



**City of Newport
City Council Minutes
June 6, 2013**

1. CALL TO ORDER

Mayor Geraghty called the meeting to order at 5:30 P.M.

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL -

Council Present – Tim Geraghty; Tom Ingemann, Bill Sumner, Tracy Rahm

Council Absent – Steven Gallagher

Staff Present – Deb Hill, City Administrator; Bruce Hanson, Supt. of Public Works; Mark Mailand, Fire Chief; Renee Helm, Executive Analyst; Fritz Knaak, City Attorney; Jim Stremel, City Engineer

Staff Absent – Curt Montgomery, Police Chief;

4. ADOPT AGENDA

Mayor Geraghty – I would like to close the meeting at the end to discuss litigation matters.

Motion by Ingemann, seconded by Sumner, to adopt the Agenda as amended. With 4 Ayes, 0 Nays, 1 Absent, the motion carried.

5. ADOPT CONSENT AGENDA

Motion by Ingemann, seconded by Rahm, to approve the Consent Agenda as presented, which includes the following items:

- A. Minutes of the May 16, 2013 Regular City Council Meeting
- B. Minutes of the May 16, 2013 Special City Council Meeting
- C. Minutes of the May 16, 2013 City Council Workshop Meeting
- D. List of Bills in the Amount of \$186,823.26
- E. Approval of Park Permit

With 4 Ayes, 0 Nays, 1 Absent, the motion carried.

6. VISITORS PRESENTATIONS/PETITIONS/CORRESPONDENCE

7. MAYOR'S REPORT –

Mayor Geraghty – I attended the Park Board meeting last week and they talked about the increased population of bats. Bob Anderson donated five bat houses to place throughout the City. There is still a need for volunteers to help clean up parks. There is going to be a camp-out at Loveland Park June 22. I also attended the Library Board meeting today. They discussed the job description and other policies. They'll be reviewing the drafts and will have a workshop in July to discuss the policies further.

8. COUNCIL REPORTS –

Councilman Rahm – I attended a SWCTC meeting and they had a rate card that did not include the cost of the digital converters. Comcast appealed that rate card.

Councilman Ingemann – Nothing to report.

Councilman Sumner – I coordinate a blood drive at my workplace and I just want to remind individuals that giving blood is very important and to do so if you're healthy enough. I have a couple comments on the watershed project. There is a washout beginning under the power lines. Also, the grass on the north facing side is not coming in very well compared to other areas around the pond. I'm wondering if I can get an explanation on how we can amend an ordinance after we've adopted it.

Attorney Knaak – You would go through the same process again.

Councilman Sumner – So there are processes we can learn about in order to do so?

Attorney Knaak – Yes.

Councilman Sumner – One of the residents had contacted me last week stating that he had seen someone on his property around 5:00 a.m. and I was told that we don't have any regulations for hours of operation for businesses. I was wondering if other cities have regulations for hours for businesses.

Attorney Knaak – I would have to check the actual ordinances. You do have the right to regulate hours of operation.

Councilman Sumner – Ok. Of course, the City did tell him that he should call the Police if he believes it to be suspicious.

Superintendent Hanson – Last week, Jim, myself and the contractor for the North Ravine project met to discuss the issues you had discussed. They believe that the grass is growing sufficiently because it's a native grass and takes a little longer to grow. We have a three year warranty on it.

9. ADMINISTRATOR'S REPORT –

A. Approval of Annual Financial Report for Year Ended December 31, 2012

Jim Eichten of Malloy, Montague, Karnowski, Radosevich, and Co. was present to discuss the Audit Report for Year Ended December 31, 2012 as outlined in the June 6, 2013 City Council packet. A copy of Mr. Eichten's presentation is attached at the end of these minutes.

Councilman Sumner – So this improvement will reflect well on any kind of bonding that we do?

Mr. Eichten – In general it will. I can't guarantee it though.

B. Deer Hunt Agreement

Admin. Hill presented on this item as outlined in the June 6, 2013 City Council packet.

Councilman Ingemann – Will the parks be closed during the hunt?

Superintendent Hanson – We've talked with several cities and it's not an issue.

Councilman Sumner – Will the areas be identified?

Superintendent Hanson – There will be signs at the entrances of the park to make people aware.

Councilman Sumner – How many hunters?

Admin. Hill – Four per park. The hunt will be in Bailey and Loveland.

Mayor Geraghty – Do they hunt all day?

Superintendent Hanson – It sounds like it'll be morning and afternoon.

Tom Aguilar-Downing, 1550 Wild Ridge Ct N – The Park Board discussed this agreement and had concerns about the parks being open during the hunt. The Park Board believes that the parks should be closed during that time. Also, there was a question on number 10 regarding incidents of trespassing. Who will be reporting the trespassing?

Superintendent Hanson – It would need to be the property owner.

Mr. Aguilar-Downing – I recommend that the City send letters to adjacent property owners regarding the hunt and who they should contact for trespass issues.

Councilman Ingemann – I don't see any problem with closing the parks.

Mayor Geraghty – I can see both sides.

Councilman Ingemann – I'd feel better if the parks were closed.

Councilman Sumner – Let's close the parks.

Motion by Ingemann, seconded by Rahm, to approve the Deer Hunt Agreement as amended. With 4 Ayes, 0 Nays, 1 Absent, the motion carried.

Admin. Hill – Just to let you know that we are closing on 1625 Cedar Lane tomorrow.

10. ATTORNEY'S REPORT –

Attorney Knaak – You have before you the prosecution report. We're at 88 criminal prosecution matters. The Police Department is doing an excellent job.

11. POLICE CHIEF'S REPORT – Nothing to report.

12. FIRE CHIEF'S REPORT – Chief Mailand reported on the number of calls in the past few weeks, which include: false alarms, gas leaks, and power line issues. He thanked Bruce for working on their items. The Fire Department conducted a live burn at 1605 Cedar Lane. On July 1 and July 2, the Fire Department will be going door to door to sell raffle tickets for Booya.

13. ENGINEER'S REPORT –

A. 2013-2015 Street Improvement Projects

Engineer Stremel presented on this item as outlined in the June 6, 2013 City Council packet.

Mayor Geraghty – Item #4 doesn't read correctly. Maybe you should add "for" between "loan" and "property owner."

Motion by Geraghty, seconded by Ingemann to approve Resolution No. 2013-24 Establishing a Policy for Repair of Sanitary Sewer Services. With 4 Ayes, 0 Nays, 1 Absent, the motion carried.

Councilman Sumner – Is point #3 on every driveway or only driveways that drain to the street? Do we need to accommodate for driveways like that?

Engineer Stremel – We want the first four feet to drain to the street.

Councilman Sumner – Can we look at making an exception for driveways that don't wash to the street?

Superintendent Hanson – There's still an issue of tracking mud and gravel into the streets.

Councilman Sumner – Does point #3 allow us to go to properties that cause issues and tell them that they need to address it? If not, can we include point #3 in the nuisance ordinance?

Attorney Knaak – This resolution provides guidance. If it was an ordinance and there was a violation then we could enforce it and charge a misdemeanor. It would be relatively easy to incorporate this language into the Code.

Councilman Sumner – Another item is that there are certain businesses that would like more than two driveways. Does this policy address that request?

Engineer Stremel – It doesn't specifically say.

Superintendent Hanson – I believe point #3 should address any amount of rain because a ½ inch can cause just as much damage.

Councilman Sumner – Should we table this?

Engineer Stremel – This piece does not affect the 2013 projects so we have some time.

Motion by Geraghty, seconded by Sumner to table Resolution No. 2013-25. With 4 Ayes, 0 Nays, 1 Absent, the motion carried.

14. SUPERINTENDENT OF PUBLIC WORKS REPORT –

Superintendent Hanson – We have started on cleaning up the ashes from 1605 Cedar Lane.

15. NEW/OLD BUSINESS

The City Council closed the meeting to the public to discuss litigation matters at 6:38 p.m. The City Council opened the meeting to the public at 6:54 p.m.

16. ADJOURNMENT

Motion by Geraghty, seconded by Ingemann, to adjourn the regular Council Meeting at 6:55 P.M. With 4 Ayes, 0 Nays, 1 Absent, the motion carried.

Signed: _____
Tim Geraghty, Mayor

Respectfully Submitted,

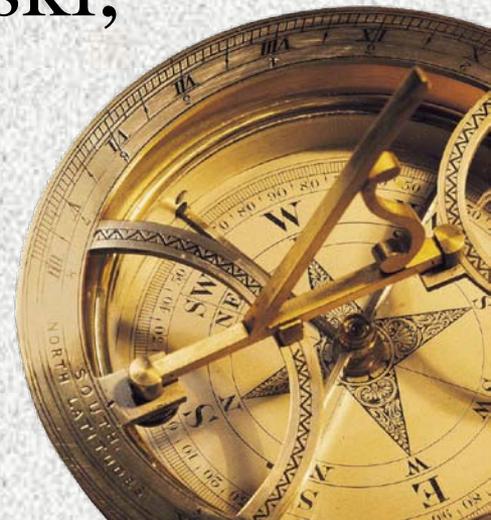
Renee Helm
Executive Analyst



City of Newport
Audit Report
Year Ended December 31, 2012

Malloy, Montague, Karnowski,
Radosevich, & Co., P.A.

James H. Eichten, CPA



Auditor's Role

- **Opinion on Financial Statements**
 - **Financial Statements are Fairly Presented in Accordance with U.S. GAAP**

- **Testing of Internal Controls and Compliance**
 - **Internal Controls over Financial Reporting**
 - **Compliance with Laws and Regulations related to Financial Reporting**
 - **Minnesota Legal Compliance**

- **No Single Audit of Federal Awards for 2012**

Audit Results

❖ Findings - Internal Controls

- Segregation of Duties
- Preparation of Financial Statements

❖ Findings - MN Legal Compliance

- Declaration on Checks
- Declaration on Payroll Transactions



Audit Results

● Follow-Up on Prior Year Findings

- Timely Payment of Invoices
- Required Subcontractor Language



Management Report

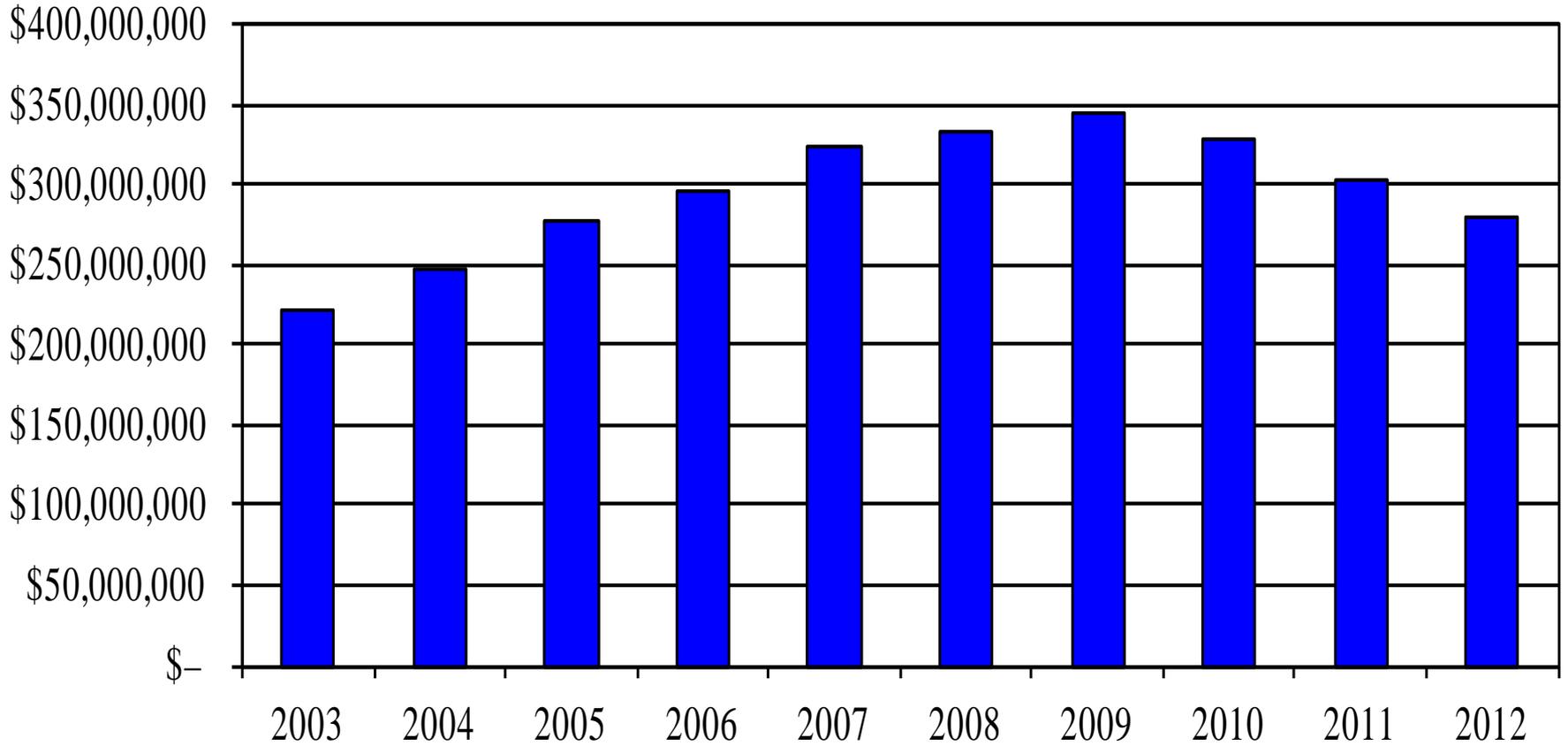
● Audit Summary

- Planned Scope and Timing
- Significant Accounting Policies
 - Implemented GASB Statement No. 63
- No Difficulties in Completing Audit

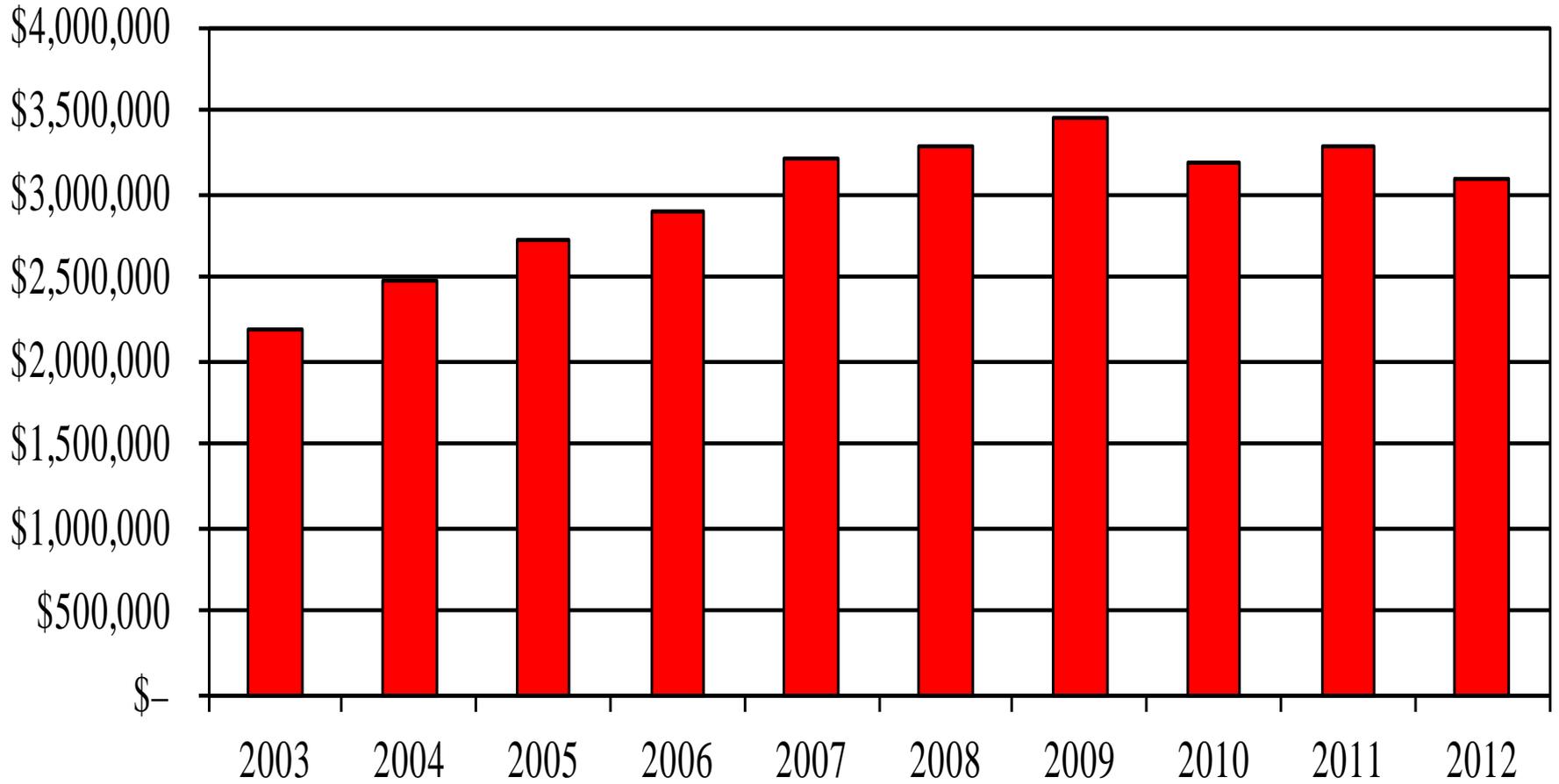
● Legislation

● Property Taxes

Taxable Market Value



Local Tax Capacity





Tax Rates

Rates expressed as a percentage of net tax capacity

	All Cities State-Wide		Seven-County Metro Area		City of Newport	
	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>
Average tax rate						
City	42.5	46.3	40.0	43.4	60.3	64.7
County	43.7	46.8	42.1	45.0	29.8	31.9
School	25.2	27.3	26.8	28.5	35.2	37.9
Special taxing	<u>6.4</u>	<u>6.8</u>	<u>8.1</u>	<u>8.7</u>	<u>4.7</u>	<u>5.1</u>
Total	<u><u>117.8</u></u>	<u><u>127.2</u></u>	<u><u>117.0</u></u>	<u><u>125.6</u></u>	<u><u>130.0</u></u>	<u><u>139.6</u></u>



Management Report

- **Audit Summary**
- **Legislation**
- **Property Taxes**
- **Governmental Funds Overview**



CERTIFIED PUBLIC
ACCOUNTANTS

Governmental Funds Revenue per Capita
With State-Wide Averages by Population Class

Year	State-Wide			City of Newport		
	December 31, 2011			2010	2011	2012
Population	2,000–2,500	2,500–10,000	10,000–20,000	3,435	3,449	3,449
Property taxes	\$ 369	\$ 390	\$ 363	\$ 537	\$ 729	\$ 676
Tax increments	37	40	48	119	–	–
Franchise and other taxes	8	27	36	–	–	–
Special assessments	65	70	56	74	66	81
Licenses and permits	18	23	21	28	24	22
Intergovernmental revenues	396	283	263	230	252	336
Charges for services	109	95	79	19	23	17
Other	110	65	75	29	65	92
Total revenue	\$ 1,112	\$ 993	\$ 941	\$ 1,036	\$ 1,159	\$ 1,224



CERTIFIED PUBLIC
ACCOUNTANTS

Governmental Funds Expenditures per Capita
With State-Wide Averages by Population Class

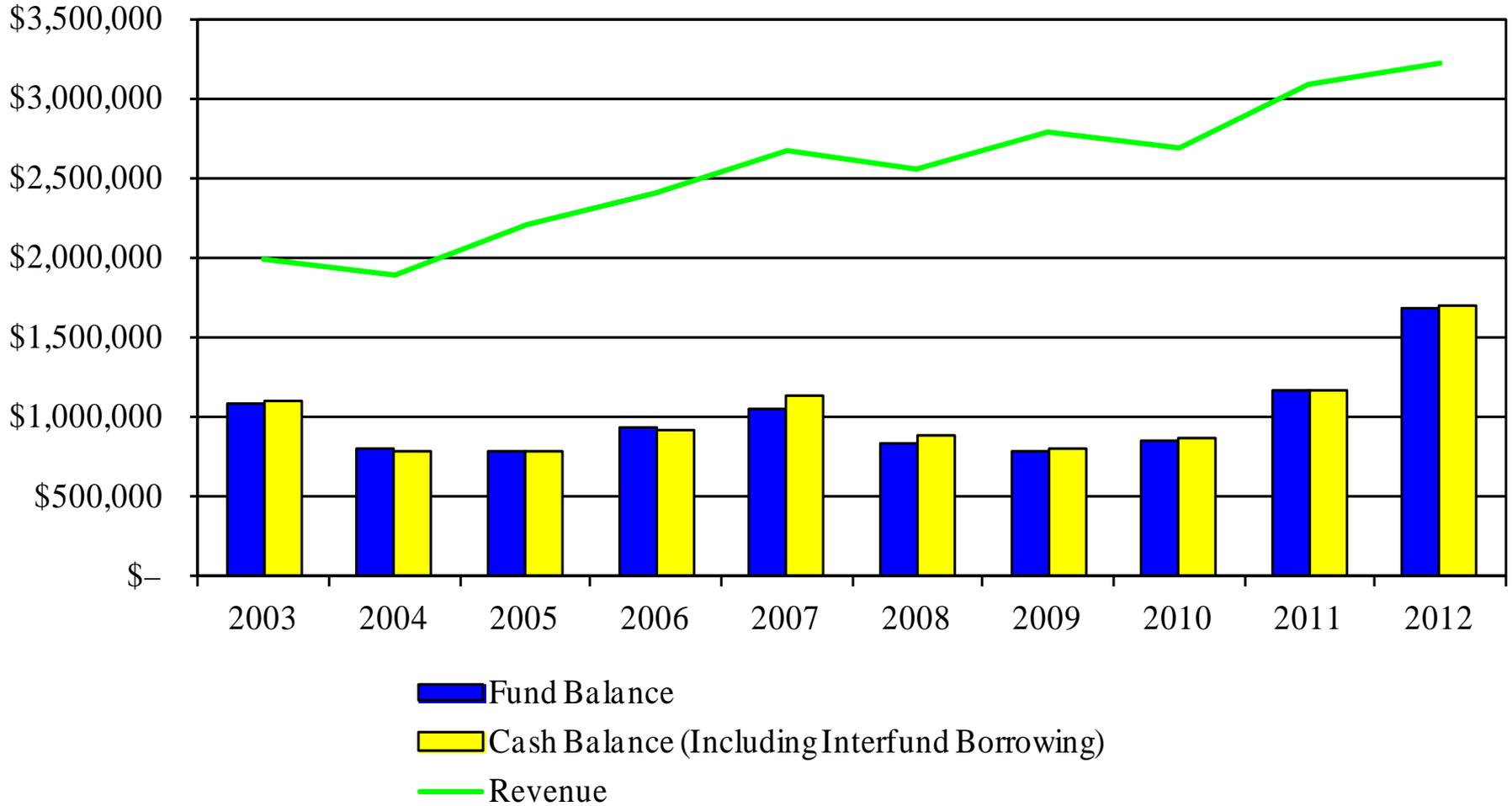
Year	State-Wide			City of Newport		
	December 31, 2011			2010	2011	2012
Population	2,000–2,500	2,500–10,000	10,000–20,000	3,435	3,449	3,449
Current						
General government	\$ 164	\$ 126	\$ 99	\$ 225	\$ 421	\$ 253
Public safety	249	231	225	284	287	280
Street maintenance and lighting	129	114	108	116	130	146
Parks and recreation	97	79	96	94	103	78
All other	100	74	81	–	–	–
	<u>\$ 739</u>	<u>\$ 624</u>	<u>\$ 609</u>	<u>\$ 719</u>	<u>\$ 941</u>	<u>\$ 757</u>
Capital outlay and construction						
	<u>\$ 242</u>	<u>\$ 258</u>	<u>\$ 272</u>	<u>\$ 21</u>	<u>\$ 74</u>	<u>\$ 212</u>
Debt service						
Principal	\$ 229	\$ 186	\$ 148	\$ 229	\$ 250	\$ 89
Interest and fiscal	75	60	48	39	16	12
	<u>\$ 304</u>	<u>\$ 246</u>	<u>\$ 196</u>	<u>\$ 268</u>	<u>\$ 266</u>	<u>\$ 101</u>



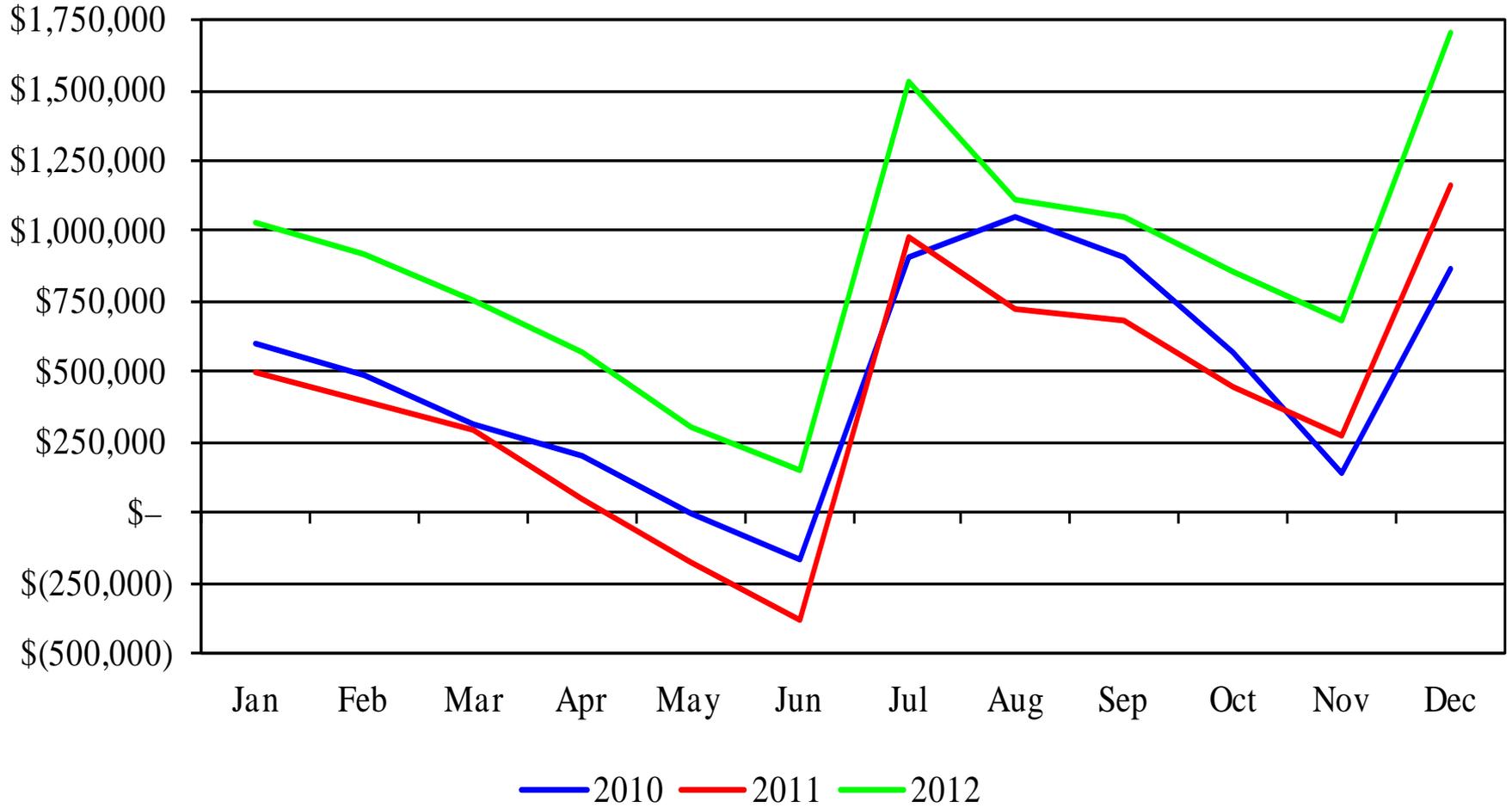
Governmental Funds Change in Fund Balance

	Fund Balance as of December 31,		Increase (Decrease)
	2012	2011	
Fund balances of governmental funds			
Total by classification			
Nonspendable	\$ 32,123	\$ 28,144	\$ 3,979
Restricted	1,539,910	1,546,329	(6,419)
Assigned	541,370	533,385	7,985
Unassigned	1,656,652	1,131,958	524,694
Total – governmental funds	\$ 3,770,055	\$ 3,239,816	\$ 530,239
Total by fund			
General	\$ 1,688,775	\$ 1,160,102	\$ 528,673
Economic Development Authority	562,703	537,149	25,554
Debt Service Funds	386,271	296,665	89,606
Capital Project Funds	1,085,868	1,196,608	(110,740)
Special Revenue Funds	46,438	49,292	(2,854)
Total – governmental funds	\$ 3,770,055	\$ 3,239,816	\$ 530,239

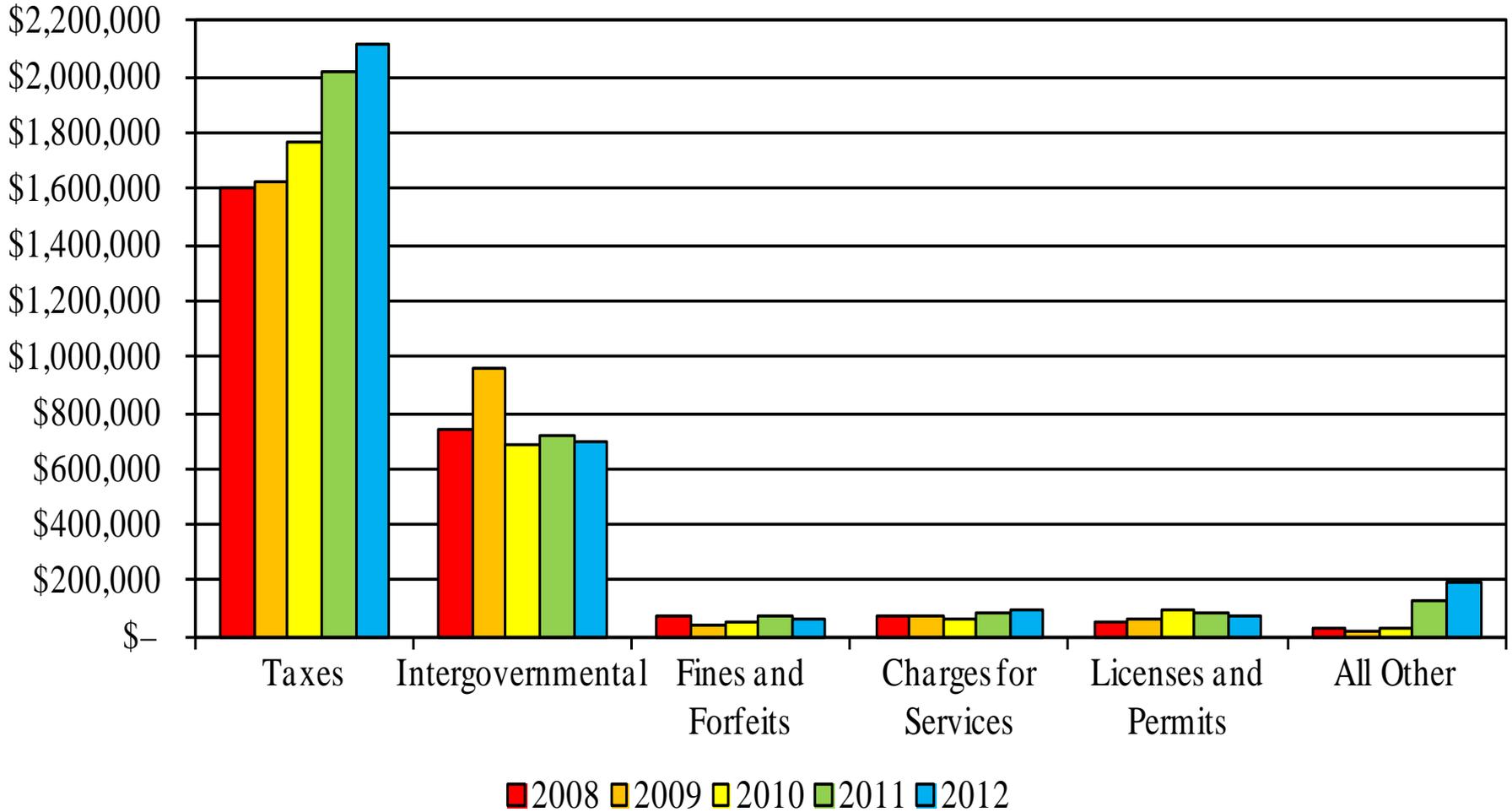
General Fund Financial Position Year Ended December 31,



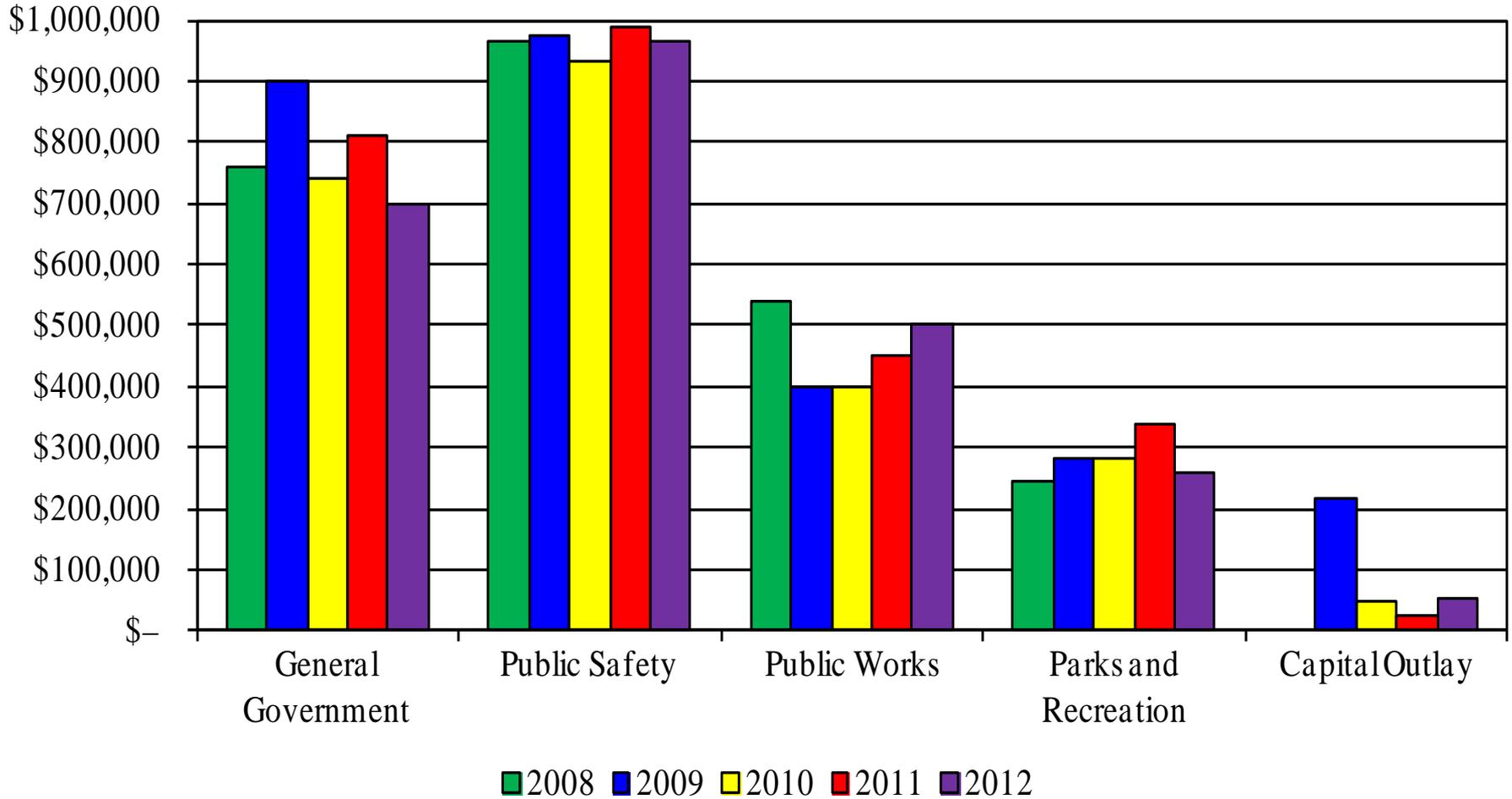
General Fund Cash and Investment Flow Month-End Balances



General Fund Revenue by Source Year Ended December 31,



General Fund Expenditures by Function Year Ended December 31,



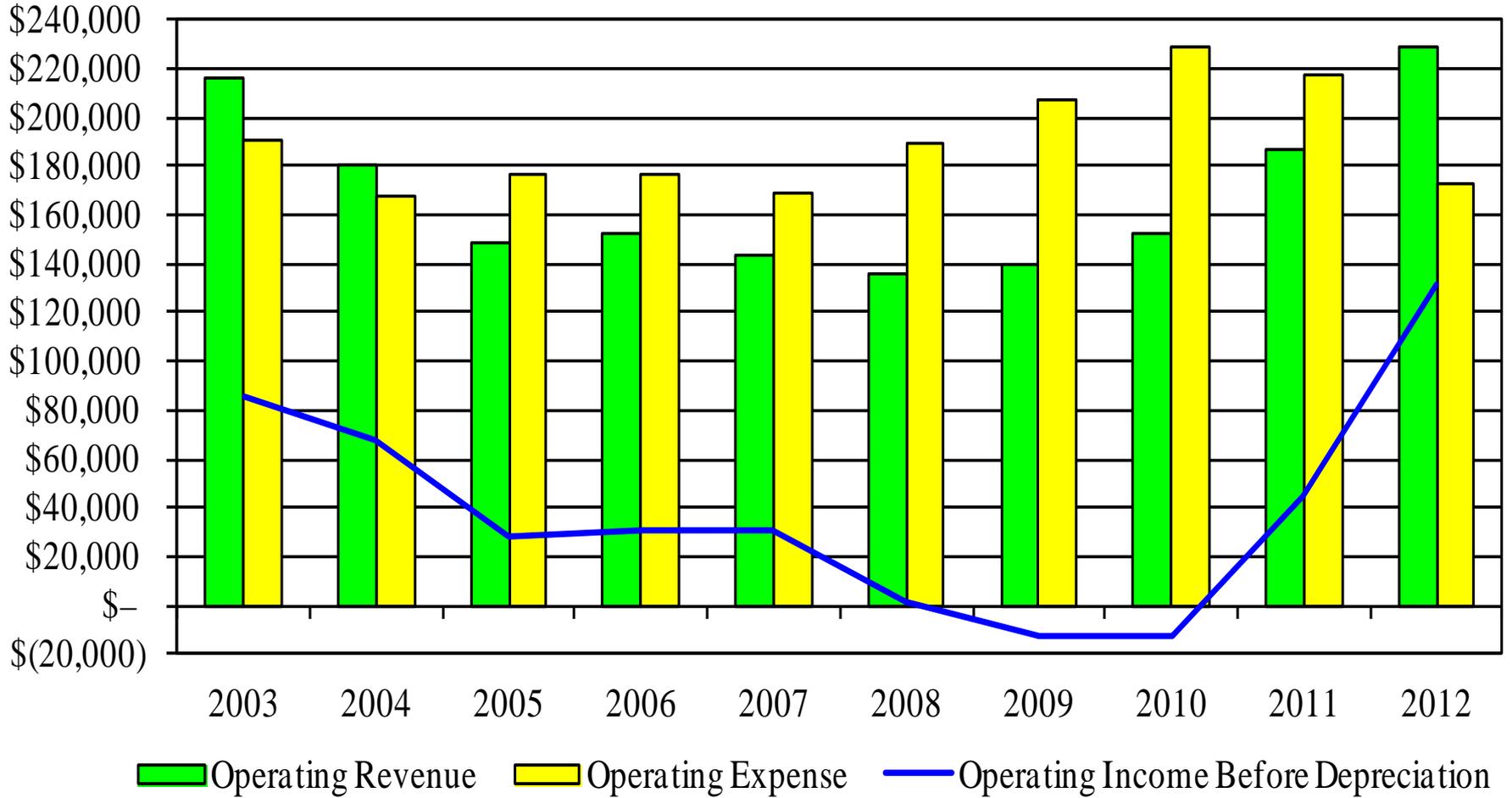


Management Report

- **Audit Summary**
- **Legislation**
- **Property Taxes**
- **Governmental Funds Overview**
- **Utility Funds Overview**

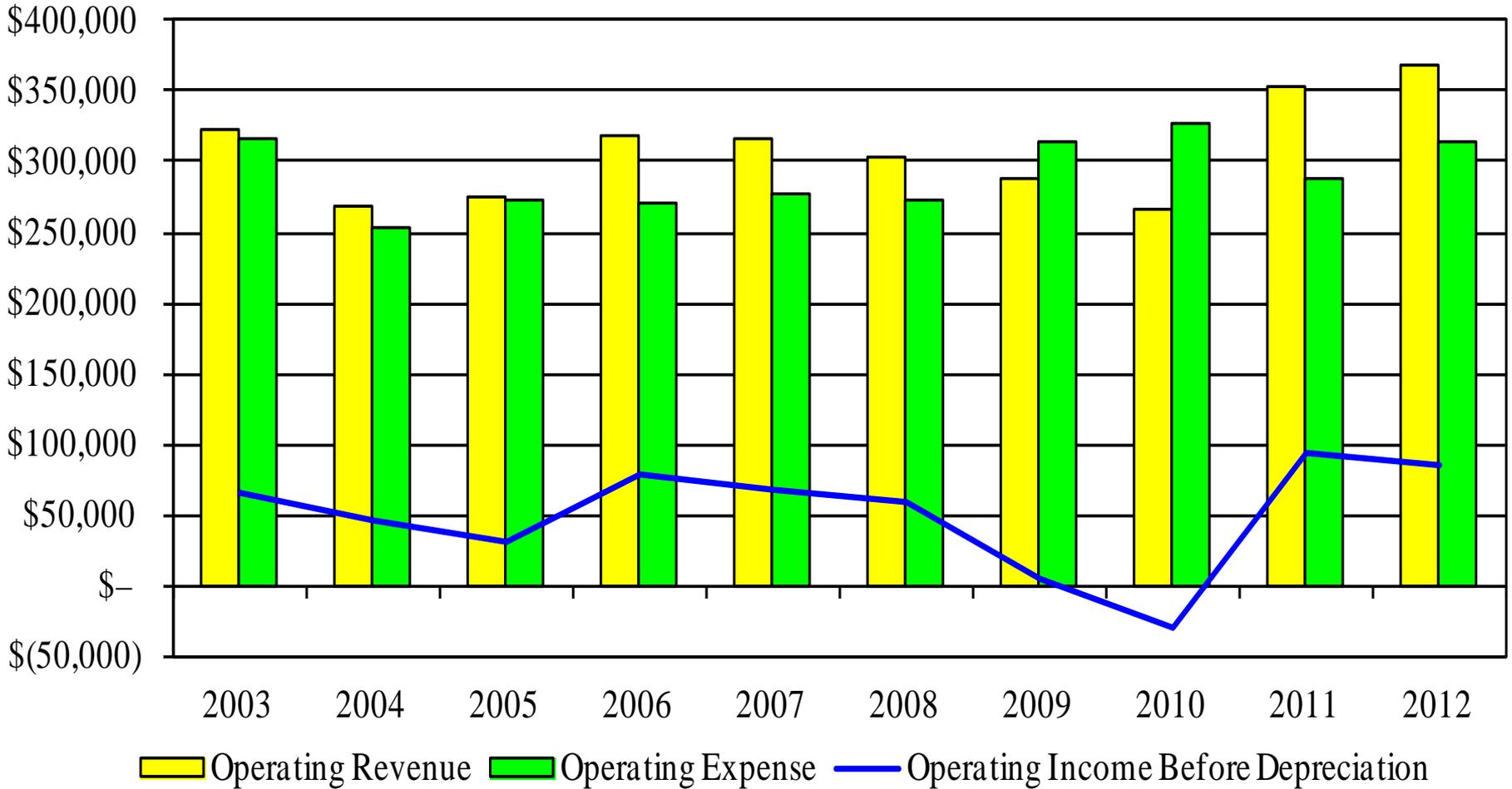
Water Enterprise Fund Financial Activity

Year Ended December 31,



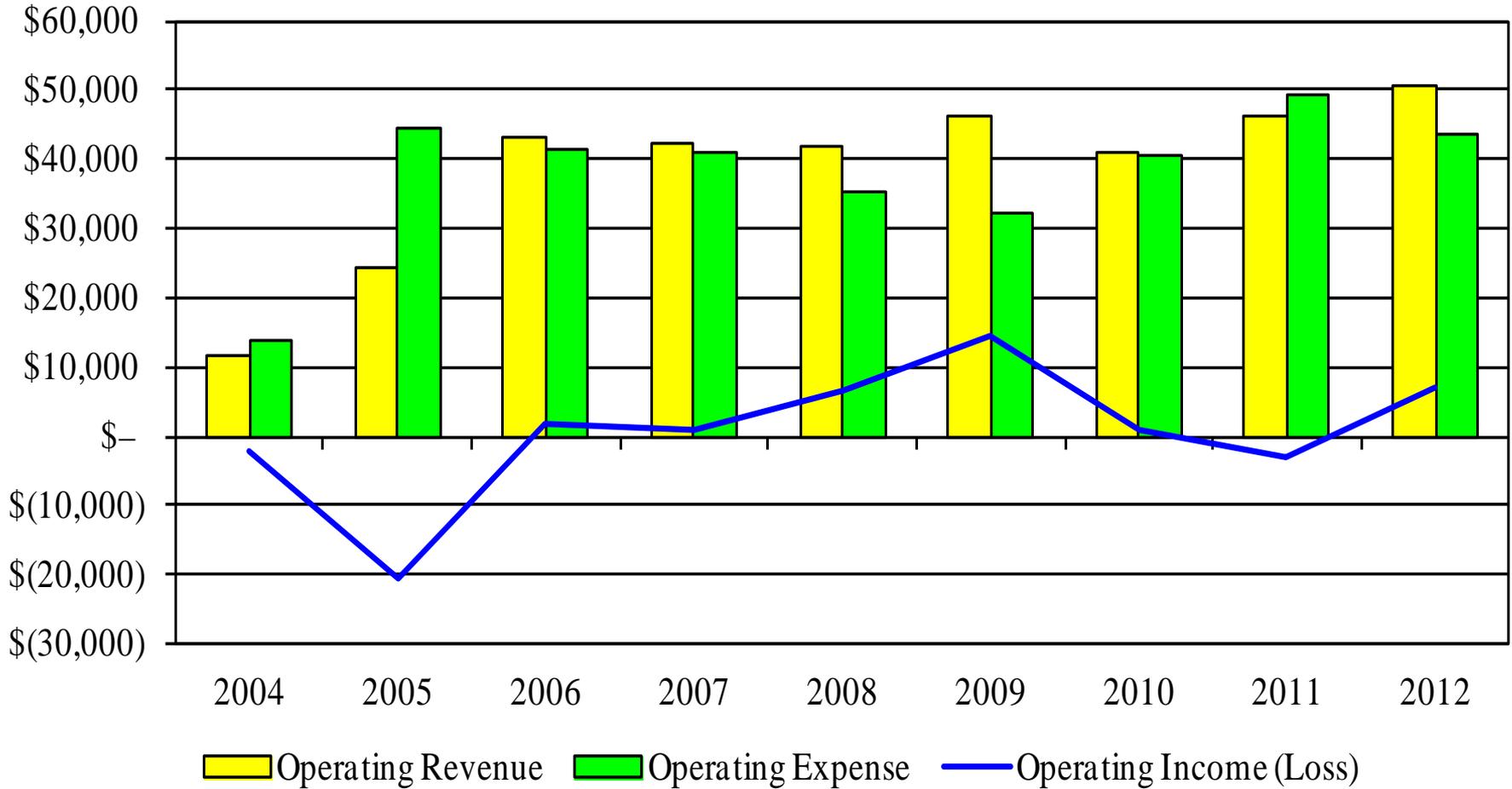
Sewer Enterprise Fund Financial Activity

Year Ended December 31,



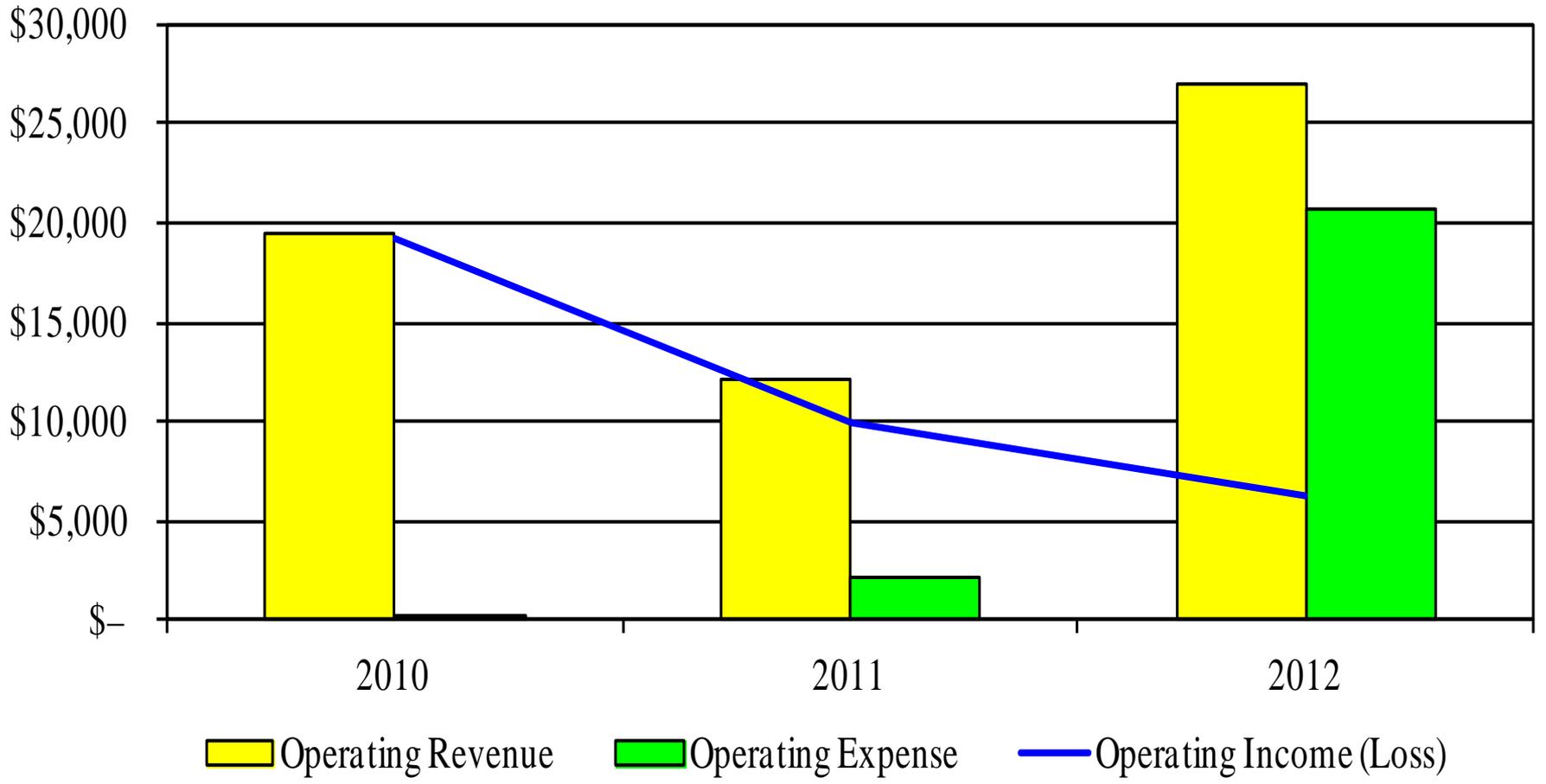
Street Light Enterprise Fund Financial Activity

Years Ended December 31,



Storm Water Enterprise Fund Financial Activity

Years Ended December 31,





Management Report

- **Audit Summary**
- **Legislation**
- **Property Taxes**
- **Governmental Funds Overview**
- **Utility Fund Overview**
- **Overall Financial Analysis**



City-Wide Financial Results

	2012			2011
	Expenses	Program Revenues	Net Change	Net Change
Net (expense) revenue				
Governmental activities				
General government	\$ 881,690	\$ 150,759	\$ (730,931)	\$ (1,306,891)
Public safety	1,025,646	131,908	(893,738)	(939,806)
Public works	1,517,411	539,521	(977,890)	(820,245)
Parks and recreation	275,260	5,907	(269,353)	(408,779)
Interest on long-term debt	41,774	—	(41,774)	(73,902)
Business-type activities				
Water	179,607	228,980	49,373	(39,156)
Sewer	323,906	534,721	210,815	57,998
Other	64,284	77,604	13,320	7,164
Total net (expense) revenue	<u>\$ 4,309,578</u>	<u>\$ 1,669,400</u>	(2,640,178)	(3,523,617)
General revenues				
Property taxes			2,307,486	2,321,398
General grants and contributions			692,136	564,773
Other general revenues			151,137	141,349
Investment earnings			20,948	34,203
Total general revenues			<u>3,171,707</u>	<u>3,061,723</u>
Change in net position			<u>\$ 531,529</u>	<u>\$ (461,894)</u>



Management Report

- **Audit Summary**
- **Legislation**
- **Property Taxes**
- **Governmental Funds Overview**
- **Utility Fund Overview**
- **Overall Financial Analysis**
- **Accounting and Auditing Updates**

Summary

- **Clean Opinion on Financial Statements**
- **Discussion of Findings**
- **Continue to Assess and Improve Internal Controls and Financial Reporting**
- **Improving General Fund Financial Condition**
- **Improving Overall and Enterprise Fund Financial Results**