



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

City of Newport

For the period January 1, 2022 through December 31, 2023

Published December 5, 2024

Report No. 1036092



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**Office of the Washington State Auditor
Pat McCarthy**

December 5, 2024

Mayor and City Council
City of Newport
Newport, Washington

Report on Financial Statements

Please find attached our report on the City of Newport's financial statements.

We are issuing this report in order to provide information on the City's financial activities and condition.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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INDEPENDENT AUDITOR'S REPORT

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*

City of Newport January 1, 2022 through December 31, 2023

Mayor and City Council
City of Newport
Newport, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the City of Newport, as of and for the years ended December 31, 2022 and 2023, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated October 31, 2024.

We issued an unmodified opinion on the fair presentation of the City's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the City using accounting practices prescribed by state law and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits 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 City'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 above 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.

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*.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this

report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

October 31, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

City of Newport January 1, 2022 through December 31, 2023

Mayor and City Council
City of Newport
Newport, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of the City of Newport, as of and for the years ended December 31, 2022 and 2023, and the related notes to the financial statements, as listed in the financial section of our report.

Unmodified Opinion on the Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the City has prepared these financial statements to meet the financial reporting requirements of state law and accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) Manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of the City of Newport, and its changes in cash and investments, for the years ended December 31, 2022 and 2023, on the basis of accounting described in Note 1.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Newport, as of December 31, 2022 and 2023, or the changes in financial position or cash flows thereof for the years then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards*. 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 unmodified and adverse opinions.

Matter Giving Rise to Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. As described in Note 1 of the financial statements, the financial statements are prepared by the City in accordance with state law using accounting practices prescribed by the BARS Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Matter of Emphasis

As discussed in Note 1 to the financial statements, in 2022, the City adopted new accounting guidance for the presentation and disclosure of Leases, as required by the BARS Manual. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of state law and the BARS Manual described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible 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 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 GAAS 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.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- 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; and
- 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.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The Schedules of Liabilities are presented for purposes of additional analysis, as required by the prescribed BARS manual. These schedules are not a required part of the 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 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.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2024 on our consideration of the City's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

October 31, 2024

FINANCIAL SECTION

City of Newport January 1, 2022 through December 31, 2023

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2023
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Schedule of Liabilities – 2022

City of Newport
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

		Total for All Funds (Memo Only)	001 Current Expense	101 Street Fund	103 Real Estate Excise Tax
Beginning Cash and Investments					
308	Beginning Cash and Investments	3,802,187	1,108,859	494,752	223,337
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	1,503,238	972,443	426,468	87,298
320	Licenses and Permits	39,013	39,013	-	-
330	Intergovernmental Revenues	376,644	193,599	117,993	-
340	Charges for Goods and Services	2,311,521	165,220	-	-
350	Fines and Penalties	12,568	12,568	-	-
360	Miscellaneous Revenues	279,334	94,360	35,337	13,244
Total Revenues:		4,522,318	1,477,203	579,798	100,542
Expenditures					
510	General Government	299,884	299,884	-	-
520	Public Safety	934,007	934,007	-	-
530	Utilities	1,586,624	-	-	-
540	Transportation	400,584	-	400,584	-
550	Natural/Economic Environment	104,639	104,639	-	-
560	Social Services	870	870	-	-
570	Culture and Recreation	214,882	199,821	-	-
Total Expenditures:		3,541,490	1,539,221	400,584	-
Excess (Deficiency) Revenues over Expenditures:		980,828	(62,018)	179,214	100,542
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	378,823	348,003	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	9,620	7,281	839	-
Total Other Increases in Fund Resources:		388,443	355,284	839	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	169,897	108,135	30,995	6,393
591-593, 599	Debt Service	236,048	11,445	909	-
597	Transfers-Out	378,823	30,820	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	3,310	1,810	-	-
Total Other Decreases in Fund Resources:		788,078	152,210	31,904	6,393
Increase (Decrease) in Cash and Investments:		581,193	141,056	148,149	94,149
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	212,705	-	-	-
50841	Committed	-	-	-	-
50851	Assigned	2,920,759	-	642,899	317,487
50891	Unassigned	1,249,918	1,249,918	-	-
Total Ending Cash and Investments		4,383,382	1,249,918	642,899	317,487

The accompanying notes are an integral part of this statement.

City of Newport
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

		109 Tourism Promotion	410 Water Fund	411 Sewer Fund
Beginning Cash and Investments				
308	Beginning Cash and Investments	60,669	939,349	975,221
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	17,029	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	721	64,331
340	Charges for Goods and Services	-	1,014,420	1,131,881
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	3,133	57,323	75,937
Total Revenues:		20,162	1,072,464	1,272,149
Expenditures				
510	General Government	-	-	-
520	Public Safety	-	-	-
530	Utilities	-	605,463	981,161
540	Transportation	-	-	-
550	Natural/Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	15,061	-	-
Total Expenditures:		15,061	605,463	981,161
Excess (Deficiency) Revenues over Expenditures:		5,101	467,001	290,988
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	100,432	(69,612)
385	Special or Extraordinary Items	-	-	-
381, 382, 389, 395, 398	Other Resources	-	1,500	-
Total Other Increases in Fund Resources:		-	101,932	(69,612)
Other Decreases in Fund Resources				
594-595	Capital Expenditures	-	12,187	12,187
591-593, 599	Debt Service	-	116,346	107,348
597	Transfers-Out	-	184,868	163,135
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	-	1,500	-
Total Other Decreases in Fund Resources:		-	314,901	282,670
Increase (Decrease) in Cash and Investments:		5,101	254,032	(61,294)
Ending Cash and Investments				
50821	Nonspendable	-	-	-
50831	Restricted	-	115,384	97,321
50841	Committed	-	-	-
50851	Assigned	65,770	1,077,998	816,605
50891	Unassigned	-	-	-
Total Ending Cash and Investments		65,770	1,193,382	913,926

The accompanying notes are an integral part of this statement.

City of Newport
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		Total for All Funds (Memo Only)	001 Current Expense	101 Street Fund	103 Real Estate Excise Tax
Beginning Cash and Investments					
308	Beginning Cash and Investments	3,502,406	1,107,440	557,824	155,646
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	1,403,127	856,658	404,169	122,714
320	Licenses and Permits	55,082	55,082	-	-
330	Intergovernmental Revenues	732,922	481,558	63,583	-
340	Charges for Goods and Services	2,192,336	71,048	-	-
350	Fines and Penalties	15,501	15,501	-	-
360	Miscellaneous Revenues	127,559	55,709	7,590	2,938
Total Revenues:		4,526,527	1,535,556	475,342	125,652
Expenditures					
510	General Government	265,134	265,134	-	-
520	Public Safety	847,473	847,473	-	-
530	Utilities	1,531,168	-	-	-
540	Transportation	508,494	-	508,494	-
550	Natural/Economic Environment	179,545	179,545	-	-
560	Social Services	717	717	-	-
570	Culture and Recreation	188,827	173,473	-	-
Total Expenditures:		3,521,358	1,466,342	508,494	-
Excess (Deficiency) Revenues over Expenditures:		1,005,169	69,214	(33,152)	125,652
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	633,006	336,764	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	25,072	19,722	1,121	-
Total Other Increases in Fund Resources:		658,078	356,486	1,121	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	497,807	117,307	30,994	57,961
591-593, 599	Debt Service	231,474	9,555	50	-
597	Transfers-Out	633,006	296,242	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	1,190	1,190	-	-
Total Other Decreases in Fund Resources:		1,363,477	424,294	31,044	57,961
Increase (Decrease) in Cash and Investments:		299,770	1,406	(63,075)	67,691
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	212,705	-	-	-
50841	Committed	-	-	-	-
50851	Assigned	2,480,624	-	494,752	223,338
50891	Unassigned	1,108,849	1,108,849	-	-
Total Ending Cash and Investments		3,802,178	1,108,849	494,752	223,338

The accompanying notes are an integral part of this statement.

City of Newport
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		109 Tourism Promotion	410 Water Fund	411 Sewer Fund
Beginning Cash and Investments				
308	Beginning Cash and Investments	55,606	922,579	703,311
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	19,586	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	29,279	158,502
340	Charges for Goods and Services	-	1,014,199	1,107,089
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	830	15,797	44,695
Total Revenues:		20,416	1,059,275	1,310,286
Expenditures				
510	General Government	-	-	-
520	Public Safety	-	-	-
530	Utilities	-	686,158	845,010
540	Transportation	-	-	-
550	Natural/Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	15,354	-	-
Total Expenditures:		15,354	686,158	845,010
Excess (Deficiency) Revenues over Expenditures:		5,062	373,117	465,276
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	179,470	116,772
385	Special or Extraordinary Items	-	-	-
381, 382, 389, 395, 398	Other Resources	-	1,500	2,729
Total Other Increases in Fund Resources:		-	180,970	119,501
Other Decreases in Fund Resources				
594-595	Capital Expenditures	-	241,276	50,269
591-593, 599	Debt Service	-	115,433	106,436
597	Transfers-Out	-	180,604	156,160
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		-	537,313	312,865
Increase (Decrease) in Cash and Investments:		5,062	16,774	271,912
Ending Cash and Investments				
50821	Nonspendable	-	-	-
50831	Restricted	-	115,384	97,321
50841	Committed	-	-	-
50851	Assigned	60,669	823,965	877,900
50891	Unassigned	-	-	-
Total Ending Cash and Investments		60,669	939,349	975,221

The accompanying notes are an integral part of this statement.

City of Newport
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

		<u>Custodial</u>
308	Beginning Cash and Investments	76
388 & 588	Net Adjustments	-
310-390	Additions	15,580
510-590	Deductions	<u>16,223</u>
	Net Increase (Decrease) in Cash and Investments:	(643)
508	Ending Cash and Investments	(568)

The accompanying notes are an integral part of this statement.

City of Newport
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		<u>Custodial</u>
308	Beginning Cash and Investments	38
388 & 588	Net Adjustments	-
310-390	Additions	22,386
510-590	Deductions	<u>22,348</u>
	Net Increase (Decrease) in Cash and Investments:	38
508	Ending Cash and Investments	76

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS**Year Ending December 31, 2023****NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Newport was incorporated in 1903 as the Town of Newport. In 1983 the City adopted to operate under the Provisions of Chapter 35A, RCW, the Optional Municipal Code, as a Code City. The City is a general purpose government and provides law enforcement, fire prevention, street improvements, parks and general administration. In addition, the City owns and operates a water and sewer system. The City uses the Mayor-Council form of Government with the mayor and five council members. The City uses single-entry, cash basis accounting which is a departure from Generally Accepted Accounting Principles (GAAP).

The City of Newport reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances for proprietary and fiduciary funds are presented using classification that are different from the ending net position classifications in GAAP.

A. FUND ACCOUNTING

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used by Newport:

GOVERNMENTAL FUND TYPES:

Current Expense Fund –001

This fund is the primary operating fund of the City of Newport. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds – 100's

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the City of Newport. Special revenue funds in Newport consist of the Street Fund (101), Real Estate Excise Tax Fund (103) and the Tourism Promotion Fund (109).

PROPRIETARY FUND TYPES:

Enterprise Funds – 400's

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges. Enterprise funds in Newport consist of the Water Fund (410) and Sewer Fund (411).

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the City of Newport in a trustee capacity or as a custodian on behalf of others.

Custodial Funds – 600's

These funds are used to account for assets that the government holds on behalf of others in a custodial capacity. The City of Newport collects or receives funds that are forwarded to Pend Oreille County or the state that are accounted for in Fund 633.

B. BASIS OF ACCOUNTING & MEASUREMENT FOCUS

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

In accordance with state law the City of Newport also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

C. CASH and INVESTMENTS

See Note 3, Deposits and Investments.

D. CAPITAL ASSETS

Capital assets are assets with an initial individual cost of more than \$5,000.00. Capital assets and inventory are recorded as capital expenditures when purchased.

E. COMPENSATED ABSENCES

The City's policy on vacation and sick leave is that hours accrued every month may be used as they accrue. Vacation and sick hours are not recorded after maximum hours are accrued. The maximum number of vacation hours that may be accrued is 240; and the maximum number of sick hours that may be accrued is 960.

Vacation leave is payable upon termination, resignation, retirement, or death. If an employee's employment ceases due to death or bona fide retirement, such employee, or beneficiary, shall be paid for one-half (1/2) of any unused sick leave benefits up to 240 hours or 30 days upon cessation of employment at his/her current rate of pay. Payments are recognized as expenditures when paid.

F. LONG-TERM DEBT

See Note 4 - Long-Term Debt.

G. RESTRICTED AND COMMITTED PORTION OF ENDING CASH AND INVESTMENTS

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments. When expenditures that meet restrictions are incurred, the City intends to use the most restricted resources first before using unreserved amounts.

In relation to internal commitments, the City Council must approve an ordinance or resolution to establish, modify or rescind a fund balance commitment.

Restrictions and commitments of Ending Cash and Investments consist of a restriction on the fund balance for the 2004 Water/Sewer Bond, the 2013 Spruce Street Bond, as well as the 2019 Water South Bench Bonds. The City is required to keep one annual payment in reserve until the bond is paid off. The water amount is \$115,384 and it is budgeted in the Water Fund Ending Restricted and Beginning Fund Restricted Balance in Fund 410. The sewer amount is \$97,321.00 and it is budgeted in the Sewer Fund Ending and Beginning Restricted Fund Balance in Fund 411.

NOTE 2 – BUDGET COMPLIANCE

The City of Newport adopts an annual appropriated budget for all funds. These budgets are appropriated at the fund level except the current expense fund, where budgets are adopted at the department level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated (including ending fund balances) and actual expenditures for the legally adopted budget were as follows:

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund:	2,926,920.00	1,691,431.22	1,235,488.78
Street	1,393,391.00	432,487.26	960,903.74
REET	299,000.00	6,393.04	292,606.96
Tourism	80,600.00	15,060.46	65,539.54
Water Fund	2,105,000.00	920,364.57	1,184,635.43
Sewer Fund	2,199,700.00	1,263,830.80	935,869.20

The Clerk/Treasurer is authorized to transfer budgeted amounts between departments within any fund/object classes within departments; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City's legislative body.

There was one budget amendment in 2023.

1. Ordinance 2115 amending the fiscal year 2023 budget by \$559,800.00. The Revenue and Expenditure increased in the General Fund \$214,600 due to permit software purchased to better track building permits. COVID-19 Non-Grant Assistance funds used to purchase a chip sealer. COVID-19 Non-Grant Assistance funds received from the County transferred to the Water Fund for water rehab expenses that occurred last year. Revenue budgeted was less than received for Rodeo Reimbursement liability Insurance, Business Licenses, COVID-19 Non-Grant Assistance County Funds, Marijuana Excise Tax, Zoning & Investment Interest. The Water Fund Revenue and Expenditures were increased by \$106,000.00 due to COVID-19 Non-Grant Assistance Transfer In from CE to reimburse the water fund for water rehab expenditures that occurred last year. Sewer Fund Revenue and Expenditures were increased by \$212,900 due to investment

interest received more than budgeted & beginning cash was more than budgeted. Street Fund Revenue and Expenditures were increased by \$26,300.00 due to receiving TIB grant funds for a Seal Coat project.

NOTE 3 – DEPOSITS and INVESTMENTS

Investments are reported at amortized cost. Deposits and investments by type at December 31, 2023 are as follows:

<u>Type of Deposit or Investment</u>	<u>City's own deposits and Investments</u>	<u>Deposits held by the the City as a custodian for other local govt, Individuals or private Organizations (Fund 633)</u>	<u>Total</u>
Bank Deposits	\$399,311.93	(\$568.30)	\$398,743.63
L.G.I.P	<u>\$3,984,070.45</u>	<u>\$0.00</u>	<u>\$3,984,070.44</u>
Total	\$4,383,382.38	(\$568.30)	\$4,382,814.07

It is the City's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds. The total LGIP year-end statement was .01 over Vision investments due to a posting error and was corrected in 2024. The deposits held by the City are a negative due to money receipted in for the Court remits being paid in the open period since it was for the period of December but receipted in January 2024. There was also a posting error resulting in an overpayment of \$31.50 that was corrected in 2024.

Investments in the State Local Government Investment Pool (LGIP)

The City is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather oversight is provided by the State Finance Committee in accordance with Chapter 43.250 RCW. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, WA 98504-0200, online at www.tre.wa.gov

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the city would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The city's deposits are covered by the Federal Deposit Insurance Corporation (FDIC).

All investments are insured, registered or held by the City or its agent in the City's name.

Other Disclosures

The City opened a bank savings account at Mountain West Bank in 2018 for police purposes such as informant and drug buy funds. The requirement to open this account by the bank was \$100.00. At year end 2023 the balance in the fund was \$4,904.74.

The City has a cash drawer to make change in the amount of \$200.00, this amount is accounted for in the beginning and ending fund balance of the General Fund.

NOTE 4 –LEASES

The 2020 backhoe and loader is a lease purchase agreement that the City entered into in 2020. The lease purchase agreement is a combined agreement for both pieces of equipment and the annual payment is \$48,746.96 for seven years and the City will own them. The first payment was due November 07, 2020.

The total amount paid for the backhoe and loader lease including principal and interest in 2023 was \$48,747. The remaining debt service requirements for the existing Backhoe/Loader Lease/Purchase is as follows:

2020 John Deere Loader & Backhoe Debt Schedule

<u>YEAR</u>	2020 JD Loader & Backhoe <u>2020-2027</u>		TOTAL
	Principal	Interest	
2024	45,979	2768	48,747
2025	46,884	1863	48,747
2026	47,806	941	48,747
	140,669	5,572	146,241

The City entered into a lease agreement with Pitney Bowes Inc. for a postage machine. The agreement commenced 11/08/22 and expires 11/07/2027. The lease payment is \$501.72 per quarter for a 60 month term. The lease can be cancelled with 30 days written notice and a hefty penalty. The first payment was made February 2023.

In addition, the City entered into a lease agreement with CANON for a copier for City Hall and the Police Department. The agreement commenced 10/05/2022 and ends 10/05/2027. The combined lease payment is \$329.00 per month for a 60 month term. The lease can be

cancelled with 30 days written notice and a hefty penalty. The first payment was made March 2023.

There were no amounts paid for the copier and postage machine leases in 2022. The machines were delivered and set up in 2023. The remaining debt service requirements for the existing postage machine and copier leases are as follows:

Pitney Bowes Postage Machine & Canon Copiers Debt Schedule

Year Ended December 31, 2023	Total
2024	\$ 5,955
2025	\$ 5,955
2026	\$ 5,955
2027	\$ 5,955
TOTAL	\$23,820

NOTE 5 –LONG-TERM DEBT

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the city and summarizes the city's debt transactions for the year ended December 31, 2023.

The 2023 year end unpaid Principal on the 04 Water/Sewer Revenue Bonds was \$1,241,142.04 and the unpaid interest was \$2,448.27 according to the United States Department of Agriculture/Rural Development Mortgage Interest Statement. The 04 Water/Sewer Bonds will be paid in full on December 15, 2044.

The 2023 year end unpaid Principal on the Spruce Street Revenue Bond was \$174,888.70 and the unpaid interest was \$52.71 according to the United States Department of Agriculture/Rural Development Mortgage Interest Statement. The Spruce Street Water/Sewer Bonds will be paid in full on December 27, 2053.

The 2023 year end unpaid Principal on the 2019 South Bench Water Improvement Revenue Bonds was \$2,941,406.17 and the unpaid interest was \$705.12 according to the United States Department of Agriculture/Rural Development Mortgage Interest Statement. The 2019 South Bench Water Improvement Bonds will be paid in full December 26, 2059.

The 2023 year end unpaid Principal on the 2021 Limited Tax General Obligation Bonds was \$266,855.54 and the unpaid interest was \$34,067.73 according to the North Cascades Bank Debit Service Schedule. The 2021 Limited Tax General Obligation Bonds will be paid in full May 27, 2031. The first payment on these bonds was in 2022.

The debt service requirements for existing revenue bonds are as follows:

<u>2004 WWTP Bonds Debt Schedule</u>		
<u>YEAR</u>	<u>WWTP</u>	<u>TOTAL</u>
	<u>BONDS</u>	

	<u>2004-2044</u>		
	Principal	Interest	
2024	36,811	55,851	92,662
2025	38,467	54,195	92,662
2026	40,198	52,464	92,662
2027	42,007	50,655	92,662
2028	43,897	48,765	92,662
2029-2033	250,956	212,354	463,310
2034-2038	312,737	150,573	463,310
2039-2043	389,728	73,582	463,310
2044	86,341	3,885	90,226
	1,241,142	702,324	1,943,466

	<u>2013 Spruce Street Bonds Debt Schedule</u>		
	WWTP		TOTAL
<u>YEAR</u>	<u>BONDS</u>		
	<u>2013-2053</u>		
	Principal	Interest	
2024	3,832	4,809	8,641
2025	3,937	4,704	8,641
2026	4,045	4,596	8,641
2027	4,156	4,485	8,641
2028	4,271	4,370	8,641
2029-2033	23,181	20,024	43,205
2034-2038	26,550	16,655	43,205
2039-2043	30,406	12,799	43,205
2044-2048	34,823	8,382	43,205
2049-2053	39,689	3,323	43,012
	174,889	84,148	259,037

	<u>2019 South Bench Water Bonds Debt Schedule</u>		
	WWTP		TOTAL
<u>YEAR</u>	<u>BONDS</u>		
	<u>2019-2059</u>		
	Principal	Interest	
2024	59,588	51,475	111,063
2025	60,631	50,432	111,063
2026	61,692	49,371	111,063
2027	62,772	48,291	111,063
2028	63,870	47,193	111,063
2029-2033	336,514	218,801	555,315
2034-2038	367,008	188,307	555,315
2039-2043	400,265	155,050	555,315
2044-2048	436,535	118,780	555,315
2049-2053	476,093	79,222	555,315
2054-2058	519,235	36,080	555,315
2059	97,202	1,701	98,903

2,941,406 1,044,702

3,986,108

The debt service requirements for existing LTGO bonds are as follows:

<u>2021 Limited Tax General Obligation Bonds Debt Schedule</u>			
<u>YEAR</u>	<u>LTGO</u>		<u>TOTAL</u>
	<u>BONDS</u>		
	<u>2021-2031</u>		
	Principal	Interest	
2024	30,277	7339	37,615
2025	31,110	6506	37,615
2026	31,965	5650	37,615
2027	32,844	4,771	37,615
2028	33,747	3,868	37,615
2029-2031	106,913	5,934	112,847
	266,856	34,068	300,924

NOTE 6 – OPEB Plans

The City of Newport has a commitment to pay for post-employment benefits for an employee that belongs to LEOFF 1. The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan as required by RCW 41.26.150(1). The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. As of December 31, 2023, the plan had one member, a retiree. These benefits include medical insurance and co-pays as well as long term care insurance. The City provides medical insurance through Association of Washington Cities Benefit Trust Regence BlueShield Medicare Advantage Plan. This plan has no deductible and has a \$2800 out of pocket max per individual. This plan has been very beneficial because it has been covering all copays and the monthly premium is less. Long Term Care Insurance is provided through Transamerica Life Insurance. The plan purchased is a lifetime plan that would cover \$150 per day in a nursing home; \$120 per day in assisted living; Home care \$110 per day; Home Professional Services \$220 per day. One retiree received benefits during the year. Based on the State Actuary, the City of Newport's total OPEB liability for 2023 was \$459,169 as calculated using the alternative measurement method. For the year ended December 31, 2023, the City paid \$20,517 in benefits.

NOTE 7 – PENSION PLANS

A. State Sponsored Pension Plans

Substantially all City full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans (PERS & LEOFF).

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information for each plan.

The DRS ACFR may be downloaded from the DRS website at www.drs.wa.gov.

LEOFF Plan 1

The city also participates in LEOFF Plan 1. The LEOFF Plan 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. Starting on July 1, 2000, employers and employees contribute zero percent.

LEOFF Plan 2

The City also participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. The special funding situation is not mandated by the state constitution and could be changed by statute.

At June 30, 2023 the city's proportionate share of the collective net pension liabilities, as reported on Schedule 09, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$32,372	.004751%	\$108,453
PERS 2	\$53,972	.006139%	(\$251,618)
LEOFF 1	\$0	.001451%	(\$43,066)
LEOFF 2	\$15,904	.007046%	(\$169,005)

Only the net pension liabilities are reported on the Schedule 09.

NOTE 8 – PROPERTY TAXES

The Pend Oreille County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed after the end of each month.

Property tax revenues are recognized when cash is received from the county. Delinquent taxes are considered fully collectible because a lien affixes to the property after taxes are levied.

The City's regular levy for 2023 was \$1.6605331440 per \$1,000 on an assessed valuation of \$198,707,452 for a total regular levy of \$329,960.31.

NOTE 9 – RISK MANAGEMENT

The City of Newport is a member of Cities Insurance Association of Washington (CIAW). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The program was formed on September 1, 1988, when 34 cities in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of November 30, 2023, membership includes 196 members in the program.

The program provides the following forms of joint self-insurance and reinsurance coverage for its members: Property, including Automobile Comprehensive and Collision, Equipment Breakdown, Crime Protection and Liability, including General, Automobile, Wrongful Acts, and Cyber, which are included to fit the member's various needs.

The program acquires reinsurance through their administrator, Clear Risk Solutions. Liability coverage is purchased to an aggregate limit of \$50,000,000 with a self-insured retention (SIR) of \$750,000. Members are responsible for a \$1,000 to \$50,000 deductible for each claim (can vary by member), while the program is responsible for the \$750,000 SIR. Since the program is a cooperative program, there is joint liability among the participating members toward the sharing of the \$750,000 SIR, in addition to the deductible. The program also purchases a Stop Loss Policy as another layer of protection to its membership, with an attachment point of \$8,347,047, which is fully funded in its annual budget.

Property insurance is subject to a per occurrence SIR of \$750,000. Members are responsible for a \$1,000 deductible for each claim (some member deductibles vary). The program bears the \$750,000 SIR, in addition to the deductible.

Crime insurance is subject to a per occurrence SIR of \$25,000. Members are responsible for a \$1,000 deductible for each claim (some member deductibles vary). The program bears the \$25,000 SIR, in addition to the deductible.

Equipment Breakdown insurance is subject to a per occurrence deductible of \$2,500 (cities and special districts) and \$500 (fire districts), which may vary per member, with the exception of Pumps & Motors, which is \$10,000. Members are responsible for the deductible amount of each claim. There is no program SIR on this coverage, with the exception of Pumps & Motors, which is \$15,000 and is covered by CIAW.

Cyber liability insurance is subject to a per-occurrence SIR of \$50,000. Members are responsible for a \$10,000 deductible for each claim, while the program is responsible

for the remaining \$40,000 SIR.

Members contract to remain in the program for a minimum of one year and must give notice before December 1 to terminate participation the following December 1. The Interlocal Agreement is renewed automatically each year. In the event of termination, a member is still responsible for contributions to the program for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Agreement.

The program has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who has been contracted to perform program administration, underwriting, claims adjustment, and loss prevention for the program. Fees paid to the third-party administrator under this arrangement for the year ending December 1, 2023, were \$3,172,936.78.

A board of ten members is selected by the membership from three geographic areas of the state on a staggered term basis and is responsible for conducting the business affairs of the program.

Health & Welfare

The City of Newport is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance, or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014 when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2023, 264 cities/towns/non-city entities participate and have enrollment in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members.

In April 2020, the Board of Trustees adopted a large employer policy, requiring newly enrolling groups with 600 or more employees to submit medical claims experience data in order to receive a quote for medical coverage. Outside of this, the AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members.

The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, Willamette Dental Group, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-city entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2023, the AWC Trust HCP purchased medical stop loss insurance for Regence/Asuris and Kaiser plans at an Individual Stop Loss (ISL) of \$2 million through United States Fire Insurance Company. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC Trust HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the AWC Trust HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the AWC Trust HCP. Similarly, the terminating member forfeits all rights and interest to the AWC Trust HCP Account.

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the AWC Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The AWC Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in the report for the fiscal year ending December 31, 2018. Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

NOTES TO FINANCIAL STATEMENTS**Year Ending December 31, 2022****NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Newport was incorporated in 1903 as the Town of Newport. In 1983 the City adopted to operate under the Provisions of Chapter 35A, RCW, the Optional Municipal Code, as a Code City. The City is a general purpose government and provides law enforcement, fire prevention, street improvements, parks and general administration. In addition, the City owns and operates a water and sewer system. The City uses the Mayor-Council form of Government with the mayor and five council members. The City uses single-entry, cash basis accounting which is a departure from Generally Accepted Accounting Principles (GAAP).

The City of Newport reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances for proprietary and fiduciary funds are presented using classification that are different from the ending net position classifications in GAAP.

A. FUND ACCOUNTING

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used by Newport:

GOVERNMENTAL FUND TYPES:

Current Expense Fund –001

This fund is the primary operating fund of the City of Newport. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds – 100's

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the City of Newport. Special revenue funds in Newport consist of the Street Fund (101), Real Estate Excise Tax Fund (103) and the Tourism Promotion Fund (109).

PROPRIETARY FUND TYPES:

Enterprise Funds – 400's

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges. Enterprise funds in Newport consist of the Water Fund (410) and Sewer Fund (411). Fund 412 is no longer used but was used previously for the Water Treatment Plant Project.

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the City of Newport in a trustee capacity or as a custodian on behalf of others.

Custodial Funds – 600's

These funds are used to account assets that the government holds on behalf of others in a custodial capacity. The City of Newport collects or receives funds that are forwarded to Pend Oreille County or the state that are accounted for in Fund 633.

B. BASIS OF ACCOUNTING & MEASUREMENT FOCUS

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

In accordance with state law the City of Newport also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

C. CASH and INVESTMENTS

See Note 3, Deposits and Investments.

D. CAPITAL ASSETS

Capital assets are assets with an initial individual cost of more than \$5,000.00. Capital assets and inventory are recorded as capital expenditures when purchased.

E. COMPENSATED ABSENCES

The City's policy on vacation and sick leave is that hours accrued every month may be used as they accrue. Vacation and sick hours are not recorded after maximum hours are accrued. The maximum number of vacation hours that may be accrued is 240; and the maximum number of sick hours that may be accrued is 960.

Vacation leave is payable upon termination, resignation, retirement, or death. If an employee's employment ceases due to death or bona fide retirement, such employee, or beneficiary, shall be paid for one-half (1/2) of any unused sick leave benefits up to 240 hours or 30 days upon cessation of employment at his/her current rate of pay. Payments are recognized as expenditures when paid.

F. LONG-TERM DEBT

See Note 5 - Long-Term Debt.

G. RESTRICTED AND COMMITTED PORTION OF ENDING CASH AND INVESTMENTS

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments. When expenditures that meet restrictions are incurred, the City intends to use the most restricted resources first before using unreserved amounts.

In relation to internal commitments, the City Council must approve an ordinance or resolution to establish, modify or rescind a fund balance commitment.

Restrictions and commitments of Ending Cash and Investments consist of a restriction on the fund balance for the 2004 Water/Sewer Bond, the 2013 Spruce Street Bond, as well as the 2019 Water South Bench Bonds. The City is required to keep one annual payment in reserve until the bond is paid off. The water amount is \$115,384 and it is budgeted in the Water Fund Ending Restricted and Beginning Fund Restricted Balance in Fund 410. The sewer amount is \$97,321.00 and it is budgeted in the Sewer Fund Ending and Beginning Restricted Fund Balance in Fund 411.

ACCOUNTING AND REPORTING CHANGES

H. LEASES

For the year ended December 31, 2022, the City became compliant with the provisions of GASB Statement No. 87.

As a result, the impact to the city regarding the new lease requirements includes:

- Beginning balances for lease liabilities presented on the Schedule of Long-Term Liabilities have been increased to reflect implantation of these requirements.

Information regarding the City's leases are presented in the Leases note, as applicable.

NOTE 2 – BUDGET COMPLIANCE

The City of Newport adopts an annual appropriated budget for all funds. These budgets are appropriated at the fund level except the current expense fund, where budgets are adopted at the department level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated (including ending fund balances) and actual expenditures for the legally adopted budget were as follows:

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund:	3,185,763.00	1,890,631.15	1,295,131.85
Street	1,131,000.00	539,536.51	591,463.49
REET	253,500.00	57,960.82	195,539.18
Tourism	78,500.00	15,353.35	63,146.65
Water Fund	2,243,117.00	1,223,474.31	1,019,642.69
Sewer Fund	2,192,272.00	1,157,876.51	1,034,395.49

The Clerk/Treasurer is authorized to transfer budgeted amounts between departments within any fund/object classes within departments; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City's legislative body.

There was one budget amendment in 2022.

1. Ordinance 2108 amending the fiscal year 2022 budget by \$249,103.00. The Revenue and Expenditure increased in the General Fund \$192,340 due to the planning professional service budget was increased to cover planning costs from the previous year that wasn't invoiced until 2022; Sales tax and building permit revenue in Current Expense was higher than allocated; Pend Oreille County COVID-19 Non-Grant Assistance was received that was not budgeted to help with the well rehab project; Investment interest increased as well due to improved interest rates. The Water Fund Revenue and Expenditures were increased by \$156,914 due to COVID-19 Non-Grant Assistance allocated differently than originally budgeted due to the need to rehab the city wells and Pend Oreille County COVID-19 Non-Grant Assistance was received that was not budgeted to help with the well rehab project. Additional revenues not budgeted were received (water connection and water equipment and supplies) and investment interest increased due to interest rate improvement. Sewer Fund Revenue and Expenditures were decreased by \$100,151 due to COVID-19 Non-Grant Assistance was allocated differently than originally budgeted due to the need to rehab the city wells.

NOTE 3 – DEPOSITS and INVESTMENTS

Investments are reported at cost. Deposits and investments by type at December 31, 2022 are as follows:

<u>Type of Deposit or Investment</u>	<u>City's own deposits and Investments</u>	<u>Deposits held by the the City as a custodian for other local govt, Individuals or private Organizations (Fund 633)</u>	<u>Total</u>
Bank Deposits	\$247,986.75	\$76.00	\$248,062.75
L.G.I.P	<u>\$3,554,190.73</u>	<u>\$0.00</u>	<u>\$3,554,190.73</u>
Total	\$3,802,177.48	\$76.00	\$3,802,253.48

It is the City's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds.

Investments in the State Local Government Investment Pool (LGIP)

The City is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather oversight is provided by the State Finance Committee in accordance with Chapter 43.250 RCW. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, WA 98504-0200, online at www.tre.wa.gov

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the city would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The city's deposits are covered by the Federal Deposit Insurance Corporation (FDIC).

All investments are insured, registered or held by the City or its agent in the City's name.

Other Disclosures

The City opened a bank savings account at Mountain West Bank in 2018 for police purposes such as informant and drug buy funds. The requirement to open this account by the bank was \$100.00. At year end 2022 the balance in the fund was \$4,902.57.

The City has a cash drawer to make change in the amount of \$200.00, this amount is accounted for in the beginning and ending fund balance of the General Fund.

NOTE 4 –LEASES

The 2020 backhoe and loader is a lease purchase agreement that the City entered into in 2020. The lease purchase agreement is a combined agreement for both pieces of equipment and the annual payment is \$48,746.96 for seven years and the City will own them. The first payment was due November 07, 2020.

The total amount paid for the backhoe and loader lease including principal and interest in 2022 was \$48,747. The remaining debt service requirements for the existing Backhoe/Loader Lease/Purchase is as follows:

2020 John Deere Loader & Backhoe Debt Schedule

<u>YEAR</u>	2020 JD Loader & Backhoe <u>2020-2027</u>		TOTAL
	Principal	Interest	
2023	45,092	3655	48,747
2024	45,979	2768	48,747
2025	46,884	1863	48,747
2026	47,806	941	48,747
	185,761	9,227	194,988

The City entered into a lease agreement with Pitney Bowes Inc. for a postage machine. The agreement commenced 11/08/22 and expires 11/07/2027. The lease payment is \$501.72 per quarter for a 60 month term. The lease can be cancelled with 30 days written notice and a hefty penalty. The first payment was made February 2023.

In addition the City entered in to a lease agreement with CANON for a copier for City Hall and the Police Department. The agreement commenced 10/05/2022 and ends 10/05/2027. The combined lease payment is \$329.00 per month for a 60 month term. The lease can be cancelled with 30 days written notice and a hefty penalty. The first payment was made March 2023.

There were no amounts paid for the copier and postage machine leases in 2022. The machines were delivered and set up in 2023. The remaining debt service requirements for the existing postage machine and copier leases are as follows:

Pitney Bowes Postage Machine & Canon Copiers Debt Schedule

Year Ended December 31, 2022	Total
2023	\$ 5,955
2024	\$ 5,955
2025	\$ 5,955
2026	\$ 5,955
2027	\$ 5,955
TOTAL	\$29,775

NOTE 5 –LONG-TERM DEBT

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the city and summarizes the city's debt transactions for year ended December 31, 2022.

The 2022 year end unpaid Principal on the 04 Water/Sewer Revenue Bonds was \$1,276,367.50 and the unpaid interest was \$2,517.76 according to the United States Department of Agriculture/Rural Development Mortgage Interest Statement. The 04 Water/Sewer Bonds will be paid in full on December 15, 2044.

The 2022 year end unpaid Principal on the Spruce Street Revenue Bond was \$178,617.71 and the unpaid interest was \$53.83 according to the United States Department of Agriculture/Rural Development Mortgage Interest Statement. The Spruce Street Water/Sewer Bonds will be paid in full on December 27, 2053.

The 2022 year end unpaid Principal on the 2019 South Bench Water Improvement Revenue Bonds was \$2,999,969.70 and the unpaid interest was \$719.15 according to the United States Department of Agriculture/Rural Development Mortgage Interest Statement. The 2019 South Bench Water Improvement Bonds will be paid in full December 26, 2059.

The 2022 year end unpaid Principal on the 2021 Limited Tax General Obligation Bonds was \$296,322.09 and the unpaid interest was \$42,216.59 according to the North Cascades Bank Debit Service Schedule. The 2021 Limited Tax General Obligation Bonds will be paid in full May 27, 2031. The first payment on these bonds was in 2022.

The debt service requirements for existing revenue bonds are as follows:

<u>2004 WWTP Bonds Debt Schedule</u>			
<u>YEAR</u>	WWTP		TOTAL
	<u>BONDS</u>		
	<u>2004-2044</u>		
	Principal	Interest	
2023	35,225	57,437	92,662
2024	36,811	55,851	92,662
2025	38,467	54,195	92,662
2026	40,198	52,464	92,662
2027	42,007	50,655	92,662
2028-2032	240,150	223,160	463,310
2033-2037	299,270	164,040	463,310
2038-2042	372,945	90,365	463,310
2043-2044	171,295	11,594	182,889
	1,276,368	759,761	2,036,129

<u>2013 Spruce Street Bonds Debt Schedule</u>			
<u>YEAR</u>	WWTP		TOTAL
	<u>BONDS</u>		
	<u>2013-2053</u>		
	Principal	Interest	
2023	3,729	4,912	8,641
2024	3,832	4,809	8,641
2025	3,937	4,704	8,641
2026	4,045	4,596	8,641
2027	4,156	4,485	8,641
2028-2032	22,561	20,644	43,205
2033-2037	25,838	17,367	43,205
2038-2042	29,592	13,613	43,205
2043-2047	33,891	9,314	43,205

2048-2052	38,814	4,391	43,205
2053	8,222	226	8,448
	178,618	89,060	267,678

2019 South Bench Water Bonds Debt Schedule

<u>YEAR</u>	WWTP BONDS <u>2019-2059</u>	TOTAL
	Principal Interest	
2023	58,564 52,499	111,063
2024	59,588 51,475	111,063
2025	60,631 50,432	111,063
2026	61,692 49,371	111,063
2027	62,772 48,291	111,063
2028-2032	330,726 224,589	555,315
2033-2037	360,696 194,619	555,315
2038-2042	393,381 161,934	555,315
2043-2047	429,028 126,287	555,315
2048-2052	467,905 87,410	555,315
2053-2057	510,304 45,011	555,315
2058-2059	204,683 5,283	209,966
	2,999,970 1,097,202	4,097,171

The debt service requirements for existing LTGO bonds are as follows:

2021 Limited Tax General Obligation Bonds Debt Schedule

<u>YEAR</u>	LTGO BONDS <u>2021-2031</u>	TOTAL
	Principal Interest	
2023	29,467 8148	37,615
2024	30,277 7338	37,615
2025	31,110 6505	37,615
2026	31,965 5650	37,615
2027	32,844 4,771	37,615
2028-2031	140,660 9,801	150,461
	296,322 42,213	338,537

NOTE 6 – OPEB Plans

The City of Newport has a commitment to pay for post-employment benefits for an employee that belongs to LEOFF 1. The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan as required by RCW 41.26.150(1). The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. As of December 31, 2022, the plan had one member, a retiree. These benefits include medical insurance and co-pays as well as long term care insurance. The City provides medical insurance through Association of Washington Cities Benefit Trust Regence BlueShield Medicare

Advantage Plan. This plan has no deductible and has a \$2800 out of pocket max per individual. This plan has been very beneficial because it has been covering all copays and the monthly premium is less. Long Term Care Insurance is provided through Transamerica Life Insurance. The plan purchased is a lifetime plan that would cover \$150 per day in a nursing home; \$120 per day in assisted living; Home care \$110 per day; Home Professional Services \$220 per day. One retiree received benefits during the year. Based on the State Actuary, the City of Newport's total OPEB liability for 2022 was \$510,716 as calculated using the alternative measurement method. For the year ended December 31, 2022, the City paid \$18,209 in benefits.

NOTE 7 – PENSION PLANS

A. State Sponsored Pension Plans

Substantially all City full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans (PERS & LEOFF).

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information for each plan.

The DRS ACFR may be downloaded from the DRS website at www.drs.wa.gov.

At June 30, 2022 the city's proportionate share of the collective net pension liabilities, as reported on Schedule 09, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1 UAAL	\$30,852	.005034%	\$140,165
PERS 2	\$52,611	.006549%	(\$242,888)
LEOFF 1	\$0	.001416%	(\$40,620)
LEOFF 2	\$15,194	.007339%	(\$199,452)

Only the net pension liabilities are reported on the Schedule 09.

LEOFF Plan 1

The city also participates in LEOFF Plan 1. The LEOFF Plan 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. Starting on July 1, 2000, employers and employees contribute zero percent.

LEOFF Plan 2

The City also participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. The special funding situation is not mandated by the state constitution and could be changed by statute.

NOTE 8 – PROPERTY TAXES

The Pend Oreille County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed after the end of each month.

Property tax revenues are recognized when cash is received from the county. Delinquent taxes are considered fully collectible because a lien affixes to the property after taxes are levied.

The City's regular levy for 2022 was \$1.6605331440 per \$1,000 on an assessed valuation of \$198,707,452 for a total regular levy of 329,960.31.

NOTE 9 – RISK MANAGEMENT

The City of Newport is a member of Cities Insurance Association of Washington (CIAW). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The program was formed on September 1, 1988, when 34 cities in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of November 30, 2022, membership includes 195 members in the program.

The program provides the following forms of joint self-insurance and reinsurance coverage for its members: Property, including Automobile Comprehensive and Collision, Equipment Breakdown, Crime Protection and Liability, including General, Automobile, Wrongful Acts, and Cyber, which are included to fit the member's various needs.

The program acquires reinsurance through their administrator, Clear Risk Solutions. Liability coverage is purchased to an aggregate limit of \$50,000,000 with a self-insured retention (SIR) of \$500,000. Members are responsible for a \$1,000 to \$50,000 deductible for each claim (can vary by member), while the program is responsible for the \$500,000 SIR. Since the program is a cooperative program, there is joint liability among the participating members toward the sharing of the \$500,000 SIR, in addition to the

deductible. The program also purchases a Stop Loss Policy as another layer of protection to its membership, with an attachment point of \$7,110,058, which is fully funded in its annual budget.

Property insurance is subject to a per occurrence SIR of \$500,000. Members are responsible for a \$1,000 deductible for each claim (some member deductibles vary). The program bears the \$500,000 SIR, in addition to the deductible.

Crime insurance is subject to a per occurrence SIR of \$500,000. Members are responsible for a \$1,000 deductible for each claim (some member deductibles vary). The program bears the \$25,000 SIR, in addition to the deductible.

Equipment Breakdown insurance is subject to a per occurrence deductible of \$2,500 (cities and special districts) and \$500 (fire districts), which may vary per member, with the exception of Pumps & Motors, which is \$10,000. Members are responsible for the deductible amount of each claim. There is no program SIR on this coverage, with the exception of Pumps & Motors, which is \$15,000 and is covered by CIAW.

Cyber liability insurance is subject to a per-occurrence SIR of \$50,000. Members are responsible for a \$10,000 deductible for each claim, while the program is responsible for the remaining \$40,000 SIR.

Members contract to remain in the program for a minimum of one year and must give notice before December 1 to terminate participation the following December 1. The Interlocal Agreement is renewed automatically each year. In the event of termination, a member is still responsible for contributions to the program for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Agreement.

The program has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who has been contracted to perform program administration, underwriting, claims adjustment, and loss prevention for the program. Fees paid to the third-party administrator under this arrangement for the year ending December 1, 2022, were \$2,747,183.56.

A board of ten members is selected by the membership from three geographic areas of the state on a staggered term basis and is responsible for conducting the business affairs of the program.

Health & Welfare

The City of Newport is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014, when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2022, 262 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members.

In April 2020, the Board of Trustees adopted a large employer policy, requiring newly enrolling groups with 600 or more employees to submit medical claims experience data in order to receive a quote for medical coverage. Outside of this, the AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run out for all current members.

The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2022, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris and Kaiser plans at an Individual Stop Loss (ISL) of \$1.5 million through United States Fire Insurance Company. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC Trust HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the AWC Trust HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the AWC Trust HCP. Similarly, the terminating member forfeits all rights and interest to the AWC Trust HCP Account.

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the AWC Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The AWC Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in the report for the fiscal year ending December 31, 2018. Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

City of Newport
Schedule of Liabilities
For the Year Ended December 31, 2023

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	2021 Limited Tax General Obligation Bond Issue Date 05/27/2021	5/27/2031	296,322	-	29,466	266,856
Total General Obligation Debt/Liabilities:			296,322	-	29,466	266,856
Revenue and Other (non G.O.) Debt/Liabilities						
252.11	2013 Spruce Street W/S Rev Bonds Issue Date 12/27/2013	12/27/2053	178,618	-	3,729	174,889
252.11	2004 WWTP Upgrade Rev Bonds Issue Date 12/15/2004	12/15/2044	1,276,368	-	35,225	1,241,143
252.11	2019 South Bench W/S Rev Bonds Issue Date 12/27/2019	12/26/2059	2,999,970	-	58,564	2,941,406
259.12	CE Employee Buyout		40,969	15,914	-	56,883
259.12	Street Employee Buyout		9,165	501	-	9,666
259.12	Water Employee Buyout		12,353	3,733	-	16,086
259.12	Sewer Employee Buyout		17,637	7,200	-	24,837
263.52	2020 JD Backhoe & Loader Lease to Own Start Date 10/07/2020	11/7/2026	185,763	-	45,092	140,671
264.30	Net Pension Liability		140,165	-	31,712	108,453
264.40	OPEB Liability		510,716	-	51,547	459,169
263.57	Canon Copier Lease - Police Dept Image Runner 5255	10/24/2027	5,700	-	1,140	4,560
263.57	Pitney Bowes Postage Meter Lease	10/3/2027	10,034	-	2,007	8,027
263.57	Canon Copier Lease - City Hall Image Runner 5860	10/24/2027	14,040	-	2,808	11,232
Total Revenue and Other (non G.O.) Debt/Liabilities:			5,401,498	27,348	231,824	5,197,022
Total Liabilities:			5,697,820	27,348	261,290	5,463,878

**City of Newport
Schedule of Liabilities
For the Year Ended December 31, 2022**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	2021 LTGO	5/27/2031	325,000	-	28,678	296,322
251.11	2013 Spruce Street	12/27/2053	182,247	-	3,629	178,618
251.11	WWTP Upgrade	12/15/2044	1,310,076	-	33,708	1,276,368
251.11	2019 South Bench	12/26/2059	3,057,526	-	57,556	2,999,970
Total General Obligation Debt/Liabilities:			4,874,849	-	123,571	4,751,278
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	CE Employment Buyout		63,130	-	22,161	40,969
259.12	Street Employee Buyout		21,185	-	12,020	9,165
259.12	Water Employee Buyout		16,855	-	4,502	12,353
259.12	Sewer Employee Buyout		26,013	-	8,376	17,637
264.30	Net Pension Liability		61,086	79,079	-	140,165
264.40	OPEB Liability		589,017	-	78,301	510,716
263.52	2020 JD Backhoe & Loader Lease to Own	11/7/2026	229,985	-	44,222	185,763
263.57	Canon Copier Lease CH	10/24/2027	-	14,040	-	14,040
263.57	Canon Copier Lease PD	10/24/2027	-	5,700	-	5,700
263.57	Pitney Bowes Postage Meter Lease	10/3/2027	-	10,034	-	10,034
Total Revenue and Other (non G.O.) Debt/Liabilities:			1,007,271	108,853	169,582	946,542
Total Liabilities:			5,882,120	108,853	293,153	5,697,820

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

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