,430	356,836	119,594
Contingency	44,613	248,954	-	248,954
	<u>490,743</u>	<u>725,384</u>	<u>356,836</u>	<u>368,548</u>
Revenues over (under) expenditure:	670,159	435,518	686,642	251,124
OTHER FINANCING SOURCES (USES):				
Transfer from street fund	34,741	285,038	285,038	-
Transfers to other funds	(671,800)	(687,456)	(687,456)	-
	<u>(637,059)</u>	<u>(402,418)</u>	<u>(402,418)</u>	<u>-</u>
Net changes in fund balances	33,100	33,100	284,224	251,124
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ 33,100</u>	<u>\$ 33,100</u>	284,224	<u>\$ 251,124</u>
RECONCILIATION TO NET POSITION				
Compensated absences			(11,628)	
Deferred outflows related to pension:			21,514	
Deferred outflows related to OPEB			1,808	
Net pension liability			(52,251)	
OPEB liability			(20,218)	
Deferred inflows related to pension:			(36,276)	
Deferred inflows related to OPEB			(5,217)	
Long-term debt			(2,667,000)	
Interest payable			(6,668)	
Net position at end of year			<u>\$ (2,491,712)</u>	

CITY OF NEWPORT, OREGON
G.O. DEBT SERVICE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes				
Current	\$ 1,957,000	\$ 1,957,000	\$ 1,923,236	\$ (33,764)
Delinquent	46,500	46,500	59,290	12,790
Interest on investment	10,000	10,000	13,313	3,313
Total revenues	<u>2,013,500</u>	<u>2,013,500</u>	<u>1,995,839</u>	<u>(17,661)</u>
EXPENDITURES:				
Water GO debt	<u>2,013,500</u>	<u>2,013,500</u>	<u>2,013,500</u>	<u>-</u>
Total expenditures	<u>2,013,500</u>	<u>2,013,500</u>	<u>2,013,500</u>	<u>-</u>
Revenues over (under) expenditures	-	-	(17,661)	(17,661)
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	<u>(486,781)</u>	<u>(486,781)</u>	<u>(355,841)</u>	<u>130,940</u>
Net changes in fund balances	(486,781)	(486,781)	(373,502)	113,279
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>604,610</u>	<u>604,610</u>	<u>345,796</u>	<u>(258,814)</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ 117,829</u>	<u>\$ 117,829</u>	<u>(27,706)</u>	<u>\$ (145,535)</u>
RECONCILIATION TO NET POSITION				
Unavailable revenues			<u>97,102</u>	
Net position at end of year			<u>\$ 69,396</u>	

CITY OF NEWPORT, OREGON
COMBINING SCHEDULE OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2020

	Business-Type Activities - Enterprise Funds				
	Water Debt Service Fund	Wastewater Debt Service Fund	Stormwater Debt Service Fund	Capital Projects Fund	Total
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ 3,523	\$ 635,229	\$ 2,312	\$ 3,352,097	\$ 3,993,161
Accounts receivable, net	-	-	-	1,832	1,832
Total assets	<u>\$ 3,523</u>	<u>\$ 635,229</u>	<u>\$ 2,312</u>	<u>\$ 3,353,929</u>	<u>\$ 3,994,993</u>
LIABILITIES:					
Current liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 824,875	\$ 824,875
Retainage payable	-	-	-	439,086	439,086
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,263,961</u>	<u>1,263,961</u>
NET POSITION:					
Restricted for:					
Capital construction	-	-	-	2,089,968	2,089,968
Debt service	3,523	635,229	2,312	-	641,064
Total net position	<u>3,523</u>	<u>635,229</u>	<u>2,312</u>	<u>2,089,968</u>	<u>2,731,032</u>
Total liabilities and net position	<u>\$ 3,523</u>	<u>\$ 635,229</u>	<u>\$ 2,312</u>	<u>\$ 3,353,929</u>	<u>\$ 3,994,993</u>

CITY OF NEWPORT, OREGON
NONMAJOR ENTERPRISE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2020

	Water Debt Service Fund	Wastewater Debt Service Fund	Stormwater Debt Service Fund	Capital Projects Fund	Total Nonmajor Enterprise Funds
REVENUES:					
Interest on investments	\$ 8	\$ 12,464	\$ 15	\$ 102,357	\$ 114,844
Total revenues	8	12,464	15	102,357	114,844
EXPENDITURES:					
Contracted services	-	-	-	42,401	42,401
Total expenditures	-	-	-	42,401	42,401
Revenues over (under) expenditures	8	12,464	15	59,956	72,443
OTHER FINANCING SOURCES (USES):					
Grants	-	-	-	325,087	325,087
Transfers in	1,033,782	837,663	397,524	11,938,590	14,207,559
Transfers out	(1,032,476)	(558,949)	(395,227)	(11,305,629)	(13,292,281)
Total other financing sources (uses)	1,306	278,714	2,297	958,048	1,240,365
Net change in fund balance	1,314	291,178	2,312	1,018,004	1,312,808
NET POSITION - BEGINNING	2,209	344,051	-	1,071,964	1,418,224
NET POSITION - ENDING	<u>\$ 3,523</u>	<u>\$ 635,229</u>	<u>\$ 2,312</u>	<u>\$ 2,089,968</u>	<u>\$ 2,731,032</u>

CITY OF NEWPORT, OREGON
PROPRIETARY FUNDS
SCHEDULE OF CASH FLOWS
For the Fiscal Year Ended June 30, 2020

	Business-Type Activities - Enterprise Funds				
	Water Debt Service Fund	Wastewater Debt Service Fund	Stormwater Debt Service Fund	Capital Projects Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ -	\$ -	\$ -	\$ (1,832)	\$ (1,832)
Cash payments to suppliers of goods and services	5,790	-	-	(33,494)	(27,704)
Net cash provided by (used for) operating activities	5,790	-	-	(35,326)	(29,536)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Advance to other fund	(3,581)	-	-	-	(3,581)
Net cash provided by (used for) non-capital financing activities	(3,581)	-	-	-	(3,581)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Purchase of capital assets	-	-	-	(10,825,025)	(10,825,025)
Proceeds from the issuance of debt	-	-	-	6,268,048	6,268,048
Grants	-	-	-	325,087	325,087
Transfers in	1,033,782	837,663	397,524	5,670,542	7,939,511
Transfers out	-	-	-	(480,604)	(480,604)
Principal payments	(211,285)	(485,000)	(291,000)	-	(987,285)
Interest payment	(821,191)	(73,949)	(104,227)	-	(999,367)
Net cash provided by (used for) capital and related financing activities	1,306	278,714	2,297	958,048	1,240,365
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on investments	8	12,464	15	102,357	114,844
Net cash provided by investing activities	8	12,464	15	102,357	114,844
Net increase (decrease) in cash and cash equivalents	3,523	291,178	2,312	1,025,079	1,322,092
CASH AND CASH EQUIVALENTS, BEGINNING	-	344,051	-	2,327,018	2,671,069
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 3,523</u>	<u>\$ 635,229</u>	<u>\$ 2,312</u>	<u>\$ 3,352,097</u>	<u>\$ 3,993,161</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:					
Operating Income	\$ -	\$ -	\$ -	\$ (42,401)	\$ (42,401)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Changes in assets, deferred outflows, liabilities and deferred inflows:					
Receivables	-	-	-	(1,832)	(1,832)
Prepaid items	5,790	-	-	-	5,790
Accounts payable	-	-	-	(430,179)	(430,179)
Retainage payable	-	-	-	439,086	439,086
Net cash provided by (used for) operating activities	<u>\$ 5,790</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (35,326)</u>	<u>\$ (29,536)</u>
NON-CASH CAPITAL FINANCING ACTIVITIES:					
Transfers in	\$ -	\$ -	\$ -	\$ 6,268,048	\$ 6,268,048
Transfers out	(1,032,476)	(558,949)	(395,227)	(10,825,025)	(12,811,677)
Total non-cash capital financing activities	<u>\$ (1,032,476)</u>	<u>\$ (558,949)</u>	<u>\$ (395,227)</u>	<u>\$ (4,556,977)</u>	<u>\$ (6,543,629)</u>

**CITY OF NEWPORT, OREGON
WATER DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest on investments	\$ 500	\$ 500	\$ 8	\$ (492)
Total revenues	500	500	8	(492)
EXPENDITURES:				
General debt	69,476	70,476	69,476	1,000
Revenue bonds debt	965,987	965,987	963,000	2,987
Total expenditures	1,035,463	1,036,463	1,032,476	3,987
Revenues over (under) expenditures	(1,034,963)	(1,035,963)	(1,032,468)	3,495
OTHER FINANCING SOURCES (USES):				
Transfer from Water Fund	1,032,782	1,033,782	1,033,782	-
Total other financing sources (uses)	1,032,782	1,033,782	1,033,782	-
Net change in fund balance	(2,181)	(2,181)	1,314	3,495
FUND BALANCE, BEGINNING - BUDGETARY BASIS	2,681	2,681	2,209	(472)
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 500	\$ 500	\$ 3,523	\$ 3,023

CITY OF NEWPORT, OREGON
WASTEWATER DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest on investments	\$ 9,500	\$ 9,500	\$ 12,464	\$ 2,964
Total revenues	9,500	9,500	12,464	2,964
EXPENDITURES:				
General debt	558,963	558,963	558,949	14
Total expenditures	558,963	558,963	558,949	14
Revenues over (under) expenditures	(549,463)	(549,463)	(546,485)	2,978
OTHER FINANCING SOURCES (USES):				
Transfer from Room Tax Fund	155,381	155,381	155,381	-
Transfer from SDC Fund	33,920	33,920	33,920	-
Transfer from Wastewater Fund	648,362	648,362	648,362	-
Total other financing sources (uses)	837,663	837,663	837,663	-
Net change in fund balance	288,200	288,200	291,178	2,978
FUND BALANCE, BEGINNING - BUDGETARY BASIS				
	341,220	341,220	344,051	2,831
FUND BALANCE, ENDING - BUDGETARY BASIS				
	\$ 629,420	\$ 629,420	\$ 635,229	\$ 5,809

CITY OF NEWPORT, OREGON
STORMWATER DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Interest on investments	\$ -	\$ -	\$ 15	\$ 15
Total revenues	-	-	15	15
EXPENDITURES:				
2018 stormwater debt	379,740	379,740	379,571	169
DEQ debt	-	15,656	15,656	-
Total expenditures	379,740	395,396	395,227	169
Revenues over (under) expenditures	(379,740)	(395,396)	(395,212)	184
OTHER FINANCING SOURCES (USES):				
Transfer from debt service governmental	868	868	868	-
Transfer from stormwater fund	381,000	396,656	396,656	-
Total other financing sources (uses)	381,868	397,524	397,524	-
Net changes in fund balances	2,128	2,128	2,312	184
FUND BALANCE, BEGINNING BUDGETARY BASIS	-	-	-	-
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ 2,128</u>	<u>\$ 2,128</u>	<u>\$ 2,312</u>	<u>\$ 184</u>

**CITY OF NEWPORT, OREGON
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
State grants	\$ -	\$ -	\$ 25,000	\$ 25,000
OWRD place based plan grant	75,000	75,000	-	(75,000)
Local improvement district revenue	250,000	250,000	-	(250,000)
Local and private grants miscellaneous	-	31,840	35,840	4,000
Interest on investments	6,000	6,000	102,357	96,357
Safe drinking water grant	30,515	30,515	14,247	(16,268)
IFA grant	250,000	250,000	250,000	-
Total revenues	611,515	643,355	427,444	(215,911)
EXPENDITURES:				
Water	6,661,798	7,144,482	3,009,348	4,135,134
Wastewater	10,564,638	11,171,877	6,189,870	4,982,007
Stormwater	2,406,922	3,528,485	1,668,208	1,860,277
Total expenditures	19,633,358	21,844,844	10,867,426	10,977,418
Revenues over (under) expenditures	(19,021,843)	(21,201,489)	(10,439,982)	10,761,507
OTHER FINANCING SOURCES (USES):				
Bond and loan proceeds	10,141,484	10,141,484	6,268,048	(3,873,436)
Transfers in	4,512,321	5,670,542	5,670,542	-
Transfers out	(432,500)	(480,604)	(480,604)	-
Total other financing sources (uses)	14,221,305	15,331,422	11,457,986	(3,873,436)
Net changes in fund balances	(4,800,538)	(5,870,067)	1,018,004	6,888,071
FUND BALANCE, BEGINNING BUDGETARY BASIS	4,916,538	5,876,067	1,071,964	(4,804,103)
FUND BALANCE, ENDING BUDGETARY BASIS	\$ 116,000	\$ 6,000	\$ 2,089,968	\$ 2,083,968

CITY OF NEWPORT, OREGON
INTERNAL SERVICE FUNDS
COMBINING SCHEDULE OF NET POSITION
June 30, 2020

	Internal Service Funds		
	Public Works Fund	City Facility Fund	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 778,827	\$ 560,898	\$ 1,339,725
Receivables	10,094	-	10,094
Total current assets	<u>788,921</u>	<u>560,898</u>	<u>1,349,819</u>
Noncurrent assets:			
Capital assets:			
Land and construction in progress	599,340	-	599,340
Other capital assets, net of depreciation	155,791	-	155,791
Total noncurrent assets	<u>755,131</u>	<u>-</u>	<u>755,131</u>
Total assets	<u>1,544,052</u>	<u>560,898</u>	<u>2,104,950</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	45,398	29,798	75,196
Deferred outflows related to OPEB	3,815	2,504	6,319
Total deferred outflows of resources	<u>49,213</u>	<u>32,302</u>	<u>81,515</u>
Total deferred outflows of resources and assets	<u>\$ 1,593,265</u>	<u>\$ 593,200</u>	<u>\$ 2,186,465</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
LIABILITIES:			
Current liabilities:			
Accounts payable	\$ 1,220	\$ 78,966	\$ 80,186
Accrued payroll and other payroll liabilities	28,148	17,152	45,300
Accrued compensated absences	48,652	26,393	75,045
Total current liabilities	<u>78,020</u>	<u>122,511</u>	<u>200,531</u>
Noncurrent liabilities:			
Net pension liability	110,260	72,371	182,631
Net OPEB liability	42,660	28,003	70,663
Total noncurrent liabilities	<u>152,920</u>	<u>100,374</u>	<u>253,294</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	76,551	50,246	126,797
Deferred inflows related to OPEB	11,008	7,226	18,234
Total deferred inflows of resources	<u>87,559</u>	<u>57,472</u>	<u>145,031</u>
NET POSITION:			
Investment in capital assets	755,131	-	755,131
Unrestricted	519,635	312,843	832,478
Total net position	<u>1,274,766</u>	<u>312,843</u>	<u>1,587,609</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,593,265</u>	<u>\$ 593,200</u>	<u>\$ 2,186,465</u>

CITY OF NEWPORT, OREGON
INTERNAL SERVICE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2020

	Internal Service Funds		
	Public Works Fund	City Facility Fund	Total
OPERATING REVENUES:			
Service charges and fees	\$ 934,947	\$ 288,998	\$ 1,223,945
Miscellaneous	-	19,705	19,705
Total operating revenues	934,947	308,703	1,243,650
OPERATING EXPENSES:			
Salaries and wages	837,507	551,143	1,388,650
Contracted services	2,452	263,542	265,994
Property services	13,545	127,701	141,246
Operating supplies	13,002	11,732	24,734
Utilities	-	455,697	455,697
Depreciation and amortization	32,440	-	32,440
Repairs and maintenance	3,839	176,771	180,610
Charges for services	62,039	77,625	139,664
Miscellaneous	29,187	112,157	141,344
Total operating expenses	994,011	1,776,368	2,770,379
Operating income (loss)	(59,064)	(1,467,665)	(1,526,729)
NON-OPERATING REVENUES (EXPENSE):			
Grants	15,207	-	15,207
Interest on investments	11,576	4,576	16,152
Total non-operating income (expenses)	26,783	4,576	31,359
Net income (loss) before transfers	(32,281)	(1,463,089)	(1,495,370)
TRANSFERS:			
Transfers in	-	1,855,347	1,855,347
Transfers out	-	(153,100)	(153,100)
Total transfers in(out)	-	1,702,247	1,702,247
Net change in fund balance	(32,281)	239,158	206,877
NET POSITION, BEGINNING	1,307,047	73,685	1,380,732
NET POSITION, ENDING	\$ 1,274,766	\$ 312,843	\$ 1,587,609

CITY OF NEWPORT, OREGON
INTERNAL SERVICE FUNDS
COMBINING SCHEDULE OF CASH FLOWS
For the Fiscal Year Ended June 30, 2020

	Internal Service Funds		
	Public Works Fund	City Facility Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 924,853	\$ 288,998	\$ 1,213,851
Services provided to other funds	-	19,705	19,705
Cash payments to suppliers of goods and services	(63,489)	(1,169,560)	(1,233,049)
Cash payments to employees for services	(754,248)	(435,780)	(1,190,028)
Cash payments to other funds	(62,039)	(77,625)	(139,664)
Net cash provided by (used for) operating activities	<u>45,077</u>	<u>(1,374,262)</u>	<u>(1,329,185)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers in	-	1,855,347	1,855,347
Transfers out	-	(153,100)	(153,100)
Net cash provided by (used for) non-capital financing activities	<u>-</u>	<u>1,702,247</u>	<u>1,702,247</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Grants	15,207	-	15,207
Net cash provided by capital and related financing activities	<u>15,207</u>	<u>-</u>	<u>15,207</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	11,576	4,576	16,152
Net cash provided by investing activities	<u>11,576</u>	<u>4,576</u>	<u>16,152</u>
Net increase (decrease) in cash and cash equivalents	71,860	332,561	404,421
CASH AND CASH EQUIVALENTS, BEGINNING	<u>706,967</u>	<u>228,337</u>	<u>935,304</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 778,827</u>	<u>\$ 560,898</u>	<u>\$ 1,339,725</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating Income	\$ (59,064)	\$ (1,467,665)	\$ (1,526,729)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	32,440	-	32,440
Changes in assets, deferred outflows, liabilities and deferred inflows:			
Receivables	(10,094)	-	(10,094)
Prepaid items	117	-	117
Deferred outflows of resources	21,013	(26,044)	(5,031)
Accounts payable	(1,581)	(21,960)	(23,541)
Payroll and related items	1,979	(979)	1,000
Compensated absences	17,378	1,947	19,325
Other postemployment benefit liability	22,599	26,383	48,982
Net pension liability	(5,165)	62,069	56,904
Deferred inflows of resources	25,455	51,987	77,442
Net cash provided by (used for) operating activities	<u>\$ 45,077</u>	<u>\$ (1,374,262)</u>	<u>\$ (1,329,185)</u>

CITY OF NEWPORT, OREGON
PUBLIC WORKS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Service provided for Street Fund	\$ 93,495	\$ 93,495	\$ 93,495	\$ -
Service provided for Water Fund	373,979	373,979	373,979	-
Service provided for Wastewater Fund	373,979	373,979	373,979	-
Service provided for Stormwater Fund	93,494	93,494	93,494	-
Interest on investments	6,000	6,000	11,576	5,576
Miscellaneous sales and services	2,000	2,000	-	(2,000)
CARES grant	-	-	15,207	15,207
Total revenues	<u>942,947</u>	<u>942,947</u>	<u>961,730</u>	<u>18,783</u>
EXPENDITURES:				
Public works administration	321,411	348,611	325,296	23,315
Engineering services	754,727	727,527	554,995	172,532
Contingency	107,614	134,114	-	134,114
Total expenditures	<u>1,183,752</u>	<u>1,210,252</u>	<u>880,291</u>	<u>329,961</u>
Net change in fund balance	(240,805)	(267,305)	81,439	348,744
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>651,529</u>	<u>678,029</u>	<u>678,114</u>	<u>85</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u><u>\$ 410,724</u></u>	<u><u>\$ 410,724</u></u>	<u>759,553</u>	<u><u>\$ 348,829</u></u>
RECONCILIATION TO NET POSITION				
Capital asset, net			755,131	
Compensated absences			(48,652)	
Deferred outflows related to pensions			45,398	
Deferred outflows related to OPEB			3,815	
Net pension liability			(110,260)	
OPEB liability			(42,660)	
Deferred inflows related to pensions			(76,551)	
Deferred inflows related to OPEB			(11,008)	
Net position at end of year			<u><u>\$ 1,274,766</u></u>	

CITY OF NEWPORT, OREGON
CITY FACILITY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Matching funds	\$ 600,000	\$ 600,000	\$ -	\$ (600,000)
Visual arts center revenue	20,000	20,000	205	(19,795)
Interest on investments	4,200	4,200	4,576	376
City facilities rental income	288,998	288,998	288,998	-
Miscellaneous sales and services	-	19,500	19,500	-
Total revenues	913,198	932,698	313,279	(619,419)
EXPENDITURES:				
Facilities administration	387,894	387,894	297,502	90,392
City hall facility	122,895	122,895	113,182	9,713
Fire facilities	77,900	57,800	49,366	8,434
Library facility	79,225	83,225	76,003	7,222
Parks facilities and grounds	487,595	492,595	423,166	69,429
City public restrooms	117,118	122,118	99,329	22,789
Pier & boardwalks	8,125	9,125	8,584	541
Performing arts center	775,222	785,222	126,908	658,314
Visual arts center	125,335	130,335	89,775	40,560
Street lights	315,400	345,400	376,211	(30,811)
Contingency	237,560	207,540	-	207,540
Total expenditures	2,734,269	2,744,149	1,660,026	1,084,123
Revenues over (under) expenditures	(1,821,071)	(1,811,451)	(1,346,747)	464,704
OTHER FINANCING SOURCES (USES):				
Transfers in	1,809,000	1,855,347	1,855,347	-
Transfers out	(153,100)	(153,100)	(153,100)	-
Total other financing sources (uses)	1,655,900	1,702,247	1,702,247	-
Net changes in fund balances	(165,171)	(109,204)	355,500	464,704
FUND BALANCE, BEGINNING BUDGETARY BASIS	165,171	109,204	109,280	76
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	464,780	\$ 464,780
RECONCILIATION TO NET POSITION				
Compensated absences			(26,393)	
Deferred outflows related to pensions			29,798	
Deferred outflows related to OPEB			2,504	
Net pension liability			(72,371)	
OPEB liability			(28,003)	
Deferred inflows related to pensions			(50,246)	
Deferred inflows related to OPEB			(7,226)	
Net position at end of year			<u>\$ 312,843</u>	

Life is like a taxi. The meter just keeps a-ticking
Whether you are getting somewhere or
Just standing still.
John Wayne

STATISTICAL SECTION

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)

	2011	2012	2013	2014	2015
Governmental Activities					
Net investment in capital assets	\$ 34,067,289	\$ 34,587,900	\$ 37,076,075	\$ 32,776,862	\$ 36,828,050
Restricted	3,212,002	2,021,952	1,897,970	791,582	18,367,842
Unrestricted	8,779,162	9,302,518	9,223,667	18,471,205	5,038,816
Total governmental activities net position	<u>46,058,453</u>	<u>45,912,370</u>	<u>48,197,712</u>	<u>52,039,649</u>	<u>60,234,708</u>
Business-type activities					
Net investment in capital assets	27,293,814	31,225,370	33,161,900	34,062,589	31,271,352
Restricted	830,128	1,101,568	1,068,652	1,176,784	4,548,076
Unrestricted	4,495,156	1,885,022	1,095,920	2,722,774	3,620,402
Total business-type activities net position	<u>32,619,098</u>	<u>34,211,960</u>	<u>35,326,472</u>	<u>37,962,147</u>	<u>39,439,830</u>
Total City of Newport					
Net investment in capital assets	61,361,103	65,813,270	70,237,975	66,839,451	68,099,402
Restricted	4,042,130	3,123,520	2,966,622	1,968,366	22,915,918
Unrestricted	13,274,318	11,187,540	10,319,587	21,193,979	8,659,218
Total net position	<u>\$ 78,677,551</u>	<u>\$ 80,124,330</u>	<u>\$ 83,524,184</u>	<u>\$ 90,001,796</u>	<u>\$ 99,674,538</u>

In the ten years since the City began reporting under GASB Statement 34, the net position of governmental activities increased by approximately 75 percent \$34,372,000. This increase is broken down as follows: Capital Assets less related debt increased by \$30,500,000. Restricted assets grew \$8,608,000 while the Unrestricted fell by \$4,735,000 for a net gain of \$13,343,000.

During the same time frame (ten years), the net position of the business-type activities have increased by 15 percent \$5,701,000. This increase is broken down as follows: Capital Assets less related debt increased by \$14,321,000. Restricted assets grew \$1,970,000 while the Unrestricted fell by \$10,590,000 for a net loss of \$8,620,000.

Note 1: GASB 68 adopted

Note 2: GASB 75 adopted

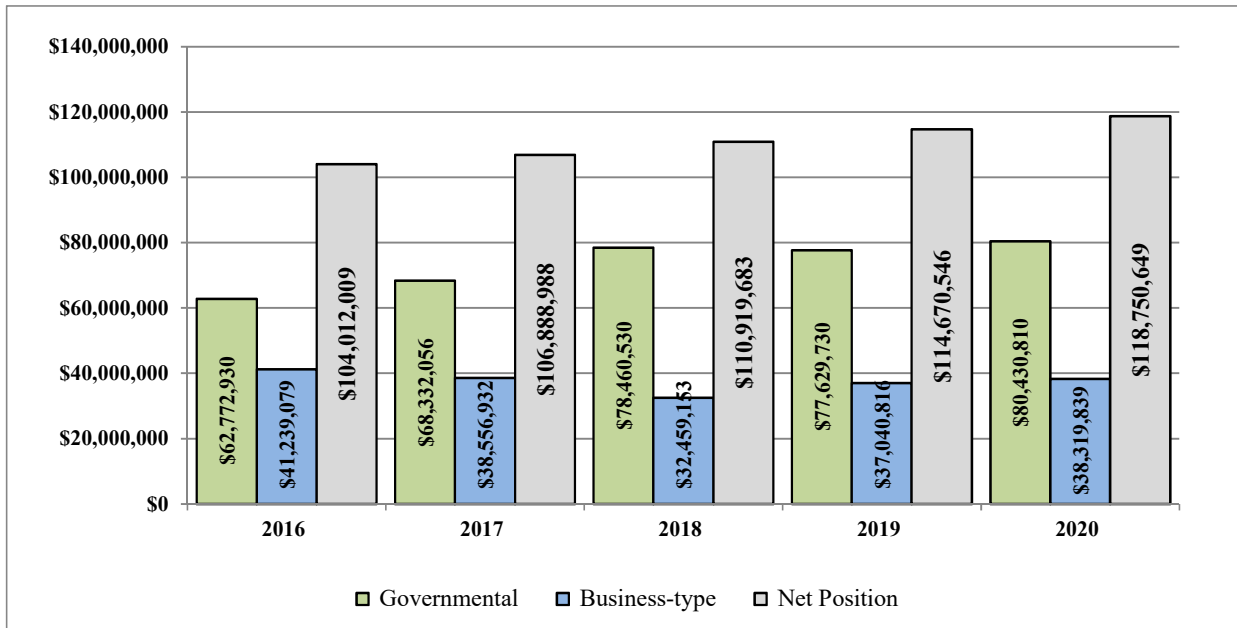
Source: City of Newport 2011-2020 Annual Financial Reports

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

2016	2017	2018	2019	2020	
					Governmental Activities
\$ 47,957,375	\$ 55,462,857	\$ 61,363,627	\$ 61,753,931	\$ 64,567,300	Net investment in capital assets
12,536,216	9,818,841	16,131,218	17,622,044	11,819,747	Restricted
2,279,339	3,050,358	965,685	(1,746,245)	4,043,763	Unrestricted
<u>62,772,930</u>	<u>68,332,056</u>	<u>78,460,530</u>	<u>77,629,730</u>	<u>80,430,810</u>	Total governmental activities net position
					Business-type activities
35,038,648	\$ 37,154,863	\$ 32,912,784	\$ 35,237,692	\$ 41,614,582	Net investment in capital assets
3,199,262	2,922,277	1,305,902	1,873,545	2,800,428	Restricted
3,001,169	(1,520,208)	(1,759,533)	(70,421)	(6,095,171)	Unrestricted
<u>41,239,079</u>	<u>38,556,932</u>	<u>32,459,153</u>	<u>37,040,816</u>	<u>38,319,839</u>	Total business-type activities net position
					Total City of Newport
82,996,023	92,617,720	94,276,411	96,991,623	106,181,882	Net investment in capital assets
15,735,478	12,741,118	17,437,120	19,495,589	14,620,175	Restricted
5,280,508	1,530,150	(793,848)	(1,816,666)	(2,051,408)	Unrestricted
<u>\$ 104,012,009</u>	<u>\$ 106,888,988</u>	<u>\$ 110,919,683</u>	<u>\$ 114,670,546</u>	<u>\$ 118,750,649</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)

	2011	2012	2013	2014	2015
Expenses					
Governmental activities:					
General government	2,760,233	2,946,250	2,524,975	2,620,714	5,446,621
Public safety	4,897,412	5,910,614	5,409,033	6,013,687	5,185,741
Highways and streets	486,823	715,630	1,398,550	1,530,448	1,905,912
Economic development	1,329,239	2,268,506	2,022,285	1,815,605	-
Culture and recreation	2,966,405	2,917,529	2,162,587	2,265,394	2,600,685
Airport operations	2,302,109	804,391	2,398,097	795,401	-
Facilities & Parks	-	-	-	704,184	-
Interest on long-term debt	485,616	408,038	442,850	411,693	758,037
Total governmental activities expenses	<u>15,227,837</u>	<u>15,970,958</u>	<u>16,358,377</u>	<u>16,157,126</u>	<u>15,896,996</u>
Business-type activities					
Water	1,903,871	2,360,710	2,204,937	3,276,390	3,622,964
Sewer	3,602,579	2,914,571	3,688,140	2,834,964	4,334,154
Stormwater	-	-	-	-	-
Capital Projects	-	-	-	-	247,936
Total business-type activities expenses	<u>5,506,450</u>	<u>5,275,281</u>	<u>5,893,077</u>	<u>6,111,354</u>	<u>8,205,054</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General Government (1)	494,299	377,544	377,993	421,764	3,517,226
Public Safety	-	-	-	-	429,024
Highways and Streets	81,513	126,521	85,367	205,010	441,582
Economic development	412,433	182,511	123,842	140,926	-
Culture and recreation	637,297	512,375	572,929	585,687	691,150
Airport operations	450,968	427,648	343,298	532,163	-
Operating grants and contributions	-	-	-	-	127,365
Capital grants and contributions	1,813,418	90,658	2,057,293	2,804,362	5,978,209
Total governmental activities program revenues	<u>3,889,928</u>	<u>1,717,257</u>	<u>3,560,722</u>	<u>4,689,912</u>	<u>11,184,556</u>
Business-type activities					
Water	2,135,827	2,417,535	2,826,126	3,328,473	3,573,859
Sewer	2,934,904	3,148,882	3,215,260	3,813,260	3,841,320
Stormwater	-	-	-	-	-
Total business-type activities program revenues	<u>5,070,731</u>	<u>5,566,417</u>	<u>6,041,386</u>	<u>7,141,733</u>	<u>7,415,179</u>
Total program revenues	<u>8,960,659</u>	<u>7,283,674</u>	<u>9,602,108</u>	<u>11,831,645</u>	<u>18,599,735</u>
General Revenues					
Governmental activities:					
Taxes:					
Property taxes used for general purposes	8,100,988	7,738,397	7,778,988	7,777,047	6,245,760
Property taxes used for debt service	-	-	-	-	2,408,623
Transient room taxes used for general purposes	2,297,243	2,367,590	2,419,699	2,964,050	3,167,392
Licenses, Permits & Fees	840,949	1,036,047	1,358,095	835,533	724,801
Fines & Forfeitures	210,133	177,919	179,432	156,070	-
Motor fuel	-	-	-	-	1,308,389
Cigarette, liquor, marijuana and const excise tax (CET)	-	-	-	-	240,401
Other Taxes	845,524	1,046,275	1,061,986	1,603,594	-
Intergovernmental (+grants)	2,721,208	1,151,530	658,707	850,074	-
Loss on Disposal	-	-	(129,986)	-	-
Unrestricted interest earnings	40,947	45,753	58,573	217,720	106,880
Miscellaneous	452,534	641,840	1,010,092	675,871	379,998
Gain on sale of capital assets	-	-	-	-	-
Total governmental activities general revenues	<u>15,509,526</u>	<u>14,205,351</u>	<u>14,395,586</u>	<u>15,079,959</u>	<u>14,582,244</u>
Prior period adjustments	-	-	-	-	-
Transfers	(7,442,237)	(82,709)	687,411	229,192	(172,072)
Total governmental activities	<u>8,067,289</u>	<u>14,122,642</u>	<u>15,082,997</u>	<u>15,309,151</u>	<u>14,410,172</u>

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

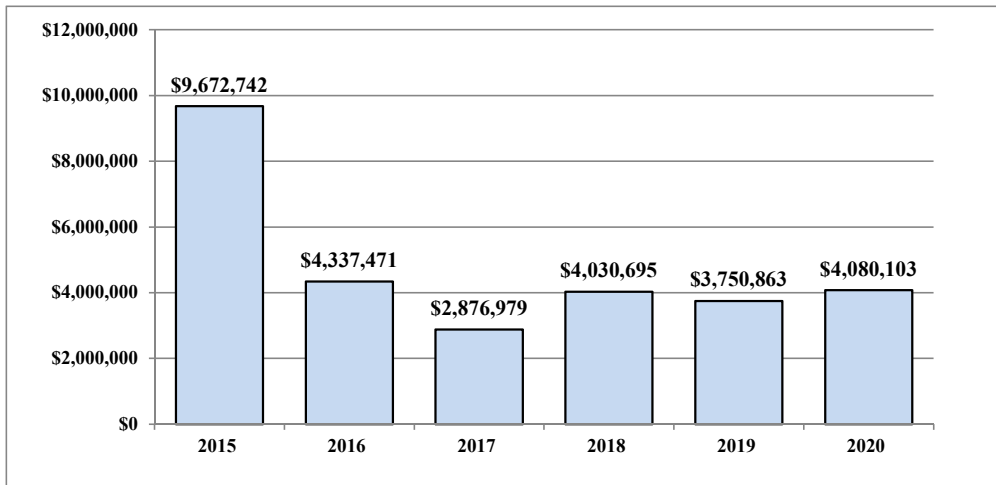
2016	2017	2018	2019	2020	
					Expenses
					Governmental activities:
6,271,284	6,708,369	7,070,473	6,974,042	8,797,823	General government
7,122,338	6,475,521	6,611,040	7,024,000	7,715,840	Public safety
1,391,446	1,694,645	1,858,877	1,737,166	756,036	Highways and streets
-	-	-	-	-	Economic development
2,680,451	2,941,138	3,872,839	4,136,018	3,453,213	Culture and recreation
-	-	-	-	-	Airport operations
-	-	-	-	-	Facilities & Parks
716,647	641,681	583,024	614,849	502,835	Interest on long-term debt
<u>18,182,166</u>	<u>18,461,354</u>	<u>19,996,253</u>	<u>20,486,075</u>	<u>21,225,747</u>	Total governmental activities expenses
					Business-type activities
5,016,453	6,094,409	7,271,364	6,319,871	8,826,163	Water
3,383,671	3,456,552	2,539,598	4,153,178	11,495,261	Sewer
-	-	-	-	2,230,813	Stormwater
-	-	-	-	-	Capital Projects
<u>8,400,124</u>	<u>9,550,961</u>	<u>9,810,962</u>	<u>10,473,049</u>	<u>22,552,237</u>	Total business-type activities expenses
					Program Revenues
					Governmental activities:
					Charges for services:
2,617,314	2,774,718	2,540,739	1,907,132	2,295,466	General Government (1)
493,593	388,197	465,808	545,777	336,567	Public Safety
435,731	452,828	463,743	1,082,894	220,060	Highways and Streets
-	-	-	-	-	Economic development
607,228	799,377	836,585	854,680	1,166,184	Culture and recreation
-	-	-	-	-	Airport operations
188,354	54,964	816,211	789,799	1,011,200	Operating grants and contributions
1,743,842	3,441,549	1,941,312	1,333,493	82,678	Capital grants and contributions
<u>6,086,062</u>	<u>7,911,633</u>	<u>7,064,398</u>	<u>6,513,775</u>	<u>5,112,155</u>	Total governmental activities program revenues
					Business-type activities
3,537,147	4,056,102	4,455,924	4,327,951	7,869,378	Water
3,831,317	4,029,679	4,066,006	4,242,558	13,443,236	Sewer
-	-	-	-	1,034,954	Stormwater
<u>7,368,464</u>	<u>8,085,781</u>	<u>8,521,930</u>	<u>8,570,509</u>	<u>22,347,568</u>	Total business-type activities program revenues
<u>13,454,526</u>	<u>15,997,414</u>	<u>15,586,328</u>	<u>15,084,284</u>	<u>27,459,723</u>	Total program revenues
					General Revenues
					Governmental activities:
					Taxes:
6,342,098	6,482,576	6,629,032	6,822,818	8,623,602	Property taxes used for general purposes
2,393,393	2,677,775	3,038,201	3,358,110	2,026,884	Property taxes used for debt service
3,569,523	3,743,308	4,248,219	4,402,983	3,743,320	Transient room taxes used for general purposes
1,421,518	1,350,193	1,259,130	1,325,445	1,434,629	Franchise fees
-	-	-	-	-	Fines & Forfeitures
761,637	817,131	166,966	190,099	870,500	Motor fuel
274,987	303,930	550,546	536,675	692,108	Cigarette, liquor, marijuana and const excise tax (CET)
-	-	-	-	-	Other Taxes
-	-	-	-	-	Intergovernmental (+grants)
-	-	-	-	-	Loss on Disposal
148,909	201,725	290,164	585,896	384,856	Unrestricted interest earnings
505,102	391,231	287,475	365,973	275,991	Miscellaneous
-	1,650,272	-	-	-	Gain on sale of capital assets
<u>15,417,167</u>	<u>17,618,141</u>	<u>16,469,733</u>	<u>17,587,999</u>	<u>18,051,890</u>	Total governmental activities general revenues
-	-	-	-	-	Prior period adjustments
(782,845)	(1,509,294)	6,638,046	(1,198,499)	862,782	Transfers
<u>14,634,322</u>	<u>16,108,847</u>	<u>23,107,779</u>	<u>16,389,500</u>	<u>18,914,672</u>	Total governmental activities

continued pages 148-149

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

	2011	2012	2013	2014	2015
General Revenues, continued					
Business-type activities					
Property taxes used for debt service	1,515,373	1,745,566	1,633,558	1,823,865	1,928,761
Licenses, Permits & Fees	264,161	-	-	-	-
Unrestricted investment earnings	63,553	30,347	20,056	10,623	67,944
Miscellaneous	-	-	-	-	376,389
Total business-type activities general revenues	1,843,087	1,775,913	1,653,614	1,834,488	2,373,094
Prior period adjustments	-	-	-	-	-
Transfers	7,442,237	82,709	(687,411)	(229,192)	172,072
Total business-type activities	9,285,324	1,858,622	966,203	1,605,296	2,545,166
Change in Net Position					
Governmental activities	(3,270,620)	(131,059)	2,285,342	3,841,937	9,697,732
Business-type activities	8,849,605	2,149,758	1,114,512	2,635,675	1,755,291
Total Change in net position	5,578,985	2,018,699	3,399,854	6,477,612	11,453,023
Net position - beginning	73,169,633	78,677,551	80,124,330	83,524,184	90,001,796
Prior period adjustments	(71,067)	(571,920)	-	-	(1,780,281)
Net position - ending	<u>\$ 78,677,551</u>	<u>\$ 80,124,330</u>	<u>\$ 83,524,184</u>	<u>\$ 90,001,796</u>	<u>\$ 99,674,538</u>

Change in Net Position
last five years



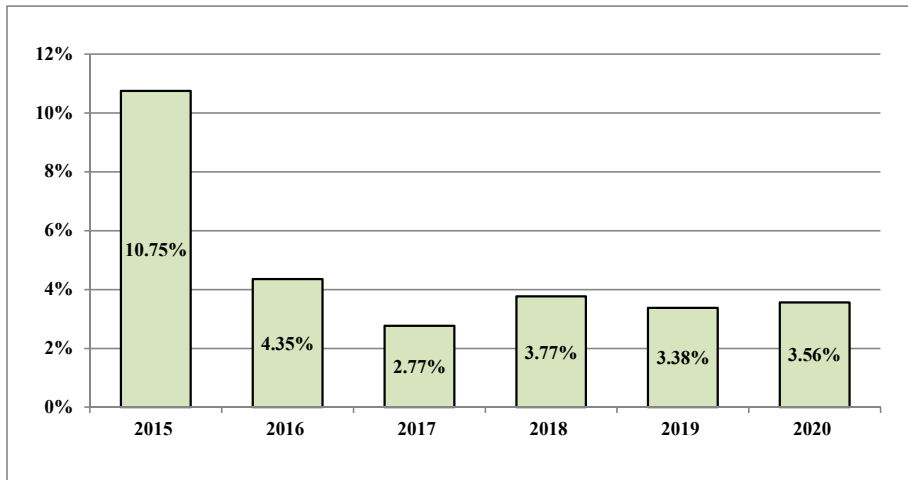
1. In the 2014-15 Fiscal Year, the City Facilities programs were moved from Public Works to the General Government category.

Source: City of Newport 2011-2020 Annual Financial Reports

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

2016	2017	2018	2019	2020	
					General Revenues, continued
					Business-type activities
1,783,433	1,902,502	1,745,661	1,749,192	1,970,103	Property taxes used for debt service
-	-	-	-	-	Licenses, Permits & Fees
49,845	82,773	111,477	116,536	296,819	Unrestricted investment earnings
-	-	-	-	79,552	Miscellaneous
1,833,278	1,985,275	1,857,138	1,865,728	2,346,474	Total business-type activities general revenues
-	-	-	-	-	Prior period adjustments
782,845	1,509,294	(6,638,046)	1,198,499	(862,782)	Transfers
2,616,123	3,494,569	(4,780,908)	3,064,227	1,483,692	Total business-type activities
					Change in Net Position
2,538,222	5,559,126	10,175,924	2,417,200	2,801,080	Governmental activities
1,584,463	2,029,389	(6,069,940)	1,161,687	1,279,023	Business-type activities
4,122,685	7,588,515	4,105,984	3,578,887	4,080,103	Total Change in net position
99,674,538	104,012,009	106,888,988	110,919,683	114,670,546	Net position - beginning
214,786	(4,711,536)	(75,289)	171,976	-	Prior period adjustments
<u>\$104,012,009</u>	<u>\$106,888,988</u>	<u>\$110,919,683</u>	<u>\$114,670,546</u>	<u>\$118,750,649</u>	Net position - ending

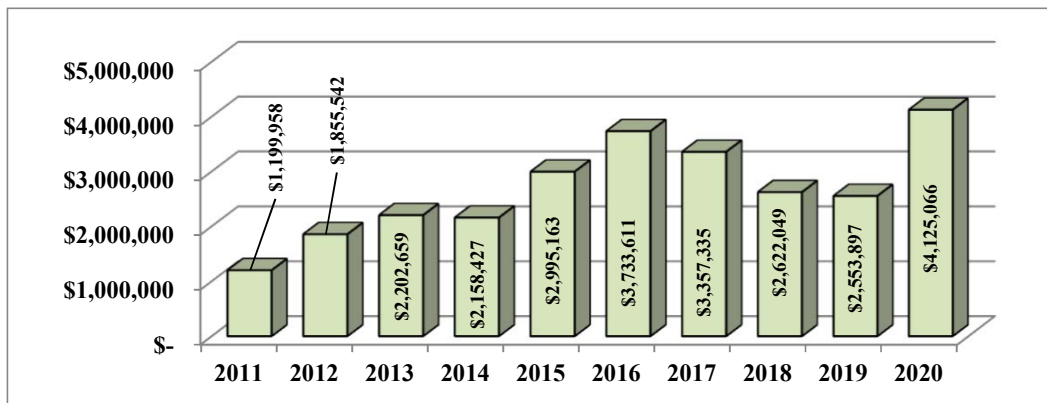
Year to Year Percentage Change in Net Position
 last five years



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

	2011	2012	2013	2014	2015
General Fund					
Nonspendable	\$ 7,420	\$ 7,651	\$ 6,404	\$ 7,713	\$ 111
Committed	-	-	-	-	176,067
Unassigned	1,192,538	1,847,891	2,196,255	2,150,714	2,818,985
Total General Fund	<u>1,199,958</u>	<u>1,855,542</u>	<u>2,202,659</u>	<u>2,158,427</u>	<u>2,995,163</u>
All other governmental funds					
Reserved for:					
Debt service	-	-	-	-	-
System Development	-	-	-	-	-
Unreserved, reported in:					
General Fund	-	-	-	-	-
Special revenue funds	-	-	-	-	-
Capital project funds	901,288	1,360,895	2,542,406	11,774,636	-
Nonspendable	9,751	34,167	33,328	17,949	65,900
Restricted	3,212,002	2,021,952	1,897,970	791,582	18,367,842
Committed	4,359,134	4,498,001	4,482,182	5,440,021	4,076,374
Assigned	-	-	-	-	-
Unassigned	(75,196)	(5,915)	(2,510)	320,212	-
Total all other governmental funds	<u>8,406,979</u>	<u>7,909,100</u>	<u>8,953,376</u>	<u>18,344,400</u>	<u>22,510,116</u>
Total fund balances of governmental funds	<u>\$ 9,606,937</u>	<u>\$ 9,764,642</u>	<u>\$ 11,156,035</u>	<u>\$ 20,502,827</u>	<u>\$ 25,505,279</u>

General Fund Unreserved Fund Balance
 Last Ten Fiscal Years



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

Source: City of Newport 2011-2020 Annual Financial Reports

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

2016	2017	2018	2019	2020	
					General Fund
\$ 1,002	\$ -	\$ 3,746	\$ 18,861	\$ 7,888	Nonspendable
-	-	-	-	-	Committed
3,732,609	3,357,335	2,618,303	2,535,036	4,117,178	Unassigned
<u>3,733,611</u>	<u>3,357,335</u>	<u>2,622,049</u>	<u>2,553,897</u>	<u>4,125,066</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
8,127	16,391	3,271	21,533	84,056	Nonspendable
12,316,651	9,635,599	15,857,053	17,494,059	12,755,625	Restricted
2,333,999	2,564,502	1,482,887	1,295,160	1,168,074	Committed
-	1,347,435	1,362,885	1,779,369	2,665,961	Assigned
-	(9,017)	(9,477)	-	(37,768)	Unassigned
<u>14,658,777</u>	<u>13,554,910</u>	<u>18,696,619</u>	<u>20,590,121</u>	<u>16,635,948</u>	Total all other governmental funds
<u>\$ 18,392,388</u>	<u>\$ 16,912,245</u>	<u>\$ 21,318,668</u>	<u>\$ 23,144,018</u>	<u>\$ 20,761,014</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
2011	\$ 9,606,937	-
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%
2020	20,761,014	-10.30%

The total governmental unreserved fund balance has increased by 116.1 percent over the last ten years. The average change in percent over the the ten years is a 12 percent growth.

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

	2011	2012	2013	2014	2015
Revenues					
Taxes	\$ 11,140,622	\$ 11,175,848	\$ 11,306,092	\$ 12,234,880	\$ 11,757,609
Franchise fees, privilege taxes, licenses, and permits	2,448,022	2,345,151	2,572,998	1,722,388	1,676,410
Intergovernmental	5,655,641	2,423,197	4,476,545	3,854,436	7,279,349
Charges for services				1,572,840	4,019,705
Fines and forfeitures	210,133	177,919	179,432	156,070	164,816
Leases & Rents	160,945	168,842	171,166	153,240	-
Interest on investments	40,947	45,753	58,573	217,720	106,880
Miscellaneous	720,947	756,993	1,127,451	1,521,326	495,178
Total revenues	<u>20,377,257</u>	<u>17,093,703</u>	<u>19,892,257</u>	<u>21,432,900</u>	<u>25,499,947</u>
Expenditures					
General government	2,441,340	2,374,149	2,487,057	2,379,674	5,471,035
Public safety	4,331,608	4,762,895	5,327,804	5,395,473	4,935,829
Highways and streets	561,404	653,142	1,569,827	1,428,723	1,396,889
Culture and recreation	2,630,155	2,358,379	2,131,145	2,097,976	2,252,354
Economic development	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	100,512	629,309	245,809	96,853	-
Debt service	2,476,311	1,820,616	1,868,440	1,752,501	-
Principal	-	-	-	-	1,274,980
Interest	-	-	-	-	758,037
Capital outlay	5,643,805	1,965,401	1,356,925	4,578,983	9,652,113
Total expenditures	<u>21,740,859</u>	<u>16,853,289</u>	<u>19,448,275</u>	<u>20,936,773</u>	<u>25,741,237</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,363,602)</u>	<u>240,414</u>	<u>443,982</u>	<u>496,127</u>	<u>(241,290)</u>
Other financing sources (uses)					
Debt issuance	-	-	-	8,239,500	5,456,000
Proceeds from sale of capital assets	-	-	-	-	-
Premium on debt issuance	8,611,923	-	260,000	381,973	-
Payment to escrow agent for refunded bonds	-	-	-	-	-
Capital lease	-	-	-	-	-
Interfund Loan Payback	77,900	-	-	-	-
Special Payments	-	-	-	-	-
Transfers in	-	4,815,606	4,136,449	5,076,982	5,525,894
Transfers out	(7,442,237)	(4,898,315)	(3,449,038)	(4,847,790)	(5,697,966)
Total other financing sources (uses)	<u>1,247,586</u>	<u>(82,709)</u>	<u>947,411</u>	<u>8,850,665</u>	<u>5,283,928</u>
Prior period adjustments	-	-	-	-	(40,186)
Net change in fund balances	<u>\$ (116,016)</u>	<u>\$ 157,705</u>	<u>\$ 1,391,393</u>	<u>\$ 9,346,792</u>	<u>\$ 5,002,452</u>

Ratio of Total Debt Service Expenditures to Total Noncapital Expenditures

Total debt service expenditures	\$ 2,476,311	\$ 1,820,616	\$ 1,868,440	\$ 1,752,501	\$ -
Total noncapital expenditures	<u>16,097,054</u>	<u>14,887,888</u>	<u>18,091,350</u>	<u>16,357,790</u>	<u>16,089,124</u>
Ratio of total debt service expenditures less refundings to total noncapital expenditures	<u>15.38%</u>	<u>12.23%</u>	<u>10.33%</u>	<u>10.71%</u>	<u>0.00%</u>

Source: City of Newport 2011-2020 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)

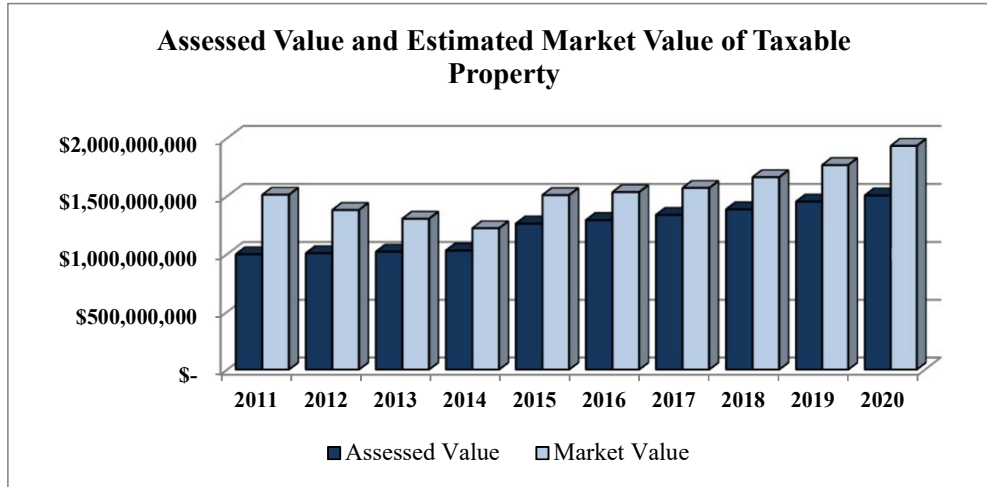
2016	2017	2018	2019	2020	
					Revenues
\$ 12,607,792	\$ 12,927,595	\$ 14,327,621	\$ 14,883,660	\$ 14,731,874	Taxes
					Franchise fees, privilege taxes, licenses, and permits
1,441,951	1,560,734	1,496,719	1,576,701	1,839,736	Intergovernmental
2,627,484	4,480,147	3,258,664	2,399,402	2,905,961	Charges for services
3,896,832	3,928,927	4,088,450	4,649,068	2,715,811	Fines and forfeitures
117,404	128,048	114,747	128,525	150,209	Leases & Rents
-	-	-	-	-	Interest on investments
148,909	201,725	287,572	582,067	380,280	Miscellaneous
639,290	562,370	454,365	480,612	256,286	Total revenues
21,479,662	23,789,546	24,028,138	24,700,035	22,980,157	
					Expenditures
6,345,215	6,499,792	6,218,707	5,680,845	6,067,872	General government
5,339,330	5,616,027	6,033,231	6,273,966	6,528,173	Public safety
873,861	1,038,748	1,034,352	912,425	503,594	Highways and streets
2,329,955	2,627,593	3,018,475	3,070,872	2,806,195	Culture and recreation
-	-	-	-	-	Economic development
-	-	-	-	-	Facilities & Parks
-	-	-	-	-	Airport Operations
-	-	-	-	-	Materials & Services
-	-	-	-	-	Debt service
1,582,639	2,984,432	1,745,000	2,120,000	1,664,500	Principal
761,502	679,509	624,442	649,128	501,528	Interest
11,318,251	8,984,654	5,944,630	3,108,644	3,215,274	Capital outlay
28,550,753	28,430,755	24,618,837	21,815,880	21,287,136	Total expenditures
(7,071,091)	(4,641,209)	(590,699)	2,884,155	1,693,021	Excess (deficiency) of revenues over (under) expenditures
					Other financing sources (uses)
-	1,548,404	6,849,577	277,500	-	Debt issuance
-	1,657,500	-	-	-	Proceeds from sale of capital assets
-	-	-	-	-	Premium on debt issuance
-	-	-	-	-	Payment to escrow agent for refunded bonds
-	-	-	-	-	Capital lease
-	-	-	-	-	Interfund Loan Payback
-	-	-	-	-	Special Payments
4,103,145	6,003,534	7,276,372	5,631,722	7,844,765	Transfers in
(3,961,468)	(6,048,372)	(9,128,827)	(6,968,027)	(11,920,790)	Transfers out
141,677	3,161,066	4,997,122	(1,058,805)	(4,076,025)	Total other financing sources (uses)
(183,477)	-	-	-	-	Prior period adjustments
\$ (7,112,891)	\$ (1,480,143)	\$ 4,406,423	\$ 1,825,350	\$ (2,383,004)	Net change in fund balances
\$ -	\$ 3,663,941	\$ 2,369,442	\$ 2,769,128	\$ 2,166,028	Total debt service expenditures
17,232,502	19,446,101	18,674,207	18,707,236	18,071,862	Total noncapital expenditures
					Ratio of total debt service expenditures less refundings to total noncapital expenditures
0.00%	18.84%	12.69%	14.80%	11.99%	

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

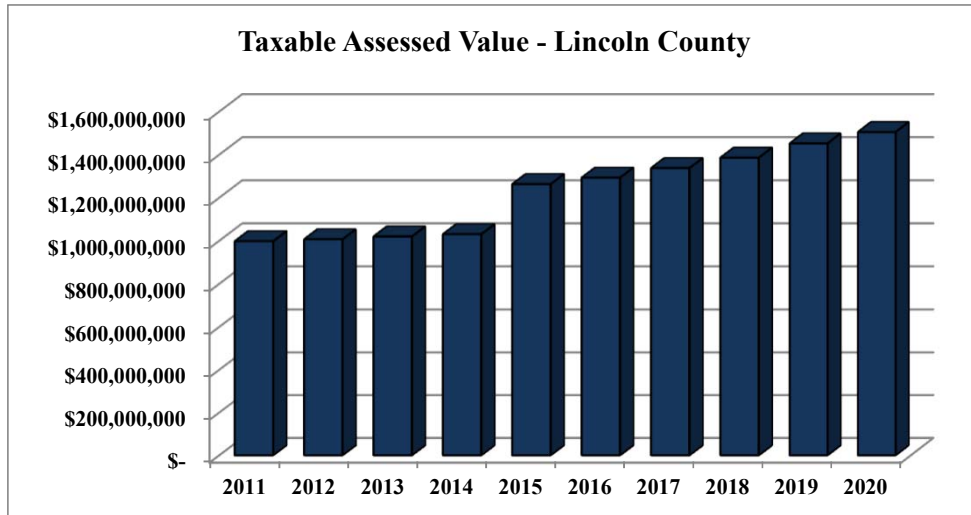
Fiscal Year Ended June 30,	Taxable Assessed Value	Direct Tax Rate Per \$1,000 of Assessed Value	Urban Renewal District Assessed Value	Total Assessed Value	Estimated Market Value	Assessed Value as a % of Market Value
2011	997,901,139	5.5938	127,731,767	1,125,632,906	1,510,524,448	74.52%
2012	1,006,836,711	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%
2020	1,504,939,337	5.5938	231,812,474	1,736,751,811	1,931,905,479	89.90%

Source: Lincoln County Tax Assessor

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



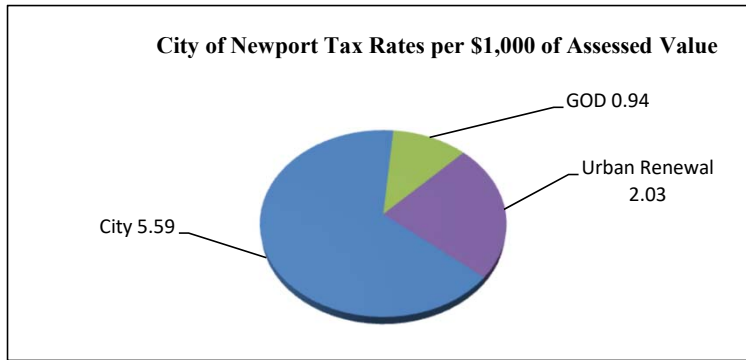
The "gap" between the market value and the assessed value is important to note. Oregon statutes allow the assessed value on a single piece of property to rise no more than three percent annually up to the market value, where the assessed value is capped. Currently, the assessed value is 89.9 percent of market value. Current economic conditions will have an effect on the market value of properties, but the extent of the effect is not known at this time.



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

City of Newport Direct Rates

Fiscal Year Ended June 30,	Basic Rate	General Obligation Debt Service	Total Before Urban Renewal	Newport Urban Renewal	Total Direct Rate
2011	5.59	1.40	7.00	1.55	8.55
2012	5.59	1.54	7.13	1.30	8.43
2013	5.59	1.39	6.98	1.24	8.22
2014	5.59	1.54	7.14	1.24	8.37
2015	5.59	1.91	7.51	1.22	8.72
2016	5.59	1.82	7.41	1.31	8.72
2017	5.59	1.81	7.41	1.66	9.07
2018	5.59	1.72	7.31	1.76	9.07
2019	5.59	1.61	7.20	1.90	9.10
2020	5.59	0.94	6.53	2.03	8.56

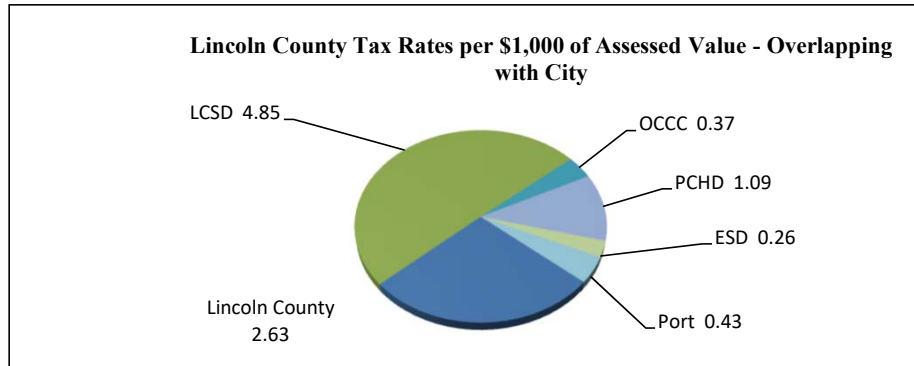


(1) - Rate per \$1,000 of assessed value City = City of Newport
 GOD = General Obligation Debt

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	5.66	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	19.16
3.21	5.64	0.46	0.36	0.30	0.61	19.30
3.21	5.64	0.44	0.36	0.30	0.61	19.29
3.21	5.64	0.44	1.23	0.30	0.59	20.47
3.21	5.62	0.43	1.21	0.30	0.57	20.41
3.18	5.62	0.39	1.12	0.26	0.31	19.99
2.63	4.85	0.37	1.09	0.26	0.43	18.18



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 2002-2011 and 2011-2020

Taxpayer	2011-2020		% of		2002-2011		% of	
	Taxable Assessed Value	Rank	Total Taxable Assessed Value		Taxable Assessed Value	Rank	Total Taxable Assessed Value	
Central Lincoln PUD	\$ 35,902,000	1	2.39%		\$ 64,137,900	2	6.43%	
Northwest Natural Gas	31,375,000	2	2.08%		72,556,700	1	7.27%	
Hallmark Inns and Resorts, Inc.	18,521,580	3	1.23%		8,764,980	7	0.88%	
Fred Meyer Stores	15,872,240	4	1.05%		10,804,660	5	1.08%	
Shilo Inn Newport LLC	12,992,660	5	0.86%		15,649,500	3	1.57%	
Wal Mart Real Estate	10,775,030	6	0.72%		14,270,700	4	1.43%	
Charter Communications	10,382,900	7	0.69%		6,316,880	10	0.63%	
EY Inc. and E W & J B Inc.	9,527,580	8	0.63%		6,967,860	8	0.70%	
RV Agate Beach LLC	8,148,845	9	0.54%		-	0	0.00%	
LC Apartments LLC	7,143,680	10	0.47%		-	0	0.00%	
SPM Little Creek LLC	-		-		6,483,030	9	0.65%	
Port of Newport	-		-		8,109,070	6	0.81%	
Total	\$ 160,641,515		10.67%		\$ 214,061,280		21.45%	
Total taxable assessed value, all properties	<u>\$ 1,504,939,337</u>				<u>\$ 997,901,139</u>			

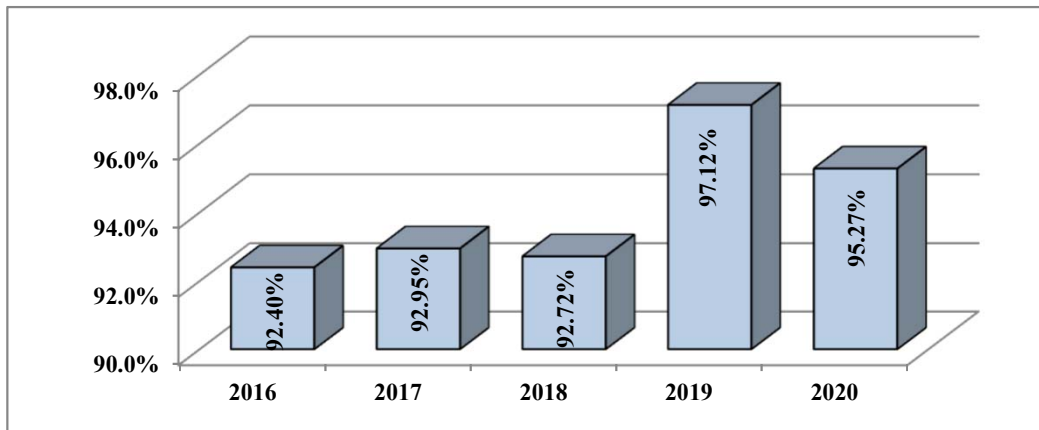
The above Total Taxable percentage of the Top Ten Taxpayers is normally graphed. However the information will be accumulated yearly, until 10 years are reported.

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	0.00%	432,387	10,183,889	96.37%
2016	10,743,889	9,927,597	92.40%	487,728	10,415,325	96.94%
2017	11,289,267	10,493,168	92.95%	472,582	10,965,750	97.13%
2018	11,682,522	10,831,481	92.72%	465,102	11,296,583	96.70%
2019	12,259,650	11,906,854	97.12%	520,334	12,427,188	101.37%
2020	12,929,064	12,317,791	95.27%	377,089	12,694,880	98.19%

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 94.09 percent of the levy as extended by the assessors.

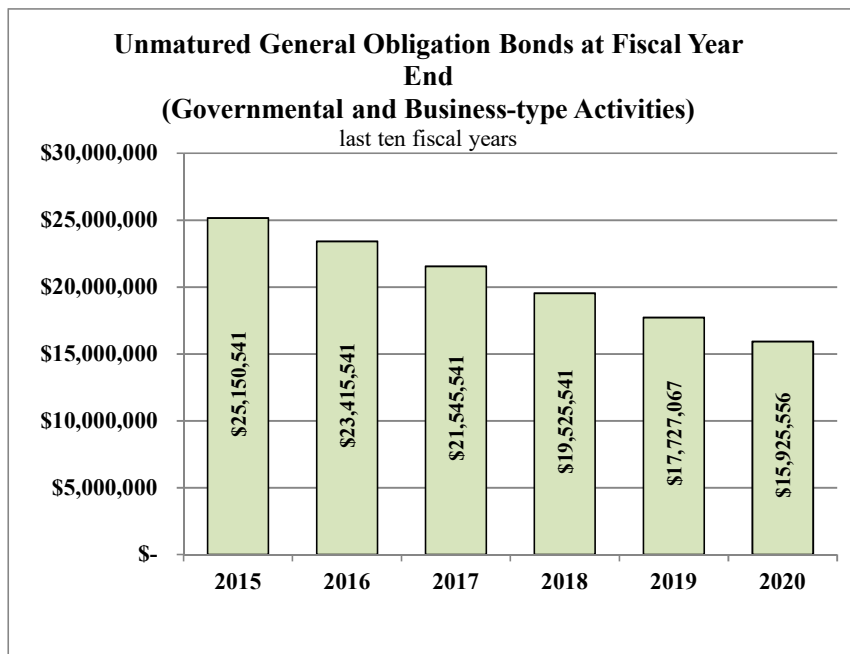
There are three ways in which property tax revenue can be adversely affected by a slowdown in the economy: 1) market value falls below assessed value; 2) assessed value falls; and 3) the rate of tax collection falls. Because of the healthy gap between market values and assessed values, there would be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

Sources: Lincoln County Tax Assessor

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

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

Fiscal Year Ended June 30,	GOVERNMENTAL ACTIVITIES				
	General Obligation Bonds	Revenue Bonds	Urban Renewal (UR) TIF Bonds (1)	Notes Payable	Capital Leases
2015	\$ 7,850,000	\$1,270,000	\$ 11,820,000	\$ 226,776	\$ 57,778
2016	7,655,000	995,000	10,721,000	213,132	24,694
2017	7,440,000	715,000	9,559,000	-	-
2018	7,200,000	420,000	8,349,000	-	-
2019	7,216,476	392,500	7,187,167	-	-
2020	6,902,377	317,000	5,873,529	-	289,794



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

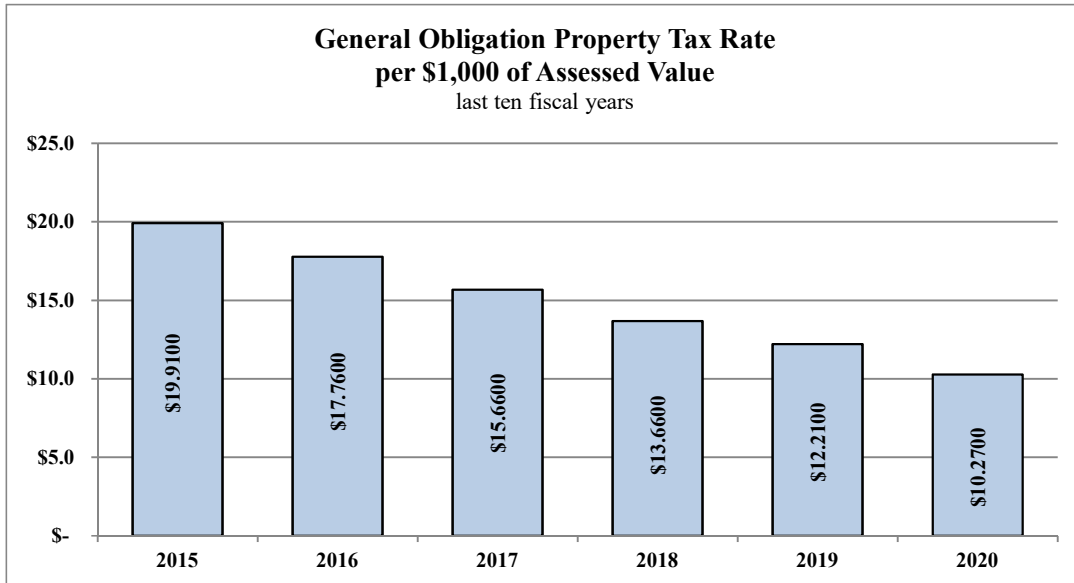
(1) TIF-Tax Increment Financing

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

Source: City of Newport 2011-2020 Annual Financial Reports

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

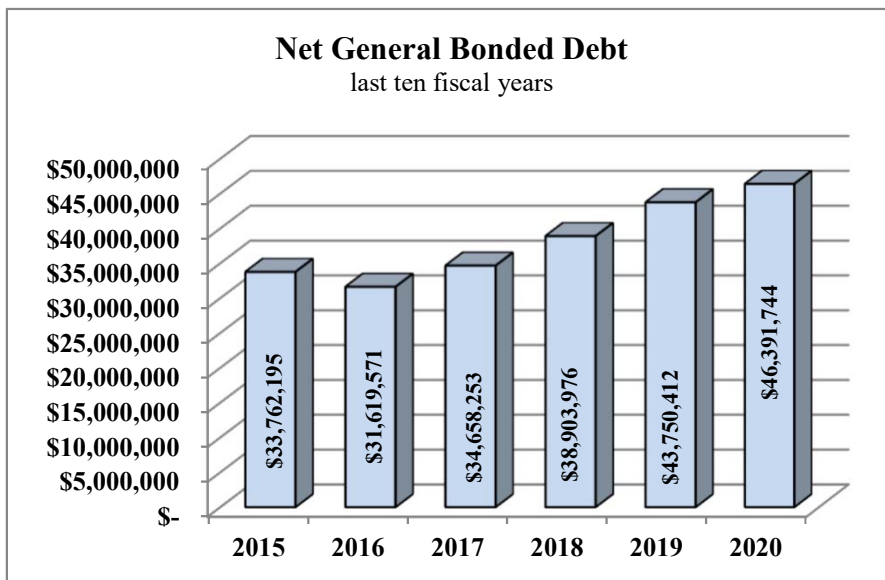
BUSINESS-TYPE ACTIVITIES							
General Obligation Bonds	Water Revenue Bonds (2)	Sewer Revenue Bonds (2)	Stormwater Revenue Bonds	Notes Payable	Total Outstanding Debt	% of Personal Income	Debt per Capita
\$ 17,300,541	\$ 6,412,987	\$ 3,560,000	\$ -	\$ 794,505	\$ 49,292,587	28.37	1,340
15,760,541	7,300,213	3,135,000	-	767,888	46,572,468	25.41	1,213
14,105,541	9,286,091	3,129,104	-	739,941	44,974,677	23.82	1,142
12,325,541	9,506,606	6,275,681	3,248,000	710,789	48,035,617	24.70	1,191
10,510,591	8,843,892	14,673,029	2,958,000	680,378	52,462,033	26.19	1,263
9,023,179	7,781,433	20,433,757	2,667,000	648,552	53,936,621	n/a	n/a



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

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

Fiscal Year Ended June 30,	Population (2)	Assessed Value	General Obligation Bonds	General Revenue Obligations
2015	10,165	1,263,033,051	25,150,541	11,242,987
2016	10,190	1,292,794,735	23,415,541	11,430,213
2017	10,215	1,337,383,961	21,545,541	13,130,195
2018	10,125	1,385,786,447	19,525,541	19,450,287
2019	10,210	1,452,221,107	17,727,067	26,864,421
2020	10,400	1,504,939,337	15,925,556	31,199,190



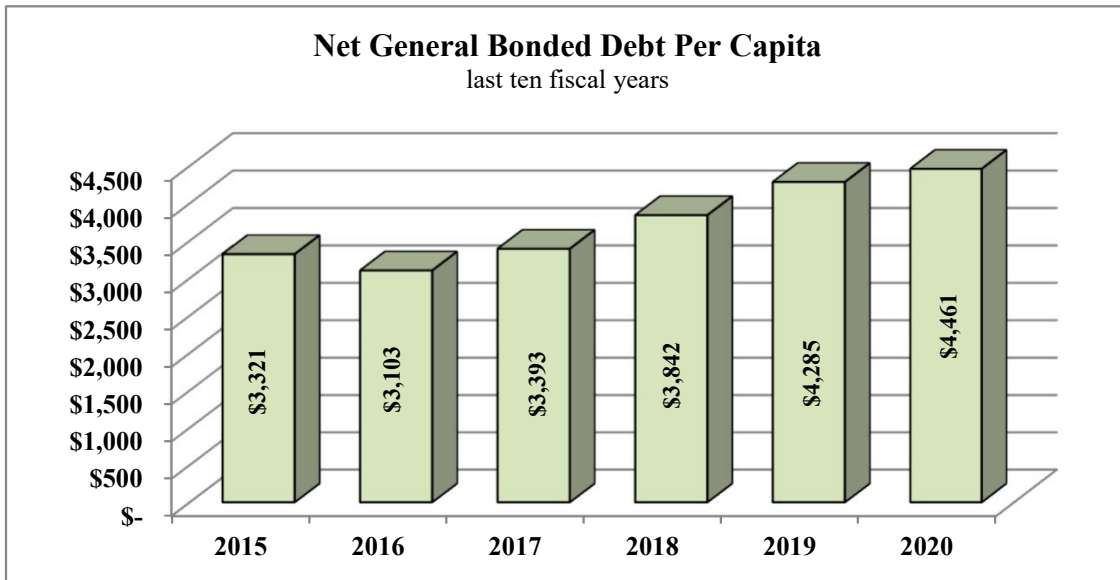
(1) General bonded debt includes general obligation bonds and other bonded debt financed with any general governmental resources.

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

Source: City of Newport 2011-2020 Annual Financial Reports

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

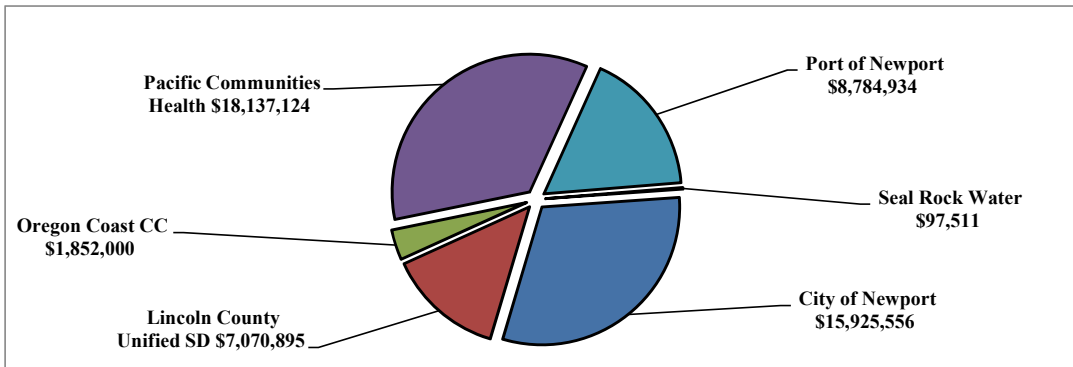
Less: Amounts Available in Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita	Net Bonded Debt as a Percent of Personal Income
2,631,333	33,762,195	2.67%	3,321	1943%
3,226,183	31,619,571	2.45%	3,103	1725%
17,483	34,658,253	2.59%	3,393	1836%
71,852	38,903,976	2.81%	3,842	2001%
841,076	43,750,412	3.01%	4,285	2184%
733,002	46,391,744	3.08%	4,461	n/a



Schedule 11
CITY OF NEWPORT, OREGON
COMPUTATION OF DIRECT AND OVERLAPPING DEBT (1)
as of June 30, 2020

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)	\$ 15,925,556	100.00%	\$ 15,925,556
OVERLAPPING DEBT			
Lincoln County Unified School District	35,550,000	19.89%	7,070,895
Oregon Coast Community College	9,260,000	20.00%	1,852,000
Pacific Communities Health District	45,720,000	39.67%	18,137,124
Port of Newport	11,980,000	73.33%	8,784,934
Seal Rock Water District	6,019,227	1.62%	97,511
<u>Total overlapping debt</u>	<u>108,529,227</u>		<u>35,942,464</u>
<u>Total direct and overlapping debt</u>	<u>\$ 124,454,783</u>		<u>\$ 51,868,020</u>

Direct and Overlapping Debt Applicable to the City of Newport



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

(2) City of Newport net outstanding debt

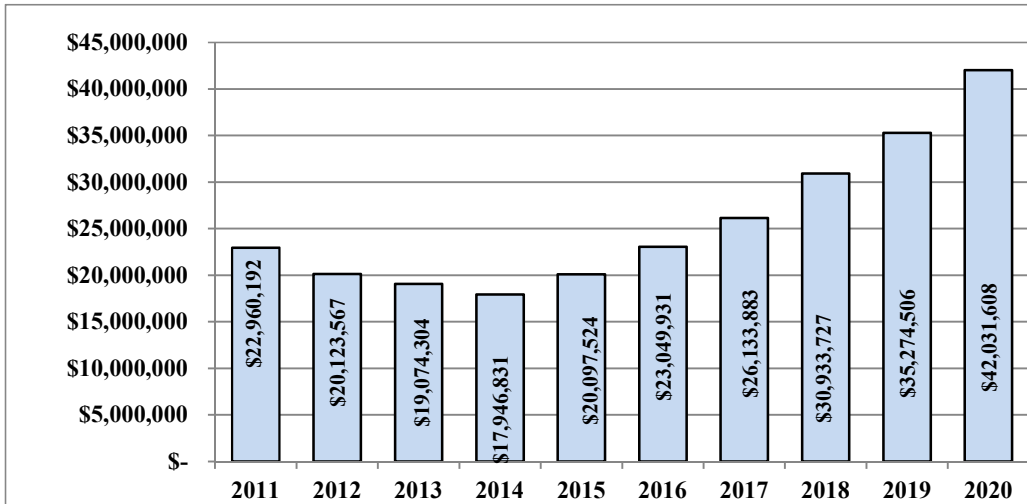
2013 Aquatic Center GO Bonds	\$ 6,902,377
2009 A&B Water GO Bonds	9,023,179
Total City of Newport net outstanding debt - bonded	<u>15,925,556</u>

Insanity: doing the same thing over and over again and expecting different results. Albert Einstein

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

	2011	2012	2013	2014
Debt limitation	\$ 45,315,733	\$ 41,399,108	\$ 39,124,845	\$ 36,672,372
Total net debt applicable to limitation	22,355,541	21,275,541	20,050,541	18,725,541
Legal debt margin	<u>\$ 22,960,192</u>	<u>\$ 20,123,567</u>	<u>\$ 19,074,304</u>	<u>\$ 17,946,831</u>
Ratio of net debt applicable to the debt limitation	<u>49.33%</u>	<u>51.39%</u>	<u>51.25%</u>	<u>51.06%</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

2015	2016	2017	2018	2019	2020	
\$ 45,248,065	\$ 46,010,972	\$ 47,075,886	\$ 49,860,540	\$ 53,001,573	\$ 57,957,164	Debt limitation
25,150,541	22,961,041	20,942,003	18,926,813	17,727,067	15,925,556	Total net debt applicable to limitation
<u>\$ 20,097,524</u>	<u>\$ 23,049,931</u>	<u>\$ 26,133,883</u>	<u>\$ 30,933,727</u>	<u>\$ 35,274,506</u>	<u>\$ 42,031,608</u>	Legal debt margin
<u>55.58%</u>	<u>49.90%</u>	<u>44.49%</u>	<u>37.96%</u>	<u>33.45%</u>	<u>27.48%</u>	Ratio of net debt applicable to the debt limitation

Legal debt margin calculation for Fiscal Year

True cash value	\$ 1,931,905,479
General obligation debt limit - 3% of true cash value	3%
General obligation debt limit	57,957,164
Gross general obligation bonded debt principal	
2013 Aquatic Center GO Bonds	\$ 6,902,377
2009 A&B Water GO Bonds	9,023,179
Less: Debt service monies available	
Debt Service Fund:	-
Net debt subject to the three percent limitation	15,925,556
Legal debt margin	<u>\$ 42,031,608</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
2020	3,166,541	110,685	-	3,055,856	1,294,000	222,817	1,516,817	2.01

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
2020	4,683,534	3,014,774	1,013,245	2,682,005	702,459	260,540	962,999	2.79

Operating data is from the Water Fund Statement of Revenues.

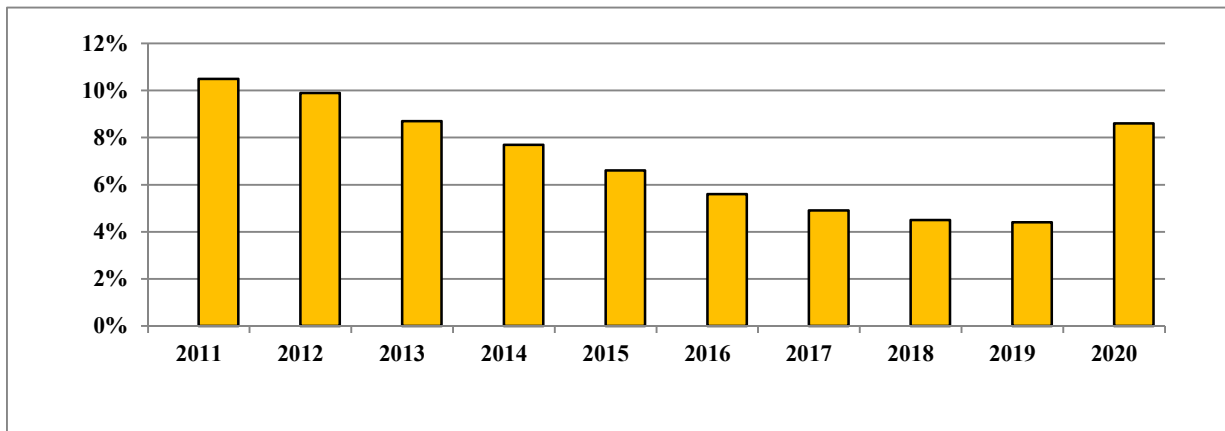
The amount of net available resources for bond coverage is determined by subtracting operating expenses from operating revenues. Interest payments on property assessments are deducted from operating revenues. Operating expenses are reduced by the amount of depreciation taken for the fiscal year.

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
2011	10,065	46,155	1,522,810	32,993	3,019	10.5%
2012	10,150	46,295	1,582,460	34,182	3,339	9.9%
2013	10,160	46,560	1,648,531	35,407	3,725	8.7%
2014	10,095	46,890	1,661,972	35,444	3,725	7.7%
2015	10,165	47,225	1,737,712	36,796	3,621	6.6%
2016	10,190	47,735	1,832,982	38,399	2,024	5.6%
2017	10,215	47,960	1,887,971	39,366	2,085	4.9%
2018	10,125	48,210	1,944,611	40,336	2,147	4.5%
2019	10,210	48,210	2,002,949	41,546	2,212	4.4%
2020	10,400	n/a	n/a	n/a	n/a	8.6%

Over the last ten years, the City's population has increased by 3.33 percent (335). From 2011 to 2019 per capita personal income has risen by 22.26 percent (\$7,343) in the Newport statistical area. As of Fiscal Year 2017-18 (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 -26.74 percent (-807 students).

Lincoln County Unemployment Rate
 last 10 fiscal years



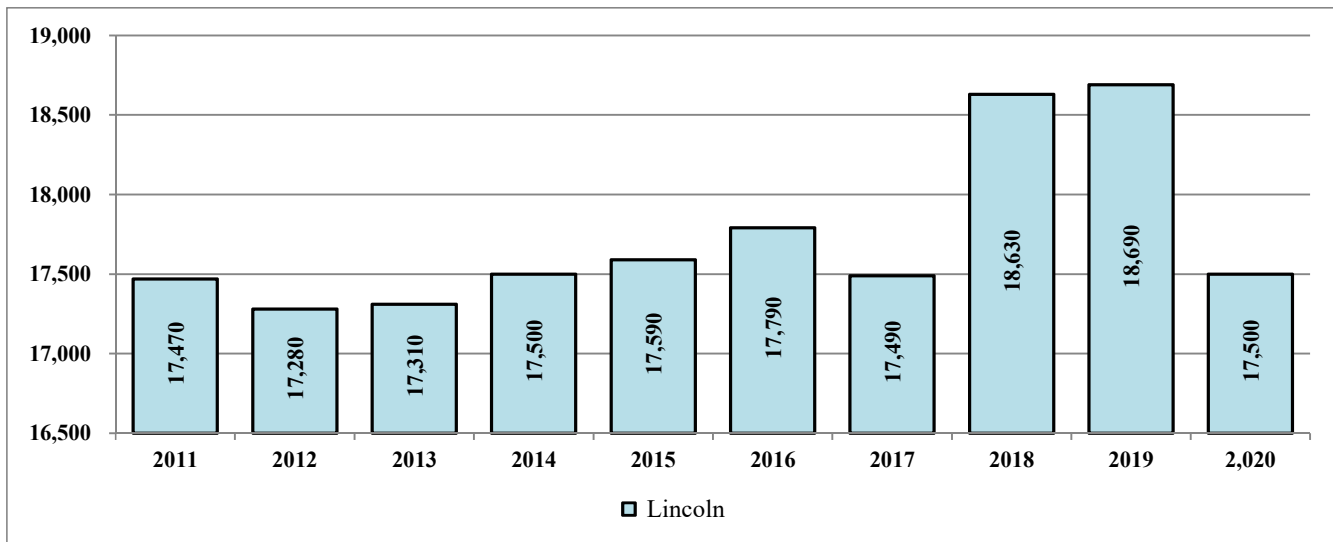
Sources:

- (1) Portland State University, Population Research and Census Center
- (2) U. S. Department of Commerce, Bureau of Economic Analysis (2019 is the most current data available)
- (3) Oregon Department of Education, Oregon Coast Community College, Lincoln County School District
- (4) State of Oregon, Employment Department

Schedule 15
CITY OF NEWPORT, OREGON
NEWPORT AREA PRINCIPAL EMPLOYERS
for the Fiscal Years ended June 30, 2011, and June 30, 2020

Employer	2020			2011		
	Number of Employees	Rank	% of Total Employment	Number of Employees	Rank	% of Total Employment
Lincoln County	453	1	2.42%	385	2	2.17%
OSU Hatfield Marine Science Center/NOAA	410	2	2.19%	295	4	1.66%
Samaritan Health Services	380	3	2.03%	572	1	3.23%
Pacific Shrimp	300	4	1.61%	150	7	0.85%
Fred Meyer	299	5	1.60%	127	5	0.72%
Lincoln County School District	261	6	1.40%	613	3	3.46%
Wal Mart	179	7	0.96%	114	8	0.64%
City of Newport	150	8	0.80%	95	9	0.54%
Pacific Seafood/Trident	150	9	0.80%	80	6	0.45%
Rogue Ales & Spirit	116	10	0.62%	159	10	0.90%
Totals	2,698		14.44%	2,590		14.62%
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 14.44 percent in 2012 to a high of 118.74 percent in 2019. Total employment in Lincoln County has decreased by 5.47 percent (510 jobs) over the last ten years. For the ten-year period, the low point was 17,280 jobs in June 2012, and the high point was 18,690 jobs in June 2019. National and international economic instability will likely have an adverse effect in the coming years, although at this time the extent is unknown.

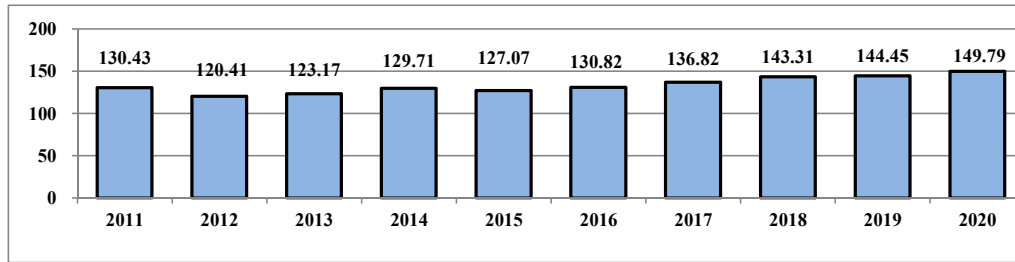
Sources:
Economic Development Alliance - Lincoln County
Oregon Employment Department

We hold these truths to be self-evident: that all men are created equal; that they are endowed by their Creator with certain unalienable rights; that among these are life, liberty, and the pursuit of happiness. From the Declaration of Independence written by **Thomas Jefferson**

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

Function	2011	2012	2013	2014	2015
GOVERNMENTAL FUNDS					
General Government					
Administration	10.88	9.38	9.95	13.10	11.70
Economic Development	-	0.90	-	-	0.25
Planning	4.00	2.10	2.10	3.70	2.45
Building Inspection	0.50	1.20	1.30	1.30	1.80
Total General Government	15.38	13.58	13.35	18.10	16.20
Public Safety					
Fire	10.00	10.00	11.00	12.00	12.00
Police	26.00	26.00	25.00	24.00	25.00
Municipal Court	0.25	0.25	0.75	0.75	0.70
Total Public Safety	36.25	36.25	36.75	36.75	37.70
Highways and Streets					
Street Fund	5.00	5.00	5.08	5.08	5.00
Airport	4.00	4.00	4.00	3.00	3.00
Total Highways and Streets	9.00	9.00	9.08	8.08	8.00
Culture and Recreation					
Recreation	34.40	26.70	24.10	21.50	20.25
Library	11.40	11.58	11.54	11.54	12.39
Total Culture and Recreation	45.80	38.28	35.64	33.04	32.64
Total Governmental Funds	106.43	97.11	94.82	95.97	94.54
Proprietary Funds					
Proprietary					
Water	10.00	10.00	10.08	11.08	11.10
Wastewater	7.00	7.00	7.08	8.08	8.00
Stormwater	-	-	-	-	-
Total Proprietary Funds	17.00	17.00	17.16	19.16	19.10
Internal Service					
Public Works Services	7.00	6.30	11.19	14.58	13.43
City Facility	-	-	-	-	-
Total Internal Service	7.00	6.30	11.19	14.58	13.43
Total Proprietary Funds	24.00	23.30	28.35	33.74	32.53
Grand Total - All Full-time Equivalents	130.43	120.41	123.17	129.71	127.07

Total Full-time Equivalents
last ten fiscal years



Source: City of Newport Budget 2011-2020

Schedule 16

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

Last Ten Fiscal Years

2016	2017	2018	2019	2020	
					GOVERNMENTAL ACTIVITIES
					General Government
13.75	15.25	15.25	15.75	15.74	Administration
0.25	0.50	0.50	0.50	0.50	Economic Development
2.95	2.45	2.45	2.60	2.00	Planning
1.80	1.80	1.90	2.37	2.97	Building Inspection
<u>18.75</u>	<u>20.00</u>	<u>20.10</u>	<u>21.22</u>	<u>21.21</u>	Total General Government
					Public Safety
13.00	13.00	14.00	14.00	14.00	Fire
25.00	27.00	27.00	27.35	29.35	Police
0.70	0.70	0.70	0.60	0.60	Municipal Court
<u>38.70</u>	<u>40.70</u>	<u>41.70</u>	<u>41.95</u>	<u>43.95</u>	Total Public Safety
					Highways and Streets
5.00	5.00	5.00	4.50	2.25	Street Fund
3.00	2.00	3.00	3.00	3.00	Airport
<u>8.00</u>	<u>7.00</u>	<u>8.00</u>	<u>7.50</u>	<u>5.25</u>	Total Highways and Streets
					Culture and Recreation
20.25	23.73	26.42	26.68	30.30	Recreation
11.89	11.89	11.89	12.10	12.10	Library
<u>32.14</u>	<u>35.62</u>	<u>38.31</u>	<u>38.78</u>	<u>42.40</u>	Total Culture and Recreation
<u>97.59</u>	<u>103.32</u>	<u>108.11</u>	<u>109.45</u>	<u>112.81</u>	Total Governmental Activities
					BUSINESS-TYPE ACTIVITIES
					Enterprise
11.10	11.10	10.60	10.25	10.25	Water
9.00	9.00	9.50	10.25	10.25	Sewer
-	-	-	-	2.25	Stormwater
<u>20.10</u>	<u>20.10</u>	<u>20.10</u>	<u>20.50</u>	<u>22.75</u>	Total Enterprise
					Internal Service
13.13	13.40	7.50	8.50	8.73	Public Works Services
-	-	7.60	6.00	5.50	City Facility
<u>13.13</u>	<u>13.40</u>	<u>15.10</u>	<u>14.50</u>	<u>14.23</u>	Total Internal Service
<u>33.23</u>	<u>33.50</u>	<u>35.20</u>	<u>35.00</u>	<u>36.98</u>	Total Business-type Activities
<u>130.82</u>	<u>136.82</u>	<u>143.31</u>	<u>144.45</u>	<u>149.79</u>	Grand Total - All Full-time Equivalents

Fiscal Year	Total FTE	Annual Percentage Change	Total Percentage Change from 2009
2011	130.43	-	-
2012	120.41	-7.68%	-7.68%
2013	123.17	2.29%	-5.57%
2014	129.71	5.31%	-0.55%
2015	127.07	-2.04%	-2.58%
2016	130.82	2.95%	0.30%
2017	136.82	4.59%	4.90%
2018	143.31	4.74%	9.88%
2019	144.45	0.80%	10.75%
2020	149.79	3.70%	14.84%

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

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

Function	2015	2016	2017	2018	2019	2020
GOVERNMENTAL ACTIVITIES						
General Government						
Planning and Community Development						
Number of planning applications	54	51	73	74	58	60
Total permits issued	477	580	692	730	638	688
New construction permits issued	12	6	18	14	26	25
Single-family permits issued	25	20	7	9	16	21
Electrical permits issued	289	333	307	306	251	27
Public Safety						
Police						
Total arrests	784	706	785	1,079	1,087	816
Traffic citations issued	565	735	902	1,603	1,268	965
Abandoned vehicle calls	100	99	114	129	180	189
Animal problem calls	NA	86	136	152	210	126
Fire						
Total calls for emergency fire and EMS services	2,060	2,294	2,059	2,170	2,131	1,924
Highways and Streets						
Street Fund						
Miles of painted paving marking	12	1	10	9.25	9.25	9.25
Thermoplastic marking	0.90	-	0.30	0.70	0.70	2.70
Culture and Recreation						
Parks & Recreation						
Number of participants in classes, Senior Center activities, sports programs, and aquatic programs	20,620	55,750	25,935	28,545	30,514	7,250
Library						
Total number of library items borrowed	253,831	299,867	297,263	296,799	255,916	209,819
Total number of reference questions	24,355	23,065	20,821	20,553	17,789	11,899
BUSINESS-TYPE ACTIVITIES						
Sewer						
Dry tons of biosolids applied annually	530	547	537	525	764	658
Millions of gallons of wastewater treated annually	640	694	818	652	573	599
Water						
Millions of gallons of water treated annually	732	748	764	821	821	752
Miles of water pipe maintained annually	NA	NA	NA	95	96	90
Number of fire hydrants maintained in the water system	NA	NA	NA	653	634	520

Source: City of Newport Departmental records.

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

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

Source: City of Newport departmental records

AUDIT COMMENTS AND DISCLOSURES

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

The Honorable Mayor and City Council
City of Newport, Oregon

We have audited the basic financial statements of City of Newport, Oregon, as of and for the year ended June 30, 2020 and have issued our report thereon dated May 19, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether City of Newport, Oregon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, as set forth below, noncompliance with which could have a direct and material effect on the financial statements:

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayments.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds. (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, and 279C).
- Accountability for collecting or receiving money by elected officials. The City does not have any elected officials collecting or receiving money.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Minimum Standards for Audits of Oregon Municipal Corporations* except as follows.

Expenditures in the following funds exceeded appropriations for the year ended June 30, 2020:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount</u>
Housing Fund	Oregon housing and community services	\$ 3,092
Agate Beach Fund	Agate Beach Closure	\$ 9,537

Governmental Debt Service Fund	General debt	\$ 10,878
City Facility Fund	Street lights	\$ 30,811

At June 30, 2020, the following funds had a deficit budgetary basis fund balance:

<u>Fund</u>	<u>Amount</u>
Governmental Debt Service Fund	\$ 5,477
Governmental G.O. Debt Service Fund	\$ 32,291
Proprietary G.O. Debt Service Fund	\$ 27,706

OAR 162-10-0230 Internal Control

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State, in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



For Merina+Co
Tualatin, Oregon
May 19, 2021