



# AGENDA

## Blackduck City Council Meeting

6:00 PM - Monday, May 4, 2020  
Zoom Meeting & YouTube Live Stream

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1.	CALL TO ORDER	
a.	Roll Call	
b.	Pledge of Allegiance	
2.	APPROVAL OF AGENDA	
a.		
3.	CONSENT AGENDA	
	<i>All items listed under the Consent Agenda, unless removed from the Consent Agenda shall be approved by one Council motion.</i>	
a.	<a href="#">April 6, 2020 Regular Council Meeting Minutes -</a>	4 - 10
b.	<a href="#">April 9, 2020 Golf Board Meeting Minutes</a>	11 - 13
c.	<a href="#">April 15, 2020 Planning Commission Meeting Minutes</a>	14
d.	<a href="#">April 20, 2020 Council Work Session Minutes</a>	15 - 24
e.	<a href="#">April 23, 2020 Golf Board Meeting Minutes</a>	25 - 26
f.	<a href="#">April 2020 Fund Balance Report, Transfers, and Bond Payments</a>	27
g.	<a href="#">April 2020 Bills Report</a>	28 - 29
h.	<a href="#">April 2020 Water Income Statement</a>	30
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l.	<a href="#">April 2020 Liquor Store Income Statement</a>	35 - 36
m.	<a href="#">March 2020 LG216 Lawful Gambling Report from the Blackduck Firemens Relief</a>	37
n.	<a href="#">Final Approval - 2020 Annual Continuing Disclosure Reporting from Ehlers</a>	38 - 45
o.	<a href="#">Final Approval - Blackduck Theater Satisfaction of Mortgage</a>	46 - 47
p.	<a href="#">Final Approval -May 2020 Seasonal part-time new hires</a>	48
q.	<a href="#">Final Approval - City of Blackduck City Hall MFP Lease renewal Contract Marco</a>	49 - 52
r.	<a href="#">Final Approval - City of Blackduck Request for Proposals for Legal Services</a>	53 - 57
4.	BLACKDUCK FORUM	

Visitors may share their concerns with Council on any issue, which is not already on the agenda. Each person will have 3 minutes to speak. The Mayor reserves the right to limit an individual's presentation if it becomes redundant. The Mayor may also limit the number of individual presentations on any issue to accommodate the scheduled agenda items. All comments will be taken under advisement by the Council. No action will be taken at the time.

5.	REPORT OF CITY ATTORNEY - JOE BOYLE	
a.	<a href="#">Report from City Attorney Joe Boyle - unnamed citizen complaint</a>	58
6.	2019 FINANCIAL AUDIT PRESENTATION - ASHLEY EASTRIDGE, MILLER MCDONALD, INC.	
a.	<a href="#">Miller McDonald Letter to the Blackduck City Council</a>	59 - 64
b.	<a href="#">Five Year Trend Report City of Blackduck</a>	65 - 71
c.	<a href="#">2019 Financial Statements</a>	72 - 175
7.	REPORTS OF COMMITTEES AND CITY STAFF	
7.1.	Public Works Report - Mike Schwanke, Public Works Supervisor	
a.	<a href="#">Widseth GIS Services Public Utilities Approval Needed - Widseth Confirmation of Request for Mapping Services - Curt Meyer &amp; Mark Reineke of Widseth</a>	176 - 179
b.	Discussion - Public Works Trucks - Lease return & Options for new vehicles <a href="#">City of Blackduck Buyout Quote</a>	180 - 181
7.2.	Liquor Store Report - Shawnda Lahr, Liquor Store Manager	
7.3.	Law Enforcement Report - Jace Grangruth, Police Chief	
7.4.	Fire Department Report - Brian Larson, Fire Chief	
7.5.	Golf Course Report - Jim Andersen, Golf Course Superintendent & Pam Exner, Club House Manager	
7.6.	Library Report - Kelly Hanks, Head Librarian	
a.	Library Board Meeting - Tuesday, May 19, 2020 @ 6pm - Blackduck Library	
b.	Kitchigami Regional Library Meeting - Thursday, May 21, 2020 - Pine River, MN	
8.	ADMINISTRATOR'S REPORT	
a.	<a href="#">Approval Needed - City of Blackduck 2020 Minnesota Investment fund state funded RLF Request for onetime exception</a>	182 - 184
b.	<a href="#">Donation Request - Blackduck 2020 After Prom</a>	185 - 186
c.	City Council Work Session - Monday, May 18, 2020 @ 6pm	
d.	City Council Regular Council Meeting - Monday, June 8, 2020 @ 6pm	
e.	Memorial Day Observed - Monday, May 25, 2020 - <b>CITY OFFICES CLOSED</b>	
9.	MAYOR AND/OR COUNCIL MEMBER REPORTS	
10.	COMMUNITY EVENTS/GOOD THINGS HAPPENING	

- a. May Employee Anniversaries  
Rae Burmeister 2000 - Public Works - 21 Years  
Chris Brown 2013 - Public Works - 8 years  
Rudy Patch 2012 - Fire Department - 9 years  
Loe Gross 2009 - Fire Department - 12 years  
Andy Thienes 1998 - Fire Department - 23 years  
Fletcher Cauchon 2008 - Fire Department - 13 years  
Matt Landis 2008 - Fire Department - 13 years  
Jim Peasley 1991 - Fire Department - 30 years
- b. Blackduck Development Corp Meeting - Wednesday May 13, 2020 @ 11am -
- c. Blackduck Chamber of Commerce Meeting - Wednesday, May 20, 2020 @ Noon @ Restaurant 71
- d. Blackduck Planning Commission Meeting - Wednesday, May 20, 2020 @ 2pm - City Hall
- e. Blackduck City Wide Clean-up Event - Saturday, May 16, 2020 - 8am-11am  
**REGISTRATION REQUIRED**

11. ADJOURNMENT

- a.



# MINUTES

## Council Meeting

6:00 PM - Monday, April 6, 2020  
City Hall, 8 Summit Drive, Blackduck MN

The Council of the City of Blackduck was called to order on Monday, April 6, 2020, at 6:00 PM, in the City Hall, 8 Summit Drive, Blackduck MN, with the following members present:

**COUNCILORS PRESENT:** Mayor Rudy Patch, Councilor Paige Moore, Councilor Jason Kolb, and Councilor Maxwell Gullette

**COUNCILORS EXCUSED:**

**STAFF PRESENT:** City Administrator Christina Regas, Police Chief Jace Grangruth, Public Works Supervisor Mike Schwanke, and Liquor Store Manager Shawnda Lahr

**OTHERS PRESENT:** Stephen Rose, Widesth

### 1. CALL TO ORDER

The City Council of the City of Blackduck met in Regular Council Meeting at Blackduck City Hall at 6:00pm April 6, 2020. The meeting was called to order by Mayor Patch and the Pledge of Allegiance was stated.

### 2. APPROVAL OF AGENDA

a.

Paige Moore moved to approve the agenda as submitted Jason Kolb seconded the motion.

Carried 4 to 0

Rudy Patch	For
Paige Moore	For
Jason Kolb	For
Maxwell Gullette	For

### 3. CONSENT AGENDA

*All items listed under the Consent Agenda, unless removed from the Consent Agenda shall be approved by one Council motion.*

- a. March 9, 2020 City Council Meeting Minutes
- b. March 12, 2020 Golf Board Meeting Minutes
- c. March 16, 2020 Public Safety Committee Meeting Minutes
- d. March 17, 2020 Personnel Committee Meeting Minutes
- e. March 18, 2020 City Council Emergency Meeting Minutes

- f. March 23, 2020 City Council Work Session Minutes
- g. March 23, 2020 Revolving Loan Fund Committee Meeting Minutes
- h. March 26, 2020 Golf Board Meeting Minutes
- i. January 16, 2020 Kitchigami Regional Library Board Meeting Minutes
- j. March 2020 Fund Balance Report
- k. March 2020 Bills
- l. March 2020 Water Income Statement
- m. March 2020 Sewer Income Statement
- n. March 202 Pine Tree Park Income Statement
- o. March 2020 Golf Course Income Statement
- p. March 2020 Liquor Store Income Statements
- q. February 2020 Lawful Gambling Report from the Blackduck Firemens Relief LG216
- r. 2019 State Fire Aid
- s. Final Approval - City of Blackduck Potential Refunding Analysis of Existing Bonds
- t. ~~Final Approval - April 2020 New Hires~~
- u. Final Approval - USDA Letter of Conditions for Community Facilities Grant 2020
- v. Final Approval - Blackduck Property Appraisal Report from LMCIT 2019
- w. Final Approval - RLF COVID-19 Loan Deferral - MAK Properties
- x. Final Approval - RLF COVID-19 Loan Deferral - Blackduck Floral & Gifts
- y. Final Approval - RLF COVID-19 Loan Deferral - Flowers in the Attic

Maxwell Gullette moved to approve the consent agenda with the removal of item 't' - Final Approval - April 2020 New Hires Jason Kolb seconded the motion.

CARRIED. 4 to 0

Paige Moore	For
Rudy Patch	For
Jason Kolb	For
Maxwell Gullette	For

Rudy Patch moved to approve item 't' - Final Approval - April 2020 New Hires Paige Moore seconded the motion.

CARRIED. 3 to 0

Paige Moore	For
Rudy Patch	For
Jason Kolb	For
Maxwell Gullette	Abstained

**4. BLACKDUCK FORUM**

*Visitors may share their concerns with Council on any issue, which is not already on the agenda. Each person will have 3 minutes to speak. The Mayor reserves the right to limit an individual's presentation if it becomes redundant. The Mayor may also limit the number of individual presentations on any issue to accommodate the*

*scheduled agenda items. All comments will be taken under advisement by the Council. No action will be taken at the time.*

*No one present to speak.*

## **5. REPORTS OF COMMITTEES AND CITY STAFF**

### **5.1. PUBLIC WORKS REPORT - MIKE SCHWANKE, PUBLIC WORKS SUPERVISOR**

#### **5.1.1. City Building Renovations & Rebuild Report from WSN - Stephen Rose Blackduck Liquor Store Facility Study - Blackduck City Hall Program Combined Maintenance and Police Facility Program**

Regas asked the City Council if they have all the supplied reports from WSN. (Stephen Rose was on the conference call line and having difficulty communicating due to a poor connection) At this time the City Council announced they had all read the supplied reports. Regas asked on behalf of Rose if the City Council had any questions for him at this time. Mayor Patch, Councilors Moore and Kolb, staff Schwanke and Grangruth had no questions at this time. Rose stated that by contract the provided information is only three-quarters of the information. Rose stated he still owes a plan layout of the liquor store and estimated costs of the addition and updates listed on the report. Rose further stated he owes the City the estimated costs for the programs for City Hall and the Combined Public Works building and Law Enforcement Center. Rose further stated he plans to supply Council with that information in the next couple weeks. Mayor Patch asked if the plans could be ready for the April 20, 2020 work session. Rose agreed. Council Gulette asked if the estimated costs for the Liquor store would be for the updates and the addition. Rose confirmed both would be included. Mayor Patch called for further questions. Lahr asked if when the report was completed if Rose recognized the status of the log walls on the east and northside of the building and if that would be addressed. Rose confirmed it would be included. Regas pointed out to the Council that the City Hall proposal requires the board to decide on three options: keep City Hall at the existing location; remodel a different location (Deerwood Bank); or start over with a new building. Regas noted the difference in cost for square footage of starting over vs. remodeling is a 'wash'. Nothing further at this time.

#### **5.1.2. COVID-19 Utility Bills Deferral Program -**

Regas reported the Utility Billing Committee met and drafted a utility billing deferral program for customers that apply. Regas stated the applicants must apply for the program and be in good standing on their account to qualify. Regas stated the applicants that are approved will receive three months of deferral and no late fees but will need to have the deferral paid off in 6 months. Councilor Kolb asked for confirmation if the program is a 3 month deferral with 6 months to pay back. Regas stated the applicants on months 4, 5, & 6 the applicants will be making double payments. Kolb confirmed the program would then be a 3 month deferral with 3 months to pay back. Regas confirmed. Mayor Patch asked if there is a deadline for when the deferral can be requested. Regas stated applicants have until May 1, 2020 to apply. Mayor Patch stated that most apartment building tenants don't pay for water so the program may not have many applicants. Regas stated the two applicants that have applied live in single family homes. Councilor Kolb asked if the program is only for residents or businesses too. Regas stated all customers have the opportunity to apply for the deferral.

### **5.2. SUSPEND THE MEETING**

*Mayor Patch suspended the meeting at 6:20pm due to poor connection for the attendees on the conference call. Regas restarted the conference call on a new platform for better reception. The meeting was restarted at 6:22pm*

### **5.3. LIQUOR STORE REPORT - SHAWNDA LAHR, LIQUOR STORE MANAGER**

5.3.1. Report - Lahr had no updates to report and asked for questions. Councilor Kolb reported to Councilor Gulette that the baby changing stations for the bathrooms were in City Hall. Regas

stated they had just been received today. Lahr stated all the updates at the bar are being worked on and many areas of the bar are having projects completed with the advantage of having the store closed. Lahr further stated the ladies room is almost completed except for a couple of finishes. Regas asked Lahr how the staff was holding up. Lahr stated the only staff that are still scheduled are those that did not have a second job. Lahr further stated the operating hours were reduced to be in line with the grocery store and Timberline. Lahr stated the liquor store is now closing at 8pm and have reduced the staff to only a couple people on a day. Lahr stated the grill is open until 7pm and they are getting people carrying out. Councilor Gullette asked Lahr if the staff is wearing masks at this point. Lahr stated the staff is not but if an employee would want to she would not have a problem with it. Lahr stated the customers are not very close to the staff servicing them. Lahr further stated that the older customers are using masks and they are encouraging social distancing. Nothing further.

**5.4. LAW ENFORCEMENT REPORT - JACE GRANGRUTH, POLICE CHIEF**

5.4.1. Report - Grangruth reported his part time officer will be ready to start in April and due to the current situation he will swear him in. Councilor Kolb asked Chief Grangruth if the City should look into adding a third part-time officer. Grangruth stated the more part time officers on the roster the better the department can be. Councilor Gullette asked if the public has utilized the pick-up for shut-in's program yet. Grangruth stated there have been a few uses but none in Blackduck yet and the program started today. Nothing further.

**5.5. FIRE DEPARTMENT REPORT - BRIAN LARSON, FIRE CHIEF**

5.5.1. Report - Regas reported on behalf of Chief Larson that the department would be making it mandatory to use PPE on all calls the Fire department responds to. Regas additionally added that monthly trainings and meetings have been suspended. Mayor Patch stated the department have received optional on-line training for the volunteers.

**5.6. GOLF COURSE REPORT - JIM ANDERSEN, GOLF COURSE SUPERINTENDENT & PAM EXNER, CLUB HOUSE MANAGER**

5.6.1. Report - Regas reported the golf board will hold another conference call meeting on April 9, 2020 and Jim Andersen has been asked to not start work until at least April 15. Regas stated that date is being monitored by the state status on a weekly basis. Regas further stated public works has been monitoring the status of the greens with the snow melt. Regas reported that the City has just reached out to applicants for the golf course for the summer. Councilor Kolb asked to confirm if the Chilli Cook-off is still on as the minutes stated there is a new date. Regas apologized and corrected the status of the Chilli Cook-off is that it is on hold and TBA for a later date. Regas stated she will make the correction on the minutes. Councilor Gullette asked if the City is losing time opening the course later than normal. Regas stated typically weather permitting the course does not open until May 1 or near State Walleye opener. Regas stated at this time holding back on when the staff begins work is the only item that is delayed. Grangruth stated he heard the Governor is going to push to allow golf courses to open. Councilor Kolb agreed and added the course would need to only allow one-man cart rentals. Regas stated when the golf board discusses it that cart rental may not even be allowed until a later date. Regas further stated other courses in other states are limiting the contact on the course by only allowing 2-man tee times; no cart rental; not installing green pins; and no operation of the club house or pro-shops. Regas stated the golf board will need to discuss these decisions since 'normal use' of the golf course will not be the same this summer. Nothing further.

**5.7. LIBRARY REPORT - KELLY HANKS, HEAD LIBRARIAN**

5.7.1. Report - Councilor Gullette reported that at this time the Library will remain closed until the Regional Library Board allows it to reopen. Mayor Patch asked if the staff have been working during the closer. Gullette reported that Hanks had been working from home. Nothing further.

**6. ADMINISTRATOR'S REPORT**

a. Resolution 2020-15 - Resolution Accepting Resignation and Declaring a Vacancy

Rudy Patch moved to approve Resolution 2020-15 - a Resolution accepting a resignation of Tylor Roth and declaring a vacancy.

Further discussion by Mayor Patch requested the vacancy be printed on the backside of the water and sewer bills. Regas stated the request will be completed for the April water bills. Paige Moore seconded the motion.

CARRIED. 4 to 0

Paige Moore	For
Rudy Patch	For
Jason Kolb	For
Maxwell Gullette	For

b. Donation Request - 2020 After Prom

Rudy Patch moved to table the decision to donate to the After Prom due to not knowing if the event will be held.

Further discussion by Councilor Gullette stated that at best there may be an event held later in the summer. Mayor Patch requested to have communication with the After Prom committee Paige Moore seconded the motion.

CARRIED. 4 to 0

Paige Moore	For
Rudy Patch	For
Jason Kolb	For
Maxwell Gullette	For

c. Elected Officials, Members of City Boards, Commissions, & Committees Conflict of Interest - Code of Ethics Policy

Paige Moore moved to approve the Elected Officials, Members of City Boards, Commissions, & Committees Conflict of Interest - Code of Ethics Policy.

Further discussion by Regas stated after passing of the Policy 'everyone' is to sign the Policy. Councilor Kolb confirmed if by 'everyone' Regas meant the policy applies to all employees and board members. Regas corrected herself by stating the Policy only represents board members. Councilor Gullette asked the board members if the policy has everything the board wants in it or if something needs to come out. Councilor Gullette further asked if all board members have read the policy in its completion. Councilor Moore stated she is happy with the way the policy is written. Mayor Patch asked for further discussion. Hearing none Mayor Patch called for a vote on the motion. Rudy Patch seconded the motion.

CARRIED. 4 to 0

Paige Moore	For
Rudy Patch	For
Jason Kolb	For
Maxwell Gullette	For

d. Action Needed - USDA Loan Resolution Security Agreement - City of Blackduck



Maxwell Gullette moved to approve the USDA Loan Resolution Security Agreement for \$30,000 for the City of Blackduck for the Community Facilities Grant Program Paige Moore seconded the motion.

CARRIED. 4 to 0

Paige Moore	For
Rudy Patch	For
Jason Kolb	For
Maxwell Gullette	For

e. COVID-19 REPORT

Report - Regas reported on new updates that the City has received on COVID-19. Regas stated in the packets was a supplied listing of businesses in Blackduck and the operating hours if open. Regas stated from all the information she has been receiving she believes the Governor will extend the shelter in-place through April. Regas further stated information is pushing the peak for Minnesota into June 2020 and that this new normal will continue for the summer. Regas further stated she would like to hear more of the 'good news' of the those people that have recovered from COVID-19. Regas noted the City playground is closed however at this time the school has not decided to close theirs. Regas stated it has not been made a mandatory directive from the state but is being discussed. Councilor Kolb noted the other two playgrounds owned by the apartment complexes are still open. Regas stated that she will do her best to keep the City updated on the Facebook account on new updates as they come in. Regas stated the directives for homemade masks have been posted on the FB page as well. Regas stated Beltrami County is taking those donations of homemade masks for distribution. Councilor Kolb stated that Dr. Fousie stated the cloths masks do nothing to stop the virus. Regas stated the CDC and the State are concerned that if people are using the homemade masks they will cease to social distance and provide a false sense of security. Kolb stated it will always people to touch their face more by adjusting the masks and then touching other items and potentially contaminating yourself. Regas asked if the Council has any questions. Patch stated he believes the City is supplying the residents with just the right amount of information. Patch further stated Councilor Kolb's point on touching the masks was very informative. Regas reported all City employees affected by a reduction in hours worked have applied for Unemployment Benefits. Regas stated essential staff are alternating working weeks and days to alter the staff. Councilor Kolb stated he believes that if employees still have hours that are under a number of 31 they can receive a portion of unemployment benefits. Regas confirmed and further added the federal relief of \$600 per employee was noted on the state press conference will be funneled through Minnesota UI.

f. City Council Work Session - April 20, 2020 @ 6pm - City Hall

Regas stated the Council Work Session will be via a Zoom Meeting and hopefully have the ability to be streamed on a dedicated YouTube Live stream or a FB live Stream to fulfill the open meeting law and provide for the meetings to be public. Regas further stated all staff will need to attend the meetings on Zoom as well. Mayor Patch agreed for the work session to be a dedicated Zoom Meeting. Mayor Patch further asked if everyone has internet. Councilor Kolb stated he has been having issues with his Chromebook credentials when he tries to use it on campus or on a free wifi or outside his home. Patch stated he is having issues with some email addresses too. Regas asked for those issues to be sent to her so that they can be dealt with Beltrami IT. Gullette stated he has internet and will have Zoom installed. Lahr stated she would need to attend the meeting from The Pond. Regas stated Zoom can be added to a phone too. Gullette asked about the rumors about hackers and Zoom. Regas stated a recent update has added passwords to all meetings and that should take care of any issues the application was having. Regas stated she is trying to comply with open meeting law and who owns the information that is recorded for the meetings held for council meetings. Councilor Kolb stated he knows of other cities that are using YouTube for their meetings. Regas stated there is a portion of Zoom that actually dictates the meetings and date stamps them. Kolb stated this could save Regas a lot of hours dictating meetings. Patch stated there is a place in Zoom meetings to mute your line and and ask questions. Kolb stated you can raise your hand too. Nothing further.

g. City Council Meeting - May 4, 2020 @ 6pm - City Hall

h. Board of Review Meeting for City of Blackduck - April 27, 2020 @ 9am - Blackduck

City Hall

Regas stated at this time she does not know if the board of review will continue as scheduled.

**7. MAYOR AND/OR COUNCIL MEMBER REPORTS**

a. Fence Issues for Resident

Councilor Gullette asked for clarification on the state of a resident's chain link fence that has suffered damage from winter snow. Gullette asked if there was any fault on the City side to the damage that was caused to the fence after snow removal on 3rd Street NE. Regas stated she spoke with Mr. Seitz after the first snow removal. Kolb asked if the fence is in the right-of-way. Regas stated it is 1 foot into the property line. Schwanke stated the snow could not have been enough to bow that portion of the fence down. Mayor Patch stated he reviewed it when it was brought to him and it appears the posts are too far apart allowing for less strength of the top bar that supports the fencing. Patch stated the bowing is straight downward not into the yard which is not typical of snowplowing. Nothing further.

**8. COMMUNITY EVENTS/GOOD THINGS HAPPENING**

a. City of Blackduck Employee Anniversaries -

a. Mike Mackey - 7 years (Fire Department)

b. Pam Exner - 13 years (Golf Course)

b. Blackduck Development Corporation Meeting - April 8, 2020 by teleconference

c. Blackduck Area Chamber of Commerce Meeting - April 15, 2020 @ Noon - teleconference

d. Blackduck Planning Commission Meeting - April 15, 2020 @ 2pm - teleconference

e. 2020 Spring Clean-up Event - May 16, 2020 - 8am-11am - **REGISTRATION REQUIRED**

**9. ADJOURNMENT**

a.

Paige Moore moved to adjourn the meeting at 7:25pm Jason Kolb seconded the motion.

CARRIED. 4 to 0

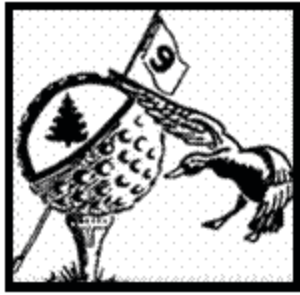
Paige Moore	For
Rudy Patch	For
Jason Kolb	For
Maxwell Gullette	For

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City Administrator, Christina Regas

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Mayor, Rudy Patch



## GOLF BOARD MEETING

BLACKDUCK GOLF COURSE CLUB HOUSE

THURSDAY, APRIL 9, 2020 @ 2:00PM

Christina Regas, Rudy Patch, Kevin Erpelding, Jim Andersen, Pam Exner, and Laureen Schaser met via teleconference.

### OLD BUSINESS

**CART BRIDGE** – on hold until end of walleye run

**CART SHED** – Building permit received. Updated quote received from Adam at Northwoods; total number is the same. No change in electric bids.

**DECISION:** Go with Frontier for electric

#### **ACTION:**

- **KEVIN** – will pound stakes in ground when able
- **KEVIN** – will communicate with Gerit to determine when grounds are ready to begin dirt work

### **COURSE EVENTS**

**DECISION:** Cancel tournaments for season. Place hold on Take a Kid Golfing and Lessons.

#### **ACTION:**

- **CHRISTINA** – will communicate with previous tournament sponsors to let them know we will not be scheduling tournaments at this time (or Christina will delineate this task to most appropriate person)

### **ON HOLD BUSINESS (did not discuss today; notes are from last meeting minutes)**

### **KITCHEN**

#### **ACTION:**

- **KEVIN** will continue to gather helpful input/numbers from Shawnda at The Pond for the business plan
- **RUDY** will reconnect with contractors regarding a more solid number for kitchen remodel and with Jim Joy regarding possible menu
- **CHRISTINA** (with **PAM & JIM's** help?) will determine number of golfers (rounds?) last season as a starting point for patron numbers.

### **NEW BUSINESS**

### **STAFFING**

- Regas reported Andersen will be asked to return to work part-time beginning Monday 4/13 – for outdoor grounds work. Full-time status will begin after shelter in place is completed.
- Outdoor staff as of now: Jim, Justin, Cal
- Indoor staff as of now: Pam, Dick, Kailee
- Phone interviews tomorrow: Monica, Shawn, Carl



# GOLF BOARD MEETING

## BLACKDUCK GOLF COURSE CLUB HOUSE

### THURSDAY, APRIL 9, 2020 @ 2:00PM

#### COVID-19

- Governor extended shelter in place to May 4 so that earliest course could open, barring northern Minnesota weather, is May 5.
- Executive order 20-04 allows Jim to return to work for outdoor long-term maintenance (not clubhouse)

#### MEMBERSHIPS

- Christina has received early bird membership payments from 3 couples

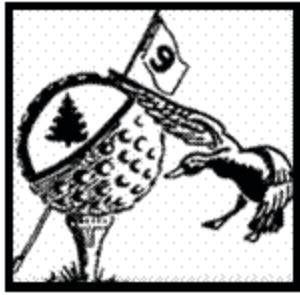
**DECISION:** Extend Early Bird membership rate deadline to May 30

#### **ACTION:**

- **CHRISTINA** will publish extension of early bird rate to Facebook and website

#### SEASON OPENING DATE/DETAILS

- Unlikely course will open on May 5 due to weather; mid-May is more realistic from weather perspective, though further Covid-19 mandates may also affect date
- Policies/**ACTION ITEMS** that must be in place and communicated (website, Facebook, signage at course). This list may not yet be complete, but it is a start:
  - Do not touch the pins (or do not have them at all?)— on greens
    - Raise cup height so that golfers do not have to reach down into cups and are not tempted to touch pin
  - No ball washers
  - No bunker rakes
  - No coolers
  - No food/drink sales
  - Procedures for carts
    - Procurement for patrons
    - Return from patrons
    - Number of people/cart
  - Cleaning schedule and procedures for
    - Maintenance equipment
    - Carts / Pull carts
  - Payments must be made with a credit card over the phone
    - Forward clubhouse phone to cell phone of employee on duty so that they can use indoor phone to run credit card
  - Signage must be in place for all above course rules as well as any additional (payment via phone; stay at least 6 feet away from other patrons; do not shake hands before or after game; tee times for groups of 2 (?), etc...)



GOLF BOARD MEETING  
BLACKDUCK GOLF COURSE CLUB HOUSE  
THURSDAY, APRIL 9, 2020 @ 2:00PM

**ACTION:**

- **CHRISTINA** - will investigate forwarding clubhouse phone to employee numbers to enable clubhouse phone to stay open for payments; write procedures for employees to follow
- **PAM** – will get input as needed and write policies for cart rental and procedures for cart disinfecting
- **CHRISTINA & PAM** - will make signage covering course policies above
- **JIM** - will enable balls to be retrieved from green cups without golfers having to reach down into cups or touch pin
- **JIM** - write procedures for disinfecting maintenance equipment

**GOLF COURSE (and other notable) CALENDAR as of March 26:**

- ~~End of February -> March 16 - promote Chili Cook-Off Fundraiser~~ On hold due to COVID-19
- ~~Beginning of April - distribute Take a Kid Golfing flyers at school/s~~ On hold due to COVID-19
- (Sunday, Apr 12 - Easter)
- ~~(Sunday, Apr 19 - Fireman's fish fry)~~ **CANCELED**
- ~~Wednesday, April 29 - Chili Cook-Off Fundraiser 5pm-8pm = New Date~~ **CANCELED**
- ~~Friday, May 1 - Course opens~~ TBD
- (Monday, May 23 - Memorial Day)
- ~~(Friday, May 29 - Blackduck graduation)~~ Unknown @ this time due to COVID-19
- **Sat-Sun, May 30-31 - Clubhouse booked**
- (Saturday, May 9 - walleye opener)
- ~~Friday, June 5 - Blackduck Golf Tournament Fundraiser~~ **CANCELED**
- ~~Friday, June 12 - backup date for our tournament in case of bad weather on the 5<sup>th</sup>~~ **CANCELED**
- ~~Saturday, June 13 - Fireman's Scramble~~ **CANCELED**
- ~~Sunday, June 14 - Deadline for Take a Kid Golfing registration~~ N/A
- ~~Sunday, June 28 - Take a Kid Golfing~~ On hold due to COVID-19

*Minutes taken and submitted by Golf Board Member Christina Regas*



# BLACKDUCK PLANNING MEETING

WEDNESDAY April 15, 2020 @ 2pm

REGULAR MEETING MINUTES – Meeting held by Conference Call

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**CALL TO ORDER:** Commission Klug called the meeting to order @ 2:00pm.

**ROLL CALL:**

**Commissioners present:** Kurt Benson, Bob Klug Sr., Ron Rockis, and Ernie Tindell

**Commissioners Absent:** Curt Cease

**Staff Present:** City Administrator Christina Regas

**Others Present:** None

**Approval of Minutes** – Moved by Commissioner Benson and seconded by Commissioner Tindell to approve the minutes from January 15, 2020. Motion carried unanimously.

**Old Business**

Timberline parking lot option - Nothing discussed.

Spring Clean Up Event – Regas reported only 2 residents have signed up for the clean-up day and that due to COVID-19 public works is recommending canceling the event. Regas further reported that the majority of the inquiries from the public are from people that want to dispose of furniture that is not free.

Commissioner Benson stated he thought the County was going to allow furniture like 2019. Regas stated that she discussed the event with County Solid Waste Manager Brian Olson in March and that he stated furniture would indeed be a cost. Regas further stated the announcement has been in the City utility bills but has had little exposure. Regas also stated the announcement was placed in the American in February. The board discussed moving forward with the event if more people sign up. Regas stated she would place it on the City Facebook page again for more exposure.

**New Business –**

Detachment from the City – Regas reported to the board that parcel #81.00561.00 owned by Daryl & Lori Lundberg was approved in February by the State and is now finalized. Nothing further.

Construction Projects that need permits – Commissioner Rockis asked if a person wants to work on a building project can they without final approval of a permit since City Hall is closed currently. Regas stated that although City Hall is closed and the stay at home order is in place the City is still responsible for approving land use permits. Regas further encouraged the public to print the application on-line and then call her. Regas stated permits are to still be considered regardless of the shut-down. Nothing further.

**ADJOURN THE PLANNING MEETING** – Moved by Commissioner Tindell and seconded by Commissioner Benson to adjourn the planning meeting at 2:32pm. Motion carried unanimously.

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Christina Regas, City Administrator

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Bob Klug Sr., Chairperson



# MINUTES

## Council - Work Session Meeting

6:00 PM - Monday, April 20, 2020

Zoom Meeting & YouTube Live Stream

The Council - Work Session of the City of Blackduck was called to order on Monday, April 20, 2020, at 6:00 PM, in a Zoom Meeting and live streamed on YouTube, with the following members present:

**COUNCILORS PRESENT:** Councilor Jason Kolb, Councilor Maxwell Gullette, Councilor Paige Moore, and Mayor Rudy Patch

**COUNCILORS EXCUSED:**

**STAFF PRESENT:** City Administrator Christina Regas, Police Chief Jace Grangruth, Public Works Supervisor Mike Schwanke, and Liquor Store Manager Shawnda Lahr

**OTHERS PRESENT:** Stephen Rose & Gail Leverson of Widseth

### 1 CALL TO ORDER

- a) Roll Call  
Roll Call was taken by Administrator Regas, all Council members were present.
- b) Pledge of Allegiance  
Mayor Patch dispensed with the Pledge of Allegiance.

### 2 APPROVAL OF AGENDA

- a) Approval of the Agenda

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Paige Moore moved to approve the agenda Maxwell Gullette seconded the motion.

CARRIED. 4 to 0

Jason Kolb	For
Maxwell Gullette	For
Paige Moore	For
Rudy Patch	For

### 3 OLD BUSINESS

- a) City Building Designs & Redesigns - Stephen Rose, Widseth
  1. Liquor Store Combined Reports & Cost Estimate 4-16-20 - Rose presented a summary of the liquor store report with estimates. Rose reported on the expansion to the off-sale and the separation wall between the kitchen in the on-sale and the off-sale. Rose reviewed the need to add an additional restroom based on additional square footage being added based on the number of occupants the building can

accommodate. Rose further reported on the electrical, plumbing, and HVAC needed upgrades to support the addition. Rose further stated the cost per square foot for a 20' x 54' addition to the existing building type. Rose stated the addition cost estimate to be \$166,320 - \$200,880; the new walk-in cooler to cost \$60,960-\$69,120; remodeling to the existing store to be \$85,680 - \$137,760; mechanical estimated costs \$75,500; electrical estimates \$108,928; site work \$50,000; design fees and services \$59,500 for an estimated total cost of the project to be \$547,388 - \$642,188. Rose proceeded to review the provided floor plan.

2. Liquor Store PROPOSED Floor Plan - Rose provided a review of the changes to the building including double the size of the retail space, increase the capacity of the cooler space, and increase the work space of the kitchen and clean up traffic patterns. Rose stated this requires a much needed breakroom and relocation of the office. By providing more retail and cooler space the reduction of storage space in the building frees up square footage for these new employee options. Rose stated the delivery door would be relocated to the north side of the building close to the new cooler and the existing east entrance becomes an employee entrance only. Rose stated the existing kitchen would expand into the existing office space during the design phase. Rose discussed the difficulty with the employee breakroom location and the accessible entrance to the bar. Rose opened the conversation to questions. Councilor Gullette asked if the new cooler counts into the increased overall square footage of the addition. Rose stated yes and pointed that the walk in cooler becomes retail space for purchasing product. Mayor Patch asked if the existing cooler would remain in the same place. Rose stated yes and would now be used for the smaller 4 & 6 packs and there would be less backstock. Gullette stated his concern for a north entrance being a downside in the winter. Rose agreed. Lahr stated that more deliveries would be brought into the building on pallets which decreases the time the door is opened. Lahr stated that there would need to have more work and discussions to have the plans perfect but it is a good start to find a budget to move forward with. Gullette stated it is a good start and that moving the office and expanding the kitchen would be a big benefit.

3. Combined Maintenance & Police Facility Program & Estimate - Rose stated the building would be estimated at 10,800 sq. ft. and depending on the type of building (*pre-engineered steel frame vs. Pre-engineered wood frame*) could be between \$1,036,800 - \$1,803,600 plus design fees of 10%. Mayor Patch was surprised at the cost. Gullette asked if financing has been looked into yet. Regas stated that was why Gail Levenson was on the call and that after all proposals were discussed those options could be discussed.

4. Blackduck City Hall Program & Estimate - Rose stated that on the City Hall program report the estimated square footage for the facility would be 2500sq. ft.. Rose stated the options the City has discussed to either remodel an existing building or build new. Rose further stated remodeling costs depending on light to heavy need could cost \$112,500 - \$302,500. Rose stated new construction could cost \$467,500 - \$577,500 plus design costs of 10%.

5. Department Feedback - Lahr stated that she reviewed the 2018 sales for the liquor store which wasn't a very large revenue year and then discussed with other cities that have completed remodels or rebuilds. Lahr stated those cities reported the business can expect to grow sales between 10-15% (*which over 2018 would be \$100,000*) in gross sales if the expansion was completed. Lahr further stated those numbers are just for the off-sale business. Lahr continued pointing out that the expansion of the kitchen into more space could offer additional sales to the bar. Chief Grangruth stated his feedback is very little at this point for the public works building. Schwanke stated his feedback is the price per square foot appeared high. Rose stated he recently assisted with the design of a cold storage building of the same size no insulation or foundation just bare bones and the cost was \$65/sq. foot. for comparison and had no interior finishes. Mayor Patch asked if a 6" concrete slab stated in the program report sufficient for the City equipment to park on. Schwanke stated yes. Councilor Gullette asked if the total size of the building needs to be that



large assuming the City would still keep the old garage if the new one was built. Schwanke stated that he would encourage the City to sell the old public works building and old LEC building and return that property to the tax base. Schwanke further stated putting more money into those buildings doesn't make sense. Schwanke stated building the new facility the City is looking at a 60+ year life for the building. Mayor Patch further stated the property size to go back to the tax base would be great in the business district.

5. Funding Options - Gail Levenson Widseth - Levenson provided the board a quick funding option document for review. Levenson stated she reached out to several funding resources for opportunities. Levenson provided funding options for the public works building through the Red Lake program through the utility program that could provide 0% interest for 10 years for part of the debt, and the Community Facility program for 2.375% interest for 30 years. Levenson stated the Red Lake program would carry a debt service payment of \$1875/month for 10 years. Levenson stated that financing public buildings there is a cap on the total cost of \$450,000 total project cost without needing a referendum. Additionally Levenson stated an equipment grant of up to \$50,000 could be added. Levenson stated grants typically are not available for buildings. Levenson then stated the liquor store addition options would require bonding sale of up to \$450,000 could carry a monthly debt service of \$1800/month for 15 year term. Finally Levenson stated if the City chose to bond it could for both projects together and would calculate the City per capital debt limit. Levenson stated she looked into other resources such as FEMA, Blandin, Bremer Foundation, US Bank and Deerwood Bank, and the Neilson Foundation. Levenson stated since the Liquor store is a business and provides jobs there are some benefits for some funding resources. Gullette asked if the number of years of funding would be compared to the number of years the facility would depreciate. Levenson stated the number of years funding wouldn't cover the entire depreciate life of the building. Regas stated the City has a depreciation schedule for buildings but it exceeds the number of years the funding timeline Levenson is providing. Regas asked Levenson if the City is better combining the City facility into one building instead of multiple. Levenson stated the option for bonding would still be there if the building was used for more of the community. Levenson used the option of making one of the buildings a designated storm shelter provides other types of funding. Levenson stated the options still remain the same regardless of number of buildings. Mayor Patch asked where the City was in terms of the debt to population ration. Regas did not have the number but would look into providing that for the next meeting. Levenson proposed the question of the value of the old public works building. Schwanke stated possibly \$30,000 for the old public works building. Regas stated it would cost more for the demolish and could possible be a Brownfield project. Mayor Patch stated if there was a community room would there be better funding. Levenson stated it is best to decide what building the City would get the most use from and to start from there. Regas stated the liquor store is a need and encourages the council to strongly consider it. Regas further stated the public works building is strongly encouraged since the tax payers money invested in the equipment is depreciating fast sitting outside. Levenson stated the liquor store should be able to support its own debt. Levenson asked the council how they feel about the City Hall remodel numbers. Mayor Patch stated the numbers are still very high and the City truly needs to focus on public works instead. Gullette was in agreance. Councilor Moore had no questions for Levenson or Rose at this time. Councilor Kolb had no questions for Levenson or Rose at this time.

6. Next Steps - Rose stated the ball is in the City's court and the council needs to decide of the 3 projects which ones are the most feasible for the City to move forward with. Rose stated the contract at this point has been fulfilled and he will await notification from the City. Rose stated he will be available for future discussion. Regas stated when she invited Levenson to the call, Levenson had asked if the City had an order of importance for the buildings. Regas recommended the City move forward with the liquor store and if the correct funding is acquired to move forward with public works. Regas stated in her opinion the liquor store could fund its own

debt and the additional growth could assist. Mayor Patch asked if the City has to go through the engineer process or can the City go through a different architect and build the facility for potentially half the price and does the City have to go through this process to get the funding. Regas stated the City can choose whatever engineer they believe is the right fit, however, the process has already begun. Regas further stated that Widseth will provide the full process of blueprints for the building, electrical, plumbing, etc. Regas stated once those blueprints are ready then the City would go out for public bid which could reduce costs. Patch asked why the City has to pay someone \$169,000 to have blueprints drawn up to have the project bid. Regas stated at this point yes, unless the City chooses to take what was gained and paid for through Widseth and find another architect to provide plans. Gullette stated another architect will most likely charge the City relatively the same amount. Patch asked why can't 2 contractors come up with the plans and bid the projects. Patch asked why the City has to go through an engineering company. Regas stated the City could go through just an architect, but as a City a full set of plans will be needed to request competitive bids and the City will need to since they are a governing entity. Gullette stated the City can't just go to the lumber yard or Lakes concrete and ask for pricing. Regas stated she did not have the thresholds with her but knows the projects will have to go out for competitive bids. Regas stated the City needs to review the project and processes just like an infrastructure project. Regas stated tax payer dollars are being used and public hearings are needed and potentially a referendum. Patch stated the City could keep the existing public works building then erect a 50'x200' pole building cold storage to store the existing equipment to get the equipment inside. Patch stated he is having difficulty with the \$2 million price tag. Grangruth stated he agrees with Mayor Patch that the building is by the number of stalls with a foundation and water sources. Schwanke stated the price does seem ridiculous but the City needs to understand a long term investment is what the City is deciding to do, not just a 3 year lifespan building that would be temporary. Schwanke stated the sticker shock is high and he thinks the numbers could come down, but Schwanke cautioned the board that he does not know the correct procedures for the City to move through the process the correct way. Schwanke stated he will be looking into alternative pricing for comparison if the City had the cash to provide to put the building up to see if there is any difference. Schwanke asked if the liquor store profit can be used in other city projects. Lahr stated the \$100,000 mentioned was just gross sales earlier stated. Lahr further stated the City transfers \$65-75,000 to the general fund every year. Lahr further stated that when she started the Liquor store could only transfer \$30,000 and some years was less. Regas asked Lahr to comment on the Bagley Liquor Store numbers for their new store. Lahr stated 10 years ago the City of Bagley spent \$1.6million to build the liquor store which is just off-sale. Lahr stated generally Bagley moves \$85,000 to the general fund each year and the liquor store funds its own debt payment of \$60,000 a year. Patch confirmed for Schwanke that the Liquor store is moving funds and assisting in funding debt. Gullette asked if there are certain rules as to where funds from the liquor store can go noting funding must be transferred to the general fund before being used. Regas confirmed. Lahr stated that many items on the liquor store report like the heating system already need to be addressed and could save expenditures if the heat source moved from electric to propane. Lahr stated electrical needs updating too. Mayor Patch stated the Liquor store needs to be seriously looked at and to continue the conversations. Gullette asked if the project costs for the liquor store included the sewer work. Patch stated yes. Chief Grangruth added that his facility is need of upgrades and the new combined building would solve many issues he is having with the current location. Grangruth stated although the roof was re-roofed just a few years ago, he has leaking in portions of the ceiling, the floor coverings are very old, and he is not ADA compliant.

b) Golf Course Cart Shed -

Regas stated the contractor is going to order the tresses for the cart shed. Mayor Patch stated he will be working on staking out the build site with Kevin Erpelding this week. Nothing further.

c) Rural Development Grant Application - Christina Regas  
Language Access Plan (LAP) for City of Blackduck

Regas stated the need for a LAP or Language Access Plan is a requirement to comply with the Community Facility Grant for the skid steer from USDA. Regas stated in the upcoming months she will be partnering with the department heads to review if there are any deficiencies in their areas. Mayor Patch asked if the compliance is going to keep the City from receiving funding for the grant. Regas stated no. Councilor Moore and Kolb both thought the LAP was a good plan to have in place for the City. Nothing further.

d) Donation Request - Blackduck After Prom

Councilor Gulette stated the prom is still in a 'holding pattern'. Regas stated she spoke with Sandy Lien and stated there is no plan at this time to move forward with the Prom. Mayor Patch stated the Boosters are putting banners for the senior class on the baseball fences. Nothing further at this time.

e) Seitz Chainlink Fence - Mayor Patch

Mayor Patch stated he requested the fence discussed at the April council meeting be on the agenda for further discussion. Patch stated he discussed the issue with the fence failing from the snow this past winter with an installer of chain link fencing. Patch stated he received feedback from this installer that the fence posts had been installed too far apart and that the top support bar of the fence bent from the weight of the snow. Patch stated in his opinion the fence failing was not from any fault of the City. Gulette asked if Patch had spoken to the property owners. Patch stated no and request Regas provide the council with the land use permit to review by the board. Patch further stated that Regas does not 'inspect' the installation of fences once a permit is issued. Regas stated the permit was not approved until 2018 early 2019 but that she did measure the street to provide the property owner the location of the setback which is noted in the permit. Regas further stated that included with the approved permit she provides the property owner with a copy of the permit application and any other documentation. Regas stated the permit was approved with a 12' setback and that existing items (*flag pole & bird house pole and water shut off*) need to be on the outside of the fence. Regas further stated she had conversation regarding the fence issues and she is saddened that it failed. Patch stated with the snow load the fence would fail based on the information he was provided that the distance between posts being too far the bending would happen. Patch asked if the City needed to reach out to the property owners again. Patch stated provided how the water shut off is in the right of way the City would have sheered off the shut off if the staff was plowing snow up over the curb and that did not happen. Schwanke stated if the City plowed the snow up into the fence the shut off would have been sheered off, the bird house would have been taken out and 4 feet of wooden privacy fence. Regas stated the City has only spoken to the property owners once this past winter and the city suggested to the property owners to make an insurance claim for the fence. Regas further stated that property owners seeking repair on property such as this is just not how the City should operate. Regas further stated it is not the City's position to reach out to the property owner any more than what was done. Patch stated at this point he believes it to be a dead issue. Regas asked Councilor Gulette if the issue is dead as the property owner approached him. Gulette stated from what he has heard he will back up the decision and if they want something more they should come to the full council. Councilor Kolb asked if the property owners will have to move the fence back when repaired to the correct set back. Regas stated the City should request the fence be placed with the correct setback however, she would like to measure the existing fence to ensure the fence is in the wrong place now. Regas further stated it is not the responsibility of her role

with the City to validate the installation of permit requests. Kolb asked if moving forward will the City set a policy that the City will validate all installations and permits from here on out. Regas stated she will not implement a policy such as this, there is not enough staff time or expertise to do so. Nothing further.

#### 4 NEW BUSINESS

a) Public Works Department topics for Discussion - Mike Schwanke

1. Croswell Avenue - Schwanke stated the Croswell is holding up this spring pretty well. Schwanke stated the ditching held up and helped. Schwanke further stated he will ditch more this year and add gravel to crown the road so the water sheds. Gullette asked if the department has more of the millings left. Schwanke stated no but he would like more. Regas stated due to COVID and school buses not running on Croswell has assisted in the state of the road.

2. Streets - Schwanke stated the City crew is working on frost boils in alleys and some rural section of roads. Schwanke also stated there are some roads where the man holes look to have raised up but it really is the road sank and that will level off later in spring. Regas asked if the City needs to put any additional road restrictions on some rural roads. Schwanke stated it isn't easy to restrict in some places that are dead end roads. Regas asked about other roads like 4th Street SE. Schwanke stated it is difficult due to some of the traffic that is on the road. Patch stated that without the buses running the damage on the frost boils don't have as much of an issue. Gullette stated there is one semi-tractor that is parking on 4th Street SE and that is causing issues. Schwanke asked if we have parking restrictions in residential zones. Regas stated yes. Schwanke stated that is a better way to restrict traffic than have a road restriction. Gullette asked if the trailer was empty is that easier on the road. Schwanke stated yes because a full load will tear the road up more. Regas reviewed the parcel in question and its location to the zoning in the area stating the residential zone is on an island surrounded by industrial areas and that provides an issue. Chief Grangruth stated the City has had this issue in the past and the City decided as a group the residents had to be allowed a place to park their vehicles. Grangruth further stated it was allowable for semi-trailers to park on Railroad for these vehicles. Schwanke continued stating the sweeper has not been running as much as needed due to cold temperatures.

3. Equipment - Schwanke stated the tractor still has its brake issues, leveler needs repair, etc.; the large plow truck has rust in the box, hoses are rotting out, electrical issues; the regular cab Chevy has ball joints going out and a box that is rusted out and the cab floor is rusted out. Schwanke stated he just put new tires on the Chevy and fixed an axle. Schwanke stated the mowers are ready to go for summer but the two newest mowers are 2 -4 years old and the John Deer 777 is used in cooperation with the golf course. Schwanke stated the City owns a John Deere Gator that is used on the irrigation property and it has used up it's life. Schwanke stated that he hates having to remind the board of the equipment issues but soon all the equipment will need replacing. Gullette asked if the Kobota that is the newest is ready to replace and if any costs have been reviewed yet. Schwanke stated that he and Regas reviewed the costs in 2019 and the price would be about \$12,000. Regas stated the cost of the mowers is one reason the City built some funding into the 2020 budget. Regas stated the newest mower was planned to flip in 2020. Regas further stated the Chevy pick ups 2003 and 2017 should be reviewed to see if the City can finance 2 pick ups that are more useful by trading in the 2017. Regas further stated the Tractor issues were put on hold when the building discussion started believing the City could have funding to help with equipment too. Regas stated it is important for public works to take care of the equipment in order of importance right now. Schwanke stated there is no point to go anywhere with new equipment if there is no where to put it. Regas agreed stating the vicious circle must stop at some point. Schwanke stated he came across a nice plow truck used was \$80,000 and with the \$20,000 needed to put into the tractor the funds add up and it makes no sense buy

them if there is no place to house them as that is half the problem. Regas stated finding money for equipment is not easy so Regas suggests finding more used equipment that is not so used and slowly build up to usable equipment. Regas stated there has got to be some equipment that is going to have to be fixed. Schwanke stated he did not believe flushing money away into some of the equipment that could be past repair is also the right thing to do. Patch asked if the new skid steer will replace the pick up or other equipment or do we need to get rid of the plow truck and the pick up at the same time. Schwanke stated the City cannot operate with only one pick up but there may be ways to make other configurations to work but he has never seen a City with 3 or more staff operating with only 1 truck. Patch stated in his opinion a priority would be to look for another pick up with a plow. Schwanke stated the rest of the equipment will just need to run until there is nothing left. Patch asked where the lease was for the 2017 Chevy. Schwanke stated 2021 is the last year. Patch requested Schwanke request new bids. Regas stated the City may not have to fulfill the lease through 2021 if the financing will go through GM again. Schwanke does not understand why the City has a crew cab truck and would like to have 2 long box 3/4 ton pick ups. Regas stated the City may be able to close out the lease on the 2017 truck early and then refinance a more suitable pick up(s). Regas stated she would report back at the next meeting. Schwanke stated he has done some price quote requests in the winter and will look into all the pricing he has received. Gullette thanked Schwanke for his input stating a 3/4 ton pick up does make more sense for the work that is done in town with the pick ups.

4. Pine Tree Park - Schwanke stated that MDH has recurring reports of shower and bathroom issues that need attention. Schwanke stated the building will need upgrades on the showers, bathrooms, sinks and floors to work on these upgrades. Schwanke confirmed with Regas the account has enough cash balances to address the need for the upgrades. Regas confirmed yes. Schwanke further stated his interest in providing more services to the park with the addition of the beach. Schwanke would like to add bocce' ball, half basketball court, horse shoes, etc. so campers have some activities to do when they stay at the park. Schwanke further stated he wishes to have a dock system at the park for campers' boats. Schwanke would like to add sewer to the RV side of the campground and he believes it could be done very easily given the slope of the area. Gullette asked if the sign can be painted this year. Schwanke stated that is on his list for the summer and to upgrade the other location signs in the City. Schwanke wants to beautify the town with some of the little things. Mayor Patch asked where the Pine Tree Park fund is sitting for cash balances. Regas stated the County provides an \$11,000 contribution each year and stated the cash balance is approximately at \$63,000 however the beach donations are in that fund which is about \$13,000 for the beach project. Regas stated the updates needed in the shower rooms and bathrooms will be enough to finance. Grangruth stated he is also in favor of having a dock system at the campground.

5. Water & Wastewater - MDH has recently changed the Fluoride rule and lowered it. Schwanke stated residents will not notice any changes but the feed rates will change for what is used. Schwanke reported hydrants will be flushed soon when it warms up and he will make sure the public is notified. Schwanke reported he wants to make the hydrant on 1st and Railroad the designated volume water hydrant and putting a meter on it to keep track more on usage. Schwanke stated the wastewater ponds are nearing the levels that will require discharging very soon. Schwanke stated he does have to wait until a rooted crop is on the irrigation fields so until then the City will open the end guns first. Schwanke stated Irrigator #2 will be the next upgrade completed and should be worked on in the summer. Schwanke reported that aging infrastructure has increased the infiltration rate which in turn increases the levels in the ponds. Schwanke stated this in turn creates more work so he is looking into areas that need attention for repairs.

b) Council Vacancy - Status

Mayor Patch asked if the City has had any council seat vacancy inquiries. Regas

stated nothing in writing but she had conversations with 2 residents. Regas stated she does not believe it is her place to recruit for the position and encouraged the elected officials to reach out to the public to attract interested parties. Councilor Moore and Gulette stated they have each had general interest as to what the position requires but that was it. Councilor Kolb stated he too has had no one approach him. Councilor Gulette encouraged viewers on the work session on YouTube to file. Grangruth asked if a person that owns a business but do not live in town do they qualify. Regas stated no. Gulette stated it is a state law. Regas further stated she has had people ask her to push to change the law but it is not her place to do so. Mayor Patch stated when those laws start to change then the state will look for other ways to take away the rights for small cities. Gulette stated he does not think St. Paul or Minneapolis would want him voting in their elections. Nothing further.

c) Blackduck Budget Comparison (Covid-19) Spring 2019 vs. predicted 2020 - Christina Regas

Regas provided a summary of quarter 2 expected revenues and expenditures for the City funds. Regas stated the issues with COVID and having the Liquor Store closed could have a result on the general fund and other enterprise funds after June. Regas further stated 1st half property taxes do not come in until late June early July and the city workers comp and liability premiums are both due by June 1. Regas stated these expenditures plus payroll could bring the cash balances lower than what they typically could be. Regas stated if the state allows counties to extend the deadlines for when property taxes are due (*normally May 15*) then the cash balances could be even lower after June. Regas stated the summary provided is just a prediction of where the cash balances could be, provided the liability premiums are paid either in full or half. Regas further stated typically in quarter 2 the liquor store makes its first transfer to the general fund and if the executive order is extended that could create a worse scenario for the general fund. Regas cautioned the council that the numbers provided are not completely accurate and it is difficult to predict the outcome. Mayor Patch asked if Regas has a comparison from the liquor store on where the sales are compared to 2019. Regas stated in 2019 April the on-sale made \$34,000 alone and that could be eliminated. Regas stated last year's May total revenue was \$106,000 and Regas is estimating maybe \$89,000 for this year's May. Regas further stated this year's April total revenue might get to \$68,000 however, right now, through the weekend the month's sales are at \$48,000. Regas is not predicting the Liquor store having the net profit to make the first year's general fund transfer. Regas stated it can be done, the cash balances are there however the profit is not there. Gulette asked if the cash balances are there to use if the need is there. Regas agreed but cautioned the board what the rest of the year will produce when the business is allowed to open. Regas stated the liquor store cannot have a loss this year with the commitments already made. Regas further stated the cash balances are there to support the business and the general fund. Regas reported the City will only pay the first half of the liability premium June 1. Nothing further.

d) Requests for Proposals for Legal Services - Christina Regas

Regas reported to the board the RFP for legal services. Regas stated one of the reasons for the RFP is that current representation has been difficult and one attorney has had some health issues. Regas further requested one elected official to sit with Chief Grangruth and herself on a committee to review the proposals. Regas asked if anyone is interested. Mayor Patch stated he has done some research himself but it does not have to be him. Regas asked if Councilor Kolb would like to sit since his school work is similar. Kolb stated it doesn't technically mirror his current studies that would be his grad school level classes. Kolb stated he would sit if the board was alright with it. Gulette stated he could sit on the committee but asked who Chief Grangruth wanted. Mayor Patch nominated Council Gulette. Regas stated a motion was not necessary. Kolb stated in his opinion Councilor Moore has the most experience in legal matters and should sit on the committee. Regas requested the board let her know who wanted to sit on the committee before the deadline. Nothing

further.

e) Conflict of Interest / Code of Ethics Policy Deep Dive - Blackduck City Council  
April Month Discussion: 1. Act in the Public Interest  
Elected Official Conflict of Interest Disclosures

Regas reported the fully signed Conflict of Interest / Code of Ethics policy has been signed. Regas further stated it was recommended to her that the elected officials pick one item from the policy each month and discuss it so it is not forgotten. Regas requested the elected officials stated what the topic means to them and how do they represent it. Regas stated she picked the first point for discussion, "Act in the public interest".

Councilor Moore - what it means to me is when the budget is drafted as a citizen I would rather not raise property taxes because it would save me cash, but as a councilor I recognize that even though that would benefit me, what benefits the community having the funds to better serve it is better than me saving a few dollars a month. That is how I recognize the importance in a real life situation.

Councilor Kolb - mine would be using proposed improvements like Liberty drive by putting the citizens needs and everyone else on the street above my own personal thoughts of how it should be done. Just trying to put a better standard for people to look up to.

Councilor Gullette - to me means to promote the public and the community you live in. You don't run it down. How you greet people when they move to town is pretty important. You don't say, "why did you move here?", you say, "Welcome to Blackduck!". Promoting the town is a big part of it and when people have an issue and they bring it to you as a councilor, it is your job to bring it to the full board and mention it. Most importantly to be in the public interest you have to put your own ego's aside and realize that I might not agree with you but I do not want to see you fail.

Mayor Patch - I agree with Gullette that promoting Blackduck is important. I try to welcome people to the City and gain information from them to find out what the City can do to make it more comfortable for them. Address their concerns to the whole board and take all the input you can good and bad. For example with a land use permit request and the person getting mad because '*no one will listen*', because they may have history. If you can put it in a different perspective that they can understand it and then reason with them so that they are happy again. Obviously there are decisions we have to make as a whole to better the whole city instead of one individual. Taking all the information and try to make it in a better perspective for them. Help them to understand, explain the issues, meet with the staff at City Hall so they do understand so that will help.

Administrator Regas - when I came to this job I did not know what it was going to be like to serve the public in this manner. I already knew what it was like to work for the public, but in the private sector. You are still there to serve someone, and sometimes servicing someone means compromise and sometimes it doesn't. You have to be able to take your knowledge and explain it so they can understand both sides of the situation so that the compromise can be met. Acting in the public interest means to me that a property owner does not get a fence rebuilt, but we helped out to get it built the first time for only one permit charge.

**5 ADJOURNMENT**

a) Adjournment

**2**

Maxwell Gullette moved to adjourn the meeting at 9:10pm Jason Kolb seconded the motion.

CARRIED. 4 to 0

Jason Kolb	For
Maxwell Gullette	For
Paige Moore	For
Rudy Patch	For

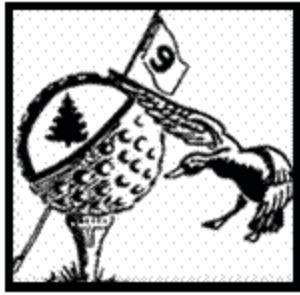
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Christina Regas, City Administrator

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Rudy Patch, Mayor





GOLF BOARD MEETING  
BLACKDUCK GOLF COURSE CLUB HOUSE  
THURSDAY, APRIL 23, 2020 @ 2:00PM

Christina Regas, Rudy Patch, Pam Exner, Kevin Erpelding, Laureen Schaser met via teleconference.

**OLD BUSINESS**

**CART BRIDGE** – on hold until end of walleye run

**CART SHED** – Kevin and Rudy staked out shed. Next step is to have county mark the right of way and get input from county regarding building/overhang placement. May have to move #1 cart path closer to tee box due to taper from building to cart path.

Christina received invoice from Dawson for 30% of project; will request council approval on May 4.

Kevin believes Gerit will finish his part of the project before billing.

**ACTION:**

- **CHRISTINA** – will contact Gopher State One to mark site

Some member carts are currently being stored in the shop. Kevin proposed to keep them there for now – giving members a temporary key so that they can access them (park their car at the shop and drive their cart down to golf).

**ACTION:**

- **JIM & PAM** – will determine whose carts are in the shed, make sure they are accessible, and contact the members with this plan

**COURSE EVENTS**

**DECISION:** Encourage typical June tournaments to push later in the season

**DECISION:** Leave clubhouse reservations for Memorial Day weekend in place; if patrons cancel – that is their choice/decision. They will not receive \$25 down payment back, as it is non-refundable.

**ACTION:**

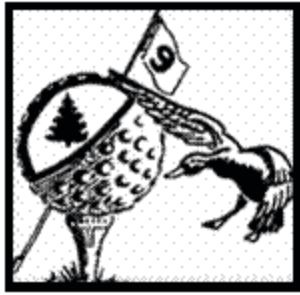
- **PAM** – will communicate with previous tournament sponsors once we know when course will open

**ON HOLD BUSINESS (did not discuss today; notes are from March 26 meeting minutes)**

**KITCHEN**

**ACTION:**

- **KEVIN** will continue to gather helpful input/numbers from Shawnda at The Pond for the business plan
- **RUDY** will reconnect with contractors regarding a more solid number for kitchen remodel and with Jim Joy regarding possible menu
- **CHRISTINA** (with **PAM & JIM's** help?) will determine number of golfers (rounds?) last season as a starting point for patron numbers.



## GOLF BOARD MEETING

BLACKDUCK GOLF COURSE CLUB HOUSE

THURSDAY, APRIL 23, 2020 @ 2:00PM

### NEW BUSINESS

#### **SEASON OPENING DATE/DETAILS**

Staff is back working on the grounds. Opening date is weather dependent. Hope to open ASAP – definitely by mid-May (Jim was not at meeting for input)

Discussion of Rules to be posted/communicated. In addition to list last meeting, April 9:

- Early hours (May) 8am-6pm (last tee time)
- Regular hours (starting June) 7am-6pm (last tee time)
- Tee times every 15 minutes
- Social distancing with no congregating
- 1 person in clubhouse at a time – for payment or for bathroom use
- Bathrooms (clubhouse and on course) will stay open – with sanitization schedule in place
- No coffee in clubhouse
- For clubhouse sales (beer, pop, candy, golf stuff) – employees, only, will have access to merchandise
- Cart and pull cart rentals still available with policies and cleaning schedule in place

#### **ACTION:**

- **CHRISTINA** – will draft course policies, using BTCC policies as a starting point
- **CHRISTINA** – will look into cost of additional city cell phone and supply forms for taking credit card payment over the phone
- **CHRISTINA, JIM & PAM** – will make list of needed supplies, look into pricing, and order needed supplies, including but not limited to:
  - Plexiglass for clubhouse register counter
  - Clorox sanitization spray
  - Clorox wipes
  - Etc.
- **PAM** – will get input as needed and write policies for cart rental and procedures for cart disinfecting
- **CHRISTINA & PAM** - will make signage to post at course covering course policies above
- **JIM** - will enable balls to be retrieved from green cups without golfers having to reach down into cups or touch pin
- **JIM** – will write and implement procedures for disinfecting maintenance equipment

#### **MEMBERSHIPS**

Laureen has received questions about how to pay for memberships this spring. Christina clarified that payment can be mailed to city hall – or members can call and pay with credit card over the phone.

*Minutes taken and submitted by Golf Board Member Christina Regas*

May 4, 2020

FUND	Deerwood Checking BEGINNING BALANCE	Bill Report through 05/04/2020	Deerwood Checking ENDING BALANCE	Deerwood First Preferred Savings BEGINNING BALANCE	Deerwood First Preferred Savings Bill Report through 05/04/2020	Deerwood First Preferred Savings ENDING BALANCE	Total Balance of all Accounts
GENERAL	\$113,783.67	\$39,428.53	\$74,355.14	\$81,284.78	\$0.00	\$81,284.78	
POLICE RESTRICTED CASH	\$1,129.09	\$0.00	\$1,129.09	\$0.00	\$0.00	\$0.00	
CEMETERY	(\$2,871.61)	\$312.24	(\$3,183.85)	\$2,153.65	\$0.00	\$2,153.65	
PERPETUAL CARE	\$7,798.14	\$0.00	\$7,798.14	\$53,418.01	\$0.00	\$53,418.01	
SEWER MAINTENANCE	\$0.00	\$0.00	\$0.00	\$69,317.70	\$0.00	\$69,317.70	
SEWER REPLACE.	\$0.00	\$0.00	\$0.00	\$8,693.69	\$0.00	\$8,693.69	
SCDP REVOLVING LOAN FUND	\$0.00	\$0.00	\$0.00	\$86,078.86	\$0.00	\$86,078.86	
FIRE DEPT RESERVE (TruckFund)	\$0.00	\$0.00	\$0.00	\$227,168.34	\$0.00	\$227,168.34	
PINE TREE PARK	\$65,228.35	\$1,996.59	\$63,231.76	\$0.00	\$0.00	\$0.00	
WATER SINKING FUND	\$0.00	\$0.00	\$0.00	\$140,010.01	\$0.00	\$140,010.01	
PUBLIC WORKS RESERVE FUND	\$0.00	\$0.00	\$0.00	\$17,423.53	\$0.00	\$17,423.53	
Fire Dept Special Equip Fund	\$202,421.38	\$0.00	\$202,421.38	\$26,231.79	\$0.00	\$26,231.79	
2018 Revolving Loan Fund (NEW)	\$0.00	\$0.00	\$0.00	\$85,605.03	\$25,200.00	\$60,405.03	
2006 GO BOND	\$17,435.78	\$0.00	\$17,435.78	\$33,368.75	\$0.00	\$33,368.75	
2009A Refunding Bond	\$33,018.00	\$0.00	\$33,018.00	\$13,942.37	\$0.00	\$13,942.37	
2011 Industrial Lane IntraLoan	\$7,375.20	\$0.00	\$7,375.20	\$0.00	\$0.00	\$0.00	
2014A Disposal System Loan	\$15,677.87	\$0.00	\$15,677.87	\$0.00	\$0.00	\$0.00	
2017A Disposal System Project/Sum/Main	\$39,737.53	\$0.00	\$39,737.53	\$0.00	\$0.00	\$0.00	
2017A Disposal Sys Loan	\$10,212.64	\$0.00	\$10,212.64	\$0.00	\$0.00	\$0.00	
2017 PFA Debt Sys Bond Debt Service	\$34,712.43	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
2018 Frontage/Pine Ave Internal Loan	\$880.17	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
TAX INCREMENT FINANCING	\$90,015.42	\$500.00	\$89,515.42	\$0.00	\$0.00	\$0.00	
WATER FUND	\$222,795.15	\$6,968.46	\$215,826.69	\$0.00	\$0.00	\$0.00	
SEWER FUND	\$121,318.84	\$6,471.98	\$114,846.86	\$0.00	\$0.00	\$0.00	
LIQUOR FUND	\$300,604.00	\$74,260.89	\$226,343.11	\$0.00	\$0.00	\$0.00	
LIQUOR RENT FUND	\$25,324.90	\$0.00	\$25,324.90	\$0.00	\$0.00	\$0.00	
GOLF COURSE	(\$125,601.71)	\$7,186.36	(\$132,788.07)	\$0.00	\$0.00	\$0.00	
<b>Total:</b>	<b>\$1,180,995.24</b>	<b>\$137,125.05</b>	<b>\$1,008,277.59</b>	<b>\$844,696.51</b>	<b>\$25,200.00</b>	<b>\$819,496.51</b>	<b>\$1,827,774.10</b>

Transfer Recommended:

Fund Transfer from:	Fund transfer to:	Reason:	Amount of Transfer:
DW Checking Water Fund	DW Savings Water Sinking Fund	2019 Depreciation post Audit	\$10,000.00
DW Checking Sewer Fund	DW Savings Sewer Replacement Fund	2019 Depreciation post Audit	\$25,000.00

2020 First Half Bond Payments:	Principal:	Interest:	Fees:	Total:
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CITY OF BLACKDUCK

Monthly Bills

April 2020

Check Name	Amount		
<b>Fund 101 GENERAL FUND</b>		Grainger	\$239.12
Marco Technologies LLC	\$187.87	Hawkins, Inc	\$1,808.55
AMERICAN	\$44.00	LMCIT INSURANCE TRUST	\$2,093.14
AMERIPRIDE LINEN & APPAREL	\$69.13	WIDSETH SMITH NOLTING & ASSOC	\$1,250.00
BELTRAMI ELECTRIC COOP	\$3,575.13	<b>Fund 601 WATER FUND</b>	\$6,968.46
BEMIDJI WELDERS SUPPLY	\$77.30	<b>Fund 602 SEWER FUND</b>	
BLACKDUCK AUTO PARTS, INC	\$203.65	BELTRAMI ELECTRIC COOP	\$853.05
BLACKDUCK CO-OP	\$19.90	BLACKDUCK AUTO PARTS, INC	\$261.82
BLACKDUCK FAMILY FOODS	\$3.99	CARD SERVICE CENTER	\$254.26
BOGARTS REPAIR AND RECOVERY	\$164.99	LMCIT INSURANCE TRUST	\$3,769.77
CARD SERVICE CENTER	\$512.09	PAUL BUNYAN COMMUNICATIONS	\$34.08
EVOLVE CREATIVE LLC	\$235.00	RMB ENVIRONMENTAL LABORATORIES	\$49.00
FORUM COMMUNICATIONS CO	\$87.65	WIDSETH SMITH NOLTING & ASSOC	\$1,250.00
KITCHIGAMI REGIONAL LIBRARY	\$8,536.00	<b>Fund 602 SEWER FUND</b>	\$6,471.98
LMCIT INSURANCE TRUST	\$17,663.52	<b>Fund 609 MUNICIPAL LIQUOR FUND</b>	
NORTHWOODS LUMBER CO	\$21.35	AMERIPRIDE LINEN & APPAREL	\$496.46
PAUL BUNYAN COMMUNICATIONS	\$578.86	BELTRAMI ELECTRIC COOP	\$1,922.11
QUILL CORPORATION	\$695.94	BEMIDJI COCA-COLA	\$115.90
ROGER'S TWO WAY RADIO	\$90.00	Bernick Companies	\$6,469.83
RUDYS REPAIR	\$880.35	BLACKDUCK FAMILY FOODS	\$1,579.19
STREICHERS	\$74.98	Breakthru Beverage	\$2,162.28
TIMBERLINE SPORTS, INC	\$275.24	CARD SERVICE CENTER	\$295.31
VERIZON WIRELESS	\$431.59	CARLOS CREEK WINERY	\$279.00
WIDSETH SMITH NOLTING & ASSOC	\$5,000.00	CROIX VALLEY FOODS	\$56.67
<b>Fund 101 GENERAL FUND</b>	\$39,428.53	D & D BEVERAGE	\$93.80
<b>Fund 201 CEMETERY FUND</b>		DICK DISTRIBUTING	\$13,677.00
LMCIT INSURANCE TRUST	\$312.24	FORESTEDGE WINERY	\$126.00
<b>Fund 201 CEMETERY FUND</b>	\$312.24	HEGGIES PIZZA LLC	\$159.00
<b>Fund 209 PINE TREE PARK FUND</b>		HENRYS	\$1,136.53
BELTRAMI ELECTRIC COOP	\$104.37	ILLINOIS CASUALTY COMPANY	\$4,346.00
LMCIT INSURANCE TRUST	\$1,892.22	JOHNSON BROTHERS LIQUOR CO.	\$9,017.53
<b>Fund 209 PINE TREE PARK FUND</b>	\$1,996.59	LMCIT INSURANCE TRUST	\$7,311.86
<b>Fund 250 2018 REVOLVING LOAN FUND</b>		MIKINNON CO., INC	\$7,724.95
DAWSON BYLER CONSTRUCTION	\$25,200.00	MN UNEMPLOYMENT INSURANCE	\$715.60
<b>Fund 250 2018 REVOLVING LOAN F</b>	\$25,200.00	NEI BOTTLING INC	\$447.25
<b>Fund 376 TAX INCREMENT FINANCING</b>		NORTHWOODS ICE, INC	\$234.00
BELTRAMI COUNTY-AUDITOR/TREAS.	\$500.00	NORTHWOODS LUMBER CO	\$737.66
<b>Fund 376 TAX INCREMENT FINANCI</b>	\$500.00	PAUL BUNYAN COMMUNICATIONS	\$265.72
<b>Fund 601 WATER FUND</b>		Phillips Wine and Spirits	\$5,220.65
BELTRAMI ELECTRIC COOP	\$1,515.43	QUILL CORPORATION	\$85.49
BOGARTS REPAIR AND RECOVERY	\$52.77	Southern Glazer's of MN	\$3,046.52
Gopher State One Call	\$9.45	SYSCO	\$67.65
		TOTAL TAP SERVICES	\$68.00

Check Name	Amount
US FOODS	\$1,367.30
WASTE MANAGEMENT OF WI-MN	\$235.63
WIDSETH SMITH NOLTING & ASSOC	\$4,800.00
<b>Fund 609 MUNICIPAL LIQUOR FUN</b>	<u>\$74,260.89</u>
<b>Fund 613 GOLF COURSE</b>	
BELTRAMI ELECTRIC COOP	\$285.44
BLACKDUCK AUTO PARTS, INC	\$147.95
LMCIT INSURANCE TRUST	\$2,744.25
MN UNEMPLOYMENT INSURANCE	\$3,540.00
MTI Distributing	\$274.12
PAUL BUNYAN COMMUNICATIONS	\$44.60
USGA CLUB MEMBERSHIP	\$150.00
<b>Fund 613 GOLF COURSE</b>	<u>\$7,186.36</u>
	<u>\$162,325.05</u>

## Water Fund

Year to Date Income Statement thru 04/30/2020

Water Operating Revenue:		Budget:
Water Meter Sales	\$0.00	\$0.00
Health Dept Charges	\$33.82	\$2,994.00
Penalties and Interest	\$0.00	\$2,000.00
Water Sales	\$63,586.83	\$216,473.00
Water Connect/Reconnect Fee	\$325.96	\$1,000.00
Water Penalty	\$525.57	\$1,750.00
Miscellaneous Revenues	\$0.00	\$0.00
Interest Earnings	\$1,231.35	\$0.00
Reimbursements	\$0.00	\$0.00
<b>Total Water Revenues</b>	<b>\$65,703.53</b>	<b>\$224,217.00</b>

Water Operating Expenditures:	Year to Date	Budget	Remaining
Full-Time Employees Regular	\$19,386.53	\$61,965.00	\$42,578.47
Full-Time Employees OT	\$1,396.43	\$1,500.00	\$103.57
Part-Time Employees	\$0.00	\$1,344.00	\$1,344.00
PERA	\$1,558.79	\$4,748.00	\$3,189.21
FICA	\$1,568.11	\$4,843.00	\$3,274.89
Employer Paid Health	\$4,445.87	\$13,400.00	\$8,954.13
Office Supplies (GENERAL)	\$21.00	\$300.00	\$279.00
Printed Forms	\$0.00	\$0.00	\$0.00
Electricity	\$5,094.24	\$11,000.00	\$5,905.76
Computer Supplies	\$0.00	\$0.00	\$0.00
Training and Instruction	\$0.00	\$750.00	\$750.00
Operating Supplies (GENERAL)	\$3,035.74	\$1,600.00	(\$1,435.74)
Cleaning Supplies	\$0.00	\$0.00	\$0.00
Motor Fuels	\$52.88	\$1,000.00	\$947.12
Lubricants and Additives	\$0.00	\$0.00	\$0.00
Chemicals	\$0.00	\$0.00	\$0.00
Chlorine	\$1,808.19	\$7,000.00	\$5,191.81
Fluoride	\$0.00	\$1,000.00	\$1,000.00
Repairs/Maint Supply	\$0.01	\$0.00	(\$0.01)
Equipment Parts	\$0.00	\$0.00	\$0.00
Building Repair Supply	\$0.00	\$0.00	\$0.00
Utility Maint Supply	\$0.00	\$0.00	\$0.00
Small Tools	(\$0.28)	\$500.00	\$500.28
Merchandise for Resale	\$0.00	\$750.00	\$750.00
Auditing and Acc't	\$0.00	\$3,500.00	\$3,500.00
Legal Fees	\$0.00	\$0.00	\$0.00
Testing/ Analysis	\$0.00	\$0.00	\$0.00
Engineering Fees	\$1,250.00	\$4,000.00	\$2,750.00
Professional Services	\$1,275.00	\$1,000.00	(\$275.00)
Other Professional Services	\$0.00	\$1,000.00	\$1,000.00
Telephone	\$0.00	\$500.00	\$500.00
Postage	\$263.09	\$750.00	\$486.91
Travel Expense	\$0.00	\$750.00	\$750.00
Freight and Express	\$0.00	\$0.00	\$0.00
Legal Notices/Publications	\$0.00	\$0.00	\$0.00
General Liability Insurance	\$177.86	\$325.00	\$147.14
Property Insurance	\$935.00	\$1,600.00	\$665.00
Workers Compensation	\$980.28	\$2,000.00	\$1,019.72
Unemployment Paid	\$0.00	\$0.00	\$0.00
State Connection Fee	\$687.00	\$2,994.00	\$2,307.00
Repairs/Maint Building	\$0.00	\$0.00	\$0.00
Repairs/Maintenance Structure	\$0.00	\$12,000.00	\$12,000.00
Repairs/Maintenance Machinery	\$0.00	\$2,500.00	\$2,500.00
Dues and Subscriptions	\$869.30	\$3,000.00	\$2,130.70
Uncollectable Checks/Bad Debt	\$348.00	\$200.00	(\$148.00)
Cash Short	\$0.00	\$0.00	\$0.00
Miscellaneous	\$0.00	\$0.00	\$0.00
Bank Service Charges	\$408.02	\$500.00	\$91.98
<b>Total Water Expenditures</b>	<b>\$45,561.06</b>	<b>\$148,319.00</b>	<b>\$102,757.94</b>

Other Water Expenditures:		Budget	Remaining
Transfer Fr Other Fund	\$0.00	\$0.00	\$0.00
PFA Debt Service Principal	\$0.00	\$3,000.00	\$0.00
PFA Debt Service Interest	\$0.00	\$104.50	\$0.00
Debt Service Bond Principal	\$45,000.00	\$45,000.00	\$0.00
Debt Service Bond Interest	\$9,038.50	\$17,793.75	\$8,755.25
Depreciation/Capital Outlay	\$0.00	\$10,000.00	\$10,000.00
<b>Total</b>	<b>\$54,038.50</b>	<b>\$75,898.25</b>	<b>\$18,755.25</b>

<b>Net Tot</b>	<b>(\$33,896.03)</b>	<b>\$224,217.25</b>	<b>\$121,513.19</b>
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**Sewer Fund**

**Year to Date Income Statement thru 04/30/2020**

<b>Sewer Operating Revenue:</b>		<b>Budget</b>
Reimbursements	\$1,283.00	\$0.00
Penalties and Interest	\$0.00	\$750.00
Interest Earnings	\$603.40	\$0.00
Sewer Sales	\$56,002.42	\$179,485.00
Farm Lease Agreement Revenue	\$3,049.00	\$6,098.00
Sewer Connect/Reconnect Fee	\$0.00	\$0.00
Swr Penalty	\$505.84	\$1,500.00
Charges for Service	\$1,250.00	\$1,000.00
<b>Total Sewer Revenues</b>	<b>\$62,693.66</b>	<b>\$188,833.00</b>

<b>Sewer Operating Expenditures:</b>		<b>Budget</b>	<b>Remaining</b>
Full-Time Employees Regular	\$21,856.32	\$66,492.00	\$44,635.68
Part-Time Employees	\$0.00	\$672.00	\$672.00
PERA	\$1,639.18	\$4,925.00	\$3,285.82
FICA	\$1,649.79	\$5,023.00	\$3,373.21
Employer Paid Health	\$4,638.39	\$13,971.00	\$9,332.61
Office Supplies (GENERAL)	\$13.48	\$200.00	\$186.52
Electricity	\$2,722.40	\$16,500.00	\$13,777.60
Training and Instruction	\$0.00	\$500.00	\$500.00
Operating Supplies (GENERAL)	\$36.17	\$500.00	\$463.83
Motor Fuels	\$0.00	\$1,750.00	\$1,750.00
Lubricants and Additives	\$0.00	\$500.00	\$500.00
Repairs/Maint Supply	\$46.18	\$1,000.00	\$953.82
Equipment Parts	\$0.00	\$0.00	\$0.00
Tires	\$0.00	\$0.00	\$0.00
Merchandise Resale	\$0.00	\$0.00	\$0.00
Building Repair Supply	\$0.00	\$0.00	\$0.00
Utility Maint Supply	\$0.00	\$0.00	\$0.00
Small Tools	(\$0.41)	\$600.00	\$600.41
Auditing and Acc't	\$0.00	\$3,500.00	\$3,500.00
Legal Fees	\$0.00	\$4,000.00	\$4,000.00
Chemicals and Chem Products	\$0.00	\$0.00	\$0.00
Testing/Analysis	\$0.00	\$1,000.00	\$1,000.00
Other Professional Services	\$1,275.00	\$1,500.00	\$225.00
Telephone	\$103.28	\$500.00	\$396.72
Postage	\$153.00	\$500.00	\$347.00
Travel Expense	\$0.00	\$750.00	\$750.00
Other Printing/Binding	\$0.00	\$0.00	\$0.00
Freight and Express	\$0.00	\$0.00	\$0.00
Legal Notices/Publications	\$0.00	\$0.00	\$0.00
General Liability Insurance	\$984.72	\$2,000.00	\$1,015.28
Property Insurance	\$1,568.00	\$1,500.00	(\$68.00)
Other Insurance	\$0.00	\$0.00	\$0.00
Automotive Insurance	\$0.00	\$0.00	\$0.00
Workers Compensation	\$1,217.00	\$2,500.00	\$1,283.00
Unemployment Paid	\$0.00	\$0.00	\$0.00
State Connection Fee	\$0.00	\$0.00	\$0.00
Repairs/Maint Building	\$0.00	\$0.00	\$0.00
Repairs/Maintenance Structure	\$350.00	\$10,000.00	\$9,650.00
Repairs/Maintenance Machinery	\$0.00	\$0.00	\$0.00
Dues and Subscriptions	\$2,082.00	\$3,500.00	\$1,418.00
Interfund transfer	\$1,283.00	\$0.00	(\$1,283.00)
Fiscal Agent Fee	\$0.00	\$0.00	\$0.00
Other Equipment (irrigator)	\$0.00	\$6,700.00	\$6,700.00
<b>Total Sewer Expenditures</b>	<b>\$41,617.50</b>	<b>\$150,583.00</b>	<b>\$108,965.50</b>

		<b>Budget</b>	<b>Remaining</b>
2019 Micro Loan Principal	\$3,000.00	\$10,000.00	\$7,000.00
2019 Micro Loan Interest	\$0.00	\$1,877.50	\$1,877.50
Debt Srv Principal 2014 Go Bond	\$3,000.00	\$3,000.00	\$0.00
Depreciation/Capital Outlay	\$0.00	\$25,000.00	\$25,000.00
<b>Total</b>	<b>\$6,000.00</b>	<b>\$39,877.50</b>	<b>\$33,877.50</b>

**Net Total                    \$15,076.16                    \$190,460.50                    \$142,843.00**

**Pine Tree Park**  
**Year to Date Income Statement thru 4/30/2020**

<b>PTP Revenues</b>	<b>2020</b>	<b>Beach</b>	<b>2019</b>
Reservation Fees	\$45.00		\$95.00
Grants	\$0.00		\$0.00
Camping Fees	\$485.00		\$1,075.00
Other Revenue	\$0.00		\$103.50
Contributions and Donations	\$12,632.00	\$12,632.00	\$0.00
Interest Earnings	\$372.13		\$234.50
<b>Total PTP Revenues</b>	<b>\$13,534.13</b>	<b>\$12,632.00</b>	<b>\$1,508.00</b>

10800

<b>PTP Expenditures</b>	<b>2020 YTD</b>	<b>Beach</b>	<b>2019 YTD</b>	<b>2020 Budget</b>	<b>Remaining</b>
Full-Time Employees Regular	\$1,352.99		\$1,215.45	\$4,182.00	\$2,829.01
Part-Time Employees Regular	\$0.00		\$0.00	\$1,680.00	\$1,680.00
PERA	\$101.57		\$91.17	\$295.00	\$193.43
FICA	\$99.75		\$89.08	\$430.00	\$330.25
Employer Paid Health	\$269.02		\$257.37	\$806.00	\$536.98
Office Supplies	\$0.00		\$8.75	\$0.00	\$0.00
Electricity	\$418.11		\$417.59	\$2,700.00	\$2,281.89
Operating Supplies (GENERAL)	\$5.96		\$18.16	\$800.00	\$794.04
Cleaning Supplies	\$0.00		\$0.00	\$0.00	\$0.00
Motor Fuels	\$0.00		\$0.00	\$1,000.00	\$1,000.00
Repairs/Maint Supply	\$19.49		\$0.00	\$750.00	\$730.51
Equipment Parts	\$0.00		\$0.00	\$200.00	\$200.00
Other Professional Services	\$0.00		\$0.00	\$500.00	\$500.00
Postage	\$91.30	\$91.30	\$0.00	\$0.00	(\$91.30)
Advertising	\$0.00		\$0.00	\$500.00	\$500.00
Other Printing/Binding	\$0.00		\$0.00	\$0.00	\$0.00
General Liability Insurance	\$355.72		\$0.00	\$600.00	\$244.28
Property Insurance	\$1,536.50		\$0.00	\$2,000.00	\$463.50
Workers Compensation Insurance	\$0.00		\$0.00	\$0.00	\$0.00
Garbage	\$142.25		\$69.49	\$1,750.00	\$1,607.75
Repairs/Maint Building	\$0.00		\$0.00	\$17,000.00	\$17,000.00
Repairs/Maintenance Structure	\$0.00		\$0.00	\$0.00	\$0.00
Improvements Other	\$0.00		\$0.00	\$500.00	\$500.00
Repairs/Maintenance Machinery	\$46.49		\$0.00	\$1,500.00	\$1,453.51
Portable Restrooms	\$0.00		\$0.00	\$0.00	\$0.00
Depreciation	\$0.00		\$0.00	\$5,000.00	\$5,000.00
Transfer to General	\$0.00		\$0.00	\$0.00	\$0.00
Dues and Subscriptions	\$0.00		\$0.00	\$375.00	\$375.00
<b>Total PTP Expenditures</b>	<b>\$4,439.15</b>	<b>\$91.30</b>	<b>\$2,167.06</b>	<b>\$42,568.00</b>	<b>\$38,128.85</b>
<b>Net Profit</b>	<b>\$9,094.98</b>		<b>(\$659.06)</b>		
<b>Total</b>	<b>\$9,094.98</b>		<b>(\$659.06)</b>		



**Blackduck Municipal Golf Course**  
**Year-To-Date Income Statement 04/30/2020**

	Sales	Cost of Goods	Gross Profit	Gross Margin	Budget	Remaining
Beer	\$0.00	\$0.00	\$0.00	#DIV/0!	\$3,000.00	\$3,000.00
Soft Drinks	\$0.00	\$0.00	\$0.00	#DIV/0!	\$3,000.00	\$3,000.00
Food	\$0.00	\$0.00	\$0.00	#DIV/0!	\$1,500.00	\$1,500.00
Golf Merchandise	\$0.00	\$0.00	\$0.00	#DIV/0!	\$1,000.00	\$1,000.00
Clothing	\$0.00	\$0.00	\$0.00	#DIV/0!	\$500.00	\$500.00
<b>Total</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>#DIV/0!</b>	<b>\$9,000.00</b>	<b>\$9,000.00</b>

**Charges for Services**

Green Fees		\$298.00
Membership Fees		\$4,345.00
Trail Fees		\$180.00
Cart Storage		\$347.50
Rentals (Clubs, Carts)		\$0.00
Power Carts		\$810.00
Clubhouse Rental		\$100.00
Golf Tournament Revenue		\$0.00
<b>Total Charges for Services</b>		<b>\$6,080.50</b>

**Total Income \$6,080.50**

**Less Operating Expense**

		Budget	Remaining
Wages	\$0.00	\$55,000.00	\$55,000.00
PERA	\$0.00	\$2,225.00	\$2,225.00
FICA	\$0.00	\$4,250.00	\$4,250.00
Office Supplies	\$0.00	\$0.00	\$0.00
Heating Fuel	\$0.00	\$0.00	\$0.00
Electricity	\$1,473.23	\$6,000.00	\$4,526.77
Training & Instructions	\$0.00	\$0.00	\$0.00
Operating Supplies	\$23.45	\$2,200.00	\$2,176.55
Cleaning Supplies	\$0.00	\$0.00	\$0.00
Motor Fuels	\$274.12	\$3,500.00	\$3,225.88
Lubricants/Additives	\$0.00	\$0.00	\$0.00
Chemicals	\$0.00	\$5,000.00	\$5,000.00
Repair/Maint/Supplies	\$0.00	\$0.00	\$0.00
Equipment parts	\$0.00	\$0.00	\$0.00
Building Repair supply	\$0.00	\$0.00	\$0.00
Small Tools/Equipment	\$0.00	\$0.00	\$0.00
Tires	\$0.00	\$0.00	\$0.00
Auditing/ Accounting	\$0.00	\$0.00	\$0.00
Medical Fees	\$0.00	\$500.00	\$500.00
Dram	\$0.00	\$750.00	\$750.00
Telephone	\$138.66	\$600.00	\$461.34
Cable Television	\$40.00	\$375.00	\$335.00
Other Equipment	\$0.00	\$0.00	\$0.00
Other Professional services	\$0.00	\$0.00	\$0.00
Postage	\$0.00	\$50.00	\$50.00
Advertising	\$0.00	\$0.00	\$0.00
Liability Insurance	\$1,289.49	\$2,000.00	\$710.51
Property Insurance	\$1,198.50	\$3,600.00	\$2,401.50
Work Comp	\$256.26	\$550.00	\$293.74
Unemployment	\$4,720.00	\$4,500.00	(\$220.00)
Insurance	\$0.00	\$0.00	\$0.00
Garbage Disposal	\$53.35	\$700.00	\$646.65
Repair/Maint Building	\$0.00	\$1,200.00	\$1,200.00
Repair/Main Structure	\$0.00	\$0.00	\$0.00
Repairs/Maint Machinery	\$2,197.90	\$5,000.00	\$2,802.10
Maintenance Course	\$935.16	\$3,000.00	\$2,064.84
Motor Vehicles	\$0.00	\$1,500.00	\$1,500.00
Cart Shed Expenses	\$1,236.20	\$0.00	(\$1,236.20)
Leasehold Improvement	\$0.00	\$0.00	\$0.00
Dues and Subscriptions	\$722.45	\$1,500.00	\$777.55
Bank Service Charges	\$106.27	\$1,300.00	\$1,193.73
Debt Service Bond Principal	\$10,000.00	\$10,000.00	\$0.00
Interest	\$437.50	\$811.50	\$374.00
Equipment Bond Interest 2016	\$1,012.50	\$1,862.50	\$850.00
Equipment Bond Principal 2016	\$13,000.00	\$13,000.00	\$0.00
<b>Total Expense</b>	<b>\$39,115.04</b>	<b>\$130,974.00</b>	<b>\$91,858.96</b>

1808.65

**OPERATING INCOME OR LOSS (\$33,034.54)**

**Other Expenses**

Misc. Expenses	\$0.00
Equipment - Gator	\$0.00
Management Fec	\$0.00
Capital Improvements	\$0.00
Transfer to General	\$0.00
Cash Short	\$0.00
<b>Total Other Expenses</b>	<b>\$0.00</b>

**Other Income**

General Property taxes	\$403.82
Transfer Fr Liq Str	\$10,000.00
Interest Earned	\$0.00

Reimbursements	\$29.88
Other Revenues	\$0.00
Cash Over	\$0.00
Tee Box Revenue	\$2,250.00
<b>Total Other Income</b>	<b>\$12,683.70</b>

**NET INCOME OR LOSS YEAR TO DATE**      **(\$20,350.84)**

<b>Sales Comparison YTD</b>	<b>2019 thru November</b>	<b>2020</b>
Green Fees	\$35,789.41	\$298.00
<b>YTD Comparisons:</b>	<b>2019</b>	<b>2020</b>
Operating Revenue	\$30,937.00	\$18,764.20
Operating Expense	\$38,306.57	\$39,115.04
	<b>(\$7,369.57)</b>	<b>(\$20,350.84)</b>

**Blackduck Municipal Liquor Store Income Statement**  
**Year to Date Ending 04/30/2020**

233263.24

	Sales	Cost of Goods	Gross Profit	
Liquor Sales Off-Sale	\$90,808.89	\$68,698.66	\$22,110.23	24.35%
Beer Sales Off-Sale	\$139,709.72	\$107,833.66	\$31,876.06	22.82%
Wine Sales Off-Sale	\$14,954.77	\$9,231.01	\$5,723.76	38.27%
Other Sales On/Off-Sale	\$2,263.97	\$2,100.58	\$163.39	7.22%
Liquor Sales On-Sale	\$23,665.83	\$6,699.07	\$16,966.76	71.69%
Beer Sales On-Sale	\$33,776.99	\$7,618.50	\$26,158.49	77.44%
Wine Sales On-Sale	\$293.97	\$153.15	\$140.82	47.90%
Cigarette Sales	\$629.25	\$837.50	(\$208.25)	-33.09%
Clothing	\$1,429.83	\$344.33	\$1,085.50	75.92%
Soft Drinks On Sale	\$4,117.21	\$3,107.28	\$1,009.93	24.53%
Food Sales	\$39,931.01	\$24,366.70	\$15,564.31	38.98%

GPM

**Total**                      **\$351,581.44**                      **\$230,990.44**                      **\$120,591.00**                      **34.30%**

**Less Operating Expense**

**2020 YTD**

**Budget**

**Remaining**

Wages FT	\$18,847.66	\$67,252.58	\$48,404.92
Wages PT	\$38,980.81	\$123,804.00	\$84,823.19
PERA	\$4,088.11	\$13,959.00	\$9,870.89
FICA	\$4,506.57	\$14,516.00	\$10,009.43
Health Insurance	\$4,254.97	\$14,022.00	\$9,767.03
Office Supplies	\$357.57	\$900.00	\$542.43
Electricity	\$9,947.99	\$23,000.00	\$13,052.01
Computer Supplies	\$0.00	\$0.00	\$0.00
Training and Instruction	\$13.65	\$500.00	\$486.35
Operating & Bar Supplies	\$6,640.34	\$12,000.00	\$5,359.66
Cleaning Supplies	\$0.00	\$0.00	\$0.00
Bar Supply	\$0.00	\$0.00	\$0.00
Building Repair Supplies	\$0.00	\$0.00	\$0.00
Mix Expense	\$1,882.19	\$9,000.00	\$7,117.81
Auditing /Acct'g Services	\$0.00	\$6,500.00	\$6,500.00
Legal Fees	\$0.00	\$0.00	\$0.00
Other Professional Services/Cleaning	\$468.00	\$0.00	(\$468.00)
Telephone	\$616.04	\$1,400.00	\$783.96
Postage	\$0.00	\$400.00	\$400.00
Cable Television	\$422.00	\$1,350.00	\$928.00
Internet Access	\$424.75	\$1,400.00	\$975.25
Travel Expense	\$0.00	\$500.00	\$500.00
Freight	\$1,897.40	\$5,000.00	\$3,102.60
Advertising	\$0.00	\$0.00	\$0.00
Promotions/Entertainment	\$2,109.89	\$10,000.00	\$7,890.11
Legal Notices	\$0.00	\$0.00	\$0.00
Liability Insurance	\$1,289.49	\$2,300.00	\$1,010.51
Property Insurance	\$3,606.50	\$7,200.00	\$3,593.50
Dram Shop/Liquor Liability	\$4,614.00	\$4,500.00	(\$114.00)
Other Insurance	\$0.00	\$0.00	\$0.00
Work Comp	\$2,330.87	\$5,000.00	\$2,669.13
Water Utility	\$702.84	\$2,700.00	\$1,997.16
Garbage Disposal	\$1,597.76	\$6,000.00	\$4,402.24
Catering Expense	\$61.52	\$0.00	(\$61.52)
Repairs & Maintenance	\$0.00	\$0.00	\$0.00
Repairs/Maintenance Building	\$13,357.01	\$40,000.00	\$26,642.99
Uncollectable Checks	\$0.00	\$200.00	\$200.00
Dues and Subscriptions	\$2,221.86	\$3,500.00	\$1,278.14
Bank Service Charges	\$6,869.96	\$15,500.00	\$8,630.04
Furniture & Fixtures	\$1,895.68	\$5,000.00	\$3,104.32
Office Equip & Furnishings	\$0.00	\$0.00	\$0.00
Improvements Other	\$0.00	\$0.00	\$0.00
Building & Structures	\$10,030.35	\$15,000.00	\$4,969.65
Medical Fees	\$48.00	\$350.00	\$302.00
Assessment	\$1,135.72	\$2,554.00	\$1,418.28
Other Equipment	\$0.00	\$2,000.00	\$2,000.00

**Total Operating Expense**                      **\$145,219.50**                      **\$417,307.58**                      **\$272,088.08**

**Inventory Expense**    **\$2,272.80**

**NET INCOME OR LOSS**    **(\$26,901.30)**

**Other Expenses**

Donations	\$0.00
Capital Outlay	\$0.00
Unemployment Paid	\$790.84
Cash Short	(\$25.35)
Misc. Expense	\$0.00
<b>Total Other Expenses</b>	<b>\$765.49</b>

**Other Income**

Reimbursements (NSF)	\$314.72
Rent Income	\$3,136.00
Vending Income	\$1,136.00
Interest	\$1,773.69
Catering Revenue	\$182.03
Cash Over	\$301.06

Total Other Income	\$6,843.50
<b>Gross Profit Before Transfers</b>	<b>(\$20,823.29)</b>
Transfer to General Fund & Other Funds	\$10,000.00
<b>Net Profit After Inventory Exp &amp; Transfers</b>	<b>(\$30,823.29)</b>

Inventory at 1/1/2020 after inventory total	\$107,545.49
Inventory at 04/30/2020	\$110,439.46
Difference	\$2,893.97

**Sales Comparison Year to Date Ending 04/30/2020**

	2018	2019	2020	% of Increase from 2019-2020
Off-Sale Liquor	\$71,569.68	\$78,024.98	\$90,808.89	16.38%
Off-Sale Beer	\$128,474.93	\$133,389.87	\$139,709.72	4.74%
Off-Sale Wine	\$12,147.19	\$13,109.18	\$14,954.77	14.08%
<b>Total Off-Sale</b>	<b>\$212,191.80</b>	<b>\$224,524.03</b>	<b>\$245,473.38</b>	<b>9.33%</b>
On-Sale Liquor	\$35,533.19	\$41,903.93	\$23,665.83	-43.52%
On-Sale Beer	\$45,138.55	\$51,347.65	\$33,776.99	-34.22%
On-Sale Wine	\$430.92	\$395.47	\$293.97	-25.67%
<b>Total On-Sale</b>	<b>\$81,102.66</b>	<b>\$93,647.05</b>	<b>\$57,736.79</b>	<b>-38.35%</b>
<b>Total On and Off Sale</b>	<b>\$293,294.46</b>	<b>\$318,171.08</b>	<b>\$303,210.17</b>	<b>-4.70%</b>
Total Food Sales	\$28,930.70	\$34,098.51	\$39,931.01	17.10%

# MINNESOTA Lawful Gambling

## LG216 Worksheet for Calculating Lawful Gambling Monthly Rent

Organization Name <b>Blackduck Fire Relief</b>	License Number <b>01944</b>
Site Name <b>POND</b>	Site Number <b>001</b>

(Use one worksheet for each site. If lease changes, use new work sheet)

**Booth Operation Rent**

1 List the % to be paid for paper pull-tabs, tipboards, paddletickets, electronic pull-tabs and electronic linked bingo conducted by the organization's employees

1 \_\_\_\_\_

**Bar Operation Rent**

2 List the % to be paid for paper pull-tabs, tipboards and paddletickets conducted by the lessor or lessor's employees

2 **20.00%**

3 List the % to be paid for electronic pull-tabs and electronic linked bingo conducted by the lessor or lessor's employees

3 \_\_\_\_\_

**Booth Operation Rent**

**Bar Operation Rent**

	A	B1	B2	C1	C2	D	E1	E2	F	G	H
<b>Booth Operation</b>											
<b>Bar Operation</b>											
<b>Month and Year</b>		Multiply the total of this month's net receipts from paper pull-tabs, electronic pull-tabs, electronic linked bingo, tipboards, and paddletickets by the amount in Box 1.		Multiply the total of this month's net receipts from paper pull-tabs, tipboards, and paddletickets by the amount in Box 2.		If an amount was entered, in Col B, enter the sum of Cols B and C up to a max of \$1750. If Col B is blank, enter Col C.	Multiply the total of this month's net receipts from electronic pull-tabs and electronic linked bingo by the amount in Box 3.		Add Columns D and E	Enter cash short for games sold from bar-op. Report amount on Sched A, line 22m, in month the Col H is paid.	Subtract Col G from Col F. This is the amount of rent to be paid. The amount is not reported on Sched A.
	3/2020			6061.00	1212.20	1212.20			1212.20	(199.00)	1013.20

1 This amount may not exceed 10%  
 2 Enter no more than 10% if paper or electronic pull-tab, tipboards, paddletickets (other than paddleticket without a table once weekly), or electronic linked bingo games are conducted by the organization's employees. Otherwise, enter no more than 20%.  
 3 This amount may not exceed 15%.  
 4 Electronic pull-tab rent is based on the receipts incurred during the month, and not on when each pull-tab deal is closed.  
 5 If the amount in Column H is negative, contact your compliance specialist.



**2020 ANNUAL CONTINUING DISCLOSURE REPORTING**

The City of Blackduck, Minnesota has covenanted to comply with Limited continuing disclosure requirements as required by the SEC Rule 15c2-12 (the "Rule") for certain outstanding obligations, requiring the City to provide an annual update to bondholders on the status of the financial and economic condition of the City. The required contents of the Annual Report are set forth in the Continuing Disclosure Certificate(s) for all applicable outstanding debt. The Continuing Disclosure Certificate is prepared by your bond attorney as part of the closing documentation that is executed with each of your issues subject to the Rule, and also includes the requirement of reporting the occurrence of certain "reportable events."

As Dissemination Agent to the City, we will complete and submit the Annual Disclosure Report on your behalf.

<b>Issuer and/or Other Obligated Person:</b>	City of Blackduck, Minnesota
--	------------------------------

<b>Annual Report Deadline or As Soon As Available:</b>	<b>December 30, 2020</b>
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<b>Report Timeline and Deadlines:</b>	
Deadline for Client to Complete Questionnaire	April 24, 2020
Deadline for Ehlers to File Report on EMMA	December 30, 2020

**To help us complete the remainder of this year's Report, please complete and provide the following information to us by (April 24, 2020):**

- 1) Please forward, or have your Auditor / CPA provide, your **Final 2019 Audit**.  
*(If you do not have your final audit yet, please provide us with a status. Financial Statements or a Draft Audit is required to be filed by the Report Due Date).*
  
- 2) Attached, for your review and reference, you will find the outstanding debt schedule(s) we have on record for the City. If any new debt has been issued, please provide us with the following items for each issuance: the purpose of the issue, the amount of the issue, the maturity schedule, the interest rates, the date when issued, the resolution, the legal opinion and the continuing disclosure certificate. **If any debt has been paid in full, please list the issue(s) below and the date paid.**

3) The Following Issues are currently subject to Continuing Disclosure Reporting and represent one Continuing Disclosure Undertaking (“CDU”):

**Issues Subject to Limited Disclosure:**

Issue Identification	Issue Date	6-Digit CUSIP No.
\$445,000 General Obligation Refunding Bonds, Series 2009A	12/28/2009	092282
\$1,165,000 General Obligation Bonds, Series 2012A	12/27/2012	092282

**Issues Subject to Limited or Full (Only Upon Request) Disclosure:**

Issue Identification	Issue Date	6-Digit CUSIP No.
\$495,000 General Obligation Bonds, Series 2006A	8/17/2006	092282

Below is the Ehlers' Disclosure Dissemination fee schedule:

**Full Disclosure Services fees** shall be assessed as follows:

Number of Issuer Continuing Disclosure Undertakings	Annual Fee
One (1) to three (3) CDU's	\$2,800
Four (4) to six (6) CDU's	\$3,300
Seven (7) or more CDU's	\$3,800

Plus any out of pocket expenses.

Special Circumstances

If an Issuer's CDU requires periodic filings (quarterly or semiannually) in addition to the annual filings, a fee of \$500 per required CDU filing shall be assessed.

**Limited Disclosure Services** shall be provided annually for a fee of \$750.

4) Below is a list of events that require a Reportable Event Notice to be filed on EMMA. Please indicate if any of the following Events occurred during the past year:

Event	Circle
1. Principal and interest payment delinquencies	Y / <input type="checkbox"/> N
2. Non-payment related defaults, if material	Y / <input type="checkbox"/> N
3. Unscheduled draws on debt service reserves reflecting financial difficulties	Y / <input type="checkbox"/> N
4. Unscheduled draws on credit enhancements reflecting financial difficulties	Y / <input type="checkbox"/> N
5. Substitution of credit or liquidity providers, or their failure to perform	Y / <input type="checkbox"/> N
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Issuer's bonds or notes, or other material events affecting the tax status of the Issuer's bonds or notes	Y / <input type="checkbox"/> N
7. Modification to rights of holders of the Issuer's bonds or notes, if material	Y / <input type="checkbox"/> N
8. Calls of the Issuer's bonds or notes, if material, and tender offers	Y / <input type="checkbox"/> N
If Yes, please describe which bonds: _____	
9. Defeasances of the Issuer's bonds or notes	Y / <input type="checkbox"/> N

- 10. Release, substitution or sale of property securing repayment of the Issuer's bonds or notes, if material Y /  N
- 11. Rating changes Y /  N  
If Yes, please describe rating change: \_\_\_\_\_
- 12. Bankruptcy, insolvency, receivership or similar event of the Issuer Y /  N
- 13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material Y /  N
- 14. Appointment of a successor or additional trustee or the change of name of a trustee, if material Y /  N
- 15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect holders of the Securities, if material; and (if applicable\*) Y /  N
- 16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the Issuer, any of which reflect financial difficulties. (if applicable\*) Y /  N

\* New reporting requirements as of February 27, 2019.

Please sign and date questionnaire:

Signature Christina A. Regas Date April 4, 2020

Feel free to call Sara Beecher (262.796.6172) or Annie Mallon (262.796.6188), or e-mail sbeecher@ehlers-inc.com or amallon@ehlers-inc.com, if you have any questions or comments regarding continuing disclosure or to further discuss how we may be of service to you in complying with these regulations.



City of Blackduck, Minnesota  
 Schedule of Bonded Indebtedness  
 General Obligation Debt Secured by Revenues  
 (As of 04/03/2020)

		General Obligation Bonds Series 2012A		Water Revenue Note (MPFA) Series 2016						
Dated Amount	12/27/2012 \$1,165,000			09/28/2016	\$468,834					
Maturity	02/01			08/20						
Fiscal Year Ending	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Fiscal Year Ending
2020	0	9,131	14,000	5,212	14,000	14,343	28,343	1,239,600	1.12%	2020
2021	55,000	17,768	14,000	10,311	69,000	28,079	97,079	1,170,600	6.62%	2021
2022	55,000	16,778	14,000	10,185	69,000	26,963	95,963	1,101,600	12.13%	2022
2023	55,000	15,788	14,000	10,037	69,000	25,824	94,824	1,032,600	17.63%	2023
2024	55,000	14,715	15,000	9,862	70,000	24,577	94,577	962,600	23.21%	2024
2025	50,000	13,613	15,000	9,644	65,000	23,257	88,257	897,600	28.40%	2025
2026	50,000	12,563	15,000	9,404	65,000	21,967	86,967	832,600	33.58%	2026
2027	50,000	11,475	15,000	9,145	65,000	20,620	85,620	767,600	38.77%	2027
2028	50,000	10,350	15,000	8,838	65,000	19,188	84,188	702,600	43.95%	2028
2029	55,000	9,169	15,000	8,489	70,000	17,658	87,658	632,600	49.54%	2029
2030	55,000	7,890	16,000	8,107	71,000	15,997	86,997	561,600	55.20%	2030
2031	55,000	6,570	16,000	7,668	71,000	14,238	85,238	490,600	60.86%	2031
2032	55,000	5,250	16,000	7,199	71,000	12,449	83,449	419,600	66.53%	2032
2033	60,000	3,825	16,000	6,705	76,000	10,530	86,530	343,600	72.59%	2033
2034	60,000	2,295	16,000	6,193	76,000	8,488	84,488	267,600	78.65%	2034
2035	60,000	765	16,000	5,665	76,000	6,430	82,430	191,600	84.72%	2035
2036			16,000	5,124	16,000	5,124	21,124	175,600	85.99%	2036
2037			17,000	4,569	17,000	4,569	21,569	158,600	87.35%	2037
2038			17,000	4,156	17,000	4,156	21,156	141,600	88.70%	2038
2039			17,000	3,733	17,000	3,733	20,733	124,600	90.06%	2039
2040			17,000	3,299	17,000	3,299	20,299	107,600	91.42%	2040
2041			17,000	2,857	17,000	2,857	19,857	90,600	92.77%	2041
2042			18,000	2,410	18,000	2,410	20,410	72,600	94.21%	2042
2043			18,000	1,935	18,000	1,935	19,935	54,600	95.64%	2043
2044			18,000	1,458	18,000	1,458	19,458	36,600	97.08%	2044
2045			18,000	979	18,000	979	18,979	18,600	98.52%	2045
2046			18,600	498	18,600	498	19,098	0	100.00%	2046
	820,000	157,943	433,600	163,682	1,253,600	321,625	1,575,225			

**City of Blackduck, Minnesota**  
**Schedule of Bonded Indebtedness**  
**General Obligation Debt Secured by Special Assessments and Taxes**  
**(As of 04/03/2020)**

General Obligation Bonds Series 2006A								
<b>Dated</b>	08/17/2006							
<b>Amount</b>	\$495,000							
<b>Maturity</b>	02/01							
<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Principal</b>	<b>Total Interest</b>	<b>Total P &amp; I</b>	<b>Principal</b>	<b>% Paid</b>	<b>Fiscal Year</b>
<b>Ending</b>						<b>Outstanding</b>		<b>Ending</b>
<b>2020</b>	0	1,744	0	1,744	1,744	75,000	.00%	<b>2020</b>
<b>2021</b>	35,000	2,674	35,000	2,674	37,674	40,000	46.67%	<b>2021</b>
<b>2022</b>	40,000	930	40,000	930	40,930	0	100.00%	<b>2022</b>
	75,000	5,348	75,000	5,348	80,348			

City of Blackduck, Minnesota  
 Schedule of Bonded Indebtedness  
 General Obligation Debt Secured by Special Assessments, Taxes and Utility Revenues  
 (As of 04/03/2020)

	Refunding Bonds Series 2009A		Disposal System Bonds Series 2014A					Principal	% Paid	Fiscal Year
Dated Amount	12/28/2009 \$445,000		10/20/2014 \$105,000		Total Principal	Total Interest	Total P & I	Outstanding		
Maturity	01/01		02/01							
Fiscal Year Ending	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Fiscal Year Ending
2020	0	1,213	0	810	0	2,023	2,023	114,000	.00%	2020
2021	15,000	2,141	10,000	1,470	25,000	3,611	28,611	89,000	21.93%	2021
2022	15,000	1,556	10,000	1,170	25,000	2,726	27,726	64,000	43.86%	2022
2023	15,000	947	11,000	855	26,000	1,802	27,802	38,000	66.67%	2023
2024	15,000	319	11,000	525	26,000	844	26,844	12,000	89.47%	2024
2025			12,000	180	12,000	180	12,180	0	100.00%	2025
	60,000	6,176	54,000	5,010	114,000	11,186	125,186			

City of Blackduck, Minnesota  
 Schedule of Bonded Indebtedness  
 General Obligation Debt Secured by Taxes  
 (As of 04/03/2020)

Equipment Certificate  
 Series 2016A

Dated Amount		09/15/2016 \$93,000							
Maturity		02/01							
Fiscal Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Fiscal Year Ending	
2020	0	850	0	850	850	68,000	.00%	2020	
2021	13,000	1,538	13,000	1,538	14,538	55,000	19.12%	2021	
2022	13,000	1,213	13,000	1,213	14,213	42,000	38.24%	2022	
2023	14,000	875	14,000	875	14,875	28,000	58.82%	2023	
2024	14,000	525	14,000	525	14,525	14,000	79.41%	2024	
2025	14,000	175	14,000	175	14,175	0	100.00%	2025	
	68,000	5,175	68,000	5,175	73,175				

City of Blackduck, Minnesota  
 Schedule of Bonded Indebtedness  
 General Obligation Debt Secured by Utility Revenues  
 (As of 04/03/2020)

Disposal System Note  
 Series 2017A

Dated Amount	11/01/2017 \$180,000
Maturity	02/01

Fiscal Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Fiscal Year Ending
2020	0	2,065	0	2,065	2,065	140,000	.00%	2020
2021	16,000	3,894	16,000	3,894	19,894	124,000	11.43%	2021
2022	17,000	3,407	17,000	3,407	20,407	107,000	23.57%	2022
2023	17,000	2,906	17,000	2,906	19,906	90,000	35.71%	2023
2024	17,000	2,404	17,000	2,404	19,404	73,000	47.86%	2024
2025	17,000	1,903	17,000	1,903	18,903	56,000	60.00%	2025
2026	18,000	1,387	18,000	1,387	19,387	38,000	72.86%	2026
2027	19,000	841	19,000	841	19,841	19,000	86.43%	2027
2028	19,000	280	19,000	280	19,280	0	100.00%	2028
	140,000	19,087	140,000	19,087	159,087			



8 Summit Ave. NE, PO Box 380, Blackduck, MN 56630-0380

April 8, 2020

Bob & Heidi Mabe  
Blackduck Theater  
2103 Harrison Court SW  
Bemidji, MN 56601

Dear Bob & Heidi,

As of April 8, 2020, Blackduck Theater's note with the City of Blackduck is paid in full. I have enclosed the original promissory note marked 'PAID' for your records. Also, your insurance agent will be notified to remove the City as a lienholder on the property policy. We are glad to be able to assist in your business financing needs.

Sincerely,



Christina Regas

CC: Revolving Loan Committee, Blackduck City Council

[www.blackduckmn.com](http://www.blackduckmn.com)

Phone: (218) 835-4803 Fax: (218) 835-4801 Email: [city@paulbunyan.net](mailto:city@paulbunyan.net)


*"The City Of Blackduck Is An Equal Opportunity Provider"*


# SATISFACTION OF MORTGAGE

Date: April 8, 2020

THAT CERTAIN MORTGAGE owned by the undersigned, dated June 4, 2013, executed by Robert D. Mabe and Heidi Jane Mabe, husband and wife, as Mortgagor, to the City of Blackduck, as Mortgagee, and filed for record June 6, 2013, by document no A000532033 in the office of the County Recorder of Beltrami County, Minnesota, is, with the indebtedness thereby secured, fully paid and satisfied.

CITY OF BLACKDUCK

By   
Christina Regas  
Its City Administrator

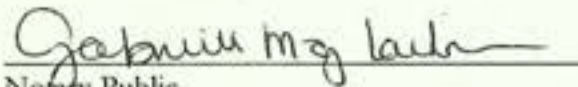
By   
Rudy Patch  
Its Mayor

STATE OF MINNESOTA

ss.

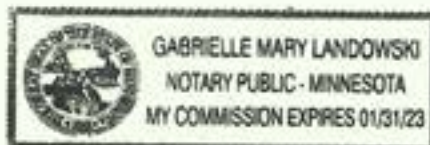
COUNTY OF BELTRAMI

The foregoing instrument was acknowledged before me this 8 day of April, 2020, by Christina Regas, City Administrator, and Rudy Patch, Mayor of the City of Blackduck, a municipal corporation, on behalf of that body.

  
Notary Public

THIS INSTRUMENT DRAFTED BY:

Headwaters Regional Development Commission  
403 4<sup>th</sup> Street NW  
P.O. Box 906  
Bemidji, MN 56619-0906  
(218) 444-4732



# Requesting Final Council Approval for the Following

Requesting Final Approval of Part-time Seasonal Employees:

<b>Name:</b>	<b>Position:</b>	<b>Date of Hire:</b>	<b>Wage:</b>
<b>Jim Andersen</b>	Golf Course Superintendent	4/13/2020	\$16.48
<b>Pam Exner</b>	Golf Course Club House Manager	5/4/2020	\$14.42
<b>Cal Shofner</b>	Golf Course Groundskeeper	5/4/2020	\$12.00
<b>Justin Baumgartner</b>	Golf Course Groundskeeper	5/4/2020	\$11.00
<b>Kialee Brands</b>	Golf Course Clubhouse employee	5/4/2020	\$10.00
<b>Richard McKean</b>	Golf Course Clubhouse employee	5/4/2020	\$10.87
<b>Shawn O'Brien</b>	Golf Course Clubhouse employee	5/4/2020	\$10.00
<b>Monica O'Brien</b>	Golf Course Clubhouse employee	5/4/2020	\$10.00
<b>Karl Erickson</b>	Golf Course Groundskeeper	5/4/2020	\$10.00
<b>MollieAnn Exner</b>	Summer Maintenance	5/4/2020	\$14.00





### MAP Agreement

APPLICATION NO.  
2650532

AGREEMENT NO.

Meter Reading Contact Person: Christina Regas christina.regas@blackduckmn.com

#### Managed Account Program

Phone: 800.892.8548 | Fax: 800.847.3087

The words Lessee, **you** and **your** refer to **Customer**. The words **Lessor, we, us** and **our** refer to **Marco Technologies LLC**.

#### CUSTOMER INFORMATION

FULL LEGAL NAME			STREET ADDRESS	
CITY OF BLACKDUCK			8 SUMMIT AVE	
CITY	STATE	ZIP	PHONE	
BLACKDUCK	MN	56630		
BILLING NAME (IF DIFFERENT FROM ABOVE)			BILLING STREET ADDRESS	
CITY	STATE	ZIP	E-MAIL	
			christina.regas@blackduckmn.com	
EQUIPMENT LOCATION (IF DIFFERENT FROM ABOVE)				

#### EQUIPMENT WITH CONSOLIDATED MINIMUMS

MAKE/MODEL/ACCESSORIES	SERIAL NUMBER	START METER COLOR	START METER BW
1 HPI - 3GY16ABGJ (E62665H) - [8 SUMMIT AVE BLACKDUCK, MN 56630]			
2			
3			
4			
5			

Minimum Payment\* \$ 155.54      B&W Print Allowance 4,000      Excess B&W Print Charge\* \$ 0.011000  
\*plus applicable taxes

#### MARCO SUPPORT DESK (By selecting "YES" you agree that the Marco Support Desk Monthly Fee will be added to this Agreement's monthly invoice.)

	Do you wish to enroll in the Marco Support Desk for equipment listed herein?	Number of Devices Enrolled:	Marco Support Desk Device Monthly Fees		
	<input checked="" type="checkbox"/> Yes OR <input type="checkbox"/> No	<u>1</u>	1 - 5 Devices: \$10	6 - 15 Devices: \$20	16+ Devices: \$30

If enrolled, the equipment on this Agreement will qualify for Marco Support Desk. If no box is checked, then you have elected to waive Marco Support Desk coverage for equipment listed herein.

#### FREQUENCY OF MINIMUM PAYMENT      METER READING FREQUENCY

Please Check One:  Monthly    Quarterly    Semi-Annually    Annually      Please Check One:  Monthly    Quarterly    Semi-Annually    Annually  
(If no box is checked, frequency will be Monthly)

#### TERM AND PAYMENT SCHEDULE      SUPPLIES COVERAGE LEVELS

Term in Months 60      Please Check One:  All Inclusive    HP OEM    No Supplies Included  
(If no box is checked, no supplies will be included)      (Billed at Standard Pricing)

**THIS IS A NONCANCELABLE / IRREVOCABLE AGREEMENT; THIS AGREEMENT CANNOT BE CANCELED OR TERMINATED.**

#### OWNER ACCEPTANCE

Marco Technologies LLC			
OWNER	SIGNATURE	TITLE	DATED

#### PRIVACY AND INFORMATION SECURITY

You acknowledge that the Equipment you have received may be equipped with a hard drive that may store personal and confidential information ("PCI") and you understand the privacy and information security risks associated with PCI that may be stored on your Equipment. You agree to be responsible for safeguarding any PCI and you agree to indemnify and hold Marco Technologies LLC harmless from any loss, misappropriation or breach of the PCI that may be stored on your Equipment.

CITY OF BLACKDUCK		TITLE	City Administrator
CUSTOMER (as referenced above)		DATED	4/27/2020

#### CUSTOMER ACCEPTANCE

BY SIGNING BELOW OR AUTHENTICATING AN ELECTRONIC RECORD HEREOF, YOU CERTIFY THAT YOU HAVE REVIEWED AND DO AGREE TO ALL TERMS AND CONDITIONS OF THIS AGREEMENT ON THIS PAGE AND ON PAGE 2 ATTACHED HERETO.

CITY OF BLACKDUCK		TITLE	City Administrator
CUSTOMER (as referenced above)		DATED	4/27/2020

41-6004988      CHRISTINA REGAS  
 FEDERAL TAX I.D. #      PRINT NAME

1. **AGREEMENT:** For business purposes only, you agree to rent from us the goods, together with all replacements, parts, repairs, additions, and accessories incorporated therein or attached thereto (the "Equipment") and/or agree that you have requested that we finance certain licensed software and services for you ("Financed Items"), which are included in the word "Equipment" unless separately stated), all as described on page 1 of this Agreement, excluding equipment marked as not financed under this Agreement, as it may be supplemented from time to time. You agree to all of the terms and conditions contained in this Agreement which is the entire agreement regarding the Equipment ("Agreement") and which supersedes any purchase order or invoice. You authorize us to correct or insert missing Equipment identification information and to make corrections to your proper legal name and address. All other modifications to the Agreement must be in writing signed by each party. This Agreement becomes valid upon execution by us and will begin on the date the Equipment is delivered to you, as stated in the packing list, or any later date we designate. If we designate a later commencement date, you agree to pay us an additional amount equal to the periodic payments due under this Agreement prorated for the period between the date the Equipment is delivered to you and the commencement date. Unless otherwise stated in an addendum hereto, this Agreement will renew for 12-month term(s) unless you (a) provide us written notice between 90 and 150 days (before the end of any term) that you want to return the Equipment and (b) you timely return the Equipment in accordance with paragraph 3 of this Agreement. If any provision of this Agreement is declared unenforceable in any jurisdiction, the other provisions herein shall remain in full force and effect in that jurisdiction and all others.
2. **RENT, TAXES AND FEES:** You agree to pay the amounts payable under the terms of this Agreement (each, a "Payment") when due, plus any applicable sales, use and property taxes. If more than one Minimum Payment is listed on the first page or on the attached Schedule(s), you agree that you are obligated to pay the sum of the Minimum Payments. The Minimum Payment will be adjusted proportionately upward or downward, as necessary, to comply with the tax laws of the state in which the Equipment is located. If we pay any taxes, or other expenses that you owe hereunder, you agree to reimburse us when we request and to pay us a processing fee for each expense or charge we pay on your behalf. We may charge you for any filing fees required by the Uniform Commercial Code (UCC) or other laws, which fees vary state-to-state. You agree to pay us an origination fee of up to \$125 for all closing costs. If for any reason your check is returned for nonpayment, you will pay us a bad check charge of \$30 or, if less, the maximum charge allowed by law. You cannot pay off this Agreement or return the Equipment prior to the end of the term without our consent. If we consent, we may charge you, in addition to the other amounts owed, an early termination fee equal to 5% of the price of the Equipment. We may make a profit on any fees, estimated tax payments and other charges paid under this Agreement.
3. **MAINTENANCE AND LOCATION OF EQUIPMENT; SECURITY INTEREST:** We are the owner of the Equipment and have sole title to the Equipment (excluding Financed Items). We do not own any software that is included with the Financed Items and cannot transfer any interest in such software to you. We are not responsible for the software or the obligations of you or the licensor under any license agreement. At your expense, you agree to keep the Equipment: (1) in good repair, condition and working order, in compliance with applicable manufacturers' and regulatory standards; (2) free and clear of all liens and claims; and (3) only at your address shown on page 1, and you agree not to move it unless we agree. As long as you have given us the written notice as required in paragraph 1 prior to the expiration or termination of this Agreement's term, you agree to return all but not less than all of the Equipment (excluding Financed Items) and all related manuals and use and maintenance records to a location we specify, at your expense, in retail re-saleable condition, full working order and complete repair. You are solely responsible for removing any data that may reside in the Equipment you return, including but not limited to hard drives, disk drives or any other form of memory. You grant us a security interest in the Equipment to secure all amounts you owe us under any agreement with us, and you authorize us to file a financing statement (UCC-1).
4. **COLLATERAL PROTECTION; INSURANCE; INDEMNITY; LOSS OR DAMAGE:** You agree to keep the Equipment fully insured against risk of loss, with us as lender's loss payee, in an amount not less than the original cost until this Agreement is terminated. You also agree to obtain general public liability insurance acceptable to us and to include us as an additional insured on the policy. You will provide written notice to us within 10 days of any modification or cancellation of your insurance policy(s). You agree to provide us certificates or other evidence of insurance acceptable to us. If you fail to comply with this requirement within 30 days after the start of this Agreement, we have the option, but not the obligation, to secure property loss insurance on the Equipment from a carrier of our choosing in such forms and amounts as we deem reasonable to protect our interests. If we secure insurance on the Equipment, we will not name you as an insured party, your interests may not be fully protected, and you will reimburse us the premium which may be higher than the premium you would pay if you obtained insurance, and which may result in a profit to us through an investment in reinsurance. If you are current in all of your obligations under the Agreement at the time of loss, any insurance proceeds received will be applied, at our option, to repair or replace the Equipment, or to pay us the remaining payments due or to become due under this Agreement, plus our booked residual, both discounted at 2% per annum. We are not responsible for, and you agree to hold us harmless and reimburse us for and to defend on our behalf against, any claim for any loss, expense, liability or injury caused by or in any way related to delivery, installation, possession, ownership, use, condition, inspection, removal, return or storage of the Equipment. You are responsible for the risk of loss or for any destruction of or damage to the Equipment. No such loss or destruction of or damage to the Equipment will relieve you from your payment obligations under this Agreement. If the Equipment is destroyed and we have not otherwise agreed in writing, at our election, you will either repair or replace the damaged/destroyed Equipment with comparable equipment acceptable to us, or pay to us (a) all past due amounts and (b) all remaining Payments for the unexpired term, plus our booked residual (both discounted at 2%). Any proceeds of insurance will be paid to us and credited, at our option, against any loss or damage. You authorize us to sign on your behalf and appoint us as your attorney-in-fact to endorse in your name any insurance drafts or checks issued due to loss or damage to the Equipment. All indemnities will survive the expiration or termination of this Agreement.
5. **ASSIGNMENT: YOU HAVE NO RIGHT TO SELL, TRANSFER, ASSIGN OR SUBLEASE THE EQUIPMENT OR THIS AGREEMENT, without our prior written consent.** We may sell, assign, or transfer our rights under this Agreement, in whole or in part, without notice. You agree that if we do so, our assignee will have our assigned rights under this Agreement but none of our obligations (including but not limited to, any obligation to provide maintenance or supplies for the Equipment or Marco Support Desk services) and will not be subject to any claim, defense, or set-off that may be assertable against us or anyone else. Notwithstanding the foregoing, if we sell or assign this Agreement or our rights in the Equipment, we will retain our obligations within the Agreement.
6. **DEFAULT AND REMEDIES:** You will be in default if: (a) you do not pay the Payment or other sum due to us or any other person when due or if you fail to perform in accordance with the covenants, terms and conditions of this Agreement or any other agreement with us or any of our affiliates or any material agreement with any other lender, (b) you make or have made any false statement or misrepresentation to us, (c) you or any guarantor dies, dissolves or terminates existence, (d) there has been a material adverse change in your or any guarantor's financial, business or operating condition, or (e) any guarantor defaults under any guaranty for this Agreement. If any part of a Payment is more than 5 days late, you agree to pay a late charge equal to: 1) the greater of 5% of the Payment which is late or \$20.00 or 2) if less, the maximum charge allowed by law. If you are ever in default, at our option, we may require that you pay 1) all past due amounts, and 2) all remaining Payments for the unexpired term, plus our booked residual (both discounted at 2%). We may recover interest on any unpaid amount, from the due date, at the rate of 18% per year. Concurrently and cumulatively, we may also use any or all of the remedies available to us under Articles 2A and 9 of the UCC and any other law, including requiring that you: (1) at your expense, return the Equipment to us at a location we specify, and (2) immediately stop using any Financed Items. In the event of any dispute or enforcement of our rights under this Agreement, you agree to pay our reasonable attorneys' fees (including those incurred before or at trial, on appeal or in any other proceeding), actual court costs, any other collection costs and repossession costs. The net proceeds of the sale of any Equipment, if any, will be credited against the amounts you owe us under this Agreement. **WE WILL NOT BE LIABLE FOR ANY CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES.** Any delay or failure to enforce our rights under this Agreement will not prevent us from enforcing any rights at a later time. You agree that this Agreement, in the hands of our assignee, is, or shall be treated as, a "Finance Lease" as defined by Article 2A of the UCC and your rights and remedies are governed exclusively by this Agreement. You waive all rights under sections 2A-507 through 522 of the UCC. If interest is charged or collected in excess of the maximum lawful rate, we will not be subject to any penalties.
7. **INSPECTIONS AND REPORTS:** We will have the right, at any reasonable time, to inspect the Equipment and any documents relating to its use, maintenance and repair. You agree to provide updated annual and/or quarterly financial statements to us upon request.
8. **MISCELLANEOUS:** Unless otherwise stated in an addendum hereto, the parties agree that: (i) this Agreement and any related documents hereto may be authenticated by electronic means; (ii) the "original" of this Agreement shall be the copy that bears your manual, facsimile, scanned or electronic signature and that also bears our manually or electronically signed signature and is held or controlled by us; and (iii) to the extent this Agreement constitutes chattel paper (as defined by the UCC), a security interest may only be created in the original. You agree not to raise as a defense to the enforcement of this Agreement or any related documents that you or we executed or authenticated such documents by electronic or digital means or that you used facsimile or other electronic means to transmit your signature on such documents. Notwithstanding anything to the contrary herein, we reserve the right to require you to sign this Agreement or any related documents hereto manually and to send to us the manually signed, duly executed documents via overnight courier on the same day that you send us the facsimile, scanned or electronic transmission of the documents. You agree to execute any further documents that we may request to carry out the intents and purposes of this Agreement.
9. **WARRANTY DISCLAIMERS: YOU CHOSE ANY/ALL THIRD-PARTY SERVICE PROVIDERS BASED ON YOUR JUDGMENT. YOU ARE UNCONDITIONALLY OBLIGATED TO MAKE ALL PAYMENTS UNDER THIS AGREEMENT REGARDLESS OF ANY CLAIM OR COMPLAINT AGAINST ANY SUPPLIER, LICENSOR OR MANUFACTURER, AND ANY FAILURE OF A SERVICE PROVIDER TO PROVIDE SERVICES WILL NOT EXCUSE YOUR OBLIGATIONS TO US UNDER THIS AGREEMENT. YOU ARE NOT ENTITLED TO REDUCE OR SET-OFF AGAINST AMOUNTS DUE UNDER THIS AGREEMENT FOR ANY REASON. WE MAKE NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE.**
10. **LAW, JURY WAIVER:** This Agreement will be governed by and construed in accordance with the law of the state of our principal place of business or, if we assign this Agreement, our assignee, and adjudicated in a federal or state court in such state. You consent to jurisdiction and venue in such state and waive the defense of inconvenient forum. For any action arising out of or relating to this Agreement or the Equipment, **YOU AND WE WAIVE ALL RIGHTS TO A TRIAL BY JURY.**
11. **MAINTENANCE AND SUPPLIES:** The charges established by this Agreement include payment for the use of the designated Equipment and accessories, and, if indicated by the selection of a Supplies Coverage Level on the first page of this Agreement, maintenance (during normal business hours); inspection, adjustment, parts replacement, drums and cleaning material required for the proper operation. Paper, staples and MICR cartridges must be separately purchased by you. Imager network support on connected Equipment is not included and will be billable at the prevailing hourly rate, at your expense. Supplies for units may or may not be included in this Agreement. If necessary, the service and supply portion of this Agreement may be assigned. If included, the amount payable under this Agreement for supplies is based on the industry standard and the manufacturer estimated yield for black toner and developer based on an average per page coverage of 6% and for color toner and developer based on an average per page coverage of 20%. If your toner and developer usage exceeds the average page coverage amount, we in our sole discretion reserve the right to increase the amount payable under this Agreement for supplies in order to adjust for any increased toner and developer usage in excess of the industry standard. We may charge you a monthly supply freight fee to help offset our costs of delivering supplies to you.
12. **EXCESS CHARGES AND COST ADJUSTMENTS:** You agree to comply with our billing procedures and provide us with periodic meter readings on the Equipment. If we are unable to gather a meter reading from you using your preferred method of collection after 3 attempts, you will be assessed a \$3 fee per month per device to collect your reads. If you make more than the applicable allowed prints in any period, you agree to pay us an additional amount equal to the number of excess prints made during such period, multiplied by the applicable Excess Print Charge. At the end of the first 12 months after commencement of this Agreement, and once each successive 12-month period thereafter, we may increase the Minimum Payment and the Excess Print Charge(s) by a maximum of 15% of the existing Minimum Payment or Excess Print Charge(s).
13. **SUPPLIES LEVEL COVERAGE INFORMATION:** All Inclusive is defined as including all colors (cyan, magenta, yellow and black) of toners, developers, drums and drums kits. B&W Inclusive is defined as only including black toners, black developers, black drums and black drums kits. Cyan, magenta and yellow toners, developers, drums and drums kits are not included. No Supplies Included is defined as not including any toners, developers, drums or drums kits.
14. **MARCO SUPPORT DESK:** If you selected "yes" on page 1, the charges established by this Agreement include payment for Marco Support Desk, Monday-Friday from 8:00 am to 5:00 pm CST. Marco Support Desk is included for all Equipment listed on this Agreement and is also available for equipment not listed on this Agreement at Marco's published prevailing rates. All Marco Support Desk is provided as phone or internet support. Any on-site support will be billed at Marco's prevailing published rates. Such Marco Support Desk is separate and distinct from this Agreement and shall not affect your obligations under this Agreement in any way. You agree to pay all amounts owing under this Agreement regardless of any claim you may have against us relating to the Marco Support Desk.
- Marco Support Desk includes the following:
- Changes to your network such as: replaced or upgraded workstations and/or servers, IP address changes etc. that require reconfiguring your imager(s) on your network for printing or scanning. This would also include a best attempt to reconfigure scan to email for changes made by your Internet Service Provider.
  - Reinstallation and configuration of Manufacturer Companion Software and drivers on additional or upgraded workstations: Sharpdesk, PC Fax Drivers, EFI Command Workstation, EFI Remote scan and Marco installed meter monitoring software.
  - New or upgraded end user software that results in printing issues requiring updating print drivers or configurations; Additional training sessions for key operators and/or end users; Other printing or scanning software related issues as it applies to the imager(s).



## STATE AND LOCAL GOVERNMENT ADDENDUM

AGREEMENT NO.

Phone: 800.892.8548 | Fax: 800.847.3087

Addendum to Agreement # \_\_\_\_\_ and any future supplements/schedules thereto, between  
 \_\_\_\_\_  
 CITY OF BLACKDUCK \_\_\_\_\_, as Customer and Marco Technologies LLC, as Lessor  
 ("Agreement"). The words "you" and "your" refer to Customer. The words "we," "us" and "our" refer to

The parties wish to amend the above-referenced Agreement by adding the following language:

**REPRESENTATIONS AND WARRANTIES OF CUSTOMER:** You hereby represent and warrant to us that: (i) you have been duly authorized under the Constitution and laws of the applicable jurisdiction and by a resolution or other authority of your governing body to execute and deliver this Agreement and to carry out your obligations hereunder; (ii) all legal requirements have been met, and procedures have been followed, including public bidding, in order to ensure the enforceability of this Agreement; (iii) this Agreement is in compliance with all laws applicable to you, including any debt limitations or limitations on interest rates or finance charges; (iv) the Equipment will be used by you only for essential governmental or proprietary functions of you consistent with the scope of your authority, will not be used in a trade or business of any person or entity, by the federal government or for any personal, family or household use, and your need for the Equipment is not expected to diminish during the term of this Agreement; (v) you have funds available to pay Payments until the end of your current appropriation period, and you intend to request funds to make Payments in each appropriation period, from now until the end of the term of this Agreement; and (vi) your exact legal name is as set forth on page one of this Agreement.

**NON-APPROPRIATION OR RENEWAL:** If either sufficient funds are not appropriated to make Payments or any other amounts due under this Agreement or (to the extent required by applicable law) this Agreement is not renewed either automatically or by mutual ratification, this Agreement shall terminate and you shall not be obligated to make Payments under this Agreement beyond the then-current fiscal year for which funds have been appropriated. Upon such an event, you shall, no later than the end of the fiscal year for which Payments have been appropriated or the term of this Agreement has been renewed, deliver possession of the Equipment to us. If you fail to deliver possession of the Equipment to us, the termination shall nevertheless be effective but you shall be responsible, to the extent permitted by law and legally available funds, for the payment of damages in an amount equal to the portion of Payments thereafter coming due that is attributable to the number of days after the termination during which you fail to deliver possession and for any other loss suffered by us as a result of your failure to deliver possession as required. You shall notify us in writing within seven days after (i) your failure to appropriate funds sufficient for the payment of the Payments or (ii) to the extent required by applicable law, (a) this Agreement is not renewed or (b) this Agreement is renewed by you (in which event this Agreement shall be mutually ratified and renewed), provided that your failure to give any such notice under clause (i) or (ii) of this sentence shall not operate to extend this Agreement or result in any liability to you.

**TITLE TO THE EQUIPMENT:** If the selected purchase option for this Agreement is \$1.00 or \$101.00, unless otherwise required by law, upon your acceptance of the Equipment, title to the Equipment shall be in your name, subject to our interest under this Agreement.

The parties wish to amend the above-referenced Agreement by adding the following language:

Any provision in the Agreement stating this Agreement supersedes any invoice and/or purchase order is hereby amended and restated as follows: "You agree that the terms and conditions contained in this Agreement, which, with the acceptance certification, is the entire agreement between you and us regarding the Equipment and which supersedes any purchase order, invoice, request for proposal, response or other related document."

Any provision in the Agreement stating that this Agreement shall automatically renew unless the Equipment is purchased, returned or a notice requirement is satisfied is hereby amended and restated as follows: "Unless the purchase option is \$1.00 or \$101.00, at the end of the initial term, this Agreement shall renew on a month-to-month basis under the same terms hereof unless you send us written notice at least 30 days before the end of any term that you want to purchase or return the Equipment, and you timely purchase or return the Equipment."

Any provision in the Agreement stating that we may assign this Agreement is hereby amended and restated as follows: "We may sell, assign, or transfer this Agreement without notice to or consent from you, and you waive any right you may have to such notice or consent."

NOTE: A FACSIMILE, ELECTRONIC OR SCANNED VERSION OF THIS DOCUMENT WITH SIGNATURE SHALL BE CONSIDERED BE AN ORIGINAL. CAPITALIZED TERMS IN THIS DOCUMENT ARE DEFINED AS IN THE AGREEMENT, UNLESS SPECIFICALLY STATED OTHERWISE.

Any provision in the Agreement stating that you grant us a security interest in the Equipment to secure all amounts owed to us under any agreement is hereby amended and restated as follows: "To the extent permitted by law, you grant us a security interest in the Equipment to secure all amounts you owe us under this Agreement and any supplements hereto. You authorize and ratify our filing of any financing statement(s) and the naming of us on any vehicle title(s) to show our interest."

Any provision in the Agreement stating that you shall indemnify and hold us harmless is hereby amended and restated as follows: "You shall not be required to indemnify or hold us harmless against liabilities arising from this Agreement. However, as between you and us, and to the extent permitted by law and legally available funds, you are responsible for and shall bear the risk of loss for, shall pay directly, and shall defend against any and all claims, liabilities, proceedings, actions, expenses, damages or losses arising under or related to the Equipment, including, but not limited to, the possession, ownership, lease, use or operation thereof, except that you shall not bear the risk of loss of, nor pay for, any claims, liabilities, proceedings, actions, expenses, damages or losses that arise directly from events occurring after you have surrendered possession of the Equipment in accordance with the terms of this Agreement to us or that arise directly from our gross negligence or willful misconduct."

Any provision in the Agreement stating that a default by you under any agreement with our affiliates or other lenders shall be an event of default under the Agreement is hereby amended and restated as follows: "You will be in default if: (i) you do not pay any Payment or other sum due to us under this Agreement when due or you fail to perform in accordance with the covenants, terms and conditions of this Agreement; (ii) you make or have made any false statement or misrepresentation to us; or (iii) you dissolve, liquidate, terminate your existence or are in bankruptcy."

Any provision in the Agreement stating that you shall pay our attorneys' fees is hereby amended and restated as follows: "In the event of any dispute or enforcement of rights under this Agreement or any related agreement, you agree to pay, to the extent permitted by law and to the extent of legally available funds, our reasonable attorneys' fees (including any incurred before or at trial, on appeal or in any other proceeding), actual court costs and any other collection costs, including any collection agency fee."

Any provision in the Agreement requiring you to pay amounts due under the Agreement upon the occurrence of a default, failure to appropriate funds or failure to renew the Agreement is hereby amended to limit such requirement to the extent permitted by law and legally available funds.

Any provision in the Agreement stating that the Agreement is governed by a particular state's laws and you consent to such jurisdiction and venue is hereby amended and restated as follows: "This Agreement will be governed by and construed in accordance with the laws of the state where you are located. You consent to jurisdiction and venue of any state or federal court in such state and waive the defense of inconvenient forum."

By signing this Addendum, Customer acknowledges the above changes to the Agreement and authorizes Lessor to make such changes. In the event of any conflict between this Addendum and the Agreement, this Addendum shall prevail. In all other respects, the terms and conditions of the Agreement remain in full force and effect and remain binding on Customer.

**CUSTOMER ACCEPTANCE**

**Marco Technologies LLC**

LESSOR

X

SIGNATURE

TITLE

DATE

CITY OF BLACKDUCK

CUSTOMER

X

SIGNATURE

DocuSigned by:

CHRISTINA REGAS

B8D4D050027D4F4...

City Administrator

4/27/2020

TITLE

DATE

NOTE: A FACSIMILE, ELECTRONIC OR SCANNED VERSION OF THIS DOCUMENT WITH SIGNATURE SHALL BE CONSIDERED BE AN ORIGINAL. CAPITALIZED TERMS IN THIS DOCUMENT ARE DEFINED AS IN THE AGREEMENT, UNLESS SPECIFICALLY STATED OTHERWISE.



## City of Blackduck Request for Proposals for Legal Services

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### **INTRODUCTION**

The City of Blackduck is seeking interested law firms and individuals experienced in municipal law to provide City Attorney service to the City. As City Attorney, the selected law firm or individual will be expected to provide a wide range of legal services. The City Attorney will be selected by the City Council and will work closely with the City Administrator and other City staff.

The City Attorney is expected to establish, develop, and maintain a close and trusted relationship with the Council and City Administrator. The City Council believes this is critical to the success of the City. The regular City Council meeting is on the first Monday of each month after the 3<sup>rd</sup> at 6 p.m. in the City Council Chamber located at 8 Summit Ave East. Special meetings are scheduled as needed. Due to holidays and other such occurrences, the Council meetings are occasionally changed to different days.

### **BACKGROUND**

The City of Blackduck is a Statutory City Plan A, Weak Mayor-Council form. The City Council consists of 5 members, Mayor and four Council Members. All are elected at large, Mayor for a two year term and Council for four-year terms. The most recent population estimate is 840. Blackduck is located in the center of Beltrami County. With 1 lake within the City and one Creek, the City Council is charged with enforcing the Shoreland Management Ordinance for properties within 1000 ft. of shoreland. The City's Zoning Ordinance was adopted in 2007 and the Shoreland Ordinance needs updating to align with Beltrami County. The City Zoning Ordinances are upheld by the Planning Commission. The City offers police and fire protection, parks, a reservable campground, municipal liquor store (on and off-sale), municipal golf course, public library, infrastructure maintenance and repair, with centralized water and sewer system. Blackduck provides the snow removal (*with support on CSAH47, 92, & 30 from Beltrami County Highway department*), street maintenance, as well as mowing. The departments' supervisors are appointed to oversee the divisions of the City of which the City Administrator provides leadership for. The Police Department works closely with the Beltrami County Sheriff's Department and are cross-deputized to support the north-end of the County. The Fire Department is 100% volunteer providing service to 7 surrounding townships and 2 Cities. The Relief Association provides gambling to local area in the form of pull-tabs to various businesses including the Blackduck Liquor Store. The City Contracts for engineering services through Widseth and Assessor services through Beltrami County.

### **BASIC SERVICES REQUESTED**

Basic services, for the purpose of this proposal, shall include those legal services generally understood within the field of municipal law to fall within the category of "general counsel" work, and shall include, but is not necessarily limited to the following:

- Routine legal advice, telephone and personal consultations with the Council, City Administrator or other authorized representatives.

- Assistance in the preparation and review of ordinances, resolutions, agreements, contracts, forms, notices, certificates, deeds, Tax Increments, Tax Abatement and other documents required by the City.
- Legal advice and opinions concerning legal matters, statutes, ordinances, rules and regulations and other legal interpretations that affect the City.
- Legal work pertaining to property acquisitions, property disposals, public improvements, etc.
- Ability to work with other counsel (bond counsel) or League of Minnesota Cities Legal Department as needed.
- Investigate and evaluate all claims by the City against others and recommended appropriate course of action and attempt to collect all proper claims including litigation where necessary.
- Examine petitions for improvements, as needed, for validity, to assist the City Engineer in preparing preliminary reports as to legal costs, easement costs, assessment methodology and assessment area, and prepare or review such routine legal notices for posting, publishing or mailing as needed and required by the statutory assessment process.
- Represent the City pertaining to Developer Agreements, Planned Unit Developments, Plats, Subdivisions, Shoreland Use, variances, rezoning, special permits, etc. as required by the City's Zoning Ordinance.
- Attendance to regular City Council meetings, special meetings and committee meetings as requested to advise Mayor, Council and City Administrator on matters of legality of all proceedings and actions of the City Council.

## **REQUIRED PROPOSAL ELEMENTS**

The proposal must provide specific and succinct answers to all questions and request for information. Direct, precise and complete responses will serve as an advantage to the applicant.

Describe the nature of your practice or your law firm's practice and your qualification for providing City Attorney services. Include a resume for the individual who will be designated to serve as City Attorney as well as others whom you anticipate being involved with legal services to the City.

Include the following:

- Professional affiliations
- Knowledge of and expertise with Minnesota Municipal Law or of other public sector experience.
- Litigation experience.
- Knowledge and practice of law relating to land use and planning, environmental law, risk management, general plans, real estate and other related law.
- Experience in municipal contracting law.
- Experience in the area of personnel, disability law rights and obligations, workers' compensation, employee relations and negotiations and employee discrimination claims.
- Experience in the preparation and review of ordinances and resolutions.
- Office locations and accessibility.

## **CITY/CITY ATTORNEY RELATIONSHIP**

- Describe clientele represented and years representing such.
- Describe any municipal litigation handled in the last 5 years and type of cases tried.
- Describe how you would structure the working relationship between the City Attorney and the City Council, City Administrator and other Staff members.
- Define the time frames for response by the City Attorney to direction and/or inquiry from the City Council or City Administrator.

- Describe the system that would be established for reporting or status of projects, requests and litigation.
- Demonstrate knowledge of the following:
  - Zoning and Land Use Laws
  - Platting and Land Development Issues
  - Municipal Finance (Minnesota tax increment law; tax abatement law, general experience in municipal bonds) and collection laws.
  - Franchise Law (cable television, internet, cellular communications, basic utilities and laws/regulations and the laws related to these topics)
  - Specialized issues that may relate to municipal law outlined in this section.
- Describe your computer resources. The City will require compatibility with MS Word as well as the maintenance of internet services, such that email and files can be transmitted between City staff and City Attorney.
- Provide a reference list of three (3) recent (within 5 years) municipal clients. If municipal clients are not available, other major clients may be submitted. Particular attention will be given to municipal client references.

## COMPENSATION

City Attorney-firms desiring to be considered for City Attorney services must indicate an hourly rate. Please indicate the hourly rate for City Attorney and other attorneys and support staff that may be working on City business. Alternatively, firms may propose monthly retainer rates for services and what would be outside the scope of the retainer.

- Please describe how the firm intends to provide legal services, either on a retainer or hourly basis. For retainer purposes, the following general legal matters are considered under the retainer:
  - attendance at City Council and committee meetings including special meetings as needed and generally only when requested;
  - general advice relating to personnel (in respect to municipal employment matters including but not limited to PERA, labor agreements, personnel policy, FLSA, Veteran's Preference, workers compensation and unemployment compensation);
  - phone calls and meetings with staff;
  - review and provide advice on ordinances, resolutions, and correspondence;
  - review Council agendas, Council packets and minutes as needed;
  - review and comment on municipal contracts such as contracts for public improvements, joint powers, construction, purchase of equipment, etc.;
  - provide legal opinions on open meeting law and data practice issues;
  - review and comment on permits and documents for easements, ROW vacation or acquisition, development agreements, subdivision or zoning, conditional use, variances and violations thereof;

All other legal services are proposed to be done on an hourly basis and hourly rates for these services should be provided.

- If the hourly rate billing is preferred over the retainer rate, then state the hourly rates for the designated City Attorney and associates for general work and for special services such as litigation.
- Define the type and unit rates for reimbursement for expense such as mileage, reproduction of documents, faxed documents, and clerical charges. Firms shall indicate the minimum increment of time billed for each service including phone calls, correspondence and personal conferences.
- The City requires a monthly billing statement which:
  - Itemize the date of service

- Topic and description of the services performed
- Personnel providing the service
- List of time spent
- Fees for those services
- Organized billing on the basis of activity and City contact.
- Project-to-date summary for activities that span multiple billing periods is requested.
- Summarized monthly and annual costs by type of activity.

## **CONFLICT OF INTEREST STATEMENT**

- Indicate whether your firm currently represents, or has represented any client where representation may conflict with your ability to serve as City Attorney for the City of Blackduck.
- Indicate if your firm currently represents any real estate developers doing business with, or anticipate doing business with, the City of Blackduck
- Indicate whether you currently represent any other local units of government having jurisdiction within or contiguous to the City of Blackduck.
- Indicate what procedures your firm would utilize to identify and resolve conflicts of interest.

## **EVALUATION AND SELECTION PROCESS**

The City will use the following process for selecting the City Attorney:

The City Council will establish a committee consisting of one Council Member, the Police Chief, and the City Administrator to review proposals received. A recommendation to the City Council will come from this committee. The initial proposals will be reduced to a short list of two or three firms who may be interviewed by the City Council.

- Qualification will be verified and checked.
- The City Council will select the firm or individual it believes would best meet the City's needs by weighing the following:
  - the depth, experience and expertise in the practice of law specifically in those most encountered in municipal government operation;
  - the capability to perform legal services promptly and in a manner that permits the City Council and Staff to meet established deadlines and to operate in an effective and efficient manner;
  - the degree of availability for quick response to inquiries that arise out of day to day operating questions or problems;
  - the degree to which the firm or individual attorneys stay current through continued professional development and active communication with practitioners in municipal law firm.
  - communication skills;
  - cost of services;
  - other qualifications/criteria, as deemed appropriate by the City Council.

## **CONTRACT AWARD**

The City intends to award a contract to the firm best qualified to perform the work for the City, cost and other factors considered. The City reserves the right to reject any and all proposals or to request additional information from all proposers. Once a contract is awarded, the term of contract duration shall be subject to on-going review and evaluation.



The contract will require the individual or law firm selected as City Attorney maintain general liability, automobile, workers compensation and errors and omissions insurance. The contract will also contain provisions the firm or individual to indemnify the City and provide that the City Attorney is an independent contractor serving at the will of the City Council. Other required provisions will include the City Council's right to terminate the contract, at its sole discretion, upon the provision of notice.

## **GENERAL INSTRUCTIONS**

Law firms or individuals interested in submitting proposals for City Attorney shall submit seven (3) complete copies of the proposal along with a proposed contractual agreement, in a sealed envelope bearing the captions, "City Attorney Proposal" by 4:00 p.m. May 18, 2020. The envelope shall be delivered to:

### **In Person:**

Christina Regas, City Administrator  
City of Blackduck  
8 Summit Ave. E  
Blackduck, MN 56630

### **By Mail:**

Christina Regas, City Administrator  
City of Blackduck  
PO Box 380  
Blackduck[CR1], MN 56630



THE BOYLE  
LAW OFFICE  
ATTORNEY AND COUNSELOR AT LAW  
235 4<sup>TH</sup> AVENUE  
INTERNATIONAL FALLS, MINNESOTA 56649

Certified Civil Trial Specialist  
Joseph M. Boyle

TELEPHONE: (218) 283-9481  
FACSIMILE: (218) 283-8170  
[jblaw@frontiernet.net](mailto:jblaw@frontiernet.net)

City of Blackduck  
City Administrator, Mayor and Council  
Blackduck, Minnesota

Dear Mayor, Council and City Administrator,

I have been provided a report by the Minnesota Bureau of Criminal Apprehension as to their finding of no criminal activity. I suggest putting on your next Council Meeting Agenda the following item:

- Report by Minnesota Bureau of Criminal Apprehension concerning unnamed citizen allegation with finding of no criminal activity.

An unnamed citizen made a complaint that was investigated by the Minnesota Bureau of Criminal Apprehension. The investigation made the following as a finding:

*With the limited information provided I don't have anything to look into as far as criminal information.*

It is my responsibility to let the council know of this finding. Please call me if you have any questions.

When and if an allegation is made, as City Attorney, it is my responsibility to review such allegations and assist the city in following through with compliance with city ordinances and applicable laws.

Very truly yours,

  
Joseph M. Boyle, Blackduck City Attorney



MILLER McDONALD, INC.

*Certified Public Accountants*

513 Beltrami Avenue NW

P.O. Box 486

Bemidji, MN 56619

(218) 751-6300

Fax (218) 751-0782

www.millermcdonald.com

April 14, 2020

To the Members of City Council  
Blackduck, Minnesota

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blackduck, Minnesota for the year ended December 31, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 4, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant account policies used by the City of Blackduck, Minnesota are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, City of Gouville, Minnesota changed accounting policies relating to financial statement presentation by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 84, *Fiduciary Activities* during the year. We noted no transactions entered into by the City of Blackduck, Minnesota during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statement in the proper period.

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

Management's estimate of amounts related to deferred inflows and outflows of resources related to pensions and the net pension liability/asset was provided by actuarial valuations dated July 1, 2019 and December 31, 2017. The actuarial valuations were performed in order for the City to implement GASB Statements No. 68 *Accounting and Financial Reporting for Pensions* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We evaluated the key factors and assumptions used to develop these deferrals and liabilities in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosures pertaining to pensions in Note 4 to the financial statements involve actuarial valuations which are based on significant assumptions and estimates which are used to come up with the associated deferred inflows and outflows of resources and liabilities that are reported in the government-wide financial statements.

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

#### *Difficulties Encountered in Performing the Audit*

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

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management: see Attachment A.

#### *Disagreements with Management*

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

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letters dated April 14, 2020.

*Management Consultations with Other Independent Accountants*

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

*Other Audit Findings or Issues*

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

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund, Schedule of the City's Proportionate Share of the Net Pension Liability, Schedule of City's Contributions, Schedule of Changes in Net Pension Liability (Asset) and Related Ratios – Blackduck Fire Relief Association, Schedule of Employer and Non-Employer Contributions – Blackduck Fire Relief Association, Schedule of Investment Returns – Blackduck Fire Relief Association and the Notes to the Required Supplementary Information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

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

**Restriction on Use**

**This information is intended solely for the information and use of The Blackduck City Council and management of the City of Blackduck and is not intended to be, and should not be, used by anyone other than these specified parties.**

**Very Truly Yours,**

*Miller McDonald, Inc.*

**Miller McDonald, Inc.**

Attachment A

	Assets	Deferred Outflows	Liabilities	Deferred Inflows	Fund Balance/ Net Position	Revenue	Other Financing Sources	Expenditures/ Expenses	Other Financing Uses
<b>General Fund:</b>									
To move beginning balance for special assessment receivable and deferred revenue to debt service fund	\$ (54,837)	\$ -	\$ -	\$ (54,837)	\$ -	\$ -	\$ -	\$ -	\$ -
<b>SCDP Revolving Loan Fund:</b>									
To adjust for new notes receivable issued	\$ 147,692	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (147,692)	\$ -
<b>Other Governmental Funds:</b>									
To move beginning balance for special assessment receivable and deferred revenue to debt service fund	\$ 54,837	\$ -	\$ -	\$ 54,837	\$ -	\$ -	\$ -	\$ -	\$ -
To remove bond payments from accounts payable	-	-	(37,558)	-	-	-	-	(37,558)	-
Total Other Governmental Funds	\$ 54,837	\$ -	\$ (37,558)	\$ 54,837	\$ -	\$ -	\$ -	\$ (37,558)	\$ -
<b>Municipal Water Fund</b>									
To remove bond payments from accounts payable	\$ -	\$ -	\$ (57,038)	\$ -	\$ -	\$ -	\$ -	\$ (57,038)	\$ -
To reclass debt payments against liabilities for full accrual	-	-	(52,000)	-	-	-	-	(52,000)	-
To record depreciation	(69,517)	-	-	-	-	-	-	69,517	-
To capitalize expenses for full accrual	60,637	-	-	-	-	-	-	(60,637)	-
Total Municipal Water Fund	\$ (8,880)	\$ -	\$ (109,038)	\$ -	\$ -	\$ -	\$ -	\$ (100,158)	\$ -
<b>Municipal Sewer Fund</b>									
To reclass debt payments against liabilities for full accrual	\$ -	\$ -	\$ (109,356)	\$ -	\$ -	\$ -	\$ -	\$ (109,356)	\$ -
To remove bond payments from accounts payable	-	-	(25,017)	-	-	-	-	(25,017)	-
To capitalize expenses for full accrual	57,665	-	-	-	-	-	-	(57,665)	-
Total Municipal Sewer Fund	\$ 57,665	\$ -	\$ (134,373)	\$ -	\$ -	\$ -	\$ -	\$ (192,038)	\$ -

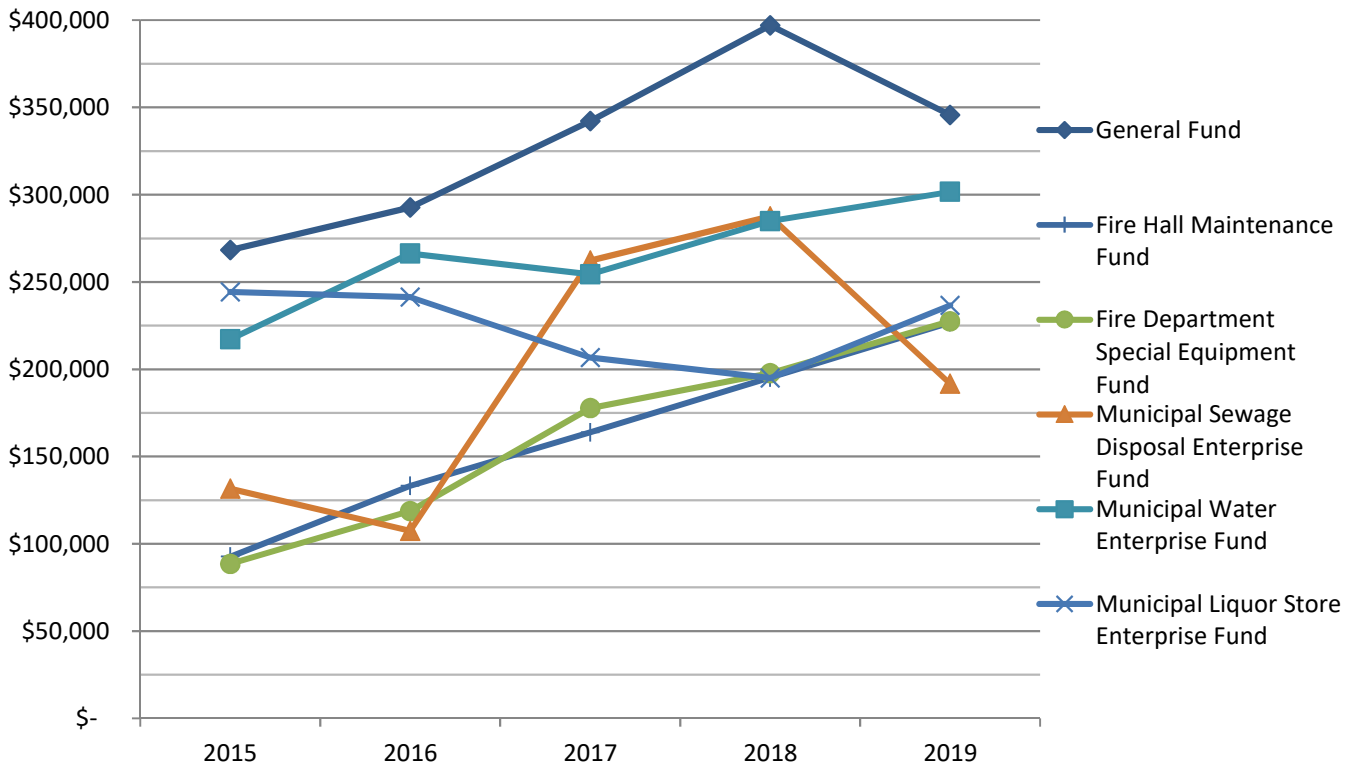
Attachment A

	Assets	Deferred Outflows	Liabilities	Deferred Inflows	Fund Balance/ Net Position	Revenue	Other Financing Sources	Expenditures/ Expenses	Other Financing Uses
<b>Municipal Golf Course Fund</b>									
To reclass debt payments against liabilities for full accrual	\$ -	\$ -	\$ (22,000)	\$ -	\$ -	\$ -	\$ -	\$ (22,000)	\$ -
Adjust for GASB 68 - net pension liability activity	-	(233)	7,693	3,145	-	-	-	11,071	-
To record depreciation	(21,172)	-	-	-	-	-	-	21,172	-
To remove bond payments from accounts payable	-	-	(10,438)	-	-	-	-	(10,438)	-
<b>Total Municipal Golf Course Fund</b>	<b>\$ (21,172)</b>	<b>\$ (233)</b>	<b>\$ (24,745)</b>	<b>\$ 3,145</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (195)</b>	<b>\$ -</b>
<b>Governmental Activities:</b>									
Adjust for additions to capital assets	\$ 60,207	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (60,207)	\$ -
Adjust for depreciation expense	(90,192)	-	-	-	-	-	-	90,192	-
Adjust for GASB 68 - net pension liability/asset activity	6,063	(44,524)	12,447	(73,690)	-	21,375	-	(1,407)	-
To eliminate inter-government debt and receivable	(76,399)	-	(76,399)	-	-	-	-	-	-
Adjust for payments/reductions on long-term debt	-	-	(69,673)	-	-	-	-	(69,673)	-
<b>Total Governmental Activities</b>	<b>\$ (100,321)</b>	<b>\$ (44,524)</b>	<b>\$ (133,625)</b>	<b>\$ (73,690)</b>	<b>\$ -</b>	<b>\$ 21,375</b>	<b>\$ -</b>	<b>\$ (41,095)</b>	<b>\$ -</b>

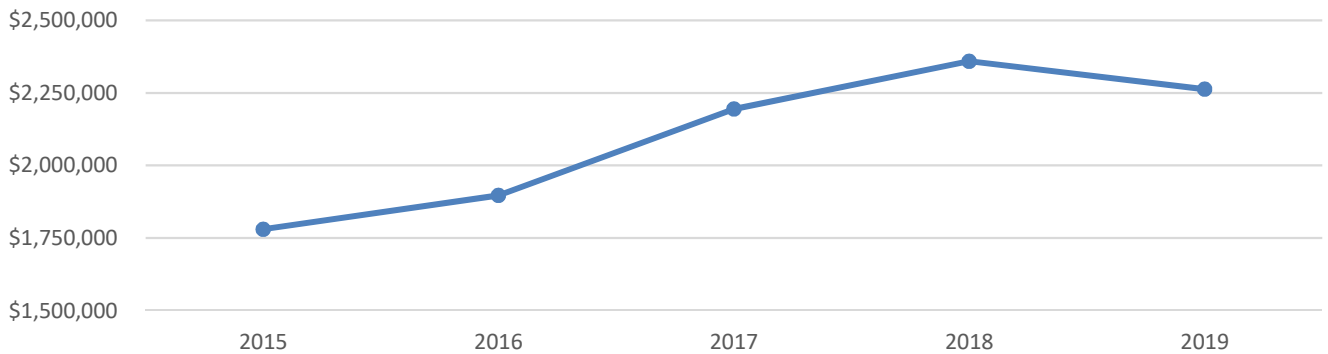


City of Blackduck, Minnesota  
Cash by Fund  
December 31, 2019

	2015	2016	2017	2018	2019
General Fund	\$ 268,309	\$ 292,677	\$ 342,203	\$ 397,030	\$ 345,757
Fire Hall Maintenance Fund	92,607	133,112	163,886	195,098	226,829
Fire Department Special Equipment Fund	88,516	118,655	177,792	197,792	227,438
Municipal Water Enterprise Fund	217,193	266,220	254,400	284,746	301,617
Municipal Sewage Disposal Enterprise Fund	131,474	107,421	262,282	287,567	191,586
Municipal Liquor Store Enterprise Fund	244,255	241,268	206,631	194,963	236,553
	<u>\$ 1,042,354</u>	<u>\$ 1,159,353</u>	<u>\$ 1,407,194</u>	<u>\$ 1,557,196</u>	<u>\$ 1,529,780</u>
Total Cash and Investments	<u>\$ 1,780,310</u>	<u>\$ 1,896,252</u>	<u>\$ 2,194,876</u>	<u>\$ 2,359,224</u>	<u>\$ 2,263,082</u>



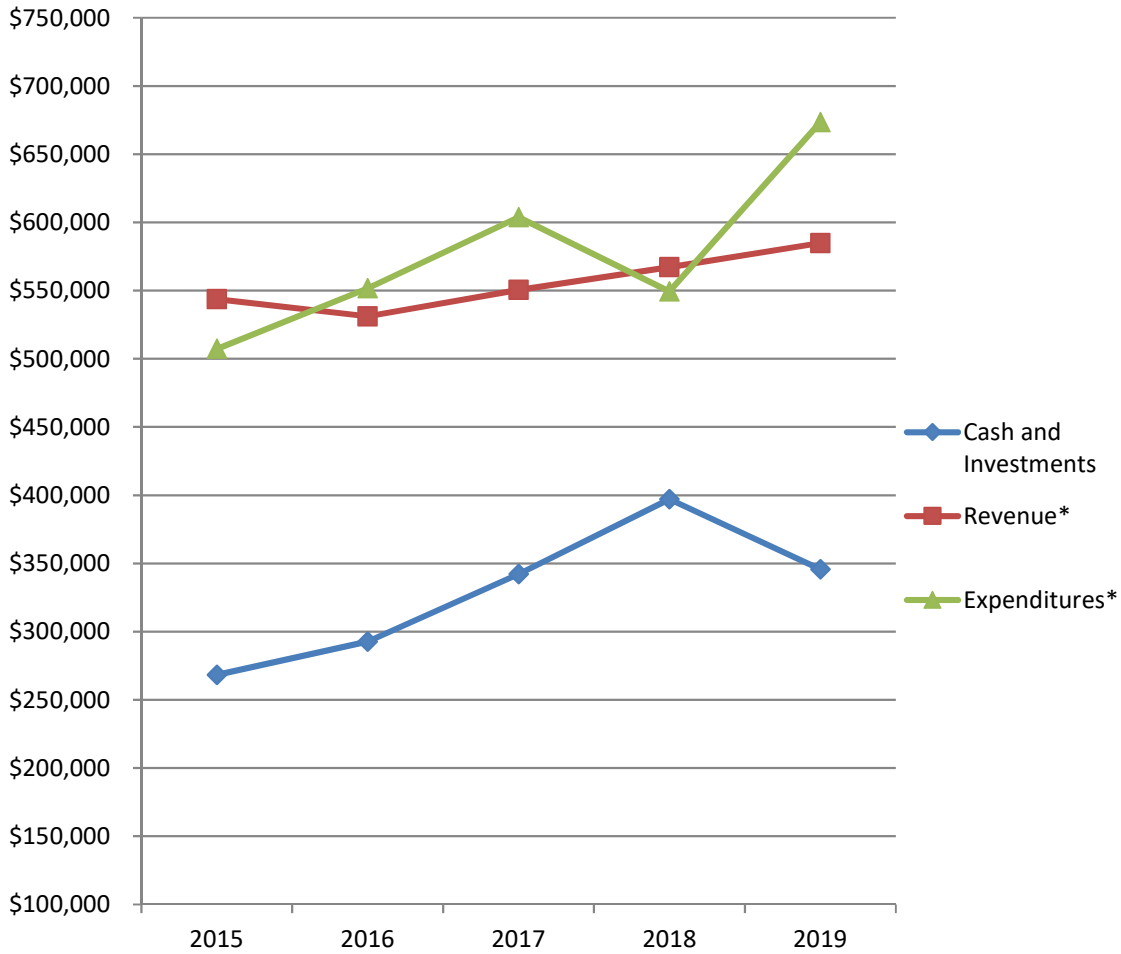
Total Cash and Investments



City of Blackduck, Minnesota  
General Fund  
December 31, 2019

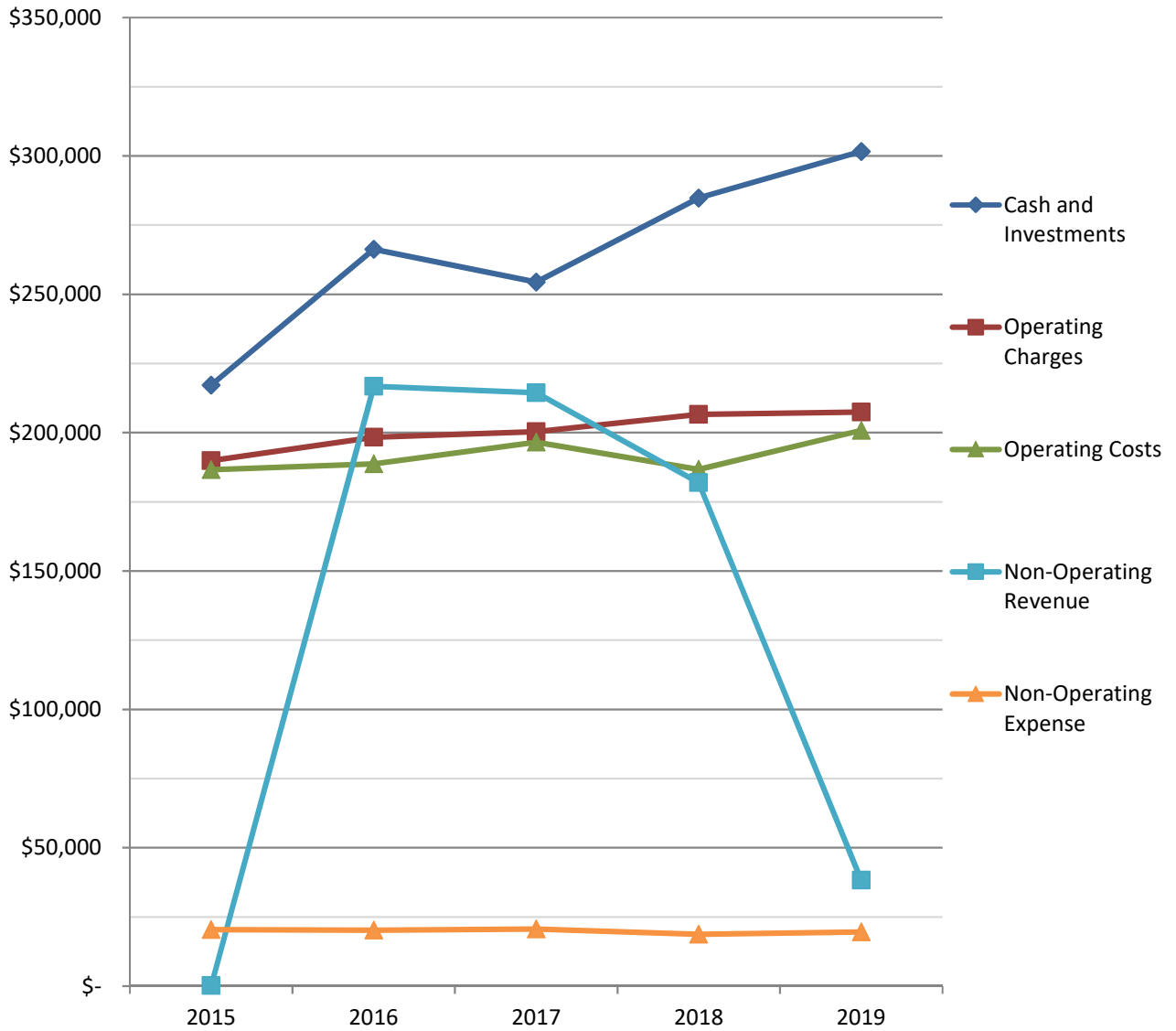
	2015	2016	2017	2018	2019
Cash and Investments	\$ 268,309	\$ 292,677	\$ 342,203	\$ 397,030	\$ 345,757
Revenue*	543,766	531,124	550,430	567,066	584,858
Expenditures*	507,261	551,682	603,860	549,370	673,427

\* - Other Financing Sources and Uses are excluded from the totals.



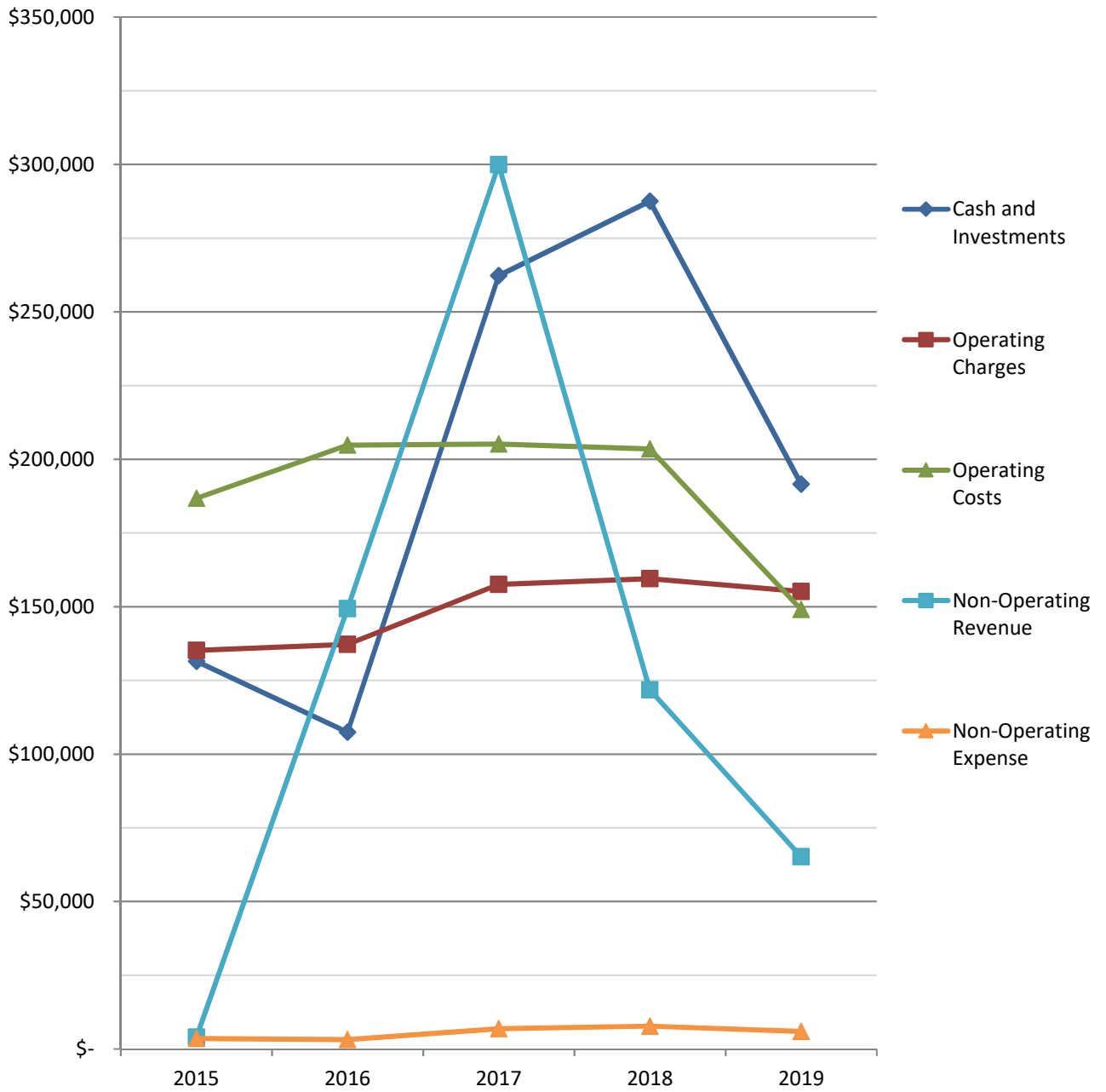
City of Blackduck, Minnesota  
Municipal Water Enterprise Fund  
December 31, 2019

	2015	2016	2017	2018	2019
Cash and Investments	\$ 217,193	\$ 266,220	\$ 254,400	\$ 284,746	\$ 301,617
Operating Charges	189,856	198,324	200,307	206,563	207,451
Operating Costs	186,627	188,759	196,567	186,694	200,781
Non-Operating Revenue	186	216,705	214,448	181,920	38,338
Non-Operating Expense	20,374	20,215	20,621	18,726	19,546



City of Blackduck, Minnesota  
Municipal Sewage Disposal Enterprise Fund  
December 31, 2019

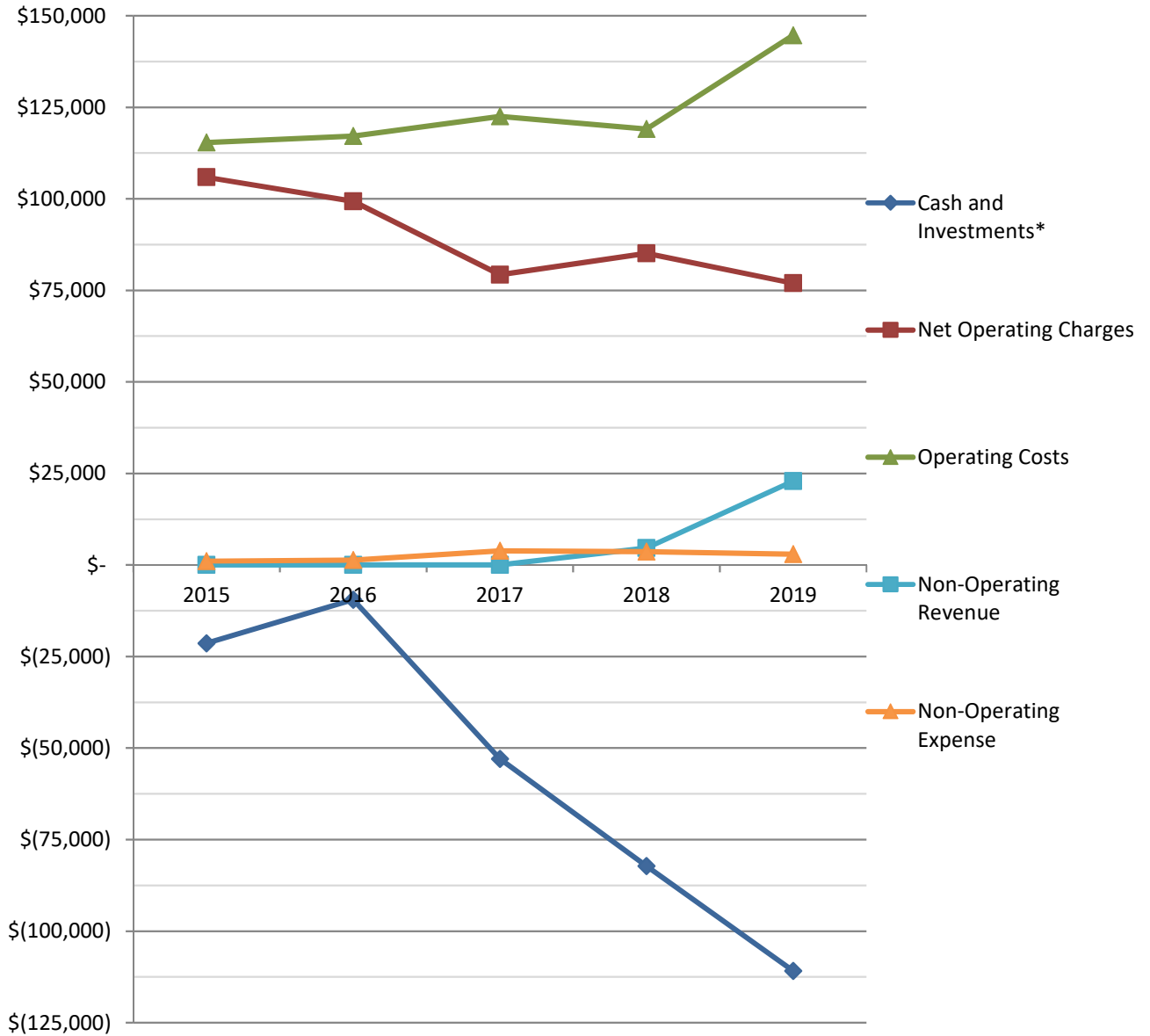
	2015	2016	2017	2018	2019
Cash and Investments	\$ 131,474	\$ 107,421	\$ 262,282	\$ 287,567	\$ 191,586
Operating Charges	135,208	137,252	157,536	159,514	155,182
Operating Costs	186,785	204,829	205,182	203,519	149,043
Non-Operating Revenue	3,969	149,377	299,987	121,817	65,239
Non-Operating Expense	3,511	3,168	6,823	7,729	5,901



City of Blackduck, Minnesota  
Municipal Golf Course Enterprise Fund  
December 31, 2019

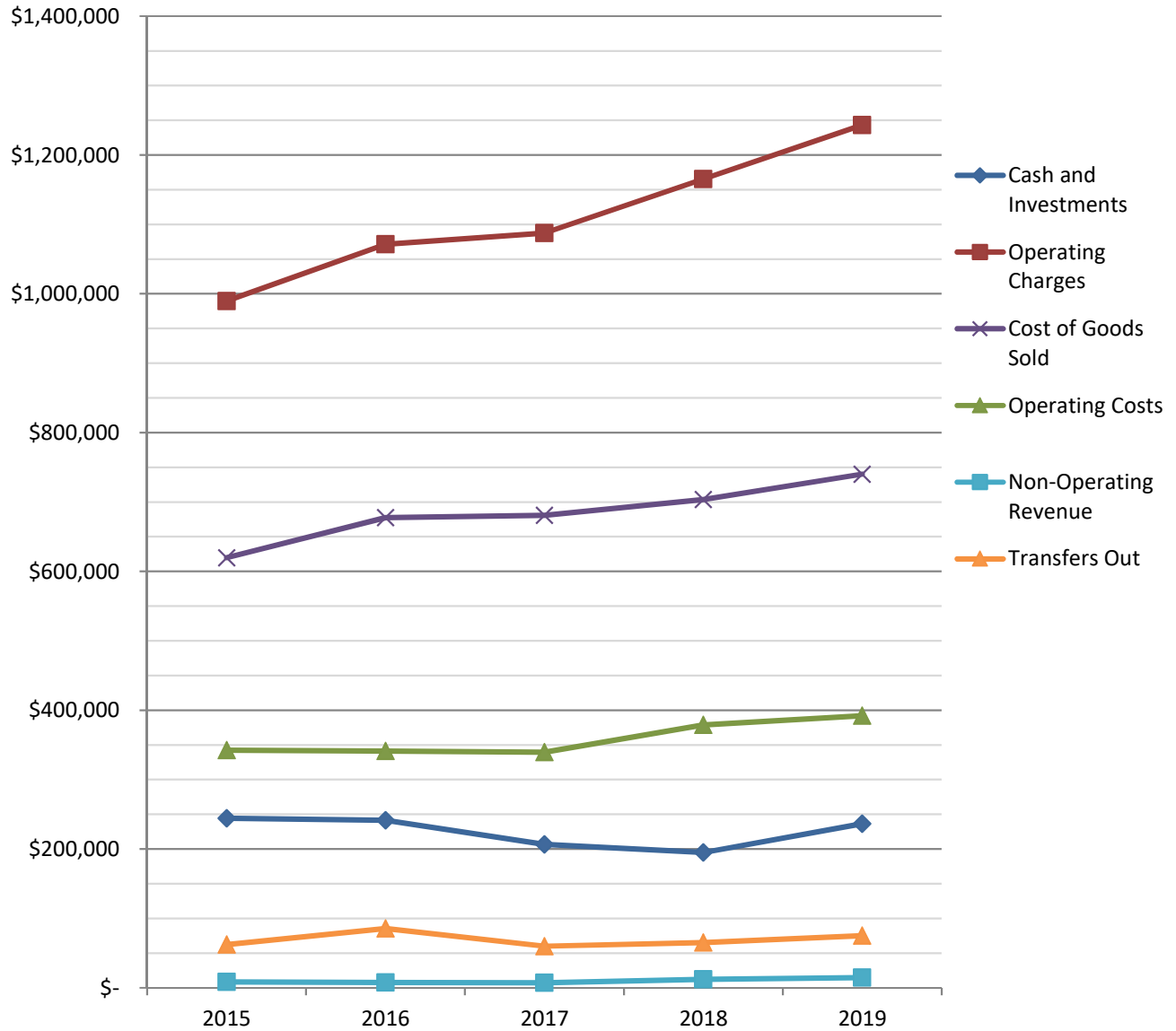
	2015	2016	2017	2018	2019
Cash and Investments*	\$ (21,381)	\$ (9,493)	\$ (52,936)	\$ (82,250)	\$ (110,878)
Net Operating Charges	105,901	99,313	79,310	85,107	76,947
Operating Costs	115,346	117,170	122,549	119,063	144,664
Non-Operating Revenue	-	-	-	4,637	22,933
Non-Operating Expense	1,055	1,313	3,873	3,600	2,936

\* - Negative = Due to Other Funds



City of Blackduck, Minnesota  
Municipal Liquor Store Enterprise Fund  
December 31, 2019

	2015	2016	2017	2018	2019
Cash and Investments	\$ 244,255	\$ 241,268	\$ 206,631	\$ 194,963	\$ 236,553
Operating Charges	989,650	1,071,347	1,087,340	1,165,173	1,243,244
Cost of Goods Sold	619,771	677,637	680,671	703,372	740,168
Operating Costs	342,535	341,334	339,425	378,768	392,063
Non-Operating Revenue	8,700	7,595	7,296	12,153	14,544
Transfers Out	62,200	85,345	60,000	65,000	75,000



City of Blackduck, Minnesota  
Fund Balance/Net Position  
December 31, 2019

	General Fund	Other Governmental Funds	Municipal Water Enterprise Fund	Municipal Sewage Disposal Enterprise Fund	Municipal Golf Course Enterprise Fund	Municipal Liquor Store Enterprise Fund
Unrestricted Fund Balance/Net Position	\$ 320,806	\$ 743,635	\$ 404,921	\$ 243,923	\$(134,934)	\$ 260,804
Current Year Operating Expenditures*	604,453	28,542	200,781	149,043	144,664	392,063
Number of Months	6.4	312.6	24.2	19.6	(11.2)	8.0

\*\*

\* - Capital Outlay and Debt Service expenditures are excluded from the total.

- State recommends 3-5 months in unrestricted fund balance/net position.

\*\* - Top 5 Other Governmental Funds Unrestricted Fund Balance

Revolving Loan Fund	\$ 227,016
Fire Hall Maintenance Fund	226,829
Sewer Maintenance Sinking Fund	69,214
Water Sinking Fund	121,156
Perpetual Care Fund	61,171
	<u>\$ 705,386</u>

**CITY OF BLACKDUCK, MINNESOTA**  
**FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT AUDITOR'S REPORT**  
**DECEMBER 31, 2019**



**CITY OF BLACKDUCK, MINNESOTA**  
**DECEMBER 31, 2019**

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**CITY OF BLACKDUCK, MINNESOTA**  
**DECEMBER 31, 2019**

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**CITY OF BLACKDUCK, MINNESOTA**  
**DECEMBER 31, 2019**

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**CITY OF BLACKDUCK, MINNESOTA**  
**OFFICIAL DIRECTORY**  
**DECEMBER 31, 2019**  
**(Unaudited)**

		<b><u>Term Expires</u></b>
<b>Mayor</b>	<b>Rudy Patch</b>	<b>12/31/20</b>
<b>Vice-Mayor</b>	<b>Jason Kolb</b>	<b>12/31/20</b>
<b>Council</b>	<b>William Sellon</b>	<b>12/31/22</b>
	<b>Paige Moore</b>	<b>12/31/22</b>
	<b>Maxwell Gullette</b>	<b>12/31/20</b>
<b>Administrator</b>	<b>Christina Regas</b>	<b>Appointive</b>



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 Certified Public Accountants  
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 P.O. Box 486  
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 Fax (218) 751 - 0782  
 www.millermcdonald.com

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and  
 Members of the City Council  
 City of Blackduck, Minnesota

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blackduck, Minnesota, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Blackduck, Minnesota's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blackduck, Minnesota, as of December 31, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Change in Accounting Principle

As described in Note 1 to the financial statements, in the year ended December 31, 2019, the City adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the City's and Non-Employer Proportionate Share of the Net Pension Liability, the Schedule of City's Contributions, Schedule of Changes in Net Pension Liability (Asset) and Related Ratios – Blackduck Fire Relief Association, Schedule of Employer and Non-Employer Contributions – Blackduck Fire Relief Association and Schedule of Investment Returns – Blackduck Fire Relief Association on pages 5 through 11 and pages 58 through 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during

our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Blackduck, Minnesota's basic financial statements. The official directory, the combining and individual nonmajor fund financial statements, and the comparative proprietary fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The official directory has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2020, on our consideration of the City of Blackduck, Minnesota'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Blackduck, Minnesota's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Blackduck, Minnesota's internal control over financial reporting and compliance.

*Miller McDonald, Inc.*

April 14, 2020  
Bemidji, Minnesota

**CITY OF BLACKDUCK, MINNESOTA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2019**

This discussion is intended to be an easily readable analysis of the City of Blackduck, Minnesota (City) financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities. This discussion should be read in conjunction with the financial statements that follow.

### *Financial Highlights*

- The assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows of resources by \$4,837,070. Of this amount, \$1,673,127 may be used to meet the government's ongoing obligations in accordance with the City's fund designations and fiscal policies.
- The City's governmental funds reported combined ending fund balances of \$1,827,501. Of this total amount, approximately 58%, or \$1,064,441 is available for spending at the City's discretion.
- At the end of the year, the total unassigned fund balance for the City's governmental funds was \$320,806. All of this was in the General Fund.
- Total outstanding long-term debt was \$1,522,006 at the end of the year. The majority of the debt has primary revenue sources to cover debt service payments from sources other than property taxes. Special assessment and revenue debt account for \$1,277,163 or 84% of the bonded debt.

### *Overview of the Financial Section*

This report consists of a series of financial statements. This discussion is intended to serve as an introduction to the City's basic financial statements. The statements consist of three components:

- **Government-wide Financial Statements** provide information about the activities of the City as a whole and present a longer-term view of City finances.
- **Fund Financial Statements** provide detailed information on significant City funds.
- **Notes to the Financial Statements** provide additional information essential to understanding the government-wide and fund statements.

This report also contains other supplementary information in addition to the basic financial statements themselves. Explanation of these sections of the financial statements follows.

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



**CITY OF BLACKDUCK, MINNESOTA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2019**

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. You will need to consider other nonfinancial factors, however, to assess the overall health of the City.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the governmental-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions intended to recover all or a significant portion of their costs through user fees (business-type activities). The governmental activities include general government, public safety, streets and highways, economic development, library, cemetery, and parks. Business-type activities include municipal liquor, public utilities (water and sewer) and municipal golf course.

The government-wide financial statements can be found on pages 12 and 13 of this report.

**Fund Financial Statements** - A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities. Fund financial statements provide detail information about the most significant funds – not the City as a whole. All of the funds of the City can be divided into three categories – governmental, proprietary, and custodial, each using different accounting approaches.

***Governmental Funds*** - Most of the City's basic services are reported in governmental funds. Governmental funds focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader of the statements determine whether there are more or fewer financial resources that can be spent in the near future to finance City services. The Governmental Fund Balance Sheet and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The basic governmental fund financial statements can be found on pages 14 through 17 of this report.

***Proprietary Funds*** - The City maintains one type of proprietary fund, enterprise funds.

- ***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 municipal liquor operations, public utility (water and sewer) services and municipal golf course.

**CITY OF BLACKDUCK, MINNESOTA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2019**

Proprietary funds provide the same information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 18 through 21 of this report.

*Custodial Funds* – The City is the trustee, or custodian, for assets that belong to others. The City is responsible for ensuring that only those to whom the assets belong use the assets reported in these funds. The City's custodial activities are reported in a separate financial statement. We exclude these activities from the government-wide financial statements because the City cannot use these assets to finance its operations. The custodial financial statements can be found on pages 22 and 23 of this report.

Notes to Financial Statements - The notes provide additional information essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 through 57 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time, net position may serve as a useful indicator of a government's financial position. At the end of 2019, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4,837,070.

The largest portion of the City's net position, 48%, reflects its Net Investment in Capital Assets. 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 capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
<b>Assets:</b>						
Current and Other Assets	\$ 2,055,863	\$ 2,027,687	\$ 1,128,907	\$ 1,179,577	\$ 3,184,770	\$ 3,207,264
Capital Assets, Net of Depreciation	1,284,984	1,314,969	2,456,539	2,456,082	3,741,523	3,771,051
<b>Total Assets</b>	<b>3,340,847</b>	<b>3,342,656</b>	<b>3,585,446</b>	<b>3,635,659</b>	<b>6,926,293</b>	<b>6,978,315</b>
Deferred Outflows of Resources	161,707	206,231	36,314	65,693	198,021	271,924
<b>Liabilities:</b>						
Long-Term Liabilities Outstanding	394,515	457,791	1,482,669	1,653,751	1,877,184	2,111,542
Other Liabilities	65,604	49,616	90,976	108,373	156,580	157,989
<b>Total Liabilities</b>	<b>460,119</b>	<b>507,407</b>	<b>1,573,645</b>	<b>1,762,124</b>	<b>2,033,764</b>	<b>2,269,531</b>
Deferred Inflows of Resources	184,413	258,103	69,067	63,957	253,480	322,060
<b>Net Position:</b>						
Net Investment in Capital Assets	1,102,931	1,076,553	1,204,334	1,051,536	2,307,265	2,128,089
Restricted	855,280	821,788	-	-	855,280	821,788
Unrestricted	899,811	885,036	774,714	823,735	1,674,525	1,708,771
<b>Total Net Position</b>	<b>\$ 2,858,022</b>	<b>\$ 2,783,377</b>	<b>\$ 1,979,048</b>	<b>\$ 1,875,271</b>	<b>\$ 4,837,070</b>	<b>\$ 4,658,648</b>

**CITY OF BLACKDUCK, MINNESOTA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2019**

A portion of the City's net position, approximately 18%, represents resources subject to restrictions on how they may be used. The remaining balance of unrestricted net position, \$1,674,525, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its business-type activities.

**Governmental Activities** – Net position of the City's governmental activities increased by \$74,645.  
**Business-type Activities** – Net position of the City's business-type activities increased by \$103,777.

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 110,617	\$ 114,414	\$ 1,697,600	\$ 1,629,996	\$ 1,808,217	\$ 1,744,410
Operating Grants and Contributions	95,624	63,043	-	949	95,624	63,992
Capital Grants and Contributions	-	-	81,548	9,020	81,548	9,020
<b>General Revenues:</b>						
Property Taxes and Special Assessments	270,126	305,947	24,325	290,976	294,451	596,923
Grants and aids Not Restricted for Specific Programs	258,328	265,778	-	-	258,328	265,778
Fines and Fees	592	1,370	-	-	592	1,370
Interest Income	18,013	11,700	17,525	3,476	35,538	15,176
Rental Income	-	-	9,879	9,964	9,879	9,964
Other	16,745	18,152	1,209	1,905	17,954	20,057
<b>Total Revenues</b>	<b>770,045</b>	<b>780,404</b>	<b>1,832,086</b>	<b>1,946,286</b>	<b>2,602,131</b>	<b>2,726,690</b>
<b>Expenses:</b>						
General Government	171,521	149,289	-	-	171,521	149,289
Public Safety	282,320	238,051	-	-	282,320	238,051
Streets and Highways	162,787	154,508	-	-	162,787	154,508
Economic Development	27,316	58,377	-	-	27,316	58,377
Culture and Recreation	72,927	62,320	-	-	72,927	62,320
Cemetery	5,698	5,385	-	-	5,698	5,385
Interest and Fiscal Fees	37,831	38,421	-	-	37,831	38,421
Municipal Water	-	-	220,534	205,820	220,534	205,820
Municipal Sewage Disposal	-	-	154,944	211,248	154,944	211,248
Municipal Golf Course	-	-	155,600	131,665	155,600	131,665
Municipal Liquor Store	-	-	1,132,231	1,082,140	1,132,231	1,082,140
<b>Total Expenses</b>	<b>760,400</b>	<b>706,351</b>	<b>1,663,309</b>	<b>1,630,873</b>	<b>2,423,709</b>	<b>2,337,224</b>
<b>Increase (Decrease) in Net Position Before Transfers</b>	<b>9,645</b>	<b>74,053</b>	<b>168,777</b>	<b>315,413</b>	<b>178,422</b>	<b>389,466</b>
<b>Transfers</b>	<b>65,000</b>	<b>90,000</b>	<b>(65,000)</b>	<b>(90,000)</b>	<b>-</b>	<b>-</b>
<b>Special Item - Loan Repayment</b>	<b>-</b>	<b>(58,189)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(58,189)</b>
<b>Change in Net Position</b>	<b>74,645</b>	<b>105,864</b>	<b>103,777</b>	<b>225,413</b>	<b>178,422</b>	<b>331,277</b>
<b>Net Position, Beginning of Year</b>	<b>2,783,377</b>	<b>2,677,513</b>	<b>1,875,271</b>	<b>1,649,858</b>	<b>4,658,648</b>	<b>4,327,371</b>
<b>Net Position, End of Year</b>	<b>\$ 2,858,022</b>	<b>\$ 2,783,377</b>	<b>\$ 1,979,048</b>	<b>\$ 1,875,271</b>	<b>\$ 4,837,070</b>	<b>\$ 4,658,648</b>

For governmental activities, property tax levy, general state aid, and transfers from the municipal liquor store support any shortfalls in direct revenues.

**CITY OF BLACKDUCK, MINNESOTA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2019**

User fees, or charges for services, support business-type activities almost exclusively. Since public utility activities require significant physical assets to operate, any excess revenues are held for future capital expenditures to keep pace with the growing demand for services and regularly scheduled maintenance and repairs. The municipal liquor store's excess revenue is used in part to off-set revenue shortfalls in the governmental funds. Some of the excess revenue is also held for future capital expenditures.

The water and sewer rates are reviewed on an annual basis to insure they are sufficient to cover operational, debt service and depreciation costs. As part of the Water System Improvement Project and the procurement of federal grant and loan funds, the City Council has adopted a Utility Rate Policy, which will incrementally increase the water and sewer rates to ensure they are sufficient to cover expenditures and an increase in debt service.

*Financial Analysis of the Government's Funds*

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. In particular, unrestricted fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the 2019 fiscal year, the City's governmental funds reported combined fund balances of \$1,827,501. Approximately 18% of this total amount, or \$320,806, constitutes unassigned fund balances, which is available for spending at the government's discretion. The remainder of the fund balances made up of nonspendable of \$13,884, restricted for notes receivable of \$228,627, restricted for debt service of \$135,030 and other committed, assigned and restricted of \$1,129,154.

**Proprietary Funds** - The City's proprietary fund statements found on pages 18 through 21 provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net position in the respective proprietary funds are municipal liquor \$260,804, municipal sewage \$243,923, municipal water \$404,921 and municipal golf course (\$134,934). While total net position before operating transfers for the current year ended increased in the municipal water fund, the municipal sewage disposal fund and the municipal liquor store fund, the total net position decreased for the municipal golf course fund.

**CITY OF BLACKDUCK, MINNESOTA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2019**

*General Fund Budgetary Highlights*

The City did not amend the 2019 budget. The 2019 budget for the General Fund anticipated revenues and other financing sources in excess of expenditures and other financing uses of \$10,000. Actual results for the General Fund for 2019 show expenditures and other financing uses in excess of revenues and other financing sources of \$51,569.

*Capital Assets*

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2019 amounts to \$3,741,523 (net of accumulated depreciation). This investment includes land, buildings, improvements, equipment and infrastructure.

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land and Buildings	\$ 751,114	\$ 751,114	\$ 2,854,228	\$ 2,854,228	\$ 3,605,342	\$ 3,605,342
Furniture, Fixtures, and Equipment	884,354	824,147	444,530	444,693	1,328,884	1,268,840
Other Improvements	1,218,438	1,218,438	2,998,061	1,767,848	4,216,499	2,986,286
Construction in Progress	-	-	-	1,131,729	-	1,131,729
Less Accumulated Depreciation	(1,568,922)	(1,478,730)	(3,840,280)	(3,742,416)	(5,409,202)	(5,221,146)
<b>Total</b>	<b>\$ 1,284,984</b>	<b>\$ 1,314,969</b>	<b>\$ 2,456,539</b>	<b>\$ 2,456,082</b>	<b>\$ 3,741,523</b>	<b>\$ 3,771,051</b>

Additional information on the City's capital assets can be found in Note 2 on pages 35 and 36 of this report.

*Long Term Debt*

At the end of the current fiscal year, the City had \$1,522,006 in bonds, notes and capital leases outstanding. The full faith and credit of the City back this debt. However, some of this debt has primary repayment sources other than property taxes. These primary sources include tax increment financing, special assessments and charges for services.

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds	\$ -	\$ -	\$ 81,000	\$ 93,000	\$ 81,000	\$ 93,000
G.O. Special Assessment Bonds	170,000	220,000	64,000	74,000	234,000	294,000
General Obligation Revenue Bonds	-	-	875,000	930,000	875,000	930,000
Capital Leases Payable	15,800	23,135	-	-	15,800	23,135
Notes Payable	76,399	88,737	239,807	315,691	316,206	404,428
<b>Total</b>	<b>\$ 262,199</b>	<b>\$ 331,872</b>	<b>\$ 1,259,807</b>	<b>\$ 1,412,691</b>	<b>\$ 1,522,006</b>	<b>\$ 1,744,563</b>

A total of \$253,029 was retired throughout the year. A more detailed breakdown of these obligations can be found in Note 2 on pages 37 through 39.

**CITY OF BLACKDUCK, MINNESOTA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2019**

*Economic Factors and Next Year's Budget and Rates*

The City's elected officials and staff considered many factors when setting the fiscal year 2020 budget, rates, tax levy and fees, and as a result, the 2020 levy increased from 2019. Factors considered by the City included financial support for the municipal golf course, water and sewer base rates to support the increasing maintenance costs for the infrastructure; and the increased need to maintain and repair several city streets. The City continues to strive to be fiscally responsible and yet maintain existing services to our residents while setting goals for future improvements to the City's infrastructure.

*Requests for Information*

This financial report is designed to provide a general overview of the City of Blackduck, Minnesota's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Blackduck, P.O. Box 380, Blackduck, MN 56630, or [christina.regas@blackduckmn.com](mailto:christina.regas@blackduckmn.com).

**CITY OF BLACKDUCK, MINNESOTA**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2019**

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 1,533,026	\$ 727,255	\$ 2,260,281
Petty Cash	300	-	300
Cash on Hand	-	2,501	2,501
Accounts Receivable	3,118	50,939	54,057
Special Assessments Receivable	89,396	225,270	314,666
Due from Other Governments	26,761	1,112	27,873
Notes Receivable	237,486	-	237,486
Delinquent Property Taxes Receivable	20,019	964	20,983
Inventory	-	106,097	106,097
Prepaid Expenses	13,884	14,769	28,653
Capital Assets, Net of Depreciation	1,284,984	2,456,539	3,741,523
Net Pension Asset	131,873	-	131,873
<b><u>Total Assets</u></b>	<b><u>3,340,847</u></b>	<b><u>3,585,446</u></b>	<b><u>6,926,293</u></b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred Outflows of Resources Related to Pensions	161,707	36,314	198,021
<b><u>LIABILITIES</u></b>			
Accounts Payable	22,850	60,066	82,916
Sales Tax Payable	-	11,131	11,131
Accrued Interest Payable	2,131	10,616	12,747
Accrued Salaries and Wages Payable	9,100	9,163	18,263
Due to Other Governments	21,523	-	21,523
Unearned Revenues	10,000	-	10,000
Noncurrent Liabilities			
Due Within One Year	57,705	101,000	158,705
Due in More Than One Year	137,467	1,164,941	1,302,408
Net Pension Liability	199,343	216,728	416,071
<b><u>Total Liabilities</u></b>	<b><u>460,119</u></b>	<b><u>1,573,645</u></b>	<b><u>2,033,764</u></b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred Inflows of Resources Related to Pensions	184,413	69,067	253,480
<b><u>NET POSITION</u></b>			
Net Investment in Capital Assets	1,102,931	1,204,334	2,307,265
Restricted for Economic Development	251,343	-	251,343
Restricted for Debt Service	159,474	-	159,474
Restricted for Capital Projects	232,404	-	232,404
Restricted for Pensions	157,022	-	157,022
Restricted for Other Purposes	55,037	-	55,037
Unrestricted	899,811	774,714	1,674,525
<b><u>Total Net Position</u></b>	<b><u>\$ 2,858,022</u></b>	<b><u>\$ 1,979,048</u></b>	<b><u>\$ 4,837,070</u></b>

See Accompanying Notes to Financial Statements.

**CITY OF BLACKDUCK, MINNESOTA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2019**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating	Capital	Primary Government		
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES</b>							
General Government	\$ 171,521	\$ 12,160	\$ -	\$ -	\$ (159,361)	\$ -	\$ (159,361)
Public Safety	282,320	78,978	84,624	-	(118,718)	-	(118,718)
Streets and Highways	162,787	-	-	-	(162,787)	-	(162,787)
Economic Development	27,316	-	-	-	(27,316)	-	(27,316)
Culture and Recreation	72,927	16,028	11,000	-	(45,899)	-	(45,899)
Cemetery	5,698	3,451	-	-	(2,247)	-	(2,247)
Interest and Fiscal Fees	37,831	-	-	-	(37,831)	-	(37,831)
<b>Total Governmental Activities</b>	<b>760,400</b>	<b>110,617</b>	<b>95,624</b>	<b>-</b>	<b>(554,159)</b>	<b>-</b>	<b>(554,159)</b>
<b>BUSINESS-TYPE ACTIVITIES</b>							
Municipal Water	220,534	207,465	-	30,165	-	17,096	17,096
Municipal Sewage Disposal	154,944	155,189	-	51,383	-	51,628	51,628
Municipal Golf Course	155,600	91,702	-	-	-	(63,898)	(63,898)
Municipal Liquor Store	1,132,231	1,243,244	-	-	-	111,013	111,013
<b>Total Business-Type Activities</b>	<b>1,663,309</b>	<b>1,697,600</b>	<b>-</b>	<b>81,548</b>	<b>-</b>	<b>115,839</b>	<b>115,839</b>
<b>Total Primary Government</b>	<b>\$ 2,423,709</b>	<b>\$ 1,808,217</b>	<b>\$ 95,624</b>	<b>\$ 81,548</b>	<b>(554,159)</b>	<b>115,839</b>	<b>(438,320)</b>
<b>General Revenues:</b>							
Property Taxes and Special Assessments					270,126	24,325	294,451
Grants and Aids Not Restricted for Specific Programs					258,328	-	258,328
Fines and Fees					592	-	592
Interest Income					18,013	17,525	35,538
Rental Income					-	9,879	9,879
Other					16,745	1,209	17,954
Transfers In (Out)					65,000	(65,000)	-
<b>Total General Revenues and Transfers</b>					<b>628,804</b>	<b>(12,062)</b>	<b>616,742</b>
Change in Net Position					74,645	103,777	178,422
Net Position, Beginning of Year					2,783,377	1,875,271	4,658,648
Net Position, End of Year					<b>\$ 2,858,022</b>	<b>\$ 1,979,048</b>	<b>\$ 4,837,070</b>

See Accompanying Notes to Financial Statements.



**CITY OF BLACKDUCK, MINNESOTA**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**DECEMBER 31, 2019**

	<u>General Fund</u>	<u>Revolving Loan Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>				
Cash	\$ 345,457	\$ 141,758	\$ 1,045,811	\$ 1,533,026
Petty Cash	300	-	-	300
Accounts Receivable	3,118	-	-	3,118
Due from Other Governments	5,337	-	1,616	6,953
Notes Receivable	-	313,885	-	313,885
Delinquent Property Taxes Receivable	15,472	-	4,547	20,019
Special Assessments Receivable	-	-	89,396	89,396
Prepaid Expenses	12,632	-	1,252	13,884
<b><u>Total Assets</u></b>	<b><u>\$ 382,316</u></b>	<b><u>\$ 455,643</u></b>	<b><u>\$ 1,142,622</u></b>	<b><u>\$ 1,980,581</u></b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>				
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 22,745	\$ -	\$ 105	\$ 22,850
Accrued Salaries and Wages Payable	8,946	-	154	9,100
Due to Other Governments	1,715	-	-	1,715
Unearned Revenues	-	-	10,000	10,000
<b><u>Total Liabilities</u></b>	<b><u>33,406</u></b>	<b><u>-</u></b>	<b><u>10,259</u></b>	<b><u>43,665</u></b>
<b><u>Deferred Inflows of Resources</u></b>				
Unavailable Revenue	15,472	-	93,943	109,415
<b><u>Fund Balances</u></b>				
Nonspendable	12,632	-	1,252	13,884
Restricted	-	228,627	520,549	749,176
Committed	-	-	77,560	77,560
Assigned	-	227,016	439,059	666,075
Unassigned	320,806	-	-	320,806
<b><u>Total Fund Balances</u></b>	<b><u>333,438</u></b>	<b><u>455,643</u></b>	<b><u>1,038,420</u></b>	<b><u>1,827,501</u></b>
<b><u>Total Liabilities, Deferred Inflows of Resources and Fund Balances</u></b>	<b><u>\$ 382,316</u></b>	<b><u>\$ 455,643</u></b>	<b><u>\$ 1,142,622</u></b>	<b><u>\$ 1,980,581</u></b>

See Accompanying Notes to Financial Statements.

**CITY OF BLACKDUCK, MINNESOTA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2019**

<b>FUND BALANCE - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$</b>	<b>1,827,501</b>
 <b>Amounts reported for governmental activities in the statement of net position are different because:</b>		
 <b>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds:</b>		
Cost	\$	2,853,906
Less Accumulated Depreciation	<u>(1,568,922)</u>	1,284,984
 <b>Unearned and unavailable revenue in governmental funds is susceptible to full accrual on the government-wide statements.</b>		
		109,415
 <b>Inter-government receivable is reported in the governmental funds but are not in the governmental activities.</b>		
		(76,399)
 <b>Compensated absences payable are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.</b>		
		(13,118)
 <b>Long-term liabilities are not payable with current financial resources and are therefore not reported in the governmental funds. The effect of premiums or discounts are recognized as an expenditure when debt is issued in the funds, whereas these amounts are deferred and amortized in the government-wide statements.</b>		
		(381,397)
 <b>Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.</b>		
		(2,131)
 <b>Amounts pertaining to the Blackduck Fire Relief Association pension plan are not current financial resources and, therefore, are not reported in governmental funds:</b>		
Net Pension Asset		131,873
Deferred Outflows of Resources		<u>25,149</u>
		157,022
 <b>Deferred outflows and inflows of resources related to City pensions are applicable to future periods and, therefore, are not reported in the funds:</b>		
Deferred Outflows of Resources		136,558
Deferred Inflows of Resources		<u>(184,413)</u>
		<u>(47,855)</u>
 <b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	 <b>\$</b>	 <b><u>2,858,022</u></b>

**See Accompanying Notes to Financial Statements.**

**CITY OF BLACKDUCK, MINNESOTA**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**YEAR ENDED DECEMBER 31, 2019**

	<u>General Fund</u>	<u>Revolving Loan Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Revenues</u></b>				
Taxes and Special Assessments	\$ 182,100	\$ -	\$ 78,369	\$ 260,469
Licenses and Permits	3,785	-	-	3,785
Intergovernmental Revenues	294,577	-	11,000	305,577
Tax Increments	-	-	32,505	32,505
Charges for Services	87,423	-	19,479	106,902
Fines and Fees	592	-	-	592
Interest Income	3,296	6,254	8,463	18,013
Donations and Grants	-	-	27,000	27,000
Other	13,085	1,735	1,855	16,675
<b><u>Total Revenues</u></b>	<b><u>584,858</u></b>	<b><u>7,989</u></b>	<b><u>178,671</u></b>	<b><u>771,518</u></b>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
General Government	146,674	-	-	146,674
Public Safety	277,739	-	-	277,739
Streets and Highways	136,286	-	-	136,286
Economic Development	-	2,126	-	2,126
Culture and Recreation	43,754	-	20,472	64,226
Cemetery	-	-	5,944	5,944
Capital Outlay	60,474	-	75	60,549
<b>Debt Service:</b>				
Principal	6,985	-	62,338	69,323
Interest and Fiscal Charges	1,515	-	36,350	37,865
<b><u>Total Expenditures</u></b>	<b><u>673,427</u></b>	<b><u>2,126</u></b>	<b><u>125,179</u></b>	<b><u>800,732</u></b>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	<b><u>(88,569)</u></b>	<b><u>5,863</u></b>	<b><u>53,492</u></b>	<b><u>(29,214)</u></b>
<b><u>Other Financing Sources (Uses)</u></b>				
Operating Transfers In	69,000	-	32,000	101,000
Operating Transfers Out	(32,000)	(4,000)	-	(36,000)
<b><u>Total Other Financing Sources (Uses)</u></b>	<b><u>37,000</u></b>	<b><u>(4,000)</u></b>	<b><u>32,000</u></b>	<b><u>65,000</u></b>
<b><u>Net Change in Fund Balance</u></b>	<b><u>(51,569)</u></b>	<b><u>1,863</u></b>	<b><u>85,492</u></b>	<b><u>35,786</u></b>
<b><u>Fund Balances, Beginning of Year</u></b>	<b><u>385,007</u></b>	<b><u>453,780</u></b>	<b><u>952,928</u></b>	<b><u>1,791,715</u></b>
<b><u>Fund Balances, End of Year</u></b>	<b><u>\$ 333,438</u></b>	<b><u>\$ 455,643</u></b>	<b><u>\$ 1,038,420</u></b>	<b><u>\$ 1,827,501</u></b>

See Accompanying Notes to Financial Statements.

**CITY OF BLACKDUCK, MINNESOTA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2019**

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	35,786
 Amounts reported for governmental activities in the statement of activities are different because:		
 Capital outlay is reported as expenditures in governmental funds. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period these amounts are:		
Capital Outlay	\$	60,207
Depreciation	<u>(90,192)</u>	(29,985)
 Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
		(22,848)
 Compensated absences are reported as an expenditure when paid. In the statement of activities, however, compensated absences are recognized as earned, regardless of when paid:		
		(447)
 Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces the long-term liabilities on the statement of net position. In the current period these amounts consisted of:		
Special Assessment Bonds	50,000	
Other Debt	12,338	
Capital Lease	7,335	
Net Amortization of Bond Discount	<u>(973)</u>	68,700
 Interest is recognized as an expenditure in the governmental funds when it is paid. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is paid.		
		657
 Governmental funds report City and Fire Relief pension contributions as expenditures. In the statement of activities, however, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
City and Fire Relief Pension Contributions	47,541	
Cost of Benefits Earned Net of Employee Contributions	<u>(24,759)</u>	<u>22,782</u>
 CHANGE IN NET POSITION TO GOVERNMENTAL ACTIVITIES	 \$	 <u><u>74,645</u></u>

See Accompanying Notes to Financial Statements.

**CITY OF BLACKDUCK, MINNESOTA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2019**  
With Comparative Amounts For December 31, 2018

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Totals</b>	
	<b>Municipal</b>	<b>Municipal</b>	<b>Municipal</b>	<b>Municipal</b>		
	<b>Water</b>	<b>Sewage</b>	<b>Golf</b>	<b>Liquor</b>	<b>2019</b>	<b>2018</b>
<b>Fund</b>	<b>Disposal</b>	<b>Course</b>	<b>Store</b>			
<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>			
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and Cash Equivalents	\$ 301,617	\$ 191,586	\$ -	\$ 234,553	\$ 727,756	\$ 764,776
Cash on Hand	-	-	-	2,000	2,000	2,500
Accounts Receivable	23,168	22,274	259	5,238	50,939	36,675
Property Taxes Receivable	-	700	264	-	964	645
Special Assessments Receivable	140,542	84,728	-	-	225,270	258,247
Due from Other Governments	223	485	404	-	1,112	116
Inventory	-	-	-	106,097	106,097	101,308
Prepaid Expenses	1,464	2,843	2,622	7,840	14,769	15,310
<b>Total Current Assets</b>	<b>467,014</b>	<b>302,616</b>	<b>3,549</b>	<b>355,728</b>	<b>1,128,907</b>	<b>1,179,577</b>
<b>Capital Assets</b>						
Land and Buildings	-	2,289,673	208,712	355,843	2,854,228	2,854,228
Furniture, Fixtures and Equipment	-	11,944	363,705	62,381	438,030	438,193
Other Improvements	2,206,386	743,541	-	54,634	3,004,561	1,774,348
Construction in Progress	-	-	-	-	-	1,131,729
	2,206,386	3,045,158	572,417	472,858	6,296,819	6,198,498
Less: Accumulated Depreciation	(828,217)	(2,288,431)	(400,520)	(323,112)	(3,840,280)	(3,742,416)
<b>Capital Assets, Net of Depreciation</b>	<b>1,378,169</b>	<b>756,727</b>	<b>171,897</b>	<b>149,746</b>	<b>2,456,539</b>	<b>2,456,082</b>
<b>Noncurrent Assets</b>						
Due from Other Funds	-	-	-	110,878	110,878	82,250
<b>Total Assets</b>	<b>1,845,183</b>	<b>1,059,343</b>	<b>175,446</b>	<b>616,352</b>	<b>3,696,324</b>	<b>3,717,909</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Outflows Related to Pensions	6,744	7,263	3,631	18,676	36,314	65,693
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Current Portion of Bonds Payable	52,000	26,000	23,000	-	101,000	183,356
Accounts Payable	3,257	1,520	1,448	53,841	60,066	78,737
Sales Tax Payable	283	-	-	10,848	11,131	11,037
Accrued Interest Payable	7,727	1,681	1,208	-	10,616	12,363
Accrued Salaries and Wages Payable	1,355	2,338	-	5,470	9,163	6,236
<b>Total Current Liabilities</b>	<b>64,622</b>	<b>31,539</b>	<b>25,656</b>	<b>70,159</b>	<b>191,976</b>	<b>291,729</b>
<b>Long-Term Liabilities</b>						
Due to Other Funds	-	-	110,878	-	110,878	82,250
Bonds Payable, Net of Unamortized Bond Discount	985,834	135,644	130,727	-	1,252,205	1,404,546
Less: Current Portion	(52,000)	(26,000)	(23,000)	-	(101,000)	(183,356)
Compensated Absences	3,139	3,258	-	7,339	13,736	11,546
Net Pension Liability	40,249	43,346	21,673	111,460	216,728	237,659
<b>Total Long-Term Liabilities</b>	<b>977,222</b>	<b>156,248</b>	<b>240,278</b>	<b>118,799</b>	<b>1,492,547</b>	<b>1,552,645</b>
<b>Total Liabilities</b>	<b>1,041,844</b>	<b>187,787</b>	<b>265,934</b>	<b>188,958</b>	<b>1,684,523</b>	<b>1,844,374</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Inflows Related to Pensions	12,827	13,813	6,907	35,520	69,067	63,957
<b>NET POSITION</b>						
Net Investment in Capital Assets	392,335	621,083	41,170	149,746	1,204,334	1,088,963
Unrestricted	404,921	243,923	(134,934)	260,804	774,714	786,308
<b>Total Net Position</b>	<b>\$ 797,256</b>	<b>\$ 865,006</b>	<b>\$ (93,764)</b>	<b>\$ 410,550</b>	<b>\$ 1,979,048</b>	<b>\$ 1,875,271</b>

See Accompanying Notes to Financial Statements.

**CITY OF BLACKDUCK, MINNESOTA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED DECEMBER 31, 2019**  
With Comparative Amounts For Year Ended December 31, 2018

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Totals</u>	
	<u>Municipal</u>	<u>Municipal</u>	<u>Municipal</u>	<u>Municipal</u>		
	<u>Water</u>	<u>Sewage</u>	<u>Golf</u>	<u>Liquor</u>	<u>2019</u>	<u>2018</u>
<u>Fund</u>	<u>Disposal</u>	<u>Course</u>	<u>Store</u>			
<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>			
<b><u>Sales and Cost of Sales</u></b>						
Sales	\$ -	\$ -	\$ 12,399	\$ 1,243,244	\$ 1,255,643	\$ 1,179,516
Cost of Sales	-	-	(8,000)	(740,168)	(748,168)	(712,374)
Gross Profit	-	-	4,399	503,076	507,475	467,142
<b><u>Operating Revenues</u></b>	<b>207,451</b>	<b>155,182</b>	<b>72,548</b>	<b>-</b>	<b>435,181</b>	<b>450,480</b>
<b><u>Total Gross Profit and Operating Revenues</u></b>	<b>207,451</b>	<b>155,182</b>	<b>76,947</b>	<b>503,076</b>	<b>942,656</b>	<b>917,622</b>
<b><u>Operating Expenses</u></b>						
Personnel Services	78,075	82,189	73,986	229,468	463,718	419,813
Utilities	11,623	26,588	6,617	34,476	79,304	66,402
Supplies and Materials	7,851	2,526	7,931	21,766	40,074	40,154
Advertising and Printing	-	-	-	13,742	13,742	11,282
Repairs and Maintenance	10,692	8,773	18,268	7,599	45,332	44,753
Contracted Services	8,763	3,393	-	7,292	19,448	17,777
Insurance	3,752	5,620	7,583	18,800	35,755	36,338
Depreciation and Amortization	70,006	14,374	21,226	15,727	121,333	186,181
Other Expenses	10,019	5,580	9,053	43,193	67,845	65,344
Total Operating Expenses	200,781	149,043	144,664	392,063	886,551	888,044
<b><u>Operating Income (Loss)</u></b>	<b>6,670</b>	<b>6,139</b>	<b>(67,717)</b>	<b>111,013</b>	<b>56,105</b>	<b>29,578</b>
<b><u>Non-Operating Revenues (Expenses)</u></b>						
Interest Income	8,146	4,720	-	4,666	17,532	3,476
Rental Income	-	-	-	9,879	9,879	9,964
Fiscal Agent Fees	-	(16)	-	-	(16)	-
Intergovernmental Grants and Aids	30,165	51,383	5,824	-	87,372	9,969
Miscellaneous	27	989	896	-	1,912	1,505
Property Taxes	-	8,147	16,213	-	24,360	8,413
Special Assessments	-	-	-	-	-	282,563
Interest Expense	(19,546)	(5,885)	(2,936)	-	(28,367)	(30,055)
Total Non-Operating Revenues (Expenses)	18,792	59,338	19,997	14,545	112,672	285,835
<b><u>Net Income (Loss) Before Operating Transfers</u></b>	<b>25,462</b>	<b>65,477</b>	<b>(47,720)</b>	<b>125,558</b>	<b>168,777</b>	<b>315,413</b>
<b><u>Operating Transfers</u></b>						
Transfer to Other Funds	-	-	-	(75,000)	(75,000)	(90,000)
Transfer from Other Funds	-	-	10,000	-	10,000	-
Total Operating Transfers	-	-	10,000	(75,000)	(65,000)	(90,000)
<b><u>Net Income (Loss)</u></b>	<b>25,462</b>	<b>65,477</b>	<b>(37,720)</b>	<b>50,558</b>	<b>103,777</b>	<b>225,413</b>
<b><u>Net Position, Beginning of Year</u></b>	<b>771,794</b>	<b>799,529</b>	<b>(56,044)</b>	<b>359,992</b>	<b>1,875,271</b>	<b>1,649,858</b>
<b><u>Net Position, End of Year</u></b>	<b>\$ 797,256</b>	<b>\$ 865,006</b>	<b>\$ (93,764)</b>	<b>\$ 410,550</b>	<b>\$ 1,979,048</b>	<b>\$ 1,875,271</b>

See Accompanying Notes to Financial Statements.

**CITY OF BLACKDUCK, MINNESOTA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2019**

With Comparative Amounts For Year Ended December 31, 2018

**INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Totals</b>	
	<b>Municipal</b>	<b>Municipal</b>	<b>Municipal</b>	<b>Municipal</b>		
	<b>Water</b>	<b>Sewage</b>	<b>Golf</b>	<b>Liquor</b>	<b>2019</b>	<b>2018</b>
<b>Fund</b>	<b>Disposal</b>	<b>Course</b>	<b>Store</b>			
<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>			
<b><u>Cash Flows from Operating Activities</u></b>						
Cash Received from Customers	\$ 201,876	\$ 150,355	\$ 84,492	\$ 1,238,577	\$ 1,675,300	\$ 1,638,307
Cash Paid to Employees	(81,078)	(84,427)	(62,915)	(216,623)	(445,043)	(411,730)
Cash Paid to Suppliers	(60,773)	(65,359)	(58,025)	(888,336)	(1,072,493)	(974,891)
<b><u>Net Cash Provided by (Used in)</u></b>						
<b><u>Operating Activities</u></b>	<b>60,025</b>	<b>569</b>	<b>(36,448)</b>	<b>133,618</b>	<b>157,764</b>	<b>251,686</b>
<b><u>Cash Flows from Non-Capital</u></b>						
<b><u>Financing Activities</u></b>						
Miscellaneous Revenue	27	989	896	-	1,912	1,505
Interfund Financing	-	-	28,628	(28,628)	-	-
State Aid	-	-	-	-	-	949
Transfers To Other Funds	-	-	-	(75,000)	(75,000)	(90,000)
Transfers From Other Funds	-	-	10,000	-	10,000	-
<b><u>Net Cash Provided by (Used in) Non-Capital</u></b>						
<b><u>Financing Activities</u></b>	<b>27</b>	<b>989</b>	<b>39,524</b>	<b>(103,628)</b>	<b>(63,088)</b>	<b>(87,546)</b>
<b><u>Cash Flows from Capital and</u></b>						
<b><u>Related Financing Activities</u></b>						
Purchase of Property and Equipment	(60,637)	(57,665)	-	(2,945)	(121,247)	(78,386)
Principal Paid on Bonds Payable	(52,000)	(109,356)	(22,000)	-	(183,356)	(80,089)
Bond Proceeds	30,472	-	-	-	30,472	9,721
Grant Proceeds	30,165	51,383	5,824	-	87,372	9,020
Property Taxes Proceeds	-	8,092	16,213	-	24,305	8,326
Special Assessment Proceeds	20,443	12,534	-	-	32,977	29,677
Interest and Fees Paid on Bonds	(19,770)	(7,247)	(3,113)	-	(30,130)	(31,886)
<b><u>Net Cash Provided by (Used in) Capital</u></b>						
<b><u>and Related Financing Activities</u></b>	<b>(51,327)</b>	<b>(102,259)</b>	<b>(3,076)</b>	<b>(2,945)</b>	<b>(159,607)</b>	<b>(133,617)</b>
<b><u>Cash Flows from Investing Activities</u></b>						
Interest Income	8,146	4,720	-	4,666	17,532	3,476
Rental Income	-	-	-	9,879	9,879	9,964
<b><u>Net Cash Provided by (Used in)</u></b>						
<b><u>Investing Activities</u></b>	<b>8,146</b>	<b>4,720</b>	<b>-</b>	<b>14,545</b>	<b>27,411</b>	<b>13,440</b>
<b><u>Net Increase (Decrease) in</u></b>						
<b><u>Cash and Cash Equivalents</u></b>	<b>16,871</b>	<b>(95,981)</b>	<b>-</b>	<b>41,590</b>	<b>(37,520)</b>	<b>43,963</b>
<b><u>Cash and Cash Equivalents,</u></b>						
<b><u>Beginning of Year</u></b>	<b>284,746</b>	<b>287,567</b>	<b>-</b>	<b>194,963</b>	<b>767,276</b>	<b>720,813</b>
<b><u>Cash and Cash Equivalents, End of Year</u></b>						
	<b>\$ 301,617</b>	<b>\$ 191,586</b>	<b>\$ -</b>	<b>\$ 236,553</b>	<b>\$ 729,756</b>	<b>\$ 764,776</b>

See Accompanying Notes to Financial Statements.

**CITY OF BLACKDUCK, MINNESOTA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2019**

With Comparative Amounts For Year Ended December 31, 2018

**RECONCILIATION OF OPERATING INCOME (LOSS) TO**  
**NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES**

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Totals</u>	
	<u>Municipal</u>	<u>Municipal</u>	<u>Municipal</u>	<u>Municipal</u>	<u>2019</u>	<u>2018</u>
	<u>Water</u>	<u>Sewage</u>	<u>Golf</u>	<u>Liquor</u>		
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>		
<b><u>Operating Income (Loss)</u></b>	\$ 6,670	\$ 6,139	\$ (67,717)	\$ 111,013	\$ 56,105	\$ 29,578
<b><u>Adjustments to Reconcile Operating</u></b>						
<b><u>Income (Loss) to Net Cash Provided by</u></b>						
<b><u>(Used in) Operating Activities</u></b>						
Depreciation and Amortization	70,006	14,374	21,226	15,727	121,333	186,181
Changes in Assets, Liabilities and Deferrals						
(Increase) Decrease in:						
Accounts Receivable	(5,352)	(4,458)	213	(4,667)	(14,264)	8,247
Property Taxes Receivable	-	-	(264)	-	(264)	-
Due from Other Governments	(223)	(369)	(404)	-	(996)	64
Inventory	-	-	-	(4,789)	(4,789)	(3,779)
Prepaid Expenses	-	-	541	-	541	-
Deferred Outflows of Resources	6,781	7,228	233	15,137	29,379	3,902
Increase (Decrease) in:						
Accounts Payable	(7,975)	(12,879)	(1,114)	3,297	(18,671)	23,230
Sales Tax Payable	(98)	-	-	192	94	82
Accrued Salaries and Wages Payable	-	914	-	2,013	2,927	-
Accrued Compensated Absences	(762)	(1,006)	-	3,958	2,190	2,914
Deferred Inflows of Resources	(341)	(295)	3,145	2,601	5,110	2,367
Net Pension Liability	(8,681)	(9,079)	7,693	(10,864)	(20,931)	(1,100)
<b><u>Net Cash Provided by (Used in)</u></b>						
<b><u>Operating Activities</u></b>	<u>\$ 60,025</u>	<u>\$ 569</u>	<u>\$ (36,448)</u>	<u>\$ 133,618</u>	<u>\$ 157,764</u>	<u>\$ 251,686</u>

See Accompanying Notes to Financial Statements.



**CITY OF BLACKDUCK, MINNESOTA**  
**CUSTODIAL FUND**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**DECEMBER 31, 2019**

**ASSETS**

Cash and Cash Equivalents

**\$ 5,093**

**NET POSITION**

Restricted for Other Organizations

**\$ 5,093**

**See Accompanying Notes to Financial Statements.**

**CITY OF BLACKDUCK, MINNESOTA**  
**CUSTODIAL FUND**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FIDUCIARY NET POSITION**  
**YEAR ENDED DECEMBER 31, 2019**

**ADDITIONS**

<b>Contributions</b>	<b>\$ 15</b>
<b><u>Net Position, Beginning of Year (as restated)</u></b>	<b><u>5,078</u></b>
<b><u>Net Position, End of Year</u></b>	<b><u><u>\$ 5,093</u></u></b>

See Accompanying Notes to Financial Statements.

**CITY OF BLACKDUCK, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**Note 1 - Summary of Significant Accounting Policies**

**A. Introduction**

The City of Blackduck, Minnesota was incorporated in 1901 and operates under the State of Minnesota Statutory Plan – a form of government. The governing body consists of a five member City Council elected by voters of the City.

The financial statements of the City of Blackduck, Minnesota have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental and financial reporting principles. The GASB has issued codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as United States generally accepted accounting principles for state and local governments.

**B. Financial Reporting Entity – Basis of Presentation**

**1.) Component Units**

For financial reporting purposes, the City's financial statements include all funds over which the City exercises oversight responsibility. Oversight responsibility includes such aspects as appointment of government body members, the ability to significantly influence operations and accountability for fiscal matters. No component units were identified and combined with the City's financial report.

**2.) Related Organization**

**a.) Blackduck Fire Relief Association**

Blackduck Fire Relief Association (Association) is organized as a nonprofit organization, legally separate from the City, by its members to provide pension and other benefits to such members in accordance with *Minnesota Statutes*. Its Board of Trustees is appointed by the members of the Association and not by the City Council. All funding is conducted in accordance with *Minnesota Statutes*, including state aid flowing through the City and the City's required contribution, if any. Because the Association is fiscally independent of the City, the financial statements of the Association have not been included within the City's reporting entity.

**CITY OF BLACKDUCK, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**3.) Joint Ventures**

**a.) Pine Tree Park**

The Pine Tree Park Joint Powers Board was formed on November 18, 1997, under the authority of the Joint Powers Act, pursuant to *Minnesota Statutes 471.59*, and includes Beltrami County and the City of Blackduck. The purpose of the Pine Tree Park Joint Powers Board is to cooperatively plan and manage Pine Tree Park.

Pine Tree Park Joint Powers Board consists of one Beltrami County Commissioner and three County employees, the Mayor of Blackduck and three City employees, and one member of the Pine Tree Park Advisory Committee.

Pine Tree Park has no long-term debt. Beltrami County contributes \$10,000 annually. Financing is also provided by appropriations from the members and other lawful sources. The City of Blackduck, in an agent capacity, reports the cash transactions of the Pine Tree Park, on its financial statements. In the event of dissolution, the City of Blackduck shall retain ownership of the assets of Pine Tree Park.

**4.) Government-wide and Fund Financial Statements**

**a.) Government-wide Financial Statements**

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements report financial information for the City as a whole, excluding custodial activities. The primary governmental and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and city general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

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**b.) Fund Financial Statements**

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and proprietary funds are reported in separate columns with composite columns for nonmajor funds.

**5.) Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide statements, proprietary fund statements, and custodial fund statements, report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: property taxes, special assessments, intergovernmental revenues, charges for services, and investment income. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

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 needed.

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**C. Fund Types and Major Funds**

**1.) Governmental Funds**

The City reports the following major funds:

**General Fund** – The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

**Revolving Loan Fund** – The Revolving Loan Fund is a special revenue fund used to account for the proceeds of specific revenue sources that are legally and internally restricted to expenditures for this specified purpose.

**2.) Proprietary Funds**

The City reports the following major funds:

**Municipal Water Enterprise Fund** – The Municipal Water Enterprise Fund accounts for the activities related to water operations.

**Municipal Sewage Disposal Enterprise Fund** – The Municipal Sewage Disposal Enterprise Fund accounts for the activities related to sewage disposal operations.

**Municipal Liquor Store Enterprise Fund** – The Municipal Liquor Store Enterprise Fund accounts for the activities related to liquor store operations.

**Municipal Golf Course Enterprise Fund** – The Municipal Golf Course Enterprise Fund accounts for the activities related to golf course operations.

**3.) Custodial Fund:**

The City reports the following custodial fund:

**Housing and Redevelopment Authority Custodial Fund** – The Housing and Redevelopment Authority Custodial Fund holds cash for Blackduck Housing and Redevelopment Authority.

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position**

**1.) Cash, Cash Equivalents and Investments**

Cash, cash equivalents and investment balances of the primary government funds are pooled and invested to the extent available in authorized investments. Earnings from investments are allocated to individual funds on the basis of the fund's equity in the cash and investment pool.

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Investments are stated at market (plus interest added, if any). Material purchase discounts and premiums are amortized over the term of the investment. Investment earnings are accrued at the balance sheet date.

For the purposes of the Statement of Cash Flows of the Proprietary Fund type, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All of the pooled cash and investments allocated to the Primary Government's Proprietary Fund types are considered to be cash and cash equivalents.

**2.) Inventories and Prepaid Expenses**

Proprietary fund inventories are recorded at lower of cost or market, which approximates market on a first-in, first-out basis. Prepaid expenses record payments to vendors that benefit future reporting periods and are also reported on the consumption basis. Prepaid expenses are similarly reported in government-wide and fund financial statements.

**3.) Capital Assets and Depreciation**

The City's capital assets with useful lives of more than one year are stated at historical costs or estimated historical cost and comprehensively reported in the government-wide financial statements. Infrastructure with useful lives of more than one year are stated at historical cost or estimated historical cost and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. Proprietary and component unit capital assets are also reported in their respective fund financial statements. Donated assets are stated at acquisition value on the date donated. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using straight-line depreciation. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

The City has established the following capitalization thresholds:

Land and Land Improvements	\$ 10,000
Buildings	25,000
Building Improvements	25,000
Furniture, Fixtures and Equipment	2,500
Vehicles	2,500
Infrastructure	100,000
Other	2,500

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Estimated useful lives, in years, for depreciable assets are as follows:

Land Improvements	3-50
Buildings and Building Improvements	7-40
Furniture, Fixtures and Equipment	5-20
Vehicles	3-25
Infrastructure	25-50
Other	5-20

4.) **Capitalization of Interest**

The City capitalizes net interest costs on funds borrowed to finance the construction of proprietary fund capital assets. For the year ended December 31, 2019, no interest was capitalized in connection with construction in progress of Proprietary Fund capital assets.

5.) **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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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 expenditures.

6.) **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 relief association and additions to/deductions from PERA and 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 report'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.



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**7.) Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and thus, will not be recognized as an outflow of resources (expenditure/expense) until then. The City has only one item that qualifies for reporting in this category. It is the deferred resources related to pensions reported in the government-wide Statement of Net Position.

In addition to liabilities, the statements of financial position or balance sheets 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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items which qualify for reporting in this category: unavailable revenue - delinquent property taxes receivable and special assessments receivable and deferred resources related to pensions.

The first and second item, unavailable revenue from property taxes and special assessments, arise under a modified accrual basis of accounting and is reported only in the governmental funds Balance Sheet. Delinquent property taxes and special assessments not collected within 60 days of year-end are deferred and recognized as an inflow of resources in the governmental funds in the period the amounts become available. Inflows of resources are reported in the governmental funds for unavailable revenues are as follows:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Property Taxes	\$ 15,472	\$ 4,547	\$ 20,019
Special Assessments	-	89,396	89,396
<b>Total</b>	<b><u>\$ 15,472</u></b>	<b><u>\$ 93,943</u></b>	<b><u>\$ 109,415</u></b>

Deferred Outflows and Inflows Related to Pensions are for purposes of measuring the net pension liability/asset, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and relief association. Additions to/deductions from PERA and relief association's fiduciary net position have been determined on the same basis as they are reported by PERA and the relief association.

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. Additional information can be found in Note 4.

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**8.) Fund Balance**

The following classifications describe the relative strength of the spending constraints:

- **Nonspendable fund balance** – amounts are in a nonspendable form (such as inventory or prepaid items) or are required to be maintained intact.
- **Restricted fund balance** – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- **Committed fund balance** – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., city council). To be reported as committed, amounts cannot be used for any purpose unless the City takes the same highest level action to remove or change the constraint.
- **Assigned fund balance** – amounts the City intends to use for a specific purpose. Intent can be expressed by the city council or by an official or body to which the city council delegates the authority.
- **Unassigned fund balance** – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

The City adopted a formal fund balance policy that strives to maintain an unassigned fund balance equal to or greater than 35% of the General Fund operating revenues. Should the unassigned fund balance fall below the 35% threshold, the City will strive toward regaining the minimum threshold during the next budget process. At the end of 2019 the City's fund balance was 55%, which is in compliance with their fund balance policy.

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As of December 31, 2019, fund balances are composed of the following:

	<u>General Fund</u>	<u>Revolving Loan Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Totals</u>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Prepaid Expenses	\$ 12,632	\$ -	\$ 1,252	\$ 13,884
<b>Restricted:</b>				
Pine Tree Park	-	-	53,999	53,999
Tax Increment Financing Districts	-	-	99,116	99,116
Notes Receivable	-	228,627	-	228,627
Debt Service	-	-	135,030	135,030
Road Maintenance	-	-	4,966	4,966
Fire Department Special Equipment	-	-	227,438	227,438
<b>Committed:</b>				
Cemetery Perpetual Care Fund	-	-	61,171	61,171
Debt Service	-	-	16,389	16,389
<b>Assigned:</b>				
Cemetery Fund	-	-	748	748
Sewer Maintenance Sinking Fund	-	-	69,214	69,214
Sewer Replacement	-	-	8,681	8,681
Fire Hall Maintenance	-	-	226,829	226,829
Water Maintenance Sinking Fund	-	-	121,156	121,156
Public Works Reserve	-	-	12,431	12,431
Notes Receivable	-	227,016	-	227,016
Unassigned:	320,806	-	-	320,806
<b>Total</b>	<u>\$ 333,438</u>	<u>\$ 455,643</u>	<u>\$ 1,038,420</u>	<u>\$ 1,827,501</u>

**9.) Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**10.) Change in Accounting Principle**

During the year ended December 31, 2019, the City implemented GASB Statement No. 84, *Fiduciary Activities*. It establishes the criteria for identifying fiduciary activities and the presentation in the fiduciary fund financial statements. This resulted in beginning net position being restated in the amount of \$5,078. This was previously reported as a liability, "Due to Other Organization."

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**Note 2 – Assets and Liabilities**

**A. Deposits**

**Authority** – In accordance with *Minnesota Statutes*, the City maintains deposits at those depository banks authorized by the City Council. All such depositories are members of the Federal Reserve System. *Minnesota Statutes* require that all City deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds. Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated “A” or better, revenue obligations rated “AA” or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. *Minnesota Statutes* require that securities pledged as collateral be held in safekeeping by the City Treasurer or in a financial institution other than that furnishing the collateral.

**Custodial Credit Risk** – The custodial credit risk for deposits is the risk that in the event of a bank failure, the City’s deposits may not be covered. The City’s policy for custodial credit risk is to maintain compliance with *Minnesota Statutes* that require all the City’s deposits to be protected by insurance, surety bond, or pledged collateral, and therefore, there is no custodial credit risk for deposits at December 31, 2019.

**B. Investments**

**Authority** – *Minnesota Statutes* authorize the City to invest in the following types of investments:

- 1.) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as “high risk” by *Minnesota Statutes*;
- 2.) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- 3.) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- 4.) bankers’ acceptances of United States banks;
- 5.) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and

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6.) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

The City has not adopted a formal investment policy. The City has no invested funds at December 31, 2019. All funds are held in business checking accounts and money market accounts at local banks.

**C. Accounts Receivable**

Accounts receivable is stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has been concluded that bad debt losses on balances outstanding at year-end will be immaterial.

**D. Special Assessment Receivables**

Special assessment receivables include the following components:

**Current** – includes amounts billed to property owners in the next fiscal year.

**Delinquent** – includes amounts billed to property owners but not paid as of December 31, 2019.

**Deferred** – includes assessment installments which will be billed to property owners in future years.

**Special assessment revenue** – principal revenues are recognized as installments become measurable and available. Interest revenues are recognized when due, net of delinquencies.

**Unearned revenue in governmental activities** is susceptible to full accrual on the government-wide statements.

**E. Notes Receivable**

Notes receivable in the Revolving Loan fund used for business economic development at December 31, 2019 are as follows:

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Note Dated	Authorized/ Original Amount	Maturity Date	Interest Rate	Balance
<b>Special Revenue Fund:</b>				
7/16/2007	\$ 150,000	9/1/2022	2.00%	\$ 48,912
3/31/2009	25,000	1/1/2021	3.25%	6,767
12/7/2011	171,492	2/1/2022	0.00%	24,917
5/29/2013	28,600	6/15/2023	2.50%	10,842
12/31/2015	54,837	1/1/2029	0.00%	51,484
5/18/2016	40,000	6/1/2023	0.00%	24,724
8/1/2019	5,500	8/1/2029	0.00%	508
8/1/2019	15,000	8/1/2029	5.50%	14,625
9/1/2019	32,000	11/1/2029	5.50%	32,000
8/1/2019	100,000	8/1/2029	5.50%	99,106
<b>Total</b>	<b>\$ 622,429</b>			<b>\$ 313,885</b>

**F. Capital Assets**

**Capital asset activity for the year ended December 31, 2019 is as follows:**

	Capital Assets			Balance 12/31/19
	Balance 1/1/19	Additions	Disposals	
<b><u>Governmental Funds</u></b>				
Land and Buildings	\$ 751,114	\$ -	\$ -	\$ 751,114
Furniture, Fixtures and Equipment	824,147	60,207	-	884,354
Other Improvements	1,218,438	-	-	1,218,438
<b>Total Governmental Funds</b>	<b>2,793,699</b>	<b>60,207</b>	<b>-</b>	<b>2,853,906</b>
<b><u>Proprietary Funds</u></b>				
<b><u>Municipal Water</u></b>				
Other Improvements	1,558,145	648,241	-	2,206,386
Construction in Progress	587,604	-	587,604	-
<b>Total Water Fund</b>	<b>2,145,749</b>	<b>648,241</b>	<b>587,604</b>	<b>2,206,386</b>
<b><u>Municipal Sewage Disposal</u></b>				
Land and Buildings	2,289,673	-	-	2,289,673
Furniture, Fixtures and Equipment	15,604	6,500	3,660	18,444
Other Improvements	141,751	595,290	-	737,041
Construction in Progress	544,125	-	544,125	-
<b>Total Sewage Disposal Fund</b>	<b>2,991,153</b>	<b>601,790</b>	<b>547,785</b>	<b>3,045,158</b>
<b><u>Municipal Golf Course</u></b>				
Land and Buildings	208,712	-	-	208,712
Furniture, Fixtures and Equipment	363,705	-	-	363,705
<b>Total Golf Course Fund</b>	<b>572,417</b>	<b>-</b>	<b>-</b>	<b>572,417</b>
<b><u>Municipal Liquor Store</u></b>				
Land and Buildings	355,843	-	-	355,843
Furniture, Fixtures and Equipment	65,384	2,945	5,948	62,381
Other Improvements	67,952	-	13,318	54,634
<b>Total Liquor Store Fund</b>	<b>489,179</b>	<b>2,945</b>	<b>19,266</b>	<b>472,858</b>
<b><u>Total Proprietary Funds</u></b>				
Land and Buildings	2,854,228	-	-	2,854,228
Furniture, Fixtures and Equipment	444,693	9,445	9,608	444,530
Other Improvements	1,767,848	1,243,531	13,318	2,998,061
Construction in Progress	1,131,729	-	1,131,729	-
<b>Total Proprietary Funds</b>	<b>6,198,498</b>	<b>1,252,976</b>	<b>1,154,655</b>	<b>6,296,819</b>
<b>Total All Funds</b>	<b>\$ 8,992,197</b>	<b>\$ 1,313,183</b>	<b>\$ 1,154,655</b>	<b>\$ 9,150,725</b>

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	Accumulated Depreciation			Balance 12/31/2019
	Balance 1/1/2019	Provisions	Disposals	
<b><u>Governmental Funds</u></b>				
Buildings	\$ 246,285	\$ 8,646	\$ -	\$ 254,931
Furniture, Fixtures and Equipment	716,677	33,472	-	750,149
Other Improvements	515,768	48,074	-	563,842
<b>Total Governmental Funds</b>	<b>1,478,730</b>	<b>90,192</b>	<b>-</b>	<b>1,568,922</b>
<b><u>Proprietary Funds</u></b>				
<b><u>Municipal Water</u></b>				
Other Improvements	758,700	69,517	-	828,217
<b><u>Municipal Sewage Disposal</u></b>				
Land and Buildings	2,236,428	8,188	-	2,244,616
Furniture, Fixtures and Equipment	9,538	1,950	3,660	7,828
Other Improvements	31,751	4,236	-	35,987
<b>Total Sewage Disposal Fund</b>	<b>2,277,717</b>	<b>14,374</b>	<b>3,660</b>	<b>2,288,431</b>
<b><u>Municipal Golf Course</u></b>				
Land and Buildings	70,950	647	-	71,597
Furniture, Fixtures and Equipment	308,398	20,525	-	328,923
<b>Total Golf Course Fund</b>	<b>379,348</b>	<b>21,172</b>	<b>-</b>	<b>400,520</b>
<b><u>Municipal Liquor Store</u></b>				
Land and Buildings	247,210	9,424	-	256,634
Furniture, Fixtures and Equipment	56,775	3,233	5,948	54,060
Other Improvements	22,666	3,070	13,318	12,418
<b>Total Liquor Store Fund</b>	<b>326,651</b>	<b>15,727</b>	<b>19,266</b>	<b>323,112</b>
<b><u>Total Proprietary Funds</u></b>				
Land and Buildings	2,554,588	18,259	-	2,572,847
Furniture, Fixtures and Equipment	374,711	25,708	9,608	390,811
Other Improvements	813,117	76,823	13,318	876,622
<b>Total Proprietary Funds</b>	<b>3,742,416</b>	<b>120,790</b>	<b>22,926</b>	<b>3,840,280</b>
<b>Total All Funds</b>	<b>\$ 5,221,146</b>	<b>\$ 210,982</b>	<b>\$ 22,926</b>	<b>\$ 5,409,202</b>
<b><u>Capital Assets, Net of Depreciation</u></b>				
Governmental Funds	\$ 1,314,969	\$ (29,985)	\$ -	\$ 1,284,984
Proprietary Funds	2,456,082	1,132,186	1,131,729	2,456,539
<b>Total Capital Assets, Net of Depreciation</b>	<b>\$ 3,771,051</b>	<b>\$ 1,102,201</b>	<b>\$ 1,131,729</b>	<b>\$ 3,741,523</b>

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**G. Long-Term Liabilities**

The following is a schedule of changes in long-term liabilities for the year ended December 31, 2019:

	Balance 1/1/19	Issues	Payments	Balance 12/31/19
<b>General Long-Term Debt:</b>				
<b>General Obligation Special Assessment Bonds:</b>				
G.O. Refunding Bonds, Series 2009A	\$ 75,000	\$ -	\$ 15,000	\$ 60,000
G.O. Bonds, Series 2006A	145,000	-	35,000	110,000
<b>Note Payable:</b>				
Industrial Lane Internal Note*	34,882	-	9,967	24,915
Frontage Road Improvements Note*	53,855	-	2,371	51,484
Total General Long-Term Debt	<u>308,737</u>	<u>-</u>	<u>62,338</u>	<u>246,399</u>
Less: Unamortized Bond Discount	4,719	-	973	3,746
Total Net General Long-Term Debt	<u>304,018</u>	<u>-</u>	<u>61,365</u>	<u>242,653</u>
<b>Capital Lease Payable (See Note 2, Section "H."):</b>				
GM Financial	23,135	-	7,335	15,800
<b>Other Long-Term Liabilities:</b>				
Compensated Absences	12,671	2,898	2,451	13,118
<b>Total Governmental Activities</b>	<u>\$ 339,824</u>	<u>\$ 2,898</u>	<u>\$ 71,151</u>	<u>\$ 271,571</u>
<b>Proprietary Fund Debt:</b>				
<b>General Obligation Revenue Bonds:</b>				
2012A Equipment Bond	\$ 18,000	\$ -	\$ 3,000	\$ 15,000
2012A Club House Refunded Bond	42,000	-	7,000	35,000
G.O. Refunding Bonds, Series 2012A	870,000	-	45,000	825,000
<b>General Obligation Bond:</b>				
2016 G.O. Equipment Certificate	93,000	-	12,000	81,000
<b>General Obligation Special Assessment Bonds:</b>				
G.O. Disposal System Bonds, Series 2014A	74,000	-	10,000	64,000
<b>Note Payable:</b>				
2017 G.O. Disposal System Note	171,000	-	99,356	71,644
2016 G.O. Water Revenue Note	144,691	30,472	7,000	168,163
Total Proprietary Fund Debt	<u>1,412,691</u>	<u>30,472</u>	<u>183,356</u>	<u>1,259,807</u>
Less: Unamortized Bond Discount	8,145	-	543	7,602
Total Net Proprietary Long-Term Debt	<u>1,404,546</u>	<u>30,472</u>	<u>182,813</u>	<u>1,252,205</u>
<b>Other Long-Term Liabilities:</b>				
Compensated Absences	11,546	4,056	1,866	13,736
<b>Total Proprietary Activities</b>	<u>\$ 1,416,092</u>	<u>\$ 34,528</u>	<u>\$ 184,679</u>	<u>\$ 1,265,941</u>

\*These notes payable are eliminated in the government-wide statement of net position because they are inter-government activity.



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City indebtedness at December 31, 2019 is composed of the following individual bonds, and notes:

	Interest Rates	Issue Date	Maturity Date	Amount Authorized and Issued	Balance 12/31/2019	Amounts Due in 2019	
						Principal	Interest
<b>General Obligation Issues:</b>							
2016 G.O. Equipment Certificate	2.50	9/15/2016	2/1/2025	\$ 93,000	\$ 81,000	\$ 13,000	\$ 1,863
<b>Special Assessment Bonds with Governmental Commitment:</b>							
G.O. Bonds, Series 2006A	4.100-4.650	8/17/2006	2/1/2022	\$ 495,000	\$ 110,000	\$ 35,000	\$ 4,301
G.O. Refunding Bonds, Series 2009A	3.000-4.250	12/28/2009	1/1/2024	445,000	60,000	15,000	2,426
G.O. Disposal System Bonds, Series 2014A	3.00	10/20/2014	2/1/2025	105,000	64,000	10,000	1,770
Less: Unamortized Discount				-	3,746	-	-
Total Net Special Assessment Bonds				\$ 1,045,000	\$ 230,254	\$ 60,000	\$ 8,497
<b>General Obligation Revenue Bonds:</b>							
G.O. Refunding Revenue Bonds, Series 2012A	.750-2.550	12/27/2012	2/1/2035	\$ 1,075,000	\$ 825,000	\$ 45,000	\$ 17,793
2012A Equipment Bond	.750-2.550	12/27/2012	2/1/2035	25,000	15,000	3,000	244
2012A Club House Refunded	.750-2.550	12/27/2012	2/1/2035	65,000	35,000	7,000	569
Less: Unamortized Discount				-	7,602	-	-
Total G. O. Revenue Bonds				\$ 1,165,000	\$ 867,398	\$ 55,000	\$ 18,606
<b>Notes Payable:</b>							
2017 G.O. Disposal System Note	2.950	11/1/2017	2/1/2028	\$ 180,000	\$ 71,644	\$ 16,000	\$ 1,877
2016 G.O. Water Revenue Note	1.000	8/22/2016	8/20/2041	148,293	168,163	7,000	1,076
Industrial Lane Internal Note	-	12/7/2011	2/1/2022	171,492	24,915	9,967	-
Frontage Road Improvements Note	-	12/31/2015	1/1/2029	54,837	51,484	4,850	1,538
Total Notes Payable				\$ 554,622	\$ 316,206	\$ 37,817	\$ 4,491
<b>Capital Lease Payable:</b>							
GM Financial	10.00	3/23/2017	3/23/2021	\$ 38,620	\$ 15,800	\$ 7,705	\$ 795

Special assessment bonds and related interest costs are payable from property taxes and assessments and interest collected from the property owners benefited by the respective improvements. All special assessment bonds are backed by the full faith and credit of the City.

There are a number of limitations in the various bond indentures. Various bond indentures contain significant requirements for annual debt service and flow of funds through various restricted accounts. The reporting entity is in compliance with all significant requirements of the various bond covenants.

The annual requirements to amortize long-term debt outstanding at December 31, 2019, including interest are as follows:

Year Ending December 31,	G.O. Bonds		Special Assessment Bonds		G.O. Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 13,000	\$ 1,863	\$ 60,000	\$ 8,497	\$ 55,000	\$ 18,606	\$ 37,817	\$ 4,491
2021	13,000	1,538	60,000	6,000	55,000	17,767	37,963	3,704
2022	13,000	1,213	65,000	3,356	55,000	16,778	34,131	2,977
2023	14,000	875	26,000	1,493	55,000	15,788	29,303	9,273
2024	14,000	525	11,000	525	55,000	14,641	18,108	2,416
2025-2029	14,000	175	12,000	180	255,000	57,169	65,722	7,918
2030-2034	-	-	-	-	285,000	25,830	40,000	3,870
2035-2039	-	-	-	-	60,000	765	41,000	1,864
2040-2041	-	-	-	-	-	-	12,162	154
Totals	\$ 81,000	\$ 6,189	\$ 234,000	\$ 20,051	\$ 875,000	\$ 167,344	\$ 316,206	\$ 36,667

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The City posts the January 1 principal and interest payment for the General Obligation Refunding Bonds, Series 2009A to December of the preceding year. The amortization schedule has been adjusted to reflect the January 1 payment to the preceding December. The adjusted schedule reflects loan payoffs in December 2024.

General Obligation bond issues sold by the City are financed by ad valorem tax levies and special assessments levied against the benefiting properties. When a bond issue to be financed partially or completely by ad valorem tax levies is sold, specific annual amounts of such tax levies are stated in the bond resolution and the County Auditor is notified and instructed to levy these taxes over the appropriate years. The future tax levies are subject to cancellation when and if the City has provided alternative sources of financing. The City Council is required to levy any additional taxes found necessary for full payment of principal and interest.

The future scheduled tax levies and pledged revenues are not shown as assets in the accompanying financial statements at December 31, 2019. Future tax levies for all bonds outstanding at December 31, 2019 totaled \$140,337. The amount bonds and capital lease outstanding with interest are to be paid with pledged revenues totaling \$986,878. The remaining amounts are to be paid with special assessments.

The City is subject to a statutory limitation by the State of Minnesota for bonded indebtedness payable principally from property taxes. The City's legal debt margin for 2019 is computed as follows:

Market Value	\$29,755,300
Debt Limit Percentage	<u>3%</u>
Debt Limit	<u>\$ 892,659</u>

Amount of debt applicable to debt limit:

Total Bonded Debt	<u>\$1,429,807</u>
Less Exempt Bonded Debt:	
Special Assessment Bonds	234,000
Revenue Bonds	<u>1,043,163</u>
Total Exempt Bonded Debt	<u>\$1,277,163</u>
Total Debt Applicable to Debt Limit	<u>152,644</u>
Legal Debt Margin	<u>\$ 740,015</u>

**CITY OF BLACKDUCK, MINNESOTA**  
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**H. Capital Lease**

A summary of changes in the capital lease is as follows:

<u>Description</u>	<u>Beginning</u>	<u>Additions</u>	<u>Payments and</u>	<u>Ending</u>	<u>Current Amounts</u>	
	<u>Balance</u>		<u>Retirements</u>	<u>Balance</u>	<u>Principal</u>	<u>Interest</u>
GM Financial	<u>\$ 23,135</u>	<u>\$ -</u>	<u>\$ 7,335</u>	<u>\$ 15,800</u>	<u>\$ 7,705</u>	<u>\$ 795</u>

The City's capital lease asset totals \$40,120 with accumulated depreciation of \$22,066.

The payments on the capital lease are accounted for in the General Fund. The annual requirements to amortize the capital lease at December 31, 2019 are as follows:

<u>Year Ending:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	7,705	795	8,500
2021	8,095	405	8,500
Total	<u>\$ 15,800</u>	<u>\$ 1,200</u>	<u>\$ 17,000</u>

**I. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Amounts that are expected to be liquidated with expendable available financial resources are reported as expenditures and fund liabilities of the governmental fund that will pay them. Amounts that are not expected to be liquidated with expendable available financial resources are reported as long-term debt.

In accordance with the provisions of Statement of Government Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is vested as severance pay. The City offers its non-union employees the option of taking 15% for 10-24 years of service or 40% for 25 years or more of service of vested sick leave as a lump sum severance payment upon retirement. For union employees the City offers the option of taking 20% for 10-19 years of service or 40% for 20 years or more of service of vested sick leave as a lump sum severance payment upon retirement.

**CITY OF BLACKDUCK, MINNESOTA**  
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**Note 3 – Revenues and Expenses**

**A. Local Government Aid Revenue Recognition**

Local government aid is provided to the City by the State as a shared tax based upon a statutory formula and without restrictions. Payment from the State is generally received during each calendar year for that calendar year. The City recognizes local government aid revenue when it becomes both measurable and available to finance current operations. In practice, local government aid is recognized as revenue as it is received in cash.

**B. Market Value Credit**

Property taxes on agriculture homestead property (as defined by State Statutes) are partially reduced by a Market Value Credit. The Market Value Credit is paid to the City by the State in lieu of taxes levied against agriculture homestead property. The State remits this credit in two installments during each year.

**C. Property Tax Revenue Recognition**

The City Council annually adopts a tax levy and certifies it to the County in December for collection in the following year. Such taxes become a lien on January 1 and are recorded as a receivable by the City at that date. The County is responsible for billing and collecting all property taxes for itself, the City, the local school district and other taxing authorities. These taxes are payable by May 15 and October 15 of each calendar year by the property owners. These taxes are collected by the County and remitted to the City by approximately July 15 and December 15. Additionally, delinquent collections (November through December) are remitted to the City each January. The City has no ability to enforce payment of property taxes by property owners. The County possesses this authority. Pursuant to State Statutes, a property shall be subject to a tax forfeit sale after three years unless it is homesteaded, agricultural, or seasonal recreational land (as defined in State Statutes) in which event the property is subject to such sale after five years.

The City recognizes property tax revenue when it becomes both measurable and available to finance expenditures of the current period. In practice, current and delinquent taxes and homestead credits received by the City are recognized as revenue for the current year. Additionally, taxes collected by the County by December 31 (remitted to the City the following January) and credits not received at the normal time are recognized as revenue for the current year. Homestead credits received by the City from the State are recognized as revenue when received in cash.

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**D. Special Assessment Revenue Recognition**

Special assessments are levied against benefited properties for the cost or a portion of the cost of special assessment improvement projects in accordance with State Statutes. These assessments are collectible by the City over a term of years usually consistent with the term of the related bond issue. Collection of annual installments (including interest) is handled by the County Auditor in the same manner as property taxes. Property owners are allowed to prepay future installments without interest or prepayment penalties. Revenue from special assessments is recognized by the City when it becomes measurable and available to finance expenditures of the current fiscal period. In practice, current and delinquent special assessments received by the City are recognized as revenue for the current year. Special assessments are collected by the County and remitted by December 31 (remitted to the City in the following January) and are also recognized as revenue for the current year. All remaining delinquent, deferred and special deferred assessments receivable in governmental funds are recognized in the year assessed in the government-wide statements.

Once a special assessment roll is adopted, the amount attributed to each parcel is a lien upon that property until full payment is made or the amount is determined to be excessive by the City Council or court action. If special assessments are allowed to go delinquent, the property is subject to tax forfeit sale and the first proceeds of the sale (after costs, penalties and expenses of the sale) are remitted to the City in payment of delinquent special assessments. Generally, the City will collect the full amount of its special assessments not adjusted by City Council or court action. Pursuant to State Statutes, a property shall be subject to a tax forfeit sale after three years unless it is homesteaded, agricultural or seasonal recreation land in which event the property is subject to such sale after five years.

**CITY OF BLACKDUCK, MINNESOTA**  
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**E. Depreciation**

Depreciation expense was charged to functions of primary government as follows:

<b>Governmental Activities:</b>	
General Government	\$ 5,970
Public Safety	23,887
Streets and Highways	28,450
Culture and Recreation	6,695
Economic Development	25,190
Total Governmental Activities Depreciation Expense	<u>\$ 90,192</u>
 <b>Business-Type Activities:</b>	
Municipal Sewage Disposal	\$ 14,374
Municipal Water	69,517
Municipal Golf Course	21,172
Municipal Liquor Store	15,727
Total Business-Type Activities Depreciation Expense	<u>\$ 120,790</u>

**Note 4 - Defined Benefit Pension Plans**

**Public Employees' Retirement Association**

**A. Plan Description**

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (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.

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**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.

**General Employees Plan Benefits**

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% for each of the first 10 years of service and 1.7% of average salary 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.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be 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. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

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**Police and Fire Plan Benefits**

Benefits for 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 ten 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 ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3% of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of 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.

**General Employees Fund Contributions**

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2019 and the City was required to contribute 7.50% for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2019 were \$32,629. The City's contributions were equal to the required contributions as set by State Statute.

**Police and Fire Fund Contributions**

Police and Fire member's contribution rates increased from 10.8% of pay to 11.3% and employer rates increased from 16.2% to 16.95% on January 1, 2019. The City's contributions to the Police and Fire Fund for the year ended December 31, 2019, were \$18,207. The City's contributions were equal to the required contributions as set by State Statute.



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**D. Pension Costs**

**General Employees Fund Pension Costs**

At December 31, 2019, the City reported a liability of \$309,611 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 to the fund in 2019. 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's totaled \$9,666. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018 through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the City's proportion was .0056% which was a decrease of .0007% from its proportion measured as of June 30, 2018.

City's proportionate share of net pension liability	\$309,611
State of Minnesota's proportionate share of net pension liability associated with the City	<u>9,666</u>
Total	<u>\$319,277</u>

For the year ended December 31, 2019 the City recognized pension expense of \$41,288 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$724 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.

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At December 31, 2019, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 8,542	\$ -
Changes in actuarial assumptions	-	25,040
Difference between projected and actual investment earnings	-	36,384
Changes in proportion	25,536	37,243
Contributions paid to PERA subsequent to the measurement date	<u>17,799</u>	<u>-</u>
Total	<u>\$ 51,877</u>	<u>\$ 98,667</u>

The \$17,799 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2020	\$ (22,531)
2021	(23,844)
2022	(17,715)
2023	(499)

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**Police and Fire Fund Pension Costs**

At December 31, 2019, the City reported a liability of \$106,460 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2018 through June 30, 2019 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019 the City's proportion was .0100% which was an increase of .0011% from its proportion measured as of June 30, 2018. The City also recognized \$1,350 for the year ended December 31, 2019 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year until the plan is 90% funded or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. In addition, the state will pay \$4.5 million on October 1, 2018 and October 1, 2019 in direct state aid. Thereafter, by October 1 of each year, the state will pay \$9 million until full funding is reached or July 1, 2048, whichever is earlier.

For the year ended December 31, 2019, the City recognized pension expense of \$19,796 for its proportionate share of the Police and Fire Plan's pension expense.

At December 31, 2019, 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 following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,802	\$ 14,583
Changes in actuarial assumptions	79,511	84,704
Difference between projected and actual investment earnings	-	15,394
Changes in proportion	28,673	40,132
Contributions paid to PERA subsequent to the measurement date	9,009	-
<b>Total</b>	<b><u>\$ 120,995</u></b>	<b><u>\$ 154,813</u></b>

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The \$9,009 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2020	\$	(2,135)
2021		(11,057)
2022		(37,681)
2023		6,181
2024		1,865

**E. Actuarial Assumptions**

The total pension liability in the June 30, 2019, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan and 1.0% per year for the Police and Fire Plan.

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The most recent four-year experience study for Police and Fire Plan was completed in 2016. Economic assumptions were updated in 2018 based on a review of inflation and investment return assumptions.

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The following changes in actuarial assumptions occurred in 2019:

**General Employees Fund**

**Changes in Actuarial Assumptions:**

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

**Changes in Plan Provisions:**

- The employer supplemental contribution was changed prospectively, decreasing from \$31 million to \$21 million per year. The State's special funding contribution was changed prospectively, requiring \$16 million due per year through 2031.

**Police and Fire Fund**

**Changes in Actuarial Assumptions:**

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

**Changes in Plan Provisions:**

- There have been no changes since the prior valuation.

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:

<b><u>Asset Class</u></b>	<b><u>Target Allocation</u></b>	<b><u>Long-Term Expected Real Rate of Return</u></b>
Domestic Stocks	35.5%	5.10%
Private Markets	25.0%	5.90%
Fixed Income	20.0%	0.75%
International Equity	17.5%	5.90%
Cash Equivalents	<u>2.0%</u>	0.00%
Total	<u>100%</u>	

**CITY OF BLACKDUCK, MINNESOTA**  
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**F. Discount Rate**

The discount rate used to measure the total pension liability in 2019 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net position of the General Employees Fund and the Police and Fire Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**G. Pension Liability Sensitivity**

The following presents the City's proportionate share of the net pension liability for all PERA 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:

	<u>1% Decrease in Discount Rate (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase in Discount Rate (8.5%)</u>
City's proportionate share of the General Employees Fund net pension liability:	\$ 508,985	\$ 309,611	\$ 144,989
	<u>1% Decrease in Discount Rate (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase in Discount Rate (8.5%)</u>
City's proportionate share of the Police and Fire Fund net pension liability:	\$ 232,702	\$ 106,460	\$ 2

**H. 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](http://www.mnpera.org).

**Single Employer Plan – Blackduck Fire Relief Association**

**A. Plan Description**

Blackduck Firemen's Relief Association (Association) is the administrator of a single employer defined benefit pension plan established to provide benefits for members of the City of Blackduck Fire Department per *Minnesota State Statutes*.

**CITY OF BLACKDUCK, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**B. Benefits Provided**

Volunteer firefighters of the City are members of the Association. Members who have completed 20 years of service receive full retirement benefits. Partial benefits are earned for members who have completed 10 years of service, with vesting increasing each year until 20 years of service. The lump sum benefit is based on the years of service and annual benefit level. The benefit is available to the retired members when they reach 50 years of age.

Disability benefits and survivor benefits are payable to members or their beneficiaries based on years of service and the current annual benefit level.

The benefit provisions are set forth in the Association's bylaws and are consistent with *Minnesota State Statutes*.

**C. Employees Covered by Benefit Terms**

At December 31, 2019, the following employees were covered by the benefit terms:

Inactive members entitled to but not yet receiving benefits	2
Active members	<u>22</u>
Total	<u><u>24</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 \$19,808 made by the State of Minnesota for the Relief Association.

**E. Net Pension Liability (Asset)**

The City's net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**CITY OF BLACKDUCK, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

*Actuarial Assumptions*

The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<b>Discount Rate</b>	<b>6.25%</b>
<b>Inflation</b>	<b>2.50%</b>
<b>Expected Return on Plan Assets</b>	<b>6.25%</b>
<b>Actuarial Cost Method</b>	<b>Entry age normal in accordance with the requirements of GASB 67/68</b>
<b>Mortality</b>	<p><b>Healthy pre-retirement: RP-2014 employee generational mortality table projected with mortality improvement scale MP-2017, for a base year of 2006.</b></p> <p><b>Healthy post-retirement: RP-2014 annuitant generational mortality table projected with mortality improvement scale MP-2017 from a base year of 2006. Male rates are adjusted by a factor of 0.96.</b></p> <p><b>Disabled: RP-2014 annuitant generational mortality table projected with mortality improvement scale MP-2017 from a base year of 2006. Male rates are adjusted by a factor of 0.96.</b></p>

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

<u>Asset Class</u>	<u>Allocation at Measurement Date</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Long-Term Expected Nominal Rate of</u>
Domestic Equity	52.00%	4.76%	7.26%
International Equity	15.00%	5.41%	7.91%
Fixed Income	0.00%	2.01%	4.51%
Real estate and alternatives	9.00%	4.53%	7.03%
Cash and Equivalents	24.00%	0.74%	3.24%
<b>Total</b>	<b>100.00%</b>		<b>6.73%</b>
Reduced for assumed investment expense			<b>-0.50%</b>
<b>Net Assumed Investment Return</b>			<b>6.25%</b>



**CITY OF BLACKDUCK, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**F. Discount Rate**

The discount rate used to measure the total pension liability was 6.25%. The liability discount rate was developed using the alternative method described in paragraph 43 of GASB 67, which states that “if the evaluations required by paragraph 41 can be made with sufficient reliability without a separate projection of cash flows into and out of the pension plan, alternative methods may be applied in making the evaluations.” We believe that the plan’s current overfunded status, combined with statutory funding requirements, provide sufficient reliability that projected plan assets will be adequate to pay future retiree benefits. Therefore, we have used the plan’s long-term expected investment return as the liability discount rate.

**G. Changes in the Net Pension Liability (Asset)**

	Increase (Decrease)		Net Pension Liability (Asset) (a) - (b)
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	
Balances at December 31, 2018	\$ 195,343	\$ 340,961	\$ (145,618)
Changes for the year:			
Service Cost	9,167	-	9,167
Interest	12,596	-	12,596
Contributions - State and Local	-	19,446	(19,446)
Benefit Payments	(5,940)	(5,940)	-
Net Investment Income	-	(10,829)	10,829
Administrative Expense	-	(599)	599
Net Changes	<u>15,823</u>	<u>2,078</u>	<u>13,745</u>
Balance at December 31, 2019	<u>\$ 211,166</u>	<u>\$ 343,039</u>	<u>\$ (131,873)</u>

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

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Net Pension Liability (Asset)	\$ (125,932)	\$ (131,873)	\$ (137,600)

**H. Pension Plan Fiduciary Net Position**

Detailed information about the pension plan’s fiduciary net position is available in the separately issued pension accounting report. This may be requested by contacting the City of Blackduck.

**CITY OF BLACKDUCK, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

For the year ended December 31, 2019, The City recognized pension expense of \$527. At December 31, 2019, The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ 5,341	\$ -
Contributions to the plan subsequent to the measurement date	<u>19,808</u>	<u>-</u>
Total	<u>\$ 25,149</u>	<u>\$ -</u>

\$19,808 reported as deferred outflows of resources related to pensions resulting from state contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources related to pensions will be recognized in the pension expense as follows:

<u>Year ending:</u>	
2019	\$ (350)
2020	(350)
2021	(351)
2022	6,392

**Aggregate Pension Costs**

	<u>General Employees Plan</u>	<u>Police and Fire Fund</u>	<u>Blackduck Fire Relief</u>	<u>Total</u>
Net Pension Liability	\$ 309,611	\$ 106,460	\$ -	\$ 416,071
Net Pension Asset	-	-	131,873	131,873
Deferred Outflows of Resources	51,877	120,995	25,149	198,021
Deferred Inflows of Resources	98,667	154,813	-	253,480
Pension Expense	42,012	19,796	527	62,335

**Note 5 – Interfund Balances and Transfers**

As of December 31, 2019, the City had an interfund balance of \$110,878 due to the Municipal Liquor Store Fund from the Municipal Golf Course Fund. The purpose of the balance is to eliminate the cash deficit in the Municipal Golf Course Fund. The Council has approved a long-term plan for repayment.

**CITY OF BLACKDUCK, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

The City of Blackduck, Minnesota made the following transfers between funds during 2019 as follows:

		Transfer Out			Total
		General Fund	Revolving Loan Fund	Municipal Liquor Store Fund	
Transfer In	Operating Transfers				
	General Fund	\$ -	\$ 4,000	\$ 65,000	\$ 69,000
	Nonmajor Governmental Funds	32,000	-	-	32,000
	Municipal Golf Course Fund	-	-	10,000	10,000
	<b>Total Transfers</b>	<b>\$ 32,000</b>	<b>\$ 4,000</b>	<b>\$ 75,000</b>	<b>\$ 111,000</b>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to move unrestricted revenue collected to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 6 – Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Workers compensation coverage is provided through a pooled self-insurance program through the League of Minnesota Cities Insurance Trust (LMCIT). The City pays an annual premium to LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through Workers Compensation Reinsurance Association (WCRA) as required by law. The City's workers compensation coverage is retrospectively rated. With this type of coverage, final premiums are determined after loss experience is known. The amount of premium adjustment, if any, is considered immaterial and not recorded until received or paid.

Property and casualty insurance coverage is provided through a pooled self-insurance program through the LMCIT. The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through commercial companies for claims in excess of various amounts. There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

**CITY OF BLACKDUCK, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**Note 7 – Stewardship, Compliance and Accountability**

**Deficit Net Position**

A net position deficit exists in the Municipal Golf Course Fund in the amount of \$93,764. The deficit will be eliminated by subsequent revenues and/or expenses constraints in the future.

**Note 8 – Stewardship, Compliance and Accountability**

**Expenditures in Excess of Budget**

Actual expenditures exceeded budget for the year ended December 31, 2019 in the following fund:

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
General Fund	\$ 673,427	\$ 598,367	\$ 75,060

**Note 9 – Commitments and Contingencies**

The City entered into a capital lease for a sign for the Liquor Store on November 12, 2019. The amount totals \$64,867 with payments beginning January 2020 with subsequent lease payments due semi-annually through July 2024. The sign won't be installed until the spring of 2020.

**Note 10 – Subsequent Event**

Recent issues with COVID-19 have forced the City to stagger and reduce its work force in several entities in the City, including the Municipal Liquor Store, whose on-sale is closed by Executive Order 20-04. This has resulted in a severe decline in revenues. Public Works is social distancing its workforce to avoid the department from potentially spreading the virus. City Council has declared a Local Emergency, allowing the Board to social distance its members and to hold electronic meetings. The City has provided a 3-month deferral of utility bills for qualifying customers that apply; and a 6-month deferral of its borrowers from the Revolving Loan Fund. Many spring projects are on hold.

**CITY OF BLACKDUCK, MINNESOTA**  
**GENERAL FUND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2019**  
With Comparative Amounts For Year Ended December 31, 2018

	2019		Variance- Positive (Negative)	2018 Actual
	Original and Final Budget	Actual		
<b><u>Revenues</u></b>				
<b><u>Taxes and Special Assessments</u></b>				
General Property Tax	\$ 181,173	\$ 182,098	\$ 925	\$ 171,534
Special Assessments	100	2	(98)	3
Total Taxes and Special Assessments	<u>181,273</u>	<u>182,100</u>	<u>827</u>	<u>171,537</u>
<b><u>Licenses and Permits</u></b>	<u>5,200</u>	<u>3,785</u>	<u>(1,415)</u>	<u>10,133</u>
<b><u>Intergovernmental Revenues</u></b>				
<b><u>State</u></b>				
Local Government Aids	254,282	254,282	-	253,712
Small Cities Assistance	-	-	-	9,238
Market Value Credit	-	47	47	46
PERA Aid	1,113	1,113	-	1,113
Police Aids	15,500	18,370	2,870	14,402
Fire Aid	19,000	19,446	446	-
Other State Aid	-	1,319	1,319	-
Total Intergovernmental Revenues	<u>289,895</u>	<u>294,577</u>	<u>4,682</u>	<u>278,511</u>
<b><u>Charges for Services</u></b>				
Rural Fire Contracts	78,979	78,978	(1)	79,619
Other	8,000	8,445	445	8,121
Total Charges for Services	<u>86,979</u>	<u>87,423</u>	<u>444</u>	<u>87,740</u>
<b><u>Fines and Fees</u></b>	<u>5,000</u>	<u>592</u>	<u>(4,408)</u>	<u>1,370</u>
<b><u>Interest Income</u></b>	<u>700</u>	<u>3,296</u>	<u>2,596</u>	<u>3,067</u>
<b><u>Other</u></b>				
Reimbursements	250	12,873	12,623	10,548
Donations	2,000	-	(2,000)	125
Other	4,070	212	(3,858)	4,035
Total Other	<u>6,320</u>	<u>13,085</u>	<u>6,765</u>	<u>14,708</u>
<b><u>Total Revenues</u></b>	<u>575,367</u>	<u>584,858</u>	<u>9,491</u>	<u>567,066</u>

See Accompanying Notes to the Required Supplementary Information.

**CITY OF BLACKDUCK, MINNESOTA**  
**GENERAL FUND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2019**

With Comparative Amounts For Year Ended December 31, 2018

	<u>2019</u>			<u>2018</u> <u>Actual</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	
<b><u>Expenditures</u></b>				
<b><u>General Government</u></b>				
<b><u>Mayor and Council</u></b>				
Personal Services	7,150	6,994	156	5,643
Materials and Supplies	1,600	3,008	(1,408)	2,445
Other Expenditures	100	166	(66)	30
Total Mayor and Council	<u>8,850</u>	<u>10,168</u>	<u>(1,318)</u>	<u>8,118</u>
<b><u>Administration</u></b>				
Personal Services	84,352	87,338	(2,986)	83,408
Materials and Supplies	3,600	6,548	(2,948)	6,144
Purchased Services	19,800	19,830	(30)	15,261
Other Expenditures	5,000	8,630	(3,630)	9,553
Debt Service - Principal	2,100	-	2,100	-
Total Administration	<u>114,852</u>	<u>122,346</u>	<u>(7,494)</u>	<u>114,366</u>
<b><u>Planning/Zoning</u></b>				
Purchased Services	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>9,787</u>
<b><u>Government Buildings</u></b>				
Materials and Supplies	900	7	893	193
Repairs and Maintenance	2,000	1,150	850	698
Purchased Services	9,150	12,003	(2,853)	8,995
Total Government Buildings	<u>12,050</u>	<u>13,160</u>	<u>(1,110)</u>	<u>9,886</u>
<b>Total General Government</b>	<u>136,752</u>	<u>146,674</u>	<u>(9,922)</u>	<u>142,157</u>

See Accompanying Notes to the Required Supplementary Information.

**CITY OF BLACKDUCK, MINNESOTA**  
**GENERAL FUND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2019**

With Comparative Amounts For Year Ended December 31, 2018

	2019			2018 Actual
	Original and Final Budget	Actual	Variance- Positive (Negative)	
<b><u>Public Safety</u></b>				
<b><u>Law Enforcement</u></b>				
Personal Services	148,678	149,396	(718)	137,002
Materials and Supplies	15,550	13,234	2,316	14,028
Repairs and Maintenance	6,000	2,740	3,260	6,859
Purchased Services	16,750	17,040	(290)	15,484
Other Expenditures	4,500	1,581	2,919	4,280
Capital Outlay	-	52,677	(52,677)	353
<b>Total Law Enforcement</b>	<b>191,478</b>	<b>236,668</b>	<b>(45,190)</b>	<b>178,006</b>
<b><u>Fire</u></b>				
Personal Services	14,700	12,640	2,060	12,428
Materials and Supplies	13,550	23,359	(9,809)	11,752
Repair and Maintenance	16,750	21,713	(4,963)	13,297
Purchased Services	18,100	15,690	2,410	16,067
Other Expenditures	21,300	20,346	954	50
Capital Outlay	1,000	-	1,000	3,800
<b>Total Fire</b>	<b>85,400</b>	<b>93,748</b>	<b>(8,348)</b>	<b>57,394</b>
<b>Total Public Safety</b>	<b>276,878</b>	<b>330,416</b>	<b>(53,538)</b>	<b>235,400</b>
<b><u>Streets and Highways</u></b>				
<b><u>Street Maintenance</u></b>				
Personal Services	64,098	65,536	(1,438)	63,022
Materials and Supplies	31,875	22,075	9,800	20,980
Repair and Maintenance	6,250	6,529	(279)	6,347
Purchased Services	13,500	23,766	(10,266)	14,695
Other Expenditures	60	640	(580)	170
Capital Outlay	9,800	1,530	8,270	1,559
Debt Service - Principal	-	6,985	(6,985)	6,985
Debt Service - Interest and Fiscal Fees	-	1,515	(1,515)	1,515
<b>Total Street Maintenance</b>	<b>125,583</b>	<b>128,576</b>	<b>(2,993)</b>	<b>115,273</b>

See Accompanying Notes to the Required Supplementary Information.

**CITY OF BLACKDUCK, MINNESOTA**  
**GENERAL FUND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2019**

With Comparative Amounts For Year Ended December 31, 2018

	<u>2019</u>			<u>2018</u> <u>Actual</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	
<b><u>Street Lighting</u></b>				
Materials and Supplies	3,500	6,103	(2,603)	4,732
Repairs and Maintenance	1,000	3,820	(2,820)	1,182
Purchased Services	13,000	7,817	5,183	10,161
<b>Total Street Lighting</b>	<u>17,500</u>	<u>17,740</u>	<u>(240)</u>	<u>16,075</u>
<b>Total Streets and Highways</b>	<u>143,083</u>	<u>146,316</u>	<u>(3,233)</u>	<u>131,348</u>
<b><u>Culture and Recreation</u></b>				
<b><u>Parks and Recreation</u></b>				
Personal Services	6,120	10,982	(4,862)	9,344
Materials and Supplies	3,575	2,432	1,143	1,621
Repairs and Maintenance	1,500	476	1,024	598
Purchased Services	8,600	7,852	748	7,036
Capital Outlay	-	2,267	(2,267)	-
<b>Total Parks and Recreation</b>	<u>19,795</u>	<u>24,009</u>	<u>(4,214)</u>	<u>18,599</u>
<b><u>Library</u></b>				
Materials and Supplies	500	286	214	197
Repairs and Maintenance	789	1,092	(303)	865
Purchased Services	20,570	20,634	(64)	20,804
Capital Outlay	-	4,000	(4,000)	-
<b>Total Library</b>	<u>21,859</u>	<u>26,012</u>	<u>(4,153)</u>	<u>21,866</u>
<b>Total Culture and Recreation</b>	<u>41,654</u>	<u>50,021</u>	<u>(8,367)</u>	<u>40,465</u>
<b><u>Total Expenditures</u></b>	<u>598,367</u>	<u>673,427</u>	<u>(75,060)</u>	<u>549,370</u>
<b><u>Excess (Deficiency) of Revenues Over Expenditures</u></b>	<u>(23,000)</u>	<u>(88,569)</u>	<u>(65,569)</u>	<u>17,696</u>

See Accompanying Notes to the Required Supplementary Information.



**CITY OF BLACKDUCK, MINNESOTA**  
**GENERAL FUND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2019**

With Comparative Amounts For Year Ended December 31, 2018

	<u>2019</u>			<u>2018</u> <u>Actual</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	
<b><u>Other Financing Sources (Uses)</u></b>				
Insurance Proceeds	-	-	-	3,575
Operating Transfer In	65,000	69,000	4,000	65,000
Operating Transfer (Out)	(32,000)	(32,000)	-	(32,000)
<b><u>Total Other Financing Sources (Uses)</u></b>	<u>33,000</u>	<u>37,000</u>	<u>4,000</u>	<u>36,575</u>
<b><u>Net Change in Fund Balance</u></b>	10,000	(51,569)	(61,569)	54,271
<b><u>Fund Balances, Beginning of Year</u></b>	<u>385,007</u>	<u>385,007</u>	-	<u>330,736</u>
<b><u>Fund Balances, End of Year</u></b>	<u>\$ 395,007</u>	<u>\$ 333,438</u>	<u>\$ (61,569)</u>	<u>\$ 385,007</u>

See Accompanying Notes to the Required Supplementary Information.

**CITY OF BLACKDUCK, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE CITY'S AND NON-EMPLOYER PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**DECEMBER 31, 2019**

Last 10 Fiscal Years\*

Measurement 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 of the Net Pension Liability (Asset) Associated with the City	Total	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of it's Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<b>General Employees Plan:</b>							
2019	0.0056%	\$ 309,611	\$ 9,666	\$ 319,277	\$ 392,597	78.86%	79.5%
2018	0.0063%	349,498	11,629	361,127	391,852	89.19%	79.5%
2017	0.0055%	351,116	4,440	355,556	358,707	97.88%	75.9%
2016	0.0059%	479,051	6,281	485,332	339,358	141.16%	68.9%
2015	0.0056%	290,221	-	290,221	331,834	87.46%	78.2%
<b>Police and Fire Plan:</b>							
2019	0.0100%	106,460	-	106,460	105,353	101.05%	88.8%
2018	0.0089%	94,865	-	94,865	93,975	100.95%	88.8%
2017	0.0070%	94,508	-	94,508	70,299	134.44%	85.4%
2016	0.0090%	361,186	-	361,186	82,565	437.46%	63.9%
2015	0.0090%	102,261	-	102,261	85,264	119.93%	86.6%

\* - Schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

See Accompanying Notes to the Required Supplementary Information.

**CITY OF BLACKDUCK, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CITY'S CONTRIBUTIONS**  
**DECEMBER 31, 2019**

Last 10 Fiscal Years\*

<b>For the Year Ended December 31:</b>	<b>Statutorily Required Contribution</b>	<b>Contributions in Relation to the Statutorily Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>City's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
<b><u>General Employees Plan:</u></b>					
2019	\$ 32,576	\$ 32,576	\$ -	\$ 424,634	7.67%
2018	29,979	29,979	-	400,281	7.49%
2017	27,750	27,750	-	369,998	7.50%
2016	26,862	26,862	-	357,400	7.52%
2015	25,927	25,927	-	345,842	7.50%
<b><u>Police and Fire Plan:</u></b>					
2019	18,207	18,207	-	107,416	16.95%
2018	16,383	16,383	-	101,126	16.20%
2017	14,402	14,402	-	88,902	16.20%
2016	10,129	10,129	-	63,273	16.01%
2015	14,201	14,201	-	87,662	16.20%

\* - Schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

See Accompanying Notes to the Required Supplementary Information.

**CITY OF BLACKDUCK, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS -**  
**BLACKDUCK FIRE RELIEF ASSOCIATION**  
**DECEMBER 31, 2019**

**Last 10 Fiscal Years\***

<b><u>For the Year Ended December 31:</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
<b>Total Pension Liability (Asset):</b>		
Service Cost	\$ 9,167	\$ 8,943
Interest Cost	12,596	11,491
Benefit Payments	(5,940)	-
<b>Net Change in Total Pension Liability (Asset)</b>	<b>15,823</b>	<b>20,434</b>
<b>Total Pension Liability - beginning</b>	<b>195,343</b>	<b>174,909</b>
<b>Total Pension Liability - ending (a)</b>	<b>\$ 211,166</b>	<b>\$ 195,343</b>
<b>Plan Fiduciary Net Position:</b>		
Contribution - State and Local	\$ 19,446	\$ 19,084
Contribution - Donations and Other Income	-	5,000
Net Investment Income	(10,829)	50,603
Administrative Expenses	(599)	(2,399)
Benefit Payments	(5,940)	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>2,078</b>	<b>72,288</b>
<b>Plan Fiduciary Net Position - beginning</b>	<b>340,961</b>	<b>268,673</b>
<b>Plan Fiduciary Net Position - ending (b)</b>	<b>\$ 343,039</b>	<b>\$ 340,961</b>
<b>Net Pension Liability (Asset) - ending (a) - (b)</b>	<b>\$ (131,873)</b>	<b>\$ (145,618)</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>162.45%</b>	<b>174.54%</b>
<b>Covered Payroll</b>	<b>N/A</b>	<b>N/A</b>
<b>Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll</b>	<b>N/A</b>	<b>N/A</b>

\* - Schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

See Accompanying Notes to the Required Supplementary Information.

**CITY OF BLACKDUCK, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER AND NON-EMPLOYER CONTRIBUTIONS -**  
**BLACKDUCK FIRE RELIEF ASSOCIATION**  
**DECEMBER 31, 2019**

Last 10 Fiscal Years\*

<b><u>For the Year Ended December 31:</u></b>	<b><u>Statutorily Required Contribution</u></b>	<b><u>Contributions in Relation to the Statutorily Required Contributions</u></b>	<b><u>Contribution Deficiency (Excess)</u></b>	<b><u>Non-Employer State Aid</u></b>	<b><u>City's Covered Payroll</u></b>	<b><u>Contributions as a Percentage of Covered Payroll</u></b>
2019	\$ -	\$ -	\$ -	\$ 19,808	n/a	n/a
2018	-	-	-	19,446	n/a	n/a

\* - Schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

See Accompanying Notes to the Required Supplementary Information.

**CITY OF BLACKDUCK, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF INVESTMENT RETURNS -**  
**BLACKDUCK FIRE RELIEF ASSOCIATION**  
**DECEMBER 31, 2019**

**Last 10 Fiscal Years\***

<b><u>For the Year Ended:</u></b>	<b><u>Annual money-weighted rate of return, net of investment expense</u></b>
December 31, 2019	-3.2%
December 31, 2018	18.7%

\* - Schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

**See Accompanying Notes to the Required Supplementary Information.**

**CITY OF BLACKDUCK, MINNESOTA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2019**

**Note 1 – Budgetary Data**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General, certain Special Revenue Funds and Enterprise Funds. The City is not legally required to adopt a budget for the Revolving Loan Fund. Therefore, budget comparison information is not included in the City's financial statements.

Budgeted amounts are reported as originally adopted, or as amended by the City Council. Individual amendments were not material in relation to the original appropriations which were adjusted. Budgeted expenditure appropriations lapse at year-end.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is not employed by the City because it is at present not considered necessary to assure effective budgetary control or to facilitate effective cash management.

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

- 1.) Prior to September 15 of each year, the Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- 2.) Public hearings are conducted to obtain taxpayer comments.
- 3.) The budget is legally enacted through passage of a resolution on a fund basis.
- 4.) Interdepartmental or interfund appropriations and deletions are or may be authorized by the City Council with fund (contingency) reserves or additional revenues. Additionally, Management cannot amend the budget without Council approval.
- 5.) Formal budgetary integration is employed as a management control device during the year for the General Fund, certain Special Revenue Funds and Enterprise Funds.
- 6.) Legal debt obligation indentures determine the appropriation level and debt service tax levies for the Debt Service Funds. These debt service and budget amounts represent general obligation bond indenture provisions and net income for operation and capital maintenance.
- 7.) Expenditures may not legally exceed budgeted appropriations at the total fund level without City Council authorization. Monitoring of budgets is maintained at the expenditure category level (i.e., personal services, material and supplies, repairs and maintenance, purchased services, other expenditures, capital outlay, debt service) within each activity.

**CITY OF BLACKDUCK, MINNESOTA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2019**

8.) The City Council may authorize transfer of budgeted amounts between City funds.

**Note 2 – Pensions**

**General Employees Fund**

**2019 Changes:**

**Changes in Actuarial Assumptions:**

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

**Changes in Plan Provisions:**

- The employer supplemental contribution was changed prospectively, decreasing from \$31 million to \$21 million per year. The State's special funding contribution was changed prospectively, requiring \$16 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 1.00% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

**2017 Changes:**

**Changes in Actuarial Assumptions:**

- The Combined Service Annuity (CSA) loads were changed from .8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 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% per year for all years to 1% per year through 2044 and 2.5% per year thereafter.



**CITY OF BLACKDUCK, MINNESOTA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2019**

**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 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, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

**2015 Changes:**

**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.

**Changes in Actuarial Assumptions:**

- The assumed post-retirement benefit increase rate was changed from 1% per year through 2030 and 2.5% per year thereafter to 1% per year through 2035 and 2.5% per year thereafter.

**Police and Fire Fund**

**2019 Changes:**

**Changes in Actuarial Assumptions:**

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

**2018 Changes:**

**Changes in Actuarial Assumptions:**

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

**CITY OF BLACKDUCK, MINNESOTA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2019**

**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 .34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (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 .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.

**CITY OF BLACKDUCK, MINNESOTA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2019**

**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% 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 changed from 7.9% to 5.6%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.5% for inflation.

**2015 Changes:**

**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%.

**Changes in Actuarial Assumptions:**

- The assumed post-retirement benefit increase rate was changed from 1% per year through 2030 and 2.5% per year thereafter to 1% per year through 2037 and 2.5% per year thereafter.

Details, if necessary, can be obtained from PERA CAFR.

**CITY OF BLACKDUCK, MINNESOTA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**DECEMBER 31, 2019**

	<b><u>Total Special Revenue Funds</u></b>	<b><u>Total Capital Project Funds</u></b>	<b><u>Total Debt Service Funds</u></b>	<b><u>Total Nonmajor Governmental Funds</u></b>
<b><u>ASSETS</u></b>				
Cash	\$ 225,293	\$ 670,715	\$ 149,803	\$ 1,045,811
Due from Other Governments	-	-	1,616	1,616
Delinquent Property Taxes Receivable	-	-	4,547	4,547
Special Assessments Receivable	-	-	89,396	89,396
Prepaid Expenses	1,252	-	-	1,252
<b><u>Total Assets</u></b>	<b><u>\$ 226,545</u></b>	<b><u>\$ 670,715</u></b>	<b><u>\$ 245,362</u></b>	<b><u>\$ 1,142,622</u></b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>				
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 105	\$ -	\$ -	\$ 105
Accrued Salaries and Wages Payable	154	-	-	154
Unearned Revenues	10,000	-	-	10,000
<b>Total Liabilities</b>	<b>10,259</b>	<b>-</b>	<b>-</b>	<b>10,259</b>
<b><u>Deferred Inflows of Resources</u></b>				
Unavailable Revenue	-	-	93,943	93,943
<b><u>Fund Balances</u></b>				
Nonspendable	1,252	-	-	1,252
Restricted	153,115	232,404	135,030	520,549
Committed	61,171	-	16,389	77,560
Assigned	748	438,311	-	439,059
<b>Total Fund Balances</b>	<b>216,286</b>	<b>670,715</b>	<b>151,419</b>	<b>1,038,420</b>
<b><u>Total Liabilities, Deferred Inflows of Resources and Fund Balances</u></b>	<b><u>\$ 226,545</u></b>	<b><u>\$ 670,715</u></b>	<b><u>\$ 245,362</u></b>	<b><u>\$ 1,142,622</u></b>

**CITY OF BLACKDUCK, MINNESOTA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**YEAR ENDED DECEMBER 31, 2019**

	<u>Total Special Revenue Funds</u>	<u>Total Capital Project Funds</u>	<u>Total Debt Service Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b><u>Revenues</u></b>				
General Property Taxes	\$ -	\$ -	\$ 49,324	\$ 49,324
Special Assessments	-	-	29,045	29,045
Tax Increments	32,505	-	-	32,505
Charges for Services	19,479	-	-	19,479
Intergovernmental Revenues	11,000	-	-	11,000
Interest Income	1,306	6,193	964	8,463
Donations and Grants	-	27,000	-	27,000
Other	1,855	-	-	1,855
<b><u>Total Revenues</u></b>	<b><u>66,145</u></b>	<b><u>33,193</u></b>	<b><u>79,333</u></b>	<b><u>178,671</u></b>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
Culture and Recreation	20,472	-	-	20,472
Cemetery	5,944	-	-	5,944
Capital Outlay	75	-	-	75
<b>Debt Service:</b>				
Principal	-	-	62,338	62,338
Interest and Fiscal Charges	21,299	-	15,051	36,350
<b><u>Total Expenditures</u></b>	<b><u>47,790</u></b>	<b><u>-</u></b>	<b><u>77,389</u></b>	<b><u>125,179</u></b>
<b><u>Excess of Revenues</u></b>				
<u>Over (Under) Expenditures</u>	<u>18,355</u>	<u>33,193</u>	<u>1,944</u>	<u>53,492</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Operating Transfers In	2,000	30,000	-	32,000
<b><u>Net Change in Fund Balance</u></b>	<b><u>20,355</u></b>	<b><u>63,193</u></b>	<b><u>1,944</u></b>	<b><u>85,492</u></b>
<b><u>Fund Balances, Beginning of Year</u></b>	<b><u>195,931</u></b>	<b><u>607,522</u></b>	<b><u>149,475</u></b>	<b><u>952,928</u></b>
<b><u>Fund Balances, End of Year</u></b>	<b><u>\$ 216,286</u></b>	<b><u>\$ 670,715</u></b>	<b><u>\$ 151,419</u></b>	<b><u>\$ 1,038,420</u></b>

CITY OF BLACKDUCK, MINNESOTA  
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2019

	<u>Cemetery Fund</u>	<u>Perpetual Care Fund</u>	<u>Pine Tree Park Fund</u>	<u>Tax Increment Financing Districts</u>	<u>Total Nonmajor Special Revenue Funds</u>
<b><u>ASSETS</u></b>					
Cash	\$ 817	\$ 61,171	\$ 64,189	\$ 99,116	\$ 225,293
Prepaid Expenses	214	-	1,038	-	1,252
<b><u>Total Assets</u></b>	<b><u>\$ 1,031</u></b>	<b><u>\$ 61,171</u></b>	<b><u>\$ 65,227</u></b>	<b><u>\$ 99,116</u></b>	<b><u>\$ 226,545</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b><u>Liabilities</u></b>					
Accounts Payable	\$ -	\$ -	\$ 105	\$ -	\$ 105
Accrued Salaries and Wages Payable	69	-	85	-	154
Unearned Revenues	-	-	10,000	-	10,000
<b>Total Liabilities</b>	<b><u>69</u></b>	<b><u>-</u></b>	<b><u>10,190</u></b>	<b><u>-</u></b>	<b><u>10,259</u></b>
<b><u>Fund Balances</u></b>					
Nonspendable	214	-	1,038	-	1,252
Restricted	-	-	53,999	99,116	153,115
Committed	-	61,171	-	-	61,171
Assigned	748	-	-	-	748
<b>Total Fund Balances</b>	<b><u>962</u></b>	<b><u>61,171</u></b>	<b><u>55,037</u></b>	<b><u>99,116</u></b>	<b><u>216,286</u></b>
<b><u>Total Liabilities and Fund Balances</u></b>	<b><u>\$ 1,031</u></b>	<b><u>\$ 61,171</u></b>	<b><u>\$ 65,227</u></b>	<b><u>\$ 99,116</u></b>	<b><u>\$ 226,545</u></b>

**CITY OF BLACKDUCK, MINNESOTA**  
**NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**YEAR ENDED DECEMBER 31, 2019**

	Cemetery Fund	Perpetual Care Fund	Pine Tree Park Fund	Tax Increment Financing Districts	Total Nonmajor Special Revenue Funds
<b>Revenues</b>					
Tax Increments	\$ -	\$ -	\$ -	\$ 32,505	\$ 32,505
Charges for Services	2,700	751	16,028	-	19,479
Intergovernmental Revenues	-	-	11,000	-	11,000
Interest Income	448	100	758	-	1,306
Other	121	-	1,734	-	1,855
<b>Total Revenues</b>	<b>3,269</b>	<b>851</b>	<b>29,520</b>	<b>32,505</b>	<b>66,145</b>
<b>Expenditures</b>					
Current:					
Culture and Recreation	-	-	20,472	-	20,472
Cemetery	5,944	-	-	-	5,944
Capital Outlay	75	-	-	-	75
Debt Service:					
Interest and Fiscal Charges	-	-	-	21,299	21,299
<b>Total Expenditures</b>	<b>6,019</b>	<b>-</b>	<b>20,472</b>	<b>21,299</b>	<b>47,790</b>
<b>Excess of Revenues</b>					
Over (Under) Expenditures	(2,750)	851	9,048	11,206	18,355
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	2,000	-	-	-	2,000
<b>Net Change in Fund Balance</b>	<b>(750)</b>	<b>851</b>	<b>9,048</b>	<b>11,206</b>	<b>20,355</b>
<b>Fund Balances, Beginning of Year</b>	<b>1,712</b>	<b>60,320</b>	<b>45,989</b>	<b>87,910</b>	<b>195,931</b>
<b>Fund Balances, End of Year</b>	<b>\$ 962</b>	<b>\$ 61,171</b>	<b>\$ 55,037</b>	<b>\$ 99,116</b>	<b>\$ 216,286</b>

**CITY OF BLACKDUCK, MINNESOTA**  
**NONMAJOR CAPITAL PROJECT GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**DECEMBER 31, 2019**

	<b>Sewer Maintenance Sinking Fund</b>	<b>Sewer Replacement Fund</b>	<b>Fire Hall Maintenance Fund</b>	<b>Water Sinking Fund</b>	<b>Public Works Reserve Fund</b>	<b>Fire Department Special Equipment Fund</b>	<b>Total Nonmajor Capital Project Funds</b>
<b><u>ASSETS</u></b>							
Cash	<u>\$ 69,214</u>	<u>\$ 8,681</u>	<u>\$ 226,829</u>	<u>\$ 121,156</u>	<u>\$ 17,397</u>	<u>\$ 227,438</u>	<u>\$ 670,715</u>
<b><u>Fund Balances</u></b>							
Restricted	\$ -	\$ -	\$ -	\$ -	\$ 4,966	\$ 227,438	\$ 232,404
Assigned	<u>69,214</u>	<u>8,681</u>	<u>226,829</u>	<u>121,156</u>	<u>12,431</u>	<u>-</u>	<u>438,311</u>
Total Fund Balances	<u>\$ 69,214</u>	<u>\$ 8,681</u>	<u>\$ 226,829</u>	<u>\$ 121,156</u>	<u>\$ 17,397</u>	<u>\$ 227,438</u>	<u>\$ 670,715</u>



**CITY OF BLACKDUCK, MINNESOTA**  
**NONMAJOR CAPITAL PROJECT GOVERNMENTAL FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**YEAR ENDED DECEMBER 31, 2019**

	Sewer Maintenance Sinking Fund	Sewer Replacement Fund	Fire Hall Maintenance Fund	Water Sinking Fund	Public Works Reserve Fund	Fire Department Special Equipment Fund	Total Nonmajor Capital Project Funds
<b><u>Revenues</u></b>							
Interest Income	\$ 582	\$ 72	\$ 1,731	\$ 1,018	\$ 144	\$ 2,646	\$ 6,193
Donations and Grants	-	-	-	-	-	27,000	27,000
<b><u>Total Revenues</u></b>	<b>582</b>	<b>72</b>	<b>1,731</b>	<b>1,018</b>	<b>144</b>	<b>29,646</b>	<b>33,193</b>
<b><u>Other Financing Sources (Uses)</u></b>							
Operating Transfers In	-	-	30,000	-	-	-	30,000
<b><u>Net Change in Fund Balance</u></b>	<b>582</b>	<b>72</b>	<b>31,731</b>	<b>1,018</b>	<b>144</b>	<b>29,646</b>	<b>63,193</b>
<b><u>Fund Balances, Beginning of Year</u></b>	<b>68,632</b>	<b>8,609</b>	<b>195,098</b>	<b>120,138</b>	<b>17,253</b>	<b>197,792</b>	<b>607,522</b>
<b><u>Fund Balances, End of Year</u></b>	<b>\$ 69,214</b>	<b>\$ 8,681</b>	<b>\$ 226,829</b>	<b>\$ 121,156</b>	<b>\$ 17,397</b>	<b>\$ 227,438</b>	<b>\$ 670,715</b>

CITY OF BLACKDUCK, MINNESOTA  
NONMAJOR DEBT SERVICE GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2019

	2011 Industrial Loan Fund	2006 G.O. Improvement Bonds	2009 G.O. Improvement Bonds	2018 Frontage/ Pine Ave Loan	Total Nonmajor Debt Service Funds
<b><u>ASSETS</u></b>					
Cash	\$ 12,311	\$ 87,210	\$ 46,208	\$ 4,074	\$ 149,803
Due from Other Governments	4	1,051	561	-	1,616
Delinquent Property Taxes Receivable	14	2,551	1,982	-	4,547
Special Assessments Receivable	18,000	22,042	-	49,354	89,396
<b><u>Total Assets</u></b>	<b><u>\$ 30,329</u></b>	<b><u>\$ 112,854</u></b>	<b><u>\$ 48,751</u></b>	<b><u>\$ 53,428</u></b>	<b><u>\$ 245,362</u></b>
<b><u>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>					
<b><u>Deferred Inflows of Resources</u></b>					
Unavailable Revenue	\$ 18,014	\$ 24,593	\$ 1,982	\$ 49,354	\$ 93,943
<b><u>Fund Balances</u></b>					
Restricted	-	88,261	46,769	-	135,030
Committed	12,315	-	-	4,074	16,389
<b>Total Fund Balances</b>	<b><u>12,315</u></b>	<b><u>88,261</u></b>	<b><u>46,769</u></b>	<b><u>4,074</u></b>	<b><u>151,419</u></b>
<b><u>Total Deferred Inflows of Resources and Fund Balances</u></b>	<b><u>\$ 30,329</u></b>	<b><u>\$ 112,854</u></b>	<b><u>\$ 48,751</u></b>	<b><u>\$ 53,428</u></b>	<b><u>\$ 245,362</u></b>

**CITY OF BLACKDUCK, MINNESOTA**  
**NONMAJOR DEBT SERVICE GOVERNMENTAL FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**YEAR ENDED DECEMBER 31, 2019**

	2011 Industrial Loan Fund	2006 G.O. Improvement Bonds	2009 G.O. Improvement Bonds	2018 Frontage/ Pine Ave Loan	Total Nonmajor Debt Service Funds
<b>Revenues</b>					
General Property Taxes	\$ 173	\$ 28,797	\$ 20,354	\$ -	\$ 49,324
Special Assessments	9,540	12,098	26	7,381	29,045
Interest Income	118	375	471	-	964
<b>Total Revenues</b>	<b>9,831</b>	<b>41,270</b>	<b>20,851</b>	<b>7,381</b>	<b>79,333</b>
<b>Expenditures</b>					
Debt Service:					
Principal	9,967	35,000	15,000	2,371	62,338
Interest and Fiscal Charges	7	10,667	3,441	936	15,051
<b>Total Expenditures</b>	<b>9,974</b>	<b>45,667</b>	<b>18,441</b>	<b>3,307</b>	<b>77,389</b>
<b>Net Change in Fund Balance</b>	<b>(143)</b>	<b>(4,397)</b>	<b>2,410</b>	<b>4,074</b>	<b>1,944</b>
<b>Fund Balances, Beginning of Year</b>	<b>12,458</b>	<b>92,658</b>	<b>44,359</b>	<b>-</b>	<b>149,475</b>
<b>Fund Balances, End of Year</b>	<b>\$ 12,315</b>	<b>\$ 88,261</b>	<b>\$ 46,769</b>	<b>\$ 4,074</b>	<b>\$ 151,419</b>

CITY OF BLACKDUCK, MINNESOTA  
MUNICIPAL WATER ENTERPRISE FUND  
SCHEDULE OF NET POSITION  
DECEMBER 31, 2019

With Comparative Amounts For December 31, 2018

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 301,617	\$ 284,746
Accounts Receivable	23,168	17,816
Special Assessments Receivable	140,542	160,985
Due from Other Governments	223	-
Prepaid Expenses	1,464	1,464
<b>Total Current Assets</b>	<b>467,014</b>	<b>465,011</b>
<u>Capital Assets</u>		
Other Improvements	2,206,386	1,558,145
Construction in Progress	-	587,604
	2,206,386	2,145,749
Less: Accumulated Depreciation	(828,217)	(758,700)
<b>Capital Assets, Net of Depreciation</b>	<b>1,378,169</b>	<b>1,387,049</b>
<b>Total Assets</b>	<b>1,845,183</b>	<b>1,852,060</b>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Outflows Related to Pensions	6,744	13,525
<u>LIABILITIES</u>		
<u>Current Liabilities</u>		
Current Portion of Bonds Payable	52,000	52,000
Accounts Payable	3,257	11,232
Sales Tax Payable	283	381
Accrued Interest Payable	7,727	7,951
Accrued Salaries and Wages Payable	1,355	1,355
<b>Total Current Liabilities</b>	<b>64,622</b>	<b>72,919</b>
<u>Long-Term Liabilities</u>		
Bonds Payable, Net of Unamortized Bond Discount	985,834	1,006,873
Less: Current Portion	(52,000)	(52,000)
Accrued Compensated Absences	3,139	3,901
Net Pension Liability	40,249	48,930
<b>Total Long-Term Liabilities</b>	<b>977,222</b>	<b>1,007,704</b>
<b>Total Liabilities</b>	<b>1,041,844</b>	<b>1,080,623</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Inflows Related to Pensions	12,827	13,168
<u>NET POSITION</u>		
Net Investment in Capital Assets	392,335	380,176
Unrestricted	404,921	391,618
<b>Total Net Position</b>	<b>\$ 797,256</b>	<b>\$ 771,794</b>

**CITY OF BLACKDUCK, MINNESOTA**  
**MUNICIPAL WATER ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2019**

With Comparative Amounts For The Year Ended December 31, 2018

	2019		Variance - Positive (Negative)	2018 Actual
	Original and Final Budget	Actual		
<b><u>Operating Revenues</u></b>				
Charges for Services	\$ 216,250	\$ 207,451	\$ (8,799)	\$ 206,563
<b><u>Operating Expenses</u></b>				
Personnel Services	82,089	78,075	4,014	73,999
Utilities	11,500	11,623	(123)	9,035
Supplies and Materials	11,300	7,851	3,449	9,362
Repairs and Maintenance	10,000	10,692	(692)	9,923
Contracted Services	3,500	8,763	(5,263)	3,571
Insurance	3,900	3,752	148	3,799
Depreciation and Amortization	-	70,006	(70,006)	70,004
Other Expenses	16,900	10,019	6,881	7,001
Total Operating Expenses	<u>139,189</u>	<u>200,781</u>	<u>(61,592)</u>	<u>186,694</u>
<b><u>Operating Income (Loss)</u></b>	<u>77,061</u>	<u>6,670</u>	<u>(70,391)</u>	<u>19,869</u>
<b><u>Non-Operating Revenues (Expenses)</u></b>				
Interest Income	-	8,146	8,146	1,287
Intergovernmental Grants and Aids	-	30,165	30,165	400
Special Assessments	-	-	-	179,334
Miscellaneous	400	27	(373)	899
Interest Expense	<u>(19,828)</u>	<u>(19,546)</u>	<u>282</u>	<u>(18,726)</u>
Total Non-Operating Revenues (Expenses)	<u>(19,428)</u>	<u>18,792</u>	<u>38,220</u>	<u>163,194</u>
<b><u>Net Income (Loss) Before Operating Transfers</u></b>	<u>57,633</u>	<u>25,462</u>	<u>(32,171)</u>	<u>183,063</u>
<b><u>Operating Transfers</u></b>				
Transfer to Other Funds	-	-	-	(15,000)
<b><u>Net Income (Loss)</u></b>	<u>57,633</u>	<u>25,462</u>	<u>(32,171)</u>	<u>168,063</u>
<b><u>Net Position, Beginning of Year</u></b>	<u>771,794</u>	<u>771,794</u>	<u>-</u>	<u>603,731</u>
<b><u>Net Position, End of Year</u></b>	<u>\$ 829,427</u>	<u>\$ 797,256</u>	<u>\$ (32,171)</u>	<u>\$ 771,794</u>

CITY OF BLACKDUCK, MINNESOTA  
MUNICIPAL WATER ENTERPRISE FUND  
SCHEDULE OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2019  
With Comparative Amounts For December 31, 2018

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	2019	2018
<b><u>Cash Flows from Operating Activities</u></b>		
Cash Received from Customers	\$ 201,876	\$ 204,900
Cash Paid to Employees	(81,078)	(76,201)
Cash Paid to Suppliers	(60,773)	(32,961)
Net Cash Provided by (Used in) Operating Activities	60,025	95,738
<b><u>Cash Flows from Non-Capital Financing Activities</u></b>		
Miscellaneous Revenue	27	899
Transfers to Other Funds	-	(15,000)
Net Cash Provided by (Used in) Non-Capital Financing Activities	27	(14,101)
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>		
Purchases of Property and Equipment	(60,637)	(9,721)
Bond Proceeds	30,472	9,721
Principal Paid on Bonds Payable	(52,000)	(51,089)
Grant Proceeds	30,165	400
Special Assessment Collections	20,443	18,349
Interest and Fees Paid on Bonds	(19,770)	(20,238)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(51,327)	(52,578)
<b><u>Cash Flows from Investing Activities</u></b>		
Interest Income	8,146	1,287
<b><u>Net Increase (Decrease) in Cash and Cash Equivalents</u></b>	16,871	30,346
<b><u>Cash and Cash Equivalents, Beginning of Year</u></b>	284,746	254,400
<b><u>Cash and Cash Equivalents, End of Year</u></b>	\$ 301,617	\$ 284,746

**CITY OF BLACKDUCK, MINNESOTA**  
**MUNICIPAL WATER ENTERPRISE FUND**  
**SCHEDULE OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2019**  
With Comparative Amounts For December 31, 2018

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH**  
**PROVIDED BY (USED IN) OPERATING ACTIVITIES**

	<u>2019</u>	<u>2018</u>
<b><u>Operating Income (Loss)</u></b>	\$ 6,670	\$ 19,869
<b><u>Adjustments to Reconcile Operating Income (Loss) to Net Cash</u></b>		
<b><u>Provided by (Used in) Operating Activities</u></b>		
Depreciation and Amortization	70,006	70,004
Changes in Assets, Liabilities and Deferrals		
(Increase) Decrease in Accounts Receivable	(5,352)	(1,663)
(Increase) Decrease in Due from Other Governments	(223)	-
(Increase) Decrease in Deferred Outflows of Resources	6,781	1,827
Increase (Decrease) in Accounts Payable	(7,975)	9,956
Increase (Decrease) in Sales Tax Payable	(98)	(226)
Increase (Decrease) in Accrued Compensated Absences	(762)	127
Increase (Decrease) in Deferred Inflows of Resources	(341)	(419)
Increase (Decrease) in Net Pension Liability	(8,681)	(3,737)
<b><u>Net Cash Provided by (Used in) Operating Activities</u></b>	<u>\$ 60,025</u>	<u>\$ 95,738</u>

CITY OF BLACKDUCK, MINNESOTA  
MUNICIPAL SEWAGE DISPOSAL ENTERPRISE FUND  
SCHEDULE OF NET POSITION  
DECEMBER 31, 2019

With Comparative Amounts For December 31, 2018

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 191,586	\$ 287,567
Accounts Receivable	22,274	17,816
Property Taxes Receivable	700	645
Special Assessments Receivable	84,728	97,262
Due from Other Governments	485	116
Prepaid Expenses	2,843	2,843
Total Current Assets	<u>302,616</u>	<u>406,249</u>
<u>Capital Assets</u>		
Land and Buildings	2,289,673	2,289,673
Furniture, Fixtures and Equipment	11,944	9,104
Other Improvements	743,541	148,251
Construction in Progress	-	544,125
	<u>3,045,158</u>	<u>2,991,153</u>
Less: Accumulated Depreciation	(2,288,431)	(2,277,717)
Capital Assets, Net of Depreciation	<u>756,727</u>	<u>713,436</u>
<u>Total Assets</u>	<u>1,059,343</u>	<u>1,119,685</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Outflows Related to Pensions	<u>7,263</u>	<u>14,491</u>
<u>LIABILITIES</u>		
<u>Current Liabilities</u>		
Current Portion of Bonds Payable	26,000	109,356
Accounts Payable	1,520	14,399
Accrued Interest Payable	1,681	3,027
Accrued Salaries and Wages Payable	2,338	1,424
Total Current Liabilities	<u>31,539</u>	<u>128,206</u>
<u>Long-Term Liabilities</u>		
Bonds Payable	135,644	245,000
Less: Current Portion	(26,000)	(109,356)
Accrued Compensated Absences	3,258	4,264
Net Pension Liability	43,346	52,425
Total Long-Term Liabilities	<u>156,248</u>	<u>192,333</u>
<u>Total Liabilities</u>	<u>187,787</u>	<u>320,539</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Inflows Related to Pensions	<u>13,813</u>	<u>14,108</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	621,083	468,436
Unrestricted	<u>243,923</u>	<u>331,093</u>
<u>Total Net Position</u>	<u>\$ 865,006</u>	<u>\$ 799,529</u>



**CITY OF BLACKDUCK, MINNESOTA**  
**MUNICIPAL SEWAGE DISPOSAL ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2019**

With Comparative Amounts For The Year Ended December 31, 2018

	2019		Variance - Positive (Negative)	2018 Actual
	Original and Final Budget	Actual		
<b><u>Operating Revenues</u></b>				
Charges for Services	\$ 171,598	\$ 155,182	\$ (16,416)	\$ 159,514
<b><u>Operating Expenses</u></b>				
Personnel Services	85,250	82,189	3,061	76,712
Utilities	16,500	26,588	(10,088)	16,701
Supplies and Materials	3,500	2,526	974	2,912
Repairs and Maintenance	14,500	8,773	5,727	7,612
Contracted Services	4,750	3,393	1,357	7,206
Insurance	5,800	5,620	180	5,745
Depreciation	25,000	14,374	10,626	81,140
Other Expenses	4,700	5,580	(880)	5,491
Total Operating Expenses	160,000	149,043	10,957	203,519
<b><u>Operating Income (Loss)</u></b>	11,598	6,139	(5,459)	(44,005)
<b><u>Non-Operating Income (Expense)</u></b>				
Interest Income	-	4,720	4,720	949
Property Taxes	8,041	8,147	106	8,413
Special Assessments	1,888	-	(1,888)	103,229
Intergovernmental Grants and Aids	-	51,383	51,383	8,620
Miscellaneous	-	989	989	606
Fiscal Agent Fees	-	(16)	(16)	-
Interest Expense	(3,127)	(5,885)	(2,758)	(7,729)
Total Non-Operating Income (Expense)	6,802	59,338	52,536	114,088
<b><u>Net Income (Loss) Before Operating Transfers</u></b>	18,400	65,477	47,077	70,083
<b><u>Operating Transfers</u></b>				
Transfer to Other Funds	-	-	-	(10,000)
<b><u>Net Income (Loss)</u></b>	18,400	65,477	47,077	60,083
<b><u>Net Position, Beginning of Year</u></b>	799,529	799,529	-	739,446
<b><u>Net Position, End of Year</u></b>	\$ 817,929	\$ 865,006	\$ 47,077	\$ 799,529

**CITY OF BLACKDUCK, MINNESOTA**  
**MUNICIPAL SEWAGE DISPOSAL ENTERPRISE FUND**  
**SCHEDULE OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2019**  
With Comparative Amounts For December 31, 2018

**INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

	<u>2019</u>	<u>2018</u>
<b><u>Cash Flows from Operating Activities</u></b>		
Cash Received from Customers	\$ 150,355	\$ 157,915
Cash Paid to Employees	(84,427)	(79,434)
Cash Paid to Suppliers	(65,359)	(32,466)
Net Cash Provided by (Used in) Operating Activities	<u>569</u>	<u>46,015</u>
<b><u>Cash Flows from Non-Capital Financing Activities</u></b>		
Miscellaneous Revenue	989	606
Transfers To Other Funds	-	(10,000)
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>989</u>	<u>(9,394)</u>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>		
Purchases of Property and Equipment	(57,665)	(15,339)
Principal Paid on Bonds Payable	(109,356)	(19,000)
Grant Proceeds	51,383	8,620
Property Taxes Proceeds	8,092	8,326
Special Assessment Proceeds	12,534	11,328
Fiscal Agent Fees Paid	(16)	-
Interest and Fees Paid on Bonds	(7,231)	(6,220)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(102,259)</u>	<u>(12,285)</u>
<b><u>Cash Flows from Investing Activities</u></b>		
Interest Income	<u>4,720</u>	<u>949</u>
<b><u>Net Increase (Decrease) in Cash and Cash Equivalents</u></b>	<u>(95,981)</u>	<u>25,285</u>
<b><u>Cash and Cash Equivalents, Beginning of Year</u></b>	<u>287,567</u>	<u>262,282</u>
<b><u>Cash and Cash Equivalents, End of Year</u></b>	<u>\$ 191,586</u>	<u>\$ 287,567</u>

**CITY OF BLACKDUCK, MINNESOTA**  
**MUNICIPAL SEWAGE DISPOSAL ENTERPRISE FUND**  
**SCHEDULE OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2019**  
 With Comparative Amounts For December 31, 2018

**RECONCILIATION OF OPERATING INCOME (LOSS) TO**  
**NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES**

	<u>2019</u>	<u>2018</u>
<b><u>Operating Income (Loss)</u></b>	\$ 6,139	\$ (44,005)
<b><u>Adjustments to Reconcile Operating Income (Loss) to</u></b>		
<b><u>Net Cash Provided by (Used in) Operating Activities</u></b>		
Depreciation	14,374	81,140
Changes in Assets, Liabilities and Deferrals		
(Increase) Decrease in Accounts Receivable	(4,458)	(1,663)
(Increase) Decrease in Due from Other Governments	(369)	64
(Increase) Decrease in Deferred Outflows of Resources	7,228	1,884
Increase (Decrease) in Accounts Payable	(12,879)	13,201
Increase (Decrease) in Accrued Salaries and Wages Payable	914	-
Increase (Decrease) in Accrued Compensated Absences	(1,006)	(469)
Increase (Decrease) in Deferred Inflows of Resources	(295)	(383)
Increase (Decrease) in Net Pension Liability	(9,079)	(3,754)
<b><u>Net Cash Provided by (Used in) Operating Activities</u></b>	<u>\$ 569</u>	<u>\$ 46,015</u>

CITY OF BLACKDUCK, MINNESOTA  
MUNICIPAL GOLF COURSE ENTERPRISE FUND  
SCHEDULE OF NET POSITION  
DECEMBER 31, 2019  
With Comparative Amounts For December 31, 2018

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
<u>Current Assets</u>		
Accounts Receivable	\$ 259	\$ 472
Property Taxes Receivable	264	-
Due from Other Governments	404	-
Prepaid Expenses	<u>2,622</u>	<u>3,163</u>
Total Current Assets	<u>3,549</u>	<u>3,635</u>
<u>Capital Assets</u>		
Land and Buildings	208,712	208,712
Furniture, Fixtures and Equipment	<u>363,705</u>	<u>363,705</u>
	572,417	572,417
Less: Accumulated Depreciation & Amortization	<u>(400,520)</u>	<u>(379,348)</u>
Capital Assets, Net of Depreciation	<u>171,897</u>	<u>193,069</u>
<u>Total Assets</u>	<u>175,446</u>	<u>196,704</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Outflows Related to Pensions	<u>3,631</u>	<u>3,864</u>
<u>LIABILITIES</u>		
<u>Current Liabilities</u>		
Current Portion of Bonds Payable	23,000	22,000
Accounts Payable	1,448	2,562
Accrued Interest Payable	<u>1,208</u>	<u>1,385</u>
Total Current Liabilities	<u>25,656</u>	<u>25,947</u>
<u>Long-Term Liabilities</u>		
Due to Other Funds	110,878	82,250
Bonds Payable, Net of Unamortized Bond Discount	130,727	152,673
Current Portion of Bonds Payable	(23,000)	(22,000)
Net Pension Liability	<u>21,673</u>	<u>13,980</u>
Total Long-Term Liabilities	<u>240,278</u>	<u>226,903</u>
<u>Total Liabilities</u>	<u>265,934</u>	<u>252,850</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Inflows Related to Pensions	<u>6,907</u>	<u>3,762</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	41,170	40,396
Unrestricted	<u>(134,934)</u>	<u>(96,440)</u>
<u>Total Net Position</u>	<u>\$ (93,764)</u>	<u>\$ (56,044)</u>

**CITY OF BLACKDUCK, MINNESOTA**  
**MUNICIPAL GOLF COURSE ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2019**

With Comparative Amounts For The Year Ended December 31, 2018

	2019		Variance - Positive (Negative)	2018 Actual
	Original and Final Budget	Actual		
<u>Sales</u>	\$ 15,300	\$ 12,399	\$ (2,901)	\$ 14,343
<u>Cost of Sales</u>	(8,500)	(8,000)	500	(9,002)
<u>Gross Profit</u>	6,800	4,399	(2,401)	5,341
<u>Operating Revenues</u>	87,750	72,548	(15,202)	79,766
<u>Total Gross Profit and Operating Revenues</u>	94,550	76,947	(17,603)	85,107
<u>Operating Expenses</u>				
Personnel Services	57,325	73,986	(16,661)	46,884
Utilities	7,350	6,617	733	6,888
Supplies and Materials	8,500	7,931	569	9,420
Advertising and Promotion	-	-	-	111
Repairs and Maintenance	-	18,268	(18,268)	16,859
Contracted Services	-	-	-	500
Insurance	7,050	7,583	(533)	7,215
Depreciation and Amortization	-	21,226	(21,226)	21,226
Other Expenses	29,600	9,053	20,547	9,960
<u>Total Operating Expenses</u>	109,825	144,664	(34,839)	119,063
<u>Operating Income (Loss)</u>	(15,275)	(67,717)	(52,442)	(33,956)
<u>Non-Operating Revenues (Expenses)</u>				
Property Taxes	16,368	16,213	(155)	-
Grant Proceeds	-	5,824	5,824	-
Miscellaneous	-	896	896	4,637
Interest Expense	(3,113)	(2,936)	177	(3,600)
<u>Total Non-Operating Revenues (Expenses)</u>	13,255	19,997	6,742	1,037
<u>Net Income (Loss) Before Operating Transfers</u>	(2,020)	(47,720)	(45,700)	(32,919)
<u>Operating Transfers</u>				
Transfer From Other Funds	10,000	10,000	-	-
<u>Net Income (Loss)</u>	7,980	(37,720)	(45,700)	(32,919)
<u>Net Position, Beginning of Year</u>	(56,044)	(56,044)	-	(23,125)
<u>Net Position, End of Year</u>	\$ (48,064)	\$ (93,764)	\$ (45,700)	\$ (56,044)

**CITY OF BLACKDUCK, MINNESOTA**  
**MUNICIPAL GOLF COURSE ENTERPRISE FUND**  
**SCHEDULE OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2019**  
With Comparative Amounts For December 31, 2018

**INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

	<u>2019</u>	<u>2018</u>
<b><u>Cash Flows from Operating Activities</u></b>		
Cash Received from Users and Customers	\$ 84,492	\$ 98,274
Cash Paid to Employees	(62,915)	(53,366)
Cash Paid to Suppliers	<u>(58,025)</u>	<u>(58,794)</u>
Net Cash Provided by (Used in) Operating Activities	<u>(36,448)</u>	<u>(13,886)</u>
<b><u>Cash Flows from Non-Capital Financing Activities</u></b>		
Miscellaneous Revenue	896	-
Interfund Financing	28,628	29,314
Transfers From Other Funds	<u>10,000</u>	<u>-</u>
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>39,524</u>	<u>29,314</u>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>		
Principal Paid on Bonds Payable	(22,000)	(10,000)
Property Taxes Proceeds	16,213	-
Grant Proceeds	5,824	-
Interest Paid	<u>(3,113)</u>	<u>(5,428)</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(3,076)</u>	<u>(15,428)</u>
<b><u>Net Increase (Decrease) in Cash and Cash Equivalents</u></b>	-	-
<b><u>Cash and Cash Equivalents, Beginning of Year</u></b>	-	-
<b><u>Cash and Cash Equivalents, End of Year</u></b>	<u>\$ -</u>	<u>\$ -</u>

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH  
PROVIDED BY (USED IN) OPERATING ACTIVITIES**

<b><u>Operating Income (Loss)</u></b>	\$ (67,717)	\$ (29,319)
<b><u>Adjustments to Reconcile Operating Income (Loss) to Net Cash  Provided by (Used in) Operating Activities</u></b>		
Depreciation and Amortization	21,226	21,226
Changes in Assets, Liabilities and Deferrals		
(Increase) Decrease in Accounts Receivable	213	(472)
(Increase) Decrease in Property Taxes Receivable	(264)	-
(Increase) Decrease in Due from Other Governments	(404)	-
(Increase) Decrease in Prepaid Expenses	541	-
(Increase) Decrease in Deferred Outflows of Resources	233	2,277
Increase (Decrease) in Accounts Payable	(1,114)	1,161
Increase (Decrease) in Deferred Inflows of Resources	3,145	(1,672)
Increase (Decrease) in Net Pension Liability	<u>7,693</u>	<u>(7,087)</u>
<b><u>Net Cash Provided by (Used in) Operating Activities</u></b>	<u>\$ (36,448)</u>	<u>\$ (13,886)</u>

**CITY OF BLACKDUCK, MINNESOTA**  
**MUNICIPAL LIQUOR STORE ENTERPRISE FUND**  
**SCHEDULE OF NET POSITION**  
**DECEMBER 31, 2019**

With Comparative Amounts For December 31, 2018

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
<b><u>Current Assets</u></b>		
Cash and Cash Equivalents	\$ 234,553	\$ 192,463
Cash on Hand	2,000	2,500
Accounts Receivable	5,238	571
Inventory	106,097	101,308
Prepaid Expenses	7,840	7,840
<b>Total Current Assets</b>	<b><u>355,728</u></b>	<b><u>304,682</u></b>
<b><u>Capital Assets</u></b>		
Land and Buildings	355,843	355,843
Furniture, Fixtures and Equipment	62,381	65,384
Other Improvements	54,634	67,952
	<u>472,858</u>	<u>489,179</u>
Less: Accumulated Depreciation	(323,112)	(326,651)
<b>Capital Assets, Net of Depreciation</b>	<b><u>149,746</u></b>	<b><u>162,528</u></b>
<b><u>Non-Current Assets</u></b>		
Due from Other Funds	<u>110,878</u>	<u>82,250</u>
<b><u>Total Assets</u></b>	<b><u>616,352</u></b>	<b><u>549,460</u></b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Deferred Outflows Related to Pensions	<u>18,676</u>	<u>33,813</u>
<b><u>LIABILITIES</u></b>		
<b><u>Current Liabilities</u></b>		
Accounts Payable	53,841	50,544
Sales Taxes Payable	10,848	10,656
Accrued Salaries and Wages Payable	5,470	3,457
<b>Total Current Liabilities</b>	<b><u>70,159</u></b>	<b><u>64,657</u></b>
<b><u>Long-Term Liabilities</u></b>		
Accrued Compensated Absences	7,339	3,381
Net Pension Liability	111,460	122,324
<b>Total Long-Term Liabilities</b>	<b><u>118,799</u></b>	<b><u>125,705</u></b>
<b><u>Total Liabilities</u></b>	<b><u>188,958</u></b>	<b><u>190,362</u></b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Deferred Inflows Related to Pensions	<u>35,520</u>	<u>32,919</u>
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	149,746	162,528
Unrestricted	260,804	197,464
<b><u>Total Net Position</u></b>	<b><u>\$ 410,550</u></b>	<b><u>\$ 359,992</u></b>

**CITY OF BLACKDUCK, MINNESOTA**  
**MUNICIPAL LIQUOR STORE ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2019**  
With Comparative Amounts For December 31, 2018

	2019			2018 Actual
	Original and Final Budget	Actual	Variance - Positive (Negative)	
<b><u>Sales</u></b>	\$ 1,017,900	\$ 1,243,244	\$ 225,344	\$ 1,165,173
<b><u>Cost of Sales</u></b>	(595,500)	(740,168)	(144,668)	(703,372)
<b><u>Gross Profit</u></b>	422,400	503,076	80,676	461,801
<b><u>Operating Expenses</u></b>				
Personnel Services	218,206	229,468	(11,262)	222,218
Utilities	35,050	34,476	574	33,778
Supplies and Materials	11,750	21,766	(10,016)	18,460
Advertising and Promotion	9,000	13,742	(4,742)	11,171
Repairs and Maintenance	10,000	7,599	2,401	10,359
Contracted Services	6,500	7,292	(792)	6,500
Insurance	20,600	18,800	1,800	19,579
Depreciation	-	15,727	(15,727)	13,811
Other Expenses	34,550	43,193	(8,643)	42,892
<b>Total Operating Expenses</b>	<b>345,656</b>	<b>392,063</b>	<b>(46,407)</b>	<b>378,768</b>
<b><u>Operating Income</u></b>	<b>76,744</b>	<b>111,013</b>	<b>34,269</b>	<b>83,033</b>
<b><u>Non-Operating Revenues (Expenses)</u></b>				
Interest Income	-	4,666	4,666	1,240
State Aid	-	-	-	949
Rental Income	7,000	9,879	2,879	9,964
<b>Total Non-Operating Revenues</b>	<b>7,000</b>	<b>14,545</b>	<b>7,545</b>	<b>12,153</b>
<b><u>Net Income (Loss) Before Operating Transfers</u></b>	<b>83,744</b>	<b>125,558</b>	<b>41,814</b>	<b>95,186</b>
<b><u>Operating Transfers</u></b>				
Transfer To Other Funds	(75,000)	(75,000)	-	(65,000)
<b><u>Net Income (Loss)</u></b>	<b>8,744</b>	<b>50,558</b>	<b>41,814</b>	<b>30,186</b>
<b><u>Net Position, Beginning of Year</u></b>	<b>359,992</b>	<b>359,992</b>	<b>-</b>	<b>329,806</b>
<b><u>Net Position, End of Year</u></b>	<b>\$ 368,736</b>	<b>\$ 410,550</b>	<b>\$ 41,814</b>	<b>\$ 359,992</b>



**CITY OF BLACKDUCK, MINNESOTA**  
**MUNICIPAL LIQUOR STORE ENTERPRISE FUND**  
**SCHEDULE OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2019**  
With Comparative Amounts For December 31, 2018

**INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

	<u>2019</u>	<u>2018</u>
<b><u>Cash Flows from Operating Activities</u></b>		
Cash Received from Customers	\$ 1,238,577	\$ 1,177,218
Cash Paid to Employees	(216,623)	(202,729)
Cash Paid to Suppliers	(888,336)	(850,670)
Net Cash Provided by (Used in) Operating Activities	<u>133,618</u>	<u>123,819</u>
<b><u>Cash Flows from Non-Capital Financing Activities</u></b>		
Transfers To Other Funds	(75,000)	(65,000)
Interfund Financing	(28,628)	(29,314)
State Aid	-	949
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>(103,628)</u>	<u>(93,365)</u>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>		
Purchase of Property and Equipment	<u>(2,945)</u>	<u>(53,326)</u>
<b><u>Cash Flows from Investing Activities</u></b>		
Interest Income	4,666	1,240
Rental Income	9,879	9,964
Net Cash Provided by (Used in) Investing Activities	<u>14,545</u>	<u>11,204</u>
<b><u>Net Increase (Decrease) in Cash and Cash Equivalents</u></b>	41,590	(11,668)
<b><u>Cash and Cash Equivalents, Beginning of Year</u></b>	<u>194,963</u>	<u>206,631</u>
<b><u>Cash and Cash Equivalents, End of Year</u></b>	<u>\$ 236,553</u>	<u>\$ 194,963</u>

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH  
PROVIDED BY (USED IN) OPERATING ACTIVITIES**

<b><u>Operating Income (Loss)</u></b>	\$ 111,013	\$ 83,033
<b><u>Adjustments to Reconcile Operating Income (Loss) to Net Cash  Provided by (Used in) Operating Activities</u></b>		
Depreciation	15,727	13,811
Changes in Assets, Liabilities and Deferrals		
(Increase) Decrease Accounts Receivable	(4,667)	12,045
(Increase) Decrease Inventory	(4,789)	(3,779)
(Increase) Decrease Deferred Outflows of Resources	15,137	(2,086)
Increase (Decrease) Accounts Payable	3,297	(1,088)
Increase (Decrease) Sales Tax Payable	192	308
Increase (Decrease) Accrued Salaries and Wages Payable	2,013	-
Increase (Decrease) Accrued Compensated Absences	3,958	3,256
Increase (Decrease) Deferred Inflows of Resources	2,601	4,841
Increase (Decrease) Net Pension Liability	(10,864)	13,478
<b><u>Net Cash Provided by (Used in) Operating Activities</u></b>	<u>\$ 133,618</u>	<u>\$ 123,819</u>



MILLER MCDONALD, INC.  
*Certified Public Accountants*  
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 Bemidji, MN 56619  
 (218) 751 - 6300  
 Fax (218) 751 - 0782  
 www.millermcdonald.com

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON  
 AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN  
 ACCORDANCE WITH THE MINNESOTA  
 LEGAL COMPLIANCE AUDIT GUIDE FOR CITIES**

Honorable Mayor and  
 Members of the City Council  
 City of Blackduck, 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 Blackduck, Minnesota as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Blackduck, Minnesota's basic financial statements, and have issued our report thereon dated April 14, 2020.

In connection with our audit, nothing came to our attention that caused us to believe that the City of Blackduck, Minnesota 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 of Blackduck, Minnesota's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

This 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.

*Miller McDonald, Inc.*

April 14, 2020  
 Bemidji, Minnesota



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

Honorable Mayor and  
 Members of the City Council  
 City of Blackduck, 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 Blackduck, Minnesota as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Blackduck, Minnesota’s basic financial statements and have issued our report thereon dated April 14, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Blackduck, Minnesota’s internal control over financial reporting (internal control) to determine the 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 of Blackduck, Minnesota’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Blackduck, Minnesota’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompany schedule of findings and responses as items 2019-001 and 2019-002, that we consider to be significant deficiencies.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Blackduck, Minnesota'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 determination of financial statement amounts. 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 of Blackduck, Minnesota's Response to Findings

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

### Purpose of this Report

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

*Miller McDonald, Inc.*

April 14, 2020  
Bemidji, Minnesota

**CITY OF BLACKDUCK, MINNESOTA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**DECEMBER 31, 2019**

**I. FINDINGS RELATED TO THE FINANCIAL STATEMENTS AUDITED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Internal Control**

**Finding 2019-001: Preparation of Financial Statements**

**Condition**

The City's Auditor prepares the financial statements. This is not unusual in Cities of your size; however, the City's management and governance personnel should be aware that even though they assume responsibility for the financial statements they do not have effective controls to prevent, detect and correct misstatements in the financial statements, indicating a significant control deficiency.

**Criteria**

The City should have controls in place to prevent or detect a material misstatement in the annual financial statements including footnote disclosures.

**Effect**

The impact on the financial statements is that the potential exists that a material misstatement could exist in the financial statements.

**Cause**

The City has not adopted an internal control policy over the annual financial reporting under generally accepted accounting principles (GAAP), however, management has reviewed and approved the annual financial statements as prepared by the audit firm.

**Recommendation**

We recommend that management become knowledgeable in financial statement preparation so that management can prepare the financial statements for audit purposes. If management does not feel that it desires to obtain this knowledge and expertise then it should consider contracting with a third party accountant that would prepare year end adjusting entries to the financial records and also prepare the financial statements for audit purposes.

**Management's Response – Corrective Action Plan (CAP)**

**1. Explanation of Disagreement with Audit Finding**

There is no disagreement with the audit finding.

**CITY OF BLACKDUCK, MINNESOTA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**DECEMBER 31, 2019**

**2. Actions Planned in Response to Finding**

The City Council will continue to have the contracted auditor for the year prepare the financial statements. The City will consider internal control procedures consistent with those outlined above within the segregation of duties and with Council guidance (approval of policies and/or procedures). In addition, all financial statement review will be documented.

**3. Official Responsible for Ensuring CAP Implementation**

Christina Regas, City Administrator

**4. Planned Completion of CAP**

Ongoing

**5. Plan to Monitor Completion of CAP**

Documentation of annual review of financial statements will be filed with the Council's annual audit file.

**Finding 2019-002: Segregation of Accounting Duties**

**Condition**

One basic objective of internal control is to provide for segregation of incompatible duties. In other words, responsibilities should be separated among employees so that a single employee is not able to authorize a transaction, record the transaction in accounts, and be responsible for custody of the asset resulting from the transaction. The following duties are not sufficiently segregated:

1. Accounts payable processing, check writing, payment and recording.
2. Payroll processing, check writing, check distribution and recording.
3. Cash receipting, depositing and recording.
4. Reconciling the monthly bank statement.

Together these functions create an opportunity for misappropriation of the City's assets and more than a remote likelihood of a material misstatement.

The City does mitigate control in accounts payable and payroll functions in that the Council, on a monthly basis, reviews the invoices and checks that are written.

**Criteria**

Proper segregation of duties mitigates the risk of misappropriation of assets.

**CITY OF BLACKDUCK, MINNESOTA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**DECEMBER 31, 2019**

**Effect**

The impact to the financial statements has not been determined.

**Cause**

The limited number of staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Council members remain involved in the financial affairs of the City to provide oversight and independent review functions.

**Recommendation**

We recommend that City management develops an accounting and internal control manual that would identify the specific duties of the accounting employees with internal controls and segregation of accounting duties in mind.

**Management's Response – Corrective Action Plan (CAP)****1. Explanation of Disagreement with Audit Finding**

There is no disagreement with the audit finding.

**2. Actions Planned in Response to Finding**

No action is planned at this time. The City feels that the additional staffing costs would not be significantly beneficial. The City does mitigate this situation through oversight by the City Council.

**3. Official Responsible for Ensuring CAP Implementation**

N/A

**4. Planned Completion of CAP**

N/A

**5. Plan to Monitor Completion of CAP**

N/A

# GIS Services for Public Utilities



~ **Infrastructure Analysis:**

CIP, Topographic Analysis, Utility-Line Profiles

~ **Utilities:**

Sanitary, Water, Storm, Electric

~ **Work Order Applications:**

Worker/Supervisor Editable, Year-End Review, Instant Updates

~ **Asset Management / Data Collection:**

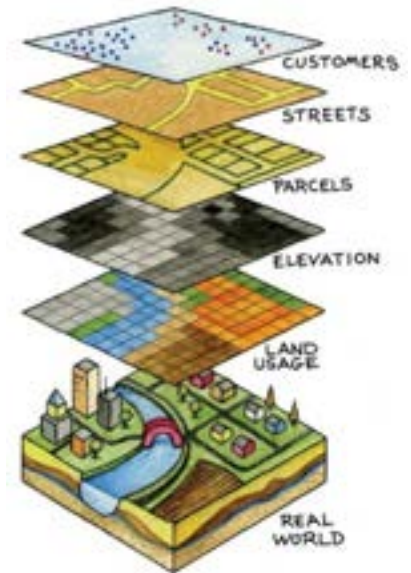
Manholes, Subsurface Features, Signs, Trails, Lighting, Trash, ...

~ **Thematic Mapping:**

Utility Layouts, Public Engagement Maps, Parks, Problematic Sites

~ **Data Accessibility:**

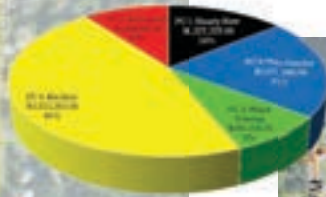
ArcGIS On-Line (AGOL), Google Earth



## Capital Improvement Plans



Budget Review



Utility Layouts / Asset Management



Affordable

Infrastructure Analysis



Data Accessibility / Analysis





**CONFIRMATION OF REQUEST  
FOR MAPPING SERVICES**

**CLIENT:** City of Blackduck

**SERVICE REQUESTED BY:** Christina Regas

**PROJECT:** 2020 Utility Mapping and GIS Implementation

**DATE:** April 22, 2020

**DESCRIPTION OF WORK INVOLVED:** Widseth Smith Nolting & Associates (Widseth) will assist the City in the mapping of their sanitary and water utilities (Phase 1 & 2) and the development of their own cloud-based Geographic Information System (GIS) (Phase 3).

**Phase 1:** Widseth will survey the sanitary and water utility features utilizing survey-grade GPS. This insures accurate location and elevations.

**Phase 2:** Widseth will develop the sanitary and water utility line and point features in a GIS format to include available attribute data. This will include interaction with City staff for QA/QC of the data (primarily subsurface connectivity questions).

**Phase 3:** Widseth will assist in the procurement and development of the mobile GIS platform (via ESRI's ArcGIS On-Line (AGOL) service). The primary GIS application will include 'Print' and 'Proximity' tools and available datasets for users. Widseth will create an AGOL map and dataset for field collection by the City. Once the site is completed, Widseth will conduct an on-site training at the City of Blackduck office.

The amount of yearly, licensed 'Users' is determined by the City and can be added-to/alterd at any time through your contract with ESRI. One 'Creator' license is required, and additional licenses should be based on needs. Work to begin upon request.

**ESTIMATED PROJECT COSTS:**

<b>PHASE 1: Widseth Field Survey</b>	
Survey-Grade GPS acquisition of Sanitary & Water Features	\$8,375
<b>PHASE 2: Widseth GIS Data Development/Mapping</b>	
Sanitary & Water Utility GIS data creation w/ QA/QC	\$6,600
<b>PHASE 3: Widseth GIS Implementation Services</b>	
AGOL procurement support, site setup & on-site training	<u>\$3,900</u>
<b>Total Estimated Cost of Phases 1-3</b>	<b>\$18,875</b>
<b>ArcGIS On-Line Subscriptions (annual via ESRI)</b>	
Creator license (site administrator)	\$500
Field Worker license (edit, collect)	\$350/each
Viewer license (view maps only)	\$100/each

**BILLING METHOD:**

- Hourly + Expenses
- Lump Sum
- Other

**BILLING SCHEDULE:**

- Monthly
- Phased
- Upon Completion

**GIS REMARKS:** Widseth will deal with the core elements of the AGOL site (users, groups, administrative rights/security), uploading feature datasets as services, and building maps/applications. We will help the City when deciding on quantity and type of subscriptions: Creator (Administrator, data collection, edit, view) \$500, Field Worker (data collection, edit, view) \$350 and Viewer (map/data viewing only) \$100.

Widseth will provide on-site training to City staff. This will consist of a presentation of AGOL and the site's current capabilities. We will also show examples of additional features used by other Cities/Sanitary Districts if desired. We will provide hands-on training using your own equipment.


Work will be done at Widseth's hourly rates per the attached 2020 fee schedule for any additional work. See attached General Provisions of Professional Services Agreement.

**WIDSETH** agrees to perform the described work as set forth above. The **CLIENT** agrees to make payment for work performed within thirty (30) days after receipt of billing.

**SUBMITTED:**

**WIDSETH**

BY:   
Curt Meyer, PE - Vice President

BY:   
Mark Reineke, CMS, GISP – Geographer

**APPROVED:**

**City of Blackduck**

BY: \_\_\_\_\_  
Christina Regas, City Administrator

DATE: \_\_\_\_\_

# DE LAGE LANDEN PUBLIC FINANCE LLC

PO BOX 824018  
PHILADELPHIA, PA 19182-4018

Full Buyout with Equipment Purchase

Quote Effective Date: April 28, 2020

To:  
CITY OF BLACKDUCK  
ATTN CHRISTINA REGAS  
PO BOX 380  
BLACKDUCK, MN 56630-0380

From: Eileen Tansy  
DE LAGE LANDEN PUBLIC FINANCE LLC  
1111 OLD EAGLE SCHOOL RD  
WAYNE, PA 19087-1453

#### Customer Information

CITY OF BLACKDUCK  
ATTN CHRISTINA REGAS  
PO BOX 380  
BLACKDUCK, MN 56630-0380

Contract: 100-10138433  
Account Number: 1118749  
Equipment: SEE ATTACHED  
Quote Number: 12811253

Per your request, the Net Full Buyout with Equipment Purchase payment due on the above contract is:

Net Buyout with equipment purchase payment Due Lessor

\$8,168.81

This Buyout payment is due upon receipt of this invoice. Ownership to the equipment will pass upon our receipt of the Buyout amount. This Buyout quote is void if payment is not received by May 27, 2020.

Please include the lower portion of this invoice with your remittance. Your check should be made payable to DE LAGE LANDEN PUBLIC FINANCE LLC and mailed to PO BOX 824018 PHILADELPHIA, PA 19182-4018. If you have any questions, please call Eileen Tansy at +1 (610) 386-5000 x1014.

Thank you for allowing us to serve you.

*Keep upper portion for your records - Please return the lower part with your payment*

### Remittance Section

**DE LAGE LANDEN PUBLIC FINANCE LLC**

Quote No.	Contract Number	Due Date
12811253	100-10138433	05/27/2020
Total Due		Amount Enclosed
\$8,168.81		\$

CITY OF BLACKDUCK  
ATTN CHRISTINA REGAS  
PO BOX 380  
BLACKDUCK, MN 56630-0380

Please make check payable to  
DE LAGE LANDEN PUBLIC FINANCE LLC  
PO BOX 824018  
PHILADELPHIA, PA 19182-4018



# DE LAGE LANDEN PUBLIC FINANCE LLC

PO BOX 824018  
PHILADELPHIA, PA 19182-4018

## Equipment Schedule for the Full Buyout with Equipment Purchase

To:  
CITY OF BLACKDUCK  
ATTN CHRISTINA REGAS  
PO BOX 380  
BLACKDUCK, MN 56630-0380

From:  
DE LAGE LANDEN PUBLIC FINANCE LLC  
1111 OLD EAGLE SCHOOL RD  
WAYNE, PA 19087-1453

The Buyout in the amount of \$8,168.81 dated April 28, 2020 for Contract Number 100-10138433 with CITY OF BLACKDUCK only applies to the equipment listed below:

Make	Model	Serial Number
Chevrolet	Silverado	1GC1KUEG6HF148075

## MINNESOTA INVESTMENT FUND STATE FUNDED RLF REQUEST FOR ONETIME EXCEPTION

The 2019 Legislature passed legislation that allows cities, counties and townships that have revolving loan funds (RLFs) seeded by state-funded Minnesota Investment Fund loan repayments may use 80 percent of the uncommitted balance for any lawful purpose if 20 percent of the balance is returned to the State of Minnesota. To utilize this one-time exception, this form must be completed and submitted to DEED by June 1, 2020; once DEED approves the form, the 80 percent should be moved from the RLF account and the 20 percent should be transferred to DEED.

Please complete this form including the requested documentation. All forms must be signed by an authorized local official.

<b>Request Date</b>	5/1/2020	<b>Uncommitted State Funded MIF RLF Cash Balance as of Request Date</b>	\$85,395.53
<b>Local Government</b> (City, county or town)	City of Blackduck	<b>20% to be returned to the State General Fund</b>	\$17,079.10
<b>Address</b>	PO Box 380 Blackduck, MN 56630	<b>80% to be utilized as general purpose aid.</b>	\$68,316.43
<b>Contact Phone &amp; Email</b>	218-835-4803 Christina.regas@blackduckmn.com	<b>Will there be a residual RLF balance (from outstanding loans) for future reporting?</b>	yes

\* Request must be received by June 1st, 2020 to allow for processing and payment submittal.

### Required Documentation

A copy of the account statement verifying the account balance as of the request date must be submitted with this form. Please note: page two of this application must be signed. A DEED Loan Officer may contact you to verify balance information for your account and review MIF award history.

### Submittal Instructions

This form and the required bank account verification document(s) must be emailed to [DEED.Loan@state.mn.us](mailto:DEED.Loan@state.mn.us) with "Revolving Loan Fund" on the subject line. If you have

# **m1** EMPLOYMENT AND ECONOMIC DEVELOPMENT

questions while completing the form please contact Lisa Dargis, DEED Loan Officer, Office of Business Finance at 651-259-7446 or [lisa.dargis@state.mn.us](mailto:lisa.dargis@state.mn.us) or visit the Frequently Asked Questions tab located at <https://mn.gov/deed/business/financing-business/deed-programs/mif/mif-exception/>.

## Certification

I hereby certify that the balance information included here is from state funded Minnesota Investment Fund grant repayments only. I certify that I have not included any funds from other sources. I certify that I have complied with all local requirements for submittal of this request and will utilize the approved funds as a general purpose aid for lawful expenditures, adhering to any and all local, state or federal requirements as applicable.

I have read the above statements and I agree to supply the information requested to the MN Department of Employment and Economic Development, Office of Business Finance with full knowledge of the information provided herein. I certify that all information is true and correct to the best of my knowledge.

Certified by:

Christina A. Regas, City Administrator  
Local Government Authorized Official Printed Name & Title

  
Local Government Authorized Official Signature

5/1/2020  
Date

## Exception Criteria – Laws of MN 2019, 1st Special Session, Chapter 7, Article 2, Section 7 Sec. 7. ONETIME EXCEPTION TO RESTRICTIONS ON USE OF MINNESOTA INVESTMENT FUND LOCAL GOVERNMENT LOAN REPAYMENT FUNDS.

- (a) Notwithstanding Minnesota Statutes, section 116J.8731, a home rule charter or statutory city, county, or town that has uncommitted money received from repayment of funds awarded under Minnesota Statutes, section 116J.8731, may choose to transfer 20 percent of the balance of that money to the state general fund before June 30, 2020. Any local entity that does so may then use the remaining 80 percent of the uncommitted money as a general purpose aid for any lawful expenditure.
- (b) By February 15, 2021, a home rule charter or statutory city, county, or town that exercises the option under paragraph (a) shall submit to the chairs and ranking minority members of the legislative committees with jurisdiction over economic development policy and finance an accounting and explanation of the use and distribution of the funds.

### Deerwood Bank

Print Date : 05-01-2020 - 11:43:21

Business Name CITY OF BLACKDUCK

### History

04-01-2020 - 04-30-2020

Select an Account \*\*\*\*\*3470 - FIRST PREFERRED PUBLIC FU \$ 843,325.20

History Period Today

Beginning Balance \$ 831,022.59

Total deposits and credits: \$ 11,955.25

Total withdrawals, payments and debits: \$ 0.00

<input checked="" type="checkbox"/>	Date	Description	Amount	Total
<input type="checkbox"/>	04/01/2020	HRDC HHDC HRFC [PPD] 1st Pymts Indiv ID: 1602 Bogart's loan payment	\$ 347.36	\$ 831,369.95
<input type="checkbox"/>	04/02/2020	Deposit	\$ 717.33	\$ 832,087.28
<input type="checkbox"/>	04/10/2020	Deposit	\$ 10,787.05	\$ 842,874.33
<input type="checkbox"/>	04/30/2020	Interest Paid	\$ 103.51	\$ 842,977.84

20.1.0

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CITY OF BLACKDUCK

PUBLIC FUNDS REQUEST FORM

PO BOX 380 BLACKDUCK, MN 56630

Organization or Group Requesting Public Funding:

Blackduck After Prom

What type of project will the Public Funds used for:

Prizes for After Prom students

Describe IN DETAIL the overall benefits this will provide to the City of Blackduck as a body and what public purpose will the project provide to the residents of the City of Blackduck:

After Prom is for students to play games and win prizes and to keep them safe, instead of going out and partying! After Prom is from 12:30 Am-5:00 AM

Outline specifically WHAT PORTION of the project these funds will be used for:

All of the donation is used for prizes for After Prom students

What other Organization has your group contacted for funding? Please list names of other organizations and the dollar amounts requested and or grants requested:

Bldk Fire Relief Assoc, Timberline, Bogarts, Bldk Coop, Tri Sigma, Northwoods Lumber, Juelson Plumbing, Kendrick plumbing, J & L Oil, Bldk Garden Club, Reilly, Experts

Date Funds are being requested:

2-28-2020

Date the project starts and completes:

May 2 - May 3

See opposite side of form for Conditions for Requesting Public Funds

January 14, 2020

Dear Area Business Owners, Suppliers and Organizations:

**Nineteen years of safety-** the reason parents of juniors at Blackduck High School plan, host and organize the After-Prom party scheduled for May 2, 2020. Statistics indicate that alcohol-related peer pressure is strongest at prom time. A 2000 study by the National Highway Traffic Safety Administration shows the percent of traffic fatalities that were alcohol-related ranged between 58% and 70% (Source: Parent Wise, Spring 2003).

The community of Blackduck chooses not to be a part of these statistics. Thanks to generous donations from community members like you, this event has proven to be successful, fun, and safe for our teenagers. One hundred plus students typically attend the After-Prom party leaving in the morning with fabulous prizes and a lifetime of memories. The event has become a highlight for prom participants.

Our goal of \$6,000 provides entertainment, prizes, food and lots of giveaways for the students. Please consider being a generous After-Prom party contributor keeping Blackduck teens safe.

Please make checks payable to **Blackduck High School After-Prom**. Please send donations to:

Sandy Lien  
Blackduck High School After-Prom  
P.O.Box 550  
Blackduck, MN 56630

If you choose to donate prizes please call for prize(s) pick up:  
Sandy Lien: (218) 766-3733

We would appreciate a response by Thursday, April 1, 2020.  
Thank you for your consideration.

Sincerely,

The After-Prom Committee  
Blackduck High School