

City of Newport, Vermont
BASIC FINANCIAL STATEMENTS
June 30, 2012

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Kittell Branagan & Sargent

Certified Public Accountants

Vermont License #167

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor, Board of Aldermen
and City Manager
City of Newport,
Newport, Vermont

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Newport, Vermont's, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Newport, Vermont's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Newport, Vermont, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 27 through 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Newport, Vermont's financial statements as a whole. The introductory section, combining nonmajor fund financial statements and combining and individual Trust fund statements on pages 34-39 are presented for purposes of additional analysis and are not a required part of the financial statements. These financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Kittell Brunwaym - E. Sargent

St. Albans, Vermont
September 7, 2012

City of Newport, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

As management of the City of Newport, we offer readers of the City of Newport's financial statements this narrative overview and analysis of the financial activities of the City of Newport for the fiscal year ended June 30, 2012.

Financial Highlights

- The assets of the City of Newport exceeded its liabilities at the close of the most recent fiscal year by \$12,805,144 (net assets). Of this amount, \$1,628,075 (unrestricted net assets) may be used by the governmental activities of the City to meet the City's ongoing obligations to its citizens and creditors. For the business-type activities the net assets are \$4,972,383, which means that if we were to liquidate the water/sewer funds we would have a cash surplus of \$4,972,383. Net assets attributable to business-type activities decreased by \$192,040 during the last fiscal year.
- As of the close of the current fiscal year, the City of Newport's governmental funds reported combined ending fund balances of \$1,380,786. Of this total amount, \$427,304 is available for spending at the government's discretion (unassigned fund balance). Management has committed \$658,993 of the fund balance for particular purposes, and \$294,489 is assigned.

Overview of the Financial Statements

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

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

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

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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 only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Newport that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Newport include general government, public safety, public works, recreation and parks, conservation and development, health and welfare and public improvements. The business-type activities of the City of Newport include water and wastewater operations.

The government-wide financial statements are designed to include not only the City of Newport itself (known as the primary government), but also any legally separate entities for which the City of Newport is financially accountable (known as component units). The City of Newport has no such entities that qualify as component units.

City of Newport, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Newport, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Newport can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 evaluating a government's near-term financing 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 government-wide 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 of a government's near-term financing requirements.

The City of Newport maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the General Fund and the Capital Projects Fund which are considered to be major funds. The City of Newport has two non-major governmental funds which are reported as "other Governmental Funds". These non-major funds include the Recreation Fund and the Mooring Management Fund. Combining financial statements for these funds are located on pages 34 and 35.

The City of Newport adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with its budget.

The basic governmental fund financial statements may be found on pages 3 and 4.

Proprietary funds - The City of Newport maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Newport uses enterprise funds to account for its Water Fund and its Wastewater Fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund and the Wastewater Fund, both of which are considered to be major funds of the City of Newport.

The basic proprietary fund financial statements may be found on pages 5 through 7.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Newport's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. We have two types of fiduciary funds, expendable and non-expendable.

The expendable funds are the Police Public Safety Fund, East Main Street Cemetery Fund and the Community Development Block Grant Fund. The financial statements for these funds are located on pages 8 and 9 with combining statements located on pages 36 and 37.

The only non-expendable fund that we have is the Perley J. Niles Fund and the financial statements for this fund are located on pages 38 and 39.

City of Newport, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements in this report.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information to provide additional financial information not included in the basic financial statements. This supplementary information includes combining statements for various funds, and budgetary comparison statements for funds other than the City's general fund, which is presented with the basic financial statements. The supplementary information can be found immediately following the notes to the financial statements in this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Newport, assets exceeded liabilities by \$12,805,144 at the close of the most recent fiscal year.

By far the largest portion of the City of Newport's total net assets (76.2%) reflects its investment in capital assets (e.g. land, buildings, equipment and infrastructure) less any related debt used to acquire those assets that are still outstanding. The City of Newport uses these capital assets to provide services to its citizens: consequently, these assets are not available for future spending. Although the City of Newport'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.

At the close of the fiscal year the City of Newport did not have any net assets that were subject to external restriction on how they may be used.

At the end of the current fiscal year, the City of Newport has positive balances in all three categories of net assets for governmental-type activities.

**City of Newport, Vermont's Net Assets
June 30, 2012**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>
Current and other assets	\$ 2,492,246	\$ 2,965,305	\$ 1,533,987	\$ 1,453,955	\$ 4,026,233	\$ 4,319,260
Capital assets	<u>7,370,069</u>	<u>7,192,096</u>	<u>11,575,396</u>	<u>11,193,102</u>	<u>18,945,465</u>	<u>18,385,198</u>
Total Assets	<u>\$ 9,862,315</u>	<u>\$ 10,157,401</u>	<u>\$ 13,109,383</u>	<u>\$ 12,647,057</u>	<u>\$ 22,971,698</u>	<u>\$ 22,804,458</u>
Other liabilities	\$ 1,909,059	\$ 1,463,213	\$ 509,181	\$ 508,643	\$ 2,418,240	\$ 1,971,856
Notes and bonds payable	<u>500,723</u>	<u>862,427</u>	<u>7,435,779</u>	<u>7,166,031</u>	<u>7,936,502</u>	<u>8,027,458</u>
Total Liabilities	<u>\$ 2,409,782</u>	<u>\$ 2,324,640</u>	<u>\$ 7,944,960</u>	<u>\$ 7,674,674</u>	<u>\$ 10,354,742</u>	<u>\$ 9,999,314</u>
Net Assets						
Invested in capital assets, net of related debt	\$ 6,781,249	\$ 6,204,686	\$ 3,669,580	\$ 3,553,407	\$ 10,450,829	\$ 9,758,093
Unrestricted	<u>671,284</u>	<u>1,628,075</u>	<u>1,494,843</u>	<u>1,418,976</u>	<u>2,166,127</u>	<u>3,047,051</u>
Total Net Assets	<u>\$ 7,452,533</u>	<u>\$ 7,832,761</u>	<u>\$ 5,164,423</u>	<u>\$ 4,972,383</u>	<u>\$ 12,616,956</u>	<u>\$ 12,805,144</u>

City of Newport, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

Governmental activities - Governmental activities increased the City of Newport's net assets by \$188,728 during the current fiscal year. Investment in capital assets, net of related debt, decreased as a result of principal payments on long-term bonds, notes and leases during the year that did not exceed current year borrowings, while current year net additions to capital assets were less than depreciation expenses by \$177,973.

**City of Newport, Vermont's Changes in Net Assets
June 30, 2012**

	<u>Governmental Activities</u>		<u>Business –Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>
Revenues						
Program Revenues:						
Charges for services	\$ 747,879	\$ 698,075	\$ 2,045,734	\$ 2,044,138	\$ 2,793,613	\$ 2,742,213
Operating Grants	641,474	358,888	-	-	641,474	358,888
General Revenues:						
Tiff income	-	-	24,613	23,608	24,613	23,608
Property taxes	7,409,114	7,464,743	-	-	7,409,114	7,464,743
Investment earnings	36,220	25,840	13,272	17,575	49,492	43,415
Other revenues	35,544	48,549	3,280	1,967	38,824	50,516
Miscellaneous	-	-	5,225	1,251	5,225	1,251
Total Revenues	8,870,231	8,596,095	2,092,124	2,088,539	10,962,355	10,684,634
Expenses						
Governmental activities						
General	1,073,440	971,603	-	-	1,073,440	971,603
Public Safety	1,485,938	1,326,152	-	-	1,485,938	1,326,152
Public Works	1,062,194	1,288,275	-	-	1,062,194	1,288,275
Library	99,000	99,000	-	-	99,000	99,000
Interest on long-term debt	44,923	39,500	-	-	43,923	39,500
Education, recreation, health and welfare	4,548,823	4,682,837	-	-	4,548,823	4,682,837
Business-type activities						
Water	-	-	731,670	819,740	731,670	819,740
Sewer	-	-	1,373,559	1,460,839	1,373,559	1,460,839
Total Expenses	8,313,318	8,407,367	2,105,229	2,280,579	10,418,547	10,687,946
Change in net assets	556,913	188,728	(13,105)	(192,040)	543,808	(3,312)
Net assets, beginning	6,895,620	7,452,533	5,177,528	5,164,423	12,073,148	12,616,956
Prior period adjustment	-	191,500	-	-	-	191,500
Net Assets, Restated	6,895,620	7,644,033	5,177,528	5,164,423	12,073,148	12,808,456
Net assets, end of year	\$ 7,452,533	\$ 7,832,761	\$ 5,164,423	\$ 4,972,383	\$ 12,616,956	\$ 12,805,144

Business-type activities - Business-type activities decreased the City of Newport's net assets by \$192,040 during the current fiscal year. The water fund loss was \$42,038 and the sewer fund loss was \$150,002. Key elements of this change are as follows:

- Water charges and rents increased revenue by \$5,383 from the previous year while operating expenses increased by \$88,070. The Water Fund has a receivable from the General Fund of \$277,069, which is a decrease of \$35,368 from the prior year receivable.

City of Newport, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

- Sewer charges and rents decreased revenue by \$19,270 and discharge fees increased by \$7,630 from the previous year while operating expenses increased by \$87,280. Interest expense decreased by \$8,817 from the prior year. The Sewer Fund has a receivable from the General Fund of \$348,683, which is a decrease of \$47,067 from the prior year's payable of \$395,750.
- Depreciation expense for sewer fund is \$494,085 and \$209,626 for the water fund.

Financial Analysis of the Government's Funds

The City of Newport uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds - The focus of the City of Newport's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Newport'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 current fiscal year, the City of Newport's governmental funds reported combined ending fund balances of \$1,380,786, an increase of \$724,457 in comparison to the prior year. Approximately 96.2% of the total fund balance (\$1,328,732) constitutes general fund equity, which is available for spending at the government's discretion. The City of Newport has available \$427,278 of this unreserved fund balance for various purposes, including capital reserve funds and expenditures in subsequent periods. While \$294,489 of the fund balance is assigned for a special purpose, the remainder of the unreserved fund balance (\$606,965) is designated for specific budget items.

The general fund is the chief operating fund of the City of Newport. As a measure of the general fund's liquidity, it may be useful to compare both unreserved, undesignated fund- balance and total fund balance to total general fund expenditures. Unassigned fund balance (\$427,278) represents 5.1 percent of general fund expenditures (\$8,407,367), while total fund balance represents 16.4 percent of that same amount.

During the year ending June 30, 2012 the Fund Balance of the City of Newport's general fund increased by \$724,457 (from \$656,329 to \$1,380,786). Key factors in this change are as follows:

- Balance of \$323,746 left to spend of \$500,000 borrowed for Long Bridge construction.
- Route 5 reconstruction loan not executed when expected so loan payment of \$107,933 not incurred.
- Delay in Long Bridge construction resulted in loan payment of \$49,586 not being expended.
- Street resurfacing and reconstruction expenditures were \$92,240 less than budgeted.
- Public Works vehicle expense was \$44,730 less than budgeted.
- Payment in lieu of taxes was \$31,405 more than expected.

Special revenue funds consist primarily of the Recreation Fund (\$52,028) and the Mooring Management Fund (\$26). The Recreation Fund is used to ensure that monies donated to the Recreation and Parks Department is solely used to benefit Recreation and Parks. The Mooring Management Fund is used so that the City receives no net income from the Mooring Management of Public Waters. Also, the Mooring Management Fund will insure no net expense over time to City taxpayers. Currently, City of Newport general fund owes this fund \$26..

Capital Asset and Debt Administration

Capital Assets - The City of Newport's net investment in capital assets for its governmental activities decreased by \$177,973 to a total of \$7,192,096. It is to be noted that we used the exemption allowed under GASB 34 to not include road and bridge investments prior to 1 July 2003. Also, 1.5" asphalt overlays of existing streets are not capitalized. For our business-type activities as of June 30, 2012 our net capital investment decreased by \$382,294 to \$11,193,102 (sewer \$7,513,427, water \$3,679,675).

City of Newport, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

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

- Floating Dock at a cost of \$74,680.
- Cat CB24 Compactor at a cost of \$33,500
- License plate reader (MPH 900 MS2 camera) at a cost of \$23,725.

Summarized listings of capital assets can be found in Note 8 of the financial statements.

Long-term debt - At the end of the current year, the City of Newport had total long-term debt outstanding of \$8,627,106. Of this amount, \$6,730,739 represents low to no-interest loans issued by the State of Vermont, \$12,410 represents capital lease obligations, \$15,791 represents loans with local banks and the remaining \$1,868,166 represents bonded debt backed by the full faith and credit of the City of Newport.

The City of Newport's total debt increased by \$132,470 during the year.

Bonds are issued through the Vermont Municipal Bond Bank. The City issues no bonded debt on its own behalf and does not maintain its own credit rating.

Summarized listings of debt can be found in Note 7 of the financial statements.

Requests for Information

The financial report is designed to provide a general overview of the City of Newport, Vermont's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of City Manager, 222 Main St., Newport, VT 05855.

City of Newport, Vermont
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET ASSETS
June 30, 2012

ASSETS

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash	\$ 2,289,087	\$ 672,670	\$ 2,961,757
Taxes receivable	262,065	-	262,065
Accounts receivable	-	155,533	155,533
Other receivables	217,627	-	217,627
Due from other funds	0	625,752	625,752
Prepaid expenses	5,026	-	5,026
Notes receivable	191,500	-	191,500
Capital assets, net	<u>7,192,096</u>	<u>11,193,102</u>	<u>18,385,198</u>
TOTAL ASSETS	<u>\$ 10,157,401</u>	<u>\$ 12,647,057</u>	<u>\$ 22,804,458</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES			
Current portion notes and bonds payable	\$ 125,983	\$ 473,664	\$ 599,647
Accounts payable	254,245	-	254,245
Accrued wages	38,480	10,525	49,005
Accrued liabilities	2,081	6,479	8,560
Accrued vacation/sick/comptime	217,977	17,975	235,952
Deferred revenue	183,325	-	183,325
Due to other funds	636,443	-	636,443
Tax deposits	<u>4,679</u>	<u>-</u>	<u>4,679</u>
TOTAL CURRENT LIABILITIES	1,463,213	508,643	1,971,856
NOTES AND BONDS PAYABLE	<u>861,427</u>	<u>7,166,031</u>	<u>8,027,458</u>
TOTAL LIABILITIES	<u>2,324,640</u>	<u>7,674,674</u>	<u>9,999,314</u>
NET ASSETS			
Invested in capital assets, net of related debt	6,204,686	3,553,407	9,758,093
Unrestricted	<u>1,628,075</u>	<u>1,418,976</u>	<u>3,047,051</u>
NET ASSETS	<u>7,832,761</u>	<u>4,972,383</u>	<u>12,805,144</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,157,401</u>	<u>\$ 12,647,057</u>	<u>\$ 22,804,458</u>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2012

	Program Revenues			Net (Expense) Revenue & Changes in Net Assets		Total	
	Expenses	Charges for Services	Operating Grants & Revenues	Capital Grants and Revenues	Governmental Activities		Business-Type Activities
Functions/Programs							
Governmental activities:							
Current:							
General government	\$ 971,603	\$ 161,420	\$ 24,815	\$ -	\$ (785,368)	\$ -	\$ (785,368)
Public safety	1,326,152	187,293	138,784	-	(1,000,075)	-	(1,000,075)
Public works	1,288,275	6,856	134,112	-	(1,147,307)	-	(1,147,307)
Recreation, health, education and welfare	4,682,837	342,506	61,177	-	(4,279,154)	-	(4,279,154)
Library	99,000	-	-	-	(99,000)	-	(99,000)
Interest on long-term debt	39,500	-	-	-	(39,500)	-	(39,500)
Total governmental activities	8,407,367	698,075	358,888	-	(7,350,404)	-	(7,350,404)
Business-type activities:							
Water	819,740	745,818	31,884	-	-	(42,038)	(42,038)
Sewer	1,460,839	1,298,320	11,266	-	-	(151,253)	(151,253)
Total business-type activities	2,280,579	2,044,138	43,150	-	-	(193,291)	(193,291)
General Revenues:							
Property taxes, levied for general purposes					7,464,743	-	7,464,743
Unrestricted investment earnings					25,840	-	25,840
Miscellaneous					48,549	1,251	49,800
Total general revenues and transfers					7,539,132	1,251	7,540,383
Change in Net Assets					188,728	(192,040)	(3,312)
Net assets, beginning					7,452,533	5,164,423	12,616,956
Prior Period Adjustment					191,500	-	191,500
Net Assets, As Restated					7,644,033	5,164,423	12,808,456
Net assets, ending					\$ 7,832,761	\$ 4,972,383	\$ 12,805,144

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2012

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash	\$ 2,236,330	\$ 52,757	\$ 2,289,087
Delinquent tax receivables net of reserves of \$179,981	82,084	-	82,084
Other receivables	217,627	-	217,627
Prepaid expenses	<u>5,026</u>	<u>-</u>	<u>5,026</u>
TOTAL ASSETS	<u>\$ 2,541,067</u>	<u>\$ 52,757</u>	<u>\$ 2,593,824</u>
 <u>LIABILITIES</u>			
Due to other funds	\$ 597,743	\$ 698	\$ 598,441
Customer deposits	4,679	-	4,679
Accounts payable	254,245	-	254,245
Accrued wages	38,480	-	38,480
Accrued vacation/sick/comp	131,787	-	131,787
Other accruals	2,076	5	2,081
Deferred Revenue	<u>183,325</u>	<u>-</u>	<u>183,325</u>
TOTAL LIABILITIES	<u>1,212,335</u>	<u>703</u>	<u>1,213,038</u>
 <u>FUND BALANCE</u>			
Committed	606,965	52,028	658,993
Assigned	294,489	-	294,489
Unassigned	<u>427,278</u>	<u>26</u>	<u>427,304</u>
TOTAL FUND EQUITY	<u>1,328,732</u>	<u>52,054</u>	<u>1,380,786</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 2,541,067</u>	 <u>\$ 52,757</u>	 <u>\$ 2,593,824</u>

See Accompanying Notes to Basic Financial Statements.

Total fund balances - governmental funds **\$ 1,380,786**

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

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

Capital Assets - governmental fund expenditures	7,192,096
Capital Assets - From Trust Funds	(38,002)

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Community Development Notes Receivable	191,500
Allowance for delinquent tax reserve	179,981

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds:

Accrued vacation/sick/comptime payable	(86,190)
Notes and bonds payable	<u>(987,410)</u>

Total net assets - governmental activities **\$ 7,832,761**

City of Newport, Vermont
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes and Special Assessments	\$ 7,418,953	\$ -	\$ 7,418,953
General Government	245,155	-	245,155
Public Safety	328,114	-	328,114
Public Works	176,387	-	176,387
Recreation and Culture	339,710	58,664	398,374
Investment Income	6,957	19	6,976
TOTAL REVENUES	8,515,276	58,683	8,573,959
EXPENDITURES			
General	416,171	-	416,171
Public Safety	1,150,386	-	1,150,386
Public Works	838,050	-	838,050
Culture and Recreation	398,124	49,199	447,323
Other Expenses & Appropriations	385,698	-	385,698
Personnel Expenses	517,055	-	517,055
Capital Improvements	550,086	-	550,086
Debt Service and Sinking Funds	94,129	-	94,129
School Appropriations	3,950,604	-	3,950,604
TOTAL EXPENDITURES	8,300,303	49,199	8,349,502
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	214,973	9,484	224,457
OTHER FINANCING SOURCES (USES):			
Proceeds from long term debt	500,000	-	500,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	714,973	9,484	724,457
FUND BALANCES AT BEGINNING OF YEAR	613,759	42,570	656,329
FUND BALANCES AT END OF YEAR	\$ 1,328,732	\$ 52,054	\$ 1,380,786

See Accompanying Notes to Basic Financial Statements

Net change in fund balances - governmental funds \$ 724,457

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Depreciation	(559,072)
Capital assets purchased	381,099

The proceeds from the issuance of long-term debt is a revenue source in the governmental funds, while the issuance increase long-term debt in the Statement of Net Assets. (500,000)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 101,410

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Increase (decrease) in allowance for delinquent tax reserve	22,136
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Expenses in the statement of activities that do not require the use of current financial resources and are not reported as expenditures in the funds:

Vacation/Sick/Comptime earned	<u>18,698</u>
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Change in net assets of governmental activities \$ 188,728

City of Newport, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
 June 30, 2012

ASSETS

	<u>Business Type Activities - Enterprise Funds</u>		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
CURRENT ASSETS			
Cash	\$ 415,751	\$ 256,919	\$ 672,670
Due from Other Funds	348,683	277,069	625,752
Fees Receivable	75,192	80,341	155,533
TOTAL CURRENT ASSETS	<u>839,626</u>	<u>614,329</u>	<u>1,453,955</u>
CAPITAL ASSETS			
Land	2,169	22,500	24,669
Well	-	629,354	629,354
Buildings	266,800	-	266,800
Improvements other than buildings	12,875,333	4,346,627	17,221,960
Machinery and equipment	566,772	226,068	792,840
Construction in Progress	30,126	-	30,126
Interlocal Waterline Project	-	773,757	773,757
Storm Water Separation	1,019,610	-	1,019,610
	<u>14,760,810</u>	<u>5,998,306</u>	<u>20,759,116</u>
Less: Accumulated Depreciation	<u>(7,247,383)</u>	<u>(2,318,631)</u>	<u>(9,566,014)</u>
CAPITAL ASSETS, net	<u>7,513,427</u>	<u>3,679,675</u>	<u>11,193,102</u>
TOTAL ASSETS	<u>\$ 8,353,053</u>	<u>\$ 4,294,004</u>	<u>\$ 12,647,057</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES			
Accrued wages	\$ 8,893	\$ 1,632	\$ 10,525
Current portion of bonds and notes payable	309,564	164,100	473,664
Accrued vacation/sick/comp.	17,975	-	17,975
Accrued interest	2,669	3,810	6,479
TOTAL CURRENT LIABILITIES	<u>339,101</u>	<u>169,542</u>	<u>508,643</u>
BONDS AND NOTES PAYABLE, net of current portion	<u>4,242,483</u>	<u>2,923,548</u>	<u>7,166,031</u>
TOTAL LIABILITES	<u>4,581,584</u>	<u>3,093,090</u>	<u>7,674,674</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,961,380	592,027	3,553,407
Unrestricted	810,089	608,887	1,418,976
TOTAL NET ASSETS	<u>3,771,469</u>	<u>1,200,914</u>	<u>4,972,383</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,353,053</u>	<u>\$ 4,294,004</u>	<u>\$ 12,647,057</u>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - PROPRIETARY FUNDS
For the Year Ended June 30, 2012

	<u>Business Type Activities - Enterprise Funds</u>		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges and rent	\$ 960,641	\$ 745,818	\$ 1,706,459
Derby share	47,914	-	47,914
Discharge fees	170,395	-	170,395
Leachate fees	119,370	-	119,370
Interest income	9,299	8,276	17,575
Reimburse CSO Project	1,967	-	1,967
TIF income	-	23,608	23,608
Other income	1,251	-	1,251
	<u>1,310,837</u>	<u>777,702</u>	<u>2,088,539</u>
TOTAL OPERATING REVENUES			
OPERATING EXPENSES			
Sewer System	205,711	-	205,711
Sewer Plant	501,185	-	501,185
Water Treatment and pumping	-	231,316	231,316
Water transmitting and distribution	-	118,297	118,297
Administration	57,909	39,850	97,759
Depreciation	494,085	209,626	703,711
Interest expense	106,476	104,473	210,949
Personnel and other expenses	92,982	46,545	139,527
Maintenance Expenses	2,491	69,633	72,124
	<u>1,460,839</u>	<u>819,740</u>	<u>2,280,579</u>
TOTAL OPERATING EXPENSES			
CHANGE IN NET ASSETS	(150,002)	(42,038)	(192,040)
NET ASSETS AT BEGINNING OF YEAR	<u>3,921,471</u>	<u>1,242,952</u>	<u>5,164,423</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,771,469</u>	<u>\$ 1,200,914</u>	<u>\$ 4,972,383</u>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
FUND FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2012

	Business-Type Activities		
	Sewer Fund	Water Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,222,218	\$ 794,805	\$ 2,017,023
Payments to suppliers	(767,581)	(462,421)	(1,230,002)
Payments for employees and benefits	(92,755)	(47,327)	(140,082)
Other receipts (payments)	25,411	(96,197)	(70,786)
	<u>387,293</u>	<u>188,860</u>	<u>576,153</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers (to) from other funds	47,067	35,658	82,725
	<u>47,067</u>	<u>35,658</u>	<u>82,725</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of property, plant and equipment	(309,714)	(11,703)	(321,417)
Principal payments on debt	(98,880)	(167,241)	(266,121)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(408,594)</u>	<u>(178,944)</u>	<u>(587,538)</u>
NET INCREASE IN CASH	25,766	45,574	71,340
CASH - BEGINNING OF YEAR	<u>389,985</u>	<u>211,345</u>	<u>601,330</u>
CASH - END OF YEAR	<u>\$ 415,751</u>	<u>\$ 256,919</u>	<u>\$ 672,670</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (150,002)	\$ (42,038)	\$ (192,040)
Depreciation	494,085	209,626	703,711
Change in net assets and liabilities:			
Receivables, net	43,268	25,379	68,647
Accounts payable	(285)	(3,325)	(3,610)
Accrued wages	2,131	(782)	1,349
Accrued vacation	(1,904)	-	(1,904)
	<u>(1,904)</u>	<u>-</u>	<u>(1,904)</u>
Net cash provided by operating activities	<u>\$ 387,293</u>	<u>\$ 188,860</u>	<u>\$ 576,153</u>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
FUND FINANCIAL STATEMENTS
STATEMENT OF NET ASSETS - FIDUCIARY FUNDS
June 30, 2012

	<u>ASSETS</u>		
	Expendable Trust Funds	Non- Expendable Trust Funds	Total
	<u> </u>	<u> </u>	<u> </u>
CASH			
Checking	\$ 26,021	\$ 30,509	\$ 56,530
Savings and money markets	<u>58,411</u>	<u>-</u>	<u>58,411</u>
 TOTAL CASH	 <u>84,432</u>	 <u>30,509</u>	 <u>114,941</u>
 INVESTMENTS			
Trust Account	<u>187,207</u>	<u>103,073</u>	<u>290,280</u>
 TOTAL ASSETS	 <u>\$ 271,639</u>	 <u>\$ 133,582</u>	 <u>\$ 405,221</u>

LIABILITIES AND NET ASSETS

LIABILITIES			
Duc to Other Funds	<u>\$ 26,318</u>	<u>\$ 994</u>	<u>\$ 27,312</u>
 NET ASSETS			
Reserved for Trust Funds	-	62,000	62,000
Unreserved	<u>245,321</u>	<u>70,588</u>	<u>315,909</u>
 TOTAL NET ASSETS	 <u>245,321</u>	 <u>132,588</u>	 <u>377,909</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 271,639</u>	 <u>\$ 133,582</u>	 <u>\$ 405,221</u>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS - FIDUCIARY FUNDS
For the Year Ended June 30, 2012

	<u>Expendable Trust Funds</u>	<u>Non- Expendable Trust Funds</u>
REVENUES		
Loan Repayment	\$ 3,249	\$ -
Interest Income	94	-
Dividend Income	5,028	2,799
Net gain (loss) on investments	18,087	9,864
Other income	<u>300</u>	<u>195</u>
 TOTAL REVENUES	 <u>26,758</u>	 <u>12,858</u>
 EXPENDITURES		
Admin. Fees	1,884	985
Contracted Services	6,325	-
Police Expenditures	1,634	-
Beneficiaries	-	6,695
Other	<u>247</u>	<u>124</u>
 TOTAL EXPENSES	 <u>10,090</u>	 <u>7,804</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 16,668	 5,054
 FUND BALANCE AT BEGINNING OF YEAR	 <u>228,653</u>	 <u>127,534</u>
 FUND BALANCE AT END OF YEAR	 <u>\$ 245,321</u>	 <u>\$ 132,588</u>

See Accompanying Notes to Basic Financial Statements.

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

The City of Newport, Vermont, (herein the "City") operates under a Mayor, Board of Aldermen and City Manager form of government and provides the following services, as authorized by its charter: general, public safety (police, fire and rescue), public works, recreation and culture, health and welfare, water and sewer services.

The City, for financial statement purposes, includes all of the funds and account groups relevant to the operations of the City of Newport. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the City of Newport.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

All operations of the City are controlled by the Mayor and a four member Board of Aldermen, elected in City-wide elections, and responsible for all of the City's activities. The financial statements include all of the City's operations controlled by the Mayor and Board of Aldermen. Based on criteria for determining the reporting entity (separate legal entity and fiscal or financial dependency on other governments), the City is considered to be an independent reporting entity and has no component units.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expense of a given program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns 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 and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues 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, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 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, early retirement, arbitrage rebates, and post employment healthcare benefits, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash.

The City reports the following major governmental funds:

- * The general fund is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

Private-sector standards of accounting, and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Amounts reported as program revenues include 1) charges to individuals and business for fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

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.

Budgetary Data

Budgets are presented on the modified accrual basis of accounting for all governmental funds. Budgets are not adopted on a City level for the financial funds or the special revenue fund. All annual appropriations lapse at fiscal year end with the exception of those indicated as a fund balance reserve. The following procedures are used in establishing the budgetary data reflected in the financial statements.

- * During January of each year, the City manager submits to the Board a proposed operating budget for the next fiscal year commencing July 1st. This budget includes proposed expenditures and the means of financing them. Included also is a final budget for the current year ending June 30th.
- * Copies of the proposed budget are made available for public inspection and review by the City's patrons of the City. During February of each year a public hearing is held prior to City Meeting day to discuss the budget.
- * The budget is voted on by taxpayers at March's City Meeting.

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- * Once adopted, the budget can be amended by subsequent Board action. The Board upon recommendation of the City Manager can approve reductions in appropriations, but increases in appropriations by fund require a public hearing prior to amending the budget. In accordance with Vermont State law, interim adjustments may be made by administrative transfer of money from one appropriation to another within any given fund.
- * Expenditures may not legally exceed budgeted appropriations at the fund level.

Encumbrance accounting is employed in the governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., current portion of inter-fund loans) or "advances from/to other funds" (i.e., the non-current portion of inter-fund loans).

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Capital Assets

General capital assets should be capitalized and recorded when all of the following criteria are met:

- (1) The asset is tangible and complete.
- (2) The asset is used in the operation of the City's activities.
- (3) The asset has a value and useful life at the date of acquisition that meets or exceeds the following:
 - * \$1,000 value and two years of life for software, office equipment, maintenance equipment, and other equipment.
 - * \$2,000 value and two years of life for vehicles.
 - * \$5,000 value and two years of life for all capital improvements.

 - * \$10,000 and three years of life for infrastructure and infrastructure improvements
 - * All buildings and land as well as computer equipment must be reported regardless of value and useful life at date of acquisition

Pursuant to GASB Statement Number 34, the City of Newport is not required to retroactively report major general infrastructure assets. Effective July 1, 2004 the City recorded and depreciated infrastructure assets (e.g., roads, bridges, sidewalks and similar items).

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All general capital assets must be recorded at either historical cost or estimated historical cost. Assets acquired through donation will be recorded at their estimated fair market value on the date of donation. In addition to purchase price or construction cost, costs of capitalization may include incidental costs, such as bond interest and issuance cost, insurance during transit, freight, duties, title search, title registration, installation, and breaking-in costs.

The straight line depreciation method will be used over the estimated useful life of each asset.

Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets.

Property Taxes

Property taxes are due and payable on or before November 15 and May 15 and become delinquent on May 16. The City prepares the bills and collects all taxes.

Government-Wide and Proprietary Fund Net Assets

Government-wide and Proprietary Fund Net Assets are divided into three components:

Invested in capital assets, net of related debt – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

Restricted net assets – consist of net assets that are restricted by the Town’s creditors, by enabling legislation, by grantors (both federal and state), and/or by contributors.

Unrestricted – all other net assets reported in this category.

Governmental Fund Balances

Effective July 1, 2010, the Town adopted the provisions of GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.

In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Amounts that can be spent only for specific purposes because of laws, regulations, or externally imposed conditions by grantors or creditors.

Committed – Amounts that can be used only for specific purposes determined by a formal action by the Selectboard.

Assigned – Amounts that are designated by management for a particular purpose.

Unassigned – All amounts not included in other classifications.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Allowance for Uncollectible Accounts

The City provides an allowance for uncollectible accounts for the estimated losses that will be incurred in the collection of all receivables. The estimated losses are based on the judgment of management and a review of the current status of existing receivables.

Operating Transfers

Operating transfers are legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended.

NOTE 2 CASH

The cash received by the City is placed in the custody of the City Treasurer who is elected. The cash deposits in the City accounts at June 30, 2012 consisted of the following:

	Bank Balance
Insured - FDIC	\$ 806,699
Uninsured, Collateralized by U.S. Government Securities, Federal Agency Issued Mortgage Backed Securities and/or General Obligation Vermont Municipal Note and Bonds Held by the Bank's Trust Department with a Security Interest granted to the City.	2,044,242
Uninsured, Uncollateralized	338,173
 TOTAL	 \$ 3,189,114

The City's book balances at June 30, 2012 were 43,076,698. The difference between the book balance and the bank balance is due to reconciling items such as deposits in transit and outstanding checks.

NOTE 3 RECEIVABLES

Receivables on the fund financial statements at June 30, 2012 consist of the following:

	General Fund	Proprietary Funds	Total
Delinquent Taxes, net of \$179,981 reserves	\$ 56,322	\$ -	\$ 56,322
Penalty and Interest	25,762	-	25,762
Other Receivable	217,627	-	217,627
Notes Receivable	-	12,983	12,983
Water Rents - Billed	-	67,357	67,357
Sewer Rents - Billed	-	74,587	74,587
Sewer Derby Share	-	45	45
Sewer Contracted Works	-	561	561
 TOTAL NET RECEIVABLES	 \$ 299,711	 \$ 155,533	 \$ 455,244

City of Newport, Vermont
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012

NOTE 4 DEFERRED REVENUE

Deferred revenue in the General Fund consists of the following at June 30, 2012:

Project D.A.R.E.	\$	3,374
Act 60 Reappraisal		130,376
Bike Path Grant		<u>49,575</u>
	\$	<u>183,325</u>

NOTE 5 ACCRUED VACATION/SICK/COMPTIME

It is the policy of the City of Newport to permit employees to accumulate earned but unused vacation and comp-time with no limits. Employees are allowed to accumulate sick time as follows:

Employees covered under the Police Union Contract can accumulate 960 hours, but are only vested for 240 hours.

Employees covered under the Public Works Union Contract can accumulate up to 60 days or 480 hours, but are 100% vested for the first 15 days and are 50% vested for the remainder.

Employees with sick bank balances prior to the institution of the sick pay limitations above are vested in these banked amounts:

	<u>General</u>	<u>Water/Sewer</u>
Vacation	\$ 84,024	\$ 5,706
Comptime	23,489	15
Sick - Short-Term	<u>24,274</u>	<u>822</u>
	131,787	6,543
Sick - Long-Term	50,044	-
Sick - Bank	<u>36,146</u>	<u>11,432</u>
	<u>\$ 217,977</u>	<u>\$ 17,975</u>

NOTE 6 SHORT TERM DEBT

Short term debt consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Municipal Line of Credit	\$ -	\$ -	\$ -	\$ -
Construction Line of credit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Newport, Vermont
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012

NOTE 6 SHORT TERM DEBT (continued)

The City had line of credit with Passumpsic Savings Bank with an available balance of \$1,000,000 at a rate of 1.79% dated July 1, 2011 and due June, 30 2013. They also had a \$500,000 Construction Line of Credit with Passumpsic dated September 1, 2011 and due September 1, 2012. There were no draws on either of these lines of credit during the fiscal year.

NOTE 7 NOTES AND BONDS PAYABLE

The following is a summary of changes in notes and bonds payable for the year ended June 30, 2012:

<u>BUSINESS-TYPE FUNDS</u>	<u>Beginning Balance June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2012</u>
<u>Sewer Fund:</u>				
Sewer System Improvement bonds issued 12/15/84; principal and interest at 5.0% due in semi-annual installments of \$15,605, payable to GMAC Commercial Mortgage Corp. maturing 12/15/13.	\$ 70,721	\$ -	\$ 28,195	\$ 42,526
Lease payable to Komatsu Financial at 4.00% interest, annual installments of \$17,799, including interest. Matures April 2012.	5,681	-	5,681	0
Sewer Overflow Project Bonds issued 7/29/92; interest at 6.21% due in annual installments of \$10,000 plus interest through 12/1/99, then \$20,000 plus interest payable to Vermont Municipal Bond Bank, maturing 12/1/12. Interest to be reimbursed by Northeast Job Zone yearly.	40,000	-	20,000	20,000
Wastewater Project note issued through State of Vermont Revolving Loan Fund at 0% interest with principal payments of \$16,600 at 12/1/95 and the remaining balance equally (\$13,646 per year) over the next 19 years. Matures 12/1/13.	54,586	-	13,646	40,940
Note payable to State of Vermont Revolving Loan Fund RFI-079 at 2% interest with annual installments of \$15,779 including interest for a 20 year term.	166,574	-	12,420	154,154

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 7 NOTES AND BONDS PAYABLE (continued)

	<u>Beginning Balance June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2012</u>
<u>Sewer Fund: (cont'd)</u>				
Note payable to State of Vermont Revolving Loan Fund RFI-029 at 0% interest with a 2% admin. fee. Annual principal and interest installments of \$26,024 are due through 1/24/24.	275,207	-	20,519	254,688
Note payable to State of Vermont Revolving Loan Fund RFI-098, 0% interest with 4 annual principal payments of \$4,120 and a final payment of \$1,318	17,798	-	-	17,798
Note payable to State of Vermont Revolving Loan Fund RFI-075 at 0% interest with a 2% admin. fee with annual principal and admin. fee payments of \$243,832 beginning 9/1/10.	3,590,361	-	167,677	3,422,684
Note payable to State of Vermont Revolving Loan Fund RFI-150, \$282,000 available, 20 year loan with a 2% admin fee... the loan has not been fully disbursed at June 30, 2012	-	199,258	-	199,258
Vermont Municipal Bond Bank issued 7/26/01, sewer portion equals \$700,000 with annual installments of \$30,000 plus interest at 4.825%, due 12/1/26.	<u>430,000</u>	<u>-</u>	<u>30,000</u>	<u>400,000</u>
TOTAL SEWER FUND	<u>4,650,928</u>	<u>199,258</u>	<u>298,138</u>	<u>4,552,048</u>
<u>Water Fund:</u>				
Water System Bond issued 5/2/84; principal and interest at 5.0% due in semi-annual installments of \$20,925 payable to GMAC Commercial Mortgage Corp., maturing 5/2/24.	395,163	-	24,523	370,640

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 7 NOTES AND BONDS PAYABLE (continued)

	<u>Beginning Balance June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2012</u>
Water Fund: (cont'd)				
Community National Bank issued 3/1/06, interest at 4.36% due in annual principal installments of \$8,410 plus interest through 3/1/14.	23,188	-	7,397	15,791
State of Vermont Revolving Loan Fund RF3-129 \$2,727,172 available at 1% interest and a 2% admin. fee, due in annual installments of \$165,850 starting 9/1/10.	2,311,935	-	86,040	2,225,895
Lease payable to Komatsu Financial at 4.00% interest, annual installments of \$17,799, including interest. Matures April 2012.	5,680	-	5,680	-
State of Vermont Revolving Loan Fund RF3-095 \$547,000 available, \$174,361 drawn at 1% interest due in annual installments of \$36,769 starting 6/1/07.	438,922	-	23,600	415,322
Vermont Municipal Bond Bank issued 7/22/99; principal and interest at 4.82% due in annual installments of \$20,000 through 12/1/14.	<u>80,000</u>	<u>-</u>	<u>20,000</u>	<u>60,000</u>
TOTAL WATER FUND	<u>3,254,888</u>	<u>-</u>	<u>167,240</u>	<u>3,087,648</u>
TOTAL BUSINESS-TYPE FUNDS	<u>\$ 7,905,816</u>	<u>\$ 199,258</u>	<u>\$ 465,378</u>	<u>\$ 7,639,696</u>

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 7 NOTES AND BONDS PAYABLE (continued)

Anticipated maturities are as follows for the Business-Type Funds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 473,664	\$ 208,596	\$ 682,260
2014	452,270	186,703	638,973
2015	440,071	174,496	614,567
2016	415,704	163,237	578,941
2017	422,442	152,214	574,656
Thereafter	<u>5,435,545</u>	<u>921,256</u>	<u>6,356,801</u>
TOTAL	<u>\$ 7,639,696</u>	<u>\$ 1,806,502</u>	<u>\$ 9,446,198</u>
	<u>Beginning</u>		<u>Ending</u>
	<u>Balance</u>		<u>Balance</u>
	<u>June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>
			<u>June 30, 2012</u>
<u>Governmental Activities:</u>			
Vermont Municipal Bond Bank issued 7/26/01, principal and interest at 4.40% due in annual payments of \$30,000.	\$ 170,000	\$ -	\$ 30,000
Vermont Municipal Bond Bank issued 7/1/10, principal and interest at 2.22% due in annual payments of \$40,000.	375,000	-	40,000
Lease payable to Ford Motor Credit for a vehicle, principal and 7.10% interest payments of \$8,294 due annually. Matures July 2012.	14,972	-	14,972
Lease payable to Ford Motor Credit for a vehicle, principal and 7.40% interest payments of \$6,902 due annually. Matures July 2014.	23,168	-	10,758
Lease payable to Komatsu Financial at 4.00% interest, annual installments of \$17,799, including interest. Matures April 2012.	5,680	-	5,680

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 7 NOTES AND BONDS PAYABLE (continued)

	Beginning Balance June 30, 2011	Additions	Deletions	Ending Balance June 30, 2012
Governmental Activities (cont'd):				
Vermont Municipal Bond Bank issued July 14, 2011				
Original Amount - \$500,000 with net interest				
of 2.6406768% paid in semi annual pymts				
Principal pymts of \$50,000 paid annually each				
December 1st. Matures November 2021.				
	-	500,000	-	500,000
TOTAL GOVERNMENTAL ACTIVITIES	\$ 588,820	\$ 500,000	\$ 101,410	\$ 987,410

Anticipated maturities are as follows for the Governmental Funds:

	Principal	Interest	Total
2013	\$ 125,983	\$ 24,361	\$ 150,344
2014	126,427	21,573	148,000
2015	120,000	18,400	138,400
2016	120,000	15,363	135,363
2017	105,000	12,412	117,412
Thereafter	390,000	27,413	417,413
TOTAL	\$ 987,410	\$ 119,522	\$ 1,106,932

NOTE 8 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 415,112	\$ -	\$ -	\$ 415,112
Construction in progress	36,129	201,390	-	237,519
Total capital assets, not being depreciated	451,241	201,390	-	652,631

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 8 CAPITAL ASSETS (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated				
Land improvements	331,097	-	-	331,097
Buildings and improvements	3,332,435	-	-	3,332,435
Equipment	1,038,623	134,506	(600)	1,172,529
Vehicles	3,073,397	45,203	(128,832)	2,989,768
Infrastructure	<u>3,227,312</u>	<u>-</u>	<u>-</u>	<u>3,227,312</u>
Total capital assets, being depreciated	<u>11,002,864</u>	<u>179,709</u>	<u>(129,432)</u>	<u>11,053,141</u>
Accumulated depreciation for				
Land improvements	(280,752)	(4,975)	-	(285,727)
Buildings and improvements	(826,060)	(84,174)	-	(910,234)
Equipment	(692,658)	(80,005)	600	(772,063)
Vehicles	(1,771,331)	(187,507)	128,832	(1,830,006)
Infrastructure	<u>(513,235)</u>	<u>(202,411)</u>	<u>-</u>	<u>(715,646)</u>
Total accumulated depreciation	<u>(4,084,036)</u>	<u>(559,072)</u>	<u>129,432</u>	<u>(4,513,676)</u>
Total capital assets, being depreciated, net	<u>6,918,828</u>	<u>(379,363)</u>	<u>-</u>	<u>6,539,465</u>
Governmental activities, capital assets, net	<u>7,370,069</u>	<u>(177,973)</u>	<u>-</u>	<u>7,192,096</u>
<u>Business-type activities:</u>				
Water utility:				
Capital assets, not being depreciated				
Land	<u>22,500</u>	<u>-</u>	<u>-</u>	<u>22,500</u>
Total capital assets, not being depreciated	<u>22,500</u>	<u>-</u>	<u>-</u>	<u>22,500</u>
Capital assets, being depreciated				
Equipment and vehicles	214,365	11,703	-	226,068
Water system and improvements	4,346,627	-	-	4,346,627
Water lines	773,757	-	-	773,757
Wells	<u>629,354</u>	<u>-</u>	<u>-</u>	<u>629,354</u>
Total capital assets, being depreciated	<u>5,964,103</u>	<u>11,703</u>	<u>-</u>	<u>5,975,806</u>

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 8 CAPITAL ASSETS (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Accumulated depreciation for				
Equipment and vehicles	(105,512)	(20,817)	-	(126,329)
Water system and improvements	(1,602,708)	(145,950)	-	(1,748,658)
Water lines	(216,055)	(19,341)	-	(235,396)
Wells	(184,730)	(23,517)	-	(208,247)
	<u>(2,109,005)</u>	<u>(209,626)</u>	<u>-</u>	<u>(2,318,631)</u>
Total accumulated depreciation				
Total capital assets, being depreciated, net	<u>3,855,098</u>	<u>(197,923)</u>	<u>-</u>	<u>3,657,175</u>
Water utility, capital assets, net	<u>3,877,598</u>	<u>(197,923)</u>	<u>-</u>	<u>3,679,675</u>
Sewer utility:				
Capital assets, not being depreciated				
Land	2,169	-	-	2,169
Construction in progress	19,647	30,126	19,647	30,126
	<u>21,816</u>	<u>30,126</u>	<u>19,647</u>	<u>32,295</u>
Total capital assets, not being depreciated				
Capital assets, being depreciated				
Buildings	266,800	-	-	266,800
Equipment and vehicles	530,261	36,511	-	566,772
Sewer system and improvements	12,612,609	262,724	-	12,875,333
Storm water separation	1,019,610	-	-	1,019,610
	<u>14,429,280</u>	<u>299,235</u>	<u>-</u>	<u>14,728,515</u>
Total capital assets, being depreciated				
Accumulated depreciation for				
Buildings	(176,756)	(6,670)	-	(183,426)
Equipment and vehicles	(458,627)	(24,299)	-	(482,926)
Sewer system and improvements	(5,697,344)	(437,626)	-	(6,134,970)
Storm water separation	(420,571)	(25,490)	-	(446,061)
	<u>(6,753,298)</u>	<u>(494,085)</u>	<u>-</u>	<u>(7,247,383)</u>
Total accumulated depreciation				
Total capital assets, being depreciated, net	<u>7,675,982</u>	<u>(194,850)</u>	<u>-</u>	<u>7,481,132</u>
Sewer utility, capital assets, net	<u>7,697,798</u>	<u>(164,724)</u>	<u>19,647</u>	<u>7,513,427</u>
Business-type activities, capital assets, net	<u>\$ 11,575,396</u>	<u>\$ (362,647)</u>	<u>\$ 19,647</u>	<u>\$ 11,193,102</u>

City of Newport, Vermont
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012

NOTE 9 RESTRICTED/COMMITTED/ASSIGNED FUND BALANCES

Committed fund balances at June 30, 2012 are as follows:

General Fund:	
Committed for Budgeted FY 13 Deficit	\$ 125,691
Committed for Coventry Sinking Fund	86,578
Committed for Tennis Court Sinking Fund	14,675
Committed Unspent Bridge Bond Funds	323,746
Committed for Reappraisal	<u>56,275</u>
Total General Fund	606,965

Recreation Fund:	
Committed for use in the Recreation Fund	<u>52,028</u>

TOTAL COMMITTED FUND BALANCES	<u>\$ 658,993</u>
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Assigned fund balances at June 30, 2012 are as follows:

General Fund:	
Assigned for Public Works Vehicles	\$ 44,730
Assigned for Street Resurfacing	56,969
Assigned for Street Reconstruction	35,271
Assigned for Long Bridge Debt Principal	43,215
Assigned for Long Bridge Debt Interest	6,371
Assigned for RTE 5 Debt Principal	94,933
Assigned for RTE 5 Debt Interest	<u>13,000</u>

TOTAL ASSIGNED FUND BALANCES	<u>\$ 294,489</u>
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NOTE 10 INVESTMENTS

The trust accounts are carried at market Value. The balances at June 30, 2012 are as follows:

	<u>Cost</u>	<u>Market Value</u>
East Main Street Cemetery Fund		
Equities	\$ 35,893	\$ 63,372
Fixed Income	<u>105,242</u>	<u>123,835</u>
Total	<u>141,135</u>	<u>187,207</u>
Perley J. Niles Fund		
Equities	19,793	34,881
Fixed Income	<u>56,850</u>	<u>68,192</u>
Total	<u>76,643</u>	<u>103,073</u>
TOTAL	<u>\$ 217,778</u>	<u>\$ 290,280</u>

City of Newport, Vermont
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012

NOTE 11 DEFERRED COMPENSATION

All full-time permanent employees with the City are eligible to participate in a 457 deferred compensation plan administered by Copeland, a member of Citigroup. Employees may defer up to \$15,000 (\$22,000 if 50 or older) per year. The City does not contribute to this plan but does absorb the costs of administering the plan.

NOTE 12 PENSION PLAN

All employees with one year's service with the City participate in the City's defined contribution pension plan as part of the Vermont Municipal Retirement Plan. There currently exists three plans: Plan A, Plan B and Plan C. As of July 1, 2004 the contribution rate for the three plans are as follows:

	City	Employee
Plan A	4.0%	2.5%
Plan B	5.0%	4.5%
Plan C	6.5%	9.25%

All new hires after July 1, 1997 must participate in Plan C. The City funds all pension costs as they accrue. The pension expense for the year ended June 30, 2012 was \$116,868.

NOTE 13 PROPERTY TAXES

Property taxes are levied by August 15 and are due in full on May 15. All unpaid taxes become delinquent on May 16. Interest is assessed at 1% per month and an 8% penalty is assessed when the taxes become delinquent. The City bills and collects its own property taxes. City property tax revenues are recognized when levied. For the year ended June 30, 2012, the tax rate is as follows:

	Non-Residential	Residential
City	\$ 1.2135	\$ 1.2135
School	1.6667	1.4679
TOTAL	\$ 2.8802	\$ 2.6814

City of Newport, Vermont
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012

NOTE 14 INTERFUND RECEIVABLE AND PAYABLE BALANCES

Individual Fund Interfund Receivable and Payable balances are as follows at June 30, 2012:

	<u>Interfund Receivables</u>	<u>Interfund Payable</u>
General Fund	\$ -	\$ 597,743
Sewer Disposal Fund	348,683	-
Water Utility Fund	277,069	-
Recreation Fund	-	729
Mooring Management Fund	-	(31)
CDBG Trust Fund	-	9
Cemetery Trust Fund	-	23,036
Police Public Safety Trust Fund	-	3,273
Perley Niles Trust Fund	-	994
	625,752	625,753
Total Fund Statement Balances	625,752	625,753
Less: Trust Fund Balances	-	(27,312)
Cummulative effect of Trust Fund Capital Expenses	-	38,002
	625,752	636,443
TOTAL GOVERNMENT WIDE BALANCES	\$ 625,752	\$ 636,443

NOTE 15 RISK MANAGEMENT

The City of Newport is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City of Newport maintains insurance coverage through the Vermont League of Cities and City's Property and Casualty Intermunicipal Fund, Inc. covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City of Newport. Settled claims have not exceeded this coverage in any of the past three fiscal years. The City must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty days notice. Fund underwriting and rate setting policies have been established after consultation with actuaries. Fund members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities.

In addition, the City of Newport is a member of the Vermont League of Cities and City's Health Trust. The Health Trust is a nonprofit corporation formed to provide health insurance and wellness programs for Vermont municipalities and is owned by the participating members. The agreement does not permit the Health Trust to make additional assessments to its members.

City of Newport, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 16 CONTINGENT LIABILITY – TIF DISTRICT

During the fiscal year ended June 30, 2011 the Vermont State Auditor's Office finalized its review of the City of Newport's tax increment financing (TIF) district. While the report found that the City of Newport generally complied with the state statutes, they contended that the City miscalculated the total incremental property tax revenue generated by the TIF district and as a result would owe the state's education fund \$81,612 for the period through June 30, 2010. While the City does not disagree with some miscalculations presented, they believe that other factors in earlier years where the City was paying the Bond payments without adequate TIF funding while the TIF district grew would offset any amounts owed back to the education fund and will try to negotiate with the state to resolve the issues. It is not known at this point what the final negotiated amount will be.

NOTE 17 PRIOR PERIOD ADJUSTMENTS – NOTE RECEIVABLE

On August 28, 2008, the City obtained a grant in the amount of \$191,500. This money was used to provide a deferred loan with no interest to Newport Senior Housing Limited Partnership, the owner of the property. All of the funds were drawn down and disbursed in 2008. The entire amount of \$191,500 is due August 1, 2049. This was not reflected as a note receivable on the Government-Wide financial statements in prior years. The effect on net assets is an increase of \$191,500.

NOTE 18 SUBSEQUENT EVENTS

On July 1, 2012 the City signed a tax anticipation line of credit with Passumpsic Savings Bank for \$1,000,000 at the interest rate of 1.15%, due June 30, 2013.

On July 16, 2012 the City utilized \$590,000 of Community Development Grant money to lend to Newport Family Housing United Partnership with no interest. The note is over in full on July 16, 2042.

In accordance with Accounting Standards, the Association has evaluated subsequent events through September 7, 2012, which is the date these basic financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2012, have been incorporated into these basic financial statements herein.

SUPPLEMENTARY INFORMATION

City of Newport, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
TAXES				
Property Taxes	\$ 6,779,832	\$ 6,779,832	\$ 6,782,499	\$ 2,667
Appropriations	195,555	195,555	195,555	-
Fish & Wildlife Taxes	500	500	467	(33)
Payments in Lieu of Taxes	402,855	402,855	440,432	37,577
TOTAL TAXES	7,378,742	7,378,742	7,418,953	40,211
 GENERAL GOVERNMENT				
City Clerk/Treasurer:				
Reimbursements	8,900	8,900	9,013	113
Licenses and Fees	69,400	69,400	60,381	(9,019)
Interest/penalties on Delinquent Taxes	41,000	41,000	67,977	26,977
Miscellaneous Revenues	29,200	29,200	33,229	4,029
Corrections Contract	71,000	71,000	74,555	3,555
TOTAL GENERAL GOVERNMENT	219,500	219,500	245,155	25,655
 PUBLIC SAFETY				
Police Department:				
Task Force & Cops Hiring Grants	62,236	62,236	66,914	4,678
Evidence Forfeiture	4,000	4,000	1,553	(2,447)
Traffic Court Fines	3,000	3,000	580	(2,420)
District Court Fines	32,000	32,000	29,232	(2,768)
Accident Reports	1,300	1,300	977	(323)
Community Justice Program	80,000	80,000	58,500	(21,500)
Other Public safety grants	141,872	141,872	55,312	(86,560)
Dog Impound Fees	250	250	160	(90)
Miscellaneous	63,111	63,111	83,097	19,986
Total Police Department	387,769	387,769	296,325	(91,444)
 Fire Department:				
Labor and Materials	3,800	3,800	31,789	27,989
TOTAL PUBLIC SAFETY	391,569	391,569	328,114	(63,455)

City of Newport, Vermont
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
PUBLIC WORKS				
Street Department:				
Street Dept St. Aid to Highway	134,000	134,000	133,126	(874)
Street Dept Labor and Materials	3,000	3,000	414	(2,586)
Other Income	-	-	14,834	14,834
Public works grants	<u>17,700</u>	<u>17,700</u>	<u>28,013</u>	<u>10,313</u>
TOTAL PUBLIC WORKS	<u>154,700</u>	<u>154,700</u>	<u>176,387</u>	<u>21,687</u>
CULTURE AND RECREATION				
Prouty Beach:				
Admissions	3,000	3,000	4,526	1,526
Camping	84,000	84,000	96,999	12,999
Tennis	2,500	2,500	2,505	5
Electric fees	5,000	5,000	4,554	(446)
Miscellaneous	500	500	4,334	3,834
Total Prouty Beach	<u>95,000</u>	<u>95,000</u>	<u>112,918</u>	<u>17,918</u>
Miscellaneous Recreation:				
Bike Path Revenues	-	-	2,411	2,411
Miscellaneous	3,500	3,500	3,685	185
Track and Field	1,000	1,000	1,000	-
Municipal Building	2,200	2,200	3,724	1,524
Boat Wash Station	500	500	520	20
Dock Replacement	52,500	52,500	52,500	-
Forestry Grant	-	-	10,000	10,000
Salary reimbursement	<u>3,000</u>	<u>3,000</u>	-	(3,000)
Total Miscellaneous Recreation	<u>62,700</u>	<u>62,700</u>	<u>73,840</u>	<u>11,140</u>
Gardner Park:				
Miscellaneous Receipts & Donations	6,700	6,700	4,824	(1,876)
Utilities	1,000	1,000	120	(880)
Rental	<u>5,500</u>	<u>5,500</u>	<u>10,422</u>	<u>4,922</u>
Total Gardner Park	<u>13,200</u>	<u>13,200</u>	<u>15,366</u>	<u>2,166</u>
Senior Center:				
Salary reimbursement	-	-	<u>2,928</u>	<u>2,928</u>

City of Newport, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
CULTURE AND RECREATION (cont'd)				
Waterfront:				
Gasoline Sales	58,000	58,000	70,394	12,394
Boatslip Rentals	25,000	25,000	26,915	1,915
Overnight Rentals	4,000	4,000	3,693	(307)
Miscellaneous Rents	350	350	260	(90)
Miscellaneous	1,200	1,200	3,578	2,378
Gateway Center	28,000	28,000	29,418	1,418
Gateway Center-Snack Bar	500	500	400	(100)
Total Waterfront	<u>117,050</u>	<u>117,050</u>	<u>134,658</u>	<u>17,608</u>
TOTAL CULTURE AND RECREATION	<u>287,950</u>	<u>287,950</u>	<u>339,710</u>	<u>51,760</u>
INVESTMENT INCOME	<u>6,260</u>	<u>6,260</u>	<u>6,957</u>	<u>697</u>
TOTAL REVENUES	<u>8,438,721</u>	<u>8,438,721</u>	<u>8,515,276</u>	<u>76,555</u>
EXPENDITURES				
GENERAL GOVERNMENT				
City Council	11,700	11,700	12,294	(594)
City Manager Department	50,838	50,838	47,029	3,809
Delinquent Tax Collector	3,440	3,440	3,527	(87)
Election Expense	9,000	9,000	3,963	5,037
City Treasurer	84,842	84,842	76,389	8,453
Audit and City Report	37,150	37,150	30,575	6,575
Tax Listing	38,595	38,595	30,857	7,738
City Clerk Department	84,616	84,616	82,004	2,612
Legal Expense	3,000	3,000	10,522	(7,522)
Planning & Zoning	44,287	44,287	38,560	5,727
Municipal Building	84,128	84,128	80,450	3,678
TOTAL GENERAL GOVERNMENT	<u>451,596</u>	<u>451,596</u>	<u>416,170</u>	<u>35,426</u>
PUBLIC SAFETY				
Police Department				
Utilities				
Administration	104,696	104,696	94,425	10,271
Patrol	683,647	683,647	695,200	(11,553)

City of Newport, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Police Department (continued)				
Traffic Control	7,500	7,500	6,619	881
Investigation	-	-	140	(140)
Operation Stonegarden	-	-	6,821	(6,821)
Animal Control	5,750	5,750	3,346	2,404
Police Contracted Services	58,911	58,911	58,801	110
CHRP hiring and recovery	62,235	62,235	55,930	6,305
COSA grant expenses	49,873	49,873	-	49,873
ORIA grant expenses	47,001	47,001	-	47,001
Community Justice Program	79,999	79,999	82,455	(2,456)
Total Police Department	<u>1,099,612</u>	<u>1,099,612</u>	<u>1,003,737</u>	<u>95,875</u>
Fire Department				
Fire Fighting	78,711	78,711	97,265	(18,554)
Fire Training	3,300	3,300	1,310	1,990
Fire Communications	3,400	3,400	2,331	1,069
Fire Station	12,300	12,300	13,893	(1,593)
Fire Trucks & Equipment	17,200	17,200	31,850	(14,650)
Total Fire Department	<u>114,911</u>	<u>114,911</u>	<u>146,649</u>	<u>(31,738)</u>
TOTAL PUBLIC SAFETY	<u>1,214,523</u>	<u>1,214,523</u>	<u>1,150,386</u>	<u>64,137</u>
PUBLIC WORKS				
Public Works Administration	67,443	67,443	76,098	(8,655)
Street Maintenance	186,988	186,988	223,724	(36,736)
Winter Maintenance	273,600	273,600	236,041	37,559
Garage and Facilities	31,600	31,600	32,647	(1,047)
City Property	44,240	44,240	33,341	10,899
Storm Maintenance	78,950	78,950	67,859	11,091
Traffic Maintenance	159,700	159,700	168,069	(8,369)
Private Work expenditures	-	-	271	(271)
TOTAL PUBLIC WORKS	<u>842,521</u>	<u>842,521</u>	<u>838,050</u>	<u>4,471</u>
CULTURE AND RECREATION				
Administration	79,560	79,560	96,753	(17,193)
Senior Citizens	6,000	6,000	5,961	39
Prouty Beach and Swimming	93,755	93,755	80,453	13,302

City of Newport, Vermont
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
CULTURE AND RECREATION (cont'd)				
Recreational Programs	28,830	28,830	21,314	7,516
Gardner Park	58,889	58,889	73,324	(14,435)
Waterfront	113,100	113,100	120,319	(7,219)
Boat Washing Station	1,180	1,180	-	1,180
TOTAL CULTURE AND RECREATION	381,314	381,314	398,124	(16,810)
OTHER EXPENSES & APPROPRIATIONS				
Conservation & Development	16,425	16,425	16,055	370
Health & Welfare	26,500	26,500	21,084	5,416
Recycling Project	32,700	32,700	31,502	1,198
County Tax	40,600	40,600	40,336	264
Renaissance Project	25,000	25,000	25,000	-
General Insurance	11,107	11,107	9,786	1,321
Public Official Liability	5,093	5,093	4,242	851
Claims and Damages	100	100	1,000	(900)
Employment Practices Insurance	3,953	3,953	3,863	90
Miscellaneous	5,086	5,086	612	4,474
Other Grant expenditures	15,000	15,000	36,663	(21,663)
Goodrich Memorial Library	99,000	99,000	99,000	-
Rural Community Transit	11,000	11,000	11,000	-
Orleans County Historical Society	1,000	1,000	1,000	-
N.E.K.Mental Health	5,255	5,255	5,255	-
Area Agency on Aging	7,000	7,000	7,000	-
Step O.N.E.	3,000	3,000	3,000	-
Newport Ambulance, Inc.	49,500	49,500	49,500	-
Court Diversion Program	400	400	400	-
Adult Learning Center	400	400	400	-
Orleans County Citizens	2,000	2,000	2,000	-
Home Health Agency	15,000	15,000	15,000	-
Frontier Animal Society	2,000	2,000	2,000	-
TOTAL OTHER EXPENSES & APPROPRIATIONS	377,119	377,119	385,698	(8,579)
PERSONNEL EXPENSES				
Unemployment Compensation	31,044	31,044	11,654	19,390
Worker's Compensation	46,311	46,311	33,025	13,286

City of Newport, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
PERSONNEL EXPENSES (cont'd)				
Employee's Group Insurance	261,587	261,587	279,901	(18,314)
Social Security Tax	119,074	119,074	108,255	10,819
Municipal Retirement	<u>83,166</u>	<u>83,166</u>	<u>84,220</u>	<u>(1,054)</u>
TOTAL PERSONNEL EXPENSES	<u>541,182</u>	<u>541,182</u>	<u>517,055</u>	<u>24,127</u>
CAPITAL IMPROVEMENTS				
Street Repairs and Maintenance	275,800	275,800	183,936	91,864
Vehicles	107,628	107,628	75,594	32,034
Sidewalks	7,000	7,000	-	7,000
Bridge Repair	7,500	7,500	183,754	(176,254)
Lease/Purchase Equipment	5,933	5,933	5,933	-
Main St Lights	15,300	15,300	16,169	(869)
Wharf Repair/replacement docks	75,000	75,000	74,680	320
Gardner Park Improvements	<u>15,500</u>	<u>15,500</u>	<u>10,020</u>	<u>5,480</u>
TOTAL CAPITAL IMPROVEMENTS	<u>509,661</u>	<u>509,661</u>	<u>550,086</u>	<u>(40,425)</u>
DEBT SERVICE & SINKING FUNDS				
Debt Principal Payments	208,148	208,148	70,000	138,148
Interest on Bonds	43,501	43,501	24,129	19,372
Tennis Court Sinking Fund	<u>1,440</u>	<u>1,440</u>	<u>-</u>	<u>1,440</u>
TOTAL DEBT SERVICE & SINKING FUNDS	<u>253,089</u>	<u>253,089</u>	<u>94,129</u>	<u>158,960</u>
SCHOOL APPROPRIATION	<u>3,958,716</u>	<u>3,958,716</u>	<u>3,950,604</u>	<u>8,112</u>
TOTAL EXPENDITURES	<u>8,529,721</u>	<u>8,529,721</u>	<u>8,300,302</u>	<u>229,419</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(91,000)</u>	<u>(91,000)</u>	<u>214,974</u>	<u>305,974</u>

City of Newport, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
OTHER FINANCING SOURCES (USES)				
Proceeds From long term debt	-	-	500,000	500,000
TOTAL OTHER FINANCING SOURCES (USES)	-	-	500,000	500,000
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	(91,000)	(91,000)	714,974	805,974
FUND BALANCE AT BEGINNING OF YEAR	197,042	197,042	613,759	416,717
FUND BALANCE AT END OF YEAR	\$ 106,042	\$ 106,042	\$ 1,328,733	\$ 1,222,691

City of Newport, Vermont
 OTHER SUPPLEMENTARY INFORMATION
 COMBINING BALANCE SHEET -
 NON-MAJOR GOVERNMENTAL FUNDS
 June 30, 2012

	Special Revenue		
	Recreation Fund	Mooring Management Fund	Total Non-Major Governmental Funds
<u>ASSETS</u>			
Cash	\$ 52,757	\$ -	\$ 52,757
TOTAL ASSETS	<u>\$ 52,757</u>	<u>\$ -</u>	<u>\$ 52,757</u>
<u>LIABILITIES</u>			
Accrued Expenses	\$ -	\$ 5	\$ 5
Due to other funds	729	(31)	698
TOTAL LIABILITIES	<u>729</u>	<u>(26)</u>	<u>703</u>
<u>FUND BALANCES</u>			
Committed	52,028	-	52,028
Unassigned	-	26	26
TOTAL FUND BALANCE	<u>52,028</u>	<u>26</u>	<u>52,054</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 52,757</u>	<u>\$ -</u>	<u>\$ 52,757</u>

City of Newport, Vermont
OTHER SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE -
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012

	<u>Special Revenue</u>		
	<u>Recreation Fund</u>	<u>Mooring Management Fund</u>	<u>Total Non-Major Governmental Funds</u>
REVENUES			
Recreation and Culture	\$ 51,892	\$ 6,772	\$ 58,664
Investment Income	19	-	19
	<u>51,911</u>	<u>6,772</u>	<u>58,683</u>
TOTAL REVENUES			
	<u>51,911</u>	<u>6,772</u>	<u>58,683</u>
EXPENDITURES			
Culture and Recreation	<u>47,539</u>	<u>1,660</u>	<u>49,199</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,372	5,112	9,484
FUND BALANCE AT BEGINNING OF YEAR	<u>47,656</u>	<u>(5,086)</u>	<u>42,570</u>
FUND BALANCE AT END OF YEAR	<u>\$ 52,028</u>	<u>\$ 26</u>	<u>\$ 52,054</u>

City of Newport, Vermont
 OTHER SUPPLEMENTARY INFORMATION
 COMBINING STATEMENT OF NET ASSETS -
 EXPENDABLE TRUST FUNDS
 June 30, 2012

	<u>Police Public Safety Fund</u>	<u>East Main Street Cemetery Fund</u>	<u>Community Develop- ment Block Grant Fund</u>	<u>Total</u>
<u>ASSETS</u>				
CASH				
Checking	\$ 18,935	\$ 7,086	\$ -	\$ 26,021
Savings and money markets	<u>-</u>	<u>30,164</u>	<u>28,247</u>	<u>58,411</u>
TOTAL CASH	<u>18,935</u>	<u>37,250</u>	<u>28,247</u>	<u>84,432</u>
INVESTMENTS				
Trust Account	<u>-</u>	<u>187,207</u>	<u>-</u>	<u>187,207</u>
TOTAL ASSETS	<u>\$ 18,935</u>	<u>\$ 224,457</u>	<u>\$ 28,247</u>	<u>\$ 271,639</u>
<u>LIABILITIES AND NET ASSETS</u>				
LIABILITIES				
Due to other Funds	<u>\$ 3,273</u>	<u>\$ 23,036</u>	<u>\$ 9</u>	<u>\$ 26,318</u>
NET ASSETS	<u>15,662</u>	<u>201,421</u>	<u>28,238</u>	<u>245,321</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 18,935</u>	<u>\$ 224,457</u>	<u>\$ 28,247</u>	<u>\$ 271,639</u>

City of Newport, Vermont
OTHER SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS -
EXPENDABLE TRUST FUNDS
For the Year Ended June 30, 2012

	Police Public Safety Fund	East Main Street Cemetery Fund	Community Develop- ment Block Grant Fund	Total
REVENUES				
Loan Repayment	\$ -	\$ -	\$ 3,249	\$ 3,249
Interest Income	33	16	45	94
Dividend Income	-	5,028	-	5,028
Net gain (loss) from investments	-	18,087	-	18,087
Other income	-	300	-	300
TOTAL REVENUES	<u>33</u>	<u>23,431</u>	<u>3,294</u>	<u>26,758</u>
EXPENDITURES				
Admin. Fees	-	1,884	-	1,884
Contracted Services	-	6,325	-	6,325
Police Expenditures	1,634	-	-	1,634
Other	-	247	-	247
TOTAL EXPENDITURES	<u>1,634</u>	<u>8,456</u>	<u>-</u>	<u>10,090</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,601)	14,975	3,294	16,668
FUND BALANCE AT BEGINNING OF YEAR	<u>17,263</u>	<u>186,446</u>	<u>24,944</u>	<u>228,653</u>
FUND BALANCE AT END OF YEAR	<u>\$ 15,662</u>	<u>\$ 201,421</u>	<u>\$ 28,238</u>	<u>\$ 245,321</u>

City of Newport, Vermont
 OTHER SUPPLEMENTARY INFORMATION
 COMBINING STATEMENT OF NET ASSETS -
 NON-EXPENDABLE TRUST FUNDS
 June 30, 2012

ASSETS

	<u>Perley J. Niles Fund</u>
CASH	
Checking Account	\$ <u>30,509</u>
TOTAL CASH	<u>30,509</u>
 INVESTMENTS	 <u>103,073</u>
TOTAL ASSETS	<u>\$ 133,582</u>

LIABILITIES AND NET ASSETS

LIABILITIES	
Due to Other Funds	\$ <u>994</u>
NET ASSETS	
Reserved for trust funds	62,000
Unreserved	<u>70,588</u>
TOTAL NET ASSETS	<u>132,588</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 133,582</u>

City of Newport, Vermont
 OTHER SUPPLEMENTARY INFORMATION
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS -
 NON-EXPENDABLE TRUST FUNDS
 For the Year Ended June 30, 2012

	<u>Perley J. Niles Fund</u>
REVENUES	
Dividend Income	\$ 2,799
Net gain (loss) on investments	9,864
Other Income	<u>195</u>
TOTAL REVENUES	<u>12,858</u>
 EXPENDITURES	
Admin Fees	985
Legal	32
Advertising	92
Beneficiaries	<u>6,695</u>
TOTAL EXPENSES	<u>7,804</u>
EXCESS OF REVENUES OVER EXPENDITURES	5,054
NET ASSETS AT BEGINNING OF YEAR	<u>127,534</u>
NET ASSETS AT END OF YEAR	<u>\$ 132,588</u>