

CITY OF TWO HARBORS
COMMITTEE OF THE WHOLE/AGENDA MEETING

May 23, 2022

5:00 p.m. Call to order.

Appearances: 1. Andrew Grice, Bergan, KDV
Re: 2021 Audit

Administrator updates.

Attorney updates.

City Clerk/HR updates.

Finance Director updates.

Community Development Planner updates.

City Engineer updates.

Other agenda questions or additions.

Adjourn.

TWO HARBORS CITY COUNCIL

AGENDA

May 23, 2022

6:00 P.M. Call to order regular meeting of the City Council of the City of Two Harbors.

Roll call:

Pledge of Allegiance:

Additions or Changes to the Agenda:

[M] Approval of the Agenda.

Items may be added to the agenda prior to approval of the agenda. Items brought forth once the agenda has been approved shall be referred to administration and/or committee.

Appearances:

1. Luann Udenberg, 410 Fourth Avenue,
Re: second petition to recall Mayor Christopher Swanson.
2. Clayton Anderson, 830 Seventh Avenue,
Re: Condition of the City Skate Park.

Administrative Reports:

Committee Reports:

HRA

Public Works Committee

Recreation Board

Public Safety Committee

Planning Commission

Personnel Committee

Edna G. Commission

Utilities Committee

Liquor Store Ad Hoc Committee

Other.

[R] Approving the Consent Agenda Items:

Items listed on the Consent Agenda are routine in nature and typically do not require discussion. If there is an item on the consent agenda that a councilmember feels warrants discussion, it should be removed from the consent agenda and dealt with individually.

1. Allowing claims against the City of Two Harbors to be paid on May 24, 2022.

2. Approving payroll for the first half of May, 2022.
3. Authorizing payment to Bolton & Menk in the amount of \$1,370 for professional services for the 2021 – 2022 Street & Alley Improvement Project.
4. Accepting, with regret, a notice of resignation from Alexander Cavallin, from the Fire Department, and authorizing a letter of appreciation for his service.
5. Approving the massage therapy license applications of Amy Speece and Judith Wick for Salon 507 at 601 Seventh Avenue.
6. Declaring third and final reading of An Ordinance (STR Ordinance).
7. Authorizing a request for Food Truck Fridays.
8. Approving the request of Mayor Swanson to appoint Joseph Thorne as a member of the Airport Commission.
9. Authorizing the Mayor and City Clerk to execute and deliver the grant agreement between the City and Two Harbors Area Fund for the Heritage Days grant.
10. Accepting the request of the Two Harbors Moose Lodge to be open on Sunday, May 15, 2022.
11. Approving the request of Amy Carlson, Lounge Manger, American Legion, requesting to be open on Sunday, September 11, 2022.
12. Approving a request from Janelle Jones, President/CEO, Lake County Chamber of Commerce, requesting permission for use of Lakeview Park for the MS Bike Tram participants to camp overnight on July 21, 2022, as part of their multi-day event and authorizing the Mayor and City Clerk to execute and deliver a License Agreement between the City of Two Harbors and Lake County Chamber of Commerce which requires evidence of liability insurance.
13. Approving the recommendation of the Personnel Committee to delay the posting of the City Administrator position until November, 2022.
14. Accepting the recommendation of the Personnel Committee to request that the Interim City Administrator remain on contract through February, 2023. (Revised contract/employment agreement to be submitted for approval at a future meeting.)
15. Authorizing expenses for Mayor, City Council or Administrative Staff to attend the Lake County Chamber of Commerce's Breakfast for Heros to be held on May 24 at 8 AM at the American Legion.
16. Approving the 2021 Audited Financial Statements for the City of Two Harbors.
17. Approving an amendment to the contract with WSB to provide material testing services for the Wastewater Treatment Facility Improvement Project for the purpose of providing additional soil and geotechnical testing for the biosolids tank and including an increase in the amount of \$2,660.

18. Authorizing the Mayor and City Administrator to execute and deliver a Memorandum of Agreement between the city of Two Harbors and Two Harbors Confidential Employees Association for the purpose of excluding the City Administrator position from the bargaining unit.
19. Appointing certain temporary employees at the Liquor Store and Public Works Department.
20. Confirming the appointment of M. Hannah Weishaar for the position of Library Aide.
21. Confirming the appointment of Cassidy Duray for Library Programing VISTA.

Communications:

1. Public Access Coordinator's Report for the month of April, 2022.
2. An email from Sean Kelly, Publisher, Unhappy Franchisee, President, Relentless, Inc.
3. A copy of an email from Dave Ellquist, Liquor Store Manager, providing information regarding the Omnibus Liquor Bill Conference Committee.
4. Amended petition in Jezierski V. City of Two Harbors,9. Et Al Lawsuit.

Unfinished Business:

Other.

New Business:

1. [R] Calling for a recall election of Mayor Christopher Swanson.
2. [R] Authorizing an application for up to \$200,000 in LCCMR funding for waterfront property.

Other.

Announcements:

Adjourn:

5/20/2022 9:36 AM

A/P Regular Open Item Register

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CHECK: 02572 MAY 24, 2022 CHECK RUN

ENDOR SET: 01 CITY OF TWO HARBORS

SEQUENCE : ALPHABETIC

DUPLICATE TO/FROM ACCOUNTS SUPPRESSED

-----ID-----			GROSS	P.O. #		
POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====						
1-2966	A. G. O'BRIEN					
I-57739		REMOVE HOUSE TRAYS	4,217.22			
5/11/2022	APBNK	DUE: 5/11/2022 DISC: 5/11/2022		1099: N		
		REMOVE HOUSE TRAYS		401 49100-530	IMPROVEMENTS	4,217.22
=== VENDOR TOTALS ===			4,217.22			
=====						
11-2408	ALEX AIR APPARATUS, INC.					
I-45858		10' PIKE POLE	74.00			
5/12/2022	APBNK	DUE: 6/11/2022 DISC: 6/11/2022		1099: N		
		10' PIKE POLE		101 42200-210	OPERATING SUPPLIES	74.00
=== VENDOR TOTALS ===			74.00			
=====						
11-3679	AMERICAN BOTTLING COMPANY					
C-3313618799		MIX CREDIT	5.16CR			
5/17/2022	APBNK	DUE: 5/17/2022 DISC: 5/17/2022		1099: N		
		MIX CREDIT		609 49750-264	PURCHASES - MIX	5.16CR
I-3313618798		PURCHASE MIX	108.68			
5/17/2022	APBNK	DUE: 6/16/2022 DISC: 6/16/2022		1099: N		
		PURCHASE MIX		609 49750-269	PURCHASES - MERCHANDISE	108.68
=== VENDOR TOTALS ===			103.52			
=====						
11-0704	AMERICAN SOLUTIONS FOR BUSINES					
I-05994893		UTILITY BILL STATEMENTS	1,407.64			
5/06/2022	APBNK	DUE: 6/05/2022 DISC: 6/05/2022		1099: N		
		UTILITY BILL STATEMENTS		601 49440-201	OFFICE SUPPLIES AND EXPE	12.57
		UTILITY BILL STATEMENTS		602 49490-201	OFFICE SUPPLIES AND EXPE	307.25
		UTILITY BILL STATEMENTS		604 49590-201	OFFICE SUPPLIES AND EXPE	806.56
		UTILITY BILL STATEMENTS		605 49620-201	OFFICE SUPPLIES AND EXPE	263.92
		UTILITY BILL STATEMENTS		651 49520-201	OFFICE SUPPLIES AND EXPE	17.34
=== VENDOR TOTALS ===			1,407.64			
=====						
01-4226	ARTISAN BEER COMPANY					
I-3535301		PURCHASE BEER	1,139.10			
5/12/2022	APBNK	DUE: 6/11/2022 DISC: 6/11/2022		1099: N		
		PURCHASE BEER		609 49750-262	PURCHASES - BEER	1,139.10
I-3536557		PURCHASE LIQUOR	704.35			
5/19/2022	APBNK	DUE: 6/18/2022 DISC: 6/18/2022		1099: N		
		PURCHASE LIQUOR		609 49750-261	PURCHASES - LIQUOR	704.35
=== VENDOR TOTALS ===			1,843.45			

CA.1 5/23/22

PACKET: 02572, MAY 24, 2022 CHECK RUN
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-----ID-----			GROSS	P.O. #		
POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
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1-2672	BERNICK'S					
I-830774		PURCHASE MIX	42.21			
5/10/2022	APBNK	DUE: 6/09/2022 DISC: 6/09/2022		1099: N		
		PURCHASE MIX		609 49750-264	PURCHASES - MIX	42.21
I-830775		PURCHASE BEER	13,200.63			
5/10/2022	APBNK	DUE: 6/09/2022 DISC: 6/09/2022		1099: N		
		PURCHASE BEER		609 49750-262	PURCHASES - BEER	13,175.13
		PURCHASE MIX		609 49750-264	PURCHASES - MIX	25.50
I-831912		PURCHASE MIX	107.34			
5/17/2022	APBNK	DUE: 6/16/2022 DISC: 6/16/2022		1099: N		
		PURCHASE MIX		609 49750-264	PURCHASES - MIX	107.34
I-831913		PURCHASE BEER	16,426.87			
5/18/2022	APBNK	DUE: 6/17/2022 DISC: 6/17/2022		1099: N		
		PURCHASE BEER		609 49750-262	PURCHASES - BEER	16,401.37
		PURCHASE MIX		609 49750-264	PURCHASES - MIX	25.50
I-831914		PURCHASE BEER	193.00			
5/17/2022	APBNK	DUE: 6/16/2022 DISC: 6/16/2022		1099: N		
		PURCHASE BEER		609 49750-262	PURCHASES - BEER	193.00
=== VENDOR TOTALS ===			29,970.05			
=====						
01-0935	BORDER STATE ELECTRIC SUPPLY					
C-924174171		ANCHOR SETTING TOOL	7.49CR			
5/09/2022	APBNK	DUE: 5/09/2022 DISC: 5/09/2022		1099: N		
		ANCHOR SETTING TOOL		604 49570-221	MAINT. AND REPAIR SUPPLI	7.49CR
I-94188054		ELEC TAPE/CODING TAPE	121.80			
5/11/2022	APBNK	DUE: 6/05/2022 DISC: 6/05/2022		1099: N		
		ELEC TAPE/CODING TAPE		604 49570-221	MAINT. AND REPAIR SUPPLI	121.80
=== VENDOR TOTALS ===			114.31			
=====						
01-4319	BREAKTHRU BEVERAGE MN					
I-344090537		PURCHASE LIQUOR	7,189.34			
5/13/2022	APBNK	DUE: 6/12/2022 DISC: 6/12/2022		1099: N		
		PURCHASE LIQUOR		609 49750-261	PURCHASES - LIQUOR	7,071.02
		FREEIGHT		609 49750-333	FREIGHT	118.32
=== VENDOR TOTALS ===			7,189.34			

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POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
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1-1502		CINTAS CORPORATION				
I-4118885658		GRAY MATS	7.92			
5/10/2022	APBNK	DUE: 5/20/2022 DISC: 5/20/2022		1099: N		
		GRAY MATS		101 41940-223	BUILDINGS MAINT. SUPPLIE	7.92
I-4119039793		GRAY MATS/COVERALLS	205.54			
5/11/2022	APBNK	DUE: 5/21/2022 DISC: 5/21/2022		1099: N		
		GRAY MATS/COVERALLS		101 43100-210	OPERATING SUPPLIES	68.51
		GRAY MATS/COVERALLS		604 49570-210	OPERATING SUPPLIES	68.51
		GRAY MATS/COVERALLS		605 49610-210	OPERATING SUPPLIES	68.52
I-4119039902		CINTAS CORPORATION	19.25			
5/11/2022	APBNK	DUE: 5/21/2022 DISC: 5/21/2022		1099: N		
		CINTAS CORPORATION		609 49750-210	OPERATING SUPPLIES	19.25
I-4119726709		BLUE MATS	9.36			
5/18/2022	APBNK	DUE: 5/28/2022 DISC: 5/28/2022		1099: N		
		BLUE MATS		101 42200-210	OPERATING SUPPLIES	9.36
I-4119726739		SHOP TOWELS/MATS/COVERALLS	222.01			
5/18/2022	APBNK	DUE: 5/28/2022 DISC: 5/28/2022		1099: N		
		SHOP TOWELS/MATS/COVERALLS		101 43100-210	OPERATING SUPPLIES	128.60
		SHOP TOWELS/MATS/COVERALLS		605 49610-210	OPERATING SUPPLIES	46.70
		SHOP TOWELS/MATS/COVERALLS		604 49570-210	OPERATING SUPPLIES	46.71
		=== VENDOR TOTALS ===	464.08			
=====						
01-4680		CIRCLE K FLEET				
I-80764435		CIRCLE K FLEET	1,761.27			
5/17/2022	APBNK	DUE: 5/17/2022 DISC: 5/17/2022		1099: N		
		CIRCLE K FLEET		101 42100-212	GASOLINE AND DIESEL FUEL	1,761.27
		=== VENDOR TOTALS ===	1,761.27			
=====						
01-4680		CIRCLE K FLEET				
I-80764446		M. HAFFIELD/GASOLINE FOR TRAV	88.51			
5/08/2022	APBNK	DUE: 5/08/2022 DISC: 5/08/2022		1099: N		
		M. HAFFIELD/GASOLINE FOR TRAVE		101 43100-331	TRAVEL & TRAINING	88.51
		=== VENDOR TOTALS ===	88.51			

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1-4534	CR	CONSUMER REPORTS				
=====						
I-202205194341		MAGAZINE RENEWAL	30.00			
5/10/2022	APBNK	DUE: 6/09/2022 DISC: 6/09/2022		1099: N		
		MAGAZINE RENEWAL		211 45500-435	BOOKS AND PERIODICALS	30.00
=== VENDOR TOTALS ===			30.00			
=====						
1-0483	DEMCO					
=====						
I-7128741		DVD SECURITY CASES	295.55			
5/16/2022	APBNK	DUE: 6/15/2022 DISC: 6/15/2022		1099: N		
		DVD SECURITY CASES		211 45500-210	OPERATING SUPPLIES	295.55
=== VENDOR TOTALS ===			295.55			
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11-2014	FRONTIER ENERGY, INC.					
=====						
I-189408		PROF. SRVS 4/1-4/30 2022	1,037.34			
5/09/2022	APBNK	DUE: 6/08/2022 DISC: 6/08/2022		1099: N		
		PROF. SRVS 4/1-4/30 2022		604 49590-446	CONSERVATION IMPROVEMENT	1,037.34
=== VENDOR TOTALS ===			1,037.34			
=====						
11-0536	FURTHER					
=====						
I-MAY		PARTICIPANT FEE	82.80			
5/05/2022	APBNK	DUE: 6/04/2022 DISC: 6/04/2022		1099: N		
		PARTICIPANT FEE		101 41400-135	Other Employee Benefits	9.20
		PARTICIPANT FEE		101 41550-135	OTHER EMPLOYEE BENEFITS	4.60
		PARTICIPANT FEE		101 42100-135	Other Employee Benefits	4.60
		PARTICIPANT FEE		101 43100-135	Other Employee Benefits	9.20
		PARTICIPANT FEE		601 49440-135	Other Employee Benefits	16.10
		PARTICIPANT FEE		604 49590-135	Other Employee Benefits	9.20
		PARTICIPANT FEE		605 49620-135	Other Employee Benefits	13.80
		PARTICIPANT FEES		602 49490-135	Other Employee Benefits	6.90
		PARTICIPANT FEES		609 49750-135	Other Employee Benefits	9.20
=== VENDOR TOTALS ===			82.80			
=====						
01-0382	GOODIN COMPANY					
=====						
I-03812661-00		BOLT PACK/RING GASKET	270.57			
5/11/2022	APBNK	DUE: 6/10/2022 DISC: 6/10/2022		1099: N		
		BOLT PACK/RING GASKET		602 49480-221	MAINT. AND REPAIR SUPPLI	270.57
=====						
I-03812950-00		ROYAL CLOSET FLUSH VALVE/URIN	611.84			
5/11/2022	APBNK	DUE: 6/10/2022 DISC: 6/10/2022		1099: N		
		ROYAL CLOSET FLUSH VALVE/URINA		660 45183-223	BUILDING MAINT. SUPPLIES	611.84
=== VENDOR TOTALS ===			882.41			

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POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====						
1-2836	GREAT LAKES PIPE SERVICE, INC.					
I-22026		SANITARY SEWER CLEANING	2,934.00			
5/12/2022	APBNK	DUE: 5/12/2022 DISC: 5/12/2022		1099: N		
		SANITARY SEWER CLEANING		602 49450-300	PROFESSIONAL SERVICES	2,934.00
=== VENDOR TOTALS ===			2,934.00			
=====						
1-4582	KATHRYN GROENEVELD					
I-05/01/22-08/15/22		PAYROLL REIMB. MAY 1-15, 2022	1,007.33			
5/16/2022	APBNK	DUE: 6/15/2022 DISC: 6/15/2022		1099: Y		
		PAYROLL REIMB. MAY 1-15, 2022		660 45183-303	CONTRACTUAL SERVICES	942.00
		SHOWER LINERS		660 45183-223	BUILDING MAINT. SUPPLIES	65.33
=== VENDOR TOTALS ===			1,007.33			
=====						
11-0386	HACH COMPANY					
I-13019883		KIT MAINT FOR CL17'S	420.45			
5/05/2022	APBNK	DUE: 6/04/2022 DISC: 6/04/2022		1099: N		
		KIT MAINT FOR CL17'S		601 49420-216	CHEMICALS	420.45
=== VENDOR TOTALS ===			420.45			
=====						
11-6044	JOLENE HURD					
I-REFUND		COMM CENTER REFUND/JUNE 11	50.00			
5/12/2022	APBNK	DUE: 6/11/2022 DISC: 6/11/2022		1099: N		
		COMM CENTER REFUND/JUNE 11		101 36220	RENTS	50.00
=== VENDOR TOTALS ===			50.00			
=====						
11-0783	INGRAM LIBRARY SERVICES					
I-59229548		PURCHASE BOOKS	228.86			
4/28/2022	APBNK	DUE: 5/28/2022 DISC: 5/28/2022		1099: N		
		PURCHASE BOOKS		211 45500-435	BOOKS AND PERIODICALS	228.86
I-59312408		PURCHASE BOOKS	105.04			
5/03/2022	APBNK	DUE: 6/02/2022 DISC: 6/02/2022		1099: N		
		PURCHASE BOOKS		211 45500-435	BOOKS AND PERIODICALS	105.04
I-59460313		PURCHASE BOOKS	290.25			
5/11/2022	APBNK	DUE: 6/10/2022 DISC: 6/10/2022		1099: N		
		PURCHASE BOOKS		211 45500-435	BOOKS AND PERIODICALS	290.25
=== VENDOR TOTALS ===			624.15			

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-----ID-----			GROSS	P.O. #		
POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
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1-3436		INNOVATIVE OFFICE SOLUTIONS, L				
I-3789062		DESK JET INK CARTRIDGE	22.80			
5/13/2022	APBNK	DUE: 6/12/2022 DISC: 6/12/2022		1099: N		
		DESK JET INK CARTRIDGE		101 42100-201	OFFICE SUPPLIES AND EXPE	22.80
		=== VENDOR TOTALS ===	22.80			
=====						
1-4759		IOWA WESTERN COMMUNITY COLLEGE				
I-202205194343		COST SHARE SUMMER VISTA MEMBE	250.00			
5/17/2022	APBNK	DUE: 5/17/2022 DISC: 5/17/2022		1099: N		
		COST SHARE SUMMER VISTA MEMBER		211 45500-103	PART TIME SALARIES	250.00
		=== VENDOR TOTALS ===	250.00			
=====						
1-4023		ITRON, INC.				
I-619219		MAINT. 5/1/22-4/30/23	4,009.56			
5/01/2022	APBNK	DUE: 5/01/2022 DISC: 5/01/2022		1099: N		
		MAINT. 5/1/22-4/30/23		601 49440-433	DUES AND SUBSCRIPTIONS	35.79
		MAINT. 5/1/22-4/30/23		602 49490-433	DUES AND SUBSCRIPTIONS	875.19
		MAINT. 5/1/22-4/30/23		604 49590-433	DUES AND SUBSCRIPTIONS	2,297.44
		MAINT. 5/1/22-4/30/23		605 49620-433	DUES AND SUBSCRIPTIONS	751.77
		MAINT. 5/1/22-4/30/23		651 49520-433	DUES AND SUBSCRIPTIONS	49.37
		=== VENDOR TOTALS ===	4,009.56			
=====						
1-0399		JOHNSON BROS LIQUOR CO				
I-2050516		PURCHASE LIQUOR	3,808.24			
5/12/2022	APBNK	DUE: 6/11/2022 DISC: 6/11/2022		1099: N		
		PURCHASE LIQUOR		609 49750-261	PURCHASES - LIQUOR	2,029.38
		PURCHASE WINE		609 49750-263	PURCHASES - WINE	1,661.94
		FREIGHT		609 49750-333	FREIGHT	116.92
I-2050517		PURCHASE BEER	30.00			
5/12/2022	APBNK	DUE: 6/11/2022 DISC: 6/11/2022		1099: N		
		PURCHASE BEER		609 49750-262	PURCHASES - BEER	30.00
I-2055346		PURCHASE LIQUOR	4,331.48			
5/19/2022	APBNK	DUE: 6/18/2022 DISC: 6/18/2022		1099: N		
		PURCHASE LIQUOR		609 49750-261	PURCHASES - LIQUOR	3,520.61
		PURCHASE WINE		609 49750-263	PURCHASES - WINE	552.27
		PURCHASE MIX		609 49750-264	PURCHASES - MIX	69.00
		FREIGHT		609 49750-333	FREIGHT	189.60
		=== VENDOR TOTALS ===	8,169.72			

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POST DATE	BANK CODE	-----DESCRIPTION-----		DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
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1-1187	KINECT ENERGY GROUP-ACH						
I-202205164333				221,724.42			
5/11/2022	APBNK	APRIL USAGE	0/00/0000	1099: N			
		DRAFT		605 49600-251	PURCHASE GAS FOR RESALE	221,724.42	
		APRIL USAGE					
=== VENDOR TOTALS ===				221,724.42			
=====							
1-4535	LERNER PUBLISHING GROUP						
I-1421918				13.49			
5/06/2022	APBNK	BOOK		1099: N			
		DUE: 6/05/2022 DISC: 6/05/2022		211 45500-435	BOOKS AND PERIODICALS	13.49	
		BOOK					
=== VENDOR TOTALS ===				13.49			
=====							
1-1037	LINDE GAS & EQUIPMENT INC						
I-69581242				310.87			
4/22/2022	APBNK	ACETYLENE		1099: N			
		DUE: 5/22/2022 DISC: 5/22/2022		101 43100-404	EQUIP. MAINTENANCE CONTR	310.87	
		ACETYLENE					
=== VENDOR TOTALS ===				310.87			
=====							
1-4711	MAVERICK WINE CO						
I-776695				1,078.02			
5/16/2022	APBNK	PURCHASE LIQUOR		1099: N			
		DUE: 5/16/2022 DISC: 5/16/2022		609 49750-261	PURCHASES - LIQUOR	456.00	
		PURCHASE LIQUOR		609 49750-263	PURCHASES - WINE	592.02	
		PURCHASE WINE		609 49750-333	FREIGHT	30.00	
		FREIGHT					
=== VENDOR TOTALS ===				1,078.02			
=====							
1-0765	MENARDS-WEST DULUTH						
I-5653				121.99			
5/18/2022	APBNK	PINE-SOL/CAULK/VALVE		1099: N			
		DUE: 6/17/2022 DISC: 6/17/2022		601 49420-210	OPERATING SUPPLIES	121.99	
		PINE-SOL/CAULK/VALVE					
I-56636				58.06			
5/11/2022	APBNK	CLEANING SUPPLIES/CUTTING WHL		1099: N			
		DUE: 6/10/2022 DISC: 6/10/2022		602 49480-210	OPERATING SUPPLIES	58.06	
		CLEANING SUPPLIES/CUTTING WHL					
=== VENDOR TOTALS ===				180.05			

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-----ID-----		GROSS		P.O. #		
POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====						
1-4004	METERING & TECHNOLOGY SOLUTION					
I-22613		M179 GALLON 6 DIAL	121.90			
4/01/2022	APBNK	DUE: 4/01/2022 DISC: 4/01/2022		1099: N		
		M179 GALLON 6 DIAL		601 49430-229	METERS AND TRANSFORMERS	121.90
=== VENDOR TOTALS ===			121.90			
=====						
1-0697	MICHAUD DIST. CORP.					
I-366878		PURCHASE BEER	1,870.20			
5/11/2022	APBNK	DUE: 6/10/2022 DISC: 6/10/2022		1099: N		
		PURCHASE BEER		609 49750-262	PURCHASES - BEER	1,688.00
		PURCHASE MIX		609 49750-264	PURCHASES - MIX	179.20
		FREIGHT		609 49750-333	FREIGHT	3.00
=== VENDOR TOTALS ===			1,870.20			
=====						
11-2269	MIDWEST TAPE					
I-502035950		DVD'S	116.19			
4/28/2022	APBNK	DUE: 5/28/2022 DISC: 5/28/2022		1099: N		
		DVD'S		211 45500-434	AUDIO AND VIDEO TAPES	102.20
		DVD'S		211 45500-434	AUDIO AND VIDEO TAPES	13.99
I-502072920		DVD'S/ MUSIC DVD'S	47.22			
5/05/2022	APBNK	DUE: 6/04/2022 DISC: 6/04/2022		1099: N		
		DVD'S/ MUSIC DVD'S		211 45500-434	AUDIO AND VIDEO TAPES	23.24
		DVD'S/ MUSIC DVD'S		211 45500-434	AUDIO AND VIDEO TAPES	23.98
I-502072922		DVD'S/MUSIC DVD'S	193.41			
5/05/2022	APBNK	DUE: 6/04/2022 DISC: 6/04/2022		1099: N		
		DVD'S/MUSIC DVD'S		211 45500-434	AUDIO AND VIDEO TAPES	179.42
		DVD'S/MUSIC DVD'S		211 45500-434	AUDIO AND VIDEO TAPES	13.99
=== VENDOR TOTALS ===			356.82			
=====						
01-4758	MILTON ROPES					
I-202205164332		REFUND OVERPAYMENT	385.59			
5/12/2022	APBNK	DUE: 5/12/2022 DISC: 5/12/2022		1099: N		
		REFUND OVERPAYMENT		604 10100	CASH	385.59
=== VENDOR TOTALS ===			385.59			

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-----ID-----			GROSS	P.O. #		
POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====						
1-1267	MN DEPT OF REVENUE					
I-APRIL SALES/USE		APRIL SALES & USE TAX	53,721.00			
5/19/2022	APBNK	DRAFT 0/00/0000		1099: N		
		APRIL SALES & USE TAX		241 20800	DUE TO OTHER GOVT UNITS	980.00
		APRIL SALES & USE TAX		601 20800	DUE TO OTHER GOVT UNITS-	2,185.00
		APRIL SALES & USE TAX		604 20800	DUE TO OTHER GOVT UNITS-	18,798.00
		APRIL SALES & USE TAX		605 20800	DUE TO OTHER GOVT UNITS-	6,330.00
		APRIL SALES & USE TAX		609 20800	DUE TO OTHER GOVT UNITS-	20,894.00
		APRIL SALES & USE TAX		660 20800	DUE TO OTHER GOVTS UNITS	2,222.00
		APRIL SALES & USE TAX		660 20802	DUE TO GOVT - LODGING	1,326.00
		APRIL SALES & USE TAX		604 49590-439	MISCELLANEOUS	857.75
		APRIL SALES & USE TAX		605 49620-439	MISCELLANEOUS	85.33
		APRIL SALES & USE TAX		660 45183-439	MISCELLANEOUS	42.92
=== VENDOR TOTALS ===			53,721.00			
=====						
1-4566	O'REILLY AUTO PARTS					
I-3972.-367166		ANTIFREEZE	41.98			
5/05/2022	APBNK	DUE: 5/05/2022 DISC: 5/05/2022		1099: N		
		ANTIFREEZE		101 43126-221	MAINT. AND REPAIR SUPPLI	41.98
=== VENDOR TOTALS ===			41.98			
=====						
11-0845	PARK STATE BANK					
I-341030000465		9 MO CD @.92% MAT 2.23.23	250,000.00			
5/19/2022	APBNK	DRAFT 0/00/0000		1099: N		
		9 MO CD @.92% MAT 2.23.23		609 10400	INVESTMENTS	250,000.00
=== VENDOR TOTALS ===			250,000.00			
=====						
11-2491	PENWORTHY					
I-0581631		PURCHASE BOOKS	207.43			
5/10/2022	APBNK	DUE: 6/09/2022 DISC: 6/09/2022		1099: N		
		PURCHASE BOOKS		211 45500-469	GRANTS, CONTRIB & DONA	207.43
=== VENDOR TOTALS ===			207.43			
=====						
11-2113	PER MAR					
I-2778035		CH MONITORING SERVICES	153.18			
5/08/2022	APBNK	DUE: 5/28/2022 DISC: 5/28/2022		1099: N		
		CH MONITORING SERVICES		101 41940-404	EQUIP. MAINTENANCE CONTR	153.18
I-cemetery		CEMETERY MONITORING	74.16			
5/08/2022	APBNK	DUE: 5/28/2022 DISC: 5/28/2022		1099: N		
		CEMETERY MONITORING		101 49001-404	EQUIP. MAINTENANCE CONTR	74.16
=== VENDOR TOTALS ===			227.34			

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-----ID-----			GROSS	P.O. #		
POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====						
1-1945	PHIL'S GARAGE	DOOR SERVICE				
=====						
I-52227		INSTALL NEW GARAGE DOOR	8,350.00			
5/06/2022	APBNK	DUE: 5/21/2022 DISC: 5/21/2022		1099: N		
		INSTALL NEW GARAGE DOOR		101 43100-223	BUILDING MAINT. SUPPLIES	8,350.00
=====						
I-52228		INSTALL PHOTO EYE ON DOOR	1,554.50			
5/06/2022	APBNK	DUE: 5/21/2022 DISC: 5/21/2022		1099: N		
		INSTALL PHOTO EYE ON DOOR		101 43100-223	BUILDING MAINT. SUPPLIES	1,554.50
=====						
		=== VENDOR TOTALS ===	9,904.50			
=====						
11-0432	PHILLIPS WINE & SPIRITS	ST.				
=====						
I-6395106		PURCHASE LIQUOR	2,892.23			
5/12/2022	APBNK	DUE: 6/11/2022 DISC: 6/11/2022		1099: N		
		PURCHASE LIQUOR		609 49750-261	PURCHASES - LIQUOR	2,397.00
		PURCHASE WINE		609 49750-263	PURCHASES - WINE	403.10
		FREIGHT		609 49750-333	FREIGHT	92.13
=====						
I-6395691		PURCHASE LIQUOR	732.00			
5/12/2022	APBNK	DUE: 6/11/2022 DISC: 6/11/2022		1099: N		
		PURCHASE LIQUOR		609 49750-261	PURCHASES - LIQUOR	732.00
=====						
I-6398872		PURCHASE LIQUOR	4,098.15			
5/19/2022	APBNK	DUE: 6/18/2022 DISC: 6/18/2022		1099: N		
		PURCHASE LIQUOR		609 49750-261	PURCHASES - LIQUOR	3,808.50
		PURCHASE WINE		609 49750-263	PURCHASES - WINE	141.25
		PURCHASE MIX		609 49750-264	PURCHASES - MIX	26.00
		FREIGHT		609 49750-333	FREIGHT	122.40
=====						
		=== VENDOR TOTALS ===	7,722.38			
=====						
01-4742	PITNEY BOWES BANK INC	PURCHASE				
=====						
I-202205164334		POSTAGE	1,529.99			
5/11/2022	APBNK	DUE: 5/11/2022 DISC: 5/11/2022		1099: N		
		POSTAGE		101 41400-201	OFFICE SUPPLIES AND EXPE	212.44
		POSTAGE		601 49440-202	POSTAGE	11.76
		POSTAGE		602 49490-202	POSTAGE	287.59
		POSTAGE		604 49590-202	POSTAGE	754.94
		POSTAGE		605 49620-202	POSTAGE	247.03
		POSTAGE		651 49520-202	POSTAGE	16.23
=====						
		=== VENDOR TOTALS ===	1,529.99			

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POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====						
1-3988	SANCO SUPPLY INC.					
I-26889		WHITE TOWEL ROLLS/BOWL BRUSH	158.27			
5/12/2022	APBNK	DUE: 6/11/2022 DISC: 6/11/2022		1099: N		
		WHITE TOWEL ROLLS/BOWL BRUSH		101 41940-223	BUILDINGS MAINT. SUPPLIE	158.27
I-26891		ROLL TOWEL/TP/SWIFFER DUSTER	183.33			
5/12/2022	APBNK	DUE: 6/11/2022 DISC: 6/11/2022		1099: N		
		ROLL TOWEL/TP/SWIFFER DUSTER		211 45500-223	BUILDINGS MAINT. SUPPLIE	183.33
I-26892		BOWL BRUSH/WHITE ROLL TOWEL	86.47			
5/12/2022	APBNK	DUE: 6/11/2022 DISC: 6/11/2022		1099: N		
		BOWL BRUSH/WHITE ROLL TOWEL		101 45185-223	BUILDINGS MAINT. SUPPLIE	86.47
		=== VENDOR TOTALS ===	428.07			
=====						
11-0606	SANDSTROM'S					
I-405681		PURCHASE CIGARETTES	1,303.16			
5/10/2022	APBNK	DUE: 6/10/2022 DISC: 6/10/2022		1099: N		
		PURCHASE CIGARETTES		609 49750-269	PURCHASES - MERCHANDISE	1,295.21
		FREIGHT		609 49750-333	FREIGHT	7.95
		=== VENDOR TOTALS ===	1,303.16			
=====						
11-0917	SIGN SOLUTIONS					
I-401415		SIGN PARTS	1,025.77			
5/10/2022	APBNK	DUE: 6/09/2022 DISC: 6/09/2022		1099: N		
		SIGN PARTS		101 43127-210	OPERATING SUPPLIES	1,025.77
		=== VENDOR TOTALS ===	1,025.77			
=====						
11-0687	SIGNATURE CONCEPTS					
I-331125		SWEATSHIRT HOODIES	1,632.00			
5/16/2022	APBNK	DUE: 6/15/2022 DISC: 6/15/2022		1099: N		
		SWEATSHIRT HOODIES		660 45183-240	PURCHASES - APPAREL	1,632.00
I-331159		BALL CAPS	856.60			
5/10/2022	APBNK	DUE: 6/09/2022 DISC: 6/09/2022		1099: N		
		BALL CAPS		660 45183-240	PURCHASES - APPAREL	856.60
		=== VENDOR TOTALS ===	2,488.60			

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POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
1-4463		SOUTHERN GLAZER'S WINE & SPIRI				
I-2210368		PURCHASE LIQUOR	3,846.07			
5/11/2022	APBNK	DUE: 6/10/2022 DISC: 6/10/2022		1099: N		
		PURCHASE LIQUOR		609 49750-261	PURCHASES - LIQUOR	3,331.10
		PURCHASE WINE		609 49750-263	PURCHASES - WINE	426.00
		FRIEGHT		609 49750-333	FREIGHT	88.97
I-2212856		PURCHASE LIQUOR	3,738.85			
5/18/2022	APBNK	DUE: 6/17/2022 DISC: 6/17/2022		1099: N		
		PURCHASE LIQUOR		609 49750-261	PURCHASES - LIQUOR	3,279.28
		PURCHASE WINE		609 49750-263	PURCHASES - WINE	388.00
		FREIGHT		609 49750-333	FREIGHT	71.57
I-2212857		FREIGHT	1.02			
5/18/2022	APBNK	DUE: 6/17/2022 DISC: 6/17/2022		1099: N		
		FREIGHT		609 49750-333	FREIGHT	1.02
		=== VENDOR TOTALS ===	7,585.94			
01-0914		STAPLES				
I-3507406422		REPL INK/POST ITS/PENS	52.66			
5/07/2022	APBNK	DUE: 6/06/2022 DISC: 6/06/2022		1099: N		
		REPL INK/POST ITS/PENS		101 41400-201	OFFICE SUPPLIES AND EXPE	7.31
		REPL INK/POST ITS/PENS		601 49440-201	OFFICE SUPPLIES AND EXPE	0.40
		REPL INK/POST ITS/PENS		602 49490-201	OFFICE SUPPLIES AND EXPE	9.90
		REPL INK/POST ITS/PENS		604 49590-201	OFFICE SUPPLIES AND EXPE	25.98
		REPL INK/POST ITS/PENS		605 49620-201	OFFICE SUPPLIES AND EXPE	8.50
		REPL INK/POST ITS/PENS		651 49520-201	OFFICE SUPPLIES AND EXPE	0.57
		=== VENDOR TOTALS ===	52.66			
01-0637		SUPERIOR BEVERAGE				
C-1500140		BEER CREDIT	17.20CR			
5/12/2022	APBNK	DUE: 5/12/2022 DISC: 5/12/2022		1099: N		
		BEER CREDIT		609 49750-262	PURCHASES - BEER	17.20CR
C-1500142		BEER CREDIT	23.25CR			
5/13/2022	APBNK	DUE: 5/13/2022 DISC: 5/13/2022		1099: N		
		BEER CREDIT		609 49750-261	PURCHASES - LIQUOR	23.25CR
I-20018887		PURCHASE BEER	5,031.40			
5/12/2022	APBNK	DUE: 6/11/2022 DISC: 6/11/2022		1099: N		
		PURCHASE BEER		609 49750-261	PURCHASES - LIQUOR	5,028.40
		FREIGHT		609 49750-333	FREIGHT	3.00

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-----ID-----				GROSS	P.O. #		
POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION	
1-0637	SUPERIOR BEVERAGE	(** CONTINUED **)					
I-20018888		PURCHASE MIX	18.00				
5/12/2022	APBNK	DUE: 6/11/2022 DISC: 6/11/2022		1099: N			
		PURCHASE MIX		609 49750-264	PURCHASES - MIX	18.00	
I-20019298		PURCHASE LIQUOR	606.15				
5/19/2022	APBNK	DUE: 6/18/2022 DISC: 6/18/2022		1099: N			
		PURCHASE LIQUOR		609 49750-261	PURCHASES - LIQUOR	606.15	
I-20019299		PURCHASE LIQUOR	5,658.50				
5/19/2022	APBNK	DUE: 6/18/2022 DISC: 6/18/2022		1099: N			
		PURCHASE LIQUOR		609 49750-261	PURCHASES - LIQUOR	5,575.30	
		PURCHASE MIX		609 49750-264	PURCHASES - MIX	79.20	
		FREIGHT		609 49750-333	FREIGHT	4.00	
		=== VENDOR TOTALS ===	11,273.60				
1-2322	TWIN PORTS PAPER & SUPPLY INC						
I-519497		BATHROOM CLEANING SUPPLIES	801.03				
5/12/2022	APBNK	DUE: 5/27/2022 DISC: 5/27/2022		1099: N			
		BATHROOM CLEANING SUPPLIES		660 45183-223	BUILDING MAINT. SUPPLIES	801.03	
I-519668		WYPALL WIPER	55.53				
5/11/2022	APBNK	DUE: 5/26/2022 DISC: 5/26/2022		1099: N			
		WYPALL WIPER		660 45183-223	BUILDING MAINT. SUPPLIES	55.53	
		=== VENDOR TOTALS ===	856.56				
11-0459	TWO HARBORS PETTY CASH						
I-202205174335		J. BRANT MMUA TRAINING	96.00				
5/17/2022	APBNK	DUE: 6/16/2022 DISC: 6/16/2022		1099: N			
		J. BRANT MMUA TRAINING		604 49570-331	TRAVEL & TRAINING	96.00	
I-202205174336		P. JOHNSON - MMUA TRAINING	96.00				
5/17/2022	APBNK	DUE: 6/16/2022 DISC: 6/16/2022		1099: N			
		P. JOHNSON - MMUA TRAINING		605 49610-331	TRAVEL & TRAINING	96.00	
I-202205174337		B. PRINCE - MMUA TRAINING	96.00				
5/17/2022	APBNK	DUE: 6/16/2022 DISC: 6/16/2022		1099: N			
		B. PRINCE - MMUA TRAINING		604 49570-331	TRAVEL & TRAINING	96.00	
		=== VENDOR TOTALS ===	288.00				

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POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====						
1-3865	TWO HARBORS TOWING INC.					
I-14870		TOOL CAT HAUL	103.43			
5/11/2022	APBNK	DUE: 5/11/2022 DISC: 5/11/2022		1099: N		
		TOOL CAT HAUL		101 43100-210	OPERATING SUPPLIES	103.43
=== VENDOR TOTALS ===			103.43			
=====						
1-0484	UHL COMPANY					
I-68276		HVAC PREVENTATIVE MAINT	2,338.50			
5/09/2022	APBNK	DUE: 5/09/2022 DISC: 5/09/2022		1099: N		
		HVAC PREVENTATIVE MAINT		211 45500-404	EQUIP. MAINT. CONTRACTS	2,338.50
=== VENDOR TOTALS ===			2,338.50			
=====						
1-0788	URSA MINOR BREWING LLC					
I-E1904		PURCHASE BEER	706.46			
5/18/2022	APBNK	DUE: 6/17/2022 DISC: 6/17/2022		1099: N		
		PURCHASE BEER		609 49750-262	PURCHASES - BEER	706.46
=== VENDOR TOTALS ===			706.46			
=====						
11-0774	VIKING ELECTRIC SUPPLY					
I-S005762131.001		#10 X 1 SCREW ANCHOR	12.51			
4/28/2022	APBNK	DUE: 5/25/2022 DISC: 5/25/2022		1099: N		
		#10 X 1 SCREW ANCHOR		604 49570-221	MAINT. AND REPAIR SUPPLI	12.51
I-S005762131.002		W-MOLD/SWITCH	25.77			
4/29/2022	APBNK	DUE: 5/25/2022 DISC: 5/25/2022		1099: N		
		W-MOLD/SWITCH		604 49570-221	MAINT. AND REPAIR SUPPLI	25.77
=== VENDOR TOTALS ===			38.28			
=====						
11-3335	VINOCOPIA, INC.					
I-304285		PURCHASE LIQUOR	4,081.97			
5/16/2022	APBNK	DUE: 6/15/2022 DISC: 6/15/2022		1099: N		
		PURCHASE LIQUOR		609 49750-261	PURCHASES - LIQUOR	2,932.37
		PURCHASE WINE		609 49750-263	PURCHASES - WINE	1,093.35
		FREIGHT		609 49750-333	FREIGHT	56.25
=== VENDOR TOTALS ===			4,081.97			

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POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
1-4254	VISA					
I-202205184339		CHARGING STATION/GEAR KEEPER	1,666.98			
5/16/2022	APBNK	DUE: 5/16/2022 DISC: 5/16/2022		1099: N		
		CHARGING STATION/GEAR KEEPER		101 42200-210	OPERATING SUPPLIES	1,666.98
		=== VENDOR TOTALS ===	1,666.98			
1-4254	VISA					
I-202205184340		WONDER WRKSH/NEWS TRIBUNE	819.35			
4/29/2022	APBNK	DUE: 4/29/2022 DISC: 4/29/2022		1099: N		
		NEWS TRIBUNE		211 45500-435	BOOKS AND PERIODICALS	295.88
		DVD'S		211 45500-469	GRANTS, CONTRIB & DONA	95.38
		WONDER WORKSHOP		211 45500-469	GRANTS, CONTRIB & DONA	428.09
		=== VENDOR TOTALS ===	819.35			
11-0666	WINEBOW					
I-MN00112755		PURCHASE WINE	2,846.00			
5/12/2022	APBNK	DUE: 6/11/2022 DISC: 6/11/2022		1099: N		
		PURCHASE WINE		609 49750-263	PURCHASES - WINE	2,797.00
		FREGITH		609 49750-333	FREIGHT	49.00
		=== VENDOR TOTALS ===	2,846.00			
11-0729	WRS IMPORTS					
I-3384		PURCHASE LIQUOR	612.00			
5/11/2022	APBNK	DUE: 6/10/2022 DISC: 6/10/2022		1099: N		
		PURCHASE LIQUOR		609 49750-261	PURCHASES - LIQUOR	600.00
		FREIGHT		609 49750-333	FREIGHT	12.00
		=== VENDOR TOTALS ===	612.00			
01-0468	ZIEGLER INC.					
I-000535979		COIL AS	21.30			
5/13/2022	APBNK	DUE: 6/12/2022 DISC: 6/12/2022		1099: N		
		COIL AS		101 43100-221	MAINT. AND REPAIR SUPPLI	21.30
		=== VENDOR TOTALS ===	21.30			
		=== PACKET TOTALS ===	654,982.11			

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ENDOR SET: 01 CITY OF TWO HARBORS

EQUENCE : ALPHABETIC

UE TO/FROM ACCOUNTS SUPPRESSED

** T O T A L S **

INVOICE TOTALS	655,035.21
DEBIT MEMO TOTALS	0.00
CREDIT MEMO TOTALS	53.10CR

BATCH TOTALS	654,982.11
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** G/L ACCOUNT TOTALS **

ANK	YEAR	ACCOUNT	NAME	AMOUNT	=====LINE ITEM=====		=====GROUP BUDGET=====	
					ANNUAL BUDGET	BUDGET OVER AVAILABLE BUDG	ANNUAL BUDGET	BUDGET OVER AVAILABLE BUDG
2022		101-20200	ACCOUNTS PAYABLE	16,005.23-*				
		101-36220	*NON-EXPENSE	50.00	9,300-	4,800.00-		
		101-41400-135	Other Employee Benefits	9.20	700	741.74- Y		
		101-41400-201	OFFICE SUPPLIES AND EXPE	219.75	17,050	15,607.58		
		101-41550-135	OTHER EMPLOYEE BENEFITS	4.60	0	23.00- Y		
		101-41940-223	BUILDINGS MAINT. SUPPLIE	166.19	25,000	14,913.67		
		101-41940-404	EQUIP. MAINTENANCE CONTR	153.18	2,250	1,259.94		
		101-42100-135	Other Employee Benefits	4.60	10,800	10,777.00		
		101-42100-201	OFFICE SUPPLIES AND EXPE	22.80	4,000	3,917.20		
		101-42100-212	GASOLINE AND DIESEL FUEL	1,761.27	15,100	7,958.39		
		101-42200-210	OPERATING SUPPLIES	1,750.34	12,000	2,606.30- Y		
		101-43100-135	Other Employee Benefits	9.20	3,300	2,913.11		
		101-43100-210	OPERATING SUPPLIES	300.54	55,000	41,655.64		
		101-43100-221	MAINT. AND REPAIR SUPPLI	21.30	4,000	304.57		
		101-43100-223	BUILDING MAINT. SUPPLIES	9,904.50	6,500	5,178.66- Y		
		101-43100-331	TRAVEL & TRAINING	88.51	2,950	8,286.70- Y		
		101-43100-404	EQUIP. MAINTENANCE CONTR	310.87	2,000	270.12		
		101-43126-221	MAINT. AND REPAIR SUPPLI	41.98	53,200	27,276.76		
		101-43127-210	OPERATING SUPPLIES	1,025.77	10,000	5,807.31		
		101-45185-223	BUILDINGS MAINT. SUPPLIE	86.47	25,000	24,913.53		
		101-49001-404	EQUIP. MAINTENANCE CONTR	74.16	4,400	4,110.44		
		211-20200	ACCOUNTS PAYABLE	5,118.62-*				
		211-45500-103	PART TIME SALARIES	250.00	0	250.00- Y		
		211-45500-210	OPERATING SUPPLIES	295.55	4,500	3,688.94		
		211-45500-223	BUILDINGS MAINT. SUPPLIE	183.33	2,000	1,734.90		
		211-45500-404	EQUIP. MAINT. CONTRACTS	2,338.50	10,000	6,271.61		
		211-45500-434	AUDIO AND VIDEO TAPES	356.82	5,000	4,072.71		
		211-45500-435	BOOKS AND PERIODICALS	963.52	20,000	13,981.10		
		211-45500-469	GRANTS, CONTRIB & DONA	730.90	0	3,255.86- Y		
		241-20200	ACCOUNTS PAYABLE	980.00-*				
		241-20800	DUE TO OTHER GOVT UNITS	980.00				

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SEQUENCE : ALPHABETIC

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** G/L ACCOUNT TOTALS **

ANK	YEAR	ACCOUNT	NAME	AMOUNT	ANNUAL BUDGET	BUDGET OVER AVAILABLE BUDG	ANNUAL BUDGET	BUDGET OVER AVAILABLE BUDG
		401-20200	ACCOUNTS PAYABLE	4,217.22-*				
		401-49100-530	IMPROVEMENTS	4,217.22	1,332,600	1275,580.28		
		601-20200	ACCOUNTS PAYABLE	2,925.96-*				
		601-20800	DUE TO OTHER GOVT UNITS-	2,185.00				
		601-49420-210	OPERATING SUPPLIES	121.99	15,500	13,681.17		
		601-49420-216	CHEMICALS	420.45	32,000	11,014.36		
		601-49430-229	METERS AND TRANSFORMERS	121.90	15,000	9,624.21		
		601-49440-135	Other Employee Benefits	16.10	2,550	2,294.50		
		601-49440-201	OFFICE SUPPLIES AND EXPE	12.97	3,350	3,241.63		
		601-49440-202	POSTAGE	11.76	700	674.16		
		601-49440-433	DUES AND SUBSCRIPTIONS	35.79	13,050	4,018.66		
		602-20200	ACCOUNTS PAYABLE	4,749.46-*				
		602-49450-300	PROFESSIONAL SERVICES	2,934.00	30,000	7,851.75		
		602-49480-210	OPERATING SUPPLIES	58.06	17,000	12,676.35		
		602-49480-221	MAINT. AND REPAIR SUPPLI	270.57	20,000	19,449.59		
		602-49490-135	Other Employee Benefits	6.90	2,000	1,532.41		
		602-49490-201	OFFICE SUPPLIES AND EXPE	317.15	29,350	27,067.78		
		602-49490-202	POSTAGE	287.59	5,900	5,405.56		
		602-49490-433	DUES AND SUBSCRIPTIONS	875.19	11,900	248.78- Y		
		604-10100	CASH	385.59				
		604-20200	ACCOUNTS PAYABLE	25,432.61-*				
		604-20800	DUE TO OTHER GOVT UNITS-	18,798.00				
		604-49570-210	OPERATING SUPPLIES	115.22	67,000	61,614.51		
		604-49570-221	MAINT. AND REPAIR SUPPLI	152.59	16,000	168.66- Y		
		604-49570-331	TRAVEL & TRAINING	192.00	7,950	1,942.98		
		604-49590-135	Other Employee Benefits	9.20	1,500	1,215.50		
		604-49590-201	OFFICE SUPPLIES AND EXPE	832.54	60,150	54,576.11		
		604-49590-202	POSTAGE	754.94	13,850	12,617.18		
		604-49590-433	DUES AND SUBSCRIPTIONS	2,297.44	17,600	9,639.83- Y		
		604-49590-439	MISCELLANEOUS	857.75	35,950	27,029.13		
		604-49590-446	CONSERVATION IMPROVEMENT	1,037.34	67,100	48,012.48		
		605-20200	ACCOUNTS PAYABLE	229,635.99-*				
		605-20800	DUE TO OTHER GOVT UNITS-	6,330.00				
		605-49600-251	PURCHASE GAS FOR RESALE	221,724.42	2,023,350	777,098.44		
		605-49610-210	OPERATING SUPPLIES	115.22	29,700	22,679.39		
		605-49610-331	TRAVEL & TRAINING	96.00	3,250	2,607.88		
		605-49620-135	Other Employee Benefits	13.80	1,650	1,221.02		
		605-49620-201	OFFICE SUPPLIES AND EXPE	272.42	21,200	19,442.00		
		605-49620-202	POSTAGE	247.03	4,400	4,004.23		
		605-49620-433	DUES AND SUBSCRIPTIONS	751.77	22,650	14,705.49		
		605-49620-439	MISCELLANEOUS	85.33	17,400	13,852.21		
		609-10400	INVESTMENTS	250,000.00				
		609-20200	ACCOUNTS PAYABLE	357,278.26-*				
		609-20800	DUE TO OTHER GOVT UNITS-	20,894.00				
		609-49750-135	Other Employee Benefits	9.20	250	204.00		

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** G/L ACCOUNT TOTALS **

ANK	YEAR	ACCOUNT	NAME	AMOUNT	ANNUAL BUDGET	BUDGET OVER AVAILABLE BUDG	ANNUAL BUDGET	BUDGET OVER AVAILABLE BUDG
		609-49750-210	OPERATING SUPPLIES	19.25	10,250	5,702.92		
		609-49750-261	PURCHASES - LIQUOR	42,048.21	664,100	390,529.25		
		609-49750-262	PURCHASES - BEER	33,315.86	1,077,950	748,876.60		
		609-49750-263	PURCHASES - WINE	8,054.93	277,950	191,338.68		
		609-49750-264	PURCHASES - MIX	566.79	24,350	12,695.18		
		609-49750-269	PURCHASES - MERCHANDISE	1,403.89	34,300	21,593.66		
		609-49750-333	FREIGHT	966.13	23,500	15,169.69		
		651-20200	ACCOUNTS PAYABLE	83.51-*				
		651-49520-201	OFFICE SUPPLIES AND EXPE	17.91	2,950	2,739.35		
		651-49520-202	POSTAGE	16.23	350	310.06		
		651-49520-433	DUES AND SUBSCRIPTIONS	49.37	250	739.12- Y		
		660-20200	ACCOUNTS PAYABLE	8,555.25-*				
		660-20800	DUE TO OTHER GOVTS UNITS	2,222.00				
		660-20802	DUE TO GOVT - LODGING	1,326.00				
		660-45183-223	BUILDING MAINT. SUPPLIES	1,533.73	15,000	9,866.27		
		660-45183-240	PURCHASES - APPAREL	2,488.60	18,950	2,193.26- Y		
		660-45183-303	CONTRACTUAL SERVICES	942.00	130,250	115,376.40		
		660-45183-439	MISCELLANEOUS	42.92	37,600	27,974.65		
		999-13101	DUE FROM GENERAL FUND	16,005.23 *				
		999-13211	DUE FROM LIBRARY FUND	5,118.62 *				
		999-13241	DUE FROM GOLF FUND	980.00 *				
		999-13401	DUE FROM CAPITAL EQUIPME	4,217.22 *				
		999-13601	DUE FROM WATER FUND	2,925.96 *				
		999-13602	DUE FROM SEWER FUND	4,749.46 *				
		999-13604	DUE FROM ELECTRIC FUND	25,432.61 *				
		999-13605	DUE FROM GAS FUND	229,635.99 *				
		999-13609	DUE FROM LIQUOR FUND	357,278.26 *				
		999-13651	DUE FROM STORMWATER UTIL	83.51 *				
		999-13660	DUE FROM CAMPGROUND FUND	8,555.25 *				
		** 2022 YEAR TOTALS		654,982.11				

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** POSTING PERIOD RECAP **

FUND	PERIOD	AMOUNT
101	4/2022	310.87
101	5/2022	15,694.36
211	4/2022	1,164.40
211	5/2022	3,954.22
241	5/2022	980.00
401	5/2022	4,217.22
601	4/2022	121.90
601	5/2022	2,804.06
602	5/2022	4,749.46
604	4/2022	38.28
604	5/2022	25,394.33
605	5/2022	229,635.99
609	5/2022	357,278.26
651	5/2022	83.51
660	5/2022	8,555.25

NO ERRORS

NO WARNINGS

** END OF REPORT **

TOTAL ERRORS: 0 TOTAL WARNINGS: 0

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-----ID-----			GROSS	P.O. #		
POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====						
1-2966	A. G. O'BRIEN					
I-57739		REMOVE HOUSE TRAYS	4,217.22			
5/11/2022	APBNK	DUE: 5/11/2022 DISC: 5/11/2022		1099: N		
		REMOVE HOUSE TRAYS		401 49100-530	IMPROVEMENTS	4,217.22
=== VENDOR TOTALS ===			4,217.22			
=====						
1-2408	ALEX AIR APPARATUS, INC.					
I-45858		10' PIKE POLE	74.00			
5/12/2022	APBNK	DUE: 6/11/2022 DISC: 6/11/2022		1099: N		
		10' PIKE POLE		101 42200-210	OPERATING SUPPLIES	74.00
=== VENDOR TOTALS ===			74.00			
=====						
1-3679	AMERICAN BOTTLING COMPANY					
C-3313618799		MIX CREDIT	5.16CR			
5/17/2022	APBNK	DUE: 5/17/2022 DISC: 5/17/2022		1099: N		
		MIX CREDIT		609 49750-264	PURCHASES - MIX	5.16CR
I-3313618798		PURCHASE MIX	108.68			
5/17/2022	APBNK	DUE: 6/16/2022 DISC: 6/16/2022		1099: N		
		PURCHASE MIX		609 49750-269	PURCHASES - MERCHANDISE	108.68
=== VENDOR TOTALS ===			103.52			
=====						
1-0704	AMERICAN SOLUTIONS FOR BUSINES					
I-05994893		UTILITY BILL STATEMENTS	1,407.64			
5/06/2022	APBNK	DUE: 6/05/2022 DISC: 6/05/2022		1099: N		
		UTILITY BILL STATEMENTS		601 49440-201	OFFICE SUPPLIES AND EXPE	12.57
		UTILITY BILL STATEMENTS		602 49490-201	OFFICE SUPPLIES AND EXPE	307.25
		UTILITY BILL STATEMENTS		604 49590-201	OFFICE SUPPLIES AND EXPE	806.56
		UTILITY BILL STATEMENTS		605 49620-201	OFFICE SUPPLIES AND EXPE	263.92
		UTILITY BILL STATEMENTS		651 49520-201	OFFICE SUPPLIES AND EXPE	17.34
=== VENDOR TOTALS ===			1,407.64			
=====						
1-4226	ARTISAN BEER COMPANY					
I-3535301		PURCHASE BEER	1,139.10			
5/12/2022	APBNK	DUE: 6/11/2022 DISC: 6/11/2022		1099: N		
		PURCHASE BEER		609 49750-262	PURCHASES - BEER	1,139.10
I-3536557		PURCHASE LIQUOR	704.35			
5/19/2022	APBNK	DUE: 6/18/2022 DISC: 6/18/2022		1099: N		
		PURCHASE LIQUOR		609 49750-261	PURCHASES - LIQUOR	704.35
=== VENDOR TOTALS ===			1,843.45			

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-----ID-----				GROSS	P.O. #		
POST DATE	BANK CODE	-----DESCRIPTION-----		DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====							
1-2672	BERNICK'S						
I-830774		PURCHASE MIX		42.21			
5/10/2022	APBNK	DUE: 6/09/2022 DISC: 6/09/2022			1099: N		
		PURCHASE MIX			609 49750-264	PURCHASES - MIX	42.21
I-830775		PURCHASE BEER		13,200.63			
5/10/2022	APBNK	DUE: 6/09/2022 DISC: 6/09/2022			1099: N		
		PURCHASE BEER			609 49750-262	PURCHASES - BEER	13,175.13
		PURCHASE MIX			609 49750-264	PURCHASES - MIX	25.50
I-831912		PURCHASE MIX		107.34			
5/17/2022	APBNK	DUE: 6/16/2022 DISC: 6/16/2022			1099: N		
		PURCHASE MIX			609 49750-264	PURCHASES - MIX	107.34
I-831913		PURCHASE BEER		16,426.87			
5/18/2022	APBNK	DUE: 6/17/2022 DISC: 6/17/2022			1099: N		
		PURCHASE BEER			609 49750-262	PURCHASES - BEER	16,401.37
		PURCHASE MIX			609 49750-264	PURCHASES - MIX	25.50
I-831914		PURCHASE BEER		193.00			
5/17/2022	APBNK	DUE: 6/16/2022 DISC: 6/16/2022			1099: N		
		PURCHASE BEER			609 49750-262	PURCHASES - BEER	193.00
		=== VENDOR TOTALS ===		29,970.05			
=====							
01-0935	BORDER STATE ELECTRIC SUPPLY						
C-924174171		ANCHOR SETTING TOOL		7.49CR			
5/09/2022	APBNK	DUE: 5/09/2022 DISC: 5/09/2022			1099: N		
		ANCHOR SETTING TOOL			604 49570-221	MAINT. AND REPAIR SUPPLI	7.49CR
I-94188054		ELEC TAPE/CODING TAPE		121.80			
5/11/2022	APBNK	DUE: 6/05/2022 DISC: 6/05/2022			1099: N		
		ELEC TAPE/CODING TAPE			604 49570-221	MAINT. AND REPAIR SUPPLI	121.80
		=== VENDOR TOTALS ===		114.31			
=====							
01-4319	BREAKTHRU BEVERAGE MN						
I-344090537		PURCHASE LIQUOR		7,189.34			
5/13/2022	APBNK	DUE: 6/12/2022 DISC: 6/12/2022			1099: N		
		PURCHASE LIQUOR			609 49750-261	PURCHASES - LIQUOR	7,071.02
		FREEIGHT			609 49750-333	FREIGHT	118.32
		=== VENDOR TOTALS ===		7,189.34			

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-----ID-----			GROSS	P.O. #		
POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====						
I-1502	CINTAS CORPORATION					
I-4118885658		GRAY MATS	7.92			
5/10/2022	APBNK	DUE: 5/20/2022 DISC: 5/20/2022		1099: N		
		GRAY MATS		101 41940-223	BUILDINGS MAINT. SUPPLIE	7.92
I-4119039793		GRAY MATS/COVERALLS	205.54			
5/11/2022	APBNK	DUE: 5/21/2022 DISC: 5/21/2022		1099: N		
		GRAY MATS/COVERALLS		101 43100-210	OPERATING SUPPLIES	68.51
		GRAY MATS/COVERALLS		604 49570-210	OPERATING SUPPLIES	68.51
		GRAY MATS/COVERALLS		605 49610-210	OPERATING SUPPLIES	68.52
I-4119039902		CINTAS CORPORATION	19.25			
5/11/2022	APBNK	DUE: 5/21/2022 DISC: 5/21/2022		1099: N		
		CINTAS CORPORATION		609 49750-210	OPERATING SUPPLIES	19.25
I-4119726709		BLUE MATS	9.36			
5/18/2022	APBNK	DUE: 5/28/2022 DISC: 5/28/2022		1099: N		
		BLUE MATS		101 42200-210	OPERATING SUPPLIES	9.36
I-4119726739		SHOP TOWELS/MATS/COVERALLS	222.01			
5/18/2022	APBNK	DUE: 5/28/2022 DISC: 5/28/2022		1099: N		
		SHOP TOWELS/MATS/COVERALLS		101 43100-210	OPERATING SUPPLIES	128.60
		SHOP TOWELS/MATS/COVERALLS		605 49610-210	OPERATING SUPPLIES	46.70
		SHOP TOWELS/MATS/COVERALLS		604 49570-210	OPERATING SUPPLIES	46.71
		=== VENDOR TOTALS ===	464.08			
=====						
I-4680	CIRCLE K FLEET					
I-80764435		CIRCLE K FLEET	1,761.27			
5/17/2022	APBNK	DUE: 5/17/2022 DISC: 5/17/2022		1099: N		
		CIRCLE K FLEET		101 42100-212	GASOLINE AND DIESEL FUEL	1,761.27
		=== VENDOR TOTALS ===	1,761.27			
=====						
I-4680	CIRCLE K FLEET					
I-80764446		M. HAFIELD/GASOLINE FOR TRAV	88.51			
5/08/2022	APBNK	DUE: 5/08/2022 DISC: 5/08/2022		1099: N		
		M. HAFIELD/GASOLINE FOR TRAVE		101 43100-331	TRAVEL & TRAINING	88.51
		=== VENDOR TOTALS ===	88.51			

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-----ID-----			GROSS	P.O. #		
POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====						
1-4534	CR	CONSUMER REPORTS				
=====						
I-202205194341		MAGAZINE RENEWAL	30.00			
5/10/2022	APBNK	DUE: 6/09/2022 DISC: 6/09/2022		1099: N		
		MAGAZINE RENEWAL		211 45500-435	BOOKS AND PERIODICALS	30.00
=== VENDOR TOTALS ===			30.00			
=====						
1-0483	DEMCO					
=====						
I-7128741		DVD SECURITY CASES	295.55			
5/16/2022	APBNK	DUE: 6/15/2022 DISC: 6/15/2022		1099: N		
		DVD SECURITY CASES		211 45500-210	OPERATING SUPPLIES	295.55
=== VENDOR TOTALS ===			295.55			
=====						
1-2014	FRONTIER ENERGY, INC.					
=====						
I-189408		PROF. SRVS 4/1-4/30 2022	1,037.34			
5/09/2022	APBNK	DUE: 6/08/2022 DISC: 6/08/2022		1099: N		
		PROF. SRVS 4/1-4/30 2022		604 49590-446	CONSERVATION IMPROVEMENT	1,037.34
=== VENDOR TOTALS ===			1,037.34			
=====						
11-0536	FURTHER					
=====						
I-MAY		PARTICIPANT FEE	82.80			
5/05/2022	APBNK	DUE: 6/04/2022 DISC: 6/04/2022		1099: N		
		PARTICIPANT FEE		101 41400-135	Other Employee Benefits	9.20
		PARTICIPANT FEE		101 41550-135	OTHER EMPLOYEE BENEFITS	4.60
		PARTICIPANT FEE		101 42100-135	Other Employee Benefits	4.60
		PARTICIPANT FEE		101 43100-135	Other Employee Benefits	9.20
		PARTICIPANT FEE		601 49440-135	Other Employee Benefits	16.10
		PARTICIPANT FEE		604 49590-135	Other Employee Benefits	9.20
		PARTICIPANT FEE		605 49620-135	Other Employee Benefits	13.80
		PARTICIPANT FEES		602 49490-135	Other Employee Benefits	6.90
		PARTICIPANT FEES		609 49750-135	Other Employee Benefits	9.20
=== VENDOR TOTALS ===			82.80			
=====						
11-0382	GOODIN COMPANY					
=====						
I-03812661-00		BOLT PACK/RING GASKET	270.57			
5/11/2022	APBNK	DUE: 6/10/2022 DISC: 6/10/2022		1099: N		
		BOLT PACK/RING GASKET		602 49480-221	MAINT. AND REPAIR SUPPLI	270.57
=====						
I-03812950-00		ROYAL CLOSET FLUSH VALVE/URIN	611.84			
5/11/2022	APBNK	DUE: 6/10/2022 DISC: 6/10/2022		1099: N		
		ROYAL CLOSET FLUSH VALVE/URINA		660 45183-223	BUILDING MAINT. SUPPLIES	611.84
=== VENDOR TOTALS ===			882.41			

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-----ID-----			GROSS	P.O. #		
POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====						
1-2836	GREAT LAKES PIPE SERVICE, INC.					
=====						
I-22026		SANITARY SEWER CLEANING	2,934.00			
5/12/2022	APBNK	DUE: 5/12/2022 DISC: 5/12/2022		1099: N		
		SANITARY SEWER CLEANING		602 49450-300	PROFESSIONAL SERVICES	2,934.00
=== VENDOR TOTALS ===			2,934.00			
=====						
1-4582	KATHRYN GROENEVELD					
=====						
I-05/01/22-08/15/22		PAYROLL REIMB. MAY 1-15, 2022	1,007.33			
5/16/2022	APBNK	DUE: 6/15/2022 DISC: 6/15/2022		1099: Y		
		PAYROLL REIMB. MAY 1-15, 2022		660 45183-303	CONTRACTUAL SERVICES	942.00
		SHOWER LINERS		660 45183-223	BUILDING MAINT. SUPPLIES	65.33
=== VENDOR TOTALS ===			1,007.33			
=====						
1-0386	HACH COMPANY					
=====						
I-13019883		KIT MAINT FOR CL17'S	420.45			
5/05/2022	APBNK	DUE: 6/04/2022 DISC: 6/04/2022		1099: N		
		KIT MAINT FOR CL17'S		601 49420-216	CHEMICALS	420.45
=== VENDOR TOTALS ===			420.45			
=====						
11-6044	JOLENE HURD					
=====						
I-REFUND		COMM CENTER REFUND/JUNE 11	50.00			
5/12/2022	APBNK	DUE: 6/11/2022 DISC: 6/11/2022		1099: N		
		COMM CENTER REFUND/JUNE 11		101 36220	RENTS	50.00
=== VENDOR TOTALS ===			50.00			
=====						
11-0783	INGRAM LIBRARY SERVICES					
=====						
I-59229548		PURCHASE BOOKS	228.86			
4/28/2022	APBNK	DUE: 5/28/2022 DISC: 5/28/2022		1099: N		
		PURCHASE BOOKS		211 45500-435	BOOKS AND PERIODICALS	228.86
I-59312408		PURCHASE BOOKS	105.04			
5/03/2022	APBNK	DUE: 6/02/2022 DISC: 6/02/2022		1099: N		
		PURCHASE BOOKS		211 45500-435	BOOKS AND PERIODICALS	105.04
I-59460313		PURCHASE BOOKS	290.25			
5/11/2022	APBNK	DUE: 6/10/2022 DISC: 6/10/2022		1099: N		
		PURCHASE BOOKS		211 45500-435	BOOKS AND PERIODICALS	290.25
=== VENDOR TOTALS ===			624.15			

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-----ID-----			GROSS	P.O. #		
POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====						
1-3436		INNOVATIVE OFFICE SOLUTIONS, L				
I-3789062		DESK JET INK CARTRIDGE	22.80			
5/13/2022	APBNK	DUE: 6/12/2022 DISC: 6/12/2022		1099: N		
		DESK JET INK CARTRIDGE		101 42100-201	OFFICE SUPPLIES AND EXPE	22.80
		=== VENDOR TOTALS ===	22.80			
=====						
1-4759		IOWA WESTERN COMMUNITY COLLEGE				
I-202205194343		COST SHARE SUMMER VISTA MEMBE	250.00			
5/17/2022	APBNK	DUE: 5/17/2022 DISC: 5/17/2022		1099: N		
		COST SHARE SUMMER VISTA MEMBER		211 45500-103	PART TIME SALARIES	250.00
		=== VENDOR TOTALS ===	250.00			
=====						
1-4023		ITRON, INC.				
I-619219		MAINT. 5/1/22-4/30/23	4,009.56			
5/01/2022	APBNK	DUE: 5/01/2022 DISC: 5/01/2022		1099: N		
		MAINT. 5/1/22-4/30/23		601 49440-433	DUES AND SUBSCRIPTIONS	35.79
		MAINT. 5/1/22-4/30/23		602 49490-433	DUES AND SUBSCRIPTIONS	875.19
		MAINT. 5/1/22-4/30/23		604 49590-433	DUES AND SUBSCRIPTIONS	2,297.44
		MAINT. 5/1/22-4/30/23		605 49620-433	DUES AND SUBSCRIPTIONS	751.77
		MAINT. 5/1/22-4/30/23		651 49520-433	DUES AND SUBSCRIPTIONS	49.37
		=== VENDOR TOTALS ===	4,009.56			
=====						
11-0399		JOHNSON BROS LIQUOR CO				
I-2050516		PURCHASE LIQUOR	3,808.24			
5/12/2022	APBNK	DUE: 6/11/2022 DISC: 6/11/2022		1099: N		
		PURCHASE LIQUOR		609 49750-261	PURCHASES - LIQUOR	2,029.38
		PURCHASE WINE		609 49750-263	PURCHASES - WINE	1,661.94
		FREIGHT		609 49750-333	FREIGHT	116.92
I-2050517		PURCHASE BEER	30.00			
5/12/2022	APBNK	DUE: 6/11/2022 DISC: 6/11/2022		1099: N		
		PURCHASE BEER		609 49750-262	PURCHASES - BEER	30.00
I-2055346		PURCHASE LIQUOR	4,331.48			
5/19/2022	APBNK	DUE: 6/18/2022 DISC: 6/18/2022		1099: N		
		PURCHASE LIQUOR		609 49750-261	PURCHASES - LIQUOR	3,520.61
		PURCHASE WINE		609 49750-263	PURCHASES - WINE	552.27
		PURCHASE MIX		609 49750-264	PURCHASES - MIX	69.00
		FREIGHT		609 49750-333	FREIGHT	189.60
		=== VENDOR TOTALS ===	8,169.72			

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-----ID-----				GROSS	P.O. #		
POST DATE	BANK CODE	-----DESCRIPTION-----		DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====							
1-1187		KINECT ENERGY GROUP-ACH					
=====							
I-202205164333		APRIL USAGE		221,724.42			
5/11/2022	APBNK	DRAFT	0/00/0000		1099: N		
		APRIL USAGE			605 49600-251	PURCHASE GAS FOR RESALE	221,724.42
=== VENDOR TOTALS ===				221,724.42			
=====							
1-4535		LERNER PUBLISHING GROUP					
=====							
I-1421918		BOOK		13.49			
5/06/2022	APBNK	DUE: 6/05/2022 DISC: 6/05/2022			1099: N		
		BOOK			211 45500-435	BOOKS AND PERIODICALS	13.49
=== VENDOR TOTALS ===				13.49			
=====							
1-1037		LINDE GAS & EQUIPMENT INC					
=====							
I-69581242		ACETYLENE		310.87			
4/22/2022	APBNK	DUE: 5/22/2022 DISC: 5/22/2022			1099: N		
		ACETYLENE			101 43100-404	EQUIP. MAINTENANCE CONTR	310.87
=== VENDOR TOTALS ===				310.87			
=====							
1-4711		MAVERICK WINE CO					
=====							
I-776695		PURCHASE LIQUOR		1,078.02			
5/16/2022	APBNK	DUE: 5/16/2022 DISC: 5/16/2022			1099: N		
		PURCHASE LIQUOR			609 49750-261	PURCHASES - LIQUOR	456.00
		PURCHASE WINE			609 49750-263	PURCHASES - WINE	592.02
		FREIGHT			609 49750-333	FREIGHT	30.00
=== VENDOR TOTALS ===				1,078.02			
=====							
1-0765		MENARDS-WEST DULUTH					
=====							
I-5653		PINE-SOL/CAULK/VALVE		121.99			
5/18/2022	APBNK	DUE: 6/17/2022 DISC: 6/17/2022			1099: N		
		PINE-SOL/CAULK/VALVE			601 49420-210	OPERATING SUPPLIES	121.99
=====							
I-56636		CLEANING SUPPLIES/CUTTING WHL		58.06			
5/11/2022	APBNK	DUE: 6/10/2022 DISC: 6/10/2022			1099: N		
		CLEANING SUPPLIES/CUTTING WHL			602 49480-210	OPERATING SUPPLIES	58.06
=== VENDOR TOTALS ===				180.05			

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-----ID-----			GROSS	P.O. #		
POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====						
1-4004	METERING & TECHNOLOGY SOLUTION					
I-22613		M179 GALLON 6 DIAL	121.90			
4/01/2022	APBNK	DUE: 4/01/2022 DISC: 4/01/2022		1099: N		
		M179 GALLON 6 DIAL		601 49430-229	METERS AND TRANSFORMERS	121.90
=== VENDOR TOTALS ===			121.90			
=====						
1-0697	MICHAUD DIST. CORP.					
I-366878		PURCHASE BEER	1,870.20			
5/11/2022	APBNK	DUE: 6/10/2022 DISC: 6/10/2022		1099: N		
		PURCHASE BEER		609 49750-262	PURCHASES - BEER	1,688.00
		PURCHASE MIX		609 49750-264	PURCHASES - MIX	179.20
		FREIGHT		609 49750-333	FREIGHT	3.00
=== VENDOR TOTALS ===			1,870.20			
=====						
11-2269	MIDWEST TAPE					
I-502035950		DVD'S	116.19			
4/28/2022	APBNK	DUE: 5/28/2022 DISC: 5/28/2022		1099: N		
		DVD'S		211 45500-434	AUDIO AND VIDEO TAPES	102.20
		DVD'S		211 45500-434	AUDIO AND VIDEO TAPES	13.99
I-502072920		DVD'S/ MUSIC DVD'S	47.22			
5/05/2022	APBNK	DUE: 6/04/2022 DISC: 6/04/2022		1099: N		
		DVD'S/ MUSIC DVD'S		211 45500-434	AUDIO AND VIDEO TAPES	23.24
		DVD'S/ MUSIC DVD'S		211 45500-434	AUDIO AND VIDEO TAPES	23.98
I-502072922		DVD'S/MUSIC DVD'S	193.41			
5/05/2022	APBNK	DUE: 6/04/2022 DISC: 6/04/2022		1099: N		
		DVD'S/MUSIC DVD'S		211 45500-434	AUDIO AND VIDEO TAPES	179.42
		DVD'S/MUSIC DVD'S		211 45500-434	AUDIO AND VIDEO TAPES	13.99
=== VENDOR TOTALS ===			356.82			
=====						
01-4758	MILTON ROPES					
I-202205164332		REFUND OVERPAYMENT	385.59			
5/12/2022	APBNK	DUE: 5/12/2022 DISC: 5/12/2022		1099: N		
		REFUND OVERPAYMENT		604 10100	CASH	385.59
=== VENDOR TOTALS ===			385.59			

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-----ID-----		GROSS		P.O. #		DISCOUNT		G/L ACCOUNT		-----ACCOUNT NAME-----		DISTRIBUTION	
POST DATE	BANK CODE	-----DESCRIPTION-----											
=====													
1-1267 MN DEPT OF REVENUE													
=====													
I-APRIL SALES/USE		APRIL SALES & USE TAX		53,721.00									
5/19/2022	APBNK	DRAFT 0/00/0000		1099: N									
		APRIL SALES & USE TAX		241 20800		DUE TO OTHER GOVT UNITS				980.00			
		APRIL SALES & USE TAX		601 20800		DUE TO OTHER GOVT UNITS-				2,185.00			
		APRIL SALES & USE TAX		604 20800		DUE TO OTHER GOVT UNITS-				18,798.00			
		APRIL SALES & USE TAX		605 20800		DUE TO OTHER GOVT UNITS-				6,330.00			
		APRIL SALES & USE TAX		609 20800		DUE TO OTHER GOVT UNITS-				20,894.00			
		APRIL SALES & USE TAX		660 20800		DUE TO OTHER GOVTS UNITS				2,222.00			
		APRIL SALES & USE TAX		660 20802		DUE TO GOVT - LODGING				1,326.00			
		APRIL SALES & USE TAX		604 49590-439		MISCELLANEOUS				857.75			
		APRIL SALES & USE TAX		605 49620-439		MISCELLANEOUS				85.33			
		APRIL SALES & USE TAX		660 45183-439		MISCELLANEOUS				42.92			
=== VENDOR TOTALS ===				53,721.00									
=====													
1-4566 O'REILLY AUTO PARTS													
=====													
I-3972.-367166		ANTIFREEZE		41.98									
5/05/2022	APBNK	DUE: 5/05/2022 DISC: 5/05/2022		1099: N									
		ANTIFREEZE		101 43126-221		MAINT. AND REPAIR SUPPLI				41.98			
=== VENDOR TOTALS ===				41.98									
=====													
11-0845 PARK STATE BANK													
=====													
I-341030000465		9 MO CD @.92% MAT 2.23.23		250,000.00									
5/19/2022	APBNK	DRAFT 0/00/0000		1099: N									
		9 MO CD @.92% MAT 2.23.23		609 10400		INVESTMENTS				250,000.00			
=== VENDOR TOTALS ===				250,000.00									
=====													
11-2491 PENWORTHY													
=====													
I-0581631		PURCHASE BOOKS		207.43									
5/10/2022	APBNK	DUE: 6/09/2022 DISC: 6/09/2022		1099: N									
		PURCHASE BOOKS		211 45500-469		GRANTS, CONTRIB & DONA				207.43			
=== VENDOR TOTALS ===				207.43									
=====													
01-2113 PER MAR													
=====													
I-2778035		CH MONITORING SERVICES		153.18									
5/08/2022	APBNK	DUE: 5/28/2022 DISC: 5/28/2022		1099: N									
		CH MONITORING SERVICES		101 41940-404		EQUIP. MAINTENANCE CONTR				153.18			
=====													
I-cemetery		CEMETERY MONITORING		74.16									
5/08/2022	APBNK	DUE: 5/28/2022 DISC: 5/28/2022		1099: N									
		CEMETERY MONITORING		101 49001-404		EQUIP. MAINTENANCE CONTR				74.16			
=== VENDOR TOTALS ===				227.34									

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POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====						
1-1945		PHIL'S GARAGE DOOR SERVICE				
=====						
I-52227		INSTALL NEW GARAGE DOOR	8,350.00			
5/06/2022	APBNK	DUE: 5/21/2022 DISC: 5/21/2022		1099: N		
		INSTALL NEW GARAGE DOOR		101 43100-223	BUILDING MAINT. SUPPLIES	8,350.00
=====						
I-52228		INSTALL PHOTO EYE ON DOOR	1,554.50			
5/06/2022	APBNK	DUE: 5/21/2022 DISC: 5/21/2022		1099: N		
		INSTALL PHOTO EYE ON DOOR		101 43100-223	BUILDING MAINT. SUPPLIES	1,554.50
=====						
		=== VENDOR TOTALS ===	9,904.50			
=====						
1-0432		PHILLIPS WINE & SPIRITS ST.				
=====						
I-6395106		PURCHASE LIQUOR	2,892.23			
5/12/2022	APBNK	DUE: 6/11/2022 DISC: 6/11/2022		1099: N		
		PURCHASE LIQUOR		609 49750-261	PURCHASES - LIQUOR	2,397.00
		PURCHASE WINE		609 49750-263	PURCHASES - WINE	403.10
		FREIGHT		609 49750-333	FREIGHT	92.13
=====						
I-6395691		PURCHASE LIQUOR	732.00			
5/12/2022	APBNK	DUE: 6/11/2022 DISC: 6/11/2022		1099: N		
		PURCHASE LIQUOR		609 49750-261	PURCHASES - LIQUOR	732.00
=====						
I-6398872		PURCHASE LIQUOR	4,098.15			
5/19/2022	APBNK	DUE: 6/18/2022 DISC: 6/18/2022		1099: N		
		PURCHASE LIQUOR		609 49750-261	PURCHASES - LIQUOR	3,808.50
		PURCHASE WINE		609 49750-263	PURCHASES - WINE	141.25
		PURCHASE MIX		609 49750-264	PURCHASES - MIX	26.00
		FREIGHT		609 49750-333	FREIGHT	122.40
=====						
		=== VENDOR TOTALS ===	7,722.38			
=====						
1-4742		PITNEY BOWES BANK INC PURCHASE				
=====						
I-202205164334		POSTAGE	1,529.99			
5/11/2022	APBNK	DUE: 5/11/2022 DISC: 5/11/2022		1099: N		
		POSTAGE		101 41400-201	OFFICE SUPPLIES AND EXPE	212.44
		POSTAGE		601 49440-202	POSTAGE	11.76
		POSTAGE		602 49490-202	POSTAGE	287.59
		POSTAGE		604 49590-202	POSTAGE	754.94
		POSTAGE		605 49620-202	POSTAGE	247.03
		POSTAGE		651 49520-202	POSTAGE	16.23
=====						
		=== VENDOR TOTALS ===	1,529.99			

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POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====						
1-3988 SANCO SUPPLY INC.						
I-26889		WHITE TOWEL ROLLS/BOWL BRUSH	158.27			
5/12/2022	APBNK	DUE: 6/11/2022 DISC: 6/11/2022		1099: N		
		WHITE TOWEL ROLLS/BOWL BRUSH		101 41940-223	BUILDINGS MAINT. SUPPLIE	158.27
I-26891		ROLL TOWEL/TP/SWIFFER DUSTER	183.33			
5/12/2022	APBNK	DUE: 6/11/2022 DISC: 6/11/2022		1099: N		
		ROLL TOWEL/TP/SWIFFER DUSTER		211 45500-223	BUILDINGS MAINT. SUPPLIE	183.33
I-26892		BOWL BRUSH/WHITE ROLL TOWEL	86.47			
5/12/2022	APBNK	DUE: 6/11/2022 DISC: 6/11/2022		1099: N		
		BOWL BRUSH/WHITE ROLL TOWEL		101 45185-223	BUILDINGS MAINT. SUPPLIE	86.47
=== VENDOR TOTALS ===			428.07			
=====						
1-0606 SANDSTROM'S						
I-405681		PURCHASE CIGARETTES	1,303.16			
5/10/2022	APBNK	DUE: 6/10/2022 DISC: 6/10/2022		1099: N		
		PURCHASE CIGARETTES		609 49750-269	PURCHASES - MERCHANDISE	1,295.21
		FREIGHT		609 49750-333	FREIGHT	7.95
=== VENDOR TOTALS ===			1,303.16			
=====						
11-0917 SIGN SOLUTIONS						
I-401415		SIGN PARTS	1,025.77			
5/10/2022	APBNK	DUE: 6/09/2022 DISC: 6/09/2022		1099: N		
		SIGN PARTS		101 43127-210	OPERATING SUPPLIES	1,025.77
=== VENDOR TOTALS ===			1,025.77			
=====						
11-0687 SIGNATURE CONCEPTS						
I-331125		SWEATSHIRT HOODIES	1,632.00			
5/16/2022	APBNK	DUE: 6/15/2022 DISC: 6/15/2022		1099: N		
		SWEATSHIRT HOODIES		660 45183-240	PURCHASES - APPAREL	1,632.00
I-331159		BALL CAPS	856.60			
5/10/2022	APBNK	DUE: 6/09/2022 DISC: 6/09/2022		1099: N		
		BALL CAPS		660 45183-240	PURCHASES - APPAREL	856.60
=== VENDOR TOTALS ===			2,488.60			

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POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====						
1-4463		SOUTHERN GLAZER'S WINE & SPIRI				
I-2210368		PURCHASE LIQUOR	3,846.07			
5/11/2022	APBNK	DUE: 6/10/2022 DISC: 6/10/2022		1099: N		
		PURCHASE LIQUOR		609 49750-261	PURCHASES - LIQUOR	3,331.10
		PURCHASE WINE		609 49750-263	PURCHASES - WINE	426.00
		FRIEGHT		609 49750-333	FREIGHT	88.97
=====						
I-2212856		PURCHASE LIQUOR	3,738.85			
5/18/2022	APBNK	DUE: 6/17/2022 DISC: 6/17/2022		1099: N		
		PURCHASE LIQUOR		609 49750-261	PURCHASES - LIQUOR	3,279.28
		PURCHASE WINE		609 49750-263	PURCHASES - WINE	388.00
		FREIGHT		609 49750-333	FREIGHT	71.57
=====						
I-2212857		FREIGHT	1.02			
5/18/2022	APBNK	DUE: 6/17/2022 DISC: 6/17/2022		1099: N		
		FREIGHT		609 49750-333	FREIGHT	1.02
=====						
		=== VENDOR TOTALS ===	7,585.94			
=====						
11-0914		STAPLES				
I-3507406422		REPL INK/POST ITS/PENS	52.66			
5/07/2022	APBNK	DUE: 6/06/2022 DISC: 6/06/2022		1099: N		
		REPL INK/POST ITS/PENS		101 41400-201	OFFICE SUPPLIES AND EXPE	7.31
		REPL INK/POST ITS/PENS		601 49440-201	OFFICE SUPPLIES AND EXPE	0.40
		REPL INK/POST ITS/PENS		602 49490-201	OFFICE SUPPLIES AND EXPE	9.90
		REPL INK/POST ITS/PENS		604 49590-201	OFFICE SUPPLIES AND EXPE	25.98
		REPL INK/POST ITS/PENS		605 49620-201	OFFICE SUPPLIES AND EXPE	8.50
		REPL INK/POST ITS/PENS		651 49520-201	OFFICE SUPPLIES AND EXPE	0.57
=====						
		=== VENDOR TOTALS ===	52.66			
=====						
01-0637		SUPERIOR BEVERAGE				
C-1500140		BEER CREDIT	17.20CR			
5/12/2022	APBNK	DUE: 5/12/2022 DISC: 5/12/2022		1099: N		
		BEER CREDIT		609 49750-262	PURCHASES - BEER	17.20CR
=====						
C-1500142		BEER CREDIT	23.25CR			
5/13/2022	APBNK	DUE: 5/13/2022 DISC: 5/13/2022		1099: N		
		BEER CREDIT		609 49750-261	PURCHASES - LIQUOR	23.25CR
=====						
I-20018887		PURCHASE BEER	5,031.40			
5/12/2022	APBNK	DUE: 6/11/2022 DISC: 6/11/2022		1099: N		
		PURCHASE BEER		609 49750-261	PURCHASES - LIQUOR	5,028.40
		FREIGHT		609 49750-333	FREIGHT	3.00

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CHECK: 02572 MAY 24, 2022 CHECK RUN

ENDOR SET: 01 CITY OF TWO HARBORS

SEQUENCE : ALPHABETIC

DE TO/FROM ACCOUNTS SUPPRESSED

-----ID-----				GROSS	P.O. #		
POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION	
=====							
1-0637	SUPERIOR BEVERAGE	(** CONTINUED **)					
I-20018888		PURCHASE MIX	18.00				
5/12/2022	APBNK	DUE: 6/11/2022 DISC: 6/11/2022		1099: N			
		PURCHASE MIX		609 49750-264	PURCHASES - MIX	18.00	
I-20019298		PURCHASE LIQUOR	606.15				
5/19/2022	APBNK	DUE: 6/18/2022 DISC: 6/18/2022		1099: N			
		PURCHASE LIQUOR		609 49750-261	PURCHASES - LIQUOR	606.15	
I-20019299		PURCHASE LIQUOR	5,658.50				
5/19/2022	APBNK	DUE: 6/18/2022 DISC: 6/18/2022		1099: N			
		PURCHASE LIQUOR		609 49750-261	PURCHASES - LIQUOR	5,575.30	
		PURCHASE MIX		609 49750-264	PURCHASES - MIX	79.20	
		FREIGHT		609 49750-333	FREIGHT	4.00	
		=== VENDOR TOTALS ===	11,273.60				
=====							
1-2322	TWIN PORTS PAPER & SUPPLY INC						
I-519497		BATHROOM CLEANING SUPPLIES	801.03				
5/12/2022	APBNK	DUE: 5/27/2022 DISC: 5/27/2022		1099: N			
		BATHROOM CLEANING SUPPLIES		660 45183-223	BUILDING MAINT. SUPPLIES	801.03	
I-519668		WYPALL WIPER	55.53				
5/11/2022	APBNK	DUE: 5/26/2022 DISC: 5/26/2022		1099: N			
		WYPALL WIPER		660 45183-223	BUILDING MAINT. SUPPLIES	55.53	
		=== VENDOR TOTALS ===	856.56				
=====							
1-0459	TWO HARBORS PETTY CASH						
I-202205174335		J. BRANT MMUA TRAINING	96.00				
5/17/2022	APBNK	DUE: 6/16/2022 DISC: 6/16/2022		1099: N			
		J. BRANT MMUA TRAINING		604 49570-331	TRAVEL & TRAINING	96.00	
I-202205174336		P. JOHNSON - MMUA TRAINING	96.00				
5/17/2022	APBNK	DUE: 6/16/2022 DISC: 6/16/2022		1099: N			
		P. JOHNSON - MMUA TRAINING		605 49610-331	TRAVEL & TRAINING	96.00	
I-202205174337		B. PRINCE - MMUA TRAINING	96.00				
5/17/2022	APBNK	DUE: 6/16/2022 DISC: 6/16/2022		1099: N			
		B. PRINCE - MMUA TRAINING		604 49570-331	TRAVEL & TRAINING	96.00	
		=== VENDOR TOTALS ===	288.00				

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ENDOR SET: 01 CITY OF TWO HARBORS

SEQUENCE : ALPHABETIC

JE TO/FROM ACCOUNTS SUPPRESSED

-----ID-----		GROSS		P.O. #		-----ACCOUNT NAME-----		DISTRIBUTION	
POST DATE	BANK CODE	-----DESCRIPTION-----		DISCOUNT	G/L ACCOUNT				
=====									
1-3865	TWO HARBORS TOWING INC.								

I-14870		TOOL CAT HAUL		103.43					
5/11/2022	APBNK	DUE: 5/11/2022 DISC: 5/11/2022			1099: N				
		TOOL CAT HAUL			101 43100-210	OPERATING SUPPLIES	103.43		
=== VENDOR TOTALS ===				103.43					
=====									
1-0484	UHL COMPANY								

I-68276		HVAC PREVENTATIVE MAINT		2,338.50					
5/09/2022	APBNK	DUE: 5/09/2022 DISC: 5/09/2022			1099: N				
		HVAC PREVENTATIVE MAINT			211 45500-404	EQUIP. MAINT. CONTRACTS	2,338.50		
=== VENDOR TOTALS ===				2,338.50					
=====									
1-0788	URSA MINOR BREWING LLC								

I-E1904		PURCHASE BEER		706.46					
5/18/2022	APBNK	DUE: 6/17/2022 DISC: 6/17/2022			1099: N				
		PURCHASE BEER			609 49750-262	PURCHASES - BEER	706.46		
=== VENDOR TOTALS ===				706.46					
=====									
11-0774	VIKING ELECTRIC SUPPLY								

I-S005762131.001		#10 X 1 SCREW ANCHOR		12.51					
4/28/2022	APBNK	DUE: 5/25/2022 DISC: 5/25/2022			1099: N				
		#10 X 1 SCREW ANCHOR			604 49570-221	MAINT. AND REPAIR SUPPLI	12.51		

I-S005762131.002		W-MOLD/SWITCH		25.77					
4/29/2022	APBNK	DUE: 5/25/2022 DISC: 5/25/2022			1099: N				
		W-MOLD/SWITCH			604 49570-221	MAINT. AND REPAIR SUPPLI	25.77		
=== VENDOR TOTALS ===				38.28					
=====									
11-3335	VINOCOPIA, INC.								

I-304285		PURCHASE LIQUOR		4,081.97					
5/16/2022	APBNK	DUE: 6/15/2022 DISC: 6/15/2022			1099: N				
		PURCHASE LIQUOR			609 49750-261	PURCHASES - LIQUOR	2,932.37		
		PURCHASE WINE			609 49750-263	PURCHASES - WINE	1,093.35		
		FREIGHT			609 49750-333	FREIGHT	56.25		
=== VENDOR TOTALS ===				4,081.97					

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VENDOR SET: 01 CITY OF TWO HARBORS

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DELETED TO/FROM ACCOUNTS SUPPRESSED

-----ID-----			GROSS	P.O. #		
POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====						
1-4254	VISA					
=====						
I-202205184339		CHARGING STATION/GEAR KEEPER	1,666.98			
5/16/2022	APBNK	DUE: 5/16/2022 DISC: 5/16/2022		1099: N		
		CHARGING STATION/GEAR KEEPER		101 42200-210	OPERATING SUPPLIES	1,666.98
=== VENDOR TOTALS ===			1,666.98			
=====						
1-4254	VISA					
=====						
I-202205184340		WONDER WRKSHP/NEWS TRIBUNE	819.35			
4/29/2022	APBNK	DUE: 4/29/2022 DISC: 4/29/2022		1099: N		
		NEWS TRIBUNE		211 45500-435	BOOKS AND PERIODICALS	295.88
		DVD'S		211 45500-469	GRANTS, CONTRIB & DONA	95.38
		WONDER WORKSHOP		211 45500-469	GRANTS, CONTRIB & DONA	428.09
=== VENDOR TOTALS ===			819.35			
=====						
11-0666	WINEBOW					
=====						
I-MN00112755		PURCHASE WINE	2,846.00			
5/12/2022	APBNK	DUE: 6/11/2022 DISC: 6/11/2022		1099: N		
		PURCHASE WINE		609 49750-263	PURCHASES - WINE	2,797.00
		FREGITH		609 49750-333	FREIGHT	49.00
=== VENDOR TOTALS ===			2,846.00			
=====						
11-0729	WRS IMPORTS					
=====						
I-3384		PURCHASE LIQUOR	612.00			
5/11/2022	APBNK	DUE: 6/10/2022 DISC: 6/10/2022		1099: N		
		PURCHASE LIQUOR		609 49750-261	PURCHASES - LIQUOR	600.00
		FREIGHT		609 49750-333	FREIGHT	12.00
=== VENDOR TOTALS ===			612.00			
=====						
11-0468	ZIEGLER INC.					
=====						
I-000535979		COIL AS	21.30			
5/13/2022	APBNK	DUE: 6/12/2022 DISC: 6/12/2022		1099: N		
		COIL AS		101 43100-221	MAINT. AND REPAIR SUPPLI	21.30
=== VENDOR TOTALS ===			21.30			
=== PACKET TOTALS ===			654,982.11			

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JE TO/FROM ACCOUNTS SUPPRESSED

** T O T A L S **

INVOICE TOTALS	655,035.21
DEBIT MEMO TOTALS	0.00
CREDIT MEMO TOTALS	53.10CR

BATCH TOTALS	654,982.11
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** G/L ACCOUNT TOTALS **

ANK	YEAR	ACCOUNT	NAME	AMOUNT	=====LINE ITEM=====			=====GROUP BUDGET=====		
					ANNUAL BUDGET	BUDGET AVAILABLE	OVER BUDG	ANNUAL BUDGET	BUDGET AVAILABLE	OVER BUDG
	2022	101-20200	ACCOUNTS PAYABLE	16,005.23-*						
		101-36220	*NON-EXPENSE	50.00	9,300-	4,800.00-				
		101-41400-135	Other Employee Benefits	9.20	700	741.74-	Y			
		101-41400-201	OFFICE SUPPLIES AND EXPE	219.75	17,050	15,607.58				
		101-41550-135	OTHER EMPLOYEE BENEFITS	4.60	0	23.00-	Y			
		101-41940-223	BUILDINGS MAINT. SUPPLIE	166.19	25,000	14,913.67				
		101-41940-404	EQUIP. MAINTENANCE CONTR	153.18	2,250	1,259.94				
		101-42100-135	Other Employee Benefits	4.60	10,800	10,777.00				
		101-42100-201	OFFICE SUPPLIES AND EXPE	22.80	4,000	3,917.20				
		101-42100-212	GASOLINE AND DIESEL FUEL	1,761.27	15,100	7,958.39				
		101-42200-210	OPERATING SUPPLIES	1,750.34	12,000	2,606.30-	Y			
		101-43100-135	Other Employee Benefits	9.20	3,300	2,913.11				
		101-43100-210	OPERATING SUPPLIES	300.54	55,000	41,655.64				
		101-43100-221	MAINT. AND REPAIR SUPPLI	21.30	4,000	304.57				
		101-43100-223	BUILDING MAINT. SUPPLIES	9,904.50	6,500	5,178.66-	Y			
		101-43100-331	TRAVEL & TRAINING	88.51	2,950	8,286.70-	Y			
		101-43100-404	EQUIP. MAINTENANCE CONTR	310.87	2,000	270.12				
		101-43126-221	MAINT. AND REPAIR SUPPLI	41.98	53,200	27,276.76				
		101-43127-210	OPERATING SUPPLIES	1,025.77	10,000	5,807.31				
		101-45185-223	BUILDINGS MAINT. SUPPLIE	86.47	25,000	24,913.53				
		101-49001-404	EQUIP. MAINTENANCE CONTR	74.16	4,400	4,110.44				
		211-20200	ACCOUNTS PAYABLE	5,118.62-*						
		211-45500-103	PART TIME SALARIES	250.00	0	250.00-	Y			
		211-45500-210	OPERATING SUPPLIES	295.55	4,500	3,688.94				
		211-45500-223	BUILDINGS MAINT. SUPPLIE	183.33	2,000	1,734.90				
		211-45500-404	EQUIP. MAINT. CONTRACTS	2,338.50	10,000	6,271.61				
		211-45500-434	AUDIO AND VIDEO TAPES	356.82	5,000	4,072.71				
		211-45500-435	BOOKS AND PERIODICALS	963.52	20,000	13,981.10				
		211-45500-469	GRANTS, CONTRIB & DONA	730.90	0	3,255.86-	Y			
		241-20200	ACCOUNTS PAYABLE	980.00-*						
		241-20800	DUE TO OTHER GOVT UNITS	980.00						

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ENDOR SET: 01 CITY OF TWO HARBORS

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DELETED TO/FROM ACCOUNTS SUPPRESSED

** G/L ACCOUNT TOTALS **

ANK	YEAR	ACCOUNT	NAME	AMOUNT	ANNUAL BUDGET	BUDGET OVER AVAILABLE BUDG	ANNUAL BUDGET	BUDGET OVER AVAILABLE BUDG
		401-20200	ACCOUNTS PAYABLE	4,217.22-*				
		401-49100-530	IMPROVEMENTS	4,217.22	1,332,600	1275,580.28		
		601-20200	ACCOUNTS PAYABLE	2,925.96-*				
		601-20800	DUE TO OTHER GOVT UNITS-	2,185.00				
		601-49420-210	OPERATING SUPPLIES	121.99	15,500	13,681.17		
		601-49420-216	CHEMICALS	420.45	32,000	11,014.36		
		601-49430-229	METERS AND TRANSFORMERS	121.90	15,000	9,624.21		
		601-49440-135	Other Employee Benefits	16.10	2,550	2,294.50		
		601-49440-201	OFFICE SUPPLIES AND EXPE	12.97	3,350	3,241.63		
		601-49440-202	POSTAGE	11.76	700	674.16		
		601-49440-433	DUES AND SUBSCRIPTIONS	35.79	13,050	4,018.66		
		602-20200	ACCOUNTS PAYABLE	4,749.46-*				
		602-49450-300	PROFESSIONAL SERVICES	2,934.00	30,000	7,851.75		
		602-49480-210	OPERATING SUPPLIES	58.06	17,000	12,676.35		
		602-49480-221	MAINT. AND REPAIR SUPPLI	270.57	20,000	19,449.59		
		602-49490-135	Other Employee Benefits	6.90	2,000	1,532.41		
		602-49490-201	OFFICE SUPPLIES AND EXPE	317.15	29,350	27,067.78		
		602-49490-202	POSTAGE	287.59	5,900	5,405.56		
		602-49490-433	DUES AND SUBSCRIPTIONS	875.19	11,900	248.78- Y		
		604-10100	CASH	385.59				
		604-20200	ACCOUNTS PAYABLE	25,432.61-*				
		604-20800	DUE TO OTHER GOVT UNITS-	18,798.00				
		604-49570-210	OPERATING SUPPLIES	115.22	67,000	61,614.51		
		604-49570-221	MAINT. AND REPAIR SUPPLI	152.59	16,000	168.66- Y		
		604-49570-331	TRAVEL & TRAINING	192.00	7,950	1,942.98		
		604-49590-135	Other Employee Benefits	9.20	1,500	1,215.50		
		604-49590-201	OFFICE SUPPLIES AND EXPE	832.54	60,150	54,576.11		
		604-49590-202	POSTAGE	754.94	13,850	12,617.18		
		604-49590-433	DUES AND SUBSCRIPTIONS	2,297.44	17,600	9,639.83- Y		
		604-49590-439	MISCELLANEOUS	857.75	35,950	27,029.13		
		604-49590-446	CONSERVATION IMPROVEMENT	1,037.34	67,100	48,012.48		
		605-20200	ACCOUNTS PAYABLE	229,635.99-*				
		605-20800	DUE TO OTHER GOVT UNITS-	6,330.00				
		605-49600-251	PURCHASE GAS FOR RESALE	221,724.42	2,023,350	777,098.44		
		605-49610-210	OPERATING SUPPLIES	115.22	29,700	22,679.39		
		605-49610-331	TRAVEL & TRAINING	96.00	3,250	2,607.88		
		605-49620-135	Other Employee Benefits	13.80	1,650	1,221.02		
		605-49620-201	OFFICE SUPPLIES AND EXPE	272.42	21,200	19,442.00		
		605-49620-202	POSTAGE	247.03	4,400	4,004.23		
		605-49620-433	DUES AND SUBSCRIPTIONS	751.77	22,650	14,705.49		
		605-49620-439	MISCELLANEOUS	85.33	17,400	13,852.21		
		609-10400	INVESTMENTS	250,000.00				
		609-20200	ACCOUNTS PAYABLE	357,278.26-*				
		609-20800	DUE TO OTHER GOVT UNITS-	20,894.00				
		609-49750-135	Other Employee Benefits	9.20	250	204.00		

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** G/L ACCOUNT TOTALS **

ANK	YEAR	ACCOUNT	NAME	AMOUNT	ANNUAL BUDGET	BUDGET OVER AVAILABLE BUDG	ANNUAL BUDGET	BUDGET OVER AVAILABLE BUDG
		609-49750-210	OPERATING SUPPLIES	19.25	10,250	5,702.92		
		609-49750-261	PURCHASES - LIQUOR	42,048.21	664,100	390,529.25		
		609-49750-262	PURCHASES - BEER	33,315.86	1,077,950	748,876.60		
		609-49750-263	PURCHASES - WINE	8,054.93	277,950	191,338.68		
		609-49750-264	PURCHASES - MIX	566.79	24,350	12,695.18		
		609-49750-269	PURCHASES - MERCHANDISE	1,403.89	34,300	21,593.66		
		609-49750-333	FREIGHT	966.13	23,500	15,169.69		
		651-20200	ACCOUNTS PAYABLE	83.51-*				
		651-49520-201	OFFICE SUPPLIES AND EXPE	17.91	2,950	2,739.35		
		651-49520-202	POSTAGE	16.23	350	310.06		
		651-49520-433	DUES AND SUBSCRIPTIONS	49.37	250	739.12- Y		
		660-20200	ACCOUNTS PAYABLE	8,555.25-*				
		660-20800	DUE TO OTHER GOVTS UNITS	2,222.00				
		660-20802	DUE TO GOVT - LODGING	1,326.00				
		660-45183-223	BUILDING MAINT. SUPPLIES	1,533.73	15,000	9,866.27		
		660-45183-240	PURCHASES - APPAREL	2,488.60	18,950	2,193.26- Y		
		660-45183-303	CONTRACTUAL SERVICES	942.00	130,250	115,376.40		
		660-45183-439	MISCELLANEOUS	42.92	37,600	27,974.65		
		999-13101	DUE FROM GENERAL FUND	16,005.23 *				
		999-13211	DUE FROM LIBRARY FUND	5,118.62 *				
		999-13241	DUE FROM GOLF FUND	980.00 *				
		999-13401	DUE FROM CAPITAL EQUIPME	4,217.22 *				
		999-13601	DUE FROM WATER FUND	2,925.96 *				
		999-13602	DUE FROM SEWER FUND	4,749.46 *				
		999-13604	DUE FROM ELECTRIC FUND	25,432.61 *				
		999-13605	DUE FROM GAS FUND	229,635.99 *				
		999-13609	DUE FROM LIQUOR FUND	357,278.26 *				
		999-13651	DUE FROM STORMWATER UTIL	83.51 *				
		999-13660	DUE FROM CAMPGROUND FUND	8,555.25 *				
		** 2022 YEAR TOTALS		654,982.11				

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ACCOUNT: 02572 MAY 24, 2022 CHECK RUN
ENDOR SET: 01 CITY OF TWO HARBORS
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JE TO/FROM ACCOUNTS SUPPRESSED

** POSTING PERIOD RECAP **

FUND	PERIOD	AMOUNT
101	4/2022	310.87
101	5/2022	15,694.36
211	4/2022	1,164.40
211	5/2022	3,954.22
241	5/2022	980.00
401	5/2022	4,217.22
601	4/2022	121.90
601	5/2022	2,804.06
602	5/2022	4,749.46
604	4/2022	38.28
604	5/2022	25,394.33
605	5/2022	229,635.99
609	5/2022	357,278.26
651	5/2022	83.51
660	5/2022	8,555.25

NO ERRORS

NO WARNINGS

** END OF REPORT **

TOTAL ERRORS: 0 TOTAL WARNINGS: 0

TWO HARBORS CITY COUNCIL



AGENDA ITEM SUMMARY

AGENDA ITEM SUBJECT: *Considering approving invoice to Bolton & Menk for \$1,370 for professional services for the 2021 & 2022 Street & Alley Improvement Project*

ORIGINATING SOURCE/DEPARTMENT: *Street Improvement Fund*

FUNDING SOURCE: *Street Improvement Fund & Assessments*

BACKGROUND: *Submitting invoice for Bolton & Menk engineering services for \$651 from February 19, 2022 through April 1, 2022 for project management, coordination of Construction Contract for the street project.*

ESTIMATED DATE OF COMPLETION: **12/31/2022**

COMMITTEE/COMMISSION RECOMMENDATION: Click here to enter text.

ADMINISTRATION/STAFF RECOMMENDED COUNCIL ACTION:
Approve invoice for \$1,370 to Bolton & Menk

Agenda Item # CA 3

Meeting Date: 5/23/22



Real People. Real Solutions.

Please Remit To: Bolton & Menk, Inc.
 1960 Premier Drive | Mankato, MN 56001-5900
 507-625-4171 | 507-625-4177 (fax)

Payment by Credit Card Available Online at www.Bolton-Menk.com
 To Ensure Proper Credit, Provide Invoice Numbers with Payment

City of Two Harbors
 Miranda Pietila, Interim Administrator
 522 First Ave
 Two Harbors, MN 55616-1504

April 30, 2022
 Project No: N16.121170
 Invoice No: 0288380
 Client Account: TWOHARB_CI_MN

Two Harbors/2021-2022 Street Improvement**Professional Services from February 19, 2022 to April 1, 2022****Project Management (001)**

Project Management, Coordination and Correspondence; Newsletter Article; Assist City Staff with Response to Resident Questions

Professional Services

	Hours	Amount	
Principal	3.00	579.00	
Totals	3.00	579.00	
Total Labor			579.00
Total this Task			\$579.00

Construction Admin/Coordination - CSAH (017)

Coordination with Lake County on Project Issues Regarding Construction, Including: February 28th Meeting with County Staff to Discuss Schedule and Preparations for 2022 Construction; Calculations and Assistance to Determine Cost Breakdown Between City and County for Contaminated Materials on Change Order No. 5

Professional Services

	Hours	Amount	
Principal	2.00	386.00	
Project Engineer	3.00	405.00	
Totals	5.00	791.00	
Total Labor			791.00
Total this Task			\$791.00
Total this Invoice			\$1,370.00

TWO HARBORS CITY COUNCIL



AGENDA ITEM SUMMARY

AGENDA ITEM SUBJECT: Accepting with regret, a resignation from Alex Cavallin from the Two Harbors Fire Department

ORIGINATING SOURCE/DEPARTMENT: Mr. Cavallin

FUNDING SOURCE: n/a

BACKGROUND: Mr. Cavallin has determined that he cannot commit the necessary time needed to become proficient in his role as a member of the Fire Department.

ESTIMATED DATE OF COMPLETION: Click here to enter a date.

COMMITTEE/COMMISSION RECOMMENDATION: Click here to enter text.

ADMINISTRATION/STAFF RECOMMENDED COUNCIL ACTION: Staff recommends accepting the resignation and sending a letter of appreciation for his service.

Agenda Item # CA. 4 Meeting Date: 5/23/22

April 12, 2022

ATTN: CITY OF TWO HARBORS

RE: TWO HARBORS VOLUNTEER FIRE DEPARTMENT

After my one-year review of employment and discussions with the Fire Chief and my family, I would like to submit my resignation as a member of the fire department. I do not feel at this time that I can commit the necessary time needed to become proficient in my role as a member of the department.

Thank You

Alexander Cavallin

TWO HARBORS CITY COUNCIL



AGENDA ITEM SUMMARY

AGENDA ITEM SUBJECT: Approving the massage therapy license applications of Amy Speece and Judith Wick in cooperation with Salon 507 at 601 Seventh Avenue.

ORIGINATING SOURCE/DEPARTMENT: Click here to enter text.

FUNDING SOURCE: Fee-Based

BACKGROUND: An application has been received from each applicant and the required Background checks and site inspections have been conducted.

ESTIMATED DATE OF COMPLETION: Click here to enter a date.

COMMITTEE/COMMISSION RECOMMENDATION: Click here to enter text.

ADMINISTRATION/STAFF RECOMMENDED COUNCIL ACTION: Staff recommends approval of said license applications.

Agenda Item # CA.5 Meeting Date: 5/23/22

TWO HARBORS CITY COUNCIL



AGENDA ITEM SUMMARY

AGENDA ITEM SUBJECT: Approving the massage therapy license applications of Amy Speece and Judith Wick in cooperation with Salon 507 at 601 Seventh Avenue.

ORIGINATING SOURCE/DEPARTMENT: Click here to enter text.

FUNDING SOURCE: Fee-Based

BACKGROUND: An application has been received from each applicant and the required Background checks and site inspections have been conducted.

ESTIMATED DATE OF COMPLETION: Click here to enter a date.

COMMITTEE/COMMISSION RECOMMENDATION: Click here to enter text.

ADMINISTRATION/STAFF RECOMMENDED COUNCIL ACTION: Staff recommends approval of said license applications.

Agenda Item # CA.5 Meeting Date: 5/23/22

TWO HARBORS CITY COUNCIL

AGENDA ITEM SUMMARY

AGENDA ITEM SUBJECT: Resolution Declaring the Third and Final Reading of Ordinance No. xxx, Second Series, an Ordinance of the City of Two Harbors, Minnesota Amending Section 4.42 of the Two Harbors City Code Concerning Short Term Rentals.

ORIGINATING SOURCE/DEPARTMENT: Jennifer A Sterbenz – Community Development Planner & Tim Costley – City Attorney

FUNDING SOURCE: NA

BACKGROUND: A public hearing was held on April 25, 2022 to amend Section 4.42 of the Two Harbors City Code Concerning Short Term Rentals. The first reading took place on April 25, 2022 and the second reading on May 9, 2022. The attached resolution is for the third and final reading. Once adopted, the amended ordinance will take effect on June 23, 2022.

RELATED CITY POLICIES: Short-term rental ordinance city code 4.42

COMMITTEE/COMMISSION RECOMMENDATION: Planning Commission/Sterbenz

ADMINISTRATION/STAFF RECOMMENDED COUNCIL ACTION: Recommendation to adopt Resolution xxx Declaring the Third and Final Reading of Ordinance No. xxx, Second Series, an Ordinance of the City of Two Harbors, Minnesota Amending Section 4.42 of the Two Harbors City Code Concerning Short Term Rentals.

Agenda Item # CA. 6 Meeting Date: 5/23/22

RESOLUTION

DECLARING FIRST READING OF ORDINANCE NO. XXX, SECOND SERIES, AN ORDINANCE OF THE CITY OF TWO HARBORS, MINNESOTA AMENDING SECTION 4.42 OF THE TWO HARBORS CITY CODE CONCERNING SHORT TERM RENTALS

WHEREAS, on May 29, 2018, the Two Harbors City Council authorized resolution 5-152-18, ordinance of the City of Two Harbors, Minnesota, amending Chapter 4 of the Two Harbors City Code, adding Section 4.42, titled "Short Term Vacation Rentals" (STR Ordinance); and

WHEREAS, on September 27, 2021, the Two Harbors City Council authorized accepting a proposal from Maxfield Research to perform an updated housing study; and

WHEREAS, on February 14, 2022, the Two Harbors City Council authorized resolution 2-53-22, implementing a moratorium on all new short-term rental permits for the purpose of conducting a housing study; and

WHEREAS, short term rental permits have caused renewed concern about the preservation of residential neighborhood character and integrity and an increased level of noise, disturbances, traffic and parking issues; and

WHEREAS, the proposed ordinance to repeal and replace Two Harbors City Code, Chapter 4, Section 4.42, STR Ordinance, is intended to provide a balance between STRs and available housing stock by restricting the number of STR permits issued annually in Two Harbors; and

WHEREAS, the STR permit cap for 2022 (53 permits) is based on the current housing stock (1340 units).

WHEREAS, the proposed ordinance to repeal and replace Two Harbors City Code, Chapter 4, Section 4.42, STR Ordinance, is intended to further regulate nuisances associated with STRs and help preserve residential neighborhood character and integrity; and

NOW THEREFORE, THE TWO HARBORS CITY COUNCIL, ORDAINS AS FOLLOWS:

SECTION 1. Two Harbors City Code Chapter 4, Section 4.42 is hereby repealed in its entirety and replaced with Two Harbors City Code Chapter 4, Article 4.42 as set forth in Exhibit A, which is attached hereto and incorporated herein by reference.

SECTION 2. This ordinance shall take effect and be in full force thirty (30) days after the

date of its passage. The City Clerk is directed to publish this ordinance, or a summary thereof, within fifteen (15) days in accordance with MN State Statute 412.191.

ADOPTED, this 23rd day of May A.D., 2022.

Benjamin Redden, President, City Council

ATTEST: _____
Patricia D. Nordean, City Clerk

APPROVED, by the Mayor of the City of Two Harbors this 23rd day of May 2022.

Christopher M. Swanson, Mayor

ORDINANCE NO. _____
AN ORDINANCE REVISING SECTION 4.42. SHORT-TERM RENTALS,
OF THE TWO HARBORS CITY CODE

THE CITY COUNCIL OF THE CITY OF TWO HARBORS ORDAINS:

Section 4.42. Short Term Rentals, of the Two Harbors City Code shall be amended to read as follows:

SEC. 4.42. SHORT TERM RENTALS

Subd. 1. Statement of Policy.

- A. Preamble. The City of Two Harbors ("City") believes that promoting the public health, safety and welfare of its citizens mandates the existence of a short-term rental licensing and maintenance program that corrects substandard conditions and maintains a standard for short-term rental housing. It is the purpose of this Section to only allow short-term rentals in certain circumstances to ensure they remain decent, safe and sanitary and are operated and maintained as not to become a nuisance to the neighborhood or to become an influence that fosters blight and deterioration or creates a disincentive to reinvestment in the community. The operation of short-term rental housing is a business enterprise that entails certain responsibilities. Short term rental permit holders are responsible to take such reasonable steps as are necessary to insure that the citizens of the City who reside adjacent to such housing may pursue the quiet enjoyment of the normal activities of life in surroundings that are: safe, secure and sanitary.
- B. Purpose. This purpose of this Section is to regulate and permit short-term rental permits in the City.
- C. Location. To accomplish the purpose of this Section, the City determines that short-term rental permits shall only be allowed in B1 and B2 commercial zoning districts, except for existing short-term rental permit holders in residential districts addressed in Subd. 5. G. below.

Subd. 2. Definitions.

- A. **"Dwelling"** means any building or portion thereof which is designed or used for residential purposes.
- B. **"Dwelling Unit"** means one or more rooms in a Dwelling designed for occupancy by one family for living purposes and having its own cooking and sanitary facilities.
- C. **"Housing Stock"** means the total number of Dwelling Units located within city limits. This number is calculated based on the number of building permits issued for new construction of a Dwelling Unit as well as by building permits issued for

demolition of Dwelling Units by October 31st of each year. A certificate of occupancy must be issued prior to a new Dwelling Unit being included in this calculation.

- D. **“Local Agent”** means a person identified by the Owner who is available to respond twenty-four hours a day, seven days a week, to any emergency or complaint involving the short-term rental.
- E. **“Occupant”** means any person who occupies a Short-Term Rental Dwelling Unit or part of the same.
- F. **“Operate”** means to charge a fee for the use or occupancy of space in a Dwelling or an entire Dwelling Unit.
- G. **“Owner”** means any person having a legal or equitable interest in the property upon which the Dwelling or Dwelling Unit is located or in the Dwelling or Dwelling Unit itself.
- H. **“Short-Term Rental Dwelling Unit”** means a Dwelling Unit rented or leased for a period of less than 30 consecutive days.
- I. **“Short-Term Rental Permit”** means the permit issued by the City of Two Harbors allowing the rental or lease of a Short-Term Rental Dwelling Unit.
- J. **“Zoning Administrator”** means the official designated by the City to regulate and enforce the relevant provisions of the Two Harbors City Code.

Subd 3. Permit Required. No person shall operate a Short-Term Rental Dwelling Unit (hereinafter “STR Unit”) within the City without first obtaining a Short-Term Rental Permit (hereinafter “STR Permit”) in compliance with the provisions of this Section. A STR Permit must be obtained for each STR Unit except that two or more STR Units located within a single Dwelling and having a common Owner and a common property identification number shall require only a single STR Permit.

Subd 4. Exceptions. No STR Permit is required for hotels or motels as defined in Chapter 11, Section 11.80 of the City Code.

Subd 5. Permit Application.

- A. Permit Application. All applications for STR Permits under this Section shall be made on forms established by the City. All questions and information required by the application shall be answered fully and completely. The application shall be executed by the Owner of the STR Unit if such Owner is a natural person or, if the Owner is a business entity, by a person authorized to legally bind the entity.
- B. Certificate of Inspection. No STR Permit shall be issued until the applicant has obtained a Certificate of Inspection from the Minnesota Department of Health.

1. The applicant shall arrange for an inspection of the STR Unit proposed to be permitted by the Minnesota Department of Health to determine whether the Dwelling and STR Unit comply with the requirements of this Section and all other applicable federal, state, and local laws. Lake County administers all inspections of behalf of Minnesota Department of Health. Applicants should contact Lake County Health Inspector to arrange an inspection and submit a copy of the completed inspection with the permit application.
2. All Dwellings and STR Units proposed to be permitted under this Section shall comply in all respects with all local, state and federal building codes, regulations and standards.

C. Application & Permit Fee.

1. Application Fee. The STR Permit application form must be accompanied by payment in full of the required permit application fee, nonrefundable to the applicant, to cover the City's costs in processing the application.
2. The fee amounts will be determined by the Council and listed in the City's fee schedule.

D. Short-Term Rental Permit Cap.

1. Cap. The total number of STR Permits shall not exceed 4% of the total Housing Stock as calculated as of October 31st of every year. This cap does not include the existing STR Permits. These existing STR Permits will be allowed to renew as long as timely compliance with Subd. 5.E. of this Section is followed. No new STR Permits will be issued unless and until the current number of STR Permits falls below 4% of the total Housing stock. Properties located in the B1 Commercial Zone with frontage along 7th Avenue are exempt from the cap.
2. Administration of the Cap.
 - a. STR Permit Renewal or New Application. Provided an existing STR Permit is in good standing and is renewed in accordance with this Section, the STR Permit will be processed and included in the cap. If an existing STR Permit holder fails to submit a renewal application prior to the deadline set forth in Subd. 5.E., the application will be treated as a new permit and processed on a first come, first serve basis, subject to the STR Permit cap. New applications will also be processed on a first come, first served basis subject to the STR Permit cap. Any time that the number of STR Permits reaches the cap, all outstanding permit applications, either in process or received, will be placed on a waitlist.

- b. For the purpose of this Section, a STR Permit in good standing shall mean a permit with no violations, no unpaid fines, taxes, or assessments, and no verified complaints.
- c. Waitlist. The City will maintain a waitlist for applications received or in process. Applications will be processed based on date of receipt of the application, processing the oldest application first.

E. Issuance or Denial.

- 1. Issuance. The Zoning Administrator shall issue a STR Permit if the Dwelling and STR Unit and the application are found to be in compliance with the provisions of this Section and all required fees are paid.
- 2. Denial. The Zoning Administrator may deny a STR Permit on the same grounds for which a Permit may be suspended or revoked as set forth in Subd. 7 of this Section. Written notice of the denial shall be mailed to the STR Permit applicant at the address listed on the application via certified mail. An applicant may appeal a denial by submitting a hearing request to the Zoning Administrator within twenty (20) days of the date of the certified mail domestic return receipt. If a hearing request is not received by the Zoning Administrator within such time, the applicant's right to a hearing shall be deemed waived. If timely requested, the hearing shall be held in accordance with the procedures set forth in Subd. 7 of this Section.

F. STR Permit Term and Renewal. All STR Permits expire at midnight on December 31st of each year. Applications for renewal must be received by the City Clerk, Two Harbors City Hall, 522 1st Avenue, Two Harbors, MN on or before 4:30 p.m. on November 1st of each year to be eligible for renewal and shall contain such information as is required by the application and this Section. The City shall issue or deny a renewal application in accordance with the provisions for issuance or denial of an initial permit set forth in Subdivision 5 of this Section.

G. Existing Permits in Residential Zoning Districts. The Owners of existing STR Permits in residential zoning districts shall be allowed to renew those permits pursuant to this Section. Failure to renew these existing STR Permits by providing a renewal application to the City Clerk, Two Harbors City Hall, 522 1st Avenue, Two Harbors, MN on or before 4:30 p.m. on November 1st each year shall result in the automatic termination of that STR Permit. No new STR Permits will be allowed in any residential district in the City. New STR Permit applications and untimely renewal STR Permit applications for STR Permits in residential districts are prohibited and will be denied. New STR Permit applications and renewal STR Permit applications from new Owners or the heirs, transferees or assignees of existing STR Permit Owners in residential districts are prohibited and will be denied.

- H. No Vested Right. STR Permits granted hereunder constitute a revocable, limited right. Nothing herein shall be construed as granting a vested property right. The City may revoke any permit granted under this Section for failure to comply with any requirements set forth herein.

Subd 6. General Performance Standards.

- A. Non-Transferable. STR Permits issued under this section are non-transferable. Every STR Permit shall automatically terminate upon the sale, transfer, assignment or conveyance of the Dwelling, Dwelling Unit or property upon which they are located by the Owner or STR Permit holder.
- B. Number of Bedrooms. Each STR Permit shall indicate the number of Dwelling Units that are contained in the Dwelling, as well as the number of bedrooms in each Dwelling Unit. No STR Permit holder or Owner shall advertise the Dwelling as containing any more than the identified number of Dwelling Units, or the number of bedrooms in the Dwelling Units.
- C. Limit on the Number of Guests. The maximum number of transient guests permitted to stay within a STR Unit at any one time shall be one person, plus the number of bedrooms contained in the primary residence multiplied by two, up to a maximum of 10. Such sum shall include both adults and children. No more than 4 bedrooms shall be leased or rented in a STR Unit.
- D. Signage. Commercial signage is only allowed on short-term rental Dwelling units located in a B1 or B2 commercial zone, in compliance with Chapter 4.40 of the City Code.
- E. Events. Events are not allowed to be hosted by non-Owners on the property licensed by the STR Permit.
- F. Parking. A property with a STR Unit shall provide a minimum of two off-street parking stalls for guests. The maximum amount of vehicles allowed at the property shall be limited to the number of off-street parking spaces provided. To be valid, off-street parking shall meet all applicable requirements set forth in the City Code.
- G. Occupant Eligibility. The primary overnight and daytime Occupant of a STR Unit must be an adult 18 years of age or older. This adult shall provide a telephone number to the Owner and be accessible to the Owner via telephone at all times.
- H. Advertising. All advertising for STR Units shall include the City issued permit number.
- I. House Number Visible. Property containing a STR Unit must have a house number that is unobstructed and visible from the adjacent street.

- J. Garbage & Recycling. The Owner shall ensure that appropriate solid waste storage bins are available for use by guests which shall be stored out of public view.
- K. Additional occupancy on any property licensed by a STR Permit by use of recreational vehicles, tents, accessory structures, garages, boathouses, pole barns, sheds, fish houses or similar structure is declared unlawful and strictly prohibited.
- L. The Owner shall keep a report detailing all Occupants in the STR Unit by recording the full name, address, phone number, and vehicle license plate numbers of adult Occupants using the property. A copy of this report shall be provided to the Zoning Administrator or law enforcement upon request.
- M. Lodging Tax. The Minnesota Legislature has authorized the imposition of a tax upon short-term rental properties. The City has imposed such a lodging tax to provide funding to stimulating tourism within the community. The lodging tax is administered by the Minnesota Department of Revenue as per City of Two Harbors Code, Section 6.50. It shall be the responsibility of the Owner and STR Permit holder to ensure that all lodging taxes are paid as required by the Minnesota Department of Revenue.

Subd 7. Suspension or Revocation of Short-Term Rental Permit.

- A. Grounds for Suspension or Revocation. The City may suspend or revoke a STR Permit issued under this Section. In Dwellings containing more than one STR Unit, the revocation or suspension may apply to one or more STR Units in the sole discretion of the City. The following are grounds for denial, non-renewal, suspension or revocation of a STR Permit:
 - 1. The STR Permit was procured by misrepresentation of material facts regarding the Dwelling, STR Unit or ownership of the same.
 - 2. The STR Permit applicant or one acting on their behalf made oral or written misstatements accompanying the application.
 - 3. The STR Permit applicant has failed to comply with any condition set forth in any other STR Permit or approval granted by the City related to a STR Unit.
 - 4. The activities of the Owner or the Owner's agent have created a danger to the public health, safety, or welfare.
 - 5. The STR Unit contains conditions that may injure or endanger the health, safety or welfare of any member of the public.
 - 6. The failure to pay any application, inspection, or permit fee required by this Section.

7. Any violation of this Section, or any other provision of the Two Harbors City Code or other federal, state, or local law or regulation applicable to the STR Unit.
 8. The failure to continuously comply with any condition required of the applicant for the approval or renewal of the STR Permit.
 9. Any violation by the Owner or STR Unit Occupant or guest of the Two Harbors City Code or any state or federal criminal or civil rule, regulation, code or law.
 10. Failure to comply with a property maintenance correction order from the building official in the time required by the order.
 11. Failure to pay outstanding obligations pursuant to Section 2.76 of the Two Harbors City Code.
- B. Fines. In lieu of, or in addition to, suspending or revoking a STR Permit, the City may, in its sole discretion, impose a civil fine for any violation of this Section in the amounts set forth in the in the City Fine Schedule. All fines are payable to the City within thirty (30) days of the imposition of the fine. Failure to timely pay any fine imposed will result in a late fee equal to twenty-five percent (25%) of the fine and immediate revocation of the STR Permit to which the fine applies.
- C. Procedure.
1. Notice. A suspension, revocation, or fine shall be preceded by written Notice of Violation from the Zoning Administrator to the Owner and permit holder and an opportunity for a hearing by the City Council. The Notice of Violation shall state the nature of the violations or grounds for fine, suspension or revocation and shall inform the Owner and permit holder of the right to request a hearing within twenty (20) days of the date of the certified mail domestic return receipt to dispute the fine, suspension or revocation. The Notice of Violation shall be mailed by certified mail to the Owner and permit holder's last known address listed on the permit application. If a hearing request is not received by the Zoning Administrator within twenty (20) days of the date of the certified mail domestic return receipt, the Owner and permit holder's right to a hearing shall be deemed waived. No fine, suspension or revocation of a permit shall take effect until (a) the Owner and permit holder's time to request a hearing expires; or (b) if a hearing is requested, the date of mailing the decision of the City Council to the Owner and permit holder.
 2. Hearing. If a hearing is requested, the Zoning Administrator shall provide written notice of hearing via certified mail to the Owner and permit holder of the date, time, and place of the City Council meeting at which the hearing

will take place. The notice shall be mailed in the same manner as the initial notice and shall be mailed no less than twenty (20) days and no more than thirty (30) days prior to the hearing. The permit holder and the Zoning Administrator shall be given an opportunity to be heard. The Owner and/or permit holder may be represented by counsel.

3. Decision. The City Council shall make findings based on the evidence and shall affirm, modify or deny the Zoning Administrator's recommendation to fine, revoke or suspend a STR Permit. The City Council shall issue a written decision of its decision within thirty (30) days following the date of the hearing. The Zoning Administrator shall notify the Owner and permit holder of the decision by regular mail. The decision shall specify the STR Unit or Units to which it applies. Thereafter, and until a STR Permit is reissued or reinstated, no STR Unit that has had its permit revoked or suspended may be re-let or occupied. Revocation or suspension shall not excuse the Owner and permit holder from compliance with all terms of this Section for as long as any STR Unit in the Dwelling is occupied.

- D. Permit Process after Revocation, Suspension, Denial or Non-Renewal. After a STR Permit has been denied, not renewed, revoked or suspended under this Section, no STR Permit may be issued for the affected STR Unit until the Zoning Administrator determines that the Owner and/or STR Permit holder has remedied the conditions identified by the City as the basis for its action. In the case of revocation, the property upon which the STR Unit is located shall be ineligible for applying for a new permit for a period of twelve (12) months from the date of revocation. An application to obtain a new permit for a STR Unit after the City has revoked, denied, or declined to renew a permit, or for reinstatement of a suspended permit, shall be accompanied by all fees required by this Section.

- E. Effect of Revocation, Suspension, Denial or Non-Renewal. If a STR Permit is denied, not renewed, revoked or suspended, it shall be unlawful for any individual or entity, including the Owner or STR Permit holder, to operate or thereafter permit the rental of the then-vacant or thereafter vacated STR Unit, until such time as a valid STR Permit is obtained for the STR Unit. Issuance of a permit after revocation, suspension, denial or non-renewal shall be made in the manner provided for in this Section.

Subd 8. Penalties.

- A. A person or entity violating any provision of this Section is guilty of a misdemeanor.
- B. In the event of a violation of this section the City, in addition to any and all other remedies provided by law, shall be entitled to seek injunctive relief or proceedings to prevent, restrain, correct or abate such violations or threatened violations.

Subd. 9. Effective Date. This ordinance shall be in full force and effect upon its passage and

publication.

ADOPTED by the Mayor and City Council of Two Harbors, Minnesota this _____ day of May, 2022.

Christopher M. Swanson, Mayor

Attest, Patricia Nordean, City Clerk

TWO HARBORS CITY COUNCIL

AGENDA ITEM SUMMARY

AGENDA ITEM SUBJECT: Food Truck Fridays

ORIGINATING SOURCE/DEPARTMENT: Jennifer A Sterbenz – Community Development Planner

FUNDING SOURCE: NA

BACKGROUND: City code permits vendors/food truck to be in the B1, B2, and MUW zones – off street. Private property is limited and anyone desiring to be on city property needs council permission. I've been getting requests lately from vendors to be on city property. Instead of received multiple requests for multiple city owned spaces in town, I'd like the council to do a blanket approval permitting all vendors/food trucks that are licensed with the city, to utilize the city owned parking area behind the Legion on Fridays (June 3rd – September 23rd) from 10am – 6pm.

There will be no extra work from staff, including Public Works. I think we'll have the 6 or 7 local vendors take advantage of it. It's a nice way to get people downtown and out walking, to have the vendors contained to one area one day per week and alleviate multiple requests each council meeting. Vendors will still be permitted to go on private property whenever they desire – nothing will change other than they have an expanded opportunity on Fridays. Heritage Days weekend would not be included. Since it's a city sponsored event, all vendors need to go through the Heritage Days Committee that weekend for placement and fees.

RELATED CITY POLICIES: City Code 6.41 Public Market and Market Stands

COMMITTEE/COMMISSION RECOMMENDATION: Jennifer A Sterbenz – Community Development Planner

ADMINISTRATION/STAFF RECOMMENDED COUNCIL ACTION: Recommendation to approve Food Truck Fridays in Two Harbors (not permitted during Heritage Days weekend).

Agenda Item # CA . 7 Meeting Date: 5/23/22

TWO HARBORS CITY COUNCIL



AGENDA ITEM SUMMARY

AGENDA ITEM SUBJECT: Accepting the recommendation of Mayor Swanson to appoint Joe Thorne as a member of the Airport Commission

ORIGINATING SOURCE/DEPARTMENT: Click here to enter text.

FUNDING SOURCE: n/a

BACKGROUND: Mayor Swanson has recommended that Joe Thorne be appointed as a member of the Airport Commission.

ESTIMATED DATE OF COMPLETION: Click here to enter a date.

COMMITTEE/COMMISSION RECOMMENDATION: Click here to enter text.

ADMINISTRATION/STAFF RECOMMENDED COUNCIL ACTION:

Agenda Item # CA.8 Meeting Date: 5/23/22

Patty Nordean

From: Mayor Chris Swanson
Sent: Monday, January 24, 2022 3:55 PM
To: Patty Nordean; joe@aircraftdeliveryintl.com
Subject: Airport Commission Appointment

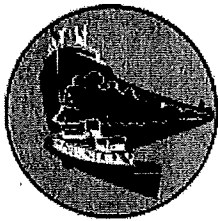
Hi Patty,

I would like to appoint Joe Thorne to the Airport Commission.

I did not receive a formal application form him so I told him I would copy you so you could help him out with this.

Warm regards,

Chris



Christopher M. Swanson

Mayor

City of Two Harbors

TwoHarborsMN.Gov

mayorswanson@twoharborsmn.gov

m: 218.590.9500

TWO HARBORS CITY COUNCIL



AGENDA ITEM SUMMARY

AGENDA ITEM SUBJECT: Authorizing the Mayor and City Clerk to execute and deliver the Grant Agreement between the City of Two Harbors and the Two Harbors Area Fund of the Duluth Superior Area Community Foundation for the 2022 Heritage Days Celebration.

ORIGINATING SOURCE/DEPARTMENT: Heritage Days Committee.

FUNDING SOURCE: THAF

BACKGROUND: Each year, the Heritage Days Committee makes application for funding assistance through the Two Harbors Area Fund of the Duluth Superior Area Community Foundation. This year, the committee applied for and has been awarded a grant in the amount of \$5,000. The grant agreement must be submitted within 30 days of the grant award notice. The agreement outlines the terms and conditions of the grant.

ESTIMATED DATE OF COMPLETION: 09/10/2022


COMMITTEE/COMMISSION RECOMMENDATION: Click here to enter text.

ADMINISTRATION/STAFF RECOMMENDED COUNCIL ACTION: Staff recommends that the agreement be accepted and the appropriate City officials be authorized to sign the agreement on behalf of the City.

CA. 9 5/23/22

Follow Up

 Public Profile

 Collaborate 0

City of Two Harbors 2022 Heritage Days Festival

Process: Two Harbors Area Fund - February 2022

Contact Info

Request

Applicant:

Patricia D Nordean
pnordean@twoharborsmn.gov
218-834-8806
522 1st Ave TWO HARBORS
TWO HARBORS, MN 55616


Organization:

City of Two Harbors

218-834-5631
555 First Avenue
Two Harbors, MN 55616

Contact Email History



 If your organization information does not appear correct, please contact the funder. Thank you.


 Eligibility


 Application

 Follow Up

 FollowUp Packet

 Question List

 Due by 05/27/2022 12:00 AM CDT.

 Fields with an asterisk (*) are required.

Organization & Project Information

Project Name

Name of Project.

City of Two Harbors 2022 Heritage Days Festival

Amount Awarded

\$ 5,000.00

Organization Status

Please select the status that best describes the organization applying.

✓ Contingency (if applicable)

Contingency

800 characters left of 800

▼ Terms & Conditions

Please submit this grant agreement within 30 days of the grant award notification.

GRANT TERMS

The undersigned hereby agrees to the following grant conditions:

1. To use the funds only for the designated purpose as described in the grant application and subsequent grant notification letter; to notify the Duluth Superior Area Community Foundation of and obtain its consent to any substantial deviation from said grant application, to use the grant in accordance with current and applicable laws and pursuant to the Internal Revenue Code, as amended, and the regulations issued there under; and to not use the funds for any purpose prohibited by law.
2. To maintain its books and records to show, and separately account for, the funds received under this grant, and to maintain records of expenditures adequate to identify the purposes for which, and manner in which, grant funds have been expended. Expenses charged against this grant may not be incurred prior to the date the grant period begins or subsequent to its termination date. The grantee will return any unexpended funds to the Foundation at the close of the grant period.
3. To ensure the grant funds are not used to commit, advocate, facilitate or participate in terrorist acts, to influence legislation, to influence the outcome of any public election, or to carry on a voter registration drive.
4. To permit the Duluth Superior Area Community Foundation, at its request, to have reasonable access to the grantee's files and records for the purpose of making such financial audits, verifications, and investigations as it deems necessary concerning the grant, and to maintain such files and records for a period of at least four years after completion or termination of the project.

5. To return to the Duluth Superior Area Community Foundation any unexpended funds or any portion of the grant which is not used for the purposes specified herein.
6. To recognize the Two Harbors Area Fund of the Duluth Superior Area Community Foundation in all publicity materials related to the funded project or program, as specified in the grant notification letter.
7. To permit the Duluth Superior Area Community Foundation to use photographs, news clippings, social media, and interview content resulting from the grant to promote the grant, the work of the Foundation, or to facilitate related philanthropic fundraising efforts.
8. To submit the Grant Story, including all requested materials, by 60 days after the project end date.

ACCEPTANCE OF TERMS & CONDITIONS*

This grant is conditional upon Grantee's acceptance of the terms and conditions set forth herein. By selecting the "I Accept Grant Terms and Conditions" below, Grantee agrees to accept and comply with the stated terms and conditions of this grant.

- ☐ I Accept Grant Terms and Conditions
☐ I Decline Grant Terms and Conditions


AUTHORIZED SIGNATURE

By typing in your Name, Title, and Date in the spaces below, you confirm that you are authorized to make legal contracts for the Grantee and that you agree to enter into this agreement by electronic means.

Name*

Title*

Date*

 Due by 05/27/2022 12:00 AM CDT.

Save Follow Up

Submit Follow Up

TWO HARBORS CITY COUNCIL



AGENDA ITEM SUMMARY

AGENDA ITEM SUBJECT: Approving the request of the Two Harbors Moose Lodge to be open on Sunday, May 15, 2022.

ORIGINATING SOURCE/DEPARTMENT: Click here to enter text.

FUNDING SOURCE: n/a

BACKGROUND: As the holder of a Club On-Sale License, the Moose Lodge has the ability to be open on 12 Sundays per year.

ESTIMATED DATE OF COMPLETION: Click here to enter a date.

COMMITTEE/COMMISSION RECOMMENDATION: Click here to enter text.

ADMINISTRATION/STAFF RECOMMENDED COUNCIL ACTION: Staff recommends approving their request to be open on May 15, 2022.

Agenda Item # CA.10 Meeting Date: 5/23/22

4/25/22

Dear City,

We have a funeral on Sunday, May 15th. We would like to be open for this event. So we are looking for permission to be open on this Sunday! Please and Thank you!

-Jessica Carlson

(Administrator for TH Moose 1463)

TWO HARBORS CITY COUNCIL



AGENDA ITEM SUMMARY

AGENDA ITEM SUBJECT: Approving the request of the American Legion to be open on Sunday, September 11, 2022.

ORIGINATING SOURCE/DEPARTMENT: Click here to enter text.

FUNDING SOURCE: n/a

BACKGROUND: As the holder of a Club On-Sale License, the Legion has the ability to be open on 12 Sundays per year.

ESTIMATED DATE OF COMPLETION: Click here to enter a date.

COMMITTEE/COMMISSION RECOMMENDATION: Click here to enter text.

ADMINISTRATION/STAFF RECOMMENDED COUNCIL ACTION: Staff recommends approving their request to be open on September 11, 2022.

Agenda Item # CA. 11 Meeting Date: 5/23/22

May 16, 2022

City Council/Current Administrator

The American Legion would like to be open the following Sundays
in 2022:

September 11

This would leave us with 1 Sunday option left in 2022. Thank you for
your consideration.

Amy Carlson

A handwritten signature in black ink that reads "Amy Carlson". The signature is written in a cursive style with a long horizontal line extending to the right.

Lounge Manager

TWO HARBORS CITY COUNCIL



AGENDA ITEM SUMMARY

AGENDA ITEM SUBJECT: Approving the request of Janelle Jones, Lake County Chamber of Commerce, for permission to use Lakeview Park for the MS Bike Tram, and authorizing the Mayor and City Clerk to execute and deliver a License Agreement between the City and the Chamber of Commerce, which requires evidence of liability insurance.

ORIGINATING SOURCE/DEPARTMENT: Lake County Chamber of Commerce

FUNDING SOURCE: n/a

BACKGROUND: For the past several years, the MS Bike Tram has used Lakeview Park as a stop and overnight camping location for their Annual event. This year, the event is scheduled for July 21, 2022, and they are once again requesting use of the park. The City Attorney has recommended that a License Agreement be prepared and executed by both parties for purposes of addressing liability concerns with use of the facilities.

ESTIMATED DATE OF COMPLETION: Click here to enter a date.

COMMITTEE/COMMISSION RECOMMENDATION: Click here to enter text.

ADMINISTRATION/STAFF RECOMMENDED COUNCIL ACTION: staff recommends approval of the request pending execution of the License Agreement and evidence of insurance.

CA. 12

5/23/22



MAY 17 2022

5/17/22

City of Two Harbors
522 First Avenue
Two Harbors, MN 55616

Dear Council Members,

The MS Bike Tram is once again coming through Two Harbors in July. The date riders will be passing through town is Thursday, July 21st. As you know, the MS bicycling event and fundraiser has used Two Harbors as a stopping point en route during the event in the past. We are thrilled to be chosen as a stop off once again for this event. It is estimated that it brings almost \$50k to local businesses during their 24 hour stay while raising funds for a fantastic cause.

I am writing to please request again that Lakeview Park be made available for cyclists to use as an overnight checkpoint as they make their way through town. It has been common practice that the riders be allowed to camp overnight in Lakeview Park as they ride their way through the multi-day event. When reaching Two Harbors, their overnight stay would be for one evening, the night of Thursday, July 21st.

Thank you for your consideration, and I appreciate your generous cooperation.

Very sincerely,

Janelle Jones
President/CEO
Lake County Chamber of Commerce
1330 Hwy 61
Two Harbors, MN 55616

**NON-EXCLUSIVE
LICENSE AGREEMENT**

THIS NON-EXCLUSIVE LICENSE AGREEMENT (“**License**”) is made and entered as of the ____ day of _____, 2021, by and between the City of Two Harbors, a Minnesota municipal corporation (“**City**”), with an address of 522 First Avenue, Two Harbors, MN 55616, and MS Bike Tram, a Minnesota LLC/ corporation (“**Licensee**”), with an address of _____.

WHEREAS City is the owner of certain land located in Two Harbors, Lake County, Minnesota, described as follows, to-wit (“**Property**”): Lakeview Park.

WHEREAS Licensee desires to use the Property for the purpose of conducting the Multiple Sclerosis Bike fundraiser event sponsored by Licensee. Licensee’s proposed use on the Property is as follows (“**Use**”):

1. Overnight checkpoint and camping by participants.

WHEREAS Licensee has requested permission for the Use to occur on the Property on Thursday, July 31, 2022.

WHEREAS City is willing to grant this non-exclusive License providing permission for Licensee’s proposed Use on the Property, subject to and conditioned upon all the covenants, conditions, and restrictions in this License.

NOW THEREFORE, in consideration of the purpose of this event to promote fundraising for a cause deemed important to the City, the proceeds of which benefit the local citizens and the community at large, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby covenant and agree as follows:

1. Grant. The City hereby grants to Licensee, subject to all the covenants, conditions, and restrictions contained in this License, a nonexclusive right to occupy the Property for the designated Use from 8:00 a.m. on July 31, 2022, until 8:00 a.m. on August 1, 2022, unless earlier terminated pursuant to Section 12 of this License.

2. Condition of the Property. The City makes no express or implied representation or warranty to the Licensee, or their respective guests and invitees, concerning the safety or physical condition of the Property now or at any point in the future, which condition is hereby accepted by the Licensee and their respective guests and invitees, “AS IS.” The Licensee represents that it is familiar with, and that the City has made no representations concerning, the physical condition of the Property. The Licensee, its successors and assigns, and their respective guests and invitees, agree not to make any claim against the City or against any person or corporation being at any time upon any part of the Property by agreement with or consent of the City, for damages or injuries directly or indirectly due to the physical condition of any part of the Property or to any change therein or for damages or injuries directly or indirectly caused by activities of the Licensee, or its permitted successors and assigns, or their respective guests and invitees.

3. Use; No Alcohol on Property. The Licensee and their respective guests and invitees may use the Property for the Use defined herein, subject to and in compliance with all the covenants, conditions, and restrictions in this License, unless this License is terminated pursuant to Section 12. There shall be no alcohol sales or consumption on the Property during the period of Licensee's Use. Licensee shall conclude all events occurring on the Property no later than 8:00 a.m. on August 1, 2022. All proposed Uses shall comply with the ordinances contained in the Two Harbors City Code and all laws of the state of Minnesota.
4. Non-Exclusive. The license hereby granted is non-exclusive. Licensee shall not prohibit access or use of the Property by members of the public.
5. Intensity of Use. This License is granted by the City to the Licensee with the express understanding that the number of vendors, guests and invitees shall be limited in size to be conducive to the safe occupancy of the Property and keeping the event contained within the boundaries of the Property. The City reserves the right to place boundary markers or traffic control devices at any location within or surrounding the Property during the period of Use.
6. Licensee Improvements, Maintenance. The City has no duty or obligation to maintain, replace, repair, or improve the Property from its current condition. The Licensee is prohibited from altering or improving the Property, to include cutting brush or trees, without the express written permission from the City.
7. No Interference. The Licensee hereby covenants and agrees, for itself and its permitted successors, assigns, guests and invitees, that use of the Property shall not impair, impede, or interfere with traffic on adjacent roads or trails.
8. Coordination, Cooperation and Safety. The Licensee, for itself and its permitted successors and assigns, and their respective guests and invitees, agree to comply with all safety and traffic regulations imposed by the State of Minnesota, to include any additional safety or traffic regulations or requirements that may be established by the City of Two Harbors Chief of Police.
9. Licensee Liability; Insurance. Licensee shall be responsible and liable for all damage to the Property caused by the activities or Use of the Licensee or their respective guests and invitees, together with the costs and expenses of repairing or restoring the damaged Property to its condition prior to the damage. The Licensee, and its permitted successors and assigns, shall keep in full force and effect a comprehensive policy of liability insurance issued by insurers authorized to issue such policies in the State of Minnesota providing coverage for personal injury and property damages, losses, and costs that may result from their use of the Property and having a minimum amount of single event coverage of \$1,000,000. Prior to July 20, 2022, the Licensee shall produce a certificate of insurance or a copy of the insurance policy confirming the insurance coverage required by this section is in full force and effect and naming the City as an additional insured.
10. Assumption of Risk; Indemnity; Hold Harmless. The Licensee for itself and their respective guests and invitees, assumes all risks associated with the proposed Use, and all risk of loss associated therewith from all causes of every nature whatsoever. Neither the City, nor its successors or assigns, shall be liable for any loss, cost, injury (including without limitation personal injury), or damage of any nature whatsoever suffered or incurred on the Property from the Use or activities occurring on the Property by the Licensee, or its invitees or guests, or by any other

licensee, or their respective invitees or guests, or any of their permitted successors or assigns and the Licensee hereby covenants and agrees, for itself and its successors and assigns, to indemnify and hold harmless the City, its successors and assigns, from all such loss, cost, injury (including without limitation personal injury), and damage of every nature whatsoever to include attorney's fees or costs incurred by the City in enforcing this License agreement or this indemnification and hold harmless clause, except only those damages directly caused by the City's own gross negligence or willful misconduct.

11. Notices. All notices required by or provided in this License shall be in writing. All notices shall be effective and deemed "given" when delivered personally to the addressee, or when deposited in the United States Mail in sealed envelopes, with postage prepaid, addressed as follows:

If to the City:

City of Two Harbors
522 First Avenue
Two Harbors, MN 55616

If to Licensee:

With a copy to:

Timothy A. Costley
Costley & Morris, P.C.
609 First Avenue/P.O. Box 340
Two Harbors, MN 55616

12. Default; Remedies. The City and Licensee agree that the nature and character of the Use are unique and that it may involve safety risks. In the event of any failure by the Licensee to perform any covenant set forth in this License, satisfy any condition set forth in this License, or comply with any restriction set forth in this License (each a "**Default**"), in addition to the rights and remedies provided or reserved herein to the City, it may immediately suspend use of the non-exclusive license granted by this License in the event of any Default in any covenants, conditions, or restrictions contained in this License by the Licensee, its permitted successors or assigns, or their respective guests or invitees, in which event the Licensee shall be given written notice of the Default or Defaults as soon thereafter as practicable. The City may also commence an action seeking money damages from Licensee or said parties or seek specific performance, injunctive relief, or other appropriate equitable remedy.

13. Clean-up. Licensee shall be responsible for all clean-up to the Property after the Use is completed and for hauling away all trash, garbage and refuse, leaving the Property in the same condition that it was in before the Use began. Licensee shall be responsible to reimburse the City for any repairs that are required after the term of Use, or for any additional clean up costs deemed necessary by the City resulting from the Use. All clean-up activities must be completed by 8:00 a.m. on August 1, 2022.

14. Choice of Law; Venue. This License shall be construed and enforced in accordance with the laws of the State of Minnesota. Litigation involving the execution, construction, and termination of this License, and claims arising under this License or the duties and obligations of

parties arising under or with respect to this License shall be venued in the Sixth Judicial District, Lake County, State of Minnesota.

15. Amendment. No amendment, modification, or waiver of any condition, provision, or term of this License shall be valid unless made in writing and signed by the parties.

16. Representation on Authority of Signatories. The persons signing this License for or on behalf of each party represents that he or she is duly authorized and has legal capacity to execute and deliver this License and that this License is a valid and legal agreement binding on such party and enforceable in accordance with its terms.

IN WITNESS HEREOF, this Non-Exclusive License Agreement has been executed and delivered as of the day and year first above written.

CITY:

CITY OF TWO HARBORS, a municipal corporation under the laws of the State of Minnesota

By: _____
Chris Swanson
Mayor

By: _____
Patty Nordean
City Clerk

LICENSEE:

MS Bike Tram, a Minnesota LLC/corporation

By: _____

Its: _____

Drafted by:
Timothy A. Costley #248927
Costley & Morris, P.C.
609 1st Ave./ P.O. Box 340
Two Harbors, MN 55616
(218) 834-2194
tac@costleylaw.com

Attorney for the City of Two Harbors

TWO HARBORS CITY COUNCIL



AGENDA ITEM SUMMARY

AGENDA ITEM SUBJECT: Accepting the recommendation of the Personnel Committee to delay the posting of the City Administrator position until November, 2022.

ORIGINATING SOURCE/DEPARTMENT: City Administrator, Dhein

FUNDING SOURCE: n/a

BACKGROUND: City Administrator, Dhein, and members of the Personnel Committee have met and discussed a proposal to delay the posting of the City Administrator position until November of 2022.

ESTIMATED DATE OF COMPLETION: Click here to enter a date.

COMMITTEE/COMMISSION RECOMMENDATION: Personnel Committee recommends tht the posting be delayed until November of 2022.

ADMINISTRATION/STAFF RECOMMENDED COUNCIL ACTION: Staff recommends that the posting be delayed until November of 2022.

Agenda Item # CA, 13 Meeting Date: 5/23/22

TWO HARBORS CITY COUNCIL



AGENDA ITEM SUMMARY

AGENDA ITEM SUBJECT: Consider requesting that the Interim City Administrator remain on contract through February, 2023 due to the recommendation to delay the posting of the City Administrator position.

ORIGINATING SOURCE/DEPARTMENT: Click here to enter text.

FUNDING SOURCE: n/a

BACKGROUND: The Personnel Committee has recommended that the contract with Joel Dhein be extended through February of 2023, due to the proposal to delay the posting of the City Administrator position. (New Contract language would be prepared by the City Attorney and presented at a later meeting for final approval.)

ESTIMATED DATE OF COMPLETION: Click here to enter a date.

COMMITTEE/COMMISSION RECOMMENDATION: Personnel Committee recommends extending Mr. Dhein's contract.

ADMINISTRATION/STAFF RECOMMENDED COUNCIL ACTION: Staff recommends extending Mr. Dhein's contract.

CA. 14

5/23/22

TWO HARBORS CITY COUNCIL



AGENDA ITEM SUMMARY

AGENDA ITEM SUBJECT: Authorizing expenses for the Mayor, City Council or Administrative Staff to attend the Breakfast for Heros on May 24, 2022 at 8 AM at the American Legion.

ORIGINATING SOURCE/DEPARTMENT: Click here to enter text.

FUNDING SOURCE: Click here to enter text.

BACKGROUND: Each year, we are invited to this event which is intended to thank the emergency services providers in Lake County. RSVP was required by 5/19.

ESTIMATED DATE OF COMPLETION: Click here to enter a date.

COMMITTEE/COMMISSION RECOMMENDATION: Click here to enter text.

ADMINISTRATION/STAFF RECOMMENDED COUNCIL ACTION: Staff recommends approving these expenses.

Agenda Item # CA-15 Meeting Date: 5/23/22



LAKE COUNTY
Chamber Of Commerce

BREAKFAST FOR HEROS

JOIN US IN THANKING OUR
EMERGENCY SERVICE
PROVIDERS

May 24th @ 8:00 am
American Legion Post 109
Two Harbors, MN

\$15 per person RSVP by 5/19

SPONSORED BY:

CASTLE DANGER BREWERY, CO-OP LIGHT AND POWER, DRYCO,
GRANDMA'S MARATHON, HARBOR INSURANCE, HOLDEN
ELECTRIC, NORTH SHORE FEDERAL CREDIT UNION, PARK STATE
BANK, SONJU, TWO HARBORS FEDERAL CREDIT UNION

TWO HARBORS CITY COUNCIL



AGENDA ITEM SUMMARY

AGENDA ITEM SUBJECT: *Consider approving the 2021 Audited Financial Statements for the City of Two Harbors, Minnesota*

ORIGINATING SOURCE/DEPARTMENT: Click here to enter text.

FUNDING SOURCE: Click here to enter text.

BACKGROUND: *See attached 2021 Audited Financial Statements for the City of Two Harbors*

ESTIMATED DATE OF COMPLETION: 12/31/2021

COMMITTEE/COMMISSION RECOMMENDATION: Click here to enter text.

ADMINISTRATION/STAFF RECOMMENDED COUNCIL ACTION:
Approve the 2021 Audited Financial Statements

Agenda Item # CA 110 Meeting Date: 5/23/22

**City of Two Harbors
Lake County, Minnesota**

Basic Financial Statements

December 31, 2021

**City of Two Harbors
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**City of Two Harbors
Elected Officials
December 31, 2021**

<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
Christopher Swanson	Mayor	December 31, 2024
Robin Glaser	Alderman At-Large	December 31, 2024
Jackie Rennwald	Alderman At-Large	December 31, 2022
Miles Woodruff	Alderman First Ward	December 31, 2022
Benjamin Redden	Alderman Second Ward	December 31, 2022
Catherine Erickson	Alderman Third Ward	December 31, 2024
Derrick Passe	Alderman Fourth Ward	December 31, 2024

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Two Harbors
Two Harbors, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of City of Two Harbors, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise City of Two Harbors' basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of City of Two Harbors, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Golf Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Two Harbors' basic financial statements. The combining and individual nonmajor fund financial statements and is presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

BerganKDV, Ltd.

Minneapolis, Minnesota

May 16, 2022

City of Two Harbors Management's Discussion and Analysis

Management of the City of Two Harbors (the "City") has prepared this narrative and analysis of the financial activities of the City for the year ended December 31, 2021, to assist users of this report to gain a better understanding of the City's financial health and history. The information presented in this section should be considered in conjunction with that presented in the notes to financial statements.

FINANCIAL HIGHLIGHTS

- The total net position of the city was \$51,344,506 as of December 31, 2021. The net position of the governmental activities was \$14,794,851. The net position of the business-type activities was \$36,549,655.
- The City's governmental funds reported a total combined ending fund balance of \$8,659,610, an increase of \$3,094,541 from 2020.
- The General Fund unassigned fund balance was \$1,986,064 or 51.6% of total General Fund expenditures for 2021, compared to \$2,075,654 or 56.3% for 2020.
- The Proprietary Fund unrestricted net position was \$17,048,812 or 306% of total Proprietary Fund operating expenses for 2021, compared to \$16,605,132, or 304% of the same for 2020.
- The City's total debt increased by \$2,771,588 during the current year. New debt issuances included \$2,645,000 for the 2021-2022 Street Improvement Project and \$715,000 for capital equipment purchases.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Position presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows. The difference between assets plus deferred outflows and liabilities plus deferred inflows is 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.

City of Two Harbors Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

The Statement of Activities presents information showing how the government's net position changed during the most recent 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 periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the city include general government, public safety, public works, culture and recreation, health and welfare, economic development, and airport. The business-type activities of the city include water, sewer, electric, gas, municipal liquor, stormwater and the campground.

The government-wide financial statements include the City and its two component units, Two Harbors Development Fund and the Two Harbors Economic Development Authority.

The government-wide financial statements can be found on pages 19-21 of this report.

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. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows, and outflows of spendable resources, as well as on spendable resources available at the end of the 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 fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

City of Two Harbors Management's Discussion and Analysis

FUND FINANCIAL STATEMENTS (CONTINUED)

Governmental Funds (Continued)

The City maintains fifteen individual governmental funds. Of these funds, three are major funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Golf Fund and the Street Improvement Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in Supplementary Information section of this report beginning on page 97.

The City adopts an annual appropriated budget for its General Fund and Golf Fund. A budgetary comparison statement has been provided for the General Fund and Golf Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 22-28 of this report.

Proprietary Funds

The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, electric, gas, municipal liquor, stormwater, and campground.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds' financial statements provide separate information for the water, sewer, electric, gas, municipal liquor, stormwater, and campground, all of which are considered major funds of the City.

The basic proprietary fund financial statements can be found on pages 32-37 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The City maintains one private purpose trust fund. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 38 of this report.

NOTES TO FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 38-78 of this report.

City of Two Harbors Management's Discussion and Analysis

REQUIRED SUPPLEMENTAL INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The required supplemental information can be found on pages 87-94 of this report.

The combining statements referred to earlier, in connection with non-major governmental funds and internal service funds, are presented immediately following the required supplemental information beginning on page 100.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$51,344,506 at the close of the year.

Of the City's total net position, 41% is unrestricted, 4% is restricted, and another 55% reflects the City's investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The city uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. A portion of the City's net position (4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$21,021,171) may be used to meet the government's ongoing obligations to citizens and creditors.

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**City of Two Harbors
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Statement of Net Position (continued)

The following table presents the primary government's net position as of December 31, 2021, with a comparison to 2020.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 10,270,761	\$ 7,117,215	\$ 22,398,443	\$ 21,333,892	\$ 32,669,204	\$ 28,451,107
Capital assets	15,627,341	14,557,839	28,618,178	26,986,395	44,245,519	41,544,234
Total assets	<u>\$ 25,898,102</u>	<u>\$ 21,675,054</u>	<u>\$ 51,016,621</u>	<u>\$ 48,320,287</u>	<u>\$ 76,914,723</u>	<u>\$ 69,995,341</u>
Deferred Outflows of Resources						
Related to OPEB	\$ 66,443	\$ 110,802	\$ 69,791	\$ 116,774	\$ 136,234	\$ 227,576
Related to fire relief pensions	106,573	110,394	-	-	106,573	110,394
Related to city pensions	1,251,797	444,933	782,841	103,243	2,034,638	548,176
Total deferred outflows of resources	<u>\$ 1,424,813</u>	<u>\$ 666,129</u>	<u>\$ 852,632</u>	<u>\$ 220,017</u>	<u>\$ 2,277,445</u>	<u>\$ 886,146</u>
Liabilities						
Long-term liabilities outstanding	\$ 9,905,126	\$ 7,122,193	\$ 3,003,121	\$ 12,031,888	\$ 12,908,247	\$ 19,154,081
Other liabilities	765,693	715,118	11,286,756	905,469	12,052,449	1,620,587
Total liabilities	<u>\$ 10,670,819</u>	<u>\$ 7,837,311</u>	<u>\$ 14,289,877</u>	<u>\$ 12,937,357</u>	<u>\$ 24,960,696</u>	<u>\$ 20,774,668</u>
Deferred Inflows of Resources						
Related to fire relief pensions	\$ 156,986	\$ 98,003	\$ -	\$ -	\$ 156,986	\$ 98,003
Related to city pensions	1,700,259	628,241	1,029,721	150,333	2,729,980	778,574
Total deferred inflows of resources	<u>\$ 1,857,245</u>	<u>\$ 726,244</u>	<u>\$ 1,029,721</u>	<u>\$ 150,333</u>	<u>\$ 2,886,966</u>	<u>\$ 876,577</u>
Net Position						
Net investment in capital assets	\$ 8,808,537	\$ 11,006,090	\$ 19,236,218	\$ 18,633,965	\$ 28,044,755	\$ 29,640,055
Restricted	2,013,955	1,970,580	264,625	213,517	2,278,580	2,184,097
Unrestricted	3,972,359	800,958	17,048,812	16,605,132	21,021,171	17,406,090
Total net position	<u>\$ 14,794,851</u>	<u>\$ 13,777,628</u>	<u>\$ 36,549,655</u>	<u>\$ 35,452,614</u>	<u>\$ 51,344,506</u>	<u>\$ 49,230,242</u>

The City's total net position increased by \$2,114,264 in 2021, and total assets increased \$6,919,382. This can be attributed to an increase in capital projects in 2021. The 2021-2022 Street Improvement Project began construction in Summer 2021, project costs were \$1.6 million in 2021. The Wastewater Treatment Plant project began construction in Fall 2021, total project costs were \$813,180 in 2021, this is a \$33.5 million project to be completed in 2024. Total liabilities increased \$4,186,028 mostly attributable to new debt issued in 2021 for the street improvement project and capital equipment needs over the next 3 years. The city received a donation of land between the Water Plant and Sewer Plant, this land has an appraised value of \$1.5 million, there were stipulations in the donation and if the city does not meet them the land is reverted to the donor. To recognize this, the city recorded the land as unearned revenue.

City of Two Harbors
Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Statement of Activities

To give users a better understanding of the sources and uses of the City's net position, the following table presents a summary of revenues, expenses, and changes in net position:

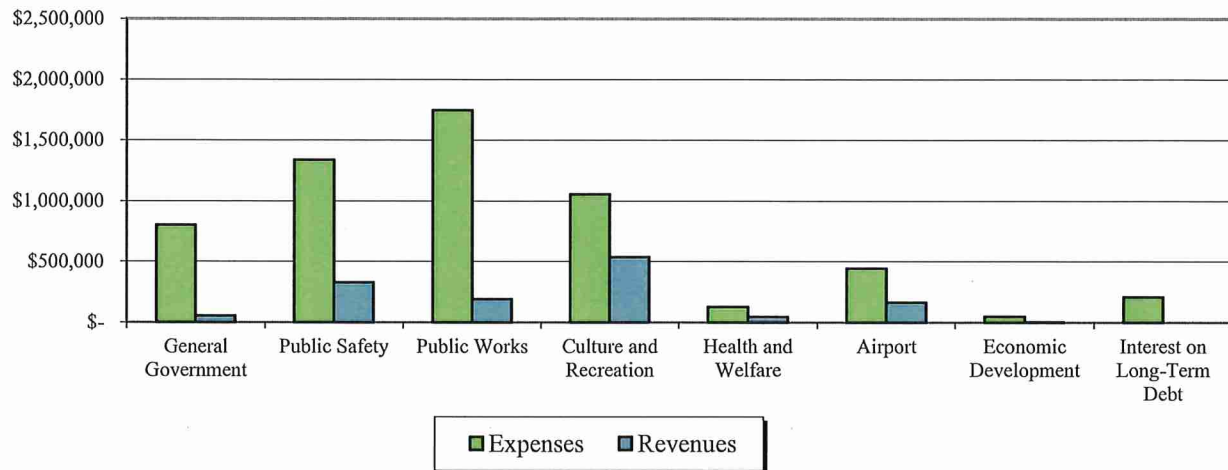
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues						
Charges for services	\$ 935,374	\$ 840,198	\$ 14,663,297	\$ 12,513,160	\$ 15,598,671	\$ 13,353,358
Operating grants and contributions	288,647	447,841	21,900	118,475	310,547	566,316
Capital grants and contributions	89,859	892,787	14,102	775,125	103,961	1,667,912
General revenues						
Taxes	2,810,612	2,686,641	-	-	2,810,612	2,686,641
Tax increments	-	-	-	-	-	-
General state aids	2,356,846	2,259,305	2,609	3,842	2,359,455	2,263,147
Investment income	6,480	36,744	38,159	189,263	44,639	226,007
Other general revenue	61,625	51,128	-	-	61,625	51,128
Gain on sale of asset	-	20,929	7,204	1,200	7,204	22,129
Total revenues	6,549,443	7,235,573	14,747,271	13,601,065	21,296,714	20,836,638
Expenses						
General government	800,010	739,632	-	-	800,010	739,632
Public safety	1,344,829	1,532,351	-	-	1,344,829	1,532,351
Public works	1,738,178	2,436,618	-	-	1,738,178	2,436,618
Culture and recreation	1,055,366	840,503	-	-	1,055,366	840,503
Health and welfare	126,467	101,280	-	-	126,467	101,280
Airport	445,608	403,132	-	-	445,608	403,132
Economic development	45,434	203,636	-	-	45,434	203,636
Interest on long-term debt	209,628	96,324	-	-	209,628	96,324
Water	-	-	1,445,250	1,369,427	1,445,250	1,369,427
Sewage disposal	-	-	1,469,185	1,561,146	1,469,185	1,561,146
Electric	-	-	3,582,436	3,029,564	3,582,436	3,029,564
Gas	-	-	3,655,482	2,216,614	3,655,482	2,216,614
Liquor	-	-	2,783,030	2,547,008	2,783,030	2,547,008
Stormwater	-	-	94,032	80,490	94,032	80,490
Campground	-	-	387,515	396,136	387,515	396,136
Total expenses	5,765,520	6,353,476	13,416,930	11,200,385	19,182,450	17,553,861
Transfers	233,300	132,660	(233,300)	(132,660)	-	-
Change in net position	1,017,223	1,014,757	1,097,041	2,268,020	2,114,264	3,282,777
Net Position - Beginning	13,777,628	12,617,510	35,452,614	33,184,594	49,230,242	45,802,104
Prior period adjustment	-	145,361	-	-	-	145,361
Net Position - Ending	\$ 14,794,851	\$ 13,777,628	\$ 36,549,655	\$ 35,452,614	\$ 51,344,506	\$ 49,230,242

City of Two Harbors **Management's Discussion and Analysis**

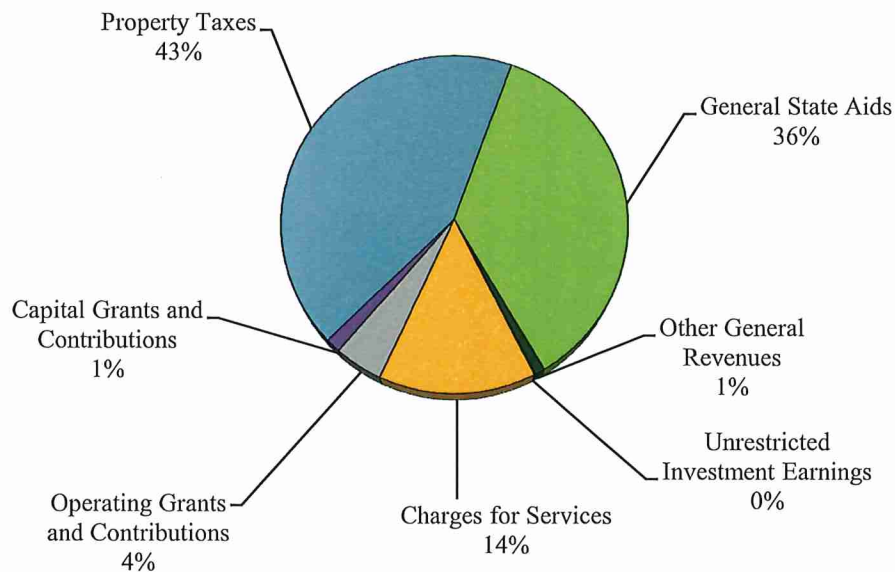
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Below are specific graphs which provide comparisons of the governmental activities revenues and expenses:

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities

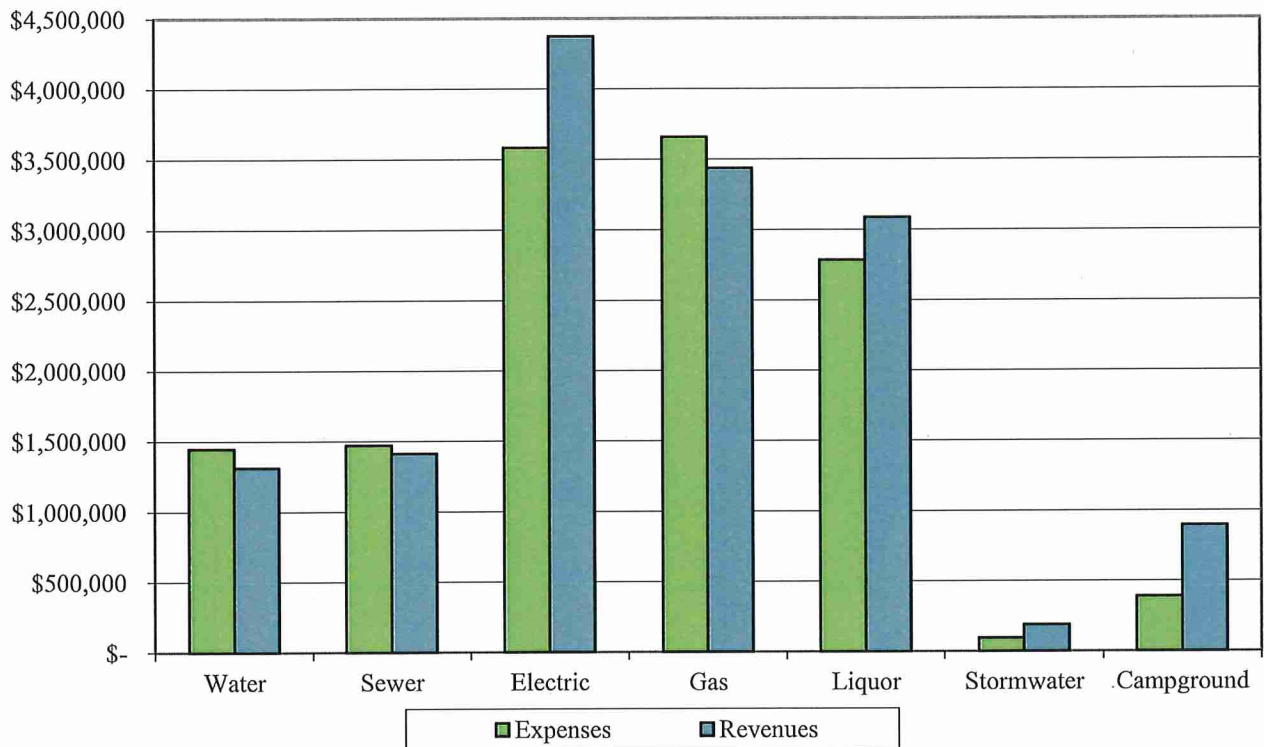


**City of Two Harbors
Management's Discussion and Analysis**

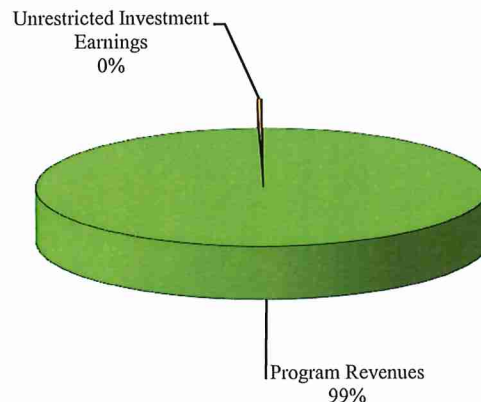
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Below are specific graphs which provide comparisons of the business-type activities revenues and expenses:

Expenses and Program Revenues - Business-Type Activities



Revenues by Source - Business-Type Activities



City of Two Harbors Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities

The governmental activities increased the City's net position by \$1,017,223 compared to an increase of \$1,160,118 in 2020. Total governmental revenues decreased by 8.8% from 2020 to 2021, while total expenses increased by 7% over the same period. The decrease in revenues is attributable mainly to federal funding received in 2020 for the Airport T-Hangar project.

Business-Type Activities

Business-type activities increased the City's net position by \$1,097,041 compared with an increase of \$2,268,020 in 2020.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

As of the end of 2021, the City's governmental funds reported a combined fund balance of \$8,659,610, an increase of \$3,094,541 in comparison with the prior year. The non-spendable, committed, assigned, and unassigned portion of the fund balance is \$7,009,240 or 80.9%, which is available for spending at the City's discretion. \$1,650,370 is restricted to indicate it is not available for new spending because it is only available for the purposes the legal constraints placed on the use of the resources.

The General Fund is the chief operating fund of the City. At the end of the current year, the unassigned fund balance of the General Fund was \$1,986,064, and total fund balance was \$2,006,635. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 51.56% of total General Fund expenditures, while total fund balance represents 52.09% of that same amount. The General Fund decreased \$86,311 and the key factors are discussed in the General Fund Budgetary Highlights.

The Golf Fund is used to account for the operation of the City's Golf Course. The General fund transferred \$138,050 to continue the progress on lowering the outstanding deficit in the Golf Fund. In 2021 the Electric Fund transferred \$100,000 to bring down the Golf Fund deficit. The Golf Fund has a fund balance of \$23,694 at year end.

The Street Improvement Fund was created in 2017 to track the expenditures related to the implementation of the Capital Improvement Plan. At the end of the current year, the assigned fund balance was \$2,231,692, this is an increase of \$1,374,092 from prior year.

**City of Two Harbors
Management's Discussion and Analysis**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

Funding for the Street Improvement Fund is from G.O. Bonds, transfers from the General Fund and Sales Tax fund which was implemented on October 1, 2019, with the collection of .5% sales tax for the funding of the Street Improvement Projects.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The proprietary funds reported combined net position of \$36,549,655. The net position increased by \$1,097,041 from last year's total of \$35,452,614. Net position consists of 52.6% investment in capital assets, 0.7% restricted per PFA guidelines for a Wastewater Replacement Fund and 46.7% unrestricted, or available for spending at the City's discretion. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended budget called for a \$41,423 decrease in fund balance, actual decrease in fund balance was \$86,311. Actual revenues were \$154,463 less than budgeted. This is due to the actual property tax collected in 2021.

The actual General Fund expenditures of \$3,852,020 were under budget by \$88,330 of the final amended budget of \$3,940,350.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's total capital assets for its governmental and business-type activities as of December 31, 2021, were \$44,245,519 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, structures and improvements, and machinery and equipment, less any outstanding debt used to acquire the assets. The increase in the City's investment in capital assets for the current fiscal year included a 7.3% increase in governmental activities and an increase 16.7% in business-type activities.

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

- Construction began for the 2021-2022 Street Improvement Project; the project will be completed in 2022.
- In early fall, construction began for the \$33.5M Wastewater Treatment Plant project; the project is expected to be completed in 2024.
- The sewer fund received a \$1.5 million donation of land which is located between the Water Plant and Sewer Plant.
- The liquor fund purchased a house located next to the liquor store in preparation for planning a liquor store project in 2022.

**City of Two Harbors
Management's Discussion and Analysis**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

The following table summarized capital assets for governmental and business-type activities for 2021 and 2020:

Capital Assets (Net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 310,514	\$ 310,514	\$ 1,620,666	\$ 95,666	\$ 1,931,180	\$ 406,180
Inexhaustible asset	281,528	281,528	-	-	281,528	281,528
Construction in progress	1,821,719	332,196	2,778,829	1,630,073	4,600,548	1,962,269
Buildings	2,625,348	2,794,205	9,591,506	10,002,997	12,216,854	12,797,202
Structures and improvements	8,551,948	8,865,332	14,057,281	14,621,441	22,609,229	23,486,773
Machinery and equipment	2,036,285	1,974,064	569,896	636,218	2,606,181	2,610,282
Total	<u>\$ 15,627,342</u>	<u>\$ 14,557,839</u>	<u>\$ 28,618,178</u>	<u>\$ 26,986,395</u>	<u>\$ 44,245,520</u>	<u>\$ 41,544,234</u>

Additional information on the City's capital assets can be found in Note 6.

Long-Term Debt

The City's total debt outstanding as of December 31, 2021, was \$14,675,766. This amount increased \$2,771,587 during 2021 due to the issuance of general obligation bonds for the 2021-2022 Street Improvement project.

The city maintained an "AA-" rating from Standard & Poor's for its general obligation debt. Additional information on the City's Long-term debt can be found in Note 7 starting on page 56 of this report.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 6,585,000	\$ 3,415,000	\$ 585,000	\$ 485,000	\$ 7,170,000	\$ 3,900,000
Unamortized bond premium	233,805	136,749	18,062	15,230	251,867	151,979
General obligation revenue notes	-	-	7,253,900	7,852,200	7,253,900	7,852,200
Total	<u>\$ 6,818,805</u>	<u>\$ 3,551,749</u>	<u>\$ 7,856,962</u>	<u>\$ 8,352,430</u>	<u>\$ 14,675,767</u>	<u>\$ 11,904,179</u>

The city also includes its obligations for compensated absences in long-term debt, which is not included in the above information. Additional information on the City's long-term debt can be found in Note 7 of this report.

City of Two Harbors Management's Discussion and Analysis

HISTORICAL AND LONG-TERM FINANCIAL PLANNING

The Mayor and City Council continue to take a long-term view on the City's finances. The following areas are those with the most significant impacts:

- The Council's consistent effort to eliminate the Golf Course fund balance deficit through regular annual subsidies have eliminated the deficit in 2021.
- In 2017 the City worked with Ehler's to create a ten-year Financial Management Plan. The use of the tools has assisted the city in planning for future capital improvements, operational changes, and management of general obligation debt. The model ties budget, levy, and tax information together to provide a complete financial picture.
- In 2016 the city adopted for the first time a 5-year Capital Improvement Plan for infrastructure, streets, and equipment. In 2020 the city added sidewalk and trail projects to the CIP to begin in 2020. This has become a valuable tool in looking at future budgetary forecasts.

Budget Outlook

The City's future financial outlook is stable.

- For 2022, the Council Adopted Budget for all City funds was \$37.9 million which represents a \$7.4 million or 24.5% increase from the 2021 Council Adopted Budget of \$30.5 million.
- At the same time, the Council adopted a 2022 property tax levy of \$2.4 million which results in a 7.7% or \$173,234 increase, from the 2021 adopted property tax levy. As part of this budget, funds that have accumulated in various City funds due to a growing economy and fiscal restraint in prior years allows for utilization of fund balances, operating capital items and other one-time items.
- For 2022-2026, the five-year capital program totals \$64.5 million including all funding sources. The 2022 portion of the five-year capital program is \$22.8 million which includes year 2 of 4 of the Wastewater Treatment Plant Project, Water Plant Project and continuing the Street Improvement Project.
- The City also reviews the rates of the water, sewer, electric, sewer and storm water funds. As part of the process the City projects fund balances and capital improvements to each of the systems for the next ten years and identifies required changes to user and connection rates for each fund.

Employment

The unemployment rate for Lake County, where the city is located, is currently 2.9%, which is lower than the rate of 5.5% a year ago. This is lower than the national average unemployment rate of 3.8% and higher than the State's average unemployment rate of 2.8% for the same time period.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Two Harbors, 522 1st Avenue, Two Harbors, Minnesota 55616.

BASIC FINANCIAL STATEMENTS

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**City of Two Harbors
Statement of Net Position
December 31, 2021**

	Governmental Activities	Business-Type Activities	Total	Two Harbors Development Fund	Two Harbors Economic Development Authority
Assets					
Cash and investments (including cash equivalents)	\$ 8,568,092	\$ 20,624,871	\$ 29,192,963	\$ 87,973	\$ 59,541
Restricted cash (including cash equivalents)	-	264,625	264,625	-	-
Property tax receivable	50,528	-	50,528	-	-
Accounts receivable	61,961	1,202,098	1,264,059	1,701	-
Interest receivable	1,878	10,843	12,721	-	-
Due from other governments	503,085	26,848	529,933	-	-
Internal balances	(4,183)	4,183	-	-	-
Loans receivable	-	-	-	813,225	-
Notes receivable	181,417	-	181,417	-	-
Deferred special assessments receivable	576,130	7,644	583,774	-	-
Inventories	35,191	253,056	288,247	-	-
Prepaid expenses	-	4,275	4,275	-	-
Capital assets					
Land	310,514	1,620,666	1,931,180	-	-
Inexhaustible asset	281,528	-	281,528	-	-
Construction in progress	1,821,719	2,778,829	4,600,548	-	-
Capital assets being depreciated					
Buildings	5,710,283	20,057,156	25,767,439	-	-
Improvements	17,267,371	25,114,452	42,381,823	-	-
Structures	311,156	-	311,156	-	-
Machinery and equipment	5,969,133	3,480,425	9,449,558	-	-
Less accumulated depreciation	(16,044,363)	(24,433,350)	(40,477,713)	-	-
Net pension asset	296,662	-	296,662	-	-
Total assets	<u>25,898,102</u>	<u>51,016,621</u>	<u>76,914,723</u>	<u>902,899</u>	<u>59,541</u>
Deferred Outflows of Resources					
Deferred outflows of resources related to OPEB	66,443	69,791	136,234	-	-
Deferred outflows of resources related to fire relief pensions	106,573	-	106,573	-	-
Deferred outflows of resources related to city pensions	1,251,797	782,841	2,034,638	-	-
Total deferred outflow of resources	<u>1,424,813</u>	<u>852,632</u>	<u>2,277,445</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 27,322,915</u>	<u>\$ 51,869,253</u>	<u>\$ 79,192,168</u>	<u>\$ 902,899</u>	<u>\$ 59,541</u>
Liabilities					
Accounts payable	\$ 134,527	\$ 1,019,264	\$ 1,153,791	\$ 39	\$ -
Contracts payable	93,752	40,006	133,758	-	-
Due to other governments	490	62,629	63,119	-	-
Accrued payroll	123,891	108,227	232,118	-	-
Accrued interest payable	69,461	41,930	111,391	-	-
Customer deposits	-	58,944	58,944	-	-
Unearned revenue	343,572	1,672,121	2,015,693	-	-
Noncurrent liabilities					
Due within one year	355,670	864,297	1,219,967	-	-
Due in more than one year	6,875,867	7,672,780	14,548,647	-	-
Total OPEB liability, due in more than one year	1,609,413	1,690,512	3,299,925	-	-
Net pension liability, due in more than one year	1,064,176	1,059,167	2,123,343	-	-
Total liabilities	<u>10,670,819</u>	<u>14,289,877</u>	<u>24,960,696</u>	<u>39</u>	<u>-</u>
Deferred Inflows of Resources					
Deferred inflows related to fire relief pensions	156,986	-	156,986	-	-
Deferred inflows related to city pensions	1,700,259	1,029,721	2,729,980	-	-
Total deferred inflows of resources	<u>1,857,245</u>	<u>1,029,721</u>	<u>2,886,966</u>	<u>-</u>	<u>-</u>
Net Position					
Net investment in capital assets	8,808,537	19,236,218	28,044,755	-	-
Restricted for					
Revolving loans	40,606	-	40,606	-	-
Sales tax appropriations	614,905	-	614,905	-	-
Tax increment financing	197,574	-	197,574	-	-
Cemetery endowment	147,122	-	147,122	-	-
Debt service	1,013,748	264,625	1,278,373	-	-
Unrestricted	3,972,359	17,048,812	21,021,171	902,860	59,541
Total net position	<u>14,794,851</u>	<u>36,549,655</u>	<u>51,344,506</u>	<u>902,860</u>	<u>59,541</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 27,322,915</u>	<u>\$ 51,869,253</u>	<u>\$ 79,192,168</u>	<u>\$ 902,899</u>	<u>\$ 59,541</u>

See notes to basic financial statements.

**City of Two Harbors
Statement of Activities
Year Ended December 31, 2021**

Functions/Programs	Expenses	Program Revenues		Program Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 800,010	\$ 39,575	\$ 12,013	\$ -
Public safety	1,344,829	174,766	148,476	5,000
Public works	1,738,178	70,800	22,258	97,314
Economic development	45,434	1,043	-	-
Culture and recreation	1,055,366	470,771	65,000	-
Health and welfare	126,467	43,644	-	-
Airport	445,608	134,775	40,900	(12,455)
Interest on long-term debt	209,628	-	-	-
Total governmental activities	<u>5,765,520</u>	<u>935,374</u>	<u>288,647</u>	<u>89,859</u>
Business-type activities				
Water	1,445,250	1,311,071	-	-
Sewage disposal	1,469,185	1,396,653	-	14,102
Electric	3,582,436	4,372,860	-	-
Gas	3,655,482	3,436,606	-	-
Municipal liquor	2,783,030	3,085,904	100	-
Stormwater	94,032	164,566	21,800	-
Campground	387,515	895,637	-	-
Total business-type activities	<u>13,416,930</u>	<u>14,663,297</u>	<u>21,900</u>	<u>14,102</u>
Total governmental and business-type activities	<u>\$ 19,182,450</u>	<u>\$ 15,598,671</u>	<u>\$ 310,547</u>	<u>\$ 103,961</u>
Component units				
Two Harbors Development Fund	\$ 8,418	\$ 15,212	\$ -	\$ -
Two Harbors Economic Development Authority	<u>1,700</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
Total component units	<u>\$ 10,118</u>	<u>\$ 15,212</u>	<u>\$ 10,000</u>	<u>\$ -</u>
General revenues				
Property taxes				
Sales tax				
Unrestricted state aids				
Unrestricted investment earnings				
Other unrestricted revenues				
Gain on sale of asset				
Total general revenues				
Transfers				
Change in net position				
Net position - beginning				
Net position - ending				

Net (Expense) Revenues
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total	Two Harbors Development Fund	Two Harbors Economic Development Authority
\$ (748,422)	\$ -	\$ (748,422)	\$ -	\$ -
(1,016,587)	-	(1,016,587)	-	-
(1,547,806)	-	(1,547,806)	-	-
(44,391)	-	(44,391)	-	-
(519,595)	-	(519,595)	-	-
(82,823)	-	(82,823)	-	-
(282,388)	-	(282,388)	-	-
(209,628)	-	(209,628)	-	-
<u>(4,451,640)</u>	<u>-</u>	<u>(4,451,640)</u>	<u>-</u>	<u>-</u>
-	(134,179)	(134,179)	-	-
-	(58,430)	(58,430)	-	-
-	790,424	790,424	-	-
-	(218,876)	(218,876)	-	-
-	302,974	302,974	-	-
-	92,334	92,334	-	-
-	508,122	508,122	-	-
<u>-</u>	<u>1,282,369</u>	<u>1,282,369</u>	<u>-</u>	<u>-</u>
<u>\$ (4,451,640)</u>	<u>\$ 1,282,369</u>	<u>\$ (3,169,271)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 6,794	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,300</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>6,794</u>	<u>8,300</u>
1,891,985	-	1,891,985	-	-
918,627	-	918,627	-	-
2,356,846	2,609	2,359,455	-	-
6,480	38,159	44,639	29	-
61,625	-	61,625	642	-
-	7,204	7,204	-	-
<u>5,235,563</u>	<u>47,972</u>	<u>5,283,535</u>	<u>671</u>	<u>-</u>
<u>233,300</u>	<u>(233,300)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,017,223</u>	<u>1,097,041</u>	<u>2,114,264</u>	<u>7,465</u>	<u>8,300</u>
<u>13,777,628</u>	<u>35,452,614</u>	<u>49,230,242</u>	<u>895,395</u>	<u>51,241</u>
<u>\$ 14,794,851</u>	<u>\$ 36,549,655</u>	<u>\$ 51,344,506</u>	<u>\$ 902,860</u>	<u>\$ 59,541</u>

City of Two Harbors
Balance Sheet - Governmental Funds
December 31, 2021

	General Fund (101)	Golf (241)	Street Improvement Fund (402)
Assets			
Cash and investments	\$ 2,160,189	\$ -	\$ 2,370,339
Taxes receivable - delinquent	50,213	-	-
Delinquent	-	-	-
Deferred special assessment receivable	1,314	-	-
Accounts receivable	9,322	28,764	-
Interest receivable	533	-	746
Due from other governments	245,243	-	-
Notes receivable	-	-	-
Inventories	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 2,466,814</u>	<u>\$ 28,764</u>	<u>\$ 2,371,085</u>
Liabilities			
Accounts payable	\$ 77,774	\$ 565	\$ 45,641
Contracts payable	-	-	93,752
Due to other funds	-	4,183	-
Due to other governments	168	322	-
Accrued payroll	116,938	-	-
Unearned revenue	213,772	-	-
Total liabilities	<u>408,652</u>	<u>5,070</u>	<u>139,393</u>
Deferred Inflows of Resources			
Unavailable revenue - property taxes	50,213	-	-
Unavailable revenue - special assessments	1,314	-	-
Total deferred inflows of resources	<u>51,527</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits)			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	23,694	-
Assigned	20,571	-	2,231,692
Unassigned	1,986,064	-	-
Total fund balances (deficits)	<u>2,006,635</u>	<u>23,694</u>	<u>2,231,692</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 2,466,814</u>	<u>\$ 28,764</u>	<u>\$ 2,371,085</u>

Other Governmental Funds	Total Governmental Funds
\$ 4,037,564	\$ 8,568,092
315	50,528
-	-
574,816	576,130
23,875	61,961
599	1,878
257,842	503,085
181,417	181,417
35,191	35,191
<u>\$ 5,111,619</u>	<u>\$ 9,978,282</u>
\$ 10,547	\$ 134,527
-	93,752
-	4,183
-	490
6,953	123,891
129,800	343,572
<u>147,300</u>	<u>700,415</u>
315	50,528
<u>566,415</u>	<u>567,729</u>
<u>566,730</u>	<u>618,257</u>
35,191	35,191
1,650,370	1,650,370
220,702	244,396
2,491,326	4,743,589
-	1,986,064
<u>4,397,589</u>	<u>8,659,610</u>
<u>\$ 5,111,619</u>	<u>\$ 9,978,282</u>

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City of Two Harbors
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
December 31, 2021

Total fund balances - governmental funds	\$ 8,659,610
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Amounts reported for governmental activities in the Statement of Net Position are different because:

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

Cost of capital assets	31,671,704
Less accumulated depreciation	(16,044,363)

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

Long-term liabilities at year-end consist of:

Bond principal payable	(6,818,804)
Compensated absences payable	(412,733)
Total OPEB liability	(1,609,413)

Delinquent property taxes, deferred special assessments, and loans receivable will be collected in future years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.

Delinquent property taxes	50,528
Deferred special assessments	567,729

Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions and OPEB that are not recognized in the governmental funds.

Deferred inflows of resources related to pensions	(1,857,245)
Deferred outflows of resources related to pensions	1,358,370
Deferred outflows of resources related to OPEB	66,443

Net pension liability	(1,064,176)
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Fire relief association net pension asset created through contributions to a defined benefit pension plan which is not recognized in the governmental funds.

296,662

Governmental funds do not report a liability for accrued interest until due and payable.

(69,461)

Total net position - governmental activities	<u>\$ 14,794,851</u>
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City of Two Harbors
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2021

	General Fund (101)	Golf (241)	Street Improvement Fund (402)
Revenues			
Taxes	\$ 1,899,444	\$ -	\$ -
Sales tax	-	-	-
Special assessments	-	-	-
Licenses and permits	53,930	-	-
Intergovernmental	2,475,868	-	57,316
Charges for services	194,607	453,428	-
Fines and forfeitures	7,472	-	-
Miscellaneous	-	-	-
Investment income	2,215	-	1,539
Loan payments	-	-	-
Other	50,344	-	-
Total revenues	<u>4,683,880</u>	<u>453,428</u>	<u>58,855</u>
Expenditures			
Current			
General government	629,872	-	-
Public safety	1,438,749	-	-
Public works	1,348,997	-	-
Culture and recreation	169,059	506,395	-
Health and welfare	112,308	-	-
Economic development	-	-	-
Airport	-	-	-
Miscellaneous	153,035	-	-
Debt service			
Principal	-	-	-
Interest and other charges	-	-	57,859
Capital outlay			
Public safety	-	-	-
Public works	-	-	1,548,968
Culture and recreation	-	-	-
Airport	-	-	-
Total expenditures	<u>3,852,020</u>	<u>506,395</u>	<u>1,606,827</u>
Excess of revenues over (under) expenditures	831,860	(52,967)	(1,547,972)
Other Financing Sources (Uses)			
Proceeds from sale of capital asset	21,245	-	-
Bonds issued	-	-	2,620,065
Bond premium	-	-	86,999
Proceeds from capital lease	-	-	-
Loan proceeds	-	-	-
Bond discount	-	-	-
Payment of refunded debt	-	-	-
Transfers in	385,634	238,050	500,000
Transfers out	(1,325,050)	-	(285,000)
Total other financing sources (uses)	<u>(918,171)</u>	<u>238,050</u>	<u>2,922,064</u>
Net change in fund balances	(86,311)	185,083	1,374,092
Fund Balances			
Beginning of year	<u>2,092,946</u>	<u>(161,389)</u>	<u>857,600</u>
End of year	<u>\$ 2,006,635</u>	<u>\$ 23,694</u>	<u>\$ 2,231,692</u>

See notes to basic financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 16,219	\$ 1,915,663
918,627	918,627
89,383	89,383
-	53,930
153,767	2,686,951
188,064	836,099
-	7,472
2,259	6,013
5,592	5,592
42,179	92,523
<u>1,416,090</u>	<u>6,612,253</u>
23,569	653,441
-	1,438,749
-	1,348,997
290,161	965,615
-	112,308
45,434	45,434
169,089	169,089
-	153,035
197,140	197,140
136,062	193,921
132,245	132,245
273,418	1,822,386
50,310	50,310
8,759	8,759
<u>1,326,187</u>	<u>7,291,429</u>
89,903	(679,176)
653	21,898
739,935	3,360,000
26,002	113,001
45,518	45,518
-	-
-	-
-	-
1,522,000	2,645,684
(802,334)	(2,412,384)
<u>1,531,774</u>	<u>3,773,717</u>
1,621,677	3,094,541
<u>2,775,912</u>	<u>5,565,069</u>
<u>\$ 4,397,589</u>	<u>\$ 8,659,610</u>

City of Two Harbors
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to
the Statement of Activities - Governmental Funds
Year Ended December 31, 2021

Net change in fund balances - governmental funds \$ 3,094,541

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.

Capital outlay	2,001,558
Depreciation expense	(932,056)

Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.

69,936

OPEB are not reported as expenditures in the governmental funds because they do not require the use of current financial resources; instead, they are expensed in the Statement of Activities.

(122,261)

Governmental funds recognized pension contributions as expenditures at the time of payment, whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.

Pension expense	259,883
State contribution	9,786

Principal payments on long-term debt are recognized as expenditures in the governmental funds but have no effect on net position in the Statement of Activities.

190,000

Governmental funds report the effects of bond premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

(24,512)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

15,945

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Bond Proceeds	(3,473,001)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Special assessments deferred	(49,385)
Delinquent property taxes	(23,211)

Change in net position - governmental activities	\$ 1,017,223
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City of Two Harbors
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Over (Under)
Revenues				
General property taxes	\$ 2,265,930	\$ 2,265,930	\$ 1,872,988	\$ (392,942)
Cable television franchise tax	27,150	27,150	26,456	(694)
Licenses and permits	47,850	47,850	53,930	6,080
Intergovernmental	1,983,484	2,281,313	2,475,868	194,555
Charges for services	169,150	169,150	194,607	25,457
Fines and forfeitures	11,150	11,150	7,472	(3,678)
Miscellaneous revenues				
Investment income	9,000	9,000	2,215	(6,785)
Other	26,800	26,800	50,344	23,544
Total revenues	<u>4,540,514</u>	<u>4,838,343</u>	<u>4,683,880</u>	<u>(154,463)</u>
Expenditures				
Current				
General government	689,000	664,000	629,872	(34,128)
Public safety	1,380,000	1,420,000	1,438,749	18,749
Public works	1,365,800	1,357,800	1,348,997	(8,803)
Culture and recreation	240,900	190,900	169,059	(21,841)
Health and welfare	118,750	118,750	112,308	(6,442)
Miscellaneous	129,400	159,400	153,035	(6,365)
Capital outlay				
Public safety	29,500	29,500	-	(29,500)
Total expenditures	<u>3,953,350</u>	<u>3,940,350</u>	<u>3,852,020</u>	<u>(88,330)</u>
Excess of revenues over (under) expenditures	587,164	897,993	831,860	(66,133)
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	-	-	21,245	21,245
Transfers in	385,634	385,634	385,634	-
Transfers out	(925,050)	(1,325,050)	(1,325,050)	-
Total other financing sources (uses)	<u>(539,416)</u>	<u>(939,416)</u>	<u>(918,171)</u>	<u>21,245</u>
Net change in fund balances	<u>\$ 47,748</u>	<u>\$ (41,423)</u>	<u>(86,311)</u>	<u>\$ (44,888)</u>
Fund Balance				
Beginning of year			<u>2,092,946</u>	
End of year			<u>\$ 2,006,635</u>	

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City of Two Harbors
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Golf Special Revenue Fund
Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Over (Under)
Revenues				
Charges for services	\$ 207,950	\$ 449,600	\$ 453,428	\$ 3,828
Expenditures				
Parks and recreation				
Current	320,750	541,000	506,395	(34,605)
Excess of revenues over (under) expenditures	(112,800)	(91,400)	(52,967)	38,433
Other Financing Sources				
Transfers in	238,050	238,050	238,050	-
Net change in fund balances	<u>\$ 125,250</u>	<u>\$ 146,650</u>	185,083	<u>\$ 38,433</u>
Fund Balance				
Beginning of year			(161,389)	
End of year			<u>\$ 23,694</u>	

City of Two Harbors
Statement of Net Position - Proprietary Funds
December 31, 2021

	Water (601)	Sewer (602)	Electric (604)	Gas (605)
Assets				
Current assets				
Cash and cash equivalents	\$ 261,519	\$ 239,221	\$ 535,794	\$ 582,658
Restricted cash and cash equivalents	-	264,625	-	-
Investments	250,000	3,850,000	8,900,188	2,050,050
Special assessment receivable deferred	542	583	5,208	938
Accounts receivable	164,420	227,330	386,622	406,155
Interest receivable	10	1,951	6,620	918
Due from other funds	-	-	71,351	-
Due from other governments	70	62	53	26,655
Inventories	-	-	58,305	27,514
Prepaid expenses	-	-	-	-
Total current assets	<u>676,561</u>	<u>4,583,772</u>	<u>9,964,141</u>	<u>3,094,888</u>
Noncurrent assets				
Advances to other funds	-	-	258,714	-
Capital assets				
Capital assets	19,411,094	18,779,244	5,532,967	2,792,684
Construction in progress	<u>541,943</u>	<u>1,889,122</u>	<u>77,538</u>	<u>-</u>
Total capital assets	19,953,037	20,668,366	5,610,505	2,792,684
Less accumulated depreciation	<u>(7,155,917)</u>	<u>(9,755,137)</u>	<u>(3,673,033)</u>	<u>(2,451,781)</u>
Capital assets, net of accumulated depreciation	<u>12,797,120</u>	<u>10,913,229</u>	<u>1,937,472</u>	<u>340,903</u>
Total noncurrent assets	<u>12,797,120</u>	<u>10,913,229</u>	<u>2,196,186</u>	<u>340,903</u>
Total assets	<u>13,473,681</u>	<u>15,497,001</u>	<u>12,160,327</u>	<u>3,435,791</u>
Deferred Outflows of Resources				
Deferred outflows of resources related to pension activity	201,743	180,843	167,047	136,917
Deferred outflows of resources related to OPEB	<u>17,971</u>	<u>16,128</u>	<u>14,993</u>	<u>12,135</u>
Total deferred outflows of resources	<u>219,714</u>	<u>196,971</u>	<u>182,040</u>	<u>149,052</u>
Total assets and deferred outflows of resources	<u>\$ 13,693,395</u>	<u>\$ 15,693,972</u>	<u>\$ 12,342,367</u>	<u>\$ 3,584,843</u>
Liabilities				
Current liabilities				
Accounts payable	\$ 14,381	\$ 341,248	\$ 268,104	\$ 309,871
Contracts payable	-	31,189	-	-
Accrued payroll	27,481	25,298	21,742	19,387
Accrued interest payable	28,520	6,151	457	-
Unearned revenue	(87)	1,525,000	185	-
Due to other funds	-	-	-	-
Customer deposits	-	-	34,268	24,676
Due to other governments	2,074	26	22,902	7,251
Current portion of long-term debt	<u>584,156</u>	<u>133,735</u>	<u>56,044</u>	<u>45,421</u>
Total current liabilities	<u>656,525</u>	<u>2,062,647</u>	<u>403,702</u>	<u>406,606</u>
Long-term liabilities				
Compensated absences, due in more than one year	190,652	120,020	163,938	130,192
Notes from direct borrowings	5,552,000	1,701,900	-	-
Advances from other funds	-	-	-	-
Total OPEB liability	435,307	390,662	363,176	293,942
Net pension liability	272,954	244,676	226,011	185,246
Bonds payable, net	-	-	31,539	-
Less current portion of long-term debt	<u>(584,156)</u>	<u>(133,735)</u>	<u>(56,044)</u>	<u>(45,421)</u>
Total long-term liabilities	<u>5,866,757</u>	<u>2,323,523</u>	<u>728,620</u>	<u>563,959</u>
Total liabilities	<u>6,523,282</u>	<u>4,386,170</u>	<u>1,132,322</u>	<u>970,565</u>
Deferred Inflows of Resources Related to Pension Activity				
Deferred inflows of resources related to pension activity	<u>265,366</u>	<u>237,874</u>	<u>219,728</u>	<u>180,096</u>
Net Position				
Net investment in capital assets	7,245,120	7,686,329	1,905,933	340,903
Restricted	-	264,625	-	-
Unrestricted	<u>(340,373)</u>	<u>3,118,974</u>	<u>9,084,384</u>	<u>2,093,279</u>
Total net position	<u>6,904,747</u>	<u>11,069,928</u>	<u>10,990,317</u>	<u>2,434,182</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 13,693,395</u>	<u>\$ 15,693,972</u>	<u>\$ 12,342,367</u>	<u>\$ 3,584,843</u>

Municipal Liquor (609)	Stormwater (651)	Campground (660)	Total
\$ 702,052	\$ 354,075	\$ 99,314	\$ 2,774,633
-	-	-	264,625
1,300,000	550,000	950,000	17,850,238
-	373	-	7,644
-	16,593	978	1,202,098
730	150	464	10,843
-	-	-	71,351
-	8	-	26,848
167,237	-	-	253,056
4,275	-	-	4,275
<u>2,174,294</u>	<u>921,199</u>	<u>1,050,756</u>	<u>22,465,611</u>
-	-	-	258,714
346,073	1,120,592	2,290,045	50,272,699
183,460	56,071	30,695	2,778,829
529,533	1,176,663	2,320,740	53,051,528
(176,905)	(335,062)	(885,515)	(24,433,350)
<u>352,628</u>	<u>841,601</u>	<u>1,435,225</u>	<u>28,618,178</u>
<u>352,628</u>	<u>841,601</u>	<u>1,435,225</u>	<u>28,876,892</u>
<u>2,526,922</u>	<u>1,762,800</u>	<u>2,485,981</u>	<u>51,342,503</u>
96,276	-	15	782,841
8,562	-	2	69,791
<u>104,838</u>	<u>-</u>	<u>17</u>	<u>852,632</u>
<u>\$ 2,631,760</u>	<u>\$ 1,762,800</u>	<u>\$ 2,485,998</u>	<u>\$ 52,195,135</u>
\$ 80,122	\$ 144	\$ 5,394	\$ 1,019,264
-	8,817	-	40,006
14,319	-	-	108,227
-	5,692	1,110	41,930
1,047	37	145,939	1,672,121
-	-	67,168	67,168
-	-	-	58,944
30,376	-	-	62,629
19,834	20,000	5,107	864,297
<u>145,698</u>	<u>34,690</u>	<u>224,718</u>	<u>3,934,586</u>
74,986	-	329	680,117
-	-	-	7,253,900
-	-	258,714	258,714
207,388	-	37	1,690,512
130,260	-	20	1,059,167
-	489,863	81,658	603,060
(19,834)	(20,000)	(5,107)	(864,297)
<u>392,800</u>	<u>469,863</u>	<u>335,651</u>	<u>10,681,173</u>
<u>538,498</u>	<u>504,553</u>	<u>560,369</u>	<u>14,615,759</u>
126,638	-	19	1,029,721
352,628	351,738	1,353,567	19,236,218
-	-	-	264,625
<u>1,613,996</u>	<u>906,509</u>	<u>572,043</u>	<u>17,048,812</u>
<u>1,966,624</u>	<u>1,258,247</u>	<u>1,925,610</u>	<u>36,549,655</u>
<u>\$ 2,631,760</u>	<u>\$ 1,762,800</u>	<u>\$ 2,485,998</u>	<u>\$ 52,195,135</u>

City of Two Harbors
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended December 31, 2021

	Water (601)	Sewer (602)	Electric (604)	Gas (605)
Sales and cost of sales				
Sales	\$ -	\$ -	\$ 4,300,858	\$ 3,428,111
Cost of sales	-	-	2,430,502	2,983,540
Gross profit	-	-	1,870,356	444,571
Operating revenues				
Charges for services	1,298,868	1,374,644	-	-
Penalties	-	-	-	-
Other services	12,203	22,009	1,769	3,917
Total operating revenues	1,311,071	1,396,653	1,769	3,917
Operating expenses				
Wages, salaries, and compensation	500,065	459,250	433,237	341,325
Employee benefits	207,096	197,747	185,145	149,969
Materials and supplies	107,745	123,414	139,918	44,704
Professional services	6,750	75,044	55,135	20,622
Insurance	9,051	21,870	12,609	4,570
Utilities	103,075	128,456	18,108	11,687
Depreciation	397,943	390,291	149,596	48,890
Travel and training	2,854	3,682	3,262	420
Miscellaneous	8,653	40,966	132,350	26,989
Dues and subscriptions	17,894	10,542	19,402	22,527
Rentals - leases	15	289	2,286	208
Total operating expenses	1,361,141	1,451,551	1,151,048	671,911
Operating income (loss)	(50,070)	(54,898)	721,077	(223,423)
Nonoperating revenues (expenses)				
Investment income	449	7,703	21,896	4,224
State grants and aid	672	603	557	456
Interest expense	(84,109)	(17,634)	(886)	(31)
Miscellaneous revenue	-	-	70,233	-
Total nonoperating revenues (expenses)	(82,988)	(9,328)	91,800	4,649
Income (loss) before transfers	(133,058)	(64,226)	812,877	(218,774)
Capital contributions	-	14,102	-	-
Gain (loss) on disposal of capital assets	-	7,204	-	4,578
Transfers in	400,000	100,000	-	-
Transfers out	-	-	(490,975)	(240,493)
Change in net position	266,942	57,080	321,902	(454,689)
Beginning of year	6,637,805	11,012,848	10,668,415	2,888,871
End of year	<u>\$ 6,904,747</u>	<u>\$ 11,069,928</u>	<u>\$ 10,990,317</u>	<u>\$ 2,434,182</u>

See notes to basic financial statements.

Municipal Liquor (609)	Stormwater (651)	Campground (660)	Total
\$ 3,086,004	\$ -	\$ 79,649	\$ 10,894,622
2,257,230	-	50,675	7,721,947
828,774	-	28,974	3,172,675
-	164,462	793,825	3,631,799
-	-	-	-
-	-	18,663	58,561
-	164,462	812,488	3,690,360
281,946	-	9,364	2,025,187
91,788	486	-	832,231
9,661	4,645	30,683	460,770
7,558	25,425	134,357	324,891
5,849	471	9,109	63,529
17,370	197	39,565	318,458
7,513	47,439	67,037	1,108,709
1,077	-	-	11,295
101,101	1,149	39,257	350,465
1,937	-	1,127	73,429
-	33	-	2,831
525,800	79,845	330,499	5,571,795
302,974	84,617	510,963	1,291,240
2,276	830	781	38,159
321	21,800	-	24,409
-	(14,187)	(6,341)	(123,188)
-	104	3,500	73,837
2,597	8,547	(2,060)	13,217
305,571	93,164	508,903	1,304,457
-	-	-	14,102
-	-	-	11,782
-	-	-	500,000
(1,832)	-	-	(733,300)
303,739	93,164	508,903	1,097,041
1,662,885	1,165,083	1,416,707	35,452,614
\$ 1,966,624	\$ 1,258,247	\$ 1,925,610	\$ 36,549,655

City of Two Harbors
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2021

	Water (601)	Sewer (602)	Electric (604)	Gas (605)
Cash Flows - Operating Activities				
Receipts from customers and users	\$ 1,245,239	\$ 1,359,485	\$ 4,268,835	\$ 3,313,293
Payments to suppliers	(249,514)	(52,588)	(2,732,877)	(3,020,373)
Payments to employees	(706,611)	(656,526)	(604,475)	(494,846)
Net cash flows - operating activities	<u>289,114</u>	<u>650,371</u>	<u>931,483</u>	<u>(201,926)</u>
Cash Flows - Noncapital Financing Activities				
Transfer to other funds	-	-	(490,975)	(240,493)
Transfer from other funds	400,000	100,000	-	-
Interfund balances	-	-	221,671	-
State grants and aid	672	603	557	456
Miscellaneous revenue	-	-	70,233	-
Net cash flows - noncapital financing activities	<u>400,672</u>	<u>100,603</u>	<u>(198,514)</u>	<u>(240,037)</u>
Cash Flows - Capital and Related Financing Activities				
Principal paid on debt	(502,000)	(96,300)	-	-
Interest paid on debt	(87,280)	(17,982)	(6,205)	(31)
Capital contributions	-	-	-	-
Federal grants	-	-	-	-
Insurance proceeds	-	14,102	-	-
Proceeds from disposal of capital assets	-	7,204	-	4,578
Acquisition of capital assets	(24,993)	(813,650)	(103,556)	(9,101)
Net cash flows - capital and related financing activities	<u>(614,273)</u>	<u>(906,626)</u>	<u>(109,761)</u>	<u>(4,554)</u>
Cash Flows - Investing Activities				
Net maturity (purchase) of investments	(250,000)	250,000	(650,188)	899,950
Interest and dividends received	439	7,401	21,310	6,052
Net cash flows - investing activities	<u>(249,561)</u>	<u>257,401</u>	<u>(628,878)</u>	<u>906,002</u>
Net change in cash and cash equivalents	(174,048)	101,749	(5,670)	459,485
Cash and Cash Equivalents				
January 1	<u>435,567</u>	<u>402,097</u>	<u>541,464</u>	<u>123,173</u>
December 31	<u>\$ 261,519</u>	<u>\$ 503,846</u>	<u>\$ 535,794</u>	<u>\$ 582,658</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities				
Operating income (loss)	\$ (50,070)	\$ (54,898)	\$ 721,077	\$ (223,423)
Adjustments to reconcile operating income (loss) to net cash flows - operating activities				
Depreciation expense	397,943	390,291	149,596	48,890
Pension related activity	(40,553)	(41,347)	(35,286)	(31,448)
Unearned revenue	(87)	-	185	-
Accounts receivable	(68,219)	(37,750)	(62,284)	(98,108)
Special assessments receivable	512	552	4,891	654
Due from other governments	1,962	30	22,121	(20,874)
Inventory	-	-	18,174	(4,940)
Accounts and contracts payable	4,463	351,649	39,619	92,583
Customer deposits	-	-	1,295	(407)
Due to other governmental units	2,060	26	22,902	7,251
Salaries payable	2,817	1,533	1,599	3,520
OPEB related activity	36,014	27,776	29,666	19,187
Compensated absences payable	2,272	12,509	17,928	5,189
Total adjustments	<u>339,184</u>	<u>705,269</u>	<u>210,406</u>	<u>21,497</u>
Net cash flows - operating activities	<u>\$ 289,114</u>	<u>\$ 650,371</u>	<u>\$ 931,483</u>	<u>\$ (201,926)</u>

Municipal Liquor (609)	Stormwater (651)	Campground (660)	Total
\$ 3,086,310	\$ 162,813	\$ 932,361	\$ 14,368,336
(2,373,838)	(56,361)	(321,964)	(8,807,515)
(374,522)	(486)	(13,478)	(2,850,944)
<u>337,950</u>	<u>105,966</u>	<u>596,919</u>	<u>2,709,877</u>

(1,832)	-	-	(733,300)
-	-	-	500,000
-	-	(70,453)	151,218
321	21,800	-	24,409
-	104	3,500	73,837
<u>(1,511)</u>	<u>21,904</u>	<u>(66,953)</u>	<u>16,164</u>

-	110,000	(5,000)	(493,300)
-	(10,208)	(6,530)	(128,236)
-	-	-	-
-	-	-	-
-	-	-	14,102
-	-	-	11,782
(183,460)	(32,404)	(25,694)	(1,192,858)
<u>(183,460)</u>	<u>67,388</u>	<u>(37,224)</u>	<u>(1,788,510)</u>

150,000	-	(394,118)	5,644
2,681	920	690	39,493
<u>152,681</u>	<u>920</u>	<u>(393,428)</u>	<u>45,137</u>

305,660	196,178	99,314	982,668
396,392	157,897	-	2,056,590
<u>\$ 702,052</u>	<u>\$ 354,075</u>	<u>\$ 99,314</u>	<u>\$ 3,039,258</u>

\$ 302,974	\$ 84,617	\$ 510,963	\$ 1,291,240
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7,513	47,439	67,037	1,108,709
(23,392)	-	(1,322)	(173,348)
306	-	40,777	41,181
-	(1,740)	(553)	(268,654)
-	65	-	6,674
-	26	-	3,265
5,402	-	-	18,636
21,931	(24,441)	(17,191)	468,613
-	-	-	888
612	-	-	32,851
(106)	-	-	9,363
12,505	-	(1,717)	123,431
10,205	-	(1,075)	47,028
<u>34,976</u>	<u>21,349</u>	<u>85,956</u>	<u>1,418,637</u>
<u>\$ 337,950</u>	<u>\$ 105,966</u>	<u>\$ 596,919</u>	<u>\$ 2,709,877</u>

City of Two Harbors
Statement of Fiduciary Net Position
December 31, 2021

	<u>Recreation Custodial Fund</u>
Assets	
Cash and investments	\$ 165,387
Interest receivable	<u>4</u>
Total assets	<u><u>\$ 165,391</u></u>
Liabilities	
Accounts payable	\$ 2,173
Due to other governments	980
Accrued payroll	<u>547</u>
Total liabilities	<u><u>\$ 3,700</u></u>
Net Position	
Restricted for recreation	<u><u>\$ 161,691</u></u>

Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2021

	<u>Recreation Custodial Fund</u>
Additions	
Investment income	\$ 4
Contributions	75,146
Miscellaneous	27
Charges for services	<u>15,816</u>
Total additions	90,993
Deductions	
Program expenditures	<u>69,567</u>
Change in net position	21,426
Net Position	
Beginning of year	<u>140,265</u>
End of year	<u><u>\$ 161,691</u></u>

City of Two Harbors
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

1. General

The Home Rule Charter of the City of Two Harbors (the "City") was adopted on February 26, 1907. The elective officers of the City consist of the Mayor and six Council Members. All elections are conducted biennially with staggered four-year terms. The Mayor is recognized as the head of the city for all ceremonial purposes and for the service of civil process, but shall have no administrative duty, powers are provided for the in the Two Harbors Home Rule Charter, Chapter IV.

2. City Council

The legislative power and authority of the City is vested in the City Council. Its powers and duties are prescribed in the Two Harbors Home Rule Charter, Chapter V. The City Council elects a president and vice president annually from its members.

3. City Administrator

The City Administrator is appointed by the City Council and shall serve until such time as they resign, retire or are removed for cause. City Administrator keeps a record of all meetings of the City Council and acts as a custodian of all papers and records of the City.

4. Finance Director

The Finance Director is appointed by the City Council and shall serve an indefinite term unless removed for cause and is the custodian of all money received by the City. The Finance Director performs the duties of the city treasurer as provided for in the Two Harbors Home Rule Charter, Chapter VII.

B. Reporting Entity

The financial statements present the City and its component units. The City includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the basic financial statements of the City because of the significance of their operational or financial relationships with the City.

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities or level of services performed or provided by the organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the City.

1. Discretely Presented Component Units

The Two Harbors Development Fund (the "Fund") is a legal entity separate from the City. The Fund was established in 1985 to promote the economic development within and surrounding the City by providing loans or other financial aid to businesses not able to obtain adequate or appropriate financing from other sources. These businesses are located or need to be located within either the City or an area having an economic impact upon the City. Preferences are given to businesses that provide or will provide training and employment opportunities for unemployed and underemployed individuals.

**City of Two Harbors
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Reporting Entity (Continued)

1. Discretely Presented Component Units (Continued)

The Two Harbors Economic Development Authority (THEDA) is a legal entity separate from the City. THEDA is governed by a five member board made up of members of the community.

Separate financial statements are included in this report for the Fund and THEDA to emphasize that they are legally separate from the City. Both the Fund and THEDA are presented as governmental fund types.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the City. The fiduciary fund is only reported in the statement of fiduciary net position and the statement of changes in fiduciary net position at the fund financial statement level. 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 fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated revenues are reported as general revenues rather than program revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Custodial Fund is presented in the fiduciary fund financial statements. Since, by definition, these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the City, this Fund is not incorporated into the government-wide statements.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

City of Two Harbors
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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

Property taxes, franchise taxes, licenses, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Description of Funds:

Major Governmental Funds:

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

Golf Special Revenue Fund – This fund accounts for the activities of the City's golf course.

Street Improvement Capital Projects Fund – This fund accounts for resources accumulated and costs associated with the City's street improvement projects.

Proprietary Funds:

Water Fund – This fund accounts for the operations of the City's water utility.

Sanitary Sewer Fund – This fund accounts for the operations of the City's sewer utility.

Electric Fund – This fund accounts for the operations of the City's electric utility.

Gas Fund – This fund accounts for the operations of the City's gas utility.

Municipal Liquor Fund – This fund accounts for the operations of the City's Municipal Liquor Store.

Storm Water Fund – This fund accounts for the activities of the City's storm water utility.

Campground Fund – This fund accounts for the operations of the City's campground.

City of Two Harbors
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Description of Funds: (Continued)

Fiduciary Fund:

Recreation Custodial Fund – This fund accounts for the activities sponsored and run by the Recreation Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's utility functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 enterprise funds are charges to customers for sales and services. Operating expenses for 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.

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

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

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

1. Deposits and Investments

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

Minnesota Statutes authorizes the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days and in the Minnesota Municipal Investment Pool.

2. Inventory and Prepaid Items

Inventory is valued at cost using the weighted average method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

**City of Two Harbors
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

2. Inventory and Prepaid Items (Continued)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are recorded as an expenditure at the time of consumption.

3. Taxes Receivable

Delinquent taxes receivable represent the past six years of uncollected tax levies.

4. Loans Receivable

Loans receivable represent the balance of loans made to local businesses for the purpose of economic development.

5. Trade Receivables

All proprietary fund service receivables are shown net of an allowance for doubtful accounts. Allowances for receivables are calculated as follows:

<u>Days</u>	<u>Allowance Percentage</u>
30-60	10 %
60-90	25
90-120	50
120+	100

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

**City of Two Harbors
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

6. Capital Assets (Continued)

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and building improvements	5-40
Other improvements	10-25
Infrastructure	20-75
Machinery and equipment	3-10

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element 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 that time. The City presents deferred outflows of resources on the Statement(s) of Net Position for deferred outflows of resources related to pensions and OPEB for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element 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 presents deferred inflows of resources on the Governmental Fund Balance Sheet as unavailable revenue. The governmental funds report unavailable revenues 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 City presents deferred inflows of resources on the Statement(s) of Net Position for deferred inflows of resources related to pensions for various estimate differences that will be amortized and recognized over future years.

8. Compensated Absences

Vacation leave is recognized as an expenditure or expense when taken. City employees are granted between 5 and 30 days of vacation per year depending upon the years of service and union bargaining unit. Up to 5 days of unused vacation leave can be carried over to the succeeding year.

City employees earn sick leave at the rate of 24 days per year and may accumulate 150 days depending on the union contract. In addition, emergency sick leave may be accumulated up to an additional 60 days but cannot be used until the original 150 days of sick leave are used.

City of Two Harbors
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

8. Compensated Absences (Continued)

Any employee who has rendered at least 20 years of service is entitled upon retirement to a cash payment of 60% of their accumulated sick leave balance or may elect to have an amount equal to 60% of their accumulated sick leave balance applied to their health insurance after retirement.

9. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Position.

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

10. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and the relief association and additions to/deductions from PERA's and the relief association's fiduciary net position have been determined on the same basis as they are reported by PERA and the relief association except that PERA's fiscal year end is June 30. 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.

11. Fund Equity

a. Classification

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

- **Nonspendable Fund Balance** – These are amounts that cannot be spent because they are not in spendable form.
- **Restricted Fund Balance** – These are amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through enabling legislation.

**City of Two Harbors
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

11. Fund Equity (Continued)

a. Classification (Continued)

- Committed Fund Balance – These are amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council (highest level of decision making authority) through resolution.
- Assigned Fund Balance – These are amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by the City's Administrator based on the City Council's direction.
- Unassigned Fund Balance – These are residual amounts in the General Fund not reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted, and committed fund balances exceed the total net resources of that fund.

b. Minimum Fund Balance

The City will strive to maintain an unassigned fund balance in the General Fund in the range of 40-50% of the subsequent year's budgeted expenditures.

12. Net Position

Net position represents the difference between assets and deferred outflows of resources; and liabilities and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statement when there are limitations on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. At December 31, 2021, \$614,905 of the total net position restricted for capital projects related to one cent sales tax collections is restricted due to enabling legislation.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

City of Two Harbors
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Property Tax Collection Calendar

The City levies its property tax for the subsequent year during the month of December. December 28 is the last day the City can certify a tax levy to the County Auditor for collection the following year. The property tax is recorded as revenue when it becomes measurable and available. Lake County is the collecting agency for the levy and remits the collections to the City two times a year. Taxes not collected as of December 31 each year are shown as delinquent taxes receivable.

The County Auditor prepares the tax list for all taxable property in the City, applying the applicable tax rate to the tax capacity of individual properties, to arrive at the actual tax for each property. The County Auditor submits a list of taxes to be collected on each parcel of property to the County Treasurer in January of each year.

The County Treasurer collects all taxes and is required to mail copies of all personal property tax statements and real estate tax statements by April 15 of each year.

Property owners are required to pay one-half of their real estate taxes due by May 15 and the balance by October 15. If taxes due May 15 are not paid on time, a penalty of 3% is assessed on homesteaded property and 7% on nonhomesteaded property. An additional 1% penalty is added each month the taxes remain unpaid, until October 15. If the taxes due May 15 are not paid by October 15, a 2% penalty per month is added to homesteaded property and 4% per month to nonhomesteaded property until January 1.

If the taxes are not paid by January 1, further penalties are added. Penalties and interest apply to both taxes and special assessments. There are some exceptions to the above penalties, but they are not material.

Within 30 days after the tax settlement date, the County Treasurer is required to pay 70% of the estimated collections of taxes and special assessments to the Finance Director. The County Treasurer must pay the balance to the Finance Director within 60 days after settlement, provided that after 45 days interest accrues at the rate of 8% per annum.

H. Budgetary Information

1. In September of each year, City Staff submits to the City Council, a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. The budget is legally enacted through passage of a resolution.
3. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
4. Expenditures may not legally exceed budgeted appropriations at the department level. No fund's budget can be increased without City Council approval. The City Council may authorize a transfer of budgeted amounts between departments within any fund. Management may amend budgets within a department level, so long as the total department budget is not changed.

City of Two Harbors
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Budgetary Information (Continued)

5. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. Budgetary control for Capital Projects Funds is accomplished through the use of project controls.
6. The Finance Director presents monthly expenditure and revenue reports to the City Council.
7. Budgeted amounts are as originally adopted or as amended by the City Council. Budgeted expenditure appropriations lapse at year-end.

NOTE 2 – DEPOSITS AND INVESTMENTS

Cash balances of the City's funds are combined (pooled) and invested to the extent available in various investments authorized by *Minnesota Statutes*. Each fund's portion of this pool (or pools) is displayed on the financial statements as cash and cash equivalents or investments. For purposes of identifying risk of investing public funds, the balances and related restrictions are summarized as follows.

In accordance with applicable *Minnesota Statutes*, the City maintains deposits at depository banks authorized by the City Council.

A. Deposits

Custodial Credit Risk – Deposits: The City has an investment policy in place to address custodial credit risk for deposits, stating all deposits and investments must be in compliance with *Minnesota Statutes* 118A; protected by federal depository insurance and corporate surety bonds or collateral equal to 110% of the deposits not covered by Federal Deposit Insurance Corporation (FDIC) insurance, National Credit Union Administration (NCUA) or corporate surety bonds. As of December 31, 2021, the City's bank balance was not exposed to custodial credit risk because it was insured and fully collateralized with securities held by the pledging financial institution's trust department or agent and in the City's name. As of December 31, 2021, the City's deposits consisted of the following:

Checking	\$ 4,631,346
Savings	112,986
Nonnegotiable certificates of deposit	<u>23,544,885</u>
Total deposits	<u><u>\$ 28,289,217</u></u>

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

Pooled Investment Type	Fair Value	Investment Maturities (In Years)		
		Less Than 1	1 - 5	6 - 10
Negotiable Certificates of Deposit	<u>\$ 1,477,072</u>	<u>\$ -</u>	<u>\$ 1,236,029</u>	<u>\$ 241,043</u>

City of Two Harbors
Notes to Basic Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk: The City's investment policy sets limits on investment maturities by investing operating funds primarily in short-term securities with not more than 20% of the portfolio invested beyond five years and none beyond ten years. The policy also states maturity dates should be structured to meet cash requirements for ongoing operations.

Credit Risk: The City's investment policy states investments will be limited to those allowed by *Minnesota Statutes* 118A.04 to prevent exposure to credit risk. It also requires diversification of the investment portfolio so the impact of potential losses from any one type of security issuer will be minimized.

Concentration of Credit Risk: The City's investment policy places no limit on the amount the City may invest in any one issuer; however, it does state diversification strategies shall be determined and revised periodically by the investment officer for all funds.

Custodial Credit Risk – Investments: For an investment, this is the risk that in the event of the failure of the counterparty, the City will 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 states investments shall either be collateralized or held in third party safekeeping by an institution designated as a primary agent.

The City has the following reoccurring fair value measurements as of December 31, 2021:

- \$1,477,072 of investments are valued using a matrix pricing model (Level 2 inputs)

The following is a summary of total deposits and investments:

Petty cash	\$ 4,200
Deposits and investments	28,289,217
Investments	1,477,072
Total deposits and investments	<u>\$ 29,770,489</u>

Deposits and investments are presented in the December 31, 2021, basic financial statements as follows:

Statement of Net Position

Cash and investments	
Primary government	\$ 29,344,071
Component units	
Two Harbors Development Fund	87,973
Two Harbors Economic Development Authority	59,541
Restricted cash	
Primary government	213,517

Statement of Fiduciary Net Position

Cash and investments	<u>65,387</u>
Total	<u>\$ 29,770,489</u>

City of Two Harbors
Notes to Basic Financial Statements

NOTE 3 – INTERFUND ACTIVITY

A. Transfers

Transfers among funds were for the City to assist with administrative costs, to cover capital expenditures, to assist with capital projects, and assist with debt service obligations.

	Transfers In						Total
	General	Golf	Street Improvement	Other Governmental	Water	Sewer	
Transfers out							
General	\$ -	\$ 138,050	\$ 200,000	\$ 987,000	\$ -	\$ -	\$ 1,325,050
Street improvement	-	-		285,000			285,000
Other governmental funds	2,334	-	300,000	-	400,000	100,000	802,334
Electric	265,975	100,000	-	125,000	-	-	490,975
Gas	115,493	-	-	125,000	-	-	240,493
Municipal liquor	1,832	-	-	-	-	-	1,832
Total	<u>\$ 385,634</u>	<u>\$ 238,050</u>	<u>\$ 500,000</u>	<u>\$ 1,522,000</u>	<u>\$ 400,000</u>	<u>\$ 100,000</u>	<u>\$ 3,145,684</u>

B. Interfund Receivables/Payables

The following balances arise from negative cash balances in the debtor fund or represent the current portion of advances as described below:

Fund	Due from Other Funds	Due to Other Funds
Golf special revenue	\$ -	\$ 4,183
Electric	71,351	-
Campground	-	67,168
Total	<u>\$ 71,351</u>	<u>\$ 71,351</u>

C. Advances

An advance from the Electric Fund to the Campground Fund was made for the Campground Bath House Building Project. This loan will be repaid over a period of ten years at 1% interest. At December 31, 2021, the balance was \$325,882 with the current portion shown above as a due to/from other funds of \$67,168.

NOTE 5 – NOTES AND LOANS RECEIVABLE

Notes receivable at December 31, 2021 are as follows:

Daniel and Kirsten Cruikshank Note

\$200,000 loan, due in monthly installments of various amounts
through April 2034, interest at 3.0%

\$ 181,417

City of Two Harbors
Notes to Basic Financial Statements

NOTE 4 – NOTES AND LOANS RECEIVABLE (CONTINUED)

Loans receivable at December 31, 2021, were as follows:

Development commission loan

Bodies in Balance Economic Development Loan

\$200,000 loan, due in monthly installments of \$1,110,
through December 2019, interest at 3.0% \$ 163,337

John and Christine McCarthy Economic Development Loan

\$31,954 loan, due in monthly installments of \$574
through October 2020, interest at 3.0% -

Neil Myrdal Economic Development Loan

\$38,825 loan, due in monthly installments of \$350
through April 2026, interest at 3.0% -

Two Harbors Aero Storefront Renovation Loan

\$7,500 loan, due in monthly installments of \$175
through January 2024, interest at 3.0% 1,020

City of Two Harbors: (Cruikshank Dev. Project)

\$200,000 loan, due in monthly installments of \$1,196
October 2016, through September 2034, interest at 3.0% 117,295

Lake County Historical Society Storefront Renovation Loan

\$15,000 loan, due in monthly installments of \$270
through April 2022, interest at 3.0% 1,302

Carmody 61 LLC Loan

\$30,000 loan, due in monthly installments of various amounts
through April 2022, interest at 6.5% 24,884

Life Garage LLC Loan

\$150,000 loan, due in monthly installments of \$1,448
through October 2024, interest at 3.0% 133,505

Ruth's Vegetarian Gourmet Foods, Inc. Loan

\$200,000 loan, due in monthly installments of \$1,109
through November 2024, interest at 3.0% 190,707

Lake County Historical Society Loan

\$15,000 loan, due in monthly installments of \$270
through April 2020, interest at 3.0% 9,790

Burlington Station

\$70,000 loan, due in monthly installments of \$650
through July 2025, interest at 3.0% 67,140

City of Two Harbors
Notes to Basic Financial Statements

NOTE 4 – NOTES AND LOANS RECEIVABLE (CONTINUED)

Development commission loan (Continued)

McCarthy	
\$30,000 loan, due in monthly installments of \$539 through August 2025, interest at 3.0%	\$ 22,434
 Calm Properties LLC	
\$30,000 loan, due in monthly installments of \$872 through July 2024, interest at 3.0%	 25,991
 NHS Outdoor	
\$30,000 loan, due in monthly installments of \$872 through February 2024, interest at 3.0%	 25,443
 Harbor Plaza	
\$30,000 loan, due in monthly installments of \$872 through July 2024, interest at 3.0%	 <u>30,377</u>
 Total loans receivable	 <u><u>\$ 813,225</u></u>

City of Two Harbors
Notes to Basic Financial Statements

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 310,514	\$ -	\$ -	\$ 310,514
Inexhaustible asset	281,528	-	-	281,528
Construction in progress	332,196	1,581,215	91,692	1,821,719
Total capital assets not being depreciated	<u>924,238</u>	<u>1,581,215</u>	<u>91,692</u>	<u>2,413,761</u>
Capital assets being depreciated				
Buildings	5,710,283	-	-	5,710,283
Improvements	17,108,886	158,485	-	17,267,371
Structures	281,656	29,500	-	311,156
Machinery and equipment	5,645,083	324,050	-	5,969,133
Total capital assets being depreciated	<u>28,745,908</u>	<u>512,035</u>	<u>-</u>	<u>29,257,943</u>
Less accumulated depreciated for				
Buildings	2,916,078	168,857	-	3,084,935
Improvements	8,414,311	493,947	-	8,908,258
Structures	110,899	7,421	-	118,320
Machinery and equipment	3,671,019	261,831	-	3,932,850
Total accumulated depreciation	<u>15,112,307</u>	<u>932,056</u>	<u>-</u>	<u>16,044,363</u>
Total capital assets being depreciated, net	<u>13,633,601</u>	<u>(420,021)</u>	<u>-</u>	<u>13,213,580</u>
Governmental activities, capital assets, net	<u>\$ 14,557,839</u>	<u>\$ 1,161,194</u>	<u>\$ 91,692</u>	<u>\$ 15,627,341</u>

City of Two Harbors
Notes to Basic Financial Statements

NOTE 6 – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities	
General government	\$ 46,164
Public safety	102,529
Public works	400,854
Culture and recreation	95,048
Health and welfare	10,943
Airport	<u>276,518</u>

Total depreciation expense - governmental activities	<u><u>\$ 932,056</u></u>
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	Beginning Balance	Increases	Decreases	Ending Balance
Business type activities				
Capital assets not being depreciated				
Land	\$ 95,666	\$ 1,525,000	\$ -	\$ 1,620,666
Construction in progress	<u>1,630,073</u>	<u>1,148,756</u>	<u>-</u>	<u>2,778,829</u>
Total capital assets not being depreciated	<u>1,725,739</u>	<u>2,673,756</u>	<u>-</u>	<u>4,399,495</u>
Capital assets being depreciated				
Buildings	20,057,156	-	-	20,057,156
Structures and improvements	25,107,212	7,240	-	25,114,452
Machinery and equipment	<u>3,420,929</u>	<u>59,496</u>	<u>-</u>	<u>3,480,425</u>
Total capital assets being depreciated	<u>48,585,297</u>	<u>66,736</u>	<u>-</u>	<u>48,652,033</u>
Less accumulated depreciated for				
Buildings	10,054,159	411,491	-	10,465,650
Structures and improvements	10,485,771	571,400	-	11,057,171
Machinery and equipment	<u>2,784,711</u>	<u>125,818</u>	<u>-</u>	<u>2,910,529</u>
Total accumulated depreciation	<u>23,324,641</u>	<u>1,108,709</u>	<u>-</u>	<u>24,433,350</u>
Business-type activities capital assets, being depreciated, net	<u>25,260,656</u>	<u>(1,041,973)</u>	<u>-</u>	<u>24,218,683</u>
Business-type activities capital assets, net	<u><u>\$ 26,986,395</u></u>	<u><u>\$ 1,631,783</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 28,618,178</u></u>

City of Two Harbors
Notes to Basic Financial Statements

NOTE 6 – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the City as follows:

Business-type activities	
Water	\$ 397,943
Sewer	390,291
Electric	149,596
Gas	48,890
Liquor	7,513
Storm water	47,439
Campground	<u>67,037</u>
Total depreciation expense - business-type activities	<u><u>\$ 1,108,709</u></u>

City of Two Harbors
Notes to Basic Financial Statements

NOTE 7 – LONG-TERM DEBT

A. Components of Long-Term Liabilities

	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding	Due Within One Year
Primary government						
Long-term liabilities						
Governmental activities						
G.O. Bond 2018A	07/17/18	3.00%	\$ 1,680,000	02/01/34	\$ 1,500,000	\$ 95,000
G.O. Bond 2019B	07/24/19	3.00%	1,825,000	02/01/35	1,725,000	100,000
G.O. Bond 2021A	07/01/21	1.00-2.00%	2,645,000	02/01/37	2,645,000	-
G.O. Equipment Certificate 2021B	07/01/21	1.25-2.00%	715,000	02/01/29	715,000	-
Unamortized premium					233,805	-
Compensated absences					412,732	160,670
Total governmental activities					<u>\$ 7,231,537</u>	<u>\$ 355,670</u>
Business-type activities						
Notes from direct borrowing, including refunding notes						
G.O. PFA Water Revenue Note, 2008A	05/15/08	3.44%	453,470	11/18/22	\$ 40,000	\$ 40,000
G.O. PFA Water Revenue Note, 2009	12/14/09	2.53%	2,387,496	08/20/29	1,009,000	115,000
G.O. PFA Water Revenue Note, 2010	05/11/10	1.67%	2,262,255	08/20/29	1,030,000	121,000
G.O. PFA Sewer Revenue Note, 2015	10/13/14	1.00%	122,152	08/20/29	60,900	7,400
G.O. PFA Water Revenue Note, 2015	08/06/15	1.00%	4,741,091	08/20/35	3,473,000	232,000
G.O. PFA Sewer Revenue Note, 2018	11/15/19	1.00%	1,825,938	08/20/38	1,641,000	89,000
Total notes from direct borrowing					<u>7,253,900</u>	<u>604,400</u>
General obligation bonds						
G.O. Bond 2018A Stormwater	07/17/18	3.00%	280,000	02/01/34	250,000	15,000
G.O. Bond 2018A Electric	07/17/18	3.00%	40,000	02/01/27	30,000	5,000
G.O. Bond 2018 Campground	07/17/18	3.00%	90,000	02/01/34	80,000	5,000
G.O. Bond 2019 Stormwater	07/24/19	3.00%	100,000	02/01/35	95,000	5,000
G.O. Bond 2021A Stormwater	07/01/21	1.00-2.00%	130,000	02/01/37	130,000	-
Total general obligation bonds					<u>585,000</u>	<u>30,000</u>
Unamortized bond premium					18,060	-
Compensated absences					<u>680,117</u>	<u>229,897</u>
Total business-type					<u>\$ 8,537,077</u>	<u>\$ 864,297</u>
Total all long-term liabilities					<u>\$ 15,768,614</u>	<u>\$ 1,219,967</u>

Long-term indebtedness listed above was issued to finance acquisition and construction of capital facilities or to refinance (refund) previous bond and note issues. The General, Library, and Golf Funds and each enterprise fund liquidate their individual compensated absence liabilities.

B. Changes in Long-Term Liabilities

The Water, Sewer, Stormwater, Electric and Campground Funds are each responsible for the repayment of the corresponding G.O. Notes from direct borrowing.

City of Two Harbors
Notes to Basic Financial Statements

NOTE 7 – LONG-TERM DEBT (CONTINUED)

B. Changes in Long-Term Liabilities (Continue)

Long-term liability activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Additions	Maturities	Ending Balance	Due Within One Year
Governmental activities					
Long-term liabilities					
G.O. Bond	\$ 3,415,000	\$ 2,645,000	\$ 190,000	\$ 5,870,000	\$ 195,000
G.O. Equipment Certificate	-	715,000	-	715,000	-
Unamortized bond premium	136,749	113,001	15,945	233,805	-
Compensated absences	482,669	30,743	100,680	412,732	160,670
Total governmental activities	<u>4,034,418</u>	<u>3,503,744</u>	<u>306,625</u>	<u>7,231,537</u>	<u>355,670</u>
Business-type activities					
Long-term liabilities					
Notes from direct borrowing	7,852,200	-	598,300	7,253,900	604,400
G.O. Bonds	485,000	130,000	30,000	585,000	30,000
Unamortized bond premium	15,230	4,165	1,333	18,062	-
Compensated absences	633,089	190,090	143,062	680,117	229,897
Total business-type activities	<u>8,985,519</u>	<u>324,255</u>	<u>772,695</u>	<u>8,537,079</u>	<u>864,297</u>
Total all long-term liabilities	<u>\$ 13,019,937</u>	<u>\$ 3,827,999</u>	<u>\$ 1,079,320</u>	<u>\$ 15,768,616</u>	<u>\$ 1,219,967</u>

C. Maturity Schedules

Year Ending December 31,	Governmental Activities	
	G.O. Bond	
	Principal	Interest
2022	\$ 195,000	\$ 158,321
2023	455,000	145,289
2024	465,000	133,564
2025	475,000	121,039
2026	490,000	108,114
2027-2031	2,400,000	358,133
2032-2036	1,910,000	99,206
2037-2041	<u>195,000</u>	<u>1,414</u>
Total	<u>\$ 6,585,000</u>	<u>\$ 1,125,080</u>

City of Two Harbors
Notes to Basic Financial Statements

NOTE 7 – LONG-TERM DEBT (CONTINUED)

C. Maturity Schedules (Continued)

Year Ending December 31,	Business-Type Activities		Business-Type Activities	
	Notes from Direct Borrowing		G.O. Bond	
	Principal	Interest	Principal	Interest
2022	\$ 604,400	\$ 95,496	\$ 30,000	\$ 16,770
2023	573,400	86,200	35,000	15,649
2024	582,500	77,845	35,000	14,524
2025	590,600	69,333	35,000	13,274
2026	600,600	60,681	40,000	11,924
2027-2031	2,551,400	174,036	210,000	40,178
2032-2036	1,543,000	51,720	190,000	9,744
2037-2038	208,000	3,120	10,000	73
Total	<u>\$ 7,253,900</u>	<u>\$ 618,431</u>	<u>\$ 585,000</u>	<u>\$ 122,136</u>

NOTE 8 – CONDUIT DEBT

Conduit debt obligations are certain limited-obligation revenue bonds or similar debt instruments issued for the express purpose of providing capital financing for a specific third party. The City has issued revenue bonds to provide funding to private-sector entities for projects deemed to be in the public interest. Although these bonds bear the name of the City, the City has no obligation for such debt beyond the resources provided by related leases or loans. Accordingly, the bonds are not reported as liabilities in the financial statements of the City.

As of December 31, 2021, the following issues were outstanding:

Name	Date of Issue	Original Amount of Issue	Outstanding as of 12/31/21
Lake View Memorial Hospital Health care facilities revenue bonds	2019	\$ 6,000,000	\$ 5,973,740

City of Two Harbors
Notes to Basic Financial Statements

NOTE 9 – FUND BALANCE AND NET POSITION

Fund equity balances are classified as follows to reflect the limitations and restrictions of the respective funds:

	General	Golf	Street Improvement Fund	Other Governmental Funds	Total
Nonspendable					
Inventory	\$ -	\$ -	\$ -	\$ 35,191	\$ 35,191
Restricted					
Revolving loans	-	-	-	40,606	40,606
Sales tax appropriations	-	-	-	817,735	817,735
Tax increment financing	-	-	-	197,574	197,574
Cemetery endowment	-	-	-	147,122	147,122
2018A G.O. bond debt service	-	-	-	447,333	447,333
Total restricted	-	-	-	1,650,370	1,650,370
Committed					
Golf	-	23,694	-	-	23,694
Airport	-	-	-	44,740	44,740
Library	-	-	-	175,962	175,962
Total committed	-	23,694	-	220,702	244,396
Assigned					
Drug and alcohol forfeiture	20,531	-	-	-	20,531
Police donations	40	-	-	-	40
Capital projects	-	-	-	1,344,937	1,344,937
Street improvement fund	-	-	2,231,692	-	2,231,692
Capital projects	-	-	-	1,146,389	1,146,389
Total assigned	20,571	-	2,231,692	2,491,326	4,743,589
Unassigned	1,986,064	-	-	-	1,986,064
Total	\$ 2,006,635	\$ 23,694	\$ 2,231,692	\$ 4,397,589	\$ 8,659,610

The Sewer Fund had an amount restricted of \$264,625 as municipalities receiving Water Infrastructure Fund (WIF) resources must annually deposit a minimum of 50 cents per 1,000 gallons of flow for major rehabilitation, expansion or replacement of the treatment system at the end of its useful life.

NOTE 10 – RISK MANAGEMENT

The City purchases commercial insurance coverage through the League of Minnesota Cities Insurance Trust (LMCIT) with other cities in the state which is a public entity risk pool currently operating as a common risk management and insurance program. The City pays an annual premium to the LMCIT for its insurance coverage. The LMCIT is self-sustaining through commercial companies for excess claims. The City is covered through the pool for any claims incurred but unreported, however, retains risk for the deductible portion of its insurance policies. The amount of these deductibles is considered immaterial to the financial statements.

City of Two Harbors
Notes to Basic Financial Statements

NOTE 10 – RISK MANAGEMENT (CONTINUED)

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three years.

The City's workers' compensation insurance policy is retrospectively rated. With this type of policy, final premiums are determined after loss experience is known. The amount of premium adjustment for 2021 was estimated to be immaterial based on workers' compensation rates and salaries for the year.

At December 31, 2021, there were no other claims liabilities reported in the fund based on the requirements of GASB Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

NOTE 11 – PENSION PLANS

The City participates in various pension plans, total pension expense for the year ended December 31, 2021 was \$(29,892). The components of pension expense are noted in the following plan summaries.

The General Fund, Water Utility Fund, Sewer Utility Fund, Electric Utility Fund, Gas Utility Fund, Liquor Utility Fund, and Campground Utility Fund typically liquidate the Liability related to pensions.

Public Employees' Retirement Association

A. Plan Description

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

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

The Police and Fire Plan originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to a local relief association that elected to merge with and transfer assets and administration to PERA.

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute 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.

**City of Two Harbors
Notes to Basic Financial Statements**

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any 5 successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for 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 a Coordinated members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% 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 66.

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. 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. 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.

Police and Fire Plan Benefits

Benefits for the Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after 10 years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50% after 10 years up to 100% after 20 years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

C. Contributions

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

City of Two Harbors
Notes to Basic Financial Statements

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

C. Contributions (Continued)

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2021 and the City was required to contribute 7.5% for Coordinated Plan members. The City's contributions to the General Employees Plan for the year ended December 31, 2021, were \$231,671. The City's contributions were equal to the required contributions as set by state statute.

Police and Fire Plan Contributions

Police and Fire Plan members were required to contribute 11.8% of their annual covered salary in fiscal year 2021 and the City was required to contribute 17.7% for Police and Fire Plan members. The City's contributions to the Police and Fire Plan for the year ended December 31, 2021, were \$111,762. The City's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2021, the City reported a liability of \$1,716,720 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$52,390. The net pension liability was measured as of June 30, 2021, 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 proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0402% at the end of the measurement period and 0.0381% for the beginning of the period.

City's proportionate share of the net pension liability	\$ 1,716,720
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>52,390</u>
Total	<u>\$ 1,769,110</u>

City of Two Harbors
Notes to Basic Financial Statements

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

For the year ended December 31, 2021, the City recognized pension expense of \$(6,603) for its proportionate share of General Employees Plan's pension expense. Included in the amount, the City recognized an additional \$4,227 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2021, the City reported its proportionate share of General Employees Plan'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	\$ 10,389	\$ 52,219
Changes in actuarial assumptions	1,048,194	36,441
Net collective difference between projected and actual investment earnings	-	1,498,646
Changes in proportion	94,428	81,686
Contributions paid to PERA subsequent to the measurement date	<u>115,835</u>	<u>-</u>
Total	<u><u>\$ 1,268,846</u></u>	<u><u>\$ 1,668,992</u></u>

City of Two Harbors
Notes to Basic Financial Statements

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

The \$115,835 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. 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
2022	\$ (108,232)
2023	(17,297)
2024	15,063
2025	(405,515)
Total	<u>\$ (515,981)</u>

Police and Fire Plan Pension Costs

At December 31, 2021, the City reported a liability of \$406,623 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2021, 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 proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0533% at the end of the measurement period and 0.0538% for the beginning of the period.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2021. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state aid was paid on October 1, 2020. Thereafter, by October 1 of each year, the State will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. Strong asset returns for the fiscal year ended 2021 will accelerate the phasing out of these state contributions, although it is not anticipated that they will be phased out during the fiscal year ended 2022.

City of Two Harbors
Notes to Basic Financial Statements

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

Police and Fire Plan Pension Costs (Continued)

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2021, the City recognized pension expense of \$(37,851) for its proportionate share of the Police and Fire Plan's pension expense. Included in this amount, the City recognized \$18,498 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City also recognized \$3,369 for the year ended December 31, 2021, as revenue and an offsetting reduction of the net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2021, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the sources on the following page.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 79,300	\$ -
Changes in actuarial assumptions	604,679	236,634
Net collective difference between projected and actual investment earnings	-	786,886
Changes in proportion	25,932	37,467
Contributions paid to PERA subsequent to the measurement date	55,881	-
	<u>\$ 765,792</u>	<u>\$ 1,060,987</u>
Total		

**City of Two Harbors
Notes to Basic Financial Statements**

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

Police and Fire Plan Pension Costs (Continued)

The \$55,881 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2022	\$ (293,143)
2023	(56,079)
2024	(56,769)
2025	(76,361)
2026	<u>131,276</u>
Total	<u><u>\$ (351,076)</u></u>

E. Long-Term Expected Return on Investment

The State Board of Investment, which manages the investments of 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term</u>
Domestic equity	33.5 %	5.10 %
International equity	16.5	5.30
Fixed income	25.0	0.75
Private markets	<u>25.0</u>	5.90
Total	<u><u>100.0 %</u></u>	

**City of Two Harbors
Notes to Basic Financial Statements**

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan and 2.25% for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees. The Police and Fire Plan benefit increase is fixed at 1% per year and that increase was used in the valuation.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 29 years of service and 6.0% per year thereafter. In the Police and Fire Plan, salary growth assumptions range from 11.75% after one year of service to 3.0% after 24 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020, actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was completed in 2020 and was adopted by the Board and became effective with the July 1, 2021, actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2021:

General Employees Fund

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

Changes in Plan Provisions

- There have been no changes since the previous valuation.

**City of Two Harbors
Notes to Basic Financial Statements**

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

F. Actuarial Methods and Assumptions (Continued)

Police and Fire Fund

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The inflation assumption was changed from 2.5% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.0%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety mortality table. The mortality improvement scale was changed from MP-2019 to MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes resulted in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes resulted in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates resulted in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions

- There have been no changes since the previous valuation.

G. Discount Rate

The discount rate used to measure the total pension liability in 2021 was 6.5%. 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 positions of the General Employees Fund and the Police and Fire Fund were projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**City of Two Harbors
Notes to Basic Financial Statements**

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

H. Pension Liability Sensitivity

The following 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 <u>(5.5%)</u>	Current Discount Rate <u>(6.5%)</u>	1% Increase in Discount Rate <u>(7.5%)</u>
City's proportionate share of the General Employees Fund net pension liability	\$ 3,501,233	\$ 1,716,720	\$ 252,419
	1% Decrease in Discount Rate <u>(5.5%)</u>	Current Discount Rate <u>(6.5%)</u>	1% Increase in Discount Rate <u>(7.5%)</u>
City's proportionate share of the Police and Fire Fund net pension liability	\$ 1,302,390	\$ 406,623	\$ (326,865)

I. Pension Plan Fiduciary Net Position

Detailed information about each 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 Internet at www.mnpera.org.

Defined Benefit Pension Plan – Volunteer Fire Fighter's Relief Association

A. Plan Description

The Two Harbors Firefighter's Relief Association is the administrator of a single employer defined benefit pension plan established to provide benefits for members of the Two Harbors Fire Department per *Minnesota State Statutes*.

The Association issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Two Harbors Firefighter's Association, 501 1st Avenue, Two Harbors, MN 55616 or by calling 218-834-8816.

**City of Two Harbors
Notes to Basic Financial Statements**

NOTE 11 – PENSION PLANS (CONTINUED)

Defined Benefit Pension Plan – Volunteer Fire Fighter's Relief Association (Continued)

B. Benefits Provided

Volunteer firefighters of the City are members of the Two Harbors Fire Fighter's Relief Association. Full retirement benefits are payable to members who have reached age 50 and have completed 20 years of service for monthly service pension. Partial benefits are payable to members who have reached 50 and have completed 5 years of service. Disability benefits and widow and children's survivor benefits are also payable to members or their beneficiaries based upon requirements set forth in the bylaws. These benefit provisions and all other requirements are consistent with enabling state statutes.

C. Employees Covered by Benefit Terms

At December 31, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-
Inactive employees entitled to but not yet receiving benefits	5
Active employees	<u>22</u>
Total	<u><u>27</u></u>

D. Contributions.

Minnesota Statutes Chapter 424A.092 specifies minimum support rates required on an annual basis. The minimum support rates from the municipality and from State aids are determined as the amount required to meet the normal cost plus amortizing any existing prior service costs over a ten year period. The City's obligation is the financial requirement for the year less state aids. Any additional payments by the City shall be used to amortize the unfunded liability of the relief association. The Association is comprised of volunteers: therefore, there are no payroll expenditures (i.e. there are no covered payroll percentage calculations). During the year, the City recognized as revenue and as an expenditure an on behalf payment of \$56,297 made by the State of Minnesota for the Relief Association.

E. Net Pension Liability

The City's net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 %
Salary increase	N/A %, average, including inflation
Investment rate of return	6.25 %, net of pensions plan investment expenses including inflation

**City of Two Harbors
Notes to Basic Financial Statements**

NOTE 11 – PENSION PLANS (CONTINUED)

Defined Benefit Pension Plan – Volunteer Fire Fighter's Relief Association (Continued)

E. Net Pension Liability (Continued)

Actuarial Assumptions (Continued)

The value of death benefits is similar to the value of the retirement pension. Because of low retirement ages, the plan assumes no pre-retirement mortality. Post-retirement mortality does not apply as the benefit structure and form of payment do not reflect lifetime benefits.

The long-term return on assets has been set based on the plan's target investment allocation along with long-term return expectations by asset class. When there is sufficient historical evidence of market outperformance, historical average returns may be considered. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of the measurement date are summarized in the table below.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	59.11 %	4.90 %
International equity	10.27	5.32
Fixed income	26.27	1.40
Real estate and alternatives	0.03	4.43
Cash and equivalents	4.32	0.09
Total	<u>100.00 %</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.25%. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the municipal bond rate. The equivalent single rate is the discount rate.

City of Two Harbors
Notes to Basic Financial Statements

NOTE 11 – PENSION PLANS (CONTINUED)

Defined Benefit Pension Plan – Volunteer Fire Fighter's Relief Association (Continued)

F. Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at January 1, 2020	\$ 565,301	\$ 756,424	\$ (191,123)
Changes for the year			
Service cost	48,016	-	48,016
Interest cost	35,762	-	35,762
Differences between expected and actual experience	(18,145)	-	(18,145)
Changes of assumptions	4,846	-	4,846
State contributions	-	54,105	(54,105)
Net investment income	-	129,763	(129,763)
Benefit payments	(82,250)	(82,250)	-
Administrative expense	-	(7,850)	7,850
Net changes	(11,771)	93,768	(105,539)
Balances at December 31, 2020	\$ 553,530	\$ 850,192	\$ (296,662)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 6.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (7.25%) than the current rate:

	1% Decrease in Discount Rate 5.25%	Current Discount Rate Rate 6.25%	1% Increase in Discount Rate 7.25%
City's net pension liability (asset)	\$ (270,544)	\$ (296,662)	\$ (321,774)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued relief association financial report.

City of Two Harbors
Notes to Basic Financial Statements

NOTE 11 – PENSION PLANS (CONTINUED)

Defined Benefit Pension Plan – Volunteer Fire Fighter's Relief Association (Continued)

**G. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions**

For the year ended December 31, 2021, the City recognized pension expense of \$(42,735). At December 31, 2021, 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
Differences between expected and actual experience	\$ 256	\$ 37,574
Changes of assumptions	50,020	10,300
Net difference between projected and actual earnings on pension plan investments	-	109,112
City's contributions to relief association subsequent to measurement date	56,297	-
Total	<u>\$ 106,573</u>	<u>\$ 156,986</u>

The \$56,297 reported as deferred outflows of resources related pensions resulting from the City's contribution to the relief association subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as shown below.

<u>Year Ending December 31,</u>	<u>Total</u>
2021	\$ (30,099)
2022	(16,978)
2023	(36,582)
2024	(19,265)
2025	(357)
Thereafter	(3,429)
Total	<u>\$ (106,710)</u>

H. Payable to the Pension Plan

At December 31, 2021, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2021.

City of Two Harbors
Notes to Basic Financial Statements

NOTE 12 – POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

The City provides single-employer defined benefit health care insurance and life insurance upon retirement to certain retirees. Medical coverage is administered by Health Partners. It is the City's policy to periodically review its medical coverage, and to obtain requests for proposals in order to provide the most favorable benefits and premiums for City employees and retirees.

B. Benefits Provided

Benefit provisions are established through negotiations between the City and the unions representing the City employees and are renegotiated each bargaining period. Retired employees receive no retiree benefits except the allowance to continue health insurance that is mandated by Minnesota Law. The Retiree Health Plan does not issue a publicly available financial report.

C. Contributions

Retirees contribute to the health care plan at the same rate as City employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the City, based on the contract terms with Blue Cross/Blue Shield. The required contributions are based on projected pay-as-you-go financing requirements. For the year 2021, the City contributed \$229,073 to the plan.

D. Members

As of December 31, 2020, the following were covered by the benefit terms:

Retirees receiving payments	8
Actives waiving coverage	3
Active employees	<u>48</u>
Total	<u><u>59</u></u>

E. Actuarial Assumptions

Since the last valuation, the following actuarial assumption changes have been made:

- The discount rate was changed from 2.75% to 2.00% based on updated 20-year municipal bond rates.

City of Two Harbors
Notes to Basic Financial Statements

NOTE 12 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

E. Actuarial Assumptions (Continued)

The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	N/A
Inflation	2.25%
Healthcare cost trend increases	6.2% for FY2020, gradually decreasing over several decades to an ultimate rate of 4.0% in FY2075 and later years.
Mortality assumption	
General employees	From the July 1, 2019, PERA of Minnesota General Employees Retirement Plan actuarial valuation, mortality rates were based on the RP-2014 mortality tables with projected mortality improvements based on scale MP-2018, and other adjustments.
Police and Fire	From the July 1, 2019, PERA of Minnesota Public Employees' Police & Fire Plan actuarial valuation, mortality rates were based on the RP-2014 mortality tables with projected mortality improvements based on scale MP-2018, and other adjustments.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of an actuarial experience study for the period January 1, 2020 – December 31, 2020.

The discount rate used to measure the total OPEB liability was 2.00% which is equal to the 20 Year Municipal Bond Yield.

F. Total OPEB Liability

The City's total OPEB liability of \$3,299,925 was measured as of December 31, 2020, and was determined by an actuarial valuation as of that date.

City of Two Harbors
Notes to Basic Financial Statements

NOTE 12 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

E. Total OPEB Liability (Continued)

	Total OPEB Liability
Balances at January 1, 2020	<u>\$ 3,145,575</u>
Changes for the year	
Service cost	207,731
Interest	89,066
Differences between expected and actual economic experience	(76,888)
Changes of assumptions	163,514
Benefit payments	<u>(229,073)</u>
Net changes	<u>154,350</u>
Balances at December 31, 2020	<u><u>\$ 3,299,925</u></u>

The General Fund, Water Utility Fund, Sewer Utility Fund, Electric Utility Fund, Gas Utility Fund, Liquor Utility Fund, and Campground Utility Fund typically liquidate the Liability related to OPEB.

G. OPEB Liability Sensitivity

The following presents the City's total OPEB liability calculated using the discount rate of 2.00% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

Total OPEB Liability		
1% decrease (1.00%)	Current (2.00%)	1% increase (3.00%)
\$ 3,532,556	\$ 3,299,925	\$ 3,083,953

City of Two Harbors
Notes to Basic Financial Statements

NOTE 12 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

G. OPEB Liability Sensitivity (Continued)

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower and 1% higher than the current healthcare cost trend rates.

Total OPEB Liability		
1% decrease (5.2% decreasing to 3.0%)	Current (6.2% decreasing to 4.0%)	1% increase (7.2% decreasing to 5.0%)
\$ 2,971,353	\$ 3,299,925	\$ 3,688,396

H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2021, the City recognized OPEB expense of \$383,423. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 136,234	\$ -
Total	\$ 136,234	\$ -

\$136,234 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2022.

NOTE 14 – COMMITMENTS

At December 31, 2021, the City had outstanding construction contract commitments totaling \$29,689,948.

NOTE 15 – NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 87, Leases establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. 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. This statement will be effective for the year ending December 31, 2022.

City of Two Harbors
Notes to Basic Financial Statements

NOTE 15 – NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED (CONTINUED)

GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. This statement will be effective for the year ending December 31, 2021.

GASB Statement No. 87, Leases establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. 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. This statement will be effective for the year ending December 31, 2022.

GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. This statement will be effective for the year ending December 31, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

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City of Two Harbors
Schedule of Changes in Total OPEB Liability
and Related Ratios

	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
Total OPEB Liability				
Service cost	\$ 143,400	\$ 165,392	\$ 148,693	\$ 207,731
Interest	117,886	108,958	115,598	89,066
Differenced between expected and actual experience	-	-	(250,264)	(76,888)
Changes of assumptions	101,591	(145,722)	271,446	163,514
Changes of benefit terms	-	(76,370)	-	-
Benefit payments	(165,469)	(208,913)	(214,094)	(229,073)
Net change in total OPEB liability	<u>197,408</u>	<u>(156,655)</u>	<u>71,379</u>	<u>154,350</u>
Beginning of year	<u>3,033,443</u>	<u>3,230,851</u>	<u>3,074,196</u>	<u>3,145,575</u>
Total OPEB liability	<u>\$ 3,230,851</u>	<u>\$ 3,074,196</u>	<u>\$ 3,145,575</u>	<u>\$ 3,299,925</u>
Covered-employee payroll	\$ 3,343,369	\$ 3,358,853	\$ 3,338,302	\$ 3,551,708
Total OPEB liability as a percentage of covered-employee	96.63%	91.53%	94.23%	92.91%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

**City of Two Harbors
Schedule of City's Proportionate Share
of Net Pension Liability
General Employees Retirement Fund
Last Ten Years**

For Fiscal Year Ended June 30,	City's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	City's Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.0402%	\$ 1,716,720	\$ 52,390	\$ 1,769,110	\$ 2,893,693	59.33%	87.00%
2020	0.0381%	2,284,269	70,484	2,354,753	2,717,720	84.05%	79.06%
2019	0.0396%	2,189,395	67,997	2,257,392	2,803,400	78.10%	80.23%
2018	0.0425%	2,357,726	77,348	2,435,074	2,857,600	82.51%	79.53%
2017	0.4160%	2,655,717	33,399	2,689,116	2,680,387	99.08%	75.90%
2016	0.0427%	3,467,028	45,325	3,512,353	2,651,853	130.74%	68.91%
2015	0.0423%	2,192,206	-	2,192,206	2,446,987	89.59%	78.19%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

**Schedule of City's Proportionate Share
of Net Pension Liability
Public Employees Police and Fire Retirement Fund
Last Ten Years**

For Fiscal Year Ended June 30,	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.0533%	\$ 406,623	\$ 18,498	\$ 425,121	\$ 688,784	61.72%	93.66%
2020	0.0538%	704,300	16,656	720,956	648,796	111.12%	87.19%
2019	0.0504%	529,755	N/A	529,755	544,265	97.33%	89.26%
2018	0.0564%	596,086	N/A	596,086	594,506	100.27%	88.84%
2017	0.0560%	751,027	N/A	751,027	571,259	131.47%	85.43%
2016	0.0560%	2,247,377	N/A	2,247,377	535,309	419.83%	63.88%
2015	0.0570%	647,653	N/A	647,653	510,543	126.86%	86.61%

City of Two Harbors
Schedule of City Contributions
General Employees Retirement Fund
Last Ten Years

<u>Fiscal Year Ending December 31,</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>City's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2021	\$ 231,671	\$ 231,671	\$ -	\$ 3,088,947	7.50%
2020	216,775	216,775	-	2,890,333	7.50%
2019	203,381	203,381	-	2,711,747	7.50%
2018	214,140	214,140	-	2,855,200	7.50%
2017	207,598	207,598	-	2,767,973	7.50%
2016	201,992	201,992	-	2,693,227	7.50%
2015	194,488	194,488	-	2,593,173	7.50%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

Schedule of City Contributions
Public Employees Police and Fire Retirement Fund
Last Ten Years

<u>Fiscal Year Ending December 31,</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>City's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2021	\$ 111,762	\$ 111,762	\$ -	\$ 631,424	17.70%
2020	110,575	110,575	-	624,718	17.70%
2019	94,350	94,350	-	556,637	16.95%
2018	92,168	92,168	-	568,938	16.20%
2017	94,965	94,965	-	586,204	16.20%
2016	90,946	90,946	-	561,395	16.20%
2015	85,621	85,621	-	528,525	16.20%

City of Two Harbors
Schedule of Changes in Net Pension Liability
and Related Ratios - Fire Relief Association

	2020	2019	2018
Total Pension Liability (TPL)			
Service cost	\$ 48,016	\$ 45,661	\$ 38,632
Interest	35,762	40,824	45,480
Differenced between expected and actual experience	(18,145)	-	373
Changes of assumptions	4,846	-	8,027
Changes of benefit terms	-	17,326	-
Benefit payments, including refunds of member contributions	(82,250)	(292,075)	-
Net change in total pension liability	(11,771)	(188,264)	92,512
Beginning of year	565,301	753,565	661,053
End of year	\$ 553,530	\$ 565,301	\$ 753,565
Plan Fiduciary Net Position (FNP)			
Contributions - employer	\$ 54,105	\$ 54,279	\$ 49,569
Contributions - donations and other income	-	-	-
Net investment income	129,763	153,692	(42,741)
Other additions	-	-	-
Benefit payments, including refunds of member contributions	(82,250)	(292,075)	-
Administrative expense	(7,850)	(9,476)	(5,544)
Other	-	(28)	-
Net change in plan fiduciary net position	93,768	(93,608)	1,284
Beginning of year	756,424	850,032	848,748
End of year	\$ 850,192	\$ 756,424	\$ 850,032
Net Pension Liability (NPL)	\$ (296,662)	\$ (191,123)	\$ (96,467)
Plan fiduciary net position as a percentage of the total pension liability	153.6%	133.8%	112.8%
Covered employee payroll	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A

The City implemented the Provisions of Governmental Accounting Standards Board Statement No. 68 for the year ended December 31, 2015. The schedules within the Required Supplementary Information section required a ten year presentation, but does not require retroactive reporting. Information prior to 2014 is not available.

2017	2016	2015	2014
\$ 33,804	\$ 47,135	\$ 35,852	\$ 34,892
38,996	37,453	34,576	32,879
-	(45,192)	-	-
44,345	(21,800)	48,442	-
-	-	36,986	-
-	(155,812)	(78,417)	-
117,145	(138,216)	77,439	67,771
543,908	682,124	604,685	536,914
<u>\$ 661,053</u>	<u>\$ 543,908</u>	<u>\$ 682,124</u>	<u>\$ 604,685</u>
\$ 61,045	\$ 54,261	\$ 51,722	\$ 64,861
-	(6,390)	6,390	-
112,071	48,110	(1,150)	43,924
-	1,201	-	-
-	(155,812)	(78,417)	-
(7,344)	(7,301)	(7,080)	(6,700)
-	-	(200)	-
165,772	(65,931)	(28,735)	102,085
682,976	748,907	777,642	675,557
<u>\$ 848,748</u>	<u>\$ 682,976</u>	<u>\$ 748,907</u>	<u>\$ 777,642</u>
<u>\$ (187,695)</u>	<u>\$ (139,068)</u>	<u>\$ (66,783)</u>	<u>\$ (172,957)</u>
128.4%	125.6%	109.8%	128.6%
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A

**City of Two Harbors
Schedule of Employer Contributions
and Non-Employer Contributing
Entities - Fire Relief Association**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer							
Statutorily determined contribution (SDC)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution made	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,500)</u>	<u>(2,300)</u>	<u>(2,300)</u>	<u>(2,300)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,500)</u>	<u>\$ (2,300)</u>	<u>\$ (2,300)</u>	<u>\$ (2,300)</u>
Non-employer							
2% aid	\$ 53,105	\$ 50,279	\$ 49,569	\$ 49,545	\$ 51,961	\$ 49,422	\$ 62,531

The City implemented the Provisions of Governmental Accounting Standards Board Statement No. 68 for the year ended December 31, 2015. The schedules within the Required Supplementary Information section required a ten year presentation, but does not require retroactive reporting. Information prior to 2014 is not available.

City of Two Harbors
Notes to Required Supplementary Information

General Employees Fund

2021 Changes

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- 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% 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 2-5 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 Scale MP-2018 to Scale 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% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. 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 2.0% for the period July 1, 2020 through December 31, 2023, and 0.0% thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes

Changes in Actuarial Assumptions

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

City of Two Harbors
Notes to Required Supplementary Information

General Employees Fund (Continued)

2019 Changes (Continued)

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

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

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% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, 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.

2017 Changes

Changes in Actuarial Assumptions

- The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

Changes in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The State's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

City of Two Harbors
Notes to Required Supplementary Information

General Employees Fund (Continued)

2016 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, the inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

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 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 Two Harbors
Notes to Required Supplementary Information

Police and Fire Fund

2021 Changes

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The inflation assumption was changed from 2.5% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.0%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety mortality table. The mortality improvement scale was changed from MP-2019 to MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes resulted in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes resulted in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates resulted in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2018 to MP-2019.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2016 to MP-2017.

City of Two Harbors
Notes to Required Supplementary Information

Police and Fire Fund (Continued)

2018 Changes (Continued)

Changes in Plan Provisions

- Postretirement benefit increases were changed to 1.00% for all years, with no trigger.
- An end date of July 1, 2048, was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100% funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80% to 11.30% of pay, effective January 1, 2019, and 11.80% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20% to 16.95% of pay, effective January 1, 2019, and 17.70% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1% for all years to 1% per year through 2064 and 2.5% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

City of Two Harbors
Notes to Required Supplementary Information

Police and Fire Fund (Continued)

2016 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- The single discount rate changed from 7.90% to 5.60%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2037 and 2.5% per year thereafter.

Changes in Plan Provisions

- The post-retirement benefit increase to be paid after attainment of the 90% funding threshold was changed, from inflation up to 2.5%, to a fixed rate of 2.5%.

City of Two Harbors
Notes to Required Supplementary Information

Volunteer Fire Fighter's Relief Association

2021 Changes

- The mortality assumptions were updated from the rates used in the July 1, 2018 Minnesota PERA Police & Fire Plan actuarial valuation to the rates used in the July 1, 2020 Minnesota PERA Police & Fire Plan actuarial valuation.
- The inflation assumption decreased from 2.50% to 2.25%.

2020 Changes

- The lump sum benefit amount increased from \$3,800 to \$3900

2019 Changes

- The expected investment return and discount rate decreased from 6.50% to 6.25% to reflect updated capital market assumptions.
- The mortality and withdrawal assumptions were updated from the rates used in the July 1, 2016 Minnesota PERA Police & Fire Plan actuarial valuation to the rates used in the July 1, 2018 Minnesota PERA Police & Fire Plan actuarial valuation.
- The inflation assumption decreased from 2.75% to 2.50%.

City of Two Harbors
Notes to Required Supplementary Information

Post Employment Health Care Plan

2021 Changes

Changes in Actuarial Assumptions

- The discount rate was changed from 2.75% to 2.00% based on updated 20-year municipal bond rates.

2020 Changes

Changes in Plan Provisions

- Retiree premiums were updated to current levels.

Changes in Actuarial Assumptions

- The discount rate was changed from 3.71% to 2.75% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations, including the repeal of the Affordable Care Act's Excise Tax on high-cost health insurance plans.
- Medical per capita claims costs were updated to reflect recent experience and new plan offerings, including an adjustment to reflect age/gender based risk scores published by the Society of Actuaries.
- Withdrawal and salary scale rates were updated from the rates used in the July 1, 2017 PERA of Minnesota General Employees and Police & Fire Retirement Plan actuarial valuations to the rates used in the July 1, 2019 valuations.
- Mortality rates were updated from the RP-2014 headcount-weighted tables to the rates used in the July 1, 2019 PERA of Minnesota General Employees and Police & Fire Retirement Plan actuarial valuations to reflect recently-published mortality rates.
- The inflation assumption was changed from 2.75% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.

2019 Changes

Changes in Actuarial Assumptions

- The discount rate increased from 3.31% to 3.71%.
- The health care trend rates were updated to exclude the Affordable Care Act's Excise Tax on high-cost health insurance plan due to its repeal.

SUPPLEMENTARY INFORMATION

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City of Two Harbors
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Over (Under)
Revenues				
Taxes				
General property taxes	\$ 2,265,930	\$ 2,265,930	\$ 1,872,988	\$ (392,942)
Cable television franchise tax	27,150	27,150	26,456	(694)
Total taxes	<u>2,293,080</u>	<u>2,293,080</u>	<u>1,899,444</u>	<u>(393,636)</u>
Licenses and permits	47,850	47,850	53,930	6,080
Intergovernmental revenues				
Federal grants	-	192,829	5,000	(187,829)
State grants and aids				
Local government aid	1,819,534	1,819,534	1,819,534	-
Taconite aid	-	-	167,136	167,136
State grant	21,950	21,950	12,013	(9,937)
State fire aid	51,350	51,350	56,297	4,947
State police aid	70,050	70,050	82,733	12,683
County highway grants	20,600	20,600	22,258	1,658
Other grants and aids	-	105,000	310,897	205,897
Total intergovernmental revenues	<u>1,983,484</u>	<u>2,281,313</u>	<u>2,475,868</u>	<u>194,555</u>
Charges for services				
Campsite fees	-	-	-	-
Fire contract	91,650	91,650	125,908	34,258
Cemetery services	36,900	36,900	43,644	6,744
Other	40,600	40,600	25,055	(15,545)
Total charges for services	<u>169,150</u>	<u>169,150</u>	<u>194,607</u>	<u>25,457</u>
Fines and forfeitures	11,150	11,150	7,472	(3,678)
Miscellaneous revenues				
Investment income	9,000	9,000	2,215	(6,785)
Other	26,800	26,800	50,344	23,544
Total miscellaneous revenues	<u>35,800</u>	<u>35,800</u>	<u>52,559</u>	<u>16,759</u>
Total revenues	<u>4,540,514</u>	<u>4,838,343</u>	<u>4,683,880</u>	<u>(154,463)</u>

City of Two Harbors
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Over (Under)
Expenditures				
General government				
Mayor and council	\$ 84,450	\$ 84,450	\$ 73,213	\$ (11,237)
Administrative and finance	334,500	304,500	288,012	(16,488)
Other general government	270,050	275,050	268,647	(6,403)
Total general government	<u>689,000</u>	<u>664,000</u>	<u>629,872</u>	<u>(34,128)</u>
Public safety				
Police				
Current	1,153,750	1,153,750	1,126,928	(26,822)
Fire				
Current	213,400	253,400	299,080	45,680
Capital outlay	29,500	29,500	-	(29,500)
Total fire	<u>242,900</u>	<u>282,900</u>	<u>299,080</u>	<u>16,180</u>
Animal control				
Current	11,250	11,250	11,123	(127)
Other				
Current	1,600	1,600	1,618	18
Total public safety	<u>1,409,500</u>	<u>1,449,500</u>	<u>1,438,749</u>	<u>(10,751)</u>
Public works				
Streets and highways				
Street maintenance	1,275,600	1,247,900	1,247,221	(679)
Street signs	10,000	10,300	10,273	(27)
Equipment maintenance	40,000	55,000	54,925	(75)
Total streets and highways	<u>1,325,600</u>	<u>1,313,200</u>	<u>1,312,419</u>	<u>(781)</u>
Sanitation				
Waste removal	32,200	36,600	36,578	(22)
Tree removal	8,000	8,000	-	(8,000)
Total sanitation	<u>40,200</u>	<u>44,600</u>	<u>36,578</u>	<u>(8,022)</u>
Total public works	<u>1,365,800</u>	<u>1,357,800</u>	<u>1,348,997</u>	<u>(8,803)</u>
Culture and recreation				
Current expenditures	240,900	190,900	169,059	(21,841)
Total culture and recreation	<u>240,900</u>	<u>190,900</u>	<u>169,059</u>	<u>(21,841)</u>
Health and welfare				
Cemetery				
Current	118,750	118,750	112,308	(6,442)

City of Two Harbors
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Over (Under)
Expenditures (Continued)				
Miscellaneous	\$ 129,400	\$ 159,400	\$ 153,035	\$ (6,365)
Total expenditures	<u>3,953,350</u>	<u>3,940,350</u>	<u>3,852,020</u>	<u>(88,330)</u>
Excess of revenues over expenditures	587,164	897,993	831,860	(66,133)
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	-	-	21,245	21,245
Transfers in	385,634	385,634	385,634	-
Transfers out	<u>(925,050)</u>	<u>(1,325,050)</u>	<u>(1,325,050)</u>	<u>-</u>
Total other financing sources (uses)	<u>(539,416)</u>	<u>(939,416)</u>	<u>(918,171)</u>	<u>21,245</u>
Net change in fund balance	<u>\$ 47,748</u>	<u>\$ (41,423)</u>	<u>(86,311)</u>	<u>\$ (44,888)</u>
Fund Balance				
Beginning of year			<u>2,092,946</u>	
End of year			<u>\$ 2,006,635</u>	

**City of Two Harbors
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2021**

	Special Revenue			
	Library (211)	Airport (231)	Local Sales Tax (261)	Tax Increment Financing (251)
Assets				
Cash and investments	\$ 185,870	\$ 25,603	\$ 581,514	\$ 197,485
Taxes receivable - delinquent	-	-	-	-
Special assessment receivable				
Deferred	-	-	-	-
Accounts receivable	-	3,725	-	-
Interest receivable	6	-	35	89
Due from other governments	-	24,342	33,356	-
Notes receivable	-	-	-	-
Inventories	-	35,191	-	-
	<u>\$ 185,876</u>	<u>\$ 88,861</u>	<u>\$ 614,905</u>	<u>\$ 197,574</u>
Total assets				
Liabilities				
Accounts payable	\$ 3,627	\$ 3,559	\$ -	\$ -
Accrued payroll	6,287	666	-	-
Unearned revenue	-	4,705	-	-
Total liabilities	<u>9,914</u>	<u>8,930</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	-	-	-	-
Unavailable revenue - special assessments	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable	-	35,191	-	-
Restricted	-	-	614,905	197,574
Committed	175,962	44,740	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>175,962</u>	<u>79,931</u>	<u>614,905</u>	<u>197,574</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 185,876</u>	<u>\$ 88,861</u>	<u>\$ 614,905</u>	<u>\$ 197,574</u>

Special Revenue				Permanent	Debt Service	Capital Projects
Revolving Loan Fund SCDP (205)	City Sales Tax (263)	Two Harbors Convention and Visitors Bureau (291)	Total	Cemetery Perpetual (810)	General Obligation Bonds Debt Service (301)	Capital Equipment Fund (401)
\$ 40,606	\$ 150,709	\$ 18,756	\$ 1,200,543	\$ 147,055	\$ 442,968	\$ 1,178,234
-	-	-	-	-	-	-
-	-	-	-	-	566,416	8,400
-	-	-	3,725	-	-	6,913
-	9	-	139	67	91	36
-	33,356	-	91,054	-	4,273	160,814
-	-	-	-	-	-	-
-	-	-	35,191	-	-	-
<u>\$ 40,606</u>	<u>\$ 184,074</u>	<u>\$ 18,756</u>	<u>\$ 1,330,652</u>	<u>\$ 147,122</u>	<u>\$ 1,013,748</u>	<u>\$ 1,354,397</u>
\$ -	\$ -	\$ -	\$ 7,186	\$ -	\$ -	\$ 1,660
-	-	-	6,953	-	-	-
-	-	-	4,705	-	-	7,800
-	-	-	18,844	-	-	9,460
-	-	-	-	-	-	-
-	-	-	-	-	566,415	-
-	-	-	-	-	566,415	-
-	-	-	35,191	-	-	-
40,606	184,074	18,756	1,055,915	147,122	447,333	-
-	-	-	220,702	-	-	-
-	-	-	-	-	-	1,344,937
-	-	-	-	-	-	-
<u>40,606</u>	<u>184,074</u>	<u>18,756</u>	<u>1,311,808</u>	<u>147,122</u>	<u>447,333</u>	<u>1,344,937</u>
<u>\$ 40,606</u>	<u>\$ 184,074</u>	<u>\$ 18,756</u>	<u>\$ 1,330,652</u>	<u>\$ 147,122</u>	<u>\$ 1,013,748</u>	<u>\$ 1,354,397</u>

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**City of Two Harbors
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2021**

	Capital Projects	Capital Projects		
	Edna G. Restoration Project (411)	Permanent Improvements (500)	Total	Total Governmental Funds
Assets				
Cash and investments	\$ 374,361	\$ 694,403	\$ 2,246,998	\$ 4,037,564
Taxes receivable - delinquent	-	315	315	315
Special assessment receivable			-	
Deferred	-	-	8,400	574,816
Accounts receivable	13,237	-	20,150	23,875
Interest receivable	149	117	302	599
Due from other governments	-	1,701	162,515	257,842
Notes receivable	-	181,417	181,417	181,417
Inventories	-	-	-	35,191
Total assets	<u>\$ 387,747</u>	<u>\$ 877,953</u>	<u>\$ 2,620,097</u>	<u>\$ 5,111,619</u>
Liabilities				
Accounts payable	\$ -	\$ 1,701	\$ 3,361	\$ 10,547
Accrued payroll	-	-	-	6,953
Unearned revenue	-	117,295	125,095	129,800
Total liabilities	<u>-</u>	<u>118,996</u>	<u>128,456</u>	<u>147,300</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	-	315	315	315
Unavailable revenue - special assessments	-	-	-	566,415
Total deferred inflows of resources	<u>-</u>	<u>315</u>	<u>315</u>	<u>566,730</u>
Fund Balances				
Nonspendable	-	-	-	35,191
Restricted	-	-	-	1,650,370
Committed	-	-	-	220,702
Assigned	387,747	758,642	2,491,326	2,491,326
Unassigned	-	-	-	-
Total fund balances	<u>387,747</u>	<u>758,642</u>	<u>2,491,326</u>	<u>4,397,589</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 387,747</u>	<u>\$ 877,953</u>	<u>\$ 2,620,097</u>	<u>\$ 5,111,619</u>

City of Two Harbors
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2021

	Special Revenue			
	Library (211)	Airport (231)	Local Sales Tax (261)	Tax Increment Financing (251)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Sales tax	-	-	418,634	-
Special assessments	-	-	-	-
Intergovernmental				
Federal grants	-	-	-	-
State grants and aid	-	33,400	-	-
County grants and aid	65,000	7,500	-	-
Arrowhead library system	-	-	-	-
Charges for services	3,693	134,775	-	-
Miscellaneous				
Investment income	42	-	437	311
Loan payments	-	-	-	-
Other	879	-	-	-
Total revenues	<u>69,614</u>	<u>175,675</u>	<u>419,071</u>	<u>311</u>
Expenditures				
Current				
General government	-	-	-	-
Culture and recreation	290,161	-	-	-
Economic development	-	-	-	193
Airport	-	169,089	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Airport	-	-	-	-
Total expenditures	<u>290,161</u>	<u>169,089</u>	<u>-</u>	<u>193</u>
Excess of revenues over (under) expenditures	(220,547)	6,586	419,071	118
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	-	653	-	-
Bond proceeds	-	-	-	-
Bond premium	-	-	-	-
Proceeds from insurance	-	-	-	-
Transfers in	237,000	-	-	-
Transfers out	-	-	(500,000)	-
Total other financing sources (uses)	<u>237,000</u>	<u>653</u>	<u>(500,000)</u>	<u>-</u>
Net change in fund balances	16,453	7,239	(80,929)	118
Fund Balances				
Beginning of year	<u>159,509</u>	<u>72,692</u>	<u>695,834</u>	<u>197,456</u>
End of year	<u>\$ 175,962</u>	<u>\$ 79,931</u>	<u>\$ 614,905</u>	<u>\$ 197,574</u>

Special Revenue				Permanent	Debt Service	Capital Projects
Revolving Loan Fund SCDP (205)	City Sales Tax (263)	Two Harbors Convention and Visitors Bureau (291)	Total	Cemetery Perpetual (810)	General Obligation Bonds Debt Service (301)	Capital Equipment Fund (401)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	418,634	-	837,268	-	-	-
-	-	-	-	-	73,527	15,856
-	-	-	-	-	-	(12,455)
-	-	-	33,400	-	-	57,920
-	-	-	72,500	-	-	-
-	-	-	-	-	-	-
-	-	-	138,468	-	-	20,096
-	180	-	970	258	89	375
-	-	-	-	-	-	-
-	-	-	879	-	-	11,300
-	418,814	-	1,083,485	258	73,616	93,092
-	-	-	-	-	-	-
-	-	-	290,161	-	-	-
10,000	-	35,241	45,434	-	-	-
-	-	-	169,089	-	-	-
-	-	-	-	-	110,000	87,140
-	-	-	-	-	88,006	48,056
-	-	-	-	-	-	132,245
-	-	-	-	-	-	267,315
-	-	-	-	-	-	12,516
-	-	-	-	-	-	8,759
10,000	-	35,241	504,684	-	198,006	556,031
(10,000)	418,814	(35,241)	578,801	258	(124,390)	(462,939)
-	-	-	653	-	-	-
-	-	-	-	-	24,935	715,000
-	-	-	-	-	-	26,002
-	-	-	-	-	-	45,518
-	-	-	237,000	-	285,000	800,000
-	(300,000)	-	(800,000)	(2,334)	-	-
-	(300,000)	-	(562,347)	(2,334)	309,935	1,586,520
(10,000)	118,814	(35,241)	16,454	(2,076)	185,545	1,123,581
50,606	65,260	53,997	1,295,354	149,198	261,788	221,356
\$ 40,606	\$ 184,074	\$ 18,756	\$ 1,311,808	\$ 147,122	\$ 447,333	\$ 1,344,937

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City of Two Harbors
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2021

	Capital Projects	Capital Projects		
	Edna G. Restoration Project (411)	Permanent Improvements (500)	Total	Total Governmental Funds
Revenues				
Taxes	\$ -	16,219	\$ 16,219	\$ 16,219
Sales tax	81,359	-	81,359	918,627
Special assessments	-	-	15,856	89,383
Intergovernmental			-	
Federal grants	-	-	(12,455)	(12,455)
State grants and aid	-	-	57,920	91,320
County grants and aid	-	-	-	72,500
Arrowhead library system	-	2,402	2,402	2,402
Charges for services	-	29,500	49,596	188,064
Miscellaneous			-	
Investment income	567	-	942	2,259
Loan payments	-	5,592	5,592	5,592
Other	-	30,000	41,300	42,179
Total revenues	<u>81,926</u>	<u>83,713</u>	<u>258,731</u>	<u>1,416,090</u>
Expenditures				
Current				
General government	-	23,569	23,569	23,569
Culture and recreation	-	-	-	290,161
Economic development	-	-	-	45,434
Airport	-	-	-	169,089
Debt Service				
Principal	-	-	87,140	197,140
Interest	-	-	48,056	136,062
Capital outlay				
Public safety	-	-	132,245	132,245
Public works	-	6,103	273,418	273,418
Culture and recreation	37,794	-	50,310	50,310
Airport	-	-	8,759	8,759
Total expenditures	<u>37,794</u>	<u>29,672</u>	<u>623,497</u>	<u>1,326,187</u>
Excess of revenues over (under) expenditures	44,132	54,041	(364,766)	89,903
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	-	-	-	653
Bond proceeds	-	-	715,000	739,935
Bond premium	-	-	26,002	26,002
Proceeds from insurance	-	-	45,518	45,518
Transfers in	-	200,000	1,000,000	1,522,000
Transfers out	-	-	-	(802,334)
Total other financing sources (uses)	<u>-</u>	<u>200,000</u>	<u>1,786,520</u>	<u>1,531,774</u>
Net change in fund balances	44,132	254,041	1,421,754	1,621,677
Fund Balances				
Beginning of year	<u>343,615</u>	<u>504,601</u>	<u>1,069,572</u>	<u>2,775,912</u>
End of year	<u>\$ 387,747</u>	<u>\$ 758,642</u>	<u>\$ 2,491,326</u>	<u>\$ 4,397,589</u>

**City of Two Harbors
Balance Sheet - Component Unit -
Two Harbors Development Fund
December 31, 2021**

Assets		
Cash and investments	\$	87,973
Accounts receivable		1,701
Loans receivable		<u>813,225</u>
Total assets	\$	<u>902,899</u>
Liabilities		
Accounts payable	\$	39
Deferred Inflows of Resources		
Deferred inflows - loans receivable		146,879
Fund Balance		
Committed		<u>755,981</u>
Total liabilities, deferred inflows of resources and fund balance	\$	<u>902,899</u>
Reconciliation of the balance sheet to the statement of net position		
Fund balance	\$	755,981
Loans receivable will be collected in future years but are not available to pay for current period expenditures		<u>146,879</u>
Net position	\$	<u>902,860</u>

City of Two Harbors
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Component Unit -
Two Harbors Development Fund
Year Ended December 31, 2021

Revenues

Miscellaneous

Principal payments on loans	\$ 27,654
Interest on loans	15,212
Investment income	29
Other	642
Total revenues	<u>43,537</u>

Expenditures

Current

Insurance	850
Professional services	50
Legal fees	7,518
Total expenditures	<u>8,418</u>

Excess of revenues over (under) expenditures	35,119
---	--------

Fund Balance

Beginning of year	<u>720,862</u>
End of year	<u><u>\$ 755,981</u></u>

Reconciliation of the schedule of revenues, expenditures, and changes
in fund balance to the Statement of Activities

Net change in fund balance	\$ 35,119
----------------------------	-----------

Principal payments on loans receivable are recognized as revenues
in the governmental funds but have no effect on net position in
the Statement of Activities.

Principal payments	<u>(27,654)</u>
--------------------	-----------------

Change in net position	<u><u>\$ 7,465</u></u>
------------------------	------------------------

City of Two Harbors
Balance Sheet - Component Unit -
Two Harbors Economic Development Authority
December 31, 2021

Assets

Cash and investments

\$ 59,541

Fund Balance

Committed

\$ 59,541

City of Two Harbors
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Component Unit -
Two Harbors Economic Development Authority
Year Ended December 31, 2021

Revenues		
Contributions and donations	\$	10,000
Expenditures		
Current		
Dues and subscriptions		<u>1,700</u>
Excess of revenues over expenditures		8,300
Fund Balance		
Beginning of year		<u>51,241</u>
End of year	\$	<u><u>59,541</u></u>

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**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***

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Two Harbors
Two Harbors, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Two Harbors, Minnesota as of and for the year ended December 31, 2021, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 16, 2022.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as Audit Finding 2021-001 to be a material weakness.

Internal Control over Financial Reporting (Continued)

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as Audit Finding 2021-002 to be a significant deficiency.

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 Response to Findings

The City's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

Bergan KDV, Ltd.

Minneapolis, Minnesota
May 16, 2022

**City of Two Harbors
Schedule of Findings and Questioned Costs**

SECTION II – FINANCIAL STATEMENT FINDINGS

Audit Finding 2021-001

Criteria or Specific Requirement:

Internal control that supports the City's ability to initiate record, process and report financial data consistent with the assertions of management in the financial statements requires adequate segregation of accounting duties.

Condition:

During the year ended December 31, 2021, the City had a lack of segregation of accounting duties due to a limited number of office employees.

Management is aware of this condition and has taken certain steps to compensate for the lack of segregation. However, due to the small accounting staff needed to handle all of the accounting duties, the cost of obtaining desirable segregation of accounting duties can often exceed benefits which could be derived. Due to this reason, management has determined a complete segregation of accounting duties is impractical to correct. However, management, along with the City Council, must remain aware of this situation and should continually monitor the accounting system, including changes that occur.

Context:

This finding impacts the internal control for all significant accounting functions.

Effect or Potential Effect:

The lack of adequate segregation of accounting duties could adversely affect the City's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

Cause:

There are a limited number of office employees.

Recommendation:

Continue to review the accounting system, including changes that may occur. Implement segregation whenever practical.

Views of Responsible Officials and Planned Corrective Action:

Management of the City takes its responsibility for internal controls very seriously. The City has weighed the costs and benefits of an additional office employee to eliminate this risk and has determined the benefit does not exceed the cost.

The City's management team diligently follows the City's internal control policies to ensure the protection of public funds.

**City of Two Harbors
Schedule of Findings and Questioned Costs**

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

Audit Finding 2021-002

Criteria or Specific Requirement:

Internal control that supports the City's ability to initiate record, process and report financial data consistent with the assertions of management in the financial statements requires adequate internal controls over significant revenue processes.

Condition:

During the year ended December 31, 2021, the City had a lack of internal controls over the utility billing process for water charges.

During our audit of water charges, we noted the ratio of gallons billed to gallons pumped was 65%. The American Waterworks Association has developed a benchmark of gallons billed to gallons pumped to equal at least 90%.

Context:

This finding impacts the internal control for utility billing.

Effect or Potential Effect:

The lack of internal control over water charges could adversely affect the City's ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements.

Cause:

There are a limited number of office employees to investigate water loss.

Recommendation:

Continue to review and investigate the ratio of gallons billed to gallons pumped ratio. We recommend the City increase their awareness of the disparity and strive to meet the benchmark of 90%.

Views of Responsible Officials and Planned Corrective Action:

Management of the City takes its responsibility for internal controls very seriously. The City will continue to investigate the ratio of gallons billed to gallons pumped to ensure the utility billing system is adequately capturing data and properly billing for water use.

Minnesota Legal Compliance

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Two Harbors
Two Harbors, 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 Two Harbors, Minnesota, as of and for the year ended December 31, 2021, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 16, 2022.

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 Minn. Stat. § 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.

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 communication is not suitable for any other purpose.

BergankDV, Ltd.

Minneapolis, Minnesota
May 16, 2022

TWO HARBORS CITY COUNCIL



AGENDA ITEM SUMMARY

AGENDA ITEM SUBJECT: *Approving amendment to contract with recommendation from the Utility Committee to amend contract with WSB for the material testing for the WWTP in the amount of \$2,660, total contract \$22,695*

ORIGINATING SOURCE/DEPARTMENT: *Sewer Plant*

FUNDING SOURCE: *State appropriations, PSIG Grant, WIF Grant, Sewer and Electric Fund reserves, with remaining balance to be covered from a low interest rate PFA loan*

BACKGROUND: *See attached memo from Bolton and Menk, a contract with WSB was approved at the October 21, 2021 Council Meeting for \$20,035 the amended contract will be \$22,695..*

ESTIMATED DATE OF COMPLETION: Click here to enter a date.

COMMITTEE/COMMISSION RECOMMENDATION: Click here to enter text.

ADMINISTRATION/STAFF RECOMMENDED COUNCIL ACTION:
Approve the amended contract with WSB for material testing for the WWTP in the amount of \$22,695

CA. 17 5/23/22



**BOLTON
& MENK**

Real People. Real Solutions.

7533 Sunwood Drive NW
Suite 206
Ramsey, MN 55303-5119

Ph: (763) 433-2851
Fax: (763) 427-0833
Bolton-Menk.com

VIA EMAIL
May 19, 2022

Miranda Pietila, Interim City Administrator/Finance Director
City of Two Harbors
522 1st Ave.
Two Harbors, MN 55616

RE: Two Harbors Wastewater Treatment Facility Improvements
Material Testing

Dear Miranda,

As part of the WWTF project, the City of Two Harbors contracted directly with WSB to complete material testing for concrete, soils, and geotechnical testing. As a reminder, three quotes were obtained prior to selected WSB. The quotes were as follows:

- WSB \$20,000 - Braun \$73,000 - NTS \$59,000

During the request for proposals for testing services, testing related to the Biosolids Storage Tank was excluded from the scope due to language in the specification stating the contractor would provide concrete testing for the biosolids tank. By doing this, soils and geotechnical testing for the biosolids tank were inadvertently omitted from the request for proposals. This was discovered as work on the biosolids tank subgrade commenced and soils testing became necessary and WSB was required to perform soil and geotechnical testing for the biosolids tank. This work was outside the scope of the original contract and totaled \$2,660.00 as shown in the enclosed document from WSB.

To account for these extra services, WSB is requesting a contract amendment to increase their total budget from \$20,000.00 to \$22,660.00. The PFA funding package included up to \$60,000 for concrete and material testing and therefore this change does not impact the budgeted funds for the project. I recommend the city approved the additional fees of \$2,660.00 for services performed by WSB outside of their existing contract.

Please contact me if you have any questions.

Sincerely,
Bolton & Menk, Inc.

Brian J. Guldán

Brian J. Guldán, P.E.
Principal Environmental Engineer
Enclosures

cc: Joe Rhein, Bolton and Menk, Inc.
Jennifer Olejar, Bolton and Menk, Inc.
Luke Heikkila, City of Two Harbors



Extra Work Authorization

Project Name: Two Harbors WWTF Improvements
Project Number: R-019334-000
Date: 5-5-2022

Description of Extra Work: Geotechnical services for foundation soils
and recommendations for the Biosolids Tank

Geotechnical Engineer - \$145.00/hr
Engineering Specialist - \$110.00/hr
Trip charge from Burnsville office - \$100.00/trip
Trip charge from Duluth Office - \$50.00/trip

Authorized By:

Name: _____
Title: _____
Signature: _____

Signed:

Name: Terry Norken
Title: Engineering Specialist/Project Manager
Signature: _____

Terry Norken



Construction Materials Testing Estimate of Costs
City of Two Harbors
Wastewater Treatment Facility Upgrades Additional Work
WSB #: R-019334-000
April 28, 2022

CMT Unit	Service Description	Estimated Units	Hourly or Unit Cost	Total Unit Cost
Geotechnical Consulting				
<i>Field Testing</i>				
CMT04	Terry Norlen field inspection	4.50 hours	\$ 110.00	\$ 495.00
CMT45	Chad DeMenge, PE field inspection	2.00 hours	\$ 145.00	\$ 290.00
CMT45	Mark Osborn, PE field inspection	10.00 hours	\$ 145.00	\$ 1,450.00
2150	Trip Charge from Duluth	5 trips	\$ 50.00	\$ 250.00
2200	Trip Charge from Burnsville	1 trips	\$ 100.00	\$ 100.00
Subtotal				\$ 2,585.00
Project Supervision, Review and Management				
CMT90	Project Administrator	1.00 hours	\$ 75.00	\$ 75.00
Subtotal				\$ 75.00

Inspection and Testing Project Summary

Geotechnical Consulting	\$ 2,585.00
Project Supervision, Review and Management	\$ 75.00
Estimated Total	\$ 2,660.00

TWO HARBORS CITY COUNCIL



AGENDA ITEM SUMMARY

AGENDA ITEM SUBJECT: Consider authorizing the Mayor and City Administrator to execute and deliver a Memorandum of Agreement between the City and Two Harbors Confidential Employees Association for the purpose of excluding the City Administrator position from the bargaining unit.

ORIGINATING SOURCE/DEPARTMENT: Interim Administrator Dhein

FUNDING SOURCE: n/a

BACKGROUND: It is not recommended that bargaining units represent individuals in the same unit as their supervisors. Since the Administrator supervises the other individuals in this unit, it has been recommended that the Administrator be removed from the unit.

ESTIMATED DATE OF COMPLETION: Click here to enter a date.

COMMITTEE/COMMISSION RECOMMENDATION: Click here to enter text.

ADMINISTRATION/STAFF RECOMMENDED COUNCIL ACTION:

Agenda Item # CA-18 Meeting Date: 5/23/22

MEMORANDUM OF AGREEMENT

This Memorandum of Agreement ("MOA") is made by and between City of Two Harbors, Minnesota ("Employer") and Two Harbors Confidential Employees Association ("Association"), collectively referred to as the "parties."

WHEREAS, the Association is the exclusive representative for certain employees employed by Employer in an appropriate unit ("bargaining unit");

WHEREAS, Employer and Association are parties to a labor agreement that expires December 31, 2022 (the "2021-2022 Labor Agreement");

WHEREAS, the Employer and Association desire to exclude the City Administrator from the bargaining, and, correspondingly, the 2021-2022 Labor Agreement; and

WHEREAS, Employer and Union desire to memorialize their agreement related to these items.

NOW, THEREFORE, in consideration of the mutual covenants and agreements to be performed, as hereinafter set forth, Employer and Association agree as follows:

Article 1. Amendments to the 2021-2022 Labor Agreement

Section 1.1. Article 2 of the 2021-2022 Labor Agreement is hereby amended to read in its entirety as follows:

ARTICLE 2 CERTIFICATION – RECOGNITION

Article 2. Certification – Recognition

(A) The Employer, pursuant to a proper certification of the State of Minnesota, Bureau of Mediation Services, on file and of record in the Bureau of Mediation Services, recognizes the Two Harbors Confidential Employees Association as the exclusive representative of all confidential employees of the Employer, who work more than fourteen (14) hours per week, or thirty-five percent (35%) of the normal work week, and more than sixty-seven (67) working days per year, excluding City Administrator. Specifically, the following positions are covered by this Agreement:

**FINANCE DIRECTOR/DEPUTY ADMINISTRATOR
CONFIDENTIAL ADMINISTRATIVE SECRETARY/CITY
CLERK**

(B) The Association shall be the exclusive representative of all employees selected or appointed to newly created confidential positions.

practice or otherwise place any prohibition or limitation on any management right of the Employer. The Employer expressly reserves the right to exercise all of its management rights without limitation.

Article 5. Amendment or Modification

This MOA or any of its terms may only be amended or modified by a written instrument that: (1) expressly states it is amending or modifying the MOA; and (2) is signed by or on behalf of all of the parties hereto or their successors in interest.

Article 6. Voluntary Agreement of the Parties

The parties hereto acknowledge and agree that this MOA is voluntarily entered into by all parties hereto as the result of arm's-length negotiations.

Article 7. Effective Date

This MOA is effective the latest date affixed to the signatures below.

IN WITNESS HEREOF, the parties hereto have executed this Memorandum of Agreement on the latest date affixed to the signatures below.

FOR THE EMPLOYER:

By: _____
Its Mayor

Attest: _____
Its City Administrator

Date: _____

FOR THE ASSOCIATION:

By: Miranda Rietta

By: Patricia D. Nordean

Date: _____

TWO HARBORS CITY COUNCIL



AGENDA ITEM SUMMARY

AGENDA ITEM SUBJECT: Appointing certain temporary employees at the Liquor Store and Public Works Departments.

ORIGINATING SOURCE/DEPARTMENT: Public Works and Liquor Store

FUNDING SOURCE: General and Liquor Funds

BACKGROUND: Each year, temporary employees are hired to do mowing, trimming blacktop patching and various tasks in the Public Works Department. It is also necessary to hire additional temporary staff to assist at the Liquor Store during the summer months. Since we are awaiting background checks on these employees, we will not be releasing names until the background checks are completed. We anticipate that this information will be available prior to the City Council meeting. If this hasn't been completed prior to Monday's meeting, we will withdraw this resolution until we are able to complete that process.

ESTIMATED DATE OF COMPLETION: 09/15/2022

COMMITTEE/COMMISSION RECOMMENDATION: Click here to enter text.

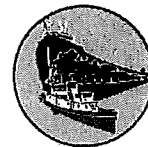
ADMINISTRATION/STAFF RECOMMENDED COUNCIL ACTION: Staff recommends that these individuals be hired as temporary employees in the department identified.

CA 19

5/23/22

TWO HARBORS CITY COUNCIL

AGENDA ITEM SUMMARY



AGENDA ITEM SUBJECT: Approve hiring of M. Hannah Weishaar for Library Aide

ORIGINATING SOURCE/DEPARTMENT: Library

FUNDING SOURCE: Library

BACKGROUND: The Two Harbors Public Library has had a vacant part-time Library Aide position since 2020. After conducting interviews in spring 2022, the hiring committee made a probationary offer to M. Hannah Weishaar. The Library Board confirmed this appointment at their May 17th special meeting.

RELATED CITY POLICIES:

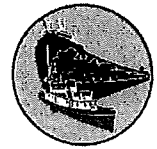
COMMITTEE/COMMISSION RECOMMENDATION:

ADMINISTRATION/STAFF RECOMMENDED COUNCIL ACTION: Confirm the hire of M. Hannah Weishaar of Library Aide

Agenda Item # CA - 20 Meeting Date: 5/23/22

TWO HARBORS CITY COUNCIL

AGENDA ITEM SUMMARY



AGENDA ITEM SUBJECT: Approve hiring of Cassidy Duray for Library Programming VISTA

ORIGINATING SOURCE/DEPARTMENT: Library

FUNDING SOURCE: Library

BACKGROUND: In partnership with the Iowa/Minnesota Campus Compact and as approved by Council in the January 24, 2022 consent agenda, the Two Harbors Public Library is piloting a summer staff position through Americorps VISTA. After conducting interviews in spring 2022, the hiring committee made a probationary offer to Cassidy Duray. The Library Board confirmed this appointment at their May 17th special meeting.

RELATED CITY POLICIES:

COMMITTEE/COMMISSION RECOMMENDATION:

ADMINISTRATION/STAFF RECOMMENDED COUNCIL ACTION: Confirm the hire of Cassidy Duray as Library Programming VISTA

Agenda Item # CA.21 *Meeting Date:* 5/22/21

Public Access Coordinator Activity Report for the month of April 2022.

I started this contract position on April 4, 2022 and have been working on assessing the equipment available, while improving and learning how to manage the city council zoom meetings and recordings.

The first week was spent cleaning and taking a basic inventory of equipment in the storage closet and equipment closet in the council chambers area. I also spent some time looking into training on the CableCast broadcast system for public, education and government (PEG) access.

Week 2 was the first zoom meeting I worked on improving, using some of my personal equipment. After that meeting I submitted an order for equipment to replace my equipment. I met with Ward of JAWS computers here at city hall and he helped me get ting into the computer in the chambers, but after talking with Jennifer Havlick and trying to use it there is something wrong with it as it keeps on crashing to blue screen. I will have JAWS see if it is worth fixing, if not it needs to be replaced. Other time this week was spent going through old files looking for any pertinent info for equipment or software currently in use or useable.

Week 3 – Much time spent on training tutorials for the CableCast system. There is no documentation on the product and software, it is all online tutorials and webinar training sessions. Once familiar and able to broadcast to cable I will be able to sign up for some one hour personal training sessions on specific topics. By the end of this week I was able to upload programs, make a show schedule and send out to broadcast, although the cable company and fiber optics company both are not receiving the signals.

Week 4 – 2nd council meeting with zoom managed by me. Our large screen television monitor died before the meeting and I set up a projector for the meeting. Then during the meeting one of the cameras for the council broadcast died, I had other cameras going and worked around it. The next day I worked with the camera manufacturer to determine the camera as defective and a replacement camera was ordered under warranty and is due to be delivered the first week of May. Other time spent on CableCast server, there are many options and settings and I need to know most of them before Mediacom representatives visit to determine what they need to do to receive our broadcast. They will have someone here the 2nd or 3rd week of May to assess the issues. I also talked with someone at Zito Media and they won't be able to do anything about receiving our broadcast until sometime in June at the earliest, they are transitioning away from television channel based delivery and going to streaming service delivery, although there should be some PEG access but he wasn't sure how they will be doing that. The person I spoke with in person there, sorry I don't remember his name; he stated that we might have to contact Zito Media national corporate headquarters to accomplish this as locally is basically a service tech location but he did give me a tour of the fiber optic equipment room, and all the old satellite equipment no longer in service.

This is my report for April 2022 activity.

Jose Leon

COMM. 1 5/23/22

Joel Dhein

From: Robin Glaser
Sent: Wednesday, May 18, 2022 10:14 PM
To: Joel Dhein; Tim Costley
Subject: Fw: Two Harbors Mayor Sues to Silence Citizen Journalist

It seems I am the only one this was sent to. Please advise

Robin

From: UnhappyFranchisee.Com <unhappyfranchisee+gmail.com@ccsend.com>
Sent: Wednesday, May 18, 2022 8:13 PM
To: Robin Glaser <councilorglaser@twoharborsmn.gov>
Subject: Two Harbors Mayor Sues to Silence Citizen Journalist

Dear Two Harbors Official:

My name is Sean Kelly. I am an investigative journalist focused on the franchise industry. My initial interest in Mayor Swanson was due to his role as CEO of franchise marketing firm PureDriven. I then learned about the defamation lawsuit he had filed against fellow journalist John Ramos & the Duluth Monitor.

I published a post about it today, and included the complaint filed in Minnesota District Court. Mr. Swanson is seeking damages in excess of \$50,000:

[PureDriven CEO Two Harbors Mayor Chris Swanson Sues to Silence Citizen Journalist](#)

In my non-lawyer opinion, Mayor Swanson's lawsuit constitutes a blatant attack on a private citizen, a journalist and attempts to deprive him of his 1st Amendment right to share his opinions and to question a public official.

The term for this type of lawsuit (again in my opinion) is a SLAPP. A Strategic Lawsuit Against Public Participation is a meritless suit designed only to silence a critic by creating personal, professional and financial distress. It is designed to disrupt families, cause ulcers, fear, stress and sleepless nights. And they do - I speak from experience.

My case for why this is a meritless lawsuit is stated in my blog post as are the reasons Mr. Swanson and his attorney Brendan Tupa were aware that it was meritless and filed it anyway.

My questions for Two Harbors Officials include:

1) Are Two Harbors officials aware of this lawsuit, and is Two Harbors participating in, supporting or financing its Mayor's legal attack on a private citizen?

2) Did the Mayor have an obligation to discuss and/or get approval from the city before filing a civil lawsuit involving the Mayor's official Twitter account? If so, was this review completed and approved?

3) Would filing a SLAPP lawsuit with the sole intention of suppressing and subverting the constitutional rights of Freedom of the Press and Freedom of Speech constitute a violation of the Mayor's Oath of Office? If so, what would be the procedure for filing a complaint with the city of Two Harbors?

Thank you very much. Please don't hesitate to contact me with questions or requests.

Sean Kelly
Publisher, UnhappyFranchisee.Com
President, Relentless, Inc.
UnhappyFranchisee@Gmail.Com
(717) 371-1911

Relentless, Inc.
UnhappyFranchisee.Com



Relentless, Inc. | P.O. Box 10232, Lancaster, PA 17605

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[Update Profile](#) | [Constant Contact Data Notice](#)

Sent by unhappyfranchisee@gmail.com powered by



Patty Nordean

From: Dave Ellquist
Sent: Friday, May 20, 2022 9:59 AM
To: Patty Nordean
Subject: FW: Omnibus Liquor Bill Conference Committee
Attachments: IMG_9018.jpeg; IMG_9016.jpeg; IMG_9017.jpeg

Patty,

This is just an FYI for you and may be something you'd like to include in the councilors packets for the upcoming meeting.

Thanks
Dave

From: Paul Kaspszak
Sent: Thursday, May 19, 2022 9:25 PM
To: Paul Kaspszak <kaspszak@outlook.com>
Subject: Omnibus Liquor Bill Conference Committee

Members:

Today (Thursday May 19th), the House and Senate Omnibus Liquor Bill Conference Committee came to an historic agreement very much shaped and supported by both the MLBA and MMBA. Both organizations worked closely with the Committee Chairs, individual Bill Authors, and trade groups to craft an agreement that brings relief to Minnesota's growing craft beer and spirits community without disturbing the market for retailers.

Along the way, old alliances were renewed, and new friendships were forged which will bring us allies in the ongoing fight against alcohol expansion to grocery and convenience stores. While there is no formality to our new alliances, the craft brewers and distillers provided the Committee Chairs with the attached letters indicating this agreement meets their needs for the foreseeable future and they do not wish for any disruptions to the market in the near term.

Of course, nothing prevents a future legislature from attempting to alter current laws to the detriment of retail, but our involvement in this process has finally shed our organizations of the "coalition of no" moniker which was extremely detrimental to our reputations and likely to lead to significant adverse legislation in the future.

The Conference Report will likely be passed off the House & Senate Floors tomorrow or Saturday with the last day to pass bills in the 2022 Legislative Session being on Sunday May 22nd. Changes or controversy are still possible, but increasingly unlikely. Our Capitol Team will be monitoring the Conference Report's progress and will alert us to any potential problems.

Here are a few of the main provisions contained within SF3008 (Dahms/Stevenson):

- Provides for the "Coleman Act Fix" preserving Minnesota's spirits open wholesaling law.

- Allows any distillery otherwise meeting the cocktail room requirements to operate a cocktail room and excludes spirits bottled under a third- party contract from the 50 percent Minnesota annual production threshold for operating a cocktail room.
- Microdistilleries can sell more of their own product. They may sell up to 750 ml of spirits per customer of any approved size.
- Increases the annual production threshold to sell growlers from 20,000 barrels to 150,000 barrels.
- Allows a small brewer (annual production of less than 7,500 barrels) to sell up to 128 ounces of beer in approved containers (cans) per customer per day, in addition to current off-sale limits. The amount sold would count toward the annual barrel limit for these off-sales under the growler rules.
- Requires any brand of beer sold under the new authority to be made available to a wholesaler.
- Allows a winery producing apple-based cider to self-distribute that cider, provided that: (1) no more than 2,500 barrels of the cider is produced and sold in a calendar year; and (2) a winery provides an affidavit to the commissioner of public safety stating that no wholesaler is available to distribute the cider.
- Allows an exclusive liquor store to sell citrus fruits and glassware.
- Allows a licensing jurisdiction to issue an on-sale license to operate during extended hours during a live broadcast of a men's or women's World Cup match. Sales would be authorized 30 minutes before, during, and 30 minutes after a match. Only existing on-sale licensees could obtain the extended hours license and the local jurisdiction may set a \$250 fee and limit approval to certain areas or license classifications. This provision sunsets on Sept. 1, 2023.
- Allows a municipality to issue an on-sale or malt liquor license to the owner of a "town ball" baseball team, for sales at games and at auto races.
- Appropriates \$250,000 to the commissioner of public safety to hire two additional full-time employees for the Division of Alcohol and Gambling Enforcement.
- Allows for special local liquor laws to apply to Alexandria, Anoka, Rochester, Saint Cloud, Saint Paul, Sauk Rapids, & Willmar.

A few items in previous versions of SF3008 that did not make it into the final conference report are:

- Liquor Regulation Advisory Council
- Changes to the direct shipment of wine
- Allowance for a person who is 17 years of age to serve or sell intoxicating liquor

Here is a link to the full Conference Report:

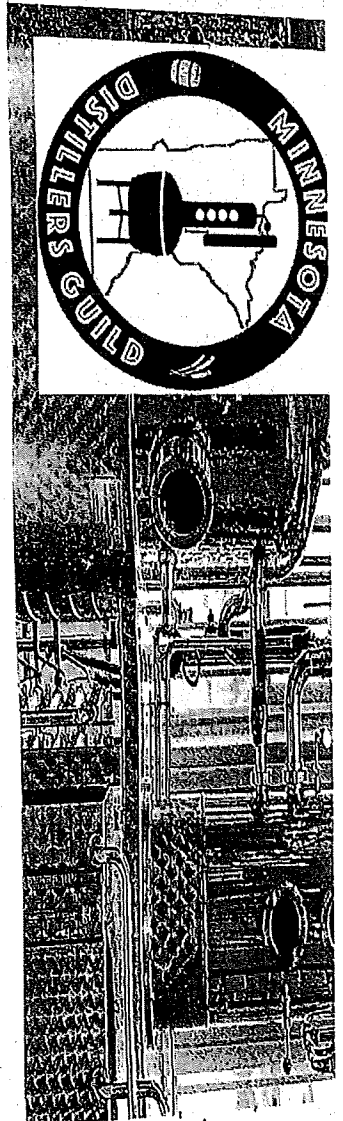
<https://www.revisor.mn.gov/bills/text.php?number=SF3008&type=ccr&session=ls92&version=0>

This was a long process, with many ups and downs, but ultimately, it produced a product that moves our community forward and sets us up for many future successes.

After you review this communication and the Conference Report itself, please do not hesitate to contact us with any questions or concerns.

Thanks,

PK



Thursday, May 19, 2022

The Honorable Gary Dahms
Chair Senate Commerce and Consumer Protection Finance and Policy
MSB Room 2111
St. Paul, MN
55155

The Honorable Zack Stephenson
Chair House Commerce Finance and Policy
509 State Office Building
St. Paul, MN
55155

Dear Chair Dahms, Chair Stephenson and Members of the SF 3008 Conference Committee:

On behalf of the MN Distillers Guild, I am writing to thank the conferees for their work on Senate File 3008.

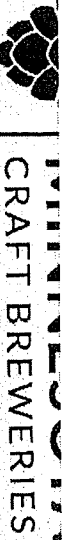
We very much appreciate the time and effort that went into making this happen.

We believe the distillery provisions in Senate File 3008 will help our members continue to grow and help support Minnesota tourism, agriculture, and local businesses that collaborate with MN craft distillers. We believe these changes will serve our industry well for the foreseeable future as our MN craft distilleries continue to support our local communities.

Thank you again for your hard work and your support of craft distilleries in Minnesota.

Sincerely,

Mark Schiller
Loon Liquor Company—CFO and Co-Founder
President—MN Distillers Guild
(952-905-8709)



May 19, 2022

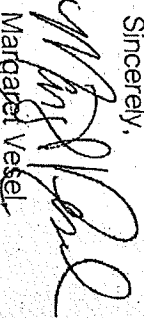
Dear Chair Dahms and Chair Stephenson:

The Alliance of Minnesota Craft Breweries ("Alliance") is pleased to offer our support of S.F. 3008 (Dahms/Stephenson). We believe this legislation represents the necessary framework to maintain marketplace certainty into the near future. Specifically, we want to thank you for including our provision (Art. 1, SEC 4) which raises the 20,000 barrel production cap, after which, breweries could no longer sell growlers, effectively "Freeing the Growler."

The Alliance is comprised of six of Minnesota's most popular breweries, which include Indeed, Fulton, Castle Danger, Surly, Schells and Lift Bridge. The Alliance was established to educate the Minnesota Legislature and advocate in regards to important issues impacting the Minnesota craft beer industry. For the past three years, our focus has been to raise the current barrel limits for breweries manufacturing more than 20,000 barrels of beer. We have worked tirelessly over that time to educate members of the legislature, media, and public of the importance of growers in Minnesota.

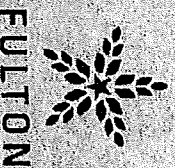
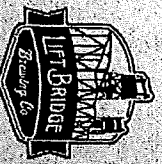
Once again, we are supporting this important legislation and wish to thank Chair Dahms and Chair Stephenson for their thoughtful work in putting together this bill.

Sincerely,



Margaret Vesel

on behalf of the Alliance of Minnesota Craft Breweries
Director of Government Relations
Larkin Hoffman



MINNESOTA
CRAFT BREWERS GUILD

Chair Gary Dahms
95 University Avenue W.
Minnesota Senate Bldg., Room 2111
St. Paul, MN 55155

Chair Zach Stephenson
509 State Office Building
St. Paul, MN 55155

May 19, 2022

Chair Dahms, Chair Stephenson and Members of the Omnibus Liquor Conference Committee,

I am writing this letter in support of the passage of SF3008 on behalf of the Minnesota Craft Brewers Guild and its membership. We are incredibly thankful for the work and deliberation of the Conference Committee and Legislators who worked on the bill throughout this session.

We are pleased with the language as it stands and look forward to spending the next few years collecting data and assessing the effect on the current marketplace as it pertains to craft beer. It is our belief that the provisions allowed to us by the passage of SF3008 will benefit a majority of our membership and allow them adequate room for growth over the coming years. We also believe that the language of the current bill stands to benefit stakeholders for all tiers. It is in this spirit of collaboration and progress that we ask for the support of both bodies in the passage of this legislation.

Thank you for your time, your consideration, your tireless work, and your support for the Craft Brewers of Minnesota.

Sincerely,

Robert Galligan

Director of Government and Industry Relations

MINNESOTA CRAFT BREWERS GUILD

807 BROADWAY STE 14 • MINNEAPOLIS, MN 55413

612.486.2752 • WWW.MINCRAFTBREW.ORG • INFO@MINCRAFTBREW.ORG

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF LAKE

SIXTH JUDICIAL DISTRICT

Case Type: Civil Other/Misc.

Timothy Jezierski, Jane Doe, and
John Doe,

Court File No.38-CV-22-155

Petitioners,

v.

City of Two Harbors; Patricia Nordean,
in her official capacity as City Clerk of
the City of Two Harbors; Two Harbors
City Council; Joel Dhein, in his official
capacity as Interim City Administrator;
Resign or Recall Committee; Todd
Ronning; Toni Wangen; David Popilek;
Judith Olson; and Thomas Koehler;

Respondents.

**AMENDED¹ PETITION TO CORRECT RECALL
PETITION PURSUANT TO MINN. STAT.
§ 204B.44, TO ENJOIN FURTHER
ACTIONS ON ERRONEOUS RECALL
PETITION WRONGFULLY PROCURED,
AND FOR DECLARATORY RELIEF**

I. INTRODUCTION

1. This Petition seeks correction by the Court, pursuant to Minn.Stat. § 204B.44, of this erroneous, wrongfully procured recall petition by Respondents by its nullification, and an injunction, pursuant to Minn.R.Civ.P. 65, of any further actions upon it by Respondents, and a declaration, pursuant to Minn.Stat. § 555.01, that any allegation of "malfeasance" by Mayor Chris Swanson, and any other elected official for the City of Two Harbors, must first be determined by a court or otherwise in compliance with Minnesota law prior to any circulation of a recall petition for signatures to ensure sufficient grounds exist for the recall of the elected official, which in this case is Mayor Chris Swanson.

¹ Rule 15.01 of the Minnesota Rules of Civil Procedure provides that a party may amend a pleading if it is one to which no responsive pleading is permitted and the action has not been placed upon the trial calendar, at any time within 21 days after it is served.

II. PARTIES

2. Petitioner Timothy Jezierski is a 26-year resident of Lake County, Minnesota, the chair of the Lake County Republican Party, an active campaigner in Lake County elections, including those of Mayor Chris Swanson, whom he wholeheartedly supports, and a registered voter in the State of Minnesota (Exhibit A).

3. Petitioners Jane Doe and John Doe are anonymous, qualified voters in the City of Two Harbors who voted to re-elect Mayor Chris Swanson as their mayor, who do not want to become disenfranchised by a minority of would-have-been voters who did not vote in opposition to Mayor Chris Swanson in 2020, who pay taxes in the City of Two Harbors, and who do not want their tax dollars spent on city administrators run afoul with the law, four attorneys on behalf of the City of Two Harbors, and recall election relating to an elected mayor they wholly support and who has not committed any act of malfeasance to warrant grounds for his recall.

4. Respondent City of Two Harbors is a municipal corporation under the laws of the State of Minnesota with the capacity to sue and be sued. The City, through its City Council, is the legal entity that may act upon any certified recall petitions.

5. Respondent Patricia Nordean is the City Clerk of the City of Two Harbors and the person who may assist the City Administrator in the administration of the City of Two Harbors. Ms. Nordean received the proposed recall petition from the Resign or Recall Committee members on March 21, 2022, and she received the purportedly secret and confidential First Recall Petition from the Resign or Recall Committee on April 27, 2022. She again was privy to the resubmitted Second Recall Petition from the Resign and Recall Committee on May 12, 2022, and conspired to covertly hide this submission from the City

Council with City Administrator Joel Dhein until May 18, 2022. She is a 31-year employee of the City of Two Harbors and she has publicly asserted her animosity towards the City Council, stating that if she were an administrator looking for a job at another community, you could not pay her enough to want to come to the City of Two Harbors and work.

6. Respondent Two Harbors City Council is the "governing body" of the City of Two Harbors in which the City's general legislative power and policymaking authority resides, and is the entity authorized to act upon any certified recall petitions.

7. Respondent Joel Dhein is the Interim City Administrator for the City of Two Harbors tasked with receiving, verifying, and certifying any recall petitions. He was privy to the resubmitted Second Recall Petition from the Resign and Recall Committee on May 12, 2022, and conspired to covertly hide this submission from the City Council with City Clerk Patricia Nordean until May 18, 2022.

8. Respondent Resign or Recall Committee an unregistered assumed name of a partnership consisting of Respondents Todd Ronning, Toni Wangen, David Popilek, Judith Olson, and Thomas Koehler, with an address of 130 South Avenue, in the City of Two Harbors, County of Lake, and the State of Minnesota with a zip code of 55616.

9. Respondent Todd Ronning is believed to be a registered voter in the State of Minnesota and a procurer and signer of the First Recall Petition and the Second Recall Petition.

10. Respondent Toni Wangen is believed to be a registered voter in the State of Minnesota and a procurer and signer of the First Recall Petition and the Second Recall Petition.

11. Respondent David Popilek is believed to be a registered voter in the State of Minnesota and a procurer and signer of the First Recall Petition and the Second Recall Petition.

12. Respondent Judith Olson is believed to be a registered voter in the State of Minnesota and a procurer and signer of the First Recall Petition and the Second Recall Petition.

13. Respondent Thomas Koehler is believed to be a registered voter in the State of Minnesota and a procurer and signer of the First Recall Petition and the Second Recall Petition.

III. JURISDICTION AND VENUE

14. This Court has original, personal, and subject matter jurisdiction and venue is appropriate under Minn.Stat. § 204B.44(a) and (b), which states, in pertinent part:

Any individual may file a petition... for the correction of... any wrongful act, omission, or error of any... municipal clerk... or any other individual charged with any duty concerning an election.... The petition shall be filed with... any judge of the district court in that county in the case of an election for county, municipal, or school district office.

15. Venue is also appropriate pursuant to Minn.Stat. §§ 542.03, 542.09.

16. This Court also has subject matter jurisdiction over this matter pursuant to Minn.Stat. §§ 484.01 and 555.01.

IV. BACKGROUND

The First Recall Petition Mislead Signers that it was Not Public.

17. On or about March 21, 2022, a group of five individuals calling themselves the "Resign or Recall Committee," consisting of Todd Ronning, Toni Wangen, David Popilek, Judith Olson, and Thomas Koehler, submitted a "Certificate of Recall of Mayor

Chris Swanson" (the "Certificate"), which was received by Patricia Nordean (the "City Clerk"), City Clerk for the City of Two Harbors (Exhibit B).

18. The Resign or Recall Committee purportedly provided the City Clerk with a petition in the form prescribed by the Chapter IX, Section 15 of the City Charter (Exhibit C), which was to be used during their campaign to collect signatures in support of recalling Mayor Chris Swanson, but demanded that it be kept secret and not released to the public (the "First Recall Petition").

19. From March 21 to April 27, 2022, the Resign or Recall Committee solicited signatures for the Recall Petition in person, via Facebook, and other media while repeatedly misrepresenting to potential signers that "ONLY the City Administrator, NOT the Mayor, City Council, or ANY City employee will be able to see your signature" (See Exhibit D).

20. On April 27, 2022, the Resign or Recall Committee submitted the Recall Petition to Joel Dhein, the interim City Administrator, and represented that they collected 997 signatures from persons they repeatedly assured that their signatures would be kept confidential, nonpublic, and unable to be seen by Mayor Chris Swanson. See www.youtube.com/watch?v=t8Erit9Hoic.

21. Dhein stated that he had made a request to the Minnesota Data Practices Office to determine whether the recall petition signatures are "public or private or confidential or what," and until he received a ruling, he would keep the Recall Petition signatures confidential and no one would see them except him and Nordean. www.youtube.com/watch?v=t8Erit9Hoic.

22. Secret, confidential, nonpublic recall petitions without publicly viewable signers' printed full names (first, middle, and last name), residential addresses, signatures,

year of birth, and signor's oath are not in accordance with Minnesota law, the Minnesota Government Data Practices Act, Minn.Stat. §§ 13.01-.90, the rules promulgated by the Minnesota Secretary of State in Minnesota Rule 8205.1010, the United States Supreme Court, or otherwise.

23. On April 29, 2022, Petitioners filed with the Lake County District Court a Petition to Correct Recall Petition Pursuant to Minn.Stat. § 204B.44, to Enjoin Further Actions on Erroneous Recall Petition Wrongfully Procured, and for Declaratory Relief (the "Original Petition").

24. On May 2, 2022, Petitioners filed a Motion for Temporary Restraining Order and Injunction Pursuant to Minn.R.Civ.P. 65 to, among of things, enjoin Respondents from taking any further action on the First Recall Petition (the "First TRO Motion").

25. Subsequently, on May 2, 2022, the Court set the First TRO Motion on for a hearing on May 5, 2022.

26. On May 4, 2022, less than 24 hours prior to the hearing set for the First TRO Motion, the Resign or Recall Committee, through their attorney, withdrew the First Recall Petition (See Exhibit E).

27. At the hearing on May 5, 2022, Attorney Charles Nauen, one of the four attorneys appearing on behalf of the City of Two Harbors, conveyed to the Court that because the First Recall Petition was withdrawn by the Resign or Recall Committee, there was nothing for the City of Two Harbors to act upon.

28. After acknowledging that Petitioners received the gist of the relief requested with the First TRO Motion--that the City of Two Harbors take no action upon the First

Recall Petition², the Court indicated that there was nothing left before it to rule upon as the subject recall petition had been withdrawn and the City of Two Harbors represented that it would not take any further action upon it.

29. After the May 5th hearing, the Resign or Recall committee recirculated the same recall petition without certification of its contents by the city administrator or the Minnesota Secretary of State to verify that the form of the recall petition complies with the manner and form required by the secretary of state for any election in the State of Minnesota, including recall petitions and proposed recall petitions pursuant to Minnesota Rule 8205.1010 (the "Second Recall Petition").

The Second Recall Petition Fails to Conform with Minnesota Law.

30. Presuming there were no changes made to the form of the Second Recall Petition circulated by the Resign or Recall Committee from the First Recall Petition,³ the Second Recall Petition also fails to conform to the form required by the secretary of state as it is without signers' printed full names (first, middle, and last name), year of birth, and signer's oath.

31. Rule 8205.1010, subd. 2, requires that each page of a petition have a signer's oath that states: "I swear (or affirm) that I know the contents and purpose of this petition and that I signed this petition only once and of my own free will."

32. Despite not having its Second Recall Petition certified for conformance with the form set forth by Minnesota law and no authority determining whether it alleges

² Judge Harris literally stated you "win."

³ A copy of the Second Recall Petition has been requested from the City of Two Harbors pursuant to the Minnesota Government Data Practices Act on May 19, 2022, but no response has yet been received (See Exhibit F).

specific facts that, if proven, would constitute grounds for removal of the elected officer, the Resign and Recall Committee circulated its Second Recall Petition for signatures.

33. On May 12, 2022, without any notice to the City Council or the publicity garnished by the First Recall Petition, the Resign or Recall Committee submitted its Second Recall Petition to the City Administrator and City Clerk.

34. Upon receiving the Second Recall Petition, the City Administrator and City Clerk, without notifying the City Council, used unknown means to "verify" the signatures on the Second Recall Petition.

35. On May 18, 2022, six days after receiving the Second Recall Petition, the City Administrator first gave notice to the City Council of his receiving the Second Recall Petition and his verification of signatures along with the City Clerk without disclosing their means of "verification."

36. Typically, city election officials look to the statewide voter registration system (SVRS), which is the official record of registered voters in the state. Minn.Stat. § 201.081, subd. 1(a) (2020). It is maintained by the secretary of state and lists the name and registration information of every legally registered voter in Minnesota. Minn.Stat. § 201.021 (2020). The SVRS is regularly updated with address-change information provided to the secretary of state. Minn. Stat. § 201.13, subd. 3 (2020)(explaining that, in addition to the list of address changes from the United States Postal Service, the secretary of state may also regularly obtain lists from the Department of Public Safety of registered voters who have applied for a driver's license or state identification card with a different address).

37. There is no indication whatsoever that the City Administrator and City Clerk properly verified the signatures on or the form of the Second Recall Petition.

City of Two Harbors Recall Process Fails to Abide by the Constitution.

38. The City of Two Harbors is a home rule charter city. Minn. Const. art. XII § 4 ("Any local government unit when authorized by law may adopt a home rule charter for its government.").

39. Minn.Stat. § 410.07 provides that a city charter "may provide for any scheme of municipal government not inconsistent with the constitution...." If the charter provisions are inconsistent with constitutional provisions, the constitutional provisions are controlling. Op. Atty. Gen. 63A-1, March 29, 1938. The legislature has complete power to remove an elected official from office or to authorize such removal subject only to the limitations the constitution may impose on the particular office. *State v. Oehler*, 218 Minn. 290, 16 N.W.2d 765 (1944).

40. The prerequisites of removal are set out in art. 8, § 5 of the constitution which provides that elective municipal officers may not be removed except for malfeasance or nonfeasance in office. Op. Atty. Gen. 59a-30 (July 24, 1996) 1996 WL 421225, citing *Jacobsen v. Nagel*, 255 Minn. 300, 304, 96 N.W.2d 569, 572 (1959).

41. The Two Harbors City Charter requires that a recall petition "include allegations of malfeasance... in a statement of the grounds for removal," but fails to define "malfeasance." (Exhibit G).

42. The Minnesota Legislature defines "malfeasance" for purposes of determining the grounds for the recall of elected state officials in Minn.Stat. § 211C.01, subd. 2, as "the intentional commission of an unlawful or wrongful act by a state officer... in the performance of the officer's duties that is substantially outside the scope of the authority of the officer and that substantially infringes on the rights of any person or entity."

43. The Minnesota Supreme Court divided the definition of malfeasance contained in the state official's recall statute into five identifiable elements:

- 1) an intentional act;
- 2) that is unlawful or wrongful;
- 3) in the performance of the officer's duties;
- 4) that is substantially outside the scope of the authority of the officer; and
- 5) that substantially infringes on the rights of any person or entity.

In re Ventura, 600 N.W.2d 714, 716 (Minn. 1999). (In the case of state officers, only "serious" malfeasance constitutes grounds for a recall petition. Minn.Stat. § 211C.02).

44. The Minnesota statutory review process requires the chief justice to review the proposed recall petition to determine whether it alleges specific facts that, if proven, would constitute grounds for recall of the officer under Minn. Const. art VIII § 6 and Minn.Stat. § 211C.02 (2020). *In re Ventura*, 600 N.W.2d 714, 715 (Minn. 1999).

45. If the chief justice determines that the proposed petition is insufficient, the proposed petition is dismissed. *Id.* If they are sufficient, the chief justice appoints a special master, who must be an active judge or retired judge, to hold a public hearing on the factual allegations within 21 days. *Id.*; Minn.Stat. § 211C.05, subd. 2 (2020). The special master has seven days after the hearing to decide if any of the allegations have been proven true by a preponderance of the evidence and if those proven allegations are sufficient to warrant issuing a recall petition. *See id.* If the special master determines that the standards have been met, the entire supreme court considers the special master's report and has 20 days to decide if the recall standards have been met. *See id.* Minn.Stat. § 211C.05, subd 3 (2020).

If it has, a recall petition based on the proven allegations can be circulated for signatures.

Id. § 211C.06.

46. There has been no determination by the chief justice of the Minnesota Supreme Court, no hearing held or determination made by any appointed special master, and no review by the Minnesota Supreme Court as to whether the allegations set forth in the Second Recall Petition constitute malfeasance or other grounds for the recall of Mayor Christopher Swanson prior to its circulation for signatures nor since.

47. The Minnesota Supreme Court has validated a municipal charter provision that "no officer elected by the people shall be removed except for cause nor until such person shall have had a reasonable opportunity to be heard in his defense." *State ex rel. City of St. Paul v. Oehler*, 218 Minn. 290, 290-91, 16 N.W.2d 765, 765 (1944).

The Second Recall Petition Fails to Set Forth Sufficient Grounds for Recall

48. The Second Recall Petition fails to set forth allegations of malfeasance as grounds for the recall of Mayor Swanson.

49. The mayor of the City of Two Harbors "shall be recognized as the head of the city for all ceremonial purposes... [and] shall... give the city council such information and recommend such measures as he or she shall deem advantageous to the city." Chapter IV, Section 1 (Exhibit G).

50. The allegations set forth in the Second Recall Petition fail to set forth each of the elements of malfeasance as the term is defined by Minnesota law, all of which must be satisfied to constitute malfeasance. *See In re Ventura*, 600 N.W.2d at 716.

51. In addition, allegations in a proposed recall petition must be made with

sufficient precision and detail to enable the challenged official and the electorate to make informed decisions in the recall process. *Id.*

52. The allegations set forth in the Second Recall Petition fail to make any allegation of: 1) an intentional act; 2) that was unlawful or wrongful; 3) in the performance of Mayor Swanson's duties as the mayor of Two Harbors; 4) that was substantially outside the scope of his authority as mayor of Two Harbors; and 5) that substantially infringed on the rights of any person or entity.

53. If Mayor Swanson is culpable of anything during his tenure in office, he has been, and forever will be, an unabashed cheerleader of the community for the City of Two Harbors and the proponent of any and all measures he deems advantageous to the City of Two Harbors that fosters economic development, community engagement, and the promotion of civility.

54. As set forth above, the job of the mayor of Two Harbors is to recommend measures he or she shall deem advantageous to the city.

55. The City of Two Harbors hosts recall elections of its elected official every four years, and in the last election on November 3, 2020, Mayor Swanson ran unopposed, garnering 1,463 votes among the 2,241 registered voters in the City of Two Harbors, which was more than any other elected official that election cycle (See Exhibit H).

56. The Minnesota Supreme Court has repeatedly stated that merely because an elected official supports or sponsors legislation that is opposed by some of his constituents does not constitute a violation of the oath of office or any legal standard established by law, rule or case law. *See In re Proposed Petition to Recall Representative Joe Radinovich, House District 10B*, A13-0829, May 20, 2013 (An elected official's public statements

regarding an issue of interest to constituents or his vote on an issue are not "unlawful or wrongful" conduct); *In re Proposed Petition to Recall Representative John Ward, House District 10A*, A13-0845, May 20, 2013 (constituent disagreement with votes taken by their elected representative does not equate to malfeasance by the representative).

57. Contrary to City Attorney Tim Costley's opinion to the City Council on February 14, 2022, that: "It is an absolute bar [for the City] to have a contract in which an elected official has a direct or indirect interest," the Minnesota Attorney General has opined that the exceptions set forth in Minn.Stat. § 471.88, subd. 5, apply to city charter provisions and it is possible for a city to have a contract relating to an elected official in which he or she has a direct or indirect interest. See Attorney General Miles Lord's Opinion of January 31, 1956, to the City Attorney for Sleepy Eye, Minnesota, Op.Atty.Gen. 90-E, Jan. 31, 1956 (file 90-e).

58. If City Attorney Costley had done his homework, the local nonprofit First Day Events would have been able to assist with the facilitation of the Festival of Sails event in Two Harbors, but instead, the Resign or Recall Committee has asserted Mayor Swanson's support for the City's hosting of the event is somehow improper, which is incorrect, and does not constitute malfeasance.

59. As to the allegation surrounding Lou's Fish House, the idea of re-opening a long-established smoked fish house with an iconic sign that literally has the name "Lou's Fish House" on it along with a neon fish logo as a smoked fish house under the exact same name, in the exact same location, can hardly be deemed a "trade secret," especially if the idea came from the previous owner's supplier of smoked fish. If anyone had bothered to do

their homework, they would have discovered that the original intent of the purchaser was to lease the space or turn it into an ice cream shop, but facts get in the way of a good story.

60. On January 24, 2022, City Attorney Tim Costley wrote the Attorney General requesting an opinion regarding communications of Mayor Swanson, which are set forth in the Second Recall Petition, and there was no evidence that Mayor Swanson had any personal financial interest in the matters to warrant an opinion by the Attorney General's Office.

61. Put simply, there is nothing whatsoever set forth in the Second Recall Petition that would warrant malfeasance to any degree to warrant a recall of Mayor Chris Swanson before the expiration of his term or otherwise.

**V. PETITION TO CORRECT ERRORS, OMISSIONS,
AND WRONGFUL ACTS PURSUANT TO MINN.STAT. § 204B.44**

62. The preceding allegations are incorporated by reference as if fully set forth herein.

63. The Second Recall Petition as set forth above, is currently put on the agenda of the Two Harbors City Council for their next scheduled meeting on Monday, May 23, 2022, at 6:00 p.m., and thus, time is of the essence for consideration of this Amended Petition.

64. To successfully petition for correction of any error, omission, or wrongful acts which have occurred or are about to occur by any municipal clerk or any other individual charged with any duty concerning an election, Petitioner must show that Respondents committed, or will commit, an error, omission, or wrongful act that must be corrected under Minn. Stat. § 204B.44.

65. As set forth above, the pending Second Petition is erroneous, omits certain items required by law pursuant to the Secretary of State, and has been wrongfully procured.

66. Pursuant to Minn.Stat. § 204B.44(b), upon receipt of this amended petition, "the court shall immediately set a time for a hearing on the matter and order the officer, board or individual charged with the error, omission or wrongful act to correct the error or wrongful act or perform the duty or show cause for not doing so."

67. Pursuant to Minn.Stat. § 204B.44(b), the Court should issue an order to the Resign or Recall Committee Respondents to correct their erroneous Second Recall Petition, which omits mandatory language in its form, and insufficient allegations to warrant a recall in its content, or to show cause for not doing so.

68. Pursuant to Minn.Stat. § 204B.44(b), the Court should issue an order to Respondents City of Two Harbors, Patricia Nordean, Two Harbors City Council, and Joel Dhein to correct their wrongful, unconstitutional recall process that fails to adhere to Minnesota law, or to show cause for not doing so.

69. That in order to prevent irreparable harm, Petitioners ask the Court to enjoin all Respondents from taking any further action upon the defective, erroneous Second Recall Petition wrongfully procured until a hearing may be had on the matter, or, simply deem the Second Recall Petition null and void for its failure to adhere to Minnesota law.

VI. DECLARATORY RELIEF PURSUANT TO MINN.STAT. § 555.01

70. The preceding allegations are incorporated by reference as if fully set forth herein.

71. Petitioners seek declaratory relief from this Court pursuant to Minn.Stat. § 555.01, to declare that any recall petition and procedure relating to an elected official of the City of Two Harbors must conform with Minnesota law as set forth by the constitution and statutes enacted by the legislature, including, but not limited to, the judicial review of allegations prior to the circulation for signatures of the proposed petition for recall.

72. Further, Petitioners seek declaratory relief from this Court pursuant to Minn.Stat. § 555.01, to declare that the Second Recall Petition is null and void for failing to comply with Minnesota law as to its form and content, and for its wrongful procurement which failed to follow the process set forth by Minnesota law for any recall petition in the State of Minnesota.

VII. PRAYER FOR RELIEF

WHEREFORE, Petitioners Timothy Jezierski, Jane Doe, and John Doe respectfully request that this Court enter relief in their favor and against Respondents:

1. Pursuant to Minn.Stat. § 204B.44(b), the Court should issue an order to the Resign or Recall Committee Respondents to correct their erroneous Second Recall Petition, which omits mandatory language in its form, and insufficient allegations to warrant a recall in its content, or to show cause for not doing so.

2. Pursuant to Minn.Stat. § 204B.44(b), the Court should issue an order to Respondents City of Two Harbors, Patricia Nordean, Two Harbors City Council, and

Joel Dhein to correct their wrongful, unconstitutional recall process that fails to adhere to Minnesota law, or to show cause for not doing so.

3. That in order to prevent irreparable harm, issue an order enjoining all Respondents from taking any further action upon the defective, erroneous Second Recall Petition wrongfully procured until a hearing may be had on the matter, or, simply deem the Second Recall Petition null and void for its failure to adhere to Minnesota law.

4. A declaration pursuant to Minn.Stat. § 555.01, to declare that any recall petition and procedure relating to an elected official of the City of Two Harbors must conform with Minnesota law as set forth by the constitution and statutes enacted by the legislature, including, but not limited to, the judicial review of allegations prior to the circulation for signatures of the proposed petition for recall.

5. A declaration pursuant to Minn.Stat. § 555.01, to declare that the Second Recall Petition is null and void for failing to comply with Minnesota law as to its form and content, and for its wrongful procurement which failed to follow the process set forth by Minnesota law for any recall petition in the State of Minnesota.

6. Immediately set a time for a hearing on the matter as required by Minn.Stat. § 204B.44(b);

7. Enjoining Respondents from entertaining any future recall petitions not in conformity with Minnesota law, including, but not limited to, Minn.R. 8205.1010, or otherwise; and

8. Such other relief as the Court may deem just and equitable.

Dated: May 20, 2022

DROEL, PLLC

By: s/Brendan R. Tupa
Brendan R. Tupa #0340510
7900 Xerxes Avenue South, Suite 1930
Bloomington, MN 55431
(952)835-1614
btupa@droellaw.com

**ATTORNEY FOR PETITIONERS
TIMOTHY JEZIERSKI, JANE DOE,
AND JOHN DOE**

ACKNOWLEDGMENT

I hereby acknowledge that sanctions may be awarded pursuant to Minnesota Statutes section 549.211, subdivision 3, if the Court determines that this document violates Minnesota Statutes section 549.211, subdivision 2.

Date: May 20, 2022

/s/Brendan R. Tupa

EXHIBIT A

DISTRICT COURT

SIXTH JUDICIAL DISTRICT

Case Type: Civil Other/Misc.

Timothy Jezierski, Jane Doe, and
John Doe,

Court File No. _____
The Honorable _____

Petitioners,

V.

City of Two Harbors; Patricia Nordean, in her official capacity as City Clerk of the City of Two Harbors; Two Harbors City Council; Joel Dhein, in his official capacity as Interim City Administrator; Resign or Recall Committee; Todd Ronning; Toni Wangen; David Popilek; Judith Olson; and Thomas Koehler;

Respondents.

**DECLARATION OF TIMOTHY JEZIERSKI
IN SUPPORT OF AMENDED
PETITION TO CORRECT RECALL
PETITION PURSUANT TO MINN. STAT.
§ 204B.44, TO ENJOIN FURTHER
ACTIONS ON ERRONEOUS RECALL
PETITION WRONGFULLY PROCURED,
AND FOR DECLARATORY RELIEF**

STATE OF MINNESOTA)
) ss.
COUNTY OF LAKE)

I, Timothy Jezierski, being first duly sworn upon oath states and alleges the following:

1. That I have been a resident of Lake County for over 26 years.
2. That I am a registered voter in the State of Minnesota.
3. That I am currently the chair of the Lake County Republican Party of Minnesota, which is my local Basic Political Operating Unit (BPOU).
4. That I am active in various election campaigns in Lake County, including those of Mayor Chris Swanson, whom I wholeheartedly support.

5. That I pay attention to the local political issues facing Lake County, including those in the City of Two Harbors.

6. That within the last couple of months, I have been well aware of an effort by a group calling themselves the Resign or Recall Committee to circulate a petition for the recall of Mayor Chris Swanson of the City of Two Harbors.

7. That I have been made aware that this Resign or Recall Committee first circulated a recall petition that failed to follow Minnesota law and they misled signers by telling them that their names would be kept secret and unavailable to the public.

8. That I am aware the First Recall Petition was withdrawn from consideration by the City of Two Harbors as it was procured by unlawful means, by misleading signers or otherwise.

9. That I have become aware that this Resign or Recall Committee has re-circulated the same recall petition for new signatures of its withdrawal from consideration by the City of Two Harbors on May 4, 2022.

10. That it is my understanding that this Second Recall Petition still fails to conform with the laws for the State of Minnesota in that it lacks certain requirements, which are required by law for any recall petition in this state.

11. That it is also my understanding that the City of Two Harbors, its City Clerk, and its City Administrator have not followed the law set forth by the State of Minnesota, procedurally or otherwise, for certifying a recall petition, permitting its circulation without first having any finding of sufficient grounds for a recall of Mayor Swanson, and then "verifying" the signatures in secret without notifying the City Council.

12. That I am deeply concerned about preserving the integrity of the electoral process, which includes transparency, accountability, and following the law.

13. That I am deeply concerned that the Second Recall Petition submitted by the Resign and Recall Committee failed to adhere to the form requirements set for by the Minnesota Secretary of State for all recall petitions in this state, failed to allege specific facts that would warrant a recall of Mayor Swanson, and the behind the scenes acts of the City Administrator and City Clerk failed to follow the lawful process for recall petitions as set forth by Minnesota law.

14. That I have reviewed the allegations in support of the Second Recall Petition submitted by the Resign and Recall Committee, which claim "serious malfeasance while in office."

15. That the Second Recall Petition does not set forth any definition of "malfeasance," let alone "serious malfeasance," to enable the challenged official or the electorate to make an informed decision on whether to sign the recall petition.

16. That to the best of my knowledge there is no definition of "malfeasance" to be found anywhere in the City Charter or the City Code for the City of Two Harbors.

17. That if the Second Recall Petition were to be acted upon after its failure to follow the laws of this state, I will be irreparably harmed as this recall petition process will have had no transparency, the electorate will likely be suspicious of our democratic process, and it will become more and more difficult to encourage good people, like Mayor Chris Swanson, to run for public office in Lake County.

18. That if the recall petition were to go forward as currently constituted, a recall election may result with many voters still unclear about what constitutes "malfeasance" as alleged in the recall petition when there is no definition of "malfeasance" anywhere to be found in the recall petition, the City Charter, or the City Code, and there has been no determination of whether the allegations set forth in the Second Petition constitute malfeasance.

Further your affiant sayeth naught.

Dated: May 20, 2022

I declare under penalty of perjury that everything I have stated in this document is true and correct.

s/Timothy Jezierski

Timothy Jezierski
Signed in Lake County,
State of Minnesota

EXHIBIT B

RESIGN OR RECALL COMMITTEE
130 South Avenue
Two Harbors, MN 55616

March 21, 2022

Miranda Pietila, Interim City Administrator
City of Two Harbors
522 1st Avenue
Two Harbors, MN 55616

RE: PETITION AND RECALL CERTIFICATION

Dear Ms. Pietila,

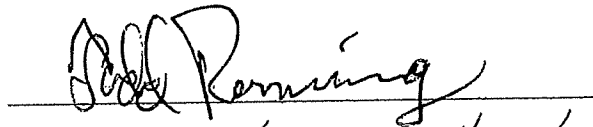
We the undersigned qualified voters of Two Harbors are submitting the attached Certificate of Recall of Mayor Chris Swanson, in accordance with the Two Harbors City Charter, Chapter IX, Section 14. We have also included the Petition for Recall of Mayor Swanson, to which the Certificate will be attached during the process of collecting signatures.

In following Chapter IX, Section 15 of the City Charter, we have used the form designated as Appendix C. As the Charter only requires our names and addresses, we have included our signatures here to certify our intention of seeking this recall.

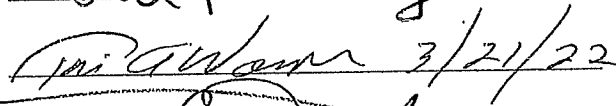
Please notify us immediately if our submission is not adequate or if any other information is needed. We intend to begin collecting signatures upon delivery of this Certificate to the City.

Sincerely,

Todd Ronning



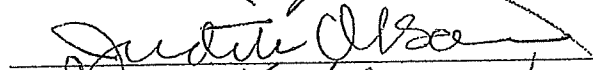
Toni Wangen



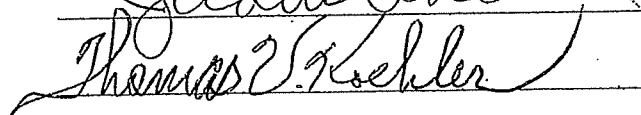
David Popilek



Judith Olson



Thomas Koehler



CERTIFICATE FOR RECALL OF MAYOR CHRISTOPHER SWANSON

We hereby submit this Certificate of allegations to support our petition for the recall of Christopher Swanson, Mayor of Two Harbors, for serious malfeasance while in office, based on violations of the Two Harbors City Charter and the Two Harbors City Code.

1. Violations of City Charter, Chapter III, Sec. 2 and City Code, Sec. 2.61.
On February 28, 2020, Mayor Swanson represented himself as the Mayor of Two Harbors while soliciting donations for the nonprofit, Friends of the Bandshell Park. Swanson had a contract at that time to do fundraising for the nonprofit through his business, Garage Starts and received payments from the nonprofit.
2. Violations of City Charter, Chapter III, Sec. 2 and City Code, Sec. 2.61.
On October 5, 2021, Mayor Swanson voted affirmatively to authorize a letter of support to host the Festival of Sails in Two Harbors. The Mayor knew that First Day Events, a company formed by the Mayor's daughter, Ashleigh Swanson, approximately one month earlier, on September 9, 2021, already had a contract with the organizer of the event. Mayor Swanson did not disclose this conflict of interest. An employee of Swanson's company, Garage Starts, appeared before the City Council on February 7, 2022, representing First Day Events.
3. Violations of City Charter, Chapter III, Sec. 2 and City Code, Sec. 2.61.
The website "Vibrant Two Harbors" lists Mayor Swanson and Mr. O, as the Vibrant Two Harbors Team and directs interested parties to sign up for a free investment meeting with the Mayor Swanson. The site promotes Swanson family businesses: Burlington Station, Callie's Sweets, and Lou's Fish House. Swanson stated in an interview with Mr. O that he contributed 1.7 million to Callie's Sweets.
4. Violations of City Charter, Chapter III, Sec. 2 and City Code, Sec. 2.61.
Mayor Swanson used information he obtained from a meeting with an entrepreneur to financially benefit himself and his family. The entrepreneur met with the Mayor in May of 2017, to discuss possible public funding sources to purchase the Lou's Fish House site and was told there was no funding available. Within a year Swanson's family had purchased the property and opened the business.
5. Violations of City Charter, Chapter III, Sec. 2 and City Code, Sec. 2.61.
Mayor Swanson is a founder and serves on the board of the nonprofit, the National Civility Association. Swanson has repeatedly promoted the nonprofit on his "Mayor of Two Harbors" twitter account, without ever disclosing his relationship to the nonprofit.
6. Violations of the City Charter, Chapter III, Sec 2 and City Code, Sec. 2.61.
On August 29, 2021, Swanson, as a guest on the podcast "Ask a Billionaire", stated: "Being a mayor, I do get a little bit of sway, I've been able to secure quite a bit of funding through the state for different projects." The podcast focused on Swanson's personal businesses and plan to build an underwater hotel.

*Received by City of Two Harbors this 21st day of March 2022.
Patricia D. Noelean, City Clerk*

Petition to Recall Mayor Christopher Swanson

Proposing the recall of Christopher Swanson from the office of Mayor of Two Harbors. Which recall is sought for the reasons set forth in the attached Certificate. This petition is sponsored by the following eligible voters:

Todd Ronning
130 South Avenue

David Popilek
713 12th Avenue

Toni Wangen
1627 7th Avenue

Judith Olson
836 7th Avenue

Thomas Koehler
814 5th Avenue

We the undersigned voters, understanding the nature of the charges against the officer herein sought to be recalled, desire the holding of a recall election for that purpose.

All information must be filled in by person(s) signing the petition unless disability prevents the person(s) from doing so.

	DATE	NAME (Print)	SIGNATURE	ADDRESS
1				Two Harbors, MN 55616
2				Two Harbors, MN 55616
3				Two Harbors, MN 55616
4				Two Harbors, MN 55616
5				Two Harbors, MN 55616
6				Two Harbors, MN 55616
7				Two Harbors, MN 55616
8				Two Harbors, MN 55616
9				Two Harbors, MN 55616
10				Two Harbors, MN 55616

All information on this petition is subject to public inspection.

Signature of the circulator: _____

Printed name: _____

STATE OF MINNESOTA

COUNTY OF LAKE

Subscribed and sworn to before me this _____ day of _____, 2022, by _____.

(Signature of Notary)

My Commission Expires: _____

EXHIBIT C

Appendix "C" Recall Petition

Proposing the recall of
from the office of.....

Which recall is sought for the reasons set forth in the attached
certificate. This petition is sponsored by the following eligible
voters:

Name and address

- 1
- 2
- 3
- 4
- 5

The undersigned voters, understanding the nature of the charges against
the officer herein sought to be recalled, desire the holding of a
recall election for that purpose:

Name and address

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10.....
- 11.....
- 12.....

Signature of circulator.....

Subscribed and sworn to before me thisday of, 20.....

(seal) Notary

.....
.....

EXHIBIT D



FREE

PLEASE TAKE ONE

FREE

Locally Owned & Operated Since 1958

POST OFFICE
BOX 100
LAKE
COUNTY
MILWAUKEE
WISCONSIN 53141
PERMIT NO. 3

NORTH SHORE JOURNAL

April 8, 2022

The North Shore's best source for local news & information 10,200 copies printed & delivered along the north shore

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• Silver Bay: Zup's Grocery Store, Bri-Esa's Convenience Store, Julie's True Value Hardware, Americinn
• Beaver Bay: Holiday Gas Station, Mobil Mart • Finland: Finland Co-op • Ely: Ely Public Library. Viewable at Silver Bay Public Library

Stand Up and Be Counted Two Harbors Mayor Recall Petition

By: Katee Rose

"Stand up and be counted," says Todd Ronning. "Are you tired of asking, does this benefit Two Harbors, or does this benefit Chris Swanson?" (Resign or Recall facebook page) Todd Ronning grew up in the town of Two Harbors, and is serving as the chair on the Committee that filed a certificate of recall against the Mayor with the city of Two Harbors. The committee formed earlier this year and is advocating for the removal of the mayor from office, alleging that Mayor Swanson has violated the conflict of interest provisions of the City Charter and the City Code section on Code of Conduct and Ethics. The campaign originally began with a private Facebook page, formed as a way to communicate collaboratively with local residents, to voice their concerns about the mayor's activities and his inappropriate use of the mayoral title. "We didn't elect him mayor to leverage that mayoral title for the benefit of his businesses," says Ronning.

The discussion led the group to investigate their own charter. The Resign or Recall task force now has between 25-30 diverse members working together, sharing the vision and goal of having transparency in their local government. There are over 100 people included on the private chat in which they discuss planning and strategy and around 500 members on the public facebook page entitled Resign or Recall.

"Citizens are motivated to take action," says Ronning in an interview with KTWH radio.

The Resign or Recall Facebook page has a post that asks "What was your, 'What is Mayor Swanson Doing?' moment". The responses range from concerns about how the Mayor showed confusion when asked about the conflict of interest policy: in his second term, when he stopped engaging with those in the community that had any questions or criticism for him; choosing to address only those that are in his circle or those that could benefit him, or the multiple times he engaged in immature online spats with city councilors or journalists. But over all, many expressed their concern on how many inappropriate times he used his title as the "mayor" for his own personal gain.

The first community petition drive took place on March 30th at the Two Harbors Community Center, and "was a good success," says Ronning. The Center

was open for voters to come in between the hours of 7am-8pm. Over 400 signatures were gathered on this day alone. The petition must represent 20 percent of registered voters (around 450-500 names) to be valid and submitted to the city council. The petition was able to meet that number in just one day, and continues to grow. "The higher the number, the more validity it gives to our petition. We want to send the strongest clearest message we can to the mayor that we'd like him to resign," says Ronning.

The Resign or Recall committee is also starting to canvas this week, going door to door to inquire with residents about these public matters. The group has already been doing a lot of running around town, and has been able to pick up signatures from folks that are unable to make it out due to health reasons or mobility issues. Todd expressed that the group is "more than happy to do that for people". There is a phone number to call if you would like more information, or would like to request a member of the committee bring the petition to you to sign in your home. That number is 218-206-6671.

The committee wants to make sure that every resident is given the opportunity to review the petition and add their name if they desire. Signees do not need to be a registered voter to sign, they just have to be eligible to vote.

There will be another opportunity for community members to have their vote counted at a public petition drive on Saturday, April 23rd from 7am-8pm at the Two Harbors Community Center. Specifically picking a day that falls on a weekend, they hope to make it more convenient for people who may have a harder time making it out during the work week.

After signatures are submitted, the petition is reviewed by the City Administrator and only the City Administrator. Then, once the names and addresses are verified, the certified petition is presented to the City Council. At that point, the Mayor has a 5 day window to resign and spare the city from scheduling a recall election.

If the Mayor chooses not to resign within those 5 days, there will be a ballot for Two Harbors residents to vote on. The only question on the ballot is: "Should the Mayor of Two Harbors be re-

Will Federal Infrastructure Dollars Make it to Cook County?

By Steve Fernlund

On November 15, 2021, the so-called "Bipartisan Infrastructure Bill" (Infrastructure Investment and Jobs Act, or IIJA) that was passed by Congress was signed by President Biden. This bill is described by the Federal Highway Administration as "the largest long-term investment in our infrastructure and economy in our Nation's history." It will throw out a whopping \$550 billion over the next four years.

What does that mean for Cook County?

According to a recent column produced by Robert Hass, Cook County Highway Engineer, the county will see additional federal aid for county road and bridge work, but the exact amount is unclear. He added that the County has a project scheduled for next year that will receive federal money.

The 2023 project is for a new bridge on County Road 69 that will span the Flute Reed River in Hovland and is receiving money from the Federal Bridge Off-System Funds (BROS). These funds, authorized by federal legislation in 2012 (MAP-21), would typically pay for 80% of an approved project. According to Hass, the new law may mean that this federal grant will cover 100% of the project costs, estimated to be

\$843,000.

The County is also applying for a grant authorized in the IIJA under a program called Rebuilding American Infrastructure with Sustainability and Equity (RAISE). The grant, which won't be available until 2027, will be sought to help with a \$15 million reconditioning project on 16 miles of the Gunflint Trail.

"The RAISE program helps communities large and small fix and modernize their infrastructure," said US Department of Transportation Secretary Pete Buttigieg. "This year, thanks to the President's Bipartisan Infrastructure Law, we can support more projects than ever, and help make our transportation system safer, more accessible, and more sustainable for people across the country."

Clearly raising funds for road and bridge building and repair is a complex matter with myriad sources and government agencies involved. In his recent post, Hass wrote, "While a lot of 'megaprojects' will get the funding they need across the nation and the state, we hope that our smaller but important projects get the attention they deserve."

From Hass' keyboard to Buttigieg's ears.

called?" A recall option is allowed for any elected official. If the Mayor is recalled, the President of the City Council would step in and take over as Mayor until an election can be held to fill the seat. August 9th would be the first eligible day that the city could hold an election, as the city is in the middle of redistricting and cannot hold elections while redistricting. Currently, the Mayor's term ends in 2025. Many community members feel that he is causing harm within the community and that these issues cannot wait that long.

The committee wants it to be clear that ONLY the City Administrator, NOT the Mayor, City Council, or ANY City employee will be able to see your signature. The City Administrator will review the addresses and ensure the signee is able to vote. That's it.

"This has been a learning curve on all sides. We have not been through this before as a community and neither has the coun-

cil..." says Ronning.

City Attorney Costley presented his opinion on the code of ethics violations and has validated nearly every item presented in the petition. "If unfurled ... it is my opinion that Mayor Swanson received information in his official position as Mayor of the City which was used to further his financial or other interest," Costley wrote. "To seek investors and promote his personal business interest and potential personal profit is, in my opinion, a violation of this policy".

The committee has stated they would like to send out a big THANK YOU to all the folks that came out to support the petition and comments. "Thank you again for all the support and kind words. We are so fortunate to live in a community where the voice of the people truly matters."

You can listen to an interview with Todd Ronning on ktwh.org under the weekly interview roundup on March 26, 2022.

EXHIBIT E

RESIGN OR RECALL COMMITTEE

130 South Avenue
Two Harbors, MN 55616

May 4, 2022

Joel Dhein, City Administrator
City of Two Harbors
522 1st Avenue
Two Harbors, MN 55616

RE: Petition To Recall Mayor Chris Swanson

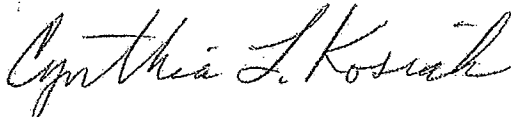
Dear Mr. Dhein,

As you are aware, there has been a TRO and a Petition to Correct the Recall Petition, filed concerning our Petition to Recall Mayor Chris Swanson. Allegations have been made that the signatures on the petition were obtained based on misrepresentations made by our committee as to the confidentiality of the petition.

In order to protect the members of this community, who voiced their concern regarding Mayor Swanson viewing their names on the petition, we are withdrawing our Petition at this time. We believe the community should be allowed to reconsider their decisions to sign, with full knowledge that Mayor Swanson has requested a copy of the current recall petition. Further, we do not want there to be any cloud of uncertainty over the validity of the petition and that it represents the position of a significant percentage of the electorate in Two Harbors.

Thank you for having done your due diligence with regard to verifying the recall petition we submitted. We realize it was a time-consuming task.

Sincerely,




Cynthia L. Kosiak, Attorney
On behalf of the Resign or Recall Committee
Atty. Lic. No. 0194074
732 13th Avenue
Two Harbors, MN 55616
619-248-5638

Cc: Charles N. Nauen, Attorney
Timothy Costley, Attorney

EXHIBIT F

**CITY OF TWO HARBORS
INFORMATION DISCLOSURE REQUEST FORM
Minnesota Government Data Practices Act**

A. Completed by Requester

REQUESTER NAME (Last, First, M): <u>Tupa, Brendan R.</u>	DATE OF REQUEST: <u>May 19, 2022</u>
STREET ADDRESS: <u>7900 Xerxes Ave. S. Ste 1930</u>	PHONE NUMBER: <u>(612) 201-8003</u>
CITY, STATE, ZIP CODE: <u>Minneapolis, MN 55431</u>	SIGNATURE: 
DESCRIPTION OF THE INFORMATION REQUESTED: <u>All materials and documents submitted to the City of Two Harbors relating to a recall petition for the recall of Mayor Chris Swanson on or about May 12, 2022, including any materials used to "verify" signers.</u>	

B. Completed by Department

DEPARTMENT NAME:	HANDLED BY:
INFORMATION CLASSIFIED AS: <input type="checkbox"/> PUBLIC <input type="checkbox"/> NON-PUBLIC <input type="checkbox"/> PRIVATE <input type="checkbox"/> PROTECTED NON-PUBLIC <input type="checkbox"/> CONFIDENTIAL	ACTION: <input type="checkbox"/> APPROVED <input type="checkbox"/> APPROVED IN PART <input type="checkbox"/> DENIED
REMARKS OR BASIS FOR DENIAL INCLUDING STATUTE SECTION:	
PHOTOCOPYING CHARGES: <input type="checkbox"/> None <input type="checkbox"/> <u> </u> PAGES X <u> </u> CENTS = <u> </u> <input type="checkbox"/> SPECIAL RATE <u> </u> (attach explanation)	Identity verified for private information: <input type="checkbox"/> IDENTIFICATION: DRIVERS LICENSE, STATE ID, ETC. <input type="checkbox"/> COMPARISON WITH SIGNATURE ON FILE <input type="checkbox"/> PERSONAL KNOWLEDGE <input type="checkbox"/> OTHER: <u> </u>
AUTHORIZED SIGNATURE:	DATE:

** The information that you are asked to provide is classified by state law as public. Our purpose and intended use of this information is to consider your request. You are not legally required to provide this information. You may refuse to provide this information. If you do not provide the requested information we will not be able to contact you to let you know when the response to your request has been completed. Other persons or entities may be authorized by law to receive this information.*

EXHIBIT G

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TWO HARBORS CITY CHARTER

CHAPTER I, Introduction

Names And Boundaries

Section 1. The City of Two Harbors, Lake County, Minnesota shall continue to be a municipal corporation under that name and with the same boundaries as now are or hereafter may be established. The city administrator shall keep in his/her office at least two copies of this charter with amendments and shall maintain in each copy an accurate and up-to-date legal description and map of the boundaries of the city. The copies of the charter, amendments, boundary descriptions and map shall be available for public inspection anytime during regular office hours.

Powers Of The City

Section 2. The city shall have all powers which it may now or hereafter be possible for a municipal corporation in this state to exercise in harmony with the constitution of this state and of the United States and with the statutes of this state. It is the intention of this charter that every power that the people of this city might lawfully confer upon themselves as a municipal corporation by specific enumeration in this charter is deemed to have been so conferred by this section. The charter shall be construed liberally in favor of the city and the specific mention of particular municipal powers in other sections of this charter does not limit the powers of the city to those thus mentioned. Unless specifically granted to some other officer or body, all powers are vested in the city council. If the charter is silent on an issue, the city may apply statutory language, per Minnesota statutes, as may be amended from time to time.

Charter A Public Act

Section 3. This charter is a public act and need not be pleaded or proved in any case.

Succession

Section 4. When this Charter took effect the City of Two Harbors became the legal successor of the Village of Two Harbors, and was vested with all the rights and immunities formerly vested in said Village of Two Harbors, except as herein otherwise provided, and all ordinances existing at the time were given full force and effect until repealed or modified. All property, property rights, and interests of every kind and nature, formerly vested in said Village of Two Harbors, were vested in the City of Two Harbors under this charter; and all previously existing indebtedness, obligations and liabilities of said Village of Two Harbors, were assumed by the City of Two Harbors.

CHAPTER II, Elections

Time of Elections

Section 1. The regular city election for the election of city officers shall be held on the first Tuesday after the first Monday in November in every even-numbered year. All general laws of the State of Minnesota, relating to the election of city officers and the primaries thereof, shall so far as applicable, apply to and govern all nominations and elections under this charter, and all special elections, and are hereby adopted as a part of this charter, the same as if herein specifically re-enacted.

Election Laws

Section 2. All general laws of the State of Minnesota relating to elections, and all the preliminaries thereto, shall, as far as applicable, apply to and govern all elections under this charter, whether general or special, and are hereby adopted as a part of this charter the same as if herein specifically re-enacted, except as herein otherwise expressly provided and by this charter modified.

Alternative voting systems including but not limited to ranked ballot voting and instant runoff voting may be employed in city elections whenever not specifically prohibited by state or federal law.

Council Wards

Section 3. The city shall be and is hereby divided into four council wards. Each of the council wards shall form a separate election precinct of the city for the holding of all general elections, provided for under the laws of this state, and for the election of all corporate officers to be elected as provided for in this charter, or in any amendments thereof. Each council member shall be a resident of the council ward from which he or she is elected, but a change in council ward boundaries does not disqualify a council member from serving for the remainder of his or her term.

Elective Officers

Section 4. The elective officers of the city shall be a mayor, one council member from each council ward, and two council members at large. Each council member shall be a qualified elector and actual resident of the council ward for which elected, and shall continue to reside in such council ward while serving as council member. All of the other elected officers shall be residents and qualified electors of the city of Two Harbors.

Term of Office and Commencement of Term of Office

Section 5. The term of office of every officer elected under this charter, unless otherwise provided for, shall commence on the first business day of January following the election and shall continue for a term of four years and until his or her successor is elected and qualified, except when removed, as herein provided.

Vacancy-How Filled

Section 6. When a vacancy shall occur in the office of any officer elected by the people, such vacancy shall be filled by appointment by the city council for an unexpired term of less than two years and by special election for an unexpired term of more than two years. Such special election may be held in conjunction with the next general municipal election.

CHAPTER III, City Officers

Appointed Officers

Section 1. The city council shall appoint the city administrator, and all other officers necessary for the proper management of the affairs of the city, not otherwise provided for in this charter. Appointed officers shall serve until such time as they resign, retire or are removed for cause, as provided herein. All employees and officers herein referred to, unless removed for cause as above stated, shall have the right to serve until such time as they resign or retire.

City Contracts, Officers Not Interested

Section 2. No elected or appointed officer of the city shall, while in office, vote for or make any contract in behalf of the city or any department of the city with himself or herself or with any firm of which he or she is a member, or with any corporation or association of which he or she is an officer or director, nor shall he or she be in any manner directly or indirectly interested in any contract with the city, and in any contract in which said officer of the city is or becomes directly or indirectly interested, shall be and become absolutely void, and any officer by said act shall forfeit his or her said office.

Salaries of Officers and Employees

Section 3. The salaries of the mayor and councilors shall be set by the city council pursuant to state statutes.

CHAPTER IV, The Mayor

Powers

Section 1. The mayor shall be an active and voting member of the city council and shall be eligible to be president of the council if elected to such position. The mayor shall be recognized as the head of the city for all ceremonial purposes and for the service of civil process, but shall have no administrative duties. The mayor shall, from time to time, give the city council such information and recommend such measures as he or she shall deem advantageous to the city.

Mayor's Signature

Section 2. The mayor shall sign all bonds and obligations on behalf of the city, or other evidences of debt issued by the city, and all warrants and orders drawn on the city treasury, unless otherwise provided by law. He or she shall also sign all contracts on the part of

the city, all deeds, leases or other conveyances, or other written transfers of property made, except as otherwise provided in this charter. The mayor's signature will be attested by the city administrator.

Mayor Shall Communicate Service of Process

Section 3. The mayor shall, upon service of notice, summons or process in any action or proceeding against the city, forthwith inform the city attorney and the city council thereof.

CHAPTER V, Powers And Duties Of City Council

Legislative Power Vested in City Council

Section 1. The legislative power and authority of the city shall be vested in a city council, composed of the council members and mayor. The city council, except as in this charter otherwise provided, shall have the general management and control of the finances and all property of the city, and shall have full power and authority to make, amend or repeal all such ordinances and resolutions as it shall deem expedient for the government and good order of the city, for the protection of the public and public health, comfort and safety.

Organization

Section 2, The city council shall, at its first regularly scheduled meeting in January following the regular municipal election, organize, and at the time of its organization, proceed to elect a president and vice president for a two year term, and such other officers as may be necessary for the transaction of its business. The mayor and council members shall be eligible for such positions. Such election shall be by ballot if so requested by any member, and the affirmative vote of the majority of all the members present shall be necessary.

Duties of President

Section 3. The president, and in the case of the absence of the president, the vice president, shall preside over the meetings of the city council, and shall sign all resolutions and ordinances passed by the city council. During the absence of the mayor from the city, or the mayor's inability for any reason to discharge the duties of the office, the president and in the case of the absence of the president, the vice president shall have and exercise all the powers and duties of the mayor, as "acting mayor." The acts of such acting mayor shall have the same force and effect as if performed by the mayor.

Rules and Special Meetings

Section 4. The city council shall prescribe rules for its own guidance and the time for its regular meetings. A majority of the members of the council shall constitute a quorum. A quorum is required to conduct business. Special meetings shall be called in accordance with the statutes of the State of Minnesota. No business shall be transacted at a special meeting unless the same shall have been specified in the call.

Designation of Official Papers

Section 5. The council must annually designate a legal newspaper of general circulation in the city as the official newspaper. Ordinances, matters required by law and this charter to be published, and other matters that the council deems necessary are published in the official newspaper.

Ordinances and Resolutions

Section 6. The city council may act by ordinance or resolution. No ordinance, except for general appropriations, shall contain more than one subject, which shall be expressed in its title, nor shall any ordinance be amended after its introduction so as to change its original purpose.

Readings of an Ordinance

Section 7. No ordinance shall be introduced except at a regular meeting, at which meeting it shall have its first reading. Its second reading shall be had at subsequent regular or adjourned regular meetings occurring at least one (1) week after its first reading, and such ordinance shall not be amended after the meeting at which it receives its second reading. It shall receive its third reading and be voted on only at a regular or adjourned regular meeting occurring at least one (1) week subsequent to the time at which the second reading was had.

Passage of Ordinances and Resolutions

Section 8. Every ordinance, except as in this charter or state statute otherwise provided, shall be passed by a majority vote of the members of the city council present. Resolutions, moratorium ordinances, and emergency ordinances are effective immediately upon passage or at a later date stated in the ordinance or resolution. Any other ordinance is effective 30 days after a publication of the ordinance in the official newspaper of the city, or at a later date stated in the ordinance.

The proof of such publication of ordinances by the affidavit of the newspaper, with a printed copy of the ordinance attached thereto, or any other competent proof of such publication, shall be prima facie evidence of the enactment and publication of such ordinance in any court in this state.

All ordinances shall be recorded by the city administrator, in books to be provided for that purpose.

Ordinances and Resolutions Requiring Two-thirds Vote

Section 9. A two-thirds (2/3) vote of all the members of the city council present shall be required for every ordinance or resolution appropriating money, or for the issuance of certificates of indebtedness in anticipation of tax or assessment levies, awarding or approving any contract for the payment of money, ordering any condemnation of private property, or the making of any local improvements.

Witnesses Before City Council

Section 10. The city council and any of its committees authorized by it so to do, shall have the power to compel the attendance of witnesses and the production of books, papers and other evidence at any of its meetings, or before such committee, and for that purpose may issue subpoenas or attachments in any case of inquiry or investigations, to be signed by its president, or the chair of such committee, as the case may be, which shall be served and executed by any officer or person authorized by law to serve subpoenas and other processes.

Power to Levy Taxes and Make Assessments

Section 11. It shall have the power to fix the rate of, subject to the restrictions in this charter contained, and levy and collect general and special taxes for municipal purposes on real property in the city, and to levy assessments for local improvements, and to prescribe the procedure in making improvements and assessment therefor, insofar as the same is not fixed and prescribed by the terms of this charter.

Special Assessments

Section 12. The city shall follow the special assessment provisions of Minnesota statutes, as may be amended from time to time.

Eminent Domain

Section 13. The city may acquire by purchase, gift, condemnation or otherwise, any property, either within or without its boundaries, that may be needed by the city for any public purpose. In acquiring property by exercising the power of eminent domain, the city shall proceed according to Minnesota statutes or other applicable laws, as may be amended from time to time.

Public Utilities

Section 14.

a) Acquisition and operation of utilities. The city may own and operate any water, gas, light, power, heat, electronic communications, telephone, transportation or other public utility for supplying its own needs for utility service or for supplying utility service to private consumers or other governmental agencies. It may construct all facilities reasonably needed for that purpose and may acquire any existing utility properties so needed. The city shall not acquire or construct any public utility unless the proposition to acquire or to construct it has been incorporated in an ordinance and adopted by the council. Such ordinance shall not be an emergency ordinance.

b) Regulations and rates. The council may by resolution establish a procedure to fix rates, fares, and prices for any municipal utility, prescribe the time and manner of payment for any such service, make such other regulations as may be necessary, and prescribe penalties for violation of such regulations.

c) Lease of public utility. The council may by ordinance contract with any person, firm, or corporation for the operation of any municipal utility for a term not to exceed ten years. Such ordinance shall not be an emergency ordinance.

d) Sale of public utility. No public utility owned by the city shall be sold or otherwise disposed of by the city unless the full terms of the proposition of sale or other disposition are embodied in an ordinance approved by a majority of the voters voting thereon at a general or special election. Any sale, lease or abandonment of any city owned utilities shall be subject, in addition, to the requirements of state law.

Contracts Awarded-Warrants Drawn

Section 15. Contracts shall be awarded in accordance with the Uniform Municipal Contracting Law and other applicable laws.

Vacation of Streets

Section 16. The council may vacate streets, alleys, public ways and public grounds or parts thereof, in the city. The vacation shall be made in accordance with state statutes. The administrator must file a notice of completion of the vacation proceedings in accordance with state statutes as amended from time to time.

Compilation of Laws and Ordinances

Section 17. The council may, pursuant to this section and law, revise, rearrange, and codify the ordinances of the city with the additions and deletions found necessary by the council. The ordinance code may be prepared in book, pamphlet or continuously revised loose leaf form. Copies of the code must be kept available at the office of the city administrator for general distribution to the public free or at a reasonable charge. Preparation of the code is sufficient publication of an ordinance provision not previously published, if a notice is published annually in the official newspaper for two successive weeks stating that copies of the code are available at the office of the city administrator.

Debt

Section 18. Except as provided in the section entitled "Tax Anticipation Certificates", no obligations may be issued to pay current expenses, but the council may issue and sell obligations for any other municipal purpose in accordance with law and within the limits prescribed by law.

Tax Anticipation Certificates

Section 19. At any time after January 1st following the making of an annual tax levy, the council may issue certificates of indebtedness in anticipation of the collection of taxes levied for any fund and not yet collected. The total amount of certificates issued against any fund for a fiscal year with interest thereon until maturity may not exceed 90% of the total current taxes for the fund uncollected at the time of issuance. The certificates (a) are issued on such terms and conditions as the council determines, (b) bear interest at no more than the lawful rate, and (c) are due and payable no later than the 1st day of April of the year following their issuance. The proceeds of the tax levied for the fund against which tax anticipation certificates are issued and the

full faith and credit of the city must be irrevocably pledged for the redemption of the certificates in the order of their issuance against the fund.

Franchises required

Section 20. Except as otherwise provided by law, no person, firm, or corporation may place or maintain a permanent or semi-permanent fixture in, over, upon, or under a street, highway, right-of-way, or easement owned by the city, or public place in the city for any purpose without a franchise therefor from the city.

Ordinance

Section 21. A franchise is granted by ordinance requiring a two-thirds vote for passage and may not be an emergency ordinance. An ordinance granting a franchise must contain all of the terms and conditions of the franchise. A franchise is not valid unless unconditionally and fully accepted by the grantee and filed with the city administrator.

Term

Section 22. Franchises are limited to not longer than 15 years.

Public Hearing

Section 23. Before a franchise ordinance is adopted the council must hold a public hearing on the matter. Notice of the hearing must be published at least once, in the official newspaper, not less than ten days prior to the hearing. All other requirements of applicable state and federal laws must also be satisfied.

Publication Costs

Section 24. The grantee of the franchise shall pay for publication of the franchise ordinance.

Power of Regulation Reserved

Section 25. Subject to applicable law the council may by ordinance reasonably regulate and control the exercise of a franchise. The rights of the grantee under a franchise are subject to the superior rights of the public to the use of streets and public places.

Renewals

Section 26. An extension, renewal, or modification of a franchise is subject to the same limitations and is granted in the same manner as a new franchise.

CHAPTER VI, Administrator

The city council shall appoint an administrator who shall be the chief administrative officer of the city and responsible to the council for administration of the city's affairs, reporting requirements, departments and operations. The administrator shall be responsible for keeping of all records of the city, proceedings of city council

meetings, and any statutory duties of a city clerk. The administrator shall also discharge other duties as may be required by this charter, the city council, the laws of the state of Minnesota, and federal laws. The administrator shall serve an indefinite term unless removed for cause.

CHAPTER VII, Finance Director

The city council shall appoint a finance director who shall also act as treasurer of the city and who shall receive, provide for safe keeping, and properly account for all moneys belonging or accruing to the city. The finance director shall provide for disbursement of city funds in a manner established and authorized by the city council and shall assist in the preparation of the city's budget, monthly financial reports and annual financial statements. The finance director shall also discharge other duties as may be required by this charter, the city council or by the laws of the state of Minnesota. The finance director shall serve an indefinite term unless removed for cause.

CHAPTER VIII, City Finance

Fiscal Year.

Section 1. The fiscal year of the city shall begin on the first day of January and terminate on the last day of December of each year.

General and Special Revenue Funds

Section 2. There shall be maintained in the city treasury a fund designated as the general fund into which shall be paid all moneys designated for general government operation and all moneys not specifically belonging to any other fund and from which there may be drawn for such general government operations and for such purposes as authorized by the city council.

There shall also be maintained in the city treasury an airport fund and a library fund designated as special revenue funds for activities supported by revenues from specific taxes or other earmarked general revenue sources. The city council may by resolution, establish additional special revenue funds needed to provide for activities which may be duly authorized.

Library Fund

Section 3. The library fund shall be under control of a library board herein provided for and subject to be paid out upon its order and into such funds shall be paid all amounts received from the sale of any property under the control of such board, and appropriations thereto and the proceeds received from the sale of any property under the control of such board, and all taxes, interest and penalties accruing thereto, by reason of the levy of any taxes for such board, and the proceeds of all gifts made to said library board, and out of such fund shall be paid the expenses of such board and all salaries, and the cost of the acquisition, maintenance and operation of the system of public libraries of the city, and of the property under the control of such board.

Permanent Improvement Fund

Section 4. There shall be maintained in the city treasury a fund to be designated as the permanent improvement fund, into which shall be paid all the moneys received from the sale of any property or permanent improvements of the city and such amounts from time to time as may be realized from the sale of any bonds or certificates of indebtedness issued on account of such fund, and all amounts collected on special assessments which may have been levied to provide for public improvements or services the payment of which may have been advanced in the first instance out of such fund. It may be further maintained by an annual tax levy to be made by the city council of an amount necessary. And out of such fund shall be paid the cost of acquiring all real property and appurtenances, and the construction and improvement of all buildings and permanent improvements which shall not be otherwise provided for out of other funds, and also the cost of all local improvements unless otherwise provided by resolution of the council. The city shall maintain such funds sufficient to meet the expenses of all such improvements as the same become payable as in this charter provided.

Enterprise Funds

Section 5. There shall be maintained separate funds for the operation of water, stormwater, electric, sewer and gas services, liquor dispensary, and other municipal enterprises which may be duly authorized. There shall be paid into each of these funds all moneys derived from its sales or services or sale of any property which had been acquired or used in connection with each enterprise, and proceeds of any special assessments or sale of bonds unless otherwise provided by resolution of the council.

The city finance director shall keep separate accounts for proceeds of the sale of bonds issued for construction, extension, improvement, or acquisition of each enterprise.

There shall be paid out of these enterprise funds the costs for operation, maintenance and repair, debt redemption and required reserves, and should there be an accumulated surplus, the city council may, by resolution, transfer said accumulation to a general or special revenue fund of the city.

Debt Service Fund

Section 6. There shall be maintained in the city treasury a debt service fund in order to provide for payment of any general obligation bonds which may be issued by the city. Such fund shall be maintained by annual tax levies or other dedicated revenues made by the city council for the payment or redemption of any lawfully authorized general obligation bonds.

Capital Projects Fund

Section 7. There may be established and maintained in the city treasury a capital projects fund to account for the receipt and disbursement of moneys used for construction or acquisition of capital facilities other than those financed by enterprise funds or special assessments.

Trust and Agency Funds

Section 8. There may be established and maintained in the city treasury trust and agency funds used to account for assets held by the city as trustee or agent for individuals, private organizations, and other governmental units.

Intergovernmental Funds

Section 9. There may be established and maintained in the city treasury intergovernmental services funds to account for activities or services performed by a designated unit within the city for other units within the city.

Report of Estimate

Section 10. The city administrator shall report to the city council an estimate of the current revenues and expenditures of the city for the current fiscal year and shall present a proposed budget for the coming fiscal year for each of the governmental and enterprise funds of the city. The report and proposed budget shall coincide with Truth in Taxation hearing publication and adoption dates established by the state of Minnesota.

Money—How Paid Out—City Orders

Section 11. All moneys belonging to the city, except as otherwise provided in this charter, shall be under the control of the city council, and shall be paid out only upon a resolution of the city council, by an affirmative vote of a majority of the whole number of the city council and countersigned by officials designated by the city council. The city council may establish a petty cash fund and other such funds, and allow designated officials to disburse monies from such funds without the prior approval of the city council. Such disbursements shall be subsequently reviewed and approved by the city council.

CHAPTER IX, Initiative, Referendum, and Recall

The Meaning of Initiative and Referendum

Section 1. The people of the city reserve to themselves the power, in accordance with the provisions of this chapter, to initiate and adopt ordinances, except ordinances appropriating money or authorizing the levy of taxes; and to require ordinances enacted by the council, except ordinances appropriating money or authorizing the levy of taxes, to be referred to the voters of the city for approval. These powers are initiative and referendum respectively.

Initiative

Section 2. Any proposed ordinance may be submitted to the council by a petition initiated by one or more qualified voters of the city and signed by a number of voters equal to 5% of the registered voters registered as of the day of last general city election. A qualified

voter does not have to be a registered voter but must be eligible to be registered as a voter in the city.

Petition Requirements

Section 3. The petition shall be in the form designated as Appendix A to this charter, and shall include the following information for each person signing:

1. signature
2. printed name
3. current address

All signatures need not be on the same sheet of paper but at least one of the circulators of each sheet must make an oath before an officer competent to administer oaths, such as a notary public, that the statements made are true and that each signature on the sheet is the genuine signature of the person it purports to be.

Processing of Petitions

Section 4. Within 10 business days of receiving a petition including the necessary number of signatures, the city administrator shall determine if the petitions are sufficient by verifying names and addresses of the signers, verifying the oaths of circulators, and verifying that the requisite number of names are listed. The city administrator shall then certify the petitions.

If the petitions are certified to be insufficient, the voters shall have 10 business days to amend from the date the petitions are certified by the city administrator. The conditions of sufficiency are in the first paragraph of this section, and include the names and addresses of the signers, the verified oaths of the circulators and the requisite number of names. The city administrator then has an additional 10 business days to certify the amended petitions. The voters may attempt to amend the petitions twice without prejudice. If unable to amend the petitions, the voters must start the process anew.

If the petitions are sufficient, the city administrator shall submit the proposed ordinance to the council without delay at the next regularly scheduled council meeting at which the council is authorized to take action.

The council shall either pass the ordinance without alteration within 45 business days of certification of the petitions by the city administrator or shall submit the ordinance to the voters at a special or general election.

Election Requirements

Section 5. If a general election is within 90 calendar days after the council determines to submit the ordinance to the voters, the council shall submit the ordinance to the voters at that next election. If there is not a general election within 90 calendar days, the council shall order a special election to be held within statutory time limits of special election laws and not more than 60 calendar days after the

council determines to submit the ordinance to the voters. Not more than one special election may be held in any period of six months.

Publishing Requirements

Section 6. The ordinance shall be published by one of the following methods:

- a. The city council may have the ordinance printed and enclose a copy of the printed ordinance with each sample ballot sent out at least 10 business days prior to the election, to each registered voter; or
- b. The city council may order that the ordinance be published in the official newspaper of the city in the same way ordinances adopted by the city are published, at least 10 business days prior to the election.

Ballot Requirements

Section 7. The ballot used when voting upon any such proposed ordinance shall state the substance of the ordinance and shall give the voter the opportunity to vote either "FOR THE ORDINANCE" or "AGAINST THE ORDINANCE".

Requirements for Passage of Ordinance

Section 8. The ordinance passes if it receives a majority vote of those voting on the ordinance. There is no limit on number of ordinances that can be voted on at the same election.

Repeal and Amendment Process

Section 9. If an ordinance is adopted by the vote of the people, it cannot be repealed except by a vote of the people unless the ordinance subsequently becomes in conflict with state or federal law or other city ordinances. Then the council shall be authorized to amend or repeal said ordinance in keeping with the spirit of the ordinance. The council may submit a proposition for the repeal or amendment of such an ordinance at any subsequent general election. Such a proposition must receive a majority vote of those voting on the proposition to repeal or amend the ordinance. Propositions to repeal or amend an ordinance require the same publication as the vote for a proposed ordinance.

Referendum

Section 10. If prior to the date when an ordinance of the council becomes effective, a petition, initiated by one or more qualified voters of the city and signed by a number of voters equal to 5% of the registered voters registered as of the day of the last general city election, may be filed with the city administrator, requesting that any such ordinance, or any part of such ordinance, not be enacted, or be submitted to a vote of the electorate. A qualified voter does not have to be a registered voter but must be eligible to be registered as a voter in the city.

Petition Requirements

Section 11. The petition shall be in the form designated as Appendix B to this charter, and shall include the following information for each person signing:

1. signature
2. printed name
3. current address

All signatures need not be on the same sheet of paper but at least one of the circulators of each sheet must make an oath before an officer competent to administer oaths, such as a notary public, that the statements made are true and that each signature on the sheet is the genuine signature of the person it purports to be.

Referendum Procedures

Section 12 The requirements enunciated in Section 4 through Section 9, shall apply to the referendum process, as far as possible, with such minor changes as may be necessary.

The Meaning of Recall

Section 13. The holder of any elective office may be removed at any time by the citizens qualified to vote for a successor of such incumbent in accordance with the following procedures, except that, no recall petition shall be filed against any officer until the officer has held office for at least six (6) months. This is the power of recall.

Recall

Section 14. One or more qualified voters, who are constituents of the officer whose recall is proposed shall certify to the city administrator the name of the officer whose removal is sought; shall include allegations of malfeasance or non-feasance in a statement of the grounds for removal, in not more than five hundred (500) words; and shall present a petition signed by a number of qualified voters equal to 20% of the registered voters registered as of the day of last general election for said officer's constituency. A qualified voter does not have to be a registered voter but must be eligible to be registered as a voter in the city and must be a constituent of the officer whose recall is proposed.

Petition Requirements

Section 15. The petition shall be in the form designated as Appendix C, to this charter, and shall include the signature, printed name, and current address for each person signing. A copy of the certificate, identical to that submitted to the city administrator shall be attached to each petition and no signatures shall be collected prior to attachment of said certificate.

All signatures need not be on same sheet of paper but at least one of the circulators of each sheet must make an oath before an officer competent to administer oaths, such as a notary public, that the

statements made are true and that each signature on the sheet is the genuine signature of the person it purports to be.

Processing of Petitions

Within 10 business days of receiving a petition including the necessary number of signatures, the city administrator shall determine if the petitions are sufficient by verifying names and addresses of the signers, verifying the oaths of circulators, and verifying that the requisite number of names are listed. The city administrator shall then certify the petitions.

If the petitions are certified to be insufficient, the voters shall have 10 business days to amend from the date the petitions are certified by the city administrator. The conditions of sufficiency are in the first paragraph of this section, and include the names and addresses of the signers, the verified oaths of the circulators and the requisite number of names. The city administrator then has an additional 10 business days to certify the amended petitions. The voters may attempt to amend the petitions twice without prejudice. If unable to amend the petitions, the voters must start the process anew.

If the petitions are sufficient, the city administrator shall submit the proposed ordinance to the council without delay at the next regularly scheduled council meeting at which the council is authorized to take action. If the officer sought to be removed does not resign within five (5) business days, the council shall set a date for a recall election.

Election Requirements

Section 17. If a general election is within ninety (90) calendar days, the council shall submit the recall to the voters at that next general election. If there is not a general election within ninety (90) calendar days, the council shall order a special election to be held within statutory time limits of special election laws and not more than 60 calendar days after the date of final action by the council. Not more than one special election for a recall petition may be held in any period of six months.

Election Call Requirements

Section 18. In the call for the election, there shall be given the statement of the grounds for the recall of the officer, as set forth in the certificate attached to the petition. The call shall also set forth, in not more than five hundred (500) words, a statement of the officer sought to be removed explaining his or her position on the grounds for recall.

Ballot Requirements

Section 19. The ballot used when voting upon in such election shall state, "Shall (name of elected official) be recalled?" with voters allowed to vote yes or no.

Publishing Requirements

Section 20. The city administrator shall publish notice of the time and place of said election by publishing the election call, including the title of the office of the recalled officer, in the official newspaper of the city, at least 10 business days prior to the election.

Election Results

Section 21. If a majority of the qualified voters vote in favor of the recall of said officer, the officer shall be removed from office immediately. The vacancy shall be filled according to Chapter II, Section 6 of this charter.

CHAPTER X, Police Department

Organization

Section 1. There shall be maintained in the city, a police department. The Police Department shall be subject to the provisions of this charter, and all applicable ordinances, and state and federal statutes, rules and regulations.

The police department shall be administered in the same manner as other departments of the city.

The police department as here established, may not be abolished, nor may its duties, powers, or responsibilities, be transferred, assigned or given to any other agency or unit of government, without the same having been first submitted to the qualified voters of the city and adopted by a majority voting at such election on the question.

Rules-By Whom Made

Section 2. The chief of police is authorized and required to make all needful rules and regulations not inconsistent with this charter, the laws of this state, and the ordinances of this city, for the governing and control of the police department. All rules and regulations shall be put in writing.

CHAPTER XI, Fire Department

Chief of the Fire Department

Section 1. There shall be a volunteer fire department in the city of Two Harbors.

The fire department shall be administered in the same manner as other departments of the city.

Rules and Regulations

Section 2. The chief of the fire department is authorized and required to make all needful rules and regulations, not inconsistent with the laws of the state, the provisions of this charter, or the ordinances of the city, for the government and control of the fire department, and for the prevention and extinguishment of fires. All rules and

regulations made in pursuance thereof shall be in writing, signed by the aforesaid officer, and shall be filed in the office of the city administrator, and shall be binding upon all persons connected with said department.

Fire Alarm and Other Property

Section 3. The city council shall provide for the establishment and maintenance of a fire alarm system, for the purposes of the fire department; and provide for the purchase of such apparatus as may be necessary. The city council shall also provide for the sale, or disposal, of any property no longer necessary for the use of the department, and the proceeds thereof shall be paid over to the city .

CHAPTER XII, Library Board

Power to Maintain Libraries

Section 1. The city council shall have power and authority to establish, fund, and maintain within the city, libraries, reading rooms, galleries of art and museums.

Library Board, Appointments, etc.

Section 2. There shall be maintained in the city a library board which shall consist of nine directors who shall hold office for the term of three years, or until their successors are elected or appointed and duly qualified. Directors will not be eligible to serve more than three consecutive terms.

Annually the mayor, by and with the advice and consent of the city council, shall appoint three directors as members of the library board to serve for the period of three years. The majority of directors shall be chosen from the citizens of the city at large, without reference to sex or political opinions but with reference to their fitness for said office, and not more than one member of the city council or county board shall at any time be a member of said library board.

Removals, Vacancies, Compensation

Section 3. The mayor, by and with the consent of the council, may remove any director for misconduct or negligence of duty, and vacancies in the board of directors occasioned by removals, resignation, death or otherwise, shall be reported to the mayor and be filled in like manner as the original appointment, but appointments to fill vacancies shall be for the unexpired term. No director shall receive any compensation as such.

Organization of Board

Section 4. At the organizational meeting of each year the members of said library board shall meet and organize by the election, from their own number, of a president, a vice president, a secretary, and such other officers as the board may deem necessary.

Manage and Control Funds

Section 5. The library board shall be a department of the city government and shall have the exclusive management and control of the expenditure of all moneys collected and received on account of the library fund.

Custody of Library Building and Property

Section 6. Such board shall also have exclusive control and supervision of the construction of any library building as well as the control, care and custody of all grounds, rooms or buildings held, leased, constructed or set apart for such purpose, and the books, papers and other personal property there placed and kept; shall have the power to acquire by lease and provide appropriate rooms for the use of said library; shall have the power to appoint a suitable librarian and necessary assistants and fix their compensation. Said board shall have power, when authorized by the city council, to purchase grounds and erect thereon a suitable building for the use of said library.

Orders for the Payment of Money

Section 7. All orders for the payment of money for this department shall be authorized and allowed by said board by a majority vote of all its members, taken by a voice vote of "yes" or "no," and entered upon the record of its proceedings, and shall be signed by the president and attested by the; secretary, and thereupon such orders shall be paid by the city finance director.

Reports

Section 8. The library board shall make an annual report to the city council stating the condition of their trust. The deadline for this annual report shall be consistent with the statutory deadline for filing of a financial report with the Department of Education. The report shall include the various sums of money received from the library fund and other sources, and how much moneys have been expended and for what purposes; the number of books and periodicals and other lending materials on hand; the number added during the year; the number lost or missing; the number of persons attending; the number of books and items loaned out; the number of books and lending items withdrawn; and such other statistics, information and suggestions as they may deem of general interest.

Libraries and Reading Rooms, Free

Section 9. Every library and reading room, or either of these, established under this charter, shall be forever free for use, always subject to such reasonable rules and regulations as the library board may adopt; and said board may exclude from the use of said library and reading rooms, or either of these, any and all persons who shall willfully violate such rules.

About this version of the charter

The Charter Commission, with membership changes over the years, convened in the 1990's to update the Charter for the 21st century. After a slow start and little progress, the Commission finally found its gait, and made quick strides towards a shorter document. Material which had been retained for its historical interest or novelty was eliminated. Changes in the way the city did its business, along with changes in laws at various levels, mandated further additions to, or subtractions from, the charter. An effort was also made to produce a more readable document for the average citizen.

.....
.....

Appendix "A" Initiative Petition

Proposing an ordinance to
(stating the purpose of the ordinance,) a copy of which ordinance is
hereto attached. This ordinance is sponsored by the following eligible
voters:

Name and address

1
2
3
4
5

The undersigned voters, understanding the terms and nature of the
ordinance attached, petition the council for its adoption or, in lieu
thereof, for its submission to the voters for their approval.

Name and address

1
2
3
4
5
6
7
8
9
10.....
11.....
12.....

Signature of circulator.....

Subscribed and sworn to before me thisday of, 20.....

(seal) Notary

.....
.....

Appendix "B" Referendum Petition

Proposing to repeal or amend an ordinance to
(stating the purpose of the ordinance,) a copy of which ordinance or
proposed ordinance amendment is hereto attached. This referendum
petition is sponsored by the following eligible voters:

Name and address

- 1
- 2
- 3
- 4
- 5

The undersigned voters petition the council for submission of this
proposal to repeal or amend, to the voters for their approval or
disapproval.

Name and address

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10.....
- 11.....
- 12.....

Signature of circulator.....

Subscribed and sworn to before me thisday of, 20.....

(seal) Notary

.....
.....

Appendix "C" Recall Petition

Proposing the recall of
from the office of.....

Which recall is sought for the reasons set forth in the attached
certificate. This petition is sponsored by the following eligible
voters:

Name and address

1
2
3
4
5

The undersigned voters, understanding the nature of the charges against
the officer herein sought to be recalled, desire the holding of a
recall election for that purpose:

Name and address

1
2
3
4
5
6
7
8
9
10.....
11.....
12.....

Signature of circulator.....

Subscribed and sworn to before me thisday of, 20.....

(seal) Notary

.....
.....

EXHIBIT H

**OFFICE OF THE MINNESOTA
SECRETARY OF STATE STEVE SIMON**

[Español](#)
[Hmoob](#)
[Soomaali](#)
[Tiếng Việt](#)
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[中文](#)
[ພາສາລາວ](#)
[Afaan Oromo](#)
[ខ្មែរ](#)
[አማርኛ](#)

Unofficial Results Tuesday, November 3, 2020

[Results Home](#)  [Previous Page](#)

Precincts Reporting in Municipality: 100% 4 of 4

Last Updated: 11/17/20 1:39 PM

Voters Registered at 7AM: 2,241

Results for Selected Contests in 65956 - Two Harbors

Mayor (Two Harbors)

Results By Precinct

4 precincts in contest. 4 of 4 precincts reported in municipality.

Party	Candidate	Totals	Pct
NP	Chris Swanson	1,463	83.84%
WI	WRITE-IN	282	16.16%

Council Member at Large (Two Harbors)

Results By Precinct

4 precincts in contest. 4 of 4 precincts reported in municipality.

Party	Candidate	Totals	Pct
NP	Robin Glaser	1,338	70.42%
NP	Scott W. Lucas	544	28.63%
WI	WRITE-IN	18	0.95%

Council Member Ward 3 (Two Harbors)

Results By Precinct

1 precincts in contest. 1 of 1 precincts reported in municipality.

Party	Candidate	Totals	Pct
-------	-----------	--------	-----

Party	Candidate	Totals	Pct
NP	Cathy Erickson	453	97.84%
WI	WRITE-IN	10	2.16%

Council Member Ward 4 (Two Harbors)**Results By Precinct****1 precincts in contest. 1 of 1 precincts reported in municipality.**

Party	Candidate	Totals	Pct
WI	WRITE-IN	180	100.00%

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EXHIBIT I

Office of the Minnesota Secretary of State—Elections Division

Acceptable Petition Signatures

The purpose of elections-related petitions is to gather signatures to show support for a candidate or position. After the petition is submitted, the filing officer will determine whether there are sufficient number of signatures that meet eligibility requirements. Candidates or campaigns collecting signatures should understand the following practices of the Office of the Secretary of State regarding what is an acceptable signature.

Figure 1 Example of Nominating Petition Signature Area

SIGNER'S OATH "I swear (or affirm) that I know the contents and purpose of this petition and that I signed the petition only once and of my own free will."							
ALL INFORMATION ON THIS PETITION IS SUBJECT TO PUBLIC INSPECTION *****ALL INFORMATION MUST BE FILLED IN BY PERSON(S) SIGNING THE PETITION UNLESS DISABILITY PREVENTS THE PERSON(S) FROM DOING SO.*****							
	DATE	PRINT FIRST, MIDDLE, AND LAST NAME	YEAR OF BIRTH (if born in 1923 list month and day)	SIGNATURE	RESIDENCE ADDRESS (number, and street or route and box number) (Not a P.O. Box)	CITY OR TOWNSHIP	COUNTY
1.							
2.							

Blank Year of Birth

Year of Birth should not be blank.

Minnesota Rules 8205.1030, subpart 2 states "the person signing the petition shall complete the signature, date, name, year of birth, and residence address lines on the petition." The standard practice of the Secretary of State's Office has been to reject signatures that do not list the year of birth because giving no information does not qualify as completing the signature line. It must be possible to determine eligibility to sign and without a year of birth eligibility cannot be established.

Ditto Marks

Ditto marks may be used for Date, Year of Birth, Residence Address, City/Township, and County, and may NOT be used for the Signature and Name.

Ditto marks are not specifically addressed in the Petition Rules. The standard practice of the Secretary of State's Office is to require an actual signature on the petition by the signatory and not to allow ditto marks to substitute for the actual signature or the person's name. However, if the ditto marks are used on other parts of the signature line it is acceptable as long as it is clear to what information the ditto marks are referring.

Middle Names

Middle names are not required, but there must be enough information to verify eligibility of the person signing.

Minnesota Rules 8205.1050, subpart 2b states: "the filing officer shall inspect the petition to determine whether it has been signed by the required number of signatories and whether the signatories meet the applicable eligibility requirements." It does not specifically state that the signatory provide their complete legal name including their full middle name. The practice of the Secretary of State's Office is to not require a complete middle-name. However, it is necessary to provide a complete enough name to verify the eligibility of the person who is signing the petition.

EXHIBIT J

Recall of State Elected Officials

What is recall?

Recall is a method for removal of an elected official from office before the end of the official's term. Recall is one of four ways that a state elected official can be removed from office. The other methods are "impeachment" for constitutional officers and judges; "removal" for judges; and "expulsion" or "exclusion" from office for legislators. Recall is detailed in Minnesota Statutes, chapter 211C, and article 8, section 6 of the Minnesota Constitution.

In 1996, Minnesotans approved a constitutional amendment allowing recall of state officials, but to date none have been subject to a recall election.

Who may be recalled?

State representatives, state senators, the governor, the lieutenant governor, the secretary of state, the state auditor, the attorney general, supreme court judges, court of appeals judges, and district judges are all subject to recall. (Minnesota law also allows for recall of certain county officials. That process is not covered here. For more information see Minnesota Statutes, sections 351.14 to 351.23.)

What actions constitute grounds for recall?

A recall is permitted for "malfeasance," "nonfeasance," and "serious crime."

- **Malfeasance** means intentionally doing something unlawful or wrong while performing duties of the office; the act must be substantially outside of the scope of duties and substantially infringe upon another's rights.
- **Nonfeasance** means intentionally and repeatedly not performing required duties of the office.
- **Serious crime** means a crime that is a gross misdemeanor and involves assault, intentional injury, threat of injury, dishonesty, stalking, aggravated driving while intoxicated, coercion, obstruction of justice, or the sale or possession of controlled substances. Serious crime also means a misdemeanor crime that involves assault, intentional injury or threat of injury, dishonesty, coercion, obstruction of justice, or the sale or possession of controlled substances. An individual who is convicted of a felony is automatically removed from office, so a felony conviction is not specified as grounds for recall.

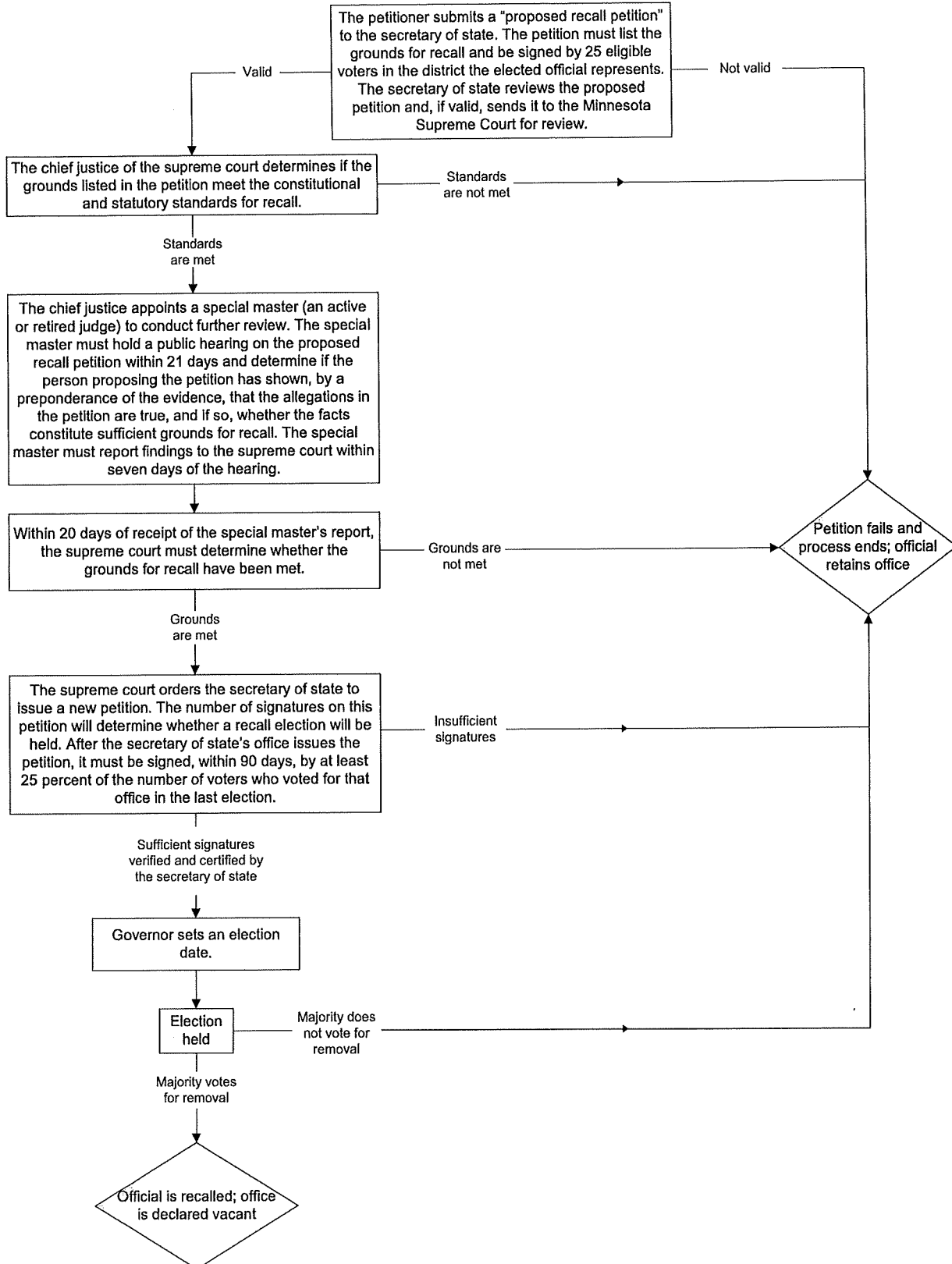
Grounds for recall for state officers, except for judges, are defined in Minnesota Statutes. The Minnesota Supreme Court subsequently adopted the same standards for recall as were established for state officers in the statutes, except that the supreme court's standards explicitly provide that a judge may not be recalled for the discretionary performance of a lawful act or a prescribed duty.

Are there restrictions on the recall process?

A person may not falsely allege wrongdoing by a state officer in a recall petition, or threaten, intimidate, coerce, or bribe eligible voters to sign or not sign a petition.

A recall election may not be held if there are fewer than six months remaining in an official's term. Only one recall petition may be active for any one office at a time.

Process for Recalling an Elected Official



For more information: Contact legislative analyst Matt Gehring at 651-296-5052.

The Research Department of the Minnesota House of Representatives is a nonpartisan office providing legislative, legal, and information services to the entire House.

Timothy Jezierski, et al.
Petitioners,

Court File Number

v.

AFFIDAVIT OF SERVICE

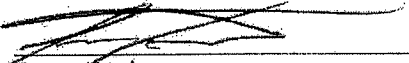
City of Two Harbors, et al.
Respondents,

State of Minnesota }
County of Saint Louis } SS.

I, Troy Kush, state that on Tuesday, May 3, 2022 at 1:17 PM I served the Petition, Civil Cover Sheet, Notice of Motion and Motion, Memorandum of Law in Support of Motion for Temporary Restraining Order and Injunction, and Proposed Order Granting Petition and Injunctive Relief upon City of Two Harbors, therein named, personally at 522 1st Avenue, Two Harbors, MN 55616, by handing to and leaving with Joel Dhein, Interim City Administrator of City of Two Harbors.

I declare under penalty of perjury that everything I have stated in this document is true and correct. Minnesota Statute § 358.116.

Dated: 5 / 3 / 2022


Troy Kush

* Service was completed by an independent contractor retained by Metro Legal Services, Inc.



Serial # DRO 268607 5300

Re: Jezierski et al v. Nordea


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Timothy Jezierski, et al.
Petitioners,

Court File Number

v.

City of Two Harbors, et al.
Respondents,

AFFIDAVIT OF SERVICE

State of Minnesota }
County of Saint Louis } SS

I, Troy Kush, state that on Tuesday, May 3, 2022 at 1:18 PM I served the Petition, Civil Cover Sheet, Notice of Motion and Motion, Memorandum of Law in Support of Motion for Temporary Restraining Order and Injunction, and Proposed Order Granting Petition and Injunctive Relief upon Joel Dhein, in his official capacity as Interim City Administrator, therein named, personally at 522 1st Avenue, Two Harbors, MN 55616, by handing to and leaving with Joel Dhein, in his official capacity as Interim City Administrator.

I declare under penalty of perjury that everything I have stated in this document is true and correct. Minnesota Statute § 358.116.

Dated: 5, 3 / 2022

Troy Kush

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Serial # DRO 268610 5303

Re: Jezierski et al v. Nordea

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Timothy Jezierski, et al.
Petitioners,

Court File Number:

v.

City of Two Harbors, et al.
Respondents,

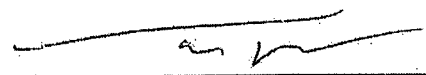
AFFIDAVIT OF SERVICE

State of Minnesota }
County of Saint Louis } SS.

I, Tyler Rikkola, state that on Thursday, May 5, 2022 at 3:18 PM I served the Petition, Civil Cover Sheet, Notice of Motion and Motion, Memorandum of Law in Support of Motion for Temporary Restraining Order and Injunction, Proposed Order Granting Petition and Injunctive Relief, Notice of Remote Hearing upon Judith Olson, therein named, personally at 836 7th Avenue, Two Harbors, MN 55616, by handing to and leaving with Judith Olson.

I declare under penalty of perjury that everything I have stated in this document is true and correct. Minnesota Statute § 358.116.

Dated: 5 / 6 /2022


Tyler Rikkola

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Serial # DRO 268738 5087

Re: Jezierski et al v. Nordea


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Timothy Jezierski, et al.
Petitioners,

Court File Number

v.

City of Two Harbors, et al.
Respondents,

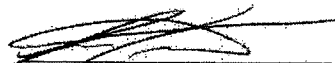
AFFIDAVIT OF SERVICE

State of Minnesota }
County of Saint Louis } SS

I, Troy Kush, state that on Tuesday, May 3, 2022 at 2:15 PM I served the Petition, Civil Cover Sheet, Notice of Motion and Motion, Memorandum of Law in Support of Motion for Temporary Restraining Order and Injunction, and Proposed Order Granting Petition and Injunctive Relief upon Toni Wangen, therein named, personally at 1627 7th Avenue, Two Harbors, MN 55616, by handing to and leaving with Toni Wangen.

I declare under penalty of perjury that everything I have stated in this document is true and correct. Minnesota Statute § 358.116.

Dated: 5/5 /2022


Troy Kush

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Serial # DRO 268613 5306

Re: Jezierski et al v. Nordea


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STATE OF MINNESOTA
COUNTY OF LAKE

Timothy Jezierski, et al.
Petitioners,

v.

City of Two Harbors, et al.
Respondents,

DISTRICT COURT
SIXTH JUDICIAL DISTRICT

Court File Number

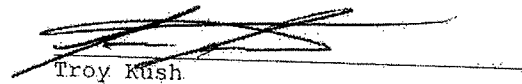
AFFIDAVIT OF SERVICE

State of Minnesota }
County of Saint Louis } SS

I, Troy Kush, state that on Tuesday, May 3, 2022 at 1:16 PM I served the Petition, Civil Cover Sheet, Notice of Motion and Motion, Memorandum of Law in Support of Motion for Temporary Restraining Order and Injunction, and Proposed Order Granting Petition and Injunctive Relief upon Two Harbors City Council, therein named, personally at 522 1st Avenue, Two Harbors, MN 55616, by handing to and leaving with Joel Dhein, Interim City Administrator of Two Harbors City Council.

I declare under penalty of perjury that everything I have stated in this document is true and correct. Minnesota Statute § 358.116.

Dated: 5 / 3 /2022


Troy Kush

* Service was completed by an independent contractor retained by Metro Legal Services, Inc.



Serial # DRO 268608 5301

Re: Jezierski et al v. Nordea


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TWO HARBORS CITY COUNCIL



AGENDA ITEM SUMMARY

AGENDA ITEM SUBJECT: *Mayor Swanson Recall Petition*

ORIGINATING SOURCE/DEPARTMENT: *Administratation*

FUNDING SOURCE: *n/a*

BACKGROUND: *Staff received a recall petition on May 12th from the Resign or Recall Committee. The city administrator and city clerk completed verification of the petition on May 18th (see attached certificate). The council's task, under the charter, is to call for a recall election (see attached resolution). The council is not required to determine malfeasance or misfeasance; that is for the public to decide.*

ESTIMATED DATE OF COMPLETION: *n/a*

COMMITTEE/COMMISSION RECOMMENDATION: *n/a*

ADMINISTRATION/STAFF RECOMMENDED COUNCIL ACTION:
Approve attached resolution.

Agenda Item # NB. 1 Meeting Date: 5/23/22

CITY OF TWO HARBORS
LAKE COUNTY, MINNESOTA

CERTIFICATION OF PETITION
IN THE MATTER OF THE RECALL OF
MAYOR CHRISTOPHER SWANSON

WHEREAS, on May 12, 2022 the City of Two Harbors received a petition entitled "Petition to Recall Mayor Christopher Swanson" containing 68 pages and 618 names; and

WHEREAS, we, Joel Dhein, City Administrator and Patty Nordean, City Clerk, received the petition on behalf of the city as required by the city charter; and

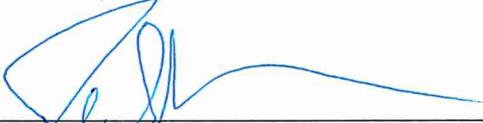
WHEREAS, consistent with the requirements of the city charter, the "Petition to Recall Mayor Christopher Swanson" included copies of the certificate, submitted to the City Administrator, which contains a statement of the grounds for removal.

WHEREAS, to be declared sufficient according to the city charter the petition must contain the verified signatures of twenty percent (20%) of the number of registered voters at the last general election. In this instance there were 2,486 registered voters at the November 3, 2020 general election. Twenty percent (20%) of that number, rounded up, is 498; and

WHEREAS, we, Joel Dhein, City Administrator and Patty Nordean, City Clerk, after comparing names on the petition with the roster of registered voters for the City of Two Harbors, Lake County, Minnesota as provided by the Lake County Auditor/Treasurer dated May 12, 2022 verified 532 names on the petition being eligible voters in the City of Two Harbors, an excess of the required number, the petition is deemed sufficient. In addition, the petition contains the required oaths of circulators as required by city charter.

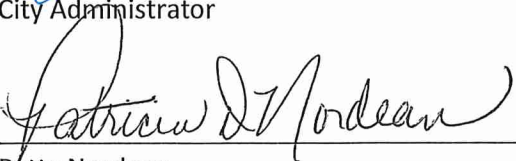
THEREFORE, we, Joel Dhein, City Administrator and Patty Nordean, City Clerk, on this 18th day of May, 2022 hereby certify the sufficiency of the "Petition to Recall Mayor Christopher Swanson"; and

FURTHER, this certification will be transmitted to the city council at its regular meeting of May 23, 2022.



Joel Dhein
City Administrator

Date: 5/18/22



Patty Nordean
City Clerk

Date: 5/18/22

RESOLUTION X-XXX-22

CALLING FOR A RECALL ELECTION OF MAYOR CHRISTOPHER SWANSON

WHEREAS, on May 12, 2022, the City of Two Harbors received a petition entitled "Petition to Recall Mayor Christopher Swanson" containing 68 pages and 618 names; and

WHEREAS, the petition was found to be sufficient under the terms of the city charter as evidenced by the petition certificate dated May 18, 2022 by Joel Dhein, City Administrator and Patty Nordean, City Clerk;

WHEREAS, the city charter requires a certified recall petition to be submitted to the city council at the next regularly scheduled council meeting to set a date for a recall election.

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Two Harbors, Lake County, Minnesota, that a recall election shall be scheduled for and held on Tuesday, August 9, 2022.

FURTHER, that Mayor Christopher Swanson may tender his resignation from the office of mayor to the city administrator or city clerk on or before 4:30 p.m., Tuesday, May 31, 2022. If he does so a recall election shall not be scheduled or held.

FURTHER, that should Mayor Christopher Swanson not resign he may submit a statement of not more than five hundred (500) words explaining his position on the grounds for recall. Said statement must be received at city hall no later than 4:30 p.m. Tuesday, May 31, 2022. Said statement shall be included in the call for the election and published in the official newspaper at least 10 business days prior to the election pursuant to Sections 14-21 of Chapter IX of the Two Harbors City Charter.

FURTHER, that the Interim City Administrator and City Clerk shall take all actions necessary to place this matter on the ballot for the August 9, 2022, primary election.

ADOPTED, this 23rd day of May A.D., 2022.

Benjamin Redden, President, City Council

ATTEST: _____
Patricia D. Nordean, City Clerk

TWO HARBORS CITY COUNCIL



AGENDA ITEM SUMMARY

AGENDA ITEM SUBJECT: Authorizing an application for up to \$200,000 in LCCMR Funding for waterfront property.

ORIGINATING SOURCE/DEPARTMENT: Costin Group

FUNDING SOURCE:

BACKGROUND: The deadline for submittal of an application for LCCMR Funding is May 26, 2022. It is recommended that a discussion be held during the 5/23/22 meeting regarding the proposed application and process moving forward, since there is not time to schedule a special meeting in advance of the deadline for this funding application.

ESTIMATED DATE OF COMPLETION: Click here to enter a date.

COMMITTEE/COMMISSION RECOMMENDATION: Click here to enter text.

ADMINISTRATION/STAFF RECOMMENDED COUNCIL ACTION: Staff recommends authorizing the application.

Agenda Item # NB. 2 Meeting Date: 5/23/22