

# City of Newport, Kentucky

Annual Comprehensive Financial Report  
Year ended June 30, 2023



Office Building at  
Ovation 200 W 3rd St

**CITY OF NEWPORT, KENTUCKY**  
**ANNUAL COMPREHENSIVE**  
**FINANCIAL REPORT**

**For the Year Ended June 30, 2023**

**Prepared by:**

**Finance Department  
City of Newport**

**CITY OF NEWPORT, KENTUCKY**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
For the Year Ended June 30, 2023

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## INTRODUCTORY SECTION



February 7, 2024

To the Mayor, City Commissioners and Citizens of the City of Newport, Kentucky:

We are pleased to present the Annual Comprehensive Financial Report of The City of Newport, Kentucky (the City or Newport) for the fiscal year ended June 30, 2023 (FY 23).

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City of Newport's management. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position and the results of operations of the City. To provide a reasonable basis for making these representations, management of the City has established internal controls that are designed both to protect its assets and the integrity of its operations, and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). All disclosures necessary to enable an understanding of financial activities have been included. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Commonwealth of Kentucky requires that all general purpose governments publish, a complete set of financial statements prepared in accordance with GAAP, consistently applied, and audited by a firm of independent certified public accountants. RFH, PLLC, engaged by Newport to audit its FY 23 financial statements, issued an unmodified (clean) opinion on the financial statements for the fiscal year ended June 30, 2023, indicating that the City's financial statements are fairly presented in conformity with GAAP. The Independent Auditors' Report is included as the first component of the financial section of this report.

The independent audit of the financial statements of the City is part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require an independent auditor to report not only on the fair presentation of the financial statements, but also on the City's internal controls and compliance with Federal Program requirements. In this fiscal year, a single audit was required due to expenditures exceeding the \$750,000 threshold of Federal grant funds. Those findings are included herein.

The Government Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview and analysis to accompany the Financial Statements in the form of a Management's Discussion and Analysis (MD&A). This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent public accountants.

The Financial Statements of the City consist of the Statements of Net Position and Statement of Activities and Fund Financial Statements. Notes to the Financial Statements are an integral part of the financial statements and should be read to better understand the reports presented.

## City of Newport Overview

The City of Newport, founded in 1795, is located in the northern most part of the state, situated directly across the Ohio River from Cincinnati, Ohio, occupies a land area of 3 1/2 square miles and serves a population of approximately 16,000. The City's operations are primarily funded through the levying of taxes with major revenues from taxation on:

- Gross payroll
- Insurance premium
- Gross receipts (business) Bank deposits
- Personal and Real property

Overseeing operations of the City is the City Manager, Thomas Fromme. According to the International City/County Management Association, the council-manager form of government "combines the strong political leadership of elected officials with the strong managerial experience of an appointed manager or administrator. All power and authority to set policy rests with an elected governing body, which includes a mayor or chairperson and members of the council, commission, or board. The governing body in turn hires a nonpartisan manager who has very broad authority to run the organization."

The City Manager Plan has been Newport's form of government since 1932 and under such the voters elect only the City Commission, which appoints a City Manager to administer municipal affairs under its supervision. The Commission acts only collectively, and its individual members, including the Mayor, have no administrative functions. The Board of Commissioners is elected on a non-partisan basis for a two-year term, while the Mayor serves a four year term. The election for the Offices of City Commissioner and Mayor was held in November 2022.

The City Manager, subject to Policies, is in charge of the administration of municipal affairs, preparing the budget, appointing and dismissing personnel, directing the work of municipal departments, and attending Commission meetings, in which recommendations on municipal business are presented and an active part in discussions is taken. In directing daily operations of the City, the Manager is responsible for ensuring effective and efficient government service. Every City employee ultimately answers to the City Manager, so the Manager has the right to recommend or hire and fire staff as appropriate and allowable by law.

Departments over which the City Manager supervises are as follows:

- All City Manager Staff, City Clerk and Legal Department.
- Police – An accredited, forty-five member department with divisions of administration, patrol, traffic, and investigation.
- Fire – Thirty-seven member department with divisions of administration, headquarters, education and prevention, emergency medical services, and South Newport.
- Community Services – employs fifteen full-time and nineteen seasonal in the divisions of administration, Veteran's pool, public works, parks and recreation, refuse, and municipal building maintenance.
- Code Enforcement – under which new or rehabilitation development plan review, building permit, and code enforcement services are conducted. The department is comprised of five full time and one part time employees.
- Finance and Administration – seven full time personnel perform accounts payable, accounts receivable, management and reporting functions, property tax collection, business and rental licenses and fees collection as well as budget assistance and tracking.

In addition to the aforementioned departments and related activities, the governing body and City Manager bear responsibility for funding the policemen's and firefighter's retirement fund and City employees' retirement fund therefore, these activities are included in the annual report.

The policemen's and firefighter's and the City employees' retirement funds are self-funded plans under which those who retired before 1988 are still paid. The funds are considered fiduciary funds, which are funds used to account for assets held in trust by the City in a trustee capacity and cannot be used to support any other program. Additional information on the fund can be found in the auditor's "Notes to the financial statements" on pages 34 - 70. The City has been a participant in the City and County Employees Retirement System (CERS) through the Commonwealth of Kentucky since July, 1989<sup>1</sup>.

The Housing Authority of Newport (HAN) maintains close ties with the City, although it is **not** a component unit of the City as defined by the pronouncements of the Government Accounting Standards Board. The City is not financially accountable for the operations of HAN, has no responsibility to fund deficits or receive surpluses, and does not guarantee HAN's debt. The City provides HAN with grants from the City's CDBG (Community Development Block Grant) allocations for project specific development efforts.

Funding for operations is planned through the annual budget which serves as the main financial control foundation. Department heads work with the Finance Department to create a requested budget. The City Manager uses these requests as the starting point for developing the

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<sup>1</sup> The Government Accounting Standards Board (GASB) passed GASB statement 68 in June, 2012. Effective in fiscal year 2015, this statement will require those that participate in "cost-sharing, multiple employers" plans, like CERS, to include a representative portion of the plans' unfunded liability on the City's balance sheet. The Kentucky Retirement Systems actuaries calculated Newport's percentage of unfunded liability at June, 2022 to be a total of .105% for non-hazardous and .984% for hazardous, equating to \$37,594,644. This amount is shown mainly on pages 24 and 29.

proposed budget for review by the Board of Commissioners. The final budget must be adopted by June 30th.

The City Manager can make transfers of appropriations between departments without the approval of Board of Commissioners but the Board of Commissioners must approve revisions to the budget that would alter total revenues and expenditures of any fund, noting that expenditures may not legally exceed budgeted appropriations at the fund level. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

## **Economic Condition and Outlook**

Many local and national economists have stated that metropolitan-Northern Kentucky and Cincinnati are attractive places to live, work and invest because the fundamentals are quite strong, the weather is typically moderate, the overall workforce is educated, a concentration of excellent colleges and universities can be found, and all major U.S. cities are accessible from the Cincinnati-Northern Kentucky International Airport. As such economists have stated that, given these fundamentals, the region's economic outlook remains favorable.

Newport has several new developments on the horizon: office, residential, mixed use, large- and small-scale development, in locations throughout the City. These types of Economic Development Projects of scale take several years of planning and approvals before construction begins.

Our goals continue to include furthering residential and commercial development; improving on quality of life issues through investments in parks and recreation and maintaining a safe walkable community. From a fiscal perspective we continue working on growing revenues, keeping our expenses reasonable, reduction of debt service and continued improvement of the City credit rating of A- by Standard & Poor's.

## **Spotlighting**

This year marks the 228<sup>th</sup> anniversary of the founding of the City of Newport. Since 2006, the City has experienced well over \$1 billion in new developments, and growing, making this period one of the most successful in the history of the City. In 2023, businesses in the City added 159 net new jobs. In 2023, we also welcomed the first new homes in the Martins Gate Development in South Newport.

**Ovation:** In May of 2021 the Music Venue was completed. The hotel and office building component of phase one is scheduled for completion in 2024. Plans for the second phase of construction, just south of Newport's Floodwall, were approved in November 2020, and are under construction. This phase will include a mix of uses: residential, retail and parking.

**Newport on the Levee:** In FY 2018 North American Properties, a Cincinnati / Atlanta based company, purchased the Levee and has continued to diversify the offerings on site, including an outdoor oriented "Bridgeview Box Park", and continued office recruitment. Recently, plans for a \$14 million Margaritaville Resort at this location were approved.

**Newport Shopping Center and Plaza:** Newport Shopping Center continued re-tenanting of the center, including Newport Racing and Gaming, who took 17,000 square feet of space. New ownership took possession in 2022 and has plans for recruiting many new businesses.

**Peace Bell Mixed Use Development:** Design plans continued to be refined for a mixed-use development on the parking lot site adjacent to the World Peace Bell. The concept plan includes a hotel as Phase I and a mixed-use building as Phase II. A State TIF application has been submitted, and approved. We are currently assessing the possible construction of a publicly owned parking garage on the site.

**One Riverfront Place:** Leasing continues to be stable as major tenants such as P.L. Marketing see growth in their respective business sectors.

**Newport Steel Site:** The site has experienced significant interest to prospective buyers for redevelopment of the site. The City placed a Development Moratorium on the area, until the Comprehensive Plan process is complete and the City can put development controls in place to assure that the site is used to the highest and best use.

**SkyPoint Condominiums:** Construction on the former Baptist Home on Main Street, renamed SkyPoint Condominiums, began. This project includes 45 units of for sale condominium product. Nearly all of these units have been purchased.

**13th Street Residential Redevelopment (Martins Gate):** A five-acre site in the Clifton neighborhood has been approved for a 2023 HomeArama project, bringing together the NKY and Cincinnati Homebuilders Associations to construct a projected 62 single-family residential units along 13<sup>th</sup> and 14<sup>th</sup> Street in Newport with an estimated value of \$44 million dollars.

**South 27 Smart Corridor:** The US-27 Smart Corridor Group (multi-city) working group has been collaborating on various initiatives to form a common vision around this underutilized corridor and implement strategic solutions that will help the involved communities prosper by engaging with current and future residents, visitors, and businesses. The City of Newport has received grant funding to improve the streetscape into a more multi-modal, attractive corridor, that will further redevelopment over time. Design is well underway for the reconfiguration of US 27 South to promote economic development in the corridor through aesthetic and vehicular improvements. Bids for the project will be submitted in early 2024.

## Priorities for the next year

The City's focus remains to re-make Newport into an inviting place to live, work, and play. In pursuit of that goal, City Commissioners and the City Manager have identified a number of items on which to concentrate in the coming fiscal years including continued pursuit of and negotiations with businesses desiring to locate in the City, infrastructure, building, and equipment needs, riverfront mandates and continued improvements, fiscal soundness. Highlighting just the next year:

### Community and Economic Development Goals:

- Continue necessary amendments to the NewportFORWARD Comprehensive Plan, and begin implementation of priority action steps.
- Continue to focus on assisting businesses to rebuild/ recover from the impacts of COVID-19
- Facilitate redevelopment underway: Peace Bell Site, Ovation, Newport on the Levee, SkyPoint, 13<sup>th</sup> Street, and along Monmouth Street and New Route 9
- Continue business retention / outreach
- Continue Façade Program Implementation
- Partner with neighboring Cities on evaluation of the US 27 Smart Corridor
- P&Z engagement and administration
- Landfill Redevelopment

### Infrastructure and Maintenance Goals:

- Continue to evaluate ways to maintain aging infrastructure.
- Continue implementing plan for the street / sidewalk repairs, road paving schedule
- Install handicap ramps and replace curbing
- Phase II Carothers Construction
- Grant Implementation: Festival Park at Riverfront Commons
- Continue to facilitate Levee projects, repair, maintenance and development related.
- Continue Monmouth Street Paver Replacement project

### Financial Goals

- Continue to strengthen the City's reserves
- OpenGov: Add more detailed Fire and Police Data
- Continue to investigate ways to incorporate technology into city government functions
- Update Website, continue promotions of events, grow Facebook "Friends", expand communications
- Issue a Bond for capital improvements which would include South Monmouth / Underpass
- Work with Department heads to monitor City Budget
- Establish and set Property Tax Rate

The City is in dynamic times, mending outdated financial policies and procedures, prioritizing delayed repairs and maintenance, creating five year plans for streets, equipment, and the municipal complex and long term goals for the City's development, while enticing entrepreneurs, expanding businesses, and artisans to create a unique community wherein all who work and play can find enjoyment.

## Acknowledgements

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance and Administration Department with special thanks to Leonard Kuntz, Director of Finance, for his continued devotion to the City's financial standing and reporting.

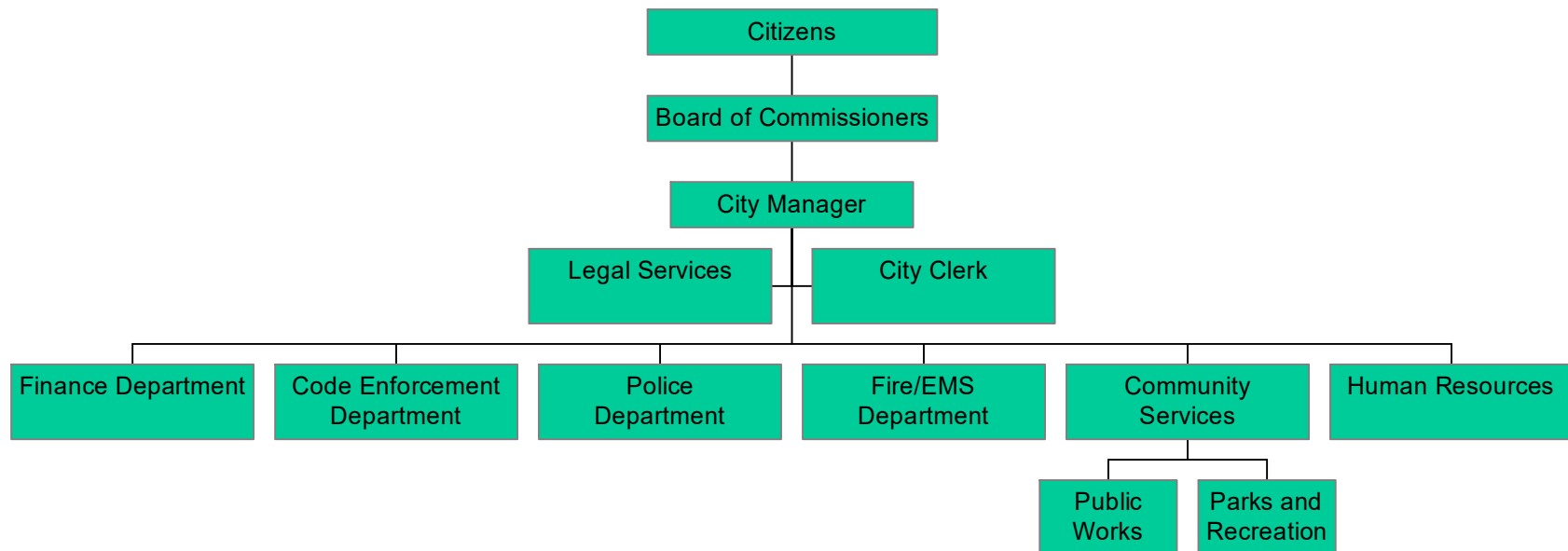
We wish to thank all of the City's departments and staff for their assistance in providing the data necessary to prepare this report. Tribute also is due to the Mayor and the Commission for their unfailing support in maintaining the highest standards of professionalism in the management of the City of Newport's finances.

Sincerely and respectfully submitted,

A handwritten signature in black ink, reading "Thomas J. Fromme". The signature is fluid and cursive, with the first name "Thomas" and last name "Fromme" clearly legible.

Thomas J. Fromme  
City Manager

# City of Newport, Kentucky Organizational Structure



**CITY OF NEWPORT, KENTUCKY**

**LIST OF PRINCIPAL OFFICIALS**

**For the Year Ended June 30, 2023**

**Mayor**

Thomas L. Guidugli, Jr.

**Commissioners**

Elisabeth Fennell

Michael Radwanski

Julie Smith-Morrow

Kenneth Rechten

**City Manager**

Thomas J. Fromme

**Department Heads**

Fire/EMS - Chief Frank Peluso, Jr.

Police - Chief Christopher Fangman

Planning/Development - Brian Steffen

Community Services – Ray Ebert

Finance - Leonard Kuntz

**Office of City Manager**

City Attorney - Daniel R. Braun

City Clerk – Tiffany Meyers

## FINANCIAL SECTION



## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and  
Members of the Commission  
City of Newport, Kentucky

### Report on the Audit of the Financial Statements

#### ***Opinions***

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

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

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Newport, Kentucky'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.

#### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Newport, Kentucky'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 of Newport, Kentucky's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension schedules and OPEB schedules on pages 13–23 and 71–91 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Newport, Kentucky's basic financial statements. The accompanying capital projects fund budgetary comparison schedule and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the

basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the capital projects fund budgetary comparison schedule and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2024, on our consideration of the City of Newport, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Newport, Kentucky'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 of Newport, Kentucky's internal control over financial reporting and compliance.

**RFH**

RFH, PLLC  
Lexington, Kentucky  
February 7, 2024



## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Newport, Kentucky's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the City's basic financial statements, which begin on page 24.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 24 and 25) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 26. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most financially significant funds.

#### **GASB 68**

Passed in June 2012, the new standards are intended to: enhance usefulness of employer-level pension information in financial reports, improve transparency – Kentucky Retirement Systems – County Employee Retirement System's liability is shared by all participants (employers) in the plan, and make it easier to compare public pension plans by standardizing financial reporting requirements. GASB 68 requires the annual *government-wide* financial statements to include the proportionate share of **net pension liability**, the proportionate share of **pension expense**, additional pension-related note disclosures (**Notes to Financial Statement, page 58**), and additional pension-related **Required Supplemental Information**. The City's calculated share for FY 2023 is \$37,594,696.

#### **GASB 75**

Passed in June 2015, the new standards are intended to: enhance usefulness of employer-level 'other post-employment benefit (OPEB)' information in financial reports, improve transparency – Kentucky Retirement Systems – County Employee Retirement System's liability is shared by all participants (employers) in the plan, and make it easier to compare public pension plans by standardizing financial reporting requirements. GASB 75 requires the annual government-wide financial statements to include the proportionate share of **net OPEB liability**, the proportionate share of **OPEB expense**, additional OPEB-related note disclosures (**Notes to Financial Statement, page 61**), and additional OPEB-related **Required Supplemental Information**. The City's calculated share for FY 2023 is \$10,447,359.

It is a standard for preparing financial statements, not for funding, and contribution rates will be determined in the same manner as in the past. Employers, like the City of Newport, will now be required to account for their share of the unfunded liability but they are not required to fund that liability beyond the rates established in accordance with KRS 61.565(6).

## Reporting the City as a Whole

### Financial Highlights (with GASB 68 and GASB 75)

- The general liabilities of the City exceeded its assets at the close of the most recent year by \$(8,149,476) with the inclusion of the unfunded pension and OPEB liabilities of \$39,044,613 and \$10,447,359, respectively. This is the City's net position. For the statement of net position, refer to page 24.
- The City's total net position increased this year by **\$6,206,612** over last year. Net position of governmental activities increased by **\$5,935,681** and net position of business-type activities increased by **\$270,931**. As of June 30, 2023, the City's governmental funds reported a combined ending fund balance of **\$26,773,501**, an increase of **\$3,852,476** in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was **\$9,823,483**, an increase of **\$1,870,721** over fiscal year 2022. With the receipt of seven Opioid Settlement payments, the City was able to place funds into the 'Reserve' bank account.
- The City's total debt, excluding bond premiums, increased by **\$3,531,123** due to amortized SBITA liability, changes in the state pension liabilities and regularly scheduled principal payments.

### **Financial movement without consideration of GASB 68 and GASB 75 (pension & O P E B liabilities) is as follows:**

- The governmental assets outpaced liabilities by \$33,551,386.
- Total net position (including business [refuse] activity) rose by \$7,358,340, governmental activities increased by \$7,055,316, and business activities increased by \$303,024. On the asset side, cash and equivalents were up significantly due to revenue growth such as payroll tax. The offset on the liability can be seen in the down payment of note and lease principal.
- Fund and debt figures are unchanged.

### The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account when they are measurable, regardless of when cash is received or paid.

These two statements report on the City's *net position* and changes in them. You can think of the City's net position, the difference between assets, what the taxpayers own, and liabilities, what the taxpayers owe, as one way to measure the City's financial health, or *financial position*.

Over time, *increases or decreases* in the City's net position are one indicator of whether its *financial health* is improving or deteriorating.

You will need to consider other non-financial factors, however, such as changes in the City's property tax base, franchise fee base, and the condition of the City's capital assets (roads, buildings, equipment and sidewalks) to assess the *overall health* of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental activities: most of the City's basic services are reported here, including the police, fire, emergency medical services, street maintenance, parks and recreation, and general administration. Payroll license fees, insurance license fees, property taxes, and gross receipts license fees finance most of these activities.
- Business-type activities: the City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's refuse operations for weekly garbage pickup and maintenance of the former City landfill are reported in this activity.

## Reporting the City's Most Significant Funds

### Fund Financial Statements

Our analyses of the City's major funds begin on page 26 and provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by State law. However, the Board of Commissioners establishes many other funds to help it control and manage money for particular purposes (i.e., Community Development Fund, Capital Projects Fund and TIF Fund). The City's two kinds of funds, governmental and proprietary, use different accounting approaches.

**Governmental funds:** Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides (*i.e., general fund, community development, capital projects, and TIF*). Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation beside the fund financial statements.

**Proprietary funds:** When the City charges customers for the full cost of the services it provides, whether to outside customers or to other units of the City, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's

enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. ***For Newport, this is the Refuse (solid waste) fund.***

## THE CITY AS A WHOLE

The statement of net position presents information on all of the City of Newport's assets and liabilities, with the differences between the two reported as net position. For the year ended June 30, 2023, net position changed as follows:

|                                  | Governmental Activities |                 | Business-type Activities |              | Total          |                 |
|----------------------------------|-------------------------|-----------------|--------------------------|--------------|----------------|-----------------|
|                                  | 2023                    | 2022            | 2023                     | 2022         | 2023           | 2022            |
| Current and other assets         | \$ 32,177,352           | \$ 28,479,134   | \$ 1,334,080             | \$ 1,264,326 | \$ 33,511,432  | \$ 29,743,460   |
| Capital assets                   | 32,354,216              | 33,053,335      | 342,191                  | 30,567       | 32,696,407     | 33,083,902      |
| Total assets                     | \$ 64,531,568           | \$ 61,532,469   | \$ 1,676,271             | \$ 1,294,893 | \$ 66,207,839  | \$ 62,827,362   |
| Deferred outflows of resources   | \$ 9,542,663            | \$ 9,118,170    | \$ 116,428               | \$ 119,385   | \$ 9,659,091   | \$ 9,237,555    |
|                                  | \$ 9,542,663            | \$ 9,118,170    | \$ 116,428               | \$ 119,385   | \$ 9,659,091   | \$ 9,237,555    |
| Long-term liabilities            | \$ 76,518,669           | \$ 73,023,216   | \$ 533,190               | \$ 460,497   | \$ 77,051,859  | \$ 73,483,713   |
| Other liabilities                | 3,714,624               | 5,354,276       | 97,068                   | 18,714       | 3,811,692      | 5,372,990       |
| Total liabilities                | \$ 80,233,293           | \$ 78,377,492   | \$ 630,258               | \$ 479,211   | \$ 80,863,551  | \$ 78,856,703   |
| Deferred inflows of resources    | \$ 3,114,803            | \$ 7,482,693    | \$ 38,052                | \$ 81,609    | \$ 3,152,855   | \$ 7,564,302    |
|                                  | \$ 3,114,803            | \$ 7,482,693    | \$ 38,052                | \$ 81,609    | \$ 3,152,855   | \$ 7,564,302    |
| Net position:                    |                         |                 |                          |              |                |                 |
| Net Investment in capital assets | \$ 19,953,828           | \$ 17,829,757   | \$ 342,191               | \$ 30,567    | \$ 20,296,019  | \$ 17,860,324   |
| Restricted                       | 6,486,253               | 3,493,810       | -                        | -            | 6,486,253      | 3,493,810       |
| Unrestricted                     | (35,713,946)            | (36,533,113)    | 782,198                  | 822,891      | (34,931,748)   | (35,710,222)    |
| Total net position               | \$ (9,273,865)          | \$ (15,209,546) | \$ 1,124,389             | \$ 853,458   | \$ (8,149,476) | \$ (14,356,088) |
| (without pension/OPEB liability) | \$ 33,551,386           | \$ 26,496,070   |                          |              |                |                 |

There was an increase of **\$5,935,681** in net position for governmental activities. General Fund revenues exceeded expenses by \$3,488,834 leading to an increase in cash of \$ 2,349,438 (restricted and non). On the liability side, the drawing down of ARPA funds caused a reduction of \$1,250,000. Net Pension Liability (GASB 68) increased \$5,188,290, and OPEB liability (GASB 75) increased \$762,044. There was an increase in net position of **\$270,931** for business-type activities resulting primarily in an increase in the refuse fee and lower than normal landfill maintenance costs.

## Government-wide

Government-wide activities increased the net position of the City of Newport by **\$6,206,612** during FY 2023 as summarized on the following chart:

| <b>Changes in Net Position</b>            |                     |                 |                      |              |                |                 |
|---|---------------------|-----------------|----------------------|--------------|----------------|-----------------|
|   | <b>Governmental</b> |                 | <b>Business-type</b> |              | <b>Total</b>   |                 |
|   | <b>Activities</b>   |                 | <b>Activities</b>    |              |                |                 |
|   | <b>2023</b>         | <b>2022</b>     | <b>2023</b>          | <b>2022</b>  | <b>2023</b>    | <b>2022</b>     |
| <b>Revenues:</b>                          |                     |                 |                      |              |                |                 |
| <b><u>Program revenues:</u></b>           |                     |                 |                      |              |                |                 |
| Charges for services                      | \$ 4,557,296        | \$ 2,661,209    | \$ 1,699,873         | \$ 1,621,702 | \$ 6,257,169   | \$ 4,282,911    |
| Operating grants and contributions        | 2,702,293           | 1,887,093       | -                    | -            | 2,702,293      | 1,887,093       |
| Capital grants and contributions          | 251,029             | 697,900         | -                    | -            | 251,029        | 697,900         |
| <b><u>General revenues:</u></b>           |                     |                 |                      |              |                |                 |
| Property taxes                            | 3,501,331           | 3,308,203       | -                    | -            | 3,501,331      | 3,308,203       |
| Other taxes                               | 335,939             | 144,529         | -                    | -            | 335,939        | 144,529         |
| Payroll license fees                      | 9,597,493           | 8,243,863       | -                    | -            | 9,597,493      | 8,243,863       |
| Gross receipts license fees               | 3,041,408           | 2,478,740       | -                    | -            | 3,041,408      | 2,478,740       |
| Insurance premium license fees            | 4,707,407           | 4,994,124       | -                    | -            | 4,707,407      | 4,994,124       |
| Other licenses and permits                | 927,481             | 909,309         | -                    | -            | 927,481        | 909,309         |
| Franchise fees                            | 812,702             | 733,251         | -                    | -            | 812,702        | 773,251         |
| Other uses of property                    | 434,039             | 374,125         | -                    | -            | 434,039        | 374,125         |
| Grants - non-program specific             | -                   | -               | -                    | -            | -              | -               |
| Other                                     | 636,121             | 166,944         | 19,865               | 979          | 655,986        | 167,923         |
| Total revenues                            | \$ 31,504,538       | \$ 26,639,290   | \$ 1,719,738         | \$ 1,622,681 | \$ 33,224,276  | \$ 28,261,971   |
| <b>Expenses:</b>                          |                     |                 |                      |              |                |                 |
| General government                        | \$ 3,512,034        | \$ 4,910,511    | \$ -                 | \$ -         | \$ 3,512,034   | \$ 4,910,511    |
| Police                                    | 8,036,938           | 7,259,731       | -                    | -            | 8,036,938      | 7,259,731       |
| Fire                                      | 7,427,947           | 6,987,152       | -                    | -            | 7,427,947      | 6,987,152       |
| Development services                      | 1,719,174           | 1,360,929       | -                    | -            | 1,719,174      | 1,360,929       |
| Community services                        | 3,924,274           | 4,132,649       | -                    | -            | 3,924,274      | 4,132,649       |
| Municipal complex                         | 444,063             | 447,088         | -                    | -            | 444,063        | 447,088         |
| Interest on long-term debt                | 637,344             | 698,090         | -                    | -            | 637,344        | 698,090         |
| Solid waste collection                    | -                   | -               | 1,391,248            | 1,377,023    | 1,391,248      | 1,377,023       |
| Parking facility operation                | -                   | -               | -                    | -            | -              | -               |
| Total expenses                            | \$ 25,701,774       | \$ 25,796,150   | \$ 1,391,248         | \$ 1,377,023 | \$ 27,093,022  | \$ 27,173,173   |
| Increase in net position before transfers | 5,802,764           | 843,140         | 328,490              | 245,658      | 6,131,254      | 1,088,798       |
| Gain (loss) on disposal of assets         | 75,358              | 22,219          | -                    | -            | 75,358         | 22,219          |
| Transfers                                 | 57,559              | 54,884          | (57,559)             | (54,884)     | -              | -               |
| Increase (decrease) in net position       | \$ 5,935,681        | \$ 920,243      | \$ 270,931           | \$ 190,774   | \$ 6,206,612   | \$ 1,111,017    |
| Net position - Beginning of year          | (15,209,546)        | (16,129,789)    | 853,458              | 662,684      | (14,356,088)   | (15,467,105)    |
| Net position - End of year                | \$ (9,273,865)      | \$ (15,209,546) | \$ 1,124,389         | \$ 853,458   | \$ (8,149,476) | \$ (14,356,088) |

## Governmental Activities

- Total revenues for the City's governmental activities totaled **\$31,504,538** compared to **\$26,639,290** last year.
- Payroll license fees totaled **\$9,597,493** or **30.5%** of the total revenues. This was an increase of **\$1,353,630** from last year. The Ovation TIF footprint continues to create an influx of construction jobs. Of the two major tenants at Riverfront Place, one did not vacate as scheduled and the other added jobs, These are also our two largest P/R tax payers.
- Insurance premium license fees represented **\$4,707,407** or **14.9%** of total revenues. This was a decrease of **(\$286,717)** from the prior year's fees. In FY 2022, the City received a single \$400,000+ payment for multi-year coverage of a construction project. This has caused a one-year downturn, even though the line item displays good growth over the past seven years. The Ovation project continues to expand its TIF footprint.
- The third largest category of governmental revenues was property tax collection, which includes payments in lieu of property taxes, with a total of **\$3,501,331**, or **11.1%** of total revenues, an increase of **\$193,128**. The City continues to take the allowable tax rate (compensating +4%) when setting the annual real estate and tangible tax rates. Also, one new PILOT payments came online in the amount of \$10,000.
- Gross receipts license fees totaled **\$3,041,408** and accounted for **9.7%** of total revenues. This amount represents an increase of **\$562,668** from the previous year. Finance has an additional employee to assist the administrator, the direct result can be seen the collection of delinquent and unregistered accounts. Large construction projects in the TIF zones continue to contribute.
- This year total expenses for the City's governmental activities were **\$25,701,774** compared to **\$25,796,150** last year. Further explanation can be found below in ***the Financial Analysis of the Government's Funds***.

## Business-type Activities

- Revenues for business-type activities totaled **\$1,719,738**, compared to last fiscal year's total of **\$1,622,681**. Of this total, **\$1,699,873** or **98.8%** was from Refuse (garbage) fees, which only climbed \$78,171, due to a 5% rate increase.
- Expenses for business-type activities totaled **\$1,391,248** versus **\$1,377,023** last fiscal year. FY 2023 was the first year of the new union contract for the two members of the "Clean-Team".

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### *Governmental funds*

The focus of the City's governmental funds is to provide information on revenues, expenditures, and net spendable resources.

As of **June 30, 2023**, the City's governmental funds reported combined ending fund balance of **\$26,773,501**, an increase of **\$3,852,476** from the prior year. Of the total fund balance, the unassigned portion of the balance is **\$9,823,483**.

The General Fund is the main operating fund of the City. At the end of the fiscal year, the total fund balance in the General Fund was **\$14,219,330**. This represents an increase of **\$3,488,834** over the prior year. Excluding the effect of 'Other Financing Sources (Uses), FY'23, revenues were up **\$3,442,189** over FY'22 and FY'23 expenses were also up **\$1,844,765** over FY'22.

While revenues have been trending upward, it is merely a matter of time before expenses could outpace realized gains; therefore, the Finance Department continues to recommend items that will stabilize future budgets. Those are:

- Adopting a property tax rate that takes the maximum 4% increase allowed by Kentucky State Statutes. This could lead to an increase in total tax revenue of \$90,000 to \$100,000.
- More useful and productive monitoring of departmental operational expenses.
- Reduced reliance on short-term borrowing.
- Strategic plan for capital needs replacement.
- Continued education for department heads on budget tracking.
- Implementation and enforcement of written standard procedures in all segments of the Finance Department.
- Continue to implement recommendations from the Audit team.

The Community Development Fund's fund balance decreased **\$777**. At the end of the fiscal year, the total fund balance in the Community Development Fund was **\$49,499**. The City no longer offers grants for the Business Corridor Façade program and the remaining balance is earmarked for the Monmouth Street streetscape (700 Block).

The Capital Project Fund's fund balance increased **\$188,257**. Unspent Bond monies had interest earnings of \$379,895.69. At the end of the fiscal year, the total fund balance in the Capital Projects Fund was **\$11,971,043**. Most of the projects comprising the GO 2021 bond issue are still in the design phase so little monies have been spent by the end of the fiscal year. These major projects include: the 'US 27 South-Streetscape', both a Seawall and Festival Park along the riverfront and lastly, Phase II of the Carothers Road Street project.

The TIF Fund's fund balance increased **\$176,162**. At the end of the fiscal year, the total fund balance in the TIF Fund was **\$533,629**. Both the City and Campbell County paid TIF increments for the 'Ovation TIF' amounting to \$172,643.

### *Proprietary Funds*

The City's proprietary funds provide the same information found in the government-wide financial statements. See "Business-type Activities" above.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Toward the end of the fiscal year, the Board of Commissioners revised the General Fund budget to make any necessary adjustments to beginning fund balance and to increase/decrease revenues and expenditures to more closely reflect the anticipated actual revenues and expenditures for the year.

The amended General Fund revenue budget (excluding beginning budgetary fund balance) was **\$2,039,660 higher** than the original budget amount. The most significant changes were as follows:

- **\$1,734,500** increase in Payroll Taxes. Our second highest P/R taxpayer from FY'22 was projected to leave the City during this year. They ended up remaining in town for FY'23 and those monies were not included in the budget. Wages from construction for components of the Ovation District continue to rise as well.
- **\$261,700** increase in Occupational Licenses Gross Receipts. In addition to the overall thriving economy, we also have improved efforts to track down unregistered businesses.
- **\$200,000** increase in Insurance Premium Tax, which is tied to bullet point # 2.
- **(\$459,820)** decrease in intergovernmental for Federal grants. We made an adjustment in our ARPA Year 3 and year 4 recognition schedule.
- **\$89,080** increase in Property Taxes. We had the Skypoint PILOT program take full effect and the Martin's Gate PILOT Program became active.

The revised General Fund expense budget (including transfers) was approximately **\$1,110,060** higher than the original appropriation.

|                          |                            |
|--------------------------|----------------------------|
| • Office of City Manager | <b>\$ (210,200)</b>        |
| • Finance Department     | <b>17,520</b>              |
| • Police Department      | <b>64,700</b>              |
| • Fire Department        | <b>158,870</b>             |
| • Development Services   | <b>566,280</b>             |
| • Community Services     | <b>(5,130)</b>             |
| • Municipal Complex      | <b>24,680</b>              |
| • Capital Outlay         | <b>155,600</b>             |
| • Debt service           | <b>19,740</b>              |
| • Transfers out          | <b>318,000</b>             |
| <b>Total:</b>            | <b><u>\$ 1,110,060</u></b> |

Actual General Fund revenues (including transfers in) were **\$1,939,358** higher than the amended budget numbers. There were several variances, both high and low, but the majority increase was from two categories. Payroll Tax for \$779,400 and Charges for Service for \$442,882.00. The recognition in Opioid Settlement monies of \$381,522.76 was unplanned.

The actual expenses for the General Fund were **\$619,276** lower than the amended budget. Comprising this total were departmental results as listed:

|   |                     |
|---|---------------------|
| Office of City Manager                        | \$ ( 62,822)        |
| Finance Department                            | (11,786)            |
| Police Department                             | (155,430)           |
| Fire Department                               | (254,848)           |
| Development Services (Building, Zoning, Code) | (114,462)           |
| Community Services (Admin/Pool/PW & Rec)      | (142,098)           |
| Municipal Complex                             | (33,222)            |
| Capital Outlay*                               | (13,375)            |
| Debt Service                                  | 42,100              |
| Transfers out                                 | <u>126,667</u>      |
| TOTAL:  | <u>\$ (619,276)</u> |

\* Capital Outlay is reflected in each department of the Budget but broken out into a separate category for the purposes of the Audit.

## DEBT AND CAPITAL ASSET ADMINISTRATION

### Debt

At year-end, the City had **\$26,141,457** in total outstanding payables, notes, compensated absences and bonds compared to **\$28,453,555** last year.

The City's total *long-term* debt for governmental activities and business type activities decreased \$2,312,098 due to the payoff of scheduled debt.

### DEBT PRINCIPAL

|                           | Governmental         |                      | Business-type |             | Totals               |                      |
|---------------------------|----------------------|----------------------|---------------|-------------|----------------------|----------------------|
|                           | Activities           |                      | Activities    |             |                      |                      |
|                           | <u>2023</u>          | <u>2022</u>          | <u>2023</u>   | <u>2022</u> | <u>2023</u>          | <u>2022</u>          |
| Bonds payable             |                      |                      |               |             |                      |                      |
| (backed by City revenues) | \$ 23,665,100        | \$ 25,205,145        | \$ -          | \$ -        | \$ 23,665,100        | \$ 25,205,145        |
| Bonds payable             |                      |                      |               |             |                      |                      |
| (backed by fee revenues)  | -                    | -                    | -             | -           | -                    | -                    |
| Compensated absences      | 2,175,192            | 1,792,297            | -             | -           | 2,175,192            | 1,792,297            |
| Notes payable             |                      |                      |               |             |                      |                      |
| (backed by City revenues) | 301,165              | 1,456,113            | -             | -           | 301,165              | 1,456,113            |
| Totals                    | <u>\$ 26,141,457</u> | <u>\$ 28,453,555</u> | <u>\$ -</u>   | <u>\$ -</u> | <u>\$ 26,141,457</u> | <u>\$ 28,453,555</u> |

For additional information concerning the City's debt, please refer to Note E, to the financial statements, pages 44 – 49.

## Capital Assets

At the end of June 30, 2004, the City reported for the first time all of its infrastructure. The infrastructure is reported at cost along with the accumulated depreciation. At June 30, 2023, capital assets, before accumulated depreciation, amounted to **\$77,519,105** including equipment, vehicles, buildings, park facilities, streets and sidewalks. This represents a net increase of **\$1,403,863** or **1.8** percent, over last year.

Capital assets for governmental and business-type activities are summarized in the following table:

|                          | Governmental<br>Activities |                      | Business-type<br>Activities |                  | Totals               |                      |
|--------------------------|----------------------------|----------------------|-----------------------------|------------------|----------------------|----------------------|
|                          | <u>2023</u>                | <u>2022</u>          | <u>2023</u>                 | <u>2022</u>      | <u>2023</u>          | <u>2022</u>          |
| Land                     | \$ 6,645,184               | \$ 6,645,184         | \$ -                        | \$ -             | \$ 6,645,184         | \$ 6,645,184         |
| Land improvements        | 49,767,115                 | 49,523,864           | -                           | -                | 49,767,115           | 49,523,864           |
| Buildings and systems    | 8,624,858                  | 8,522,420            | -                           | -                | 8,624,858            | 8,522,420            |
| Machinery and equipment  | 3,415,181                  | 3,256,406            | -                           | -                | 3,415,181            | 3,256,406            |
| Licensed vehicles        | 6,206,024                  | 5,970,877            | 649,478                     | 319,250          | 6,855,502            | 6,290,127            |
| Non licensed vehicles    | 416,695                    | 416,695              | -                           | -                | 416,695              | 416,695              |
| Leased equipment         | 77,952                     | 77,952               | -                           | -                | 77,952               | 77,952               |
| SBITA                    | 162,543                    | -                    | -                           | -                | 162,543              | -                    |
| Construction in progress | 1,554,075                  | 1,382,594            | -                           | -                | 1,554,075            | 1,382,594            |
| Subtotals                | \$ 76,869,627              | \$ 75,795,992        | \$ 649,478                  | \$ 319,250       | \$ 77,519,105        | \$ 76,115,242        |
| Accumulated depreciation | 44,450,162                 | 42,724,668           | 307,287                     | 288,683          | 44,757,449           | 43,013,351           |
| Accumulated amortization | 65,249                     | 17,989               | -                           | -                | 65,249               | 17,989               |
| Net Assets, as restated  | <u>\$ 32,354,216</u>       | <u>\$ 33,053,335</u> | <u>\$ 342,191</u>           | <u>\$ 30,567</u> | <u>\$ 32,696,407</u> | <u>\$ 33,083,902</u> |

This year's major additions included:

|                              |                     |
|------------------------------|---------------------|
| - Road Resurfacings          | \$ 243,251          |
| - 10 vehicles                | 688,628             |
| - City Building improvements | 102,438             |
| - Refuse: Street Sweeper     | 330,228             |
|                              | <u>\$ 1,364,545</u> |

For additional information concerning the City's capital assets please refer to Note D in the Notes to Financial Statements on pages 43 and 44.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The economic outlook for the City remains very positive. Several projects are in varying stages of development or planning. The interest in development opportunities along the Route 9 corridor and residential rehab activity on the City's west side continues to grow. It is noteworthy to mention that three tax increment financing districts (TIF) have been adopted and are now being utilized, meaning that those particular areas will be eligible to receive tax funding for use in those areas. The TIF districts include 'Ovation', a mixed-use development is well under construction. 'City Center' which encompasses parts of 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> street and the World Peace Bell site at 4th and Monmouth, is a third TIF that is currently under development.

The City has strived to improve our finances and operations over the past decade. Despite a severe recession and current inflationary pressures, we have improved our financial position through the attraction of many new developments and businesses. Currently, our cash balance is nearly \$6.2 million and total reserves are \$9.8 million. This turnaround has been accomplished through the efficient use of our resources and maintaining a very lean staffing level. With everything going on and planned in the City, we believe that the stage is set for continued success for many years to come.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Manager's Office or the Department of Finance and Administration at 998 Monmouth Street, Newport, Kentucky 41071.

You may also email your request to [lkuntz@newportky.gov](mailto:lkuntz@newportky.gov).

A handwritten signature in black ink, reading "Thomas J. Fromme". The signature is written in a cursive, flowing style.

Thomas J. Fromme

# BASIC FINANCIAL STATEMENTS

**CITY OF NEWPORT, KENTUCKY**  
**STATEMENT OF NET POSITION**  
**June 30, 2023**

|   | Governmental<br>Activities | Business-type<br>Activities | Total                 |
|---|----------------------------|-----------------------------|-----------------------|
| <b>Assets</b>                               |                            |                             |                       |
| Cash and cash equivalents                   | \$ 9,827,161               | \$ 1,196,165                | \$ 11,023,326         |
| Receivables:                                |                            |                             |                       |
| Property taxes                              | 124,357                    | -                           | 124,357               |
| Intergovernmental                           | 150,095                    | -                           | 150,095               |
| Accounts, net                               | 6,146,919                  | 137,915                     | 6,284,834             |
| Prepaid expenses                            | 63,434                     | -                           | 63,434                |
| Noncurrent assets:                          |                            |                             |                       |
| Restricted cash and cash equivalents        | 15,865,386                 | -                           | 15,865,386            |
| Capital assets:                             |                            |                             |                       |
| Land and construction in progress           | 8,199,259                  | -                           | 8,199,259             |
| Depreciable capital assets, net             | 24,112,983                 | 342,191                     | 24,455,174            |
| Leased equipment, net                       | 41,974                     | -                           | 41,974                |
| <b>Total Assets</b>                         | <u>64,531,568</u>          | <u>1,676,271</u>            | <u>66,207,839</u>     |
| <b>Deferred Outflows of Resources</b>       |                            |                             |                       |
| Deferred outflows - defeasance on refunding | 294,329                    | -                           | 294,329               |
| Deferred outflows - pension                 | 5,708,643                  | 69,265                      | 5,777,908             |
| Deferred outflows - OPEB                    | 3,539,691                  | 47,163                      | 3,586,854             |
| <b>Total Deferred Outflows of Resources</b> | <u>9,542,663</u>           | <u>116,428</u>              | <u>9,659,091</u>      |
| <b>Liabilities</b>                          |                            |                             |                       |
| Accounts payable                            | 1,346,505                  | 94,121                      | 1,440,626             |
| Accrued liabilities                         | 907,601                    | 2,947                       | 910,548               |
| Accrued interest payable                    | 180,767                    | -                           | 180,767               |
| Unearned revenue                            | 1,279,751                  | -                           | 1,279,751             |
| Noncurrent liabilities:                     |                            |                             |                       |
| Due within one year                         | 2,745,589                  | -                           | 2,745,589             |
| Due after one year:                         |                            |                             |                       |
| Compensated absences                        | 2,175,192                  | -                           | 2,175,192             |
| Net pension liability                       | 38,623,040                 | 421,573                     | 39,044,613            |
| Net OPEB liability                          | 10,335,742                 | 111,617                     | 10,447,359            |
| Other noncurrent liabilities                | 22,639,106                 | -                           | 22,639,106            |
| <b>Total Liabilities</b>                    | <u>80,233,293</u>          | <u>630,258</u>              | <u>80,863,551</u>     |
| <b>Deferred Inflows of Resources</b>        |                            |                             |                       |
| Deferred inflows - pension                  | 306,938                    | 2,460                       | 309,398               |
| Deferred inflows - OPEB                     | 2,807,865                  | 35,592                      | 2,843,457             |
| <b>Total Deferred Inflows of Resources</b>  | <u>3,114,803</u>           | <u>38,052</u>               | <u>3,152,855</u>      |
| <b>Net Position</b>                         |                            |                             |                       |
| Net investment in capital assets            | 19,953,828                 | 342,191                     | 20,296,019            |
| Restricted for:                             |                            |                             |                       |
| Debt service                                | 993,426                    | -                           | 993,426               |
| Reserve                                     | 2,681,579                  | -                           | 2,681,579             |
| Other                                       | 2,811,248                  | -                           | 2,811,248             |
| Unrestricted                                | (35,713,946)               | 782,198                     | (34,931,748)          |
| <b>Total Net Position</b>                   | <u>\$ (9,273,865)</u>      | <u>\$ 1,124,389</u>         | <u>\$ (8,149,476)</u> |

The accompanying notes are an integral part of these financial statements.

**CITY OF NEWPORT, KENTUCKY**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2023**

|   |                      |                      |                                    |                                  | Net (Expense) Revenue and Changes in Net Position |                     |                       |
|---|----------------------|----------------------|------------------------------------|----------------------------------|---|---------------------|-----------------------|
| Program Revenues                                    |                      |                      |                                    |                                  |   |                     |                       |
| Functions/Programs:                                 |                      |                      |                                    |                                  | Primary Government                                |                     |                       |
| Primary government:                                 |                      |                      |                                    |                                  | Governmental                                      | Business-type       |                       |
| Governmental activities:                            | Expenses             | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Activities  | Activities          | Total                 |
| General government                                  | \$ 3,512,034         | \$ 3,093,082         | \$ 324,727                         | \$ -                             | \$ (94,225)                                       | \$ -                | \$ (94,225)           |
| Police  | 8,036,938            | 362,405              | 976,709                            | -                                | (6,697,824)                                       | -                   | (6,697,824)           |
| Fire/EMS  | 7,427,947            | 723,324              | 769,881                            | -                                | (5,934,742)                                       | -                   | (5,934,742)           |
| Development services                                | 1,719,174            | 188,229              | 70,500                             | 243,349                          | (1,217,096)                                       | -                   | (1,217,096)           |
| Community services                                  | 3,924,274            | 190,256              | 560,476                            | 7,680                            | (3,165,862)                                       | -                   | (3,165,862)           |
| Municipal complex                                   | 444,063              | -                    | -                                  | -                                | (444,063)   | -                   | (444,063)             |
| Interest on long-term debt                          | 637,344              | -                    | -                                  | -                                | (637,344)   | -                   | (637,344)             |
| <b>Total governmental activities</b>                | <b>25,701,774</b>    | <b>4,557,296</b>     | <b>2,702,293</b>                   | <b>251,029</b>                   | <b>(18,191,156)</b>                               | <b>-</b>            | <b>(18,191,156)</b>   |
| <b>Business-type activities:</b>                    |                      |                      |                                    |                                  |   |                     |                       |
| Refuse  | 1,391,248            | 1,699,873            | -                                  | -                                | -   | 308,625             | 308,625               |
| <b>Total business-type activities</b>               | <b>1,391,248</b>     | <b>1,699,873</b>     | <b>-</b>                           | <b>-</b>                         | <b>-</b>  | <b>308,625</b>      | <b>308,625</b>        |
| <b>Total primary government</b>                     | <b>\$ 27,093,022</b> | <b>\$ 6,257,169</b>  | <b>\$ 2,702,293</b>                | <b>\$ 251,029</b>                | <b>(18,191,156)</b>                               | <b>308,625</b>      | <b>(17,882,531)</b>   |
| <b>General revenues:</b>                            |                      |                      |                                    |                                  |   |                     |                       |
| Taxes:  |                      |                      |                                    |                                  |   |                     |                       |
| Property taxes, levied for general purposes         |                      |                      |                                    |                                  | 3,837,270   | -                   | 3,837,270             |
| License and franchise fees based on gross receipts: |                      |                      |                                    |                                  |   |                     |                       |
| Payroll/Occupational licenses                       |                      |                      |                                    |                                  | 12,638,900  | -                   | 12,638,900            |
| Insurance premiums                                  |                      |                      |                                    |                                  | 4,707,407   | -                   | 4,707,407             |
| Other licenses                                      |                      |                      |                                    |                                  | 927,481   | -                   | 927,481               |
| Franchise fees                                      |                      |                      |                                    |                                  | 812,702   | -                   | 812,702               |
| Other uses of property                              |                      |                      |                                    |                                  | 434,039   | -                   | 434,039               |
| Interest  |                      |                      |                                    |                                  | 543,075   | 19,865              | 562,940               |
| Miscellaneous                                       |                      |                      |                                    |                                  | 93,046  | -                   | 93,046                |
| <b>Total general revenues</b>                       |                      |                      |                                    |                                  | <b>23,993,920</b>                                 | <b>19,865</b>       | <b>24,013,785</b>     |
| Gain on disposal of assets                          |                      |                      |                                    |                                  | 75,358  | -                   | 75,358                |
| Transfers in (out)                                  |                      |                      |                                    |                                  | 57,559  | (57,559)            | -                     |
| <b>Change in net position</b>                       |                      |                      |                                    |                                  | <b>5,935,681</b>                                  | <b>270,931</b>      | <b>6,206,612</b>      |
| Net position - beginning                            |                      |                      |                                    |                                  | (15,209,546)                                      | 853,458             | (14,356,088)          |
| <b>Net position - ending</b>                        |                      |                      |                                    |                                  | <b>\$ (9,273,865)</b>                             | <b>\$ 1,124,389</b> | <b>\$ (8,149,476)</b> |

The accompanying notes are an integral part of these financial statements.

**CITY OF NEWPORT, KENTUCKY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2023**

|  | <b>General</b>       | <b>Community<br/>Development</b> | <b>Capital<br/>Projects</b> | <b>TIF</b>        | <b>Total<br/>Governmental<br/>Funds</b> |
|--|----------------------|----------------------------------|-----------------------------|-------------------|---|
| <b>Assets</b>  |                      |                                  |                             |                   |   |
| Cash and cash equivalents  | \$ 12,882,877        | \$ 73,866                        | \$ 12,108,245               | \$ 474,516        | \$ 25,539,504                           |
| Receivables:   |                      |                                  |                             |                   |   |
| Property taxes   | 124,357              | -                                | -                           | -                 | 124,357                                 |
| Intergovernmental  | 142,415              | -                                | 7,680                       | -                 | 150,095                                 |
| Accounts   | 5,925,472            | 8,046                            | 107,841                     | 59,164            | 6,100,523                               |
| Prepays and other assets   | 63,434               | -                                | -                           | -                 | 63,434                                  |
| Due from other funds   | -                    | -                                | 104,507                     | -                 | 104,507                                 |
| <b>Total Assets</b>  | <b>\$ 19,138,555</b> | <b>\$ 81,912</b>                 | <b>\$ 12,328,273</b>        | <b>\$ 533,680</b> | <b>\$ 32,082,420</b>                    |
| <b>Liabilities</b>   |                      |                                  |                             |                   |   |
| Accounts payable   | \$ 799,317           | \$ 21,345                        | \$ 302,825                  | \$ 51             | \$ 1,123,538                            |
| Accrued liabilities  | 896,533              | 11,068                           | -                           | -                 | 907,601                                 |
| Due to other funds   | 281,507              | -                                | -                           | -                 | 281,507                                 |
| Unearned revenue   | 1,279,751            | -                                | -                           | -                 | 1,279,751                               |
| <b>Total Liabilities</b>   | <b>3,257,108</b>     | <b>32,413</b>                    | <b>302,825</b>              | <b>51</b>         | <b>3,592,397</b>                        |
| <b>Deferred Inflows of Resources</b>   |                      |                                  |                             |                   |   |
| Unavailable revenue  | 1,662,117            | -                                | 54,405                      | -                 | 1,716,522                               |
| <b>Fund Balances</b>   |                      |                                  |                             |                   |   |
| Nonspendable   | 63,434               | -                                | -                           | -                 | 63,434                                  |
| Restricted   | 4,332,413            | -                                | 11,971,043                  | 533,629           | 16,837,085                              |
| Committed  | -                    | -                                | -                           | -                 | -                                       |
| Assigned   | -                    | 49,499                           | -                           | -                 | 49,499                                  |
| Unassigned   | 9,823,483            | -                                | -                           | -                 | 9,823,483                               |
| <b>Total Fund Balances</b>   | <b>14,219,330</b>    | <b>49,499</b>                    | <b>11,971,043</b>           | <b>533,629</b>    | <b>26,773,501</b>                       |
| <b>Total Liabilities, Deferred Inflows of<br/>Resources and Fund Balances</b>  | <b>\$ 19,138,555</b> | <b>\$ 81,912</b>                 | <b>\$ 12,328,273</b>        | <b>\$ 533,680</b> | <b>\$ 32,082,420</b>                    |
| Total governmental fund balances   |                      |                                  |                             |                   | \$ 26,773,501                           |
| Amounts reported for governmental activities in the statement of net position are different because:   |                      |                                  |                             |                   |   |
| Capital assets used in governmental activities are not financial<br>resources and, therefore, are not reported in the funds,   |                      |                                  |                             |                   | 32,354,216                              |
| net of accumulated depreciation  |                      |                                  |                             |                   | 153,472                                 |
| Net position of internal service fund  |                      |                                  |                             |                   | (180,767)                               |
| Accrued interest payable on long-term debt   |                      |                                  |                             |                   | 294,329                                 |
| Deferred outflows - defeasance on bond refunding   |                      |                                  |                             |                   | 1,716,522                               |
| Deferred inflows - unavailable revenue   |                      |                                  |                             |                   |   |
| Long-term liabilities and related pension and OPEB deferred inflows/outflows, are not due<br>and payable in the current period and therefore are not reported in the funds |                      |                                  |                             |                   | (70,385,138)                            |
| <b>Net position of governmental activities</b>   |                      |                                  |                             |                   | <b>\$ (9,273,865)</b>                   |

The accompanying notes are an integral part of these financial statements.

**CITY OF NEWPORT, KENTUCKY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2023**

|  | <b>General</b>      | <b>Community<br/>Development</b> | <b>Capital<br/>Projects</b> | <b>TIF</b>        | <b>Total<br/>Governmental<br/>Funds</b> |
|--|---------------------|----------------------------------|-----------------------------|-------------------|---|
| <b>Revenues</b>  |                     |                                  |                             |                   |   |
| Property taxes   | \$ 3,682,164        | \$ -                             | \$ -                        | \$ 172,643        | \$ 3,854,807                            |
| Licenses and permits   | 19,368,345          | -                                | -                           | -                 | 19,368,345                              |
| Intergovernmental  | 2,735,193           | 210,449                          | 7,680                       | -                 | 2,953,322                               |
| Fines and forfeitures  | 307,275             | -                                | -                           | -                 | 307,275                                 |
| Charges for services   | 1,767,672           | -                                | -                           | -                 | 1,767,672                               |
| Uses of property   | 1,246,741           | -                                | -                           | -                 | 1,246,741                               |
| Interest   | 156,737             | 695                              | 379,895                     | 4,136             | 541,463                                 |
| Refunds and reimbursements                                   | 95,962              | -                                | 14,136                      | -                 | 110,098                                 |
| Miscellaneous  | 38,337              | 31,920                           | -                           | -                 | 70,257                                  |
| <b>Total Revenues</b>  | <u>29,398,426</u>   | <u>243,064</u>                   | <u>401,711</u>              | <u>176,779</u>    | <u>30,219,980</u>                       |
| <b>Expenditures</b>  |                     |                                  |                             |                   |   |
| Current:   |                     |                                  |                             |                   |   |
| General government   | 3,502,162           | -                                | -                           | -                 | 3,502,162                               |
| Police   | 6,917,050           | -                                | -                           | -                 | 6,917,050                               |
| Fire/EMS   | 6,524,022           | -                                | -                           | -                 | 6,524,022                               |
| Development services   | 1,186,798           | 243,841                          | -                           | 617               | 1,431,256                               |
| Community services   | 2,273,492           | -                                | 115,730                     | -                 | 2,389,222                               |
| Municipal complex  | 225,248             | -                                | -                           | -                 | 225,248                                 |
| Capital outlay   | 1,005,725           | -                                | 521,391                     | -                 | 1,527,116                               |
| Debt service:  |                     |                                  |                             |                   |   |
| Principal  | 2,707,647           | -                                | -                           | -                 | 2,707,647                               |
| Interest   | 689,883             | -                                | -                           | -                 | 689,883                                 |
| <b>Total Expenditures</b>                                    | <u>25,032,027</u>   | <u>243,841</u>                   | <u>637,121</u>              | <u>617</u>        | <u>25,913,606</u>                       |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>4,366,399</u>    | <u>(777)</u>                     | <u>(235,410)</u>            | <u>176,162</u>    | <u>4,306,374</u>                        |
| <b>Other Financing Sources (Uses)</b>                        |                     |                                  |                             |                   |   |
| SBITA proceeds   | 155,543             | -                                | -                           | -                 | 155,543                                 |
| Transfers in   | 57,559              | -                                | 423,667                     | -                 | 481,226                                 |
| Transfers out  | (1,090,667)         | -                                | -                           | -                 | (1,090,667)                             |
| <b>Total Other Financing Sources (Uses)</b>                  | <u>(877,565)</u>    | <u>-</u>                         | <u>423,667</u>              | <u>-</u>          | <u>(453,898)</u>                        |
| <b>Net Change in Fund Balances</b>                           | <u>3,488,834</u>    | <u>(777)</u>                     | <u>188,257</u>              | <u>176,162</u>    | <u>3,852,476</u>                        |
| <b>Fund Balances - Beginning</b>                             | <u>10,730,496</u>   | <u>50,276</u>                    | <u>11,782,786</u>           | <u>357,467</u>    | <u>22,921,025</u>                       |
| <b>Fund Balances - Ending</b>                                | <u>\$14,219,330</u> | <u>\$ 49,499</u>                 | <u>\$ 11,971,043</u>        | <u>\$ 533,629</u> | <u>\$26,773,501</u>                     |

The accompanying notes are an integral part of these financial statements.

**CITY OF NEWPORT, KENTUCKY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2023**

**Net change in fund balances - total governmental funds** **\$ 3,852,476**

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense:

|                                       |             |
|---------------------------------------|-------------|
| Capital asset purchases capitalized   | 1,527,116   |
| Depreciation and amortization expense | (2,223,725) |

|  |           |
|--|-----------|
| Revenues in the statement of activities that do not provide current financial resources are fully deferred in the funds. | 1,360,811 |
|--|-----------|

|  |           |
|--|-----------|
| Repayment of note and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. | 2,707,647 |
|--|-----------|

|  |        |
|--|--------|
| Gain on disposal of capital assets that are only recorded on government-wide financial statements. | 75,358 |
|--|--------|

|   |          |
|---|----------|
| Proceeds from the sale of capital assets are only reported in the governmental funds. | (77,868) |
|---|----------|

|   |           |
|---|-----------|
| SBITA proceeds are an other financing source in the governmental funds but increase depreciable capital assets. | (155,543) |
|---|-----------|

|   |        |
|---|--------|
| Premiums on bond issuances are amortized through expense in the government-wide financial statements. | 35,670 |
|---|--------|

|   |          |
|---|----------|
| Defeasance on bond issuances are amortized through expense in the government-wide financial statements. | (38,316) |
|---|----------|

|                                      |           |
|--------------------------------------|-----------|
| Change in the net pension liability. | (358,171) |
|--------------------------------------|-----------|

|                                   |           |
|-----------------------------------|-----------|
| Change in the net OPEB liability. | (761,467) |
|-----------------------------------|-----------|

|  |         |
|--|---------|
| Accrued legal claims payable recorded as long-term liabilities in the government-wide financial statements are not reported in the governmental funds until paid. Payments on long-term liabilities reported as an expenditure on the fund financial statements during the year. | 250,000 |
|--|---------|

|   |        |
|---|--------|
| Accrued interest on long-term debt is reported in the government-wide financial statements and not reported in the governmental funds. This is the change in the amount of interest accrued through year end. | 16,869 |
|---|--------|

|  |         |
|--|---------|
| An internal service fund is used by management to charge the costs of certain activities, such as health and dental insurance to individual funds. The net revenues (expenses) of the internal service fund are reported with governmental activities. | 107,718 |
|--|---------|

|   |           |
|---|-----------|
| Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds, such as compensated absences. | (382,894) |
|---|-----------|

**Change in net position of governmental activities** **\$ 5,935,681**

The accompanying notes are an integral part of these financial statements.

**CITY OF NEWPORT, KENTUCKY**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2023**

|   | <b>Business-type<br/>Activities</b> | <b>Internal<br/>Service Funds</b> |
|---|-------------------------------------|-----------------------------------|
|   | <b>Refuse</b>                       | <b>Health<br/>and<br/>Dental</b>  |
| <b>Assets</b>                               |                                     |                                   |
| Current assets:                             |                                     |                                   |
| Cash and cash equivalents                   | \$ 1,196,165                        | \$ 153,043                        |
| Accounts receivable (net of allowance)      | 137,915                             | 46,396                            |
| Due from other funds                        | -                                   | 177,000                           |
| Total current assets                        | <u>1,334,080</u>                    | <u>376,439</u>                    |
| Noncurrent assets:                          |                                     |                                   |
| Capital assets (net of depreciation):       |                                     |                                   |
| Vehicles                                    | <u>342,191</u>                      | <u>-</u>                          |
| Total noncurrent assets                     | <u>342,191</u>                      | <u>-</u>                          |
| <b>Total Assets</b>                         | <u>1,676,271</u>                    | <u>376,439</u>                    |
| <b>Deferred Outflows of Resources</b>       |                                     |                                   |
| Deferred outflows - pension                 | 69,265                              | -                                 |
| Deferred outflows - OPEB                    | <u>47,163</u>                       | <u>-</u>                          |
| <b>Total Deferred Outflows of Resources</b> | <u>116,428</u>                      | <u>-</u>                          |
| <b>Liabilities</b>                          |                                     |                                   |
| Current liabilities:                        |                                     |                                   |
| Accounts payable                            | 94,121                              | 222,967                           |
| Accrued liabilities                         | <u>2,947</u>                        | <u>-</u>                          |
| Total current liabilities                   | <u>97,068</u>                       | <u>222,967</u>                    |
| Noncurrent liabilities:                     |                                     |                                   |
| Net pension liability                       | 421,573                             | -                                 |
| Net OPEB liability                          | <u>111,617</u>                      | <u>-</u>                          |
| Total noncurrent liabilities                | <u>533,190</u>                      | <u>-</u>                          |
| <b>Total Liabilities</b>                    | <u>630,258</u>                      | <u>222,967</u>                    |
| <b>Deferred Inflows of Resources</b>        |                                     |                                   |
| Deferred inflows - pension                  | 2,460                               | -                                 |
| Deferred inflows - OPEB                     | <u>35,592</u>                       | <u>-</u>                          |
| <b>Total Deferred Inflows of Resources</b>  | <u>38,052</u>                       | <u>-</u>                          |
| <b>Net Position</b>                         |                                     |                                   |
| Net investment in capital assets            | 342,191                             | -                                 |
| Unrestricted                                | <u>782,198</u>                      | <u>153,472</u>                    |
| <b>Total Net Position</b>                   | <u>\$ 1,124,389</u>                 | <u>\$ 153,472</u>                 |

The accompanying notes are an integral part of these financial statements.

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| <p style="text-align: center;"><b>CITY OF NEWPORT, KENTUCKY</b></p> <p style="text-align: center;"><b>STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION</b></p> <p style="text-align: center;"><b>PROPRIETARY FUNDS</b></p> <p style="text-align: center;"><b>For the Year Ended June 30, 2023</b></p> |
|---|

|  | <u>Business-type<br/>Activities</u> | <u>Internal<br/>Service Funds</u> |
|--|-------------------------------------|-----------------------------------|
|  | <u>Refuse</u>                       | <u>Health<br/>and<br/>Dental</u>  |
| <b>Operating Revenues</b>                      |                                     |                                   |
| Charges for sales and services:                |                                     |                                   |
| Refuse fees                                    | \$ 1,590,895                        | \$ -                              |
| Franchise fees                                 | 55,283                              | -                                 |
| Penalties                                      | 53,695                              | -                                 |
| Other services                                 | <u>-</u>                            | <u>1,745,239</u>                  |
| <b>Total Operating Revenues</b>                | <u>1,699,873</u>                    | <u>1,745,239</u>                  |
| <b>Operating Expenses</b>                      |                                     |                                   |
| Cost of sales and services                     | 1,372,644                           | 2,306,133                         |
| Depreciation                                   | <u>18,604</u>                       | <u>-</u>                          |
| <b>Total Operating Expenses</b>                | <u>1,391,248</u>                    | <u>2,306,133</u>                  |
| <b>Net Operating Income (Loss)</b>             | <u>308,625</u>                      | <u>(560,894)</u>                  |
| <b>Non-Operating Revenues (Expenses)</b>       |                                     |                                   |
| Interest income                                | <u>19,865</u>                       | <u>1,612</u>                      |
| <b>Total Non-Operating Revenues (Expenses)</b> | <u>19,865</u>                       | <u>1,612</u>                      |
| Transfer in (out)                              | <u>(57,559)</u>                     | <u>667,000</u>                    |
| <b>Net Income</b>                              | 270,931                             | 107,718                           |
| <b>Net Position-Beginning Of Year</b>          | <u>853,458</u>                      | <u>45,754</u>                     |
| <b>Net Position-End Of Year</b>                | <u>\$ 1,124,389</u>                 | <u>\$ 153,472</u>                 |

The accompanying notes are an integral part of these financial statements.

**CITY OF NEWPORT, KENTUCKY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2023**

|  | <u>Business-Type<br/>Activities</u> | <u>Internal<br/>Service Funds</u> |
|--|-------------------------------------|-----------------------------------|
|  | <u>Refuse</u>                       | <u>Health<br/>and<br/>Dental</u>  |
| <b>Cash flows from operating activities</b>  |                                     |                                   |
| Cash received from customers   | \$ 1,714,290                        | \$ 1,699,645                      |
| Cash paid for employee services and benefits   | (212,808)                           | -                                 |
| Cash paid to suppliers   | (1,049,388)                         | (2,333,621)                       |
| <b>Net cash provided (used) by operating activities</b>  | <u>452,094</u>                      | <u>(633,976)</u>                  |
| <b>Cash flows from noncapital financing activities</b>   |                                     |                                   |
| Transfer from (to) other funds   | (57,559)                            | 667,000                           |
| <b>Net cash provided (used) by noncapital financing activities</b>                                       | <u>(57,559)</u>                     | <u>667,000</u>                    |
| <b>Cash flows from capital and related financing activities</b>  |                                     |                                   |
| Purchase of capital assets   | (330,228)                           | -                                 |
| <b>Net cash (used) by capital and related financing activities</b>                                       | <u>(330,228)</u>                    | <u>-</u>                          |
| <b>Cash flows from investing activities</b>  |                                     |                                   |
| Interest income  | 19,865                              | 1,612                             |
| <b>Net cash provided by investing activities</b>   | <u>19,865</u>                       | <u>1,612</u>                      |
| <b>Net increase in cash</b>  | 84,172                              | 34,636                            |
| <b>Cash and cash equivalents at beginning of year</b>  | <u>1,111,993</u>                    | <u>118,407</u>                    |
| <b>Cash and cash equivalents at end of year</b>  | <u>\$ 1,196,165</u>                 | <u>\$ 153,043</u>                 |
| <b>Reconciliation of operating income to net cash<br/>provided (used) by operating activities:</b>       |                                     |                                   |
| Operating income (loss)  | \$ 308,625                          | \$ (560,894)                      |
| Adjustments to reconcile operating income (loss) to net<br>cash provided (used) by operating activities: |                                     |                                   |
| Depreciation expense   | 18,604                              | -                                 |
| Change in net pension liability  | 20,931                              | -                                 |
| Change in net OPEB liability   | 11,163                              | -                                 |
| Changes in assets and liabilities:   |                                     |                                   |
| Decrease (increase) in accounts receivable   | 14,417                              | (45,594)                          |
| Increase (decrease) in accounts payable  | 87,173                              | (27,488)                          |
| Increase (decrease) in accrued liabilities   | (5,586)                             | -                                 |
| Increase (decrease) in accrued compensated absences  | (3,233)                             | -                                 |
| <b>Net cash provided (used) by operating activities</b>  | <u>\$ 452,094</u>                   | <u>\$ (633,976)</u>               |

The accompanying notes are an integral part of these financial statements.

|  |
|--|
| <p align="center"><b>CITY OF NEWPORT, KENTUCKY</b><br/> <b>STATEMENT OF FIDUCIARY NET POSITION</b><br/> <b>FIDUCIARY FUNDS</b><br/> <b>June 30, 2023</b></p> |
|--|

|                           |                | <b>Total<br/>Retirement<br/>Plans</b> |
|---------------------------|----------------|---------------------------------------|
| <b>Assets</b>             |                |                                       |
| Investments               |                |                                       |
| Cash balance in funds     | \$ 63,632      |                                       |
| Corporate bonds           | 25,339         |                                       |
| Closed end funds          | 460,918        |                                       |
| Mutual funds              | 54,320         |                                       |
| Market backed securities  | 6,745          |                                       |
| Government securities     | 33,589         |                                       |
| Corporate stock           | <u>176,050</u> |                                       |
| Total investments         |                | <u>820,593</u>                        |
| <b>Total Assets</b>       |                | <u>820,593</u>                        |
| <b>Net Position</b>       |                |                                       |
| Restricted for pensions   |                | <u>820,593</u>                        |
| <b>Total Net Position</b> |                | <u>\$ 820,593</u>                     |

The accompanying notes are an integral part of these financial statements.

|   |
|---|
| <p style="text-align: center;"><b>CITY OF NEWPORT, KENTUCKY</b><br/> <b>STATEMENT OF CHANGES IN FIDUCIARY NET POSITION</b><br/> <b>FIDUCIARY FUNDS</b><br/> <b>For the Year Ended June 30, 2023</b></p> |
|---|

|   | <u>Total<br/>Retirement<br/>Plans</u> |
|---|---------------------------------------|
| <b>Additions</b>  |                                       |
| Contributions:  |                                       |
| Employer  | \$ 120,000                            |
| Total contributions   | <u>120,000</u>                        |
| Investment earnings:  |                                       |
| Interest and dividends  | 21,356                                |
| Net (depreciation) in the fair value of investments,<br>including realized gains and losses | <u>30,817</u>                         |
| Total investment (losses)   | <u>52,173</u>                         |
| <b>Total Additions</b>  | <u>172,173</u>                        |
| <b>Deductions</b>   |                                       |
| Benefits  | 339,609                               |
| Administrative expense  | <u>24,269</u>                         |
| <b>Total Deductions</b>   | <u>363,878</u>                        |
| <b>Change in Net Position</b>   | (191,705)                             |
| <b>Net Position-Beginning Of Year</b>   | <u>1,012,298</u>                      |
| <b>Net Position-End Of Year</b>   | <u>\$ 820,593</u>                     |

The accompanying notes are an integral part of these financial statements.

**CITY OF NEWPORT, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the City of Newport, Kentucky, (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the City are described below.

**Financial Reporting Entity**

The City of Newport is a municipality operating under a City Manager form of government. Legislative authority is vested in the Board of Commissioners consisting of the Mayor and four City Commissioners. As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations therefore data from these units are combined with data of the primary government. Each blended component unit of the City has a June 30 year-end. The component units discussed below are included in the City's reporting entity because of the significance of their operational and/or financial relationship with the City.

**Included in the Reporting Entity:**

**City of Newport Employees' Retirement Fund**

Certain City employees participate in the non-uniformed Employees' Retirement Fund. The fund functions for the benefit of the retirees and is governed by a seven-member board of trustees: the Mayor, the four City Commissioners, the City Manager, and the Chief Financial Officer. The City is obligated to fund all pension benefit costs based upon actuarial valuations. There are no active employees in the plan.

**City of Newport Policemen and Firefighters' Retirement Fund**

All uniformed public employees who retired prior to August 1, 1988, participate in the Policemen and Firefighters' Retirement Fund. The fund functions for the benefit of the retirees and is governed by a four-member board of trustees: the Mayor, the City Manager, and two public safety retirees. The City is obligated to fund all pension benefit costs based upon actuarial valuations. There are no active employees in the plan.

**City of Newport Municipal Properties Corporation**

The City of Newport Municipal Properties Corporation was formed to act as an agent and to be instrumental in the financing of public improvements and projects of a capital nature for the City and for the particular purpose of acquiring real estate located within the City and constructing, acquiring and equipping thereon capital improvements, facilities, buildings, structures and related appurtenances. The Corporation finances these projects by the issuance of debt. These debt issues are secured by 1) first mortgage liens on the projects, 2) lease and option agreements between the Corporation and the City, 3) the construction agreements and 4) pledged receipts. The lease and option agreements require the City to pay rental from specified revenues, on a yearly basis with the option to renew each year. If the City renews the lease from year-to-year, and pays the rentals for each year as stipulated, and when the Corporation has fully paid and retired all the bonds, the Corporation agrees it will convey the properties to the City free and clear.

**CITY OF NEWPORT, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

The Board of Directors of the Corporation consists of the Mayor and the four City Commissioners. The City Manager serves as Treasurer. The City Clerk serves as Secretary.

*Government-wide Financial Statements*

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent, on fees and charges for services.

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

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability rather than as an expenditure.

*Measurement focus, basis of accounting and financial statement presentation*

The government-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes, license fees and interest are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered 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 government 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, in accordance with accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. The government reports the following funds of the financial reporting entity:

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

**CITY OF NEWPORT, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

The special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. The Community Development Fund is used for community development projects, including state and federally funded programs. The TIF Fund is used to account for the revenues and expenditures related to the tax increment financing (TIF) districts established by the City.

The Capital Projects Fund is used to account for capital projects to be financed by grants and/or debt financing.

Proprietary funds distinguish operating revenues and expenses from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The government's only proprietary fund, the Refuse Fund, accounts for trash collection services provided to the residential and business owners within City limits.

The City's only internal service fund is the self-insurance fund for the City's health and dental costs.

Additionally, the City reports two fiduciary funds. The pension trust funds account for the activities of the Policemen and Firefighters' Retirement Fund and Employees' Retirement Fund for the accumulation of resources for pension benefit payments to qualified retired employees.

*Assets, Liabilities, and Net Position or Fund Balance*

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with an initial maturity date within three months of the date acquired by the City.

The City is authorized by state statute to invest in:

- Obligations of the United States and of its agencies and instrumentalities
- Certificates of deposits
- Bankers acceptances
- Commercial paper
- Bonds of other state or local governments
- Mutual funds

Investments

Investments held at June 30, 2023 are recorded at fair value based on quoted market prices.

Property Tax Receivable

Property taxes are levied on September 30 on property values assessed as of January 1. The taxes are billed on approximately September 30 and are due and payable on October 31. On November 1, unpaid bills become delinquent and the City may assess penalties and interest. A lien may be placed on the property on November 1.

**CITY OF NEWPORT, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

Allowance for Doubtful Accounts

Accounts receivable in the statement of net position are presented net of an allowance for doubtful accounts of \$219,466, as of June 30, 2023.

Short-Term Inter-fund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term loans also occasionally occur between funds. These receivables and payables are classified as “due to/from other funds” on the balance sheet.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2023, are recorded as prepaid items utilizing the purchases method for all governmental funds.

Capital and Leased Assets

General capital and leased assets are those assets not specifically related to activities in the proprietary fund. These assets are reported in the governmental activities column of the government-wide statement of net position. Capital and leased assets used by the proprietary fund are reported in the business-type activities column of the government-wide statement of net position. The accounting and reporting treatment applied to capital assets associated with a fund are determined by its measurement focus. General capital and leased assets are long-lived assets of the City as a whole. When acquired, such assets are recorded as an expenditure in the governmental funds and capitalized (recorded and accounted for) in the government-wide financial statements. Infrastructure such as streets, parks, and bridges are capitalized. Capital assets are defined by the City as assets with an initial, individual cost of at least \$2,500 and an estimated useful life of two or more years. The valuation basis for capital assets are either historical costs or, where historical costs are not available, estimated historical cost based on replacement cost. Contributed capital assets are reported at estimated fair value. Leased assets are recorded at the amount of initial measurement of the lease liability plus any payments made at or before commencement of the lease.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements.

Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The range of lives used for depreciation purposes for each capital asset class is as follows:

|                              | <u>Life, years</u> |
|------------------------------|--------------------|
| Buildings                    | 40                 |
| Building Improvements        | 10-20              |
| Public Domain Infrastructure | 25-40              |
| Vehicles                     | 5-15               |
| Machinery and Equipment      | 3-5                |

All leased assets are amortized over the shorter of the lease term of the useful life of the asset.

**CITY OF NEWPORT, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

Leases

The City follows Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

Subscription-based Information Technology Arrangements

Effective July 1, 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based Information Technology Arrangements*. GASB Statement No. 96 requires recognition of a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability for subscription-based information technology arrangements (SBITA) that were previously classified as operating expenses. It establishes uniform guidance for SBITA accounting based on the foundational principle that SBITA are financings of the right to use vendor-provided information technology assets. Government entities are required to recognize a subscription liability and an intangible right-to-use subscription asset. These changes had no effect on the beginning net position of the City.

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation pay. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations, retirements, or budgeted buyouts. As of June 30, 2023, compensated absences of \$104,294 have matured and are recorded as accrued liabilities in the General Fund, in addition, \$2,175,192 in compensated absences are recorded as long-term liabilities on the statement of net position. Compensated absences are liquidated in the General Fund.

Long-Term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest as expenditures. The accounting for the proprietary fund is the same in the fund statements as it is in the government-wide statements.

**CITY OF NEWPORT, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

Net Position and Fund Balance

Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through external restrictions imposed by creditors, grantors or laws and regulations of other governments, or through enabling legislation adopted by the City.

The City uses funds and account groups to report on its financial position and the result of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

*Nonspendable* fund balances consist of amounts that are not in spendable form; the City considers prepaid expenses and inventories to be nonspendable.

*Restricted* fund balances are amounts that can only be used pursuant to constraints imposed by external sources; such as bond covenant requirements, state government restrictions or the funds restricted by the will of the City's voters. The restricted fund balance in the General Fund represents \$381,523 of opioid settlement revenue that is restricted for certain uses by the settlement agreements, \$3,855,772, that has been used to establish reserve and debt sinking fund accounts, as required by the City's creditor, and \$95,118 that is restricted for other purposes. The restricted fund balance in the Capital Projects Fund of \$11,971,043 represents unspent bond proceeds that will be used to fund multiple public projects. The restricted fund balance of \$533,629 in the TIF Fund represents unspent TIF revenue that will be used to fund TIF projects.

*Committed* fund balances are amounts that can only be used for specific purposes as stipulated internally by the City Commission. These items can only be changed or lifted by the Commission taking the same formal action that imposed the restraint.

*Assigned* fund balances consists of funds that are set aside with the intent to be used for a specific purpose by the City Commission. This includes the residual balance from the Community Development Fund.

*Unassigned* fund balances consist of all residual funds not included in nonspendable, restricted, committed, or assigned fund balances. The General Fund is the only fund that reports a positive unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Commission or the finance committee has provided otherwise in its commitment or assignment actions.

**CITY OF NEWPORT, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

*Revenues, Expenditures and Expenses*

Operating Revenues and Expenses

Operating revenues and expenses for the proprietary fund are those that result from providing services and producing and delivering goods and/or services. It also includes all revenues and expenses not related to capital and related financing, non-capital financing or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities. In the fund financial statements, governmental funds are classified as follows:

- Governmental funds – by character:
  - Current – further classified by function
  - Debt service
  - Capital outlay
- Proprietary funds – by operating and non-operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses related to the use of economic resources.

Inter-fund Transactions

Inter-fund services provided or used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed.

*Use of Estimates*

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could differ from those estimates.

*Management's Review of Subsequent Events*

Management has evaluated events through February 7, 2024, the date on which the financial statements were available for issue.

**NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. In accordance with City ordinance, prior to June 30, the City Manager submits to the Board of Commissioners, a proposed operating budget for the fiscal year commencing the following July 1.

**CITY OF NEWPORT, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

The operating budget includes proposed expenditures and the means of financing them for the upcoming year.

- B. Prior to June 30, the budget is legally enacted through passage of an ordinance.
- C. The City Manager is required by Kentucky Revised Statutes to present a quarterly report to the Board of Commissioners explaining any variance from the approved budget.
- D. Appropriations continue in effect until a new budget is adopted.
- E. The Board of Commissioners may authorize supplemental appropriations during the year.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. Expenditures may not legally exceed budgeted appropriations at the fund level. Any revisions to the budget that would alter total revenues and expenditures of any fund must be approved by the Board of Commissioners; however, with proper approval by the City Manager, budgetary transfers between departments can be made. All appropriations lapse at fiscal year-end.

*Excess of Expenditures over Appropriations* – For the year ended June 30, 2023, expenditures exceed appropriations in the Capital Project fund by \$383,661. These over expenditures were funded from previous years fund balance.

**NOTE C – DEPOSITS AND INVESTMENTS**

*Investment Policies* – The City has separate investment policies for those investments held in the name of the City and those of the pension funds, that are held in a fiduciary capacity by the City.

*Interest Rate Risk* – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City's policy will attempt to match its investments with anticipated cash flow requirements and unless matched to a specific cash flow need, funds should not, in general, be invested in securities maturing more than 5 years from the date of purchase.

*Custodial Credit Risk* – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The City's custodial credit risk policy requires that all cash and investments maintained in any financial institution be collateralized, with the exception of certain certificates of deposit approved by the governing body and as outlined in the City's investment policy. It is the City's policy to permit deposits allowed by Kentucky Revised Statutes.

*Cash and Cash Equivalents* – The City maintains deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). As allowed by law, the depository bank should pledge securities along with FDIC insurance at least equal to the amount on deposit at all times. As of June 30, 2023, the City's deposits were entirely insured and/or collateralized with securities held by the financial institution in the City's name. At June 30, 2023, \$563,632 of deposits were insured by the FDIC and \$18,138,164 of collateral was pledged to the City by the custodial bank. In addition, the City had bank deposits of \$11,440,177 of cash equivalents invested in federal government obligations.

**CITY OF NEWPORT, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

*Investments* – The City had custodial credit risk at June 30, 2023 of \$820,593. The related securities totaling this amount are uninsured, unregistered and held by various trust departments. The City has an investment policy for public funds. The City holds the funds above in trust, which is subject to policy mandated by Kentucky statute that allows for trust funds to be invested in securities which would be regarded by a prudent businessman as a safe investment.

As of June 30, 2023, the City's pension funds had the following investments:

| Investment Type                     | Investment Value  | Weighted Average Maturity (Years) |
|-------------------------------------|-------------------|-----------------------------------|
| Corporate bonds                     | \$ 25,339         | 3.49                              |
| Market backed securities            | 6,745             | 0.86                              |
| Government securities               | 33,589            | 4.28                              |
| Cash balance in funds               | 63,632            | -                                 |
| Mutual funds                        | 54,320            | -                                 |
| Corporate stock                     | 176,050           | -                                 |
| Closed end funds                    | 460,918           | -                                 |
| Total investments                   | <u>\$ 820,593</u> |                                   |
| Portfolio weighted average maturity |                   | <u>0.29</u>                       |

*Credit Risk – Investments* – As of June 30, 2023, the City's pension fund investments in corporate bonds received the following ratings by Standard & Poor's:

| Investment                               | Rating |
|--|--------|
| <b>Corporate bonds – Fiduciary Funds</b> |        |
| Goldman Sachs                            | BBB    |

*Investment Valuation* - The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City does not have any investments that are measured using Level 3 inputs.

For those investments measured at fair value, the investments' fair value measurements are as follows at June 30, 2023:

| Investments              | Fair Value        | Fair Value Measurements Using |                  |                |
|--------------------------|-------------------|-------------------------------|------------------|----------------|
|                          |                   | Level 1 Inputs                | Level 2 Inputs   | Level 3 Inputs |
| Corporate bonds          | \$ 25,339         | \$ -                          | \$ 25,339        | \$ -           |
| Market backed securities | 6,745             | -                             | 6,745            | -              |
| Government securities    | 33,589            | -                             | 33,589           | -              |
| Cash balance in funds    | 63,632            | 63,632                        | -                | -              |
| Mutual funds             | 54,320            | 54,320                        | -                | -              |
| Corporate stock          | 176,050           | 176,050                       | -                | -              |
| Closed end funds         | 460,918           | 460,918                       | -                | -              |
| Total                    | <u>\$ 820,593</u> | <u>\$ 754,920</u>             | <u>\$ 65,673</u> | <u>\$ -</u>    |

**CITY OF NEWPORT, KENTUCKY**  
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**June 30, 2023**

**NOTE D – CAPITAL ASSETS AND DEPRECIATION**

Capital assets activity for the year ended June 30, 2023 is as follows:

|   | Balance<br>June 30,<br>2022 | Additions           | Retirements/<br>Adjustments | Balance<br>June 30,<br>2023 |
|---|-----------------------------|---------------------|-----------------------------|-----------------------------|
| Governmental activities:                    |                             |                     |                             |                             |
| Items not being depreciated:                |                             |                     |                             |                             |
| Construction in progress                    | \$ 1,382,594                | \$ 171,481          | \$ -                        | \$ 1,554,075                |
| Land  | <u>6,645,184</u>            | <u>-</u>            | <u>-</u>                    | <u>6,645,184</u>            |
| Subtotal                                    | <u>8,027,778</u>            | <u>171,481</u>      | <u>-</u>                    | <u>8,199,259</u>            |
| Depreciable and amortizable capital assets: |                             |                     |                             |                             |
| Land improvements                           | 49,523,864                  | 243,251             | -                           | 49,767,115                  |
| Buildings                                   | 8,522,420                   | 102,438             | -                           | 8,624,858                   |
| Machinery and equipment                     | 3,256,406                   | 158,775             | -                           | 3,415,181                   |
| Licensed vehicles                           | 5,970,877                   | 688,628             | (453,481)                   | 6,206,024                   |
| Non-licensed vehicles                       | 416,695                     | -                   | -                           | 416,695                     |
| Leased equipment                            | 77,952                      | -                   | -                           | 77,952                      |
| SBITA                                       | <u>-</u>                    | <u>162,543</u>      | <u>-</u>                    | <u>162,543</u>              |
| Subtotal                                    | <u>67,768,214</u>           | <u>1,355,635</u>    | <u>(453,481)</u>            | <u>68,670,368</u>           |
| Accumulated depreciation:                   |                             |                     |                             |                             |
| Land improvements                           | (30,539,682)                | (1,191,552)         | -                           | (31,731,234)                |
| Buildings                                   | (4,684,669)                 | (265,899)           | -                           | (4,950,568)                 |
| Machinery and equipment                     | (2,902,314)                 | (124,031)           | -                           | (3,026,345)                 |
| Licensed vehicles                           | (4,380,296)                 | (549,202)           | 450,971                     | (4,478,527)                 |
| Non-licensed vehicles                       | <u>(217,707)</u>            | <u>(45,781)</u>     | <u>-</u>                    | <u>(263,488)</u>            |
| Subtotal                                    | <u>(42,724,668)</u>         | <u>(2,176,465)</u>  | <u>450,971</u>              | <u>(44,450,162)</u>         |
| Accumulated amortization:                   | <u>(17,989)</u>             | <u>(47,260)</u>     | <u>-</u>                    | <u>(65,249)</u>             |
| Net capital assets                          | <u>25,025,557</u>           | <u>(868,090)</u>    | <u>(2,510)</u>              | <u>24,154,957</u>           |
| Total capital assets, net                   | <u>\$ 33,053,335</u>        | <u>\$ (696,609)</u> | <u>\$ (2,510)</u>           | <u>\$ 32,354,216</u>        |

Depreciation and amortization were charged to functions as follows:

|  | <u>Depreciation</u> | <u>Amortization</u> |
|--|---------------------|---------------------|
| Governmental activities:                           |                     |                     |
| General government                                 | \$ 31,781           | \$ 7,848            |
| Police   | 229,130             | 25,201              |
| Fire/EMS   | 359,232             | 1,226               |
| Development services                               | 54,054              | 12,876              |
| Community services                                 | 1,283,562           | -                   |
| Municipal complex                                  | <u>218,706</u>      | <u>109</u>          |
| Total governmental activities depreciation expense | <u>\$ 2,176,465</u> | <u>\$ 47,260</u>    |

**CITY OF NEWPORT, KENTUCKY**  
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The following is a summary of changes in the capital assets in the proprietary funds:

|                          | Balance<br>June 30,<br>2022 | Additions  | Retirements/<br>Adjustments | Balance<br>June 30,<br>2023 |
|--------------------------|-----------------------------|------------|-----------------------------|-----------------------------|
| Proprietary activities:  |                             |            |                             |                             |
| Vehicles                 | \$ 319,250                  | \$ 330,228 | \$ -                        | \$ 649,478                  |
| Subtotal                 | 319,250                     | 330,228    | -                           | 649,478                     |
| Accumulated depreciation |                             |            |                             |                             |
| Vehicles                 | (288,683)                   | (18,604)   | -                           | (307,287)                   |
| Subtotal                 | (288,683)                   | (18,604)   | -                           | (307,287)                   |
| Net capital assets       | \$ 30,567                   | \$ 311,624 | \$ -                        | \$ 342,191                  |

Proprietary fund depreciation was charged to the Refuse Fund in the amounts of \$18,604.

**NOTE E – LONG-TERM DEBT**

***Governmental Activities***

***Notes Payable***

All direct issuance notes payable are payable from General Fund revenues and are secured by City assets.

Note Payable – Kentucky Infrastructure Authority

The City entered into a loan agreement with the Kentucky Infrastructure Authority on September 16, 1994, to fund the development of the Channel Crossing Project in the amount of \$2,331,899 with an annual interest rate of 5.25%. The repayment of the loan is on a thirty-year amortization schedule with a balloon payment due in year twenty. This note was refinanced with the Kentucky Infrastructure authority on December 1, 2006, with a new repayment amortization schedule of twenty years and a new interest rate of 1.40%. The balance at June 30, 2023, was \$301,165. The following is a schedule of future debt service requirements to maturity as of June 30, 2023:

| Year<br>Ended<br>June 30, | Note Payable KIA |                   |                       |
|---------------------------|------------------|-------------------|-----------------------|
|                           | Principal        | Interest/<br>Fees | Total<br>Debt Service |
| 2024                      | \$ 149,532       | \$ 4,223          | \$ 153,755            |
| 2025                      | 151,630          | 1,822             | 153,452               |
| Total                     | \$ 301,162       | \$ 6,045          | \$ 307,207            |

Note Payable - Bank of Kentucky

The City entered into a note agreement for \$8,042,767 with Bank of Kentucky on December 27, 2013, to currently refund the outstanding General Obligation Public Project Bonds, Series 2002. The obligation constitutes a general obligation of the City and is payable semi-annually in May and

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**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

November with final maturity on November 1, 2022. The obligation bears interest at a rate of 2.90%. The entire balance was paid off as of June 30, 2023.

*Other Debt - Bonds Payable*

The following publicly issued bonds payable are payable from general fund revenues and are secured by the City assets which were financed by the bonds.

General Obligation Refunding Bonds, Series 2015

On September 24, 2015, the City issued \$6,910,000 of refunding bonds. The bonds have an interest rate ranging between 1.3% and 4% and mature on May 1, 2032. The bonds were issued with a premium of approximately \$30,000 that will be amortized over the life of the bond. The proceeds from the bonds were used to refund Taxable General Obligation Bonds, Series 2007B. The principal balance at June 30, 2023 was \$4,500,000. The following is a schedule of future debt service requirements to maturity as of June 30, 2023:

|           | General Obligation Refunding Bonds, Series 2015 |                   |                     |
|-----------|---|-------------------|---------------------|
| June 30,  | Principal                                       | Interest          | Total Debt Service  |
| 2024      | \$ 440,000                                      | \$ 168,113        | \$ 608,113          |
| 2025      | 445,000   | 154,363           | 599,363             |
| 2026      | 465,000   | 139,900           | 604,900             |
| 2027      | 475,000   | 123,625           | 598,625             |
| 2028      | 490,000   | 107,000           | 597,000             |
| 2029-2032 | <u>2,185,000</u>                                | <u>223,000</u>    | <u>2,408,000</u>    |
| Total     | <u>\$ 4,500,000</u>                             | <u>\$ 916,001</u> | <u>\$ 5,416,001</u> |

General Obligation Bonds, Series 2015B

On November 12, 2015, the City issued \$5,085,000 of general obligation bonds. The bonds have an interest rate ranging between 3% and 3.75% and mature on October 1, 2040. The bonds were issued with a premium of approximately \$189,000 that will be amortized over the life of the bond. Proceeds were used to finance a portion of the costs of multiple public projects, comprised of infrastructure improvements, a new public works facility, underground utilities and multiple miscellaneous capital improvements and refund the General Obligation Bond Anticipation Notes, Series 2014. The principal balance at June 30, 2023 was \$4,965,000. The following is a schedule of future debt service requirements to maturity as of June 30, 2023:

|           | General Obligation Bonds, Series 2015B |                     |                     |
|-----------|--|---------------------|---------------------|
| June 30,  | Principal                              | Interest            | Total Debt Service  |
| 2024      | \$ 560,000                             | \$ 149,550          | \$ 709,550          |
| 2025      | 590,000                                | 132,300             | 722,300             |
| 2026      | 605,000                                | 114,375             | 719,375             |
| 2027      | 625,000                                | 95,925              | 720,925             |
| 2028      | 250,000                                | 82,800              | 332,800             |
| 2029-2033 | 1,185,000                              | 298,119             | 1,483,119           |
| 2034-2038 | 675,000                                | 153,575             | 828,575             |
| 2039-2041 | <u>475,000</u>                         | <u>27,281</u>       | <u>502,281</u>      |
| Total     | <u>\$ 4,965,000</u>                    | <u>\$ 1,053,925</u> | <u>\$ 6,018,925</u> |

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**June 30, 2023**

General Obligation Bonds, Series 2016

In July 2016, the City issued \$3,135,000 of general obligation bonds. The bonds have an interest rate ranging between 1% and 3% and mature on May 1, 2027. The bonds were issued with a premium of \$162,129 that will be amortized over the life of the bond. Proceeds were used to refund the General Obligation Bond, Series 2007A. The principal balance at June 30, 2023 was \$1,220,000. The following is a schedule of future debt service requirements to maturity as of June 30, 2023:

| Year Ended<br>June 30, | General Obligation Bonds, Series 2016 |                  |                       |
|------------------------|---------------------------------------|------------------|-----------------------|
|                        | Principal                             | Interest         | Total<br>Debt Service |
| 2024                   | \$ 295,000                            | \$ 36,600        | \$ 331,600            |
| 2025                   | 300,000                               | 27,750           | 327,750               |
| 2026                   | 310,000                               | 18,750           | 328,750               |
| 2027                   | 315,000                               | 9,450            | 324,450               |
| Total                  | <u>\$ 1,220,000</u>                   | <u>\$ 92,550</u> | <u>\$ 1,312,550</u>   |

General Obligation Bonds, Series 2019

In January 2019, the City issued \$1,500,000 of general obligation bonds. The bonds have an interest rate of 3.27% and mature on January 17, 2024. Proceeds are to be used to fund building and improvement projects and equipment and vehicle purchases. The principal balance at June 30, 2023, was \$319,770. The following is a schedule of future debt service requirements to maturity as of June 30, 2023:

| Year Ended<br>June 30, | General Obligation Bonds, Series 2019 |                 |                       |
|------------------------|---------------------------------------|-----------------|-----------------------|
|                        | Principal                             | Interest        | Total<br>Debt Service |
| 2024                   | \$ 319,770                            | \$ 7,864        | \$ 327,634            |
| Total                  | <u>\$ 319,770</u>                     | <u>\$ 7,864</u> | <u>\$ 327,634</u>     |

General Obligation Bonds, Series 2020

In February 2020, the City issued \$2,350,000 of general obligation bonds. The bonds have an interest rate of 2.01% and mature on February 20, 2025. Proceeds are to be used to fund building and improvement projects and equipment and vehicle purchases. The principal balance at June 30, 2023, was \$968,291. The following is a schedule of future debt service requirements to maturity as of June 30, 2023:

| Year Ended<br>June 30, | General Obligation Bonds, Series 2020 |                  |                       |
|------------------------|---------------------------------------|------------------|-----------------------|
|                        | Principal                             | Interest         | Total<br>Debt Service |
| 2024                   | \$ 479,302                            | \$ 17,066        | \$ 496,368            |
| 2025                   | 488,989                               | 7,379            | 496,368               |
| Total                  | <u>\$ 968,291</u>                     | <u>\$ 24,445</u> | <u>\$ 992,736</u>     |

General Obligation Bonds, Series 2021

In April 2021, the City issued \$11,275,000 of general obligation bonds. The bonds have an interest rate ranging between 2.00% - 2.125% and mature on February 1, 2042. Proceeds are to be used to fund Festival Park improvements, road projects, and other capital improvement items. The principal balance

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**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

at June 30, 2023, was \$11,275,000. The following is a schedule of future debt service requirements to maturity as of June 30, 2023:

|           | General Obligation Bonds, Series 2021 |                     |                      |
|-----------|---------------------------------------|---------------------|----------------------|
| June 30,  | Principal                             | Interest            | Total Debt Service   |
| 2024      | \$ 165,000                            | \$ 226,406          | \$ 391,406           |
| 2025      | 440,000                               | 223,106             | 663,106              |
| 2026      | 510,000                               | 214,306             | 724,306              |
| 2027      | 535,000                               | 204,106             | 739,106              |
| 2028      | 695,000                               | 193,406             | 888,406              |
| 2029-2033 | 3,525,000                             | 753,431             | 4,278,431            |
| 2034-2038 | 3,275,000                             | 416,731             | 3,691,731            |
| 2039-2041 | <u>2,130,000</u>                      | <u>88,519</u>       | <u>2,218,519</u>     |
| Total     | <u>\$ 11,275,000</u>                  | <u>\$ 2,320,011</u> | <u>\$ 13,595,011</u> |

**Conduit Debt Obligations**

The City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, state, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2023, there was \$945 million outstanding in Industrial Revenue Bonds.

**Changes in Long-Term Liabilities**

During the year ended June 30, 2023 the following changes occurred in long-term liabilities in the governmental funds:

|                                   | June 30,<br>2022     | Additions           | Retirements           | June 30,<br>2023     | Due within<br>One Year |
|-----------------------------------|----------------------|---------------------|-----------------------|----------------------|------------------------|
| Compensated absences              | \$ 1,792,297         | \$ 688,381          | \$ (305,486)          | \$ 2,175,192         | \$ -                   |
| GO refunding bonds - 2015         | 4,920,000            | -                   | (420,000)             | 4,500,000            | 440,000                |
| Gen. obligation bonds - 2015B     | 4,985,000            | -                   | (20,000)              | 4,965,000            | 560,000                |
| Premium on bonds issued - 2015    | 155,892              | -                   | (9,031)               | 146,861              | 9,031                  |
| Gen. obligation bonds - 2016      | 1,505,000            | -                   | (285,000)             | 1,220,000            | 295,000                |
| Premium on bonds issued - 2016    | 73,695               | -                   | (14,739)              | 58,956               | 14,739                 |
| Direct notes payable - KIA        | 448,625              | -                   | (147,463)             | 301,162              | 149,532                |
| Direct notes payable - Bank of KY | 1,007,488            | -                   | (1,007,488)           | -                    | -                      |
| Gen. obligation bonds - 2019      | 629,334              | -                   | (309,564)             | 319,770              | 319,770                |
| Gen. obligation bonds - 2020      | 1,438,102            | -                   | (469,811)             | 968,291              | 479,302                |
| Gen. obligation bonds - 2021      | 11,275,000           | -                   | -                     | 11,275,000           | 165,000                |
| Premium on bonds issued - 2021    | 223,122              | -                   | (11,900)              | 211,222              | 11,900                 |
| Net pension liability             | 33,434,750           | 5,188,290           | -                     | 38,623,040           | -                      |
| Net OPEB liability                | 9,573,698            | 762,044             | -                     | 10,335,742           | -                      |
| Lease liability                   | 61,213               | -                   | (17,464)              | 43,749               | 18,221                 |
| SBITA liability                   | -                    | 155,543             | (30,859)              | 124,684              | 33,094                 |
| Legal claims payable              | <u>1,500,000</u>     | <u>-</u>            | <u>(250,000)</u>      | <u>1,250,000</u>     | <u>250,000</u>         |
| Total                             | <u>\$ 73,023,216</u> | <u>\$ 6,794,258</u> | <u>\$ (3,298,805)</u> | <u>\$ 76,518,669</u> | <u>\$ 2,745,589</u>    |

**CITY OF NEWPORT, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

***Proprietary Activities***

*Changes in Long-Term Liabilities*

Long-term liability activity for business-type activities for the year ended June 30, 2023, was as follows:

|                       | June 30,<br>2022  | Additions        | Retirements | June 30,<br>2023  | Due within<br>One Year |
|-----------------------|-------------------|------------------|-------------|-------------------|------------------------|
| Net pension liability | \$ 358,192        | \$ 63,381        | \$ -        | \$ 421,573        | \$ -                   |
| Net OPEB liability    | <u>102,305</u>    | <u>9,312</u>     | <u>-</u>    | <u>111,617</u>    | <u>-</u>               |
| Total                 | <u>\$ 460,497</u> | <u>\$ 72,693</u> | <u>\$ -</u> | <u>\$ 533,190</u> | <u>\$ -</u>            |

The General Fund would typically be expected to liquidate pension and OPEB liabilities.

**NOTE F - LEASE LIABILITIES**

***Governmental Activities***

On November 20, 2020, the City entered into a lease agreement for copiers which are utilized by various departments throughout the City. The lease calls for monthly payments of \$1,644 over a period of 60 months. Upon adoption of GASB 87, the City recognized both a lease liability and leased equipment related to the lease agreement totaling \$77,952. The City calculated the present value of future lease payments based on an incremental borrowing rate of 4.25%. The balance of the lease liability as of June 30, 2023 totaled \$43,749.

Annual requirements to maturity for all governmental long-term lease obligations are as follows:

| Fiscal Year<br>Ending June 30, | Principal        | Interest        | Total            |
|--------------------------------|------------------|-----------------|------------------|
| 2024                           | \$ 18,221        | \$ 1,507        | \$ 19,728        |
| 2025                           | 19,011           | 717             | 19,728           |
| 2026                           | <u>6,517</u>     | <u>58</u>       | <u>6,575</u>     |
|                                | <u>\$ 43,749</u> | <u>\$ 2,282</u> | <u>\$ 46,031</u> |

**NOTE G - SBITA LIABILITIES**

***Governmental Activities***

On September 1, 2022, the City entered into a SBITA for a work order software which is utilized primarily by the Community Development department. The agreement calls for annual payments of \$11,000 over a period of 3 years. On September 30, 2022, the City entered into a SBITA for a body camera software which is utilized primarily by the Police department. The agreement calls for annual payments of \$31,134 over a period of 5 years. Upon adoption of GASB 96, the City recognized subscription liabilities and subscription assets related to the agreements totaling \$155,543 and \$162,543, respectively. The City calculated the present value of future payments based on an incremental borrowing rate of 7.25%. The balance of the SBITA liability as of June 30, 2023 totaled \$124,684.

**CITY OF NEWPORT, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

Annual requirements to maturity for all governmental long-term SBITA obligations are as follows:

| Fiscal Year<br>Ending June 30, | Principal         | Interest         | Total             |
|--------------------------------|-------------------|------------------|-------------------|
| 2024                           | \$ 33,094         | \$ 9,040         | \$ 42,134         |
| 2025                           | 35,494            | 6,640            | 42,134            |
| 2026                           | 27,067            | 4,067            | 31,134            |
| 2027                           | <u>29,029</u>     | <u>2,105</u>     | <u>31,134</u>     |
|                                | <u>\$ 124,684</u> | <u>\$ 21,852</u> | <u>\$ 146,536</u> |

**NOTE H – CLAIMS AND JUDGMENTS**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims including amounts already collected may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

**NOTE I – COMBINING FIDUCIARY FUND FINANCIAL STATEMENTS**

The financial statements of the City include the statement of fiduciary net position and the statement of changes in fiduciary net position as of June 30, 2023, and for the year then ended, for the combined pension trusts. The following table presents the combining statement of fiduciary net position as of June 30, 2023:

|                           | Policemen and<br>Firefighters'<br>Retirement Fund | Employees'<br>Retirement<br>Fund | Total             |
|---------------------------|---|----------------------------------|-------------------|
| <b>Assets</b>             |   |                                  |                   |
| Investments               |   |                                  |                   |
| Cash balance in funds     | \$ 62,698   | \$ 934                           | \$ 63,632         |
| Corporate bonds           | 25,339  | -                                | 25,339            |
| Closed end funds          | 366,498   | 94,420                           | 460,918           |
| Mutual funds              | 54,320  | -                                | 54,320            |
| Market backed securities  | 5,980   | 765                              | 6,745             |
| Government securities     | 32,483  | 1,106                            | 33,589            |
| Corporate stock           | <u>124,900</u>                                    | <u>51,150</u>                    | <u>176,050</u>    |
| <b>Total Assets</b>       | <u>672,218</u>                                    | <u>148,375</u>                   | <u>820,593</u>    |
| <b>Net Position</b>       |   |                                  |                   |
| Restricted for pensions   | <u>672,218</u>                                    | <u>148,375</u>                   | <u>820,593</u>    |
| <b>Total Net Position</b> | <u>\$ 672,218</u>                                 | <u>\$ 148,375</u>                | <u>\$ 820,593</u> |

**CITY OF NEWPORT, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

The following table presents the combining statement of changes in fiduciary net position for the year ended of June 30, 2023:

|  | Policemen and<br>Firefighters'<br>Retirement Fund | Employees'<br>Retirement<br>Fund | Total             |
|--|---|----------------------------------|-------------------|
| Additions  |   |                                  |                   |
| Contributions:   |   |                                  |                   |
| Employer   | \$ 63,000   | \$ 57,000                        | \$ 120,000        |
| Investment earnings:                                   |   |                                  |                   |
| Interest and dividends                                 | 19,739  | 1,617                            | 21,356            |
| Net (depreciation) in the fair value of<br>Investments | <u>9,552</u>                                      | <u>21,265</u>                    | <u>30,817</u>     |
| Total investment (losses)                              | <u>29,291</u>                                     | <u>22,882</u>                    | <u>52,173</u>     |
| Total Additions  | <u>92,291</u>                                     | <u>79,882</u>                    | <u>172,173</u>    |
| Deductions   |   |                                  |                   |
| Benefits   | 210,710   | 128,899                          | 339,609           |
| Administrative expense                                 | <u>15,635</u>                                     | <u>8,634</u>                     | <u>24,269</u>     |
| Total Deductions                                       | <u>226,345</u>                                    | <u>137,533</u>                   | <u>363,878</u>    |
| Change in net position                                 | (134,054)   | (57,651)                         | (191,705)         |
| Net position – beginning of year                       | <u>806,272</u>                                    | <u>206,026</u>                   | <u>1,012,298</u>  |
| Net position – end of year                             | <u>\$ 672,218</u>                                 | <u>\$ 148,375</u>                | <u>\$ 820,593</u> |

**NOTE J – DEFINED BENEFIT PENSION PLANS**

The government maintains two single-employer, defined benefit pension plans, the Employees' Retirement Fund and the Policemen and Firefighters' Retirement Fund (PFRF). The City also participates in the Commonwealth of Kentucky County Employees' Retirement System (CERS), which covers all governmental employees not already covered by the Employees' Retirement Fund or the PFRF.

Policemen and Firefighters' Retirement Fund and the Employees' Retirement Fund

*Plan Description* – The plans are presented as fiduciary funds in the City's financial statements. The Employees' Retirement Fund covers substantially all non-public safety employees hired prior to April 1, 1977. The Policemen and Firefighters' Retirement Fund covers all retired policemen and firefighters who were receiving benefits prior to August 1, 1988. Each plan provides retirement, disability, and death benefits to plan members and their beneficiaries.

Neither plan has active members. In addition, future employees are not eligible to participate in the plans. The Employees' Retirement fund has 1 retired and 8 beneficiary members receiving benefits. The Policemen and Firefighters' Retirement fund has 3 disabled, and 12 beneficiary members receiving benefits.

*Benefits Provided* – Benefits for the Employees' Retirement Fund are provided and may be amended by City ordinance. Benefits for the Policemen and Firefighters' Retirement Fund are provided by state statute. Members are vested and retirement is available upon completion of 20 years of service. The monthly benefit at retirement is 2.5% of average salary for the first 20 years of service plus 1% per year after 20 years with a maximum benefit of 65% of average salary. The Policemen and Firefighters'

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Retirement Fund has a minimum benefit of \$434. Cost-of-living adjustments, for the Policemen and Firefighters' Retirement Fund are provided at the discretion of the Board of Trustees.

*Contributions* – The City must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements as mandated by state statutes. A contribution of \$57,000 was made during the year ended June 30, 2023, for the Employees' Retirement Fund. A contribution of \$63,000 was made during the year ended June 30, 2023 for the Policemen and Firefighters' Retirement Fund. At June 30, 2023, neither pension fund was overfunded based on the fiscal year 2023 or 2007 payments. The City is developing a plan to generate the contributions that are necessary to fund the Plans and prevent estimated depletions.

*Measurement Focus and Basis of Accounting* – The Plans' operations are accounted for on an economic resources measurement focus and the accrual basis of accounting. Employer contributions are recognized when due pursuant to formal commitments, as well as statutory or contractual requirements. Investment income is recognized as revenue when earned. Retirement benefits and refunds are recognized when due and payable in accordance with terms of the Plan.

The Employees' Retirement Fund and the Policemen and Firefighters' Retirement Fund implemented Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans in 2014. The fiduciary fund statements are presented in accordance with Statement No. 67. The Primary Government (PG), as the Plan's single-employer, implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions in fiscal year 2015.

The following was the Board's adopted target allocation and the long-term expected rate of return on Plan investments for the Employees' Retirement Fund and the Policemen and Firefighters' Retirement Fund:

| <b>Asset Class</b> | <b>Target Allocation</b> | <b>Long-term Expected Rate of Return</b> |
|--------------------|--------------------------|--|
| Fixed income       | 20%                      | (1.00)%                                  |
| Equity funds       | 70%                      | 7.00%                                    |
| Cash               | 10%                      | 0.50%                                    |
|                    | 100%                     | 6.50%                                    |

*Investments* – Investments are reported at fair value.

The Plans' policy for allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

Investments that represent 5% or more of the net position of the Employees' Retirement Fund at June 30, 2023, are as follows:

| <b>Investment</b>          | <b>Fair Value</b> |
|----------------------------|-------------------|
| Berkshire Hathaway Inc New | \$ 51,150         |
| SPDF S&P 500 ETF TR        | \$ 94,419         |

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Investments that represent 5% or more of the net position of the Policemen and Firefighters' Retirement Fund at June 30, 2023, are as follows:

| <u>Investment</u>          | <u>Fair Value</u> |
|----------------------------|-------------------|
| INVESCO QQQ TRUST EFT      | \$ 73,884         |
| SPDR S&P 500 ETF TR        | \$ 177,312        |
| Amplify CWP Enhanced Divid | \$ 54,000         |
| Bank of Amer Corp          | \$ 58,984         |

*Net Pension Liability* – The components of the net pension liability at June 30, 2023, were as follows:

Employees' Retirement Fund:

|  |                   |
|--|-------------------|
| Total pension liability  | \$ 820,168        |
| Less: Plan fiduciary net position                                      | <u>148,375</u>    |
| Net pension liability  | <u>\$ 671,793</u> |
| Plan fiduciary net position as a percentage of total pension liability | 18.09%            |

Policemen and Firefighters' Retirement Fund:

|  |                   |
|--|-------------------|
| Total pension liability  | \$ 1,451,222      |
| Less: Plan fiduciary net position                                      | <u>672,218</u>    |
| Net pension liability  | <u>\$ 778,124</u> |
| Plan fiduciary net position as a percentage of total pension liability | 46.38%            |

*Actuarial Assumptions* – The total pension liability for both Plans was determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions:

Employees' Retirement Fund:

|                           |        |
|---------------------------|--------|
| Cost of Living            | - %    |
| Salary Adjustments        | N/A    |
| Investment Rate of Return | 6.10 % |

Policemen and Firefighters' Retirement Fund

|                           |        |
|---------------------------|--------|
| Cost of Living            | - %    |
| Salary Adjustments        | N/A    |
| Investment Rate of Return | 6.10 % |

Mortality rates for healthy individuals were based on Pub-2010 Total Mortality Table for males and females, as appropriate, with adjustments for mortality improvements based on Scale MP-2021. Mortality rates for disabled individuals were based on Pub-2010 Disabled Mortality Table for males and females, as appropriate, with adjustments for mortality improvements based on Scale MP-2021.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study from 2006 – 2014.

The long-term expected rate of return on Plan investments was determined using 10-year return expectations based on historical data in different yield environments. Best estimates of the geometric

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rates of return for each major asset class, included in the Plan's target asset allocation at June 30, 2023, is as follows:

Employees' Retirement Fund:

| <b>Asset Class</b> | <b>Long-Term Expected Real<br/>Rate of Return</b> |
|--------------------|---|
| Fixed income       | (1.00) %  |
| Equity funds       | 7.00 %  |
| Alternative funds  | 0.50 %  |

Policemen and Firefighters' Retirement Fund

| <b>Asset Class</b> | <b>Long-Term Expected Real<br/>Rate of Return</b> |
|--------------------|---|
| Fixed income       | (1.00) %  |
| Equity funds       | 7.00 %  |
| Alternative funds  | 0.50 %  |

*Discount Rate* – The discount rate used to measure the total pension liability was 6.25% for the Policemen and Firefighters' Retirement Fund and 6.25% for the Employees' Retirement Fund. The discount rate was determined to be equal to the long-term asset return assumption, because it is the City's contribution policy to fund the plan to avoid insolvency.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* – The following presents the net pension liability calculated using the discount rate noted above, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower and higher than the current rate.

Employees' Retirement Fund:

|                       | <b>Discount Rate</b> | <b>Net Pension<br/>Liability (Asset)</b> |
|-----------------------|----------------------|--|
| 1% decrease           | 5.25%                | \$ 725,505                               |
| Current discount rate | 6.25%                | \$ 671,793                               |
| 1% increase           | 7.25%                | \$ 624,402                               |

Policemen and Firefighter's Retirement Fund:

|                       | <b>Discount Rate</b> | <b>Net Pension<br/>Liability (Asset)</b> |
|-----------------------|----------------------|--|
| 1% decrease           | 5.25%                | \$ 871,458                               |
| Current discount rate | 6.25%                | \$ 778,124                               |
| 1% increase           | 7.25%                | \$ 695,164                               |

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

|   | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|---|---|--|
| Differences between expected and actual results   | \$ -  | \$ -   |
| Changes of assumptions  | -   | -  |
| Net difference between projected and actual earnings on Plan investments                                  | -   | 3,577  |
| Changes in proportion and differences between City contributions and proportionate share of contributions | -   | -  |
| City contributions subsequent to the measurement date   | -   | -  |
| <b>Total</b>  | <b>\$ -</b>                                   | <b>\$ 3,577</b>                              |

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to the Policemen and Firefighters' Retirement Fund from the following sources:

|   | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|---|---|--|
| Differences between expected and actual results   | \$ -  | \$ -   |
| Changes of assumptions  | -   | -  |
| Net difference between projected and actual earnings on Plan investments                                  | 19,696  | -  |
| Changes in proportion and differences between City contributions and proportionate share of contributions | -   | -  |
| City contributions subsequent to the measurement date   | -   | -  |
| <b>Total</b>  | <b>\$ 19,696</b>                              | <b>\$ -</b>                                  |

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows for Employees' Retirement Fund and the Policemen and Firefighters' Retirement fund:

| <b>Year ending June 30,</b> | <b>Employees'</b> | <b>Policemen and<br/>Firefighters'</b> |
|-----------------------------|-------------------|--|
| 2024                        | \$ (3,671)        | \$ (9,852)                             |
| 2025                        | \$ (5,420)        | \$ (4,964)                             |
| 2026                        | \$ 7,952          | \$ 29,953                              |
| 2027                        | \$ (2,438)        | \$ 4,559                               |

**County Employees Retirement System (CERS) Pension Plan**

The City of Newport is a participating employer of the County Employees' Retirement System (CERS). Under the provisions of Kentucky Revised Statute 61.645, the Board of Trustees of Kentucky Public Pensions Authority administers the CERS. The plan issues publicly available financial statements which may be downloaded from the Kentucky Public Pensions Authority website.

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*Plan Description* – CERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in positions of each city, county, and school board, and any additional eligible local agencies electing to participate in the System. The plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Cost-of-living (COLA) adjustments are provided at the discretion of the state legislature.

Effective July 1, 2009, and on July 1 of each year thereafter, the COLA is limited to 1.5%, provided the recipient has been receiving a benefit for at least 12 months prior to the effective date of the COLA. If the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month the recipient has not been receiving benefits in the 12 months preceding the effective date of the COLA. The Kentucky General Assembly reserves the right to suspend or reduce the cost-of-living adjustments if, in its judgment, the welfare of the Commonwealth so demands. No COLA has been granted since July 1, 2011.

*Non-hazardous Benefits* – For members who began contributing to CERS prior to September 1, 2008, final compensation represents the average fiscal year of earnings with the highest monthly average used when calculating your retirement benefit. Final compensation is based on the 5-high creditable compensation years with a minimum of 48 months and a minimum of five fiscal years. Final compensation is determined by dividing the total salary earned during the 5-high years by the number of months worked, then multiplying by twelve. Non-hazardous members, age 65 or older, or with 26 or more years of service are eligible to retire and receive unreduced benefits. Any non-hazardous member, age 55, with a minimum of five years of service may retire with a reduction in benefits.

For non-hazardous members who began contributing to CERS on or after September 1, 2008, any member age 57 or older, may retire with no reduction in benefits if the member's age and years of service equal 87. In addition, a member, age 65, with at least 60 months of service may retire with no reduction in benefits. A member, age 60 or older, with at least 120 months of service credit may retire at any time with a reduction of benefits.

*Hazardous Benefits* – For members who began contributing to CERS prior to September 1, 2008, final compensation represents the average fiscal year of earnings with the highest monthly average used when calculating your retirement benefit. Final compensation is based on the 3-high creditable compensation years with a minimum of 24 months and a minimum of three fiscal years. Final compensation is determined by dividing the total salary earned during the 3-high years by the number of months worked, then multiplying by twelve. Hazardous members, age 55 or older, or with 20 or more years of service are eligible to retire and receive unreduced benefits. Any hazardous member, age 50, with a minimum of fifteen years of service may retire with a reduction in benefits.

For hazardous members who began contributing to CERS on or after September 1, 2008, any member age 60 or older with 60 months or service or a member with 25 years of service, may retire with no reduction in benefits. A member, age 50 or older, with at least 180 months of service credit may retire at any time with a reduction of benefits.

*Non-hazardous Contributions* – For the year ended June 30, 2023, plan members were required to contribute 5% of their annual creditable compensation. Employees hired after September 1, 2008 were required to contribute an additional 1% to cover the cost of medical insurance that is provided through CERS. Participating employers were required to contribute at an actuarially determined rate.

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Per Kentucky Revised Statute Section 61.565(3), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last proceeding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. For the year ended June 30, 2023, participating employers contributed 26.79% of each employee's creditable compensation, which was the actuarially determined rate set by the Board. The contributions are allocated to both the pension and insurance trusts. The insurance trust is more fully described below. Plan members contributed 23.40% to the pension trust for non-hazardous job classifications. Administrative costs of Kentucky Retirement System are financed through employer contributions and investment earnings.

In accordance with House Bill 1, signed by the Governor on June 27, 2008, plan members who began participating on, or after, September 1, 2008, are required to contribute a total of 6% of their annual creditable compensation. Five percent of the contribution was deposited to the member's account while 1% was deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative regulation 102 KAR 1:420E). Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1% contribution to the 401(h) account is non-refundable and is forfeited. For plan members who began participating prior to September 1, 2008, their contributions remain at 5% of their annual creditable compensation.

In accordance with Senate Bill 2 signed by the Governor on April 4, 2013, plan members who began participating on, or after, January 1, 2014, are required to participate to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Non-hazardous members contribute 5% of their annual creditable compensation and 1% to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a 4% employer pay credit. The employer pay credit represents a portion of the employer contribution.

*Hazardous Contributions* – For the year ended June 30, 2023, plan members were required to contribute 8% of their annual creditable compensation. Employees hired after September 1, 2008 were required to contribute an additional 1% to cover the cost of medical insurance that is provided through CERS. Participating employers were required to contribute at an actuarially determined rate.

Per Kentucky Revised Statute Section 61.565(3), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. For the year ended June 30, 2023, participating employers contributed 49.59% of each employee's creditable compensation, which was the actuarially determined rate set by the Board. The contributions are allocated to both the pension and insurance trusts. The insurance trust is more fully described below. Plan members contributed 42.81% to the pension trust for hazardous job

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classifications. Administrative costs of the KRS are financed through employer contributions and investment earnings.

In accordance with House Bill 1, signed by the Governor on June 27, 2008, plan members who began participating on, or after, September 1, 2008, are required to contribute a total of 9% of their annual creditable compensation. Eight percent of the contribution was deposited to the member's account while 1% was deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative regulation 102 KAR 1:420E). Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1% contribution to the 401(h) account is non-refundable and is forfeited. For plan members who began participating prior to September 1, 2008, their contributions remain at 8% of their annual creditable compensation.

In accordance with Senate Bill 2 signed by the Governor on April 4, 2013, plan members who began participating on, or after, January 1, 2014, are required to participate to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Hazardous members contribute 8% of their annual creditable compensation and 1% to the health insurance fund, which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a 7.5% employer pay credit. The employer pay credit represents a portion of the employer contribution.

For the year ended June 30, 2023, the City contributed \$891,472, or 100% of the required contribution for non-hazardous job classifications, and \$3,415,478, or 100% of the required contribution for hazardous job classifications. The contributions were allocated \$778,665 and \$2,948,510, respectively, to the CERS pension fund and \$112,807 and \$466,968, respectively, to the CERS insurance fund. The CERS insurance fund is more fully described below.

*Pension Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources* – At June 30, 2023, the City reported a liability for its proportionate share of the net pension liability as follows:

| <b>Total CERS Net<br/>Pension Liability</b> | <b>Non-hazardous</b> | <b>Hazardous</b>     |
|---|----------------------|----------------------|
| <u>\$ 37,594,696</u>                        | <u>\$ 7,570,801</u>  | <u>\$ 30,023,895</u> |

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, and rolled forward using generally accepted actuarial procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. The City's proportionate share at June 30, 2022, was as follows:

| <b>Non-hazardous</b> | <b>Hazardous</b> |
|----------------------|------------------|
| .1047%               | .9839%           |

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The non-hazardous proportionate share at June 30, 2022, increased by .0067 from the share as of June 30, 2021. The hazardous proportionate share at June 30, 2022, increased by .0192 from the proportionate share as of June 30, 2021.

For the year ended June 30, 2023, the City recognized pension expense of \$3,761,411. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|---|---|--|
| Differences between expected and actual results   | \$ 868,932                                    | \$ 67,421                                    |
| Changes of assumptions  | -   | -  |
| Net difference between projected and actual earnings on Plan investments                                  | 887,557                                       | -  |
| Changes in proportion and differences between City contributions and proportionate share of contributions | 1,334,109                                     | 238,400                                      |
| City contributions subsequent to the measurement date   | <u>2,667,614</u>                              | <u>-</u>                                     |
| Total   | <u>\$ 5,758,212</u>                           | <u>\$ 305,821</u>                            |

The \$2,667,614 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| <b>Year ending June 30,</b> |    |         |
|-----------------------------|----|---------|
| 2024                        | \$ | 982,068 |
| 2025                        | \$ | 711,770 |
| 2026                        | \$ | 102,993 |
| 2027                        | \$ | 987,946 |

*Actuarial Assumptions* – The total pension liability reported in June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**Non-hazardous**

|                           |  |
|---------------------------|--|
| Inflation                 | 2.30%  |
| Salary increases          | 3.30% to 10.30%, varies by service, including inflation    |
| Investment rate of return | 6.25%, net of Plan investment expense, including inflation |

**Hazardous**

|                           |  |
|---------------------------|--|
| Inflation                 | 2.30%  |
| Salary increases          | 3.30% to 10.30%, average, including inflation              |
| Investment rate of return | 6.25%, net of Plan investment expense, including inflation |

Mortality rates were based on the Pub-2010 General Mortality Table projected with the ultimate rates from the MP-2014 Mortality Improvement Scale using a base year of 2010. The Mortality Table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 Mortality Improvement Scale using a base year of 2020. The Mortality Table used for disabled members was PUB-2010 Disabled Mortality Table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from MP-2014 Mortality Improvement Scale using a base year of 2010.

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The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2013 - June 30, 2018. The total pension liability was rolled-forward from the valuation date (June 30, 2021) to the plan's fiscal year ending June 30, 2022.

The long-term expected rate of return was determined by using a building-block method in which best estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

The target allocation and best estimates of nominal real rates of return for each major asset class are summarized in the following table:

| <b>Asset Class</b>                           | <b>Target Allocation</b> | <b>Long-Term Expected Real Rate of Return</b> |
|--|--------------------------|---|
| <b>Equity</b>                                | <b>60.00%</b>            |   |
| Public Equity                                | 50.00%                   | 4.45%   |
| Private Equity                               | 10.00%                   | 10.15%  |
| <b>Liquidity</b>                             | <b>20.00%</b>            |   |
| Core Bonds                                   | 10.00%                   | 0.28%   |
| Specialty Credit/High Yield                  | 10.00%                   | 2.28%   |
| Cash   | 0.00%                    | -0.91%  |
| <b>Inflation Protected</b>                   | <b>20.00%</b>            |   |
| Real Estate                                  | 7.00%                    | 3.67%   |
| Real Return                                  | 13.00%                   | 4.07%   |
| <b>Total</b>                                 | <b>100.00%</b>           | <b>4.28%</b>                                  |
| <b>Long term inflation assumption</b>        |                          | <b>2.30%</b>                                  |
| <b>Expected nominal return for portfolio</b> |                          | <b>6.58%</b>                                  |

**Discount Rate** – The discount rate used to measure the total pension liability was 6.25 percent. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 30-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period. The discount rate does not use a municipal bond rate.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.25 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25 percent) or 1-percentage-point higher (7.25 percent) than the current rate:

|                       | <b>Non-hazardous</b> |  | <b>Hazardous</b>     |  |
|-----------------------|----------------------|--|----------------------|--|
|                       | <b>Discount rate</b> | <b>City's proportionate share of net pension liability</b> | <b>Discount rate</b> | <b>City's proportionate share of net pension liability</b> |
| 1% decrease           | 5.25%                | \$ 9,462,562   | 5.25%                | \$ 37,399,679  |
| Current discount rate | 6.25%                | \$ 7,570,801   | 6.25%                | \$ 30,023,895  |
| 1% increase           | 7.25%                | \$ 6,006,158   | 7.25%                | \$ 24,016,781  |

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*Payable to the Pension Plan* – At June 30, 2023, the City reported a payable of \$560,152 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023. The payable includes both the pension and insurance contribution allocation.

County Employees' Retirement System (CERS) Postemployment Benefits Other Than Pensions (OPEB)

*Plan Description* – The City of Newport participates in the County Employees' Retirement System (CERS). CERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the System. In addition to retirement benefits, the plan provides for health insurance benefits to plan members (other postemployment benefits or OPEB). OPEB benefits may be extended to beneficiaries of plan members under certain circumstances.

*Contributions* – Plan members contribute to CERS for non-hazardous and hazardous job classifications. For the year ending June 30, 2023, the employer's contribution was 3.39% to the insurance trust for non-hazardous job classifications and 6.78% to the insurance trust for hazardous job classifications. Employees hired after September 1, 2008, were required to contribute an additional 1% to cover the cost of medical insurance that is provided through CERS. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last proceeding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. The contribution rates are equal to the actuarially determined rate set by the Board. Administrative costs of Kentucky Retirement System are financed through employer contributions and investment earnings.

For the year ended June 30, 2023, the City contributed \$112,807, or 100% of the required contribution for non-hazardous job classifications, and \$466,968, or 100% of the required contribution for hazardous job classifications.

*Benefits* – CERS provides health insurance benefits to Plan employees and beneficiaries. For retirement purposes, employees are grouped into three tiers based on hire date:

|        |  |  |
|--------|--|--|
| Tier 1 | Participation date<br>Insurance eligibility<br>Benefit | Before July 1, 2003<br>10 years of service credit required<br>Set percentage of single coverage health insurance based on service credit accrued at retirement       |
| Tier 1 | Participation date<br>Insurance eligibility<br>Benefit | Before September 1, 2008 but after July 1, 2003<br>10 years of service credit required<br>Set dollar amount based on service credit accrued, increased annually      |
| Tier 2 | Participation date<br>Insurance eligibility<br>Benefit | After September 1, 2008 and before December 31, 2013<br>15 years of service credit required<br>Set dollar amount based on service credit accrued, increased annually |
| Tier 3 | Participation date<br>Insurance eligibility            | After December 31, 2013<br>15 years of service credit required   |

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Benefit                                      Set dollar amount based on service credit accrued,  
increased annually

*OPEB Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources* – At June 30, 2023, the City reported a liability for its proportionate share of the net OPEB liability as follows:

| <b>Total Net<br/>OPEB Liability</b> | <b>Non-hazardous</b> | <b>Hazardous</b>    |
|-------------------------------------|----------------------|---------------------|
| <u>\$ 10,447,359</u>                | <u>\$ 2,066,443</u>  | <u>\$ 8,380,916</u> |

The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021 and rolled forward using generally accepted actuarial procedures. The City's proportion of the net OPEB liability was based on a projection of the City's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. The City's proportionate share at June 30, 2022 was .1047% for non-hazardous, which was an increase of .0067% from the prior year, and .9839% for hazardous, which was an increase of .0189%, respectively, compared to the proportionate share as of June 30, 2021.

For the year ended June 30, 2023, the City recognized OPEB expense of \$1,361,444. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|---|---|--|
| Differences between expected and actual results   | \$ 393,187                                    | \$ 970,249                                   |
| Changes of assumptions  | 1,725,842                                     | 1,711,355                                    |
| Net difference between projected and actual earnings on Plan investments                                  | 389,769                                       | -  |
| Changes in proportion and differences between City contributions and proportionate share of contributions | 378,296                                       | 161,853                                      |
| City contributions subsequent to the measurement date   | 699,760                                       | -  |
| Total   | <u>\$ 3,586,854</u>                           | <u>\$ 2,843,457</u>                          |

The \$699,760 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. This includes adjustments of \$74,504 for the nonhazardous implicit subsidy and \$91,429 for the hazardous implicit subsidy, which are required to be recognized as deferred outflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

**Year ending June 30,**

|      |              |
|------|--------------|
| 2024 | \$ 99,719    |
| 2025 | \$ 95,262    |
| 2026 | \$ (187,653) |
| 2027 | \$ 274,460   |
| 2028 | \$ (238,151) |

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*Actuarial Assumptions* – The total OPEB liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**Non-hazardous**

|                           |  |
|---------------------------|--|
| Inflation                 | 2.30%  |
| Salary increases          | 3.30% to 10.30%, average, including inflation              |
| Investment rate of return | 6.25%, net of Plan investment expense, including inflation |
| Healthcare trend          |  |

Pre – 65: Initial trend starting at 6.20% at January 1, 2024, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

Post – 65: Initial trend starting at 9.00% at January 1, 2024, then gradually decreasing to 4.05% over a period of 13 years.

**Hazardous**

|                           |  |
|---------------------------|--|
| Inflation                 | 2.30%  |
| Salary increases          | 3.55% to 19.05%, average, including inflation              |
| Investment rate of return | 6.25%, net of Plan investment expense, including inflation |
| Healthcare trend          |  |

Pre – 65: Initial trend starting at 6.20% at January 1, 2024, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

Post – 65: Initial trend starting at 9.00% at January 1, 2024, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

Mortality rates were based on the Pub-2010 General Mortality Table projected with the ultimate rates from the MP-2014 Mortality Improvement Scale using a base year of 2010. The Mortality Table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 Mortality Improvement Scale using a base year of 2019. The Mortality Table used for disabled members was PUB-2010 Disabled Mortality Table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from MP-2014 Mortality Improvement Scale using a base year of 2010.

The actuarial assumption used in the June 30, 2021, valuation was based on the results of an actuarial experience study for the period July 1, 2013 - June 30, 2018. The total OPEB liability was rolled-forward from the valuation date (June 30, 2021) to the plan's fiscal year ending June 30, 2022.

The long-term expected rate of return was determined by using a building-block method in which best estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

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The target allocation and best estimates of arithmetic nominal real rates of return for each major asset class are summarized in the following table:

| <b>Asset Class</b>                           | <b>Target Allocation</b> | <b>Long-Term Expected Real Rate of Return</b> |
|--|--------------------------|---|
| <b>Equity</b>                                | <b>60.00%</b>            |   |
| Public Equity                                | 50.00%                   | 4.45%   |
| Private Equity                               | 10.00%                   | 10.15%  |
| <b>Liquidity</b>                             | <b>20.00%</b>            |   |
| Core Bonds                                   | 10.00%                   | 0.28%   |
| Specialty Credit/High Yield                  | 10.00%                   | 2.28%   |
| Cash   | 0.00%                    | -0.91%  |
| <b>Inflation Protected</b>                   | <b>20.00%</b>            |   |
| Real Estate                                  | 7.00%                    | 3.67%   |
| Real Return                                  | 13.00%                   | 4.07%   |
| <b>Total</b>                                 | <b>100.00%</b>           | <b>4.28%</b>                                  |
| <b>Long term inflation assumption</b>        |                          | <b>2.30%</b>                                  |
| <b>Expected nominal return for portfolio</b> |                          | <b>6.58%</b>                                  |

*Discount Rate* – The discount rate used to measure the total net OPEB liability was 5.70% and 5.61% for non-hazardous and hazardous classifications, respectively. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24-year amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 2.45%, as reported in Fidelity Index’s “20 –Year Municipal GO AA Index” as of June 30, 2020. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System’s actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System’s trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

*Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate* – The following presents the City’s proportionate share of the net OPEB liability calculated using the discount rate as well as what the City’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

|                       | <b>Non-hazardous</b> |   |  | <b>Hazardous</b>     |   |  |
|-----------------------|----------------------|---|--|----------------------|---|--|
|                       | <b>Discount rate</b> | <b>City’s proportionate share of net OPEB liability</b> |  | <b>Discount rate</b> | <b>City’s proportionate share of net OPEB liability</b> |  |
| 1% decrease           | 4.70%                | \$ 2,762,509  |  | 4.61%                | \$ 11,645,033   |  |
| Current discount rate | 5.70%                | \$ 2,066,443  |  | 5.61%                | \$ 8,380,916  |  |
| 1% increase           | 6.70%                | \$ 1,491,034  |  | 6.61%                | \$ 5,729,844  |  |

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*Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate* – The following presents the City's proportionate share of the net OPEB liability calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

|                    | Non-hazardous   | Hazardous   |
|--------------------|---|---|
|                    | City's<br>proportionate<br>share of net<br>OPEB liability | City's<br>proportionate<br>share of net<br>OPEB liability |
| 1% decrease        | \$ 1,536,357  | \$ 5,852,288  |
| Current trend rate | \$ 2,066,443  | \$ 8,380,916  |
| 1% increase        | \$ 2,702,984  | \$ 11,463,177   |

*OPEB plan fiduciary net position* – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report.

**NOTE K – DEFERRED COMPENSATION PLAN**

Employees of the City may participate in the deferred compensation plan adopted under the provision of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments). Employees may also participate in a Section 401(k) adopted under the provisions of the Internal Revenue Code. The deferred compensation plan is available to all employees of the City. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable financial emergency. During the year ended June 30, 2023, contributions to the 457 and 401(k) deferred compensation plans totaled \$537,733 and \$101,256, respectively.

The deferred compensation plans are administered by the Kentucky Public Employees' Deferred Compensation Authority.

**NOTE L – INTER-FUND TRANSACTIONS**

A summary of the inter-fund account balances is as follows:

| Receivable Funds | Payable Funds | Amount            |
|------------------|---------------|-------------------|
| Capital Projects | General       | \$ <u>104,507</u> |
| Internal Service | General       | \$ <u>177,000</u> |

Many of the outstanding balances between funds are short-term loans for payments of payables prior to the transfer of funds to cover such payables.

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Inter-fund transfers at June 30, 2023 are as follows:

| Transfer Out: | Transfer In:     |                   |                   |                     |
|---------------|------------------|-------------------|-------------------|---------------------|
|               | General Fund     | Capital Projects  | Employee Benefits | Total               |
| General Fund  | \$ -             | \$ 423,667        | \$ 667,000        | \$ 1,090,667        |
| Refuse Fund   | <u>57,559</u>    | <u>-</u>          | <u>-</u>          | <u>57,559</u>       |
|               | <u>\$ 57,559</u> | <u>\$ 423,667</u> | <u>\$ 667,000</u> | <u>\$ 1,148,226</u> |

Transfers are used to (1) move debt service funds to the General Fund where all debt service is paid, (2) move funds from the fund that collected them to the fund that will be making the budgeted disbursement, or (3) to cover expenses in the internal service fund through a General Fund transfer.

**NOTE M – CONTINGENT LIABILITIES**

The City is a defendant to numerous legal proceedings, many of which normally occur in governmental operations. The City has accrued a liability of \$1,250,000 as of June 30, 2023, for the payment of a claim that was settled during the year ended June 30, 2023. The City has agreed to make annual payments of \$250,000 for a period of 5 years. There is a possibility for partial insurance recovery; however, the amount of recovery is unknown at this time. Therefore, the entire outstanding amount less next year's payment is reported as a noncurrent liability in the financial statements.

**NOTE N – RISK MANAGEMENT**

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The City has obtained insurance coverage through a commercial insurance company. In addition, the City has effectively managed risk through various employee education and prevention programs through the efforts and cooperation of its risk manager and department heads.

All general liability risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when probable that a loss has occurred and the amount of loss can be reasonably estimated.

The City has established a Health and Dental Self-Insurance Fund. Employees participate in the program and certain other medical insurance programs offered by the City. Under this program, the first \$40,000 of a participant's medical claim are payable by the Health and Dental Self-Insurance Fund. The City purchases insurance for claims in excess of coverage provided by the fund. The General Fund participates in the program and makes payments to the Health and Dental Fund based on estimates of the amount needed to pay current year claims. A liability for incurred but not reported claims as of June 30, 2023, has not been estimated based on the nature of the claims process. This is in accordance with the requirements of GASB Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements unless such an estimate cannot be made.

The General Fund contains no provision for estimated legal claims. As described in Note L, the City has accrued a \$1,250,000 long-term liability as of June 30, 2023, and the City will make an annual payment of \$250,000 for a period of 5 years.

**CITY OF NEWPORT, KENTUCKY**  
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**NOTE O – TAX ABATEMENTS**

Job Development/KBI Incentive Programs

The City of Newport Jobs Development Incentive Program (JDIP) was created in 2007 to “recognize the importance of a growing and expanding economy by providing incentives for the creation of new jobs in the service, technology, and industrial sectors.” Manufacturing and technology companies and professional offices meeting the eligibility criteria may qualify for a rebate of occupational tax withholdings for up to ten years. Pursuant to Section 37.215 of the Newport City Code of Ordinances, a company must meet several eligibility criteria including the following:

- 1) It is a sole proprietorship, partnership or corporation authorized to do business in the Commonwealth of Kentucky exclusive of retail industry jobs, bars, hotels/motels or jobs in a sexually oriented business/adult entertainment business as elsewhere defined within the City's Code of Ordinances; and
- 2) It engages in industrial, service or technology activity inside the corporate limits of the City; or
- 3) It engages in the services of a licensed professional, such as, but not limited to, architects, attorneys, engineers, physicians, psychiatrists, psychologists and certified public accountants.
- 4) A project shall be eligible for employee withholdings credit only if it directly creates new jobs so as to generate employee withholdings sufficient to qualify the applicant for not less than the minimum incentive program amount.
- 5) The applicant must generate a minimum of \$250,000 in Newport taxable wages each fiscal year of the credit.

The City collects the full amount of the withholdings and, following a review of the criteria within the agreement, issues a rebate to the business. In the event of default under an employee withholdings credit agreement, the City may suspend the credit until such time as the default is cured or the City may terminate the credit. If the credit is terminated, the City may initiate legal proceedings to recover the amount of employee withholdings credited to the approved company up to the date the credit was terminated.

Kentucky's Business Investment (KBI) Program provides income tax credits and wage assessments to new and existing agribusinesses, regional and national headquarters, manufacturing companies, and non-retail service or technology related companies that locate or expand operations in Kentucky. KBI is authorized through KRS 154.32-010 through KRS 154.32-100. The City participates in Kentucky Business Investment programs with the State's Cabinet for Economic Development.

Taxes abated under this program during the year ended June 30, 2023, were as follows:

| <u>Recipient</u>                      | <u>Program</u> | <u>Incentive Status</u> | <u>FY 2023<br/>Amount<br/>Rebated</u> | <u>Date of KEDFA<br/>Action/City<br/>Approval</u> |
|---------------------------------------|----------------|-------------------------|---------------------------------------|---|
| Centennial Personnel, Inc.            | JDIP           | Active                  | \$ 8,704                              | 1/28/2019   |
| Comprehensive Medical Management, LLC | JDIP           | Active                  | 6,642                                 | 6/10/2019   |
| David J Joseph Company                | JDIP           | Active                  | 38,661                                | 8/17/2015   |
| Divisions, Inc.                       | KBI/JDIP       | Final Approval          | 284,510                               | 8/28/2014   |
| Fedders Construction LLC              | JDIP           | Active                  | 20,238                                | 4/23/2018   |
| Greater Comfort                       | JDIP           | Active                  | 16,271                                | 4/22/2013   |
| Healthpoint Family Care, Inc.         | JDIP           | Active                  | 29,275                                | 6/10/2019   |
| Legion Logistics                      | JDIP           | Active                  | 14,445                                | 4/19/2021   |

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|                           |          |                |                   |            |
|---------------------------|----------|----------------|-------------------|------------|
| New Riff Distilling, LLC  | JDIP     | Active         | 36,683            | 1/1/2022   |
| Nexigen                   | KBI/JDIP | Active         | 34,539            | 1/28/2013  |
| Nimblesoft                | JDIP     | Active         | 1,307             | 10/20/2014 |
| P. L. Marketing           | KBI/JDIP | Final Approval | 342,837           | 9/26/2013  |
| PCA Architecture          | JDIP     | Active         | 6,643             | 8/17/2020  |
| Strategic Advisers        | JDIP     | Active         | 2,868             | 8/17/2020  |
| Studio Vertu              | JDIP     | Active         | 7,131             | 10/20/2014 |
| Western and Southern Life | JDIP     | Active         | <u>15,944</u>     | 8/20/2018  |
| Total                     |          |                | <u>\$ 866,698</u> |            |

**Property Assessment Moratorium**

The City of Newport offers a Property Tax Assessment Moratorium for properties that meet certain eligibility standards. This program allows property owners to defer the value of building improvements from taxable assessment for a maximum period of five (5) years. Any structure that is 25 years or older that has a primary use of commercial business or is an existing residential unit may apply. This moratorium applies to ONLY City property tax. State Statutes dealing with assessment or reassessment moratorium include KRS Chapter 99, KRS 132.010, and KRS 132.190. The City's program is enabled through City Ordinance Section 37.020.

Once the application is approved by the City, it is sent to the property valuation administrator who will make an appraisal of subject property at its fair cash value as of the date of application. The applicant shall have two years in which to complete the improvements unless granted an extension by the administering agency. In no case shall it be extended beyond two additional years. Any application for a moratorium not acted upon shall be void two (2) years from the date of application and shall be removed from the files.

Taxes abated under this program during the year ended June 30, 2023, were as follows:

| <u>Address</u>   | <u>Approval Order</u> | <u>FY 2023 Assessment</u> | <u>Amount Abated @</u> |
|------------------|-----------------------|---------------------------|------------------------|
|                  |                       | <u>Value Deferred</u>     | <u>\$2.74/\$1,000</u>  |
| 1102 Brighton St | R-2018-024            | \$ 10,000                 | \$ 27                  |
| 501 E 6th St     | R-2018-036            | \$ 339,000                | \$ 929                 |
| 935 Monmouth St  | R-2018-037            | \$ 85,000                 | \$ 233                 |
| 700 Monmouth St  | R-2022-053            | \$ 86,800                 | \$ 238                 |
| 913 York St      | R-2018-046            | \$ 36,000                 | \$ 99                  |
| 946 York St      | R-2018-047            | \$ 49,000                 | \$ 134                 |
| 16 W 9th St      | R-2020-032            | \$ 192,000                | \$ 526                 |
| 915 York St      | R-2020-031            | \$ 189,900                | \$ 520                 |
| 402 Overton St   | R-2018-071            | \$ 200,000                | \$ 548                 |
| 301 Overton St   | R-2017-053            | \$ 186,035                | \$ 510                 |
| 842 Overton St   | R-2018-065            | \$ 361,000                | \$ 989                 |
| 845 Overton St   | R-2018-050            | \$ 30,000                 | \$ 82                  |
| 806 Monroe St    | R-2017-056            | \$ 174,100                | \$ 477                 |
| 517 E 10th St    | R-2019-081            | \$ 94,800                 | \$ 260                 |
| 214 E 10th St    | R-2021-069            | \$ 25,100                 | \$ 69                  |
| 217 E 10th St    | R-2021-055            | \$ 50,000                 | \$ 137                 |
| 224 W 10th St    | R-2019-019            | \$ 107,199                | \$ 294                 |
| 524 W 10th St    | R-2021-061            | \$ 9,000                  | \$ 25                  |
| 532 W 10th St    | R-2021-061            | \$ 126,320                | \$ 346                 |
| 222 E 8th St     | R-2019-014            | \$ 264,900                | \$ 726                 |

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| <u>Address</u>          | <u>Approval Order</u> | <u>FY 2023 Assessment</u> | <u>Amount Abated @</u> |
|-------------------------|-----------------------|---------------------------|------------------------|
|                         |                       | <u>Value Deferred</u>     | <u>\$2.74/\$1,000</u>  |
| 133 E 7th St            | R-2021-057            | \$ 180,800                | \$ 495                 |
| 129 E 7th St            | R-2021-058            | \$ 344,000                | \$ 943                 |
| 530 W 9th St            | R-2017-054            | \$ 293,750                | \$ 805                 |
| 402 W 9th St            | R-2018-053            | \$ 164,000                | \$ 449                 |
| 234 W 9th St            | R-2021-073            | \$ 69,000                 | \$ 189                 |
| 40 E 9th St             | R-2017-052            | \$ 115,000                | \$ 315                 |
| 402 E 9th St            | R-2018-065            | \$ 306,100                | \$ 839                 |
| 714 E 9th St            | R-2019-050            | \$ 294,800                | \$ 808                 |
| 601 E 9th St            | R-2020-059            | \$ 82,800                 | \$ 227                 |
| 213 W 12th St           | R-2021-056            | \$ 82,000                 | \$ 225                 |
| 42 E 18th St            | R-2021-059            | \$ 87,800                 | \$ 241                 |
| 222 E 5th St            | R-2021-093            | \$ 17,500                 | \$ 48                  |
| 11 21st St              | R-2022-052            | \$ 177,000                | \$ 485                 |
| 734 Washington Ave.     | R-2018-064            | \$ 270,800                | \$ 742                 |
| 918-820 Washington Ave. | R-2021-071            | \$ 202,100                | \$ 554                 |
| 720 Roberts St          | R-2019-082            | \$ 161,000                | \$ 441                 |
| 725 Roberts St          | R-2022-023            | \$ 48,900                 | \$ 134                 |
| 640 Roberts St          | R-2021-094            | \$ 64,600                 | \$ 177                 |
| 730 Maple Ave.          | R-2018-051            | \$ 434,000                | \$ 1,189               |
| 826 Maple Ave.          | R-2021-070            | \$ 115,000                | \$ 315                 |
| 740 Linden Ave.         | R-2018-052            | \$ 343,100                | \$ 940                 |
| 901 Monroe St           | R-2018-049            | \$ 370,00                 | \$ 1,014               |
| 829 Monroe St           | R-2020-049            | \$ 130,000                | \$ 356                 |
| 843 Monroe St           | R-2019-060            | \$ 315,000                | \$ 863                 |
| 923 Monroe St           | R-2018-054            | \$ 139,799                | \$ 383                 |
| 208 E 8th St            | R-2018-055            | \$ 30,500                 | \$ 84                  |
| 808 Isabella            | R-2018-048            | \$ 52,600                 | \$ 144                 |
| 833 Isabella            | R-2019-059            | \$ 146,845                | \$ 402                 |
| 1002 Isabella           | R-2022-019            | \$ 114,700                | \$ 314                 |
| 301 E 8th St            | R-2017-055            | \$ 55,400                 | \$ 152                 |
| 917 Saratoga St         | R-2019-011            | \$ 64,500                 | \$ 177                 |
| 715 Saratoga St         | R-2019-020            | \$ 130,000                | \$ 356                 |
| 1138 Columbia St        | R-2019-070            | \$ 174,000                | \$ 477                 |
| 934 Columbia St         | R-2019-019            | \$ 259,500                | \$ 711                 |
| 712 Columbia St         | R-2019-019            | \$ 76,900                 | \$ 211                 |
| 910 Columbia St         | R-2019-019            | \$ 140,009                | \$ 384                 |
| 912 Columbia St         | R-2021-016            | \$ 93,499                 | \$ 256                 |
| 1012 Central Ave        | R-2019-059            | \$ 165,700                | \$ 454                 |
| 846 York St             | R-2022-054            | \$ 251,300                | \$ 689                 |
| 518-522 York St         | R-2020-058            | \$ 747,200                | \$ 2,047               |
| 738 York St             | R-2021-068            | \$ 152,950                | \$ 419                 |
| 340 Lindsay St          | R-2021-063            | \$ 95,800                 | \$ 262                 |
| 209 W 13th St           | R-2021-064            | \$ 88,900                 | \$ 244                 |
| 217 W 13th St           | R-2021-066            | \$ 127,200                | \$ 349                 |
| 711 Weingartner         | R-2021-092            | \$ 150,000                | \$ 411                 |
| 723 Weingartner         | R-2020-020            | \$ 171,800                | \$ 471                 |
| 940 Patterson St        | R-2019-019            | \$ 141,000                | \$ 386                 |
| 71 Parkview Ave         | R-2019-020            | \$ 133,000                | \$ 364                 |
| 1019 Lowell St          | R-2021-061            | \$ 111,775                | \$ 306                 |
| 169 Main St             | R-2021-014            | \$ 41,100                 | \$ 113                 |
| 639 Dayton St           | R-2021-054            | \$ 81,100                 | \$ 222                 |

**CITY OF NEWPORT, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

Industrial Revenue Bonds

Industrial Revenue Bonds (IRB) may be issued by state and local governments in Kentucky to help finance industrial buildings as defined by KRS 103.200. Bond funds may be used to finance the total project costs, including engineering, site preparation, land, buildings, machinery and equipment, and bond issuance costs.

Generally, the issuer serves as a conduit to provide a lower interest rate to the borrower, but the issuer is not obligated for debt repayment. Bondholders look to the “revenue” arising from the project to cover debt service. Bond proceeds from bond issues can be lent directly by the issuer.

KRS 103 also permits the issuer to hold title to the improvements financed with IRB proceeds. In this instance, the property owned by the issuer may be exempt from local property taxes during the duration of the bond issue. This property may also be eligible to be taxed at a reduced state rate of \$0.015 per \$100 of leasehold value, if such reduction receives the prior written approval by the Kentucky Economic Development Finance Authority (KEDFA) as required by KRS 103.210 and KRS 132.020. (See KEDFA operating procedures as it relates to this review process.) Any portions of such projects financed by private capital are subject to the full state and local property taxes applicable to private ownership.

Communities may negotiate for payments by industrial tenants to replace portions of local property taxes lost through public title to the property. These agreements are commonly referred to as Payment In Lieu of Tax (PILOT) agreements.

The City has approved the use of IRBs for and holds PILOT Agreements for the following projects that resulted in the following associated tax abatements:

| <u>Project</u>             | <u>FY 2023</u><br><u>Abatement</u><br><u>Amount</u> |
|----------------------------|---|
| South Shore                | \$ 209,647  |
| Vue 180                    | 59,869  |
| Academy on 4 <sup>th</sup> | 69,048  |
| Aquarium                   | 70,541  |
| Newport Scholar House LP   | 9,590   |
| Target                     | 34,366  |
| Pavilion                   | 222,642   |
| Monmouth Row               | 29,921  |
| Aqua on the Levee/Aloft    | 77,875  |
| Aloft: Airlot A4 -Hotel    | 30,678  |
| Newport on the Levee       | 268,928   |
| Hofbrauhaus                | 4,901   |
| Outdoor Music Venue        | 9,590   |
| Martin’s Gate              | 5,568   |
| TOTAL:                     | <u>\$ 1,103,165</u>                                 |

**CITY OF NEWPORT, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

Tax Increment Financing District

The City has created the local Ovation Tax Increment Financing District north of 5<sup>th</sup> Street, in the downtown area. Taxes of approximately \$172,600 were abated under this program in the year ended June 30, 2023.

Property Assessed Clean Energy Financing

The City has created an Energy Project Assessment District to facilitate Property Assessed Clean Energy Projects. KY-PACE is a new program available to commercial, industrial, and multi-family building owners across the Commonwealth. PACE (Property Assessed Clean Energy) provides access to low-cost, extended term capital to finance energy efficiency and water efficiency improvements. KY-PACE is the implementation of a state law commonly called EPAD, that was adopted in 2015 (KRS 65.205), and allows a property owner to finance energy and water saving improvements through a voluntary assessment on the property. No taxes were abated under this program in the year ended June 30, 2023.

## REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF NEWPORT, KENTUCKY**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Year Ended June 30, 2023**

|  | <u>Budgeted Amounts</u> |                     | <u>Actual</u>       | <u>Variance with</u>  |
|--|-------------------------|---------------------|---------------------|-----------------------|
|  | <u>Original</u>         | <u>Final</u>        | <u>Amounts</u>      | <u>Final Budget -</u> |
|  |                         |                     |                     | <u>Positive</u>       |
|  |                         |                     |                     | <u>(Negative)</u>     |
| <b>Budgetary fund balance, July 1</b>        | \$ 9,122,838            | \$10,730,497        | \$ 10,730,496       | \$ (1)                |
| <b>Resources (inflows):</b>                  |                         |                     |                     |                       |
| Taxes:                                       |                         |                     |                     |                       |
| Property                                     | 3,069,700               | 3,158,780           | 3,204,064           | 45,284                |
| Tangible                                     | 273,500                 | 295,270             | 297,267             | 1,997                 |
| Bank deposit                                 | 85,000                  | 178,900             | 180,833             | 1,933                 |
| Licenses and permits:                        |                         |                     |                     |                       |
| Payroll license fees                         | 10,125,000              | 11,859,500          | 12,638,900          | 779,400               |
| Insurance license fees                       | 4,400,000               | 4,600,000           | 4,707,407           | 107,407               |
| Other  | 1,636,100               | 1,897,800           | 2,022,038           | 124,238               |
| Intergovernmental                            | 3,156,930               | 2,697,110           | 2,735,193           | 38,083                |
| Fines and forfeitures                        | 246,300                 | 277,290             | 307,275             | 29,985                |
| Charges for services                         | 1,284,650               | 1,324,790           | 1,767,672           | 442,882               |
| Uses of property                             | 1,163,210               | 1,211,380           | 1,246,741           | 35,361                |
| Interest                                     | 5,000                   | 5,000               | 156,737             | 151,737               |
| Miscellaneous                                | 117,700                 | 28,660              | 38,337              | 9,677                 |
| Refunds and reimbursements                   | 12,500                  | 80,320              | 95,962              | 15,642                |
| SBITA proceeds                               | -                       | -                   | 155,543             | 155,543               |
| Transfers in                                 | 56,920                  | 57,370              | 57,559              | 189                   |
| <b>Amounts available for appropriation</b>   | <u>34,755,348</u>       | <u>38,402,667</u>   | <u>40,342,024</u>   | <u>1,939,357</u>      |
| <b>Charges to appropriations (outflows):</b> |                         |                     |                     |                       |
| <b>General Government:</b>                   |                         |                     |                     |                       |
| <b>Office of City Manager:</b>               |                         |                     |                     |                       |
| Personnel                                    | 1,877,700               | 1,319,860           | 1,316,891           | 2,969                 |
| Contractual                                  | 582,330                 | 658,550             | 604,148             | 54,402                |
| Materials and supplies                       | 6,500                   | 12,500              | 10,333              | 2,167                 |
| Other-unclassified                           | 175,800                 | 441,220             | 437,936             | 3,284                 |
| <b>Total Office of City Manager</b>          | <u>2,642,330</u>        | <u>2,432,130</u>    | <u>2,369,308</u>    | <u>62,822</u>         |
| <b>Finance and Administration:</b>           |                         |                     |                     |                       |
| Personnel                                    | 848,070                 | 843,230             | 840,239             | 2,991                 |
| Contractual                                  | 222,140                 | 238,090             | 233,809             | 4,281                 |
| Materials and supplies                       | 5,910                   | 6,920               | 5,380               | 1,540                 |
| Other-unclassified                           | 51,000                  | 56,400              | 53,426              | 2,974                 |
| <b>Total Finance and Administration</b>      | <u>1,127,120</u>        | <u>1,144,640</u>    | <u>1,132,854</u>    | <u>11,786</u>         |
| <b>Total General Government</b>              | <u>\$ 3,769,450</u>     | <u>\$ 3,576,770</u> | <u>\$ 3,502,162</u> | <u>\$ 74,608</u>      |

**CITY OF NEWPORT, KENTUCKY**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Year Ended June 30, 2023**

|                             | <b>Budgeted Amounts</b> |                     | <b>Actual</b>       | <b>Variance with</b>  |
|-----------------------------|-------------------------|---------------------|---------------------|-----------------------|
|                             | <b>Original</b>         | <b>Final</b>        | <b>Amounts</b>      | <b>Final Budget -</b> |
|                             |                         |                     |                     | <b>Positive</b>       |
|                             |                         |                     |                     | <b>(Negative)</b>     |
|                             |                         |                     |                     | <b>(Continued)</b>    |
| <b>Police:</b>              |                         |                     |                     |                       |
| <b>Chief's Office:</b>      |                         |                     |                     |                       |
| Personnel                   | \$ 802,830              | \$ 814,140          | \$ 807,750          | \$ 6,390              |
| Contractual                 | 173,320                 | 190,070             | 174,059             | 16,011                |
| Materials and supplies      | 16,500                  | 15,400              | 11,327              | 4,073                 |
| Other-unclassified          | 12,030                  | 14,730              | 12,311              | 2,419                 |
| <b>Total Chief's Office</b> | <u>1,004,680</u>        | <u>1,034,340</u>    | <u>1,005,447</u>    | <u>28,893</u>         |
| <b>Patrol:</b>              |                         |                     |                     |                       |
| Personnel                   | 4,052,130               | 3,950,710           | 3,939,586           | 11,124                |
| Contractual                 | 95,850                  | 105,730             | 98,880              | 6,850                 |
| Materials and supplies      | 165,000                 | 185,000             | 184,927             | 73                    |
| Other-unclassified          | 46,100                  | 86,550              | 9,083               | 77,467                |
| <b>Total Patrol</b>         | <u>4,359,080</u>        | <u>4,327,990</u>    | <u>4,232,476</u>    | <u>95,514</u>         |
| <b>Investigation:</b>       |                         |                     |                     |                       |
| Personnel                   | 823,950                 | 805,510             | 800,606             | 4,904                 |
| Contractual                 | 14,500                  | 17,620              | 16,439              | 1,181                 |
| Materials and supplies      | 18,000                  | 20,000              | 16,539              | 3,461                 |
| Other-unclassified          | 7,500                   | 13,950              | 8,979               | 4,971                 |
| <b>Total Investigation</b>  | <u>863,950</u>          | <u>857,080</u>      | <u>842,563</u>      | <u>14,517</u>         |
| <b>Traffic:</b>             |                         |                     |                     |                       |
| Personnel                   | 703,370                 | 758,710             | 756,696             | 2,014                 |
| Contractual                 | 36,800                  | 48,160              | 46,665              | 1,495                 |
| Materials and supplies      | 33,800                  | 31,200              | 20,326              | 10,874                |
| Other-unclassified          | 6,100                   | 15,000              | 12,877              | 2,123                 |
| <b>Total Traffic</b>        | <u>780,070</u>          | <u>853,070</u>      | <u>836,564</u>      | <u>16,506</u>         |
| <b>Total Police</b>         | <u>7,007,780</u>        | <u>7,072,480</u>    | <u>6,917,050</u>    | <u>155,430</u>        |
| <b>Fire/EMS</b>             |                         |                     |                     |                       |
| <b>Operations:</b>          |                         |                     |                     |                       |
| Personnel                   | 6,204,830               | 6,338,500           | 6,176,591           | 161,909               |
| Contractual                 | 246,140                 | 261,460             | 213,135             | 48,325                |
| Materials and supplies      | 136,000                 | 135,500             | 103,071             | 32,429                |
| Other-unclassified          | 18,000                  | 29,500              | 21,546              | 7,954                 |
| <b>Total Operations</b>     | <u>6,604,970</u>        | <u>6,764,960</u>    | <u>6,514,343</u>    | <u>250,617</u>        |
| <b>South Newport:</b>       |                         |                     |                     |                       |
| Contractual                 | 13,960                  | 12,340              | 9,300               | 3,040                 |
| Materials and supplies      | 1,000                   | 1,000               | 14                  | 986                   |
| Other-unclassified          | 70                      | 570                 | 365                 | 205                   |
| <b>Total South Newport</b>  | <u>15,030</u>           | <u>13,910</u>       | <u>9,679</u>        | <u>4,231</u>          |
| <b>Total Fire/EMS</b>       | <u>\$ 6,620,000</u>     | <u>\$ 6,778,870</u> | <u>\$ 6,524,022</u> | <u>\$ 254,848</u>     |

**CITY OF NEWPORT, KENTUCKY**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Year Ended June 30, 2023**

|                                   | <b>Budgeted Amounts</b> |                     | <b>Actual</b>       | <b>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)<br/>(Continued)</b> |
|-----------------------------------|-------------------------|---------------------|---------------------|---|
|                                   | <b>Original</b>         | <b>Final</b>        | <b>Amounts</b>      |   |
| <b>Development Services:</b>      |                         |                     |                     |   |
| <b>Code Enforcement:</b>          |                         |                     |                     |   |
| Personnel                         | \$ 480,050              | \$ 998,380          | \$ 961,552          | \$ 36,828   |
| Contractual                       | 188,680                 | 231,420             | 176,996             | 54,424  |
| Materials and supplies            | 26,000                  | 29,000              | 20,768              | 8,232   |
| Other-unclassified                | 40,250                  | 42,460              | 27,482              | 14,978  |
| <b>Total Code Enforcement</b>     | <u>734,980</u>          | <u>1,301,260</u>    | <u>1,186,798</u>    | <u>114,462</u>  |
| <b>Total Development Services</b> | <u>734,980</u>          | <u>1,301,260</u>    | <u>1,186,798</u>    | <u>114,462</u>  |
| <b>Community Services:</b>        |                         |                     |                     |   |
| <b>Pool:</b>                      |                         |                     |                     |   |
| Personnel                         | 57,700                  | 61,660              | 59,274              | 2,386   |
| Contractual                       | 41,400                  | 41,150              | 34,834              | 6,316   |
| Materials and supplies            | 27,000                  | 31,000              | 26,569              | 4,431   |
| Other-unclassified                | 5,790                   | 31,040              | 8,213               | 22,827  |
| <b>Total Pool</b>                 | <u>131,890</u>          | <u>164,850</u>      | <u>128,890</u>      | <u>35,960</u>   |
| <b>Public Works:</b>              |                         |                     |                     |   |
| Personnel                         | 1,367,280               | 1,280,860           | 1,271,183           | 9,677   |
| Contractual                       | 506,420                 | 530,990             | 496,668             | 34,322  |
| Materials and supplies            | 217,000                 | 232,000             | 200,691             | 31,309  |
| Other-unclassified                | 15,100                  | 18,820              | 16,188              | 2,632   |
| <b>Total Public Works</b>         | <u>2,105,800</u>        | <u>2,062,670</u>    | <u>1,984,730</u>    | <u>77,940</u>   |
| <b>Parks and Recreation:</b>      |                         |                     |                     |   |
| Contractual                       | 148,030                 | 143,070             | 138,830             | 4,240   |
| Materials and supplies            | 24,000                  | 34,000              | 20,917              | 13,083  |
| Other-unclassified                | 11,000                  | 11,000              | 125                 | 10,875  |
| <b>Total Parks and Recreation</b> | <u>183,030</u>          | <u>188,070</u>      | <u>159,872</u>      | <u>28,198</u>   |
| <b>Total Community Services</b>   | <u>\$ 2,420,720</u>     | <u>\$ 2,415,590</u> | <u>\$ 2,273,492</u> | <u>\$ 142,098</u>   |

**CITY OF NEWPORT, KENTUCKY**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Year Ended June 30, 2023**

|  | <b>Budgeted Amounts</b> |                      | <b>Actual</b>        | <b>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)<br/>(Continued)</b> |
|--|-------------------------|----------------------|----------------------|---|
|  | <b>Original</b>         | <b>Final</b>         | <b>Amounts</b>       |   |
| <b>Municipal Complex:</b>              |                         |                      |                      |   |
| Contractual                            | \$ 187,980              | \$ 208,160           | \$ 193,472           | \$ 14,688   |
| Materials and supplies                 | 22,800                  | 22,800               | 10,664               | 12,136  |
| Other-unclassified                     | <u>23,010</u>           | <u>27,510</u>        | <u>21,112</u>        | <u>6,398</u>  |
| <b>Total Municipal Complex</b>         | <u>233,790</u>          | <u>258,470</u>       | <u>225,248</u>       | <u>33,222</u>   |
| <b>Capital Outlay:</b>                 |                         |                      |                      |   |
| General government                     | 7,500                   | 27,000               | 26,075               | 925   |
| Police                                 | 170,000                 | 275,300              | 401,689              | (126,389)   |
| Fire/EMS                               | 210,000                 | 324,500              | 307,806              | 16,694  |
| Development services                   | -                       | -                    | 35,736               | (35,736)  |
| Community services                     | 286,000                 | 327,000              | 199,181              | 127,819   |
| Municipal complex                      | <u>190,000</u>          | <u>65,300</u>        | <u>35,238</u>        | <u>30,062</u>   |
| <b>Total Capital Outlay</b>            | <u>863,500</u>          | <u>1,019,100</u>     | <u>1,005,725</u>     | <u>13,375</u>   |
| <b>Debt Service:</b>                   |                         |                      |                      |   |
| Principal                              | 2,644,340               | 2,676,810            | 2,707,647            | (30,837)  |
| Interest                               | 676,350                 | 678,620              | 689,883              | (11,263)  |
| Cost of debt issuance                  | <u>15,000</u>           | <u>-</u>             | <u>-</u>             | <u>-</u>  |
| <b>Total Debt Service</b>              | <u>3,335,690</u>        | <u>3,355,430</u>     | <u>3,397,530</u>     | <u>(42,100)</u>   |
| <b>Transfers out</b>                   | <u>646,000</u>          | <u>964,000</u>       | <u>1,090,667</u>     | <u>(126,667)</u>  |
| <b>Total charges to appropriations</b> | <u>25,631,910</u>       | <u>26,741,970</u>    | <u>26,122,694</u>    | <u>619,276</u>  |
| <b>Budgetary fund balance, June 30</b> | <u>\$ 9,123,438</u>     | <u>\$ 11,660,697</u> | <u>\$ 14,219,330</u> | <u>\$ 2,558,633</u>   |

**CITY OF NEWPORT, KENTUCKY**  
**BUDGETARY COMPARISON SCHEDULE**  
**COMMUNITY DEVELOPMENT FUND**  
**For the Year Ended June 30, 2023**

|  | <b>Budgeted Amounts</b> |                  | <b>Actual</b>    | <b>Variance with</b>  |
|--|-------------------------|------------------|------------------|-----------------------|
|  | <b>Original</b>         | <b>Final</b>     | <b>Amounts</b>   | <b>Final Budget -</b> |
|  |                         |                  |                  | <b>Positive</b>       |
|  |                         |                  |                  | <b>(Negative)</b>     |
| <b>Budgetary fund balances, July 1</b>       | \$ 42,579               | \$ 50,276        | \$ 50,276        | \$ -                  |
| <b>Resources (inflows):</b>                  |                         |                  |                  |                       |
| Intergovernmental                            | 810,000                 | 757,500          | 210,449          | (547,051)             |
| Interest                                     | -                       | -                | 695              | 695                   |
| Miscellaneous                                | 25,000                  | 35,000           | 31,920           | (3,080)               |
| Transfers in                                 | -                       | -                | -                | -                     |
| <b>Amounts available for appropriation</b>   | <u>877,579</u>          | <u>842,776</u>   | <u>293,340</u>   | <u>(549,436)</u>      |
| <b>Charges to appropriations (outflows):</b> |                         |                  |                  |                       |
| Hamlet Row                                   | 810,000                 | 757,500          | 211,922          | 545,578               |
| Emergency Business Assistance                | -                       | -                | -                | -                     |
| Tree Fund                                    | 25,000                  | 35,000           | 31,919           | 3,081                 |
| Façade Improvement                           | <u>41,930</u>           | <u>-</u>         | <u>-</u>         | <u>-</u>              |
| <b>Total charges to appropriation</b>        | <u>876,930</u>          | <u>792,500</u>   | <u>243,841</u>   | <u>548,659</u>        |
| <b>Budgetary fund balances, June 30</b>      | <u>\$ 649</u>           | <u>\$ 50,276</u> | <u>\$ 49,499</u> | <u>\$ (777)</u>       |

**CITY OF NEWPORT, KENTUCKY**  
**BUDGETARY COMPARISON SCHEDULE**  
**TIF FUND**  
**For the Year Ended June 30, 2023**

|  | <b>Budgeted Amounts</b> |                 | <b>Actual</b>     | <b>Variance with</b>  |
|--|-------------------------|-----------------|-------------------|-----------------------|
|  | <b>Original</b>         | <b>Final</b>    | <b>Amounts</b>    | <b>Final Budget -</b> |
|  |                         |                 |                   | <b>Positive</b>       |
|  |                         |                 |                   | <b>(Negative)</b>     |
| <b>Budgetary fund balances, July 1</b>       | \$ 403,378              | \$ 357,466      | \$ 357,467        | \$ 1                  |
| <b>Resources (inflows):</b>                  |                         |                 |                   |                       |
| Property tax                                 | 174,950                 | 133,770         | 172,643           | 38,873                |
| Interest                                     | <u>150</u>              | <u>4,000</u>    | <u>4,136</u>      | <u>136</u>            |
| <b>Amounts available for appropriation</b>   | <u>578,478</u>          | <u>495,236</u>  | <u>534,246</u>    | <u>39,010</u>         |
| <b>Charges to appropriations (outflows):</b> |                         |                 |                   |                       |
| Other expenses                               | <u>578,470</u>          | <u>491,230</u>  | <u>617</u>        | <u>490,613</u>        |
| <b>Total charges to appropriation</b>        | <u>578,470</u>          | <u>491,230</u>  | <u>617</u>        | <u>490,613</u>        |
| <b>Budgetary fund balances, June 30</b>      | <u>\$ 8</u>             | <u>\$ 4,006</u> | <u>\$ 533,629</u> | <u>\$ 529,623</u>     |

**CITY OF NEWPORT, KENTUCKY**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**EMPLOYEES' RETIREMENT FUND**  
**LAST TEN FISCAL YEARS**

|   | 2014              | 2015                | 2016                | 2017                | 2018                | 2019                | 2020              | 2021              | 2022              | 2023              |
|---|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Total pension liability</b>                                |                   |                     |                     |                     |                     |                     |                   |                   |                   |                   |
| Service cost  | \$ -              | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -              | \$ -              | \$ -              | \$ -              |
| Interest  | 96,307            | 94,516              | 81,914              | 40,195              | 53,487              | 51,105              | 36,933            | 52,778            | 50,256            | 58,989            |
| Changes of benefit terms                                      | 73,370            | 44,114              | -                   | -                   | 61,745              | 23,933              | -                 | -                 | 142,078           | -                 |
| Difference between expected and actual experience             | (280,842)         | (189,829)           | (63,950)            | (19,651)            | (31,853)            | (231,348)           | 57,813            | 6,369             | 53,002            | (132,816)         |
| Change in assumptions   | 310,707           | 195,572             | 261,386             | (185,356)           | (28,727)            | 32,430              | (168,725)         | (12,980)          | (18,155)          | (7,626)           |
| Benefit payments  | <u>(243,758)</u>  | <u>(226,777)</u>    | <u>(201,430)</u>    | <u>(186,744)</u>    | <u>(184,420)</u>    | <u>(155,218)</u>    | <u>(138,402)</u>  | <u>(132,663)</u>  | <u>(135,193)</u>  | <u>(128,907)</u>  |
| Net change in total pension liability                         | (44,216)          | (82,404)            | 77,920              | (351,556)           | (129,768)           | (279,098)           | (212,381)         | (86,496)          | 91,988            | (210,360)         |
| Total pension liability - beginning                           | <u>2,046,539</u>  | <u>2,002,323</u>    | <u>1,919,919</u>    | <u>1,997,839</u>    | <u>1,646,283</u>    | <u>1,516,515</u>    | <u>1,237,417</u>  | <u>1,025,036</u>  | <u>938,540</u>    | <u>1,030,528</u>  |
| Total pension liability - ending                              | 2,002,323         | 1,919,919           | 1,997,839           | 1,646,283           | 1,516,515           | 1,237,417           | 1,025,036         | 938,540           | 1,030,528         | 820,168           |
| <b>Plan fiduciary net position</b>                            |                   |                     |                     |                     |                     |                     |                   |                   |                   |                   |
| Contributions:  |                   |                     |                     |                     |                     |                     |                   |                   |                   |                   |
| Employer  | -                 | -                   | -                   | -                   | -                   | -                   | 250,000           | -                 | 114,000           | 57,000            |
| Employee  | -                 | -                   | -                   | -                   | -                   | -                   | -                 | -                 | -                 | -                 |
| Net investment income   | 116,640           | (18,699)            | (28,637)            | 38,157              | 32,108              | 9,079               | (108)             | 81,081            | (37,109)          | 22,606            |
| Benefit payments  | (243,758)         | (226,777)           | (201,430)           | (186,744)           | (184,420)           | (155,218)           | (138,402)         | (132,663)         | (135,193)         | (128,907)         |
| Administrative expense  | -                 | -                   | -                   | -                   | (3,600)             | (7,200)             | (3,700)           | (7,700)           | (4,000)           | (8,350)           |
| Refunds of contributions                                      | -                 | -                   | -                   | -                   | -                   | -                   | -                 | -                 | -                 | -                 |
| Other   | -                 | -                   | -                   | -                   | -                   | -                   | -                 | -                 | -                 | -                 |
| Net change in plan fiduciary net position                     | (127,118)         | (245,476)           | (230,067)           | (148,587)           | (155,912)           | (153,339)           | 107,790           | (59,282)          | (62,302)          | (57,651)          |
| Plan fiduciary net position - beginning                       | <u>1,280,319</u>  | <u>1,153,201</u>    | <u>907,725</u>      | <u>677,658</u>      | <u>529,071</u>      | <u>373,159</u>      | <u>219,820</u>    | <u>327,610</u>    | <u>268,328</u>    | <u>206,026</u>    |
| Plan fiduciary net position - ending                          | <u>1,153,201</u>  | <u>907,725</u>      | <u>677,658</u>      | <u>529,071</u>      | <u>373,159</u>      | <u>219,820</u>      | <u>327,610</u>    | <u>268,328</u>    | <u>206,026</u>    | <u>148,375</u>    |
| Net pension liability - ending                                | <u>\$ 849,122</u> | <u>\$ 1,012,194</u> | <u>\$ 1,320,181</u> | <u>\$ 1,117,212</u> | <u>\$ 1,143,356</u> | <u>\$ 1,017,597</u> | <u>\$ 697,426</u> | <u>\$ 670,212</u> | <u>\$ 824,502</u> | <u>\$ 671,793</u> |
| Plan fiduciary net position as a % of total pension liability | 57.59%            | 47.28%              | 33.92%              | 32.14%              | 24.61%              | 17.76%              | 31.96%            | 28.59%            | 19.99%            | 18.09%            |
| Covered employee payroll                                      | -                 | -                   | -                   | -                   | -                   | -                   | -                 | -                 | -                 | -                 |
| Net pension liability as a % of covered-employee payroll      | N/A               | N/A                 | N/A                 | N/A                 | N/A                 | N/A                 | N/A               | N/A               | N/A               | N/A               |

**CITY OF NEWPORT, KENTUCKY**  
**SCHEDULE OF CONTRIBUTIONS**  
**EMPLOYEES' RETIREMENT FUND**  
**LAST TEN FISCAL YEARS**

|  | 2014      | 2015      | 2016      | 2017      | 2018      | 2019      | 2020         | 2021      | 2022        | 2023      |
|--|-----------|-----------|-----------|-----------|-----------|-----------|--------------|-----------|-------------|-----------|
| Actuarially determined contribution                              | \$ 58,344 | \$ 51,289 | \$ 51,289 | \$ 71,552 | \$ 71,552 | \$ 86,342 | \$ 86,342    | \$ 71,881 | \$ 71,881   | \$ 92,522 |
| Contributions in relation to actuarially determined contribution | -         | -         | -         | -         | -         | -         | 250,000      | -         | 114,000     | 57,000    |
| Contribution deficiency (excess)                                 | \$ 58,344 | \$ 51,289 | \$ 51,289 | \$ 71,552 | \$ 71,552 | \$ 86,342 | \$ (163,658) | \$ 71,881 | \$ (42,119) | \$ 35,522 |
| Covered-employee payroll   | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -         | \$ -      | \$ -        | \$ -      |
| Contributions as a percentage of covered-employee payroll        | N/A       | N/A       | N/A       | N/A       | N/A       | N/A       | N/A          | N/A       | N/A         | N/A       |

**Notes**

Note 1: Valuation Date: Actuarially determined contribution rates are calculated as of July 1st following the fiscal year end in which the contributions are reported.

Note 2: Methods and Assumptions Used to Determine Contribution Rates:

|                               |  |
|-------------------------------|--|
| Actuarial cost method         | Entry age normal   |
| Amortization method           | Level, closed  |
| Remaining amortization period | 20 years   |
| Asset valuation method        | Market value   |
| Cost of Living increase       | 0.00%  |
| Salary increases              | N/A  |
| Investment rate of return     | 5.765%   |
| Retirement age                | 65 years old   |
| Mortality                     | In the 2021 actuarial valuation, assumed life expectancies were adjusted as a result of adopting the MP-2021 Mortality Tables. |

**CITY OF NEWPORT, KENTUCKY**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**POLICEMEN AND FIREFIGHTERS' RETIREMENT FUND**  
**LAST TEN FISCAL YEARS**

|   | 2014             | 2015              | 2016                | 2017                | 2018                | 2019                | 2020              | 2021              | 2022                | 2023              |
|---|------------------|-------------------|---------------------|---------------------|---------------------|---------------------|-------------------|-------------------|---------------------|-------------------|
| <b>Total pension liability</b>                                |                  |                   |                     |                     |                     |                     |                   |                   |                     |                   |
| Service cost  | \$ -             | \$ -              | \$ -                | \$ -                | \$ -                | \$ -                | \$ -              | \$ -              | \$ -                | \$ -              |
| Interest  | 205,401          | 193,347           | 167,421             | 91,182              | 106,638             | 96,279              | 80,333            | 100,158           | 96,850              | 106,214           |
| Changes of benefit terms                                      | 62,846           | 56,156            | -                   | -                   | 91,129              | 44,613              | -                 | -                 | 248,011             | -                 |
| Difference between expected and actual experience             | (106,169)        | (24,766)          | 17,761              | 15,759              | (109,757)           | (8,450)             | (215,396)         | 37,424            | (44,208)            | (276,001)         |
| Change in assumptions   | 55,493           | 432,511           | 477,015             | (222,269)           | (27,342)            | 84,863              | (185,958)         | (23,429)          | (31,810)            | (13,297)          |
| Benefit payments  | <u>(392,370)</u> | <u>(365,887)</u>  | <u>(364,585)</u>    | <u>(353,910)</u>    | <u>(323,796)</u>    | <u>(303,070)</u>    | <u>(283,516)</u>  | <u>(243,625)</u>  | <u>(236,461)</u>    | <u>(210,712)</u>  |
| Net change in total pension liability                         | (174,799)        | 291,361           | 297,612             | (469,238)           | (263,128)           | (85,765)            | (604,537)         | (129,472)         | 32,382              | (393,796)         |
| Total pension liability - beginning                           | <u>2,949,722</u> | <u>2,774,923</u>  | <u>3,066,284</u>    | <u>3,363,896</u>    | <u>2,894,658</u>    | <u>2,631,530</u>    | <u>2,545,765</u>  | <u>1,941,228</u>  | <u>1,811,756</u>    | <u>1,844,138</u>  |
| Total pension liability - ending                              | 2,774,923        | 3,066,284         | 3,363,896           | 2,894,658           | 2,631,530           | 2,545,765           | 1,941,228         | 1,811,756         | 1,844,138           | 1,450,342         |
| <b>Plan fiduciary net position</b>                            |                  |                   |                     |                     |                     |                     |                   |                   |                     |                   |
| Contributions:  |                  |                   |                     |                     |                     |                     |                   |                   |                     |                   |
| Employer  | -                | -                 | -                   | -                   | -                   | -                   | -                 | 150,000           | -                   | 63,000            |
| Employee  | -                | -                 | -                   | -                   | -                   | -                   | -                 | -                 | -                   | -                 |
| Net investment income   | 286,710          | (70,036)          | (35,616)            | 150,409             | 104,280             | 41,428              | 60,389            | 226,385           | (70,187)            | 22,008            |
| Benefit payments  | (392,370)        | (365,887)         | (364,585)           | (353,910)           | (323,796)           | (303,070)           | (283,516)         | (243,625)         | (236,461)           | (210,712)         |
| Administrative expense  | -                | -                 | -                   | -                   | (3,600)             | (7,200)             | (3,700)           | (7,700)           | (4,000)             | (8,350)           |
| Refunds of contributions                                      | -                | -                 | -                   | -                   | -                   | -                   | -                 | -                 | -                   | -                 |
| Other   | -                | -                 | -                   | -                   | -                   | -                   | -                 | -                 | -                   | -                 |
| Net change in plan fiduciary net position                     | (105,660)        | (435,923)         | (400,201)           | (203,501)           | (223,116)           | (268,842)           | (226,827)         | 125,060           | (310,648)           | (134,054)         |
| Plan fiduciary net position - beginning                       | <u>2,855,930</u> | <u>2,750,270</u>  | <u>2,314,347</u>    | <u>1,914,146</u>    | <u>1,710,645</u>    | <u>1,487,529</u>    | <u>1,218,687</u>  | <u>991,860</u>    | <u>1,116,920</u>    | <u>806,272</u>    |
| Plan fiduciary net position - ending                          | <u>2,750,270</u> | <u>2,314,347</u>  | <u>1,914,146</u>    | <u>1,710,645</u>    | <u>1,487,529</u>    | <u>1,218,687</u>    | <u>991,860</u>    | <u>1,116,920</u>  | <u>806,272</u>      | <u>672,218</u>    |
| Net pension liability - ending                                | <u>\$ 24,653</u> | <u>\$ 751,937</u> | <u>\$ 1,449,750</u> | <u>\$ 1,184,013</u> | <u>\$ 1,144,001</u> | <u>\$ 1,327,078</u> | <u>\$ 949,368</u> | <u>\$ 694,836</u> | <u>\$ 1,037,866</u> | <u>\$ 778,124</u> |
| Plan fiduciary net position as a % of total pension liability | 99.11%           | 75.48%            | 56.90%              | 59.10%              | 56.53%              | 47.87%              | 51.09%            | 61.65%            | 43.72%              | 46.35%            |
| Covered employee payroll                                      | \$ -             | \$ -              | \$ -                | \$ -                | \$ -                | \$ -                | \$ -              | \$ -              | \$ -                | \$ -              |
| Net pension liability as a % of covered-employee payroll      | N/A              | N/A               | N/A                 | N/A                 | N/A                 | N/A                 | N/A               | N/A               | N/A                 | N/A               |

**CITY OF NEWPORT, KENTUCKY**  
**SCHEDULE OF CONTRIBUTIONS**  
**POLICEMEN AND FIREFIGHTERS' RETIREMENT FUND**  
**LAST TEN FISCAL YEARS**

|  | 2014     | 2015     | 2016     | 2017      | 2018      | 2019      | 2020      | 2021        | 2022      | 2023       |
|--|----------|----------|----------|-----------|-----------|-----------|-----------|-------------|-----------|------------|
| Actuarially determined contribution                              | \$ 1,691 | \$ 1,528 | \$ 1,528 | \$ 70,409 | \$ 70,409 | \$ 77,709 | \$ 77,709 | \$ 88,085   | \$ 88,085 | \$ 106,972 |
| Contributions in relation to actuarially determined contribution | -        | -        | -        | -         | -         | -         | -         | 150,000     | -         | 63,000     |
| Contribution deficiency (excess)                                 | \$ 1,691 | \$ 1,528 | \$ 1,528 | \$ 70,409 | \$ 70,409 | \$ 77,709 | \$ 77,709 | \$ (61,915) | \$ 88,085 | \$ 43,972  |
| Covered-employee payroll   | \$ -     | \$ -     | \$ -     | \$ -      | \$ -      | \$ -      | \$ -      | \$ -        | \$ -      | \$ -       |
| Contributions as a percentage of employee payroll                | N/A      | N/A      | N/A      | N/A       | N/A       | N/A       | N/A       | N/A         | N/A       | N/A        |

Notes:

Note 1: Valuation Date: Actuarially determined contribution rates are calculated as of July 1st following the fiscal year end in which the contributions are reported.

Note 2: Methods and Assumptions Used to Determine Contribution Rates:

|                               |  |
|-------------------------------|--|
| Actuarial cost method         | Entry age normal   |
| Amortization method           | Level, closed  |
| Remaining amortization period | 20 years   |
| Asset valuation method        | Market value   |
| Cost of Living increase       | 0.00%  |
| Salary increases              | N/A  |
| Investment rate of return     | 5.765%   |
| Retirement age                | 65 years old   |
| Mortality                     | In the 2021 actuarial valuation, assumed life expectancies were adjusted as a result of adopting the MP-2021 Mortality Tables. |

**CITY OF NEWPORT, KENTUCKY**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**COUNTY EMPLOYEES' RETIREMENT SYSTEM - NON-HAZARDOUS**  
**LAST NINE FISCAL YEARS**

| <b>Report Date<br/>(Measurement Date)</b>   | <b>2015<br/>(2014)</b> | <b>2016<br/>(2015)</b> | <b>2017<br/>(2016)</b> | <b>2018<br/>(2017)</b> | <b>2019<br/>(2018)</b> | <b>2020<br/>(2019)</b> | <b>2021<br/>(2020)</b> | <b>2022<br/>(2021)</b> | <b>2023<br/>(2022)</b> |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| City's proportion of the net pension liability  | 0.075%                 | 0.078%                 | 0.0799%                | 0.0874%                | 0.0864%                | 0.0864%                | 0.0867%                | 0.0980%                | 0.1047%                |
| City's proportionate share of the net pension liability (asset)                                   | \$ 2,422,504           | \$ 3,363,394           | \$ 3,933,909           | \$ 5,114,269           | \$ 5,261,110           | \$ 6,079,291           | \$ 6,650,582           | \$ 6,248,457           | \$ 7,570,801           |
| City's covered employee payroll   | \$ 1,712,734           | \$ 1,803,394           | \$ 1,904,886           | \$ 2,113,469           | \$ 2,137,147           | \$ 2,196,114           | \$ 2,221,509           | \$ 2,498,914           | \$ 2,895,947           |
| City's share of the net pension liability (asset) as a percentage of its covered employee payroll | 141.44%                | 186.50%                | 206.52%                | 241.98%                | 246.17%                | 276.82%                | 299.37%                | 250.05%                | 261.43%                |
| Plan fiduciary net position as a percentage of the total pension liability                        | 66.80%                 | 59.97%                 | 55.50%                 | 53.32%                 | 53.54%                 | 50.45%                 | 47.81%                 | 57.33%                 | 52.42%                 |

**Notes:**

The above schedule will present 10 years of historical data, once available.

**CITY OF NEWPORT, KENTUCKY**  
**SCHEDULE OF CONTRIBUTIONS**  
**COUNTY EMPLOYEES' RETIREMENT SYSTEM - NON-HAZARDOUS**  
**LAST TEN FISCAL YEARS**

|  | <u>2014</u>    | <u>2015</u>    | <u>2016</u>    | <u>2017</u>    | <u>2018</u>    | <u>2019</u>    | <u>2020</u>    | <u>2021</u>    | <u>2022</u>    | <u>2023</u>    |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Contractually required employer contribution                           | \$ 235,329     | \$ 229,933     | \$ 237,299     | \$ 296,868     | \$ 312,505     | \$ 356,209     | \$ 433,027     | \$ 486,946     | \$ 650,079     | \$ 778,665     |
| Contributions relative to contractually required employer contribution | <u>235,329</u> | <u>229,933</u> | <u>237,299</u> | <u>296,868</u> | <u>312,505</u> | <u>356,209</u> | <u>433,027</u> | <u>486,946</u> | <u>650,079</u> | <u>778,665</u> |
| Contribution deficiency (excess)                                       | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    |
| City's covered employee payroll  | \$ 1,712,734   | \$ 1,803,394   | \$ 1,904,886   | \$ 2,113,469   | \$ 2,137,147   | \$ 2,196,114   | \$ 2,221,509   | \$ 2,498,914   | \$ 2,895,847   | \$ 3,061,692   |
| Employer contributions as a percentage of covered-employee payroll     | 13.74%         | 12.75%         | 12.46%         | 14.05%         | 14.62%         | 16.22%         | 19.49%         | 19.49%         | 22.45%         | 25.43%         |

**CITY OF NEWPORT, KENTUCKY**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**COUNTY EMPLOYEES' RETIREMENT SYSTEM - HAZARDOUS**  
**LAST NINE FISCAL YEARS**

| <b>Report Date<br/>(Measurement Date)</b>   | <b>2015<br/>(2014)</b> | <b>2016<br/>(2015)</b> | <b>2017<br/>(2016)</b> | <b>2018<br/>(2017)</b> | <b>2019<br/>(2018)</b> | <b>2020<br/>(2019)</b> | <b>2021<br/>(2020)</b> | <b>2022<br/>(2021)</b> | <b>2023<br/>(2022)</b> |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| City's proportion of the net pension liability  | 0.934%                 | 0.944%                 | 0.9487%                | 0.9690%                | 1.0160%                | 0.9860%                | 0.9520%                | 0.9647%                | 0.9839%                |
| City's proportionate share of the net pension liability (asset)                                   | \$ 11,230,216          | \$ 14,493,582          | \$ 16,279,790          | \$ 21,679,786          | \$ 24,570,432          | \$ 27,236,426          | \$ 28,703,432          | \$ 25,682,117          | \$ 30,023,895          |
| City's covered employee payroll   | \$ 4,775,916           | \$ 4,817,366           | \$ 4,929,315           | \$ 5,316,819           | \$ 5,654,339           | \$ 5,600,682           | \$ 5,542,227           | \$ 5,770,573           | \$ 6,374,018           |
| City's share of the net pension liability (asset) as a percentage of its covered employee payroll | 235.14%                | 300.86%                | 330.26%                | 407.76%                | 434.54%                | 486.31%                | 517.90%                | 445.05%                | 471.04%                |
| Plan fiduciary net position as a percentage of the total pension liability                        | 63.46%                 | 57.52%                 | 53.95%                 | 49.78%                 | 49.26%                 | 46.63%                 | 44.11%                 | 52.26%                 | 47.11%                 |

**Notes:**

The above schedule will present 10 years of historical data, once available.

**CITY OF NEWPORT, KENTUCKY**  
**SCHEDULE OF CONTRIBUTIONS**  
**COUNTY EMPLOYEES' RETIREMENT SYSTEM - HAZARDOUS**  
**LAST TEN FISCAL YEARS**

|  | 2014             | 2015             | 2016           | 2017             | 2018             | 2019             | 2020             | 2021             | 2022             | 2023             |
|--|------------------|------------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually required employer contribution                           | \$ 1,041,523     | \$ 1,005,520     | \$ 999,305     | \$ 1,154,842     | \$ 1,255,263     | \$ 1,392,890     | \$ 1,665,993     | \$ 1,734,634     | \$ 2,166,686     | \$ 2,948,510     |
| Contributions relative to contractually required employer contribution | <u>1,041,523</u> | <u>1,005,520</u> | <u>999,305</u> | <u>1,154,842</u> | <u>1,255,263</u> | <u>1,392,890</u> | <u>1,665,993</u> | <u>1,734,634</u> | <u>2,166,686</u> | <u>2,948,510</u> |
| Contribution deficiency (excess)                                       | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>    | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| City's covered employee payroll  | \$ 4,775,916     | \$ 4,817,366     | \$ 4,929,315   | \$ 5,316,819     | \$ 5,654,339     | \$ 5,600,682     | \$ 5,542,227     | \$ 5,770,573     | \$ 6,374,018     | \$ 6,797,488     |
| Employer contributions as a percentage of covered-employee payroll     | 21.81%           | 20.87%           | 20.27%         | 21.72%           | 22.20%           | 24.87%           | 30.06%           | 30.06%           | 33.99%           | 43.38%           |

**CITY OF NEWPORT, KENTUCKY**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**COUNTY EMPLOYEES' RETIREMENT SYSTEM - NON-HAZARDOUS**  
**LAST SEVEN FISCAL YEARS**

| <b>Report Date<br/>(Measurement Date)</b>  | <b>2017<br/>(2016)</b> | <b>2018<br/>(2017)</b> | <b>2019<br/>(2018)</b> | <b>2020<br/>(2019)</b> | <b>2021<br/>(2020)</b> | <b>2022<br/>(2021)</b> | <b>2023<br/>(2022)</b> |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| City's proportion of the net OPEB liability  | 0.0799%                | 0.0874%                | 0.0864%                | 0.0864%                | 0.0867%                | 0.0980%                | 0.1047%                |
| City's proportionate share of the net OPEB liability (asset)                                   | \$ 1,377,759           | \$ 1,756,516           | \$ 1,533,677           | \$ 1,453,495           | \$ 2,093,176           | \$ 1,875,778           | \$ 2,066,443           |
| City's covered employee payroll  | \$ 1,904,886           | \$ 2,113,469           | \$ 2,137,147           | \$ 2,196,114           | \$ 2,221,509           | \$ 2,498,914           | \$ 2,895,947           |
| City's share of the net OPEB liability (asset) as a percentage of its covered employee payroll | 72.33%                 | 83.11%                 | 71.76%                 | 66.18%                 | 94.22%                 | 75.06%                 | 71.36%                 |
| Plan fiduciary net position as a percentage of the total OPEB liability                        | unavailable            | 52.39%                 | 57.62%                 | 60.44%                 | 51.67%                 | 62.91%                 | 60.95%                 |

**Notes:**

The above schedule will present 10 years of historical data, once available.

**CITY OF NEWPORT, KENTUCKY**  
**SCHEDULE OF OPEB CONTRIBUTIONS**  
**COUNTY EMPLOYEES' RETIREMENT SYSTEM - NON-HAZARDOUS**  
**LAST TEN FISCAL YEARS**

|  | 2014          | 2015          | 2016          | 2017           | 2018           | 2019           | 2020           | 2021           | 2022           | 2023           |
|--|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Contractually required employer contribution                           | \$ 88,206     | \$ 88,727     | \$ 88,653     | \$ 100,658     | \$ 101,434     | \$ 115,516     | \$ 106,798     | \$ 120,096     | \$ 177,490     | \$ 112,807     |
| Contributions relative to contractually required employer contribution | <u>88,206</u> | <u>88,727</u> | <u>88,653</u> | <u>100,658</u> | <u>101,434</u> | <u>115,516</u> | <u>106,798</u> | <u>120,096</u> | <u>177,490</u> | <u>112,807</u> |
| Contribution deficiency (excess)                                       | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    |
| City's covered employee payroll  | \$ 1,712,734  | \$ 1,803,394  | \$ 1,904,886  | \$ 2,113,469   | \$ 2,137,147   | \$ 2,196,114   | \$ 2,221,509   | \$ 2,498,914   | \$ 2,895,947   | 3,061,692      |
| Employer contributions as a percentage of covered-employee payroll     | 5.15%         | 4.92%         | 4.65%         | 4.76%          | 4.75%          | 5.26%          | 4.81%          | 4.81%          | 6.13%          | 3.68%          |

**CITY OF NEWPORT, KENTUCKY**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**COUNTY EMPLOYEES' RETIREMENT SYSTEM - HAZARDOUS**  
**LAST SEVEN FISCAL YEARS**

| <b>Report Date<br/>(Measurement Date)</b>  | <b>2017<br/>(2016)</b> | <b>2018<br/>(2017)</b> | <b>2019<br/>(2018)</b> | <b>2020<br/>(2019)</b> | <b>2021<br/>(2020)</b> | <b>2022<br/>(2021)</b> | <b>2023<br/>(2022)</b> |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| City's proportion of the net OPEB liability  | 0.9487%                | 0.9690%                | 1.0160%                | 0.9860%                | 0.9520%                | 0.9647%                | 0.9839%                |
| City's proportionate share of the net OPEB liability (asset)                                   | \$ 4,786,659           | \$ 8,010,654           | \$ 7,243,754           | \$ 7,293,625           | \$ 8,794,814           | \$ 7,800,225           | \$ 8,380,916           |
| City's covered employee payroll  | \$ 4,929,315           | \$ 5,316,819           | \$ 5,654,339           | \$ 5,600,682           | \$ 5,542,227           | \$ 5,770,573           | \$ 6,374,018           |
| City's share of the net OPEB liability (asset) as a percentage of its covered employee payroll | 97.11%                 | 150.67%                | 128.11%                | 130.23%                | 158.69%                | 135.17%                | 131.49%                |
| Plan fiduciary net position as a percentage of the total OPEB liability                        | unavailable            | 58.99%                 | 64.24%                 | 64.44%                 | 58.84%                 | 66.81%                 | 64.13%                 |

**Notes:**

The above schedule will present 10 years of historical data, once available.

**CITY OF NEWPORT, KENTUCKY**  
**SCHEDULE OF OPEB CONTRIBUTIONS**  
**COUNTY EMPLOYEES' RETIREMENT SYSTEM - HAZARDOUS**  
**LAST TEN FISCAL YEARS**

|  | <u>2014</u>    | <u>2015</u>    | <u>2016</u>    | <u>2017</u>    | <u>2018</u>    | <u>2019</u>    | <u>2020</u>    | <u>2021</u>    | <u>2022</u>    | <u>2023</u>    |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Contractually required employer contribution                           | \$ 666,441     | \$ 658,706     | \$ 625,922     | \$ 497,364     | \$ 528,681     | \$ 586,391     | \$ 527,620     | \$ 549,359     | \$ 669,971     | \$ 466,968     |
| Contributions relative to contractually required employer contribution | <u>666,441</u> | <u>658,706</u> | <u>625,922</u> | <u>497,364</u> | <u>528,681</u> | <u>586,391</u> | <u>527,620</u> | <u>549,359</u> | <u>669,971</u> | <u>466,968</u> |
| Contribution deficiency (excess)                                       | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    |
| City's covered employee payroll  | \$ 4,775,916   | \$ 4,817,366   | \$ 4,929,315   | \$ 5,316,819   | \$ 5,654,339   | \$ 5,600,682   | \$ 5,542,227   | \$ 5,770,573   | \$ 6,374,018   | \$ 6,797,488   |
| Employer contributions as a percentage of covered employee payroll     | 13.95%         | 13.67%         | 12.70%         | 9.35%          | 9.35%          | 10.47%         | 9.52%          | 9.52%          | 10.51%         | 6.87%          |

**CITY OF NEWPORT, KENTUCKY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2023**

**1. GENERAL INFORMATION**

**Contributions**

Contractually required employer contributions reported on the Schedule of Pension Contributions exclude the portion of contributions paid to CERS but allocated to the insurance fund of the CERS. The insurance contributions are reported on the Schedule of OPEB Contributions.

**Payroll**

The City's covered payroll reported on the Proportionate Share of the Net Pension Liability and the Proportionate Share of the Net OPEB Liability Schedules is one year prior to the City's fiscal year payroll as reported on the Schedule of Contributions for Pension and OPEB.

**Expense**

The City's pension expense for all plans for the year ended June 30, 2023, totaled \$358,171. The City's OPEB expense for all plans for the year ended June 30, 2023, totaled \$761,467.

**2. CHANGES OF ASSUMPTIONS**

**June 30, 2022 – Pension and OPEB Hazardous and Nonhazardous**

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2022, for OPEB:

- The initial healthcare trend rate for pre-65 was changed from 6.30% to 6.40%.

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2022, for pension.

**June 30, 2021 – Pension and OPEB Hazardous and Nonhazardous**

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2021, for OPEB:

- The initial healthcare trend rate for pre-65 was changed from 6.40% to 6.30%, which gradually decreases to an ultimate trend rate of 4.05% over a period of 13 years. The initial healthcare trend rate for post-65 was changed from 2.90% to 6.30%, which gradually decreases to an ultimate trend rate of 4.05% over a period of 13 years.

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2021, for pension.

**CITY OF NEWPORT, KENTUCKY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2023**

**2. CHANGES OF ASSUMPTIONS (CONTINUED)**

**June 30, 2020 – Pension and OPEB – Hazardous and Nonhazardous**

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2020, for OPEB:

- The initial healthcare trend rate for pre-65 was changed from 7% to 6.40%, which gradually decreases to an ultimate trend rate of 4.05% over a period of 14 years. The initial healthcare trend rate for post-65 was changed from 5% to 2.90%, which increases to 6.30% in 2023 and then gradually decreases to an ultimate trend rate of 4.05% over a period of 14 years.

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2020, for pension.

**June 30, 2019 – Pension and OPEB – Hazardous and Nonhazardous**

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2019, for both pension and OPEB:

- The assumed rate of salary increases was increased from 3.05% to 3.3% to 10.3% on average for non-hazardous and 3.05% to 3.55% to 19.05% on average for hazardous.

**June 30, 2018 – Pension and OPEB – Hazardous and Nonhazardous**

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2018, for either pension or OPEB.

**June 30, 2017 – Pension and OPEB – Hazardous and Nonhazardous**

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2017, for both pension and OPEB:

- The assumed rate of return was decreased from 7.5% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.3%.
- Payroll growth assumption was reduced from 4% to 2%

**June 30, 2016 – Pension and OPEB – Hazardous and Nonhazardous**

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2016, for either pension or OPEB.

**CITY OF NEWPORT, KENTUCKY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2023**

**2. CHANGES OF ASSUMPTIONS (CONTINUED)**

**June 30, 2015 – Pension – Hazardous and Nonhazardous**

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2015:

- The assumed rate of return was decreased from 7.75% to 7.5%.
- The assumed rate of inflation was reduced from 3.5% to 3.25%.
- The assumed rate of wage inflation was reduced from 1% to .75%.
- Payroll growth assumption was reduced from 4.5% to 4%.
- Mortality rates were based on the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females).
- For Disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.
- The assumed rates of retirement, withdrawal, and disability were updated to reflect experience more accurately.

**June 30, 2014 – Pension – Hazardous and Nonhazardous**

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2014.

**June 30, 2013 – Pension – Hazardous and Nonhazardous**

The following assumptions were made by the Kentucky Legislature and reflected in the initial valuation performed as of June 30, 2013:

- The assumed rate of return was 7.75%.
- The assumed rate of inflation was 3.5%.
- The assumed rate of wage inflation was 1%.
- Payroll growth assumption was 4.5%.
- Mortality rates were based on the 1983 Group Annuity Mortality Table for all retired members and beneficiaries as of June 30, 2006. The 1994 Group Annuity Mortality Table was used for all other members.

## SUPPLEMENTARY INFORMATION

**CITY OF NEWPORT, KENTUCKY**  
**BUDGETARY COMPARISON SCHEDULE**  
**CAPITAL PROJECTS FUND**  
**For the Year Ended June 30, 2023**

|  | <b>Budgeted Amounts</b> |                      | <b>Actual</b>        | <b>Variance with</b>  |
|--|-------------------------|----------------------|----------------------|-----------------------|
|  | <b>Original</b>         | <b>Final</b>         | <b>Amounts</b>       | <b>Final Budget -</b> |
|  |                         |                      |                      | <b>Positive</b>       |
|  |                         |                      |                      | <b>(Negative)</b>     |
| <b>Budgetary fund balances, July 1</b>       | \$ 11,692,215           | \$ 11,782,788        | \$ 11,782,786        | \$ (2)                |
| <b>Resources (inflows):</b>                  |                         |                      |                      |                       |
| Intergovernmental                            | 6,889,690               | 24,474               | 7,680                | (16,794)              |
| Refunds and reimbursements                   | 3,000                   | 24,360               | 14,136               | (10,224)              |
| Interest                                     | 500                     | 343,000              | 379,895              | 36,895                |
| Transfers in                                 | 396,000                 | 414,000              | 423,667              | 9,667                 |
| <b>Amounts available for appropriation</b>   | <u>18,981,405</u>       | <u>12,588,622</u>    | <u>12,608,164</u>    | <u>19,542</u>         |
| <b>Charges to appropriations (outflows):</b> |                         |                      |                      |                       |
| Community services                           | -                       | -                    | 115,730              | (115,730)             |
| Capital project expenditures:                |                         |                      |                      |                       |
| Street improvement program                   | 9,599,130               | 229,010              | 410,441              | (181,431)             |
| Public service facility                      | 800,000                 | 4,700                | -                    | 4,700                 |
| Parks improvement program                    | 935,000                 | 19,750               | 110,950              | (91,200)              |
| Floodwall repairs and upgrades               | 120,000                 | -                    | -                    | -                     |
| <b>Total charges to appropriation</b>        | <u>11,454,130</u>       | <u>253,460</u>       | <u>637,121</u>       | <u>(383,661)</u>      |
| <b>Budgetary fund balances, June 30</b>      | <u>\$ 7,527,275</u>     | <u>\$ 12,335,162</u> | <u>\$ 11,971,043</u> | <u>\$ (364,119)</u>   |

**CITY OF NEWPORT, KENTUCKY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2023**

| Federal Agency              | Federal Grantor/Program Title   | Federal AL Number | Grant Number        | Federal Expenditures |
|-----------------------------|---|-------------------|---------------------|----------------------|
| HUD                         | Passed through Commonwealth of Kentucky<br>Community Development Block Grant -<br>Department for Local Government<br>State-Administered Small Cities Program<br>Newport Homeownership Development | 14.228            | 20-047              | \$ 190,577           |
| HUD                         | Passed through Commonwealth of Kentucky<br>Community Development Block Grant -<br>Department for Local Government<br>State-Administered Small Cities Program<br>COVID Utilities Assistance        | 14.228            | 20C-037             | 19,872               |
| DOT                         | Passed through Kentucky Transportation Cabinet<br>Highway Planning and Construction Grant<br>US 27 Streetscape  | 20.205            | PO2-625-2000000138  | 9,601                |
| DOT                         | Passed through Kentucky Transportation Cabinet<br>Highway Planning and Construction Grant<br>CLG KHC Grant  | 20.205            | PO2-625-1600003827  | 3,000                |
| DOT                         | Passed through Kentucky Transportation Cabinet<br>Division of Highway Safety Programs<br>Law Enforcement Overtime   | 20.600            | SC-625-2000000370-1 | 16,110               |
| TREAS                       | Passed through Kentucky Heritage Council<br>SAFER: 2013 Fire Hiring Grant   | 97.083            | EMW-2019-FF-01597   | 351,381              |
| TREAS                       | COVID-19 - Coronavirus State and Local Fiscal Recovery Funds  | 21.027            | KY0215              | <u>1,250,000</u>     |
| Total Federal Expenditures: |   |                   |                     | <u>\$ 1,840,541</u>  |

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Newport, Kentucky and is presented on the accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in, or used in the preparation of, the basic financial statements may differ from those numbers.

**Note 2 - Indirect Cost Rates**

The City did not elect to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.

**Note 3 - Subrecipient Pass Through**

The City did not pass through any funds to subrecipients.



Members American Institute of Certified Public Accountants  
and Kentucky Society of Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and  
Members of the Commission  
City of Newport, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Newport, Kentucky, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Newport, Kentucky's basic financial statements and have issued our report thereon dated February 7, 2024.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Newport, Kentucky'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**RFH**

RFH, PLLC  
Lexington, Kentucky  
February 7, 2024



Members American Institute of Certified Public Accountants  
and Kentucky Society of Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Mayor and  
Members of the Commission  
City of Newport, Kentucky

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of Newport, Kentucky's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City of Newport, Kentucky's major federal programs for the year ended June 30, 2023. The City of Newport, Kentucky's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Newport, Kentucky complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Newport, Kentucky and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Newport, Kentucky's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Newport, Kentucky's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Newport, Kentucky's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Newport, Kentucky's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Newport, Kentucky's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Newport, Kentucky's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Newport, Kentucky's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**RFH**

RFH, PLLC  
Lexington, Kentucky  
February 7, 2024

**CITY OF NEWPORT, KENTUCKY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**for the year ended June 30, 2023**

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**I. SUMMARY OF AUDITORS' RESULTS**

Financial Statements:

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified ☐ Yes ☒ No

Significant deficiencies identified that are not  
considered to be material weaknesses ☐ Yes ☒ None reported

Non-compliance material to financial statements noted ☐ Yes ☒ No

Federal Awards:

Internal control over major programs:

Material weaknesses identified ☐ Yes ☒ No

Significant deficiencies identified that are not  
considered to be material weaknesses ☐ Yes ☒ None reported

Type of auditors' report issued on compliance for major programs:

Unmodified for all major programs.

Any audit findings disclosed that are required to be  
reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

**Major Program:**

| <b>Assistance Listing Numbers</b> | <b>Name of Federal Program or Cluster</b> |
|-----------------------------------|---|
|-----------------------------------|---|

|        |  |
|--------|--|
| 21.027 | COVID-19 - Coronavirus State and Local Fiscal Recovery Funds |
|--------|--|

Dollar threshold used to distinguish between type A  
and type B programs: \$ 750,000

Auditee qualified as a low-risk auditee? ☒ Yes ☐ No

**II. FINDINGS RELATED TO FINANCIAL STATEMENTS**

NONE REPORTED

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

NONE REPORTED

**IV. PRIOR AUDIT FINDINGS**

NONE REPORTED

## STATISTICAL SECTION NARRATIVE

The Statistical Section of the City of Newport's Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding the information in the financial statements, notes and supplementary information as it pertains to the overall financial health of the City.

### **Section 1: Financial Trend Data:**

Pages 101 – 105

These tables contain trend information to help the reader understand how the City's financial status has changed in recent years.

### **Section 2: Revenue Capacity:**

Pages 107 – 110

These tables contain information to help the reader assess the City's most significant local sources of revenue.

### **Section 3: Debt Capacity:**

Pages 111 – 115

These tables include information to help the reader assess the affordability of the City's current outstanding debt and its ability to issue additional debt in the future.

### **Section 4: Demographic and Economic Information:**

Page 116

This table shows demographic and economic indicators to help the reader understand the local environment in which the City's financial activities take place.

### **Section 5: Operating Information:**

Pages 117 – 119

These tables contain service and infrastructure data to help the reader understand how the information contained in this report relates to the City's services and activities.

## STATISTICAL SECTION

**CITY OF NEWPORT, KENTUCKY**  
**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years**

|  | 2014                  | 2015                  | 2016                  | 2017                  | 2018                  | 2019                   | 2020                   | 2021                   | 2022                   | 2023                  |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|------------------------|------------------------|------------------------|-----------------------|
| <b>Governmental activities</b>                     |                       |                       |                       |                       |                       |                        |                        |                        |                        |                       |
| Net investment in capital assets                   | \$ 7,779,586          | \$ 10,492,966         | \$ 11,317,581         | \$ 12,675,293         | \$ 12,989,261         | \$ 14,242,797          | \$ 15,692,724          | \$ 16,615,155          | \$ 17,829,757          | \$ 19,953,828         |
| Restricted   | 35,464                | 81,193                | 4,141,909             | 3,293,973             | 1,631,794             | 2,782,359              | 2,582,966              | 2,917,519              | 3,493,810              | 6,486,253             |
| Unrestricted                                       | (12,272,560)          | (12,858,460)          | (17,217,833)          | (22,336,744)          | (24,393,369)          | (30,148,591)           | (32,638,130)           | (35,662,463)           | (36,533,113)           | (35,713,946)          |
| <b>Total governmental activities net position</b>  | <b>\$ (4,457,510)</b> | <b>\$ (2,284,301)</b> | <b>\$ (1,758,343)</b> | <b>\$ (6,367,478)</b> | <b>\$ (9,772,314)</b> | <b>\$ (13,123,435)</b> | <b>\$ (14,362,440)</b> | <b>\$ (16,129,789)</b> | <b>\$ (15,209,546)</b> | <b>\$ (9,273,865)</b> |
| <b>Business-type activities</b>                    |                       |                       |                       |                       |                       |                        |                        |                        |                        |                       |
| Net investment in capital assets                   | \$ 1,839,167          | \$ 1,726,037          | \$ 2,052,781          | \$ 2,099,182          | \$ 2,429,487          | \$ 67,667              | \$ 73,684              | \$ 43,667              | \$ 30,567              | \$ 342,191            |
| Restricted   | 4,865,770             | 4,517,219             | 4,283,578             | 4,390,759             | 4,272,209             | -                      | -                      | -                      | -                      | -                     |
| Unrestricted                                       | (48,063)              | 71,938                | 127,019               | 117,399               | 361,196               | 369,441                | 426,236                | 619,017                | 822,891                | 782,198               |
| <b>Total business-type activities net position</b> | <b>\$ 6,656,874</b>   | <b>\$ 6,315,194</b>   | <b>\$ 6,463,378</b>   | <b>\$ 6,607,340</b>   | <b>\$ 7,062,892</b>   | <b>\$ 437,108</b>      | <b>\$ 499,920</b>      | <b>\$ 662,684</b>      | <b>\$ 853,458</b>      | <b>\$ 1,124,389</b>   |
| <b>Primary government</b>                          |                       |                       |                       |                       |                       |                        |                        |                        |                        |                       |
| Net investment in capital assets                   | \$ 9,618,753          | \$ 12,219,003         | \$ 13,370,362         | \$ 14,774,475         | \$ 15,418,748         | \$ 14,310,464          | \$ 15,766,408          | \$ 16,658,822          | \$ 17,860,324          | \$ 20,296,019         |
| Restricted   | 4,901,234             | 4,598,412             | 8,425,487             | 7,684,732             | 5,904,003             | 2,782,359              | 2,582,966              | 2,917,519              | 3,493,810              | 6,486,253             |
| Unrestricted                                       | (12,320,623)          | (12,786,522)          | (17,090,814)          | (22,219,345)          | (24,032,173)          | (29,779,150)           | (32,311,894)           | (35,043,446)           | (35,710,222)           | (34,931,748)          |
| <b>Total primary government net position</b>       | <b>\$ 2,199,364</b>   | <b>\$ 4,030,893</b>   | <b>\$ 4,705,035</b>   | <b>\$ 239,862</b>     | <b>\$ (2,709,422)</b> | <b>\$ (12,686,327)</b> | <b>\$ (13,962,520)</b> | <b>\$ (15,467,105)</b> | <b>\$ (14,356,088)</b> | <b>\$ (8,149,476)</b> |

**Note:** Net position for 2015 and 2014 is shown with a restatement due to the implementation of GASB 68. Net position for 2017 is shown with a restatement for GASB 75.

**CITY OF NEWPORT, KENTUCKY**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**

|  | 2014                | 2015                | 2016                | 2017                | 2018                | 2019                 | 2020                | 2021                | 2022                | 2023                |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Expenses</b>  |                     |                     |                     |                     |                     |                      |                     |                     |                     |                     |
| <b>Governmental activities:</b>                        |                     |                     |                     |                     |                     |                      |                     |                     |                     |                     |
| General government                                     | \$ 1,811,096        | \$ 1,829,592        | \$ 2,961,163        | \$ 3,856,204        | \$ 2,614,472        | \$ 2,440,244         | \$ 2,798,162        | \$ 3,581,004        | \$ 4,910,511        | \$ 3,512,034        |
| Police   | 4,864,165           | 4,973,609           | 5,438,311           | 5,541,681           | 7,356,908           | 8,084,358            | 8,295,344           | 8,028,651           | 7,259,731           | 8,036,938           |
| Fire/EMS   | 4,325,418           | 4,451,947           | 5,272,373           | 5,253,734           | 6,571,753           | 7,407,263            | 7,682,292           | 7,904,568           | 6,987,152           | 7,427,947           |
| Development services                                   | 1,712,783           | 708,249             | 809,960             | 1,542,152           | 1,672,674           | 998,908              | 1,581,271           | 1,178,253           | 1,360,929           | 1,719,174           |
| Community services                                     | 3,124,678           | 2,987,731           | 3,233,087           | 3,164,224           | 3,805,036           | 3,461,304            | 3,585,638           | 3,902,583           | 4,132,649           | 3,924,274           |
| Municipal complex                                      | 307,821             | 347,091             | 310,673             | 290,707             | 276,632             | 314,084              | 387,633             | 402,868             | 447,088             | 444,063             |
| Interest on long-term debt                             | 974,019             | 794,518             | 760,692             | 614,309             | 602,544             | 579,698              | 575,337             | 600,146             | 698,090             | 637,344             |
| <b>Total governmental activities expenses</b>          | <b>17,119,980</b>   | <b>16,092,737</b>   | <b>18,786,259</b>   | <b>20,263,011</b>   | <b>22,900,019</b>   | <b>23,285,859</b>    | <b>24,905,677</b>   | <b>25,598,073</b>   | <b>25,796,150</b>   | <b>25,701,774</b>   |
| <b>Business-type activities:</b>                       |                     |                     |                     |                     |                     |                      |                     |                     |                     |                     |
| Refuse   | 1,112,668           | 1,124,065           | 1,216,349           | 1,234,511           | 1,258,339           | 1,368,960            | 1,351,929           | 1,320,602           | 1,377,023           | 1,391,248           |
| Newport on the Levee                                   | 8,514,839           | 5,511,513           | 5,320,849           | 5,116,313           | 4,952,761           | 728,808              | -                   | -                   | -                   | -                   |
| <b>Total business-type activities expenses</b>         | <b>9,627,507</b>    | <b>6,635,578</b>    | <b>6,537,198</b>    | <b>6,350,824</b>    | <b>6,211,100</b>    | <b>2,097,768</b>     | <b>1,351,929</b>    | <b>1,320,602</b>    | <b>1,377,023</b>    | <b>1,391,248</b>    |
| <b>Total primary government expenses</b>               | <b>\$26,747,487</b> | <b>\$22,728,315</b> | <b>\$25,323,457</b> | <b>\$26,613,835</b> | <b>\$29,111,119</b> | <b>\$ 25,383,627</b> | <b>\$26,257,606</b> | <b>\$26,918,675</b> | <b>\$27,173,173</b> | <b>\$27,093,022</b> |
| <b>Program Revenues</b>                                |                     |                     |                     |                     |                     |                      |                     |                     |                     |                     |
| <b>Governmental activities:</b>                        |                     |                     |                     |                     |                     |                      |                     |                     |                     |                     |
| Charges for services:                                  |                     |                     |                     |                     |                     |                      |                     |                     |                     |                     |
| General government                                     | \$ 863,202          | \$ 997,038          | \$ 818,850          | \$ 899,402          | \$ 884,663          | \$ 900,495           | \$ 1,084,876        | \$ 891,450          | \$ 1,275,770        | \$ 3,093,082        |
| Police   | 242,472             | 279,813             | 342,751             | 297,510             | 391,197             | 340,209              | 289,121             | 193,876             | 368,328             | 362,405             |
| Fire/EMS   | 477,499             | 534,085             | 496,695             | 475,917             | 409,710             | 439,248              | 410,481             | 531,664             | 690,538             | 723,324             |
| Development services                                   | 15,055              | 25,732              | 28,754              | 43,988              | 80,101              | 140,791              | 155,665             | 177,082             | 314,436             | 188,229             |
| Community services                                     | 50,139              | 79,111              | 48,430              | 88,383              | 103,242             | 38,759               | 36,854              | 124,335             | 12,137              | 190,256             |
| Municipal complex                                      | -                   | -                   | -                   | -                   | -                   | -                    | -                   | -                   | -                   | -                   |
| Operating grants and contributions                     | 1,098,265           | 1,141,755           | 968,693             | 897,990             | 1,021,208           | 960,467              | 2,182,660           | 2,309,897           | 1,887,093           | 2,702,293           |
| Capital grants and contributions                       | 4,176,657           | 586,025             | 1,028,185           | 1,486,750           | 570,609             | 223,444              | 1,541,305           | 915,303             | 697,900             | 251,029             |
| <b>Total governmental activities program revenues</b>  | <b>6,923,289</b>    | <b>3,643,559</b>    | <b>3,732,358</b>    | <b>4,189,940</b>    | <b>3,460,730</b>    | <b>3,043,413</b>     | <b>5,700,962</b>    | <b>5,143,607</b>    | <b>5,246,202</b>    | <b>7,510,618</b>    |
| <b>Business-type activities:</b>                       |                     |                     |                     |                     |                     |                      |                     |                     |                     |                     |
| Charges for services:                                  |                     |                     |                     |                     |                     |                      |                     |                     |                     |                     |
| Refuse   | 1,234,637           | 1,287,365           | 1,350,209           | 1,384,000           | 1,326,446           | 1,392,280            | 1,458,547           | 1,534,756           | 1,621,702           | 1,699,873           |
| Newport on the Levee                                   | 4,525,184           | 4,746,981           | 5,077,473           | 4,921,279           | 5,073,657           | 2,530,242            | -                   | -                   | -                   | -                   |
| <b>Total business-type activities program revenues</b> | <b>5,759,821</b>    | <b>6,034,346</b>    | <b>6,427,682</b>    | <b>6,305,279</b>    | <b>6,400,103</b>    | <b>3,922,522</b>     | <b>1,458,547</b>    | <b>1,534,756</b>    | <b>1,621,702</b>    | <b>1,699,873</b>    |
| <b>Total primary government program revenues</b>       | <b>\$12,683,110</b> | <b>\$ 9,677,905</b> | <b>\$10,160,040</b> | <b>\$10,495,219</b> | <b>\$ 9,860,833</b> | <b>\$ 6,965,935</b>  | <b>\$ 7,159,509</b> | <b>\$ 6,678,363</b> | <b>\$ 6,867,904</b> | <b>\$ 9,210,491</b> |

**CITY OF NEWPORT, KENTUCKY**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**

|   | (Continued)            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
|   | 2014                   | 2015                   | 2016                   | 2017                   | 2018                   | 2019                   | 2020                   | 2021                   | 2022                   | 2023                   |
| <b>Net (Expense)/Revenue</b>                              |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental activities                                   | \$ (10,196,691)        | \$ (12,449,178)        | \$ (15,053,901)        | \$ (16,073,071)        | \$ (19,439,289)        | \$ (20,242,446)        | \$ (19,204,715)        | \$ (20,454,466)        | \$ (20,549,948)        | \$ (18,191,156)        |
| Business-type activities                                  | (3,867,686)            | (601,232)              | (109,516)              | (45,545)               | 189,003                | 1,824,754              | 106,618                | 214,154                | 244,679                | 308,625                |
| <b>Total primary government net (expense)/revenue</b>     | <b>\$ (14,064,377)</b> | <b>\$ (13,050,410)</b> | <b>\$ (15,163,417)</b> | <b>\$ (16,118,616)</b> | <b>\$ (19,250,286)</b> | <b>\$ (18,417,692)</b> | <b>\$ (19,098,097)</b> | <b>\$ (20,240,312)</b> | <b>\$ (20,305,269)</b> | <b>\$ (17,882,531)</b> |
| <b>General Revenues and Other Changes in Net Position</b> |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| <b>Governmental activities:</b>                           |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Taxes   |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Property taxes, levied for general purposes               | \$ 3,727,354           | \$ 2,590,894           | \$ 2,038,779           | \$ 2,133,032           | \$ 2,252,282           | \$ 2,315,224           | \$ 2,593,543           | \$ 2,889,133           | \$ 3,078,073           | \$ 3,359,170           |
| Taxes, levied for bank deposits                           | 61,721                 | 61,426                 | 64,964                 | 67,447                 | 67,447                 | 79,838                 | 88,237                 | 87,380                 | 81,664                 | 180,833                |
| Tangible  | 252,477                | 272,173                | 280,160                | 222,681                | 222,681                | 254,202                | 255,354                | 278,091                | 292,995                | 297,267                |
| Payroll   | 5,276,794              | 5,724,313              | 6,201,961              | 6,623,813              | 6,720,680              | 6,950,028              | 7,072,492              | 7,381,641              | 8,551,876              | 10,468,173             |
| Gross receipts franchise                                  | 1,671,196              | 1,885,917              | 2,026,947              | 1,771,847              | 1,992,322              | 2,290,004              | 2,339,973              | 2,170,727              | 2,170,727              | 2,170,727              |
| Insurance premiums  | 2,981,708              | 2,943,775              | 2,861,193              | 3,122,632              | 3,364,978              | 3,523,253              | 3,701,414              | 3,853,948              | 4,994,124              | 4,707,407              |
| Other permits based on gross receipts                     | -                      | -                      | -                      | -                      | -                      | -                      | 628,607                | 692,339                | 909,309                | 927,481                |
| Franchise fees  | 701,437                | 667,857                | 574,829                | 595,515                | 603,247                | 650,980                | 601,649                | 630,106                | 773,251                | 812,702                |
| Other uses of property                                    | 517,532                | 483,249                | 1,413,721              | 2,368,475              | 428,606                | 681,811                | 368,318                | 469,887                | 374,125                | 434,039                |
| Grants and contributions - non-program specific           | -                      | -                      | -                      | -                      | -                      | -                      | -                      | -                      | -                      | -                      |
| Interest  | 2,559                  | 3,937                  | 4,191                  | 8,560                  | 25,313                 | 62,727                 | 57,064                 | 5,419                  | 17,375                 | 543,075                |
| Miscellaneous   | 13,385                 | 3,785                  | 35,757                 | 85,596                 | 52,644                 | 54,486                 | 182,832                | 80,089                 | 149,569                | 93,046                 |
| Gain (loss) on sale of capital assets                     | (49,000)               | -                      | (1,000)                | 15,853                 | 259,582                | (18,197)               | 26,917                 | 96,278                 | 22,219                 | 75,358                 |
| Transfers   | (16,788)               | (14,939)               | 47,257                 | 48,700                 | 44,671                 | 46,969                 | 49,310                 | 52,079                 | 54,884                 | 57,559                 |
| Transfers from (to) component unit                        | -                      | -                      | 31,100                 | (45,000)               | -                      | -                      | -                      | -                      | -                      | -                      |
| Prior period adjustment                                   | -                      | -                      | -                      | -                      | -                      | -                      | -                      | -                      | -                      | -                      |
| <b>Total governmental activities</b>                      | <b>15,140,375</b>      | <b>14,622,387</b>      | <b>15,579,859</b>      | <b>17,019,151</b>      | <b>16,034,453</b>      | <b>16,891,325</b>      | <b>17,965,710</b>      | <b>18,687,117</b>      | <b>21,470,191</b>      | <b>24,126,837</b>      |
| <b>Business-type activities:</b>                          |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Interest  | 304,395                | 304,613                | 304,957                | 308,288                | 311,220                | 142,345                | 5,504                  | 689                    | 979                    | 19,865                 |
| Gain (loss) on sale of capital assets                     | -                      | -                      | -                      | -                      | -                      | (2,311,069)            | -                      | -                      | -                      | -                      |
| Transfer out to NOL developer                             | -                      | -                      | -                      | -                      | -                      | (6,234,845)            | -                      | -                      | -                      | -                      |
| Transfers   | (43,212)               | (45,061)               | (47,257)               | (48,700)               | (44,671)               | (46,969)               | (49,310)               | (52,079)               | (54,884)               | (57,559)               |
| Prior period adjustment                                   | (514,117)              | -                      | -                      | -                      | -                      | -                      | -                      | -                      | -                      | -                      |
| <b>Total business-type activities</b>                     | <b>(252,934)</b>       | <b>259,552</b>         | <b>257,700</b>         | <b>259,588</b>         | <b>266,549</b>         | <b>(8,450,538)</b>     | <b>(43,806)</b>        | <b>(51,390)</b>        | <b>(53,905)</b>        | <b>(37,694)</b>        |
| <b>Total primary government</b>                           | <b>\$ 14,887,441</b>   | <b>\$ 14,881,939</b>   | <b>\$ 15,837,559</b>   | <b>\$ 17,278,739</b>   | <b>\$ 16,301,002</b>   | <b>\$ 8,440,787</b>    | <b>\$ 17,921,904</b>   | <b>\$ 18,635,727</b>   | <b>\$ 21,416,286</b>   | <b>\$ 24,089,143</b>   |
| <b>Change in net position</b>                             |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental activities                                   | \$ 4,943,684           | \$ 2,173,209           | \$ 525,958             | \$ 946,080             | \$ (3,404,836)         | \$ (3,351,121)         | \$ (1,239,005)         | \$ (1,767,349)         | \$ 920,243             | \$ 5,935,681           |
| Business-type activities                                  | (4,120,620)            | (341,680)              | 148,184                | 214,043                | 455,552                | (6,625,784)            | 62,812                 | 162,764                | 190,774                | 270,931                |
| <b>Total change in net position</b>                       | <b>\$ 823,064</b>      | <b>\$ 1,831,529</b>    | <b>\$ 674,142</b>      | <b>\$ 1,160,123</b>    | <b>\$ (2,949,284)</b>  | <b>\$ (9,976,905)</b>  | <b>\$ (1,176,193)</b>  | <b>\$ (1,604,585)</b>  | <b>\$ 1,111,017</b>    | <b>\$ 6,206,612</b>    |

**Note:** The city began to report accrual information when it implemented GASB 34 in fiscal year 2002.

**CITY OF NEWPORT, KENTUCKY**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**

|   | 2014                | 2015                | 2016                | 2017                | 2018                | 2019                | 2020                | 2021                 | 2022                 | 2023                 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| <b>General fund</b>                       |                     |                     |                     |                     |                     |                     |                     |                      |                      |                      |
| Unassigned                                | \$ 2,293,558        | \$ 1,944,398        | \$ 3,537,244        | \$ 3,915,570        | \$ 4,425,071        | \$ 5,128,905        | \$ 6,439,998        | \$ 5,880,700         | \$ 7,952,762         | \$ 9,823,483         |
| Nonspendable                              | 5,009               | 13,521              | 37                  | 706                 | 12,271              | 20,645              | 73,839              | 63,612               | 60,300               | 63,434               |
| Restricted                                | 35,464              | 81,193              | 4,141,909           | 3,293,973           | 1,631,794           | 1,609,509           | 2,113,908           | 2,593,127            | 2,717,434            | 4,332,413            |
| Committed                                 | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                    | -                    | -                    |
| Assigned                                  | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                    | -                    | -                    |
| <b>Total general fund</b>                 | <b>\$ 2,334,031</b> | <b>\$ 2,039,112</b> | <b>\$ 7,679,190</b> | <b>\$ 7,210,249</b> | <b>\$ 6,069,136</b> | <b>\$ 6,759,059</b> | <b>\$ 8,627,745</b> | <b>\$ 8,537,439</b>  | <b>\$ 10,730,496</b> | <b>\$ 14,219,330</b> |
| <b>All other governmental funds</b>       |                     |                     |                     |                     |                     |                     |                     |                      |                      |                      |
| Restricted                                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ 1,172,850        | \$ 469,058          | \$ 12,087,434        | \$ 12,140,253        | \$ 12,504,672        |
| Nonspendable                              | -                   | -                   | -                   | -                   | -                   | -                   | 500                 | -                    | -                    | -                    |
| Assigned                                  | 428,478             | 462,520             | 602,171             | 690,425             | 400,050             | 283,429             | 86,679              | 59,650               | 50,276               | 49,499               |
| Committed                                 | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                    | -                    | -                    |
| Unassigned, reported in:                  | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                    | -                    | -                    |
| Revolving loan fund                       | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                    | -                    | -                    |
| Capital projects fund                     | -                   | (3,731)             | -                   | -                   | -                   | -                   | -                   | -                    | -                    | -                    |
| <b>Total all other governmental funds</b> | <b>\$ 428,478</b>   | <b>\$ 458,789</b>   | <b>\$ 602,171</b>   | <b>\$ 690,425</b>   | <b>\$ 400,050</b>   | <b>\$ 1,456,279</b> | <b>\$ 556,237</b>   | <b>\$ 12,147,084</b> | <b>\$ 12,190,529</b> | <b>\$ 12,554,171</b> |

**CITY OF NEWPORT, KENTUCKY**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**

|  | 2014              | 2015                | 2016                | 2017                | 2018                | 2019                | 2020               | 2021                 | 2022                | 2023                |
|--|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|----------------------|---------------------|---------------------|
| <b>Revenues</b>  |                   |                     |                     |                     |                     |                     |                    |                      |                     |                     |
| Taxes  | \$ 4,019,952      | \$ 2,911,967        | \$ 2,402,093        | \$ 2,428,217        | \$ 2,551,860        | \$ 2,696,158        | \$ 2,941,609       | \$ 3,231,836         | \$ 3,488,183        | \$ 3,854,807        |
| Licenses and permits   | 10,560,930        | 11,314,900          | 11,669,317          | 12,169,061          | 12,672,345          | 13,380,595          | 14,544,484         | 14,697,468           | 17,546,849          | 19,368,345          |
| Intergovernmental  | 4,885,470         | 1,719,409           | 1,990,064           | 2,379,536           | 1,527,036           | 1,150,050           | 3,711,027          | 3,245,586            | 2,605,838           | 2,953,322           |
| Fines and forfeitures  | 102,172           | 114,879             | 100,013             | 90,053              | 217,512             | 201,112             | 224,422            | 197,369              | 465,047             | 307,275             |
| Charges for services   | 983,802           | 1,029,657           | 1,091,226           | 1,044,991           | 1,002,239           | 1,059,111           | 966,443            | 1,035,615            | 1,333,688           | 1,767,672           |
| Uses of property   | 1,328,814         | 1,204,981           | 2,042,425           | 3,027,944           | 1,345,308           | 1,595,049           | 969,967            | 1,099,993            | 1,147,376           | 1,246,741           |
| Interest   | 2,382             | 3,839               | 4,035               | 8,450               | 25,147              | 62,131              | 56,402             | 5,305                | 17,253              | 541,463             |
| Miscellaneous  | 288,491           | 3,785               | 35,757              | 153,654             | 52,644              | 58,385              | 242,260            | 162,322              | 200,069             | 180,355             |
| <b>Total revenues</b>  | <b>22,172,013</b> | <b>18,303,417</b>   | <b>19,334,930</b>   | <b>21,301,906</b>   | <b>19,394,091</b>   | <b>20,202,591</b>   | <b>23,656,614</b>  | <b>23,675,494</b>    | <b>26,804,303</b>   | <b>30,219,980</b>   |
| <b>Expenditures</b>  |                   |                     |                     |                     |                     |                     |                    |                      |                     |                     |
| General government   | 1,628,804         | 1,686,759           | 2,166,545           | 3,719,893           | 2,053,361           | 2,129,726           | 2,671,453          | 2,767,830            | 3,052,640           | 3,502,162           |
| Police   | 4,600,633         | 4,620,901           | 4,499,178           | 4,919,023           | 5,284,024           | 5,519,158           | 5,880,503          | 5,884,649            | 6,509,167           | 6,917,050           |
| Fire/EMS   | 4,012,694         | 4,089,724           | 4,372,694           | 4,516,539           | 4,567,830           | 4,864,685           | 5,104,211          | 5,526,774            | 6,116,771           | 6,524,022           |
| Development services   | 1,632,634         | 652,217             | 716,881             | 1,428,255           | 1,560,933           | 842,364             | 1,406,051          | 1,001,434            | 1,156,740           | 1,431,256           |
| Community services   | 2,228,436         | 2,029,004           | 2,104,366           | 2,149,250           | 2,518,623           | 2,196,108           | 2,204,342          | 2,476,445            | 2,847,611           | 2,389,222           |
| Municipal complex  | 176,882           | 216,689             | 180,448             | 191,080             | 183,699             | 193,556             | 229,296            | 189,822              | 229,225             | 225,248             |
| Capital outlay   | 3,169,052         | 2,378,130           | 1,999,322           | 1,967,606           | 1,765,292           | 1,467,804           | 4,687,298          | 2,044,157            | 1,204,454           | 1,527,116           |
| Debt service   |                   |                     |                     |                     |                     |                     |                    |                      |                     |                     |
| Principal  | 1,661,771         | 1,662,655           | 1,642,417           | 1,703,425           | 1,662,966           | 1,696,544           | 2,014,828          | 2,531,032            | 2,614,951           | 2,707,647           |
| Interest   | 918,237           | 806,257             | 760,875             | 658,032             | 632,524             | 587,406             | 594,398            | 585,908              | 710,126             | 689,883             |
| Debt issuance costs  | (55,612)          | -                   | (366,586)           | (74,189)            | (1,000)             | (6,057)             | (9,900)            | 231,979              | -                   | -                   |
| <b>Total expenditures</b>  | <b>19,973,531</b> | <b>18,142,336</b>   | <b>18,076,140</b>   | <b>21,178,914</b>   | <b>20,228,252</b>   | <b>19,491,294</b>   | <b>24,782,480</b>  | <b>23,240,030</b>    | <b>24,441,685</b>   | <b>25,913,606</b>   |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <b>161,587</b>    | <b>2,142,870</b>    | <b>161,081</b>      | <b>892,204</b>      | <b>48,803</b>       | <b>(835,161)</b>    | <b>(1,125,866)</b> | <b>435,464</b>       | <b>2,362,618</b>    | <b>4,306,374</b>    |
| <b>Other financing sources (uses)</b>                                |                   |                     |                     |                     |                     |                     |                    |                      |                     |                     |
| Proceeds from long-term debt, including premium                      | 8,042,767         | -                   | 12,214,108          | 3,297,129           | -                   | 1,500,000           | 2,350,000          | 11,512,998           | -                   | 155,543             |
| Refunding of long-term debt  | (7,987,155)       | -                   | (6,734,623)         | (3,221,130)         | -                   | -                   | -                  | -                    | -                   | -                   |
| Transfers in   | 1,047,607         | 642,609             | 745,832             | 1,771,588           | 2,005,923           | 1,676,755           | 384,867            | 1,150,529            | 504,686             | 481,226             |
| Transfers out  | (1,164,395)       | (1,068,298)         | (967,475)           | (2,202,888)         | (2,601,250)         | (2,129,786)         | (620,557)          | (1,598,450)          | (630,802)           | (1,090,667)         |
| <b>Total other financing sources (uses)</b>                          | <b>(75,585)</b>   | <b>(116,788)</b>    | <b>(425,689)</b>    | <b>4,891,256</b>    | <b>(429,490)</b>    | <b>1,046,969</b>    | <b>2,114,310</b>   | <b>11,065,077</b>    | <b>(126,116)</b>    | <b>(453,898)</b>    |
| <b>Special items</b>   |                   |                     |                     |                     |                     |                     |                    |                      |                     |                     |
| Pension contributions from bond issue                                | -                 | -                   | -                   | -                   | -                   | -                   | -                  | -                    | -                   | -                   |
| <b>Total special items</b>   | <b>-</b>          | <b>-</b>            | <b>-</b>            | <b>-</b>            | <b>-</b>            | <b>-</b>            | <b>-</b>           | <b>-</b>             | <b>-</b>            | <b>-</b>            |
| <b>Net change in fund balances</b>                                   | <b>\$ 86,002</b>  | <b>\$ 2,026,082</b> | <b>\$ (264,608)</b> | <b>\$ 5,783,460</b> | <b>\$ (380,687)</b> | <b>\$ 1,758,266</b> | <b>\$ 988,444</b>  | <b>\$ 11,500,541</b> | <b>\$ 2,236,502</b> | <b>\$ 3,852,476</b> |
| <b>Debt service as a percentage of<br/>non capital expenditures</b>  | <b>17.26%</b>     | <b>15.30%</b>       | <b>15.66%</b>       | <b>14.62%</b>       | <b>12.24%</b>       | <b>12.67%</b>       | <b>12.98%</b>      | <b>14.71%</b>        | <b>14.31%</b>       | <b>13.93%</b>       |

**City of Newport, Kentucky**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

| <b>Fiscal<br/>Year</b>   | <b>Real Property</b>            |                                |                           | <b>Personal Property</b>     |                           | <b>Less:</b>                        | <b>Total Taxable</b>      | <b>Total</b>                   | <b>Estimated</b>                    | <b>Assessed</b>                                      |
|--------------------------|---------------------------------|--------------------------------|---------------------------|------------------------------|---------------------------|-------------------------------------|---------------------------|--------------------------------|-------------------------------------|--|
| <b>Ended<br/>June 30</b> | <b>Residential<br/>Property</b> | <b>Commercial<br/>Property</b> | <b>Public<br/>Service</b> | <b>Personal<br/>Property</b> | <b>Public<br/>Service</b> | <b>Tax Exempt<br/>Real Property</b> | <b>Assessed<br/>Value</b> | <b>Direct<br/>Tax<br/>Rate</b> | <b>Actual<br/>Taxable<br/>Value</b> | <b>Value as a<br/>Percentage of<br/>Actual Value</b> |
| 2014                     | 463,665,282                     | 611,205,897                    | 16,567,680                | 57,345,597                   | 18,064,234                | 435,075,846                         | 731,772,844               | 2.64                           | 1,166,848,690                       | 62.71%   |
| 2015                     | 462,715,480                     | 677,179,540                    | 17,001,308                | 64,344,787                   | 17,945,030                | 501,477,996                         | 737,708,149               | 2.75                           | 1,239,186,145                       | 59.53%   |
| 2016                     | 464,915,199                     | 701,736,079                    | 17,616,304                | 68,076,836                   | 19,639,293                | 507,099,108                         | 764,884,603               | 2.74                           | 1,271,983,711                       | 60.13%   |
| 2017                     | 470,805,842                     | 717,031,027                    | 17,648,717                | 70,757,341                   | 21,430,390                | 544,886,076                         | 752,787,241               | 2.81                           | 1,297,673,317                       | 58.01%   |
| 2018                     | 475,979,474                     | 760,134,911                    | 16,811,557                | 72,162,113                   | 22,217,820                | 524,704,765                         | 822,601,110               | 2.87                           | 1,347,305,875                       | 61.06%   |
| 2019                     | 488,730,716                     | 769,096,551                    | 17,787,475                | 72,671,941                   | 21,906,213                | 578,993,986                         | 791,198,910               | 2.90                           | 1,370,192,896                       | 57.74%   |
| 2020                     | 498,424,522                     | 789,306,268                    | 18,869,471                | 74,443,307                   | 23,777,083                | 579,872,966                         | 824,947,685               | 2.91                           | 1,404,820,651                       | 58.72%   |
| 2021                     | 566,538,154                     | 1,016,724,090                  | 8,258,552                 | 67,975,065                   | 24,753,789                | 752,054,014                         | 932,195,636               | 2.65                           | 1,684,249,650                       | 55.35%   |
| 2022                     | 585,880,022                     | 1,045,069,012                  | 9,674,005                 | 80,942,162                   | 26,892,317                | 790,217,867                         | 958,239,651               | 2.74                           | 1,748,457,518                       | 54.80%   |
| 2023                     | 617,516,860                     | 1,067,934,339                  | 4,689,344                 | 80,224,927                   | 26,068,190                | 794,514,643                         | 1,001,919,017             | 2.74                           | 1,796,433,660                       | 55.77%   |

**CITY OF NEWPORT, KENTUCKY  
PROPERTY TAX RATES (1)  
DIRECT AND OVERLAPPING GOVERNMENTS (2)  
Last Ten Fiscal Years**

| Fiscal Year | City of<br>Newport | Overlapping Rates  |       |       |                    | Total<br>Direct and<br>Overlapping<br>Rates |
|-------------|--------------------|--------------------|-------|-------|--------------------|---|
|             |                    | Campbell<br>County | State | Other | School<br>District |   |
| 2014        | 2.640              | 1.500              | 1.220 | 1.308 | 9.770              | 16.438                                      |
| 2015        | 2.750              | 1.540              | 1.220 | 1.338 | 9.770              | 16.618                                      |
| 2016        | 2.740              | 1.620              | 1.220 | 1.348 | 9.750              | 16.678                                      |
| 2017        | 2.810              | 1.670              | 1.220 | 1.308 | 10.060             | 17.068                                      |
| 2018        | 2.870              | 1.710              | 1.220 | 1.318 | 10.860             | 17.978                                      |
| 2019        | 2.900              | 1.710              | 1.220 | 1.298 | 10.860             | 17.988                                      |
| 2020        | 2.910              | 1.780              | 1.220 | 1.293 | 10.860             | 18.063                                      |
| 2021        | 2.650              | 1.780              | 1.220 | 1.255 | 10.170             | 17.075                                      |
| 2022        | 2.740              | 1.770              | 1.190 | 1.210 | 10.170             | 17.080                                      |
| 2023        | 2.740              | 1.710              | 1.150 | 1.190 | 10.120             | 16.910                                      |

(1) Per \$1,000 assessed valuation

(2) Overlapping rates are those of the county government that apply to property owners living in the City of Newport.

**CITY OF NEWPORT**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**Current Year and Nine Years Ago**

| Taxpayer                               | 2023                             |      |   | 2014                             |      |   |
|--|----------------------------------|------|---|----------------------------------|------|---|
|  | Taxable<br>Assessed<br>Valuation | Rank | Percentage of<br>Total Taxable<br>Assessed<br>Valuation | Taxable<br>Assessed<br>Valuation | Rank | Percentage of<br>Total Taxable<br>Assessed<br>Valuation |
| Wood Newport Shopping Center           | 18,200,000                       | 1    | 1.82%   |                                  |      |   |
| Wood Newport Plaza LLC                 | 16,160,000                       | 2    | 1.61%   |                                  |      |   |
| Riverfront Place Ltd.                  | 14,668,572                       | 3    | 1.46%   | 16,400,000                       | 1    | 2.24%   |
| Riverchase SPE LLC                     | 10,200,000                       | 4    | 1.02%   | 6,869,834                        | 3    | 0.94%   |
| Newport Racing and Gaming (Tang.)      | 9,675,910                        | 5    | 0.97%   |                                  |      |   |
| CPX Ovation West Parking LLC           | 9,472,700                        | 6    | 0.95%   | 11,150,000                       | 2    | 1.52%   |
| NKY Hospitality LLC                    | 9,150,000                        | 7    | 0.91%   |                                  |      |   |
| Kroger Limited Partnership (Tang.)     | 7,260,429                        | 8    | 0.72%   | 6,336,203                        | 5    | 0.87%   |
| Bellevue RE LLC                        | 6,966,200                        | 9    | 0.70%   |                                  |      |   |
| Joslin Enterprises                     | 6,422,000                        | 10   | 0.64%   | 3,800,000                        | 10   | 0.52%   |
| American Diversified Devp. Inc.        |                                  |      |   | 6,447,503                        | 4    | 0.88%   |
| KY Properties Company                  |                                  |      |   | 5,950,000                        | 6    | 0.81%   |
| Louis Trauth Dairy LLC                 |                                  |      |   | 5,703,437                        | 7    | 0.78%   |
| Target DBA Target Store # 2483 (Tang.) |                                  |      |   | 5,336,135                        | 8    | 0.73%   |
| Newport Hotel Associates LLC           |                                  |      |   | 5,040,000                        | 9    | 0.69%   |
| <b>TOTAL</b>                           | <b>\$ 108,175,811</b>            |      | <b>10.80%</b>   | <b>\$ 73,033,112</b>             |      | <b>9.98%</b>  |

**CITY OF NEWPORT, KENTUCKY**  
**PRINCIPAL EMPLOYERS BY PAYROLL TAXES PAID**  
**Current Year and Nine Years Ago**

| <b>Taxpayer</b>              | <b>2023</b> |   | <b>2014</b> |   |
|------------------------------|-------------|---|-------------|---|
|                              | <b>Rank</b> | <b>Percentage<br/>of Total City<br/>Payroll Taxes</b> | <b>Rank</b> | <b>Percentage<br/>of Total City<br/>Payroll Taxes</b> |
| P L Marketing Inc            | <b>1</b>    | 5.28%   |             |   |
| Divisions                    | <b>2</b>    | 4.65%   | <b>10</b>   | 1.33%   |
| Newport Board of Education   | <b>3</b>    | 4.42%   | <b>1</b>    | 6.20%   |
| Kroger #423                  | <b>4</b>    | 4.29%   | <b>3</b>    | 3.59%   |
| Commonwealth of Kentucky     | <b>5</b>    | 2.71%   | <b>2</b>    | 5.51%   |
| City of Newport              | <b>6</b>    | 2.13%   | <b>4</b>    | 3.33%   |
| Newport Aquarium LLC         | <b>7</b>    | 1.78%   | <b>7</b>    | 2.14%   |
| Campbell County Fiscal Court | <b>8</b>    | 1.73%   | <b>6</b>    | 2.58%   |
| St. Elizabeth Physicians     | <b>9</b>    | 1.36%   |             |   |
| Ethos Holding Corp.          | <b>10</b>   | 1.34%   |             |   |
| Baptist Covalescent Center   |             |   | <b>5</b>    | 3.02%   |
| I-Wireless LLC               |             |   | <b>8</b>    | 1.65%   |
| Brighton Center Inc.         |             |   | <b>9</b>    | 1.61%   |
|                              |             | <u>29.70%</u>   |             | <u>30.97%</u>   |

**CITY OF NEWPORT, KENTUCKY**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years**

| <b>Fiscal Year<br/>Ended<br/>June 30</b> | <b>Taxes Levied<br/>for the<br/>Fiscal Year</b> | <b>Collected within the<br/>Fiscal year of the Levy</b> |                            | <b>Collections<br/>in Subsequent<br/>years</b> | <b>Total Collections to Date</b> |                               |
|--|---|---|----------------------------|--|----------------------------------|-------------------------------|
|  |   | <b>Amount</b>   | <b>Percent<br/>of Levy</b> |  | <b>Amount</b>                    | <b>Percentage of<br/>Levy</b> |
| 2014                                     | 1,973,958                                       | 1,870,998   | 94.8%                      | 76,343   | 1,947,341                        | 98.7%                         |
| 2015                                     | 2,042,622                                       | 1,957,349   | 95.8%                      | 95,212   | 2,052,561                        | 100.5%                        |
| 2016                                     | 2,124,304                                       | 1,972,673   | 92.9%                      | 100,704  | 2,073,377                        | 97.6%                         |
| 2017                                     | 2,114,952                                       | 2,030,191   | 96.0%                      | 71,397   | 2,101,589                        | 99.4%                         |
| 2018                                     | 2,191,635                                       | 2,128,362   | 97.1%                      | 85,696   | 2,214,058                        | 101.0%                        |
| 2019                                     | 2,296,066                                       | 2,234,024   | 97.3%                      | 85,803   | 2,319,827                        | 101.0%                        |
| 2020                                     | 2,386,315                                       | 2,293,223   | 96.1%                      | 56,902   | 2,350,126                        | 98.5%                         |
| 2021                                     | 2,503,424                                       | 2,388,337   | 95.4%                      | 74,445   | 2,462,782                        | 98.4%                         |
| 2022                                     | 2,617,215                                       | 2,505,754   | 95.7%                      | 123,267  | 2,629,021                        | 100.5%                        |
| 2023                                     | 2,744,854                                       | 2,685,410   | 97.8%                      | 84,201   | 2,769,611                        | 100.9%                        |

**CITY OF NEWPORT, KENTUCKY**  
**LEGAL DEBT MARGIN INFORMATION**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

|   | Fiscal Year |         |         |         |         |         |         |         |         |         |
|---|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|   | 2014        | 2015    | 2016    | 2017    | 2018    | 2019    | 2020    | 2021    | 2022    | 2023    |
| Debt limit  | 73.18       | 73.77   | 76.49   | 75.28   | 82.26   | 79.12   | 82.49   | 93.22   | 95.82   | 100.19  |
| Total debt applicable to limit                                      | (11.23)     | (10.40) | (15.68) | (15.12) | (14.46) | (15.28) | (16.66) | (26.71) | (25.21) | (23.67) |
| Legal debt margin   | 61.96       | 63.37   | 60.82   | 60.16   | 67.81   | 63.84   | 65.83   | 66.51   | 70.62   | 76.53   |
| Total debt applicable to the limit<br>as a percentage of debt limit | 15.34%      | 14.10%  | 20.49%  | 20.09%  | 17.57%  | 19.31%  | 20.19%  | 28.65%  | 26.30%  | 23.62%  |

**Legal Debt Margin Calculation for Fiscal Year**

|  |            |            |            |            |            |            |            |            |            |              |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| Total taxable assessed value                     | \$ 731,773 | \$ 737,708 | \$ 764,885 | \$ 752,787 | \$ 822,601 | \$ 791,199 | \$ 824,948 | \$ 932,196 | \$ 958,240 | \$ 1,001,919 |
| Debt limit (10% of total taxable assessed value) | \$ 73,177  | \$ 73,771  | \$ 76,489  | \$ 75,279  | \$ 82,260  | \$ 79,120  | \$ 79,120  | \$ 93,220  | \$ 95,824  | \$ 100,192   |
| Less Debt applicable to limit:                   | (11,225)   | (10,400)   | (15,675)   | (15,123)   | (14,455)   | (15,276)   | (16,656)   | (26,711)   | (25,205)   | (23,665)     |
| Legal debt margin                                | \$ 61,952  | \$ 63,371  | \$ 60,814  | \$ 60,156  | \$ 67,805  | \$ 63,844  | \$ 62,464  | \$ 66,509  | \$ 70,619  | \$ 76,527    |

Note: Under KRS 66.041, the City of Newport's outstanding general obligation debt should not exceed 10 percent of total taxable assessed value.

Note: Prior year data has been restated to correct errors identified by the City.

**CITY OF NEWPORT, KENTUCKY**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**

| Fiscal<br>Year | Governmental Activities        |                  |                   | Business-type Activities |                  | Total<br>Primary<br>Government | Restricted<br>Repayment<br>of Principal | Net<br>Bonded<br>Debt | Percentage<br>to Personal<br>Income | Per<br>Capita |
|----------------|--------------------------------|------------------|-------------------|--------------------------|------------------|--------------------------------|---|-----------------------|-------------------------------------|---------------|
|                | General<br>Obligation<br>Bonds | Notes<br>Payable | Capital<br>Leases | Revenue<br>Bonds         | Notes<br>Payable |                                |   |                       |                                     |               |
| 2014           | 11,225,000                     | 9,599,858        | 5,768             | 26,660,000               | -                | 47,490,626                     | -                                       | 47,490,626            | <b>3.88%</b>                        | 3,092         |
| 2015           | 10,400,000                     | 8,767,971        | -                 | 25,195,000               | -                | 44,362,971                     | -                                       | 44,362,971            | <b>3.57%</b>                        | 2,893         |
| 2016           | 15,675,077                     | 7,800,555        | -                 | 23,605,000               | -                | 47,080,632                     | -                                       | 47,080,632            | <b>3.96%</b>                        | 2,762         |
| 2017           | 15,123,436                     | 6,812,130        | -                 | 21,885,000               | -                | 43,820,566                     | -                                       | 43,820,566            | <b>4.14%</b>                        | 2,875         |
| 2018           | 14,454,666                     | 5,794,164        | -                 | 20,020,000               | -                | 40,268,830                     | -                                       | 40,268,830            | <b>4.04%</b>                        | 2,679         |
| 2019           | 15,275,896                     | 4,752,620        | -                 | -                        | -                | 20,028,516                     | 280,861                                 | 19,747,655            | <b>3.89%</b>                        | 1,298         |
| 2020           | 16,656,265                     | 3,683,653        | -                 | -                        | -                | 20,339,918                     | 741,510                                 | 19,598,408            | <b>3.68%</b>                        | 1,293         |
| 2021           | 26,711,008                     | 2,584,131        | -                 | -                        | -                | 29,295,139                     | 760,192                                 | 28,534,947            | <b>5.04%</b>                        | 1,887         |
| 2022           | 25,205,145                     | 1,456,113        | -                 | -                        | -                | 26,661,258                     | 779,377                                 | 25,881,881            | <b>3.90%</b>                        | 1,720         |
| 2023           | 23,665,097                     | 301,165          | -                 | -                        | -                | 23,966,262                     | 799,073                                 | 23,167,189            | <b>3.65%</b>                        | 1,611         |

**CITY OF NEWPORT, KENTUCKY**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**Last Ten Fiscal Years**

| <b><u>Governmental Activities</u></b> |                                 |                             |   |                   |
|---------------------------------------|---------------------------------|-----------------------------|---|-------------------|
| <b>Fiscal Year</b>                    | <b>General Obligation Bonds</b> | <b>Net Obligation Bonds</b> | <b>Percentage of Actual Taxable Value of Property</b> | <b>Per Capita</b> |
| 2014                                  | 11,225,000                      | 11,225,000                  | 0.96%   | 731               |
| 2015                                  | 10,400,000                      | 10,400,000                  | 0.84%   | 678               |
| 2016                                  | 15,675,077                      | 15,675,077                  | 1.23%   | 919               |
| 2017                                  | 15,123,436                      | 15,123,436                  | 1.17%   | 992               |
| 2018                                  | 14,454,666                      | 14,454,666                  | 1.07%   | 962               |
| 2019                                  | 15,275,896                      | 14,995,035                  | 1.09%   | 985               |
| 2020                                  | 16,656,265                      | 15,914,755                  | 1.13%   | 1,050             |
| 2021                                  | 26,711,008                      | 25,950,816                  | 1.54%   | 1,716             |
| 2022                                  | 25,205,145                      | 24,425,768                  | 1.40%   | 1,624             |
| 2023                                  | 23,665,097                      | 22,866,024                  | 1.27%   | 1,590             |

Note: Prior year data has been restated to correct errors identified by the City.

**CITY OF NEWPORT, KENTUCKY**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**June 30, 2023**

| <b>Governmental Unit</b>                |        | <b>Debt<br/>Outstanding</b> | <b>Estimated<br/>Percentage<br/>Applicable (3)</b> | <b>Estimated<br/>Share of<br/>Overlapping<br/>Debt</b> |
|---|--------|-----------------------------|--|--|
| Debt repaid with property taxes: School | (1) \$ | 23,129,795                  | 99.372% *  | \$ 22,984,638  |
| Debt repaid with property taxes: County | (2) \$ | 12,260,250                  | 11.401%  | 1,397,808  |
| Subtotal overlapping debt               |        |                             |  | 24,382,446   |
| City of Newport direct debt             |        |                             |  | 23,966,262   |
| Total direct and overlapping            |        |                             |  | \$ 48,348,708  |

Source: (1) Newport Board of Education  
(2) Campbell County Fiscal Court  
(3) The percentage overlapping debt applicable is estimated using taxable assessed property values.  
Applicable percentages were estimated by determining the portion of the taxable assessed value that is within the City of Newport and dividing it by the county's/school's total taxable assessed value.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Newport. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**CITY OF NEWPORT, KENTUCKY**  
**PLEDGED REVENUE COVERAGE**  
**Last Ten Fiscal Years**

| Newport on the Levee<br>Revenue Bonds |                                  |                                      |  |              |           |          |
|---------------------------------------|----------------------------------|--------------------------------------|--|--------------|-----------|----------|
| Fiscal<br>Year                        | Gross<br>Revenues <sup>(1)</sup> | Operating<br>Expenses <sup>(2)</sup> | Net Revenue<br>Available for<br>Debt Service | Debt Service |           | Coverage |
|                                       |                                  |                                      |  | Principal    | Interest  |          |
| 2014                                  | 4,829,081                        | 1,686,164                            | 3,142,917                                    | 1,355,000    | 2,314,541 | 0.86     |
| 2015                                  | 5,050,844                        | 1,736,930                            | 3,313,914                                    | 1,465,000    | 2,196,453 | 0.91     |
| 2016                                  | 5,381,766                        | 1,769,150                            | 3,612,615                                    | 1,590,000    | 2,068,525 | 0.99     |
| 2017                                  | 5,228,813                        | 1,563,546                            | 3,665,267                                    | 1,720,000    | 1,929,919 | 1.00     |
| 2018                                  | 5,383,704                        | 1,501,088                            | 3,882,617                                    | 1,865,000    | 1,779,797 | 1.07     |
| 2019 <sup>(3)</sup>                   | 2,667,308                        | 728,808                              | 1,938,500                                    | -            | -         | -        |
| 2020                                  |                                  |                                      |  |              |           | -        |
| 2021                                  |                                  |                                      |  |              |           | -        |
| 2022                                  |                                  |                                      |  |              |           | -        |
| 2023                                  |                                  |                                      |  |              |           | -        |

(1) Total Revenues (including interest)

(2) Total operating expenses exclusive of depreciation

(3) The debt associated with Newport on the Levee was surrendered by the City in fiscal year 2019

**CITY OF NEWPORT, KENTUCKY**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Fiscal Years**

| <b>Fiscal Year</b> | <b>Population (1)</b> | <b>Personal Income</b> | <b>Median Income (2)</b> | <b>Median Age (3)</b> | <b>Newport Independent Public School Enrollment (4)</b> | <b>Unemployment Rate (5)</b> |
|--------------------|-----------------------|------------------------|--------------------------|-----------------------|---|------------------------------|
| 2014               | 15,357                | 537,495,000            | 35,000                   | 36.0                  | 1,979   | 8.1%                         |
| 2015               | 15,335                | 537,353,735            | 35,041                   | 35.4                  | 1,949   | 4.4%                         |
| 2016               | 17,048                | 592,145,232            | 34,734                   | 31.9                  | 1,949   | 3.2%                         |
| 2017               | 15,241                | 529,380,894            | 34,734                   | 35.7                  | 1,572   | 3.9%                         |
| 2018               | 15,033                | 501,545,979            | 33,363                   | 35.7                  | 1,582   | 3.2%                         |
| 2019               | 15,219                | 507,751,497            | 33,363                   | 35.6                  | 1,687   | 3.0%                         |
| 2020               | 15,152                | 532,804,928            | 35,164                   | 35.9                  | 1,478   | 5.9%                         |
| 2021               | 15,123                | 566,129,505            | 37,435                   | 37.1                  | 1,309   | 3.2%                         |
| 2022               | 15,045                | 663,409,275            | 44,095                   | 37.7                  | 1,364   | 3.4%                         |
| 2023               | 14,378                | 633,997,910            | 44,095                   | 38.4                  | 1,416   | 3.6%                         |

(1) Census Bureau updated estimate and State Data Center

(2) U.S. Census Bureau and/or datausa

(3) U.S. Census Bureau

(4) Newport Independent School District

(5) Kentucky Center for Statistics (Campbell County)

|   |
|---|
| <p align="center"><b>CITY OF NEWPORT, KENTUCKY</b><br/> <b>FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM</b><br/> <b>Last Ten Fiscal Years</b></p> |
|---|

|                            | Full-Time Equivalent Employees as of June 30 |            |            |            |            |            |            |            |            |            |
|----------------------------|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                            | 2014   | 2015       | 2016       | 2017       | 2018       | 2019       | 2020       | 2021       | 2022       | 2023       |
| <b>Function/Program</b>    |  |            |            |            |            |            |            |            |            |            |
| General Government         |  |            |            |            |            |            |            |            |            |            |
| Office of the City Manager | 6  | 6          | 4          | 6          | 6          | 5          | 5          | 7          | 6          | 10         |
| Finance & Administration   | 5  | 5          | 6          | 5          | 5          | 6          | 6          | 6          | 7          | 7          |
| Public Safety              |  |            |            |            |            |            |            |            |            |            |
| Police                     |  |            |            |            |            |            |            |            |            |            |
| Sworn                      | 42   | 42         | 42         | 41         | 41         | 41         | 41         | 44         | 43         | 44         |
| Civilian                   | 7  | 7          | 8          | 8          | 8          | 3          | 3          | 3          | 4          | 4          |
| Fire                       |  |            |            |            |            |            |            |            |            |            |
| Firefighters & Officers    | 37   | 37         | 37         | 37         | 37         | 37         | 34         | 37         | 38         | 38         |
| Civilian                   | 1  | 1          | 1          | 1          | 1          | 1          | -          | -          | -          | -          |
| Development Services       |  |            |            |            |            |            |            |            |            |            |
| Administration             | 2  | 2          | 2          | 2          | 2          | -          | -          | -          | -          | 3          |
| Code Enforcement           | 2  | 2          | 2          | 3          | 3          | 5          | 5          | 7          | 6          | 5          |
| Community Services         |  |            |            |            |            |            |            |            |            |            |
| Administration             | 2  | 2          | 2          | 2          | 2          | 2          | 2          | 2          | 1          | -          |
| Code Enforcement           | -  | -          | -          | -          | -          | -          | -          | -          | -          | -          |
| Maintenance                | 9  | 9          | 9          | 12         | 13         | 14         | 14         | 12         | 13         | 15         |
| Parks and Recreation       | -  | -          | -          | -          | -          | -          | -          | -          | -          | -          |
| <b>Total</b>               | <u>113</u>                                   | <u>113</u> | <u>113</u> | <u>117</u> | <u>118</u> | <u>114</u> | <u>110</u> | <u>118</u> | <u>118</u> | <u>126</u> |

Source: Finance & Administration Department (Budget Documents)

**CITY OF NEWPORT, KENTUCKY**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**

|  | Fiscal Year |         |         |         |         |        |        |        |        |          |
|--|-------------|---------|---------|---------|---------|--------|--------|--------|--------|----------|
| Function   | 2014        | 2015    | 2016    | 2017    | 2018    | 2019   | 2020   | 2021   | 2022   | 2023     |
| Police   |             |         |         |         |         |        |        |        |        |          |
| Physical arrests   | 4,102       | 8,060   | 6,116   | 2,835   | 2,051   | 1,468  | 1,204  | 1,428  | 1,447  | 1,791    |
| Parking violations   | 5,377       | 4,946   | 5,430   | 10,628  | 5,014   | 5,271  | 4,498  | 3,001  | 6,040  | 7,359    |
| Traffic violations   | 3,977       | 5,915   | 2,811   | 1,434   | 1,591   | 1,663  | 1,822  | 2,211  | 3,021  | 3,199    |
| Fire   |             |         |         |         |         |        |        |        |        |          |
| Number of calls answered:                                      |             |         |         |         |         |        |        |        |        |          |
| Fire   | 1,637       | 1,642   | 1,643   | 1,720   | 1,820   | 668    | 685    | 554    | 607    | 684      |
| Emergency Medical Services                                     | 3,435       | 3,702   | 3,592   | 3,512   | 3,272   | 4,146  | 3,943  | 3,478  | 4,143  | 4,070    |
| Inspections  | 744         | 673     | 678     | 475     | 675     | 631    | 400    | 342    | 660    | 688      |
| Highways and streets   |             |         |         |         |         |        |        |        |        |          |
| Street resurfacing (miles)                                     | 1.2         | - *     | 1.6 *   | 1.4 *   | 1.5 *   | 3.7 *  | 4.3 *  | 1.4 *  | 0.2 *  | 0.7 *    |
| Potholes repaired  | 4,269       | 4,464 * | 3,897 * | 1,640 * | 1,060 * | 879 *  | 967 *  | 619 *  | 425 *  | 612 *    |
| Asphalt usage - tons   | -           | -       | 390     | 164     | 106     | 88     | 97     | 41     | 32     | 137      |
| Culture and recreation   |             |         |         |         |         |        |        |        |        |          |
| Athletic field permits issued                                  | 77          | 82      | 87      | 742     | 462     | 408    | 186    | 471    | 482    | 544      |
| Pool admissions  | 8,557       | 8,166   | 9,151   | 6,740   | 6,127   | 7,744  | -      | 6,687  | 7,756  | 7,863    |
| Pool passes  | 327         | 352     | 60      | 371     | 278     | 187    | -      | 328    | -      | 56       |
| Facilities and services not included in this reporting entity: |             |         |         |         |         |        |        |        |        |          |
| Education:   |             |         |         |         |         |        |        |        |        |          |
| Number of elementary school instructors                        | 79          | 79      | 70      | 72      | 91      | 92     | 83     | 106    | 72     | 68       |
| Number of secondary school instructors                         | 85          | 84      | 79      | 80      | 63      | 64     | 63     | 64     | 48     | 45       |
| Water  |             |         |         |         |         |        |        |        |        |          |
| Number of service connections                                  | 6,104       | 6,104   | 5,701   | 5,716   | 5,719   | 5,718  | 5,732  | 5,748  | 5,803  | 5,776    |
| Average daily consumption<br>(thousands of gallons)            | 2,300       | 2,300   | 4,100   | 4,100   | 4,226   | 4,250  | 4,315  | 3,773  | 4,226  | 3,859    |
| Sanitation   |             |         |         |         |         |        |        |        |        |          |
| Average daily sewage treatment<br>(thousands of gallons)       | 35,800      | 29,500  | 36,600  | 36,600  | 36,600  | 36,600 | 36,600 | 36,600 | 36,600 | 37,300 * |

\* - estimate number

# - procedure change in how inspections are counted results in lower number

**CITY OF NEWPORT, KENTUCKY**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**

|  | Fiscal Year |        |        |        |        |        |        |        |        |        |
|--|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Function   | 2014        | 2015   | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   | 2022   | 2023   |
| Public safety  |             |        |        |        |        |        |        |        |        |        |
| Police:  |             |        |        |        |        |        |        |        |        |        |
| Stations   | 1           | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| Patrol Units   | 40          | 38     | 30     | 32     | 35     | 41     | 41     | 41     | 46     | 56     |
| Fire stations  |             |        |        |        |        |        |        |        |        |        |
| Apparatus  | 2           | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      |
| Highways and streets   | 6           | 6      | 6      | 6      | 6      | 6      | 7      | 7      | 7      | 11     |
| Street (miles)   |             |        |        |        |        |        |        |        |        |        |
| Streetlights   | 35          | 35     | 35     | 35     | 35     | 35     | 35     | 35     | 35     | 35     |
| Culture and recreation   | 1,100       | 1,100  | 1,100  | 1,300  | 1,300  | 1,300  | 1,325  | 1,333  | 1,342  | 1,353  |
| Parks acreage  |             |        |        |        |        |        |        |        |        |        |
| Parks  | 52          | 52     | 52     | 52     | 52     | 52     | 52     | 52     | 52     | 52     |
| Swimming pools   | 12          | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 12     |
| Tennis courts  | 1           | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| Ball fields  | 3           | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      |
|  | 6           | 6      | 6      | 6      | 6      | 6      | 6      | 6      | 6      | 6      |
| Facilities and services not included in this reporting entity: |             |        |        |        |        |        |        |        |        |        |
| Education:   |             |        |        |        |        |        |        |        |        |        |
| Number of elementary schools                                   | 2           | 2      | 2      | 2      | 2      | 1      | 1      | 1      | 1      | 1      |
| Number of secondary schools                                    | 2           | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      |
| Water  |             |        |        |        |        |        |        |        |        |        |
| Water mains (miles)  | 53.50       | 53.50  | 58.90  | 59.27  | 59.30  | 59.30  | 59.50  | 59.10  | 59.30  | 59     |
| Fire hydrants  | 460         | 473    | 485    | 420    | 429    | 431    | 433    | 436    | 438    | 439    |
| Maximum daily capacity<br>(thousands of gallons)               | 10,000      | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| Sanitation   |             |        |        |        |        |        |        |        |        |        |
| Contained sanitary/storm sewers (miles)                        | 1,966       | 1,971  | 1,990  | 2,071  | 2,100  | 2,100  | 2,100  | 2,100  | 2,100  | 2,247  |
| Number of treatment plants                                     | 7           | 7      | 7      | 7      | 7      | 7      | 7      | 7      | 7      | 9      |
| Maximum daily treatment capacity<br>(thousands of gallons)     | 70,500      | 70,500 | 70,500 | 70,500 | 70,500 | 70,500 | 70,500 | 70,500 | 70,500 | 70,500 |