



**CITY OF NEWPORT
REGULAR COUNCIL MEETING
NEWPORT CITY HALL**

May Be Held Electronically From Remote Locations

Zoom Meeting Link <https://us02web.zoom.us/j/81555137620> Meeting ID: 815 5513 7620 PW: Newport

May 6, 2021 – 5:30 P.M.

MAYOR:	Laurie Elliott	City Administrator:	Deb Hill
COUNCIL:	Kevin Chapdelaine	Supt. of Public Works:	Bruce Hanson
	Tom Ingemann	Fire Chief:	Steven Wiley
	Marvin Taylor	Asst. to the City Admin:	Travis Brierley
	Rozlyn Johnson	Law Enforcement (WCSO):	Bill Harrell

AGENDA

1. CALL TO ORDER
2. PLEDGE OF ALLEGIANCE
3. ROLL CALL
4. ADOPT AGENDA
5. PUBLIC COMMENTS - Visitors may share their concerns with the City Council on any issue, which is not already on the agenda, under Public Comments. Please give your name, address and your concern or comments. Each person will have 3 minutes to speak. Your comments must be addressed exclusively to the Mayor and City Council, not to any individual Council or staff member. The Mayor reserves the right to limit an individual's presentation if it becomes redundant, repetitive, irrelevant, or overly argumentative. All comments will be taken under advisement by the Council. No action will be taken at this time.
6. ADOPT CONSENT AGENDA – All items listed under this section are considered routine and non-controversial by the Council and will be approved by a single motion. An item may be removed from the consent agenda and discussed if a Council member, staff member, or citizen so requests.
 - A. Minutes- April 1, 2021 Council Workshop
 - B. Minutes- April 15, 2021 Regular Council
 - C. Minutes- April 15, 2021 Council Workshop
 - D. Special Animal Permit- Thao
 - E. **Resolution No. 2021-22-** State of Emergency Extension
 - F. List of Bills- \$128,585.88
7. PRESENTATIONS
 - A. MMKR- City Audit 2020
8. WASHINGTON COUNTY SHERIFF'S OFFICE REPORT

9. FIRE CHIEF'S REPORT

10. ENGINEER'S REPORT

- A. 12th Ave and 12th St Pay Request

11. SUPERINTENDENT OF PUBLIC WORKS REPORT

- A. City Hall and Public Safety Building Monument Sign
- B. Pay Application- H&U
- C. **Resolution No. 2021-23-** Public Auction

12. ADMINISTRATOR'S REPORT

- A. Deed Transfer- Perkins Addition
 - 1. **Resolution No. 2021-24-** Outlot C, Perkins Addition

13. MAYOR AND COUNCIL REPORTS

14. ADJOURNMENT



**CITY OF NEWPORT
CITY COUNCIL WORKSHOP MINUTES
NEWPORT CITY HALL
April 1, 2021**

1. CALL TO ORDER

Mayor Elliott called the City Council Workshop to order at 6:06 p.m. on April 1, 2021.

2. ROLL CALL

Present (5): Mayor Laurie Elliott, Council Member Kevin Chapdelaine, Council Member Tom Ingemann, Council Member Marvin Taylor, and Council Member Rozlyn Johnson.

Not Present (0): None.

3. COUNTY 38 TRAIL

Kevin Peterson, Engineer and Project Manager with Washington County Public Works Department gave a presentation on the County 38 Trail. Washington County was awarded \$460,800 in federal funding for this multi-use trail along County Highway 38. Mr. Peterson stated there is detailed project information on Washington County's website. Mr. Peterson discussed goals of the project, trail design alternatives, project costs, and community feedback. The goal would be to start construction in the Spring/Summer of 2023.

Mayor Elliott stated she spoke to the owner of Newport Plaza on the corner of 21st Street and 7th Avenue who is concerned from a safety perspective with a trail on 21st Street because of the number of accidents that have involved damage to his building. Mr. Peterson stated they can design a roadway that generally slows people down, and by getting pedestrians off the road that will also increase safety. Mr. Peterson will bring this concern back to his team for review.

County Commissioner Wayne Johnson addressed the Council. Commissioner Johnson stated this project was Newport driven and wanted to make sure Newport knows the potential costs upfront for this type of project. If Newport decides this is not the right time due to costs or safety, the County will not move forward.

Council discussed and agreed we should move forward with this trail segment in the safest way possible. City Engineer Jon Herdegen stated he is also working closely on this project, so if anyone has concerns you can reach out to him directly and he can pass it to the project team.

4. CITY LOGO

This item will be discussed at the next workshop meeting.

5. RIVER ISLANDS PRESENTATION

Member Taylor gave a presentation on the Island Evolution and Ownership in Newport. Member Taylor has been researching the evolution of the island and believes that the northern part of the island might be owned by the State. He found that islands that were not surveyed are ownership of the State. Member Taylor contacted the DNR and shared his findings. Currently Peacebunny Island owns Government lots 5 & 6.

City Administrator Deb Hill stated there is still one property that needs to be acquired for the Cedar Lane levy area.

Council discussed we should reach out to our City Attorney for advice on this matter. Administrator Hill will contact Flaherty & Hood.

6. BUILDING INSPECTIONS CONTRACT

Administrator Hill stated Cottage Grove is planning to update our building inspection contract. Initially, Cottage Grove proposed increasing the plan review fee from 28% to 100%. After speaking to St. Paul Park and Newport, Cottage Grove is now proposing to increase the plan review fee to 75%. St. Paul Park has agreed to the 75% increase. Staff explained that it would cost more to go to a private entity.

Mayor Elliott is concerned that Newport is being taken advantage of. Council discussed the possibility of a phased approach as a compromise to the increased fees. Member Chapdelaine stated that these fees are intended to cover the costs incurred.

Mayor Elliott will set up a meeting with Mayor Bailey to discuss this contract from a high level. Administrator Hill will inquire if Cottage Grove would consider a two-year phased approach to this increase.

7. SUMMER REC PROGRAMS

Assistant to the City Administrator Travis Brierley stated last year's summer rec program was cancelled due to COVID. In previous years Newport has not had good participation for this 2-day per week program consisting of games at Pioneer Park. It has also been hard to find good people to lead this program. Newport has an agreement with the City of Woodbury for their summer rec program where our residents pay Woodbury resident pricing. Staff is recommending we cancel summer rec for 2021.

Council discussed and agreed that the summer rec program should be cancelled for 2021.

Member Taylor stated the Park Board is requesting a kids t-ball or soccer program. Member Taylor stated he is trying to get the Newport Athletic Association (NAA) program up and running again, so we could hopefully have recreational sports programs in Newport in the future. Member Taylor stated we have fields that are being maintained but not getting used by Newport. Council discussed that we would need volunteers and/or the NAA program to have recreational sports programs in Newport.

8. LIQUOR LICENSE RATES

Assistant Brierley stated it is time to renew liquor licenses in Newport. There are still restrictions for bars and restaurants due to COVID, so staff is recommending we reduce liquor license renewals for on-sale liquor.

Council discussed that we should give these establishments a break again this year and charge \$200 for on-sale. Council discussed charging Opinion Brewing \$250 as they have both on-sale and off-sale liquor licenses.

9. FUTURE AGENDA ITEMS

Mayor Elliott stated that future agenda items include discussion for the new logo and code enforcement.

Administrator Hill stated other upcoming items include Mastertech Auto review, pay equity report that will be on the consent agenda, the audit will be the first meeting in May, and we have been receiving some inquiries for the Planning RFP.

10. ADJOURNMENT

Mayor Laurie Elliott adjourned the City Council Workshop at 8:32 p.m. on April 1, 2021.

Respectfully Submitted:
Jill Thiesfeld
Administrative Assistant II

Signed: _____
Laurie Elliott, Mayor



**CITY OF NEWPORT
REGULAR COUNCIL MEETING MINUTES
NEWPORT CITY HALL
April 15, 2021**

1. CALL TO ORDER

Mayor Elliott called the City Council Meeting to order at 6:00 p.m. on April 15, 2021.

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

Present (5): Mayor Laurie Elliott, Council Member Kevin Chapdelaine, Council Member Tom Ingemann, Council Member Marvin Taylor, and Council Member Rozlyn Johnson.

Not Present (0): None.

4. ADOPT AGENDA

Member Chapdelaine motioned to adopt the Agenda. Seconded by Member Ingemann. Approved 5-0.

5. PUBLIC COMMENTS

None.

6. ADOPT CONSENT AGENDA

- A. Minutes-** March 18, 2021- Council Workshop
- B. Minutes-** April 1, 2021- Regular Council
- C. Resolution No. 2021-20-** State of Emergency Extension
- D. List of Bills-** \$152,874.77
- E. Financial Statement-** March 2021

Member Ingemann motioned to adopt the Consent Agenda. Seconded by Member Johnson. Approved 5-0.

7. WASHINGTON COUNTY SHERIFF'S OFFICE REPORT

Washington County Sheriff's Deputy Sergeant Bill Harrell informed Council they are keeping a close watch on the civil unrest that is happening in the metro area. Sergeant Harrell stated that Sheriff Star has prepared an emergency schedule that can be implemented at any time and they are fully prepared to staff Newport with extra deputies if need be.

8. FIRE CHIEF'S REPORT

Newport Fire Chief Steve Wiley stated there was a garage fire on Larry Lane, and firefighters were able to save the house. Chief Wiley stated he appreciated the help from St. Paul Park and Cottage Grove who responded quickly to the fire.

9. ENGINEER'S REPORT

City Engineer Jon Herdegen stated the April 3M PFC Settlement subgroup meetings have been postponed until the third week in May.

Engineer Herdegen stated the 12th Street and 12th Avenue improvement project is back underway. The contractor has been working on getting the boulevards restored, erosion control in, and completing some punch list items. There were some issues with some localized flooding in the low areas along 12th Street partially due to the inlet erosion control devices that are inside the catch basins. The contractor was out the next morning to alleviate those flooded areas and get it cleaned up. Engineer Herdegen stated it will be challenging until some turf is established in the yards.

Engineer Herdegen gave a brief update on the 10th Avenue stormwater improvement project. The drain tile and surrounding rock trench was installed in November of last year and ran all winter. Engineering stopped during the coldest parts of the winter and still saw moving water through the storm sewer as well as some moving water at the surface. They have monitored a couple times we have had rain now and water still accumulates on the surface but generally it finds its way to the drain tile within 24-48 hours. They will continue to monitor as the turf is established and we get periodic rains through the spring and summer. The contractor came in and fixed the erosion control that was beat up through the winter. Mayor Elliott inquired if the homeowners on 10th Avenue have more access to their backyards. Engineer Herdegen stated that until the turf is established it will be messy to walk back there.

10. SUPERINTENDENT OF PUBLIC WORKS REPORT

A. Change Order- Hose Tower Swing Gate

Superintendent of Public Works Bruce Hanson stated there is a proposed change order number three for the new City Hall / Fire Hall concerning the swing gate in the hose tower. Chief Wiley pointed out this safety concern, which was then worked out with H&U and Brunton to come up with a solution. The total amount for the change order is \$918.00.

Chief Wiley stated since this building is open to the public, the swing gate will keep people out of that unprotected area.

Member Ingemann motioned to approve change order number three for a swing gate for safety reasons. Seconded by Member Johnson. Approved 5-0.

Mayor Elliott inquired if Superintendent Hanson could give a brief update on the new City Hall construction. Superintendent Hanson stated they are currently working on the storm sewer part of the infrastructure.

Superintendent Hanson stated load limits are off for the season. The street sweeping is almost complete and then public works will start hydrant flushing.

11. ADMINISTRATOR'S REPORT

A. Public Hearing- CUP Review Mastertech Auto

City Planner Sherri Buss stated that Mastertech Auto has recently changed ownership at 1206 Hastings Avenue. Mastertech has an existing CUP from 2011 that needs to be reviewed since the ownership changed. Planner Buss has talked to the new owner, Joe Seipel, who is planning to continue the use of retail sales and installation of auto parts and accessories. Mr. Seipel is using the existing building and parking. He is planning to operate the same hours of 7:00 a.m. – 5:30 p.m. Monday through Thursday, and 7:00 a.m. – 5:00 p.m. on Fridays. The staff findings are that the business is largely compliant with the existing CUP but there is one issue for discussion which is the parking on the south side of the building. There is a condition in the CUP from 2011 that prohibits parking on the south side of the building due to parked cars backing up onto 12th Street. The zoning district that this site is in has change from the MX-1 district to the MX-3 district. In the MX-3 district, this use is not permitted, however this use becomes a legal non-conforming use and can continue if the use is not discontinued for a year and if they are complying with their CUP. The City Engineer and Superintendent of Public Works reviewed the parking on the south side and found that with the recent improvements to 12th Street there are now curb cuts and therefore recommend that the condition prohibiting south side parking be removed.

Mayor Elliott opened the public hearing at 6:28 p.m. on April 15, 2021.

Mr. Seipel stated that he has known the previous owner for 18 years and does not plan on changing any part of the business. He is excited to move forward with the service he provided. The rest of the staff remains intact.

Bill Sumner, residing at 737 21st Street, addressed the Council. Mr. Sumner stated he has used this repair shop in the past and would like to keep them in Newport. Mr. Sumner recommends and supports the ability for the employees to use the parking on the south side.

Mayor Elliott inquired if there can be a sign put up on the south side for employee parking only. Mr. Seipel stated they could do that however, the employees arrive before the customers, so those spots would already be taken up by the employees.

Mayor Elliott closed the public hearing at 6:33 p.m. on April 15, 2021.

Member Ingemann motioned to amend the CUP to remove item number six which prohibits the south side parking. Seconded by Member Chapdelaine. Approved 5-0.

Planner Buss stated the City should give a copy of the amended CUP to Mr. Seipel.

B. Building Inspections Contract

City Administrator Deb Hill stated last year Cottage Grove requested an updated building inspections contract. Cottage Grove requested to raise the building review fee, and that fee has been negotiated to 75%. Council inquired if Cottage Grove would be willing to do a phased approach to the increase. Administrator Hill stated Cottage Grove agreed to 50% starting April 1st, and then 75% starting in 2022.

Member Ingemann motioned to approve the Building Inspection Contract for services from Cottage Grove. Seconded by Member Chapdelaine. Approved 5-0.

C. Pay Equity

1. Resolution No. 2021-21- Pay Equity

Administrator Hill stated every three years the State of MN requires cities to report on their pay system for their full-time employees. The state wants to know what the employees' sex is, how long they have worked there, what their job description is, how many points are allocated for their position, etc. This report that needs to be approved by Council before it can be sent to the state.

Member Chapdelaine motioned to adopt Resolution No. 2021-21 for the Pay Equity Report. Seconded by Member Johnson. Approved 5-0.

D. Liquor License- Newport Liquor (new owners)

1. Resolution No. 2021-22- Newport Spirits and Liquor LLC

Assistant to the City Administrator Travis Brierley stated the liquor store has a new owner, Newport Spirits and Liquor LLC. Newport Spirits and Liquor has submitted all the documents that we need for a conditional approval. We received their certificate of liability, workers comp information, proof of the sale, and proof that this new business will be occupying the space as a tenant of the Newport Center. The background check came back and there were no negatives. Assistant Brierley asked that Council approves this resolution to issue a liquor license. It would then move on to alcohol and gambling.

Member Johnson motioned to adopt Resolution No. 2021-22 – Newport Spirits and Liquor LLC. Seconded by Member Ingemann. Approved 5-0.

12. MAYOR AND COUNCIL REPORTS

Mayor Elliott stated that residents should have received a mailer from the County regarding a trail segment they are looking to complete. A few different options are being proposed for this project which they are seeking input from the community.

Mayor Elliott stated the Library is currently open on Tuesdays from 2:00 p.m. – 6:00 p.m. and Saturdays from 12:00 p.m. – 5:00 p.m. They ask to limit browsing time to about 15 minutes. Computers can be reserved for one hour, and curbside pickup is available. They are also still doing craft projects which can be picked up on April 20th and May 4th.

Mayor Elliott stated the county parks are celebrating Earth Day on April 22nd and National Get Outdoors Day on June 12th. During both dates you can use the county parks for free with free parking.

Mayor Elliott stated that the Stone Soup Thrift Shop is looking at making a name change to Basic Needs Thrift Store. Feel free to donate to Stone Soup / Basic Needs.

Member Taylor stated there was a Planning Commission meeting last week. Member Taylor stated the Commission is making good progress on the tree ordinance as well as the sewer requirements for the RE district.

Member Ingemann stated the Recycling and Energy Center is having a groundbreaking on April 22nd for the new building.

13. ADJOURNMENT

Member Chapdelaine motioned to adjourn the City Council Meeting. Seconded by Member Johnson. Approved 5-0.

The City Council Meeting was adjourned at 6:47 p.m. on April 15, 2021.

Respectfully Submitted:

Jill Thiesfeld

Administrative Assistant II

Signed: _____
Laurie Elliott, Mayor



**CITY OF NEWPORT
CITY COUNCIL WORKSHOP MINUTES
NEWPORT CITY HALL
April 15, 2021**

1. CALL TO ORDER

Mayor Elliott called the City Council Workshop to order at 6:50 p.m. on April 15, 2021.

2. ROLL CALL

Present (5): Mayor Laurie Elliott, Council Member Kevin Chapdelaine, Council Member Tom Ingemann, Council Member Marvin Taylor, and Council Member Rozlyn Johnson.

Not Present (0): None.

3. CITY LOGO

Mayor Elliott stated there were two packets (B & C) given to the Council for the logo discussion. The B-packet has the dark surround and the blue bar, and the C-packet has the white surround. Council discussed both packets and concluded the maple leaves need to be all one color for both color packets. Council feels the back end of the boat needs to be shortened. Most of the Council would like the tag line removed and just have "City of Newport". Council prefers option C for the outside of the new City Hall. The Council prefers the traditional horizontal business cards with the blue bar, but no bar on the letterhead and envelopes. Mayor Elliott and Council Member Chapdelaine will take these suggestions back to the designer.

4. CODE ENFORCEMENT

Mayor Elliott stated that Dave Laberge, Attorney with Flaherty-Hood, is here to discuss our code enforcement. Attorney Laberge presented a draft of the ordinance that covers how the City will enforce our code. There will be an option for the City to issue administrative citations for code violations. Council will still need to discuss what the administrative fees will be for citations. Updates were also made to the nuisance section and the abatement process.

5. FUTURE AGENDA ITEMS

City Administrator Deb Hill stated the Planning Commission is working on utility requirements for the RE district and the Audit is coming up.

Mayor Elliott stated we will need to discuss the fees for code enforcement and continue the logo discussion.

6. ADJOURNMENT

Mayor Elliott adjourned the City Council Workshop at 8:27 p.m. on April 15, 2021.

Respectfully Submitted:
Jill Thiesfeld
Administrative Assistant II

Signed: _____
Laurie Elliott, Mayor



City of Newport, Minnesota
ANNUAL SPECIAL ANIMAL PERMIT

Name of Applicant: Vang Thao

Address: 1850 10th Avenue

Phone: 651-343-3041

Upon application made by the above name individual and approved by the Newport City Council at its regularly scheduled meeting of _____, and subject to the requirements of Newport City Code Section 600.03, _____ has been granted this permit for the keeping of pigeon for property located at: 1850 10th Avenue.

The applicant has also provided the following information to the City:

- ☐ Names and addresses of all property owners within 75 feet of the applicant's property or signed acknowledgement of the property owners within 75 feet stating that they have been informed of the Council hearing date and have no objection to the granting of the special animal permit

Approved by the Newport City Council on the _____ day of _____, 20____.
This license is valid until December 31, 20__.

[Signature]
Applicant

City Administrator

Mayor

Fee: \$25

Receipt #: _____ Date: _____ Cash: _____ Check #: _____

City of Newport, MN
Resolution No 2021-21

By Its City Council Ratifying The Declaration Of Local Emergency By The
Mayor Of The City And Extended The Declared Emergency Created Thereby
For 30 Days Pursuant To Minnesota Statute Section 12.29

WHEREAS, the Mayor of the City of Newport, Minnesota, has issued a Proclamation declaring the existence of a Local Emergency, and that it be extended, dated the 7th day of January, 2020, pursuant to the authority granted to the Mayor under Minnesota Statute §12.29;

WHEREAS, the Council agrees with the Mayor's determination that COVID-19 (Coronavirus) is predicted to significantly impact the population of the City of Newport, MN; and

WHEREAS, COVID-19 can cause a significant amount of negative affects upon the well-being of the residents of Newport and prompt action is necessary to protect the public health, safety and property within the City; and

WHEREAS, the Proclamation and Declaration of Emergency by the Mayor must be ratified by the City Council for it to be effective for 30 days from the date of that action by the Mayor; and

WHEREAS, the City Council agrees in all respects with the action taken by the Mayor and wishes to ratify the Declaration of Emergency at least thirty days to be assured that necessary actions allowed under such a State of Emergency can be undertaken on behalf of the City in the manner allowed by law.

BE IT RESOLVED, that the Newport City Council ratifies the Declaration of the Mayor of the City of Newport and declares the City of Newport in a State of Emergency for conditions resulting from the health concerns presented by COVID-19; and

NOW, THEREFORE, BE IT FURTHER RESOLVED, that the City Council of the City of Newport declares a State of Emergency that will remain in effect for 30 days in accordance with State Statute ending no later than June 4, 2021 unless extended by the Newport City Council.

Adopted this 6th day of May 2021 by the Newport City Council.

Motion by: _____, Seconded by: _____

VOTE:	Elliott	_____
	Chapdelaine	_____
	Ingemann	_____
	Taylor	_____
	Johnson	_____

Signed: _____
Laurie Elliott, Mayor

Attest: _____
Deb Hill, City Administrator

Recurring

Paid Chk#	001623E	UNUM	4/15/2021	\$457.89	Long-term and life insurance
Paid Chk#	001624E	COMCAST	4/22/2021	\$427.73	PW garage
Paid Chk#	001625E	COMCAST	4/22/2021	\$817.32	Phone and equipment
Paid Chk#	001626E	UNITED STATES TREASURY	4/22/2021	\$8,224.62	SS, Federal & Medicare
Paid Chk#	001627E	FURTHER	4/22/2021	\$518.45	HSPA
Paid Chk#	001628E	MN REVENUE	4/22/2021	\$1,362.68	State taxes
Paid Chk#	001629E	MSRS	4/22/2021	\$3,657.29	HCSP & voluntary retirement
Paid Chk#	001630E	COMCAST	4/28/2021	\$265.13	City hall cable and internet
Paid Chk#	001631E	COMCAST	4/28/2021	\$140.92	Internet service fire hall #1
Paid Chk#	001632E	COMCAST	4/28/2021	\$285.00	Library internet and cable
Paid Chk#	001633E	WEX BANK	4/28/2021	\$1,885.66	Petrol
Paid Chk#	023658	Cardmember Services	4/12/2021	\$4,635.74	Credit card charges
Paid Chk#	023659	MARCO INC.	4/15/2021	\$306.71	Printer contract
Paid Chk#	023660	XCEL ENERGY	4/15/2021	\$2,286.41	Electricity and natural gas
Paid Chk#	023661	ANCHOR SOLAR INVESTMENTS, LL	4/22/2021	\$358.02	Solar leasing
Paid Chk#	023662	NICK MOODY	4/22/2021	\$197.46	Overpayment of final read
Paid Chk#	023663	PERA	4/22/2021	\$4,745.82	Retirement
Paid Chk#	023664	QUADIENT FINANCE USA, INC.	4/22/2021	\$500.00	Postage
Paid Chk#	023665	VERIZON	4/22/2021	\$620.70	Cell phones and hot spots
Paid Chk#	023668	QUADIENT FINANCE USA, INC.	4/29/2021	\$193.97	1/4 bill postage maching
Paid Chk#	023669	XCEL ENERGY	4/29/2021	\$8,024.76	Natural gas and electricity
			Staff	\$20,168.19	

Non-recurring

Paid Chk#	023670	BURGGRAFS ACE	5/6/2021	\$405.27	PW supplies
Paid Chk#	023671	CENTURY COLLEGE	5/6/2021	\$918.75	Quarter 2 CEU program
Paid Chk#	023672	CINTAS	5/6/2021	\$556.20	Uniform cleaning
Paid Chk#	023673	CITY OF COTTAGE GROVE	5/6/2021	\$44,006.57	1st quarter building permit fe
Paid Chk#	023674	FERGUSON WATERWORKS #2516	5/6/2021	\$342.17	Hydrant repairs
Paid Chk#	023675	FLAHERTY & HOOD, P.A.	5/6/2021	\$2,985.00	Legal fees
Paid Chk#	023676	GRAINGER PARTS	5/6/2021	\$117.15	Building repairs
Paid Chk#	023677	INSTRUMENTAL RESEARCH, INC.	5/6/2021	\$38.00	Water testing
Paid Chk#	023678	INTERNATIONAL UNION OF OP. ENC	5/6/2021	\$210.00	PW union dues
Paid Chk#	023679	INVER GROVE HEIGHTS FIRE DEPT.	5/6/2021	\$3,025.00	Haz Mat and FF1 Training class
Paid Chk#	023680	LEAGUE OF MN CITIES INS TRUST	5/6/2021	\$4,057.00	Addt. Premium
Paid Chk#	023681	LUBE TECH ESI	5/6/2021	\$412.08	Shop repair-hoist
Paid Chk#	023682	MENARDS - COTTAGE GROVE	5/6/2021	\$178.25	Shop supplies
Paid Chk#	023683	MMKR	5/6/2021	\$9,500.00	Audit services through March 3
Paid Chk#	023684	MN POLLUTION CONTROL AGENCY	5/6/2021	\$23.00	Wastewater Certification renew
Paid Chk#	023685	NCPERS GROUP LIFE INS.	5/6/2021	\$32.00	Life insurance
Paid Chk#	023686	NEWPORT POST OFFICE	5/6/2021	\$245.00	Presort permit
Paid Chk#	023687	SAFE-FAST, INC.	5/6/2021	\$95.76	Marking paint
Paid Chk#	023688	SAMS CLUB DIRECT	5/6/2021	\$109.72	Building supplies
Paid Chk#	023689	T.A. SCHIFSKY & SONS, INC.	5/6/2021	\$134.00	Asphalt
Paid Chk#	023690	WASHINGTON Cty	5/6/2021	\$1,042.00	2021 Special Assessment billin
Paid Chk#	023691	WHEELCO	5/6/2021	\$72.49	Vehicle repairs
				\$128,585.88	

Management Report
for
City of Newport, Minnesota
December 31, 2020

Preliminary

To the City Council and Management
City of Newport, Minnesota

We have prepared this management report in conjunction with our audit of the City of Newport, Minnesota's (the City) financial statements for the year ended December 31, 2020. We have organized this report into the following sections:

- Audit Summary
- Governmental Funds Overview
- Enterprise Funds Overview
- Government-Wide Financial Statements
- Legislative Updates
- Accounting and Auditing Updates

We would be pleased to further discuss any of the information contained in this report or any other concerns that you would like us to address. We would also like to express our thanks for the courtesy and assistance extended to us during the course of our audit.

The purpose of this report is solely to provide those charged with governance of the City, management, and those who have responsibility for oversight of the financial reporting process comments resulting from our audit process and information relevant to city finances in Minnesota. Accordingly, this report is not suitable for any other purpose.

Minneapolis, Minnesota
April 29, 2021

AUDIT SUMMARY

The following is a summary of our audit work, key conclusions, and other information that we consider important or that is required to be communicated to the City Council, administration, or those charged with governance of the City.

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA AND *GOVERNMENT AUDITING STANDARDS*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2020. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you verbally and in our audit engagement letter. Professional standards also require that we communicate the following information related to our audit.

PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope and timing previously discussed and coordinated in order to obtain sufficient audit evidence and complete an effective audit.

AUDIT OPINION AND FINDINGS

Based on our audit of the City's financial statements for the year ended December 31, 2020:

- We have issued an unmodified opinion on the City's basic financial statements.
- We reported two matters involving the City's internal controls over financial reporting that we consider to be material weaknesses:
 - 1) Due to the limited size of the City's office staff, the City has limited segregation of duties in certain areas.
 - 2) Like many similarly-sized organizations, the City relies on assistance from us with the drafting of the annual financial statements and related notes.
- The results of our testing disclosed no instances of noncompliance required to be reported under *Government Auditing Standards*.
- We reported no findings based on our testing of the City's compliance with Minnesota laws and regulations.

OTHER OBSERVATIONS AND RECOMMENDATIONS

Electronic Funds Transfers Fraud

As the use of electronic funds transfers and payment methods has become more prevalent, we have seen increases in both the incidences of fraud related to these transactions and the dollar amounts involved. Operational changes related to the COVID-19 pandemic, including greater reliance on technology and more employees working remotely, have tended to increase risk in this area. We urge cities to carefully review controls over these transactions, and consider best practices to address these risks, such as:

- Ensuring segregation of duties over these transactions by involving more than one employee in the process.
- Requiring multi-factor authentication of requests for electronic payments from new vendors or for changes in wiring instructions for existing vendors. It is recommended that changes for existing vendors be verified through trusted contact information used previously for that vendor, not as provided in the change request, to verify the accuracy of the change.
- Educate employees on the controls in place to protect the organization's financial assets and ensure management is supportive and accepting of the processes in place. Attempted fraudulent transactions are often initiated using the profile of a supervisor. Employees must be comfortable questioning unusual transactions or requests, and instructed not to circumvent internal control procedures regardless of whom they believe initiated the transaction.
- Recommended cyber security measures, such as limiting network access and requiring robust passwords that are changed regularly, should be implemented and followed by all city employees, not just those directly involved with financial transactions.
- Review insurance policies to understand the coverage provided for financial losses due to cybersecurity risks and evaluate whether they provide adequate coverage based on management's assessment of these risks.

Uniform Guidance Written Controls and Micro-Purchase Threshold

Federal Uniform Guidance (UG) requires that nonfederal entities must have and use documented procurement procedures consistent with 2CFR § 200.317-320 for the acquisition of property or services required under a federal award or sub-award. Effective August 31, 2020, the federal micro-purchase threshold, which is the threshold that allows for procurements without soliciting competitive price or rate quotations given certain conditions, was increased from \$3,500 to \$10,000 in the Federal Acquisition Regulations (FAR).

Effective November 12, 2020, the UG was also revised to allow nonfederal entities to establish a micro-purchase threshold higher than the \$10,000 threshold established in the FAR under certain circumstances. The nonfederal entity may self-certify a micro-purchase threshold up to \$50,000 if the requirements in 2CFR § 200.320(a)(1)(iv) are followed. Requirements include an **annual** self-certification and clear documentation of the justification to support the increase in the threshold. Acceptable reasons for justification must meet **one** of the following criteria:

- A qualification as a low-risk auditee, in accordance with the criteria in §200.520 for the most recent audit,
- An annual internal institutional risk assessment to identify, mitigate, and manage financial risks, or,
- A higher threshold consistent with state law.

This flexibility would allow Minnesota local governments to increase and align their federal procurement procedures, specifically the micro-purchase threshold, with state law, which allows for procurements below \$25,000 to be made without competitive price or rate quotations.

We recommend that the City review its current federal procurement policy. If the micro-purchase threshold in your currently adopted policy is below the allowable FAR limit of \$10,000, you would need to make a one-time amendment to the policy to adopt the \$10,000 FAR limit before using it. If you prefer to increase your federal micro-purchase threshold to \$25,000 to align it with state law, in addition to amending your federal procurement policy, you would need to annually certify the higher threshold and the justification for using the higher threshold.

SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 of the notes to basic financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2020.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- The City has recorded liabilities and activity for pension benefits. These obligations are calculated using actuarial methodologies described in Governmental Accounting Standards Board (GASB) Statement No. 68. These actuarial calculations include significant assumptions, including projected changes, healthcare insurance costs, investment returns, retirement ages, proportionate share, and employee turnover.
- The depreciation of capital assets involves estimates pertaining to useful lives.
- The City has recorded a liability for compensated absences. Management's estimate is based on current rates of pay, vacation, and sick leave balances estimated to be paid out as future termination pay.

We evaluated the key factors and assumptions used by management to develop these estimates in determining that they are reasonable in relation to the basic financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The disclosures included in the notes to the basic financial statements related to pension benefits are particularly sensitive, due to the materiality of the liabilities, and the large and complex estimates involved in determining the disclosures.

The financial statement disclosures are neutral, consistent, and clear.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing and completing our audit.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no misstatements detected as a result of audit procedures that were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this report, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated April 29, 2021.

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

OTHER MATTERS

We applied certain limited procedures to the management's discussion and analysis (MD&A) and the pension related required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplemental information accompanying the financial statements, which is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section and other information section, which accompany the financial statements, but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

GOVERNMENTAL FUNDS OVERVIEW

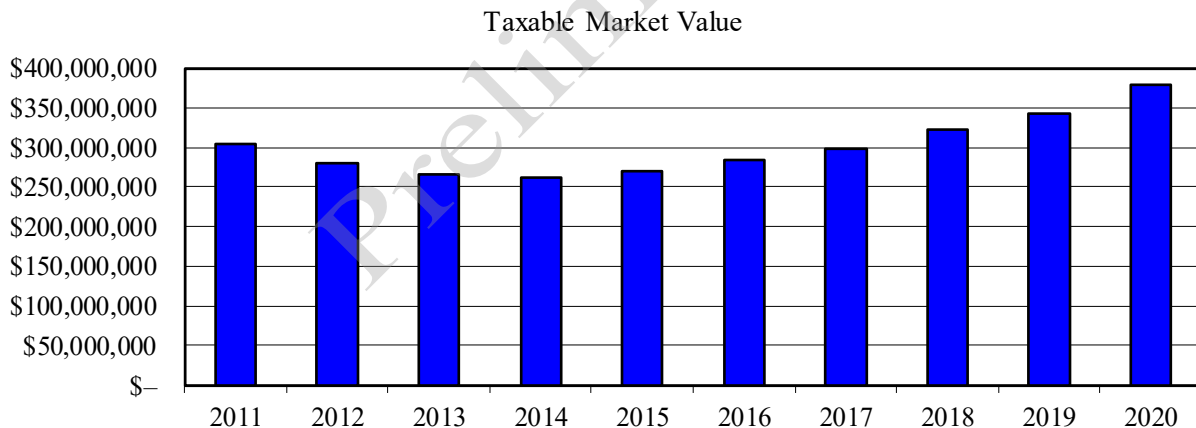
This section of the report provides you with an overview of the financial trends and activities of the City's governmental funds, which includes the General, special revenue, debt service, and capital project funds. These funds are used to account for the basic services the City provides to all of its citizens, which are financed primarily with property taxes. The governmental fund information in the City's financial statements focuses on budgetary compliance and the sufficiency of each governmental fund's current assets to finance its current liabilities.

PROPERTY TAXES

Minnesota cities rely heavily on local property tax levies to support their governmental fund activities. For the 2019 fiscal year, local ad valorem property tax levies provided 40.8 percent of the total governmental fund revenues for cities over 2,500 in population, and 37.6 percent for cities under 2,500 in population. Total property taxes levied by all Minnesota cities for taxes payable in 2020 increased 6.1 percent from the prior year.

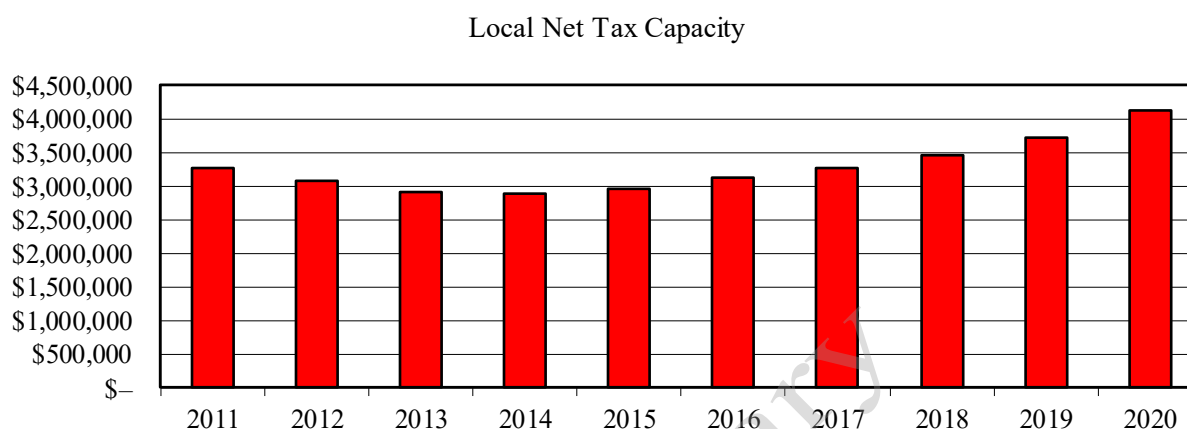
The total tax capacity value of property in Minnesota cities increased about 6.5 percent for the 2020 levy year. The tax capacity values used for levying property taxes are based on the assessed market values for the previous fiscal year (e.g., tax capacity values for taxes levied in 2020 were based on assessed market values as of January 1, 2019), so the trend of change in these tax capacity values lags somewhat behind the housing market and economy in general.

The City's taxable market value increased 6.5 percent for taxes payable in 2019 and 10.5 percent for taxes payable in 2020. The following graph shows the City's changes in taxable market value over the past 10 years:



Tax capacity is considered the actual base available for taxation. It is calculated by applying the state's property classification system to each property's market value. Each property classification, such as commercial or residential, has a different calculation and uses different rates. Consequently, a city's total tax capacity will change at a different rate than its total market value, as tax capacity is affected by the proportion of its tax base that is in each property classification from year-to-year, as well as legislative changes to tax rates. The City's tax capacity increased 7.1 percent and 11.1 percent for taxes payable in 2019 and 2020, respectively.

The following graph shows the City's change in tax capacities over the past 10 years:



The following table presents the average tax rates applied to city residents for each of the last three levy years:

Rates Expressed as a Percentage of Net Tax Capacity			
	City of Newport		
	2018	2019	2020
Average tax rate			
City	58.7	57.4	54.3
County	30.0	29.7	29.0
School	33.3	34.9	33.9
Special taxing	5.0	4.8	4.5
Total	127.0	126.8	121.7

The City's average tax rate decreased in 2020, as the City has experienced increased property values.

GOVERNMENTAL FUND BALANCES

The following table summarizes the changes in the fund balances of the City's governmental funds during the year ended December 31, 2020, presented both by fund balance classification and by type:

Governmental Funds Change in Fund Balance			
	Fund Balance as of December 31,		
	2020	2019	Change
Fund balances of governmental funds			
Total by classification			
Nonspendable	\$ 11,991	\$ 33,665	\$ (21,674)
Restricted	4,061,744	3,551,782	509,962
Assigned	2,459,491	2,157,580	301,911
Unassigned	951,486	2,638,695	(1,687,209)
Total governmental funds	<u>\$ 7,484,712</u>	<u>\$ 8,381,722</u>	<u>\$ (897,010)</u>
Total by fund or fund type			
General	\$ 3,432,747	\$ 2,902,976	\$ 529,771
Economic Development Authority	2,265,508	1,885,728	379,780
Special Revenue	67,426	67,155	271
Debt Service	1,560,299	1,305,735	254,564
Capital Project	158,732	2,220,128	(2,061,396)
Total governmental funds	<u>\$ 7,484,712</u>	<u>\$ 8,381,722</u>	<u>\$ (897,010)</u>

In total, the fund balances of the City's governmental funds decreased by \$897,010 during the year ended December 31, 2020. The increase in the General Fund is described later in this report. The increase in the Economic Development Authority Fund was the result of the sale of land in the current year. The decrease in the capital project funds relates to the new 12th and 12th Avenue Capital Project, which has expenditures in advance of debt service funding.

GOVERNMENTAL FUNDS REVENUE AND EXPENDITURES

The following table presents the per capita revenue of the City's governmental funds for the past three years, along with state-wide averages.

We have included the most recent comparative state-wide averages available from the Office of the State Auditor to provide a benchmark for interpreting the City's data. The amounts received from the typical major sources of governmental fund revenue will naturally vary between cities based on factors such as a city's stage of development, location, size and density of its population, property values, services it provides, and other attributes. It will also differ from year-to-year, due to the effect of inflation and changes in its operation. Also, certain data in these tables may be classified differently than how they appear in the City's financial statements in order to be more comparable to the state-wide information, particularly in separating capital expenditures from current expenditures.

We have designed this section of our management report using per capita data in order to better identify unique or unusual trends and activities of the City. We intend for this type of comparative and trend information to complement, rather than duplicate, information in the MD&A. An inherent difficulty in presenting per capita information is the accuracy of the population count, which for most years is based on estimates.

Governmental Funds Revenue per Capita With State-Wide Averages by Population Class						
Year Population	State-Wide			City of Newport		
	December 31, 2019			2018	2019	2020
	2,500–10,000	10,000–20,000	20,000–100,000	3,678	3,675	3,675
Property taxes	\$ 514	\$ 489	\$ 512	\$ 668	\$ 692	\$ 721
Tax increments	30	28	44	–	–	–
Franchise and other taxes	45	50	50	–	–	–
Special assessments	54	38	53	286	76	68
Licenses and permits	40	35	51	83	133	103
Intergovernmental revenues	342	297	201	261	166	250
Charges for services	135	108	115	29	82	30
Other	89	78	79	46	72	70
Total revenue	<u>\$ 1,249</u>	<u>\$ 1,123</u>	<u>\$ 1,105</u>	<u>\$ 1,373</u>	<u>\$ 1,221</u>	<u>\$ 1,242</u>

In total, the City's governmental fund revenues for 2020 were \$4,563,527, an increase of \$76,172, or 1.7 percent, from the prior year, mainly from an increase in intergovernmental revenues relating to federal Coronavirus Aid, Relief, and Economic Securities (CARES) Act funding. The City has historically had a larger percentage of its revenue come in the form of property taxes, and a lower percentage from charges for services than average Minnesota cities in its population class.

The expenditures of governmental funds will also vary from state-wide averages and from year-to-year, based on the City's circumstances. Expenditures are classified into three types as follows:

- **Current** – These are typically the general operating-type expenditures occurring on an annual basis, and are primarily funded by general sources, such as taxes and intergovernmental revenues.
- **Capital Outlay and Construction** – These expenditures do not occur on a consistent basis, more typically fluctuating significantly from year-to-year. Many of these expenditures are project-oriented, and are often funded by specific sources that have benefited from the expenditure, such as special assessment improvement projects.
- **Debt Service** – Although the expenditures for debt service may be relatively consistent over the term of the respective debt, the funding source is the important factor. Some debt may be repaid through specific sources, such as special assessments or redevelopment funding, while other debt may be repaid with general property taxes.

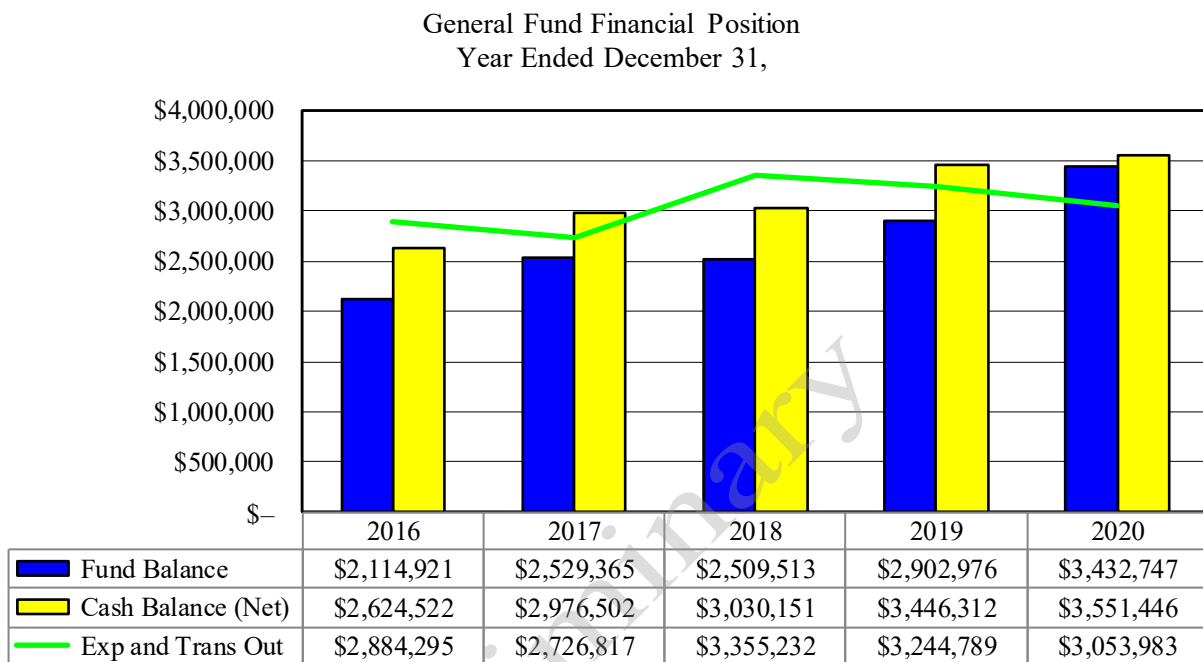
The City's expenditures per capita of its governmental funds for the past three years, together with state-wide averages, are presented in the following table:

Governmental Funds Expenditures per Capita With State-Wide Averages by Population Class						
Year Population	State-Wide December 31, 2019			City of Newport		
	2,500–10,000	10,000–20,000	20,000–100,000	2018 3,678	2019 3,675	2020 3,675
Current						
General government	\$ 152	\$ 128	\$ 107	\$ 209	\$ 280	\$ 264
Public safety	300	282	306	257	268	272
Streets and highways	146	149	119	87	122	122
Culture and recreation	103	124	106	111	109	108
All other	74	75	97	118	77	23
Total current	<u>\$ 775</u>	<u>\$ 758</u>	<u>\$ 735</u>	<u>\$ 782</u>	<u>\$ 856</u>	<u>\$ 787</u>
Capital outlay and construction						
	<u>\$ 438</u>	<u>\$ 376</u>	<u>\$ 355</u>	<u>\$ 1,082</u>	<u>\$ 136</u>	<u>\$ 717</u>
Debt service						
Principal	\$ 168	\$ 182	\$ 88	\$ 101	\$ 103	\$ 147
Interest and fiscal	43	41	28	50	57	55
Total debt service	<u>\$ 211</u>	<u>\$ 223</u>	<u>\$ 116</u>	<u>\$ 151</u>	<u>\$ 160</u>	<u>\$ 202</u>
Total expenditures	<u>\$ 1,424</u>	<u>\$ 1,357</u>	<u>\$ 1,206</u>	<u>\$ 2,015</u>	<u>\$ 1,152</u>	<u>\$ 1,707</u>

Total expenditures in the City's governmental funds for 2020 were \$6,271,537, an increase of \$2,037,062, or 48.1 percent, from the prior year. The City's costs for general government are traditionally higher than state-wide averages. General government includes expenditures for the mayor and City Council, administration, elections, professional services, planning and zoning, composting, special projects, and government buildings. The major increase of \$581 per capita in capital outlay was due to the 12th and 12th Avenue Project that was new in 2020.

GENERAL FUND

The City's General Fund accounts for the financial activity of the basic services provided to the community. The primary services included within this fund are the administration of the municipal operation, police and fire protection, building inspection, streets and highway maintenance, and parks and recreation. The graph below illustrates the change in the General Fund financial position over the last five years. We have also included a line representing annual expenditures and operating transfers out to reflect the change in the size of the General Fund operation over the same period.



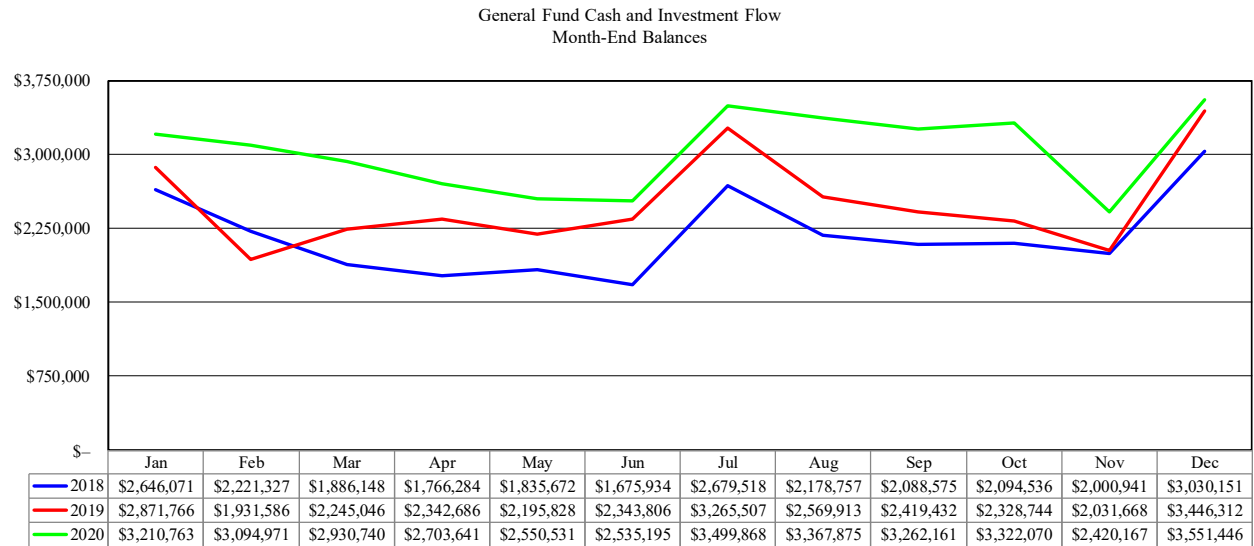
The total fund balance of the City's General Fund increased \$529,771 in 2020, as compared to a \$230,616 decrease in fund balance projected in the final budget.

As the graph illustrates, the City has generally been able to maintain healthy cash and fund balance levels as the volume of financial activity has grown. This is an important factor because a government, like any organization, requires a certain amount of equity to operate. A healthy financial position allows the City to avoid volatility in tax rates; helps minimize the impact of state funding changes; allows for the adequate and consistent funding of services, repairs, and unexpected costs; and is a factor in determining the City's bond rating and resulting interest costs. Maintaining an adequate fund balance has become increasingly important given the fluctuations in state funding for cities in recent years.

A trend that is typical to Minnesota local governments, especially the General Fund of cities, is the unusual cash flow experienced throughout the year. The City's General Fund cash disbursements are made fairly evenly during the year, other than the impact of seasonal services, such as snowplowing, street maintenance, and park activities. Cash receipts of the General Fund are quite a different story. Taxes comprise about 64 percent of the fund's total annual revenue. Approximately half of these revenues are received by the City in July and the rest in December. Consequently, the City needs to have adequate cash reserves to finance its everyday operations between these payments.

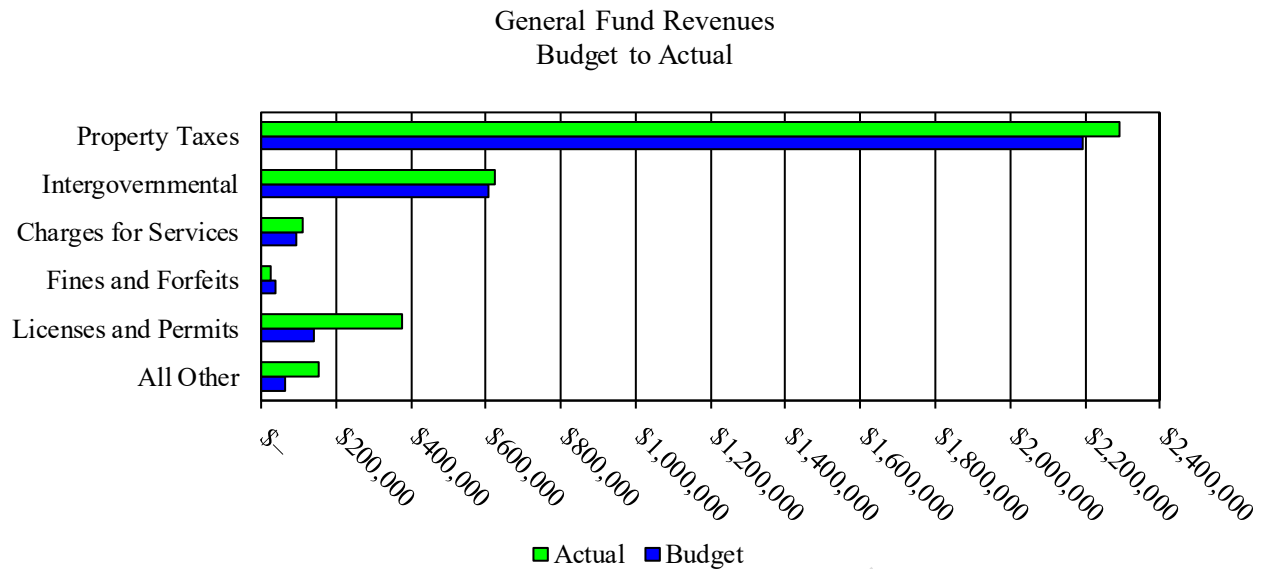
The City's unassigned General Fund balance at the end of the 2020 fiscal year represents approximately 95.4 percent of annual expenditures and transfers out based on 2020 levels.

The following graph illustrates the monthly cash flow of the General Fund for the past three years:



Due to the City's steady financial condition, the General Fund has maintained positive cash flow throughout the last three years.

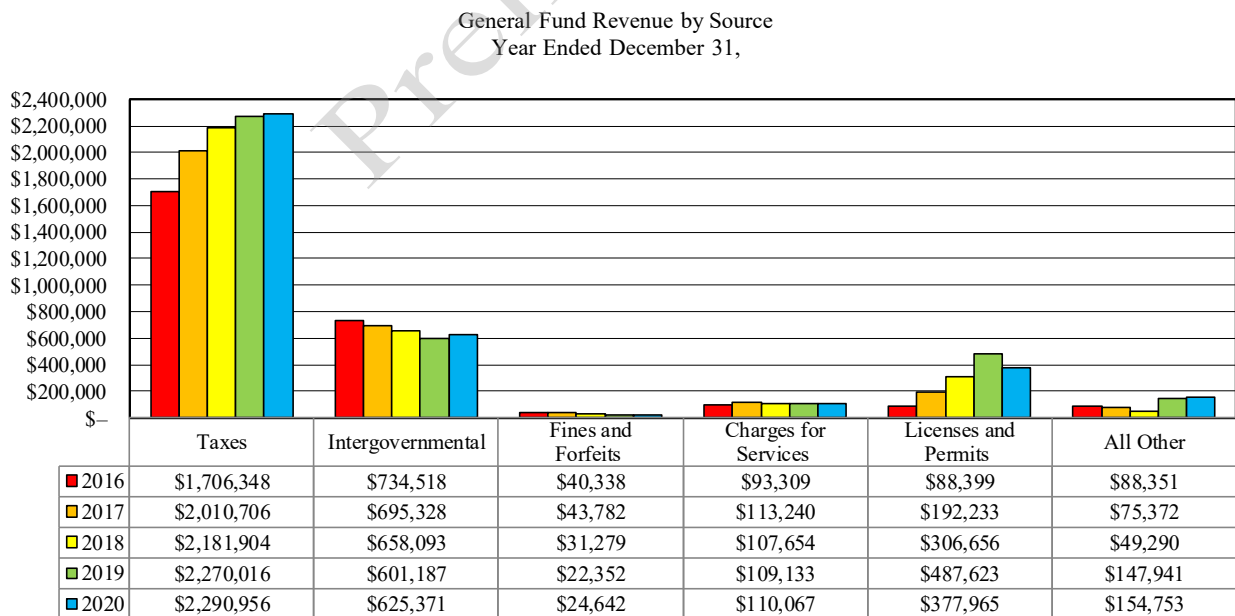
The following chart reflects the City's General Fund revenue sources for 2020 compared to budget:



General Fund revenue for 2020 was \$3,583,754, which was \$443,465 (14.1 percent) higher than budget.

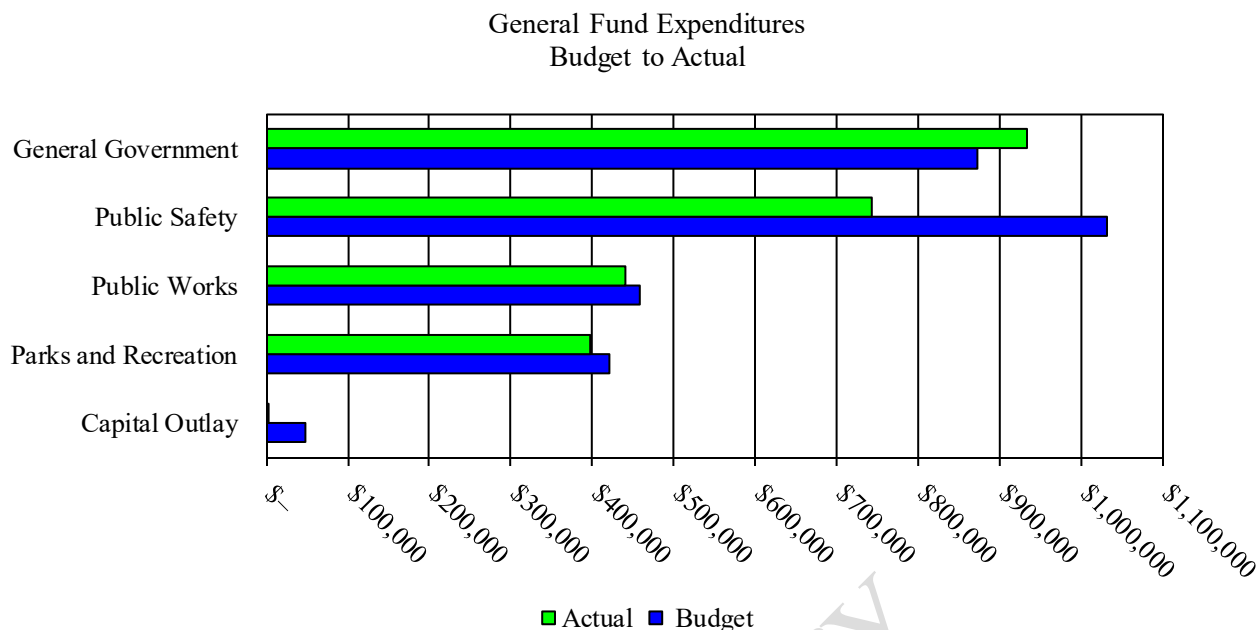
Actual financial results were better than projected, due to higher than anticipated revenue in most categories, including licenses and permits (\$237,965). Most of the excess in that category was from residential development that exceeded the conservative budgeting estimates.

The following chart reflects the City's General Fund sources of revenue for the past five fiscal years. The graph reflects the City's reliance on property taxes and other local sources of revenue.



Total General Fund revenue for 2020 was \$54,498 (1.5 percent) lower than last year. Licenses and permits decreased \$109,658, as a result of less development in the City during the year.

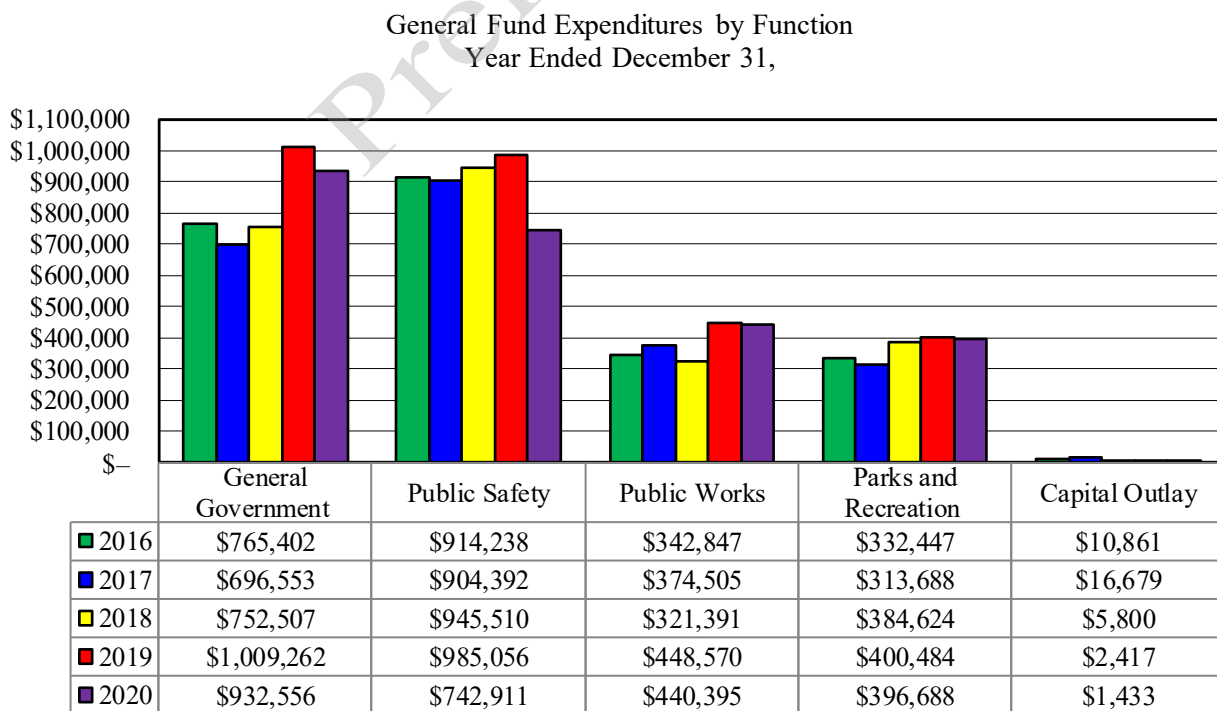
The following graph illustrates the components of General Fund spending for 2020 compared to budget:



General Fund expenditures for 2020 were \$2,513,983, which was \$316,922 (11.2 percent) under budget.

Expenditures were under budgeted amounts, mostly due to public safety expenditures being under budget by \$288,737, mostly in contracted services, as a portion of the City's cost in this area was financed by CARES Act funding and reported in a separate special revenue fund in 2020.

The following graph provides General Fund expenditures by function for the last five years:



Total General Fund expenditures for 2020 were \$331,806 (11.7 percent) lower than the previous year, mainly in public safety related to the federal CARES Act funding discussed above.

Preliminary

ENTERPRISE FUNDS OVERVIEW

The City maintains a number of enterprise funds to account for services the City provides that are financed primarily through fees charged to those utilizing the service. This section of the report provides you with an overview of the financial trends and activities of the City's enterprise funds, which include the Water, Sewer, Street Light, and Storm Sewer Enterprise Funds.

ENTERPRISE FUNDS FINANCIAL POSITION

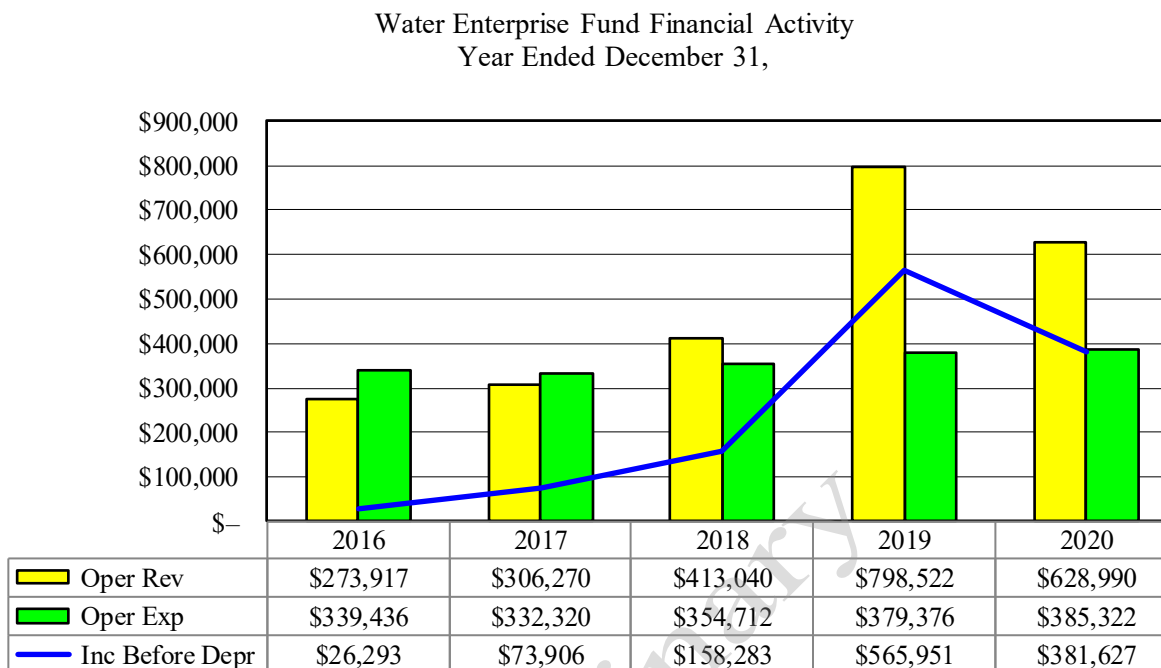
The following table summarizes the changes in the financial position of the City's enterprise funds during the year ended December 31, 2020, presented both by classification and by fund:

Enterprise Funds Change in Financial Position			
	Net Position as of December 31,		
	2020	2019	Change
Net position of enterprise funds			
Total by classification			
Net investment in capital assets	\$ 2,205,638	\$ 2,156,393	\$ 49,245
Unrestricted	2,635,229	2,212,560	422,669
Total enterprise funds	<u>\$ 4,840,867</u>	<u>\$ 4,368,953</u>	<u>\$ 471,914</u>
Total by fund			
Water	\$ 2,554,005	\$ 2,495,765	\$ 58,240
Sewer	1,821,090	1,687,754	133,336
Street Light	235,557	198,143	37,414
Storm Sewer	230,215	(12,709)	242,924
Total enterprise funds	<u>\$ 4,840,867</u>	<u>\$ 4,368,953</u>	<u>\$ 471,914</u>

In total, the net position of the City's enterprise funds increased by \$471,914 during the year ended December 31, 2020.

WATER ENTERPRISE FUND

The following graph presents five years of comparative operating results for the City's Water Enterprise Fund:



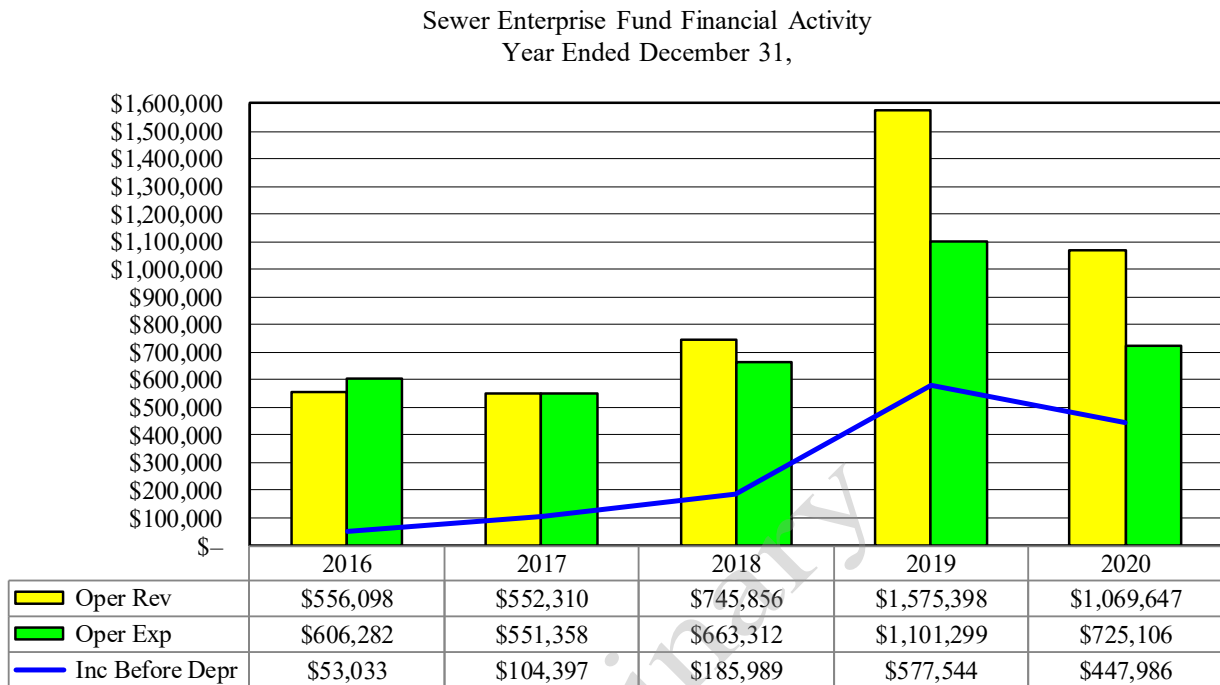
The Water Enterprise Fund ended 2020 with a total net position of \$2,554,005, an increase of \$58,240 from the prior year. Of this, \$1,746,720 represents the investment in capital assets, leaving unrestricted net position of \$807,285.

Operating revenue in the Water Enterprise Fund decreased \$169,532 (21.2 percent) from the prior year. Water access fees decreased significantly from the previous year, due to the completion of the new housing development in the prior year, Bailey Meadows. The increases in operating revenues within this fund over the past two years includes these related water access fees.

The Water Enterprise Fund operating expenses for 2020 increased \$5,946 (1.6 percent) from the previous year.

SEWER ENTERPRISE FUND

The following graph presents five years of comparative operating results for the City's Sewer Enterprise Fund:



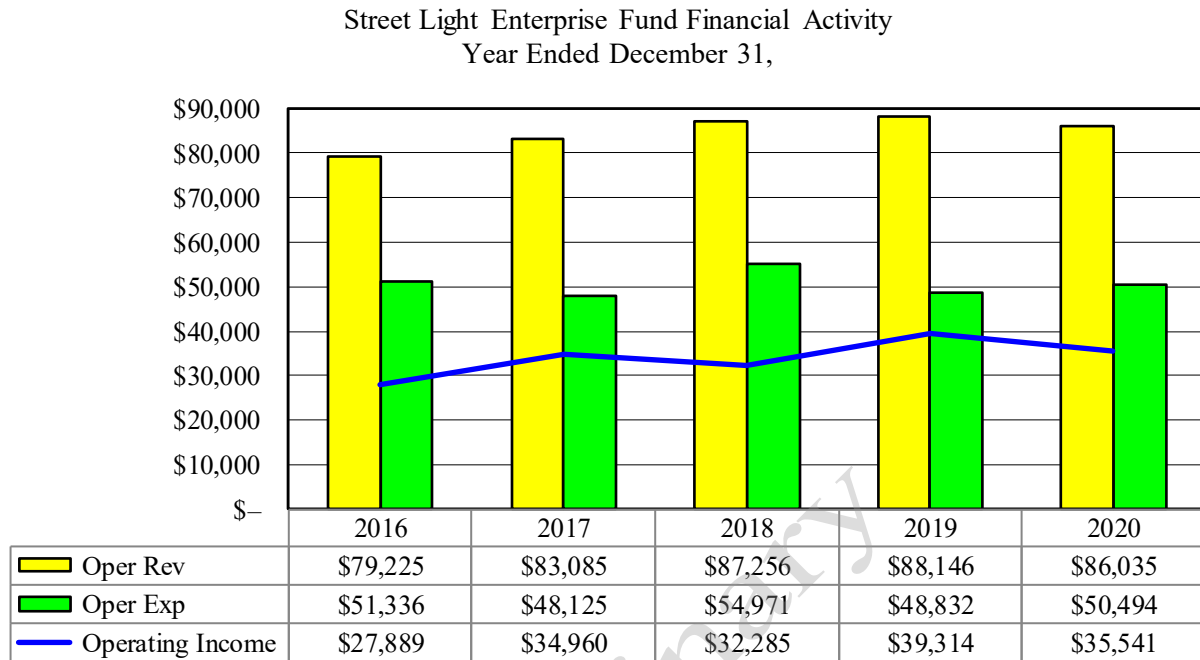
The Sewer Enterprise Fund ended 2020 with a total net position of \$1,821,090, an increase of \$133,336 from the prior year. Of this, \$453,919 represents the investment in capital assets, leaving unrestricted net position of \$1,367,171.

Operating revenue in the Sewer Enterprise Fund decreased \$505,751 (32.1 percent) from the prior year. As previously discussed and similar to the Water Enterprise Fund, sewer access charges decreased significantly from the previous year, due to the completion of the housing development. The significant increase in operating revenue over the past few years is related to these sewer access fees.

The Sewer Enterprise Fund operating expenses for 2020 decreased \$376,193 (34.2 percent) from the previous year, mainly due to decreased charges from the Metropolitan Council Environmental Services, as a result of the new housing development in the prior year.

STREET LIGHT ENTERPRISE FUND

The following graph presents five years of comparative operating results for the City's Street Light Enterprise Fund:

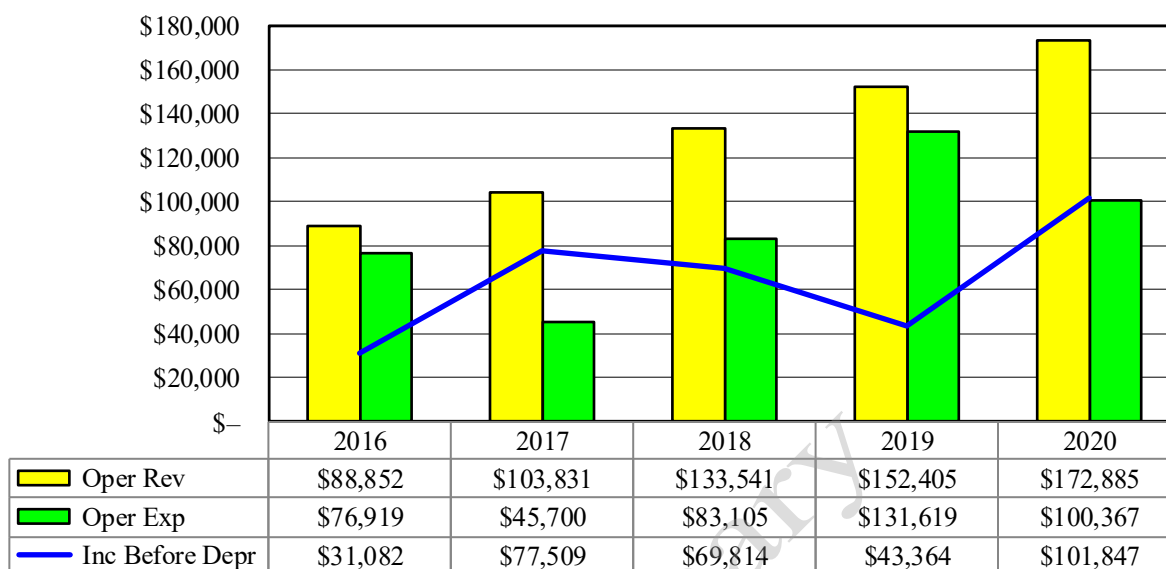


The Street Light Enterprise Fund operating revenue decreased \$2,111 (2.4 percent) from the previous year. Operating expenses were \$50,494 for 2020, an increase of \$1,662 (3.4 percent) from the previous year. Total net position increased \$37,414 in 2020, ending the year at \$235,557.

STORM SEWER ENTERPRISE FUND

The following graph presents operating revenues over the last five years for the City's Storm Sewer Enterprise Fund:

Storm Sewer Enterprise Fund Financial Activity
Year Ended December 31,



Storm Sewer Enterprise Fund operating revenue increased \$20,480 (13.4 percent) from the previous year. Operating expenses were \$100,367 for 2020, a decrease of \$31,252 (23.7 percent) from the previous year, mainly due to the new housing development, as previously discussed. Total net position increased \$242,924 in 2020, which includes storm sewer related special assessments of \$179,550, ending the year with a net position of \$230,215.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

In addition to fund-based information, the current reporting model for governmental entities also requires the inclusion of two government-wide financial statements designed to present a clear picture of the City as a single, unified entity. These government-wide financial statements provide information on the total cost of delivering services, including capital assets and long-term liabilities.

STATEMENT OF NET POSITION

The Statement of Net Position essentially tells you what the City owns and owes at a given point in time, the last day of the fiscal year. Theoretically, net position represents the resources the City has leftover to use for providing services after its debts are settled. However, those resources are not always in spendable form, or there may be restrictions on how some of those resources can be used. Therefore, net position is divided into three components: net investment in capital assets, restricted, and unrestricted.

The following table presents the components of the City's net position as of December 31, 2020 and 2019, for governmental activities and business-type activities:

	As of December 31,		
	2020	2019	Change
Net position (as restated)			
Governmental activities			
Net investment in capital assets	\$ 9,441,771	\$ 7,433,670	\$ 2,008,101
Restricted	4,959,696	4,147,251	812,445
Unrestricted	2,853,752	4,062,313	(1,208,561)
Total governmental activities	17,255,219	15,643,234	1,611,985
Business-type activities			
Net investment in capital assets	2,205,638	2,156,393	49,245
Unrestricted	2,635,229	2,212,560	422,669
Total business-type activities	4,840,867	4,368,953	471,914
Total net position	\$ 22,096,086	\$ 20,012,187	\$ 2,083,899

The City's total net position at December 31, 2020 was \$2.1 million higher than the previous year-end. Of the increase, about \$1.6 million came from governmental activities and \$471,914 from business-type activities. The governmental activities net investment in capital assets increased about \$2.0 million, due mostly to construction activity in advance of debt financing. Business-type activities unrestricted increased, due to positive operating results.

STATEMENT OF ACTIVITIES

The Statement of Activities tracks the City's yearly revenues and expenses, as well as any other transactions that increase or reduce total net position. These amounts represent the full cost of providing services. The Statement of Activities provides a more comprehensive measure than just the amount of cash that changed hands, as reflected in the fund-based financial statements. This statement includes the cost of supplies used, depreciation of long-lived capital assets, and other accrual-based expenses.

The following table presents the change in the net position of the City for the years ended December 31, 2020 and 2019:

	2020			2019
	Expenses	Program Revenues	Net Change	Net Change
Net (expense) revenue				
Governmental activities				
General government	\$ 975,528	\$ 630,891	\$ (344,637)	\$ (607,849)
Public safety	1,015,428	135,440	(879,988)	(922,769)
Public works	1,324,991	415,060	(909,931)	(1,134,301)
Parks and recreation	409,495	7,318	(402,177)	(222,812)
Economic development	82,790	—	(82,790)	(153,201)
Interest on long-term debt	174,061	—	(174,061)	(184,782)
Business-type activities				
Water	411,874	629,190	217,316	386,128
Sewer	751,431	1,069,851	318,420	483,401
Street Light	50,494	86,035	35,541	39,314
Storm Sewer	110,689	352,463	241,774	13,779
Total net (expense) revenue	<u>\$ 5,306,781</u>	<u>\$ 3,326,248</u>	(1,980,533)	(2,303,092)
General revenues				
Property taxes			2,659,766	2,541,092
General grants and contributions			556,461	558,195
Other general revenues			262,954	264,566
Investment earnings			188,251	204,121
Gain on sale of assets			397,000	900,000
Total general revenues			<u>4,064,432</u>	<u>4,467,974</u>
Change in net position			<u>\$ 2,083,899</u>	<u>\$ 2,164,882</u>

One of the goals of this statement is to provide a side-by-side comparison to illustrate the difference in the way the City's governmental and business-type operations are financed. The table clearly illustrates the dependence of the City's governmental operations on general revenues, such as property taxes and unrestricted grants. It also shows that, for the most part, the City's business-type activities are generating sufficient program revenues (service charges and program-specific grants) to cover expenses. This is critical given the current downward pressures on the general revenue sources.

LEGISLATIVE SUMMARY

The 2020 legislative session, coming in the second half of the state's fiscal biennium, was expected to be a typical short session focused primarily on making relatively minor modifications to the biennial budget. Given a projected budget surplus of \$1.5 billion going into the session, consideration of a substantial capital investment and bonding bill was also a potential focus.

The start of the legislative session in February was followed by a series of significant events that changed the course of the session, including a world-wide health pandemic, the death of George Floyd while in police custody and the ensuing protests and unrest, and a hotly contested national election. On March 13, 2020, the Governor issued an executive order declaring a peacetime emergency, giving his administration the ability to quickly impose restrictions and measures aimed at mitigating the COVID-19 outbreak. By early May, the state's budget outlook had changed from a robust surplus to a projected deficit of \$2.4 billion. The legislative session ultimately encompassed an unprecedented seven special sessions, more than double the previous state record of three, with the final special session in mid-December.

In the end, a \$1.87 billion omnibus bonding bill was passed that included \$1.36 billion in general obligation state bonding for capital improvements, \$31.0 million in supplemental General Fund budget spending, and provisions for tax relief and economic assistance. The session also yielded a new Police Accountability Act, and a \$217.0 million economic relief package to help businesses negatively impacted by the pandemic. The following is a brief summary of legislative changes from the 2020 session or previous legislative sessions potentially impacting Minnesota cities.

Coronavirus Aid, Relief, and Economic Security (CARES) Act – The CARES Act provided federal economic relief to protect the American people from the public health and economic impacts of COVID-19. Minnesota received approximately \$2.2 billion in funding under the CARES Act.

When the first legislative special session ended without an agreement on the distribution of approximately \$841.5 million of federal Coronavirus Relief Fund (CRF) funding earmarked for Minnesota local governments, the Governor distributed the funds by executive order based on the framework of the legislative agreement debated during the first special session. This resulted in \$350.4 million being distributed directly to Minnesota cities with populations equal to or greater than 200. The funds were authorized for use for unbudgeted costs related to the COVID-19 pandemic, but not to replace lost revenues. In accordance with CARES Act provisions, the CRF funding was available to cover costs that:

- 1) were necessary expenditures incurred due to the public health emergency related to COVID-19;
- 2) were not accounted for in the entity's budget most recently approved as of March 27, 2020; and
- 3) were incurred during the period from March 1, 2020 through December 31, 2020 (the availability period end date was revised by the state to November 15, 2020 for Minnesota cities).

Emergency Small Business Assistance Program – The Legislature created a program to appropriate \$60.0 million of federal CRF funding to make grants available through the Minnesota Department of Employment and Economic Development for eligible small businesses impacted by COVID-19. Small businesses employing up to 50 full-time employees are eligible to receive grants of up to \$10,000. The allocation is split between the metro area and greater Minnesota, with specific allocations for businesses owned by minorities, veterans, and women. \$18.0 million of the allocation is earmarked for businesses with 6 or less employees.

Workers' Compensation Claims – COVID-19 Presumption – The Legislature adopted several new provisions to state unemployment statutes related to COVID-19, including a presumption that an employee who contracts COVID-19 has an "occupational disease" arising out of, and in the course of, employment if the employee works in one of the specified occupations and has a confirmed case of COVID-19. Covered occupations include nurses, healthcare workers, and workers required to provide childcare for first responders and healthcare workers under Executive Orders 20-02 and 20-19. The COVID-19 presumption provision sunsets on May 1, 2021.

Bonding Bill – The 2020 bonding bill provided financing for approximately \$1.36 billion of projects. Some of the more significant appropriations for local infrastructure included: \$105 million in undesignated grants for local road improvement and bridge replacement; \$100 million for water infrastructure and point source implementation grants; \$25 million for state match of federal grants for public facilities improvements, \$20 million for natural resource asset preservation, \$17 million for flood control mitigation, \$15 million for the Local Government Roads Wetlands Replacement Program; \$5 million for Metropolitan Council inflow and infiltration grants; and \$5 million for metropolitan regional parks and trails. The bill also included funding for a number of state initiatives, including: \$300 million in trunk highway bonds for the improvement of the state trunk highway system; \$145 million in appropriation bonds to fund the infrastructure and capital needs of the Minnesota Housing Finance Agency, Minnesota Pollution Control Agency, and Minnesota Public Television; \$30 million for state agency projects aimed at promoting racial equity, \$29.5 million for the state Emergency Operations Center; and \$16 million for the Minnesota Housing Finance Agency.

The bill provides authority for eligible local governments to own and operate childcare facilities, and permits local governments to enter into management agreements with licensed childcare providers to operate in publicly-owned facilities. It also makes cities, counties, school districts, and joint powers boards located outside of the seven-county metro area eligible to apply for grants through the Greater Minnesota Childcare Facility Capital Grant Program.

The bill also included a provision extending the equal pay certificate of compliance requirement to contracts by any public entity, including political subdivisions, using state general obligation bond proceeds for all or part of a capital project. Local governments will be responsible for requiring that bids include proper certification on applicable projects, which applies to projects for goods or services valued at more than \$1 million utilizing appropriated bond proceeds on or after January 1, 2022.

Elections – A number of measures were passed to help ensure the safe and secure conduct of the 2020 state primary and general elections, including; allowing for the processing of absentee ballots to begin 14 days prior to the date of the election, extending the period during which absentee ballots could be processed for 2 days following the election, accepting electronic filings for affidavits of candidacy or nominating petitions, and specifying that municipalities were to use schools as polling places only when no other public or private location was reasonably available. Funds from the federal Help America Vote Act were made available for modernizing, securing, and improving election facilities, a portion of which was made available for grants to local governments to fund activities prescribed by this program.

Minors Operating Lawn Care Equipment – Effective May 28, 2020, Minnesota Statutes lowered the employment age for operating lawn care equipment to age 16. Minors aged 16 and 17 must be trained in the safe operation of the equipment and wear appropriate personal protective equipment when operating the lawn care equipment. The exception under this statute applies only to minors directly employed by golf courses, resorts, rental property owners, or municipalities to perform lawn care on golf courses, resort grounds, rental property, or municipal grounds,

Open Meeting Law Exception – The interactive television provision of the Minnesota Open Meeting Law was amended to allow for participation in meetings by interactive electronic means, such as Skype or Zoom, without requiring that an elected official be advised to do so by a healthcare professional for personal or family medical reasons. This allowance is available only when a national security or peacetime emergency has been declared and may be used up to 60 days after the emergency declaration has been lifted. Whenever public meetings are held via interactive electronic means of this type, votes must be conducted by roll call and be recorded in the minutes.

Expanded Authority for Electronic Signatures During COVID-19 – Effective May 17, 2020, cities are allowed to accept certain documents, signatures, or filings electronically, by mail, or facsimile during the COVID-19 pandemic, including; planning and zoning applications and permits; land use documents; documents requiring the signature of licensed architects, engineers, land surveyors, geoscientists, or interior designers; applications for birth or death certificates; or recording notary commissions. This accommodation expires January 16, 2021, or 60 days following the termination of the peacetime public health emergency.

Solid Waste Recycling Exemption – The requirement that not more than 15 percent of mixed municipal solid waste received by recycling or composting facilities be disposed of, rather than recycled or composted, is suspended as long as the need for the exception is triggered by operational changes implemented to address the COVID-19 pandemic.

Pension Changes – Effective January 1, 2021, the maximum lump-sum pension amount for volunteer firefighters is increased from \$10,000 to \$15,000 per year of service. Municipalities are permitted to split state fire aid received between its career firefighters and its affiliated volunteer firefighters, but only if the amount allocated to the career firefighters is approved by the membership of the volunteer firefighter relief association. Any aid allocated to career firefighters must be used to pay the Public Employees Retirement Association (PERA) employer contributions on their behalf within 18 months of the transfer or be returned to the relief association.

Police Accountability Act – The Legislature passed the Police Accountability Act, which enacted a number of changes to laws governing police conduct, training, and oversight. Among the more significant changes adopted were:

- Defined and authorized “public safety peer counseling” and “critical incident stress management,” and classifies information shared in these settings as private data.
- Established an Independent Use of Force Investigations Unit within the Bureau of Criminal Apprehension to investigate all officer-involved deaths in the state, as well as criminal sexual assault allegations against peace officers, effective August 1, 2020.
- Authorized statutory or home rule charter cities to offer incentives to encourage a person hired as a peace officer to be a resident of the city.
- Limited the use of certain restraint methods by peace officer unless the use of deadly force is authorized in a given situation.
- Established and modified provisions related to law enforcement use of deadly force.
- Defined and prohibited “warrior-style” training for peace officers.
- Established a 15-member “Ensuring Police Excellence and Improving Community Relations Advisory Council” under the Police Officer Standards and Training (POST) Board, to assist the POST Board in maintaining policies and regulating peace officers in a manner that ensures the protection of civil and human rights.
- Established a duty for peace officers to intercede when another officer is using excessive force and report incidents of excessive force to supervisors.

ACCOUNTING AND AUDITING UPDATES

The following is a summary of Governmental Accounting Standards Board (GASB) standards expected to be implemented in the next few years. Due to the COVID-19 pandemic, the GASB has delayed the original implementation dates of these and other standards as described below.

GASB Statement No. 87, *Leases*

A lease is a contract that transfers control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this statement.

Governments enter into leases for many types of assets. Under the previous guidance, leases were classified as either capital or operating depending on whether the lease met any of the four tests. In many cases, the previous guidance resulted in reporting lease transactions differently than similar nonlease financing transactions.

The goal of this statement is to better meet the information needs of users by improving accounting and financial reporting for leases by governments. It establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

Under this statement, 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, thereby enhancing the relevance and consistency of information about governments' leasing activities.

To reduce the cost of implementation, this statement includes an exception for short-term leases, defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 91, *Conduit Debt Obligations*

The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

This statement also addresses arrangements, often characterized as leases, that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third party obligors in the course of their activities.

This statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

GASB Statement No. 92, *Omnibus 2020*

The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other post-employment benefit (OPEB) plan
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for post-employment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to post-employment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

The requirements of this statement are effective for fiscal years beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

An SBITA is defined as a contract that conveys control of the right to use another party's (an SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability.

This statement provides an exception for short-term SBITAs with a maximum possible term under the SBITA contract of 12 months, including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources.

This statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an Amendment of GASB Statement No. 14 and No. 84, and a Supersession of GASB Statement No. 32

The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this statement that (1) exempt primary governments that perform the duties that a government board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans, and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this statement.

CITY OF NEWPORT
WASHINGTON COUNTY, MINNESOTA

Financial Statements and
Supplemental Information

Year Ended
December 31, 2020

Preliminary

CITY OF NEWPORT
WASHINGTON COUNTY, MINNESOTA

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CITY OF NEWPORT
WASHINGTON COUNTY, MINNESOTA

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INTRODUCTORY SECTION

CITY OF NEWPORT
WASHINGTON COUNTY, MINNESOTA

City Council and Other Officials
As of December 31, 2020

CITY COUNCIL

Dan Lund
Kevin Chapdelaine
Laurie Elliott
Tom Ingemann
Bill Sumner

Mayor
Councilmember
Councilmember
Councilmember
Councilmember

OTHER OFFICIALS

Debora Ann Hill

City Administrator

Preliminary

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the City Council and Management
City of Newport, Minnesota

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newport, Minnesota (the City) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

(continued)

OPINIONS

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund and the Economic Development Authority Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information (RSI), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and other information section, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and other information sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

(continued)

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Minneapolis, Minnesota
April 29, 2021

Preliminary

CITY OF NEWPORT

Management's Discussion and Analysis Year Ended December 31, 2020

As management of the City of Newport, Minnesota (the City), we have provided readers of the City's financial statements with this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

The management's discussion and analysis (MD&A) is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other information in addition to the basic financial statements.

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

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

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, delinquent taxes and special assessments).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by property taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, public works, parks and recreation, economic development, and interest and fiscal charges. The business-type activities of the City include enterprises for water, sewer, street light, and storm sewer utilities.

The government-wide financial statements include the City itself (known as the primary government) and any component units. The City does have a component unit, the Newport Economic Development Authority, that is required to be included in the City's financial statements. The activities of the component unit have been blended with the activities of the City.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City are divided into two categories—governmental funds and proprietary funds.

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

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

The fund financial statements present information for each major governmental fund in separate columns. Data from the nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The City adopts an annual appropriated budget for the General Fund and Economic Development Authority Special Revenue Fund. Budget to actual comparisons are provided in this financial report for these funds.

Proprietary Funds – All of the City's proprietary funds are enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City's enterprise funds include the Water, Sewer, Street Light, and Storm Sewer Enterprise Funds.

The fund financial statements present information for each major enterprise fund in separate columns.

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

Other Information – Required supplementary information (RSI) on pension plans is presented following the notes to the basic financial statements. Combining statements for nonmajor funds and certain individual fund schedules are presented following the RSI. The other information section contains other selected financial information of the City.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of the City's net position:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 9,189,195	\$ 10,046,964	\$ 2,872,764	\$ 2,527,622	\$ 12,061,959	\$ 12,574,586
Capital assets, net	15,262,056	13,624,428	4,462,924	4,596,288	19,724,980	18,220,716
Total assets	24,451,251	23,671,392	7,335,688	7,123,910	31,786,939	30,795,302
Deferred outflows of resources						
Pension plan deferments	77,637	70,500	17,525	16,570	95,162	87,070
Total assets and deferred outflows of resources	\$ 24,528,888	\$ 23,741,892	\$ 7,353,213	\$ 7,140,480	\$ 31,882,101	\$ 30,882,372
Liabilities						
Long-term liabilities outstanding	\$ 6,472,146	\$ 6,955,073	\$ 2,419,199	\$ 2,602,577	\$ 8,891,345	\$ 9,557,650
Other liabilities	541,287	842,380	86,608	139,032	627,895	981,412
Total liabilities	7,013,433	7,797,453	2,505,807	2,741,609	9,519,240	10,539,062
Deferred inflows of resources						
Pension plan deferments	260,236	301,205	6,539	29,918	266,775	331,123
Net position						
Net investment in capital assets	9,441,771	7,433,670	2,205,638	2,156,393	11,647,409	9,590,063
Restricted	4,959,696	3,953,551	—	—	4,959,696	3,953,551
Unrestricted	2,853,752	4,256,013	2,635,229	2,212,560	5,488,981	6,468,573
Total net position	17,255,219	15,643,234	4,840,867	4,368,953	22,096,086	20,012,187
Total liabilities, deferred inflows of resources, and net position	\$ 24,528,888	\$ 23,741,892	\$ 7,353,213	\$ 7,140,480	\$ 31,882,101	\$ 30,882,372

The City's financial position is the product of many factors. For example, the determination of the City's net investment in capital assets involves many assumptions and estimates, such as current and accumulated depreciation amounts. A conservative versus liberal approach to depreciation estimates, as well as capitalization policies, will produce a significant difference in the calculated amounts.

Over the past several years, the City has taken a conservative financial approach. The ongoing management of revenue and expenses has allowed the City to maintain a stable net position balance.

The increase in net investment in capital assets and the decrease in unrestricted net position relates to investments in capital assets, net for street improvements and a new City Hall.

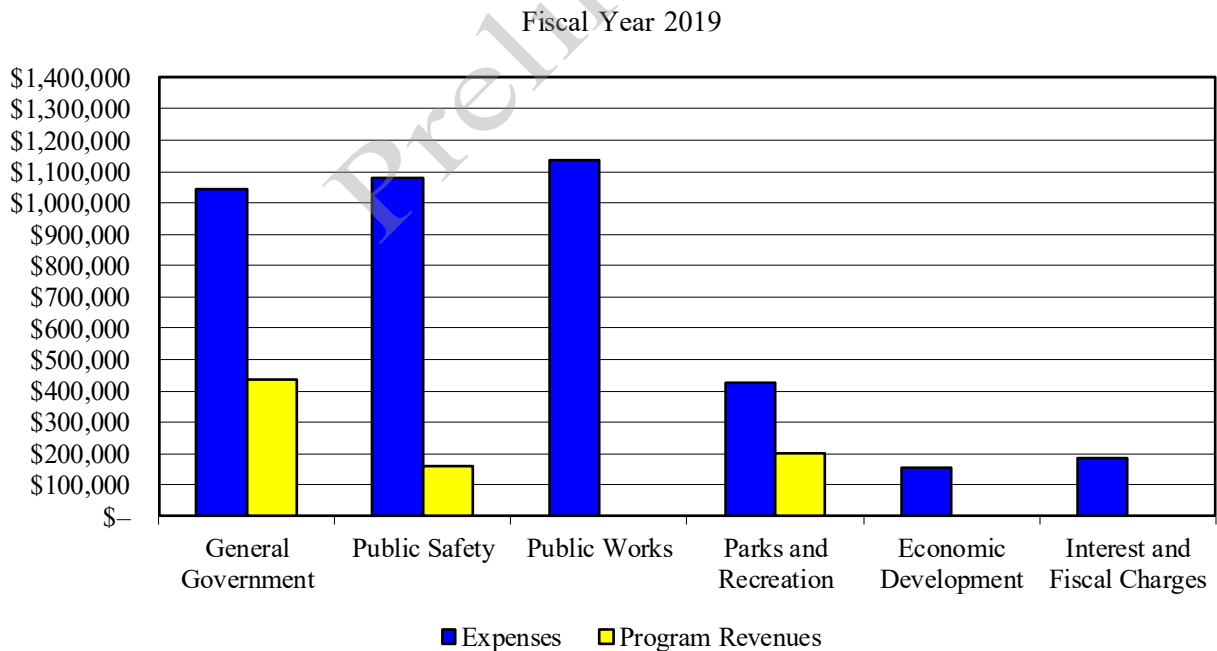
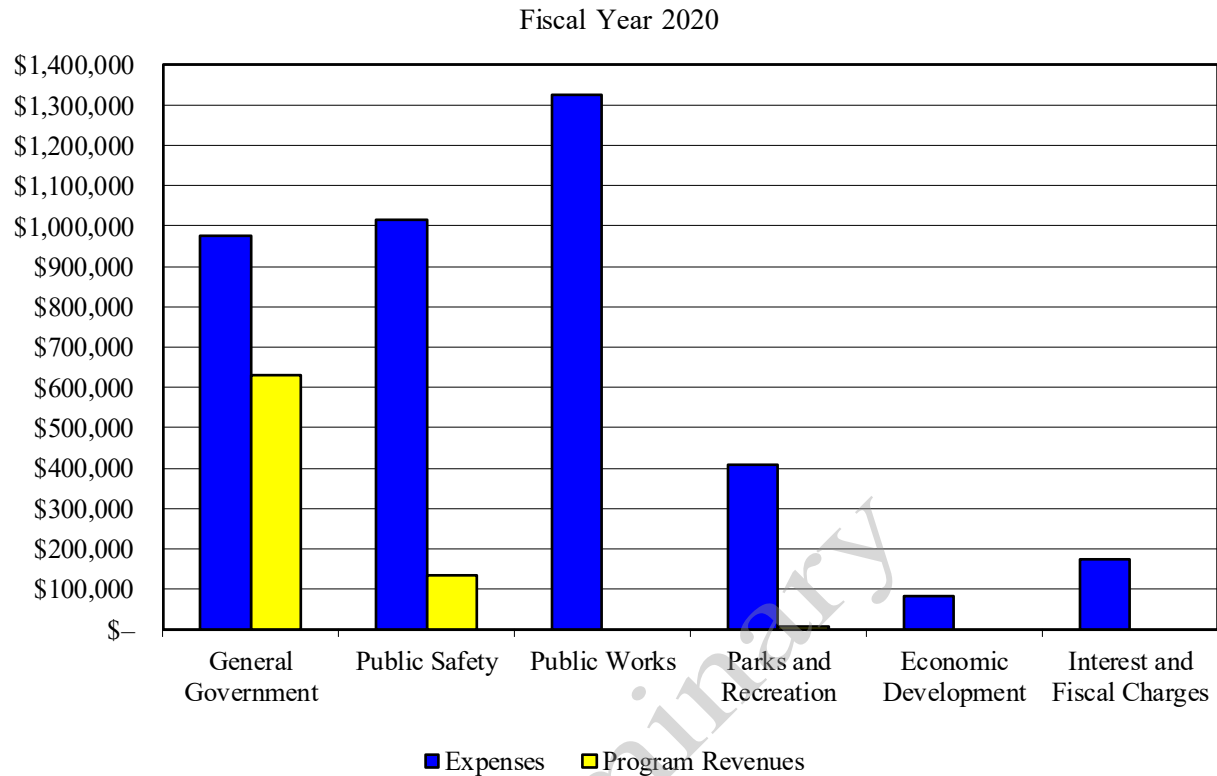
The following is a summary of the City's changes in net position:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues						
Charges for services	\$ 412,012	\$ 721,814	\$ 1,957,557	\$ 1,598,226	\$ 2,369,569	\$ 2,320,040
Operating grants and contributions	361,637	75,025	432	36,079	362,069	111,104
Capital grants and contributions	415,060	—	179,550	1,016,245	594,610	1,016,245
General revenues						
Property taxes	2,659,766	2,541,092	—	—	2,659,766	2,541,092
General grants and contributions	556,461	558,195	—	—	556,461	558,195
Other general revenues	262,954	264,566	—	—	262,954	264,566
Investment earnings	153,935	165,320	34,316	38,801	188,251	204,121
Gain on sale of assets	397,000	900,000	—	—	397,000	900,000
Total revenues	5,218,825	5,226,012	2,171,855	2,689,351	7,390,680	7,915,363
Expenses						
General government	975,528	1,044,366	—	—	975,528	1,044,366
Public safety	1,015,428	1,082,449	—	—	1,015,428	1,082,449
Public works	1,324,991	1,134,301	—	—	1,324,991	1,134,301
Parks and recreation	409,495	423,454	—	—	409,495	423,454
Economic development	82,790	153,201	—	—	82,790	153,201
Water	—	—	411,874	412,555	411,874	412,555
Sewer	—	—	751,431	1,127,876	751,431	1,127,876
Street light	—	—	50,494	48,832	50,494	48,832
Storm sewer	—	—	110,689	138,665	110,689	138,665
Interest and fiscal charges	174,061	184,782	—	—	174,061	184,782
Total expenses	3,982,293	4,022,553	1,324,488	1,727,928	5,306,781	5,750,481
Revenues less expenses	1,236,532	1,203,459	847,367	961,423	2,083,899	2,164,882
Transfers	375,453	(842,000)	(375,453)	842,000	—	—
Changes in net position	1,611,985	361,459	471,914	1,803,423	2,083,899	2,164,882
Net position – beginning	15,643,234	15,281,775	4,368,953	2,565,530	20,012,187	17,847,305
Net position – ending	\$ 17,255,219	\$ 15,643,234	\$ 4,840,867	\$ 4,368,953	\$ 22,096,086	\$ 20,012,187

The City sold land that was originally acquired prior to 1980, resulting in a gain on sale of assets.

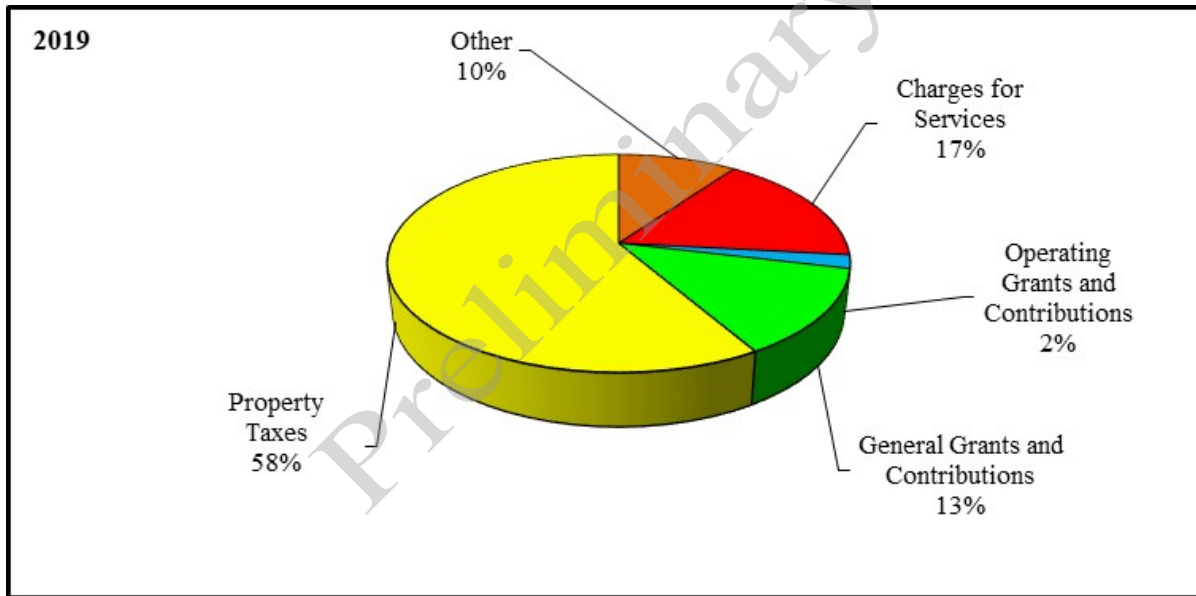
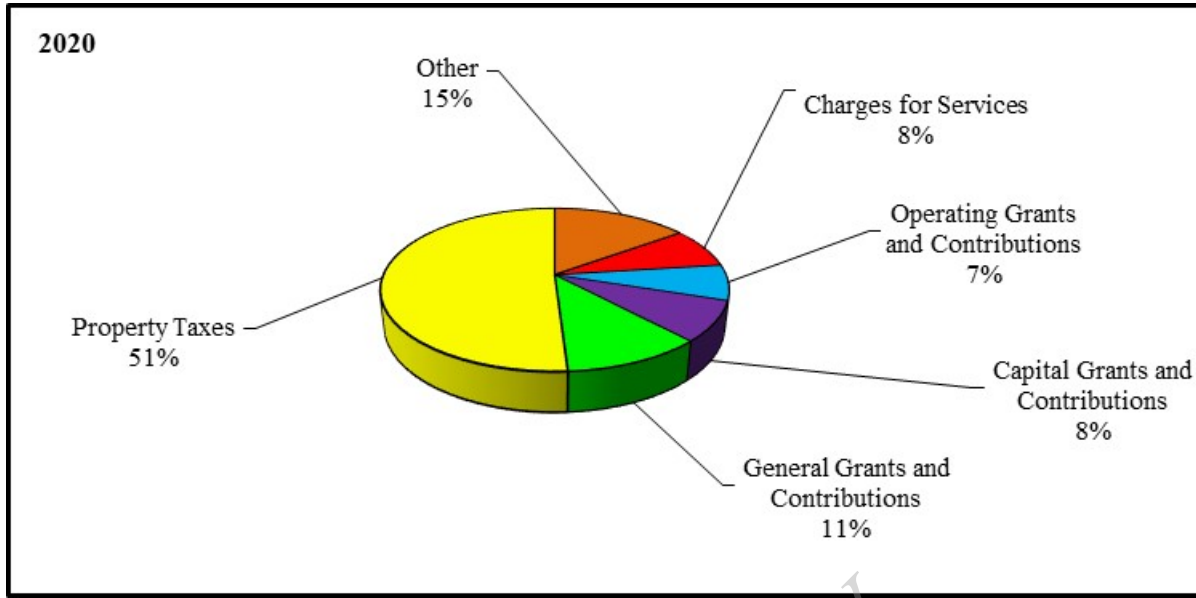
Governmental Activities – The following graphs illustrate the City’s governmental activities:

Expenses and Program Revenues – Governmental Activities for Fiscal Years 2020 and 2019



The governmental activities expenses and program revenues, shown in the above graphs, clearly reflects the need for property taxes and general grants to supplement the activities of the City.

Revenue by Source – Governmental Activities for Fiscal Years 2020 and 2019

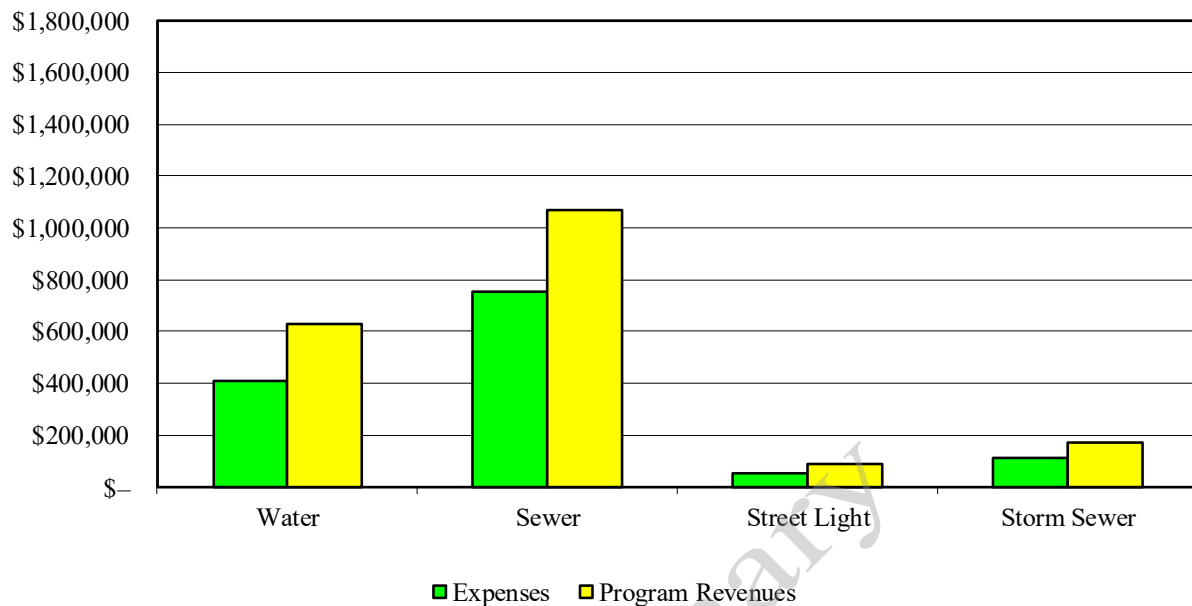


As is common with most cities, the governmental-type activities are primarily funded with taxes and general grants, including local government aid and tax credits, rather than with program revenues.

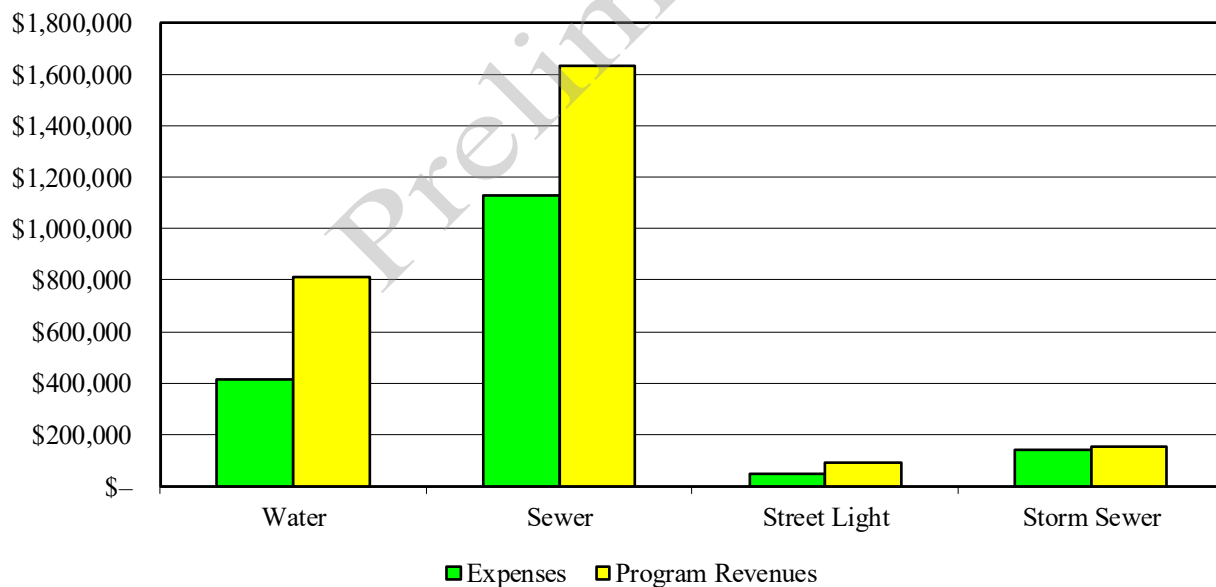
Business-Type Activities – The following graphs illustrate the City’s business-type activities:

Expenses and Program Revenues – Business-Type Activities for Fiscal Years 2020 and 2019

Fiscal Year 2020

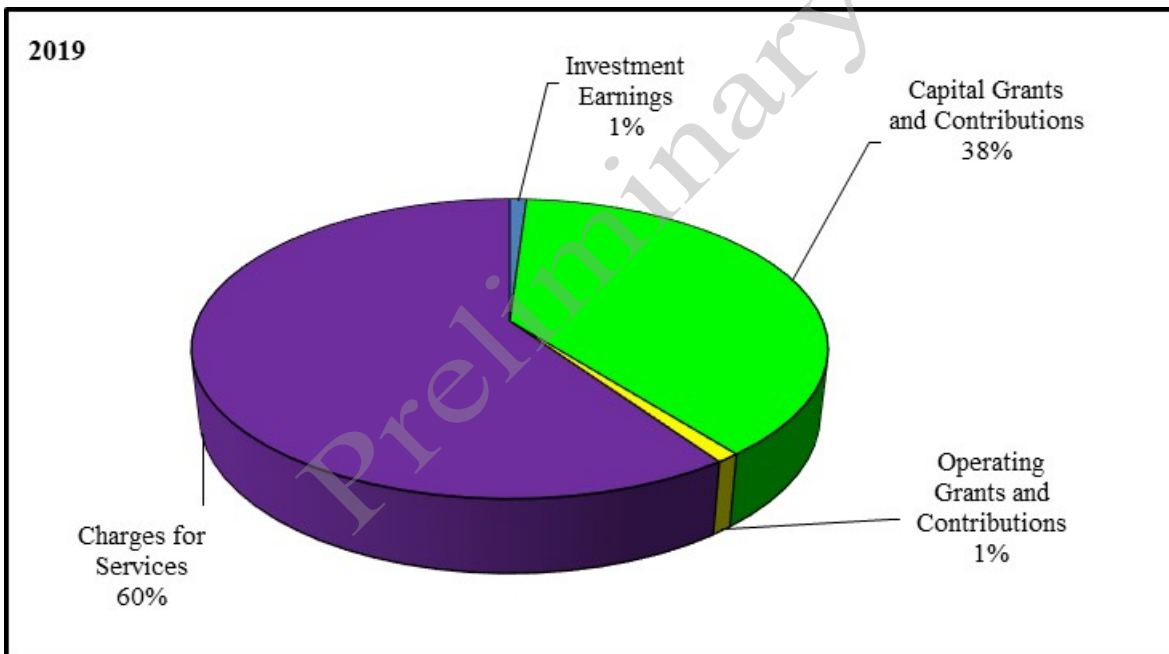
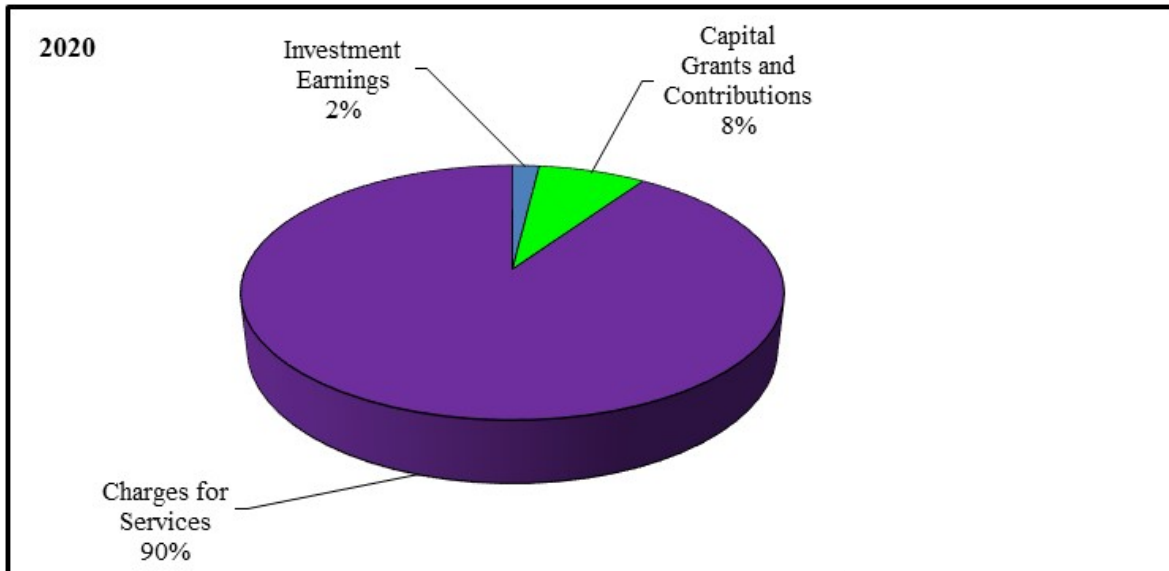


Fiscal Year 2019



Unlike governmental activities, these activities are mostly funded through program revenues, such as sales and user charges. The decrease in revenues in the Water and Sewer Funds is due to a large new housing development, Bailey Meadows, causing significant access fees in this fund in fiscal 2019. The decrease in expenses in the Sewer Fund relates to increases in the Metropolitan Council Environmental Services sewer charges, as a result of the new housing development in fiscal 2019.

Revenues by Source – Business-Type Activities for Fiscal Years 2020 and 2019



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds – At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$7,484,712, a decrease of \$897,010 in comparison with the prior year.

General Fund – The General Fund operating results can be summarized as follows:

	Original and Final Budget	Actual	Over (Under) Budget	Prior Year Actual
Revenue	\$ 3,140,289	\$ 3,583,754	\$ 443,465	\$ 3,638,252
Expenditures	2,830,905	2,513,983	(316,922)	2,845,789
Excess of revenue over expenditures	309,384	1,069,771	760,387	792,463
Other financing sources (uses)	(540,000)	(540,000)	–	(399,000)
Net change in fund balances	<u>\$ (230,616)</u>	529,771	<u>\$ 760,387</u>	393,463
Fund balances				
Beginning of year		<u>2,902,976</u>		<u>2,509,513</u>
End of year		<u>\$ 3,432,747</u>		<u>\$ 2,902,976</u>

General Fund Budgetary Highlights – The majority of the City's revenue stream happens twice a year with the receipt of tax settlement dollars. It is the intent of the City Council to cover revenue downturns with General Fund savings or fund balance monies.

Actual financial results were better than projected, due to higher than anticipated revenue, mainly in licenses and permits (\$237,965), due to residential development within the Bailey Meadows project, and property taxes (\$97,242), due to better than expected tax collections. The City typically budgets conservatively for most revenue sources. Expenditures were under budget by \$316,922, mostly in public safety, mainly due to the use of federal Coronavirus Aid, Relief, and Economic Security Act funds to pay public safety costs in the current year.

Other Governmental Funds – The other major funds of the City include the Economic Development Authority Special Revenue Fund, the G.O. Improvement Bonds of 2014A and 2018A and the 12th and 12th Avenue Project Debt Service Funds, and the 12th and 12th Avenue Project and Bailey Meadows Capital Projects Funds.

These funds collectively had a decrease in fund balance of \$1,310,223, with most of the decrease occurring in the 12th and 12th Avenue Capital Project Fund, as a result of starting construction on this project before the issuance of related bonds in March 2021.

Proprietary Funds – The City's proprietary funds had a combined net position of \$4,840,867 at December 31, 2020. The financial activities are the same as the business-type information summarized in previous charts within this MD&A. The proprietary funds consist of the Water, Sewer, Street Light, and Storm Sewer Enterprise Funds.

Capital Assets – The City’s investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of December 31, 2020 is as follows:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 3,941,908	\$ 3,941,908	\$ 166,753	\$ 129,300	\$ 4,108,661	\$ 4,071,208
Buildings and improvements	2,014,916	2,014,916	1,132,987	1,132,987	3,147,903	3,147,903
Machinery and equipment	518,553	518,553	2,572,777	2,571,683	3,091,330	3,090,236
Vehicles	1,631,336	1,601,032	–	–	1,631,336	1,601,032
Infrastructure	17,221,687	17,221,687	4,942,824	4,942,824	22,164,511	22,164,511
Construction in progress	5,089,388	2,749,644	98,822	–	5,188,210	2,749,644
Total capital assets	30,417,788	28,047,740	8,914,163	8,776,794	39,331,951	36,824,534
Accumulated depreciation	(15,155,732)	(14,423,312)	(4,451,239)	(4,180,506)	(19,606,971)	(18,603,818)
Total capital assets, net of depreciation	<u>\$ 15,262,056</u>	<u>\$ 13,624,428</u>	<u>\$ 4,462,924</u>	<u>\$ 4,596,288</u>	<u>\$ 19,724,980</u>	<u>\$ 18,220,716</u>
Depreciation expense	<u>\$ 732,420</u>	<u>\$ 756,167</u>	<u>\$ 270,733</u>	<u>\$ 272,828</u>	<u>\$ 1,003,153</u>	<u>\$ 1,028,995</u>

Increases in capital assets include street improvements and construction in progress on a new City Hall. Additional details of capital asset activity for the year can be found in the notes to basic financial statements.

Long-Term Liabilities – The enterprise funds and governmental debt service funds account for the accumulation of resources to finance all of the City’s general obligation bonds. The revenue sources for these funds include annual tax levies, special assessments, and Water, Sewer, and Storm Water Fund revenue. Compensated absences and net pension liabilities are paid for by the General Fund and respective enterprise funds. The following table summarizes the City’s long-term liabilities:

	2020	2019
Governmental activities		
General obligation bonds	\$ 5,605,000	\$ 6,145,000
Premiums on debt issued	215,285	236,387
Compensated absences	136,286	122,672
Net pension liability	515,575	451,014
Business-type activities		
General obligation bonds	2,235,000	2,415,000
Premiums on debt issued	22,286	24,895
Net pension liability	161,913	162,682
Total	<u>\$ 8,891,345</u>	<u>\$ 9,557,650</u>

The City has sufficient funds on hand to make all required bond payments, and anticipates an ongoing stream of revenue to make future bond payments.

Additional details of long-term debt activity for the year can be found in the notes to basic financial statements.

ECONOMIC FACTORS AND OTHER FINANCIAL ANALYSIS

Budget management has been and remains a high priority for the City Council. Efforts to maintain cost constraints include staggering the purchase of capital equipment and negotiating long-term union contracts.

The City will continue to utilize conservative financial budgeting.

As a result of the spread of the COVID-19 pandemic, economic uncertainties have arisen, which may negatively impact fair market value of investments and net investment earnings. Other financial impact could occur, though such potential impact is unknown at this time.

REQUESTS FOR INFORMATION

Questions concerning any of the information provided in these financial statements or requests for additional information should be addressed by writing to the City of Newport, 596 – 7th Avenue, Newport, Minnesota 55055 or by calling (651) 459-5677.

Preliminary

BASIC FINANCIAL STATEMENTS

CITY OF NEWPORT

Statement of Net Position
as of December 31, 2020

	Governmental Activities	Business-Type Activities	Totals
Assets			
Cash and temporary investments	\$ 7,887,409	\$ 2,345,470	\$ 10,232,879
Receivables			
Accounts	—	286,531	286,531
Accrued interest	6,953	—	6,953
Current taxes	28,388	—	28,388
Due from other governmental units	11,133	—	11,133
Delinquent taxes	46,292	—	46,292
Current special assessments	2,444	—	2,444
Delinquent special assessments	2,029	4,135	6,164
Deferred special assessments	800,549	205,182	1,005,731
Prepaid items	11,991	31,446	43,437
Net pension asset	392,007	—	392,007
Capital assets			
Not being depreciated	9,031,296	265,575	9,296,871
Depreciated, net of accumulated depreciation	6,230,760	4,197,349	10,428,109
Total assets	<u>24,451,251</u>	<u>7,335,688</u>	<u>31,786,939</u>
Deferred outflows of resources			
Pension plan deferments	<u>77,637</u>	<u>17,525</u>	<u>95,162</u>
Total assets and deferred outflows of resources	<u>\$ 24,528,888</u>	<u>\$ 7,353,213</u>	<u>\$ 31,882,101</u>
Liabilities			
Accounts and contracts payable	\$ 403,232	\$ 6,867	\$ 410,099
Salaries payable	14,808	33,943	48,751
Accrued interest payable	77,681	27,035	104,716
Due to other governmental units	45,566	12,486	58,052
Unearned revenue	—	6,277	6,277
Net pension liability	515,575	161,913	677,488
Long-term liabilities			
Due within one year	624,679	180,000	804,679
Due in more than one year	<u>5,331,892</u>	<u>2,077,286</u>	<u>7,409,178</u>
Total liabilities	<u>7,013,433</u>	<u>2,505,807</u>	<u>9,519,240</u>
Deferred inflows of resources			
Pension plan deferments	<u>260,236</u>	<u>6,539</u>	<u>266,775</u>
Net position			
Net investment in capital assets	9,441,771	2,205,638	11,647,409
Restricted for			
Debt service	2,281,052	—	2,281,052
Capital projects	172,886	—	172,886
Net pension asset	174,424	—	174,424
Economic development	2,265,508	—	2,265,508
Other purposes	65,826	—	65,826
Unrestricted	<u>2,853,752</u>	<u>2,635,229</u>	<u>5,488,981</u>
Total net position	<u>17,255,219</u>	<u>4,840,867</u>	<u>22,096,086</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 24,528,888</u>	<u>\$ 7,353,213</u>	<u>\$ 31,882,101</u>

CITY OF NEWPORT

Statement of Activities
Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental activities			
General government	\$ 975,528	\$ 337,968	\$ 292,923
Public safety	1,015,428	74,044	61,396
Public works	1,324,991	—	—
Parks and recreation	409,495	—	7,318
Economic development	82,790	—	—
Interest and fiscal charges	174,061	—	—
Total governmental activities	3,982,293	412,012	361,637
Business-type activities			
Water	411,874	628,990	200
Sewer	751,431	1,069,647	204
Street Light	50,494	86,035	—
Storm Sewer	110,689	172,885	28
Total business-type activities	1,324,488	1,957,557	432
Total governmental and business-type activities	\$ 5,306,781	\$ 2,369,569	\$ 362,069
General revenues			
Property taxes			
General grants and contributions			
Other general revenues			
Investment earnings			
Gain on sale of assets			
Transfers			
Transfers – capital assets			
Total general revenues and transfers			
Change in net position			
Net position – beginning			
Net position – ending			

Net (Expenses)			
Revenue and Changes in Net Position			
Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
\$ —	\$ (344,637)	\$ —	\$ (344,637)
—	(879,988)	—	(879,988)
415,060	(909,931)	—	(909,931)
—	(402,177)	—	(402,177)
—	(82,790)	—	(82,790)
—	(174,061)	—	(174,061)
415,060	(2,793,584)	—	(2,793,584)
—	—	217,316	217,316
—	—	318,420	318,420
—	—	35,541	35,541
179,550	—	241,774	241,774
179,550	—	813,051	813,051
<u>\$ 594,610</u>	(2,793,584)	813,051	(1,980,533)
	2,659,766	—	2,659,766
	556,461	—	556,461
	262,954	—	262,954
	153,935	34,316	188,251
	397,000	—	397,000
	414,000	(414,000)	—
	(38,547)	38,547	—
	4,405,569	(341,137)	4,064,432
	1,611,985	471,914	2,083,899
	15,643,234	4,368,953	20,012,187
<u>\$ 17,255,219</u>	<u>\$ 4,840,867</u>	<u>\$ 22,096,086</u>	

CITY OF NEWPORT

Balance Sheet
Governmental Funds
as of December 31, 2020

		Special Revenue	Debt Service		
		Economic	G.O.	G.O.	
	General Fund	Development	Improvement	Improvement	12th and 12th
		Authority	Bonds of 2014A	Bonds of 2018A	Avenue Project
Assets					
Cash and temporary investments	\$ 1,682,050	\$ 2,284,385	\$ 671,337	\$ 512,394	\$ 78,004
Receivables					
Accrued interest	6,953	—	—	—	—
Current taxes	24,217	—	1,462	982	—
Due from other governmental units	2,675	8,458	—	—	—
Due from other funds	1,869,396	—	—	—	—
Delinquent taxes	46,292	—	—	—	—
Current special assessments	—	—	1,988	—	—
Delinquent special assessments	—	—	728	—	—
Deferred special assessments	1,369	—	223,804	82,732	390,971
Prepaid items	10,391	—	—	—	—
Total assets	\$ 3,643,343	\$ 2,292,843	\$ 899,319	\$ 596,108	\$ 468,975
Liabilities					
Accounts and contracts payable	\$ 102,561	\$ 27,335	\$ —	\$ —	\$ —
Salaries payable	14,808	—	—	—	—
Due to other governmental units	45,566	—	—	—	—
Due to other funds	—	—	—	—	—
Total liabilities	162,935	27,335	—	—	—
Deferred inflows of resources					
Unavailable revenue – taxes	46,292	—	—	—	—
Unavailable revenue – special assessments	1,369	—	224,532	82,732	390,971
Total deferred inflows of resources	47,661	—	224,532	82,732	390,971
Fund balances (deficit)					
Nonspendable	10,391	—	—	—	—
Restricted	—	2,265,508	674,787	513,376	78,004
Assigned	509,008	—	—	—	—
Unassigned	2,913,348	—	—	—	—
Total fund balances (deficit)	3,432,747	2,265,508	674,787	513,376	78,004
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,643,343	\$ 2,292,843	\$ 899,319	\$ 596,108	\$ 468,975

Capital Projects			
Bailey Meadows	12th and 12th Avenue Project	Nonmajor Funds	Totals
\$ 244,154	\$ —	\$ 2,415,085	\$ 7,887,409
—	—	—	6,953
—	—	1,727	28,388
—	—	—	11,133
—	—	—	1,869,396
—	—	—	46,292
—	—	456	2,444
—	—	1,301	2,029
—	—	101,673	800,549
—	—	1,600	11,991
<u>\$ 244,154</u>	<u>\$ —</u>	<u>\$ 2,521,842</u>	<u>\$ 10,666,584</u>
\$ 147,581	\$ 92,466	\$ 33,289	\$ 403,232
—	—	—	14,808
—	—	—	45,566
—	1,869,396	—	1,869,396
<u>147,581</u>	<u>1,961,862</u>	<u>33,289</u>	<u>2,333,002</u>
—	—	—	46,292
—	—	102,974	802,578
—	—	102,974	848,870
—	—	1,600	11,991
96,573	—	433,496	4,061,744
—	—	1,950,483	2,459,491
—	(1,961,862)	—	951,486
<u>96,573</u>	<u>(1,961,862)</u>	<u>2,385,579</u>	<u>7,484,712</u>
<u>\$ 244,154</u>	<u>\$ —</u>	<u>\$ 2,521,842</u>	<u>\$ 10,666,584</u>

CITY OF NEWPORT

Reconciliation of the Balance Sheet to the Statement of Net Position Governmental Funds as of December 31, 2020

Total fund balances – governmental funds	\$ 7,484,712
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.

Cost of capital assets	30,417,788
Less accumulated depreciation	(15,155,732)

Long-term liabilities and net pension liabilities are included in net position, but are excluded from fund balances until due and payable. Debt issuance premiums and discounts are excluded from net position until amortized, but are included in fund balances upon issuance as other financing sources and uses.

General obligation bonds payable	(5,605,000)
Premiums on debt issued	(215,285)
Compensated absences payable	(136,286)
Net pension liability	(515,575)

The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.

Delinquent property taxes	46,292
Special assessments	802,578
Net pension asset	392,007
Deferred outflows of resources – pension plan deferments	77,637
Deferred inflows of resources – pension plan deferments	(260,236)

Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.

(77,681)

Total net position – governmental activities	\$ 17,255,219
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CITY OF NEWPORT

Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2020

		Special Revenue		Debt Service	
		Economic	G.O.	G.O.	
	General Fund	Development	Improvement	Improvement	12th and 12th
		Authority	Bonds of 2014A	Bonds of 2018A	Avenue Project
Revenue					
Property taxes	\$ 2,290,956	\$ —	\$ 125,905	\$ 84,549	\$ —
Licenses and permits	377,965	—	—	—	—
Special assessments	—	—	88,932	8,193	78,000
Intergovernmental	625,371	8,458	—	—	—
Fines and forfeits	24,642	—	—	—	—
Charges for services	110,067	—	—	—	—
Investment earnings	76,825	37,430	7,057	1,065	4
Miscellaneous	77,928	(5,318)	—	—	—
Total revenue	3,583,754	40,570	221,894	93,807	78,004
Expenditures					
Current					
General government	932,556	—	4,890	—	—
Public safety	742,911	—	—	—	—
Public works	440,395	—	—	—	—
Parks and recreation	396,688	—	—	—	—
Economic development	—	82,790	—	—	—
Capital outlay	1,433	—	—	—	—
Debt service					
Principal retirement	—	—	160,000	160,000	—
Interest and fiscal charges	—	—	48,913	106,081	—
Total expenditures	2,513,983	82,790	213,803	266,081	—
Excess (deficiency) of revenue over expenditures	1,069,771	(42,220)	8,091	(172,274)	78,004
Other financing sources (uses)					
Sale of capital assets	—	397,000	—	—	—
Transfers in	—	25,000	—	364,000	—
Transfers (out)	(540,000)	—	—	—	—
Total other financing sources (uses)	(540,000)	422,000	—	364,000	—
Net change in fund balances	529,771	379,780	8,091	191,726	78,004
Fund balances (deficit)					
Beginning of year	2,902,976	1,885,728	666,696	321,650	—
End of year	\$ 3,432,747	\$ 2,265,508	\$ 674,787	\$ 513,376	\$ 78,004

Capital Projects			
Bailey Meadows	12th and 12th Avenue Project	Nonmajor Funds	Totals
\$ —	\$ —	\$ 148,828	\$ 2,650,238
—	—	—	377,965
27,690	—	46,207	249,022
—	—	284,269	918,098
—	—	—	24,642
—	—	150	110,217
3,108	—	28,446	153,935
—	—	6,800	79,410
30,798	—	514,700	4,563,527
—	—	32,529	969,975
—	—	254,984	997,895
—	—	6,162	446,557
—	—	—	396,688
—	—	—	82,790
36,760	1,961,862	635,734	2,635,789
—	—	220,000	540,000
—	—	46,849	201,843
36,760	1,961,862	1,196,258	6,271,537
(5,962)	(1,961,862)	(681,558)	(1,708,010)
—	—	—	397,000
—	—	565,000	954,000
—	—	—	(540,000)
—	—	565,000	811,000
(5,962)	(1,961,862)	(116,558)	(897,010)
102,535	—	2,502,137	8,381,722
\$ 96,573	\$ (1,961,862)	\$ 2,385,579	\$ 7,484,712

CITY OF NEWPORT

Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities Governmental Funds Year Ended December 31, 2020

Total net change in fund balances – governmental funds	\$ (897,010)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are recorded in net position and the cost is allocated over their estimated useful lives as depreciation expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.

Capital outlays	2,408,595
Depreciation expense	(732,420)

Capital assets constructed in the governmental funds then transferred to the enterprise funds are shown in the government-wide financial statements but not in the governmental fund financial statements.

	(38,547)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities. The amounts below are the effects of these differences in the treatment of long-term debt and related items.

Principal payments	540,000
Amortization of bond premium	21,102

Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.

	6,680
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Certain expenses are included in the change in net position, but do not require the use of current financial resources and are not reported as expenditures in governmental funds until actually due.

Compensated absences	(13,614)
Net pension asset	75,356
Net pension liability	(64,561)

The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.

Delinquent property taxes	9,528
Special assessments	248,770
Deferred outflows of resources – pension plan deferments	7,137
Deferred inflows of resources – pension plan deferments	40,969

Change in net position – governmental activities	\$ 1,611,985
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CITY OF NEWPORT

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 General Fund
 Year Ended December 31, 2020

	Original and Final Budget	Actual	Over (Under) Final Budget
Revenue			
Property taxes	\$ 2,193,714	\$ 2,290,956	\$ 97,242
Licenses and permits	140,000	377,965	237,965
Intergovernmental	606,475	625,371	18,896
Fines and forfeits	40,000	24,642	(15,358)
Charges for services	94,100	110,067	15,967
Investment earnings	25,000	76,825	51,825
Miscellaneous	41,000	77,928	36,928
Total revenue	<u>3,140,289</u>	<u>3,583,754</u>	<u>443,465</u>
Expenditures			
Current			
General government	871,700	932,556	60,856
Public safety	1,031,648	742,911	(288,737)
Public works	458,235	440,395	(17,840)
Parks and recreation	421,922	396,688	(25,234)
Capital outlay	47,400	1,433	(45,967)
Total expenditures	<u>2,830,905</u>	<u>2,513,983</u>	<u>(316,922)</u>
Excess of revenue over expenditures	309,384	1,069,771	760,387
Other financing (uses)			
Transfers (out)	<u>(540,000)</u>	<u>(540,000)</u>	<u>—</u>
Net change in fund balances	<u>\$ (230,616)</u>	529,771	<u>\$ 760,387</u>
Fund balances			
Beginning of year		<u>2,902,976</u>	
End of year		<u>\$ 3,432,747</u>	

CITY OF NEWPORT

Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Economic Development Authority Special Revenue Fund
Year Ended December 31, 2020

	Original and Final Budget	Actual	Over (Under) Final Budget
Revenue			
Intergovernmental	\$ 25,000	\$ 8,458	\$ (16,542)
Investment earnings	—	37,430	37,430
Miscellaneous	—	(5,318)	(5,318)
Total revenue	<u>25,000</u>	<u>40,570</u>	<u>15,570</u>
Expenditures			
Current			
Economic development	<u>—</u>	<u>82,790</u>	<u>82,790</u>
Excess (deficiency) of revenue over expenditures	25,000	(42,220)	(67,220)
Other financing sources			
Sale of capital assets	—	397,000	397,000
Transfers in	<u>25,000</u>	<u>25,000</u>	<u>—</u>
Total other financing sources	<u>25,000</u>	<u>422,000</u>	<u>397,000</u>
Net change in fund balances	<u>\$ 50,000</u>	<u>379,780</u>	<u>\$ 329,780</u>
Fund balances			
Beginning of year		<u>1,885,728</u>	
End of year		<u>\$ 2,265,508</u>	

CITY OF NEWPORT

Statement of Net Position
Proprietary Funds
as of December 31, 2020

	Business-Type Activities – Enterprise Funds				
	Water	Sewer	Street Light	Storm Sewer	Total
Assets					
Current assets					
Cash and temporary investments	\$ 798,944	\$ 1,275,378	\$ 216,026	\$ 55,122	\$ 2,345,470
Receivables					
Accounts	86,439	145,217	19,640	35,235	286,531
Delinquent special assessments	1,935	1,935	–	265	4,135
Deferred special assessments	27,355	27,355	–	150,472	205,182
Prepaid items	1,605	29,591	84	166	31,446
Total current assets	916,278	1,479,476	235,750	241,260	2,872,764
Capital assets					
Land	166,753	–	–	–	166,753
Buildings and improvements	715,817	417,170	–	–	1,132,987
Machinery and equipment	1,545,916	770,270	–	256,591	2,572,777
Infrastructure	2,962,267	1,965,694	–	14,863	4,942,824
Construction in progress	–	–	–	98,822	98,822
	5,390,753	3,153,134	–	370,276	8,914,163
Less accumulated depreciation	2,511,282	1,828,549	–	111,408	4,451,239
Net capital assets	2,879,471	1,324,585	–	258,868	4,462,924
Total assets	3,795,749	2,804,061	235,750	500,128	7,335,688
Deferred outflows of resources					
Pension plan deferments	8,116	8,270	–	1,139	17,525
Total assets and deferred outflows of resources	\$ 3,803,865	\$ 2,812,331	\$ 235,750	\$ 501,267	\$ 7,353,213
Liabilities					
Current liabilities					
Accounts payable	\$ 2,462	\$ 1,564	\$ –	\$ 2,841	\$ 6,867
Salaries payable	16,694	16,751	193	305	33,943
Accrued interest payable	13,658	10,467	–	2,910	27,035
Due to other governmental units	10	12,301	–	175	12,486
Unearned revenue	6,277	–	–	–	6,277
Long-term liabilities – current	83,815	73,702	–	22,483	180,000
Total current liabilities	122,916	114,785	193	28,714	266,608
Long-term liabilities					
Net pension liability	74,980	76,406	–	10,527	161,913
Other long-term liabilities	1,048,936	796,964	–	231,386	2,077,286
Total long-term liabilities	1,123,916	873,370	–	241,913	2,239,199
Total liabilities	1,246,832	988,155	193	270,627	2,505,807
Deferred inflows of resources					
Pension plan deferments	3,028	3,086	–	425	6,539
Net position					
Net investment in capital assets	1,746,720	453,919	–	4,999	2,205,638
Unrestricted	807,285	1,367,171	235,557	225,216	2,635,229
Total net position	2,554,005	1,821,090	235,557	230,215	4,840,867
Total liabilities, deferred inflows of resources, and net position	\$ 3,803,865	\$ 2,812,331	\$ 235,750	\$ 501,267	\$ 7,353,213

See notes to basic financial statements

CITY OF NEWPORT

Statement of Revenue, Expenses, and Changes in Net Position
 Proprietary Funds
 Year Ended December 31, 2020

	Business-Type Activities – Enterprise Funds				
	Water	Sewer	Street Light	Storm Sewer	Total
Operating revenue					
Water sales	\$ 434,730	\$ –	\$ –	\$ –	\$ 434,730
Sewer charges	–	703,804	–	–	703,804
Street light charges	–	–	86,035	–	86,035
Storm sewer charges	–	–	–	172,885	172,885
Water and sewer access charges	187,600	359,380	–	–	546,980
Permits and licenses	6,660	6,463	–	–	13,123
Total operating revenue	628,990	1,069,647	86,035	172,885	1,957,557
Operating expenses					
Salaries	97,953	102,181	8,819	12,713	221,666
Employee benefits	12,573	3,888	1,317	(6,426)	11,352
Metropolitan Council Environmental Services sewer charges	–	469,561	–	–	469,561
Insurance	14,424	13,238	1,257	2,390	31,309
Professional services	–	–	–	41,519	41,519
Supplies	36,706	13,787	–	–	50,493
Utilities	46,821	12,466	39,101	–	98,388
Depreciation	137,959	103,445	–	29,329	270,733
Other	38,886	6,540	–	20,842	66,268
Total operating expenses	385,322	725,106	50,494	100,367	1,261,289
Operating income	243,668	344,541	35,541	72,518	696,268
Nonoperating revenue (expense)					
State grant and aids	200	204	–	28	432
Investment earnings	10,471	21,916	1,873	56	34,316
Interest and fiscal charges	(26,552)	(26,325)	–	(10,322)	(63,199)
Total nonoperating revenue (expense)	(15,881)	(4,205)	1,873	(10,238)	(28,451)
Income before contributions and transfers	227,787	340,336	37,414	62,280	667,817
Special assessments	–	–	–	179,550	179,550
Transfers (out)	(207,000)	(207,000)	–	–	(414,000)
Capital contributions from other funds	37,453	–	–	1,094	38,547
Change in net position	58,240	133,336	37,414	242,924	471,914
Net position					
Beginning of year	2,495,765	1,687,754	198,143	(12,709)	4,368,953
End of year	\$ 2,554,005	\$ 1,821,090	\$ 235,557	\$ 230,215	\$ 4,840,867

CITY OF NEWPORT

Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2020

	Business-Type Activities – Enterprise Funds				
	Water	Sewer	Street Light	Storm Sewer	Total
Cash flows from operating activities					
Cash received from customers	\$ 610,432	\$ 1,033,417	\$ 83,706	\$ 16,148	\$ 1,743,703
Cash paid to suppliers	(138,870)	(539,040)	(43,101)	(96,988)	(817,999)
Cash paid to employees	(115,762)	(117,959)	(10,424)	(15,011)	(259,156)
Net cash provided (used) by operating activities	355,800	376,418	30,181	(95,851)	666,548
Cash flows from noncapital financing activities					
State aid and grants	200	204	–	28	432
Cash flows from capital and related financing activities					
Special assessments	–	–	–	179,550	179,550
Acquisition of capital assets	–	–	–	(98,822)	(98,822)
Transfers (out)	(207,000)	(207,000)	–	–	(414,000)
Principal paid on debt	(83,814)	(73,702)	–	(22,484)	(180,000)
Interest and fiscal charges paid on debt	(28,118)	(28,366)	–	(11,070)	(67,554)
Net cash provided (used) by capital financing activities	(318,932)	(309,068)	–	47,174	(580,826)
Cash flows from investing activities					
Interest received	10,471	21,916	1,873	56	34,316
Net change in cash and cash equivalents	47,539	89,470	32,054	(48,593)	120,470
Cash and cash equivalents					
Beginning of year	751,405	1,185,908	183,972	103,715	2,225,000
End of year	\$ 798,944	\$ 1,275,378	\$ 216,026	\$ 55,122	\$ 2,345,470
Reconciliation of operating income to net cash provided by operating activities					
Operating income	\$ 243,668	\$ 344,541	\$ 35,541	\$ 72,518	\$ 696,268
Adjustments to reconcile operating income to net cash provided (used) by operating activities					
Depreciation	137,959	103,445	–	29,329	270,733
Change in assets and deferred outflows of resources					
Accounts receivable	(15,238)	(26,633)	(2,329)	(8,178)	(52,378)
Special assessments receivable	(9,597)	(9,597)	–	(148,559)	(167,753)
Prepaid items	(6)	(4,524)	(4)	(7)	(4,541)
Deferred outflows of resources	(1,064)	(461)	–	570	(955)
Change in liabilities and deferred inflows of resources					
Accounts payable	(2,037)	757	(2,739)	(32,230)	(36,249)
Salaries payable	(213)	(157)	(288)	(377)	(1,035)
Due to other governmental units	10	(19,681)	–	–	(19,671)
Unearned revenue	6,277	–	–	–	6,277
Net pension liability	5,746	(259)	–	(6,256)	(769)
Deferred inflows of resources	(9,705)	(11,013)	–	(2,661)	(23,379)
Net cash provided (used) by operating activities	\$ 355,800	\$ 376,418	\$ 30,181	\$ (95,851)	\$ 666,548
Noncash investing, capital, and financing activities					
Net amortization of bond premium	\$ 783	\$ 1,304	\$ –	\$ 522	\$ 2,609
Contributions of capital assets from governmental activities	\$ 37,453	\$ –	\$ –	\$ 1,094	\$ 38,547

CITY OF NEWPORT

Notes to Basic Financial Statements December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The City of Newport, Minnesota (the City) operates under the “Optional Plan A” form of government as defined in Minnesota Statutes, Chapter 412. Under this plan, the government of the City is run by a council composed of an elected mayor and four councilmembers. The City Council exercises legislative authority and determines all matters of policy.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units.

B. Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements include the City (the primary government) and its component units. Component units are legally separate entities for which the primary government is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit’s board, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit.

The Newport Economic Development Authority (EDA) is fiscally dependent upon the City and its governing body consists of City Council members. The City Council directs the activities of the EDA’s management. Therefore, the EDA is included as a component unit of the City. The EDA’s financial data has been blended with that of the City (reported as though its funds were funds of the City).

C. Government-Wide Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all of the financial activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on sales, fees, and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other internally-directed revenues are reported as general revenues.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide 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 are recognized as revenues in the fiscal year for which they are levied, while special assessments are recognized when certified. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, charges between the City's enterprise funds and other functions are not eliminated, as that would distort the direct costs and program revenues reported in those functions. The City applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. Depreciation expense is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if collected within 60 days after year-end.

Major revenue that is susceptible to accrual includes property taxes, intergovernmental revenue, charges for services, and interest earned on investments. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Revenue that is not susceptible to accrual includes licenses and permits, fees, and miscellaneous revenue. Such revenue is recorded only when received because it is not measurable until collected. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt, compensated absences, and net pension liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Funds

The City reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Economic Development Authority Special Revenue Fund – This fund is used to account for the financial resources of the EDA.

G.O. Improvement Bonds of 2014A Debt Service Fund – This fund is used to account for the financial resources for the 2014 general obligation improvement bonds.

G.O. Improvement Bonds of 2018A Debt Service Fund – This fund is used to account for the financial resources for the 2018 general obligation improvement bonds.

12th and 12th Avenue Project Debt Service Fund – This fund will be used to account for the financial resources for the general obligation bonds related to this project.

Bailey Meadows Capital Projects Fund – This fund is used to account for the financial resources for the City's Bailey Meadows construction projects.

12th and 12th Avenue Project Capital Projects Fund – This fund is used to account for the financial resources for the City's 12th and 12th Avenue construction projects.

The City reports the following major proprietary funds:

Water Enterprise Fund – The Water Enterprise Fund is used to account for the operation, maintenance, and improvement of the City's water utility system.

Sewer Enterprise Fund – The Sewer Enterprise Fund is used to account for the operation, maintenance, and improvement of the City's sewer utility system.

Street Light Enterprise Fund – The Street Light Enterprise Fund is used to account for the operation, maintenance, and improvement of the City's street light utility system.

Storm Sewer Enterprise Fund – The Storm Sewer Enterprise Fund is used to account for the operation, maintenance, and improvement of the City's storm sewer utility system.

E. Cash and Investments

Cash and temporary investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

Investments are generally stated at fair value, except for investments in external investment pools/mutual funds, which are stated at amortized cost. Short-term, highly liquid debt instruments (including commercial paper, bankers' acceptance, and U.S. treasury and agency obligations) purchased with a remaining maturity of one year or less may also be reported at amortized cost. Investment income is accrued at the Balance Sheet date.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

See Note 2 for the City's recurring fair value measurements as of year-end.

F. Receivables

Utility and miscellaneous accounts receivable are reported at gross. Since the City is generally able to certify delinquent amounts to the county for collection as special assessments, no allowance for uncollectible accounts has been provided on current receivables. All receivables are expected to be collected within one year with the exception of deferred special assessments.

G. Property Taxes

Property tax levies are set by the City Council by December of each year, and are certified to Washington County for collection in the following year. In Minnesota, counties act as collection agents for all property taxes.

The county spreads all levies over taxable property. Such taxes become a lien on January 1 and are recorded as receivables by the City on that date. Real property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Personal property taxes are due in full on May 15. The county provides tax settlements to cities and other taxing districts several times a year. Taxes which remain unpaid at December 31 are classified as delinquent taxes receivable.

H. Special Assessments

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as delinquent (levied, but unremitted) or deferred (certified, but not yet levied) special assessments receivable.

I. Prepaid Items

The inventories of the City's proprietary funds are recorded in prepaid items at the lower of cost or market on the first-in, first-out basis. Prepaid items in all funds are reported using the consumption method and recorded as an expense or expenditure at the time of consumption.

J. Capital Assets

Capital assets, which include property, buildings, equipment, and improvements (infrastructure assets, such as roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are capitalized at historical cost or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The City defines capital assets as those with an initial, individual cost of \$5,000 or more with an estimated useful life in excess of one year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital assets are recorded in the government-wide and proprietary fund financial statements, but are not reported in the governmental fund financial statements. Interest incurred during the construction phase of capital assets for business-type activities is included as part of the capitalized value of the assets constructed. Capital assets are depreciated using the straight-line method over their estimated useful lives. Land and construction in progress are not depreciated. Useful lives vary from 10 to 50 years for buildings and improvements; 4 to 20 years for machinery, equipment, and vehicles; and 10 to 65 years for infrastructure.

The City has chosen to report infrastructure beginning with capital assets acquired after 1980. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate.

K. Compensated Absences Payable

All employees of the City are eligible for certain severance benefits. The severance calculation is dependent upon employee type, as well as years of service. Nonunion employees receive severance pay for unused vacation days and one-half of their unused sick leave benefits to a maximum of 60 days of additional severance pay. Severance pay for all full-time employees who are members of the International Union of Operating Engineers, Local 49, AFL-CIO, are paid in accordance with the terms of their contract. These compensated absences are paid to an employee leaving in good standing, at their current rate of pay, by the governmental or proprietary fund that paid the largest portion of the employee's salary. The amount of severance that is based on convertible sick leave is recorded as a liability in the government-wide financial statements and proprietary funds as it is earned and it becomes probable that it will vest at some point in the future. Severance pay is accrued in the governmental funds financial statements only when it becomes due and payable.

L. Other Post-Employment Benefits

Under Minnesota Statutes § 471.61, Subd. 2b, public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored healthcare plan, under the following conditions: 1) retirees must be receiving (or be eligible to receive) an annuity from a Minnesota public pension plan; 2) coverage must continue in a group plan until age 65, and retirees must pay no more than the group premium; and 3) retirees may obtain dependent coverage immediately before retirement. All premiums are funded on a pay-as-you-go basis. The liability was considered immaterial at year-end.

M. Long-Term Liabilities

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. If they are material, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the governmental fund financial statements, long-term debt and other long-term obligations are not reported as liabilities until due and payable. The face amount of debt issued is reported as other financing sources. Premiums or discounts on debt issuances are reported as other financing sources or uses, respectively.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Deferred Outflows/Inflows of Resources

In addition to assets, a statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred outflows of resources related to pensions reported in the government-wide and enterprise funds Statement of Net Position. This deferred outflow results from differences between expected and actual experience, changes of assumptions, difference between projected and actual earnings on pension plan investments, and from contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension standards.

In addition to liabilities, a statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items which qualify for reporting in this category.

The first item, unavailable revenue, arises only under a modified accrual basis of accounting and, therefore, is only reported in the governmental funds Balance Sheet. The governmental funds report unavailable revenue from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The second item, deferred inflows of resources related to pensions, is reported in the government-wide and enterprise funds Statement of Net Position. This deferred inflow results from differences between expected and actual experience, changes of assumptions, changes in proportion, and differences between projected and actual earnings on pension plan investments. These amounts are deferred and amortized as required under pension standards.

O. State-Wide and Fire Relief Pension Plans

For purposes of measuring the net pension liability or asset, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and the Newport Fire Department Relief Association (the Association), and additions to/deductions from the PERA's and the Association's fiduciary net position have been determined on the same basis as they are reported by the PERA and the Association. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Net Position

In the government-wide and proprietary fund financial statements, net position represents the differences between assets, deferred outflows of resources, liabilities, and deferred inflow of resources. Net position is displayed in three components:

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Unrestricted Net Position** – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Q. Fund Balance Classifications

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints that are established by resolution of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the City’s policy to first use restricted resources, then use unrestricted resources as they are needed.

When committed, assigned, or unassigned resources are available for use, it is the City’s policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Budgets and Budgetary Accounting

Budget amounts are presented on the modified accrual basis of accounting. Each fall, the City Council adopts a General Fund and Economic Development Authority Special Revenue Fund budget for the following fiscal year beginning January 1. The City has established budgetary control at the fund level. Budget appropriations lapse at year-end. During the year ended December 31, 2020, the Economic Development Authority Special Revenue Fund expenditures exceeded budgeted appropriations by \$82,790.

S. Statement of Cash Flows

For purposes of the Statement of Cash Flows, the City considers all highly liquid debt instruments with an original maturity from the time of purchase by the City of three months or less to be cash equivalent. The proprietary funds' portion in the government-wide cash and investment management pool is considered to be cash equivalent.

T. Risk Management

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City participates in the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool for its general property and casualty, workers' compensation, and other miscellaneous insurance coverage. The LMCIT operates as a common risk management and insurance program for a large number of cities in Minnesota. The City pays an annual premium to the LMCIT for insurance coverage. The LMCIT agreement provides that the trust will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits. The City also carries commercial insurance for certain other risks of loss. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage in the current year.

U. Use of Estimates

The preparation of financial statements, in accordance with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

NOTE 2 – CASH AND INVESTMENTS

A. Components of Cash and Investments

Cash and investments at year-end consist of the following:

Deposits	\$ 3,876,297
Investments	6,356,507
Cash on hand	<u>75</u>
Total	<u><u>\$ 10,232,879</u></u>

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

B. Deposits

In accordance with applicable Minnesota Statutes, the City maintains deposits at depository banks authorized by the City Council, including checking accounts and certificates of deposit.

The following is considered the most significant risk associated with deposits:

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may be lost.

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated “A” or better; revenue obligations rated “AA” or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The City’s investment policy addresses this risk. It states that the City will minimize deposit custodial risk by obtaining collateral or bond for all uninsured amounts on deposit, and by obtaining necessary documentation to show compliance with state law and a perfected security interest under federal law.

At year-end, the carrying amount of the City’s deposits was \$3,876,297, while the balance on the bank records was \$4,551,295. At December 31, 2020, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the City’s agent in the City’s name.

C. Investments

The City has the following investments at year-end:

Investment Type	Credit Risk		Fair Value Measurements Using	Interest Risk – Maturity Duration in Years		Total
	Rating	Agency		Less Than 1	1 to 5	
Negotiable certificates of deposit	N/R	N/A	Level 2	\$ 1,683,214	\$ 1,460,890	\$ 3,144,104
State and local bonds (G.O. bonds)	AAA	S&P	Level 2	\$ –	\$ 16,869	16,869
State and local bonds (G.O. bonds)	Aaa	Moody's	Level 2	\$ –	\$ 93,921	93,921
State and local bonds (G.O. bonds)	A	S&P	Level 2	\$ –	\$ 48,975	48,975
State and local bonds (G.O. bonds)	Aa	Moody's	Level 2	\$ –	\$ 104,965	104,965
State and local bonds (G.O. bonds)	AA	S&P	Level 2	\$ –	\$ 214,263	214,263
State and local bonds (G.O. bonds)	A3	Moody's	Level 2	\$ –	\$ 553,932	553,932
State and local bonds (G.O. bonds)	A	Moody's	Level 2	\$ –	\$ 9,951	9,951
State and local bonds (revenue bonds)	AA	S&P	Level 2	\$ –	\$ 1,290,814	1,290,814
State and local bonds (revenue bonds)	AAA	S&P	Level 2	\$ –	\$ 10,878	10,878
State and local bonds (revenue bonds)	Aa	Moody's	Level 2	\$ –	\$ 277,752	277,752
State and local bonds (revenue bonds)	A	S&P	Level 2	\$ –	\$ 112,892	112,892
Investment pools/mutual funds	AAA	S&P	Amortized Cost	N/A	N/A	1,343
Investment pools/mutual funds	AAA	S&P	Level 1	N/A	N/A	475,848
Total investments						<u>\$ 6,356,507</u>

N/R – Not Rated

N/A – Not Applicable

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Investments are subject to various risks, the following of which are considered the most significant:

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer), the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy addresses credit risk. It states the City will minimize custodial credit risk by obtaining necessary documentation to show compliance with state law and a perfected security interest under federal law.

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the City's investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated "A" or better; revenue obligations rated "AA" or better; general obligations of the Minnesota Housing Finance Agency rated "A" or better; bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers. The City's investment policy addresses this risk. It states that designated depositories shall have insurance through the Federal Deposit Insurance Corporation or the Securities Investor Protection Corporation. To ensure safety, it is the policy of the City that when considering an investment, all depositories under consideration be cross-checked against existing investments to make certain that funds in excess of insurance limits are not made in the same institution unless collateralized as outlined below. Furthermore, the City Council will approve all financial institutions, brokers, and advisors with which the City will do business.

Concentration Risk – This is the risk associated with investing a significant portion of the City's investments (considered 5.0 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The City's investment policy addresses concentration risk. It states the City's investments shall be diversified as to specific maturity, issuer, and institution in order to minimize risk to the portfolio. Investments should be purchased to match expected cash flow needs, minimizing the market risk associated with the early sale of investments. Investments beyond two years should be related to debt payments, or other known expenditures. Up to 20.0 percent of the portfolio may be invested beyond five years, but no more than 10 years in maturity. Securities with a maturity of more than five years shall be fixed term securities and not securities whose term can be extended by changes in market conditions. No more than 50.0 percent of the portfolio should be invested in any one security issuer, with the exception of U.S. treasury obligations, which could represent 100.0 percent of the portfolio. Commercial paper is limited to 20.0 percent of the portfolio and no more than 2.5 percent of the portfolio should be invested in any one commercial paper issuer. No more than 50.0 percent of the portfolio shall be purchased from any one investment institution.

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

The following state and local bond investments exceeded 5.0 percent of the City's investment portfolio:

Capital Area Development Authority, Sacramento, California	6.0%
Gardena California Pension Obligations	8.0%
Hoffman Estates Illinois Park District	7.0%
State of New Jersey	9.0%

Interest Rate Risk – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The City's investment policy addresses interest rate risk. It states that the City will minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market to maturity.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

A. Changes in Capital Assets Used in Governmental Activities

	Balance – Beginning of Year	Additions	Deletions	Transfers	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 3,941,908	\$ –	\$ –	\$ –	\$ 3,941,908
Construction in progress	2,749,644	2,378,291	–	(38,547)	5,089,388
Total capital assets, not depreciated	6,691,552	2,378,291	–	(38,547)	9,031,296
Capital assets, depreciated					
Buildings and improvements	2,014,916	–	–	–	2,014,916
Machinery and equipment	518,553	–	–	–	518,553
Vehicles	1,601,032	30,304	–	–	1,631,336
Infrastructure	17,221,687	–	–	–	17,221,687
Total capital assets, depreciated	21,356,188	30,304	–	–	21,386,492
Less accumulated depreciation for					
Buildings and improvements	(944,715)	(41,759)	–	–	(986,474)
Machinery and equipment	(333,493)	(24,605)	–	–	(358,098)
Vehicles	(1,117,439)	(98,908)	–	–	(1,216,347)
Infrastructure	(12,027,665)	(567,148)	–	–	(12,594,813)
Total accumulated depreciation	(14,423,312)	(732,420)	–	–	(15,155,732)
Net capital assets, depreciated	6,932,876	(702,116)	–	–	6,230,760
Net capital assets	\$ 13,624,428	\$ 1,676,175	\$ –	\$ (38,547)	\$ 15,262,056

NOTE 3 – CAPITAL ASSETS (CONTINUED)

B. Changes in Capital Assets Used in Business-Type Activities

	Balance – Beginning of Year	Additions	Deletions	Transfers	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 129,300	\$ –	\$ –	\$ 37,453	\$ 166,753
Construction in progress	–	98,822	–	–	98,822
Total capital assets, not depreciated	129,300	98,822	–	37,453	265,575
Capital assets, depreciated					
Buildings and improvements	1,132,987	–	–	–	1,132,987
Machinery and equipment	2,571,683	–	–	1,094	2,572,777
Infrastructure	4,942,824	–	–	–	4,942,824
Total capital assets, depreciated	8,647,494	–	–	1,094	8,648,588
Less accumulated depreciation for					
Buildings and improvements	(451,043)	(14,531)	–	–	(465,574)
Machinery and equipment	(846,124)	(180,157)	–	–	(1,026,281)
Infrastructure	(2,883,339)	(76,045)	–	–	(2,959,384)
Total accumulated depreciation	(4,180,506)	(270,733)	–	–	(4,451,239)
Net capital assets, depreciated	4,466,988	(270,733)	–	1,094	4,197,349
Net capital assets	\$ 4,596,288	\$ (171,911)	\$ –	\$ 38,547	\$ 4,462,924

C. Depreciation Expense by Function

Governmental activities	
General government	\$ 1,272
Public safety	69,006
Public works	653,388
Parks and recreation	8,754
Total depreciation expense – governmental activities	<u>\$ 732,420</u>
Business-type activities	
Water	\$ 137,959
Sewer	103,445
Storm sewer	29,329
Total depreciation expense – business-type activities	<u>\$ 270,733</u>

NOTE 4 – LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

	Balance – Beginning of Year	Additions	Retirements	Balance – End of Year	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 6,145,000	\$ –	\$ 540,000	\$ 5,605,000	\$ 560,000
Premiums on debt issued	236,387	–	21,102	215,285	–
Compensated absences payable	122,672	177,548	163,934	136,286	64,679
	<u>6,504,059</u>	<u>177,548</u>	<u>725,036</u>	<u>5,956,571</u>	<u>624,679</u>
Business-type activities					
General obligation improvement bonds payable	2,415,000	–	180,000	2,235,000	180,000
Premiums on debt issued	24,895	–	2,609	22,286	–
	<u>2,439,895</u>	<u>–</u>	<u>182,609</u>	<u>2,257,286</u>	<u>180,000</u>
Total long-term liabilities	<u>\$ 8,943,954</u>	<u>\$ 177,548</u>	<u>\$ 907,645</u>	<u>\$ 8,213,857</u>	<u>\$ 804,679</u>

B. Details on Bonds Payable

	Original Issue	Interest Rate	Issue Date	Final Maturity Date	Balance – End of Year
Governmental activities					
G.O. Improvement Bonds of 2011A	\$ 645,000	3.00%	11/01/2011	02/01/2021	\$ 80,000
G.O. Improvement Bonds of 2013A	\$ 1,350,000	0.45–3.50%	10/15/2013	02/01/2029	760,000
G.O. Improvement Bonds of 2014A	\$ 2,295,000	3.00–3.50%	07/15/2014	02/01/2030	1,500,000
G.O. Improvement Bonds of 2016A	\$ 490,000	1.60–3.00%	12/29/2016	02/01/2032	375,000
G.O. Improvement Bonds of 2018A	\$ 3,050,000	3.00–4.00%	08/09/2018	02/01/2034	2,890,000
Total governmental activity bonds payable					<u>\$ 5,605,000</u>
Business-type activities					
G.O. Improvement Bonds of 2011A	\$ 540,000	3.00–4.10%	11/01/2011	02/01/2032	\$ 365,000
G.O. Improvement Bonds of 2014A	\$ 940,000	3.00–3.50%	07/15/2014	02/01/2030	635,000
G.O. Improvement Bonds of 2016A	\$ 870,000	1.60–3.00%	12/29/2016	02/01/2032	710,000
G.O. Improvement Bonds of 2016B	\$ 595,000	1.75–3.00%	12/29/2016	02/01/2033	525,000
Total business-type activity bonds payable					<u>\$ 2,235,000</u>

General Obligation Improvement Bonds – These bonds were issued to finance various improvements and capital purchases. The governmental activity bonds will be repaid primarily from either general property taxes or special assessments levied on the properties benefiting from the improvements. The business-type activity bonds will be repaid from Water, Sewer, and Storm Sewer Enterprise Fund operating revenues pledged for the payment of these bonds.

All long-term debt is backed by the full faith and credit of the City.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

C. Other Long-Term Liabilities

The City offers a number of benefits to its employees, including: severance benefits and pension benefits. The details of these various benefit liabilities are discussed elsewhere in these notes. Such benefits are paid by the General Fund and enterprise funds.

City employees participate in several pension plans described later in these notes, including a state-wide, cost-sharing, multiple-employer defined benefit plan administered by the PERA and a single-employer defined benefit plan administered by the Newport Firefighters Relief Association. The following is a summary of the net pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended December 31, 2020:

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense (Benefit)
Defined benefit plans				
State-wide, multiple-employer – GERP	\$ 677,488	\$ 73,331	\$ 27,361	\$ 35,344
Single-employer – Fire Relief Association	–	21,831	239,414	(14,711)
Total	<u>\$ 677,488</u>	<u>\$ 95,162</u>	<u>\$ 266,775</u>	<u>\$ 20,633</u>

D. Minimum Debt Payments

Minimum annual principal and interest payments required to retire bonds payable are as follows:

Year Ending December 31,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 560,000	\$ 177,144	\$ 180,000	\$ 62,690
2022	485,000	159,664	180,000	58,171
2023	505,000	142,871	185,000	53,375
2024	515,000	125,479	190,000	48,352
2025	460,000	108,821	195,000	43,135
2026–2030	2,100,000	320,633	960,000	132,335
2031–2034	980,000	60,472	345,000	13,445
	<u>\$ 5,605,000</u>	<u>\$ 1,095,084</u>	<u>\$ 2,235,000</u>	<u>\$ 411,503</u>

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

E. Revenue Pledged

Future revenue pledged for the payment of long-term debt is as follows:

Bond Issue	Use of Proceeds	Type	Revenue Pledged		Remaining Principal and Interest	Current Year	
			Percent of Total Debt Service	Term of Pledge		Principal and Interest Paid	Pledged Revenue Received
G.O. Improvement Bonds of 2011A	Water meters and sewer infrastructure	Utility charges	100%	2012–2032	\$ 457,098	\$ 39,060	\$ 1,698,637
G.O. Improvement Bonds of 2014A	Water, sewer, and storm sewer improvements	Utility charges	100%	2015–2030	\$ 732,438	\$ 85,500	\$ 1,871,522
G.O. Improvement Bonds of 2016A	Water, sewer, and storm sewer improvements	Utility charges	100%	2017–2032	\$ 829,970	\$ 73,295	\$ 1,871,522
G.O. Improvement Bonds of 2016B	Water, sewer, and storm sewer improvements	Utility charges	100%	2017–2033	\$ 626,997	\$ 49,124	\$ 1,871,522

NOTE 5 – FUND BALANCES

The following is a breakdown of equity components of governmental funds, which are defined earlier in the report:

	General	Economic Development Authority	G.O. Improvement Bonds of 2014A	G.O. Improvement Bonds of 2018A	12th and 12th Avenue Debt Service	Bailey Meadows	12th and 12th Avenue Capital Project	Nonmajor Funds	Total
Nonspendable									
Prepaid items	\$ 10,391	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 1,600	\$ 11,991
Restricted									
Special revenue funds									
Economic Development Authority	\$ –	\$ 2,265,508	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 2,265,508
Heritage Preservation	–	–	–	–	–	–	–	5,541	5,541
Recycling	–	–	–	–	–	–	–	20,898	20,898
Buy Forfeiture	–	–	–	–	–	–	–	1,319	1,319
Pioneer Days	–	–	–	–	–	–	–	38,068	38,068
Debt Service	–	–	674,787	513,376	78,004	–	–	294,132	1,560,299
Capital Projects	–	–	–	–	–	96,573	–	73,538	170,111
Total restricted	\$ –	\$ 2,265,508	\$ 674,787	\$ 513,376	\$ 78,004	\$ 96,573	\$ –	\$ 433,496	\$ 4,061,744
Assigned									
Capital project									
Parks	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 565,634	\$ 565,634
Equipment Revolving	–	–	–	–	–	–	–	415,308	415,308
4th Avenue Ravine	–	–	–	–	–	–	–	12,855	12,855
North Ravine	–	–	–	–	–	–	–	66,889	66,889
Street Construction	–	–	–	–	–	–	–	179,341	179,341
Buildings	–	–	–	–	–	–	–	626,172	626,172
City/Fire Hall	–	–	–	–	–	–	–	84,284	84,284
Subsequent year budget deficit	509,008	–	–	–	–	–	–	–	509,008
Total assigned	\$ 509,008	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 1,950,483	\$ 2,459,491
Unassigned	\$ 2,913,348	\$ –	\$ –	\$ –	\$ –	\$ –	\$ (1,961,862)	\$ –	\$ 951,486

NOTE 6 – DEFINED BENEFIT PENSION PLAN – STATE-WIDE

A. Plan Descriptions

The City participates in the following cost-sharing, multiple-employer defined benefit pension plan administered by the PERA of Minnesota. The PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. The PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Fund (GERF)

All full-time and certain part-time employees of the City are covered by the GERF. The GERF members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

B. Benefits Provided

The PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statutes and can only be modified by the State Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for the PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated Plan members is 1.2 percent of average salary for each of the first 10 years of service, and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated Plan members is 1.7 percent of average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90, and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at age 66.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the post-retirement increase will be equal to 50.0 percent of the cost of living adjustment (COLA) announced by the Social Security Administration, with a minimum increase of at least 1.0 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase, will receive the full increase. For recipients receiving the annuity or benefit for at least one month, but less than a full year as of the June 30 before the effective date of the increase, will receive a reduced prorated increase. For members retiring on January 1, 2024 or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

NOTE 6 – DEFINED BENEFIT PENSION PLAN – STATE-WIDE (CONTINUED)

C. Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the State Legislature.

GERF Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2020, and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the GERF for the year ended December 31, 2020, were \$67,164. The City's contributions were equal to the required contributions as set by state statutes.

D. Pension Costs

GERF Pension Costs

At December 31, 2020, the City reported a liability of \$677,488 for its proportionate share of the GERF's net pension liability. The City's net pension liability reflected a reduction, due to the state of Minnesota's contribution of \$16.0 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of the PERA's participating employers. The City's proportionate share was 0.0113 percent at the end of the measurement period and 0.0111 percent for the beginning of the period.

The amount recognized by the City as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the net pension liability	\$ 677,488
State's proportionate share of the net pension liability associated with the City	\$ 20,984

For the year ended December 31, 2020, the City recognized pension expense of \$33,533 for its proportionate share of the GERF's pension expense. In addition, the City recognized an additional \$1,811 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16.0 million to the GERF.

NOTE 6 – DEFINED BENEFIT PENSION PLAN – STATE-WIDE (CONTINUED)

At December 31, 2020, the City reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 6,067	\$ 2,561
Changes in actuarial assumptions	–	24,800
Differences between projected and actual investment earnings	14,242	–
Changes in proportion	17,451	–
Contributions paid to the PERA subsequent to the measurement date	35,571	–
Total	<u>\$ 73,331</u>	<u>\$ 27,361</u>

A total of \$35,571 reported as deferred outflows of resources related to pensions resulting from city contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2021	\$ (25,456)
2022	\$ 3,860
2023	\$ 15,627
2024	\$ 16,368

E. Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

	GERF	PEPFF
Inflation	2.25% per year	2.50% per year
Active member payroll growth	3.00% per year	3.25% per year
Investment rate of return	7.50%	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP-2014 tables for males and females, as appropriate, with slight adjustments to fit the PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the GERF.

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the GERF was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation.

NOTE 6 – DEFINED BENEFIT PENSION PLAN – STATE-WIDE (CONTINUED)

The following changes in actuarial assumptions and plan provisions occurred in 2020:

GERF

CHANGES IN ACTUARIAL ASSUMPTIONS

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years two through five, and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 Table to the PUB-2010 General Mortality Table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality Table to the PUB-2010 General/Teacher Disabled Annuitant Mortality Table, with adjustments.
- The mortality improvement scale was changed from MP-2018 to MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100.00 percent joint and survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100.00 percent joint and survivor option changed from 15.00 percent to 30.00 percent. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

CHANGES IN PLAN PROVISIONS

- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020 through December 31, 2023, and zero percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

NOTE 6 – DEFINED BENEFIT PENSION PLAN – STATE-WIDE (CONTINUED)

The Minnesota State Board of Investment, which manages the investments of the PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best-estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	35.50 %	5.10 %
International stocks	17.00	5.30 %
Bonds (fixed income)	20.00	0.75 %
Alternative assets (private markets)	25.00	5.90 %
Cash	2.00	– %
Total	100.00 %	

F. Discount Rate

The discount rate used to measure the total pension liability in 2020 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the GERS was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

The following table presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate 6.50%	Discount Rate 7.50%	1% Increase in Discount Rate 8.50%
City's proportionate share of the GERS net pension liability	\$ 1,085,776	\$ 677,488	\$ 340,681

H. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the PERA website at www.mnpera.org; by writing to the PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103; or by calling (651) 296-7460 or (800) 652-9026.

NOTE 7 – DEFINED BENEFIT PENSION PLAN – FIRE RELIEF ASSOCIATION

A. Plan Description

All members of the Newport Fire Department (the Department) are covered by a defined benefit plan administered by the Association. As of December 31, 2020, the plan covered 20 active firefighters and 4 vested terminated firefighters whose pension benefits are deferred. The plan is a single-employer retirement plan and is established and administered in accordance with Minnesota Statutes, Chapter 69.

The Association maintains a separate Special Fund to accumulate assets to fund the retirement benefits earned by the Department's membership. Funding for the Association is derived from an insurance premium tax in accordance with the Volunteer Firefighter's Relief Association Financing Guidelines Act of 1971 (Chapter 261 as amended by Chapter 509 of Minnesota Statutes 1980). Funds are also derived from investment income.

B. Benefits Provided

A firefighter who completes at least 20 years as an active member of the Department is entitled, after age 50, to a full service pension upon retirement.

The bylaws of the Association also provide for an early vested service pension for a retiring member who has completed fewer than 20 years of service. The reduced pension, available to members with 10 years of service, shall be equal to 60 percent of the pension as described in the bylaws. This percentage increases 4 percent per year, so that at 20 years of service, the full amount prescribed is paid. Members who retire with less than 20 years of service and have reached the age of 50 years, and have completed at least 10 years of active membership, are entitled to a reduced service pension not to exceed the amount calculated by multiplying the member's service pension for the completed years of service times the applicable nonforfeitable percentage of pension.

C. Contributions

Minnesota Statutes, Chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings, and, if necessary, employer contributions as specified in Minnesota Statutes and voluntary city contributions (if applicable). Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the plan for the year ended December 31, 2020, were \$36,762. The City's contributions were equal to the required contributions as set by state statutes. The City made no voluntary contributions to the plan. Furthermore, the firefighter has no obligation to contribute to the plan.

D. Pension Costs

At December 31, 2020, the City reported a net pension liability (asset) of (\$392,007) for the plan. The net pension liability (asset) was measured as of December 31, 2020. The total pension liability used to calculate the net pension liability (asset) in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68 was determined by applying an actuarial formula to specific census data certified by the Department as of December 31, 2019.

For the year ended December 31, 2020, the City recognized a pension expense (benefit) of \$14,711. The City also recognized \$22,902 as revenue for the state of Minnesota's on-behalf contributions to the Department.

**NOTE 7 – DEFINED BENEFIT PENSION PLAN – FIRE RELIEF ASSOCIATION
(CONTINUED)**

The following table presents the changes in net pension liability (asset) during the year:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning balance – January 1, 2020	\$ 666,558	\$ 983,209	\$ (316,651)
Changes for the year			
Service cost	29,651	–	29,651
Interest on pension liability	38,291	–	38,291
Contributions (state and local)	–	36,762	(36,762)
Net investment income	–	120,386	(120,386)
Administrative costs	–	(13,850)	13,850
Total net changes	<u>67,942</u>	<u>143,298</u>	<u>(75,356)</u>
Ending balance – December 31, 2020	<u>\$ 734,500</u>	<u>\$ 1,126,507</u>	<u>\$ (392,007)</u>

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ –	\$ 158,162
Change of assumptions	21,831	2,507
Net difference between projected and actual earnings on plan investments	–	78,745
Total	<u>\$ 21,831</u>	<u>\$ 239,414</u>

Amounts reported as deferred outflows and inflows of resources related to the plan will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense
2021	\$ (40,236)
2022	\$ (30,218)
2023	\$ (48,440)
2024	\$ (30,222)
2025	\$ (16,966)
Thereafter	\$ (51,501)

**NOTE 7 – DEFINED BENEFIT PENSION PLAN – FIRE RELIEF ASSOCIATION
(CONTINUED)**

E. Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2020 using the entry-age normal actuarial cost method using the following actuarial assumptions, applied to all periods in the measurement:

Retirement eligibility at 100 percent service pension at age 50 with 20 years of service, early vested retirement at age 50 with 10 years of service vested at 60 percent and increased by 4 percent for each additional year of service up to 20, and eligibility for deferred service pension payable at age 50 with 20 years of service	
Salary increases	N/A
Inflation rate	2.50%
Investment rate of return	5.50%
Post-retirement benefit increases	zero percent

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These asset class estimates are combined to produce the portfolio long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage (or target allocation, if available), and by adding expected inflation. All results are then rounded to the nearest quarter percentage point.

The best-estimate of expected future real rates of return were developed by aggregating data from several published capital market assumption surveys and deriving a single best-estimate based on the average served values. These capital market assumptions reflect both historical market experience, as well as diverse views regarding anticipated future returns. The expected inflation assumption was developed based on an analysis of historical experience blended with forward-looking expectations available in market data.

Best-estimates of geometric real and nominal rates of return for each major asset class included in the pension plan's asset allocation as of the measurement date are summarized in the following table:

Asset Class	Allocation at Measurement Date	Long-Term Expected Real Rate of Return	Long-Term Expected Nominal Rate of Return
Domestic equity	33.69 %	4.76 %	7.26 %
International equity	9.98 %	5.41 %	7.91 %
Fixed income	35.96 %	2.01 %	4.51 %
Real estate and alternatives	0.46 %	4.53 %	7.03 %
Cash and equivalents	19.91 %	0.74 %	3.24 %
Total	100.00 %		5.91 %
Reduced for assumed investment expense			(0.50) %
Net assumed investment return (rounded to 1/4%)			5.50 %

**NOTE 7 – DEFINED BENEFIT PENSION PLAN – FIRE RELIEF ASSOCIATION
(CONTINUED)**

F. Discount Rates

The discount rate used to measure the total pension liability was 5.50 percent. The liability discount rate was developed using the alternative method described in paragraph 43 of GASB Statement No. 67, which states that “if the evaluations required by paragraph 41 can be made with sufficient reliability without a separate projection of cash flows into and out of the pension plan, alternative methods may be applied in making the evaluations.” The determination of the discount rate assumed that the plan’s current overfunded status, combined with Minnesota statutory funding requirements, provide sufficient reliability that projected plan assets will be adequate to pay future retiree benefits. Therefore, the plan’s long-term expected return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability (Asset) Sensitivity

The following presents the City’s net pension liability (asset) for the plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City’s net pension liability (asset) would be if it were calculated using a discount rate 1 percent lower or 1 percent higher than the current discount rate:

	1% Decrease in Discount Rate (4.50%)	Current Discount Rate (5.50%)	1% Increase in Discount Rate (6.5%)
Net pension liability (asset)	\$ (364,491)	\$ (392,007)	\$ (418,445)

H. Pension Plan Fiduciary Net Position

The Association issues a publicly available financial report. This report may be obtained by writing to the Newport Fire Department Relief Association, 596 – 7th Avenue, Newport, Minnesota 55055-1515.

NOTE 8 – INTERFUND TRANSFERS

The following interfund transfers were made during the year ended December 31, 2020:

Transfers Out	Transfers In			Total
	Economic Development Authority	G.O. Improvement Bonds of 2018A Debt Service	Nonmajor Governmental Funds	
General Fund	\$ –	\$ –	\$ 540,000	\$ 540,000
Water Enterprise	–	182,000	25,000	207,000
Sewer Enterprise	25,000	182,000	–	207,000
	<u>\$ 25,000</u>	<u>\$ 364,000</u>	<u>\$ 565,000</u>	<u>\$ 954,000</u>

Transfers are used to finance operations of other funds, to finance capital project purchases, and to fund bond payments. Transfers reported in the fund financial statements are eliminated in the government-wide financial statements.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

A. State and Federal Receivables

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

B. Commitments

The City entered into an agreement with the South Washington Watershed District (the District) to share in the costs of a project for drainage improvements that benefit the City. The District is responsible for the financing of this project that benefits multiple communities. The District issued debt to finance this project. The City is not responsible for payments on this debt service; only the cost participation agreed to by the City. The City's share of this project, as required in this agreement, will be paid annually to the District as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>
2021	\$ 20,000
2022	20,000
2023	20,000
2024	20,000
2025	20,000
2026–2030	100,000
2031	20,000
	<u>\$ 220,000</u>

C. Legal Claims

The City has the usual and customary type of miscellaneous legal claims pending at year-end. Although the outcome of these lawsuits is not presently determinable, the City's management believes that the City will not incur any material monetary loss resulting from these claims. No loss has been recorded on the City's financial statements relating to these claims.

D. Construction Commitments

At December 31, 2020, the City had \$7,352,000 of uncompleted work on construction contracts outstanding.

NOTE 10 – DEFICIT FUND EQUITY

The 12th and 12th Avenue Project Capital Projects Fund had a deficit fund balance of \$1,961,862 at December 31, 2020.

NOTE 11 – SUBSEQUENT EVENT

On March 18, 2021, the City issued general obligation bonds in the amount of \$9,975,000 to finance capital projects in the City and to refinance outstanding debt of the City. The interest rate on the bonds issued range from 1.4–2.0 percent, and the maturity date is February 1, 2041.

Preliminary

NOTE 12 – INTERFUND RECEIVABLES AND PAYABLES

The City had the following interfund receivables and payables at December 31, 2020:

	Due From Other Funds	Due To Other Funds
Governmental funds		
General Fund	\$ 1,869,396	\$ –
Capital projects funds		
12th and 12th Avenue Project	<u>–</u>	<u>1,869,396</u>
Total all funds	<u>\$ 1,869,396</u>	<u>\$ 1,869,396</u>

The interfund balances represent costs completed prior to bonds being issued to finance the 12th and 12th Avenue Project. Interfund balances reported in the fund financial statements are eliminated to the extent possible in the government-wide financial statements.

Preliminary

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NEWPORT

PERA – General Employees Retirement Fund
Schedule of City's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended December 31, 2020

City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the City's Share of the State of Minnesota's Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2015	06/30/2015	0.0112%	\$ 580,443	\$ –	\$ 580,443	\$ 686,064	84.60%	78.20%
12/31/2016	06/30/2016	0.0109%	\$ 885,028	\$ 11,514	\$ 896,542	\$ 672,319	131.64%	68.90%
12/31/2017	06/30/2017	0.0106%	\$ 676,700	\$ 8,519	\$ 685,219	\$ 682,750	99.11%	75.90%
12/31/2018	06/30/2018	0.0110%	\$ 610,238	\$ 20,086	\$ 630,324	\$ 739,751	82.49%	79.50%
12/31/2019	06/30/2019	0.0111%	\$ 613,696	\$ 18,999	\$ 632,695	\$ 788,338	77.85%	80.20%
12/31/2020	06/30/2020	0.0113%	\$ 677,488	\$ 20,984	\$ 698,472	\$ 806,917	83.96%	79.10%

PERA – General Employees Retirement Fund
Schedule of City Contributions
Year Ended December 31, 2020

City Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2015	\$ 49,957	\$ 49,957	\$ –	\$ 666,093	7.50%
12/31/2016	\$ 51,524	\$ 51,524	\$ –	\$ 685,497	7.52%
12/31/2017	\$ 52,055	\$ 52,055	\$ –	\$ 694,047	7.50%
12/31/2018	\$ 56,837	\$ 56,837	\$ –	\$ 763,950	7.44%
12/31/2019	\$ 59,498	\$ 59,498	\$ –	\$ 793,306	7.50%
12/31/2020	\$ 67,164	\$ 67,164	\$ –	\$ 895,517	7.50%

Note: The City implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2015 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

CITY OF NEWPORT

PERA – Public Employees Police and Fire Fund
Schedule of City's Proportionate Share of Net Pension Liability
Year Ended December 31, 2020

City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2015	06/30/2015	0.0560%	\$ 636,291	\$ 505,258	125.93%	86.60%
12/31/2016	06/30/2016	0.0260%	\$ 1,043,425	\$ 250,566	416.43%	63.90%
12/31/2017	06/30/2017	–	\$ –	\$ –	–	85.40%
12/31/2018	06/30/2018	–	\$ –	\$ –	–	88.80%
12/31/2019	06/30/2019	–	\$ –	\$ –	–	89.30%
12/31/2020	06/30/2020	–	\$ –	\$ –	–	87.20%

PERA – Public Employees Police and Fire Fund
Schedule of City Contributions
Year Ended December 31, 2020

City Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2015	\$ 81,499	\$ 81,499	\$ –	\$ 503,080	16.20%
12/31/2016	\$ 2,206	\$ 2,206	\$ –	\$ 13,618	16.20%
12/31/2017	\$ –	\$ –	\$ –	\$ –	–
12/31/2018	\$ –	\$ –	\$ –	\$ –	–
12/31/2019	\$ –	\$ –	\$ –	\$ –	–
12/31/2020	\$ –	\$ –	\$ –	\$ –	–

Note 1: The City implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2015 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

Note 2: In 2016, the City transferred the operations of the police department to Washington County.

CITY OF NEWPORT

Schedule of Changes in the Newport Fire Department
Relief Association's Net Pension Liability and Related Ratios
Year Ended December 31, 2020

City fiscal year-end dated December 31, Measurement period	December 31,				
	2016	2017	2018	2019	2020
	2015	2016	2017	2019	2020
Total pension liability					
Service cost	\$ 29,367	\$ 31,834	\$ 27,582	\$ 37,923	\$ 29,651
Interest	52,098	46,980	49,105	49,524	38,291
Difference between expected and actual experience	—	—	(25,705)	(177,307)	—
Changes of assumptions	—	(7,537)	3,834	24,271	—
Changes of benefits	—	—	55,646	—	—
Benefit payments	(145,580)	(208,388)	(123,101)	(44,643)	—
Net change in total pension liability	(64,115)	(137,111)	(12,639)	(110,232)	67,942
Total pension liability – beginning	990,655	926,540	789,429	776,790	666,558
Total pension liability – ending	<u>\$ 926,540</u>	<u>\$ 789,429</u>	<u>\$ 776,790</u>	<u>\$ 666,558</u>	<u>\$ 734,500</u>
Plan fiduciary net position					
Contributions (state and local)	\$ 77,272	\$ 77,433	\$ 74,288	\$ 37,783	\$ 36,762
Net investment income	(3,361)	54,624	100,661	99,051	120,386
Benefit payments	(145,580)	(208,388)	(123,101)	(44,643)	—
Administrative costs	(11,908)	(16,532)	(12,572)	(14,332)	(13,850)
Net change in plan fiduciary net position	(83,577)	(92,863)	39,276	77,859	143,298
Total plan fiduciary net position – beginning	1,042,514	958,937	866,074	905,350	983,209
Total plan fiduciary net position – ending	<u>\$ 958,937</u>	<u>\$ 866,074</u>	<u>\$ 905,350</u>	<u>\$ 983,209</u>	<u>\$ 1,126,507</u>
Net pension liability (asset) – ending	<u>\$ (32,397)</u>	<u>\$ (76,645)</u>	<u>\$ (128,560)</u>	<u>\$ (316,651)</u>	<u>\$ (392,007)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>103.50%</u>	<u>109.71%</u>	<u>116.55%</u>	<u>147.51%</u>	<u>153.37%</u>

Schedule of Employer Contributions
Newport Fire Department Relief Association
Year Ended December 31, 2020

City Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Voluntary City Contribution
12/31/2016	\$ 77,272	\$ 77,272	\$ —	\$ —
12/31/2017	\$ 77,433	\$ 77,433	\$ —	\$ —
12/31/2018	\$ 74,288	\$ 74,288	\$ —	\$ —
12/31/2019	\$ 37,783	\$ 37,783	\$ —	\$ —
12/31/2020	\$ 36,762	\$ 36,762	\$ —	\$ —

Note: These schedules are provided prospectively beginning with the fiscal year ended December 31, 2016.

CITY OF NEWPORT

Notes to Required Supplementary Information December 31, 2020

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years two through five, and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 Table to the Pub-2010 General Mortality Table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality Table to the Pub-2010 General/Teacher Disabled Annuitant Mortality Table, with adjustments.
- The mortality improvement scale was changed from MP-2018 to MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100.00 percent joint and survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100.00 percent joint and survivor option changed from 15.00 percent to 30.00 percent. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

2020 CHANGES IN PLAN PROVISIONS

- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020 through December 31, 2023, and zero percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

CITY OF NEWPORT

Notes to Required Supplementary Information (continued)
December 31, 2020

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality projection scale was changed from MP-2017 to MP-2018.

2019 CHANGES IN PLAN PROVISIONS

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044, and 2.50 percent per year thereafter, to 1.25 percent per year.

2018 CHANGES IN PLAN PROVISIONS

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to zero percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

CITY OF NEWPORT

Notes to Required Supplementary Information (continued)
December 31, 2020

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and nonvested deferred members. The revised CSA loads are now zero percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for nonvested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years, to 1.00 percent per year through 2044, and 2.50 percent per year thereafter.

2017 CHANGES IN PLAN PROVISIONS

- The state's contribution for the Minneapolis Employees Retirement Fund equals \$16.0 million in 2017 and 2018, and \$6.0 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21.0 million to \$31.0 million in calendar years 2019 to 2031. The state's contribution changed from \$16.0 million to \$6.0 million in calendar years 2019 to 2031.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter, to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth, and 2.50 percent for inflation.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter, to 1.00 percent per year through 2035, and 2.50 percent per year thereafter.

2015 CHANGES IN PLAN PROVISIONS

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892.0 million. Upon consolidation, state and employer contributions were revised; the state's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

CITY OF NEWPORT

Notes to Required Supplementary Information (continued) December 31, 2020

PERA – PUBLIC EMPLOYEES POLICE AND FIRE FUND

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2037, and 2.50 percent per year thereafter, to 1.00 percent per year for all future years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent.
- The single discount rate changed from 7.90 percent to 5.60 percent.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth, and 2.50 percent for inflation.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030, and 2.50 percent per year thereafter, to 1.00 percent per year through 2037, and 2.50 percent per year thereafter.

2015 CHANGES IN PLAN PROVISIONS

- The post-retirement benefit increase to be paid after attainment of the 90.00 percent funding threshold was changed from inflation up to 2.50 percent, to a fixed rate of 2.50 percent.

FIRE DEPARTMENT RELIEF ASSOCIATION

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality assumptions were updated to reflect the rates used in the July 1, 2019 Minnesota PERA Police & Fire Plan actuarial valuation.
- The investment rate of return decreased from 6.25 percent to 5.50 percent.
- The inflation assumption decreased from 2.75 percent to 2.50 percent in 2019.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment rate of return decreased from 6.50 percent to 6.25 percent.

2018 CHANGES IN PLAN PROVISIONS

- The annual lump sum pension increased from \$3,300 to \$3,700 per year of service.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment rate of return increased from 5.50 percent to 6.50 percent.

SUPPLEMENTAL INFORMATION

CITY OF NEWPORT

Combining Balance Sheet
Nonmajor Governmental Funds
as of December 31, 2020

	Special Revenue	Debt Service	Capital Project	Totals
Assets				
Cash and temporary investments	\$ 68,026	\$ 291,949	\$ 2,055,110	\$ 2,415,085
Receivables				
Current taxes	—	1,727	—	1,727
Current special assessments	—	456	—	456
Delinquent special assessments	—	1,301	—	1,301
Deferred special assessments	—	98,898	2,775	101,673
Prepaid Items	1,600	—	—	1,600
Total assets	<u>\$ 69,626</u>	<u>\$ 394,331</u>	<u>\$ 2,057,885</u>	<u>\$ 2,521,842</u>
Liabilities				
Accounts and contracts payable	\$ 2,200	\$ —	\$ 31,089	\$ 33,289
Deferred inflows of resources				
Unavailable revenue – special assessments	—	100,199	2,775	102,974
Fund balances				
Nonspendable	1,600	—	—	1,600
Restricted	65,826	294,132	73,538	433,496
Assigned	—	—	1,950,483	1,950,483
Total fund balances	<u>67,426</u>	<u>294,132</u>	<u>2,024,021</u>	<u>2,385,579</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 69,626</u>	<u>\$ 394,331</u>	<u>\$ 2,057,885</u>	<u>\$ 2,521,842</u>

CITY OF NEWPORT

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2020

	Special Revenue	Debt Service	Capital Project	Totals
Revenue				
Property taxes	\$ —	\$ 148,828	\$ —	\$ 148,828
Special assessments	—	44,653	1,554	46,207
Intergovernmental	284,269	—	—	284,269
Charges for services	—	—	150	150
Investment earnings	377	111	27,958	28,446
Miscellaneous	300	—	6,500	6,800
Total revenue	284,946	193,592	36,162	514,700
Expenditures				
Current				
General government	32,529	—	—	32,529
Public safety	254,984	—	—	254,984
Public works	6,162	—	—	6,162
Capital outlay	—	—	635,734	635,734
Debt service				
Principal retirement	—	220,000	—	220,000
Interest and fiscal charges	—	46,849	—	46,849
Total expenditures	293,675	266,849	635,734	1,196,258
Excess (deficiency) of revenue over expenditures	(8,729)	(73,257)	(599,572)	(681,558)
Other financing sources				
Transfers in	9,000	50,000	506,000	565,000
Net change in fund balances	271	(23,257)	(93,572)	(116,558)
Fund balances				
Beginning of year	67,155	317,389	2,117,593	2,502,137
End of year	\$ 67,426	\$ 294,132	\$ 2,024,021	\$ 2,385,579

CITY OF NEWPORT

Combining Balance Sheet
Nonmajor Special Revenue Funds
as of December 31, 2020

	Heritage Preservation	Recycling	Buy Forfeiture	Pioneer Days	Coronavirus Relief	Total
Assets						
Cash and temporary investments	\$ 7,041	\$ 21,598	\$ 1,319	\$ 38,068	\$ –	\$ 68,026
Prepaid items	–	1,600	–	–	–	1,600
Total assets	<u>\$ 7,041</u>	<u>\$ 23,198</u>	<u>\$ 1,319</u>	<u>\$ 38,068</u>	<u>\$ –</u>	<u>\$ 69,626</u>
Liabilities						
Accounts and contracts payable	\$ 1,500	\$ 700	\$ –	\$ –	\$ –	\$ 2,200
Fund balances						
Nonspendable	–	1,600	–	–	–	1,600
Restricted	5,541	20,898	1,319	38,068	–	65,826
Total fund balances	<u>5,541</u>	<u>22,498</u>	<u>1,319</u>	<u>38,068</u>	<u>–</u>	<u>67,426</u>
Total liabilities and fund balances	<u>\$ 7,041</u>	<u>\$ 23,198</u>	<u>\$ 1,319</u>	<u>\$ 38,068</u>	<u>\$ –</u>	<u>\$ 69,626</u>

CITY OF NEWPORT

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended December 31, 2020

	Heritage Preservation	Recycling	Buy Forfeiture	Pioneer Days	Coronavirus Relief	Total
Revenue						
Intergovernmental	\$ —	\$ 7,168	\$ —	\$ —	\$ 277,101	\$ 284,269
Investment earnings	5	13	1	358	—	377
Miscellaneous						
Donations	—	—	—	300	—	300
Total revenue	5	7,181	1	658	277,101	284,946
Expenditures						
Current						
General government	9,000	7,272	—	302	15,955	32,529
Public safety	—	—	—	—	254,984	254,984
Public works	—	—	—	—	6,162	6,162
Total expenditures	9,000	7,272	—	302	277,101	293,675
Excess (deficiency) of revenue over expenditures	(8,995)	(91)	1	356	—	(8,729)
Other financing sources						
Transfers in	9,000	—	—	—	—	9,000
Net change in fund balances	5	(91)	1	356	—	271
Fund balances						
Beginning of year	5,536	22,589	1,318	37,712	—	67,155
End of year	\$ 5,541	\$ 22,498	\$ 1,319	\$ 38,068	\$ —	\$ 67,426

CITY OF NEWPORT

Combining Balance Sheet
Nonmajor Debt Service Funds
as of December 31, 2020

	G.O. Improvement Bonds of 2002A	PFA G.O. Bonds of 2002	G.O. Refunding Bonds of 2010
Assets			
Cash and temporary investments	\$ 1,231	\$ 14,007	\$ 30,909
Receivables			
Current taxes	—	—	—
Current special assessments	—	—	—
Delinquent special assessments	—	—	—
Deferred special assessments	—	10,770	—
	<u>1,231</u>	<u>14,007</u>	<u>30,909</u>
Total assets	<u>\$ 1,231</u>	<u>\$ 24,777</u>	<u>\$ 30,909</u>
Deferred inflows of resources			
Unavailable revenue – special assessments	\$ —	\$ 10,770	\$ —
Fund balances			
Restricted	<u>1,231</u>	<u>14,007</u>	<u>30,909</u>
Total deferred inflows of resources and fund balances	<u>\$ 1,231</u>	<u>\$ 24,777</u>	<u>\$ 30,909</u>

G.O. Improvement Bonds of 2011A	G.O. Improvement Bonds of 2013A	G.O. Improvement Bonds of 2016A	Total
\$ 146,196	\$ 3,335	\$ 96,271	\$ 291,949
835	699	193	1,727
—	456	—	456
394	8	899	1,301
—	29,216	58,912	98,898
<u>\$ 147,425</u>	<u>\$ 33,714</u>	<u>\$ 156,275</u>	<u>\$ 394,331</u>
\$ 394	\$ 29,224	\$ 59,811	\$ 100,199
<u>147,031</u>	<u>4,490</u>	<u>96,464</u>	<u>294,132</u>
<u>\$ 147,425</u>	<u>\$ 33,714</u>	<u>\$ 156,275</u>	<u>\$ 394,331</u>

CITY OF NEWPORT

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
Year Ended December 31, 2020

	G.O. Improvement Bonds of 2002A	PFA G.O. Bonds of 2002	G.O. Refunding Bonds of 2010
Revenue			
Property taxes	\$ —	\$ —	\$ —
Special assessments	—	—	—
Investment earnings	1	7	16
Total revenue	<u>1</u>	<u>7</u>	<u>16</u>
Expenditures			
Debt service			
Principal retirement	—	—	—
Interest and fiscal charges	—	—	—
Total expenditures	<u>—</u>	<u>—</u>	<u>—</u>
Excess (deficiency) of revenue over expenditures	1	7	16
Other financing sources			
Transfers in	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balances	1	7	16
Fund balances			
Beginning of year	<u>1,230</u>	<u>14,000</u>	<u>30,893</u>
End of year	<u>\$ 1,231</u>	<u>\$ 14,007</u>	<u>\$ 30,909</u>

G.O. Improvement Bonds of 2011A	G.O. Improvement Bonds of 2013A	G.O. Improvement Bonds of 2016A	Total
\$ 71,930	\$ 60,237	\$ 16,661	\$ 148,828
—	13,668	30,985	44,653
42	—	45	111
<u>71,972</u>	<u>73,905</u>	<u>47,691</u>	<u>193,592</u>
75,000	105,000	40,000	220,000
4,020	28,046	14,783	46,849
<u>79,020</u>	<u>133,046</u>	<u>54,783</u>	<u>266,849</u>
(7,048)	(59,141)	(7,092)	(73,257)
—	50,000	—	50,000
(7,048)	(9,141)	(7,092)	(23,257)
154,079	13,631	103,556	317,389
<u>\$ 147,031</u>	<u>\$ 4,490</u>	<u>\$ 96,464</u>	<u>\$ 294,132</u>

CITY OF NEWPORT

Combining Balance Sheet
Nonmajor Capital Projects Funds
as of December 31, 2020

	<u>Parks</u>	<u>Equipment Revolving</u>	<u>4th Avenue Ravine</u>	<u>North Ravine</u>
Assets				
Cash and temporary investments	\$ 565,634	\$ 446,397	\$ 12,855	\$ 66,889
Receivables				
Deferred special assessments	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,775</u>
Total assets	<u>\$ 565,634</u>	<u>\$ 446,397</u>	<u>\$ 12,855</u>	<u>\$ 69,664</u>
Liabilities				
Accounts and contracts payable	\$ —	\$ 31,089	\$ —	\$ —
Deferred inflows of resources				
Unavailable revenue – special assessments	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,775</u>
Fund balances				
Restricted	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Assigned	<u>565,634</u>	<u>415,308</u>	<u>12,855</u>	<u>66,889</u>
Total fund balances	<u>565,634</u>	<u>415,308</u>	<u>12,855</u>	<u>66,889</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 565,634</u>	<u>\$ 446,397</u>	<u>\$ 12,855</u>	<u>\$ 69,664</u>

<u>Street Construction</u>	<u>Buildings</u>	<u>City/Fire Hall</u>	<u>Total</u>
\$ 252,879	\$ 626,172	\$ 84,284	\$ 2,055,110
<u>—</u>	<u>—</u>	<u>—</u>	<u>2,775</u>
<u>\$ 252,879</u>	<u>\$ 626,172</u>	<u>\$ 84,284</u>	<u>\$ 2,057,885</u>
\$ —	\$ —	\$ —	\$ 31,089
<u>—</u>	<u>—</u>	<u>—</u>	<u>2,775</u>
73,538	—	—	73,538
179,341	626,172	84,284	1,950,483
<u>252,879</u>	<u>626,172</u>	<u>84,284</u>	<u>2,024,021</u>
<u>\$ 252,879</u>	<u>\$ 626,172</u>	<u>\$ 84,284</u>	<u>\$ 2,057,885</u>

CITY OF NEWPORT

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
Year Ended December 31, 2020

	<u>Parks</u>	<u>Equipment Revolving</u>	<u>4th Avenue Ravine</u>	<u>North Ravine</u>
Revenue				
Special assessments	\$ —	\$ —	\$ —	\$ 1,554
Charges for services	150	—	—	—
Investment earnings	9,273	8,354	8	50
Miscellaneous	—	6,500	—	—
Total revenue	<u>9,423</u>	<u>14,854</u>	<u>8</u>	<u>1,604</u>
Expenditures				
Capital outlay	<u>70</u>	<u>46,907</u>	<u>—</u>	<u>—</u>
Excess (deficiency) of revenue over expenditures	9,353	(32,053)	8	1,604
Other financing sources				
Transfers in	<u>33,000</u>	<u>33,000</u>	<u>—</u>	<u>—</u>
Net change in fund balances	42,353	947	8	1,604
Fund balances				
Beginning of year	<u>523,281</u>	<u>414,361</u>	<u>12,847</u>	<u>65,285</u>
End of year	<u>\$ 565,634</u>	<u>\$ 415,308</u>	<u>\$ 12,855</u>	<u>\$ 66,889</u>

Street Construction	Buildings	City/Fire Hall	Total
\$ —	\$ —	\$ —	\$ 1,554
—	—	—	150
3,011	7,226	36	27,958
—	—	—	6,500
<u>3,011</u>	<u>7,226</u>	<u>36</u>	<u>36,162</u>
—	—	588,757	635,734
3,011	7,226	(588,721)	(599,572)
<u>—</u>	<u>25,000</u>	<u>415,000</u>	<u>506,000</u>
3,011	32,226	(173,721)	(93,572)
<u>249,868</u>	<u>593,946</u>	<u>258,005</u>	<u>2,117,593</u>
<u>\$ 252,879</u>	<u>\$ 626,172</u>	<u>\$ 84,284</u>	<u>\$ 2,024,021</u>

CITY OF NEWPORT

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			2019
	Final Budget	Actual	Over (Under) Budget	Actual
Revenue				
Property taxes				
Current ad valorem	\$ 1,794,042	\$ 1,893,896	\$ 99,854	1,908,778
Fiscal disparities	383,734	381,122	(2,612)	345,853
Fire relief	15,938	15,938	—	15,385
Total property taxes	2,193,714	2,290,956	97,242	2,270,016
Licenses and permits				
Conditional use permits	—	1,950	1,950	1,500
Licenses and permits	1,500	600	(900)	—
Alcoholic beverages	8,600	273	(8,327)	8,610
Cigarette licenses	500	—	(500)	750
Building permit fees	125,000	371,947	246,947	473,823
Animal licenses/citations	2,000	1,095	(905)	1,440
Recycling/sanitation	2,400	2,100	(300)	1,500
Total licenses and permits	140,000	377,965	237,965	487,623
Intergovernmental				
State				
Local governmental aid	563,975	563,975	—	563,975
State fire relief aid	12,500	24,582	12,082	33,945
Other/miscellaneous grants	30,000	36,814	6,814	3,267
Total intergovernmental	606,475	625,371	18,896	601,187
Fines and forfeits	40,000	24,642	(15,358)	22,352
Charges for services				
Planning and zoning	1,000	—	(1,000)	—
Franchise fees	80,000	94,203	14,203	89,898
Miscellaneous	13,100	15,864	2,764	19,235
Total charges for services	94,100	110,067	15,967	109,133
Investment earnings	25,000	76,825	51,825	93,419
Miscellaneous				
Donations	8,000	564	(7,436)	1,055
Other	33,000	77,364	44,364	53,467
Total miscellaneous	41,000	77,928	36,928	54,522
Total revenue	3,140,289	3,583,754	443,465	3,638,252

CITY OF NEWPORT

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			2019
	Final Budget	Actual	Over (Under) Budget	Actual
Expenditures				
Current				
General government				
Mayor and City Council				
Personal services	25,514	25,293	(221)	26,589
Travel/conferences	1,200	47	(1,153)	551
Memberships	100	270	170	105
Education	1,500	208	(1,292)	400
Total Mayor and City Council	28,314	25,818	(2,496)	27,645
Administration				
Personal services	267,320	258,651	(8,669)	229,020
Insurance	28,370	27,896	(474)	26,850
Office supplies	8,000	3,229	(4,771)	4,406
Communications	8,000	9,204	1,204	10,161
Travel	3,500	1,297	(2,203)	2,375
Printing and publishing	4,000	1,540	(2,460)	1,418
Postage	3,000	2,946	(54)	2,635
Dues and subscriptions	8,000	7,531	(469)	8,169
Education	5,000	815	(4,185)	4,302
Contractual services	11,000	9,106	(1,894)	7,421
Capital outlay	2,000	—	(2,000)	—
Miscellaneous	10,000	7,444	(2,556)	16,137
Total administration	358,190	329,659	(28,531)	312,894
Elections				
Temporary employees	3,300	4,143	843	783
Operating supplies	100	723	623	—
Miscellaneous	750	172	(578)	62
Total elections	4,150	5,038	888	845
Professional services				
Accounting/audit	71,000	64,147	(6,853)	66,290
Engineering	37,000	82,380	45,380	74,030
Legal	80,000	69,510	(10,490)	79,195
IT, phone support, and hardware	15,000	11,035	(3,965)	13,346
Building inspection	83,750	209,895	126,145	265,549
Insurance	44,000	50,263	6,263	38,675
Miscellaneous contracted services	37,800	18,858	(18,942)	14,419
Total professional services	368,550	506,088	137,538	551,504

CITY OF NEWPORT

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			2019
	Final Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
General government (continued)				
Planning and zoning				
Personal services	1,938	1,356	(582)	1,421
Operating supplies	500	—	(500)	161
Professional services	42,200	25,468	(16,732)	19,911
Miscellaneous	1,000	—	(1,000)	100
Total planning and zoning	45,638	26,824	(18,814)	21,593
Composting				
Personal services	5,758	5,060	(698)	5,518
Operating supplies	250	—	(250)	20
Miscellaneous	800	350	(450)	490
Total composting	6,808	5,410	(1,398)	6,028
Special projects				
Special contributions	500	—	(500)	412
Miscellaneous				
Contingency	20,000	600	(19,400)	60,063
City Hall				
Operating supplies	900	141	(759)	418
Repairs and maintenance	4,500	100	(4,400)	282
Utilities	7,200	6,125	(1,075)	5,244
Capital outlay	4,500	—	(4,500)	—
Total City Hall	17,100	6,366	(10,734)	5,944
Government buildings				
Library				
Personnel	19,000	17,797	(1,203)	15,619
Operating supplies	1,100	624	(476)	282
Repairs and maintenance	750	32	(718)	6
Contracted services	2,500	1,730	(770)	1,696
Utilities	5,000	6,203	1,203	4,409
Capital outlay	4,500	—	(4,500)	2,096
Total library	32,850	26,386	(6,464)	24,108

CITY OF NEWPORT

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			2019
	Final Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
General government (continued)				
Government buildings (continued)				
Railroad tower				
Repairs and maintenance	200	—	(200)	—
Utilities	400	367	(33)	322
Total railroad tower	600	367	(233)	322
Total government buildings	50,550	33,119	(17,431)	30,374
Total general government	882,700	932,556	49,856	1,011,358
Public safety				
Police department				
Departmental services	6,000	4,999	(1,001)	5,676
Contracted services	830,915	574,469	(256,446)	791,649
Fuel	—	338	338	—
Total police department	836,915	579,806	(257,109)	797,325
Fire Station No. 1				
Operating supplies	500	—	(500)	—
Repairs and maintenance	1,000	484	(516)	939
Utilities	7,500	5,995	(1,505)	6,741
Capital outlay	1,200	—	(1,200)	—
Total Fire Station No. 1	10,200	6,479	(3,721)	7,680
Fire Station No. 2				
Operating supplies	500	—	(500)	—
Repairs and maintenance	—	—	—	525
Utilities	2,500	1,648	(852)	737
Total Fire Station No. 2	3,000	1,648	(1,352)	1,262

CITY OF NEWPORT

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			2019
	Final Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Public safety (continued)				
Fire protection				
Personal services	70,595	53,715	(16,880)	68,263
Insurance	12,000	10,338	(1,662)	7,281
Office supplies	2,000	29	(1,971)	3,289
Vehicle supplies	15,700	14,954	(746)	21,892
Tools and equipment	4,000	3,842	(158)	1,700
Fuel	3,000	1,912	(1,088)	4,146
Uniforms	3,000	1,469	(1,531)	2,461
Communication	5,500	5,343	(157)	5,507
Travel and conferences	1,000	101	(899)	355
Memberships and subscriptions	1,000	1,800	800	982
Education	11,000	6,662	(4,338)	11,262
Repairs and maintenance	6,000	8,541	2,541	4,702
Contractual	12,000	7,432	(4,568)	9,244
Fire relief	15,938	15,938	—	15,385
State fire relief aid	20,000	22,902	2,902	22,320
Capital outlay	15,000	—	(15,000)	321
Total fire protection	197,733	154,978	(42,755)	179,110
Total public safety	1,047,848	742,911	(304,937)	985,377
Public works				
Streets				
Personal services	149,885	148,859	(1,026)	148,474
Insurance	72,950	80,689	7,739	75,372
Materials and supplies	50,000	58,635	8,635	66,066
Vehicle supplies	15,500	15,930	430	14,337
Small tools and equipment	3,000	1,914	(1,086)	1,291
Fuel	17,000	6,581	(10,419)	14,707
Uniforms	4,000	2,454	(1,546)	2,438
Communications	6,000	2,178	(3,822)	2,044
Rentals	3,000	—	(3,000)	—
Seal coat	86,000	86,197	197	81,315
Repairs and maintenance	5,200	6,827	1,627	4,273
Miscellaneous contractual	16,000	5,491	(10,509)	15,318
Miscellaneous	6,100	880	(5,220)	1,676
Capital outlay	1,200	—	(1,200)	—
Total streets	435,835	416,635	(19,200)	427,311

CITY OF NEWPORT

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			2019
	Final Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Public works (continued)				
Public works garage				
Operating supplies	3,300	3,978	678	3,386
Repairs and maintenance	2,300	2,668	368	415
Utilities	18,000	17,114	(886)	17,458
Capital outlay	2,000	—	(2,000)	—
Total public works garage	25,600	23,760	(1,840)	21,259
Total public works	461,435	440,395	(21,040)	448,570
Parks and recreation				
Parks				
Personal services	300,528	308,553	8,025	304,738
Insurance	51,100	45,830	(5,270)	50,155
Operating supplies	10,000	9,627	(373)	8,237
Vehicle supplies	5,500	5,986	486	4,521
Tools and minor equipment	3,000	230	(2,770)	1,107
Fuel	8,500	5,280	(3,220)	9,094
Uniforms	2,600	3,255	655	3,064
Rental	1,500	—	(1,500)	—
Communications	300	—	(300)	—
Miscellaneous	7,000	2,530	(4,470)	4,097
Miscellaneous contractual	16,000	7,553	(8,447)	7,634
Capital outlay	17,000	1,433	(15,567)	—
Total parks	423,028	390,277	(32,751)	392,647
Park buildings				
Personal services	4,194	5,316	1,122	—
Operating supplies	250	—	(250)	80
Repairs and maintenance	250	—	(250)	—
Utilities	2,500	1,890	(610)	4,082
Total park buildings	7,194	7,206	12	4,162

CITY OF NEWPORT

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			2019
	Final Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Parks and recreation (continued)				
Recreation				
Personal services	2,700	—	(2,700)	1,688
Supplies	6,000	638	(5,362)	1,987
Total recreation	8,700	638	(8,062)	3,675
Total parks and recreation	438,922	398,121	(40,801)	400,484
Total expenditures	2,830,905	2,513,983	(316,922)	2,845,789
Excess of revenue over expenditures	309,384	1,069,771	760,387	792,463
Other financing (uses)				
Transfers (out)				
Economic Development Authority Fund	(25,000)	(25,000)	—	—
Heritage Preservation Fund	(9,000)	(9,000)	—	(9,000)
Parks Fund	(33,000)	(33,000)	—	(50,000)
Equipment Revolving Fund	(33,000)	(33,000)	—	(32,000)
Buildings Fund	(25,000)	(25,000)	—	(50,000)
City/Fire Hall Fund	(415,000)	(415,000)	—	(258,000)
Total other financing (uses)	(540,000)	(540,000)	—	(399,000)
Net change in fund balances	<u>\$ (230,616)</u>	529,771	<u>\$ 760,387</u>	393,463
Fund balances				
Beginning of year		2,902,976		2,509,513
End of year		<u>\$ 3,432,747</u>		<u>\$ 2,902,976</u>

CITY OF NEWPORT

Comparative Schedule of Revenue, Expenses, and Changes in Net Position
Water Fund
Years Ended December 31, 2020 and 2019

	2020	2019
Operating revenue		
Water sales	\$ 434,730	\$ 551,207
Water access charges	187,600	238,850
Permits and licenses	6,660	8,465
Total operating revenue	<u>628,990</u>	<u>798,522</u>
Operating expenses		
Salaries	97,953	93,837
Employee benefits	12,573	5,257
Insurance	14,424	15,568
Supplies	36,706	19,800
Utilities	46,821	37,704
Depreciation	137,959	146,805
Other	38,886	60,405
Total operating expenses	<u>385,322</u>	<u>379,376</u>
Operating income	243,668	419,146
Nonoperating revenue (expenses)		
State grant and aids	200	161
Investment earnings	10,471	13,896
Interest and fiscal charges	(26,552)	(33,179)
Total nonoperating revenue (expenses)	<u>(15,881)</u>	<u>(19,122)</u>
Income before contributions and transfers	227,787	400,024
Transfers (out)	(207,000)	(112,150)
Capital contributions from other funds	<u>37,453</u>	<u>1,066,300</u>
Change in net position	58,240	1,354,174
Net position		
Beginning of year	<u>2,495,765</u>	<u>1,141,591</u>
End of year	<u>\$ 2,554,005</u>	<u>\$ 2,495,765</u>

CITY OF NEWPORT

Comparative Schedule of Revenue, Expenses, and Changes in Net Position
Sewer Fund
Years Ended December 31, 2020 and 2019

	2020	2019
Operating revenue		
Sewer charges	\$ 703,804	\$ 789,187
Sewer access charges	359,380	777,395
Permits and licenses	6,463	8,816
Total operating revenue	<u>1,069,647</u>	<u>1,575,398</u>
Operating expenses		
Salaries	102,181	92,213
Employee benefits	3,888	14,668
Metropolitan Council		
Environmental Services charges	469,561	863,860
Insurance	13,238	14,046
Supplies	13,787	5,136
Utilities	12,466	251
Depreciation	103,445	103,445
Other	6,540	7,680
Total operating expenses	<u>725,106</u>	<u>1,101,299</u>
Operating income	344,541	474,099
Nonoperating revenue (expense)		
State grant and aids	204	35,879
Investment earnings	21,916	22,781
Interest and fiscal charges	(26,325)	(26,577)
Total nonoperating revenue (expense)	<u>(4,205)</u>	<u>32,083</u>
Income before transfers	340,336	506,182
Transfers (out)	<u>(207,000)</u>	<u>(112,150)</u>
Change in net position	133,336	394,032
Net position		
Beginning of year	<u>1,687,754</u>	<u>1,293,722</u>
End of year	<u>\$ 1,821,090</u>	<u>\$ 1,687,754</u>

CITY OF NEWPORT

Comparative Schedule of Revenue, Expenses, and Changes in Net Position
 Street Light Fund
 Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating revenue		
Street light charges	\$ 86,035	\$ 88,146
Operating expenses		
Salaries	8,819	8,453
Employee benefits	1,317	1,260
Insurance	1,257	1,188
Utilities	39,101	41,966
Other	—	(4,035)
Total operating expenses	<u>50,494</u>	<u>48,832</u>
Operating income	35,541	39,314
Nonoperating revenue		
Investment earnings	<u>1,873</u>	<u>1,805</u>
Change in net position	37,414	41,119
Net position		
Beginning of year	<u>198,143</u>	<u>157,024</u>
End of year	<u><u>\$ 235,557</u></u>	<u><u>\$ 198,143</u></u>

CITY OF NEWPORT

Comparative Schedule of Revenue, Expenses, and Changes in Net Position
 Storm Sewer Fund
 Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating revenue		
Storm sewer charges	\$ 172,885	\$ 151,278
Operating expenses		
Salaries	12,713	13,693
Employee benefits	(6,426)	830
Insurance	2,390	2,625
Professional services	41,519	70,155
Depreciation	29,329	22,578
Other	20,842	21,738
Total operating expenses	<u>100,367</u>	<u>131,619</u>
Operating income	72,518	19,659
Nonoperating revenue (expenses)		
State grant and aid	28	39
Investments earnings	56	319
Interest and fiscal charges	(10,322)	(7,046)
Total nonoperating revenue (expenses)	<u>(10,238)</u>	<u>(6,688)</u>
Income before special assessments and contributions	62,280	12,971
Special assessments	179,550	1,127
Capital contributions from other funds	<u>1,094</u>	<u>—</u>
Change in net position	242,924	14,098
Net position		
Beginning of year	<u>(12,709)</u>	<u>(26,807)</u>
End of year	<u><u>\$ 230,215</u></u>	<u><u>\$ (12,709)</u></u>

OTHER INFORMATION SECTION

CITY OF NEWPORT

General Fund Revenue by Source
Last Ten Fiscal Years

Fiscal Year	Taxes Ad Valorem	Licenses and Permits	Intergovernmental Revenue	Charges for Services	Fines and Forfeits	Other	Total
2011	\$ 2,014,552	\$ 83,258	\$ 714,480	\$ 79,732	\$ 70,006	\$ 126,871	\$ 3,088,899
2012	2,113,254	75,652	692,136	93,339	58,234	194,075	3,226,690
2013	2,118,004	89,767	674,822	98,929	68,193	86,215	3,135,930
2014	2,132,461	77,636	719,396	92,905	66,381	80,255	3,169,034
2015	2,118,808	75,363	770,619	93,957	61,850	83,499	3,204,096
2016	1,706,348	88,399	734,518	93,309	40,338	88,351	2,751,263
2017	2,010,706	192,233	695,328	113,240	43,782	75,372	3,130,661
2018	2,181,904	306,656	658,093	107,654	31,279	49,290	3,334,876
2019	2,270,016	487,623	601,187	109,133	22,352	147,941	3,638,252
2020	2,290,956	377,965	625,371	110,067	24,642	154,753	3,583,754

CITY OF NEWPORT

General Fund Expenditures by Function
Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Public Works	Parks and Recreation	Capital Outlay	Total
2011	\$ 809,100	\$ 989,367	\$ 449,533	\$ 336,573	\$ 26,930	\$ 2,611,503
2012	700,253	964,427	503,054	260,114	51,169	2,479,017
2013	666,612	975,112	400,294	381,842	56,304	2,480,164
2014	613,775	1,017,421	395,326	320,040	42,977	2,389,539
2015	668,594	1,204,726	358,887	351,058	25,039	2,608,304
2016	765,402	914,238	342,847	332,447	10,861	2,365,795
2017	696,553	904,392	374,505	313,688	16,679	2,305,817
2018	752,507	945,510	321,391	384,624	5,800	2,409,832
2019	1,009,262	985,056	448,570	400,484	2,417	2,845,789
2020	932,556	742,911	440,395	396,688	1,433	2,513,983

CITY OF NEWPORT

Property Tax Levies and Receivables
Last Ten Fiscal Years

For Taxes Collectible	Original Levy Certified			Uncollected Taxes Receivable as of December 31, 2020	
	Local Levy	Fiscal Disparities	Total Levy	Amount	Percent
2011	\$ 1,972,163	\$ 318,837	\$ 2,291,000	\$ —	— %
2012	1,999,196	311,804	2,311,000	—	—
2013	2,063,428	287,572	2,351,000	—	—
2014	2,086,247	329,444	2,415,691	—	—
2015	2,071,451	358,965	2,430,416	—	—
2016	1,926,194	354,222	2,280,416	3,704	0.2
2017	1,978,394	347,600	2,325,994	1,480	0.1
2018	2,035,908	348,236	2,384,144	1,919	0.1
2019	2,130,875	348,635	2,479,510	12,375	0.5
2020	2,242,188	383,734	2,625,922	26,814	1.0
Total				\$ 46,292	

Source: Washington County

CITY OF NEWPORT

Tax Capacities
Last Ten Fiscal Years

Taxes Payable Year	Tax Capacities		Fiscal Disparities Adjustment to Tax Capacity	Taxable Tax Capacity
	Real Property	Personal Property		
2011	\$ 3,741,949	\$ 125,202	\$ (594,438)	\$ 3,272,713
2012	3,507,580	136,990	(552,806)	3,091,764
2013	3,360,643	137,604	(583,921)	2,914,326
2014	3,340,253	141,958	(586,835)	2,895,376
2015	3,408,448	155,320	(603,423)	2,960,345
2016	3,568,476	161,528	(606,112)	3,123,892
2017	3,715,972	169,782	(605,053)	3,280,701
2018	3,922,775	177,094	(633,658)	3,466,211
2019	4,152,219	171,150	(609,941)	3,713,428
2020	4,559,543	172,534	(605,452)	4,126,625

Note: Tax capacity is calculated by applying class rate (for specific property classifications such as residential, commercial, etc.) to the assessed market value. Class rates are periodically changed by the state.

Source: Washington County

OTHER REQUIRED REPORTS

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

To the City Council and Management
City of Newport, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newport, Minnesota (the City) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 29, 2021.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as findings 2020-001 and 2020-002, that we consider to be material weaknesses.

(continued)

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

CITY'S RESPONSES TO FINDINGS

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Minneapolis, Minnesota
April 29, 2021

INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

To the City Council and Management
City of Newport, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newport, Minnesota (the City) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 29, 2021.

MINNESOTA LEGAL COMPLIANCE

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minnesota Statutes § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

Minneapolis, Minnesota
April 29, 2021

CITY OF NEWPORT

Schedule of Findings and Responses Year Ended December 31, 2020

FINDINGS – FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESSES

2020-001 Segregation of Duties

Criteria – Internal control over financial reporting.

Condition – The City of Newport, Minnesota (the City) has limited segregation of duties over processing of cash receipts, cash disbursements, payroll, general journal entries, and utility billing transactions.

Context – This is a current year and prior year finding.

Cause – The limited segregation of duties is primarily caused by the limited size of the City's office staff.

Effect – One important element of internal accounting controls is an adequate segregation of duties such that no one individual have responsibility to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction. A lack of segregation of duties subjects the City to a higher risk that errors or fraud could occur and not be detected in a timely manner in the normal course of business.

Recommendation – We recommend that the City continue its efforts to segregate duties as best it can within the limits of what the City considers to be cost-beneficial.

Corrective Action Plan

Actions Planned – The City will continue its efforts to segregate duties as best it can within the limits of what the City considers to be cost-beneficial.

Official Responsible – The City Administrator.

Planned Completion Date – December 31, 2021.

Disagreement With or Explanation of Finding – The City is in agreement with this finding.

Plan to Monitor – The City Administrator will continue to monitor this deficiency and establish policies and procedures within the limits of the staff available.

CITY OF NEWPORT

Schedule of Findings and Responses (continued) Year Ended December 31, 2020

FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)

MATERIAL WEAKNESSES (CONTINUED)

2020-002 Preparation of Financial Statements

Criteria – Management is responsible for establishing and maintaining effective internal controls. These controls include the responsibility for preparation, or oversight of the preparation, of the financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition – Other than the management's discussion and analysis, the City had our firm prepare the accompanying annual financial statements. Like many similarly-sized organizations, the City requested assistance from us with the drafting of the annual financial statements and related notes. Although this is common practice and may be the most practical and cost-effective method to complete this task, the fact that the City does not have the internal resources available to prepare the annual financial statements is considered a deficiency.

Context – This is a current year and prior year finding.

Cause – The City does not have the internal resources available to prepare its own annual financial statements, and has made the decision that from a cost-benefit perspective, it is more efficient to have the auditor prepare them than to contract with another outside party.

Effect – The auditor prepared the draft of the City's annual financial statements and disclosures.

Recommendation – We recommend that the City consider whether it is cost-beneficial to either provide training to its internal staff that would enable the City to prepare its own financial statements, or contract with another outside party to prepare them.

Corrective Action Plan

Actions Planned – The City will determine as to whether it is practical and cost-effective for the City or an outside contractor to prepare its financial statements in the future.

Official Responsible – The City Administrator.

Planned Completion Date – December 31, 2021.

Disagreement With or Explanation of Finding – The City is in agreement with this finding.

Plan to Monitor – The City Administrator will continue to monitor this deficiency and establish policies and procedures within the limits of the staff available.

MSA Engineer's Report

To: Honorable Mayor and City Council Members
From: Jon Herdegen, P.E. – City Engineer
Date: April 29, 2021 – For the May 6th, City Council Meeting

12th Street and 12th Avenue Improvements

A-1 Excavating has completed the majority of the restoration work and has made steady progress on the other remaining punch list items. Through the post-construction televising inspections, we identified a cracked sanitary sewer lateral line that must be excavated and repaired. The repair will require a portion of the street to be removed and replaced. It is unfortunate that the repair will impact the new street/curb, but we are thankful the damaged was discovered during the warranty period. Staff is in the process of taking a closer look at the televising reports to identify any other possible issues. If needed, we plan to order additional televising. There are also a few isolated concrete driveway panels and curb sections that cracked over the winter. We will be coordinating the replacement of the concrete directly with the affected property owners.

A-1 Excavating has submitted Partial Payment Application No. 8 for your review and consideration. The original contract amount for this project was \$1,763,397.24. The value of the work completed by A-1 to date is \$1,835,708.66. Less 5% retainage and \$1,679,760.38 previously paid, the amount requested by A-1 on this application is \$64,162.85. Our construction observer has been onsite throughout the duration of construction activities. In our opinion, the work is satisfactory and the quantities requested accurately reflect the work completed.

Action Requested: We respectfully request the Council consider Partial Payment Application No. 8 requested by A-1 Excavating for \$64,162.85.

Provided the applications are acceptable, please retain one copy of the enclosed application for City records; send one copy to A-1 with payment and return one copy to MSA.

Attachments:
Partial Payment Application No. 8

PARTIAL PAY ESTIMATE NO. 8

FROM: December 8, 2020
TO: April 28, 2021

ORIGINAL: June 5, 2021
REVISED:

AMOUNT OF CONTRACT
ORIGINAL: \$1,763,397.24
REVISED:

PROJECT: 12TH AVENUE AND 12TH STREET IMPROVEMENTS
PROJECT NO: 10316067

CONTRACTOR: A-1 EXCAVATING
ADDRESS: 8237 Hwy 64
Bloomer, WI 54724
PHONE (715) 568-4141

OWNER: CITY OF NEWPORT, MN

ITEM NO	SPEC NO.	ITEM DESCRIPTION	QTY TOTAL	UNIT	UNIT PRICE	THIS PERIOD		TOTAL TO DATE	
						QTY	TOTAL	QTY	TOTAL
SCHEDULE 1.0 - STREET									
1	2021.501	MOBILIZATION	1	LS	\$ 108,700.00		\$ -	1.00	\$ 108,700.00
2	2101.502	CLEARING & GRUBBING	63	TREE	\$ 300.00		\$ -	84	\$ 25,200.00
3	2104.501	REMOVE CONCRETE CURB	334	LF	\$ 5.00		\$ -	334	\$ 1,670.00
4	2104.501	REMOVE RETAINING WALL	295	LF	\$ 7.00		\$ -	0	\$ -
5	2104.509	REMOVE MAIL BOX SUPPORT	29	EACH	\$ 60.00	1	\$ 60.00	43	\$ 2,580.00
6	2104.502	SALVAGE SIGN POST	12	EACH	\$ 44.00		\$ -	11	\$ 484.00
7	2104.505	REMOVE CONCRETE PAVEMENT	466	SY	\$ 9.00		\$ -	473	\$ 4,257.00
8	2104.505	REMOVE BITUMINOUS PAVEMENT	10,592	SY	\$ 4.00		\$ -	10651	\$ 42,604.00
9	2104.511	SAWING CONCRETE PAVEMENT (FULL DEPTH)	211	LF	\$ 3.00		\$ -	243	\$ 729.00
10	2104.518	REMOVE CONCRETE WALK	190	SF	\$ 0.80		\$ -	209	\$ 167.20
11	2104.523	SALVAGE LANDSCAPING	3	EACH	\$ 500.00		\$ -	2	\$ 1,000.00
12	2104.523	SALVAGE MAILBOX (SINGLE)	29	EACH	\$ 45.00	1	\$ 45.00	43	\$ 1,935.00
13	2105.501	COMMON EXCAVATION (STREET) (EV) (P)	2,895	CY	\$ 15.00		\$ -	2895	\$ 43,425.00
14	2105.503	ROCK EXCAVATION	869	CY	\$ 0.01		\$ -	20	\$ 0.20
15	2105.507	GRANULAR BORROW(CV)	2,500	CY	\$ 24.50		\$ -	2169	\$ 53,140.50
16	2105.507	SUBGRADE EXCAVATION (EV)	2,000	CY	\$ 15.00		\$ -	2768	\$ 41,520.00
17	2105.604	GEOTEXTILE FABRIC TYPE V	9,484	SY	\$ 1.50		\$ -	13597	\$ 20,395.50
18	2211.501	AGGREGATE BASE CLASS 5	6,472	TON	\$ 14.60	970.10	\$ 14,163.46	7960	\$ 116,221.69
19	2232.501	MILL BITUMINOUS SURFACE (1.5")	451	SY	\$ 5.50		\$ -	52	\$ 286.00
20	2357.502	BITUMINOUS MATERIAL FOR TACK COAT	660	GAL	\$ 1.80		\$ -	500	\$ 900.00
21	2360.501	TYPE SP 9.5 WEAR COURSE MIXTURE 3C (D/W)	296	TON	\$ 125.00	76.43	\$ 9,553.75	336.94	\$ 42,117.50
22	2360.501	TYPE SP 9.5 WEAR COURSE MIXTURE 3C (STREET)	883	TON	\$ 78.25		\$ -	714.8	\$ 55,933.10
23	2360.502	TYPE SP 12.5 NON-WEARING COURSE MIXTURE 3C (STREET)	1,177	TON	\$ 76.00	18.59	\$ 1,412.84	961.45	\$ 73,070.20
24	2411.604	MODULAR BLOCK RETAINING WALL	269	FF	\$ 55.00		\$ -	0	\$ -
25	2531.507	4" CONCRETE DRIVEWAY PAVEMENT	391	SY	\$ 43.40		\$ -	661	\$ 28,687.40
26	2531.507	6" CONCRETE DRIVEWAY PAVEMENT (APRON)	688	SY	\$ 55.60		\$ -	1010	\$ 56,156.00
27	2531.501	CONCRETE CURB & GUTTER DESIGN B618	5,660	LF	\$ 13.20		\$ -	5525	\$ 72,930.00
28	2540.602	INSTALL MAIL BOX SUPPORT (SINGLE)	29	EACH	\$ 300.00	1	\$ 300.00	43	\$ 12,900.00
29	2554.503	PERMANENT BARRICADE	8	LF	\$ 61.00		\$ -	16	\$ 976.00
30	2563.601	TRAFFIC CONTROL	1	LS	\$ 7,000.00		\$ -	1.00	\$ 7,000.00
31	2564.602	SIGN POST	12	EACH	\$ 160.00		\$ -	11	\$ 1,760.00
32	2571.524	DECIDUOUS TREE 4" CAL B&B	16	TREE	\$ 1,000.00		\$ -	5	\$ 5,000.00
33	2571.524	CONIFEROUS TREE 6' HT B&B	8	TREE	\$ 650.00		\$ -	0	\$ -
34	2573.502	SILT FENCE, TYPE MACHINE SLICED	5,040	LF	\$ 0.01		\$ -	0	\$ -
35	2573.602	INLET PROTECTION	22	EACH	\$ 120.00		\$ -	20	\$ 2,400.00
36	2574.525	COMMON TOPSOIL BORROW (LV)	857	CY	\$ 1.00	190.00	\$ 190.00	240	\$ 240.00
37	2575.504	EROSION CONTROL BLANKET CATEGORY 3N (25-141)	2,086	SY	\$ 1.60		\$ -	0	\$ -
38	2575.504	EROSION CONTROL BLANKET CATEGORY 3N (25-151)	1,186	SY	\$ 1.60		\$ -	0	\$ -
39	2575.505	SOIL BED PREPARATION	2	ACRE	\$ 800.00		\$ -	1	\$ 800.00
40	2575.608	HYDRAULIC STABILIZED FIBER MATRIX (25-151)	6,993	SY	\$ 2.10		\$ -	0	\$ -
T	SCHEDULE 1.0 - STREET - TOTAL						\$ 25,725.05		\$ 825,185.29
SCHEDULE 2.0 - SANITARY SEWER									
41	2104.503	REMOVE SEWER PIPE (SANITARY)	2,267	LF	\$ 3.00		\$ -	2256	\$ 6,768.00
42	2104.503	REMOVE SANITARY SERVICE PIPE	1,674	LF	\$ 1.00		\$ -	1704	\$ 1,704.00
43	2104.502	REMOVE MANHOLE (SANITARY)	11	EACH	\$ 650.00		\$ -	11	\$ 7,150.00
44	2503.602	TEMPORARY SANITARY SEWER BYPASS	2	EACH	\$ 2,500.00		\$ -	2	\$ 5,000.00
45	2503.602	8" X 4" PVC WYE	37	EACH	\$ 247.00		\$ -	49	\$ 12,103.00
46	2503.603	4" PVC SANITARY SEWER SERVICE PIPE - SDR 35	1,715	LF	\$ 37.00	97	\$ 3,589.00	1666	\$ 61,642.00
47	2503.603	8" PVC SANITARY SEWER PIPE - SDR35 (0'-12')	1,159	LF	\$ 64.00		\$ -	1159	\$ 74,176.00
48	2503.603	8" PVC SANITARY SEWER PIPE - SDR35 (12'-16')	1,108	LF	\$ 70.00		\$ -	1108	\$ 77,560.00
49	2503.603	8" PVC SANITARY SEWER PIPE - SDR35 (16'-20')	52	LF	\$ 112.00		\$ -	0	\$ -
50	2503.602	CONNECTION TO SANITARY MANHOLE (SPECIAL)	4	EACH	\$ 1,100.00		\$ -	3	\$ 3,300.00
51	2503.602	CONNECT TO EXISTING SANITARY SEWER LATERAL (LINED MAIN)	12	EACH	\$ 680.00		\$ -	11	\$ 7,480.00
52	2506.602	INSTALL MANHOLE (0'-12")	8	EACH	\$ 5,860.00		\$ -	9	\$ 52,740.00
53	2506.602	CONSTRUCT SANITARY MANHOLE (ADDITIONAL DEPTH)	93	VF	\$ 1.00		\$ -	15	\$ 15.00
54	2506.602	ADJUST FRAME & RING CASTING (SANITARY)	2	EACH	\$ 300.00		\$ -	2	\$ 600.00
55	2506.602	INSTALL 8" OUTSIDE DROP	10	VF	\$ 330.00		\$ -	10.0	\$ 3,300.00
56	2506.602	CHIMNEY SEAL	11	EACH	\$ 250.00		\$ -	10	\$ 2,500.00
T	SCHEDULE 2.0 - SANITARY - TOTAL						\$ 3,589.00		\$ 316,038.00
SCHEDULE 3.0 - WATERMAIN									
57	2104.503	REMOVE WATERMAIN	2,781	LF	\$ 1.00		\$ -	2781	\$ 2,781.00
58	2104.509	REMOVE CURB STOP & BOX (WATER SERVICE)	39	EACH	\$ 20.00		\$ -	48	\$ 960.00
59	2104.601	REMOVE PIPE (WATER SERVICE)	1,382	LF	\$ 1.00		\$ -	1562	\$ 1,562.00
60	2504.602	CONNECT TO EXISTING WATER MAIN	4	EACH	\$ 1,560.00	2	\$ 3,120.00	6	\$ 9,360.00
61	2504.602	INSTALL HYDRANT & VALVE	5	EACH	\$ 5,925.00		\$ -	5	\$ 29,625.00
62	2504.602	6" GATE VALVE & BOX	2	EACH	\$ 1,710.00		\$ -	3	\$ 5,130.00
63	2504.602	8" GATE VALVE & BOX	5	EACH	\$ 2,205.00		\$ -	5	\$ 11,025.00
64	2504.602	ADJUST VALVE BOX	4	EACH	\$ 270.00		\$ -	5	\$ 1,350.00
65	2504.602	1" CORPORATION STOP	44	EACH	\$ 645.00	2	\$ 1,290.00	54	\$ 34,830.00
66	2504.602	1" CURB STOP & BOX	44	EACH	\$ 325.00	2	\$ 650.00	54	\$ 17,550.00
67	2504.602	1" TYPE K COPPER PIPE	2,112	LF	\$ 42.00	133	\$ 5,586.00	2191	\$ 92,022.00
68	2504.603	TEMPORARY WATERBYPASS	3	EACH	\$ 1.00		\$ -	3	\$ 3.00
69	2504.603	6" WATERMAIN DUCTILE IRON CL 52	1,634	LF	\$ 58.00	116	\$ 6,728.00	1753	\$ 101,674.00
70	2504.603	8" WATERMAIN DUCTILE IRON CL 52	1,234	LF	\$ 66.00	40	\$ 2,640.00	1191	\$ 78,606.00
71	2504.604	4" POLYSTYRENE INSULATION	343	SY	\$ 32.00		\$ -	49	\$ 1,568.00
72	2504.608	WATERMAIN FITTINGS	810	LB	\$ 12.00		\$ -	1184	\$ 14,208.00
T	SCHEDULE 3.0 - WATERMAIN - TOTAL						\$ 20,014.00		\$ 402,254.00
SCHEDULE 4.0 - STORM									
73	2104.509	REMOVE MANHOLE OR CATCH BASIN	3	EACH	\$ 500.00		\$ -	3	\$ 1,500.00

74	2104.601	REMOVE SEWER PIPE (STORM)	191	LF	\$	15.00		\$	-	247	\$	3,705.00
75	2502.601	4" PERF PE PIPE DRAIN	200	LF	\$	12.00		\$	-	606	\$	7,272.00
76	2502.602	4" PE PIPE DRAIN CLEANOUT	4	EACH	\$	450.00		\$	-	6	\$	2,700.00
77	2503.503	12" RC PIPE SEWER DES 3006 CL III	10	LF	\$	70.00		\$	-	28	\$	1,960.00
78	2503.503	18" RC PIPE SEWER DES 3006 CL III	144	LF	\$	68.00		\$	-	292	\$	19,856.00
79	2503.503	24" RC PIPE SEWER DES 3006 CL III	1,077	LF	\$	78.00	132	\$	10,296.00	842	\$	65,676.00
80	2503.503	30" RC PIPE SEWER DES 3006 CL III	377	LF	\$	107.00	17	\$	1,819.00	372	\$	39,804.00
81	2506.502	CONST DRAINAGE STRUCTURE DESIGN SPECIAL 24"x36"	11	EACH	\$	2,490.00		\$	-	9	\$	22,410.00
82	2506.502	CONST DRAINAGE STRUCTURE DESIGN H	1	EACH	\$	1,635.00		\$	-	1	\$	1,635.00
83	2506.502	CONST DRAINAGE STRUCTURE DESIGN 48-4020	10	EACH	\$	3,215.00	-1	\$	(3,215.00)	6	\$	19,290.00
84	2506.502	CONST DRAINAGE STRUCTURE DESIGN 60-4020	2	EACH	\$	6,080.00	1	\$	6,080.00	8	\$	48,640.00
85	2506.502	CONST DRAINAGE STRUCTURE DESIGN 72-4020	1	EACH	\$	7,330.00		\$	-	1	\$	7,330.00
86	2506.602	CONNECT TO EXISTING STRUCTURE (STORM)	2	EACH	\$	1,050.00	1	\$	1,050.00	3	\$	3,150.00

T	SCHEDULE 4.0 - STORM - TOTAL						\$ 16,030.00		\$ 244,928.00
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SCHEDULE 5.0 - CHANGE ORDER											
87	CO1	10" GATE VALVE	1	EA	\$	2,820.00		\$	-	1	\$ 2,820.00
88	CO2	10" PVC SEWER SDR 26 (16'-20")	57	LF	\$	123.00		\$	-	69	\$ 8,487.00
89	CO3	10" WATERMAIN DUCTILE IRON CL52	14	LF	\$	99.00		\$	-	14	\$ 1,386.00
90	CO4	24" PVC C900 PIPE SEWER (STORM)	98	LF	\$	115.00		\$	-	98	\$ 11,270.00
91	CO5	GRANNULAR BORROW - BREAKER RUN	535	CY	\$	33.75		\$	-	535	\$ 18,053.58
92	CO6	GRANNULAR BORROW - OTHER	414	CY	\$	7.50		\$	-	414	\$ 3,105.00
93	CO7	LEAK DETECTION	1	LS	\$	(296.96)	1	\$	(296.96)	1	\$ (296.96)
94	CO8	SANITARY MANHOLE NO. 31 MODIFICATION	1	LS	\$	4,957.50	0.5			0.5	\$ 2,478.75

T	156,525 SCHEDULE 5.0 - CHANGE ORDER - TOTAL						\$ 2,181.79		\$ 47,303.37
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BID SUMMARY

T	SCHEDULE 1.0 - STREET - TOTAL	\$ 25,725.05	\$ 825,185.29
T	SCHEDULE 2.0 - SANITARY - TOTAL	\$ 3,589.00	\$ 316,038.00
T	SCHEDULE 3.0 - WATERMAIN - TOTAL	\$ 20,014.00	\$ 402,254.00
T	SCHEDULE 4.0 - STORM - TOTAL	\$ 16,030.00	\$ 244,928.00
T	SCHEDULE 5.0 - CHANGE ORDER - TOTAL	\$ 2,181.79	\$ 47,303.37

AMOUNT EARNED	\$	67,539.84	\$	1,835,708.66
AMOUNT RETAINED - 5%	\$	3,376.99	\$	91,785.43
PREVIOUS PAYMENTS			\$	1,679,760.38
AMOUNT DUE	\$	64,162.85		

AMOUNT DUE

THE UNDERSIGNED CONTRACTOR CERTIFIES THAT TO THE BEST OF THEIR KNOWLEDGE, INFORMATION AND BELIEF THE WORK COVERED BY THIS PAYMENT ESTIMATE HAS BEEN COMPLETED IN ACCORDANCE WITH THE CONTRACT DOCUMENTS, THAT ALL AMOUNTS HAVE BEEN PAID BY THE CONTRACTOR FOR WORK FOR WHICH PREVIOUS PAYMENT ESTIMATES WAS ISSUED AND PAYMENTS RECEIVED FROM THE OWNER, AND THAT CURRENT PAYMENT SHOWN HEREIN IS NOW DUE.

CONTRACT A-1 EXCAVATING

BY _____

DATE _____

ENGINEER'S CERTIFICATION

THE UNDERSIGNED CERTIFIES THAT THE WORK HAS BEEN CAREFULLY OBSERVED AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THE QUANTITIES SHOWN IN THIS ESTIMATE ARE CORRECT AND THE WORK HAS BEEN PERFORMED IN ACCORDANCE WITH THE CONTRACT DOCUMENTS.

ENGINEER **MSA PROFESSIONAL SERVICES**

BY _____

DATE _____

APPROVED BY OWNER

OWNER: **CITY OF NEWPORT, MN**

APPROVED BY OWNER

DATE _____

APPLICATION AND CERTIFICATE FOR PAYMENT

TO (OWNER)

City of Newport
596 7th Ave
Newport, MN 55055

PROJECT: NEWPORT CITY HALL & FIRE STATION
OVERALL

APPLICATION NO: 3

PERIOD TO: 3/31/2021

Distribution to:



OWNER



ARCHITECT



CONST. MANAGER



FILE

FROM (CM):

HOFFMANN + UHLHORN CONSTRUCTION, INC.
5555 W 78TH ST, SUITE A
MINNEAPOLIS, MN 55439

CONTRACT DATE:

APPLICATION FOR PAYMENT

CHANGE ORDER SUMMARY			
Change Orders Approved in previous months by Owner		ADDITIONS	DEDUCTIONS
TOTAL		\$0.00	\$0.00
Approved this Month		\$0.00	\$0.00
Number	Date Approved		
TOTALS		\$0.00	\$0.00
Net change by Change Orders		\$0.00	

The undersigned Construction Manager certifies that to the best of his knowledge, information and belief the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, and that current payments shown herein are now due.

CONSTRUCTION MANAGER: HOFFMANN + UHLHORN CONSTRUCTION, INC.

By: *Lucas D. Nelson*

Date: 4/6/2021

ARCHITECT'S CERTIFICATE FOR PAYMENT

In Accordance with the Contract Documents, based on on-site observations and the data comprising the above application, the Architect certifies to the Owner that to the best of the Architect's knowledge, information and belief the Work has progressed as indicated, the quality of the Work is in accordance with the Contract Documents, and the Contractors are entitled to payment of the Amounts Certified.

Application is made for Payment, as shown below,
Continuation Sheet, AIA Document G703, is attached.

1. COMMITTED COST	\$7,224,613.00
2. Net Change by Change Orders	\$0.00
3. SUM TO DATE (Line 1+2)	\$7,224,613.00
4. TOTAL COMPLETED & STORED TO DATE (Column G on G703)	\$395,795.00
5. RETAINAGE:	
a. <u>5</u> % of Completed Work	\$18,039.75
(Column D+E on G703)	
b. <u> </u> % of Stored Material	\$0.00
(Column F on G703)	
Total Retainage (Line 5a + 5b or Total in Column I of G703)	\$18,039.75
6. TOTAL EARNED LESS RETAINAGE (Line 4 less Line 5 Total)	\$377,755.25
7. LESS PREVIOUS CERTIFICATES FOR PAYMENT (Line 6 from prior Certificate)	\$273,134.78
8. CURRENT PAYMENT DUE	\$104,620.47
9. BALANCE TO FINISH, PLUS RETAINAGE (Line 3 less Line 6)	\$6,846,857.75

State of: MINNESOTA

County of:

Anoka County

Subscribed and sworn to before me this

4/6/2021

Notary Public:

[Signature]

My Commission expires:

31-Jan-23

AMOUNT CERTIFIED

\$

(Attach explanation if amount certified differs from the amount applied for)

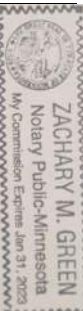
ARCHITECT:

Brunton Architects & Engineers

By:

[Signature]

Date: 4/12/21



CITY OF NEWPORT - OVERALL
H+U CONSTRUCTION EDITION OF AIA DOCUMENT G703

APPLIC. FOR PAYMENT NO.#3
PERIOD ENDING 3/31/2021

AIA Document G723, APPLICATION AND CERTIFICATE FOR PAYMENT, containing Contractor's signed Certification is attached.

In tabulations below, amounts are stated to the nearest dollar.

		A	B	C	D	E	F		G	H
ITEM NO.	DESCRIPTION OF WORK	SCHEDULED VALUE	CHANGE ORDERS	REVISED SCHEDULE VALUE (A+B)	WORK COMPLETED		TOTAL COMPLETED AND STORED TO DATE (D+E)	% (F/C)	BALANCE TO FINISH (C-F)	RETAINAGE
					FROM PREV. APPL.	THIS PERIOD				
Pre-Con	Preconstruction Fees	35,000.00	0.00	35,000.00	35,000.00	0.00	35,000.00	100%	0.00	0.00
0	Payment and Performance Bond	77,485.00	0.00	77,485.00	76,722.00	0.00	76,722.00	99%	763.00	3,836.10
1	General Conditions	195,000.00	0.00	195,000.00	79.33	15,027.30	15,106.63	8%	179,893.37	755.33
Reimburse	Construction Management Reimbursabl	243,180.00	0.00	243,180.00	0.00	9,885.00	9,885.00	4%	233,295.00	494.25
Fee	Construction Management Fee	176,210.00	0.00	176,210.00	6,113.86	2,686.02	8,799.88	5%	167,410.12	439.99
Allowance	Utilities Allowance	50,000.00	0.00	50,000.00	0.00	0.00	0.00	0%	50,000.00	0.00
Contingency	Construction Contingency	322,392.00	0.00	322,392.00	0.00	0.00	0.00	0%	322,392.00	0.00
Testing	Materials Testing	20,000.00	0.00	20,000.00	0.00	0.00	0.00	0%	20,000.00	0.00
#0330	Cast-In-Place Concrete	402,850.00	0.00	402,850.00	0.00	0.00	0.00	0%	402,850.00	0.00
#0341	Strutctural Precast	1,294,664.00	0.00	1,294,664.00	0.00	0.00	0.00	0%	1,294,664.00	0.00
#0510	Steel Erection	79,660.00	0.00	79,660.00	0.00	0.00	0.00	0%	79,660.00	0.00
#0512	Steel Supply	125,000.00	0.00	125,000.00	86,875.00	5,000.00	91,875.00	74%	33,125.00	4,593.75
#0610	Carpentry & GC	408,500.00	0.00	408,500.00	0.00	0.00	0.00	0%	408,500.00	0.00
#0750	Roofing & Metal Panels	375,960.00	0.00	375,960.00	11,279.00	0.00	11,279.00	3%	364,681.00	563.95
#0790	Caulking & Firestopping	53,265.00	0.00	53,265.00	0.00	0.00	0.00	0%	53,265.00	0.00
#0810	Doors, Frames, Hardware - Supply	95,490.00	0.00	95,490.00	0.00	0.00	0.00	0%	95,490.00	0.00
#0833	Coiling & Sectional Doors	107,820.00	0.00	107,820.00	0.00	0.00	0.00	0%	107,820.00	0.00
#0840	Aluminum Storefronts & Curtainwall	109,500.00	0.00	109,500.00	7,475.00	0.00	7,475.00	7%	102,025.00	373.75
#0920	Drywall & Fireproofing	236,369.00	0.00	236,369.00	5,000.00	0.00	5,000.00	2%	231,369.00	250.00
#0930	Tile	51,000.00	0.00	51,000.00	0.00	0.00	0.00	0%	51,000.00	0.00
#0950	Acoustical Ceilings & Panels	44,700.00	0.00	44,700.00	1,000.00	0.00	1,000.00	2%	43,700.00	50.00
#0965	Resilient Flooring & Carpet	94,299.00	0.00	94,299.00	50,320.00	0.00	50,320.00	53%	43,979.00	2,516.00
#0990	Painting and Wallcovering	79,400.00	0.00	79,400.00	0.00	0.00	0.00	0%	79,400.00	0.00
#1420	Conveying Equipment	122,520.00	0.00	122,520.00	0.00	0.00	0.00	0%	122,520.00	0.00
#2100	Fire Protection	75,500.00	0.00	75,500.00	2,500.00	0.00	2,500.00	3%	73,000.00	125.00
#2200	Plumbing & Heating	459,290.00	0.00	459,290.00	0.00	5,000.00	5,000.00	1%	454,290.00	250.00
#2300	HVAC & Controls	374,000.00	0.00	374,000.00	0.00	8,100.00	8,100.00	2%	365,900.00	405.00
#2600	Electrical	554,600.00	0.00	554,600.00	0.00	4,700.00	4,700.00	1%	549,900.00	235.00
#3100	Earthwork & Site Utilities	659,900.00	0.00	659,900.00	0.00	57,448.49	57,448.49	9%	602,451.51	2,872.42
#3210	Asphalt Paving	263,200.00	0.00	263,200.00	3,304.00	2,280.00	5,584.00	2%	257,616.00	279.20
#3290	Landscaping & Fencing	37,859.00	0.00	37,859.00	0.00	0.00	0.00	0%	37,859.00	0.00
	TOTAL CONTRACT AMOUNTS	7,224,613.00	0.00	7,224,613.00	285,668.19	110,126.81	395,795.00	3.75	6,828,818.00	18,039.75

APPLICATION AND CERTIFICATE FOR PAYMENT

TO (OWNER)

City of Newport
596 7th Ave
Newport, MN 55055

PROJECT: NEWPORT CITY HALL & FIRE STATION
LABOR AND GEN CONDITIONS

APPLICATION NO: 3

PERIOD TO: 3/31/2021

Distribution to:

☒ OWNER

☐ ARCHITECT

☐ CONST. MANAGER

☒ FILE

FROM (CM):

HOFFMANN + UHLHORN CONSTRUCTION, INC.
5555 W 78TH ST, SUITE A
MINNEAPOLIS, MN 55439

CONTRACT DATE:

APPLICATION FOR PAYMENT

CHANGE ORDER SUMMARY			
Change Orders Approved in previous months by Owner		ADDITIONS	DEDUCTIONS
TOTAL		\$0.00	\$0.00
Approved this Month		\$0.00	\$0.00
Number	Date Approved		
TOTALS		\$0.00	\$0.00
Net change by Change Orders			\$0.00

The undersigned Construction Manager certifies that to the best of his knowledge, information and belief the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, and that current payments shown herein are now due.

CONSTRUCTION MANAGER: HOFFMANN + UHLHORN CONSTRUCTION, INC.

By: *Lucas D. Nelson*

Date: 4/6/2021

ARCHITECT'S CERTIFICATE FOR PAYMENT

In Accordance with the Contract Documents, based on on-site observations and the data comprising the above application, the Architect certifies to the Owner that to the best of the Architect's knowledge, information and belief the Work has progressed as indicated, the quality of the Work is in accordance with the Contract Documents, and the Contractors are entitled to payment of the Amounts Certified.

Application is made for Payment, as shown below,
Continuation Sheet, AIA Document G703, is attached.

1. COMMITTED COST	\$3,899,879.00
2. Net Change by Change Orders	\$0.00
3. SUM TO DATE (Line 1+2)	\$3,899,879.00
4. TOTAL COMPLETED & STORED TO DATE (Column G on G703)	\$239,950.00
5. RETAINAGE:	
a. <u>5</u> % of Completed Work	\$10,247.50
(Column D+E on G703)	
b. <u> </u> % of Stored Material	\$0.00
(Column F on G703)	
Total Retainage (Line 5a + 5b or Total in Column I of G703)	\$10,247.50
6. TOTAL EARNED LESS RETAINAGE (Line 4 less Line 5 Total)	\$229,702.50
7. LESS PREVIOUS CERTIFICATES FOR PAYMENT (Line 6 from prior Certificate)	\$140,424.53
8. CURRENT PAYMENT DUE	\$89,277.97
9. BALANCE TO FINISH, PLUS RETAINAGE (Line 3 less Line 6)	\$3,670,176.50

State of: MINNESOTA County of: Anoka County
Subscribed and sworn to before me this 4/6/2021
Notary Public: *[Signature]*
My Commission expires: 31-Jan-23

AMOUNT CERTIFIED

\$

(Attach explanation if amount certified differs from the amount applied for).

ARCHITECT: Brunton Architects & Engineers

By: *Virgin Asch*

Date: 4/12/21



CITY OF NEWPORT - LABOR & GENERAL CONDITIONS
H+U CONSTRUCTION EDITION OF AIA DOCUMENT G703

APPLIC. FOR PAYMENT NO.#3
PERIOD ENDING 3/31/2021

AIA Document G723, APPLICATION AND CERTIFICATE FOR PAYMENT, containing Contractor's signed Certification is attached.

In tabulations below, amounts are stated to the nearest dollar.

		A	B	C	D	E	F		G	H
ITEM NO.	DESCRIPTION OF WORK	SCHEDULED VALUE	CHANGE ORDERS	REVISED SCHEDULE VALUE	WORK COMPLETED		TOTAL COMPLETED AND STORED	% (F/C)	BALANCE TO FINISH (C-F)	RETAINAGE
				(A+B)	FROM PREV. APPL.	THIS PERIOD				
										TO DATE (D+E)
Pre-Con	Preconstruction Fees	35,000.00	0.00	35,000.00	35,000.00	0.00	35,000.00	100%	0.00	0.00
0	Payment and Performance Bond	77,485.00	0.00	77,485.00	76,722.00	0.00	76,722.00	99%	763.00	3,836.10
1	General Conditions	195,000.00	0.00	195,000.00	79.33	15,027.30	15,106.63	8%	179,893.37	755.33
Reimburse	Construction Management Reimbursables	243,180.00	0.00	243,180.00	0.00	9,885.00	9,885.00	4%	233,295.00	494.25
Fee	Construction Management Fee	176,210.00	0.00	176,210.00	6,113.86	2,686.02	8,799.88	5%	167,410.12	439.99
Allowance	Utilities Allowance	50,000.00	0.00	50,000.00	0.00	0.00	0.00	0%	50,000.00	0.00
Contingency	Construction Contingency	322,392.00	0.00	322,392.00	0.00	0.00	0.00	0%	322,392.00	0.00
Testing	Materials Testing	20,000.00	0.00	20,000.00	0.00	0.00	0.00	0%	20,000.00	0.00
#0330	Cast-In-Place Concrete	257,850.00	0.00	257,850.00	0.00	0.00	0.00	0%	257,850.00	0.00
#0341	Strutctural Precast	261,331.00	0.00	261,331.00	0.00	0.00	0.00	0%	261,331.00	0.00
#0510	Steel Erection	79,660.00	0.00	79,660.00	0.00	0.00	0.00	0%	79,660.00	0.00
#0610	Carpentry & GC	224,800.00	0.00	224,800.00	0.00	0.00	0.00	0%	224,800.00	0.00
#0750	Roofing & Metal Panels	168,600.00	0.00	168,600.00	11,279.00	0.00	11,279.00	7%	157,321.00	563.95
#0790	Caulking & Firestopping	39,740.00	0.00	39,740.00	0.00	0.00	0.00	0%	39,740.00	0.00
#0833	Coiling & Sectional Doors	21,420.00	0.00	21,420.00	0.00	0.00	0.00	0%	21,420.00	0.00
#0840	Aluminum Storefronts & Curtainwall	49,500.00	0.00	49,500.00	7,475.00	0.00	7,475.00	15%	42,025.00	373.75
#0920	Drywall & Fireproofing	186,369.00	0.00	186,369.00	5,000.00	0.00	5,000.00	3%	181,369.00	250.00
#0930	Tile	20,000.00	0.00	20,000.00	0.00	0.00	0.00	0%	20,000.00	0.00
#0950	Acoustical Ceilings & Panels	19,000.00	0.00	19,000.00	1,000.00	0.00	1,000.00	5%	18,000.00	50.00
#0965	Resilient Flooring & Carpet	41,479.00	0.00	41,479.00	0.00	0.00	0.00	0%	41,479.00	0.00
#0990	Painting and Wallcovering	67,500.00	0.00	67,500.00	0.00	0.00	0.00	0%	67,500.00	0.00
#1420	Conveying Equipment	55,877.00	0.00	55,877.00	0.00	0.00	0.00	0%	55,877.00	0.00
#2100	Fire Protection	29,340.00	0.00	29,340.00	0.00	0.00	0.00	0%	29,340.00	0.00
#2200	Plumbing & Heating	210,735.00	0.00	210,735.00	0.00	5,000.00	5,000.00	2%	205,735.00	250.00
#2300	HVAC & Controls	161,000.00	0.00	161,000.00	0.00	2,100.00	2,100.00	1%	158,900.00	105.00
#2600	Electrical	178,500.00	0.00	178,500.00	0.00	0.00	0.00	0%	178,500.00	0.00
#3100	Earthwork & Site Utilities	558,400.00	0.00	558,400.00	0.00	56,998.49	56,998.49	10%	501,401.51	2,849.92
#3210	Asphalt Paving	126,796.00	0.00	126,796.00	3,304.00	2,280.00	5,584.00	4%	121,212.00	279.20
#3290	Landscaping & Fencing	22,715.00	0.00	22,715.00	0.00	0.00	0.00	0%	22,715.00	0.00
	TOTAL CONTRACT AMOUNTS	3,899,879.00	0.00	3,899,879.00	145,973.19	93,976.81	239,950.00	2.64	3,659,929.00	10,247.50

**INVOICE SUMMARY-
CITY OF NEWPORT - LABOR & GENERAL CONDITIONS**

**PAYMENT APPLICATION NO. #3
PERIOD ENDING 3/31/2021**

ITEM NO#	DESCRIPTION	VENDOR	DATE	NUMBER	AMOUNT	RETAINAGE	DUE
1	General Conditions	H+U Construction	3/31/21	Applic #2	\$15,027.30	\$751.37	\$14,275.93
Reimburse	Construction Management Reimbursable	H+U Construction	3/31/21	Applic #1	\$9,885.00	\$494.25	\$9,390.75
Fee	Construction Management Fee	H+U Construction	3/31/21	Applic #3	\$2,686.02	\$134.30	\$2,551.72
#2200	Plumbing & Heating	Davis Mechanical Systems, Inc.	3/31/21	Applic #1	\$5,000.00	\$250.00	\$4,750.00
#2300	HVAC & Controls	Master Mechanical, Inc.	3/31/21	Applic #1	\$2,100.00	\$105.00	\$1,995.00
#3100	Earthwork & Site Utilities	Midstate Excavating	3/31/21	Applic #1	\$56,998.49	\$2,849.92	\$54,148.57
#3210	Asphalt Paving	Ebert Construction	3/31/21	Applic #2	\$2,280.00	\$114.00	\$2,166.00

SUBTOTAL AMOUNT DUE

\$93,976.81 \$4,698.84 \$89,277.97

TOTAL AMOUNT DUE

\$89,277.97



TO: CITY OF NEWPORT
596 7TH AVE
NEWPORT, MN 55055

ATTN: ACCOUNTING

RE: NEWPORT CITY HALL & FIRE STATION

Invoice for Construction Management services performed during the month of March, 2021

CONSTRUCTION MANAGEMENT REIMBURSABLES

Project Superintendent	82.00 hrs. @	105.00	\$8,610.00
Truck, Travel, & Small Tools	0.5 mo. @	1,200.00	\$600.00
Field Office Trailer	0.75 mo. @	900.00	\$675.00

Subtotal Construction Management Reimbursables **\$9,885.00**

GENERAL CONDITIONS

Plan Prints/Shipping	\$131.79
Temporary Toilets	\$193.98
Construction Fencing	\$12,484.90
Construction Signage	\$1,912.33
Safety & OSHA	\$304.30

Subtotal Reimbursable Expenses **\$15,027.30**

Total **\$24,912.30**

Contractor's Pay Applications March 31, 2021

#0512-Material Thornberg Steel	\$5,000.00
#2200-Labor Davis Mechanical Systems, Inc.	\$5,000.00
#2300-Labor Master Mechanical, Inc.	\$2,100.00
#2300-Material Master Mechanical, Inc.	\$6,000.00
#2600-Material B&B Electric, Inc.	\$4,700.00
#3100-Labor Midstate Landscaping/Excavating	\$56,998.49
#3100-Material Midstate Landscaping/Excavating	\$450.00
#3210-Labor Ebert Construction	\$2,280.00

Total Contractor's Pay Applications March 1 - March 31 **\$82,528.49**

CONSTRUCTION MANAGEMENT FEE **\$2,686.02**

Total Before Retainage **\$110,126.81**

Retainage

Current Retainage	5,506.34
Prior Retainage	12,533.41
Retainage-To-Date	18,039.75

Total Amount Due **\$104,620.47**

Invoice Number	Invoice Date	Account Number	Page
4-629-46001	Jan 26, 2021	6807-6995-8	2 of 2

FedEx Ground Shipment Summary By Payor Type

FedEx Ground Shipments (Original)

	Date	Shipments	Rated Weight lbs	Transportation Charges	Other Handling Charges	Ret Chg/Tax Credits/Other	Discounts	Total Charges
Ground-Prepaid	01/14	1	5	10.46	0.60		-0.84	10.22
						Ground-Prepaid Subtotal		\$10.22
Total FedEx Ground		1	5	\$10.46	\$0.60		-\$0.84	\$10.22

TOTAL THIS INVOICE

USD

\$10.22

FedEx Ground Prepaid Detail (Original)

Ship Date: Jan 14, 2021		Cust. Ref.: J20002 - Newport		P.O.#:	
Tendered Date: Jan 13, 2021		Dept.#:			
Payor: Shipper					
Tracking ID	772618412023	Sender	Recipient	Transportation Charge	10.46
Service Type	Ppd, Domestic	Luke Nelson	BRUNTON ARCHITECTS	Performance Pricing	-0.84
Zone	02	Luke Nelson	225 BELGRADE AVE	Fuel Surcharge	0.60
Packages	1	5555 West 78th Stree	MANKATO MN 56003-380325	Total Charge	USD \$10.22
Actual Weight	4.6 lbs	Minneapolis MN 55439			
Rated Weight	5 lbs				
Delivered	Jan 18, 2021				

Prepaid Subtotal

USD

\$10.22

Total FedEx Ground

USD

\$10.22

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Shipment Receipt

Address Information

Ship to:

Select or enter
Brunton Architects
225 Belgrade Ave.

NORTH MANKATO, MN
56003
US
507-386-7996

Ship from:

Luke Nelson
5555 West 78th Street
Suite A
Minneapolis, MN
55439
US
9528315408

Shipment Information:

Tracking no.: 772703123879

Ship date: 01/22/2021

Estimated shipping charges: 10.25 USD

Package Information

Pricing option: FedEx Standard Rate

Service type: FedEx Ground

Package type: Your Packaging

Number of packages: 1

Total weight: 2 LBS

Declared Value: 0.00 USD

Special Services:

Pickup/Drop-off: Drop off package at FedEx location

Billing Information:

Bill transportation to: My Account - 958-958

Your reference: J20002 - Newport

P.O. no.:

Invoice no.:

Department no.:

Thank you for shipping online with FedEx ShipManager at fedex.com.

Please Note

FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$1000, e.g., jewelry, precious metals, negotiable instruments and other items listed in our Service Guide. Written claims must be filed within strict time limits; Consult the applicable FedEx Service Guide for details. The estimated shipping charge may be different than the actual charges for your shipment. Differences may occur based on actual weight, dimensions, and other factors. Consult the applicable [FedEx Service Guide](#) or the FedEx Rate Sheets for details on how shipping charges are calculated.

Invoice Number	Invoice Date	Account Number	Page
4-640-59207	Feb 03, 2021	6807-6995-8	2 of 2

FedEx Ground Shipment Summary By Payor Type

FedEx Ground Shipments (Original)

	Date	Shipments	Rated Weight lbs	Transportation Charges	Other Handling Charges	Ret Chg/Tax Credits/Other	Discounts	Total Charges
Ground-Prepaid	01/25	1	5	10.46	0.63		-0.84	10.25
						Ground-Prepaid Subtotal		\$10.25
Total FedEx Ground		1	5	\$10.46	\$0.63		-\$0.84	\$10.25

TOTAL THIS INVOICE

USD

\$10.25

FedEx Ground Prepaid Detail (Original)

Ship Date: Jan 25, 2021	Cust. Ref.: J20002 - Newport	P.O.#:
Tendered Date: Jan 22, 2021	Dept.#:	
Payor: Shipper		

• We calculated your charges based on a dimensional weight of 5.0 lbs, 24 in x 12 in x 2 in, using a dimensional factor of 139.

Tracking ID	772703123879	Sender	Recipient	Transportation Charge	10.46
Service Type	Ppd, Domestic	Luke Nelson	BRUNTON ARCHITECTS	Performance Pricing	-0.84
Zone	02	Luke Nelson	225 BELGRADE AVE	Fuel Surcharge	0.63
Packages	1	5555 West 78th Stree	MANKATO MN 56003-380325	Total Charge	USD \$10.25
Actual Weight	2.0 lbs	Minneapolis MN 55439			
Rated Weight	5 lbs				
Delivered	Jan 26, 2021				

Prepaid Subtotal

USD

\$10.25

Total FedEx Ground

USD

\$10.25

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Your order was received.

Thank you for shopping with us. We will send you status updates regarding your order regularly and send confirmation once your item(s) ship. Stay tuned for a tracking number when your order ships (Plan renewals do not include new posters)

Order # 1000738296
Placed: Mar 9, 2021, 7:52:56 AM

Order Summary

Items	Qty	Price
Minnesota Labor Law Poster		
SKU: MN50	7	\$209.65
Language		
2021 English		
	Subtotal	\$209.65
	Shipping & Handling	\$7.95
	Grand Total (Excl.Tax)	\$217.60
	Tax	\$0.00
	Grand Total (Incl.Tax)	\$217.60

SHIPPING METHODS:United Parcel Service - UPS Ground

Shipping To:

Billing address

Nikki Rugh
5555 W 78th St Ste A
Minneapolis
MN 55439
United States
H+U Construction

Shipping address

Nikki Rugh
5555 W 78th St Ste A
Minneapolis
MN 55439
United States
H+U Construction

Item		Quantity	Cost
	Custom 2" x 2" Circle stickers	100	\$67
	Custom 2" x 2" Circle stickers	100	\$67
	Mule sauce	1	\$0

Subtotal \$134

Quantity discount -\$24.50

Shipping \$0

Sales tax \$8.24

Order total \$117.74

Amount paid via visa \$117.74

xxxxxxxxxxxx6706



111 Babcock Blvd West
Delano MN 55328
763.972.5101
vitalvisual.com

Invoice

Date	Invoice No.
03/10/21	V-21138

Bill To:
HU CONSTRUCTION 5555 West 78th Street, Suite A Minneapolis, MN 55439 Attn Nikki Rugh

Rep	Terms	P.O. Number	Project
	DUE AT DELIVERY	NEWPORT	J20002

Description	Quantity	Rate	Amount
2' X 2' PRINTS ON CORO	6	25.00	150.00T
2' X 3' PRINTS ON CORO - COVID RULES	4	42.00	168.00T
84" X 84" TRAILER LOGO - 2 PIECES. ON POLYMETAL	1	500.00	500.00T
4' X 4' PRINTS ON POLYMETAL CONST ENTRANCE/SITE SAFETY	2	165.00	330.00T
4' X 4' PRINT ON CORO - CONST ENTRANCE WITH MOVING ARROW	1	130.00	130.00T
6' X 2' PRINT ON POLYMETAL - HU LOGO HORIZONTAL	1	130.00	130.00T
20" X 18" PRINT ON POLYMETAL VISITOR ENTRANCE	1	36.00	36.00T
DELIVERED TO HU OFFICES MN+HennCnty+HennTrans SALES TAX		7.525%	108.67

THANKS!

Subtotal	\$1,444.00
Sales Tax (7.525%)	\$108.67
Total	\$1,552.67
Payments/Credits	\$0.00
Balance Due	\$1,552.67

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9000 E. Point
Douglas RD.
Cottage Grove, MN
55016**

KEEP YOUR RECEIPT
RETURN POLICY VARIES BY PRODUCT TYPE

Unless noted below allowable returns for
items on this receipt will be in the form
of an in store credit voucher if the
return is done after 06/01/21

If you have questions regarding the
charges on your receipt, please
email us at:
COTTfrontend@menards.com



Sale Transaction

2X4-6' SPF	
1021075	12 @5.19 62.28
MF-DPIMPSKT 3/8DR 9/16"	LW
2378131	5.97
8X1-1/4 LATH 140CT	
2300348	7.20
8X3 CONSTRUCTION SCREW	
2290368	3.79
TOTAL	79.24
TAX WASHINGTON-MN 7.125%	5.65
TOTAL SALE	84.89
Discover Credit 2087	84.89
Auth Code:00363R	
Chip Inserted	
a0000001523010	
TC - 925329cee2f55884	

TOTAL NUMBER OF ITEMS = 15

THE FOLLOWING REBATE RECEIPTS WERE
PRINTED FOR THIS TRANSACTION:
656

GUEST COPY

The Cardholder acknowledges receipt of
goods/services in the total amount shown
hereon and agrees to pay the card issuer
according to its current terms.

THIS IS YOUR CREDIT CARD SALES SLIP
PLEASE RETAIN FOR YOUR RECORDS.

LW = Lifetime warranty item that ever
fails to provide complete satisfaction
is returnable to any Menards Store for
the same or comparable item.

See menards.com for return policy details

THANK YOU YOUR CASHIER Kyla



MENARDS - COTTG GRV
9000 E. Point
Douglas RD.
Cottage Grove, MN
55016

KEEP YOUR RECEIPT
RETURN POLICY VARIES BY PRODUCT TYPE

Unless noted below allowable returns for
items on this receipt will be in the form
of an in store credit voucher if the
return is done after 06/17/21

If you have questions regarding the
charges on your receipt, please
email us at:
COTTfrontend@menards.com



Sale Transaction

7X2 CONSTRUCTION SCREW		
2290342		3.79
ORDER	47351	
2X4-6' SPF	-PICK	
1021075	12 @5.49	65.88
1/2(15/32CAT)4X8 RTD SHT-PICK		
1231085	2 @41.45	82.90
SAND IN A TUBE	-PICK	
1891085	4 @4.99	19.96
END OF ORDER		

TOTAL	172.53
TAX WASHINGTON-MN 7.125%	12.29
TOTAL SALE	184.82
6581	184.82
Auth Code:019130	
Chip Inserted	
a0000000031010	
TC - 4c16554b1651ad71	

TOTAL NUMBER OF ITEMS = 19

THE FOLLOWING REBATE RECEIPTS WERE
PRINTED FOR THIS TRANSACTION:
658

GUEST COPY

The Cardholder acknowledges receipt of
goods/services in the total amount shown
hereon and agrees to pay the card issuer
according to its current terms.

THIS IS YOUR CREDIT CARD SALES SLIP
PLEASE RETAIN FOR YOUR RECORDS.

THANK YOU, YOUR CASHIER, Kyle

66086 09 9994 03/19/21 11:51AM 3114



ARC DOCUMENT SOLUTIONS LLC
4730 PARK GLEN RD
SAINT LOUIS PARK MN 55416-5701

DATE
3/5/2021

INVOICE
54MNI9038512

Page 1/1



BILL TO:

H+U CONSTRUCTION

5555 WEST 78TH STREET
SUITE A
MINNEAPOLIS, MN 55439
P: (952) 837-3309
F: (952) 831-1268

SHIP TO:

H+U CONSTRUCTION

Ike (drawings for Gabe)
5555 WEST 78TH STREET
SUITE A
MINNEAPOLIS, MN 55439
P: (952) 837-3309
F: (952) 831-1268

Purchase Order #			Customer ID		Shipping Method		Payment Terms		Order Due Date		Order	
Full Set			1016013		ARC DELIVERY		NET30		3/4/2021		54MN09037144	
Ordered By					Project Number				Project Name			
Lisa Knox					J20002				Newport			
Quantity Ordered	Quantity Shipped	Quantity BO	UOM	Item Number		Description				Price		Extended Price
846.00	846.00	0.00	SQFT	1600		Bond Prints - First Set				\$0.09		\$76.14
1 set of 94 (30.00x42.00)												
1	1	0	EACH	1624		Stapling Sets				\$1.58		\$1.58
1 set of 1												
1	1	0	EACH	5201		Supply / Delivery Charge				\$25.00		\$25.00

Bill to: Ilakotas	Subtotal	\$102.72
	Misc	\$0.00
	Tax	\$7.73
	Freight	\$0.00
	Trade Discount	\$0.00
	Total	\$110.45
	Amount Received	
	Total Due	\$110.45

CUSTOMER NO	INVOICE	DOC DATE	AMOUNT DUE
1016013	54MNI9038512	3/5/2021	\$110.45

REMIT PAYMENT TO

ARC DOCUMENT SOLUTIONS LLC
3666 CARNEGIE AVE
CLEVELAND, OH 44115-2714
(216) 539-1501

We accept: Visa | MasterCard | American Express | Discover

Card/Check Number: _____ Exp. Date: _____

Signature: _____ Amount: \$ _____



ARC DOCUMENT SOLUTIONS LLC
4730 PARK GLEN RD
SAINT LOUIS PARK MN 55416-5701

DATE
3/5/2021

INVOICE
54MNI9038514

Page 1/1



BILL TO:

H+U CONSTRUCTION

5555 WEST 78TH STREET
SUITE A
MINNEAPOLIS, MN 55439
P: (952) 837-3309
F: (952) 831-1268

SHIP TO:

H+U CONSTRUCTION

Ike
5555 WEST 78TH STREET
SUITE A
MINNEAPOLIS, MN 55439
P: (952) 837-3309
F: (952) 831-1268

Purchase Order #			Customer ID 1016013		Shipping Method ARC DELIVERY		Payment Terms NET30		Order Due Date 3/4/2021		Order 54MN09037174	
Ordered By Lisa Knox					Project Number J20002				Project Name Newport			
Quantity Ordered	Quantity Shipped	Quantity BO	UOM	Item Number		Description				Price		Extended Price
9.00	9.00	0.00	SQFT	1600		Bond Prints - First Set				\$0.09		\$0.81
1 set of 1 (30.00x42.00)												

Bill to: Ilakotas	Subtotal	\$0.81
	Misc	\$0.00
	Tax	\$0.06
	Freight	\$0.00
	Trade Discount	\$0.00
	Total	\$0.87
	Amount Received	
	Total Due	\$0.87

CUSTOMER NO	INVOICE	DOC DATE	AMOUNT DUE
1016013	54MNI9038514	3/5/2021	\$0.87

REMIT PAYMENT TO

ARC DOCUMENT SOLUTIONS LLC
3666 CARNEGIE AVE
CLEVELAND, OH 44115-2714
(216) 539-1501

We accept: Visa | MasterCard | American Express | Discover

Card/Check Number: _____ Exp. Date: _____

Signature: _____ Amount: \$ _____



505 Randolph Ave. St. Paul, MN 55102
Phone: 651-646-8305 Fax: 651-646-1615

Date	Invoice #
3/9/2021	20242

Bill To
H & U Construction 5555 W. 78th St. Suite A Minneapolis, MN 55439

Regarding
Newport City Hall & Public Safety 2060 1st Avenue Newport, Minnesota 55055

P.O. Number	Project	Terms	Rep
	T21-025 Newport City Hall & Public Safety	Net 30	CWF

Quantity	Item Code	Description	Price Each	Amount
		Keller Fence Inc. to furnish, install and remove temporary rental fence per our proposal # 01-13076 dated January 27, 2021 and your direction as stated below:		
		Initial Install of Temp Fence Materials:		
	Temporary Fence	Install temp fence materials per proposal = \$11,885.00		11,094.51
	Temporary Fence	Additional 80 LF Panelized Temp Fence @ \$7.00 / LF =		560.00

Thank You For Your Business and Prompt Remittance			Sales Tax (7.125%)	\$830.39
Phone: 651-646-8305 Fax: 651-646-1615			Total	\$12,484.90

Added Value Printing

8833 Xylon Ave North
Brooklyn Park, MN 55445 US
763-657-0028
customerservice@addedvalueprinting.com

INVOICE

BILL TO
Nikki Rugh
H+U Construction
5555 West 78th Street, Suite A
Minneapolis, MN 55439

SHIP TO
Will Call Pick Up
Added Value Printing
8833 Xylon Ave. N.
Brooklyn Park, MN 55445

INVOICE 103313
DATE 03/11/2021
TERMS Due on receipt
DUE DATE 03/11/2021

PRODUCT	DESCRIPTION	QTY	RATE	AMOUNT
Hard Hat	Pyramex SL Series Cap Style Hard Hat 4-Point Ratchet Item HP14110- White	30	7.00	<u>Hats = \$12.92 ea. with printing</u> 10 Hats for MAC = \$129.20 6 Hats for PoP Phase II = \$77.52 10 Hats for Newport = \$129.20 4 Extra Hats for Office = \$51.68 210.00T
Pad Printing	Pad Print 2 Color H+U construction logo on the front of hats ***Price Match***	30	5.92	177.60T
Safety Glasses	Pyramex EVER- LITE safety glasses SB8610DT Clear H2X Anti-Fog Lens with Black Frame	24	3.19	10 for MAC = \$31.90 4 for PoP = \$12.76 10 for Newport = \$31.90 76.56T
Safety Vest	Radians SV2GM Safety Vest Yellow/Lime 3 - M 10 - L 13 - XL 4 - 2XL	25	6.99	<u>Visitor Vests = \$12.19 ea. with printing</u> 10 for MAC = \$121.90 6 for PoP Phase II = \$73.14 10 for Newport = \$121.90 4 Extras for Office = \$48.76 174.75T
Safety Vest	ML Kishigo Style # 1513 Lime 2 - XL 3 - 2XL	5	24.99	<u>Staff Vests = \$30.19 ea. with printing</u> 1 for PoP Phase II = \$30.19 4 Extras for Office = \$120.76 124.95T
Screen and Film Output	Screen and Film Output	2	20.00	H+U to cover this charge, unless we want to divide evenly b/t the projects?? 40.00T
Screen Printing	Screen Print 1 color H+U logo on the front pocket of vest	35	2.60	*I added the printing fee into the vest costs above 91.00T
Screen Printing	Screen Print 1 color H+U on the back of vest	35	2.60	91.00T

SUBTOTAL	985.86
TAX	74.19
TOTAL	1,060.05
<hr/>	
BALANCE DUE	\$1,060.05

Total Charges for Each Project:

- MAC: \$304.30
- Newport: \$304.30
- PoP Phase II: \$208.18
- H+U Operations: Remainder (\$243.27)



Biffs, Inc
6430 County Rd 101 E
Shakopee MN 55379-5202
952.403.1221
info@biffsinc.com
www.biffsinc.com

Invoice

#W802519

3/24/2021

Bill To

C57180
H+U Construction
Hoffman & Uhlhorn Const Inc
5555 W 78th St
Ste A
Minneapolis MN 55439
United States

Location

L128353
Newport City Hall
2060 1st Ave
Newport MN 55055
United States

Invoice Total

\$193.98

Balance Due

\$193.98

Due Date: 4/21/2021

Terms	Due Date	PO #	Sales Rep	Builders Club#
Net 28	4/21/2021	-	Jeff Foley	

Qty	Item	Days	Sales Order #	Service Level	Rate	Amount
1	DELIVERY Delivery Mar 03	1	363061	-	\$30.00	\$30.00
1	RENTAL RegularUnit Mar 03-Mar 23	21	363061	-	\$4.00	\$3.00
1	SERVICE Service Mar 03-Mar 23	21	363061	1X/wk	\$60.00	\$45.00
1	SERVICE ClimateSvc Mar 03 to Mar 23	21	363061	1X/wk	\$34.00	\$25.50
1	DELIVERY Delivery Mar 03	1	363061	-	\$0.00	\$0.00
1	RENTAL HandSani Mar 03-Mar 23	21	363061	-	\$0.00	\$0.00
1	DELIVERY Delivery Mar 03	1	363061	-	\$0.00	\$0.00
1	RENTAL ContainmentPan Mar 03-Mar 23	21	363061	-	\$15.00	\$11.25
1	DELIVERY Delivery Mar 15	1	363669	-	\$30.00	\$30.00
1	RENTAL RegularUnit Mar 15-Mar 23	9	363669	-	\$4.00	\$1.29
1	SERVICE Service Mar 15-Mar 23	9	363669	1X/wk	\$60.00	\$19.29
1	SERVICE ClimateSvc Mar 15 to Mar 23	9	363669	1X/wk	\$34.00	\$10.93
1	DELIVERY Delivery Mar 15	1	363669	-	\$0.00	\$0.00
1	RENTAL HandSani Mar 15-Mar 23	9	363669	-	\$0.00	\$0.00
1	DELIVERY Delivery Mar 15	1	363669	-	\$0.00	\$0.00
1	RENTAL ContainmentPan Mar 15-Mar 23	9	363669	-	\$15.00	\$4.82
0	TAX-MN Tax-MN	-	-	-	\$0.00	\$12.45
0	TAX-WASH Tax-WASH	-	-	-	\$0.00	\$0.45



W802519

APPLICATION AND CERTIFICATE FOR PAYMENT

AIA DOCUMENT G702 (Instructions on reverse side) PAGE ONE OF Pages

TO: H & U Construction 5555 West 78th St Suite A Minneapolis MN 55439	PROJECT: Newport City Hall and Public Safety Building	Application: 1 Period To: 03/31/2021 Contract Date: Project NOS:	Distribution to: OWNER: <input type="checkbox"/> CONSTRUCTION MANAGER: <input type="checkbox"/> ARCHITECT: <input type="checkbox"/> CONTRACTOR: <input type="checkbox"/> FIELD: <input type="checkbox"/> OTHER: <input type="checkbox"/>
FROM: Davis Mechanical Systems, Inc. 21225 Hamburg Ave, Lakeville MN 55044	VIA CONSTRUCTION MANAGER: VIA ARCHITECT:	Inv#: Inv # Not Yet Assigned	
CONTRACT FOR:			

CONTRACTOR'S APPLICATION FOR PAYMENT

Application is made for payment, as shown below, in connection with the Contract Continuation Sheet, AIA Document G703, is attached.

1. ORIGINAL CONTRACT SUM	\$210,735.00
2. Net change by Change Orders	\$0.00
3. CONTRACT SUM TO DATE (line 1 +2)	\$210,735.00
4. TOTAL COMPLETED & STORED TO DATE (Column G on G703)	\$5,000.00
5. RETAINAGE:	
a. 5% of Completed Work (Columns D + E on G703)	\$250.00
b. % of Stored Material (Columns F on G703)	\$0
Total Retainage (Line 5a + 5b or Total in Column I of G703)	\$250.00
6. TOTAL EARNED LESS RETAINAGE (Line 4 less Line 5 Total)	\$4,750.00
7. LESS PREVIOUS CERTIFICATES FOR PAYMENT (Line 6 from prior Certificate)	\$0.00
8. CURRENT PAYMENT DUE	\$4,750.00
9. BALANCE TO FINISH, INCLUDING RETAINAGE (Line 3 less Line 6)	\$205,985.00

CHANGE ORDER SUMMARY	ADDITIONS	DEDUCTIONS
Total changes approved in previous months by Owner	0.00	0.00
Total approved this Month	0.00	0.00
TOTALS	0.00	0.00
NET CHANGES by Change Order	0.00	

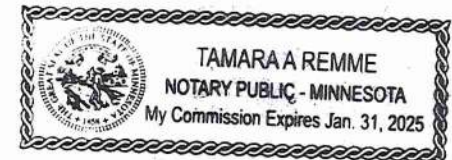
The undersigned Contractor certifies that to the best of the Contractor's Knowledge, information and belief the Work covered by this Application for Payment has been paid by the Contractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

CONTRACTOR:

By: Scott B. Kemp Date: 03/26/2021

State of: mn
County of: Dakota
Subscribed and sworn to before
me this 26 day of March, 2021

Notary Public: Tamara Arme
My Commission expires: 01/31/2025



CERTIFICATE FOR PAYMENT

In accordance with the Contract Documents, based on on-site observations and the data comprising this application, the Construction Manager and Architect certifies to the Owner that to the best of their knowledge, information and belief the Work has progressed as indicated, the quality of the Work is in accordance with the Contract Documents, and the Contractor is entitled to payment of the AMOUNT CERTIFIED.

Amount certified \$ 4,750.00

(Attach explanation if amount certified differs from the amount applied for. Initial all figures on this Application and on the Continuation Sheet that are changed to conform to the amount certified.)

CONSTRUCTION MANAGER:

By: Luise D. Nelson Date: 3/26/21

ARCHITECT:

By: Vijay Sachdev Date: 4/12/21

This Certificate is not negotiable. the AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

AIA Document G702, APPLICATION AND CERTIFICATE FOR PAYMENT, containing Contractor's signed Certification is attached. In tabulations below amounts are stated to the nearest dollar. Use Column I on Contracts where variable retainage for line items may apply.

APPLICATION NO: 1
 APPLICATION DATE: 03/04/2021
 PERIOD FROM: 03/01/2021
 PERIOD TO: 03/31/2021
 JOB: Newport City Hall and Public Safety Bui

Description of Item	Scheduled Value	Previous Application	This Period	Total Complete	%	Balance to Finish	Retained
Labor							
Trench Drains	22,000.00					22,000.00	
Fixtures	23,000.00					23,000.00	
Rough In Labor	114,580.00					114,580.00	
Insulation	16,000.00					16,000.00	
Equipment	6,740.00					6,740.00	
Cleanup/Housekeeping	9,200.00					9,200.00	
Permits/Mobilization/submittals	15,000.00		5,000.00	5,000.00	33.33	10,000.00	250.00
Bond	4,215.00					4,215.00	
Job 20075							
Totals:	210,735.00		5,000.00	5,000.00	2.37	205,735.00	250.00

AIA® Document G732™ – 2009

Application and Certificate for Payment, Construction Manager as Adviser Edition

TO OWNER:	CITY OF NEWPORT 596 7TH AVE NEWPORT, MN 55055	PROJECT:	NEWPORT CITY HALL, FIRE HALL AND LAW ENFORCEMENT CENTER 2060 1ST AVE	APPLICATION NO:	1	DISTRIBUTION TO:	OWNER <input type="checkbox"/>
FROM	MASTER MECHANICAL, INC	VIA CONSTRUCTION		INVOICE NO:	59268		CONSTRUCTION MANAGER <input type="checkbox"/>
CONTRACTOR:	1027 GEMINI RD EAGAN, MN 55121	MANAGER:	H+U CONSTRUCTION	PERIOD TO:	3/31/2021		ARCHITECT <input type="checkbox"/>
CONTRACT FOR:	CITY OF NEWPORT	VIA ARCHITECT:	BRUNTON ARCHITECTS & ENGINEERS	CONTRACT DATE:	1/4/2021		CONTRACTOR <input type="checkbox"/>
				PROJECT NOS:	Labor /		FIELD <input type="checkbox"/>
							OTHER <input type="checkbox"/>

CONTRACTOR'S APPLICATION FOR PAYMENT

Application is made for payment, as shown below, in connection with the Contract.
AIA Document G703™, Continuation Sheet, is attached.

1. ORIGINAL CONTRACT SUM.....	\$ 161,000.00
2. NET CHANGES IN THE WORK.....	\$ 0.00
3. CONTRACT SUM TO DATE (Line 1 + 2)	\$ 161,000.00
4. TOTAL COMPLETED AND STORED TO DATE (Column G on G703)	\$ 2,100.00
5. RETAINAGE:	
a. <u>5</u> % of Completed Work (Column D + E on G703)	\$ 105.00
b. <u>0</u> % of Stored Material (Column F on G703)	\$ 0.00
Total Retainage (Lines 5a + 5b, or Total in Column I on G703)	\$ 105.00
6. TOTAL EARNED LESS RETAINAGE.....	\$ 1,995.00
(Line 4 minus Line 5 Total)	
7. LESS PREVIOUS CERTIFICATES FOR PAYMENT.....	0.00
(Line 6 from prior Certificate)	
8. CURRENT PAYMENT DUE.....	\$ 1,995.00
9. BALANCE TO FINISH, INCLUDING RETAINAGE	
(Line 3 minus Line 6)	\$ 159,005.00

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information and belief the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

CONTRACTOR: MASTER MECHANICAL, INC

By: [Signature]

State of: MN

County of: DAKOTA

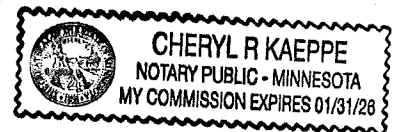
Subscribed and sworn to before

me this 18th day of March 2021

Notary Public: Cheryl Kaeppe

My Commission expires: 1/31/2026

Date: 3/18/21



CERTIFICATE FOR PAYMENT

In accordance with the Contract Documents, based on evaluations of the Work and the data comprising this application, the Construction Manager and Architect certify to the Owner that to the best of their knowledge, information and belief the Work has progressed as indicated, the quality of the Work is in accordance with the Contract Documents, and the Contractor is entitled to payment of the AMOUNT CERTIFIED.

AMOUNT CERTIFIED..... \$1,995.00

(Attach explanation if amount certified differs from the amount applied. Initial all figures on this Application and on the Continuation Sheet that are changed to conform with the amount certified.)

CONSTRUCTION MANAGER:

By: [Signature]

Date: 3/25/21

ARCHITECT: (NOTE: If Multiple Prime Contractors are responsible for performing portions of the Project, the Architect's Certification is not required.)

By: [Signature]

Date: 4/12/21

This Certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

SUMMARY OF CHANGES IN THE WORK	ADDITIONS	DEDUCTIONS
Total changes approved in previous months by Owner	\$ 0.00	\$ 0.00
Total approved this month, including Construction Change Directives	\$ 0.00	\$ 0.00
TOTALS	\$ 0.00	\$ 0.00
NET CHANGES IN THE WORK	\$ 0.00	

CAUTION: You should sign an original AIA Contract Document, on which this text appears in RED. An original assures that changes will not be obscured.

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ALA DOCUMENT G703

APPLICATION NO:	1
APPLICATION DATE:	3/17/21

Labor	161000
-------	--------

PERIOD TO:

ARCHITECT'S PROJECT NO: 0

[illegible]

SUBCONTRACTOR'S APPLICATION FOR PAYMENT

TO: H + U Construction

FROM: Midstate Landscaping & Excavating, LLC

PROJECT: City Of Newport - City Hall & Public Safety Building

PAY REQUEST #: 1 - Labor & Equipment

BILLING PERIOD: 03/01/2021 to 03/31/2021

STATEMENT OF CONTRACT ACCOUNT

1. Original Contract Amount:	\$	558,400.00
2. Approved Change Order #'s: _____	\$	-
3. Adjusted Contract Amount:	\$	558,400.00
4. Value of Work Completed to Date:	\$	56,998.49
5. Value of Approved Change Orders Completed:		
6. Materials Stored on Site:	\$	-
7. Total Value Completed to Date:	\$	56,998.49
8. Less Amount Retained: 5%	\$	2,849.92
9. Total Less Retainage:	\$	54,148.57
10. Less Total Previously Certified:	\$	-
11. AMOUNT DUE THIS REQUEST:	\$	54,148.57

CERTIFICATE OF THE SUBCONTRACTOR:

I hereby certify that the work performed and the materials supplied to date, as shown on the above represent the actual value of accomplishment under the terms of the Contract (and all authorized changes thereto) between the undersigned and H + U Construction Inc relating to the above project.

Subscribed and sworn before this 17th day of March

Notary Public: _____

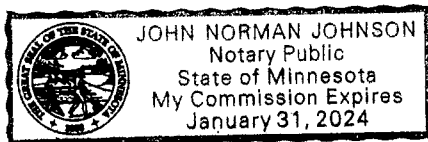
Commission Expiration: 1/31/24

BY: _____

AUTHORIZED SIGNATURE

TITLE: Office Manager

DATE: 3/17/2021



AIA Document G703STM - 2017

Continuation Sheet, Contractor-Subcontractor Version

AJA Document G702STM, Application and Certification for Payment, Subcontractor Version, containing Subcontractor's signed certification is attached.

Use Column I on Contracts where variable retainage for line items may apply.

APPLICATION NO: 1

APPLICATION DATE: 03/17/2021

PERIOD TO: 3/1/2021 to 03/31/2021

ARCHITECT'S PROJECT NO: City of Newport- City Hall, Fire Hall, Law Enforcement Center

A	B	C	D	E	F	G		H	I
ITEM NO.	DESCRIPTION OF WORK	SCHEDULE D VALUE	WORK COMPLETED		MATERIALS PRESENTLY STORED <i>(Not in D or E)</i>	TOTAL COMPLETED AND STORED TODATE <i>(D+E+F)</i>	% <i>(G+C)</i>	BALANCE TO FINISH <i>(C-G)</i>	RETAINAGE
			FROM PREVIOUS APPLICATION <i>(D+E)</i>	THIS PERIOD					
	Labor & Equipment								
	Housekeeping	\$ 13,198.00	\$ -	\$ -	\$ -	\$ -	0%	\$ 13,198.00	\$ -
	Shop Drawings/ O & M Manuals/As Builts/Training	\$ 5,000.00	\$ -	\$ -	\$ -	\$ -	0%	\$ 5,000.00	\$ -
	Bond Cost	\$ 10,607.00	\$ -	\$ 10,607.00	\$ -	\$ 10,607.00	100%	\$ -	\$ 530.35
	Mobilization	\$ 42,795.00	\$ -	\$ 10,698.75	\$ -	\$ 10,698.75	25%	\$ 32,096.25	\$ 534.94
	Rock Entrance	\$ 4,000.00	\$ -	\$ 2,000.00	\$ -	\$ 2,000.00	50%	\$ 2,000.00	\$ 100.00
	Erosion Control	\$ 3,768.00	\$ -	\$ 1,884.00	\$ -	\$ 1,884.00	50%	\$ 1,884.00	\$ 94.20
	Removals	\$ 25,741.00	\$ -	\$ 23,166.90	\$ -	\$ 23,166.90	90%	\$ 2,574.10	\$ 1,158.35
	Traffic Control	\$ 4,600.00	\$ -	\$ -	\$ -	\$ -	0%	\$ 4,600.00	\$ -
	Earthwork	\$ 108,023.00	\$ -	\$ 8,641.84	\$ -	\$ 8,641.84	8%	\$ 99,381.16	\$ 432.09
	Sanitary Sewer	\$ 9,715.00	\$ -	\$ -	\$ -	\$ -	0%	\$ 9,715.00	\$ -
	Watermain	\$ 5,998.00	\$ -	\$ -	\$ -	\$ -	0%	\$ 5,998.00	\$ -
	Storm Sewer	\$ 70,239.00	\$ -	\$ -	\$ -	\$ -	0%	\$ 70,239.00	\$ -
	Retention System, East	\$ 77,288.00	\$ -	\$ -	\$ -	\$ -	0%	\$ 77,288.00	\$ -
	Retention System, West	\$ 85,791.00	\$ -	\$ -	\$ -	\$ -	0%	\$ 85,791.00	\$ -
	Excavate/ Backfill footing	\$ 31,440.00	\$ -	\$ -	\$ -	\$ -	0%	\$ 31,440.00	\$ -
	Crane Pad	\$ 6,000.00	\$ -	\$ -	\$ -	\$ -	0%	\$ 6,000.00	\$ -
	Replace Topsoil	\$ 9,692.00	\$ -	\$ -	\$ -	\$ -	0%	\$ 9,692.00	\$ -
	Class 5	\$ 44,505.00	\$ -	\$ -	\$ -	\$ -	0%	\$ 44,505.00	\$ -
	GRAND TOTAL	\$ 558,400.00	\$ -	\$ 56,998.49	\$ -	\$ 56,998.49	10%	\$ 501,401.51	\$ 2,849.92



Document G732™ – 2019

Application and Certificate for Payment, Construction Manager as Adviser Edition

TO OWNER:	City of Newport 596 Seventh Avenue Newport, MN 55055	PROJECT:	Newport City Hall 3210 Labor 2060 1st Ave Newport, MN 55055	APPLICATION NO: 2	DISTRIBUTION TO:
				INVOICE # 21630233	OWNER
FROM		VIA CONSTRUCTION		PERIOD TO:	CONSTRUCTION MANAGER
CONTRACTOR:	Ebert Construction 23350 County Road 10 Corcoran, MN 55357	MANAGER:		CONTRACT DATE:	ARCHITECT
				PROJECT NOS: 6452 / /	CONTRACTOR
CONTRACT FOR:		VIA ARCHITECT:	Brunton Architects & Engineers		FIELD
					OTHER

CONTRACTOR'S APPLICATION FOR PAYMENT

Application is made for payment, as shown below, in connection with the Contract.
AIA Document G703™, Continuation Sheet, is attached.

1. ORIGINAL CONTRACT SUM.....	\$	126,796.00
2. NET CHANGES IN THE WORK.....	\$	0.00
3. CONTRACT SUM TO DATE (Line 1 + 2)	\$	126,796.00
4. TOTAL COMPLETED AND STORED TO DATE (Column G on G703)	\$	5,584.00
5. RETAINAGE:		
a. <u>5.00</u> % of Completed Work (Column D + E on G703)	\$	279.20
b. _____ % of Stored Material (Column F on G703)	\$	
Total Retainage (Lines 5a + 5b, or Total in Column I on G703)	\$	279.20
6. TOTAL EARNED LESS RETAINAGE.....	\$	5,304.80
(Line 4 minus Line 5 Total)		
7. LESS PREVIOUS CERTIFICATES FOR PAYMENT.....		3,138.80
(Line 6 from prior Certificate)		
8. CURRENT PAYMENT DUE.....	\$	2,166.00
9. BALANCE TO FINISH, INCLUDING RETAINAGE		
(Line 3 minus Line 6)	\$	121,491.20

SUMMARY OF CHANGES IN THE WORK	ADDITIONS	DEDUCTIONS
Total changes approved in previous months by Owner	\$	\$
Total approved this month, including Construction Change Directives	\$	\$
TOTALS	\$	\$
NET CHANGES IN THE WORK	\$	

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information and belief the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

CONTRACTOR: Ebert Construction

By: [Signature]

State of: Minnesota

County of: Hennepin

Subscribed and sworn to before me this 15th day of March 2021

Notary Public: Brenda M. Schultz

My Commission expires: 11/31/2026

Date: 3/15/21



CERTIFICATE FOR PAYMENT

In accordance with the Contract Documents, based on evaluations of the Work and the data comprising this application, the Construction Manager and Architect certify to the Owner that to the best of their knowledge, information and belief the Work has progressed as indicated, the quality of the Work is in accordance with the Contract Documents, and the Contractor is entitled to payment of the AMOUNT CERTIFIED.

AMOUNT CERTIFIED..... \$ 2,166.00

(Attach explanation if amount certified differs from the amount applied. Initial all figures on this Application and on the Continuation Sheet that are changed to conform with the amount certified.)

CONSTRUCTION MANAGER:

By: [Signature]

Date: 3/25/21

ARCHITECT: (NOTE: If multiple Contractors are responsible for performing portions of the Project, the Architect's Certification is not required.)

By: [Signature]

Date: 4/12/21

This Certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

CAUTION: You should sign an original AIA Contract Document, on which this text appears in RED. An original assures that changes will not be obscured.

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Continuation Sheet

AIA Document G702™–1992, Application and Certificate for Payment, or G732™–2009, Application and Certificate for Payment, Construction Manager as Adviser Edition, containing Contractor's signed certification is attached.

In tabulations below, amounts are in US dollars.

Use Column I on Contracts where variable retainage for line items may apply.

APPLICATION NO: 2
APPLICATION DATE: 3/15/2021
PERIOD TO:
ARCHITECT'S PROJECT NO: 6452

A	B	C	D	E	F	G		H	I
ITEM NO.	DESCRIPTION OF WORK	SCHEDULED VALUE	WORK COMPLETED		MATERIALS PRESENTLY STORED (Not in D or E)	TOTAL COMPLETED AND STORED TO DATE (D+E+F)	% (G ÷ C)	BALANCE TO FINISH (C – G)	RETAINAGE (If variable rate)
			FROM PREVIOUS APPLICATION (D + E)	THIS PERIOD					
01	Bond and Insurance	1,974.00	1,974.00			1,974.00	100.00		98.70
02	General Conditions	6,300.00	1,330.00	2,280.00		3,610.00	57.30	2,690.00	180.50
03	Housekeeping	5,264.00						5,264.00	
04	Shop Drawings	1,974.00						1,974.00	
05	Allowance - 100 LF Curb	1,657.00						1,657.00	
06	Allowance - 1000 SF Asphalt	1,400.00						1,400.00	
07	Allowance - CM Allowance	2,500.00						2,500.00	
08	Curb and Gutter	40,870.00						40,870.00	
09	Asphalt Paving	28,200.00						28,200.00	
10	Concrete Walks	36,657.00						36,657.00	
	GRAND TOTAL	126,796.00	3,304.00	2,280.00		5,584.00	4.40	121,212.00	279.20

CAUTION: You should sign an original AIA Contract Document, on which this text appears in RED. An original assures that changes will not be obscured.

APPLICATION AND CERTIFICATE FOR PAYMENT

TO (OWNER)

City of Newport
596 7th Ave
Newport, MN 55055

PROJECT: NEWPORT CITY HALL & FIRE STATION
MATERIAL

APPLICATION NO: 3

PERIOD TO: 3/31/2021

Distribution to:

☒ OWNER

☐ ARCHITECT

☐ CONST. MANAGER

☒ FILE

FROM (CM):

HOFFMANN + UHLHORN CONSTRUCTION, INC.
5555 W 78TH ST, SUITE A
MINNEAPOLIS, MN 55439

CONTRACT DATE:

APPLICATION FOR PAYMENT

CHANGE ORDER SUMMARY			
Change Orders Approved in previous months by Owner		ADDITIONS	DEDUCTIONS
TOTAL		\$0.00	\$0.00
Approved this Month		\$0.00	\$0.00
Number	Date Approved		
TOTALS		\$0.00	\$0.00
Net change by Change Orders		\$0.00	

The undersigned Construction Manager certifies that to the best of his knowledge, information and belief the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, and that current payments shown herein are now due.

CONSTRUCTION MANAGER: HOFFMANN + UHLHORN CONSTRUCTION, INC.

By: *Lucas D. Nelson*

Date: 4/6/2021

ARCHITECT'S CERTIFICATE FOR PAYMENT

In Accordance with the Contract Documents, based on on-site observations and the data comprising the above application, the Architect certifies to the Owner that to the best of the Architect's knowledge, information and belief the Work has progressed as indicated, the quality of the Work is in accordance with the Contract Documents, and the Contractors are entitled to payment of the Amounts Certified.

Application is made for Payment, as shown below,
Continuation Sheet, AIA Document G703, is attached.

1. COMMITTED COST	\$3,324,734.00
2. Net Change by Change Orders	\$0.00
3. SUM TO DATE (Line 1+2)	\$3,324,734.00
4. TOTAL COMPLETED & STORED TO DATE (Column G on G703)	\$155,845.00
5. RETAINAGE:	
a. <u>5</u> % of Completed Work	\$7,792.25
(Column D+E on G703)	
b. <u> </u> % of Stored Material	\$0.00
(Column F on G703)	
Total Retainage (Line 5a + 5b or Total in Column I of G703)	\$7,792.25
6. TOTAL EARNED LESS RETAINAGE (Line 4 less Line 5 Total)	\$148,052.75
7. LESS PREVIOUS CERTIFICATES FOR PAYMENT (Line 6 from prior Certificate)	\$132,710.25
8. CURRENT PAYMENT DUE	\$15,342.50
9. BALANCE TO FINISH, PLUS RETAINAGE (Line 3 less Line 6)	\$3,176,681.25

State of: MINNESOTA County of: Anoka County
Subscribed and sworn to before me this 4/6/2021
Notary Public: *[Signature]*
My Commission expires: 31-Jan-23

AMOUNT CERTIFIED

\$

(Attach explanation if amount certified differs from the amount applied for).

ARCHITECT: Brunton Architects & Engineers

By: *Virgin Asch*

Date: 4/12/21



CITY OF NEWPORT - MATERIAL
H+U CONSTRUCTION EDITION OF AIA DOCUMENT G703

APPLIC. FOR PAYMENT NO.#3
PERIOD ENDING 3/31/2021

AIA Document G723, APPLICATION AND CERTIFICATE FOR PAYMENT, containing Contractor's signed Certification is attached.

In tabulations below, amounts are stated to the nearest dollar.

		A	B	C	D	E	F		G	H
ITEM NO.	DESCRIPTION OF WORK	SCHEDULED VALUE	CHANGE ORDERS	REVISED SCHEDULE VALUE (A+B)	WORK COMPLETED		TOTAL COMPLETED AND STORED TO DATE (D+E)	% (F/C)	BALANCE TO FINISH (C-F)	RETAINAGE
					FROM PREV. APPL.	THIS PERIOD				
					#0330	Cast-In-Place Concrete	145,000.00			
#0341	Structctural Precast	1,033,333.00	0.00	1,033,333.00	0.00	0.00	0.00	0%	1,033,333.00	0.00
#0512	Steel Supply	125,000.00	0.00	125,000.00	86,875.00	5,000.00	91,875.00	74%	33,125.00	4,593.75
#0610	Carpentry & GC	183,700.00	0.00	183,700.00	0.00	0.00	0.00	0%	183,700.00	0.00
#0750	Roofing & Metal Panels	207,360.00	0.00	207,360.00	0.00	0.00	0.00	0%	207,360.00	0.00
#0790	Caulking & Firestopping	13,525.00	0.00	13,525.00	0.00	0.00	0.00	0%	13,525.00	0.00
#0810	Doors, Frames, Hardware - Supply	95,490.00	0.00	95,490.00	0.00	0.00	0.00	0%	95,490.00	0.00
#0833	Coiling & Sectional Doors	86,400.00	0.00	86,400.00	0.00	0.00	0.00	0%	86,400.00	0.00
#0840	Aluminum Storefronts & Curtainwall	60,000.00	0.00	60,000.00	0.00	0.00	0.00	0%	60,000.00	0.00
#0920	Drywall & Fireproofing	50,000.00	0.00	50,000.00	0.00	0.00	0.00	0%	50,000.00	0.00
#0930	Tile	31,000.00	0.00	31,000.00	0.00	0.00	0.00	0%	31,000.00	0.00
#0950	Acoustical Ceilings & Panels	25,700.00	0.00	25,700.00	0.00	0.00	0.00	0%	25,700.00	0.00
#0965	Resilient Flooring & Carpet	52,820.00	0.00	52,820.00	50,320.00	0.00	50,320.00	95%	2,500.00	2,516.00
#0990	Painting and Wallcovering	11,900.00	0.00	11,900.00	0.00	0.00	0.00	0%	11,900.00	0.00
#1420	Conveying Equipment	66,643.00	0.00	66,643.00	0.00	0.00	0.00	0%	66,643.00	0.00
#2100	Fire Protection	46,160.00	0.00	46,160.00	2,500.00	0.00	2,500.00	5%	43,660.00	125.00
#2200	Plumbing & Heating	248,555.00	0.00	248,555.00	0.00	0.00	0.00	0%	248,555.00	0.00
#2300	HVAC & Controls	213,000.00	0.00	213,000.00	0.00	6,000.00	6,000.00	3%	207,000.00	300.00
#2600	Electrical	376,100.00	0.00	376,100.00	0.00	4,700.00	4,700.00	1%	371,400.00	235.00
#3100	Earthwork & Site Utilities	101,500.00	0.00	101,500.00	0.00	450.00	450.00	0%	101,050.00	22.50
#3210	Asphalt Paving	136,404.00	0.00	136,404.00	0.00	0.00	0.00	0%	136,404.00	0.00
#3290	Landscaping & Fencing	15,144.00	0.00	15,144.00	0.00	0.00	0.00	0%	15,144.00	0.00
	TOTAL CONTRACT AMOUNTS	3,324,734.00	0.00	3,324,734.00	139,695.00	16,150.00	155,845.00	1.79	3,168,889.00	7,792.25

INVOICE SUMMARY-
CITY OF NEWPORT - MATERIAL

PAYMENT APPLICATION NO. #3
PERIOD ENDING 3/31/2021

ITEM NO#	DESCRIPTION	VENDOR	DATE	NUMBER	AMOUNT	RETAINAGE	DUE
#0512	Steel Supply	Thornberg Steel	3/31/21	Applic #3	\$5,000.00	\$250.00	\$4,750.00
#2300	HVAC & Controls	Master Mechanical, Inc.	3/31/21	Applic #1	\$6,000.00	\$300.00	\$5,700.00
#2600	Electrical	B&B Electric, Inc.	3/31/21	Applic #1	\$4,700.00	\$235.00	\$4,465.00
#3100	Earthwork & Site Utilities	Midstate Excavating	3/31/21	Applic #1	\$450.00	\$22.50	\$427.50

SUBTOTAL AMOUNT DUE					\$16,150.00	\$807.50	\$15,342.50
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TOTAL AMOUNT DUE					\$15,342.50		
-------------------------	--	--	--	--	--------------------	--	--

APPLICATION AND CERTIFICATE FOR PAYMENT

PAGE ONE OF PAGES

TO OWNER:
H + U CONSTRUCTION
5555 WEST 78TH STREET, STE A
EDINA, MN 55439-2702
FROM CONTRACTOR:
THORNBERG STEEL
23604 UNIVERSITY AVE NW
BETHEL, MN 55005

PROJECT:
NEWPORT CITY HALL
2060 1ST AVE
NEWPORT, MN 55055
VIA ARCHITECT:
BRUNTON ARCHITECTS

APPLICATION #: 3
PERIOD TO: 03/20/21
PROJECT NOS: 8122

CONTRACT DATE: 12/28/20

Distribution to:

☐ Owner
☐ Const. Mgr
☐ Architect
☐ Contractor

CONTRACT FOR:

CONTRACTOR'S APPLICATION FOR PAYMENT

Application is made for payment, as shown below, in connection with the Contract.
Continuation Sheet is attached.

1. ORIGINAL CONTRACT SUM-----	\$	125,000.00
2. Net change by Change Orders-----	\$	
3. CONTRACT SUM TO DATE (Line 1 +/- 2)	\$	125,000.00
4. TOTAL COMPLETED & STORED TO DATE-\$		91,875.00
(Column G on Continuation Sheet)		
5. RETAINAGE:		
a. 5.0% of Completed Work	\$	
(Columns D+E on Continuation Sheet)		
b. 5.0% of Stored Material	\$	
(Column F on Continuation Sheet)		
Total Retainage (Line 5a + 5b or		
Total in Column I of Continuation Sheet-----	\$	4,593.75
6. TOTAL EARNED LESS RETAINAGE-----	\$	87,281.25
(Line 4 less Line 5 Total)		
7. LESS PREVIOUS CERTIFICATES FOR PAYMENT		
(Line 6 from prior Certificate)-----	\$	82,531.25
8. CURRENT PAYMENT DUE-----	\$	4,750.00
9. BALANCE TO FINISH, INCLUDING RETAINAGE		
(Line 3 less Line 6)	\$	37,718.75

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information and belief the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown therein is now due.

CONTRACTOR:

By: [Signature]

Date: 3/31/21

State of: MN

County of: Anoka

Subscribed and sworn to before me this 31 day of March

Notary Public: [Signature]

My Commission expires:



CERTIFICATE FOR PAYMENT

In accordance with Contract Documents, based on on-site observations and the data comprising application, the Architect certifies to the Owner that to the best of the Architect's knowledge, information and belief the Work has progressed as indicated, the quality of the Work is in accordance with the Contract Documents, and the Contractor is entitled to payment of the AMOUNT CERTIFIED.

AMOUNT CERTIFIED 4,750.00

(Attach explanation if amount certified differs from the amount applied for. Initial all figures on this application and on the Continuation Sheet that are changed to conform to the amount certified.)

ARCHITECT:

By: [Signature]

Date: 4/12/21

This Certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner of Contractor under this Contract.

CHANGE ORDER SUMMARY	ADDITIONS	DEDUCTIONS
Total changes approved in previous months by Owner		
Total approved this Month		
TOTALS		
NET CHANGES by Change Order		

CONTINUATION SHEET

ATTACHMENT TO PAY APPLICATION

PROJECT:
NEWPORT CITY HALL
2060 1ST AVE
NEWPORT, MN 55055

Page 2 of Pages

APPLICATION NUMBER: 3
APPLICATION DATE: 03/17/21
PERIOD TO: 20-Mar-21
ARCHITECT'S PROJECT NO: 8122

A Item No.	B Description of Work	C Scheduled Value	D Work Completed		F Materials Presently Stored (Not In D or E)	G		H Balance To Finish (C - G)	I Retainage (If Variable Rate)
			From Previous Application (D + E)	This Period		Total Completed And Stored To Date (D + E + F)	% (G/C)		
1	51200 MATERIAL	60,000.00	55,000.00			55,000.00	92%	5,000.00	2,750.00
2	51200 SHOP	25,000.00	15,000.00	5,000.00		20,000.00	80%	5,000.00	1,000.00
3	53100 DECK	4,182.00						4,182.00	
4	55000, 55123, 55100, 55305 MISC	33,943.00	15,000.00			15,000.00	44%	18,943.00	750.00
5	BOND	1,875.00	1,875.00			1,875.00	100%		93.75
6									
7									
8									
9									
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	SUBTOTALS PAGE 2	125,000.00	86,875.00	5,000.00		91,875.00	74%	33,125.00	4,593.75

AIA® Document G732™ – 2009

Application and Certificate for Payment, Construction Manager as Adviser Edition

TO OWNER:	CITY OF NEWPORT 596 7TH AVE NEWPORT, MN 55055	PROJECT:	NEWPORT CITY HALL, FIRE HALL AND LAW ENFORCEMENT CENTER 2060 1ST AVE	APPLICATION NO:	1	DISTRIBUTION TO:	OWNER <input type="checkbox"/>
FROM	MASTER MECHANICAL, INC	VIA CONSTRUCTION		INVOICE NO:	59269	CONSTRUCTION MANAGER	<input type="checkbox"/>
CONTRACTOR:	1027 GEMINI RD EAGAN, MN 55121	MANAGER:		PERIOD TO:	3/31/2021	ARCHITECT	<input type="checkbox"/>
CONTRACT FOR:		VIA ARCHITECT:		CONTRACT DATE:	1/4/2021	CONTRACTOR	<input type="checkbox"/>
				PROJECT NOS:	Material 1	FIELD	<input type="checkbox"/>
						OTHER	<input type="checkbox"/>

CONTRACTOR'S APPLICATION FOR PAYMENT

Application is made for payment, as shown below, in connection with the Contract.
AIA Document G703™, Continuation Sheet, is attached.

1. ORIGINAL CONTRACT SUM.....	\$ 213,000.00
2. NET CHANGES IN THE WORK.....	\$ 0.00
3. CONTRACT SUM TO DATE (Line 1 + 2)	\$ 213,000.00
4. TOTAL COMPLETED AND STORED TO DATE (Column G on G703)	\$ 6,000.00
5. RETAINAGE:	
a. <u>5</u> % of Completed Work (Column D + E on G703)	\$ 300.00
b. <u>0</u> % of Stored Material (Column F on G703)	\$ 0.00
Total Retainage (Lines 5a + 5b, or Total in Column I on G703)	\$ 300.00
6. TOTAL EARNED LESS RETAINAGE.....	\$ 5,700.00
(Line 4 minus Line 5 Total)	
7. LESS PREVIOUS CERTIFICATES FOR PAYMENT.....	0.00
(Line 6 from prior Certificate)	
8. CURRENT PAYMENT DUE.....	\$ 5,700.00
9. BALANCE TO FINISH, INCLUDING RETAINAGE	
(Line 3 minus Line 6)	\$ 207,300.00

SUMMARY OF CHANGES IN THE WORK	ADDITIONS	DEDUCTIONS
Total changes approved in previous months by Owner	\$ 0.00	\$ 0.00
Total approved this month, including Construction Change Directives	\$ 0.00	\$ 0.00
TOTALS	\$ 0.00	\$ 0.00
NET CHANGES IN THE WORK	\$ 0.00	

CAUTION: You should sign an original AIA Contract Document, on which this text appears in RED. An original assures that changes will not be obscured.

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The undersigned Contractor certifies that to the best of the Contractor's knowledge, information and belief the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

CONTRACTOR: MASTER MECHANICAL, INC

By: [Signature]

Date: 3/18/21

State of: MN

County of: DAKOTA

Subscribed and sworn to before

me this 18th day of March, 2021

Notary Public: Cheryl R Kaeppe

My Commission expires: 1/31/2026



CERTIFICATE FOR PAYMENT

In accordance with the Contract Documents, based on evaluations of the Work and the data comprising this application, the Construction Manager and Architect certify to the Owner that to the best of their knowledge, information and belief the Work has progressed as indicated, the quality of the Work is in accordance with the Contract Documents, and the Contractor is entitled to payment of the AMOUNT CERTIFIED.

AMOUNT CERTIFIED..... \$ 5,700.00

(Attach explanation if amount certified differs from the amount applied. Initial all figures on this Application and on the Continuation Sheet that are changed to conform with the amount certified.)

CONSTRUCTION MANAGER:

By: [Signature]

Date: 3/25/21

ARCHITECT: (NOTE: If Multiple Prime Contractors are responsible for performing portions of the Project, the Architect's Certification is not required.)

By: [Signature]

Date: 4/12/21

This Certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

ALA DOCUMENT G703

AIA Document G702, APPLICATION AND CERTIFICATION FOR PAYMENT, containing Contractor's signed certification is attached. 9453X

9453X-Newport
Material 213000

APPLICATION NO:	1
APPLICATION DATE:	3/17/21

PERIOD TO: 4/1/21

ARCHITECT'S PROJECT NO: 0

In tabulations below, amounts are stated to the nearest dollar.

Use Column I on Contracts where variable retainage for line items may apply.

[illegible]

APPLICATION AND CERTIFICATE FOR PAYMENT

Invoice #: 17786

To Owner: CITY OF NEWPORT
596 7TH AVENUEProject: 21070.01 NEWPORT CITY HALL -
MATERIALS

Application No.: 1

Distribution to :
☐ Owner
☐ Architect
☐ Contractor
☐
☐

NEWPORT, MN 55055

From Contractor: B & B ELECTRIC INC.
1303 WESTERN AVENUE
EAU CLAIRE, WI 54703Via Architect: BRUNTON ARCHITECTS LTD
225 BELGRADE AVE
NORTH MANKATO MN 56003

Period To:

Project Nos:

Contract Date:

Contract For:

CONTRACTOR'S APPLICATION FOR PAYMENT

Application is made for payment, as shown below, in connection with the Contract.
Continuation Sheet is attached.

1. Original Contract Sum	\$376,100.00
2. Net Change By Change Order	\$0.00
3. Contract Sum To Date	\$376,100.00
4. Total Completed and Stored To Date	\$4,700.00
5. Retainage:	
a. 5.00% of Completed Work	\$235.00
b. 0.00% of Stored Material	\$0.00
Total Retainage	\$235.00
6. Total Earned Less Retainage	\$4,465.00
7. Less Previous Certificates For Payments	\$0.00
8. Current Payment Due	\$4,465.00
9. Balance To Finish, Plus Retainage	\$371,635.00

CHANGE ORDER SUMMARY	Additions	Deductions
Total changes approved in previous months by Owner	\$0.00	\$0.00
Total Approved this Month	\$0.00	\$0.00
TOTALS	\$0.00	\$0.00
Net Changes By Change Order	\$0.00	

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information, and belief, the work covered by this Application for Payment has been completed in accordance with the Contract Documents. That all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

CONTRACTOR: B & B ELECTRIC INC.

By: [Signature] Date: 3/25/24State of: WI
Subscribed and sworn to before me this
Notary Public:
My Commission expires: 6/22/24

ARCHITECT'S CERTIFICATE FOR PAYMENT

In accordance with the Contract Documents, based on on-site observations and the data comprising the above application, the Architect certifies to the Owner that to the best of the Architect's knowledge, information, and belief, the Work has progressed as indicated, the quality of the Work is in accordance with the Contract Documents, and the Contractor is entitled to payment of the AMOUNT CERTIFIED.

AMOUNT CERTIFIED \$ 4,465.00

(Attach explanation if amount certified differs from the amount applied. Initial all figures on this Application and on the Continuation Sheet that are changed to conform with the amount certified.)

ARCHITECT:
By: [Signature] Date: 4/12/21

This Certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment, and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

CONTINUATION SHEET

Application and Certification for Payment, containing

Contractor's signed certification is attached.

In tabulations below, amounts are stated to the nearest dollar.

Use Column I on Contracts where variable retainage for line items may apply.

Application No. : 1

Application Date : 03/25/21

To:

Architect's Project No.:

Invoice # : 17786

Contract : 21070.01 NEWPORT CITY HALL - MATERIALS

A	B	C	D	E	F	G		H	I
Item No.	Description of Work	Scheduled Value	Work Completed		Materials Presently Stored	Total Completed and Stored To Date	% (G / C)	Balance To Finish (C-G)	Retainage
			From Previous Application (D+E)	This Period In Place					
					(Not in D or E)	(D+E+F)			
1	GENERAL MATERIAL	60,000.00	0.00	0.00	0.00	0.00	0.00%	60,000.00	
2	BOND	4,700.00	0.00	4,700.00	0.00	4,700.00	100.00%	0.00	
3	FIXTURES	115,000.00	0.00	0.00	0.00	0.00	0.00%	115,000.00	
4	SWITCHGEAR	20,000.00	0.00	0.00	0.00	0.00	0.00%	20,000.00	
5	GENERATOR	117,000.00	0.00	0.00	0.00	0.00	0.00%	117,000.00	
6	EQUIPMENT	5,000.00	0.00	0.00	0.00	0.00	0.00%	5,000.00	
7	FIRE ALARM	22,000.00	0.00	0.00	0.00	0.00	0.00%	22,000.00	
8	DATA	31,000.00	0.00	0.00	0.00	0.00	0.00%	31,000.00	
9	PERMIT/INSPECTIONS	1,400.00	0.00	0.00	0.00	0.00	0.00%	1,400.00	

SUBCONTRACTOR'S APPLICATION FOR PAYMENT

TO: H + U Construction

FROM: Midstate Landscaping & Excavating, LLC

PROJECT: City Of Newport - City Hall & Public Safety Building

PAY REQUEST #: 1 - Materials

BILLING PERIOD: 03/01/2021 to 03/31/2021

STATEMENT OF CONTRACT ACCOUNT

1. Original Contract Amount:	\$ 101,500.00
2. Approved Change Order #'s: _____	\$ -
3. Adjusted Contract Amount:	\$ 101,500.00
4. Value of Work Completed to Date:	\$ 450.00
5. Value of Approved Change Orders Completed:	_____
6. Materials Stored on Site:	\$ -
7. Total Value Completed to Date:	\$ 450.00
8. Less Amount Retained: 5%	\$ 22.50
9. Total Less Retainage:	\$ 427.50
10. Less Total Previously Certified:	\$ -
11. AMOUNT DUE THIS REQUEST:	\$ 427.50

CERTIFICATE OF THE SUBCONTRACTOR:

I hereby certify that the work performed and the materials supplied to date, as shown on the above represent the actual value of accomplishment under the terms of the Contract (and all authorized changes thereto) between the undersigned and H + U Construction Inc relating to the above project.

Subscribed and sworn before this 17th day of

Notary Public: _____

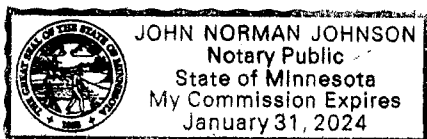
Commission Expiration: 1/31/24

BY: _____

AUTHORIZED SIGNATURE

TITLE: Office Manager

DATE: 3/17/2021



AIA Document G703STM - 2017

Continuation Sheet, Contractor-Subcontractor Version

AJA Document G702STM, Application and Certification for Payment, Subcontractor Version, containing Subcontractor's signed certification is attached.

Use Column I on Contracts where variable retainage for line items may apply.

APPLICATION NO: 1

APPLICATION DATE: 03/17/2021

PERIOD TO: 3/1/2021 to 03/31/2021

ARCHITECT'S PROJECT NO: City of Newport- City Hall, Fire Hall, Law Enforcement Center

A	B	C	D	E	F	G		H	I
ITEM NO.	DESCRIPTION OF WORK	SCHEDULE D VALUE	WORK COMPLETED		MATERIALS PRESENTLY STORED <i>(Not in D or E)</i>	TOTAL COMPLETED AND STORED TODATE <i>(D+E+F)</i>	% <i>(G+C)</i>	BALANCE TO FINISH <i>(C-G)</i>	RETAINAGE <i>(If variable rate)</i>
			FROM PREVIOUS APPLICATION <i>(D+E)</i>	THIS PERIOD					
	Material								
	Rock Entrance	\$ 900.00	\$ -	\$ 450.00	\$ -	\$ 450.00	50%	\$ 450.00	
	Sanitary Sewer	\$ 670.00	\$ -	\$ -	\$ -	\$ -	0%	\$ 670.00	
	Watermain	\$ 3,032.00	\$ -	\$ -	\$ -	\$ -	0%	\$ 3,032.00	
	Storm Sewer	\$ 35,586.00	\$ -	\$ -	\$ -	\$ -	0%	\$ 35,586.00	
	Retention System, East	\$ 29,174.00	\$ -	\$ -	\$ -	\$ -	0%	\$ 29,174.00	
	Retention System, West	\$ 24,177.00	\$ -	\$ -	\$ -	\$ -	0%	\$ 24,177.00	
	Class 5	\$ 7,961.00	\$ -	\$ -	\$ -	\$ -	0%	\$ 7,961.00	
	GRAND TOTAL	\$ 101,500.00	\$ -	\$ 450.00	\$ -	\$ 450.00	0%	\$ 101,050.00	



This agreement is between Surplus Liquidation Auctions, LLC (SLA) an authorized vendor of K-BID.com (dba K-BID) services, associates, employees or contractors, collectively referred to as "Auctioneer," and "Seller."

Namely: City of Newport Vehicle & Surplus Equipment Sale

SELLER GRANTS TO Auctioneer the exclusive right to sell the "Property" identified below. The "Property" may be sold as auction, or in any other commercially reasonable manner, as determined by Auctioneer. As used in this agreement, "Property" shall refer to the individual and collective property to be sold.

AUCTION

Surplus Liquidation Auctions (SLA) and K-BID are pleased to provide auction or liquidation services as follows: ☒ Internet Auction

Name: City of Newport

Contact: Bruce Hanson

Make checks payable to: ☒ Seller ☐ Contact ☐ Both

Address: 1100 Bailey Road, Newport MN 55055

Phone: 651-459-2405 Email: brhanson@mninter.net

PROPERTY BEING SOLD: Plow truck, tire changer, police vehicle accessories, etc

☐ Check if additional list attached

LOCATION OF SALE: Same as above

DATE AND TIME OF SALE: TBD

AUCTIONEERS COMPENSATION: Seller will pay a commission of 12% or 12% on any titled asset and/or

OTHER FEE BASIS: bid price of \$1000.00 or more. 17% on any item with bid

EXPENSES TO BE PAID BY SELLER: price of \$999.99 or less.

Advertising and Marketing: \$300.00 Organization and Clean up: -0- Setup: -0-

FEE OR EXPENSES ADVANCE REQUIRED FROM SELLER: \$ -0-

Special Notes and Considerations: Seller will help with set up & removal of items.

We appreciate this opportunity to provide services for you. We will need this agreement signed and returned along with any fee or expense advance required to hold the date for you.

[Signature]
For Surplus Liquidation Auctions, LLC

4/14/21
Date

I, the Seller, or my Agent, have read the document in its entirety and understand each of its provisions. I understand that by signing below, I am entering into a legally binding contract.

Bruce Hanson
Print Name

[Signature]
Signature

City of Newport
Company Name (if applicable)

4-14-2021
Date

RESPONSIBILITIES OF THE AUCTIONEER:

1. Auctioneer shall conduct the auction and sale of the Property in a commercially reasonable manner.
2. Auctioneer shall maintain accurate records of auction and sale, and shall give to the Seller following the sale an accounting of goods sold and received.
3. Auctioneer shall arrange for all marketing, advertising, and promotion of the auction and sale in a commercially reasonable manner.

RESPONSIBILITIES OF THE SELLER:

1. Seller shall provide clean, safe premises with proper utility service in which to auction and sell Property.
2. Seller shall provide public liability insurance against all risks for the Property and premises, and shall indemnify Auctioneer against any claims, suits, or damages arising out of Auctioneer's conduct of the sale and auction.
3. Seller shall provide for rubbish removal and disposal of hazardous waste, and shall indemnify Auctioneer against any claims, suits, or damages arising therefrom.
4. Seller shall present for auction and sale all of the Property listed below, and shall not, without the expressed written agreement of the Auctioneer, withhold or withdraw any such Property from the auction and sale.
5. Seller shall cooperate in all respects with Auctioneer during the preparation for and conduct of the auction and sale.

SELLER WARRANTIES:

1. Seller warrants that it has title of the Property free and clear of all liens and encumbrances, except as specified below.
2. Seller warrants that the terms and conditions of this agreement shall be binding on its heirs, executors, administrators, successors, assigns, officers, shareholders, and directors.

SETTLEMENT PROCEDURES:

All checks for payment for the Property shall be drawn to the order of Auctioneer, and Auctioneer shall receive all proceeds of the auction and sale in trust for Seller. Auctioneer shall hold all proceeds until all checks have cleared or have been rejected. Auctioneer shall then pay by check the net proceeds of the auction and sale to Seller 14 days after the last day of removal. As used in this agreement "net proceeds" shall mean: gross receipts less Auctioneer's commission, fees, and expenses: uncollected checks and proceeds: and liens and encumbrances. Seller shall bear the risk of noncollectable proceeds. Auctioneer's commission shall be calculated and paid on gross proceeds.

GENERAL TERMS AND CONDITIONS:

1. Seller assumes all risk of loss to Property until title and risk of loss to a Buyer, including but not limited to fire, theft, vandalism, or economic loss.
2. Seller acknowledges that the auction and sale of Property is **WITHOUT RESERVE** or **MINIMUM PRICE**, unless noted on the Reserve List.
3. The Seller acknowledges that this auction and sale is an **ABSOLUTE AUCTION**.
4. Unless otherwise agreed in writing, Seller shall pay to Auctioneer the Full Buyer's Premium and the Auctioneer's commission rate and a 10% additional Buy Back Penalty reserved, purchased by Seller or its representative, or otherwise bid on the benefit of price protection for Seller. Commission shall be calculated on the highest bid obtained. If any Property is withdrawn by Seller prior to the auction and is sold within 120 days following the date of the auction, Auctioneer shall be entitled to its commission on the sale of that Property.
5. Seller shall indemnify Auctioneer against any claims, suits, or damages arising out of the non-disclosure of any lien or encumbrance against the Property.
6. **K-BID will employ a "Buyer's Premium" of 13% which shall be paid and collected from the Buyer and retained by K-BID.**
7. Seller acknowledges that Auctioneer may at its option delay or postpone the sale and auction for up to thirty (30) days for reasonable cause. As used in this Agreement, "reasonable cause" shall include, but not limited to: severe weather, inability to access the site of the Property or auction: breach of the peace; license or regulatory concerns, or questions, problems, doubts, or clouds on the title of the Property.
8. It is expressly understood that Auctioneer is not responsible and will not assume liability for any denial of service related to technical problems with the use of the internet - i.e. viruses, worms, etc.
9. Seller acknowledges and agrees that if on the day of closing of the auction and/or sale a technical problem occurs with use of the Internet that interferes with the auction and/or sale, the Auctioneer may, at his/her own discretion, keep the auction open for up to 72 hours after the event that caused the problem has been resolved.
10. Seller understands and acknowledges that, unless the Seller and Buyer make arrangements with the Auctioneer, the Auctioneer at his/her own discretion, may resell any Property that has been sold but not been removed from auction site by the Buyer on or before removal date.
11. Seller acknowledges and agrees that the Auctioneer shall not be liable or responsible for the removal of the Property from the auction site of any Property that has not been sold and/or that has been sold but not been removed from the auction site prior to removal date.
12. Seller understands that Seller will not receive proceeds from Auctioneer for a sale until after the sale proceeds are received by the Auctioneer from the Buyer.
13. Seller understand that Auctioneer will not dispose of or handle any hazardous waste materials for Seller.
14. Seller acknowledges that any discussions concerning advertising medias are estimates, and Auctioneer reserves the right in its sole discretion to redistribute advertising money to other types of advertising or media, to the best advantage of the auction and sale. Advertising and marketing expenses shall be included in reductions from the gross proceeds in the settlement.
15. In the event of a breach of this agreement by Seller, or in the event of cancellation of the auction and sale for ANY reason, Seller shall immediately pay to Auctioneer all expenses incurred by Auctioneer including, but not limited to, advertising, set-up, travel time, and other expenses, plus a cancellation fee of five (5%) of Auctioneer's estimate value of gross proceeds had the auction and sale been completed.
16. The Seller authorizes K-BID to sign as title representative on any and all documents relating to title work.

Seller acknowledges that this agreement is the only agreement of the parties, and that there have been no oral representation or warranties made by Surplus Liquidation Auctions, K-BID, or its representatives.

Print Name

Company Name (if applicable)

Signature

Date

City of Newport, MN
Resolution No 2021-23
A Resolution Authorizing The Newport Public Works Department To Sell
Used Equipment By Surplus Sale

WHEREAS, the City of Newport is statutorily authorized, M.S. 297A.25, to hold occasional sales of surplus goods, equipment, and supplies; and,

WHEREAS, the City of Newport is required to collect sales tax on the following types of sales:

- sales of surplus or used equipment, supplies and machines made on a periodic basis
- auctions of surplus goods
- sales of repossessed goods or goods taken in lieu of payment
- sales of stolen goods, such as bicycles, at police auctions

BE IT RESOLVED, that the Newport City Council approves the City of Newport Public Works to be authorized to:

1. Sell vehicles, bicycles, and miscellaneous surplus equipment at auction at the discretion of the Public Works Superintendent.
2. Proceeds of Surplus Sales be deposited into the Capital Equipment Fund.

BE IT FURTHER RESOLVED, that the Newport City Council authorizes Resolution No 2021-23 to be in effect indefinitely unless cancelled or changed by a majority vote or resolution of the City Council.

Adopted this 6th day of May 2021 by the Newport City Council.

Motion by: _____, Seconded by: _____

VOTE:	Elliott	_____
	Chapdelaine	_____
	Ingemann	_____
	Taylor	_____
	Johnson	_____

Signed: _____
Laurie Elliott, Mayor

Attest: _____
Deb Hill, City Administrator

City of Newport, MN
Resolution No 2021-24

A Resolution of the City of Newport Authorizing the Disposition of Real
Property in the City of Newport, Described as Outlot C, PERKINS
ADDITION, According to the Recorded Plat on File and of Record in the
Office of the County Recorder, Washington County, Minnesota

WHEREAS, on or about October 7, 2019, Donald R. Nye and Anita M. Nye, a married couple, (the “Nyes”) owned and resided on a parcel of real property (the “Residential Property”) located in the City of Newport (the “City”); and

WHEREAS, on or about February 16, 2017, the City Council authorized the creation of a Planned Unit Development (the “PUD”) to be platted as PERKINS ADDITION, the southern boundary of which would abut the northern boundary of the Residential Property; and

WHEREAS, following authorization of the PUD, the City realized that preexisting surveying defects resulted in a narrow remnant of unrecorded and otherwise unbuildable land (the “Remnant”) being left between the PUD area and the Residential Property; and

WHEREAS, or the sole purpose of giving the Remnant a legal description by which it could be added to the adjacent lot, namely the Residential Property, the Remnant was platted as Outlot C, PERKINS ADDITION; and

WHEREAS, on or about October 7, 2019, for purposes of adding the Remnant to the Residential Property, pursuant to and in accordance with Newport City Code, Section 28-101(k), the City transferred the Remnant to the Nyes by a quit claim deed, attached hereto and incorporated herein by reference as Exhibit A; and

WHEREAS, following the City’s transfer of the Remnant to the Nyes, the Remnant was combined with the Residential Property; and

WHEREAS, Donald R. Nye has since passed away and Anita M. Nye desires to sell the Residential Property and has located a potential buyer for the Residential Property; and

WHEREAS, the potential buyer and the potential buyer’s title company have requested this resolution from the City for purposes of clarifying the record with regard to the City’s authorization and approval of its transfer of the Remnant.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Newport, Minnesota that:

1. The City Council hereby finds that the transfer of the Remnant by the City of Newport to Donald R. Nye and Anita M. Nye via quit claim deed was and is authorized by the City Council, and all necessary City staff, including the City Administrator, were and are authorized to execute a quit claim deed and take any other action necessary to ensure the transfer of the Remnant to the Nyes.

Adopted this 6th day of May 2021 by the Newport City Council.

Motion by: _____, Seconded by: _____

VOTE:	Elliott	_____
	Chapdelaine	_____
	Ingemann	_____
	Taylor	_____
	Johnson	_____

Signed: _____
Laurie Elliott, Mayor

Attest: _____
Deb Hill, City Administrator

EXHIBIT A

QUIT CLAIM DEED

36.028.22.33.0104

(Top 3 inches reserved for recording data)

QUIT CLAIM DEED
Business Entity to Individual(s)

Minnesota Uniform Conveyancing Blanks
Form 10.3.4 (2016)

eCRV number: _____

DEED TAX DUE: \$ _____

DATE: _____
(month/day/year)

FOR VALUABLE CONSIDERATION, the City of Newport

(insert name of Grantor)

a Municipal Corporation under the laws of the State of Minnesota ("Grantor"),

hereby conveys and quitclaims to Donald R. and Anita M. Nye

(insert name of each Grantee)

("Grantee"), as

(Check only one box.)

- ☐ tenants in common,
☐ joint tenants,

(If more than one Grantee is named above and either no box is checked or both boxes are checked,
this conveyance is made to the named Grantees as tenants in common.)

real property in Washington County, Minnesota, legally described as follows:

Outlot C, PERKINS ADDITION, according to the recorded plat on file and of record in the office of the County Recorder,
Washington County, Minnesota.

THE TOTAL CONSIDERATION FOR THIS TRANSFER
OF PROPERTY IS \$500.00 OR LESS

Check here if all or part of the described real property is Registered (Torrens) ☐

together with all hereditaments and appurtenances belonging thereto.

☒ The Seller certifies that the Seller does not know of any wells on the described real property.

☐ A well disclosure certificate accompanies this document or has been electronically filed. (If electronically filed, insert WDC number: [REDACTED].)

☐ I am familiar with the property described in this instrument and I certify that the status and number of wells on the described real property have not changed since the last previously filed well disclosure certificate.

Its: _____
(type of authority)

Donald R & Anita M Nye
489 10th Street
Newport, MN 55055