



CITY COUNCIL WORK SESSION AGENDA
Tuesday, January 02, 2024 - 4:00 PM
City Council Chambers, 169 SW Coast Highway, Newport, Oregon

All public meetings of the City of Newport will be held in the City Council Chambers of the Newport City Hall, 169 SW Coast Highway, Newport. The meeting location is accessible to persons with disabilities. A request for an interpreter, or for other accommodations, should be made at least 48 hours in advance of the meeting to Erik Glover, City Recorder at 541.574.0613, or e.glover@newportoregon.gov.

All meetings are live-streamed at <https://newportoregon.gov>, and broadcast on Charter Channel 190. Anyone wishing to provide written public comment should send the comment to publiccomment@newportoregon.gov. Public comment must be received four hours prior to a scheduled meeting. For example, if a meeting is to be held at 3:00 P.M., the deadline to submit written comment is 11:00 A.M. If a meeting is scheduled to occur before noon, the written comment must be submitted by 5:00 P.M. the previous day. To provide virtual public comment during a city meeting, a request must be made to the meeting staff at least 24 hours prior to the start of the meeting. This provision applies only to public comment and presenters outside the area and/or unable to physically attend an in person meeting.

The agenda may be amended during the meeting to add or delete items, change the order of agenda items, or discuss any other business deemed necessary at the time of the meeting.

1. CALL TO ORDER AND ROLL CALL

2. DISCUSSION ITEMS

2.A City Manager's Report

[City Manager's Report](#)

2.B Update of Municipal Court Activities - Municipal Court Judge Jeff Pridgeon

**2.C Annual Report on the Newport Public Library Strategic Plan Accomplishments
- Library Director Laura Kimberly**
[Library Annual Report_January 2024.pdf](#)

2.D Discussion on Driveway Widths - Acting City Engineer Chris Beatty
[Staff Report - Driveway Widths \(1-2-24\).pdf](#)
[Driveway Detail T-150.pdf](#)
[Driveway T-152.pdf](#)

**2.E Review of the Annual Audit for the City of Newport and Urban Renewal
Agency - Finance Director Steve Baugher**
[6-30-23 City of Newport Financial Statements with Supp.pdf](#)
[6-30-23 Newport Urban Renewal Agency Financial Statements with Supp.pdf](#)

3. EXECUTIVE SESSION

4. ADJOURNMENT



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

DATE: January 2, 2024
TO: City Council
FROM: Spencer Nebel, City Manager
RE: Work Session and Urban Renewal meetings for Tuesday, January 2, 2024 at 4 PM

Happy 2024! Our first work session for the new year will begin at 4 PM on Tuesday, January 2 with an Urban Renewal meeting following at 5:15 PM. This will be followed by a regular City Council meeting at 6 PM.

Schedule for Meetings for Tuesday, January 2, 2024

- 1.) City Council Work Session at 4 PM
 - 4:00 PM Update of Municipal Court activities (15 minutes)
 - 4:15 PM Update of the Newport Public Library strategic plan (15 minutes)
 - 4:30 PM Discussion on policy for driveway widths (15 minutes)
 - 4:45 PM Review of the annual audit (30 minutes)
- 2.) Urban Renewal Meeting at 5:15 PM
- 3.) Regular City Council meeting at 6:00 PM

Update of Municipal Court Activities - Municipal Court Judge Jeff Pridgeon (15 minutes)

Municipal Court Judge Jeff Pridgeon will provide an update to the City Council of activities conducted by the Court during the past fiscal year. Please note that Judge Pridgeon had scheduled this presentation for an earlier meeting, however, it was inadvertently left off that work session agenda. We apologize for this oversight on our part.

Annual Report on the Newport Public Library Strategic Plan Accomplishments—Library Director Laura Kimberly (15 minutes)

Library Director, Laura Kimberly, will provide an update on the status of the Newport Public Library strategic plan focus areas and goals. The strategic plan was adopted in 2021 and identified four focus areas. There were goals identified with each focus area. Congratulations to Laura and staff for accomplishing the seven goals identified in this three-year plan. Laura will provide an update of the completion of the goals and outline the next steps for the Library.

Discussion on Driveway Widths -- Acting City Engineer, Chris Beatty (15 minutes)

Councilor Goebel has requested a discussion on the City's policy regarding the widths for new driveways being constructed for residential properties in the city. The Engineering Department has been developing various standards for improvements that interface with the city's infrastructure. Streets, storm sewers, water distribution wastewater collection, and others. These draft standards are currently under review. Information developed in the transportation plan has helped guide the proposed standards. Acting City Engineer, Chris Beatty, has attached the draft standards of driveway widths, that will be part of this document, for review. The proposed standards differ from the standards that have been in place by providing some additional flexibility for driveway widths in certain circumstances.

Review of the Annual Audit for the City of Newport and Urban Renewal Agency – Finance Director, Steve Baugher (30 minutes)

The annual audits for the City of Newport and the Urban Renewal Agency have been completed. The report from Aldrich CPAs+Advisors, LLP, indicated that the financial statements present fairly in all material aspects for the financial positions of the City of Newport and the Urban Renewal Agency. That is the highest standard that municipal auditors can provide regarding the financial statements for a governmental entity. Congratulations to Finance Director, Steve Baugher, Finance staff and all departments for achieving this standard.

Financially, the General Fund and funds supported by the General Fund, finished the fiscal year ending June 30, 2023 in good financial shape, with the ending fund balance growing by \$773,000 through the course of the year. This has been primarily due to staffing vacancies and funds that were appropriated but not spent, due to either supply line issues or the inability to complete a particular project due to staffing issues. Also, the City has been rolling over funding for a significant investment for a long-term solution for addressing homelessness within the community. It is hoped that the regional plan being developed by Lincoln County, the seven cities of Lincoln County, and Community Services Consortium will help identify the best use of these funds moving forward.

In addition, the auditors' have identified a deficiency in internal controls. While they did not identify any internal control issues that led to material weaknesses in the financial reports, they have identified two findings in the single audit report that require a response from the City Council. The first is related to the staffing issues we had in Finance when we did not have an assistant finance director to provide backup review for journal entries. This issue has been addressed with the hiring of the assistant finance director. The assistant finance director is now preparing the journal entries, and the finance director is reviewing those entries. The second issue relates to the requirement when spending federal funds. Certain documents need to be maintained relating to the award of contracts to suspended or debarred parties. While the City did not award any contracts to suspended or debarred parties, we did not maintain documents indicating that the vendors were reviewed and determinations made that the vendors were not suspended or debarred. This issue is being resolved by centralizing that documentation and maintained by the Capital Projects and Grant Accountant, along with the award contract before executing the contract. This process has been somewhat decentralized in the past, and by centralizing this, it will assure that processes and proper documentation is kept on file to avoid similar findings in the future.

Congratulations again to Steve Baugher for completing the financial statements and the audit on time. This is a first year in a number of years that we have not had to request an extension to complete this work.

An Urban Renewal meeting will follow the work session with the regular City Council meeting at 6 PM.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "S. Nebel".

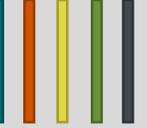
Spencer R. Nebel
City Manager

NEWPORT PUBLIC LIBRARY

Library Annual Report Update



Newport City Council Work Session
Tuesday, January 2, 2024



Vision Statement:

Our community collaborates to support diversity, resiliency, and inclusivity so that everyone can learn, grow, and thrive.

Mission Statement:

We provide equitable access to materials, entertainment, information and technology services of the highest quality to our diverse multigenerational community.

Focus areas are the links between the community's needs, interests, and priorities and the programs and services a library offers.

Specifically, a focus area is what a library does for, or offers to, the public in an effort to meet a set of well-defined community needs.

Newport Public Library Strategic Plan 2021-2024

Focus Areas:

- **Understand how to Find, Evaluate, and Use Information:** Information Fluency
- **Celebrate Diversity:** Cultural Awareness
- **Welcome to the United States:** Services for New Immigrants
- **Connect to the Online World:** Public Internet Access



Newport Public Library Annual Update

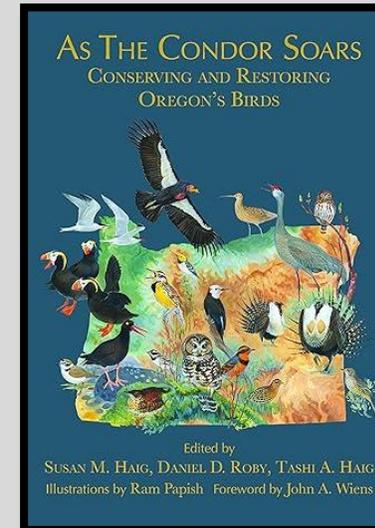
Focus Area

Understand How to Find, Evaluate, and Use Information: Information Fluency

Goal 1: Adults and seniors will have the support they need to improve their literacy skills in order to meet their personal goals and fulfill their responsibilities as members of their community.

- **In FY 2022-2023, the Library provided:**
 - 64 Live Program Sessions for Adults Ages 19 and Older with an attendance count for all program sessions of 1,743 attendees.
 - 97% of seniors and adults who attended a library program or event reported in a post-program assessment that they agree or strongly agree that they learned something new by attending a program hosted by the Library.
 - 22 Adult volunteers who worked 1,917 hours.
 - Lincoln County READS 2023

Goal 1: Accomplished



Newport Public Library Annual Update

Focus Area

Understand How to Find, Evaluate, and Use Information: Information Fluency

Goal 2: Teens will learn to evaluate information resources at many levels, increasing their understanding and awareness of the world around them.



- In FY 2022-2023, the Library provided:
 - 81 Live Program Sessions for Young Adults Ages 12 to 18 with an attendance count for all program sessions of 682 attendees.
 - 21 Teen Library Volunteers who worked 622 hours.
 - High School Student Representative on the Library Advisory Board and High School, BIPOC Student Representative on the Newport Public Library Foundation Board.
 - Teen Intern, Natasha Hazdra

Goal 2: Accomplished



Teen Intern, Natasha Hazdra with Library of Things items and Teen Life Skills Program



Newport Public Library Annual Update

Focus Area

Understand How to Find, Evaluate, and Use Information: Information Fluency

Goal 3: Families will have programs and support for listening, learning, and understanding, leading to shared experiences that create connections.

Goal 3: Accomplished



- In FY 2022-2023, the Library provided:
 - 103 Live Program Sessions for Children Ages 0 to 5 with an attendance count for all program sessions of 1,621 attendees.
 - 52 Live Program Sessions for Children Ages 6 to 11 with an attendance count for all program sessions of 1,050 attendees.
 - 16 Live, In Person, Offsite Program Sessions with an attendance count for all program sessions of 2,229 attendees.
 - Return of In-Person Storytimes and Live Summer Reading Performers post-COVID.



*Storytime and Summer
Reading 2023 Finale
Program*



Newport Public Library Annual Update



Goals Achieved in FY2022-2023:

- **Goal 4:** Residents of all ages will have the resources and support they need in their research, scholastic, and literacy activities.
- **Goal 5:** Residents will have programs and services that accurately and positively represent their culture and history. Residents will have access to resources that allow for comfortable information gathering either independently or with support from library staff.
- **Goal 6:** New immigrants and refugees will have information on citizenship, language learning, employment, public schooling, health and safety, available social services, and any other topics needed to participate successfully in American life.
- **Goal 7:** Residents will have access to the Internet, devices, and knowledge to support their work, education, and interests.



Curiosity Cabinet Food Pantry (top left), Adult Summer Reading Winner channeling their inner dino in the Oregon's Dino-Story Exhibition (top right), Hispanic Heritage Month Celebration (lower left), and Grand Opening of the Newport Seed Library and the Seed and Read Garden at the Newport Public Library (lower right)



Newport Public Library Annual Update

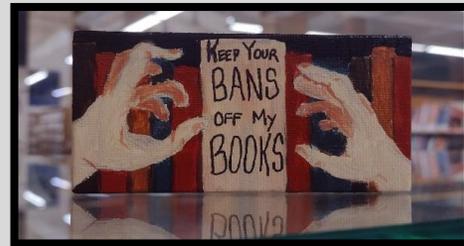
Focus Area

Understand How to Find, Evaluate, and Use Information: Information Fluency

Goal 4: Residents of all ages will have the resources and support they need in their research, scholastic, and literacy activities.

- Library cardholders in our service area is 65% up from 53%.
- 1,039 new registered cardholders
- 10,557 registered cardholders
- Added the Curiosity Cabinet Food Pantry, Newport “Grow with Us” Seed Library, Seed and Read Garden, Harm Reduction items, Library Geocache, and added 75 new kits, materials, and objects to our *Library of Things* Collection.
- **In FY 2022-2023, the Library provided:**
 - 74 Live, General Interest Program Sessions with an attendance count for all program sessions of 3,735.
 - 85 Self-Directed Activities with an attendance count for all self-directed activities of 8,737.
 - 83,171 Library Visits
 - 1,121 Meeting Room Uses
 - 26,047 Reference Transactions
 - Banned Books Library Card created by Susan Schuytema
 - *From the Heart: Author Drawings by Rick Bartow* Exhibition
 - Hosted *Oregon’s Dino-Story* Exhibition

Goal 4: Accomplished



**Banned Books Library Card and
Newport “Grow with Us” Seed Library
with Master Gardener and Collaborator,
Laura Strom**



Newport Public Library Annual Update

Focus Area

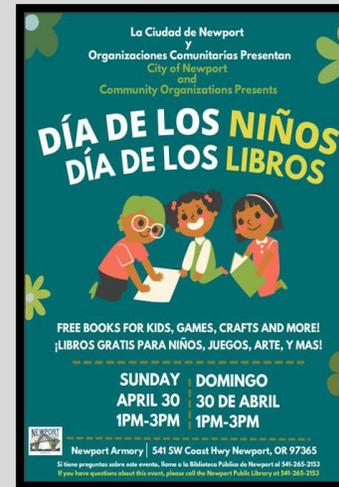
Celebrate Diversity: Cultural Awareness

Goal 5: Residents will have programs and services that accurately and positively represent their culture and history. Residents will have access to resources that allow for comfortable information gathering either independently or with support from library staff.

- In FY 2022-2023, the Library provided:

- Charro Attire Exhibition
- Library is focusing on cultural programs that are bilingual and open for everyone in the community to attend (Lotería, Día de Los Niños/Día de Los Libros, Noche de Diversión, Día de Los Muertos, Hispanic Heritage Month).
- 3,285 Physical Spanish-Language items, which includes Mayan and Nahuatl materials.
- 2,008 Digital Spanish Language items
- 4.2% of the library's print collection consists of non-English language materials.

Goal 5: Accomplished



*Día de Los Niños/Día de Los Libros
Poster and Charro Attire
Exhibition*



Focus Area

Welcome to the United States: Services for New Immigrants

Goal 6: New immigrants and refugees will have information on citizenship, language learning, employment, public schooling, health and safety, available social services, and any other topics needed to participate successfully in American life.

- Acquired citizenship flashcards, language flashcards, bilingual *Library of Things* items, and resources in English, Spanish, and other languages.
- Provided space for language learning and Mango Languages database
- Partnered with BIPOC community organizations such as Arcoíris Cultural, Comunidad y Herencia Cultural, Latino Partnership Program of the Oregon Community Foundation, Pueblo Unido, and more.
- Library Director selected additional Spanish-language, Indigenous, and German language resources at the FIL (Largest Spanish Language Bookfair in the World in late November). Sadly, Ukrainian, Russian, Mandarin Chinese were not available, which are languages that have been requested.

Goal 6: Accomplished



Libros for Oregon at FIL 2023 with popular Latino teen author and bilingual Library of Things items



Newport Public Library Annual Update

Focus Area

Connect to the Online World: Public Internet Access

Goal 7: Residents will have access to the Internet, devices, and knowledge to support their work, education, and interests.

- In FY 2022-2023, the Library provided:
 - 146,589 Website Visits
 - 9,020 sessions of Public Internet Computers and Devices
 - 119,968 Wireless Sessions
 - 22,345 for Circulation of Library2Go Materials
 - 49 Hotspots, which circulated 265 times.

Goal 7: Accomplished



Library 3D Printer and mobile hotspots available for check-out

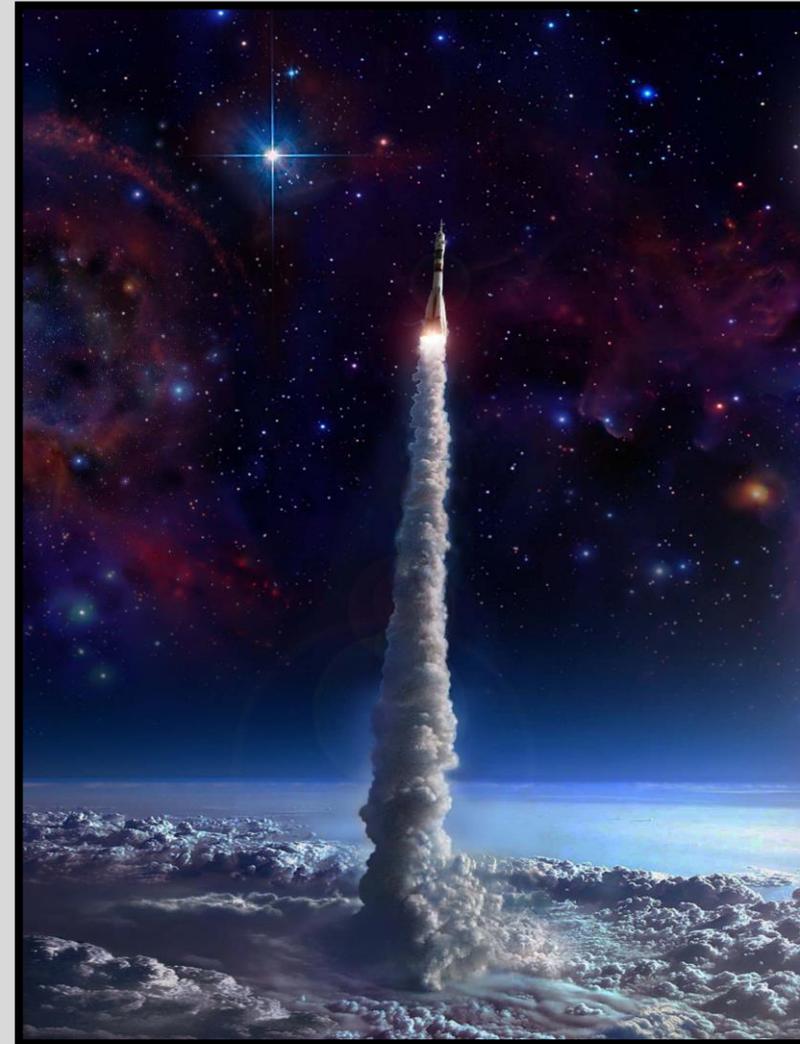




What's Next?

Newport Public Library
Strategic Plan 2021-2024
goals achieved!

Get ready for our next
library strategic plan....



Questions?



Thank you!





**STAFF REPORT
CITY COUNCIL AGENDA ITEM**

Meeting Date: January 2, 2024

Title: Driveway Width Designs Standards

Prepared by: Chris Beatty - Acting City Engineer

Recommended Motion: None

Background Information:

Over past years there has been issues within the City of Newport regarding standard driveway widths for residential and commercial developments. In particular, what minimum and maximum driveway throat widths can be constructed. The Engineering Department is in the process of developing an Engineering Design and Construction Standards Manual with Standard Drawings that will include driveway details. The purpose of this Staff Report is to provide City Council a briefing of the process that has been used to produce the Engineering Design and Construction Standards Manual with Standard Drawings as they relate to driveway throat widths.

The current City of Newport Municipal Code states the following:

14.46.030 Approach and Driveway Development Standards

P. Approaches and driveways shall be a minimum of twelve (12) feet for a one-way drive and twenty (20) feet for a two-way drive. Approaches and driveways shall not be greater than 150% of the minimum, with the exception of those that serve industrial uses and heavy commercial uses which may be up to 35 feet.

This criterion is consistent with language in the December 8, 2021 Newport Transportation Plan.

In summary, one-way residential and one-way commercial driveway throat widths can range from 12-feet to 20-feet wide. Two-way commercial driveway throat widths can range from 20-feet to 30-feet wide.

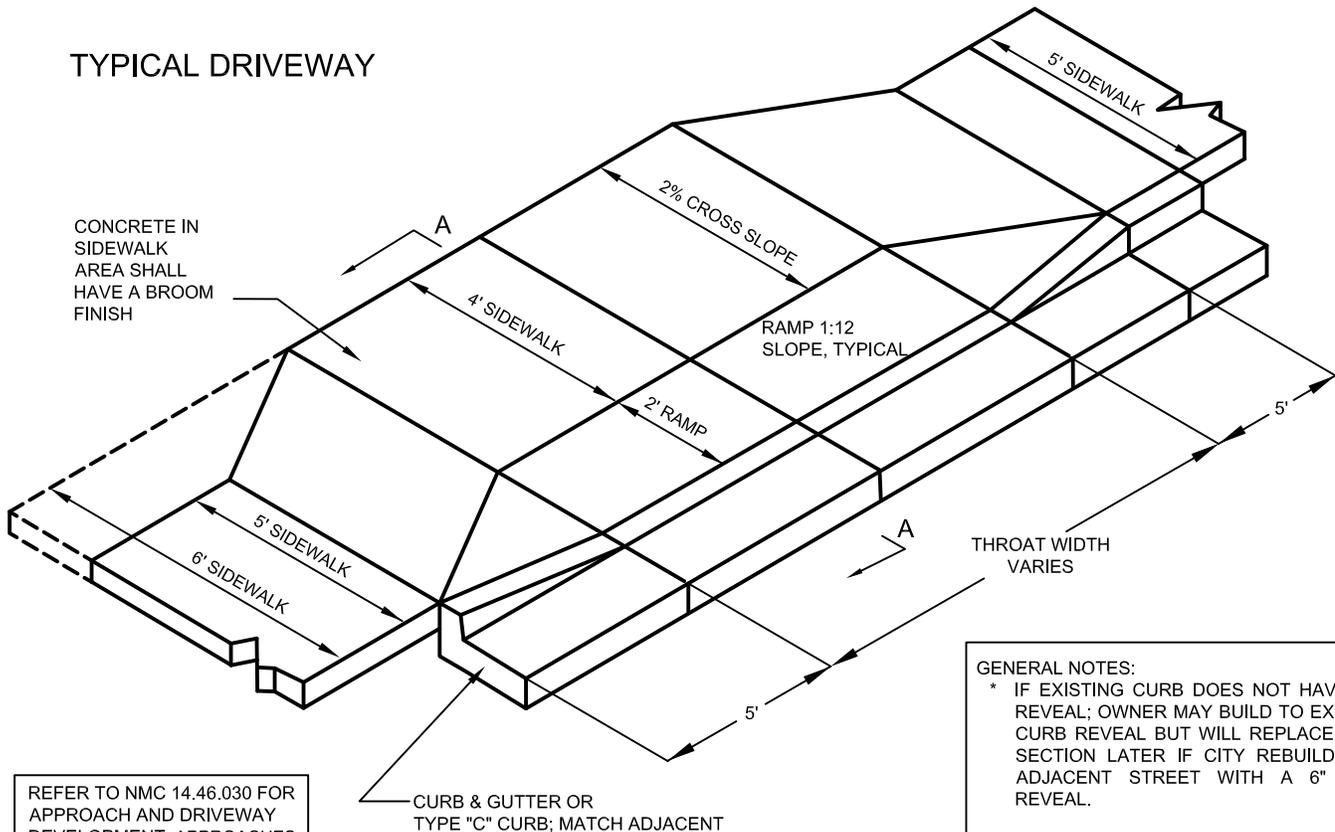
Fiscal Notes: None

Alternatives: None

Attachments:

- City of Newport Standard One-Way Driveway Approach Detail T-150
- City of Newport Commercial One-Way and two-way Driveway Approach Reinforcement Detail T-152

TYPICAL DRIVEWAY

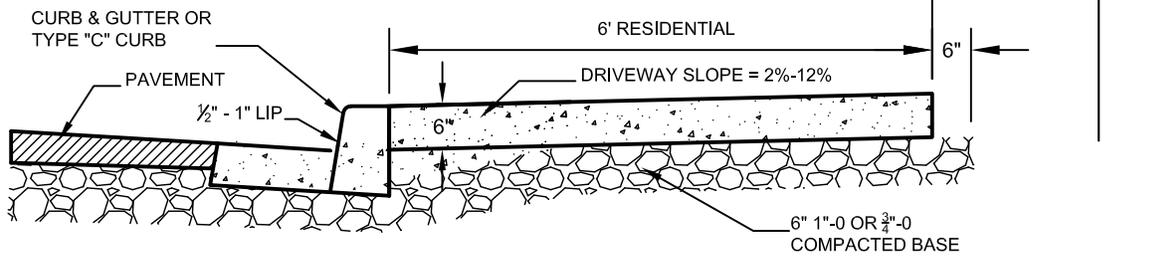


REFER TO NMC 14.46.030 FOR APPROACH AND DRIVEWAY DEVELOPMENT. APPROACHES AND DRIVEWAYS SHALL BE A MINIMUM OF TWELVE (12) FEET FOR A ONE-WAY DRIVEWAY Y AND NO GREATER THAN EIGHTEEN (18) FEET MAXIMUM WIDTH.

GENERAL NOTES:

- * IF EXISTING CURB DOES NOT HAVE A 6" REVEAL; OWNER MAY BUILD TO EXISTING CURB REVEAL BUT WILL REPLACE RAMP SECTION LATER IF CITY REBUILDS THE ADJACENT STREET WITH A 6" CURB REVEAL.
- ** REGARDLESS OF CURB REVEAL; DEPTH OF CURB REMAINS THE SAME AS THOUGH THERE WERE A 6" REVEAL. SEE CURB STANDARD DETAILS.

SECTION A-A NOT TO SCALE



NOTES

1. A MIX DESIGN SHALL BE SUBMITTED TO THE CITY ENGINEER PRIOR TO SCHEDULING POUR.
2. DRIVEWAY STRUCTURE SHALL CONFORM TO OREGON STANDARD SPECIFICATIONS FOR CONSTRUCTION (CURRENT EDITION) SECTION 00759.
3. ADA CROSS-SLOPE COMPLIANT CONCRETE APRON REQUIRED FOR ALL DRIVEWAYS EVEN WHERE NO SIDEWALK IS CONSTRUCTED ADJACENT TO DRIVEWAY.
4. CURB SHALL BE FORMED & POURED SEPARATE FROM DRIVEWAY; MONOLITHIC POURS NOT ALLOWED.
5. A RIGHT-OF-WAY PERMIT IS REQUIRED ON NEW DRIVEWAYS AND DRIVEWAY MODIFICATIONS. SCHEDULE ONSITE MEETING WITH CITY
6. REPRESENTATIVE AFTER FORMS ARE SET BUT BEFORE POURING CONCRETE; ALLOW ADEQUATE TIME FOR FORM ADJUSTMENT BEFORE SCHEDULED POUR.
7. FOR SIDEWALKS REFER TO STANDARD SIDEWALK DETAIL T-210.
8. FOR CURBS REFER TO STANDARD CURB & GUTTER DETAIL T-301.
9. DROP PANEL DRIVEWAYS MAY BE USED WHEN GROUND AT BACK OF WALK SLOPES DOWN TO A HOUSE OR DRIVEWAY LOWER THAN THE SIDEWALK. SEE DETAIL T-151.
10. FOR COMMERCIAL DRIVEWAYS SEE T-152 FOR REINFORCEMENT REQUIREMENTS.
11. CONCRETE TO EXTEND STRAIGHT BACK FROM DRIVEWAY THROUGH ROW TO PROTECT WALKWAY.

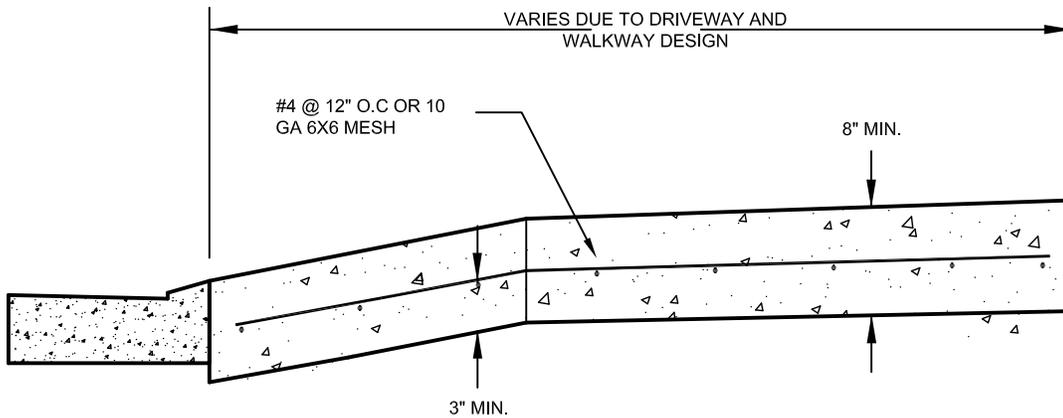


City of Newport
169 SW Coast Hwy
Newport, Oregon 97365
(541) 574-3366 Fax: (541) 265-3301

STANDARD ONE-WAY DRIVEWAY APPROACH DETAIL

DETAIL NO.
T-150
11/9/23

REFER TO NMC 14.46.030 FOR APPROACH AND DRIVEWAY DEVELOPMENT. APPROACHES AND DRIVEWAYS SHALL BE A MINIMUM OF TWELVE (12) FEET FOR A ONE-WAY DRIVEWAY OR TWENTY (20) FEET FOR A TWO-WAY DRIVEWAY AND NO GREATER THAN 150% OF MINIMUM WIDTH.



NOTES:

1. SCORE MARKS ARE TO BE TOOLED INTO CONCRETE SURFACE TO FORM A SQUARE BUT NOT TO EXCEED 8' IN ANY DIRECTION.
2. REINFORCING BAR IS TO BE HELD UP WITH NON-CORROSIVE MATERIALS (ROCK, CONCRETE) PRIOR TO CONCRETE BEING PLACED.
3. REBAR SHALL BE BENT WITH GRADE BREAK TO MATCH SLOPE CHANGE WHERE WALKWAY AND RAMP MEET.



City of Newport
 169 SW Coast Hwy
 Newport, Oregon 97365
 (541) 574-3366 Fax: (541) 265-3301

**COMMERCIAL ONE-WAY
 AND TWO-WAY DRIVEWAY
 REINFORCEMENT DETAIL**

DETAIL NO.

T-152

11/14/2023



2022-2023



Wastewater Collections



Off Road Wildland Brush Vehicle-



Coast Park



Lifeflight

Annual
Comprehensive
Financial Report
For Year Ended
June 30, 2023

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



City of Newport, Oregon
Annual Comprehensive Financial Report
For the Fiscal Year Ended
June 30, 2023

* * * * *

Spencer Nebel, City Manager

Prepared by:
Steve Baugher, Finance Director

CITY OF NEWPORT
Annual Comprehensive Financial Report
Year Ended June 30, 2023

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INTRODUCTORY SECTION

CITY OF NEWPORT

Council Members, Administrative Staff and Principal Financial Staff

Year Ended June 30, 2023

City of Newport, Oregon

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

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

Administrative Staff

| | |
|--|---------------------------------------|
| City Manager | Spencer Nebel |
| Assistant City Manager/City Recorder | Erik Glover |
| Finance Director | Steve Baugher |
| Assistant Finance Director | Eric Carpenter |
| City Attorney | David Allen |
| Judge | Jeffrey Pridgeon |
| Acting Public Works Director | Steven Stewart and Justin Scharbrough |
| City Engineer | Aaron Collett |
| Community Development Director | Derrick Tokos |
| Parks and Recreation Director | Michael Cavanaugh |
| Library Director | Laura Kimberly |
| Police Chief | Jason Malloy |
| Fire Chief | Rob Murphy |
| Acting Information Technology Director | Travis Reeves |
| Human Resource Director | Barbara James |
| Airport Director | Lance Vanderbeck |

Principal Finance Staff

Steve Baugher, Finance Director
Eric Carpenter, Assistant Finance Director

Citizens of the City of Newport

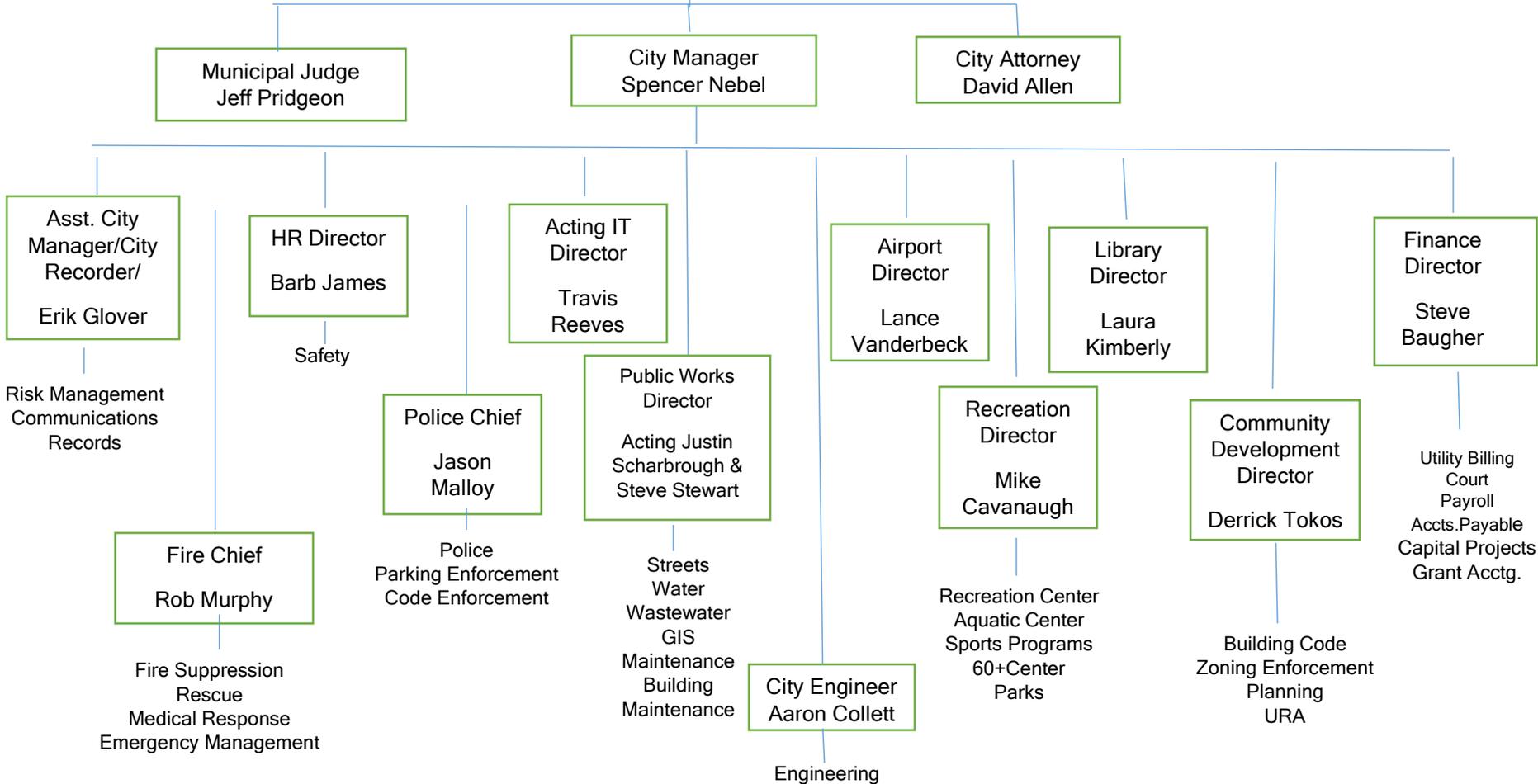
Notes:

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

City Council

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

Citizen Boards and Committees





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Newport
Oregon**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO



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

December 12, 2023

Citizens of Newport
Honorable Mayor Jan Kaplan
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. We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Newport, Oregon (City) for the fiscal year ended June 30, 2023, together with the unmodified opinion therein of our independent certified public accountants, Aldrich CPAs and Advisors, LLP.

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

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

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

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

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

CITY PROFILE

Background

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

Population: City of Newport, Lincoln County

| Year | City of Newport | Lincoln County |
|-------------------|--------------------|-------------------|
| 1970 Census | 5,188 | 25,755 |
| 1980 Census | 7,519 | 35,264 |
| 1990 Census | 8,437 | 38,889 |
| 2000 Census | 9,532 | 44,479 |
| 2010 Census | 9,989 | 40,034 |
| 2020 Census | 10,256 | 50,395 |
| 2022 PSU Estimate | 10,755 | 51,090 |

The City is governed by a non-partisan Council consisting of a Mayor elected to a two-year term and six City Council members elected to four-year overlapping terms. A full-time City Manager administers the affairs of the City for the Council, and supervises a staff of twelve department directors, with 157 full-time equivalent employees budgeted for the current fiscal year, which includes 137 full-time employees. In addition to the City Manager, the City Council also employs a full-time City Attorney and a part-time Municipal Judge.

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

Reporting Entity

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

Budget Process

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

ECONOMIC OUTLOOK AND CONDITION

Recent Economic Performance

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

During the last two decades, the County's highest annual unemployment rate was 11.1% in 2010, closely followed by a rate of 10.9% in 2020 due to COVID-19. The county's unemployment rate peaked at 23.8% in April, 2020. As of June, 2023, the county's monthly unemployment rate is down to 3.8% (not seasonally adjusted). Lincoln County's tourism businesses were hard hit during 2020 with restrictions on non-essential travel from April to June, 2020. Hotels, motels, restaurants, and other tourism-service industries were significantly impacted during that time. The City of Newport provided small businesses with \$1 million in economic impact funds to help ride out the impacts of COVID-19 in 2020. In addition, businesses benefitted from various state and federal programs that injected a significant amount of cash to help those businesses get through the pandemic.

During the 2023 Fiscal Year, the City collected a record amount of room tax indicating a significant recovery for the travel industry with \$6.97 million being collected. This was up from \$6.67 million in 2022 and from \$4.99 million the previous fiscal year. The City imposed an increase in the rate from 9.5% to 12%, effective September 2021. Property values continue to grow at a significant rate in the city. The median sales price for all housing units in Newport City limits grew from \$360,000 in 2021 to \$450,000 in 2022. The total market value of property in the City of Newport increased by 23.73% as determined by the Lincoln County Assessor from 2022 to 2023. The unemployment numbers for Lincoln County are now at historically low levels and employers have had significant

challenges in filling certain positions within the Greater Newport area. These staffing challenges have directly impacted the City of Newport by having a significant number of vacancies open for extended periods within the City organization. This has had an impact on services provided for those departments having shortages in staffing.

Greater Newport Area Vision 2040

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

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

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

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

Long-Term Financial Planning

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

In addition, the work group reviewed estimates of future funding needed to properly maintain the 48 public structures and facilities supported by the City’s General Fund. These amenities of this community of 10,000 include the Performing Arts Center, Visual

Arts Center, Recreation Center, 60+ Center, Aquatics Center, numerous parks and trails, fire hall, city hall, airport, and other key pieces of infrastructure, some of which currently require significant reinvestment at this stage in order to extend their serviceable life span.

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

Relevant Financial Policies In Fiscal Year, 2022-2023, the City utilized a total of 27 funds, of which 17 are governmental fund types and 10 are proprietary fund types. The modified accrual basis of accounting is used for the governmental fund types (General, Special Revenue, Debt Service, and Capital Project). The accrual basis is used for the proprietary fund types (Enterprise and Internal Service).

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

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

Financial Condition

The City of Newport made significant reductions in staffing and expenditures during the fiscal year that began July 1, 2020 in anticipation of the economic impacts of the COVID-19 pandemic, and addressing recommendations from the City Council-appointed Finance Work Group. Since COVID-19, the City has been able to restore a number of positions that had been dropped from the budget during the fiscal year that began July 1, 2020, in order to restore certain services that were reduced at that time. During the fiscal year ended June 30, 2023, the City has continued to see growth in the fund balance for the General Fund due, in part, to the inability to fill certain positions during the course of the fiscal year. There are projects that have funded but have not moved forward, either due to delays in receiving goods ordered or staffing shortfalls. As a result, the General Fund

has increased its balance from \$2.6 million in the fiscal year ending June 30, 2019, to \$7.2 million for the fiscal year ended the June 30, 2023. Overall, the government type funds (General Fund, Room Tax Fund, Airport Fund, Recreation Fund and others) are in a stronger position post COVID-19 than they were prior to the pandemic. In the short run, this will enable the City to proceed with a number of projects and infrastructure upgrades during the next few fiscal years. The City Council needs to remain mindful about the longer-term economic impacts that our material costs, higher labor costs and the need for significant reinvestment in our facilities and parks will have on the longer-term financial condition of the City's general operating funds.

In reviewing the budget to actual amounts for the year ended June 30, 2023, it should be noted that the collection of property taxes was \$213,000 above the budget, transient room taxes were \$331,000 above budget, and interest was \$215,000 above budget. These were offset by lower than anticipated intergovernmental funding of \$177,000. Overall, revenues exceeded the projected revenues by \$784,000. In reviewing the expenses for the fiscal year ending June 30, 2023, the Police Department finished \$1.1 million under the budget, City Administration was \$738,000 under budget, and the Fire Department was \$490,000 under budget. Much of this is related to unfilled vacancies during the course of the fiscal year. Furthermore, non-departmental activities ended up \$622,000 below budget. A significant portion of this amount are funds that have been designated for homelessness activity which are being held by the City for use for an appropriate project to make a meaningful difference in homelessness in the City of Newport.

Likewise, the Room Tax Fund saw growth in its fund balance of \$204,000 from the previous year. From a budgetary standpoint, expenditures were down significantly from appropriation levels due to projects that did not move forward in the fiscal year.

It should be noted that unspent contingency at the end of the fiscal year is folded into the fund balance. This accounts for a portion of the difference between the budgeted amount and the expended amount of City funds.

In the Capital Outlay Funds, projects are typically budgeted for the total amount, even though they may carry over into future fiscal years. Unspent funds during the fiscal year are carried over either in the following proposed budget, or by a supplemental budget in the new fiscal year. In addition, with staffing limitations in Engineering, we have not been able move forward with several projects on the time schedule initially identified for those projects.

While the General Fund, and those supported by the General Fund, are in relatively strong financial shape at the end of the fiscal year on June 30, 2023, business-type funds (Water, Wastewater and Storm Water) have been impacted by unanticipated significant repairs and reinvestments that have been required for those systems over the past three fiscal years. While the Water Fund has a slight improvement in fund balance at the end of the fiscal year, the Wastewater and Storm Water Funds continue to draw down fund balance. The resources need to be increased in all three of these business-type funds in the coming fiscal to cover unanticipated major expenses that can occur in any of these

operations. The City Council approved a significant rate increases on July 1, 2023 to help address these shortfalls and to pay for needed reinvestment in these operations. The City will be looking at future significant rate increases in order to address the financial stability of these funds and to have the resources necessary to maintain and upgrade these facilities in the coming years.

The City has been directly impacted by the “Great Resignation” and is facing significant changes in personnel in key positions of the City. These changes delay various initiatives and efforts as positions remain vacant, and as employees hired to fill these positions get up to speed moving forward with various projects. The staffing shortfalls and the work priorities identified have created additional stress within the organization. Patience is needed as we adjust to the new realities of the labor market going forward. I appreciate the efforts of staff in picking up the extra burden to move things forward when positions remain open for extended periods of time. This is particularly challenging in smaller departments with limited depth to transition through these changes.

The impact of inflation will need to be considered in future financial planning for the City. While some of the City's revenues will adjust to inflation, property tax is limited to a growth of 3% on existing taxable property within the city. It is likely that inflation will outpace property taxable values in the foreseeable future.

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

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

The City's Proprietary Funds (water, wastewater, and storm water) are facing significant challenges with aging infrastructure that will require an increased financial commitment in coming years to continue providing safe drinking water and effectively treated wastewater. Reserves in these funds have been significantly reduced due to unanticipated repairs and replacement of equipment during the past two years. Reserves will need to be re-established in the future. These costs will be supported by significant

increases to utility rates beginning with Fiscal Year 2023-2024 in order to rebuild sufficient fund balances and pay for future upgrades to the systems.

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

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

Major Initiatives

Despite the challenges in staffing and supply chain issues, the City was able to proceed with a number of Capital Outlay projects during the year. The City of Newport is ramping up efforts to complete various projects within the South Beach Urban Renewal District that closes to new projects in 2027. The City Council has hired an Urban Renewal project manager to help facilitate these processes as we move forward.

In order to take advantage of a number of the grant opportunities that will be available over the next five years through the Bipartisan Infrastructure Investments and Jobs Act, the Inflation Reduction Act, and other sources, the City Council authorized the creation of a grant manager position to assist in identifying, preparing, and monitoring grants for the City.

A major initiative of the North Side Urban Renewal District included the completion with ODOT of a Transportation System Plan for the City of Newport. This plan outlines needs for various forms of transportation.

Projects that have been either completed or were underway during the fiscal year that began July 1, 2022 include the Ferry Slip Road utility line undergrounding project, construction of sidewalk from SE. Moore Dr. to Yaquina View Elementary School, resurfacing and ADA sidewalk improvements on SE. Moore Dr. from US 20 to Bay Blvd., upgrade of power and installation of EV chargers at Ernest Bloch Wayside and City Hall, funding for the aquarium to install EV chargers in South Beach, design for the pedestrian-activated rapid flashing beacon at US 20 and Eads Street crosswalk, preliminary feasibility study for a sidewalk infill project on Elizabeth Street, and initiation of the purchase of two parcels of land located on US 101 in City Center. In addition, funding was provided for a traffic study for Oceanview Drive and other parts of the community,

and for the parking study recommendations for paid parking on the Bayfront which are being implemented. At the airport, work continued with the obstruction removal plan with the completion of the airport environmental assessment Phase II.

In the Water Fund, work continued with environmental and preliminary design of various aspects of the Big Creek Dam replacement project. Design work has continued on the main water tank replacements. Fiber installation was completed on NE 71st Street to connect the water booster station and storage tank to the City's Supervisory Control and Data Acquisition (SCADA) system. The excess recirculation upgrades were initiated at the water treatment plant, and work continued on the Big Creek Dam No. 2 spillway hazard mitigation.

In the Wastewater Fund, the Wastewater Treatment Plant Master Plan continued to proceed toward completion. Work was completed on the clarifier refurbishment. The Schooner Landing sewer bypass project was awarded and work was initiated on this project. A temporary North Side dechlorination project was completed prior to the close of the fiscal year. This is a temporary fix to address the excess chlorine that the City has, from time to time, had in the effluent being discharged into the ocean. Significant investment was made on the influent pump station repairs located below the wastewater treatment plant. Funds were also appropriated to make emergency repairs to the centrifuge system that is used to dewater sludge from the wastewater treatment plant. Work continued on City-wide cathodic inspections testing and improvements project to assure that the various lines are protected from corrosion.

In other projects, additional Library HVAC units were replaced and work was completed on the west side and downstairs Library window replacement project.

The Performing Arts Center phase VII project was bid but not awarded earlier this year. The Visual Arts Center upper roof was replaced. The Betty Wheeler Park field light replacement project was completed. The Frank Wade baseball outfield was reconstructed and a new multipurpose soccer field was built at Sam Case elementary using ARPA funds in conjunction with the School District.

OTHER INFORMATION

Certificate of Achievement

On November 7, 2023, the Government Finance Officers Association notified the City of Newport that the Annual Comprehensive Financial Report (ACFR) for the fiscal year which ended June 30, 2022 was awarded a certificate of achievement for excellence in financial reporting. The certificate of achievement is the highest form of recognition in governmental accounting and financial reporting, and attainment represents a significant accomplishment by a government and its management. Congratulations to Finance Director Steve Baugher and staff on obtaining this significant recognition!

Acknowledgments

This ACFR was prepared by the City's Finance Department with information and assistance being provided by other City departments. I would like to thank the Finance Department and all City personnel who contributed to compiling and presenting these reports. I would like to specifically recognize Finance Director, Steve Baugher, who filled the vacant Finance Director position through Fiscal Year 2022-2023, while also maintaining his responsibilities as Assistant Finance Director. We are appreciative of the timely and professional services provided by Aldrich CPAs and Advisors, LLP in conducting the independent audit. Finally, I would like to express appreciation to the role that the Audit Committee, 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,

A handwritten signature in blue ink, appearing to read "S. R. Nebel".

Spencer R. Nebel
City Manager

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newport (the City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison statements for the General Fund, Room Tax Fund, Urban Renewal Fund and Airport Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT, CONTINUED

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

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

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

Required Supplementary Information

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

Supplementary Information

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

INDEPENDENT AUDITOR'S REPORT, CONTINUED

Other Information

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

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

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

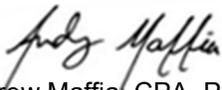
In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is issued separately and is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Other Reporting Required by Oregon State Regulations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 12, 2023, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.

Aldrich CPAs + Advisors LLP

By:



Andrew Maffia, CPA, Partner
Salem, Oregon
December 12, 2023



MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT’S DISCUSSION AND ANALYSIS

The City of Newport (“City”) offers to the public a discussion of its financial statements for the fiscal year ended June 30, 2023. 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, 2023 by \$144.4 million which equals the City’s total net position.
- The City’s total assets for the 2022-2023 Fiscal Year (FY) increased by \$7.1 million, total deferred outflows of resources decreased by \$1.8 million, total liabilities decreased by \$4.7 million, total deferred inflows of resources decreased by \$0.4 million, and net investment in capital assets increased by \$6.3 million. See government-wide financial analysis section for a more detailed analysis.
- As of the close of the fiscal year, the City’s governmental funds reported combined ending fund balances (EFBs) of \$34.2 million, an increase of \$3.3 million as compared to the previous year. The General Fund increased by \$0.8 million, because total income exceeded the expenditures, the effects of supply chain issues and staff shortages. Other significant increases or decreases in EFB’s were; the Urban Renewal Fund decreased by \$1.2 million due to purchase of properties for redevelopment, Capital Project Fund with an increase of \$2.1 million for future capital projects. Note that many of the future capital projects have been delayed due to supply chain issues and staff shortages.
- The proprietary funds, at the close of the fiscal year, had an increase of \$4.2 million. The Water Fund increased by \$3.6 million due to an increase of capital assets of \$1 million, paying all required debt payments as planned of \$2.1 million, and a slight increase of inventory of \$0.4 million. The increase in capital assets is primarily due to preliminary design for Big Creek Dam less depreciation of existing capital assets. The increase in inventory was to increase part supplies due to delays in supply chain and increased costs in supplies.
- As of the end of FY 2023, the total assigned and unassigned fund balance in the General Fund was \$7.2 million, which was 59.58% of the total General Fund operating expenditures of \$12.1 million. The increase in fund balance available for expenditures is primarily due to City directors monitoring their expenditures, supply chain issues and staff shortages, unfilled budgeted staff positions, and use of a long-range financial plan developed by the City’s Finance Work Group.
- Total governmental activities debt decreased by \$0.9 million or 6.1% during the FY 2023. The decrease was the result of paying all required debt payments as planned. Total business-type activities debt decreased by \$2.6 million or 6.1%. The decrease was the result of paying all required debt payments as planned.

Overview of the Financial Statements

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

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

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

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

Fund Financial Statements. A fund is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. As do other state and local governments, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City has two types 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 changes in fund balances provide a reconciliation to facilitate this comparison.

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

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

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

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

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

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

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

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

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

Government-Wide Financial Analysis

The City's total assets for the 2022-2023 Fiscal Year (FY) increased by \$7.1 million, total deferred outflows of resources decreased by \$1.8 million, total liabilities decreased by \$4.7 million, total deferred inflows of resources decreased by \$0.4 million, and net investment in capital assets increased by \$6.3 million. Total increase in assets is due to an increase in cash and investments of \$2.5 million for upcoming capital projects, increase in other assets of \$2.9 million mainly due to recognition of a 40-year land lease receivable, and increase in capital assets of \$1.7 million due to preliminary design of Big Creek Dam, purchase of properties for URA redevelopment, infrastructure improvements, less depreciation. The decrease in deferred outflows is due to pension related item calculations. The decrease in total liabilities is due to the result of paying all required debt payments as planned. The increase in deferred inflows is due to a \$2.6 million decrease in pension related item calculations and an increase of \$2 million in deferred lease resources due to recognition of a 40-year land lease. Net investment in capital assets increased due to the increase of capital assets of \$1.7 million and paying all required debt payments as planned of \$4.6 million. The biggest factor related to the restricted net position increase of \$1.8 million was the accumulation of capital project funds for upcoming projects (delayed due to supply chain issues and staff shortages) less urban renewal revitalization funds used to purchase properties to be redeveloped. Unrestricted net position increase of \$2.3 million is due to supply chain issues and staff shortages.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2023, the City's assets exceeded liabilities by \$144.4 million. This represents an increase of \$10.4 million or 7.78% increase in net position from the prior fiscal year.

TABLE 1 - Condensed Statement of Net Position

| | Governmental Activities | | Business-type Activities | | Total Government | |
|---|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 |
| ASSETS | | | | | | |
| Cash and investments | \$ 32,261,314 | \$ 35,025,282 | \$ 9,523,368 | \$ 9,275,766 | \$ 41,784,682 | \$ 44,301,048 |
| Other assets | 3,063,240 | 5,166,237 | 2,326,517 | 3,145,361 | 5,389,757 | 8,311,598 |
| Capital assets | 79,583,820 | 80,881,112 | 78,968,037 | 79,333,967 | 158,551,857 | 160,215,079 |
| Total Assets | 114,908,374 | 121,072,631 | 90,817,922 | 91,755,094 | 205,726,296 | 212,827,725 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Pension related items | 2,817,428 | 1,557,825 | 529,016 | 18,743 | 3,346,444 | 1,576,568 |
| Other postemployment benefit related items | 24,321 | 28,849 | 11,386 | 12,990 | 35,707 | 41,839 |
| Total Deferred Outflows of Resources | 2,841,749 | 1,586,674 | 540,402 | 31,733 | 3,382,151 | 1,618,407 |
| LIABILITIES | | | | | | |
| Other liabilities | 2,281,216 | 1,769,986 | 8,724,052 | 8,166,424 | 11,005,268 | 9,936,410 |
| Long term debt outstanding | 15,536,502 | 14,590,784 | 43,386,774 | 40,745,147 | 58,923,276 | 55,335,931 |
| Total Liabilities | 17,817,718 | 16,360,770 | 52,110,826 | 48,911,571 | 69,928,544 | 65,272,341 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Pension related items | 3,890,098 | 1,764,047 | 436,367 | - | 4,326,465 | 1,764,047 |
| Other postemployment benefit related items | 102,711 | 157,221 | 50,655 | 80,104 | 153,366 | 237,325 |
| Deferred Lease Resources | 730,591 | 2,777,379 | - | - | 730,591 | 2,777,379 |
| Total Deferred Inflows of Resources | 4,723,400 | 4,698,647 | 487,022 | 80,104 | 5,210,422 | 4,778,751 |
| NET POSITION | | | | | | |
| Net investment in capital assets | 69,303,793 | 72,529,566 | 36,610,565 | 39,662,751 | 105,914,358 | 112,192,317 |
| Restricted | | | | | | |
| Highways and streets | 1,096,252 | 747,699 | - | - | 1,096,252 | 747,699 |
| Capital projects | 6,677,707 | 9,062,310 | 6,047,096 | 5,968,579 | 12,724,803 | 15,030,889 |
| Debt service | 84,114 | 120,781 | 1,402,903 | 1,813,177 | 1,487,017 | 1,933,958 |
| Tourism | 2,882,819 | 3,087,686 | - | - | 2,882,819 | 3,087,686 |
| RHIA OPEB benefits | 57,748 | - | - | - | 57,748 | - |
| Building inspection | 372,858 | 441,081 | - | - | 372,858 | 441,081 |
| Agate Beach closure | 1,128,085 | 1,053,696 | - | - | 1,128,085 | 1,053,696 |
| Urban renewal revitalization | 5,592,866 | 4,424,038 | - | - | 5,592,866 | 4,424,038 |
| Other | - | 460,780 | - | - | - | 460,780 |
| Unrestricted | 8,012,763 | 9,672,251 | (5,300,088) | (4,649,355) | 2,712,675 | 5,022,896 |
| Total Net Position | \$ 95,209,005 | \$ 101,599,888 | \$ 38,760,476 | \$ 42,795,152 | \$ 133,969,481 | \$ 144,395,040 |

The largest portion of the City’s net position, \$112.2 million or 77.70%, is its investment in capital assets (land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses the capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Of the remaining balance in net position, \$15 million (10.41%) is restricted for capital projects paid for by system development charges (SDCs) and other restricted resources, \$1.9 million (1.34%) is restricted for the City debt, namely bonds and loans, and \$4.4 million (3.06%) is restricted for the City Urban Renewal projects which are funded by Oregon’s Property Tax-increment financing.

Governmental Activities. Governmental net position increased from \$95.2 million in fiscal year 2021-22 to \$101.6 million in fiscal year 2022-23. The unrestricted balance increased from \$8 million to \$9.7 million, a 20.71% increase due to supply chain issues and staff shortages.

Business-Type Activities. Business-type net position increased from \$38.8 million in fiscal year 2021-22 to \$42.8 million in fiscal year 2022-23. The unrestricted balance increased 12.28% due to supply chain issues and staff shortages.

TABLE 2 - Governmental and Proprietary Activities

| | Governmental Activities | | Business-type Activities | | Total Government | |
|--------------------------------------|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 |
| REVENUES: | | | | | | |
| Program revenues | | | | | | |
| Charges for services | \$ 3,882,718 | \$ 4,190,974 | \$ 9,839,633 | \$ 10,945,325 | \$ 13,722,351 | \$ 15,136,299 |
| Operating grants and contributions | 2,549,596 | 2,698,364 | - | - | 2,549,596 | 2,698,364 |
| Capital grants and contributions | 2,586,959 | 716,052 | 125,059 | 1,336,021 | 2,712,018 | 2,052,073 |
| General revenues | | | | | | |
| Property taxes | 11,873,913 | 12,402,852 | 2,209,388 | 2,198,486 | 14,083,301 | 14,601,338 |
| Transient room taxes | 6,666,570 | 6,974,069 | - | - | 6,666,570 | 6,974,069 |
| Franchise fees | 1,670,419 | 1,406,020 | - | - | 1,670,419 | 1,406,020 |
| Other taxes | 998,891 | 915,136 | - | - | 998,891 | 915,136 |
| Interest earnings | 153,673 | 1,036,051 | 62,368 | 434,539 | 216,041 | 1,470,590 |
| Other revenue | 371,642 | 183,425 | 69,012 | 42,038 | 440,654 | 225,463 |
| Total Revenues | 30,754,381 | 30,522,943 | 12,305,460 | 14,956,409 | 43,059,841 | 45,479,352 |
| EXPENSES: | | | | | | |
| General government | 7,260,423 | 8,835,335 | - | - | 7,260,423 | 8,835,335 |
| Public safety | 6,161,819 | 7,285,141 | - | - | 6,161,819 | 7,285,141 |
| Public Works | 1,716,106 | 1,879,645 | - | - | 1,716,106 | 1,879,645 |
| Culture and recreation | 3,896,058 | 4,399,758 | - | - | 3,896,058 | 4,399,758 |
| Interest on long-term debt | 332,785 | 281,736 | - | - | 332,785 | 281,736 |
| Water | - | - | 4,960,698 | 4,407,378 | 4,960,698 | 4,407,378 |
| Sewer | - | - | 7,051,610 | 6,995,775 | 7,051,610 | 6,995,775 |
| Stormwater | - | - | 1,108,625 | 969,025 | 1,108,625 | 969,025 |
| Total Expenses | 19,367,191 | 22,681,615 | 13,120,933 | 12,372,178 | 32,488,124 | 35,053,793 |
| Excess of revenues over expenditures | | | | | | |
| before transfers | 11,387,190 | 7,841,328 | (815,473) | 2,584,231 | 10,571,717 | 10,425,559 |
| Transfers | (1,084,691) | (1,450,445) | 1,084,691 | 1,450,445 | - | - |
| Change in net position | 10,302,499 | 6,390,883 | 269,218 | 4,034,676 | 10,571,717 | 10,425,559 |
| Net Position, beginning, as restated | 85,272,155 | 95,209,005 | 38,540,452 | 38,760,476 | 123,812,607 | 133,969,481 |
| Prior Period Adjustment | (365,649) | - | (49,194) | - | (414,843) | - |
| Net Position, ending | \$ 95,209,005 | \$ 101,599,888 | \$ 38,760,476 | \$ 42,795,152 | \$ 133,969,481 | \$ 144,395,040 |

Financial Analysis of the City's Funds

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

Governmental activities increased the City's net position by \$6.4 million (6.71% increase). The City has an ending fund balance policy, which sets the carry forward for each year. Department Heads monitor their budgets in order to stay within their planned expenditures, this way they have a carry forward balance. Comparing fiscal years, the City had received an additional \$1.9 million in aviation grants in FY 2022 (decrease in FY 2023) for capital grants and contributions, but was primarily offset with an increase of property taxes (4.45%) and interest earnings due to an increase in interest rates of up to 4.8%. Total expenses increased by 17.11% due to operations returning to pre-COVID hours of operation, COLI adjustments for personnel, and inflation price adjustments for materials and services.

Business-type activities increased the City's net position by \$4 million. For FY 2023, charges for service rates were increased up to 12% to help cover needed future infrastructure improvements that will need to occur. Capital grants were received in FY 2023 for the Big Creek Dam preliminary design of \$1.3 million. The Water fund encountered a filter issue in late June 2020. Additional unanticipated investment was made in FY 2022 to avoid reoccurring problems in the future resulting in an excess of expenditures in FY 2022. The overall increase to the Net Position grew by 10.41% due to these factors.

A summary of all fund balances is shown below.

TABLE 3 - Ending Fund Balances

| GOVERNMENTAL FUNDS | FY 2021 | | | FY 2022 | | | FY 2023 | | | FY22 to FY23 |
|---------------------------------|-----------|-------------------|-----------|-------------------|-----------|-------------------|-----------|------------------|--------|--------------|
| | | | | | | | | | Change | |
| General Fund | \$ | 5,639,296 | \$ | 6,424,223 | \$ | 7,197,788 | \$ | 773,565 | | |
| Parks and Recreation Fund | | 316,899 | | 452,586 | | 490,367 | | 37,781 | | |
| Public Parking Fund | | 389,388 | | 20,058 | | (966) | | (21,024) | | |
| Housing Fund | | 357,572 | | 539,864 | | 726,500 | | 186,636 | | |
| Airport Fund | | 183,384 | | 374,342 | | 397,935 | | 23,593 | | |
| Room Tax Fund | | 1,989,467 | | 2,882,819 | | 3,087,686 | | 204,867 | | |
| Building Inspection Fund | | 374,482 | | 372,858 | | 441,081 | | 68,223 | | |
| Street Fund | | 854,785 | | 1,096,252 | | 747,699 | | (348,553) | | |
| Line Undergrounding Fund | | 496,736 | | 691,829 | | 914,091 | | 222,262 | | |
| SDC Fund | | 2,332,379 | | 2,738,394 | | 3,057,234 | | 318,840 | | |
| Agate Beach Closure Fund | | 1,169,455 | | 1,128,085 | | 1,053,696 | | (74,389) | | |
| Urban Renewal Agency Fund | | 3,807,152 | | 5,474,072 | | 4,289,871 | | (1,184,201) | | |
| General Debt Service Fund | | 38,262 | | 43,768 | | 30,843 | | (12,925) | | |
| G.O. Debt Service Fund | | (3,518) | | 63,715 | | 99,077 | | 35,362 | | |
| Capital Project Fund | | 2,640,323 | | 3,939,313 | | 6,005,076 | | 2,065,763 | | |
| Reserve Fund | | 2,144,594 | | 2,603,870 | | 2,548,207 | | (55,663) | | |
| Capital Improvements Fund | | 815,348 | | 2,051,044 | | 3,064,677 | | 1,013,633 | | |
| Total Governmental Funds | \$ | 23,546,004 | \$ | 30,897,092 | \$ | 34,150,862 | \$ | 3,253,770 | | |
| | | | | | | | | | | |
| PROPRIETARY FUNDS | FY 2021 | | | FY 2022 | | | FY 2023 | | | FY22 to FY23 |
| | | | | | | | | | Change | |
| Water Fund | \$ | 7,344,871 | \$ | 4,821,054 | | 8,449,589 | \$ | 3,628,535 | | |
| Wastewater Fund | | 28,460,542 | | 26,009,325 | | 25,996,116 | | (13,209) | | |
| Stormwater Fund | | (1,554,845) | | (767,471) | | (549,437) | | 218,034 | | |
| Debt Fund - Water | | 4,229 | | 6,221 | | 6,595 | | 374 | | |
| Debt Fund - Wastewater | | 461,478 | | 973,852 | | 1,403,975 | | 430,123 | | |
| Debt Fund - Stormwater | | 177,391 | | 175,398 | | 122,161 | | (53,237) | | |
| G.O. Debt Service Fund | | 168,363 | | 247,432 | | 280,446 | | 33,014 | | |
| Capital Projects | | 2,072,415 | | 6,047,096 | | 5,968,579 | | (78,517) | | |
| Public Works Fund | | 1,406,008 | | 1,247,569 | | 1,117,128 | | (130,441) | | |
| City Facility Fund | | 752,387 | | 376,327 | | 525,729 | | 149,402 | | |
| Total Proprietary Funds | \$ | 39,292,839 | \$ | 39,136,803 | \$ | 43,320,881 | \$ | 4,184,078 | | |

The City's governmental funds reported combined ending fund balances (EFBs) of \$34.2 million, an increase of \$3.3 million or 10.53% from the previous year.

The General Fund is the main operating fund for the City. At the end of 2022-23 FY, the unassigned and assigned fund balance of the General Fund was \$7.2 million. As a measure of the General Fund's liquidity, it may be useful to compare the spendable fund balance to total fund expenditures. The unassigned fund balance represents 59.58% of the total General Fund operating expenditures. The total fund balance (non-spendable, restricted, committed, assigned, and unassigned) increased by \$0.8 million to \$7.2 million, or 12.04% compared to the previous year. The increase is primarily due to City directors monitoring their expenditures, supply chain issues and staff shortages, and unfilled budgeted staff positions. The Urban Renewal Agency Fund decreased by \$1.2 million due to purchase of properties for future redevelopment. The Capital Project Fund increased \$2.1 million and the Capital Improvements Fund increased \$1 million for future capital projects (delayed due to supply chain issues and staff shortages).

The Proprietary funds reported combined EFB's of \$43.3 million, an increase of \$4.2 million or 10.69%. The Water Fund increased by \$3.6 million due to an increase of capital assets of \$1 million, paying all required debt payments as planned of \$2.1 million, and a slight increase of inventory of \$0.4 million. The

increase in capital assets is primarily due to preliminary design for Big Creek Dam less depreciation of existing capital assets. The increase in inventory was to increase part supplies due to delays in supply chain and increased costs in supplies. The Wastewater Debt Fund increased by \$0.4 million in anticipation of deferred interest becoming due in the near future from DEQ deferred notes and increased reserves required by DEQ.

General Fund Budgetary Highlights

There was a \$0.6 million increase between the adopted and final amended budgeted expenditures in the General Fund. During the course of the year, the City Council accepted, appropriated and approved four supplemental budgets for this fund. An adjustment was completed to recognize a \$0.1 million increase to the beginning fund balance and the offset went to contingency to match the 2021-22 fiscal year audit ending fund balance, adjustment to recognize opioid funds received of \$0.1 million and transferred to the Reserve Fund, adjustment to recognize potentially new leases and subscriptions (GASB 87 and GASB 96) of \$0.6 million, and a transfer of \$0.3 million to the Wastewater Fund from contingency to cover unanticipated infrastructure repairs.

Capital Assets. As of June 30, 2023, the City’s investment in capital assets for its governmental and business type activities was \$160.2 million, net of accumulated depreciation (see table 4). Investment in capital assets includes land, buildings and structures, equipment, vehicles, infrastructure, construction in progress, right to use lease assets, and subscription assets. The total increase in the City’s investment in capital assets for the current fiscal year was \$1.6 million or 1.05%. This total includes a 1.63% increase in assets related to governmental activities and a 0.46% increase in assets related business-type activities.

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

| | Governmental Activities | | Business-type Activities | | Total Government | |
|-------------------------------|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 |
| Land | \$ 12,225,530 | \$ 13,218,881 | \$ 1,095,452 | \$ 1,095,452 | \$ 13,320,982 | \$ 14,314,333 |
| Construction in progress | 5,206,906 | 5,835,258 | 7,016,006 | 8,756,869 | 12,222,912 | 14,592,127 |
| Buildings and structures | 45,113,428 | 44,911,989 | 39,300,959 | 39,368,503 | 84,414,387 | 84,280,492 |
| Equipment | 5,080,036 | 5,522,271 | 4,104,121 | 4,928,824 | 9,184,157 | 10,451,095 |
| Vehicles | 6,222,828 | 5,768,114 | 2,208,842 | 2,051,667 | 8,431,670 | 7,819,781 |
| Infrastructure | 58,922,603 | 60,995,157 | 73,368,730 | 74,462,737 | 132,291,333 | 135,457,894 |
| Right to use lease assets | 576,793 | 638,188 | 168,045 | 357,331 | 744,838 | 995,519 |
| Subscription assets | 228,483 | 228,483 | 36,897 | 36,897 | 265,380 | 265,380 |
| Less accumulated depreciation | (53,992,787) | (56,237,229) | (48,331,015) | (51,724,313) | (102,323,802) | (107,961,542) |
| Total | \$ 79,583,820 | \$ 80,881,112 | \$ 78,968,037 | \$ 79,333,967 | \$ 158,551,857 | \$ 160,215,079 |

Some significant changes are as follows.

Governmental activities:

- South Beach SE 35th & Highway 101 project accumulated \$207.3K in costs,
- SE Harney St sidewalk from SE Moore Dr to Yaquina View Elementary project accumulated \$779.7K in costs,
- PAC expansion project accumulated \$72.3K in costs,
- Parking meter equipment and signs began and accumulated \$103.2K in costs,
- Ferry slip utility line undergrounding project accumulated \$736.7K in costs,
- Vehicle charging station at Oregon Coast Aquarium project began and accumulated \$50K in costs,
- AT&T Firstnet CRD COW equipment began and accumulated \$78K in costs,
- Skid steer power unit w/attachments began and accumulated \$55.9K in costs,
- 30 Dell PCs began and accumulated \$60K in costs,
- Sam Case multi-purpose field began and accumulated \$500K in costs,

- 2022 Ford Explorer vehicle began and accumulated \$64.1K in costs,
- 2017 Ford F550 bucket truck began and accumulated \$95.1K in costs,
- 2023 Ford F150 truck began and accumulated \$52.6K in costs,
- 415-425 SW Coast Hwy (URA land redevelopment) began and accumulated \$503.6K in costs,
- 626, 636, and 641 SW Coast Hwy (URA land redevelopment) began and accumulated \$489.8K in costs.

Business-type activities:

- Fiber installation at NE 71ST Street PS and Tank began and accumulated \$50.8K in costs,
- Big Creek Dam design accumulated \$2M in costs,
- WTP Excess Recirculation (XR) Upgrade/Storage Building began and accumulated \$293.65K in costs,
- Northside Pump Station dechlorination project (NDP) & facility improvements accumulated \$50.9K in costs,
- Aerator gear box equipment and accumulated \$72.9K in costs,
- WWTP Master Plan began and accumulated \$272.3K in costs,
- Clarifier 2 Refurbishment equipment began and accumulated \$240.2K in costs,
- Influent Pump Station (IPS) Repairs began and accumulated \$167.8K in costs,
- Raw sewage pumps (Flygt) equipment began and accumulated \$146.5K in costs,
- Centrifuge rebuild began and accumulated \$70.1K in costs,
- Storm drain replacement on NW Spring Street began and accumulated \$123K in costs.

TABLE 5 - Change in Capital Assets

| | Governmental Activities | | Business-type Activities | | Total Government | |
|-------------------|-------------------------|---------------|--------------------------|---------------|------------------|----------------|
| | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 |
| Beginning balance | \$ 78,990,396 | \$ 79,583,820 | \$ 80,159,195 | \$ 78,968,037 | \$ 159,149,591 | \$ 158,551,857 |
| Additions | 4,040,033 | 6,262,699 | 16,840,662 | 5,127,422 | 20,880,695 | 11,390,121 |
| Depreciation | (2,855,665) | (3,133,455) | (3,245,703) | (3,626,888) | (6,101,368) | (6,760,343) |
| Deletions | (590,944) | (1,831,952) | (14,786,117) | (1,134,604) | (15,377,061) | (2,966,556) |
| Ending Balance | \$ 79,583,820 | \$ 80,881,112 | \$ 78,968,037 | \$ 79,333,967 | \$ 158,551,857 | \$ 160,215,079 |

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 2023 the City had total debt outstanding of \$55.3 million. The City has four major types of debt along with net pension liability, compensated absences, other postemployment benefits, leases, and subscriptions (see Table 6):

1. General Obligations Bonds (GO). Debt approved by the City’s taxpayers and for which they pay thorough an increase in their property taxes. The total amount outstanding is \$11.5 million, which includes \$290,734 of unamortized bond premium.
2. Debt based upon the “full faith and credit of the City” (FFC). Debt the City’s taxpayers do not pay directly. Revenue bonds are an example, revenues generated by the particular project being financed secure these bonds or whatever source the City has available for payment. The total amount outstanding is \$33.7 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 2023 is \$2 million.
4. Loans made to the City by banks and other institutions. Debt for this type of financing is funded by specific funds. The total outstanding at June 30, 2023 is \$52,829.

In fiscal year 2022-23, the City continued to pay down debt, \$4.5 million was expended as planned.

TABLE 6 Outstanding Long-Term Debt at Year-End

| GOVERNMENTAL ACTIVITIES | FY 2021 | FY 2022 | FY 2023 |
|---|----------------------|----------------------|----------------------|
| 2013 Series GO for Swimming Pool | \$ 6,315,000 | \$ 5,970,000 | \$ 5,595,000 |
| 2010 B Full Faith & Credit Urban Renewal | 1,115,000 | 550,000 | - |
| 2015 A and B Urban Renewal | 3,340,000 | 2,678,000 | 1,960,000 |
| 2007 Certificate of Participation (LoCap) | 75,000 | 50,000 | 25,000 |
| 2018 Airport Fuel Farm Borrowing | 166,500 | 83,329 | 27,829 |
| Unamortized Premium | 302,169 | 263,435 | 224,699 |
| Net Pension Liability | 6,757,211 | 4,441,026 | 5,432,497 |
| Compensated Absences | 579,412 | 526,712 | 562,941 |
| Other Postemployment Benefits Liability | 344,551 | 288,736 | 243,800 |
| Lease Payable | 222,099 | 456,781 | 387,809 |
| Subscription Payable | - | 228,483 | 131,209 |
| Total Governmental Debt | 19,216,942 | 15,536,502 | 14,590,784 |
| BUSINESS-TYPE ACTIVITIES | FY 2021 | FY 2022 | FY 2023 |
| 2009 GO Water Improvement Bonds (WTP) | 7,786,329 | 6,686,249 | 5,615,773 |
| 2019 Water Borrowing | 3,502,000 | 2,956,000 | 2,741,000 |
| 2010A Series, Full Faith and Refunding | 780,000 | 255,000 | - |
| 2018 Series, Full Faith and Credit - Stormwater | 2,367,000 | 2,058,000 | 1,740,000 |
| 2022 Series, Full Faith and Credit - Water | 0 | 4,551,000 | 4,551,000 |
| 2007 Seal Rock Water District Agreement | 615,252 | 580,417 | 543,881 |
| 2014 Water Borrowing | 3,559,743 | 3,365,530 | 3,163,491 |
| DEQ Note R689935 | 3,935,702 | 3,741,018 | 3,544,382 |
| DEQ Note R689933 | 8,451,812 | 10,031,027 | 9,625,393 |
| DEQ Note R689934 | 810,354 | 810,354 | 810,354 |
| DEQ Note R689936 | 6,963,098 | 6,984,114 | 6,984,114 |
| Unamortized Premium | 132,687 | 99,362 | 66,035 |
| Net Pension Liability | 66,374 | 775,116 | 750,519 |
| Compensated Absences | 153,131 | 129,444 | 144,064 |
| Other Postemployment Benefits Liability | 90,531 | 177,351 | 131,924 |
| Lease Payable | - | 157,895 | 313,880 |
| Subscription Payable | - | 28,897 | 19,337 |
| Total Business Type Debt | 39,214,013 | 43,386,774 | 40,745,147 |
| TOTALS: | \$ 58,430,955 | \$ 58,923,276 | \$ 55,335,931 |

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

Economic Factors and Next Year's Budget and Rates

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

Another indicator of economic trends is the unemployment rate for a particular area. In reviewing the Lincoln County unemployment statistics over the past ten years for the month of June, it shows that 2019 was at 4.4%. Prior to the COVID pandemic, the February 2020 unemployment rate was at 4.6%. The rate rose to a high point of 25.9% in April and once the economy opened the rate dropped to 15.4% as of June 30, 2020. In the current fiscal year, the unemployment rate has dropped to 3.8% at June 30, 2023.

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

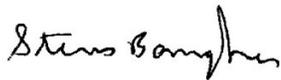
Another significant source of revenues for the City of Newport includes the transient room tax; it has increased an average of 11.34% over the last five years, which includes the substantial decline of revenue during COVID in 2020. The Newport transient room tax rate was increased in September 2021 from 9.5% to 12%.

The City provides for water, wastewater, and stormwater services. The rates were increased by 8.33% for water, 15% for wastewater, and 9.5% for the stormwater for the 2023-24 budget. Future rates will need to be increased due to current operations caused by inflation and additional costs to maintain and/or replace an aging infrastructure. These rates are a significant source of revenue for the City's proprietary funds.

In assembling the City-wide budget for the 2023-24 budget, the City Finance Department utilized various five-year projections based on historic trends. This included assumptions that assessed value of property would increase by 3.0%. Medical insurance coverage would increase by an average 5.5%, and an average Cost of Living Adjustment of 5.5% would be used for budgeted wages. Other expenses and revenue percentages were adjusted based on history factored in with expected higher than normal inflation.

All of these factors were considered when preparing the budget for the 2023-24 fiscal year.

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



Signature: _____
Finance Director



BASIC FINANCIAL STATEMENTS

CITY OF NEWPORT
Statement of Net Position
June 30, 2023

| ASSETS | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|-----------------------|
| Cash and Cash Equivalents | \$ 35,025,282 | \$ 9,275,766 | \$ 44,301,048 |
| Receivables: | | | |
| Accounts, net | 1,720,275 | 2,135,163 | 3,855,438 |
| Taxes | 562,367 | 102,465 | 664,832 |
| Interest | 79,049 | - | 79,049 |
| Internal Balances | 11,212 | (11,212) | - |
| Inventory | 84,931 | 899,555 | 984,486 |
| Prepaid Expenses | 6,985 | 19,390 | 26,375 |
| Lease Receivables | 2,634,231 | - | 2,634,231 |
| Net Other Postemployment Benefits Asset | 67,187 | - | 67,187 |
| Capital Assets: | | | |
| Land and construction in progress | 19,054,139 | 9,852,321 | 28,906,460 |
| Other capital assets, net of depreciation | 61,826,973 | 69,481,646 | 131,308,619 |
| Total Assets | <u>121,072,631</u> | <u>91,755,094</u> | <u>212,827,725</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension Related Items | 1,557,825 | 18,743 | 1,576,568 |
| Other Postemployment Benefits Related Items | 28,849 | 12,990 | 41,839 |
| Total Deferred Outflows of Resources | <u>1,586,674</u> | <u>31,733</u> | <u>1,618,407</u> |
| LIABILITIES | | | |
| Accounts Payable | 543,932 | 497,269 | 1,041,201 |
| Payroll and Related Liabilities | 587,615 | 150,029 | 737,644 |
| Customer Deposits | - | 867,343 | 867,343 |
| Unearned Revenue | 616,573 | 20,828 | 637,401 |
| Accrued Interest | 21,866 | 6,630,955 | 6,652,821 |
| Long-Term Liabilities: | | | |
| Due within one year | 2,142,630 | 2,896,169 | 5,038,799 |
| Due in more than one year | 12,448,154 | 37,848,978 | 50,297,132 |
| Total Liabilities | <u>16,360,770</u> | <u>48,911,571</u> | <u>65,272,341</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension Related Items | 1,764,047 | - | 1,764,047 |
| Other Postemployment Benefits Related Items | 157,221 | 80,104 | 237,325 |
| Deferred Lease Resources | 2,777,379 | - | 2,777,379 |
| Total Deferred Inflows of Resources | <u>4,698,647</u> | <u>80,104</u> | <u>4,778,751</u> |
| NET POSITION | | | |
| Net Investment in Capital Assets | 72,529,566 | 39,662,751 | 112,192,317 |
| Restricted for: | | | |
| Highways and streets | 747,699 | - | 747,699 |
| Capital projects | 9,062,310 | 5,968,579 | 15,030,889 |
| Debt service | 120,781 | 1,813,177 | 1,933,958 |
| Tourism | 3,087,686 | - | 3,087,686 |
| Building inspection | 441,081 | - | 441,081 |
| Agate Beach disposal site closure | 1,053,696 | - | 1,053,696 |
| Urban renewal revitalization | 4,424,038 | - | 4,424,038 |
| Other | 460,780 | - | 460,780 |
| Unrestricted | 9,672,251 | (4,649,355) | 5,022,896 |
| Total Net Position | <u>\$ 101,599,888</u> | <u>\$ 42,795,152</u> | <u>\$ 144,395,040</u> |

See accompanying notes to basic financial statements.

CITY OF NEWPORT

Statement of Activities

Year Ended June 30, 2023

| | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | |
|---|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|-----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental Activities: | | | | | | | |
| General government | \$ 8,835,335 | \$ 2,972,772 | \$ 1,256,790 | \$ 494,155 | \$ (4,111,618) | \$ - | \$ (4,111,618) |
| Public safety | 7,285,141 | 191,656 | 459,009 | - | (6,634,476) | - | (6,634,476) |
| Public works | 1,879,645 | 2,238 | 949,581 | 185,929 | (741,897) | - | (741,897) |
| Culture and recreation | 4,399,758 | 1,024,308 | 32,984 | 35,968 | (3,306,498) | - | (3,306,498) |
| Interest on long-term debt | 281,736 | - | - | - | (281,736) | - | (281,736) |
| Total Governmental Activities | 22,681,615 | 4,190,974 | 2,698,364 | 716,052 | (15,076,225) | - | (15,076,225) |
| Business-Type Activities: | | | | | | | |
| Water | 4,407,378 | 4,643,198 | - | 1,336,021 | - | 1,571,841 | 1,571,841 |
| Wastewater | 6,995,775 | 5,252,241 | - | - | - | (1,743,534) | (1,743,534) |
| Stormwater | 969,025 | 1,049,886 | - | - | - | 80,861 | 80,861 |
| Total Business-Type Activities | 12,372,178 | 10,945,325 | - | 1,336,021 | - | (90,832) | (90,832) |
| Totals | \$ 35,053,793 | \$ 15,136,299 | \$ 2,698,364 | \$ 2,052,073 | (15,076,225) | (90,832) | (15,167,057) |
| General Revenues: | | | | | | | |
| Property taxes | | | | | 12,402,852 | 2,198,486 | 14,601,338 |
| Transient room taxes | | | | | 6,974,069 | - | 6,974,069 |
| Franchise fees | | | | | 1,406,020 | - | 1,406,020 |
| Other taxes | | | | | 915,136 | - | 915,136 |
| Interest earnings | | | | | 1,036,051 | 434,539 | 1,470,590 |
| Other revenue | | | | | 183,425 | 42,038 | 225,463 |
| Transfers | | | | | (1,450,445) | 1,450,445 | - |
| Total General Revenues and Transfers | | | | | 21,467,108 | 4,125,508 | 25,592,616 |
| Change in Net Position | | | | | 6,390,883 | 4,034,676 | 10,425,559 |
| Net Position, beginning, as restated | | | | | 95,209,005 | 38,760,476 | 133,969,481 |
| Net Position, ending | | | | | \$ 101,599,888 | \$ 42,795,152 | \$ 144,395,040 |

See accompanying notes to basic financial statements.

CITY OF NEWPORT
Governmental Funds
Balance Sheet
June 30, 2023

| | <u>General</u> | <u>Room Tax</u> | <u>Urban Renewal</u> |
|---|---------------------|---------------------|--------------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 7,830,228 | \$ 2,404,370 | \$ 4,259,670 |
| Receivables: | | | |
| Accounts | 674,013 | 714,951 | - |
| Taxes | 363,827 | - | 170,525 |
| Interest | - | - | - |
| Due from Other Funds | 18,548 | - | - |
| Inventory | - | - | - |
| Prepaid Items | 2,330 | - | - |
| Lease Receivables | 196,459 | - | - |
| | <u>9,085,405</u> | <u>3,119,321</u> | <u>4,430,195</u> |
| Total Assets | \$ <u>9,085,405</u> | \$ <u>3,119,321</u> | \$ <u>4,430,195</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 118,408 | \$ 31,635 | \$ 371 |
| Payroll and related liabilities | 439,575 | - | 5,786 |
| Unearned revenue | 602,208 | - | - |
| Due to other funds | - | - | - |
| | <u>1,160,191</u> | <u>31,635</u> | <u>6,157</u> |
| Total Liabilities | 1,160,191 | 31,635 | 6,157 |
| Deferred Inflows of Resources: | | | |
| Unavailable revenues | 538,450 | - | 134,167 |
| Deferred lease resources | 188,976 | - | - |
| | <u>727,426</u> | <u>-</u> | <u>134,167</u> |
| Total Deferred Inflows of Resources | 727,426 | - | 134,167 |
| Fund Balances: | | | |
| Nonspendable | 2,330 | - | - |
| Restricted | - | 3,087,686 | 4,289,871 |
| Committed | - | - | - |
| Assigned | - | - | - |
| Unassigned | 7,195,458 | - | - |
| | <u>7,197,788</u> | <u>3,087,686</u> | <u>4,289,871</u> |
| Total Fund Balances | 7,197,788 | 3,087,686 | 4,289,871 |
| Total Liabilities and Fund Balances | \$ <u>9,085,405</u> | \$ <u>3,119,321</u> | \$ <u>4,430,195</u> |

See accompanying notes to basic financial statements.

| | Airport | Capital Projects | Nonmajor Governmental | Total Governmental Funds | | | |
|----|------------------|---------------------|--------------------------|--------------------------------|-------------------|----|-------------------|
| \$ | 451,881 | \$ | 5,920,743 | \$ | 13,265,781 | \$ | 34,132,673 |
| | 16,842 | 137,817 | 146,100 | 1,689,723 | | | |
| | - | - | 28,015 | 562,367 | | | |
| | 79,049 | - | - | 79,049 | | | |
| | - | - | 110,000 | 128,548 | | | |
| | 38,946 | - | 45,985 | 84,931 | | | |
| | 27 | - | 3,729 | 6,086 | | | |
| | <u>2,437,772</u> | <u>-</u> | <u>-</u> | <u>2,634,231</u> | | | |
| \$ | <u>3,024,517</u> | \$ | <u>6,058,560</u> | \$ | <u>13,599,610</u> | \$ | <u>39,317,608</u> |
| \$ | 6,255 | \$ | 53,484 | \$ | 208,265 | \$ | 418,418 |
| | 17,559 | - | 79,799 | 542,719 | | | |
| | 14,365 | - | - | 616,573 | | | |
| | <u>-</u> | <u>-</u> | <u>117,336</u> | <u>117,336</u> | | | |
| | <u>38,179</u> | <u>53,484</u> | <u>405,400</u> | <u>1,695,046</u> | | | |
| | - | - | 21,704 | 694,321 | | | |
| | <u>2,588,403</u> | <u>-</u> | <u>-</u> | <u>2,777,379</u> | | | |
| | <u>2,588,403</u> | <u>-</u> | <u>21,704</u> | <u>3,471,700</u> | | | |
| | 38,973 | - | 49,714 | 91,017 | | | |
| | 358,962 | 6,005,076 | 5,349,262 | 19,090,857 | | | |
| | - | - | 2,130,769 | 2,130,769 | | | |
| | - | - | 5,643,727 | 5,643,727 | | | |
| | <u>-</u> | <u>-</u> | <u>(966)</u> | <u>7,194,492</u> | | | |
| | <u>397,935</u> | <u>6,005,076</u> | <u>13,172,506</u> | <u>34,150,862</u> | | | |
| \$ | <u>3,024,517</u> | \$ | <u>6,058,560</u> | \$ | <u>13,599,610</u> | \$ | <u>39,317,608</u> |



CITY OF NEWPORT

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

June 30, 2023

| | | | |
|---|----|--------------------|---------------------------|
| Total Fund Balances for Governmental Funds | | \$ | 34,150,862 |
| Total Net Position Reported for the Governmental Activities in the Statement of Net Position is Different because: | | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets and related accumulated depreciation are reported as follows: | | | |
| Land and construction in progress | \$ | 19,054,139 | |
| Other capital assets, net of depreciation, net of internal service funds | | <u>61,740,138</u> | |
| Total Capital Assets | | | 80,794,277 |
| The net other postemployment benefit asset is reported in the statement of net position but is not reported in the funds | | | |
| | | | 67,187 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds | | | |
| | | | 694,321 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported as fund liabilities: | | | |
| Long-term debt | | (7,832,528) | |
| Lease liability | | (300,146) | |
| Subscription liability | | (131,209) | |
| Compensated absences, net of internal service funds | | (540,935) | |
| Interest payable on long-term debt | | (21,866) | |
| Other postemployment benefit liability, net of internal service funds | | (214,733) | |
| Net pension liability, net of internal service funds | | <u>(5,267,134)</u> | |
| Total Long-Term Liabilities | | | (14,308,551) |
| Internal service funds are used by management to charge the costs of information systems services, central services, and geographic information system services to individual funds. A portion of the assets and liabilities of the internal service funds is included in governmental activities statement of net position | | | |
| | | | 525,729 |
| Certain changes in net pension liabilities are deferred rather than recognized immediately. These items are amortized over time and are shown net of internal service fund balances: | | | |
| Deferred outflows of resources - pension related | | 1,553,695 | |
| Deferred inflows of resources - pension related | | (1,764,047) | |
| Deferred outflows of resources - other postemployment benefits related | | 25,987 | |
| Deferred inflows of resources - other postemployment benefits related | | <u>(139,572)</u> | |
| | | | <u>(323,937)</u> |
| Total Net Position of Governmental Activities | | \$ | <u><u>101,599,888</u></u> |

See accompanying notes to basic financial statements.

CITY OF NEWPORT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2023

| | General | Room Tax | Urban Renewal |
|--|---------------------|---------------------|---------------------|
| Revenues: | | | |
| Taxes: | | | |
| Property | \$ 7,900,135 | \$ - | \$ 3,837,754 |
| Transient room | 3,415,403 | 3,554,693 | - |
| Other | 182,670 | - | - |
| Franchise fees, privilege taxes, licenses and permits | 1,420,771 | - | - |
| Intergovernmental | 2,317,187 | - | - |
| Charges for services | 1,579,478 | 3,973 | - |
| Fines and forfeitures | 151,892 | - | - |
| System development charges | - | - | - |
| Interest earnings | 247,219 | 77,209 | 153,975 |
| Other revenue | 198,519 | 32,593 | 42,000 |
| Total Revenues | 17,413,274 | 3,668,468 | 4,033,729 |
| Expenditures: | | | |
| Current: | | | |
| General government | 3,748,152 | 1,043,793 | 132,666 |
| Public safety | 6,924,731 | - | - |
| Public works | - | - | - |
| Culture and recreation | 1,122,119 | - | - |
| Capital outlay | 150,883 | - | - |
| Debt service: | | | |
| Principal | 131,517 | - | 1,268,000 |
| Interest | 2,883 | - | 85,772 |
| Total Expenditures | 12,080,285 | 1,043,793 | 1,486,438 |
| Excess (Deficiency) of Revenues over Expenditures | 5,332,989 | 2,624,675 | 2,547,291 |
| Other Financing Sources (Uses): | | | |
| Transfers in | 382,517 | 4,172 | 1,351,508 |
| Lease proceeds | 54,389 | - | - |
| Transfers out | (4,996,330) | (2,423,980) | (5,083,000) |
| Total Other Financing Sources (Uses) | (4,559,424) | (2,419,808) | (3,731,492) |
| Net Change in Fund Balances | 773,565 | 204,867 | (1,184,201) |
| Fund Balances, Beginning | 6,424,223 | 2,882,819 | 5,474,072 |
| Fund Balances, Ending | \$ 7,197,788 | \$ 3,087,686 | \$ 4,289,871 |

See accompanying notes to basic financial statements.

| | Airport | Capital Projects | Nonmajor Governmental | Total Governmental Funds |
|----|-----------------------|-------------------------|--------------------------|--------------------------------|
| \$ | - | - | \$ 628,280 | \$ 12,366,169 |
| | - | - | - | 6,970,096 |
| | - | - | 202,371 | 385,041 |
| | - | - | 226,640 | 1,647,411 |
| | - | 288,233 | 1,168,996 | 3,774,416 |
| | 552,033 | - | 1,306,299 | 3,441,783 |
| | - | - | - | 151,892 |
| | - | - | 409,952 | 409,952 |
| | 98,287 | 143,952 | 298,007 | 1,018,649 |
| | 135,348 | - | 11,867 | 420,327 |
| | <u>785,668</u> | <u>432,185</u> | <u>4,252,412</u> | <u>30,585,736</u> |
| | 933,359 | 246,979 | 665,181 | 6,770,130 |
| | - | - | 10,150 | 6,934,881 |
| | - | - | 649,378 | 649,378 |
| | - | - | 1,969,161 | 3,091,280 |
| | 44,405 | 2,861,347 | 924,523 | 3,981,158 |
| | 7,119 | - | 460,952 | 1,867,588 |
| | 632 | - | 231,223 | 320,510 |
| | <u>985,515</u> | <u>3,108,326</u> | <u>4,910,568</u> | <u>23,614,925</u> |
| | <u>(199,847)</u> | <u>(2,676,141)</u> | <u>(658,156)</u> | <u>6,970,811</u> |
| | 348,853 | 4,756,746 | 4,548,944 | 11,392,740 |
| | - | - | 897 | 55,286 |
| | <u>(125,413)</u> | <u>(14,842)</u> | <u>(2,521,502)</u> | <u>(15,165,067)</u> |
| | <u>223,440</u> | <u>4,741,904</u> | <u>2,028,339</u> | <u>(3,717,041)</u> |
| | 23,593 | 2,065,763 | 1,370,183 | 3,253,770 |
| | 374,342 | 3,939,313 | 11,802,323 | 30,897,092 |
| \$ | <u><u>397,935</u></u> | <u><u>6,005,076</u></u> | <u><u>13,172,506</u></u> | <u><u>34,150,862</u></u> |



CITY OF NEWPORT

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

Year Ended June 30, 2023

| | | |
|---|--------------------|-------------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ | 3,253,770 |
| The Change in Net Position Reported for Governmental Activities in the Statement of Activities is Different because: | | |
| Governmental funds report capital outlays as expenditures. However, on the Statement of Activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | | |
| Capital outlay | \$ | 4,582,822 |
| Depreciation and amortization | <u>(3,130,196)</u> | 1,452,626 |
| The net effect of transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. | | (189,228) |
| 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 | 36,683 | |
| Charges for services | (181,263) | |
| Miscellaneous | <u>8,232</u> | (136,348) |
| The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position | | |
| Amortization of bond premium | 38,735 | |
| Accrued interest | 4,016 | |
| Change in leases payable | 103,895 | |
| Change in subscription payable | 97,274 | |
| Principal payments | <u>1,723,500</u> | 1,967,420 |
| The amount contributed to defined benefit pension plans is reported as an expenditure in the funds while governmental activities report pension expense as the change in net pension asset or liability, pension related deferred outflows of resources and deferred inflows of resources, net of the internal service funds | | |
| Change in deferred outflows of resources - pension related | (1,183,020) | |
| Change in net pension liability | (944,369) | |
| Change in deferred inflows of resources - pension related | <u>2,059,473</u> | (67,916) |
| The amount contributed to defined benefit other postemployment benefit plans is reported as an expenditure in the funds while governmental activities report other postemployment benefit expense as the change in other postemployment benefit (OPEB) asset or liability, OPEB related deferred outflows of resources and deferred inflows of resources, net of the internal service funds | | |
| Change in deferred outflows of resources - OPEB related | 3,403 | |
| Change in net OPEB asset | (5,022) | |
| Change in OPEB liability | 46,945 | |
| Change in deferred inflows of resources - OPEB related | <u>(44,589)</u> | 737 |
| Some expenses reported in the statement of activities do no require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds | | |
| Compensated absences, net of internal service funds | | (39,580) |
| The net income of certain activities of internal service funds is reported in the governmental activities | | |
| | | <u>149,402</u> |
| Change in Net Position of Governmental Activities | \$ | <u><u>6,390,883</u></u> |

See accompanying notes to basic financial statements.

CITY OF NEWPORT

General Fund

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

Year Ended June 30, 2023

| | Budget | | Actual | Variance with Final Budget |
|---|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | | | | |
| Property | \$ 7,687,085 | \$ 7,687,085 | \$ 7,900,135 | \$ 213,050 |
| Transient room | 3,084,026 | 3,084,026 | 3,415,403 | 331,377 |
| Other | 205,580 | 205,580 | 182,670 | (22,910) |
| Franchise fees, privilege taxes, licenses and permits | 1,282,077 | 1,282,077 | 1,420,771 | 138,694 |
| Intergovernmental | 2,420,296 | 2,494,711 | 2,317,187 | (177,524) |
| Charges for services | 1,565,954 | 1,565,954 | 1,579,478 | 13,524 |
| Fines and forfeitures | 152,286 | 152,286 | 151,892 | (394) |
| Interest earnings | 32,000 | 32,000 | 247,219 | 215,219 |
| Other revenue | 120,000 | 125,545 | 198,519 | 72,974 |
| Total Revenues | <u>16,549,304</u> | <u>16,629,264</u> | <u>17,413,274</u> | <u>784,010</u> |
| Expenditures: | | | | |
| City administration | 3,569,903 | 3,955,403 | 3,217,365 | 738,038 |
| Police | 5,440,227 | 5,514,103 | 4,405,535 | 1,108,568 |
| Fire | 2,898,250 | 3,004,250 | 2,513,993 | 490,257 |
| Emergency coordinator | 129,343 | 129,343 | 102,524 | 26,819 |
| Library | 1,217,186 | 1,291,355 | 1,130,770 | 160,585 |
| Community development | 502,273 | 502,273 | 363,856 | 138,417 |
| Non-departmental | 968,974 | 968,974 | 346,242 | 622,732 |
| Contingency | 589,046 | 86,669 | - | 86,669 |
| Total Expenditures | <u>15,315,202</u> | <u>15,452,370</u> | <u>12,080,285</u> | <u>3,372,085</u> |
| Excess of Revenues Over Expenditures | <u>1,234,102</u> | <u>1,176,894</u> | <u>5,332,989</u> | <u>4,156,095</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 252,578 | 382,517 | 382,517 | - |
| Lease proceeds | - | 566,400 | 54,389 | (512,011) |
| Transfers out | (4,501,439) | (4,996,330) | (4,996,330) | - |
| Total Other Financing Sources (Uses) | <u>(4,248,861)</u> | <u>(4,047,413)</u> | <u>(4,559,424)</u> | <u>(512,011)</u> |
| Net Change in Fund Balance | (3,014,759) | (2,870,519) | 773,565 | 3,644,084 |
| Fund Balance, beginning | <u>6,568,462</u> | <u>6,424,222</u> | <u>6,424,223</u> | <u>1</u> |
| Fund Balance, ending | <u>\$ 3,553,703</u> | <u>\$ 3,553,703</u> | <u>\$ 7,197,788</u> | <u>\$ 3,644,085</u> |

CITY OF NEWPORT

Room Tax Fund

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

Year Ended June 30, 2023

| | Budget | | Actual | Variance with Final Budget |
|--------------------------------------|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | | | | |
| Transient room | \$ 3,068,679 | \$ 3,068,679 | \$ 3,554,693 | \$ 486,014 |
| Charges for services | - | - | 3,973 | 3,973 |
| Interest earnings | 9,400 | 9,400 | 77,209 | 67,809 |
| Other revenue | - | 24,000 | 32,593 | 8,593 |
| Total Revenues | <u>3,078,079</u> | <u>3,102,079</u> | <u>3,668,468</u> | <u>566,389</u> |
| Expenditures: | | | | |
| Room tax | 1,471,841 | 1,526,841 | 1,043,793 | 483,048 |
| Contingency | 147,184 | 714,048 | - | 714,048 |
| Total Expenditures | <u>1,619,025</u> | <u>2,240,889</u> | <u>1,043,793</u> | <u>1,197,096</u> |
| Excess of Revenues Over Expenditures | <u>1,459,054</u> | <u>861,190</u> | <u>2,624,675</u> | <u>1,763,485</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | 4,172 | 4,172 | - |
| Transfers out | <u>(2,388,927)</u> | <u>(2,423,980)</u> | <u>(2,423,980)</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>(2,388,927)</u> | <u>(2,419,808)</u> | <u>(2,419,808)</u> | <u>-</u> |
| Net Change in Fund Balance | (929,873) | (1,558,618) | 204,867 | 1,763,485 |
| Fund Balance, beginning | <u>2,280,222</u> | <u>2,882,819</u> | <u>2,882,819</u> | <u>-</u> |
| Fund Balance, ending | <u>\$ 1,350,349</u> | <u>\$ 1,324,201</u> | <u>\$ 3,087,686</u> | <u>\$ 1,763,485</u> |

CITY OF NEWPORT

Urban Renewal Fund

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

Year Ended June 30, 2023

| | Budget | | Actual | Variance with Final Budget |
|--------------------------------------|--------------------------|--------------------------|----------------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | | | | |
| Property | \$ 3,718,399 | \$ 3,718,399 | \$ 3,837,754 | \$ 119,355 |
| Interest earnings | 22,060 | 22,060 | 153,975 | 131,915 |
| Other revenue | 45,000 | 45,000 | 42,000 | (3,000) |
| Total Revenues | <u>3,785,459</u> | <u>3,785,459</u> | <u>4,033,729</u> | <u>248,270</u> |
| Expenditures: | | | | |
| Newport south beach operations | 140,079 | 140,079 | 95,637 | 44,442 |
| Newport northside operations | 93,576 | 93,576 | 36,948 | 56,628 |
| McLean point operations | 100 | 100 | 81 | 19 |
| Debt service | 1,354,772 | 1,354,772 | 1,353,772 | 1,000 |
| Contingency | 4,726,962 | 3,786,759 | - | 3,786,759 |
| Total Expenditures | <u>6,315,489</u> | <u>5,375,286</u> | <u>1,486,438</u> | <u>3,888,848</u> |
| Excess of Revenues Over Expenditures | <u>(2,530,030)</u> | <u>(1,589,827)</u> | <u>2,547,291</u> | <u>4,137,118</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 1,350,000 | 1,351,508 | 1,351,508 | - |
| Transfers out | <u>(4,063,000)</u> | <u>(5,083,000)</u> | <u>(5,083,000)</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>(2,713,000)</u> | <u>(3,731,492)</u> | <u>(3,731,492)</u> | <u>-</u> |
| Net Change in Fund Balance | (5,243,030) | (5,321,319) | (1,184,201) | 4,137,118 |
| Fund Balance, beginning | <u>5,395,647</u> | <u>5,474,075</u> | <u>5,474,072</u> | <u>(3)</u> |
| Fund Balance, ending | \$ <u><u>152,617</u></u> | \$ <u><u>152,756</u></u> | \$ <u><u>4,289,871</u></u> | \$ <u><u>4,137,115</u></u> |

CITY OF NEWPORT

Airport Fund

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

Year Ended June 30, 2023

| | Budget | | Actual | Variance with Final Budget |
|---|------------|------------|------------|-------------------------------|
| | Original | Budget | | |
| Revenues: | | | | |
| Charges for services | \$ 342,704 | \$ 492,704 | \$ 552,033 | \$ 59,329 |
| Interest earnings | 820 | 820 | 98,287 | 97,467 |
| Other revenue | 170,126 | 170,126 | 135,348 | (34,778) |
| Total Revenues | 513,650 | 663,650 | 785,668 | 122,018 |
| Expenditures: | | | | |
| Airport operations | 836,505 | 1,141,010 | 967,136 | 173,874 |
| Contingency | 83,651 | 66,177 | - | 66,177 |
| Total Expenditures | 920,156 | 1,207,187 | 967,136 | 240,051 |
| Excess of Revenues Over Expenditures | (406,506) | (543,537) | (181,468) | 362,069 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 348,853 | 348,853 | 348,853 | - |
| Lease proceeds | - | 70,000 | - | (70,000) |
| Transfers out | (125,413) | (125,413) | (125,413) | - |
| Total Other Financing Sources (Uses) | 223,440 | 293,440 | 223,440 | (70,000) |
| Net Change in Fund Balance | (183,066) | (250,097) | 41,972 | 292,069 |
| Fund Balance, beginning | 249,986 | 317,017 | 317,017 | - |
| Fund Balance, ending | \$ 66,920 | \$ 66,920 | 358,989 | \$ 292,069 |
| <i>Reconciliation to generally accepted accounting principles</i> | | | | |
| Inventory | | | 38,946 | |
| Fund balance, ending - generally accepted accounting principles | | | \$ 397,935 | |

CITY OF NEWPORT
Proprietary Funds
Statement of Net Position
June 30, 2023

| | Business-Type Activities - Enterprise Funds | | |
|---|---|----------------------|---------------------|
| | Water | Wastewater | Stormwater |
| ASSETS | | | |
| Current Assets: | | | |
| Cash and cash equivalents | \$ 1,074,735 | \$ - | \$ - |
| Receivables: | | | |
| Accounts, net | 672,542 | 758,371 | 143,585 |
| Property taxes | - | - | - |
| Inventory | 654,128 | 245,427 | - |
| Prepaid expenses | 7,107 | 8,689 | 3,513 |
| Total Current Assets | <u>2,408,512</u> | <u>1,012,487</u> | <u>147,098</u> |
| Noncurrent Assets: | | | |
| Capital assets: | | | |
| Land and construction in progress | 8,291,936 | 831,762 | 129,283 |
| Other capital assets, net | 22,060,484 | 46,175,122 | 1,001,520 |
| Total Capital Assets | <u>30,352,420</u> | <u>47,006,884</u> | <u>1,130,803</u> |
| Total Noncurrent Assets | <u>30,352,420</u> | <u>47,006,884</u> | <u>1,130,803</u> |
| Total Assets | <u>32,760,932</u> | <u>48,019,371</u> | <u>1,277,901</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension Related Items | 8,353 | 2,744 | 1,158 |
| Other Postemployment Benefits Related Items | 5,790 | 1,902 | 802 |
| Total Deferred Outflows of Resources | <u>14,143</u> | <u>4,646</u> | <u>1,960</u> |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts payable | 118,239 | 148,610 | 2,815 |
| Payroll and related liabilities | 52,234 | 36,298 | 9,435 |
| Due to other fund | - | 1,958 | 9,254 |
| Customer deposits | 867,343 | - | - |
| Unearned revenue | - | 20,828 | - |
| Accrued interest | 6,005,650 | 620,955 | 4,350 |
| Accrued compensated absences | 39,434 | 23,437 | 3,066 |
| Long-term obligations due within one year | 1,631,259 | 795,325 | 328,000 |
| Total Current Liabilities | <u>8,714,159</u> | <u>1,647,411</u> | <u>356,920</u> |
| Long-Term Obligations Due in More than One Year | <u>15,575,627</u> | <u>20,368,760</u> | <u>1,467,430</u> |
| Total Liabilities | <u>24,289,786</u> | <u>22,016,171</u> | <u>1,824,350</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Other Postemployment Benefits Related Items | 35,700 | 11,730 | 4,948 |
| Total Deferred Inflows of Resources | <u>35,700</u> | <u>11,730</u> | <u>4,948</u> |
| NET POSITION | | | |
| Net Investment in Capital Assets | 13,475,497 | 25,915,405 | 1,130,803 |
| Restricted for: | | | |
| Debt service | - | - | - |
| Capital projects | - | - | - |
| Unrestricted | <u>(5,025,908)</u> | <u>80,711</u> | <u>(1,680,240)</u> |
| Total Net Position | <u>\$ 8,449,589</u> | <u>\$ 25,996,116</u> | <u>\$ (549,437)</u> |

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

Net position of business-type activities

See accompanying notes to basic financial statements.

| <u>Business-Type Activities - Enterprise Funds</u> | | |
|--|----------------------|-------------------------------|
| <u>Nonmajor Funds</u> | <u>Total</u> | <u>Internal Service Funds</u> |
| \$ 7,324,933 | \$ 8,399,668 | \$ 1,768,707 |
| 560,665 | 2,135,163 | 30,552 |
| 102,465 | 102,465 | - |
| - | 899,555 | - |
| - | 19,309 | 980 |
| <u>7,988,063</u> | <u>11,556,160</u> | <u>1,800,239</u> |
| - | 9,252,981 | 599,340 |
| - | 69,237,126 | 331,355 |
| - | 78,490,107 | 930,695 |
| - | 78,490,107 | 930,695 |
| <u>7,988,063</u> | <u>90,046,267</u> | <u>2,730,934</u> |
| - | 12,255 | 10,618 |
| - | 8,494 | 7,358 |
| - | 20,749 | 17,976 |
| 206,307 | 475,971 | 146,812 |
| - | 97,967 | 96,958 |
| - | 11,212 | - |
| - | 867,343 | - |
| - | 20,828 | - |
| - | 6,630,955 | - |
| - | 65,937 | 61,937 |
| - | 2,754,584 | 39,396 |
| <u>206,307</u> | <u>10,924,797</u> | <u>345,103</u> |
| - | 37,411,817 | 715,575 |
| <u>206,307</u> | <u>48,336,614</u> | <u>1,060,678</u> |
| - | 52,378 | 45,375 |
| - | 52,378 | 45,375 |
| - | 38,967,826 | 694,097 |
| 1,813,177 | 1,813,177 | - |
| 5,968,579 | 5,968,579 | - |
| - | (5,071,558) | 948,760 |
| <u>\$ 7,781,756</u> | <u>41,678,024</u> | <u>\$ 1,642,857</u> |
| | <u>1,117,128</u> | |
| | <u>\$ 42,795,152</u> | |

CITY OF NEWPORT
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2023

| | Business-Type Activities - Enterprise Funds | | |
|--|---|----------------------|---------------------|
| | Water | Wastewater | Stormwater |
| Operating Revenues: | | | |
| Service charges and fees | \$ 4,643,198 | \$ 5,252,241 | \$ 1,049,886 |
| Intergovernmental | - | - | - |
| Miscellaneous | 12,856 | 26,075 | - |
| Total Operating Revenues | <u>4,656,054</u> | <u>5,278,316</u> | <u>1,049,886</u> |
| Operating Expenses: | | | |
| Salaries and wages | 1,132,395 | 766,509 | 133,403 |
| Contracted services | 169,891 | 352,495 | 10,455 |
| Property services | 107,813 | 121,698 | 584 |
| Operating supplies | 60,013 | 401,144 | 10,296 |
| Utilities | 239,750 | 328,757 | 2,747 |
| Depreciation and amortization | 1,408,960 | 2,107,238 | 65,596 |
| Repairs and maintenance | 477,368 | 347,739 | 31,870 |
| Charges for services | 833,529 | 934,941 | 199,888 |
| Miscellaneous | 61,494 | 105,860 | 1,554 |
| Total Operating Expenses | <u>4,491,213</u> | <u>5,466,381</u> | <u>456,393</u> |
| Operating Income (Loss) | 164,841 | (188,065) | 593,493 |
| Nonoperating Revenues (Expenses): | | | |
| Interest income | 39,215 | 3,597 | 4,933 |
| Interest expense | (896,554) | (470,529) | (60,610) |
| Property taxes | - | - | - |
| Gain (loss) on sale of capital assets | - | - | - |
| Total Nonoperating Revenues (Expenses) | <u>(857,339)</u> | <u>(466,932)</u> | <u>(55,677)</u> |
| Income (Loss) Before Capital Contributions and Transfers | (692,498) | (654,997) | 537,816 |
| Capital Contributions | - | - | - |
| Transfers In | 5,367,657 | 2,290,756 | 505,008 |
| Transfers Out | <u>(1,046,624)</u> | <u>(1,648,968)</u> | <u>(824,790)</u> |
| Change in Net Position | 3,628,535 | (13,209) | 218,034 |
| Net Position, beginning, as restated | <u>4,821,054</u> | <u>26,009,325</u> | <u>(767,471)</u> |
| Net Position, ending | \$ <u>8,449,589</u> | \$ <u>25,996,116</u> | \$ <u>(549,437)</u> |

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

Change in net position of the business-type activities

Business-Type Activities - Enterprise Funds

| <u>Nonmajor Funds</u> | <u>Total</u> | <u>Internal Service Funds</u> |
|-----------------------|------------------|-----------------------------------|
| \$ - | \$ 10,945,325 | \$ 1,462,076 |
| - | - | 12,887 |
| - | 38,931 | 46,373 |
| - | 10,984,256 | 1,521,336 |
| - | 2,032,307 | 2,013,457 |
| 396,798 | 929,639 | 56,642 |
| - | 230,095 | 341,365 |
| - | 471,453 | 68,263 |
| - | 571,254 | 525,468 |
| - | 3,581,794 | 48,353 |
| - | 856,977 | 240,820 |
| - | 1,968,358 | 154,847 |
| - | 168,908 | 165,133 |
| 396,798 | 10,810,785 | 3,614,348 |
| (396,798) | 173,471 | (2,093,012) |
| 364,070 | 411,815 | 40,126 |
| - | (1,427,693) | (2,218) |
| 2,198,486 | 2,198,486 | - |
| - | - | (2,891) |
| 2,562,556 | 1,182,608 | 35,017 |
| 2,165,758 | 1,356,079 | (2,057,995) |
| 1,336,021 | 1,336,021 | - |
| 6,011,768 | 14,175,189 | 3,298,913 |
| (9,181,790) | (12,702,172) | (1,221,957) |
| 331,757 | 4,165,117 | 18,961 |
| 7,449,999 | | 1,623,896 |
| \$ 7,781,756 | | \$ 1,642,857 |
| | (130,441) | |
| \$ | <u>4,034,676</u> | |

CITY OF NEWPORT
Proprietary Funds
Statement of Cash Flows
Year Ended June 30, 2023

| | Business-Type Activities - Enterprise Funds | | |
|---|---|--------------------|------------------|
| | Water | Wastewater | Stormwater |
| Cash Flows from Operating Activities: | | | |
| Receipts from customers and users | \$ 4,504,581 | \$ 5,230,178 | \$ 1,066,068 |
| Services provided to other funds | - | - | - |
| Payments for interfund services used | (833,529) | (934,941) | (199,888) |
| Payments to suppliers | (1,383,696) | (1,768,394) | (58,609) |
| Payments to employees | (1,072,613) | (896,399) | (156,675) |
| Other revenues | 12,856 | 26,075 | - |
| Net Cash provided by (used in) Operating Activities | 1,227,599 | 1,656,519 | 650,896 |
| Cash Flows from Noncapital and Related Financing Activities: | | | |
| Transfer in | - | 278,000 | - |
| Transfer out | (70,000) | (70,000) | - |
| Advances from other funds | - | 1,958 | 9,254 |
| Net Cash Flows provided by (used in) Noncapital and Related Financing Activities | (70,000) | 209,958 | 9,254 |
| Cash Flows from Capital and Related Financing Activities: | | | |
| Acquisition of capital assets | (64,744) | (451,457) | - |
| Grants | - | - | - |
| Property taxes | - | - | - |
| Transfers in | - | 10,025 | - |
| Transfers out | (975,753) | (1,578,968) | (824,790) |
| Principal paid | (18,311) | (14,977) | - |
| Interest paid | (1,381) | (1,408) | - |
| Net Cash Flows provided by (used in) Capital and Related Financing Activities | (1,060,189) | (2,036,785) | (824,790) |
| Cash Flows from Investing Activities: | | | |
| Investment income received | 39,215 | 3,597 | 4,933 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 136,625 | (166,711) | (159,707) |
| Cash and Cash Equivalents, beginning | 938,110 | 166,711 | 159,707 |
| Cash and Cash Equivalents, ending | <u>\$ 1,074,735</u> | <u>\$ -</u> | <u>\$ -</u> |

Business-Type Activities - Enterprise Funds

| <u>Nonmajor Funds</u> | <u>Total</u> | <u>Internal Service Funds</u> |
|-----------------------|---------------------|-----------------------------------|
| \$ - | \$ 10,800,827 | \$ - |
| - | - | 1,431,524 |
| - | (1,968,358) | (154,847) |
| (396,798) | (3,607,497) | (1,378,045) |
| - | (2,125,687) | (1,827,404) |
| - | 38,931 | 59,260 |
| <u>(396,798)</u> | <u>3,138,216</u> | <u>(1,869,512)</u> |
| - | 278,000 | 3,298,913 |
| - | (140,000) | (999,603) |
| - | 11,212 | - |
| <u>-</u> | <u>149,212</u> | <u>2,299,310</u> |
| (3,128,296) | (3,644,497) | (250,418) |
| 825,685 | 825,685 | - |
| 2,192,851 | 2,192,851 | - |
| 6,011,768 | 6,021,793 | - |
| (1,307,265) | (4,686,776) | - |
| (2,699,321) | (2,732,609) | (17,698) |
| <u>(1,918,950)</u> | <u>(1,921,739)</u> | <u>(2,218)</u> |
| <u>(23,528)</u> | <u>(3,945,292)</u> | <u>(270,334)</u> |
| <u>364,070</u> | <u>411,815</u> | <u>40,126</u> |
| <u>(56,256)</u> | <u>(246,049)</u> | <u>199,590</u> |
| <u>7,381,189</u> | <u>8,645,717</u> | <u>1,569,117</u> |
| \$ <u>7,324,933</u> | \$ <u>8,399,668</u> | \$ <u>1,768,707</u> |

CITY OF NEWPORT
Proprietary Funds
Statement of Cash Flows, continued
Year Ended June 30, 2023

| | Business-Type Activities - Enterprise Funds | | |
|--|---|---------------------|-------------------|
| | Water | Wastewater | Stormwater |
| Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities: | | | |
| Operating income (loss) | \$ 164,841 | \$ (188,065) | \$ 593,493 |
| Adjustments to reconcile operating income (loss) to net cash flows provided by (used in) operating activities: | | | |
| Depreciation and amortization | 1,408,960 | 2,107,238 | 65,596 |
| (Increase) decrease in assets and deferred outflows of resources: | | | |
| Accounts receivable | 27,565 | (22,063) | 16,182 |
| Prepaid expenses | (6,742) | (7,789) | (3,513) |
| Inventory | (309,375) | (8,350) | - |
| Deferred outflows of resources - pension related | 192,927 | 146,474 | 46,471 |
| Deferred outflows of resources - other postemployment benefits related | (1,458) | 1,310 | 223 |
| Increase (decrease) in liabilities and deferred inflows of resources: | | | |
| Accounts payable | 48,750 | (94,562) | 2,410 |
| Accrued liabilities | (4,101) | (14,476) | 1,698 |
| Accrued leave | (8,863) | 1,879 | (1,525) |
| Customer deposits | 39,407 | - | - |
| Unearned revenue | (205,589) | - | - |
| Net pension liability | 39,564 | (108,728) | (23,422) |
| Net other postemployment benefits liability | (8,685) | (30,706) | (7,817) |
| Deferred inflows of resources - pension related | (166,029) | (123,085) | (39,287) |
| Deferred inflows of resources - other postemployment benefits related | 16,427 | (2,558) | 387 |
| Net Cash Flows provided by (used in) Operating Activities | <u>\$ 1,227,599</u> | <u>\$ 1,656,519</u> | <u>\$ 650,896</u> |
| Noncash Capital and Related Financing Activities: | | | |
| Lease proceeds and lease assets | \$ 74,972 | \$ 2,692 | \$ - |
| Transfers in | 5,367,657 | 2,002,731 | 505,008 |
| Transfers out | <u>(871)</u> | <u>-</u> | <u>-</u> |
| Net Noncash Capital and Related Financing Activities | <u>\$ 5,441,758</u> | <u>\$ 2,005,423</u> | <u>\$ 505,008</u> |

Business-Type Activities - Enterprise Funds

| <u>Nonmajor Funds</u> | <u>Total</u> | <u>Internal Service Funds</u> |
|-----------------------|---------------------|-----------------------------------|
| \$ (396,798) | \$ 173,471 | \$ (2,093,012) |
| - | 3,581,794 | 48,353 |
| - | 21,684 | (30,552) |
| - | (18,044) | (829) |
| - | (317,725) | - |
| - | 385,872 | 200,984 |
| - | 75 | (2,804) |
| - | (43,402) | 20,475 |
| - | (16,879) | (1,355) |
| - | (8,509) | 19,778 |
| - | 39,407 | - |
| - | (205,589) | - |
| - | (92,586) | 115,091 |
| - | (47,208) | 3,789 |
| - | (328,401) | (174,544) |
| <u>-</u> | <u>14,256</u> | <u>25,114</u> |
| <u>\$ (396,798)</u> | <u>\$ 3,138,216</u> | <u>\$ (1,869,512)</u> |
| \$ - | \$ 77,664 | \$ 154,668 |
| - | 7,875,396 | - |
| <u>(7,874,525)</u> | <u>(7,875,396)</u> | <u>(222,354)</u> |
| <u>\$ (7,874,525)</u> | <u>\$ 77,664</u> | <u>\$ (67,686)</u> |

CITY OF NEWPORT
Fiduciary Funds
Statement of Net Position
June 30, 2023

| | City of Newport Employees Retirement Plan Pension Trust Fund |
|---|--|
| ASSETS | |
| Cash and Cash Equivalents | \$ 1,444,033 |
| Investments | |
| Equities | 6,304,332 |
| Mutual funds | 4,711,100 |
| Receivables | <u>61,217</u> |
| Total Assets | <u>12,520,682</u> |
| NET POSITION | |
| Restricted for Defined Benefit Pension | 9,030,342 |
| Restricted for Defined Contribution Pension | <u>3,490,340</u> |
| Total Net Position | \$ <u><u>12,520,682</u></u> |

CITY OF NEWPORT
Fiduciary Funds
Statement of Changes in Net Position
Year Ended June 30, 2023

| | City of Newport Employees Retirement Plan Pension Trust Fund |
|---|--|
| Additions | |
| Employer contributions | \$ 698,777 |
| Investment earnings (losses): | |
| Investment earnings | 877,639 |
| Less investment expense | <u>(51,441)</u> |
| Total investment earnings (losses), net | <u>826,198</u> |
| Total Additions | <u>1,524,975</u> |
| Deductions | |
| Benefits | <u>935,633</u> |
| Total Deductions | <u>935,633</u> |
| Change in Net Position | 589,342 |
| Net Position, Beginning | <u>11,931,340</u> |
| Net Position, Ending | <u>\$ 12,520,682</u> |

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

Blended Component Unit

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

Basic Financial Statements

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 1 - Summary of Significant Accounting Policies, continued

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

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

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

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

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

The City reports the following major governmental funds:

General

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

Room Tax

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

Urban Renewal

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

Airport

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

Capital Projects Fund

This fund accounts for capital projects of the governmental funds.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 1 - Summary of Significant Accounting Policies, continued

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

The City reports the following major proprietary funds:

Water

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

Wastewater

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

Stormwater

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

Internal Service

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

Additionally, the City reports the following nonmajor fund types:

Special Revenue

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

Debt Service

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

Capital Projects

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

Enterprise

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

Internal Service

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

Fiduciary

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

Cash and Cash Equivalents

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 1 - Summary of Significant Accounting Policies, continued

Investments

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

Restricted Assets

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

Inventories

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

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

Receivables

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

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

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

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

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

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

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

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 1 - Summary of Significant Accounting Policies, continued

Lease Assets

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

Subscription Assets

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

Capital Assets

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

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

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

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

Compensated Absences

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

Long-Term Obligations

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

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 1 - Summary of Significant Accounting Policies, continued

Pensions - Oregon Public Employees Retirement System (OPERS)

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

Pensions – City of Newport Employees Retirement Plan

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

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

Other Postemployment Benefits

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

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

Deferred Outflows / Inflows of Resources

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

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

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 1 - Summary of Significant Accounting Policies, continued

Equity Classifications

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

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

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

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

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

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

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

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

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

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

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

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

Special Items

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

Implementation of a New Accounting Standard

During the fiscal year ended June 30, 2023, the City implemented GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This statement provides guidance on the accounting and reporting for public-public and public-private partnerships and availability payment arrangements and includes and effects the presentation of financial statements on the current financial resources measurement focus and the economic resources measurement focus.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 1 - Summary of Significant Accounting Policies, continued

Implementation of a New Accounting Standard, continued

During the fiscal year ended June 30, 2023, the City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users and effects the presentation of financial statements on the economic resources measurement focus.

Note 2 - Stewardship, Compliance and Accountability

Budgetary Information

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

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

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

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

An election must be held to approve general obligation debt pledging the full faith and credit of the City. As a result of Ballot Measure 50 and subsequent legislation, the City's permanent tax rate was set at \$5.5938 per \$1,000 of assessed value. The assessed value (not including the urban renewal district) for 2022-2023 was \$1,705,023,920. Assessed value is calculated on a property-by-property basis and is limited to a three percent increase annually. Compression of tax revenues comes into play when the real market value of an individual residential property is not sufficient to allow for an annual three percent increase in the assessed value.

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 2 - Stewardship, Compliance and Accountability, continued

Budgetary Information, continued

During the fiscal year ended June 30, 2023, the City adopted supplemental budgets which totaled \$6,657,305, a 6.60% increase over the original budget. The following table outlines the budget changes:

| | Fund | 2022-2023 Original Budget | 2022-2023 Final Budget | Change |
|-----|--------------------------------------|------------------------------|---------------------------|---------------------|
| 101 | General Fund | \$ 19,816,641 | \$ 20,448,700 | \$ 632,059 |
| 201 | Parks and Recreation Fund | 3,003,931 | 3,117,186 | 113,255 |
| 211 | Public Parking Fund | 363,793 | 547,258 | 183,465 |
| 212 | Housing Fund | 486,046 | 648,876 | 162,830 |
| 220 | Airport Fund | 1,045,569 | 1,332,600 | 287,031 |
| 230 | Room Tax Fund | 4,007,952 | 4,664,869 | 656,917 |
| 240 | Building Inspection Fund | 549,986 | 719,756 | 169,770 |
| 251 | Streets Fund | 1,248,883 | 1,832,346 | 583,463 |
| 252 | Line Undergrounding Fund | 822,642 | 854,029 | 31,387 |
| 253 | SDC Fund | 2,875,692 | 3,149,021 | 273,329 |
| 254 | Agate Beach Closure Fund | 1,028,820 | 1,018,086 | (10,734) |
| 270 | Urban Renewal Agency | 10,378,489 | 10,458,286 | 79,797 |
| 301 | Debt Service - Water Fund | 824,168 | 824,168 | - |
| 302 | Debt Service - Wastewater Fund | 1,456,105 | 1,456,105 | - |
| 303 | Governmental Debt Service Fund | 88,177 | 88,177 | - |
| 305 | Stormwater Debt Service Fund | 634,001 | 634,001 | - |
| 351 | GO Debt Service - Proprietary | 2,201,000 | 2,201,000 | - |
| 352 | GO Debt Service - Governmental | 602,669 | 602,669 | - |
| 402 | Capital Projects Fund - Governmental | 10,164,100 | 12,486,475 | 2,322,375 |
| 403 | Capital Projects Fund - Proprietary | 11,710,697 | 12,534,268 | 823,571 |
| 404 | Reserve Fund | 3,148,186 | 2,124,808 | (1,023,378) |
| 405 | Capital Improvements Fund | 5,483,581 | 5,718,356 | 234,775 |
| 601 | Water Fund | 4,728,098 | 5,150,944 | 422,846 |
| 602 | Wastewater Fund | 5,500,559 | 5,943,564 | 443,005 |
| 603 | Stormwater Fund | 1,290,278 | 1,314,996 | 24,718 |
| 701 | Public Works Fund | 1,708,926 | 1,766,288 | 57,362 |
| 711 | City Facility Fund | 5,724,021 | 5,913,483 | 189,462 |
| | | <u>\$ 100,893,010</u> | <u>\$ 107,550,315</u> | <u>\$ 6,657,305</u> |

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes

Cash, Cash Equivalents and Investments

The City's cash, cash equivalents and investments at June 30, 2023 are as follows:

| | |
|--|----------------------|
| Cash and cash equivalents: | |
| Deposits with financial institutions | \$ 258,702 |
| Cash on hand | 1,930 |
| State of Oregon Treasurer's short-term investment pool | 44,040,416 |
| Money market | <u>1,444,033</u> |
| Total cash and cash equivalents | \$ <u>45,745,081</u> |
| Investments: | |
| Equities | \$ 6,304,332 |
| Mutual funds | <u>4,711,100</u> |
| Total investments | \$ <u>11,015,432</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, 2023, none of the City's bank balances were exposed to custodial credit risk.

State of Oregon Local Government Investment Pool

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Cash, Cash Equivalents and Investments, continued

Investments

As of June 30, 2023, the City had the following investments:

| <u>Investment Type</u> | <u>Rating</u> | <u>Fair Value</u> | <u>Risk Consideration</u> | <u>Weighted Average</u> |
|---------------------------|---------------|----------------------|---------------------------|-------------------------|
| Pension Trust Investments | | | | |
| Equities | Not Rated | \$ 6,304,332 | 57.23% | N/A |
| Mutual Funds | Not Rated | <u>4,711,100</u> | 42.77% | N/A |
| Total Investments | | <u>\$ 11,015,432</u> | | |

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

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

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

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

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

Fair Value Measurements

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

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Lease Receivables

Lease receivables as of June 30, 2023 consisted of the following:

| | Outstanding June 30, 2022 (as restated) | Additions | Payments | Outstanding June 30, 2023 |
|---------------------------------|---|-----------------|------------------|------------------------------|
| <i>Governmental activities:</i> | | | | |
| Various hangar leases | \$ 331,194 | \$ 8,049 | \$ 13,348 | \$ 325,895 |
| Airport land lease - McWatkins | 1,994,413 | - | - | 1,994,413 |
| Municipal Airport | 136,662 | - | 19,198 | 117,464 |
| Abbey Street Pier Building | 29,256 | - | 14,605 | 14,651 |
| SW Fall Street | 217,793 | - | 38,588 | 179,205 |
| 315 SW 9th Street | 3,569 | - | 966 | 2,603 |
| | <u>\$ 2,712,887</u> | <u>\$ 8,049</u> | <u>\$ 86,705</u> | <u>\$ 2,634,231</u> |

The City acts as lessor for 32 hangar leases with various individuals and companies. The lessees are required to make annual variable principal and interest payments based on a CPI Index of 0.00%. Monthly lease payments ranged during the 2023 fiscal year from \$36 to \$1,703 including interest from 0.32% to 4.26%. The City recognized revenue of \$19,425 for the fiscal year ended June 30, 2023.

On June 23, 2021, the City entered into a 480-month lease as Lessor for the use of land at the airport. An initial lease receivable was recorded in the amount of \$1,994,415. Upon lease commencement, the lessee paid the City \$250,000. Beginning September 1, 2024, lessee must make monthly lease payments of \$6,586. Beginning January 1, 2025 and continuing on January 1 of each subsequent year, monthly rental payments increase by 2.5%. The lease has an interest rate of 1.979%. The City recognized lease revenue of \$56,110 during the fiscal year. The lessee has 2 extension options, each for 120 months.

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

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

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

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Lease Receivables

As of June 30, 2023, the future maturities of lease receivables are as follows:

| Year Ended June 30, | Governmental Activities | | |
|------------------------|-------------------------|---------------------|---------------------|
| | Principal | Interest | Total |
| 2024 | \$ 89,870 | \$ 7,773 | \$ 97,643 |
| 2025 | (14,847) | 164,170 | 149,323 |
| 2026 | 115,855 | 47,300 | 163,155 |
| 2027 | 116,719 | 45,780 | 162,499 |
| 2028 | 90,203 | 44,296 | 134,499 |
| 2029 - 2033 | 315,563 | 203,491 | 519,054 |
| 2034 - 2038 | 326,537 | 173,786 | 500,323 |
| 2039 - 2043 | 338,019 | 141,602 | 479,621 |
| 2044 - 2048 | 328,442 | 108,341 | 436,783 |
| 2049 - 2053 | 328,962 | 76,077 | 405,039 |
| 2054 - 2058 | 363,148 | 41,891 | 405,039 |
| 2059 - 2061 | 235,760 | 7,262 | 243,022 |
| | <u>\$ 2,634,231</u> | <u>\$ 1,061,769</u> | <u>\$ 3,696,000</u> |

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Capital Assets

Capital asset activity for the governmental activities for the year ended June 30, 2023 was as follows:

| | June 30, 2022 (as restated) | Additions | Deletions | June 30, 2023 |
|---|--------------------------------|---------------------|-----------------------|----------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 12,225,530 | \$ 993,351 | \$ - | \$ 13,218,881 |
| Construction in progress | 5,206,906 | 2,271,076 | (1,642,724) | 5,835,258 |
| Total capital assets not being depreciated | <u>17,432,436</u> | <u>3,264,427</u> | <u>(1,642,724)</u> | <u>19,054,139</u> |
| Capital assets being depreciated: | | | | |
| Building and structures | 45,113,428 | 83,123 | (284,562) | 44,911,989 |
| Equipment | 5,080,036 | 533,398 | (91,163) | 5,522,271 |
| Vehicles | 6,222,828 | 216,758 | (671,472) | 5,768,114 |
| Infrastructure | 58,922,603 | 2,072,554 | - | 60,995,157 |
| Right-to-use lease assets: | | | | |
| Land | 83,380 | - | - | 83,380 |
| Equipment | 383,985 | 56,183 | (31,044) | 409,124 |
| Vehicles | 109,428 | 36,256 | - | 145,684 |
| Subscription assets | 228,483 | - | - | 228,483 |
| Total capital assets being depreciated | <u>116,144,171</u> | <u>2,998,272</u> | <u>(1,078,241)</u> | <u>118,064,202</u> |
| Less accumulated depreciation: | | | | |
| Building and structures | (25,603,259) | (1,110,602) | 124,701 | (26,589,160) |
| Equipment | (3,974,696) | (163,499) | 89,235 | (4,048,960) |
| Vehicles | (5,550,949) | (236,266) | 659,221 | (5,127,994) |
| Infrastructure | (18,747,529) | (1,394,007) | - | (20,141,536) |
| Right-to-use lease assets: | | | | |
| Land | (3,051) | (3,050) | - | (6,101) |
| Equipment | (112,185) | (123,697) | 15,856 | (220,026) |
| Vehicles | (1,118) | (22,983) | - | (24,101) |
| Subscription assets | - | (79,351) | - | (79,351) |
| Total accumulated depreciation | <u>(53,992,787)</u> | <u>(3,133,455)</u> | <u>889,013</u> | <u>(56,237,229)</u> |
| Total capital assets being depreciated, net | <u>62,151,384</u> | <u>(135,183)</u> | <u>(189,228)</u> | <u>61,826,973</u> |
| Total capital asset, net | <u>\$ 79,583,820</u> | <u>\$ 3,129,244</u> | <u>\$ (1,831,952)</u> | <u>\$ 80,881,112</u> |

Depreciation for the governmental activities was charged as follows:

| | |
|------------------------|------------------|
| General government | \$ 1,428,448 |
| Public safety | 214,004 |
| Highways and streets | 832,833 |
| Culture and recreation | 658,170 |
| | <u>3,133,455</u> |

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Capital Assets, continued

Capital asset activity for the business-type activities for the year ended June 30, 2023 was as follows:

| | June 30, 2022 (as restated) | Additions | Deletions | June 30, 2023 |
|--|--------------------------------|---------------------|-----------------------|----------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,095,452 | \$ - | \$ - | \$ 1,095,452 |
| Construction in progress | 7,016,006 | 2,872,576 | (1,131,713) | 8,756,869 |
| Total capital assets not being depreciated | 8,111,458 | 2,872,576 | (1,131,713) | 9,852,321 |
| Capital assets being depreciated: | | | | |
| Building and structures | 39,300,959 | 67,544 | - | 39,368,503 |
| Equipment | 4,104,121 | 898,115 | (73,412) | 4,928,824 |
| Vehicles | 2,208,842 | - | (157,175) | 2,051,667 |
| Infrastructure | 73,368,730 | 1,094,007 | - | 74,462,737 |
| Right-to-use lease assets: | | | | |
| Equipment | 15,204 | 12,501 | (5,894) | 21,811 |
| Vehicles | 152,841 | 182,679 | - | 335,520 |
| Subscription assets | 36,897 | - | - | 36,897 |
| Total capital assets being depreciated | 119,187,594 | 2,254,846 | (236,481) | 121,205,959 |
| Less accumulated depreciation: | | | | |
| Building and structures | (17,084,092) | (992,217) | - | (18,076,309) |
| Equipment | (2,043,376) | (283,499) | 73,412 | (2,253,463) |
| Vehicles | (1,354,289) | (186,966) | 157,175 | (1,384,080) |
| Infrastructure | (27,844,203) | (2,112,086) | - | (29,956,289) |
| Right-to-use lease assets: | | | | |
| Equipment | (3,360) | (5,518) | 3,003 | (5,875) |
| Vehicles | (1,695) | (36,547) | - | (38,242) |
| Subscription assets | - | (10,055) | - | (10,055) |
| Total accumulated depreciation | (48,331,015) | (3,626,888) | 233,590 | (51,724,313) |
| Total capital assets being depreciated, net | 70,856,579 | (1,372,042) | (2,891) | 69,481,646 |
| Total capital asset, net | \$ 78,968,037 | \$ 1,500,534 | \$ (1,134,604) | \$ 79,333,967 |

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

| | |
|------------|---------------------|
| Water | \$ 1,428,423 |
| Wastewater | 2,126,701 |
| Stormwater | 71,764 |
| | <u>3,626,888</u> |
| | <u>\$ 3,626,888</u> |

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Interfund Transactions

As part of the budget process, the City plans to make interfund transfer to move resources between funds to provide resources for specific expenditures that are not supported by other revenues. Cash transfers made during the year ended June 30, 2023 were as follows:

| Fund | Transfers | |
|-----------------------|----------------------|----------------------|
| | In | Out |
| General | \$ 382,517 | \$ 4,996,330 |
| Room Tax | 4,172 | 2,423,980 |
| Urban Renewal | 1,351,508 | 5,083,000 |
| Airport | 348,853 | 125,413 |
| Capital Projects | 4,756,746 | 14,842 |
| Nonmajor Governmental | 4,548,944 | 2,521,502 |
| Water | - | 1,045,753 |
| Wastewater | 288,025 | 1,648,968 |
| Stormwater | - | 824,790 |
| Nonmajor Enterprise | 6,011,768 | 1,307,265 |
| Internal Service | 3,298,913 | 999,603 |
| | <u>\$ 20,991,446</u> | <u>\$ 20,991,446</u> |

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

| Fund | Transfers | |
|-------------------------|---------------------|---------------------|
| | In | Out |
| Governmental Activities | \$ 222,354 | \$ - |
| Water | 5,367,657 | 871 |
| Wastewater | 2,002,731 | - |
| Stormwater | 505,008 | - |
| Nonmajor Enterprise | - | 7,874,525 |
| Internal Service | - | 222,354 |
| | <u>\$ 8,097,750</u> | <u>\$ 8,097,750</u> |

The Agate Beach Foreclosure Fund lent \$275,000 to the Parks and Recreation Fund in 2016-17. The loan is being repaid in annual installments of \$27,500. At June 30, 2023, the balance is \$110,000.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Unavailable Revenues

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

| | General | Urban Renewal | Nonmajor Governmental | Totals |
|---------------------------------------|------------|------------------|--------------------------|------------|
| Delinquent property taxes receivable: | | | | |
| General | \$ 283,650 | \$ - | \$ - | \$ 283,650 |
| General bond debt | - | - | 21,704 | 21,704 |
| Urban renewal debt | - | 134,167 | - | 134,167 |
| Intergovernmental | 254,800 | - | - | 254,800 |
| | | | | |
| Total unavailable revenue | \$ 538,450 | \$ 134,167 | \$ 21,704 | \$ 694,321 |

Construction Commitments

The City has active construction projects as of June 30, 2023 as follows:

| Project Number | Asset Description | Cost | Remaining Commitment |
|------------------|--|--------------|-------------------------|
| 11025 & 28-22040 | Big Creek Dam | \$ 7,203,420 | \$ 2,689,101 |
| 15017 | SB Utility Undergrounding Phase 2 & 3 | 736,716 | 20,000 |
| 15035 | Golf Course Drive Improvements | 169,168 | 225,224 |
| 16013 | Main Tanks Replacement | 833 | 153,568 |
| 16016 | WWTP Master Plan | 272,256 | 71,565 |
| 17020 | NE 54th Street Pump Station Improvements | - | 133,192 |
| 18015 | 60+ Center Reception remodel | 76,917 | 4,462 |
| 20008 | Modify & Enlarge Outside Play Area for Child Center | 4,259 | 4,462 |
| 20018 | PAC Remodel | 270,411 | 74,746 |
| 21004 | Recreation Center -Pool Repair | 7,533 | 165,307 |
| 21006 | WTP Excess Recirculation (XR) Upgrade/Storage Building | 293,581 | 354,826 |
| 21009 | Storm Drain Replacement on NW Spring Street | 129,283 | 6,082 |
| 21014 | Underbay Waterline Crossing | 274 | 4,462 |
| 21026 | Airport Storm Drainage Pipe Rehab.-Design and Construction | 2,134,444 | 874,904 |
| 21050 | Pedestrian Activated Rapid Flashing Beacon US 20 & Eads St | 22,407 | 4,463 |
| 21059 | Agate Beach Staircase Terminus | 4,158 | 4,463 |
| 24-22026 | Agate Beach Community Disaster Cache | 3,262 | 41,538 |
| 26-22039 | Schooner Sewer Bypass | 43,805 | 236,195 |
| 28-22037 | Cathodic Protection - Engineering & Construction | 8,775 | 41,225 |

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Long-Term Obligations

Transactions for the governmental activities for the year ended June 30, 2023 were as follows:

| | June 30, 2022 Balance (as restated) | Additions | Reduction | June 30, 2023 Balance | Due Within One Year |
|---|---|---------------------|---------------------|--------------------------|------------------------|
| Long-Term Debt: | | | | | |
| General Obligation Bonds | | | | | |
| Series 2013, Swimming Pool | \$ 5,970,000 | \$ - | \$ 375,000 | \$ 5,595,000 | \$ 405,000 |
| Urban Renewal Bonds | | | | | |
| FF&C Refunding Series 2010B | 550,000 | - | 550,000 | - | - |
| Series 2015A and B | 2,678,000 | - | 718,000 | 1,960,000 | 968,000 |
| Direct Borrowings and Placements | | | | | |
| League of Oregon Cities Cooperative | | | | | |
| Asset Financing Program, Series 2007B | 50,000 | - | 25,000 | 25,000 | 25,000 |
| 2018 Airport Fuel Farm Borrowing | 83,329 | - | 55,500 | 27,829 | 27,829 |
| Total Long-Term Debt | <u>9,331,329</u> | <u>-</u> | <u>1,723,500</u> | <u>7,607,829</u> | <u>1,425,829</u> |
| Other Long-Term Obligations: | | | | | |
| Unamortized premium | 263,435 | - | 38,736 | 224,699 | 33,712 |
| Net pension liability | 4,441,026 | 991,471 | - | 5,432,497 | - |
| Compensated absences | 526,712 | 488,636 | 452,407 | 562,941 | 433,464 |
| Other postemployment benefits liability | 288,736 | - | 44,936 | 243,800 | - |
| Lease payable | 456,781 | 92,439 | 161,411 | 387,809 | 152,184 |
| Subscription payable | 228,483 | - | 97,274 | 131,209 | 97,441 |
| Total Other Long-Term Obligations | <u>6,205,173</u> | <u>1,572,546</u> | <u>794,764</u> | <u>6,982,955</u> | <u>716,801</u> |
| Total | <u>\$ 15,536,502</u> | <u>\$ 1,572,546</u> | <u>\$ 2,518,264</u> | <u>\$ 14,590,784</u> | <u>\$ 2,142,630</u> |

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Long-Term Obligations, continued

Transactions for the business-type activities for the year ended June 30, 2023 were as follows:

| | June 30, 2022 Balance (as restated) | Additions | Reduction | June 30, 2023 Balance | Due Within One Year |
|--|---|-------------------|---------------------|--------------------------|------------------------|
| Long-Term Debt: | | | | | |
| Enterprise Bonds | | | | | |
| Water Series 2009B | \$ 6,686,249 | \$ - | 1,070,476 | \$ 5,615,773 | \$ 1,033,610 |
| Water Revenue Bonds Series 2019 | 2,956,000 | - | 215,000 | 2,741,000 | 220,000 |
| FF&C Refunding Obligation Series 2010A | 255,000 | - | 255,000 | - | - |
| FF&C Stormwater Borrowing Series 2018 | 2,058,000 | - | 318,000 | 1,740,000 | 328,000 |
| FF&C Water Borrowing Series 2022 | 4,551,000 | - | - | 4,551,000 | 87,000 |
| Direct Borrowings and Placements | | | | | |
| 2007 Seal Rock Water District | 580,417 | - | 36,536 | 543,881 | 38,304 |
| 2014 Water Projects Borrowing | 3,365,530 | - | 202,039 | 3,163,491 | 210,180 |
| 2020 Clean Water SRF DEQ Note R68935 | 3,741,018 | - | 196,636 | 3,544,382 | 198,607 |
| 2022 Clean Water SRF DEQ Note R68933 | 10,031,027 | - | 405,634 | 9,625,393 | 415,756 |
| DEQ Note R68934 (Deferred) | 810,354 | - | - | 810,354 | 18,870 |
| DEQ Note R68936 (Deferred) | 6,984,114 | - | - | 6,984,114 | 146,422 |
| Total Long-Term Debt | 42,018,709 | - | 2,699,321 | 39,319,388 | 2,696,749 |
| Other Long-Term Obligations: | | | | | |
| Unamortized premium | 99,362 | - | 33,327 | 66,035 | 11,005 |
| Net pension liability | 775,116 | - | 24,597 | 750,519 | - |
| Compensated absences | 129,444 | 117,782 | 103,162 | 144,064 | 110,930 |
| Other postemployment benefits liability | 177,351 | - | 45,427 | 131,924 | - |
| Lease payable | 157,895 | 195,180 | 39,195 | 313,880 | 67,925 |
| Subscription payable | 28,897 | - | 9,560 | 19,337 | 9,560 |
| Total Other Long-Term Obligations | 1,368,065 | 312,962 | 255,268 | 1,425,759 | 199,420 |
| Total | \$ 43,386,774 | \$ 312,962 | \$ 2,954,589 | \$ 40,745,147 | \$ 2,896,169 |

Governmental Activities

General Obligation Bonds

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Long-Term Obligations, continued

Governmental Activities, continued

The City issued \$7,900,000 in general obligation bonds in December 2013, to finance the costs of a new indoor municipal swimming pool and related systems, facilities and improvements. Interest rates range from 2 to 4 percent. Final maturity is June 1, 2033. The balance outstanding at June 30, 2023, is \$5,595,000. Annual debt service requirements to maturity for general obligation bonds are as follows:

| Year Ending June 30, | Principal | Interest |
|-------------------------|---------------------|---------------------|
| 2024 | \$ 405,000 | \$ 211,669 |
| 2025 | 435,000 | 195,469 |
| 2026 | 465,000 | 182,419 |
| 2027 | 495,000 | 167,888 |
| 2028 | 530,000 | 151,800 |
| 2029-2033 | <u>3,265,000</u> | <u>408,800</u> |
| | <u>\$ 5,595,000</u> | <u>\$ 1,318,044</u> |

Urban Renewal Bonds

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

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, 2023, the outstanding balance is \$1,960,000. Annual debt service requirements to maturity for this bond is as follows:

| Year Ending June 30, | Principal | Interest |
|-------------------------|---------------------|------------------|
| 2024 | \$ 968,000 | \$ 48,820 |
| 2025 | <u>992,000</u> | <u>24,641</u> |
| | <u>\$ 1,960,000</u> | <u>\$ 73,461</u> |

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Long-Term Obligations, continued

Governmental Activities, continued

Direct Borrowings and Placements

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

In October 2007, the City issued \$1,015,000 debt from the League of Oregon Cities, Cooperative Assets Finance Program. This loan was issued to provide funds for various City purchases of vehicles, equipment and pay off the Municipal Airport Debt. Interest rate ranges from 3.90 percent to 5.00 percent. Final maturity is July 1, 2024. As of June 30, 2023, the balance outstanding is \$25,000.

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> |
|---------------------------------|------------------|-----------------|
| 2024 | \$ <u>25,000</u> | \$ <u>625</u> |

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Long-Term Obligations, continued

Governmental Activities, continued

In September 2018, the City entered into a loan agreement with Umpqua Bank in the amount of \$277,500 to finance purchase of the airport fuel farm. Interest for the loan is 4.5 percent, with a final maturity of October 5, 2023. As of June 30, 2023, the outstanding balance is \$27,829. Annual debt service requirements to maturity for this loan is as follows:

| Year Ending June 30, | Principal | Interest |
|-------------------------|------------------|-----------------|
| 2024 | \$ <u>27,829</u> | \$ <u>1,269</u> |

Business-Type Activities

General Obligation Bonds

The City issued \$9,630,541 (Series 2009B) in general obligation bonds in March 2009, to finance the costs of capital construction and capital improvement for the City's water system. Series 2009B interest rate is 5.0 percent, with a final maturity of June 30, 2029. As of June 30, 2023, the outstanding balance is \$5,615,773 (Series 2009B). Annual debt service requirements to maturity for this bond is as follows:

| Year Ending June 30, | Principal | Interest |
|-------------------------|---------------------|---------------------|
| 2024 | \$ 1,033,610 | \$ 1,231,390 |
| 2025 | 992,889 | 1,342,111 |
| 2026 | 953,895 | 1,451,105 |
| 2027 | 915,503 | 1,559,498 |
| 2028 | 878,144 | 1,671,857 |
| 2029 | <u>841,733</u> | <u>1,783,268</u> |
| | \$ <u>5,615,773</u> | \$ <u>9,039,229</u> |

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Long-Term Obligations, continued

Business-Type Activities, continued

Revenue Bond

In June 2019, the City issued water revenue bonds in the amount of \$4,558,000 to finance costs of water infrastructure projects. Interest for the loan is 2.46 percent, with a final maturity of June 1, 2034. As of June 30, 2023, the outstanding balance is \$2,741,000. Annual debt service requirements to maturity for this bond is as follows:

| Year Ending June 30, | Principal | Interest |
|-------------------------|--------------|------------|
| 2024 | \$ 220,000 | 67,429 |
| 2025 | 225,000 | 62,017 |
| 2026 | 231,000 | 56,481 |
| 2027 | 237,000 | 50,799 |
| 2028 | 242,000 | 44,969 |
| 2029-2033 | 1,305,000 | 132,446 |
| 2034 | 281,000 | 6,912 |
| | \$ 2,741,000 | \$ 421,053 |

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.

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, 2023, the outstanding balance is \$1,740,000. Annual debt service requirements to maturity for this bond are as follows:

| Year Ending June 30, | Principal | Interest |
|-------------------------|--------------|------------|
| 2024 | \$ 328,000 | \$ 52,200 |
| 2025 | 337,000 | 42,360 |
| 2026 | 348,000 | 32,250 |
| 2027 | 358,000 | 21,810 |
| 2028 | 369,000 | 11,070 |
| | \$ 1,740,000 | \$ 159,690 |

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Long-Term Obligations, continued

Business-Type Activities, continued

In February 2022, the City issued Full Faith & Credit Series 2022 Bonds in the amount of \$4,551,000 to finance capital improvements to the City's water system. Interest is 2.24%, with a final maturity of February 1, 2037. As of June 30, 2023, the outstanding balance is \$4,551,000. Annual debt service requirements to maturity for this bond are as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> |
|---------------------------------|---------------------|-------------------|
| 2024 | \$ 87,000 | \$ 101,942 |
| 2025 | 145,000 | 99,994 |
| 2026 | 208,000 | 96,746 |
| 2027 | 277,000 | 92,086 |
| 2028 | 283,000 | 85,882 |
| 2029-2033 | 1,512,000 | 331,474 |
| 2034-2037 | 2,039,000 | 119,425 |
| | <u>\$ 4,551,000</u> | <u>\$ 927,549</u> |

Direct Borrowings and Placements

The City entered into an agreement with Seal Rock Water District to assume responsibility to provide water services for an area of property. In return, the City agreed to pay the District \$958,502 as the rate of interest of 4.75 percent. The outstanding balance as of June 30, 2023, is \$543,881. Annual debt service requirements to maturity for this loan are as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> |
|---------------------------------|-------------------|-------------------|
| 2024 | \$ 38,304 | \$ 31,318 |
| 2025 | 39,942 | 29,587 |
| 2026 | 40,448 | 27,780 |
| 2027 | 42,338 | 25,928 |
| 2028 | 44,210 | 23,981 |
| 2029-2033 | 235,950 | 87,940 |
| 2034-2038 | 95,998 | 18,186 |
| 2039-2042 | 6,691 | 637 |
| | <u>\$ 543,881</u> | <u>\$ 245,357</u> |

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Long-Term Obligations, continued

Business-Type Activities, continued

In December 2014, the City issued a water revenue bond, in the amount of \$4,554,800 to finance costs of water infrastructure projects. Interest for the loan is 3.95 percent, with a final maturity of June 15, 2034. As of June 30, 2023, the outstanding balance is \$3,163,491. Annual debt service requirements to maturity for this bond is as follows:

| Year Ending June 30, | Principal | Interest |
|-------------------------|---------------------|-------------------|
| 2024 | \$ 210,180 | \$ 120,807 |
| 2025 | 218,650 | 112,337 |
| 2026 | 227,460 | 103,527 |
| 2027 | 236,626 | 94,361 |
| 2028 | 246,161 | 84,826 |
| 2029-2033 | 1,387,833 | 267,102 |
| 2034-2035 | 636,581 | 25,393 |
| | <u>\$ 3,163,491</u> | <u>\$ 808,353</u> |

DEQ Note R68935 has a total loan amount of \$4,128,454 for a stormwater sewer in the Bay-Moore Basin area. Interest rate is 1.5 percent. The current balance of the loan is \$3,544,382 as of June 30, 2023. Annual debt service requirements to maturity for this loan is as follows:

| Year Ending June 30, | Principal | Interest |
|-------------------------|---------------------|-------------------|
| 2024 | \$ 198,607 | \$ 52,671 |
| 2025 | 200,598 | 49,687 |
| 2026 | 202,609 | 46,673 |
| 2027 | 204,640 | 43,629 |
| 2028 | 206,692 | 40,554 |
| 2029-2033 | 1,064,960 | 155,557 |
| 2034-2038 | 1,119,423 | 73,931 |
| 2039-2040 | 346,853 | 5,789 |
| | <u>\$ 3,544,382</u> | <u>\$ 468,491</u> |

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Long-Term Obligations, continued

Business-Type Activities, continued

DEQ Note R68933 has a total loan amount of \$10,031,027 for a wastewater collection system in the Agate Beach area. The interest rate on the loan is 2.48 percent. The current balance of the loan is \$9,625,393 as of June 30, 2023. Annual debt service requirements to maturity for this loan is as follows:

| Year Ending June 30, | Principal | Interest |
|-------------------------|---------------------|---------------------|
| 2024 | \$ 415,756 | \$ 283,242 |
| 2025 | 426,131 | 270,762 |
| 2026 | 436,765 | 257,971 |
| 2027 | 447,663 | 244,862 |
| 2028 | 458,834 | 231,425 |
| 2029-2033 | 2,471,739 | 943,537 |
| 2034-2038 | 2,795,914 | 553,602 |
| 2039-2042 | 2,172,591 | 127,978 |
| | <u>\$ 9,625,393</u> | <u>\$ 2,913,379</u> |

The City obtained loans from the Oregon Department of Environmental Quality for wastewater projects which have not been completed as of June 30, 2023. The final repayment schedules will be established at the completion each project.

DEQ Note R68934 has a total loan amount of \$1,115,000 for a wastewater pump station and pipe replacement in the Nye Beach area. The current balance of the drawdown is \$810,354 at June 30, 2023. Interest accrues from the date funds are drawn on the loan at a rate of 1 percent. The repayment term will be 20 years after completion.

DEQ Note R68936 has a total loan amount of \$7,200,000 for a wastewater improvement in the Agate Beach area. The current balance of the drawdown is \$6,984,114 as of June 30, 2023. 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, 2023, accumulated and unpaid compensated absences amounted to \$562,941 for the governmental activities and \$144,064 for the business-type activities.

Net Pension Liability

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Other Long-Term Obligations, continued

Other Postemployment Benefit Liability

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

Lease Payables

Lease payables currently outstanding as of June 30, 2023, are as follows:

| | June 30, 2022 | | | | June 30, 2023 |
|----------------------------------|-------------------|-------------------|-------------------|-----------|----------------|
| | <u>Balance</u> | <u>Additions</u> | <u>Reductions</u> | | <u>Balance</u> |
| <i>Governmental activities:</i> | | | | | |
| Yaquina River | \$ 80,024 | \$ - | \$ 2,482 | \$ | 77,542 |
| Copiers and Postage | 69,425 | 56,183 | 45,491 | | 80,117 |
| IT Equipment | 202,716 | - | 92,656 | | 110,060 |
| Vehicles | <u>104,616</u> | <u>36,256</u> | <u>20,782</u> | | <u>120,090</u> |
| Total governmental activities | <u>\$ 456,781</u> | <u>\$ 92,439</u> | <u>\$ 161,411</u> | <u>\$</u> | <u>387,809</u> |
| <i>Business-type activities:</i> | | | | | |
| Copiers and Postage | \$ 11,927 | \$ 12,501 | \$ 8,178 | \$ | 16,250 |
| Vehicles | <u>145,968</u> | <u>182,679</u> | <u>31,017</u> | | <u>297,630</u> |
| Total business-type activities | <u>\$ 157,895</u> | <u>\$ 195,180</u> | <u>\$ 39,195</u> | <u>\$</u> | <u>313,880</u> |

Governmental activities

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

The City has entered into 33 leases as lessee for use of copiers and postage machines. The City is required to make monthly fixed payments ranging from \$9 to \$800 including interest ranging from 0.33 percent to 0.46 percent. The lease terms range from 36 to 60 months.

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

The City has entered into 13 leases as lessee for vehicles. The City is required to make monthly payments ranging from \$590 to \$763 which include interest ranging from 2.16 percent to 6.10 percent. The lease terms are for 60 months with no options to extend.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Other Long-Term Obligations, continued

Leases Payable, continued

Future annual lease commitments as of June 30, 2023 are as follows:

| Year Ending June 30, | Governmental activities | | Business-type activities | |
|-------------------------|-------------------------|------------------|--------------------------|------------------|
| | Principal | Interest | Principal | Interest |
| 2024 | \$ 152,184 | \$ 5,654 | \$ 67,925 | \$ 10,808 |
| 2025 | 65,568 | 4,325 | 68,570 | 8,393 |
| 2026 | 46,755 | 3,181 | 69,826 | 5,873 |
| 2027 | 41,756 | 2,133 | 71,303 | 3,235 |
| 2028 | 17,051 | 1,315 | 36,256 | 822 |
| 2029 - 2033 | 14,175 | 4,932 | - | - |
| 2034 - 2038 | 15,402 | 3,705 | - | - |
| 2039 - 2043 | 16,735 | 2,372 | - | - |
| 2044 - 2048 | 18,183 | 923 | - | - |
| | <u>\$ 387,809</u> | <u>\$ 28,540</u> | <u>\$ 313,880</u> | <u>\$ 29,131</u> |

Subscription Payables

Subscription payables currently outstanding as of June 30, 2023, are as follows:

| | June 30, 2022 | | | June 30, 2023 |
|----------------------------------|--------------------------|-------------|------------------|-------------------|
| | Balance (as restated) | Additions | Reductions | Balance |
| <i>Governmental activities:</i> | | | | |
| Network Software | \$ 99,503 | \$ - | \$ 32,718 | \$ 66,785 |
| Display Software | 2,114 | - | 1,056 | 1,058 |
| Microsoft Enterprises Software | 126,866 | - | 63,500 | 63,366 |
| Total governmental activities | <u>\$ 228,483</u> | <u>\$ -</u> | <u>\$ 97,274</u> | <u>\$ 131,209</u> |
| <i>Business-type activities:</i> | | | | |
| Customer Engagement Platform | \$ 28,897 | \$ - | \$ 9,560 | \$ 19,337 |
| Total business-type activities | <u>\$ 28,897</u> | <u>\$ -</u> | <u>\$ 9,560</u> | <u>\$ 19,337</u> |

On April 19, 2022, the City entered into a 45-month subscription for the use of Antigena Network Software. An initial subscription liability was recorded in the amount of \$99,503. As of June 30, 2023, the value of the subscription liability is \$66,785. The City is required to make annual fixed payments of \$34,536. The subscription has an interest rate of 2.2753%.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Other Long-Term Obligations, continued

Subscription Payables, continued

On December 21, 2021, the City entered into an 18-month subscription for the use of X11 Countertop-Portrait Display Software. An initial subscription liability was recorded in the amount of \$2,114. As of June 30, 2023, the value of the subscription liability is \$1,058. The City is required to make annual fixed payments of \$1,080. The subscription has an interest rate of 2.0240%. The City had a termination period of 1 month as of the subscription commencement.

On November 10, 2021, the City entered into a 29-month subscription for the use of Microsoft Enterprise Software. An initial subscription liability was recorded in the amount of \$126,866. As of June 30, 2023, the value of the subscription liability is \$63,366. The City is required to make annual fixed payments of \$64,648. The subscription has an interest rate of 2.0237%. The City had a termination period of 1 month as of the subscription commencement.

On March 2, 2021, the City entered into a 44 month subscription for the use of Customer Engagement Platform. An initial subscription liability was recorded in the amount of \$28,897. As of June 30, 2023, the value of the subscription liability is \$19,337. The City is required to make annual fixed payments of \$13,000. The subscription has an interest rate of 2.2753%.

Future annual lease commitments as of June 30, 2023 are as follows:

| Year Ending June 30, | Governmental activities | | Business-type activities | |
|-------------------------|-------------------------|-----------------|--------------------------|---------------|
| | Principal | Interest | Principal | Interest |
| 2024 | \$ 97,441 | \$ 2,823 | \$ 9,560 | \$ 440 |
| 2025 | 33,768 | 768 | 9,777 | 222 |
| | <u>\$ 131,209</u> | <u>\$ 3,591</u> | <u>\$ 19,337</u> | <u>\$ 662</u> |

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Governmental Fund Balances

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

| <u>Fund Balance Categories</u> | <u>General</u> | <u>Room Tax</u> | <u>Urban Renewal</u> | <u>Airport</u> | <u>Capital Projects</u> | <u>Nonmajor Governmental</u> | <u>Total Governmental</u> |
|-----------------------------------|---------------------|---------------------|--------------------------|-------------------|-----------------------------|----------------------------------|-------------------------------|
| Nonspendable: | | | | | | | |
| Inventory | \$ - | \$ - | \$ - | \$ 38,946 | \$ - | \$ 45,985 | \$ 84,931 |
| Prepaid expenses | 2,330 | - | - | 27 | - | 3,729 | 6,086 |
| Restricted for: | | | | | | | |
| Capital projects | - | - | - | - | 6,005,076 | 3,057,234 | 9,062,310 |
| Agate Beach disposal site closure | - | - | - | - | - | 1,053,696 | 1,053,696 |
| Tourism | - | 3,087,686 | - | - | - | - | 3,087,686 |
| Building inspection | - | - | - | - | - | 441,054 | 441,054 |
| Streets | - | - | - | - | - | 698,201 | 698,201 |
| Urban renewal | - | - | 4,289,871 | - | - | - | 4,289,871 |
| Debt service | - | - | - | - | - | 99,077 | 99,077 |
| Committed for: | | | | | | | |
| Parks and recreation | - | - | - | - | - | 490,178 | 490,178 |
| Housing | - | - | - | - | - | 726,500 | 726,500 |
| Airport | - | - | - | 358,962 | - | - | 358,962 |
| Line undergrounding | - | - | - | - | - | 914,091 | 914,091 |
| Assigned for: | | | | | | | |
| Capital projects | - | - | - | - | - | 5,612,884 | 5,612,884 |
| Debt service | - | - | - | - | - | 30,843 | 30,843 |
| Unassigned | 7,195,458 | - | - | - | - | (966) | 7,194,492 |
| | <u>\$ 7,197,788</u> | <u>\$ 3,087,686</u> | <u>\$ 4,289,871</u> | <u>\$ 397,935</u> | <u>\$ 6,005,076</u> | <u>\$ 13,172,506</u> | <u>\$ 34,150,862</u> |

As of June 30, 2023, the Public Parking Fund had a deficit fund balance of \$(966). The City expects to eliminate this deficit through future operating results.

Net Position Restricted Through Enabling Legislation

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

Governmental activities

Capital projects – Ordinances imposing System Development Charges (SDC)

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

\$ 3,057,234

Gas taxes – State laws regulate capital improvements for the streets

\$ 747,699

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

\$ 4,424,038

CITY OF NEWPORT**Notes to Financial Statements**

Year Ended June 30, 2023

Note 3 - Detailed Notes, continuedSegment Information for Enterprise Funds

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

Summary financial information for the water, wastewater, and stormwater systems for the year ended June 30, 2023 is as follows:

Condensed statement of net position:

| | <u>Water</u> | <u>Wastewater</u> | <u>Stormwater</u> |
|----------------------------------|----------------------|----------------------|--------------------|
| Assets: | | | |
| Current | \$ 7,486,207 | \$ 3,287,181 | \$ 782,772 |
| Noncurrent | <u>30,352,420</u> | <u>47,006,884</u> | <u>1,130,803</u> |
| Total Assets | <u>37,838,627</u> | <u>50,294,065</u> | <u>1,913,575</u> |
| Deferred Outflows of Resources | <u>14,143</u> | <u>4,646</u> | <u>1,960</u> |
| Liabilities: | | | |
| Current | 8,920,466 | 1,647,411 | 356,920 |
| Noncurrent | <u>15,575,627</u> | <u>20,368,760</u> | <u>1,467,430</u> |
| Total Liabilities | <u>24,496,093</u> | <u>22,016,171</u> | <u>1,824,350</u> |
| Deferred Inflows of Resources | <u>35,700</u> | <u>11,730</u> | <u>4,948</u> |
| Net Position: | | | |
| Net Investment in Capital Assets | 13,475,497 | 25,915,405 | 1,130,803 |
| Restricted | 4,871,388 | 2,274,694 | 635,674 |
| Unrestricted | <u>(5,025,908)</u> | <u>80,711</u> | <u>(1,680,240)</u> |
| Total Net Position | <u>\$ 13,320,977</u> | <u>\$ 28,270,810</u> | <u>\$ 86,237</u> |

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Detailed Notes, continued

Segment Information for Enterprise Funds, continued

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

| | <u>Water</u> | <u>Wastewater</u> | <u>Stormwater</u> |
|--|----------------------|----------------------|--------------------|
| Operating revenue | \$ 4,656,054 | \$ 5,278,316 | \$ 1,049,886 |
| Depreciation expense | (1,408,960) | (2,107,238) | (65,596) |
| Other operating expenses | <u>(3,215,800)</u> | <u>(3,470,469)</u> | <u>(542,722)</u> |
| Operating income (loss) | 31,294 | (299,391) | 441,568 |
| Nonoperating revenues (expenses) | <u>1,608,868</u> | <u>(400,690)</u> | <u>(25,570)</u> |
| Income before transfers capital contributions | 1,640,162 | (700,081) | 415,998 |
| Capital contributions | 1,336,021 | - | - |
| Transfers in | 8,264,183 | 4,581,208 | 1,329,798 |
| Transfers out | <u>(6,414,281)</u> | <u>(4,096,440)</u> | <u>(2,191,451)</u> |
| Change in net position | 4,826,085 | (215,313) | (445,655) |
| Net position - beginning | 8,486,892 | 28,486,123 | 531,892 |
| Prior period adjustment | <u>8,000</u> | <u>-</u> | <u>-</u> |
| Net position - ending | <u>\$ 13,320,977</u> | <u>\$ 28,270,810</u> | <u>\$ 86,237</u> |

Condensed statement of cash flows:

| | <u>Water</u> | <u>Wastewater</u> | <u>Stormwater</u> |
|--|---------------------|---------------------|-------------------|
| Operating activities | \$ 1,222,020 | \$ 1,545,193 | \$ 498,971 |
| Non-capital financing activities | (70,000) | 209,958 | 9,254 |
| Capital and related financing activities | (512,794) | (2,193,805) | (1,366,661) |
| Investing activities | <u>306,936</u> | <u>69,839</u> | <u>35,040</u> |
| Net increase (decrease) in cash and cash equivalents | 946,162 | (368,815) | (823,396) |
| Cash and cash equivalents - beginning | <u>4,543,138</u> | <u>2,643,509</u> | <u>1,459,070</u> |
| Cash and cash equivalents - ending | <u>\$ 5,489,300</u> | <u>\$ 2,274,694</u> | <u>\$ 635,674</u> |

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information

Pension Plans

The City participates in a cost-sharing multiple-employer plan that covers all fire and police employees, and a combined single-employer defined contribution money-purchase and defined benefit for eligible employees. The aggregate amount of pension expense for the year ended June 30, 2023, is \$1,413,555 for all plans. Below are details related to each plan.

Oregon Public Employees Retirement System (PERS)

Defined Benefit Pension Plan

A. Plan description

Employees of the City are provided with pensions through OPERS.

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

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

<http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

B. Description of benefit terms

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

Tier One/Tier Two retirement benefit (Chapter 238)

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

Pension benefits

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

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

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Pension Plans, continued

Death benefits

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

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

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

Disability benefits

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

Benefit changes after retirement

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

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

Pension benefits

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

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

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

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

Death benefits

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Pension Plans, continued

Disability benefits

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

Benefit changes after retirement

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

C. Contributions

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

Employer contribution rates during the period were based on the December 31, 2019, actuarial valuation, which became effective July 1, 2021. Tier One/Tier Two employer contribution rates are 25.07%. The OPSRP employer contribution rates are 15.2% for general service employees and 19.56% for police and fire employees. Employer contributions to PERS for the year ended June 30, 2023, were \$558,232.

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

Net pension liability

At June 30, 2023, the City reported a liability of \$4,045,504 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The projected long-term contribution effort is equal to the sum of the present value of future normal costs (PVFNC) and the unfunded actuarial liabilities (UAL).

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

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

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Pension Plans, continued

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

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

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

At June 30, 2023, the City's proportion was 0.02642047 percent, which was a decrease of 0.00014628 percent from its proportion measured as of June 30, 2022.

Pension expense

For the year ended June 30, 2023, the City recognized pension expense of \$441,986.

Deferred inflows of resources and deferred outflows of resources

Deferred outflows of resources and deferred inflows of resources are calculated at the Plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2022, employers will report the following deferred outflows of resources and/or deferred inflows of resources:

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

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Pension Plans, continued

Deferred inflows of resources and deferred outflows of resources, continued

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

- Fiscal Year ended June 30, 2022 – 5.5 years
- Fiscal Year ended June 30, 2021 – 5.4 years
- Fiscal Year ended June 30, 2020 – 5.3 years
- Fiscal Year ended June 30, 2019 – 5.2 years
- Fiscal Year ended June 30, 2018 – 5.2 years
- Fiscal Year ended June 30, 2017 – 5.3 years

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

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of</u> | <u>Deferred Inflows of</u> |
|--|---------------------------------|--------------------------------|
| Differences between expected and actual experience | \$ 196,377 | \$ 25,229 |
| Changes of assumptions | 634,761 | 5,799 |
| Net difference between projected and actual earnings on investments | - | 723,258 |
| Changes in proportionate share | 133,190 | 481,379 |
| Differences between employer contributions and employer's proportionate share of system contributions | 626 | 528,382 |
| Contributions subsequent to the measurement date | <u>558,232</u> | <u>-</u> |
| | <u>\$ 1,523,186</u> | <u>\$ 1,764,047</u> |

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement in the amount of \$558,232 will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ending June 30,</u> | |
|---------------------------------|---------------------|
| 2024 | \$ (142,478) |
| 2025 | (318,638) |
| 2026 | (512,749) |
| 2027 | 213,526 |
| 2028 | <u>(38,754)</u> |
| | <u>\$ (799,093)</u> |

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Pension Plans, continued

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

The total pension liability measured as of June 30, 2022, was based on an actuarial valuation as of December 31, 2020, using the following methods and assumptions:

| | |
|--|--|
| Experience study | 2020, published July 20, 2021 |
| Actuarial cost method | Entry age normal |
| Inflation rate | 2.4 percent |
| Long-term expected rate of return | 6.9 percent |
| Discount rate | 6.9 percent |
| Administrative expenses: Tier One/Tier Two OPSRP | \$48.3 million per year is added to the normal cost \$8.2 million per year is added to the normal cost |
| Projected salary increases | 3.4 percent compounded annually |
| Cost of living adjustments (COLA) | Blend of 2 percent COLA and graded COLA (1.25 percent/ 0.15 percent) in accordance with Moro decision; blend based on service. |
| Mortality | <i>Healthy retirees and beneficiaries:</i> Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <i>Active members:</i> Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <i>Disabled retirees:</i> Pub-2010 Disabled Retiree, sex-distinct, generational with Unisex Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. |

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

Discount rate

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Pension Plans, continued

UAL amortization

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

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

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

Long-term expected rate of return

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

Depletion date projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position (fair 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.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Pension Plans, continued

Depletion date projection, continued

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

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

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

| | <u>1 Percentage Point Lower</u> | <u>Current Discount Rate</u> | <u>1 Percentage Point Higher</u> |
|---|-------------------------------------|----------------------------------|--------------------------------------|
| Proportionate share of the net pension liability | \$ <u>7,174,351</u> | \$ <u>4,045,504</u> | \$ <u>1,426,803</u> |

Defined Contribution Plan

A. Plan description

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

B. Pension benefits

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

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

C. Death benefits

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Pension Plans, continued

D. Contributions

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

The City makes the employee contributions of 6 percent of covered payroll to the plan. Contributions for the year ended June 30, 2023, were \$146,120.

E. Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

City of Newport Employee's Retirement Plans

Defined Benefit Pension Plan

A. Plan description

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

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

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

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

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

B. Plan membership

As of July 1, 2022, pension plan membership consisted of 41 inactive plan members (or beneficiaries) currently receiving benefits, 13 inactive plan members not yet receiving benefits and 13 active plan members.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Pension Plans, continued

C. Description of benefit terms

Plan benefits

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

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

Pension benefits

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

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

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

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

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

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

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

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

The greatest early retirement benefits the participant could have received.

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

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

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

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

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

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

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

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Pension Plans, continued

Pre-retirement death benefits

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

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

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

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

Death benefits

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

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Pension Plans, continued

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

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

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

Disability benefits

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

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

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

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

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Pension Plans, continued

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

D. Funding policy

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

The funding policy of the defined portion provides for actuarially determined periodic contributions at rates that over time provide sufficient assets available to pay benefits when dues. For the current fiscal year, \$317,288 was contributed to the plan. The plan's normal cost is \$62,655 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, 2022. Significant actuarial assumptions used in the valuation include: (a) a rate of return on the investment of present and future assets of 6.75%, (b) projected salary increases of 3% per year in addition to salary increase due to promotions and longevity.

E. Contributions

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

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

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

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

At June 30, 2023, the City of Newport reported a liability of \$2,137,512 for its net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022, as follows:

| | | |
|---|----|--------------------|
| Total pension liability | \$ | 11,167,853 |
| Plan fiduciary net position | | <u>(9,030,341)</u> |
| Net position liability | \$ | <u>2,137,512</u> |
| Fiduciary net position as a percentage of total pension liability | | 80.86% |

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Pension Plans, continued

Change in the net pension liability is as follows:

| | <u>Total Pension Liability</u> | <u>Fiduciary Net Position</u> | <u>Net Pension Liability</u> |
|--|------------------------------------|-----------------------------------|----------------------------------|
| Beginning balances | \$ 10,727,301 | \$ 8,690,264 | \$ 2,037,037 |
| Change for the year: | | | |
| Service cost | 62,655 | - | 62,655 |
| Interest on total pension liability | 714,346 | - | 714,346 |
| Difference between expected and actual experience | 526,979 | - | 526,979 |
| Annuity payments | (863,428) | - | (863,428) |
| Contributions | - | 317,288 | (317,288) |
| Transfers and receivables from money purchase plan | - | 292,447 | (292,447) |
| Net investment income | - | 631,358 | (631,358) |
| Benefit payments | - | (863,428) | 863,428 |
| Administrative expenses | - | (37,588) | 37,588 |
| | <u> </u> | <u> </u> | <u> </u> |
| Ending balances | <u>\$ 11,167,853</u> | <u>\$ 9,030,341</u> | <u>\$ 2,137,512</u> |

For the year ended June 30, 2023, the City of Newport recognized pension expense of \$971,569. At June 30, 2023, the City of Newport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 47,907 | \$ - |
| Net difference between projected and actual earnings on investments | <u>5,475</u> | <u>-</u> |
| | <u>\$ 53,382</u> | <u>\$ -</u> |

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

| Year Ending June 30, | |
|-------------------------|------------------|
| 2024 | \$ (103,342) |
| 2025 | (35,243) |
| 2026 | 263,095 |
| 2027 | <u>(71,128)</u> |
| | <u>\$ 53,382</u> |

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Pension Plans, continued

G. Actuarial valuations

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

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

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

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

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

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

| | |
|----------------------------|--|
| Valuation date | July 1, 2022 |
| Actuarial cost method | Entry age normal with normal cost as a level percentage of salary |
| Amortization method | Amortized as a level percentage of salary as layered amortization bases over a closed period |
| Asset valuation method | Fair market value |
| Inflation rate | N/A |
| Investment rate of return | 6.75% |
| Projected salary increases | 3% |
| Mortality | PubG-2010, Scale MP-2021 |

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

I. Discount rate

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

J. Long-term expected rate of return

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Pension Plans, continued

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

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

| | <u>1 Percentage Point Lower</u> | <u>Current Discount Rate</u> | <u>1 Percentage Point Higher</u> |
|---|-------------------------------------|----------------------------------|--------------------------------------|
| Proportionate share of the net pension liability | \$ 3,163,633 | \$ 2,137,512 | \$ 1,258,247 |

L. Plan authority

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

Defined Contribution Plan– City Money Purchase

A. Plan description

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

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

B. Description of benefit terms

Pension benefits

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

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

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Pension Plans, continued

Death benefits

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

C. Contributions

The City makes the employee contributions of 6 percent of covered payroll to the plan. Contributions for the year ended June 30, 2023 were \$381,489.

D. Recordkeeping

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

Defined benefit plans aggregate information

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

| | Oregon Public Employees Retirement System | City of Newport Employees' Retirement Plan | Total |
|--|---|--|--------------|
| Net pension liability | \$ 4,045,504 | \$ 2,137,512 | \$ 6,183,016 |
| Deferred outflows of resources - pension related | 1,523,186 | 53,382 | 1,576,568 |
| Deferred inflows of resources - pension related | 1,764,047 | - | 1,764,047 |
| Pension expense | 441,986 | 971,569 | 1,413,555 |

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, 2023, is \$3,375 for all plans. Below are details related to each plan.

Oregon Public Employees Retirement System (PERS)

Defined Benefit OPEB Plan

A. Plan description

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

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

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

The report can be found at: <https://www.oregon.gov/pers/Documents/Financials/ACFR/2022-Annual-Comprehensive-Financial-Report.pdf>

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Other Postemployment Benefit Plans, continued

B. Description of benefit terms

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

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

Other Postemployment Healthcare benefits

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

To be eligible, the member must:

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

Surviving spouse or dependent benefits

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

C. Contributions

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

The City contributed 0.05% of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits. Since the funded status of the RHIA UAL is in excess of 100%, no contributions were required to fund the RHIA UAL. For the year ended June 30, 2023, the City made contributions in the amount of \$33 to the RHIA.

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

Net OPEB liability (asset)

At June 30, 2023, the City reported an (asset) of \$(67,187) for its proportionate share of the net OPEB liability/(asset). The net OPEB liability/(asset) was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2020. The City's proportion of the net OPEB liability/(asset) was based on its actual, legally required contributions made during the fiscal year with the total actual contributions of all employers during the fiscal year.

At June 30, 2022, the City's proportion was 0.01890809 percent, which was a decrease of 0.00211942 percent from its proportion measured as of June 30, 2021.

OPEB expense

For the year ended June 30, 2023, the City recognized OPEB income of \$5,064.

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Other Postemployment Benefit Plans, continued

Deferred inflows of resources and deferred outflows of resources

Deferred inflows of resources and deferred outflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2022, employers will report the following deferred inflows or resources and/or deferred outflows of resources:

Difference between expected and actual experience

Changes in assumptions

Changes in employer proportion since the prior measurement date

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

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

- Fiscal Year ended June 30, 2022 – 2.5 years
- Fiscal Year ended June 30, 2021 – 2.7 years
- Fiscal Year ended June 30, 2020 – 2.9 years
- Fiscal Year ended June 30, 2019 – 3.1 years

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

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to other postemployment benefits from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ - | \$ 1,821 |
| Changes of assumptions | 526 | 2,240 |
| Net difference between projected and actual earnings on investments | - | 5,124 |
| Changes in proportionate share | 4,284 | - |
| Contributions subsequent to the measurement date | 33 | - |
| | \$ 4,843 | \$ 9,185 |

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Other Postemployment Benefit Plans, continued

Deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date in the amount of \$33 will be recognized as an adjustment to the net OPEB (asset) / liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ending June 30, | |
|-------------------------|-------------------|
| 2024 | \$ (739) |
| 2025 | (2,042) |
| 2026 | (3,235) |
| 2027 | <u>1,641</u> |
| | <u>\$ (4,375)</u> |

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

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

Retiree healthcare participation

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

Healthcare cost trend rate

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

Depletion date projection

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Other Postemployment Benefit Plans, continued

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

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

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

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

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

| | <u>1 Percentage Point Lower</u> | <u>Current Discount Rate</u> | <u>1 Percentage Point Higher</u> |
|-------------------------------|-------------------------------------|----------------------------------|--------------------------------------|
| Net OPEB liability (asset) \$ | <u>(60,555)</u> \$ | <u>(67,187)</u> \$ | <u>(72,873)</u> |

City of Newport Other Postemployment Benefit Plan

A. Plan description and benefits provided

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

B. Plan membership

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Other Postemployment Benefit Plans, continued

C. Contributions

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

| | |
|-------------------------|--------|
| For retirees | \$ 683 |
| For spouses of retirees | 748 |

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

At June 30, 2023, the City reported a total OPEB liability of \$375,724. The total OPEB liability was measured as of June 30, 2022, and determined by an actuarial valuation as of that date.

Changes in the total OPEB liability is as follows:

| | <u>Total OPEB Liability</u> |
|--|---------------------------------|
| Balances at June 30, 2022 | \$ 466,088 |
| Changes for the year: | |
| Service cost | 51,644 |
| Interest | 10,962 |
| Effect of economic/demographic gains or losses | (144,046) |
| Changes in assumptions or other inputs | 11,675 |
| Benefit payments | <u>(20,599)</u> |
| | <u>\$ 375,724</u> |

For the year ended June 30, 2023, the City recognized OPEB expense of \$1,689. At June 30, 2023, 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 | \$ - | \$ 193,613 |
| Changes of assumptions | 17,726 | 34,527 |
| Benefit payments | <u>19,270</u> | <u>-</u> |
| | <u>\$ 36,996</u> | <u>\$ 228,140</u> |

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Other Postemployment Benefit Plans, continued

Deferred outflows of resources related to OPEB resulting from benefit payments in the amount of \$19,270 will be recognized as an adjustment to the total OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| | Year Ending June 30, | |
|--|-------------------------|---------------------|
| | <u>2024</u> | \$ (45,753) |
| | 2025 | (44,193) |
| | 2026 | (34,257) |
| | 2027 | (23,558) |
| | 2028 | (21,719) |
| | Thereafter | <u>(40,934)</u> |
| | | <u>\$ (210,414)</u> |

E. Actuarial valuation

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Other Postemployment Benefit Plans, continued

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

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

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

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Other Postemployment Benefit Plans, continued

Discount rate

The discount rate used to measure the net OPEB liability was 3.54 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 2.16 percent.

Healthcare cost trend rate

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

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

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

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

The following presents the City’s net OPEB liability calculated using the discount rate of 3.54 percent, as well as what the City’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current rate A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

| | <u>1 Percentage Point Lower</u> | <u>Current Discount Rate</u> | <u>1 Percentage Point Higher</u> |
|-----------------------------|-------------------------------------|----------------------------------|--------------------------------------|
| City's total OPEB liability | \$ 403,327 | \$ 375,724 | \$ 350,001 |
| | <u>1 Percentage Point Lower</u> | <u>Current Trend Rate</u> | <u>1 Percentage Point Higher</u> |
| City's total OPEB liability | \$ 335,528 | \$ 375,724 | \$ 422,821 |

CITY OF NEWPORT

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Other Information, continued

Other Postemployment Benefit Plans, continued

Defined benefit plans aggregate information

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

| | Oregon Public Employees Retirement System RHIA | City of Newport Other Postemployment Benefit Plan | Total |
|---|---|--|-----------|
| Net OPEB asset | \$ 67,187 | \$ - | \$ 67,187 |
| Deferred outflows of resources - OPEB related | 4,843 | 36,996 | 41,839 |
| Other postemployment benefits liability | - | 375,724 | 375,724 |
| Deferred inflows of resources - OPEB related | 9,185 | 228,140 | 237,325 |
| OPEB (income) expense | (5,064) | 1,689 | (3,375) |

Risk Management

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

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

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

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

Commitments and Contingent Liabilities

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

Tax Abatements

Lincoln County has established an enterprise zone under ORS 285C.050-250 that abates property taxes on new business development within the zone. As a result, the property taxes that the City will receive for the 2022-2023 levy year have been reduced by \$103,136.

Public-Private Partnership

The City entered into a public-private partnership agreement with the Oregon Coast Council for the Arts (OCCA), an Oregon nonprofit corporation for operation of the Performing Arts Center (PAC) and the Visual Arts Center (VAC). The City is the transferor in this arrangement and owns the buildings being used in this agreement. The agreement is set to expire June 30, 2024, unless both parties agree to extend the agreement. Improvements made to the PAC or VAC are shown as capital assets by the City. Equipment used in operations are purchased by OCCA who will ultimately own the assets at the conclusion of the agreement. Capital assets associated with the public-private partnership agreement have a cost of \$1,145,800 and accumulated depreciation of \$564,780.

CITY OF NEWPORT**Notes to Financial Statements**

Year Ended June 30, 2023

Note 4 - Other Information, continuedRestatement Due to Implementation of New Accounting Standard

The City implemented GASB 96, *Subscription-Based Information Technology Arrangements*, in the fiscal year ended June 30, 2023. Beginning balances for the governmental activities were restated due to implementation as follows:

| | <u>As originally reported</u> | | <u>As restated</u> | | <u>Difference</u> |
|---|-----------------------------------|----|--------------------|----|-------------------|
| <i>Governmental activities:</i> | | | | | |
| Other capital assets, net of depreciation | \$ 61,922,901 | \$ | 62,151,384 | \$ | 228,483 |
| Subscription payable | - | | (228,483) | | (228,483) |
| <i>Business-type activities:</i> | | | | | |
| Other capital assets, net of depreciation | 70,819,682 | | 70,856,579 | | 36,897 |
| Subscription payable | - | | (28,897) | | (28,897) |
| Net position | (38,752,476) | | (38,760,476) | | (8,000) |

Prior Period Adjustment

Upon implementation of GASB 87, *Leases*, the City erroneously did not record a lease in which they are lessor. The prior period adjustment had no impact on beginning fund balance or beginning net position at June 30, 2022. Beginning balances related to this error were corrected as follows:

| | <u>As originally reported</u> | | <u>As restated</u> | | <u>Difference</u> |
|---------------------------------|-----------------------------------|----|--------------------|----|-------------------|
| <i>Governmental activities:</i> | | | | | |
| Lease receivable | \$ 718,474 | \$ | 3,701,602 | \$ | 2,983,128 |
| Deferred lease resources | (730,591) | | (3,881,095) | | (3,150,504) |
| Unearned revenue | (468,322) | | (300,946) | | 167,376 |
| <i>Airport fund:</i> | | | | | |
| Lease receivable | 467,856 | | 3,450,984 | | 2,983,128 |
| Deferred lease resources | (485,788) | | (3,636,292) | | (3,150,504) |
| Unavailable revenues | (201,662) | | (34,286) | | 167,376 |

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NEWPORT

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

Oregon Public Employees Retirement System

Last 10 Plan Years*

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

*Information will be accumulated annually until 10 years is presented

Notes to Schedule

Changes in Benefit Terms:

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

Changes of Assumptions:

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

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

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

*Information will be accumulated annually until 10 years is presented

Notes to schedule

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

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

CITY OF NEWPORT

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

City of Newport Employees Retirement Plan

Last 10 Plan Years*

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

*Information will be accumulated annually until 10 years is presented

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

| <u>Year Ended June 30,</u> | <u>Actuarially Determined Contribution</u> | <u>Actual Employer Contribution</u> | <u>Contribution Deficiency (Excess)</u> | <u>Covered Payroll</u> | <u>Contributions as a Percent of Covered Payroll</u> |
|--------------------------------|--|---|---|------------------------|--|
| 2023 | \$ 181,123 | \$ 317,288 | \$ (136,165) | 1,001,757 | -13.59% |
| 2022 | 160,312 | 396,802 | (236,490) | 1,248,853 | -18.94% |
| 2021 | 229,455 | 404,045 | (174,590) | 1,513,070 | -11.54% |
| 2020 | 263,263 | 404,045 | (140,782) | 1,741,551 | -8.08% |
| 2019 | 192,121 | 404,045 | (211,924) | 1,969,621 | -10.76% |
| 2018 | 218,489 | 402,347 | (183,858) | 2,335,688 | -7.87% |
| 2017 | 302,158 | 381,589 | (79,431) | 2,391,031 | -3.32% |
| 2016 | 273,120 | 362,578 | (89,458) | 2,583,588 | -3.46% |
| 2015 | 358,599 | 372,150 | (13,551) | 2,592,985 | -0.52% |
| 2014 | 405,982 | 416,372 | (10,390) | 2,925,079 | -0.36% |

Notes to schedule

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

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

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

Asset valuation method: Market value

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

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

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

Cost of living increases: 1.5% per year

Salary increases: 3% per year

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

| <u>Year Ended June 30,</u> | <u>Rate of Return</u> |
|--------------------------------|---------------------------|
| 2023 | 6.76% |
| 2022 | -16.02% |
| 2021 | 20.46% |
| 2020 | 4.26% |
| 2019 | 4.50% |
| 2018 | 7.64% |
| 2017 | 11.69% |
| 2016 | -1.06% |
| 2015 | 3.84% |
| 2014 | 18.52% |

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

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

*Information will be accumulated annually until 10 years is presented

Notes to Schedule

Changes of Assumptions:

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

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

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

*Information will be accumulated annually until 10 years is presented

Notes to Schedule

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

CITY OF NEWPORT

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

Last 10 Plan Years*

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

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

*Information will be accumulated annually until 10 years is presented



OTHER SUPPLEMENTARY INFORMATION



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

Year Ended June 30, 2023

| | <u>Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--------------------------------------|--------------------|---------------------|---------------------------------------|
| Revenues: | | | |
| Intergovernmental | \$ 3,565,416 | \$ 288,233 | \$ (3,277,183) |
| Interest earnings | <u>12,080</u> | <u>143,952</u> | <u>131,872</u> |
| Total Revenues | <u>3,577,496</u> | <u>432,185</u> | <u>(3,145,311)</u> |
| Expenditures: | | | |
| General | 7,851,535 | 3,019,112 | 4,832,423 |
| Airport improvement program | <u>4,620,098</u> | <u>89,214</u> | <u>4,530,884</u> |
| Total Expenditures | <u>12,471,633</u> | <u>3,108,326</u> | <u>9,363,307</u> |
| Excess of Revenues Over Expenditures | <u>(8,894,137)</u> | <u>(2,676,141)</u> | <u>6,217,996</u> |
| Other Financing Sources (Uses): | | | |
| Transfers in | 4,981,746 | 4,756,746 | (225,000) |
| Transfers out | <u>(14,842)</u> | <u>(14,842)</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>4,966,904</u> | <u>4,741,904</u> | <u>(225,000)</u> |
| Net Change in Fund Balance | (3,927,233) | 2,065,763 | 5,992,996 |
| Fund Balance, beginning | <u>3,939,313</u> | <u>3,939,313</u> | <u>-</u> |
| Fund Balance, ending | <u>\$ 12,080</u> | <u>\$ 6,005,076</u> | <u>\$ 5,992,996</u> |

CITY OF NEWPORT
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2023

| | Special Revenue | Debt Service | Capital Projects | Total Nonmajor Governmental Funds |
|---|---------------------|-------------------|---------------------|--|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 7,479,981 | \$ 123,292 | \$ 5,662,508 | \$ 13,265,781 |
| Receivables: | | | | |
| Accounts | 145,783 | 317 | - | 146,100 |
| Taxes | - | 28,015 | - | 28,015 |
| Due from Other Funds | 110,000 | - | - | 110,000 |
| Inventory | 45,985 | - | - | 45,985 |
| Prepaid Items | 3,729 | - | - | 3,729 |
| | <u>7,785,478</u> | <u>151,624</u> | <u>5,662,508</u> | <u>13,599,610</u> |
| Total Assets | \$ <u>7,785,478</u> | \$ <u>151,624</u> | \$ <u>5,662,508</u> | \$ <u>13,599,610</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 158,641 | \$ - | \$ 49,624 | \$ 208,265 |
| Payroll and related liabilities | 79,799 | - | - | 79,799 |
| Due to other funds | 117,336 | - | - | 117,336 |
| | <u>355,776</u> | <u>-</u> | <u>49,624</u> | <u>405,400</u> |
| Total Liabilities | <u>355,776</u> | <u>-</u> | <u>49,624</u> | <u>405,400</u> |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenues | - | 21,704 | - | 21,704 |
| | <u>-</u> | <u>21,704</u> | <u>-</u> | <u>21,704</u> |
| Total Deferred Inflows of Resources | <u>-</u> | <u>21,704</u> | <u>-</u> | <u>21,704</u> |
| Fund Balances: | | | | |
| Nonspendable | 49,714 | - | - | 49,714 |
| Restricted | 5,250,185 | 99,077 | - | 5,349,262 |
| Committed | 2,130,769 | - | - | 2,130,769 |
| Assigned | - | 30,843 | 5,612,884 | 5,643,727 |
| Unassigned | (966) | - | - | (966) |
| | <u>7,429,702</u> | <u>129,920</u> | <u>5,612,884</u> | <u>13,172,506</u> |
| Total Fund Balances | <u>7,429,702</u> | <u>129,920</u> | <u>5,612,884</u> | <u>13,172,506</u> |
| Total Liabilities and Fund Balances | \$ <u>7,785,478</u> | \$ <u>151,624</u> | \$ <u>5,662,508</u> | \$ <u>13,599,610</u> |

CITY OF NEWPORT

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2023

| | Special Revenue | Debt Service | Capital Projects | Total Nonmajor Governmental Funds |
|---|---------------------|-------------------|---------------------|--|
| Revenues: | | | | |
| Taxes: | | | | |
| Property | \$ - | \$ 628,280 | \$ - | \$ 628,280 |
| Other | 202,371 | - | - | 202,371 |
| Franchise fees, privilege taxes, licenses and permits | 226,640 | - | - | 226,640 |
| Intergovernmental | 1,168,996 | - | - | 1,168,996 |
| Charges for services | 1,306,299 | - | - | 1,306,299 |
| System development charges | 409,952 | - | - | 409,952 |
| Interest earnings | 156,095 | 9,570 | 132,342 | 298,007 |
| Other revenue | 10,867 | - | 1,000 | 11,867 |
| | <u>3,481,220</u> | <u>637,850</u> | <u>133,342</u> | <u>4,252,412</u> |
| Total Revenues | | | | |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 659,742 | - | 5,439 | 665,181 |
| Public safety | - | - | 10,150 | 10,150 |
| Public works | 649,378 | - | - | 649,378 |
| Culture and recreation | 1,969,161 | - | - | 1,969,161 |
| Capital outlay | 56,694 | - | 867,829 | 924,523 |
| Debt service: | | | | |
| Principal | 5,452 | 455,500 | - | 460,952 |
| Interest | 33 | 231,190 | - | 231,223 |
| | <u>3,340,460</u> | <u>686,690</u> | <u>883,418</u> | <u>4,910,568</u> |
| Total Expenditures | | | | |
| Excess (Deficiency) of Revenues over Expenditures | | | | |
| | <u>140,760</u> | <u>(48,840)</u> | <u>(750,076)</u> | <u>(658,156)</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 2,097,161 | 71,277 | 2,380,506 | 4,548,944 |
| Lease proceeds | 897 | - | - | 897 |
| Transfers out | (1,849,042) | - | (672,460) | (2,521,502) |
| | <u>249,016</u> | <u>71,277</u> | <u>1,708,046</u> | <u>2,028,339</u> |
| Total Other Financing Sources (Uses) | | | | |
| Net Change in Fund Balances | | | | |
| | 389,776 | 22,437 | 957,970 | 1,370,183 |
| Fund Balances, Beginning | | | | |
| | <u>7,039,926</u> | <u>107,483</u> | <u>4,654,914</u> | <u>11,802,323</u> |
| Fund Balances, Ending | | | | |
| | <u>\$ 7,429,702</u> | <u>\$ 129,920</u> | <u>\$ 5,612,884</u> | <u>\$ 13,172,506</u> |

CITY OF NEWPORT
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2023

| | <u>Parks and Recreation</u> | <u>Public Parking</u> | <u>Housing</u> |
|---|---------------------------------|---------------------------|-----------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 693,686 | \$ - | \$ 748,625 |
| Receivables: | | | |
| Accounts | - | 6,370 | - |
| Due from Other Funds | - | - | - |
| Inventory | - | - | - |
| Prepaid Items | <u>189</u> | <u>-</u> | <u>-</u> |
| Total Assets | <u>\$ 693,875</u> | <u>\$ 6,370</u> | <u>\$ 748,625</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 36,071 | \$ - | \$ 22,125 |
| Payroll and related liabilities | 57,437 | - | - |
| Due to other funds | <u>110,000</u> | <u>7,336</u> | <u>-</u> |
| Total Liabilities | <u>203,508</u> | <u>7,336</u> | <u>22,125</u> |
| Fund Balances: | | | |
| Nonspendable | 189 | - | - |
| Restricted | - | - | - |
| Committed | 490,178 | - | 726,500 |
| Unassigned | <u>-</u> | <u>(966)</u> | <u>-</u> |
| Total Fund Balances | <u>490,367</u> | <u>(966)</u> | <u>726,500</u> |
| Total Liabilities and Fund Balances | <u>\$ 693,875</u> | <u>\$ 6,370</u> | <u>\$ 748,625</u> |

| <u>Building Inspection</u> | <u>Streets</u> | <u>Line Undergrounding</u> | <u>SDC</u> | <u>Agate Beach</u> | <u>Total</u> |
|----------------------------|-------------------|----------------------------|---------------------|---------------------|---------------------|
| \$ 537,441 | \$ 593,339 | \$ 899,565 | \$ 3,057,234 | \$ 950,091 | \$ 7,479,981 |
| - | 124,887 | 14,526 | - | - | 145,783 |
| - | - | - | - | 110,000 | 110,000 |
| - | 45,985 | - | - | - | 45,985 |
| <u>27</u> | <u>3,513</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,729</u> |
| <u>\$ 537,468</u> | <u>\$ 767,724</u> | <u>\$ 914,091</u> | <u>\$ 3,057,234</u> | <u>\$ 1,060,091</u> | <u>\$ 7,785,478</u> |
| \$ 84,503 | \$ 9,547 | \$ - | \$ - | \$ 6,395 | \$ 158,641 |
| 11,884 | 10,478 | - | - | - | 79,799 |
| - | - | - | - | - | 117,336 |
| <u>96,387</u> | <u>20,025</u> | <u>-</u> | <u>-</u> | <u>6,395</u> | <u>355,776</u> |
| 27 | 49,498 | - | - | - | 49,714 |
| 441,054 | 698,201 | - | 3,057,234 | 1,053,696 | 5,250,185 |
| - | - | 914,091 | - | - | 2,130,769 |
| - | - | - | - | - | (966) |
| <u>441,081</u> | <u>747,699</u> | <u>914,091</u> | <u>3,057,234</u> | <u>1,053,696</u> | <u>7,429,702</u> |
| <u>\$ 537,468</u> | <u>\$ 767,724</u> | <u>\$ 914,091</u> | <u>\$ 3,057,234</u> | <u>\$ 1,060,091</u> | <u>\$ 7,785,478</u> |

CITY OF NEWPORT
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2023

| | <u>Parks and Recreation</u> | <u>Public Parking</u> | <u>Housing</u> |
|---|---------------------------------|---------------------------|-------------------|
| Revenues: | | | |
| Taxes: | | | |
| Other | \$ - | \$ - | \$ 202,371 |
| Franchise fees, privilege taxes, licenses and permits | - | 23,668 | - |
| Intergovernmental | 22,250 | - | - |
| Charges for services | 685,610 | - | - |
| System development charges | - | - | - |
| Interest earnings | 15,921 | 194 | 15,736 |
| Other revenue | 10,050 | - | - |
| Total Revenues | <u>733,831</u> | <u>23,862</u> | <u>218,107</u> |
| Expenditures: | | | |
| Current: | | | |
| General government | - | 4,886 | 31,471 |
| Public works | - | - | - |
| Culture and recreation | 1,969,161 | - | - |
| Capital outlay | 49,947 | - | - |
| Debt service: | | | |
| Principal | 3,842 | - | - |
| Interest | 25 | - | - |
| Total Expenditures | <u>2,022,975</u> | <u>4,886</u> | <u>31,471</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>(1,289,144)</u> | <u>18,976</u> | <u>186,636</u> |
| Other Financing Sources (Uses): | | | |
| Transfers in | 1,954,161 | - | - |
| Lease proceeds | - | - | - |
| Transfers out | (627,236) | (40,000) | - |
| Total Other Financing Sources (Uses) | <u>1,326,925</u> | <u>(40,000)</u> | <u>-</u> |
| Net Change in Fund Balances | 37,781 | (21,024) | 186,636 |
| Fund Balances, Beginning | <u>452,586</u> | <u>20,058</u> | <u>539,864</u> |
| Fund Balances, Ending | <u>\$ 490,367</u> | <u>\$ (966)</u> | <u>\$ 726,500</u> |

| <u>Building Inspection</u> | <u>Streets</u> | <u>Line Undergrounding</u> | <u>SDC</u> | <u>Agate Beach</u> | <u>Total</u> |
|----------------------------|-------------------|----------------------------|---------------------|---------------------|---------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 202,371 |
| - | - | 202,972 | - | - | 226,640 |
| - | 1,146,746 | - | - | - | 1,168,996 |
| 600,584 | 2,238 | - | 17,867 | - | 1,306,299 |
| - | - | - | 409,952 | - | 409,952 |
| 12,092 | 17,186 | 20,850 | 74,116 | - | 156,095 |
| - | 817 | - | - | - | 10,867 |
| <u>612,676</u> | <u>1,166,987</u> | <u>223,822</u> | <u>501,935</u> | <u>-</u> | <u>3,481,220</u> |
| 546,845 | - | 1,560 | 591 | 74,389 | 659,742 |
| - | 649,378 | - | - | - | 649,378 |
| - | - | - | - | - | 1,969,161 |
| - | 6,747 | - | - | - | 56,694 |
| 605 | 1,005 | - | - | - | 5,452 |
| <u>3</u> | <u>5</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>33</u> |
| <u>547,453</u> | <u>657,135</u> | <u>1,560</u> | <u>591</u> | <u>74,389</u> | <u>3,340,460</u> |
| <u>65,223</u> | <u>509,852</u> | <u>222,262</u> | <u>501,344</u> | <u>(74,389)</u> | <u>140,760</u> |
| 3,000 | 140,000 | - | - | - | 2,097,161 |
| - | 897 | - | - | - | 897 |
| - | (999,302) | - | (182,504) | - | (1,849,042) |
| <u>3,000</u> | <u>(858,405)</u> | <u>-</u> | <u>(182,504)</u> | <u>-</u> | <u>249,016</u> |
| 68,223 | (348,553) | 222,262 | 318,840 | (74,389) | 389,776 |
| <u>372,858</u> | <u>1,096,252</u> | <u>691,829</u> | <u>2,738,394</u> | <u>1,128,085</u> | <u>7,039,926</u> |
| <u>\$ 441,081</u> | <u>\$ 747,699</u> | <u>\$ 914,091</u> | <u>\$ 3,057,234</u> | <u>\$ 1,053,696</u> | <u>\$ 7,429,702</u> |

CITY OF NEWPORT
Nonmajor Debt Service Funds
Combining Balance Sheet
June 30, 2023

| | <u>Debt Service</u> | <u>G.O. Debt Service - Governmental</u> | <u>Total</u> |
|---|----------------------|---|-----------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 30,526 | \$ 92,766 | \$ 123,292 |
| Receivables: | | | |
| Accounts | 317 | - | 317 |
| Taxes | <u>-</u> | <u>28,015</u> | <u>28,015</u> |
| Total Assets | \$ <u>30,843</u> | \$ <u>120,781</u> | \$ <u>151,624</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | |
| Deferred Inflows of Resources: | | | |
| Unavailable revenues | \$ <u>-</u> | \$ <u>21,704</u> | \$ <u>21,704</u> |
| Total Deferred Inflows of Resources | <u>-</u> | <u>21,704</u> | <u>21,704</u> |
| Fund Balances: | | | |
| Restricted | - | 99,077 | 99,077 |
| Assigned | <u>30,843</u> | <u>-</u> | <u>30,843</u> |
| Total Fund Balances | <u>30,843</u> | <u>99,077</u> | <u>129,920</u> |
| Total Liabilities and Fund Balances | \$ <u>30,843</u> | \$ <u>120,781</u> | \$ <u>151,624</u> |

CITY OF NEWPORT
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2023

| | <u>Debt Service</u> | <u>G.O. Debt Service - Governmental</u> | <u>Total</u> |
|---|---------------------|---|-------------------|
| Revenues: | | | |
| Taxes: | | | |
| Property | \$ - | \$ 628,280 | \$ 628,280 |
| Interest earnings | 819 | 8,751 | 9,570 |
| Total Revenues | <u>819</u> | <u>637,031</u> | <u>637,850</u> |
| Expenditures: | | | |
| Debt service: | | | |
| Principal | 80,500 | 375,000 | 455,500 |
| Interest | 4,521 | 226,669 | 231,190 |
| Total Expenditures | <u>85,021</u> | <u>601,669</u> | <u>686,690</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>(84,202)</u> | <u>35,362</u> | <u>(48,840)</u> |
| Other Financing Sources (Uses): | | | |
| Transfers in | 71,277 | - | 71,277 |
| Total Other Financing Sources (Uses) | <u>71,277</u> | <u>-</u> | <u>71,277</u> |
| Net Change in Fund Balances | (12,925) | 35,362 | 22,437 |
| Fund Balances, Beginning | <u>43,768</u> | <u>63,715</u> | <u>107,483</u> |
| Fund Balances, Ending | <u>\$ 30,843</u> | <u>\$ 99,077</u> | <u>\$ 129,920</u> |

CITY OF NEWPORT
Nonmajor Capital Projects Funds
Combining Balance Sheet
June 30, 2023

| | Capital Projects Reserve | Capital Improvements | Total |
|---|--------------------------------|-------------------------|---------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 2,551,469 | \$ 3,111,039 | \$ 5,662,508 |
| Total Assets | <u>\$ 2,551,469</u> | <u>\$ 3,111,039</u> | <u>\$ 5,662,508</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 3,262 | \$ 46,362 | \$ 49,624 |
| Total Liabilities | <u>3,262</u> | <u>46,362</u> | <u>49,624</u> |
| Fund Balances: | | | |
| Assigned | <u>2,548,207</u> | <u>3,064,677</u> | <u>5,612,884</u> |
| Total Fund Balances | <u>2,548,207</u> | <u>3,064,677</u> | <u>5,612,884</u> |
| Total Liabilities and Fund Balances | <u>\$ 2,551,469</u> | <u>\$ 3,111,039</u> | <u>\$ 5,662,508</u> |

CITY OF NEWPORT
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2023

| | Capital Projects Reserve | Capital Improvements | Total |
|--|--------------------------------|-------------------------|------------------|
| Revenues: | | | |
| Interest earnings | \$ 60,866 | \$ 71,476 | \$ 132,342 |
| Other revenue | 1,000 | - | 1,000 |
| Total Revenues | 61,866 | 71,476 | 133,342 |
| Expenditures: | | | |
| Current: | | | |
| General government | - | 5,439 | 5,439 |
| Public safety | 10,150 | - | 10,150 |
| Capital outlay | 83,009 | 784,820 | 867,829 |
| Total Expenditures | 93,159 | 790,259 | 883,418 |
| Excess (Deficiency) of Revenues over Expenditures | (31,293) | (718,783) | (750,076) |
| Other Financing Sources (Uses): | | | |
| Transfers in | 526,056 | 1,854,450 | 2,380,506 |
| Transfers out | (550,426) | (122,034) | (672,460) |
| Total Other Financing Sources (Uses) | (24,370) | 1,732,416 | 1,708,046 |
| Net Change in Fund Balances | (55,663) | 1,013,633 | 957,970 |
| Fund Balances, Beginning | 2,603,870 | 2,051,044 | 4,654,914 |
| Fund Balances, Ending | \$ 2,548,207 | \$ 3,064,677 | \$ 5,612,884 |

CITY OF NEWPORT

Parks and Recreation Fund

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

Year Ended June 30, 2023

| | Budget | Actual | Variance with Final Budget |
|---|--------------------|--------------------|-------------------------------|
| Revenues: | | | |
| Intergovernmental | \$ 37,500 | \$ 22,250 | \$ (15,250) |
| Charges for services | 561,500 | 685,610 | 124,110 |
| Interest earnings | 2,100 | 15,921 | 13,821 |
| Other revenue | 51,000 | 10,050 | (40,950) |
| Total Revenues | 652,100 | 733,831 | 81,731 |
| Expenditures: | | | |
| Parks administration | 255,293 | 232,426 | 22,867 |
| 60+ center | 262,381 | 222,756 | 39,625 |
| Swimming pool | 614,170 | 556,054 | 58,116 |
| Recreation center | 763,053 | 614,232 | 148,821 |
| Recreation programs | 267,697 | 232,370 | 35,327 |
| Sports programs | 211,626 | 165,137 | 46,489 |
| Interfund loan repayment | 27,500 | 27,500 | - |
| Contingency | 78,230 | - | 78,230 |
| Total Expenditures | 2,479,950 | 2,050,475 | 429,475 |
| Excess of Revenues Over Expenditures | (1,827,850) | (1,316,644) | 511,206 |
| Other Financing Sources (Uses): | | | |
| Transfers in | 1,978,508 | 1,954,161 | (24,347) |
| Lease proceeds | 70,000 | - | (70,000) |
| Transfers out | (637,236) | (627,236) | 10,000 |
| Total Other Financing Sources (Uses) | 1,411,272 | 1,326,925 | (84,347) |
| Net Change in Fund Balance | (416,578) | 10,281 | 426,859 |
| Fund Balance, beginning | 590,085 | 590,086 | 1 |
| Fund Balance, ending | \$ 173,507 | 600,367 | \$ 426,860 |
| <i>Reconciliation to generally accepted accounting principles</i> | | | |
| Due to other funds | | (110,000) | |
| Fund balance, ending - generally accepted accounting principles | | \$ 490,367 | |

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

Year Ended June 30, 2023

| | <u>Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|------------------|-----------------|---------------------------------------|
| Revenues: | | | |
| Franchise fees, privilege taxes, licenses and permits | \$ 24,775 | \$ 23,668 | \$ (1,107) |
| Fines and forfeitures | 76,125 | - | (76,125) |
| Interest earnings | 1,300 | 194 | (1,106) |
| Total Revenues | <u>102,200</u> | <u>23,862</u> | <u>(78,338)</u> |
| Expenditures: | | | |
| Public parking - city-wide | 228,369 | 4,886 | 223,483 |
| Contingency | 53,889 | - | 53,889 |
| Total Expenditures | <u>282,258</u> | <u>4,886</u> | <u>277,372</u> |
| Excess of Revenues Over Expenditures | <u>(180,058)</u> | <u>18,976</u> | <u>199,034</u> |
| Other Financing Sources (Uses): | | | |
| Lease proceeds | 200,000 | - | (200,000) |
| Proceeds from interfund loan | 225,000 | - | (225,000) |
| Transfers out | (265,000) | (40,000) | 225,000 |
| Total Other Financing Sources (Uses) | <u>160,000</u> | <u>(40,000)</u> | <u>(200,000)</u> |
| Net Change in Fund Balance | (20,058) | (21,024) | (966) |
| Fund Balance, beginning | <u>20,058</u> | <u>20,058</u> | <u>-</u> |
| Fund Balance, ending | <u>\$ -</u> | <u>\$ (966)</u> | <u>\$ (966)</u> |

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

Year Ended June 30, 2023

| | <u>Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---------------------------------------|----------------|-------------------|---------------------------------------|
| Revenues: | | | |
| Taxes | | | |
| Other | \$ 107,511 | \$ 202,371 | \$ 94,860 |
| Interest earnings | <u>1,500</u> | <u>15,736</u> | <u>14,236</u> |
| Total Revenues | <u>109,011</u> | <u>218,107</u> | <u>109,096</u> |
| Expenditures: | | | |
| Affordable housing | 1,786 | 862 | 924 |
| Oregon housing and community services | 41,627 | 30,609 | 11,018 |
| Contingency | <u>605,463</u> | <u>-</u> | <u>605,463</u> |
| Total Expenditures | <u>648,876</u> | <u>31,471</u> | <u>617,405</u> |
| Net Change in Fund Balance | (539,865) | 186,636 | 726,501 |
| Fund Balance, beginning | <u>539,865</u> | <u>539,864</u> | <u>(1)</u> |
| Fund Balance, ending | <u>\$ -</u> | <u>\$ 726,500</u> | <u>\$ 726,500</u> |

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

Year Ended June 30, 2023

| | <u>Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--------------------------------------|------------------|-------------------|---------------------------------------|
| Revenues: | | | |
| Charges for services | \$ 338,026 | \$ 600,584 | \$ 262,558 |
| Interest earnings | 1,400 | 12,092 | 10,692 |
| Other revenue | <u>150</u> | <u>-</u> | <u>(150)</u> |
| Total Revenues | <u>339,576</u> | <u>612,676</u> | <u>273,100</u> |
| Expenditures: | | | |
| Building inspection | 684,986 | 547,453 | 137,533 |
| Contingency | <u>34,770</u> | <u>-</u> | <u>34,770</u> |
| Total Expenditures | <u>719,756</u> | <u>547,453</u> | <u>172,303</u> |
| Excess of Revenues Over Expenditures | <u>(380,180)</u> | <u>65,223</u> | <u>445,403</u> |
| Other Financing Sources (Uses): | | | |
| Transfers in | 3,000 | 3,000 | - |
| Lease proceeds | <u>50,000</u> | <u>-</u> | <u>(50,000)</u> |
| Total Other Financing Sources (Uses) | <u>53,000</u> | <u>3,000</u> | <u>(50,000)</u> |
| Net Change in Fund Balance | (327,180) | 68,223 | 395,403 |
| Fund Balance, beginning | <u>372,858</u> | <u>372,858</u> | <u>-</u> |
| Fund Balance, ending | <u>\$ 45,678</u> | <u>\$ 441,081</u> | <u>\$ 395,403</u> |

CITY OF NEWPORT

Streets Fund

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

Year Ended June 30, 2023

| | <u>Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|--------------------------|--------------------------|---------------------------------------|
| Revenues: | | | |
| Intergovernmental | \$ 1,229,364 | \$ 1,146,746 | \$ (82,618) |
| Charges for services | - | 2,238 | 2,238 |
| Interest earnings | 3,700 | 17,186 | 13,486 |
| Other revenue | <u>2,000</u> | <u>817</u> | <u>(1,183)</u> |
| Total Revenues | <u>1,235,064</u> | <u>1,166,987</u> | <u>(68,077)</u> |
| Expenditures: | | | |
| Street maintenance | 825,264 | 656,598 | 168,666 |
| Contingency | <u>7,780</u> | <u>-</u> | <u>7,780</u> |
| Total Expenditures | <u>833,044</u> | <u>656,598</u> | <u>176,446</u> |
| Excess of Revenues Over Expenditures | <u>402,020</u> | <u>510,389</u> | <u>108,369</u> |
| Other Financing Sources (Uses): | | | |
| Transfers in | 140,000 | 140,000 | - |
| Lease proceeds | - | 897 | 897 |
| Transfers out | <u>(999,302)</u> | <u>(999,302)</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>(859,302)</u> | <u>(858,405)</u> | <u>897</u> |
| Net Change in Fund Balance | (457,282) | (348,016) | 109,266 |
| Fund Balance, beginning | <u>1,049,729</u> | <u>1,049,730</u> | <u>1</u> |
| Fund Balance, ending | \$ <u><u>592,447</u></u> | 701,714 | \$ <u><u>109,267</u></u> |
| <i>Reconciliation to generally accepted accounting principles</i> | | | |
| Inventory | | <u>45,985</u> | |
| Fund balance, ending - generally accepted accounting principles | | \$ <u><u>747,699</u></u> | |

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

Year Ended June 30, 2023

| | <u>Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|----------------|-------------------|---------------------------------------|
| Revenues: | | | |
| Franchise fees, privilege taxes, licenses and permits | \$ 160,000 | \$ 202,972 | \$ 42,972 |
| Interest earnings | <u>2,200</u> | <u>20,850</u> | <u>18,650</u> |
| Total Revenues | <u>162,200</u> | <u>223,822</u> | <u>61,622</u> |
| Expenditures: | | | |
| Line undergrounding | 2,442 | 1,560 | 882 |
| Contingency | <u>851,587</u> | <u>-</u> | <u>851,587</u> |
| Total Expenditures | <u>854,029</u> | <u>1,560</u> | <u>852,469</u> |
| Net Change in Fund Balance | (691,829) | 222,262 | 914,091 |
| Fund Balance, beginning | <u>691,829</u> | <u>691,829</u> | <u>-</u> |
| Fund Balance, ending | <u>\$ -</u> | <u>\$ 914,091</u> | <u>\$ 914,091</u> |

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

Year Ended June 30, 2023

| | <u>Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--------------------------------------|--------------------|---------------------|---------------------------------------|
| Revenues: | | | |
| Charges for services | \$ 14,291 | \$ 17,867 | \$ 3,576 |
| System development charges | 387,085 | 409,952 | 22,867 |
| Interest earnings | <u>9,250</u> | <u>74,116</u> | <u>64,866</u> |
| Total Revenues | <u>410,626</u> | <u>501,935</u> | <u>91,309</u> |
| Expenditures: | | | |
| SDC - administration | 591 | 591 | - |
| Contingency | <u>2,965,926</u> | <u>-</u> | <u>2,965,926</u> |
| Total Expenditures | <u>2,966,517</u> | <u>591</u> | <u>2,965,926</u> |
| Excess of Revenues Over Expenditures | <u>(2,555,891)</u> | <u>501,344</u> | <u>3,057,235</u> |
| Other Financing Sources (Uses): | | | |
| Transfers out | <u>(182,504)</u> | <u>(182,504)</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>(182,504)</u> | <u>(182,504)</u> | <u>-</u> |
| Net Change in Fund Balance | (2,738,395) | 318,840 | 3,057,235 |
| Fund Balance, beginning | <u>2,738,395</u> | <u>2,738,394</u> | <u>(1)</u> |
| Fund Balance, ending | <u>\$ -</u> | <u>\$ 3,057,234</u> | <u>\$ 3,057,234</u> |

CITY OF NEWPORT

Agate Beach Fund

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

Year Ended June 30, 2023

| | <u>Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|--------------------|----------------------------|---------------------------------------|
| Revenues: | | | |
| Other revenue | \$ 27,500 | \$ 27,500 | \$ - |
| Total Revenues | <u>27,500</u> | <u>27,500</u> | <u>-</u> |
| Expenditures: | | | |
| Agate beach closure | 106,391 | 74,389 | 32,002 |
| Contingency | <u>686,695</u> | <u>-</u> | <u>686,695</u> |
| Total Expenditures | <u>793,086</u> | <u>74,389</u> | <u>718,697</u> |
| Excess of Revenues Over Expenditures | <u>(765,586)</u> | <u>(46,889)</u> | <u>718,697</u> |
| Other Financing Sources (Uses): | | | |
| Interfund loan to other fund | <u>(225,000)</u> | <u>-</u> | <u>225,000</u> |
| Total Other Financing Sources (Uses) | <u>(225,000)</u> | <u>-</u> | <u>225,000</u> |
| Net Change in Fund Balance | (990,586) | (46,889) | 943,697 |
| Fund Balance, beginning | <u>990,586</u> | <u>990,585</u> | <u>(1)</u> |
| Fund Balance, ending | \$ <u><u>-</u></u> | 943,696 | \$ <u><u>943,696</u></u> |
| <i>Reconciliation to generally accepted accounting principles</i> | | | |
| Due from other funds | | <u>110,000</u> | |
| Fund balance, ending - generally accepted accounting principles | | \$ <u><u>1,053,696</u></u> | |

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

Year Ended June 30, 2023

| | <u>Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--------------------------------------|------------------|------------------|---------------------------------------|
| Revenues: | | | |
| Interest earnings | \$ 160 | \$ 819 | \$ 659 |
| Total Revenues | <u>160</u> | <u>819</u> | <u>659</u> |
| Expenditures: | | | |
| General debt | <u>88,177</u> | <u>85,021</u> | <u>3,156</u> |
| Total Expenditures | <u>88,177</u> | <u>85,021</u> | <u>3,156</u> |
| Excess of Revenues Over Expenditures | <u>(88,017)</u> | <u>(84,202)</u> | <u>3,815</u> |
| Other Financing Sources (Uses): | | | |
| Transfers in | <u>71,277</u> | <u>71,277</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>71,277</u> | <u>71,277</u> | <u>-</u> |
| Net Change in Fund Balance | (16,740) | (12,925) | 3,815 |
| Fund Balance, beginning | <u>43,768</u> | <u>43,768</u> | <u>-</u> |
| Fund Balance, ending | <u>\$ 27,028</u> | <u>\$ 30,843</u> | <u>\$ 3,815</u> |

CITY OF NEWPORT**G.O. Debt Service - Governmental Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**Year Ended June 30, 2023

| | <u>Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|----------------------------|------------------|------------------|---------------------------------------|
| Revenues: | | | |
| Taxes | | | |
| Property | \$ 613,669 | \$ 628,280 | \$ 14,611 |
| Interest earnings | <u>1,100</u> | <u>8,751</u> | <u>7,651</u> |
| Total Revenues | <u>614,769</u> | <u>637,031</u> | <u>22,262</u> |
| Expenditures: | | | |
| Swimming pool GO debt | <u>602,669</u> | <u>601,669</u> | <u>1,000</u> |
| Total Expenditures | <u>602,669</u> | <u>601,669</u> | <u>1,000</u> |
| Net Change in Fund Balance | 12,100 | 35,362 | 23,262 |
| Fund Balance, beginning | <u>63,716</u> | <u>63,715</u> | <u>(1)</u> |
| Fund Balance, ending | <u>\$ 75,816</u> | <u>\$ 99,077</u> | <u>\$ 23,261</u> |

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

Year Ended June 30, 2023

| | <u>Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--------------------------------------|---------------------|---------------------|---------------------------------------|
| Revenues: | | | |
| Interest earnings | \$ 6,225 | \$ 60,866 | \$ 54,641 |
| Other revenue | <u>-</u> | <u>1,000</u> | <u>1,000</u> |
| Total Revenues | <u>6,225</u> | <u>61,866</u> | <u>55,641</u> |
| Expenditures: | | | |
| Fire | 665,000 | - | 665,000 |
| Library | 20,000 | 1,706 | 18,294 |
| Emergency coordinator | <u>251,941</u> | <u>91,453</u> | <u>160,488</u> |
| Total Expenditures | <u>936,941</u> | <u>93,159</u> | <u>843,782</u> |
| Excess of Revenues Over Expenditures | <u>(930,716)</u> | <u>(31,293)</u> | <u>899,423</u> |
| Other Financing Sources (Uses): | | | |
| Transfers in | 536,056 | 526,056 | (10,000) |
| Transfers out | <u>(1,187,867)</u> | <u>(550,426)</u> | <u>637,441</u> |
| Total Other Financing Sources (Uses) | <u>(651,811)</u> | <u>(24,370)</u> | <u>627,441</u> |
| Net Change in Fund Balance | (1,582,527) | (55,663) | 1,526,864 |
| Fund Balance, beginning | <u>2,603,869</u> | <u>2,603,870</u> | <u>1</u> |
| Fund Balance, ending | <u>\$ 1,021,342</u> | <u>\$ 2,548,207</u> | <u>\$ 1,526,865</u> |

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

Year Ended June 30, 2023

| | <u>Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--------------------------------------|--------------------|---------------------|---------------------------------------|
| Revenues: | | | |
| Interest earnings | \$ 5,500 | \$ 71,476 | \$ 65,976 |
| Total Revenues | <u>5,500</u> | <u>71,476</u> | <u>65,976</u> |
| Expenditures: | | | |
| City hall improvements | 465,252 | 19,397 | 445,855 |
| Library improvements | 29,760 | 20,614 | 9,146 |
| Fire improvements | 156,300 | - | 156,300 |
| PAC improvements | 2,319,338 | 78,270 | 2,241,068 |
| VAC improvements | 93,787 | 4,000 | 89,787 |
| 60+ activity center improvements | 94,976 | 17,085 | 77,891 |
| Recreation center improvements | 1,049,127 | 53,197 | 995,930 |
| Parks and grounds improvements | 1,363,782 | 597,696 | 766,086 |
| City hall police improvements | 24,000 | - | 24,000 |
| Total Expenditures | <u>5,596,322</u> | <u>790,259</u> | <u>4,806,063</u> |
| Excess of Revenues Over Expenditures | <u>(5,590,822)</u> | <u>(718,783)</u> | <u>4,872,039</u> |
| Other Financing Sources (Uses): | | | |
| Transfers in | 3,667,312 | 1,854,450 | (1,812,862) |
| Transfers out | <u>(122,034)</u> | <u>(122,034)</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>3,545,278</u> | <u>1,732,416</u> | <u>(1,812,862)</u> |
| Net Change in Fund Balance | (2,045,544) | 1,013,633 | 3,059,177 |
| Fund Balance, beginning | <u>2,051,044</u> | <u>2,051,044</u> | <u>-</u> |
| Fund Balance, ending | <u>\$ 5,500</u> | <u>\$ 3,064,677</u> | <u>\$ 3,059,177</u> |



CITY OF NEWPORT

Water Fund

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

Year Ended June 30, 2023

| | Budget | Actual | Variance with Final Budget |
|---|-------------------|---------------------|-------------------------------|
| Revenues: | | | |
| Charges for services | \$ 4,630,000 | \$ 4,643,198 | \$ 13,198 |
| Interest earnings | 8,700 | 39,215 | 30,515 |
| Other revenue | 50,000 | 12,856 | (37,144) |
| Total Revenues | <u>4,688,700</u> | <u>4,695,269</u> | <u>6,569</u> |
| Expenditures: | | | |
| Water plant | 1,647,860 | 1,555,786 | 92,074 |
| Water distribution | 1,249,154 | 942,615 | 306,539 |
| Water administrative programs | 1,016,965 | 988,752 | 28,213 |
| Contingency | 191,212 | - | 191,212 |
| Total Expenditures | <u>4,105,191</u> | <u>3,487,153</u> | <u>618,038</u> |
| Excess of Revenues Over Expenditures | <u>583,509</u> | <u>1,208,116</u> | <u>624,607</u> |
| Other Financing Sources (Uses): | | | |
| Lease proceeds | 258,000 | 74,972 | (183,028) |
| Transfers out | (1,045,753) | (1,045,753) | - |
| Total Other Financing Sources (Uses) | <u>(787,753)</u> | <u>(970,781)</u> | <u>(183,028)</u> |
| Net Change in Fund Balance | (204,244) | 237,335 | 441,579 |
| Fund Balance, beginning | <u>479,233</u> | <u>479,233</u> | <u>-</u> |
| Fund Balance, ending | <u>\$ 274,989</u> | 716,568 | <u>\$ 441,579</u> |
| Reconciliation to generally accepted accounting principles | | | |
| Inventories | | 654,128 | |
| Capital assets, net | | 30,352,420 | |
| Compensated absences | | (51,213) | |
| Deferred outflows related to pension | | 8,353 | |
| Deferred outflows related to OPEB | | 5,790 | |
| Net pension liability | | (334,480) | |
| OPEB liability | | (58,794) | |
| Deferred inflows related to OPEB | | (35,700) | |
| Long-term debt | | (16,801,833) | |
| Interest payable | | <u>(6,005,650)</u> | |
| Net position at end of year | | <u>\$ 8,449,589</u> | |

CITY OF NEWPORT

Wastewater Fund

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

Year Ended June 30, 2023

| | Budget | Actual | Variance with Final Budget |
|---|--------------------|----------------------|-------------------------------|
| Revenues: | | | |
| Charges for services | \$ 5,328,019 | \$ 5,252,241 | \$ (75,778) |
| Interest earnings | 1,600 | 3,597 | 1,997 |
| Other revenue | 32,795 | 26,075 | (6,720) |
| Total Revenues | 5,362,414 | 5,281,913 | (80,501) |
| Expenditures: | | | |
| Wastewater plant | 2,217,028 | 2,060,932 | 156,096 |
| Wastewater collections | 920,854 | 750,486 | 170,368 |
| Wastewater administrative programs | 1,156,714 | 1,142,023 | 14,691 |
| Total Expenditures | 4,294,596 | 3,953,441 | 341,155 |
| Excess of Revenues Over Expenditures | 1,067,818 | 1,328,472 | 260,654 |
| Other Financing Sources (Uses): | | | |
| Transfers in | 288,025 | 288,025 | - |
| Lease proceeds | 50,000 | 2,692 | (47,308) |
| Transfers out | (1,648,968) | (1,648,968) | - |
| Total Other Financing Sources (Uses) | (1,310,943) | (1,358,251) | (47,308) |
| Net Change in Fund Balance | (243,125) | (29,779) | 213,346 |
| Fund Balance, beginning | 589,145 | 589,145 | - |
| Fund Balance, ending | \$ 346,020 | 559,366 | \$ 213,346 |
| Reconciliation to generally accepted accounting principles | | | |
| Inventories | | 245,427 | |
| Capital assets, net | | 47,006,884 | |
| Compensated absences | | (30,436) | |
| Deferred outflows related to pension | | 2,744 | |
| Deferred outflows related to OPEB | | 1,902 | |
| Net pension liability | | (109,906) | |
| OPEB liability | | (19,319) | |
| Deferred inflows related to OPEB | | (11,730) | |
| Long-term debt | | (21,027,861) | |
| Interest payable | | (620,955) | |
| Net position at end of year | | \$ 25,996,116 | |

CITY OF NEWPORT

Stormwater Fund

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

Year Ended June 30, 2023

| | <u>Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|-------------------------|----------------------------|---------------------------------------|
| Revenues: | | | |
| Charges for services | \$ 1,065,000 | \$ 1,049,886 | \$ (15,114) |
| Interest earnings | <u>1,000</u> | <u>4,933</u> | <u>3,933</u> |
| Total Revenues | <u>1,066,000</u> | <u>1,054,819</u> | <u>(11,181)</u> |
| Expenditures: | | | |
| Stormwater maintenance | 483,394 | 415,767 | 67,627 |
| Contingency | <u>6,812</u> | <u>-</u> | <u>6,812</u> |
| Total Expenditures | <u>490,206</u> | <u>415,767</u> | <u>74,439</u> |
| Excess of Revenues Over Expenditures | <u>575,794</u> | <u>639,052</u> | <u>63,258</u> |
| Other Financing Sources (Uses): | | | |
| Transfers out | <u>(824,790)</u> | <u>(824,790)</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>(824,790)</u> | <u>(824,790)</u> | <u>-</u> |
| Net Change in Fund Balance | (248,996) | (185,738) | 63,258 |
| Fund Balance, beginning | <u>311,330</u> | <u>311,332</u> | <u>2</u> |
| Fund Balance, ending | \$ <u><u>62,334</u></u> | 125,594 | \$ <u><u>63,260</u></u> |
| <i>Reconciliation to generally accepted accounting principles</i> | | | |
| Capital assets, net | | 1,130,803 | |
| Compensated absences | | (3,982) | |
| Deferred outflows related to pension | | 1,158 | |
| Deferred outflows related to OPEB | | 802 | |
| Net pension liability | | (46,364) | |
| OPEB liability | | (8,150) | |
| Deferred inflows related to OPEB | | (4,948) | |
| Long-term debt | | (1,740,000) | |
| Interest payable | | <u>(4,350)</u> | |
| Net position at end of year | | \$ <u><u>(549,437)</u></u> | |

CITY OF NEWPORT
Nonmajor Enterprise Funds
Combining Statement of Net Position
June 30, 2023

| | Water Debt Service | Wastewater Debt Service | Stormwater Debt Service |
|---------------------------|-----------------------------|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| ASSETS | | | |
| Current Assets: | | | |
| Cash and cash equivalents | \$ 793 | \$ 1,403,975 | \$ 122,161 |
| Receivables: | | | |
| Accounts, net | 5,802 | - | - |
| Property taxes | - | - | - |
| Total Assets | <u>6,595</u> | <u>1,403,975</u> | <u>122,161</u> |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts payable | - | - | - |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>-</u> |
| NET POSITION | | | |
| Restricted for: | | | |
| Debt service | 6,595 | 1,403,975 | 122,161 |
| Capital projects | - | - | - |
| Total Net Position | <u>\$ 6,595</u> | <u>\$ 1,403,975</u> | <u>\$ 122,161</u> |

| | G.O. Debt Service | | Capital Projects | | Total |
|----|-----------------------|----|-------------------------|----|-------------------------|
| \$ | 177,981 | \$ | 5,620,023 | \$ | 7,324,933 |
| | - | | 554,863 | | 560,665 |
| | 102,465 | | - | | 102,465 |
| | <u>280,446</u> | | <u>6,174,886</u> | | <u>7,988,063</u> |
| | - | | 206,307 | | 206,307 |
| | - | | 206,307 | | 206,307 |
| | 280,446 | | - | | 1,813,177 |
| | - | | 5,968,579 | | 5,968,579 |
| \$ | <u><u>280,446</u></u> | \$ | <u><u>5,968,579</u></u> | \$ | <u><u>7,781,756</u></u> |

CITY OF NEWPORT
Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2023

| | <u>Water Debt Service</u> | <u>Wastewater Debt Service</u> | <u>Stormwater Debt Service</u> |
|---|-------------------------------|------------------------------------|------------------------------------|
| Operating Expenses: | | | |
| Contracted services | \$ - | \$ - | \$ - |
| Total Operating Expenses | <u>-</u> | <u>-</u> | <u>-</u> |
| Operating Income (Loss) | <u>-</u> | <u>-</u> | <u>-</u> |
| Nonoperating Revenues (Expenses): | | | |
| Interest income | 115 | 32,173 | 3,429 |
| Property taxes | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Nonoperating Revenues (Expenses) | <u>115</u> | <u>32,173</u> | <u>3,429</u> |
| Income (Loss) Before Capital Contributions and Transfers | 115 | 32,173 | 3,429 |
| Capital Contributions | - | - | - |
| Transfers In | 819,965 | 1,364,839 | 575,000 |
| Transfers Out | <u>(819,706)</u> | <u>(966,889)</u> | <u>(631,666)</u> |
| Change in Net Position | 374 | 430,123 | (53,237) |
| Net Position, beginning | <u>6,221</u> | <u>973,852</u> | <u>175,398</u> |
| Net Position, ending | <u>\$ 6,595</u> | <u>\$ 1,403,975</u> | <u>\$ 122,161</u> |

| G.O. Debt Service | Capital Projects | Total |
|----------------------|---------------------|---------------------|
| \$ - | \$ 396,798 | \$ 396,798 |
| - | 396,798 | 396,798 |
| - | (396,798) | (396,798) |
| 34,528 | 293,825 | 364,070 |
| 2,198,486 | - | 2,198,486 |
| 2,233,014 | 293,825 | 2,562,556 |
| 2,233,014 | (102,973) | 2,165,758 |
| - | 1,336,021 | 1,336,021 |
| - | 3,251,964 | 6,011,768 |
| (2,200,000) | (4,563,529) | (9,181,790) |
| 33,014 | (78,517) | 331,757 |
| 247,432 | 6,047,096 | 7,449,999 |
| \$ <u>280,446</u> | \$ <u>5,968,579</u> | \$ <u>7,781,756</u> |

CITY OF NEWPORT
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
Year Ended June 30, 2023

| | Water Debt Service | Wastewater Debt Service | Stormwater Debt Service |
|--|-----------------------|----------------------------|----------------------------|
| Cash Flows from Operating Activities: | | | |
| Payments to suppliers | \$ - | \$ - | \$ - |
| Net Cash provided by (used in) Operating Activities | - | - | - |
| Cash Flows from Capital and Related Financing Activities: | | | |
| Acquisition of capital assets | - | - | - |
| Grants | - | - | - |
| Property taxes | - | - | - |
| Transfers in | 819,965 | 1,364,839 | 575,000 |
| Transfers out | - | - | - |
| Principal paid | (453,575) | (660,634) | (514,636) |
| Interest paid | (366,141) | (306,255) | (117,030) |
| Net Cash Flows provided by (used in) Capital and Related Financing Activities | 249 | 397,950 | (56,666) |
| Cash Flows from Investing Activities: | | | |
| Investment income received | 115 | 32,173 | 3,429 |
| Net Cash provided by (used in) Investing Activities | 115 | 32,173 | 3,429 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 364 | 430,123 | (53,237) |
| Cash and Cash Equivalents, beginning | 429 | 973,852 | 175,398 |
| Cash and Cash Equivalents, ending | \$ <u>793</u> | \$ <u>1,403,975</u> | \$ <u>122,161</u> |
| Noncash Capital and Related Financing Activities: | | | |
| Transfers out | \$ <u>(819,706)</u> | \$ <u>(966,889)</u> | \$ <u>(631,666)</u> |

| | G.O. Debt Service | Capital Projects | Total |
|----|----------------------|-----------------------|-----------------------|
| \$ | - | \$ (396,798) | \$ (396,798) |
| | - | (396,798) | (396,798) |
| | - | (3,128,296) | (3,128,296) |
| | - | 825,685 | 825,685 |
| | 2,192,851 | - | 2,192,851 |
| | - | 3,251,964 | 6,011,768 |
| | - | (1,307,265) | (1,307,265) |
| | (1,070,476) | - | (2,699,321) |
| | (1,129,524) | - | (1,918,950) |
| | (7,149) | (357,912) | (23,528) |
| | 34,528 | 293,825 | 364,070 |
| | 34,528 | 293,825 | 364,070 |
| | 27,379 | (460,885) | (56,256) |
| | 150,602 | 6,080,908 | 7,381,189 |
| \$ | <u>177,981</u> | <u>\$ 5,620,023</u> | <u>\$ 7,324,933</u> |
| \$ | <u>(2,200,000)</u> | <u>\$ (3,256,264)</u> | <u>\$ (7,874,525)</u> |



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

Year Ended June 30, 2023

| | <u>Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--------------------------------------|------------------|------------------|---------------------------------------|
| Revenues: | | | |
| Interest earnings | \$ 15 | \$ 115 | \$ 100 |
| Total Revenues | <u>15</u> | <u>115</u> | <u>100</u> |
| Expenditures: | | | |
| Water general debt | 70,504 | 69,527 | 977 |
| Water revenue bonds | <u>753,664</u> | <u>750,179</u> | <u>3,485</u> |
| Total Expenditures | <u>824,168</u> | <u>819,706</u> | <u>4,462</u> |
| Excess of Revenues Over Expenditures | <u>(824,153)</u> | <u>(819,591)</u> | <u>4,562</u> |
| Other Financing Sources (Uses): | | | |
| Transfers in | <u>819,965</u> | <u>819,965</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>819,965</u> | <u>819,965</u> | <u>-</u> |
| Net Change in Fund Balance | (4,188) | 374 | 4,562 |
| Fund Balance, beginning | <u>6,221</u> | <u>6,221</u> | <u>-</u> |
| Fund Balance, ending | <u>\$ 2,033</u> | <u>\$ 6,595</u> | <u>\$ 4,562</u> |

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

Year Ended June 30, 2023

| | <u>Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--------------------------------------|--------------------|---------------------|---------------------------------------|
| Revenues: | | | |
| Interest earnings | \$ 2,350 | \$ 32,173 | \$ 29,823 |
| Total Revenues | <u>2,350</u> | <u>32,173</u> | <u>29,823</u> |
| Expenditures: | | | |
| General debt | 266,838 | 265,838 | 1,000 |
| DEQ debt | <u>1,189,267</u> | <u>701,051</u> | <u>488,216</u> |
| Total Expenditures | <u>1,456,105</u> | <u>966,889</u> | <u>489,216</u> |
| Excess of Revenues Over Expenditures | <u>(1,453,755)</u> | <u>(934,716)</u> | <u>519,039</u> |
| Other Financing Sources (Uses): | | | |
| Transfers in | <u>1,364,839</u> | <u>1,364,839</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>1,364,839</u> | <u>1,364,839</u> | <u>-</u> |
| Net Change in Fund Balance | (88,916) | 430,123 | 519,039 |
| Fund Balance, beginning | <u>973,852</u> | <u>973,852</u> | <u>-</u> |
| Fund Balance, ending | <u>\$ 884,936</u> | <u>\$ 1,403,975</u> | <u>\$ 519,039</u> |

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

Year Ended June 30, 2023

| | <u>Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--------------------------------------|-------------------|-------------------|---------------------------------------|
| Revenues: | | | |
| Interest earnings | \$ 691 | \$ 3,429 | \$ 2,738 |
| Total Revenues | <u>691</u> | <u>3,429</u> | <u>2,738</u> |
| Expenditures: | | | |
| 2018 stormwater debt | 380,740 | 379,405 | 1,335 |
| DEQ debt | <u>253,261</u> | <u>252,261</u> | <u>1,000</u> |
| Total Expenditures | <u>634,001</u> | <u>631,666</u> | <u>2,335</u> |
| Excess of Revenues Over Expenditures | <u>(633,310)</u> | <u>(628,237)</u> | <u>5,073</u> |
| Other Financing Sources (Uses): | | | |
| Transfers in | <u>575,000</u> | <u>575,000</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>575,000</u> | <u>575,000</u> | <u>-</u> |
| Net Change in Fund Balance | (58,310) | (53,237) | 5,073 |
| Fund Balance, beginning | <u>175,398</u> | <u>175,398</u> | <u>-</u> |
| Fund Balance, ending | <u>\$ 117,088</u> | <u>\$ 122,161</u> | <u>\$ 5,073</u> |

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

Year Ended June 30, 2023

| | <u>Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|--------------------------|--------------------------|---------------------------------------|
| Revenues: | | | |
| Taxes | | | |
| Property | \$ 2,150,000 | \$ 2,194,044 | \$ 44,044 |
| Interest earnings | <u>5,800</u> | <u>34,528</u> | <u>28,728</u> |
| Total Revenues | <u>2,155,800</u> | <u>2,228,572</u> | <u>72,772</u> |
| Expenditures: | | | |
| Water general obligation debt | <u>2,201,000</u> | <u>2,200,000</u> | <u>1,000</u> |
| Total Expenditures | <u>2,201,000</u> | <u>2,200,000</u> | <u>1,000</u> |
| Net Change in Fund Balance | (45,200) | 28,572 | 73,772 |
| Fund Balance, beginning | <u>171,880</u> | <u>171,879</u> | <u>(1)</u> |
| Fund Balance, ending | \$ <u><u>126,680</u></u> | 200,451 | \$ <u><u>73,771</u></u> |
| <i>Reconciliation to generally accepted accounting principles</i> | | | |
| Unavailable revenues | | <u>79,995</u> | |
| Net position at end of year | | \$ <u><u>280,446</u></u> | |

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

Year Ended June 30, 2023

| | <u>Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--------------------------------------|---------------------|---------------------|---------------------------------------|
| Revenues: | | | |
| Intergovernmental | \$ 4,187,610 | \$ 1,336,021 | \$ (2,851,589) |
| Interest earnings | <u>14,500</u> | <u>293,825</u> | <u>279,325</u> |
| Total Revenues | <u>4,202,110</u> | <u>1,629,846</u> | <u>(2,572,264)</u> |
| Expenditures: | | | |
| Water | 8,524,432 | 2,481,498 | 6,042,934 |
| Wastewater | 1,992,385 | 894,036 | 1,098,349 |
| Stormwater | <u>710,186</u> | <u>277,528</u> | <u>432,658</u> |
| Total Expenditures | <u>11,227,003</u> | <u>3,653,062</u> | <u>7,573,941</u> |
| Excess of Revenues Over Expenditures | <u>(7,024,893)</u> | <u>(2,023,216)</u> | <u>5,001,677</u> |
| Other Financing Sources (Uses): | | | |
| Transfers in | 3,251,964 | 3,251,964 | - |
| Transfers out | <u>(1,307,265)</u> | <u>(1,307,265)</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>1,944,699</u> | <u>1,944,699</u> | <u>-</u> |
| Net Change in Fund Balance | (5,080,194) | (78,517) | 5,001,677 |
| Fund Balance, beginning | <u>7,357,469</u> | <u>6,047,096</u> | <u>(1,310,373)</u> |
| Fund Balance, ending | <u>\$ 2,277,275</u> | <u>\$ 5,968,579</u> | <u>\$ 3,691,304</u> |

CITY OF NEWPORT
Internal Service Funds
Combining Statement of Net Position
June 30, 2023

| ASSETS | <u>Public Works</u> | <u>City Facility</u> | <u>Total</u> |
|---|---------------------|----------------------|---------------------|
| Current Assets: | | | |
| Cash and cash equivalents | \$ 876,098 | \$ 892,609 | \$ 1,768,707 |
| Receivables: | | | |
| Accounts, net | - | 30,552 | 30,552 |
| Prepaid expenses | 81 | 899 | 980 |
| Total Current Assets | <u>876,179</u> | <u>924,060</u> | <u>1,800,239</u> |
| Noncurrent Assets: | | | |
| Capital assets: | | | |
| Land and construction in progress | 599,340 | - | 599,340 |
| Other capital assets, net | 244,520 | 86,835 | 331,355 |
| Total Capital Assets | <u>843,860</u> | <u>86,835</u> | <u>930,695</u> |
| Total Noncurrent Assets | <u>843,860</u> | <u>86,835</u> | <u>930,695</u> |
| Total Assets | <u>1,720,039</u> | <u>1,010,895</u> | <u>2,730,934</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension Related Items | 6,488 | 4,130 | 10,618 |
| Other Postemployment Benefits Related Items | 4,496 | 2,862 | 7,358 |
| Total Deferred Outflows of Resources | <u>10,984</u> | <u>6,992</u> | <u>17,976</u> |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts payable | 21,298 | 125,514 | 146,812 |
| Payroll and related liabilities | 52,062 | 44,896 | 96,958 |
| Accrued compensated absences | 44,993 | 16,944 | 61,937 |
| Long-term obligations due within one year | 30,655 | 8,741 | 39,396 |
| Total Current Liabilities | <u>149,008</u> | <u>196,095</u> | <u>345,103</u> |
| Long-Term Obligations Due in More than One Year | <u>437,161</u> | <u>278,414</u> | <u>715,575</u> |
| Total Liabilities | <u>586,169</u> | <u>474,509</u> | <u>1,060,678</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Other Postemployment Benefits Related Items | 27,726 | 17,649 | 45,375 |
| Total Deferred Inflows of Resources | <u>27,726</u> | <u>17,649</u> | <u>45,375</u> |
| NET POSITION | | | |
| Net Investment in Capital Assets | 694,925 | (828) | 694,097 |
| Unrestricted | 422,203 | 526,557 | 948,760 |
| Total Net Position | <u>\$ 1,117,128</u> | <u>\$ 525,729</u> | <u>\$ 1,642,857</u> |

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

Year Ended June 30, 2023

| | <u>Public Works</u> | <u>City Facility</u> | <u>Total</u> |
|--|---------------------|----------------------|---------------------|
| Operating Revenues: | | | |
| Service charges and fees | \$ 1,162,911 | \$ 299,165 | \$ 1,462,076 |
| Intergovernmental | - | 12,887 | 12,887 |
| Miscellaneous | 3,107 | 43,266 | 46,373 |
| | <u>1,166,018</u> | <u>355,318</u> | <u>1,521,336</u> |
| Total Operating Revenues | | | |
| Operating Expenses: | | | |
| Salaries and wages | 1,116,733 | 896,724 | 2,013,457 |
| Contracted services | 17,376 | 39,266 | 56,642 |
| Property services | 18,367 | 322,998 | 341,365 |
| Operating supplies | 29,675 | 38,588 | 68,263 |
| Utilities | - | 525,468 | 525,468 |
| Depreciation and amortization | 45,094 | 3,259 | 48,353 |
| Repairs and maintenance | 3,129 | 237,691 | 240,820 |
| Charges for services | 68,783 | 86,064 | 154,847 |
| Miscellaneous | 15,905 | 149,228 | 165,133 |
| | <u>1,315,062</u> | <u>2,299,286</u> | <u>3,614,348</u> |
| Total Operating Expenses | | | |
| Operating Income (Loss) | <u>(149,044)</u> | <u>(1,943,968)</u> | <u>(2,093,012)</u> |
| Nonoperating Revenues (Expenses): | | | |
| Interest income | 22,724 | 17,402 | 40,126 |
| Interest expense | (1,230) | (988) | (2,218) |
| Gain (loss) on sale of capital assets | (2,891) | - | (2,891) |
| | <u>18,603</u> | <u>16,414</u> | <u>35,017</u> |
| Total Nonoperating Revenues (Expenses) | | | |
| Income (Loss) Before Capital Contributions and Transfers | (130,441) | (1,927,554) | (2,057,995) |
| Transfers In | - | 3,298,913 | 3,298,913 |
| Transfers Out | - | (1,221,957) | (1,221,957) |
| Change in Net Position | (130,441) | 149,402 | 18,961 |
| Net Position, beginning | <u>1,247,569</u> | <u>376,327</u> | <u>1,623,896</u> |
| Net Position, ending | <u>\$ 1,117,128</u> | <u>\$ 525,729</u> | <u>\$ 1,642,857</u> |

CITY OF NEWPORT
Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2023

| | <u>Public Works</u> | <u>City Facility</u> | <u>Total</u> |
|--|---------------------|----------------------|---------------------|
| Cash Flows from Operating Activities: | | | |
| Services provided to other funds | \$ 1,162,911 | \$ 268,613 | \$ 1,431,524 |
| Payments for interfund services used | (68,783) | (86,064) | (154,847) |
| Payments to suppliers | (80,081) | (1,297,964) | (1,378,045) |
| Payments to employees | (996,669) | (830,735) | (1,827,404) |
| Other revenues | <u>3,107</u> | <u>56,153</u> | <u>59,260</u> |
| Net Cash provided by (used in) Operating Activities | <u>20,485</u> | <u>(1,889,997)</u> | <u>(1,869,512)</u> |
| Cash Flows from Noncapital and Related Financing Activities: | | | |
| Transfer in | - | 3,298,913 | 3,298,913 |
| Transfer out | <u>-</u> | <u>(999,603)</u> | <u>(999,603)</u> |
| Net Cash Flows provided by (used in) Noncapital and Related Financing Activities | <u>-</u> | <u>2,299,310</u> | <u>2,299,310</u> |
| Cash Flows from Capital and Related Financing Activities: | | | |
| Acquisition of capital assets | (28,064) | (222,354) | (250,418) |
| Principal paid | (15,468) | (2,230) | (17,698) |
| Interest paid | <u>(1,230)</u> | <u>(988)</u> | <u>(2,218)</u> |
| Net Cash Flows provided by (used in) Capital and Related Financing Activities | <u>(44,762)</u> | <u>(225,572)</u> | <u>(270,334)</u> |
| Cash Flows from Investing Activities: | | | |
| Investment income received | <u>22,724</u> | <u>17,402</u> | <u>40,126</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | <u>(1,553)</u> | <u>201,143</u> | <u>199,590</u> |
| Cash and Cash Equivalents, beginning | <u>877,651</u> | <u>691,466</u> | <u>1,569,117</u> |
| Cash and Cash Equivalents, ending | <u>\$ 876,098</u> | <u>\$ 892,609</u> | <u>\$ 1,768,707</u> |

CITY OF NEWPORT
Internal Service Funds
Combining Statement of Cash Flows, continued
Year Ended June 30, 2023

| | <u>Public Works</u> | <u>City Facility</u> | <u>Total</u> |
|--|---------------------|-----------------------|-----------------------|
| Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities: | | | |
| Operating income (loss) | \$ (149,044) | \$ (1,943,968) | \$ (2,093,012) |
| Adjustments to reconcile operating income (loss) to net cash flows provided by (used in) operating activities: | | | |
| Depreciation and amortization | 45,094 | 3,259 | 48,353 |
| (Increase) decrease in assets and deferred outflows of resources: | | | |
| Accounts receivable | - | (30,552) | (30,552) |
| Prepaid expenses | 10 | (839) | (829) |
| Deferred outflows of resources - pension related | 124,401 | 76,583 | 200,984 |
| Deferred outflows of resources - other postemployment benefits related | (1,679) | (1,125) | (2,804) |
| Increase (decrease) in liabilities and deferred inflows of resources: | | | |
| Accounts payable | 4,361 | 16,114 | 20,475 |
| Accrued liabilities | (2,784) | 1,429 | (1,355) |
| Accrued leave | 23,129 | (3,351) | 19,778 |
| Net pension liability | 67,989 | 47,102 | 115,091 |
| Net other postemployment benefits liability | 1,781 | 2,008 | 3,789 |
| Deferred inflows of resources - pension related | (107,966) | (66,578) | (174,544) |
| Deferred inflows of resources - other postemployment benefits related | 15,193 | 9,921 | 25,114 |
| Net Cash Flows provided by (used in) Operating Activities | <u>\$ 20,485</u> | <u>\$ (1,889,997)</u> | <u>\$ (1,869,512)</u> |
| Noncash Capital and Related Financing Activities: | | | |
| Lease proceeds and lease assets | \$ 117,515 | \$ 37,153 | \$ 154,668 |
| Transfers out | <u>-</u> | <u>(222,354)</u> | <u>(222,354)</u> |
| Net Noncash Capital and Related Financing Activities | <u>\$ 117,515</u> | <u>\$ (185,201)</u> | <u>\$ (67,686)</u> |

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

Year Ended June 30, 2023

| | <u>Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|--------------------------|----------------------------|---------------------------------------|
| Revenues: | | | |
| Charges for services | \$ 1,162,911 | \$ 1,162,911 | \$ - |
| Interest earnings | 38,400 | 22,724 | (15,676) |
| Other revenue | <u>17,500</u> | <u>3,107</u> | <u>(14,393)</u> |
| Total Revenues | <u>1,218,811</u> | <u>1,188,742</u> | <u>(30,069)</u> |
| Expenditures: | | | |
| Public works administration | 533,628 | 507,826 | 25,802 |
| Engineering services | 1,128,269 | 801,571 | 326,698 |
| Contingency | <u>104,391</u> | <u>-</u> | <u>104,391</u> |
| Total Expenditures | <u>1,766,288</u> | <u>1,309,397</u> | <u>456,891</u> |
| Excess of Revenues Over Expenditures | <u>(547,477)</u> | <u>(120,655)</u> | <u>426,822</u> |
| Other Financing Sources (Uses): | | | |
| Lease proceeds | <u>79,600</u> | <u>117,515</u> | <u>37,915</u> |
| Total Other Financing Sources (Uses) | <u>79,600</u> | <u>117,515</u> | <u>37,915</u> |
| Net Change in Fund Balance | (467,877) | (3,140) | 464,737 |
| Fund Balance, beginning | <u>805,962</u> | <u>805,959</u> | <u>(3)</u> |
| Fund Balance, ending | \$ <u><u>338,085</u></u> | 802,819 | \$ <u><u>464,734</u></u> |
| Reconciliation to generally accepted accounting principles: | | | |
| Capital assets, net | | 843,860 | |
| Compensated absences | | (58,433) | |
| Deferred outflows related to pension | | 6,488 | |
| Deferred outflows related to OPEB | | 4,496 | |
| Net pension liability | | (259,769) | |
| OPEB liability | | (45,661) | |
| Deferred inflows related to OPEB | | (27,726) | |
| Long-term debt | | <u>(148,946)</u> | |
| Net position at end of year | | \$ <u><u>1,117,128</u></u> | |

CITY OF NEWPORT

City Facility Fund

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

Year Ended June 30, 2023

| | Budget | Actual | Variance with Final Budget |
|--|--------------------|--------------------|-------------------------------|
| Revenues: | | | |
| Intergovernmental | \$ 1,212,211 | \$ 12,887 | \$ (1,199,324) |
| Charges for services | 299,165 | 299,165 | - |
| Interest earnings | 3,400 | 17,402 | 14,002 |
| Other revenue | 1,000 | 43,266 | 42,266 |
| Total Revenues | 1,515,776 | 372,720 | (1,143,056) |
| Expenditures: | | | |
| Facilities administration | 491,638 | 438,329 | 53,309 |
| City hall facility | 237,229 | 223,080 | 14,149 |
| Fire facilities | 93,241 | 58,215 | 35,026 |
| Library facility | 120,913 | 96,215 | 24,698 |
| Parks facilities and grounds | 924,896 | 817,444 | 107,452 |
| City public restrooms | 235,876 | 194,167 | 41,709 |
| Pier & boardwalks | 21,502 | 11,436 | 10,066 |
| Performing arts center | 173,627 | 166,885 | 6,742 |
| Visual arts center | 91,296 | 88,464 | 2,832 |
| Street lights | 425,000 | 399,957 | 25,043 |
| Contingency | 285,800 | - | 285,800 |
| Total Expenditures | 3,101,018 | 2,494,192 | 606,826 |
| Excess of Revenues Over Expenditures | (1,585,242) | (2,121,472) | (536,230) |
| Other Financing Sources (Uses): | | | |
| Transfers in | 3,912,007 | 3,298,913 | (613,094) |
| Lease proceeds | 36,000 | 37,153 | 1,153 |
| Transfers out | (2,812,465) | (999,603) | 1,812,862 |
| Total Other Financing Sources (Uses) | 1,135,542 | 2,336,463 | 1,200,921 |
| Net Change in Fund Balance | (449,700) | 214,991 | 664,691 |
| Fund Balance, beginning | 538,658 | 538,659 | 1 |
| Fund Balance, ending | \$ 88,958 | 753,650 | \$ 664,692 |
| Reconciliation to generally accepted accounting principles: | | | |
| Capital assets, net | | 86,835 | |
| Compensated absences | | (22,006) | |
| Deferred outflows related to pension | | 4,130 | |
| Deferred outflows related to OPEB | | 2,862 | |
| Net pension liability | | (165,363) | |
| OPEB liability | | (29,067) | |
| Deferred inflows related to OPEB | | (17,649) | |
| Long-term debt | | (87,663) | |
| Net position at end of year | | \$ 525,729 | |



STATISTICAL SECTION



STATISTICAL SCHEDULES

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

FINANCIAL TRENDS

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

REVENUE CAPACITY

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

DEBT CAPACITY

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

OPERATING INFORMATION

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

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

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

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

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

In the last ten years, the net position of governmental activities increased by approximately 95.2 percent \$49,560,239. This increase is broken down as follows: Capital Assets less related debt increased by \$39,752,704. Restricted assets grew \$18,606,489 while the Unrestricted fell by \$8,798,954 for a net gain of \$9,807,535.

During the same time frame (ten years), the net position of the business-type activities have increased by 11.3 percent or \$4,833,005. This increase is broken down as follows: Capital Assets less related debt increased by \$5,600,162. Restricted assets grew \$6,604,972 while the Unrestricted fell by \$7,372,129 for a net loss of \$767,157.

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

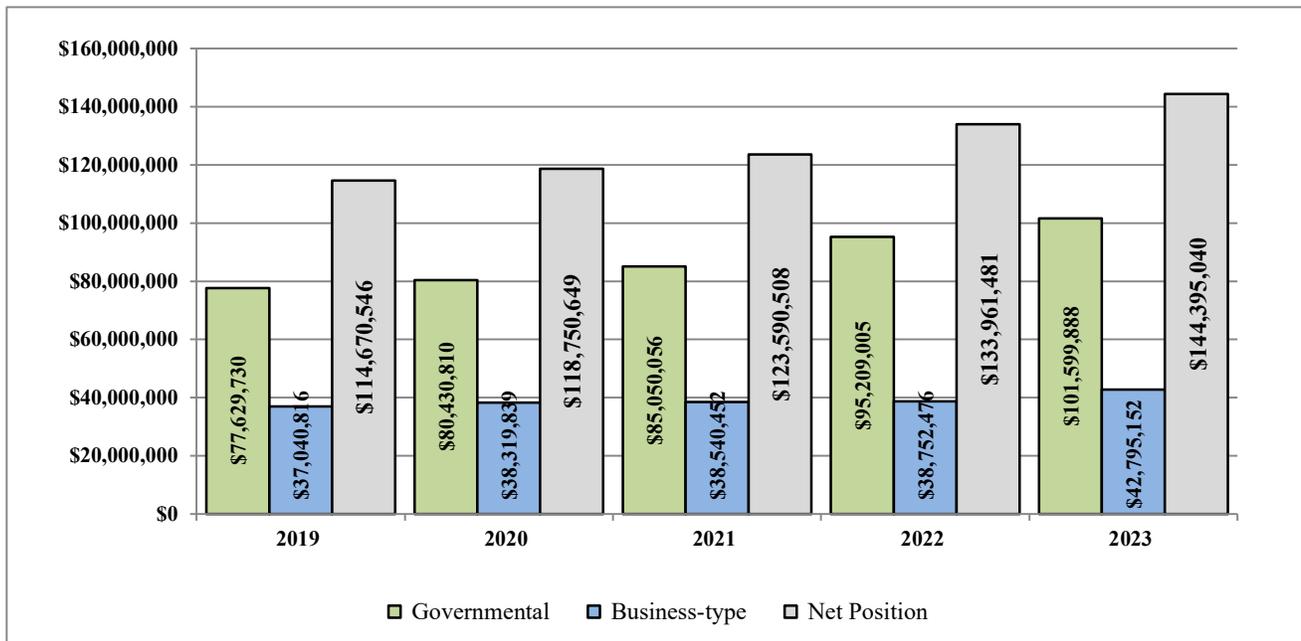
Source: City of Newport 2014-2023 Annual Financial Reports

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

| 2019 | 2020 | 2021 | 2022 | 2023 | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---|
| | | | | | Governmental Activities |
| \$ 61,753,931 | \$ 64,567,300 | \$ 67,056,257 | \$ 69,303,793 | \$ 72,529,566 | Net investment in capital assets |
| 17,622,044 | 11,819,747 | 12,194,072 | 17,892,449 | 19,398,071 | Restricted |
| (1,746,245) | 4,043,763 | 5,799,727 | 8,012,763 | 9,672,251 | Unrestricted |
| <u>77,629,730</u> | <u>80,430,810</u> | <u>85,050,056</u> | <u>95,209,005</u> | <u>101,599,888</u> | Total governmental activities net position |
| | | | | | Business-type activities |
| 35,237,692 | 41,614,582 | 42,154,618 | 36,602,565 | 39,662,751 | Net investment in capital assets |
| 1,873,545 | 2,800,428 | 2,883,876 | 7,449,999 | 7,781,756 | Restricted |
| (70,421) | (6,095,171) | (6,498,042) | (5,300,088) | (4,649,355) | Unrestricted |
| <u>37,040,816</u> | <u>38,319,839</u> | <u>38,540,452</u> | <u>38,752,476</u> | <u>42,795,152</u> | Total business-type activities net position |
| | | | | | Total City of Newport |
| 96,991,623 | 106,181,882 | 109,210,875 | 105,906,358 | 112,192,317 | Net investment in capital assets |
| 19,495,589 | 14,620,175 | 15,077,948 | 25,342,448 | 27,179,827 | Restricted |
| (1,816,666) | (2,051,408) | (698,315) | 2,712,675 | 5,022,896 | Unrestricted |
| <u>\$ 114,670,546</u> | <u>\$ 118,750,649</u> | <u>\$ 123,590,508</u> | <u>\$ 133,961,481</u> | <u>\$ 144,395,040</u> | Total net position |

Note 3 **Note 4**

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



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

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

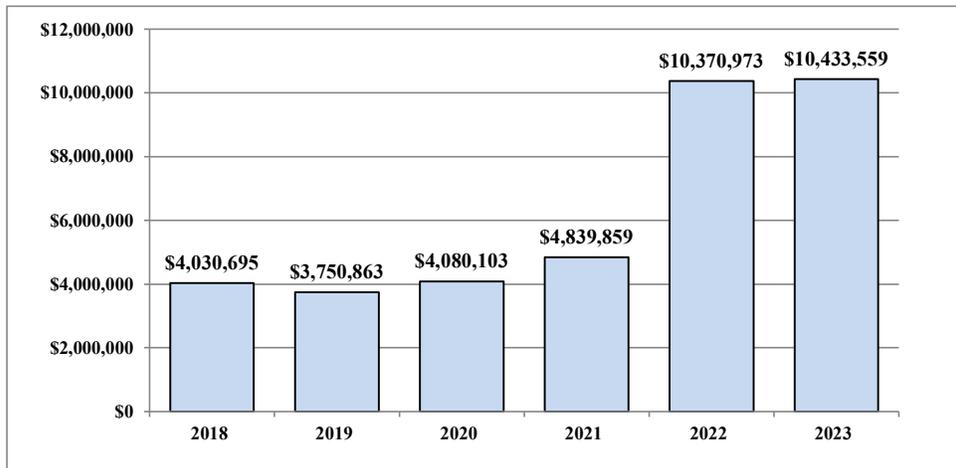
Schedule 2
CITY OF NEWPORT, OREGON
CHANGE IN NET POSITION
 Last Ten Fiscal Years
 (accrual basis of accounting)

| 2019 | 2020 | 2021 | 2022 | 2023 | |
|--------------------|-------------------|-------------------|--------------------|--------------------|--|
| | | | | | Expenses |
| | | | | | Governmental activities: |
| 6,974,042 | 8,797,823 | 9,312,659 | 7,260,423 | 8,835,335 | General government |
| 7,024,000 | 7,715,840 | 6,758,875 | 6,161,819 | 7,285,141 | Public safety |
| 1,737,166 | 756,036 | 829,487 | 1,716,106 | 1,879,645 | Highways and streets (public works) |
| - | - | - | - | - | Economic development |
| 4,136,018 | 3,453,213 | 3,105,869 | 3,896,058 | 4,399,758 | Culture and recreation |
| - | - | - | - | - | Airport operations |
| - | - | - | - | - | Facilities & parks |
| 614,849 | 502,835 | 432,110 | 332,785 | 281,736 | Interest on long-term debt |
| <u>20,486,075</u> | <u>21,225,747</u> | <u>20,439,000</u> | <u>19,367,191</u> | <u>22,681,615</u> | Total governmental activities expenses |
| | | | | | Business-type activities |
| 6,319,871 | 8,826,163 | 8,936,513 | 4,968,698 | 4,407,378 | Water |
| 4,153,178 | 11,495,261 | 5,608,368 | 7,051,610 | 6,995,775 | Sewer |
| - | 2,230,813 | 849,782 | 1,108,625 | 969,025 | Stormwater |
| - | - | - | - | - | Capital projects |
| <u>10,473,049</u> | <u>22,552,237</u> | <u>15,394,663</u> | <u>13,128,933</u> | <u>12,372,178</u> | Total business-type activities expenses |
| | | | | | Program Revenues |
| | | | | | Governmental activities: |
| | | | | | Charges for services: |
| 1,907,132 | 2,295,466 | 2,358,023 | 2,766,485 | 2,972,772 | General government (1) |
| 545,777 | 336,567 | 309,448 | 263,606 | 191,656 | Public safety |
| 1,082,894 | 220,060 | 284,630 | - | 2,238 | Highways and streets (public works) |
| - | - | - | - | - | Economic development |
| 854,680 | 1,166,184 | 1,183,586 | 852,627 | 1,024,308 | Culture and recreation |
| - | - | - | - | - | Airport operations |
| 789,799 | 1,011,200 | 1,046,120 | 2,549,596 | 2,698,364 | Operating grants and contributions |
| 1,333,493 | 82,678 | 34,716 | 2,586,959 | 716,052 | Capital grants and contributions |
| <u>6,513,775</u> | <u>5,112,155</u> | <u>5,216,523</u> | <u>9,019,273</u> | <u>7,605,390</u> | Total governmental activities program revenues |
| | | | | | Business-type activities |
| 4,327,951 | 7,869,378 | 6,489,606 | 4,372,465 | 5,979,219 | Water |
| 4,242,558 | 13,443,236 | 6,347,619 | 4,572,868 | 5,252,241 | Sewer |
| - | 1,034,954 | 1,328,165 | 1,019,359 | 1,049,886 | Stormwater |
| <u>8,570,509</u> | <u>22,347,568</u> | <u>14,165,390</u> | <u>9,964,692</u> | <u>12,281,346</u> | Total business-type activities program revenues |
| <u>15,084,284</u> | <u>27,459,723</u> | <u>19,381,913</u> | <u>18,983,965</u> | <u>19,886,736</u> | Total program revenues |
| | | | | | General Revenues |
| | | | | | Governmental activities: |
| | | | | | Taxes: |
| 6,822,818 | 8,573,616 | 9,177,229 | 9,933,802 | 10,447,411 | Property taxes used for general purposes |
| 3,358,110 | 2,076,870 | 2,090,303 | 1,940,111 | 1,955,441 | Property taxes used for debt service |
| 4,402,983 | 3,743,320 | 4,993,876 | 6,666,570 | 6,974,069 | Transient room taxes |
| 1,325,445 | 1,434,629 | 1,426,122 | 1,670,419 | 1,406,020 | Franchise fees |
| - | - | - | - | - | Fines & forfeitures |
| 190,099 | 870,500 | 974,226 | - | - | Motor fuel |
| 536,675 | 692,108 | 790,287 | - | - | Cigarette, liquor, marijuana and const excise tax (CE) |
| - | - | - | 998,891 | 915,136 | Other taxes |
| - | - | - | - | - | Intergovernmental (+grants) |
| - | - | - | - | - | Loss on disposal |
| 585,896 | 384,856 | 146,477 | 153,673 | 1,036,051 | Interest earnings |
| 365,973 | 275,991 | 192,559 | 371,642 | 183,425 | Other revenue |
| - | - | - | - | - | Gain on sale of capital assets |
| <u>17,587,999</u> | <u>18,051,890</u> | <u>19,791,079</u> | <u>21,735,108</u> | <u>22,917,553</u> | Total governmental activities general revenues |
| <u>(1,198,499)</u> | <u>862,782</u> | <u>50,644</u> | <u>(1,084,691)</u> | <u>(1,450,445)</u> | Transfers |
| <u>16,389,500</u> | <u>18,914,672</u> | <u>19,841,723</u> | <u>20,650,417</u> | <u>21,467,108</u> | Total governmental activities |

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

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

Change in Net Position
last five years



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

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

Note 3: GASB 96 adopted. Beginning net position has been restated.

Source: City of Newport 2014-2023 Annual Financial Reports

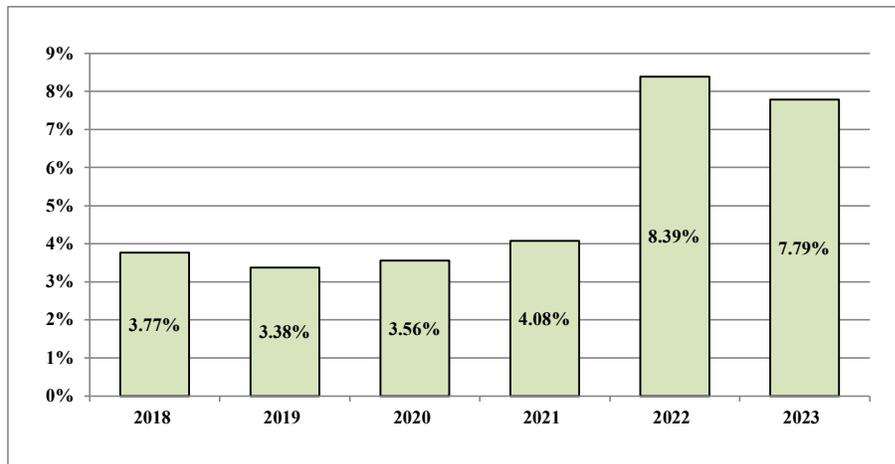
Schedule 2
CITY OF NEWPORT, OREGON
CHANGE IN NET POSITION
 Last Ten Fiscal Years
 (accrual basis of accounting)

| 2019 | 2020 | 2021 | 2022 | 2023 | |
|----------------------|----------------------|----------------------|----------------------|----------------------|---|
| | | | | | General Revenues, continued |
| | | | | | Business-type activities |
| 1,749,192 | 1,970,103 | 2,168,090 | 2,209,388 | 2,198,486 | Property taxes used for debt service |
| 116,536 | 296,819 | 88,293 | 62,368 | 434,539 | Interest earnings |
| - | 79,552 | 60,234 | 69,012 | 42,038 | Other revenue |
| <u>1,865,728</u> | <u>2,346,474</u> | <u>2,316,617</u> | <u>2,340,768</u> | <u>2,675,063</u> | Total business-type activities general revenues |
| 1,198,499 | (862,782) | (50,644) | 1,084,691 | 1,450,445 | Transfers |
| <u>3,064,227</u> | <u>1,483,692</u> | <u>2,265,973</u> | <u>3,425,459</u> | <u>4,125,508</u> | Total business-type activities |
| | | | | | Change in Net Position |
| 2,417,200 | 2,801,080 | 4,619,246 | 10,302,499 | 6,390,883 | Governmental activities |
| <u>1,161,687</u> | <u>1,279,023</u> | <u>1,036,700</u> | <u>261,218</u> | <u>4,034,676</u> | Business-type activities |
| 3,578,887 | 4,080,103 | 5,655,946 | 10,563,717 | 10,425,559 | Total Change in net position |
| 110,919,683 | 114,670,546 | 118,750,649 | 123,812,607 | 133,969,481 | Net position - beginning, as restated |
| 171,976 | - | (816,087) | (414,843) | - | Prior period adjustments |
| <u>\$114,670,546</u> | <u>\$118,750,649</u> | <u>\$123,590,508</u> | <u>\$133,961,481</u> | <u>\$144,395,040</u> | Net position - ending |

Note 2

Note 3

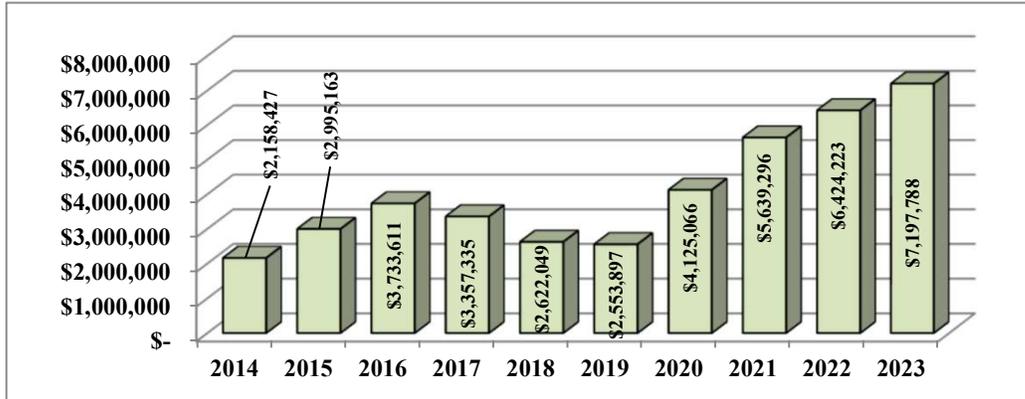
Year to Year Percentage Change in Net Position
 last five years



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

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

General Fund Total Fund Balance
 Last Ten Fiscal Years



Source: City of Newport 2014-2023 Annual Financial Reports

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

| 2019 | 2020 | 2021 | 2022 | 2023 | |
|----------------------|----------------------|----------------------|----------------------|----------------------|---|
| \$ 18,861 | \$ 7,888 | \$ 50,010 | \$ 41,595 | \$ 2,330 | General Fund |
| - | - | - | - | - | Nonspendable |
| - | - | - | - | - | Committed |
| 2,535,036 | 4,117,178 | 5,589,286 | 6,382,628 | 7,195,458 | Unassigned |
| <u>2,553,897</u> | <u>4,125,066</u> | <u>5,639,296</u> | <u>6,424,223</u> | <u>7,197,788</u> | Total General Fund |
| | | | | | All other governmental funds |
| 21,533 | 84,056 | 111,564 | 139,184 | 88,687 | Nonspendable |
| 17,494,059 | 12,755,625 | 13,123,615 | 17,626,456 | 19,090,857 | Restricted |
| 1,295,160 | 1,168,074 | 1,715,105 | 2,008,547 | 2,130,769 | Committed |
| 1,779,369 | 2,665,961 | 2,959,942 | 4,698,682 | 5,643,727 | Assigned |
| - | (37,768) | (3,518) | - | (966) | Unassigned |
| <u>20,590,121</u> | <u>16,635,948</u> | <u>17,906,708</u> | <u>24,472,869</u> | <u>26,953,074</u> | Total all other governmental funds |
| <u>\$ 23,144,018</u> | <u>\$ 20,761,014</u> | <u>\$ 23,546,004</u> | <u>\$ 30,897,092</u> | <u>\$ 34,150,862</u> | Total fund balances of governmental funds |

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

Last Ten Fiscal Years

| Fiscal Year | Fund Balance | % Change |
|-------------|---------------|----------|
| 2014 | \$ 20,502,827 | - |
| 2015 | 25,505,279 | 24.40% |
| 2016 | 18,392,388 | -27.89% |
| 2017 | 16,912,245 | -8.05% |
| 2018 | 21,318,668 | 26.05% |
| 2019 | 23,144,018 | 8.56% |
| 2020 | 20,761,014 | -10.30% |
| 2021 | 23,546,004 | 13.41% |
| 2022 | 30,897,092 | 31.22% |
| 2023 | 34,150,862 | 10.53% |

The total governmental fund balance has increased by 66.57 percent over the last ten years. The average change in percent over the ten years is a 7.55 percent growth.

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

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

Ratio of Total Debt Service Expenditures to Total Noncapital Expenditures

| | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total debt service expenditures | \$ 1,752,501 | \$ 2,033,017 | \$ 2,344,141 | \$ 3,663,941 | \$ 2,369,442 |
| Total noncapital expenditures | <u>15,960,144</u> | <u>16,089,124</u> | <u>16,446,553</u> | <u>18,921,017</u> | <u>18,285,974</u> |
| Ratio of total debt service expenditures less refundings to total noncapital expenditures | <u>10.98%</u> | <u>12.64%</u> | <u>14.25%</u> | <u>19.36%</u> | <u>12.96%</u> |

Source: City of Newport 2014-2023 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)

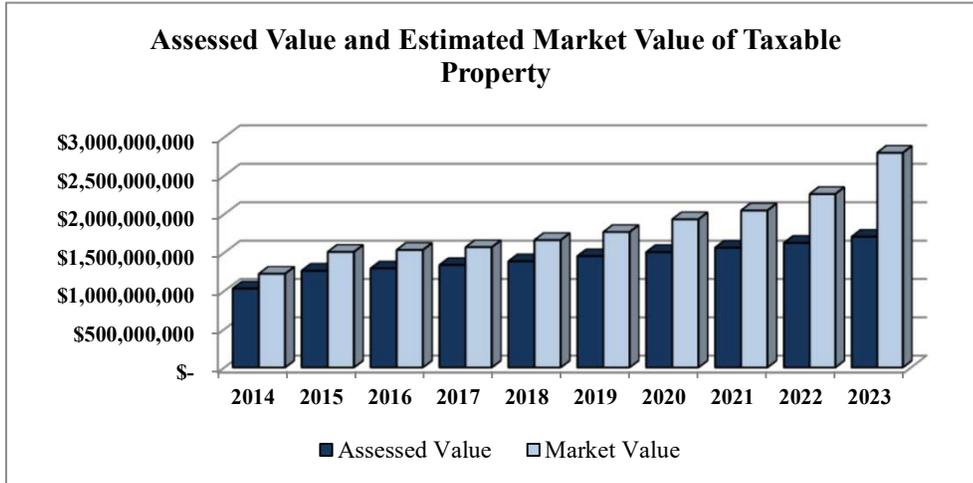
| 2019 | 2020 | 2021 | 2022 | 2023 | |
|---------------------|-----------------------|---------------------|---------------------|---------------------|--|
| \$ 14,883,660 | \$ 14,731,874 | \$ 16,700,277 | \$ 19,027,722 | \$ 19,721,306 | Revenues |
| | | | | | Taxes |
| 1,576,701 | 1,839,736 | 1,850,692 | 1,902,279 | 1,647,411 | Franchise fees, privilege taxes, licenses, and permits |
| 2,399,402 | 2,905,961 | 2,651,968 | 5,513,999 | 3,774,416 | Intergovernmental |
| 4,649,068 | 2,715,811 | 2,625,180 | 3,017,512 | 3,441,783 | Charges for services |
| 128,525 | 150,209 | 129,867 | 174,491 | 151,892 | Fines and forfeitures |
| - | - | - | - | - | Leases & rents |
| - | - | - | 475,190 | 409,952 | System development charges |
| 582,067 | 380,280 | 142,675 | 149,817 | 1,018,649 | Interest earnings |
| 480,612 | 256,286 | 192,415 | 399,770 | 420,327 | Other revenue |
| <u>24,700,035</u> | <u>22,980,157</u> | <u>24,293,074</u> | <u>30,660,780</u> | <u>30,585,736</u> | Total revenues |
| | | | | | Expenditures |
| 5,680,845 | 6,067,872 | 4,806,118 | 6,075,984 | 6,770,130 | General government |
| 6,273,966 | 6,528,173 | 6,011,154 | 6,329,104 | 6,934,881 | Public safety |
| 912,425 | 503,594 | 486,222 | 553,396 | 649,378 | Highways and streets (public works) |
| 3,070,872 | 2,806,195 | 2,079,283 | 2,592,122 | 3,091,280 | Culture and recreation |
| - | - | - | - | - | Economic development |
| - | - | - | - | - | Facilities & Parks |
| - | - | - | - | - | Airport Operations |
| - | - | - | - | - | Materials & Services |
| - | - | - | - | - | Debt service |
| 2,120,000 | 1,664,500 | 1,740,500 | 1,680,171 | 1,867,588 | Principal |
| 649,128 | 501,528 | 438,398 | 377,422 | 320,510 | Interest |
| 3,108,644 | 3,215,274 | 4,222,198 | 3,023,971 | 3,981,158 | Capital outlay |
| <u>21,815,880</u> | <u>21,287,136</u> | <u>19,783,873</u> | <u>20,632,170</u> | <u>23,614,925</u> | Total expenditures |
| | | | | | Excess (deficiency) of revenues over (under) expenditures |
| <u>2,884,155</u> | <u>1,693,021</u> | <u>4,509,201</u> | <u>10,028,610</u> | <u>6,970,811</u> | |
| | | | | | Other financing sources (uses) |
| 277,500 | - | - | - | - | Debt issuance |
| - | - | - | - | - | Proceeds from sale of capital assets |
| - | - | - | - | - | Premium on debt issuance |
| 5,631,722 | 7,844,765 | 4,991,776 | 7,400,235 | 11,392,740 | Transfers in |
| - | - | - | 181,060 | 55,286 | Lease proceeds |
| (6,968,027) | (11,920,790) | (6,715,987) | (9,908,131) | (15,165,067) | Transfers out |
| <u>(1,058,805)</u> | <u>(4,076,025)</u> | <u>(1,724,211)</u> | <u>(2,326,836)</u> | <u>(3,717,041)</u> | Total other financing sources (uses) |
| - | - | - | (350,686) | - | Prior period adjustments |
| <u>\$ 1,825,350</u> | <u>\$ (2,383,004)</u> | <u>\$ 2,784,990</u> | <u>\$ 7,351,088</u> | <u>\$ 3,253,770</u> | Net change in fund balances |
| | | | | | |
| \$ 2,769,128 | \$ 2,166,028 | \$ 2,178,898 | \$ 2,057,593 | \$ 2,188,098 | Total debt service expenditures |
| 20,239,597 | 18,014,771 | 15,957,948 | 17,165,565 | 19,032,103 | Total noncapital expenditures |
| | | | | | Ratio of total debt service expenditures less refundings to total noncapital expenditures |
| <u>13.68%</u> | <u>12.02%</u> | <u>13.65%</u> | <u>11.99%</u> | <u>11.50%</u> | |

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

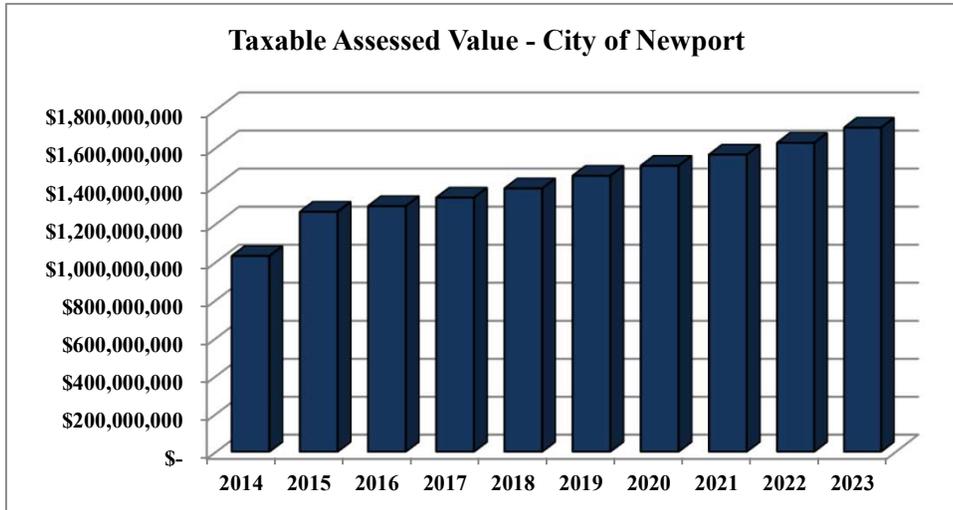
| Fiscal Year Ended June 30, | Taxable Assessed Value | Direct Tax Rate Per \$1,000 of Assessed Value | Urban Renewal District Assessed Value | Total Assessed Value | Estimated Market Value | Assessed Value as a % of Market Value |
|----------------------------|------------------------|---|---------------------------------------|----------------------|------------------------|---------------------------------------|
| 2014 | 1,030,390,405 | 5.5938 | 135,875,197 | 1,166,265,602 | 1,222,412,409 | 95.41% |
| 2015 | 1,263,033,051 | 5.5938 | 136,869,617 | 1,399,902,668 | 1,508,268,831 | 92.82% |
| 2016 | 1,292,794,735 | 5.5938 | 138,719,427 | 1,431,514,162 | 1,533,699,076 | 93.34% |
| 2017 | 1,337,383,961 | 5.5938 | 162,028,890 | 1,499,412,851 | 1,569,196,193 | 95.55% |
| 2018 | 1,385,786,447 | 5.5938 | 180,183,069 | 1,565,969,516 | 1,662,018,005 | 94.22% |
| 2019 | 1,452,221,107 | 5.5938 | 207,584,349 | 1,659,805,456 | 1,766,719,111 | 93.95% |
| 2020 | 1,504,939,337 | 5.5938 | 219,494,051 | 1,724,433,388 | 1,931,905,479 | 89.26% |
| 2021 | 1,563,166,867 | 5.5938 | 259,618,108 | 1,822,784,975 | 2,047,158,163 | 89.04% |
| 2022 | 1,625,399,477 | 5.5938 | 257,637,331 | 1,883,036,808 | 2,260,563,647 | 83.30% |
| 2023 | 1,705,023,920 | 5.5938 | 278,395,741 | 1,983,419,661 | 2,797,039,007 | 70.91% |

Source: Lincoln County Tax Assessor

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



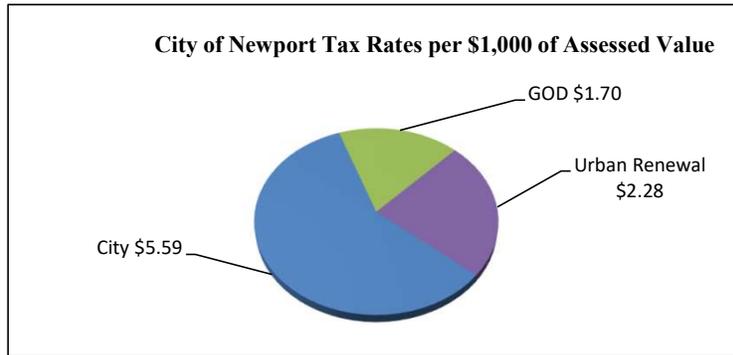
The "gap" between the market value and the assessed value is important to note. Oregon statutes allow the assessed value on a single piece of property to rise no more than three percent annually up to the market value, where the assessed value is capped. Currently, the assessed value is 70.91 percent 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 |
|----------------------------|------------|---------------------------------|----------------------------|-----------------------|-------------------|
| 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 | 1.69 | 7.28 | 2.03 | 9.31 |
| 2021 | 5.59 | 1.81 | 7.41 | 2.17 | 9.58 |
| 2022 | 5.59 | 1.79 | 7.39 | 2.22 | 9.60 |
| 2023 | 5.59 | 1.70 | 7.29 | 2.28 | 9.57 |



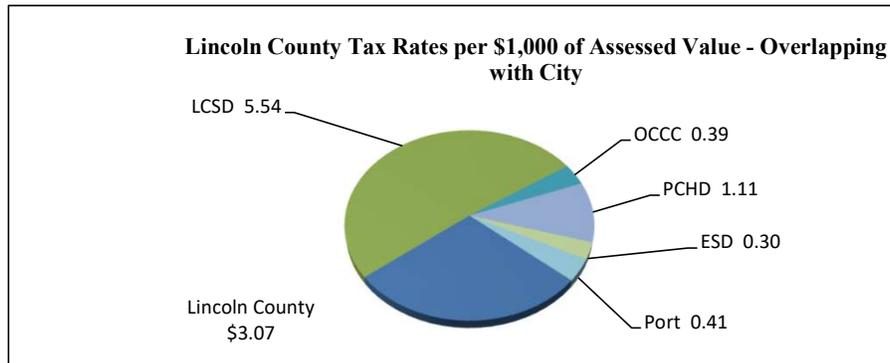
(1) - Rate per \$1,000 of assessed value City = City of Newport
 GOD = General Obligation Debt

Source: Lincoln Tax Assessor

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

Overlapping Rates

| Lincoln County | Lincoln County School District | Oregon Coast Community College | Pacific Communities Health District | ESD Lincoln/Benton Counties | Port of Newport | Total Direct & Overlapping Rates |
|----------------|--------------------------------|--------------------------------|-------------------------------------|-----------------------------|-----------------|----------------------------------|
| 3.21 | 5.68 | 0.35 | 0.36 | 0.30 | 0.63 | 18.91 |
| 3.21 | 5.64 | 0.46 | 0.36 | 0.30 | 0.61 | 19.30 |
| 3.21 | 5.64 | 0.44 | 0.36 | 0.30 | 0.61 | 19.29 |
| 3.21 | 5.64 | 0.44 | 1.23 | 0.30 | 0.59 | 20.47 |
| 3.21 | 5.62 | 0.43 | 1.21 | 0.30 | 0.57 | 20.41 |
| 3.18 | 5.62 | 0.39 | 1.12 | 0.26 | 0.31 | 19.99 |
| 2.63 | 4.85 | 0.37 | 1.09 | 0.26 | 0.43 | 18.93 |
| 2.60 | 4.92 | 0.39 | 1.09 | 0.26 | 0.42 | 19.24 |
| 2.59 | 5.57 | 0.38 | 1.05 | 0.26 | 0.48 | 19.93 |
| 3.07 | 5.54 | 0.39 | 1.11 | 0.30 | 0.41 | 20.40 |



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 2023 and 2014

| Taxpayer | 2023 | | % of | | 2014 | | % of | |
|--|------------------------|------|------------------------------|--|------------------------|------|------------------------------|--|
| | Taxable Assessed Value | Rank | Total Taxable Assessed Value | | Taxable Assessed Value | Rank | Total Taxable Assessed Value | |
| Northwest Natural Gas Company | \$ 42,221,000 | 1 | 2.48% | | \$ 72,556,700 | 1 | 7.04% | |
| Central Lincoln PUD | 31,153,000 | 2 | 1.83% | | 64,137,900 | 2 | 6.22% | |
| Hallmark Inns and Resorts | 22,716,430 | 3 | 1.33% | | 8,764,980 | 6 | 0.85% | |
| Fred Meyer Stores/Kroger Co. | 17,717,680 | 4 | 1.04% | | 10,804,660 | 5 | 1.05% | |
| Shilo Inns | 14,689,170 | 5 | 0.86% | | 15,649,500 | 3 | 1.52% | |
| Wal Mart Real Estate | 12,901,720 | 6 | 0.76% | | 14,270,700 | 4 | 1.38% | |
| Charter Communications | 12,185,000 | 7 | 0.71% | | 6,316,880 | 10 | 0.61% | |
| Oregon Brewing Co. | 12,177,520 | 8 | 0.71% | | - | 0 | 0.00% | |
| RV Agate Beach | 11,064,050 | 9 | 0.65% | | - | 0 | 0.00% | |
| King Hoof LLC & Coast Hwy LLC | 9,757,090 | 10 | 0.57% | | - | 0 | 0.00% | |
| Port of Newport | - | | 0.00% | | 8,109,070 | 7 | 0.79% | |
| EY Inc. and E W & J B Inc. | - | | 0.00% | | 6,967,860 | 8 | 0.68% | |
| SPM Little Creek LLC | - | | 0.00% | | 6,483,030 | 9 | 0.63% | |
| Total | \$ 186,582,660 | | 10.94% | | \$ 214,061,280 | | 20.77% | |
| Total taxable assessed value, all properties | \$ 1,705,023,920 | | | | \$ 1,030,390,405 | | | |

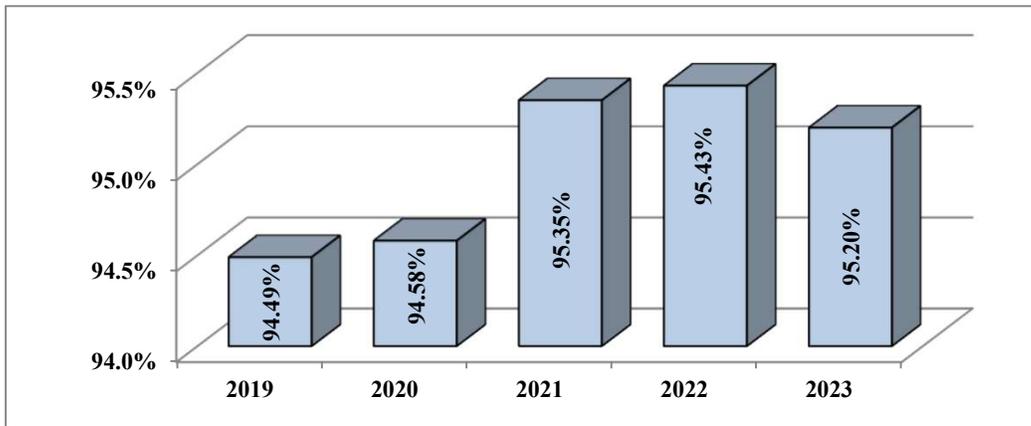
The above Total Taxable percentage of the Top Ten Taxpayers is normally graphed. However the information will be accumulated yearly, until 10 years are reported.

Source: Lincoln County Tax Assessors

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

| Fiscal Year Ended June 30, | Tax Levy as Extended by the Assessor (1) | Collected within the Fiscal Year of the Levy | Percentage Collected | Collections In Subsequent Years | Total Collections to Date | Percentage of Levy as Extended |
|----------------------------|--|--|----------------------|---------------------------------|---------------------------|--------------------------------|
| 2015 | \$ 10,567,908 | \$ 9,751,502 | 92.27% | \$ 432,387 | \$ 10,183,889 | 96.37% |
| 2016 | 10,743,889 | 9,927,597 | 92.40% | 487,728 | 10,415,325 | 96.94% |
| 2017 | 11,289,267 | 10,493,168 | 92.95% | 472,582 | 10,965,750 | 97.13% |
| 2018 | 11,682,522 | 10,831,481 | 92.72% | 465,102 | 11,296,583 | 96.70% |
| 2019 | 12,259,650 | 11,584,279 | 94.49% | 337,822 | 11,922,101 | 97.25% |
| 2020 | 12,929,064 | 12,228,144 | 94.58% | 317,000 | 12,545,143 | 97.03% |
| 2021 | 13,718,120 | 13,080,524 | 95.35% | 193,327 | 13,273,851 | 96.76% |
| 2022 | 14,312,387 | 13,658,358 | 95.43% | 139,642 | 13,798,000 | 96.41% |
| 2023 | 14,929,145 | 14,211,846 | 95.20% | - | 14,211,846 | 95.20% |

Percentage of Taxes Collected in the Year Assessed



The City has chosen to calculate the property tax collection rate based on the gross amount of the levy as extended by the Lincoln County Assessors. The resulting rate is a lower percentage, but for comparative purposes it can be applied to future years' levies without having to estimate discounts and adjustments. This method of calculating the collection rate is the same one used for the budget. In past annual reports the collection percentage was based on a net levy, which included discounts and adjustments. Using the new method, the five-year average first-year collection rate is 95.01 percent of the levy as extended by the assessors.

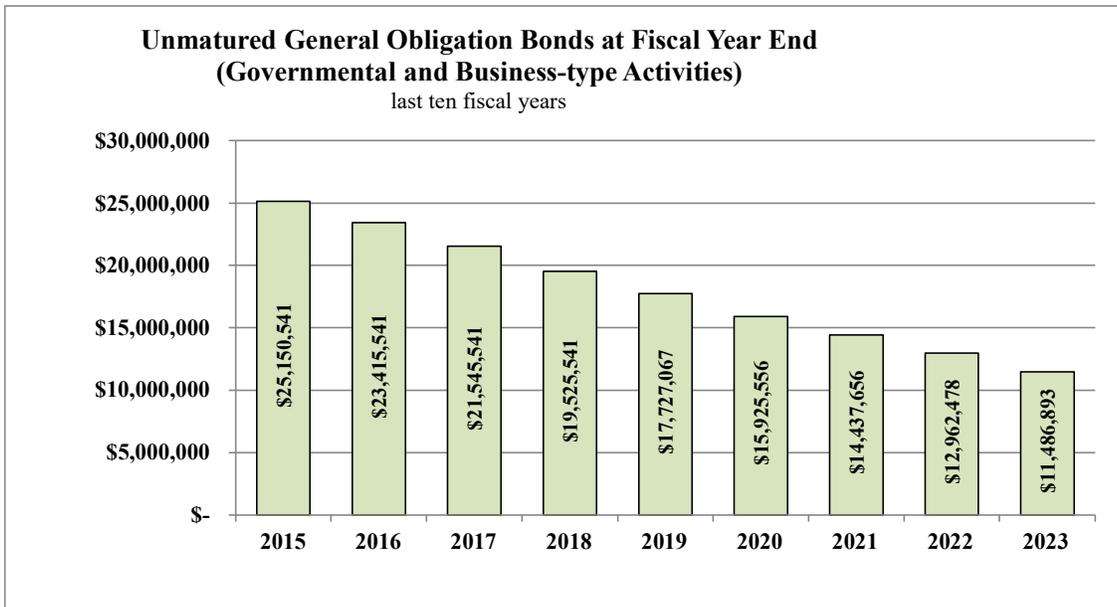
There are three ways in which property tax revenue can be adversely affected by a slowdown in the economy: 1) market value falls below assessed value; 2) assessed value falls; and 3) the rate of tax collection falls. Because of the healthy gap between market values and assessed values, there would be lag time before a downturn would directly affect the market value limit on assessed value. In the second situation, assessed values will not fall quickly. It is more likely that the rate of growth of the assessed value will slow. The third factor has the potential to have a more immediate effect. A one percentage point drop in the tax collection rate would translate into a \$150,000 decrease in current tax revenues. The City will monitor the tax collection rate to gauge its effect on 2023-24 revenues. The tax collection rate will also be a factor in the preparation of the 2024-25 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 | Leases and Subscriptions |
| 2015 | \$ 7,850,000 | \$ 1,270,000 | \$ 11,820,000 | \$ 226,776 | \$ 57,778 |
| 2016 | 7,655,000 | 995,000 | 10,721,000 | 213,132 | 24,694 |
| 2017 | 7,440,000 | 715,000 | 9,559,000 | - | - |
| 2018 | 7,200,000 | 420,000 | 8,349,000 | - | - |
| 2019 | 7,216,476 | 392,500 | 7,187,167 | - | - |
| 2020 | 6,902,377 | 317,000 | 5,873,529 | - | 289,794 |
| 2021 | 6,563,282 | 241,500 | 4,513,874 | - | 222,099 |
| 2022 | 6,199,184 | 133,329 | 3,262,250 | - | 685,264 |
| 2023 | 5,805,085 | 52,829 | 1,974,614 | - | 519,018 |



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

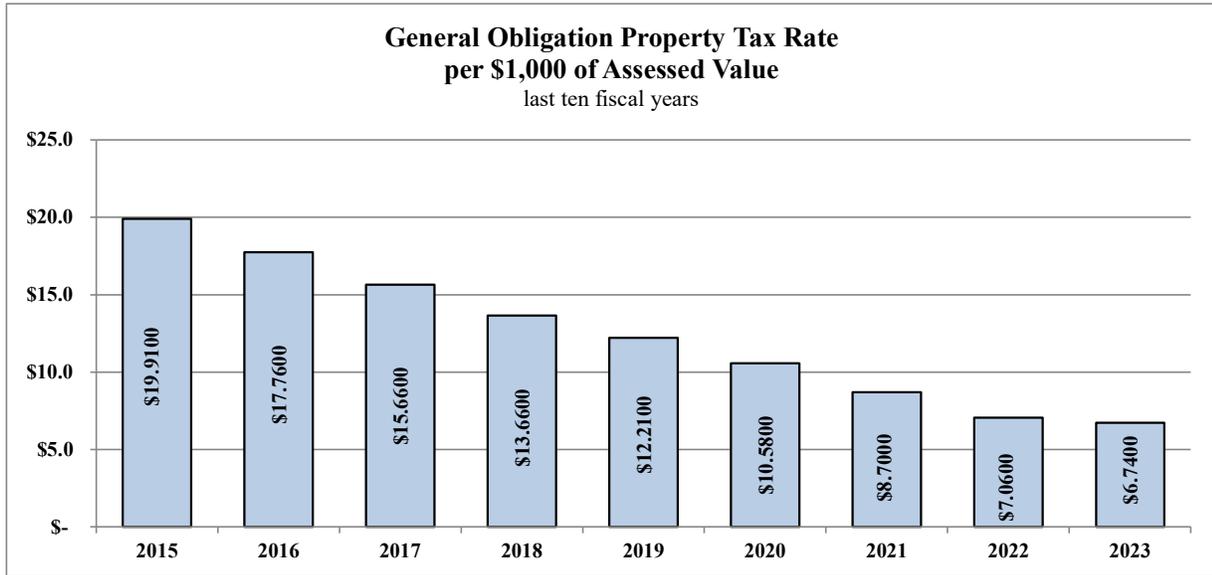
(1) TIF-Tax Increment Financing

(2) Includes \$20,964,243.00 State of Oregon Revolving Fund loan for Water and Wastewater projects

Source: City of Newport 2014-2023 Annual Financial Reports

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

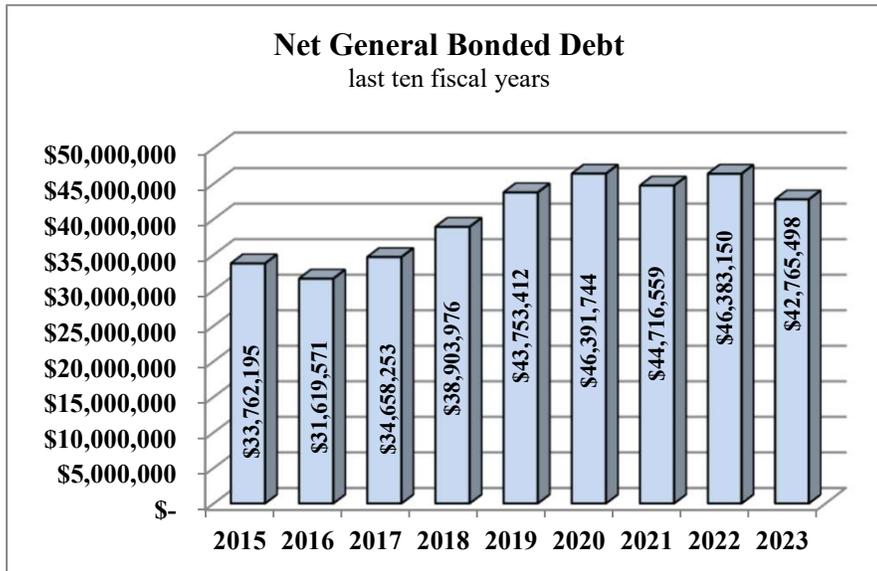
| BUSINESS-TYPE ACTIVITIES | | | | | | Total Outstanding Debt | % of Personal Income | Debt per Capita |
|--------------------------------|-------------------------------|-------------------------------|--------------------------------|------------------|-----------------------------|------------------------------|----------------------------|-----------------------|
| General Obligation Bonds | Water Revenue Bonds (2) | Sewer Revenue Bonds (2) | Stormwater Revenue Bonds | Notes Payable | Leases and Subscriptions | | | |
| \$ 17,300,541 | \$ 6,412,987 | \$ 3,560,000 | \$ - | \$ 794,505 | \$ - | 49,292,587 | 26.89 | 1,270 |
| 15,760,541 | 7,300,213 | 3,135,000 | - | 767,888 | - | 46,572,468 | 24.20 | 1,155 |
| 14,105,541 | 9,286,091 | 3,129,104 | - | 739,941 | - | \$ 44,974,677 | 22.16 | 1,063 |
| 12,325,541 | 9,506,606 | 6,275,681 | 3,248,000 | 710,789 | - | 48,035,617 | 22.21 | 1,071 |
| 10,510,591 | 8,843,892 | 14,673,029 | 2,958,000 | 680,378 | - | 52,462,033 | 23.42 | 1,130 |
| 9,023,179 | 7,781,433 | 20,433,757 | 2,667,000 | 648,552 | - | 53,936,621 | 22.58 | 1,138 |
| 7,874,374 | 7,061,743 | 21,440,596 | 2,367,000 | 615,252 | - | 50,899,720 | 19.07 | 970 |
| 6,763,294 | 10,872,530 | 21,843,830 | 2,058,000 | 580,417 | 186,792 | 52,584,890 | 19.24 | 983 |
| 5,681,808 | 10,455,491 | 20,964,243 | 1,740,000 | 543,881 | 333,217 | 48,070,186 | n/a | n/a |



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

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

| Fiscal Year Ended June 30, | Population (2) | Assessed Value | General Obligation Bonds | General Revenue Obligations |
|----------------------------|----------------|------------------|--------------------------|-----------------------------|
| 2015 | 10,165 | \$ 1,263,033,051 | \$25,150,541 | \$ 11,242,987 |
| 2016 | 10,190 | 1,292,794,735 | 23,415,541 | 11,430,213 |
| 2017 | 10,215 | 1,337,383,961 | 21,545,541 | 13,130,195 |
| 2018 | 10,125 | 1,385,786,447 | 19,525,541 | 19,450,287 |
| 2019 | 10,210 | 1,452,221,107 | 17,727,067 | 26,867,421 |
| 2020 | 10,256 | 1,504,939,337 | 15,925,556 | 31,199,190 |
| 2021 | 10,591 | 1,563,166,867 | 14,437,656 | 31,110,839 |
| 2022 | 10,755 | 1,625,399,477 | 12,962,478 | 34,907,689 |
| 2023 | 10,888 | 1,705,023,920 | 11,486,893 | 33,212,563 |



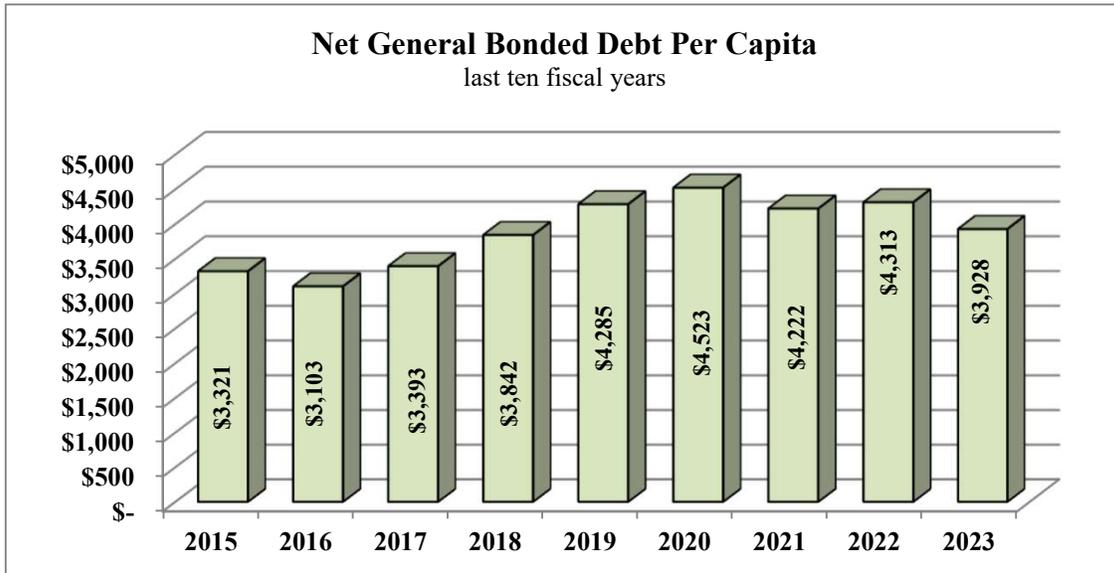
(1) General bonded debt includes general obligation bonds and other bonded debt financed with any general governmental resources.

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

Source: City of Newport 2014-2023 Annual Financial Reports

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

| Less: Amounts Available in Debt Service Fund | Net Bonded Debt | Ratio of Net Bonded Debt to Assessed Value | Net Bonded Debt Per Capita | Net Bonded Debt as a Percent of Personal Income |
|--|-----------------------|--|-------------------------------------|--|
| \$ 2,631,333 | \$ 33,762,195 | 2.67% | 3,321 | 1842% |
| 3,226,183 | 31,619,571 | 2.45% | 3,103 | 1643% |
| 17,483 | 34,658,253 | 2.59% | 3,393 | 1708% |
| 71,852 | 38,903,976 | 2.81% | 3,842 | 1799% |
| 841,076 | 43,753,412 | 3.01% | 4,285 | 1953% |
| 733,002 | 46,391,744 | 3.08% | 4,523 | 1942% |
| 831,936 | 44,716,559 | 2.86% | 4,222 | 1675% |
| 1,487,017 | 46,383,150 | 2.85% | 4,313 | 1697% |
| 1,933,958 | 42,765,498 | 2.51% | 3,928 | n/a |

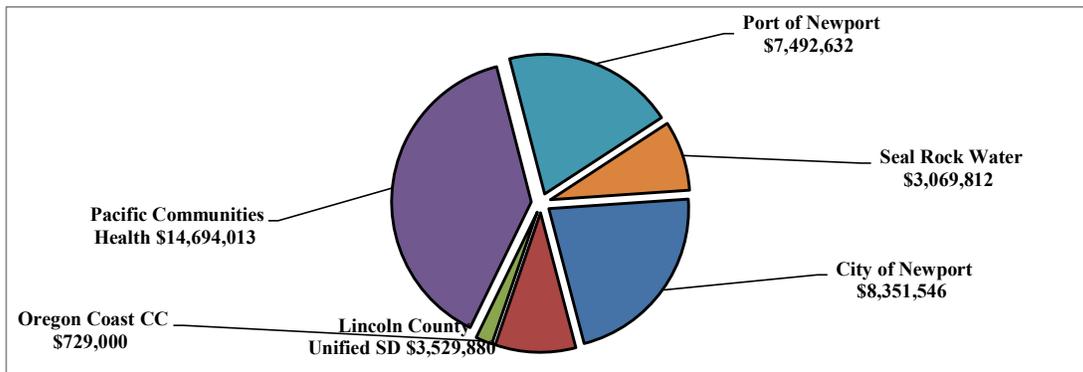




Schedule 11
CITY OF NEWPORT, OREGON
COMPUTATION OF DIRECT AND OVERLAPPING DEBT (1)
as of June 30, 2023

| 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) | \$ 8,351,546 | 100.00% | \$ 8,351,546 |
| OVERLAPPING DEBT | | | |
| Lincoln County Unified School District | 19,720,000 | 17.90% | 3,529,880 |
| Oregon Coast Community College | 4,050,000 | 18.00% | 729,000 |
| Pacific Communities Health District | 41,345,000 | 35.54% | 14,694,013 |
| Port of Newport | 10,815,000 | 69.28% | 7,492,632 |
| Seal Rock Water District | 4,722,787 | 65.00% | 3,069,812 |
| Total overlapping debt | 80,652,787 | | 29,515,337 |
| Total direct and overlapping debt | \$ 89,004,333 | | \$ 37,866,883 |

Direct and Overlapping Debt Applicable to the City of Newport



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

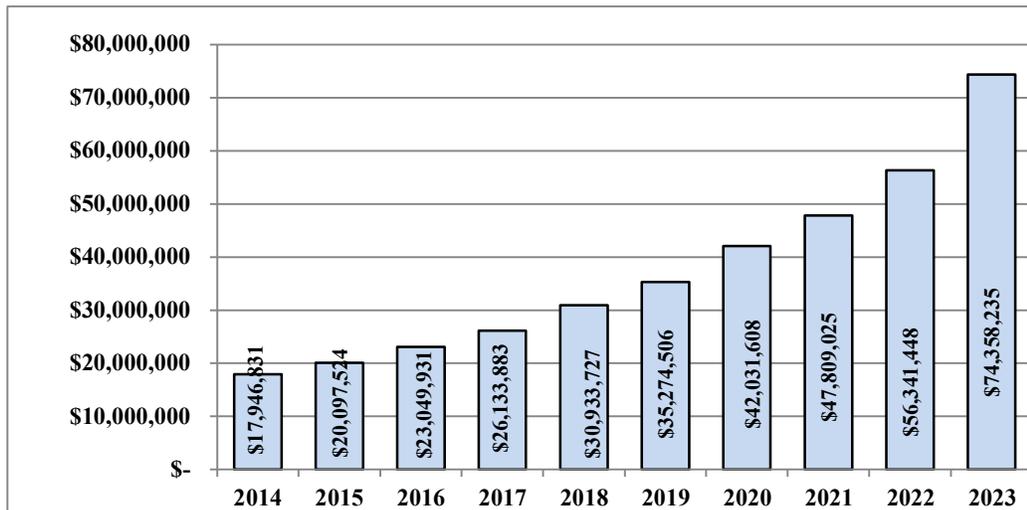
(2) City of Newport net outstanding debt

| | |
|---|------------------|
| General obligation bonds | \$ 5,805,085 |
| Revenue bonds | 52,829 |
| Urban renewal TIF bonds | 1,974,614 |
| Notes payable | - |
| Leases and subscriptions | 519,018 |
| Total City of Newport net outstanding debt | 8,351,546 |

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

| | 2014 | 2015 | 2016 | 2017 |
|---|----------------------|----------------------|----------------------|----------------------|
| Debt limitation | \$ 36,672,372 | \$ 45,248,065 | \$ 46,010,972 | \$ 47,075,886 |
| Total net debt applicable to limitation | 18,725,541 | 25,150,541 | 22,961,041 | 20,942,003 |
| Legal debt margin | <u>\$ 17,946,831</u> | <u>\$ 20,097,524</u> | <u>\$ 23,049,931</u> | <u>\$ 26,133,883</u> |
| Ratio of net debt applicable to the debt limitation | <u>51.06%</u> | <u>55.58%</u> | <u>49.90%</u> | <u>44.49%</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

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---|
| \$ 49,860,540 | \$ 53,001,573 | \$ 57,957,164 | \$ 61,414,745 | \$ 67,816,909 | \$ 83,911,170 | Debt limitation |
| 18,926,813 | 17,727,067 | 15,925,556 | 13,605,720 | 11,475,461 | 9,552,935 | Total net debt applicable to limitation |
| <u>\$ 30,933,727</u> | <u>\$ 35,274,506</u> | <u>\$ 42,031,608</u> | <u>\$ 47,809,025</u> | <u>\$ 56,341,448</u> | <u>\$ 74,358,235</u> | Legal debt margin |
| <u>37.96%</u> | <u>33.45%</u> | <u>27.48%</u> | <u>22.15%</u> | <u>16.92%</u> | <u>11.38%</u> | Ratio of net debt applicable to the debt limitation |

Legal debt margin calculation for Fiscal Year

| | |
|---|----------------------|
| True cash value | \$ 2,797,039,007 |
| General obligation debt limit - 3% of true cash value | 3% |
| General obligation debt limit | 83,911,170 |
| Gross general obligation bonded debt principal | |
| General obligation bonds | \$ 5,805,085 |
| 2009 A&B Water GO Bonds | 5,681,808 |
| Less: Debt service monies available | |
| Debt Service Fund: | 1,933,958 |
| Net debt subject to the three percent limitation | <u>9,552,935</u> |
| Legal debt margin | <u>\$ 74,358,235</u> |

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

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

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

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

Operating data is from the combined Urban Renewal data.

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

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

Operating data is from the Water Fund Statement of Revenues.

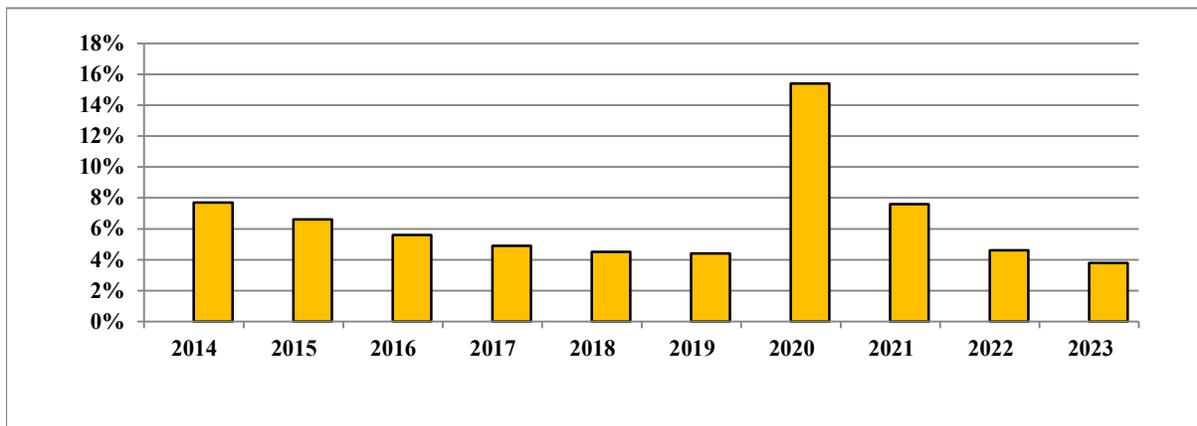
The amount of net available resources for bond coverage is determined by subtracting operating expenses from operating revenues. Interest payments on property assessments are deducted from operating revenues. Operating expenses are reduced by the amount of depreciation taken for the fiscal year, if any.

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

| Fiscal Year Ended June 30, | City of Newport Population(1) | Lincoln County Population(1) | Personal Income(2) | Per Capita Personal Income(2) | Newport School Enrollment(3) | Unemployment Rate (4) Lincoln County |
|----------------------------|-------------------------------|------------------------------|--------------------|-------------------------------|------------------------------|--------------------------------------|
| 2014 | 10,095 | 46,890 | \$ 1,737,712 | \$ 37,059 | 1,908 | 7.7% |
| 2015 | 10,165 | 47,225 | 1,832,982 | 38,814 | 1,965 | 6.6% |
| 2016 | 10,190 | 47,735 | 1,924,237 | 40,311 | 2,024 | 5.6% |
| 2017 | 10,215 | 47,960 | 2,029,283 | 42,312 | 2,085 | 4.9% |
| 2018 | 10,125 | 48,210 | 2,163,060 | 44,867 | 2,147 | 4.5% |
| 2019 | 10,210 | 48,260 | 2,240,027 | 46,416 | 2,212 | 4.4% |
| 2020 | 10,256 | 50,395 | 2,389,106 | 47,408 | 2,278 | 15.4% |
| 2021 | 10,591 | 50,868 | 2,669,654 | 52,482 | 2,346 | 7.6% |
| 2022 | 10,755 | 51,090 | 2,733,008 | 53,494 | 2,481 | 4.6% |
| 2023 | 10,888 | 51,588 | n/a | n/a | 2,642 | 3.8% |

Over the last ten years, the City's population has increased by 7.86 percent (793). From 2013 to 2021 per capita personal income has risen by 44.35 percent (\$16,435) in the Newport statistical area. As of Fiscal Year 2021-22 (per capita data lags one year), per capita personal income was \$53,494 for Lincoln County, and \$62,303 for the state as a whole. For the ten-year period, enrollment in the Lincoln County Public School District increased by 38.47 percent (734 students).

Lincoln County Unemployment Rate
 last 10 fiscal years



Sources:

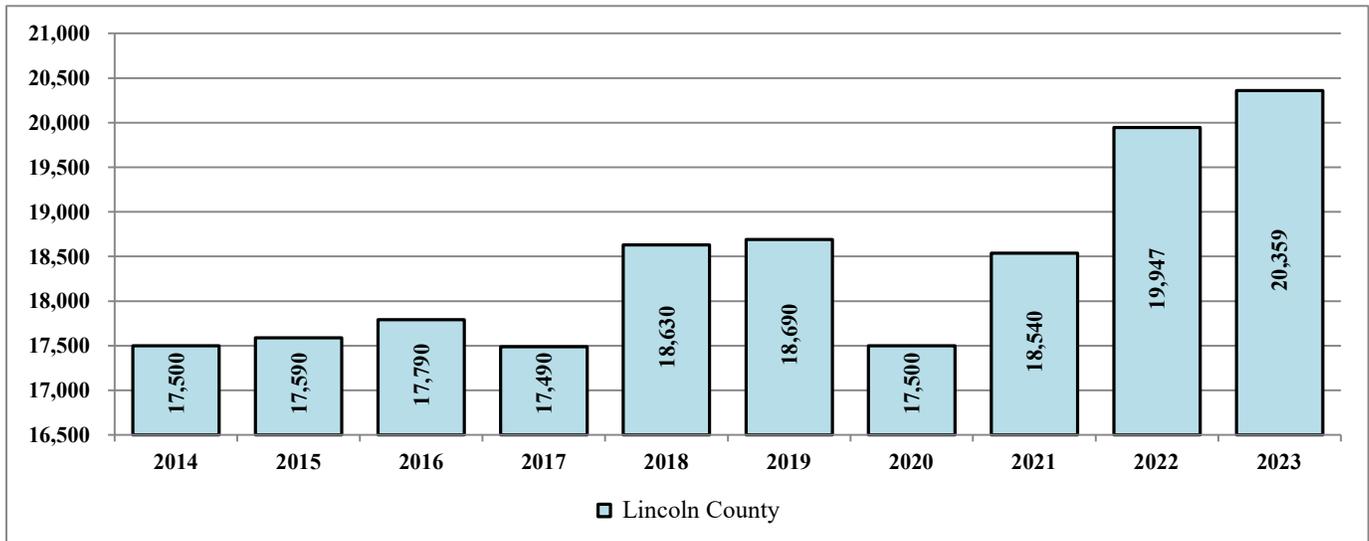
- (1) Portland State University, Population Research and Census Center
- (2) U. S. Department of Commerce, Bureau of Economic Analysis (2022 is the most current data available)
- (3) Oregon Department of Education, Oregon Coast Community College, Lincoln County School District
- (4) State of Oregon, Employment Department



Schedule 15
CITY OF NEWPORT, OREGON
NEWPORT AREA PRINCIPAL EMPLOYERS
for the Fiscal Years ended June 30, 2014, and June 30, 2023

| Employer | 2023 | | | 2014 | | |
|---|---------------------|------|-----------------------|---------------------|------|-----------------------|
| | Number of Employees | Rank | % of Total Employment | Number of Employees | Rank | % of Total Employment |
| Lincoln County | 522 | 1 | 2.56% | 440 | 1 | 2.51% |
| OSU Hatfield Marine Science Center/NOAA | 454 | 2 | 2.23% | 310 | 3 | 1.77% |
| Samaritan Health Services | 385 | 3 | 1.89% | 378 | 2 | 2.16% |
| Pacific Seafood/Trident | 297 | 4 | 1.46% | 84 | 10 | 0.48% |
| Fred Meyer | 270 | 5 | 1.33% | 134 | 7 | 0.77% |
| Lincoln County School District | 258 | 6 | 1.27% | 192 | 4 | 1.10% |
| Wal Mart | 163 | 7 | 0.80% | 120 | 9 | 0.69% |
| City of Newport | 157 | 8 | 0.77% | 130 | 8 | 0.74% |
| Pacific Shrimp/Pacific Surimi | 150 | 9 | 0.74% | 150 | 5 | 0.86% |
| Central Lincoln PUD | 129 | 10 | 0.63% | 135 | 6 | 0.77% |
| Totals | 2,785 | | 13.68% | 2,073 | | 11.85% |
| Total employment in Lincoln County | 20,359 | | | 17,500 | | |

Lincoln County Employment
last ten fiscal years



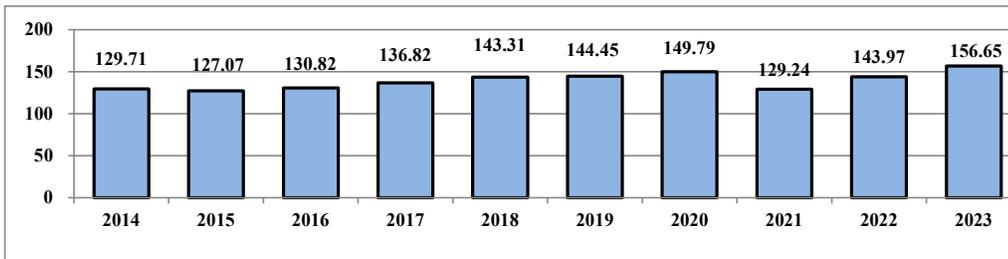
The percentage of top ten employers to total jobs for Lincoln Counties has been quite stable over the ten-year period. The figures range from a low of 9.37 percent in 2018 to a high of 23.66 percent in 2017. Total employment in Lincoln County has increased by 16.34 percent (2859 jobs) over the last ten years. For the ten-year period, the low point was 17,490 jobs in June 2017, and the high point was 20,359 jobs in June 2023. National and international economic instability will likely have an adverse effect in the coming years, although at this time the extent is unknown.

Sources:
Economic Development Alliance - Lincoln County
Oregon Employment Department

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

| Function | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|--------|--------|--------|--------|--------|
| GOVERNMENTAL FUNDS | | | | | |
| General Government | | | | | |
| Administration | 13.10 | 11.70 | 13.75 | 15.25 | 15.25 |
| Economic Development | - | 0.25 | 0.25 | 0.50 | 0.50 |
| Planning | 3.70 | 2.45 | 2.95 | 2.45 | 2.45 |
| Building Inspection | 1.30 | 1.80 | 1.80 | 1.80 | 1.90 |
| Total General Government | 18.10 | 16.20 | 18.75 | 20.00 | 20.10 |
| Public Safety | | | | | |
| Fire | 12.00 | 12.00 | 13.00 | 13.00 | 14.00 |
| Police | 24.00 | 25.00 | 25.00 | 27.00 | 27.00 |
| Municipal Court | 0.75 | 0.70 | 0.70 | 0.70 | 0.70 |
| Total Public Safety | 36.75 | 37.70 | 38.70 | 40.70 | 41.70 |
| Highways and Streets | | | | | |
| Street Fund | 5.08 | 5.00 | 5.00 | 5.00 | 5.00 |
| Airport | 3.00 | 3.00 | 3.00 | 2.00 | 3.00 |
| Total Highways and Streets | 8.08 | 8.00 | 8.00 | 7.00 | 8.00 |
| Culture and Recreation | | | | | |
| Recreation | 21.50 | 20.25 | 20.25 | 23.73 | 26.42 |
| Library | 11.54 | 12.39 | 11.89 | 11.89 | 11.89 |
| Total Culture and Recreation | 33.04 | 32.64 | 32.14 | 35.62 | 38.31 |
| Total Governmental Funds | 95.97 | 94.54 | 97.59 | 103.32 | 108.11 |
| Proprietary Funds | | | | | |
| Proprietary | | | | | |
| Water | 11.08 | 11.10 | 11.10 | 11.10 | 10.60 |
| Wastewater | 8.08 | 8.00 | 9.00 | 9.00 | 9.50 |
| Stormwater | - | - | - | - | - |
| Total Proprietary Funds | 19.16 | 19.10 | 20.10 | 20.10 | 20.10 |
| Internal Service | | | | | |
| Public Works Services | 14.58 | 13.43 | 13.13 | 13.40 | 7.50 |
| City Facility | - | - | - | - | 7.60 |
| Total Internal Service | 14.58 | 13.43 | 13.13 | 13.40 | 15.10 |
| Total Proprietary Funds | 33.74 | 32.53 | 33.23 | 33.50 | 35.20 |
| Grand Total - All Full-time Equivalents | 129.71 | 127.07 | 130.82 | 136.82 | 143.31 |

Total Full-time Equivalents
last ten fiscal years



Source: City of Newport Budget 2013-2022

Schedule 16

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

Last Ten Fiscal Years

| 2019 | 2020 | 2021 | 2022 | 2023 | |
|---------------------------------|---------------|---------------|---------------|---------------|---|
| GOVERNMENTAL ACTIVITIES | | | | | |
| General Government | | | | | |
| 15.75 | 15.74 | 15.46 | 16.51 | 19.00 | Administration |
| 0.50 | 0.50 | 0.50 | 1.50 | 1.45 | Economic Development |
| 2.60 | 2.00 | 1.75 | 2.25 | 3.45 | Planning |
| 2.37 | 2.97 | 2.22 | 2.72 | 2.57 | Building Inspection |
| <u>21.22</u> | <u>21.21</u> | <u>19.93</u> | <u>22.98</u> | <u>26.47</u> | Total General Government |
| Public Safety | | | | | |
| 14.00 | 14.00 | 11.50 | 12.50 | 16.64 | Fire |
| 27.35 | 29.35 | 24.85 | 26.85 | 30.85 | Police |
| 0.60 | 0.60 | 0.60 | 0.60 | 0.60 | Municipal Court |
| <u>41.95</u> | <u>43.95</u> | <u>36.95</u> | <u>39.95</u> | <u>48.09</u> | Total Public Safety |
| Highways and Streets | | | | | |
| 4.50 | 2.25 | 2.25 | 2.25 | 2.50 | Street Fund |
| 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | Airport |
| <u>7.50</u> | <u>5.25</u> | <u>5.25</u> | <u>5.25</u> | <u>5.50</u> | Total Highways and Streets |
| Culture and Recreation | | | | | |
| 26.68 | 30.30 | 22.28 | 23.98 | 24.06 | Recreation |
| 12.10 | 12.10 | 8.85 | 9.10 | 9.60 | Library |
| <u>38.78</u> | <u>42.40</u> | <u>31.13</u> | <u>33.08</u> | <u>33.66</u> | Total Culture and Recreation |
| <u>109.45</u> | <u>112.81</u> | <u>93.26</u> | <u>101.26</u> | <u>113.72</u> | Total Governmental Activities |
| BUSINESS-TYPE ACTIVITIES | | | | | |
| Enterprise | | | | | |
| 10.25 | 10.25 | 10.25 | 10.25 | 10.00 | Water |
| 10.25 | 10.25 | 10.25 | 10.25 | 10.00 | Sewer |
| - | 2.25 | 2.25 | 2.25 | 2.50 | Stormwater |
| <u>20.50</u> | <u>22.75</u> | <u>22.75</u> | <u>22.75</u> | <u>22.50</u> | Total Enterprise |
| Internal Service | | | | | |
| 8.50 | 8.73 | 7.73 | 9.73 | 10.00 | Public Works Services |
| 6.00 | 5.50 | 5.50 | 10.23 | 10.43 | City Facility |
| <u>14.50</u> | <u>14.23</u> | <u>13.23</u> | <u>19.96</u> | <u>20.43</u> | Total Internal Service |
| <u>35.00</u> | <u>36.98</u> | <u>35.98</u> | <u>42.71</u> | <u>42.93</u> | Total Business-type Activities |
| <u>144.45</u> | <u>149.79</u> | <u>129.24</u> | <u>143.97</u> | <u>156.65</u> | Grand Total - All Full-time Equivalents |

| Fiscal Year | Total FTE | Annual Percentage Change | Total Percentage Change from 2014 |
|-------------|-----------|--------------------------|-----------------------------------|
| 2014 | 129.71 | - | - |
| 2015 | 127.07 | -2.04% | -2.04% |
| 2016 | 130.82 | 2.95% | 0.86% |
| 2017 | 136.82 | 4.59% | 5.48% |
| 2018 | 143.31 | 4.74% | 10.48% |
| 2019 | 144.45 | 0.80% | 11.36% |
| 2020 | 149.79 | 3.70% | 15.48% |
| 2021 | 129.24 | -13.72% | -0.36% |
| 2022 | 143.97 | 11.40% | 10.99% |
| 2023 | 156.65 | 8.81% | 20.77% |

The average annual rate of change over ten year period is 2.36%.

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

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

Source: City of Newport Departmental records.

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

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

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

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

Source: City of Newport departmental records

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

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



AUDIT COMMENTS AND DISCLOSURES



INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

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

We have audited the basic financial statements of the City of Newport (the City) as of and for the year ended June 30, 2023, and have issued our report thereon dated December 12, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

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

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

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

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

OAR 162-10-0230 Internal Control

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

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

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

Restriction on Use

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

Aldrich CPAs + Advisors LLP

By:



Andrew Maffia, CPA, Partner
Salem, Oregon
December 12, 2023

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newport (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 12, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

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

City Newport's Response to Findings

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

Purpose of This Report

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

Aldrich CPAs + Advisors LLP

Salem, Oregon
December 12, 2023

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Newport's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2023-002. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a significant deficiency.

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

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

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

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

Aldrich CPAs + Advisors LLP

Salem, Oregon
December 12, 2023

CITY OF NEWPORT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

| <i>Federal Grantor/Program or Cluster Title</i> | <i>Federal AL (Assistance Listing) Number</i> | <i>Pass-through Number</i> | <i>Passed- through to Subrecipients</i> | <i>Expenditures</i> |
|---|---|----------------------------|---|---------------------|
| Federal Aviation Administration | | | | |
| Airport Improvement Program | 20.106 | AIP27 | \$ - | \$ 33,342 |
| | | AIP29 | - | 6,870 |
| | | AIP32 | - | 44,100 |
| <i>Total Airport Improvement Program</i> | | | - | 84,312 |
| <i>Total Federal Aviation Administration</i> | | | - | 84,312 |
| Department of Transportation | | | | |
| COVID-19 - Highway Planning and Construction (Federal-Aid Highway Program) | 20.205 | | - | 154,295 |
| <i>Total Department of Transportation</i> | | | - | 154,295 |
| Department of the Treasury | | | | |
| COVID 19 - Coronavirus State and Local Fiscal Recovery Funds | 21.027 | | - | 1,071,808 |
| <i>Total Department of the Treasury</i> | | | - | 1,071,808 |
| Environmental Protection Agency | | | | |
| Passed through Business Oregon | | | | |
| Drinking Water State Revolving Fund | 66.468 | 117001 | - | 8,100 |
| <i>Total Environmental Protection Agency</i> | | | - | 8,100 |
| Department of Homeland Security | | | | |
| Passed through Oregon Office of Emergency Management | | | | |
| Hazard Mitigation Grant | 97.039 | HMGP-PF-FM-5195-OR-2 | - | 58,092 |
| <i>Total Department of Homeland Security</i> | | | - | 58,092 |
| Total Expenditures of Federal Awards | | | \$ - | \$ 1,376,607 |

CITY OF NEWPORT

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of City of Newport under programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2 - Summary of Significant Accounting Policies

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

Note 3 - Indirect Costs

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

CITY OF NEWPORT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

Federal Assistance Listing Number

21.027

Name of Federal Program or Cluster

Coronavirus State and Local Fiscal Recovery Funds

| | |
|---|-----------|
| Dollar threshold used to distinguish Between Type A and Type B programs: | \$750,000 |
|---|-----------|

| | |
|---|-----|
| Auditee qualified as a low-risk auditee under the Uniform Guidance 2 CFR section 200.520 | Yes |
|---|-----|

CITY OF NEWPORT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section II - Financial Statement Findings

Finding 2023-001

Criteria

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

Condition

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

Cause

Prior to this fiscal year, journal entries were prepared by the Assistant Finance Director and the Finance Director would review the entries. The Finance Director was promoted to Finance Director in fiscal year 2023 and the Assistant Finance Director position was vacant the entire fiscal year resulting in some journal entries being prepared and reviewed by the same individual.

Effect

Errors could be made in posting journal entries or inappropriate entries could be made.

Recommendation

We recommend management implement internal control procedures to ensure all journal entries made are reviewed prior to posting.

Views of Responsible Officials

Fiscal year 2022-23 was a challenging year for the City of Newport due to staff turnover and vacancies for key positions. The Assistant Finance Director was Interim Finance Director from July 2022 to December 2022, and was promoted to Finance Director on December 22, 2022. The Assistant Finance Director position was vacant for fiscal year 2022-23 despite multiple job posting attempts to fill the position. Therefore, the Finance Director was preparing and reviewing journal entries prior to posting due to staff vacancy. An Assistant Finance Director was hired on July 24, 2023. The Assistant Finance Director prepares all journal entries and the Finance Director reviews the journal entries.

Section III - Federal Award Findings and Questioned Costs

Finding 2023-002

21.027 Coronavirus State and Local Fiscal Recovery Funds

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

Criteria:

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

Condition:

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

Cause:

The City did not have policies and procedures in place to ensure the suspended and debarred list was checked consistently nor did they retain documentation of the list being checked prior to contracts being awarded to awardees.

CITY OF NEWPORT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Effect:

The City could award contracts to suspended or debarred parties.

Questioned Costs:

None

Recommendations:

We recommend the City implement processes and procedures to ensure the suspended and debarred listing is checked prior to awarding contracts to outside parties. In addition, we recommend the City maintain documentation of this check being performed.

Views of Responsible Officials:

Fiscal year 2022-23 was a challenging year for the City of Newport due to staff turnover and vacancies for key positions in Engineering, Public Works and Finance. Processes were in place to ensure that vendors were not on the suspended or debarred list prior to awarding contracts. However, due to key staff turnover, the documentation was not available to verify that the process was followed. The Finance Department and Engineering will work on a checklist to make sure all adequate written documentation is centrally kept with the awarded contract before awarding the contract.

CITY OF NEWPORT

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2023

Section IV - Schedule of Prior Audit Findings

2022-001

Criteria

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

Condition

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

Status:

This finding has been corrected.

2022-002

Program:

20.106 Airport Improvement Program
Federal Aviation Administration

Criteria:

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

Condition:

Amounts reported on the original SEFA were not adequately supported and listed under the wrong grant number which has different applicable compliance requirements.

Status:

This finding has been corrected.

2022-003

Program:

20.106 Airport Improvement Program
Federal Aviation Administration

Criteria:

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

Condition:

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

Status:

This finding has been corrected.



2022-2023

Newport Urban Renewal Agency
Annual Financial Report
For Year Ended
June 30, 2023
(A Component Unit of the City of Newport)



Wastewater Collections



Off Road Wildland Brush Vehicle-



Coast Park



Lifeflight

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.

NEWPORT URBAN RENEWAL AGENCY

Financial Statements

Year Ended June 30, 2023

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INTRODUCTORY SECTION

NEWPORT URBAN RENEWAL AGENCY

Agency Members, Administrative Staff and Principal Financial Staff

Year Ended June 30, 2023

City of Newport, Oregon

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

Agency Members, Administrative Staff and Principal Financial Staff as of June 30, 2023

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

Administrative Staff

| | |
|--|--------------------------------------|
| City Manager | Spencer Nebel |
| Assistant City Manager/City Recorder | Erik Glover |
| Finance Director | Steve Baugher |
| Assistant Finance Director | Eric Carpenter |
| City Attorney | David Allen |
| Judge | Jeffrey Pridgeon |
| Acting Public Works Director | Steven Stewart and Justn Scharbrough |
| City Engineer | Aaron Collett |
| Community Development Director | Derrick Tokos |
| Parks and Recreation Director | Michael Cavanaugh |
| Library Director | Laura Kimberly |
| Police Chief | Jason Malloy |
| Fire Chief | Rob Murphy |
| Acting Information Technology Director | Travis Reeves |
| Human Resource Director | Barbara James |
| Airport Director | Lance Vanderbeck |

Principal Finance Staff

Steve Baugher, Finance Director

Eric Carpenter, Assistant Finance Director

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Agency Officials
Newport Urban Renewal Agency
Newport, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of the Newport Urban Renewal Agency (the Agency), a component unit of the City of Newport, Oregon, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and major fund of the Agency, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows, thereof, and the respective budgetary comparison statement for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT, CONTINUED

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis 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.

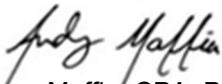
Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Oregon State Regulations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 7, 2023, on our consideration of the Agency's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.

Aldrich CPAs + Advisors LLP

By:



Andrew Maffia, CPA, Partner
Salem, Oregon
December 7, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management of the Newport Urban Renewal Agency offers readers of the Agency's financial statements this discussion of the financial activities of the Newport Urban Renewal Agency for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the additional information furnished in the financial statements that follow.

Financial Highlights

Net Position – The total asset of the Newport Urban Renewal Agency exceeded its current liabilities at the close of the most recent fiscal year by \$6,948,366. Of this amount, \$4,419,970 may be used to meet the government's ongoing obligations to citizens and creditors. However, once the outstanding debt, \$1,960,000, (which will be paid over time) is subtracted from this \$6,948,366 the agency's total net position becomes \$4,988,366. As compared to last year's \$3,888,497 net position, there was an increase in net position of \$1,099,839.

Governmental Funds – As of the close of the fiscal year, the Newport Urban Renewal Agency's governmental funds reported combined ending fund balances of \$4,289,871.

During the fiscal year, the Newport Urban Renewal Agency's total debt decreased by \$1,273,023 in principal payments.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Newport Urban Renewal Agency'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 basic financial statements. The report also contains other supplementary information, in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a summary of the Newport Urban Renewal Agency's finances in a manner similar to what they expect to see in the private-sector.

The Statement of Net Position presents information about all of the Newport Urban Renewal Agency's assets and liabilities; the difference between the two is 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 Newport Urban Renewal Agency is improving or deteriorating.

The Statement of Activities presents information showing how the Agency's net position changed during the most recent fiscal year. All changes in net positions 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). The governmental activities of the Newport Urban Renewal Agency include activities in three Urban Renewal Funds and the Urban Renewal Debt Service Fund. The Urban Renewal Fund is engaged in funding capital project construction while the Urban Renewal Debt Service Fund is responsible for debt payment activities.

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. The Newport Urban Renewal Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with legal requirements. All of the funds of the Newport Urban Renewal Agency are governmental funds.

MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)

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

Because the focus of governmental funds are 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 government-wide financial statements. By doing so, readers may better understand the long-term impact of the Agency’s near-term financial decisions. Both the Governmental Fund Balance Sheet and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance reconcile this comparison between governmental funds and governmental activities.

The Newport Urban Renewal Agency maintains four individual governmental funds. The governmental activities of the Newport Urban Renewal Agency include activities in three Urban Renewal Funds and the Urban Renewal Debt Service Fund.

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

Government wide Financial Analysis

As noted earlier, the net position may serve over time as a useful indicator of a government’s financial position. In the case of Newport Urban Renewal Agency, total assets exceeded liabilities by \$4,988,336 as of June 30, 2023. The following summary is a comparison between the Agency’s net position at the end of this fiscal year as compared to the end of the last fiscal year.

Table 1
Summary of Net Position

| | Governmental Activities | |
|--------------------------------|--------------------------------|--------------------|
| | 2022 | 2023 |
| Cash and investments | \$5,444,721 | \$4,259,670 |
| Other assets | 152,610 | 170,525 |
| Capital Assets | 1,535,015 | 2,528,366 |
| Total Assets | 7,132,346 | 6,958,561 |
| Other liabilities | 10,826 | 10,225 |
| Non-current liabilities | 3,233,023 | 1,960,000 |
| Total Liabilities | 3,243,849 | 1,970,225 |
| Net position in capital assets | 1,535,015 | 2,528,366 |
| Unrestricted | 2,353,482 | 2,459,970 |
| Total Net Position | \$3,888,497 | \$4,988,336 |

MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)

Changes in the net position of the Agency for the current and prior year are summarized as follows:

Table 2
Statement of Activities

| | Governmental Activities | |
|--------------------------------|-------------------------|--------------------|
| | 2022 | 2023 |
| REVENUES: | | |
| Program Revenues/Contributions | \$0 | \$993,351 |
| General Revenues | | |
| Taxes | 3,585,141 | 3,853,127 |
| Investment earnings | 26,690 | 153,975 |
| Other | 44,750 | 42,000 |
| Total Revenues | 3,656,581 | 5,042,453 |
| EXPENSES: | | |
| General Government | 120,805 | 132,666 |
| Interest on long-term debt | 115,198 | 78,456 |
| Total expenses | 236,003 | 211,122 |
| Transfer out | 522,246 | 3,731,492 |
| Changes in Net Position | 2,898,332 | 1,099,839 |
| Beginning Net Position | 991,243 | \$3,888,497 |
| Prior period adjustment | (1,078) | - |
| Ending New Position | <u>\$3,888,497</u> | <u>\$4,988,336</u> |

Financial Analysis of the Agency’s funds

Government funds. The purpose of the Newport Urban Renewal Agency’s governmental funds is to provide information on near term inflow, outflows and balance of spendable resources. Such information is useful in assessing the Newport Urban Renewal Agency’s financing requirements. In particular, the unreserved fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the Newport Urban Renewal Agency’s governmental funds reported combined ending fund balances of \$4,289,871.

Budgetary Highlights

For the 2022-23 Fiscal Year, the Agency Board completed two resolutions which changed the adopted budget during the year. Resolutions were necessary to adjust beginning fund balances to match the 2021-22 audited financial statements and to transfer funds for capital projects such as purchase of properties for future development.

Capital Asset and Debt Administration

Capital Assets. The Agency is holding land for redevelopment which cost \$2,528,366 as a capital asset separate from the City of Newport. Additional information on the capital assets of the Agency may be found in note 3 to the financial statements.

MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)

Long-Term Debt. At the end of the fiscal year, the Newport Renewal Agency had total long-term debt outstanding of \$1,960,000. In 2010, the Agency borrowed and refunded several prior debts and borrowed an additional \$2,000,000 to help finance transportation improvements. The 2010B debt has been paid off as of June 30, 2023. In the 2014-15 Fiscal Year the Agency borrowed \$5,456,000 to help finance current South Beach Construction project and as of June 30, 2023, the outstanding balance is \$1,960,000.

Table 3
Outstanding Debt at Year-End

| Governmental Funds | 2022 | 2023 |
|---|--------------------|--------------------|
| 2010B Series, Full Faith & Credit Refunding | \$550,000 | \$0 |
| 2015 A & B Urban Renewal Financing | 2,678,000 | 1,960,000 |
| Unamortized Premium | 5,023 | 0 |
| Total Governmental Debt | \$3,233,023 | \$1,960,000 |

Additional information on the Agency's long-term obligations can be found in note 5 to the financial statements.

Economic Factors and Next Year's Budget

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

Another indicator of economic trends is the unemployment rate for a particular area. In reviewing the Lincoln County unemployment statistics over the past ten years for the month of June, it shows that 2019 was at 4.4%. Prior to the COVID pandemic, the February 2020 unemployment rate was at 4.6%. The rate rose to a high point of 25.9% in April and once the economy opened the rate dropped to 15.4% as of June 30, 2020. In the current fiscal year, the unemployment rate has dropped to 3.8% at June 30, 2023.

The City Council of Newport acts as the Urban Renewal Agency for the City of Newport on all matters of business. As part of the budget process, the Budget Committee will also review the Urban Renewal budget for the fiscal year beginning July 1. The Urban Renewal Agency consists of three distinct districts.

The first activity center within the Urban Renewal Agency Fund is the South Beach Urban Renewal District. This District is actively capturing taxes for various improvements through tax increment financing. Under tax increment financing, any operating taxes levied within the district continue going to each of the taxing entities for the property value when that district was originally established. Any taxes generated from within the established district from growth in assessed value through appreciation or new investment becomes the increment that can be utilized to fund debt for various improvements within the district. These improvements are part of the plan that has been previously adopted for completion of various projects within a fixed time period.

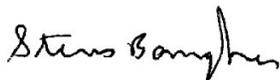
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)

For the fiscal year beginning July 1, 2022, City Council appropriated funding for a full-time staff position to manage projects in the City’s three Urban Renewal District. On January 18, 2022, the City Council adopted amendments to the South Beach Urban Renewal Plan. The amendments prioritize the remaining projects to be completed by the Urban Renewal Agency prior to the District closing in 2027.

In addition to the South Beach Urban Renewal District there are two other districts included in the budget. The first is the Northside Urban Renewal District Fund and the second is McLean Point Urban Renewal District Fund. Both districts received their increment of taxes beginning in fiscal year 2017-18. For fiscal year 2022-23, properties were purchased for future redevelopment in the Northside Urban Renewal District. The McLean Point District began seeing increment increases when the Port cancelled its leases of private property on the point and the property was added to the tax rolls. Private development of property is necessary to generate sufficient increment increases to address projects including infrastructure in order to connect McLean Point with the rest of the city utility systems.

In assembling the City-wide budget for the 2023-24 fiscal year, which includes the Urban Renewal Agency, the City Finance Department utilized various five-year projections based on historic trends. This included assumptions that assessed value of property would increase by 3.0%. Medical insurance coverage would increase by an average 5.5%, and an average Cost of Living Adjustment of 5.5% would be used for budgeted wages. Other expenses and revenue percentages were adjusted based on history factored in with expected higher than normal inflation.

Request for information. The financial report is designed to provide a general overview of the Newport Urban Renewal Agency’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, Newport Urban Renewal Agency, 169 SW Coast Highway, Newport, Oregon 97365.



Steve Baugher, Finance Director

BASIC FINANCIAL STATEMENTS

NEWPORT URBAN RENEWAL AGENCY

Statement of Net Position

June 30, 2023

| | <u>Governmental Activities</u> |
|-----------------------------------|------------------------------------|
| ASSETS | |
| Cash and Cash Equivalents | \$ 4,259,670 |
| Receivables: | |
| Taxes | 170,525 |
| Capital Assets: | |
| Land and construction in progress | <u>2,528,366</u> |
| Total Assets | <u>6,958,561</u> |
| LIABILITIES | |
| Accounts Payable | 371 |
| Payroll and Related Liabilities | 5,786 |
| Accrued Interest | 4,068 |
| Long-Term Liabilities: | |
| Due within one year | 968,000 |
| Due in more than one year | <u>92,000</u> |
| Total Liabilities | <u>1,970,225</u> |
| NET POSITION | |
| Net Investment in Capital Assets | 2,528,366 |
| Unrestricted | <u>2,459,970</u> |
| Total Net Position | <u>\$ 4,988,336</u> |

NEWPORT URBAN RENEWAL AGENCY

Statement of Activities

Year Ended June 30, 2023

| | <u>Expenses</u> | <u>Program Revenues Capital Grants and Contributions</u> | <u>Net (Expense) Revenue and Changes in Net Position</u> |
|----------------------------|-------------------|--|--|
| Governmental Activities: | | | |
| General government | \$ 132,666 | \$ 993,351 | \$ 860,685 |
| Interest on long-term debt | <u>78,456</u> | <u>-</u> | <u>(78,456)</u> |
| Totals | <u>\$ 211,122</u> | <u>\$ 993,351</u> | <u>\$ 782,229</u> |

General Revenues:

| | |
|---|---------------------|
| Property taxes, levied for debt service | \$ 3,853,127 |
| Interest earnings | 153,975 |
| Other revenue | 42,000 |
| Transfers to City of Newport | <u>(3,731,492)</u> |
| Total General Revenues and Transfers | <u>317,610</u> |
| Change in Net Position | 1,099,839 |
| Net Position, beginning | <u>3,888,497</u> |
| Net Position, ending | <u>\$ 4,988,336</u> |

NEWPORT URBAN RENEWAL AGENCY

Governmental Fund

Balance Sheet

June 30, 2023

| | <u>General</u> |
|---|---------------------|
| ASSETS | |
| Cash and Cash Equivalents | \$ 4,259,670 |
| Receivables: | |
| Taxes | <u>170,525</u> |
| Total Assets | <u>\$ 4,430,195</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | |
| Liabilities: | |
| Accounts payable | \$ 371 |
| Payroll and related liabilities | <u>5,786</u> |
| Total Liabilities | <u>6,157</u> |
| Deferred Inflows of Resources: | |
| Unavailable revenues | <u>134,167</u> |
| Total Deferred Inflows of Resources | <u>134,167</u> |
| Fund Balances: | |
| Unassigned | <u>4,289,871</u> |
| Total Fund Balances | <u>4,289,871</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 4,430,195</u> |

NEWPORT URBAN RENEWAL AGENCY

Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position

June 30, 2023

| | | | |
|--|----|----------------|-------------------------|
| Total Fund Balances for Governmental Funds | | \$ | 4,289,871 |
| Total Net Position Reported for the Governmental Activities in the Statement of Net Position is Different because: | | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets and related accumulated depreciation are reported as follows: | | | |
| Land and construction in progress | | | 2,528,366 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds | | | |
| | | | 134,167 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported as fund liabilities: | | | |
| Long-term debt | \$ | (1,960,000) | |
| Interest payable on long-term debt | | <u>(4,068)</u> | |
| Total Long-Term Liabilities | | | <u>(1,964,068)</u> |
| Total Net Position of Governmental Activities | | \$ | <u><u>4,988,336</u></u> |

NEWPORT URBAN RENEWAL AGENCY

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2023

| | <u>General</u> |
|---|---------------------|
| Revenues: | |
| Taxes: | |
| Property | \$ 3,837,754 |
| Interest earnings | 153,975 |
| Other revenue | <u>42,000</u> |
| Total Revenues | <u>4,033,729</u> |
| Expenditures: | |
| Current: | |
| General government | 132,666 |
| Debt service: | |
| Principal | 1,268,000 |
| Interest | <u>85,772</u> |
| Total Expenditures | <u>1,486,438</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>2,547,291</u> |
| Other Financing Sources (Uses): | |
| Transfers in from City of Newport | 1,351,508 |
| Transfers out to City of Newport | <u>(5,083,000)</u> |
| Total Other Financing Sources (Uses) | <u>(3,731,492)</u> |
| Net Change in Fund Balances | (1,184,201) |
| Fund Balances, Beginning | <u>5,474,072</u> |
| Fund Balances, Ending | <u>\$ 4,289,871</u> |

NEWPORT URBAN RENEWAL AGENCY

Reconciliation of Change in Fund Balance of Governmental Funds to the Statement of Activities

Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds \$ (1,184,201)

The Change in Net Position Reported for Governmental Activities in the Statement of Activities is Different because:

The net effect of transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position. 993,351

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 15,373

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

| | | |
|------------------------------|------------------|------------------|
| Amortization of bond premium | \$ 5,023 | |
| Accrued interest | 2,293 | |
| Principal payments | <u>1,268,000</u> | <u>1,275,316</u> |

Change in Net Position of Governmental Activities \$ 1,099,839

NEWPORT URBAN RENEWAL AGENCY

General Fund

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

Year Ended June 30, 2023

| | Budget | | Actual | Variance with Final Budget |
|--------------------------------------|--------------------------|--------------------------|----------------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | | | | |
| Property | \$ 3,718,399 | \$ 3,718,399 | \$ 3,837,754 | \$ 119,355 |
| Interest earnings | 22,060 | 22,060 | 153,975 | 131,915 |
| Other revenue | 45,000 | 45,000 | 42,000 | (3,000) |
| Total Revenues | <u>3,785,459</u> | <u>3,785,459</u> | <u>4,033,729</u> | <u>248,270</u> |
| Expenditures: | | | | |
| Newport south beach operations | 140,079 | 140,079 | 95,637 | 44,442 |
| Newport northside operations | 93,576 | 93,576 | 36,948 | 56,628 |
| McLean point operations | 100 | 100 | 81 | 19 |
| Debt service | 1,354,772 | 1,354,772 | 1,353,772 | 1,000 |
| Contingency | 4,726,962 | 3,786,759 | - | 3,786,759 |
| Total Expenditures | <u>6,315,489</u> | <u>5,375,286</u> | <u>1,486,438</u> | <u>3,888,848</u> |
| Excess of Revenues Over Expenditures | <u>(2,530,030)</u> | <u>(1,589,827)</u> | <u>2,547,291</u> | <u>4,137,118</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers in* | 1,350,000 | 1,351,508 | 1,351,508 | - |
| Transfers out* | <u>(4,063,000)</u> | <u>(5,083,000)</u> | <u>(5,083,000)</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>(2,713,000)</u> | <u>(3,731,492)</u> | <u>(3,731,492)</u> | <u>-</u> |
| Net Change in Fund Balance | (5,243,030) | (5,321,319) | (1,184,201) | 4,137,118 |
| Fund Balance, beginning | <u>5,395,647</u> | <u>5,474,075</u> | <u>5,474,072</u> | <u>(3)</u> |
| Fund Balance, ending | \$ <u><u>152,617</u></u> | \$ <u><u>152,756</u></u> | \$ <u><u>4,289,871</u></u> | \$ <u><u>4,137,115</u></u> |

* As a blended component unit of the City of Newport, the Agency budgets amounts paid to and received from other City funds as transfers in and transfers out.

NEWPORT URBAN RENEWAL AGENCY

Notes to the Basic Financial Statements

Year Ended June 30, 2023

Note 1 - Summary of Significant Accounting Policies

The Newport Urban Renewal Agency of Newport, Oregon (Agency) financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. 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. The more significant accounting policies are described below.

Description of the Reporting Entity

The Agency was established by the City of Newport by Resolution #1647. The Agency Council consists of six members appointed by the Mayor with the approval of the majority of the City Council. In April of 2007, Resolution #1910 was adopted whereby full authority of the Agency was transferred to the Mayor and City Council and the appointed board was named as an advisory committee. Although the Agency Board and the City Council are made up of the same members, each is a legally separate entity and conducts all business as such. Based on standards set forth in GASB Statement 61, the Agency is considered a component unit of the City. Accordingly, the financial statements of the Agency are included in the City's basic financial statements.

There are many governmental agencies which provide services within the Newport Urban Renewal Agency. These agencies have independent governing boards and are not considered component units as the Agency does not have any oversight responsibility. Financial reporting information for these agencies is not included in these financial statements.

Basis of Presentation

Government-Wide Financial Statements

The government-wide statements report information irrespective of fund activity, and the fund financial statements report information using funds. The government-wide statements focus on the sustainability as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the statement of net position and the statement of activities. These statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

General revenues are from property taxes and interest. All expenses are categorized as general government and interest on long-term obligations.

Fund Financial Statements

The accounts are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

NEWPORT URBAN RENEWAL AGENCY

Notes to the Basic Financial Statements

Year Ended June 30, 2023

Note 1 - Summary of Significant Accounting Policies, continued

Fund Financial Statements, continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the agency 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 are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received.

General Fund

As the Agency's only fund, the General Fund accounts for general administration of the Agency's urban renewal areas, for principal and interest payments on outstanding debt utilized to finance projects, and for acquisition of property within the urban renewal areas. The major source of revenue comes from property taxes.

Budgets

A budget is prepared for the governmental funds in accordance with the legal requirements set forth in the Oregon Local Budget Law. The budget process begins early in each fiscal year with the establishment of the budget committee. Recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are generally published in early spring with a public hearing being held approximately three weeks later. The budget may be amended prior to adoption. However, budgeted expenditures for each fund may not be increased by more than ten percent. The budget is then adopted, appropriations are made, and the tax levy declared no later than June 30.

While financial position, results of operations, and changes in fund balance/net position are reported on the basis of accounting GAAP, the budgetary basis of accounting differs from generally accepted accounting principles. The budgetary statements provided in the basic financial statements are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The budgetary basis of accounting differs in that capital outlay expenditures, including items below the capitalization level, are expensed when purchased, debt, including debt issuance costs, are expensed when paid, property taxes are recorded when received instead of when levied, and depreciation is not recorded.

Taxes receivable are not recorded as revenue until collected and inventories are budgeted as expenditures when purchased.

The expenditure budgets are appropriated at the following levels:

- Newport south beach operations
- Newport northside operations
- Mclean point operations
- Debt service
- Operating contingency

NEWPORT URBAN RENEWAL AGENCY

Notes to the Basic Financial Statements

Year Ended June 30, 2023

Note 1 - Summary of Significant Accounting Policies, continued

Budgets, continued

Expenditures cannot legally exceed the above appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year end. Management may amend line items in the budget without Council approval as long as appropriation levels (the legal level of control) are not changed. If additional budgetary needs arise after the original budget adoption, Council can approve a supplemental budget.

Property Taxes and Property Taxes Receivable

Uncollected real and personal property taxes are reflected on the statement of net position and the balance sheet as receivables. Uncollected taxes are deemed by management to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. All property taxes receivable are due from property owners within the City of Newport boundaries. Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic distributions of collections to entities levying taxes. Property taxes become a lien against the property when levied on July 1st of each year and are payable in three installments due on November 15th, February 15th and May 15th. Discounts are allowed if the amount due is received by November 15th. Taxes unpaid and outstanding on May 16th are considered delinquent. Property tax collections are distributed monthly except for November, when such distributions are made weekly.

Taxes collected within approximately sixty days of the fiscal year end are recognized as revenue in the fund statements. The remaining balance of property taxes receivable is recorded as unavailable revenue as it is not considered by management to be available to finance operations of the current period.

Capital Assets

The Agency reports as capital assets real property that has been acquired for redevelopment which the Agency has legal title and responsibility for management and maintenance. Other capital assets acquired by the Agency are transferred to the City of Newport.

Long-Term Obligations

Long-term obligations are reported in the government-wide financial statements as liabilities. The governmental individual fund financial statements do not report long-term obligations because they do not require the use of current financial resources.

NEWPORT URBAN RENEWAL AGENCY

Notes to the Basic Financial Statements

Year Ended June 30, 2023

Note 1 - Summary of Significant Accounting Policies, continued

Fund Balance

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund-type Definitions, establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications are as follows:

- Nonspendable - represents amounts that are not in a spendable form or because they are legally or contractually required to be maintained intact.
- Restricted - represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed - represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned - represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. Both the Finance Director and Assistant Finance Director have been given the authority to assign fund balances.
- Unassigned - is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

The governing body has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

Net Position

Net position is comprised of the various net earnings from operations, non-operating revenues, expenses and contributions of capital. Net position is classified in the following three categories:

- Net investment in capital assets - consists of all capital assets, net of accumulated depreciation and reduced by any outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted - consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted - consists of all other assets that are not included in the other categories previously mentioned.

NEWPORT URBAN RENEWAL AGENCY

Notes to the Basic Financial Statements

Year Ended June 30, 2023

Note 1 - Summary of Significant Accounting Policies, continued

Deferred Inflows of Resources

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Agency has only one type of item which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Note 2 - Cash and Cash Equivalents

As a component unit of the City of Newport, the Agency’s cash, cash equivalents and investments are comingled with the City’s pool of cash, cash equivalents and investments that are available for use by all funds.

The City’s cash, cash equivalents and investments and the amount allocable to the Agency at June 30, 2023 were as follows:

| | <u>City of Newport</u> | <u>Allocable to Newport Urban Renewal Agency</u> |
|--|--------------------------|--|
| Cash and cash equivalents: | | |
| Deposits with financial institutions | \$ 258,702 | \$ 24,876 |
| Cash on hand | 1,930 | - |
| State of Oregon Treasurer’s short-term investment pool | 44,040,416 | 4,234,794 |
| Money market | <u>1,444,033</u> | <u>-</u> |
| Total cash and cash equivalents | 45,745,081 | 4,259,670 |
| Investments | <u>11,015,432</u> | <u>-</u> |
| Total cash, cash equivalents and investments | <u>\$ 56,760,513</u> | <u>\$ 4,259,670</u> |

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Agency’s deposits may not be returned. The Agency does not have a deposit policy for custodial credit risk. The Federal Depository Insurance Corporation (FDIC) provides insurance for the Agency’s deposits up to \$250,000 for the combined total of all deposit accounts at each financial institution. The remaining deposits are covered by the Public Funds Collateralization program (PFCP) of the State of Oregon in accordance with ORS 295. Depositories qualified under this program are required to pledge collateral against any public funds deposits in excess of deposit insurance amounts. This provides additional protection for public funds in the event of a bank failure or loss. ORS 295 sets the specific value of the collateral, as well as the types of collateral that are acceptable. ORS 295 creates a shared liability structure for participating depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. As of June 30, 2023, none of the Agency’s bank balances were exposed to custodial credit risk.

NEWPORT URBAN RENEWAL AGENCY

Notes to the Basic Financial Statements

Year Ended June 30, 2023

Note 2 - Cash and Cash Equivalents, continued

The State Treasurer's Local Government Investment Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the State's investment policies. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board (OSTFB), which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements.

Amounts in the State Treasurer's Local Government Investment Pool (LGIP) are not required to be collateralized. There is no material difference between the fair value of the Agency's position in the LGIP and the value of the pool shares at June 30, 2023. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. There are no investments that have a maturity date.

Credit Risk - Investments

Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Investment Pool is not rated.

Concentration of Credit Risk

At June 30, 2023, investments were comingled with the City of Newport investments. The City's investments attributable to the Agency were all held in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in this instrument.

Note 3 - Capital Assets

Activity in the Agency's capital assets are as follows for the year ended June 30, 2023:

| | Balance July 1, 2022 | Additions | Deletions | Balance June 30, 2023 |
|------|-------------------------|------------|-----------|--------------------------|
| Land | \$ 1,535,015 | \$ 993,351 | \$ - | \$ 2,528,366 |

NEWPORT URBAN RENEWAL AGENCY

Notes to the Basic Financial Statements

Year Ended June 30, 2023

Note 4 - Unavailable Revenues

Resources owned by the Agency, which were measurable but unavailable in the governmental fund as of June 30, 2023, consisted of the following:

| | |
|----------------|-------------------|
| Property taxes | \$ <u>134,167</u> |
|----------------|-------------------|

Note 5 - Long-Term Debt

Changes in long-term obligations for the year ended June 30, 2023 were as follows:

| | <u>Balances</u> <u>July 1, 2022</u> | <u>Increase</u> | <u>Decrease</u> | <u>Balances</u> <u>June 30, 2023</u> | <u>Due within</u> <u>one year</u> |
|--|--|-----------------|---------------------|---|--------------------------------------|
| Long-term debt obligations | | | | | |
| Urban renewal bonds: | | | | | |
| 2015A & 2015B Tax Exempt URA Bonds | \$ 2,678,000 | \$ - | \$ 718,000 | \$ 1,960,000 | \$ 968,000 |
| Full Faith & Credit Refunding Series 2010B | 550,000 | - | 550,000 | - | - |
| Total long-term debt obligations | 3,228,000 | - | 1,268,000 | 1,960,000 | 968,000 |
| Other long-term obligations: | | | | | |
| Unamortized premium | 5,023 | - | 5,023 | - | - |
| Total long-term obligations | <u>\$ 3,233,023</u> | <u>\$ -</u> | <u>\$ 1,273,023</u> | <u>\$ 1,960,000</u> | <u>\$ 968,000</u> |

Full Faith & Credit Refunding Obligations, Series 2015 A and B

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, 2023, the outstanding balance was \$1,960,000. Annual debt service requirements to maturity for this bond is as follows:

| <u>Year Ending</u> <u>June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------------|---------------------|------------------|---------------------|
| 2024 | \$ 968,000 | \$ 48,820 | \$ 1,016,820 |
| 2025 | 992,000 | 24,641 | 1,016,641 |
| | <u>\$ 1,960,000</u> | <u>\$ 73,461</u> | <u>\$ 2,033,461</u> |

NEWPORT URBAN RENEWAL AGENCY

Notes to the Basic Financial Statements

Year Ended June 30, 2023

Note 5 - Long-Term Debt, continued

Full Faith & Credit Refunding Obligations, Series 2010B

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 sewer treatment plant. An additional \$2,000,000 was borrowed as part of the refunding to help finance transportation infrastructure improvements, which has enhanced access to the Pacific Marine Operation Center. The DEQ loan was considered a current refunding and was called July 14, 2010. The OBDD loans advanced refunded, whereby \$3,711,619 was used to purchase United States Government obligations, which were deposited into an escrow account. These funds were sufficient to call the bonds on January 1, 2011. The new bonds were issued at a premium of \$276,407 with bond issue cost totaling \$129,484. Interest ranges from 2.0 percent to 4.5 percent, with a final maturity of June 15, 2023.

Note 6 - Risk Management

There is exposure to various risks of loss related to torts; errors and omissions; and natural disasters. The Agency is covered by The City of Newport's commercial insurance to minimize its exposure to these risks. Settled claims have not exceeded coverage for the last three years.

Note 7 - Property Tax Limitation

The State of Oregon imposes a constitutional limit on property taxes for schools and non-school government operations. School operations include community colleges, local school districts, and education service districts. The limitation provides that property taxes for non-school operations are limited to \$10.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt.

The State further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997. This reduction is accomplished by rolling property values back to their 1995-96 values less than 10% and limiting future tax growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The State Constitution sets restrictive voter approval requirements for most tax and many fee increases and new bond issues and requires the State to minimize the impact to school districts from the impact of the tax cuts.

Note 8 - 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 Agency will receive for the 2022-2023 levy year has been reduced by \$26,999.

AUDIT COMMENTS AND DISCLOSURES

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Agency Officials
Newport Urban Renewal Agency
Newport, Oregon

We have audited the basic financial statements of the Newport Urban Renewal Agency (the Agency) as of and for the year ended June 30, 2023, and have issued our report thereon dated December 7, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

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

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

OAR 162-10-0230 Internal Control

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

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

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

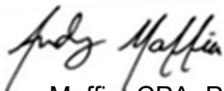
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Restriction on Use

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

Aldrich CPAs + Advisors LLP

By:



Andrew Maffia, CPA, Partner
Salem, Oregon
December 7, 2023