# AGENDA

## Blackduck City Council Meeting

**6:00 PM - Monday, August 10, 2026**

City Hall, 8 Summit Drive, Blackduck MN

Page

1. CALL TO ORDER
   - a. Roll Call
   - b. Pledge of Allegiance
2. APPROVAL OF AGENDA
3. CONSENT AGENDA

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


| | | |
|---|---|---|
| a. | July 6, 2026 Blackduck City Council Meeting Minutes<br>Council - Jul 06 2026 - Minutes - Pdf | 6 - 10 |
| b. | July 14, 2026 Revolving Loan Fund Committee Meeting Minutes<br>Minutes 07142026 | 11 |
| c. | July 15, 2026 Blackduck Planning Commission Meeting Minutes<br>Minutes 07152026 | 12 |
| d. | July 16, 2026 Kitchigami Regional Library Board Meeting packet including minutes from June 18, 2026<br>Packet 2026-07-16 KRLS Board Meeting | 13 - 90 |
| e. | July 21, 2026 Revolving Loan Fund Committee Meeting Minutes<br>Minutes 07212026 | 91 |
| f. | July 21, 2026 Blackduck Personnel Committee Meeting Minutes<br>Minutes 07212026 | 92 |
| g. | July 27, 2026 Blackduck City Council Work Session Meeting Minutes<br>Council - Work Session - Jul 27 2026 - Minutes - Pdf | 93 - 96 |
| h. | July 2026 Fund Balance Report<br>July 2026 Fund Balance Report | 97 |
| i. | July 2026 Bill Report<br>July Bill Report | 98 - 100 |
| j. | July 2026 Liquor Fund Vendor ACH payments - CashWise<br>CAshWise July | 101 - 103 |
| k. | July 2026 Sewer Income Statement<br>July 2026 Sewer Income Statement | 104 |
| l. | July 2026 Water Income Statement<br>July 2026 Water Income Statement | 105 |
| m. | July 2026 Pine Tree Park Income Statement | 106 |

July 2026 Pine Tree Park Income Statement

n. July 2026 Lakeview Cemetery Income Statement 107
July 2026 Lakeview Cemetery Income Statement

o. July 2026 Golf Course Income Statement 108
July 2026 Golf Course Income Statement

p. July 2026 Liquor Store Income Statement 109
July 2026 Liquor Store income statements

q. July 2026 Blackduck DMV Income Statement 110
July 2026 DMV Office Income Statement

r. June 2026 LG216 Lawful Gambling Monthly Rent Report - Blackduck Fire Relief Association 111
LG216 Blackduck Fire Relief Gambling Rent 072026

s. Final Approval - July 2026 Business Credit Card Payment 112 - 113
credit card payment

t. Final Approval - July 2026 EFT Disbursements for City of Blackduck payrolls supporting MN Statute §471.38 subd. 3 (3a) 114 - 117
July Payroll EFT

u. Final Approval - June 2026 Supplemental Bills 118 - 122
Supplement bill July

v. Final Approval - Local Option Sales Tax Report - May 2026 123
LOST May 2026

w. Final Approval - Local Option Sales Tax Report - June 2026 124
LOST June 2026

x. Final Approval - Q2 2026 No Fee Payments - Blackduck DMV - Office 180 125
DVS no fee Q2 2026

y. Final Approval - 2026 First Half Property Tax Settlement - City of Blackduck 126 - 130
JUne 2026 Tax Settlement

z. Final Approval - Q2 2026 Minnesota Paid Leave Liabilty 131 - 132
MN PD Leave Q2 2026

aa. Final Approval - Clarity Glass Invoice for Repair Services to Beer Cooler - Liquor Store 133
Untitled

ab. Final Approval - 2026 First Half LGA, Small Cities Assistance, and Class 4D1 Aid payments 134
0000201376

ac. Final Approval - 2026-27 Pre-Buy Propane Contract for Heating Season - Blackduck Coop 135 - 138
2026-27 Propane Prebuy

ad. Final Approval - Installment Arbitrage Report for General Obligation Tax Abatement Bonds, Series 2021A - Ehlers 139 - 152
Transmittal Letter-Series 2021A
Installment Arbitrage Report-Series 2021A

ae. Final Approval - Engagement Letter for Actuarial Services VIA for GASB 67/68 Pension Actuarial Services - City of Blackduck and Blackduck Fire Relief — 153 - 157
FYE2026-2027 Engagement Letter_Blackduck VFRA. signedpdf

af. Final Approval - Potential Refunding of Existing Bonds Report for the City of Blackduck - Ehlers — 158 - 160
City of Blackduck 2026_07_22_03_58_07_Refunding Analysis

ag. Final Approval - Blandin Foundation Grant Final Report - Grant #2024-14870 - Duck Statue — 161 - 164
Final Report with financials grant 2024-14870

ah. Final Approval - American Engineering Testing Report of Geotechnical Exploration Pond Bar & Grill Pavement Blackduck, MN — 165 - 188
Geotech Report - Blackduck - Pond Parking Lot

ai. Final Approval - Report of Geotechnical Exploration Sanitary Sewer Lift Station Blackduck, MN — 189 - 214
Geotech Report - Blackduck Sanitary Sewer Lift Station

aj. Final Approval - CliftonLarsonAllen LLP Representation Letter for the Financial Statement of the City of Blackduck for 2025 — 215 - 228
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ak. Final Approval - CliftonLarsonAllen LLP Representation Letter for Compliance requirements described in Title 2 US Code of federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards for the year ending 2024 for the City of Blackduck — 229 - 238
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al. Final Approval - Schedule of Expenditures of Federal Awards and other Required Reports for the City of Blackduck for 2024 — 239 - 260
City of Blackduck 2024 Single Audit

am. Final Approval - CPF Grant Reimbursement #4 Q2 2026 - Blackduck Library Project — 261 - 266
CPF Q2 2026

an. Final Approval - Municipal Secondary Market Disclosure Annual Report submission for the City of Blackduck 2025 Financials - Ehlers — 267
P22076039-P21577584-P22038380

4. 2025 FINANCIAL AUDIT PRESENTATION, CLA - TROY GABLER AND SIONA KELLY

a. City of Blackduck Auditor Communications Presentation for the FY2025 — 268 - 423
City of Blackduck Audit Presentation 2025
2025 Signed Governance Communication
2025 Signed Management Letter
2025 Signed Final Report and Financial Statements
2025 Signed Single Audit Report

5. REVOLVING LOAN FUND COMMITTEE RECOMMENDATION, SEAN MORAN HRDC

a. Mary Larson/Larson Creations, LLC dba Anderson Fabrics Quilt Shop Loan Request — 424 - 425

MEMO- to City of Blackduck

6. 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.*

7. REPORTS OF COMMITTEES AND CITY STAFF

7.1. Public Works Report - Mike Schwanke, Public Works Director

a. Lift Station Renovation Project - updates — 426 - 428

Series 2026A GO Sewage Disposal Bds 20 Yr Option 2026-08-05

7.2. Liquor Store Report - Shawnda Lahr, Director of Liquor Operations

7.3. Fire Department Report - Brian Larson, Fire Chief

a. August 13, 2026 @ 6pm - Blackduck Fire Protection Annual Budget Meeting of Towns/Cities - Packet — 429 - 434

Fire Protection Meeting Packet 08132026

7.4. Golf Course Report - Misty Frenzel, Golf Course Director

a. Approval Needed - Quote for Computer replacement for Blackduck Golf Course - MIS Quote #3000205468585.1 — 435 - 438

Quote for new computer at golf course

7.5. Library Report - Kelly Hanks, Head Librarian

a. Approval Needed - Siding Quote for Blackduck Library - DK Builders — 439 - 441

DK Builders Blackduck Library
Library Project Budget worksheet

8. ADMINISTRATOR'S REPORT

a. Donation Request - Blackduck Boys and Girls Club, Emily Fairchild — 442 - 444

BandG Blackduck

b. Approval Needed - Resolution 2026-04 - Revision 1 - Resolution to appoint election judges for the 2026 State Primary, State General Elections, and Municipal Elections — 445

2026-04 - revision 01 - Resolution to appoint election judges for the 2026 municipal elections

c. Approval Needed - Resolution 2026-12 - Revision 1 - Resolution supporting the department of Public Safety for appointment of the City Administrator in the role of Appointee, and the Mayor in the role of Authorized Representative for the City of Blackduck — 446

2026-12 - revision 1 - Resolution appointing the City Mayor as deputy registrar for the City of Blackduck

d. Approval Needed - City of Blackduck Fund Balance & Reserve Policy - revisions recommended by independent auditors CLA — 447

Updated - 063026Fund Balance Reserve Policy

e. July 7, 2026 - August 10, 2026 - Minnesota Primary Absentee Balloting Open

f. August 11, 2026 - Minnesota State Primary Election - Polls Open 7am - 8pm

g. August 13, 2026 @ 2pm - Blackduck Finance Committee Meeting - 2027 Budget Planning

h. August 13, 2026 @ 6pm - Blackduck Fire Protection Budget Meeting of Cities and Towns

i. August 17, 2026 @ 6pm - Blackduck City Council Work Session

j. September 8, 2026 @ 6pm - Blackduck City Council Meeting

k. Donation Request - Madden McKean Foundation, Dick McKean - 448
**RESCHEDULED FOR COUNCIL MEETING ON SEPTEMBER 8, 2026**
Madden Mckean Foundation Donation REquest

9. MAYOR AND/OR COUNCIL MEMBER REPORTS

10. COMMUNITY EVENTS/GOOD THINGS HAPPENING

11. ADJOURNMENT

# MINUTES
# Council Meeting

**6:00 PM - Monday, July 6, 2026**
City Hall, 8 Summit Drive, Blackduck MN

The Council of the City of Blackduck was called to order on Monday, July 6, 2026, at 6:00 PM, in the City Hall, 8 Summit Drive, Blackduck MN, with the following members present:

| | |
|---|---|
| **COUNCILORS PRESENT:** | Mayor Maxwell Gullette, Councilor Laurie Hamilton, and Council member Ronald Fredrickson |
| **COUNCILORS EXCUSED:** | Councilor Nicholas Seitz |
| **STAFF PRESENT:** | City Administrator Christina Regas and Public Works Director Mike Schwanke |
| **OTHERS PRESENT:** | Connie Moen, Blackduck Tri-Sigma, Time Ramerth and Joe Pelawa of Widseth |

**1. CALL TO ORDER**

a. Roll Call
Regas took roll call of those present to the meeting.

b. Pledge of Allegiance
Mayor Gullette led the meeting with the pledge of allegiance.

**2. APPROVAL OF AGENDA**

a.

Laurie Hamilton moved to approve the agenda as presented Ronald Fredrickson seconded the motion.

Carried 3 to 0

| | |
|---|---|
| Maxwell Gullette | For |
| Laurie Hamilton | For |
| Ronald Fredrickson | 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. June 8, 2026 Blackduck City Council Meeting Minutes

b. JUne 18, 2026 - Kitchigami Regional Library Board Meeting packet including May 21, 2026 minutes

c. June 2026 Fund Balance Report

d. June 2026 Bill Report

e. June 2026 Liquor Fund Vendor ACH payments - CashWise

f. June 2026 Sewer Income Statement

g. June 2026 Water Income Statement

h. June 2026 Pine Tree Park Income Statement

i. June 2026 Lakeview Cemetery Income Statement

j. June 2026 Golf Course Income Statement

k. June 2026 Liquor Store Income Statement

l. June 2026 Blackduck DMV Income Statement

m. Q2 2026 Blackduck General Fund Income Statement

n. May 2026 LG216 Lawful Gambling Monthly Rent Report - Blackduck Fire Relief Association

o. Final Approval - June 2026 Business Credit Card Payment

p. Final Approval - June 2026 EFT Disbursements for City of Blackduck payrolls supporting MN Statute §471.38 subd. 3 (3a)

q. Final Approval - May 2026 Supplemental Bills

r. Final Approval - Local Option Sales Tax Report - April 2026

s. Final Approval - Delay of Issuance City of Blackduck 2025 Financial Audit letter to OSA - CLA Troy Gabler

t.

Laurie Hamilton moved to approve the consent agenda as presented Ronald Fredrickson seconded the motion.

Carried 3 to 0

| | |
|---|---|
| Maxwell Gullette | For |
| Laurie Hamilton | For |
| Ronald Fredrickson | For |

## 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.*

a. There was no one to speak for the Blackduck Forum.

## 5. REPORTS OF COMMITTEES AND CITY STAFF

### 5.1. PUBLIC WORKS REPORT - MIKE SCHWANKE, PUBLIC WORKS DIRECTOR

5.1.1. Report -

Schwanke reports the street light panel for downtown is repaired but there are issues with another section of lights out on the other side of Summit Ave. and TH71. Schwanke states his staff have been working on repairs to mowers this month; and has ordered tires for the irrigators. Schwanke states the fields have been cut and now the guns on the irrigators can be turned back on. Schwanke states his is working on the replacement of the Pine Tree Park


Page 7 of 48

entrance sign. Mayor Gullette asks if there has been any wash outs from the recent rains. Schwanke states gravel roads are in good shape and new gutters on the beach pavillion have improved the erosion on the beach.

5.1.2. Widseth Report -
Lift Station Project -

Ramerth and Pelawa provided a preliminary construction costs for the four lift stations with cost for generators requesting feedback from the city if the project is still feasible. Pelawa states that if the city can afford the new estimates then the next step will be to go out for bids but with the new estimates and soft costs the total project will be close to $1 million. Pelawa states most of the increase is from the Drake Lift Station and is recommending the city move ahead. Regas recommends getting new schedules from Ehler's to see the increase in payments as soon as possible to receive council feedback at the July work session. Schwanke asked the city council after seeing the new estimates is the city still leaning to move forward. Councilor Fredrickson states he would like to see new payment schedules and hear how the city would repay the debt. Councilor Hamilton asks what would happen if the Drake Lift Station fails. Schwanke states if the Drake Lift Station fails then all the connections on Frontage road will have to shut down until updated and running. Regas states because the project is on wastewater the city has the ability to levy and use wastewater revenue to repay debt. Pelawa states that all the lift stations in the project have used up their life and they should be updated soon.

SWCD update

Pelawa states he met with the council last week and they have one water sample that raises suspicions for Widseth. Pelawa recommeded additional water samples to rule out any mistakes as the one sample taken has fecal coliform in it and the sample was taken from a location in the outlay area of the park. Pelawa wants to ensure the suspicious sample brings up questions because what SWCD is suggesting to install will not work. Pelawa states when benchmark samples are taken and better conversations moving forward can be discussed. Councilor Hamilton asked what does a sample with that in it come from. Pelawa states is could be from dog feces, bird feces, etc.

Soil Borings at The Pond Parking Lot

Ramerth reports the reports just came back and will provide at the work session. Ramerth states there was a lot of silt in the samples which was expected.

**5.2. LIQUOR STORE REPORT - SHAWNDA LAHR, DIRECTOR OF LIQUOR OPERATIONS**

5.2.1. No report provided.

**5.3. GOLF COURSE REPORT - MISTY FRENZEL, GOLF COURSE DIRECTOR**

5.3.1. No report provided.

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

5.4.1. July 16, 2026 - KRLS Board Meeting

Councilor Hamilton reports not able to attend this meeting in July and the local library is gearing up for Woodcarvers getting baskets ready. Hamilton asked for updates on shelving. Regas states there are mis-shipped shelves being sent this month and we have to ship back over shipped up-rights. Regas states there will be no additional shipping cost to the city on the errors.

**6. ADMINISTRATOR'S REPORT**

a. Donation Request - Blackduck GFWC Tri Sigma - Blackduck Area Walk to End Alzheimers -Connie Moen

Moen presented on behalf of the Blackduck GFWC Tri Sigma the organization plan to host the first Alzheimers Walk in September.

Laurie Hamilton moved to approve a donation from the liquor rent fund for $500 Ronald Fredrickson seconded the motion.

Carried 3 to 0

| | |
|---|---|
| Maxwell Gullette | For |
| Laurie Hamilton | For |
| Ronald Fredrickson | For |

b. Council Information - City of Blackduck 2025 Financial Audit Deadline Extension Request to State Auditor

Regas reports the City 2025 Financial Audit presentation from CLA has been delayed and an extension for submission to the OSA has been approved for 45 days. Councilor Fredrickson asked why the Mayor and Administrator was provided information and can the council be provided those details. Regas stated during her leave CLA discovered a staff person stated they completed work on the single-audit work but was not completed and that delayed the final audit completion.

c. Council Information - City of Blackduck Notice of Filing - 2026 General Election for City of Blackduck Council seats

Regas outlined the seats open at the general election in November and states candidate filing is now July 14- July 28, 2026. Councilor Fredrickson asked if the vacated seat could be appointed prior to the general election. Regas states yes, an appointment can be made but that candidate must also file for the special seat.

d. July 7, 2026 - August 10, 2026 - Minnesota Primary Absentee Balloting Open

e. July 14, 2026 - July 28, 2026 - City of Blackduck Candidate Filing for General Election

f. July 15, 2026 @ 2pm - Blackduck Planning Commission Meeting

g. July 16, 2026 - Blackduck City Hall Closed Early @ Noon - Election Judge Training

h. July 27, 2026 @ 6pm - City Council Work Session

i. August 10, 2026 @ 6pm - Blackduck City Council Meeting

j. August 11, 2026 - Minnesota State Primary Election - Polls Open 7am - 8pm

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

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

## 9. ADJOURNMENT

a.

Ronald Fredrickson moved to adjourn the council meeting at 6:55pm Laurie Hamilton seconded the motion.

Carried 3 to 0

| | |
|---|---|
| Maxwell Gullette | For |
| Laurie Hamilton | For |
| Ronald Fredrickson | For |

City Administrator, Christina Regas

Maxwell Gullette, Mayor

# CITY OF BLACKDUCK
# REVOLVING LOAN COMMITTEE
# TUESDAY, JULY 14, 2026
# ZOOM MEETING

Present: Dwight Kalvig, Christina Regas, Grant Frenzel, and Maxwell Gullette and Sean Moran HRDC

The minutes are dictated from zoom meeting summary.

OLD BUSINESS
*Nothing discussed.*

NEW BUSINESS

Larsen Creations LLC Loan Application –

Moran presented the committee members with the loan application and required financial documents for Larsen Creations LLC for storefront renovations to their fabric store building for roof repairs, metal siding, and potential additional cost of $40,000. The committee expressed support for the local business and requested loan contingencies to include a title search to verify what position the City of Blackduck would be in for the loan; Insurance to the Building and contents; and additional personal finance statements. Committee members expressed support for the loan, noting the business's local impact and community value. The committee identified items to be further verified prior to final consideration and recommendation to the City Council. Moran will finalize contingencies with the applicant and the committee will revisit Friday, July 17, 2026.

ADJOURN – the members adjourned the zoom meeting @ 11:58am

# BLACKDUCK PLANNING MEETING

Regular Planning Meeting

Blackduck City Hall

July 15, 2026 @ 2pm

**ROLL CALL:**
**Commissioners present:** John Winnett, Kayla Smischney, and Ernie Tindell

**Commissioners Absent:** Curt Cease, and Ron Rockis

**Staff Present:** Christina Regas

Meeting was called to order at 2:10pm by Commissioner Winnett

**Approval of Minutes –** *Moved by Tindell and seconded Smischney by to approve the minutes of the April 15, 2026. Motion Carried.*

**Old Business –**

1. Birch & Beyond Inc – Petition for Vacation of Alley – Regas reports no new action taken at this time.
2. Mike Murray ROW request – 325 Summit Ave E. – Request vacate/sale ROW – Regas reports no new action taken at this time.
3. Public Nuisance/Blight Administration Fines – Regas states now that the June 30th deadline has past a review of the identified locations should be happen. Winnett volunteered to tour the properties, take pictures and report to Regas. Regas states she will compile those pictures and send to the commissioners for review of which properties are fined. More discussion at the August 19th, 2026 meeting.

**New Business –**

1. Permits Issued Since Last Meeting – Regas summarized the following permits issued from the City.
    a. Permit 2026-02 – Ronald Fredrickson – 40 1st St. NW – Extension of Fence
    b. Permit 2026-03 – Dixon Patch – 325 Mill Ave SE – Construction of Single Family Home with attached garage
    c. Permit 2026-04 – Greg Sorheim – 441 Summit Ave SE PID 81.00431.00 (needs new address) – Construction of 5 12' x 12' storage units (emailed application to PC 6/15/26 with approval feedback. *Regas noted a ROW Vacation may be requested by owner at a future date.*
    d. Permit 2026-05 – Larsen Creations LLC – 24 Summit Ave E. – Addition to rear of existing commercial structure of 860 sq. ft.
2. Addressing Application for 348 Summit Ave W. – Preliminary application – City awaiting final approval by applicant to submit to County GIS department – Regas reports no final request has been made since proposed closing; Commissioner Winnett reports that sale did not move forward and the application is not needed. Nothing further.

**Adjourn –** *Moved by Commission Tindell and seconded by Commission Smischney to adjourn the planning meeting at 2:25pm. Motion carried.*

Kitchigami Regional Library

**Board Meeting July 16, 2026, 6:00 p.m.**

Kitchigami Regional Headquarters Building, Pine River, MN

## A G E N D A

1. Call to order and Pledge of Allegiance
2. KRLS Oath of Office (as needed)
3. Approval of Agenda
4. Public Input
5. Consent Agenda
    a. Minutes: June 18, 2026, pg. 5
    b. Bills: June 2026, pg. 8
    c. Financial Statements: YTD 2026, pg. 12
    d. Interim Director's Report, pg. 15
6. Old Business
    a. Administration Building Security, pg. 16
    b. Other
7. New Business
    a. Arts & Cultural Heritage Fund Application, 2027, pg. 19
    b. SIRSI/Dynix Consultant, pg. 54
    c. All Staff Day – October 12, 2026, pg. 61
    d. Approval of MNLINK Agreement, Addendum No. 1, pg. 62
    e. Library Director Search, pg. 69
    f. Other
8. Chair's Report
9. Adjournment

**Please contact Svetlana Lang at 218-587-2171 x 224 or langs@krls.org with your attendance preference, or if you are unable to attend.**

## FUTURE BOARD MEETINGS

| | | |
|---|---|---|
| September 17, 2026 | November 19, 2026 | January 21, 2027 |
| March 18, 2027 | May 20, 2027 | June 17, 2027 |

# 2025 Kitchigami Regional Library Board Members (revised 01/26/2026)

Kitchigami Director Melissa Whatley (whatleym@krls.org)

**BELTRAMI COUNTY**
Joe Gould (County Commissioner)
Ph: 218-259-4342; E: joe.gould@co.beltrami.mn.us
**Alternate:** Vacant

**CASS COUNTY**
Scott Bruns (County Commissioner)
Ph: 218-820-6545; E : scott.bruns@casscountymn.gov
**Alternate:** Neal Gaalswyk (County Commissioner)
Ph: 218-839-1841; E: neal.gaalswyk@casscountymn.gov

**CROW WING COUNTY**
Jamie Lee (County Commissioner)
Ph: 218-866-9040; E: jamie.lee@crowwing.gov
**Alternate:** Steve Barrows (County Commissioner)
Ph: 218-820-8199; E: steve.barrows@crowwing.us

**HUBBARD COUNTY**
Tom Krueger (County Commissioner)
Ph: 218-616-4069; E: tom.krueger@co.hubbard.mn.us
**Alternate:** Charlene Christenson (Cty Commissioner)
Ph: 218-616-2181; E: cchristenson@co.hubbard.mn.us

**WADENA COUNTY**
Murlyn Kreklau (County Commissioner)
Ph: 218-837-5352; Cell: 218-639-2011
E: murlyn.kreklau@co.wadena.mn.us
**Alternate:** Ron Noon
Ph: 218-639-0797; E: ron.noon@wcmn.us

**CITY OF BEMIDJI**
Lynn Eaton
Ph: 218-766-4722; E: lynn.eaton@ci.bemidji.mn.us
**Alternate:** Mark Dickinson
Ph: 218-766-9887; E: mark.dickinson@ci.bemidji.mn.us

**CITY OF BLACKDUCK**
Laurie Hamilton
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E: laurie.hamilton@blackduckmn.com
**Alternate:** Donald Johnson
Ph: 651-280-9694; E: donald.johnson@blackduckmn.com

**CITY OF BRAINERD**
Mary Koep
Ph: 218-829-9793; E: marywaltk@icloud.com
**Alternate:** Vacant

**CITY OF CASS LAKE**
Cecil Reams
Ph: 218-335-6654; E: cgriii@msn.com
**Alternate:** Vacant

**CITY OF LONGVILLE**
Neil Tobiason
C: 763-442-5066; E: neil.tobiason@gmail.com
**Alternate:** Phyllis Eck
Ph: 218-539-0354; E: 1849pe@gmail.com

**CITY OF PARK RAPIDS**
Jeremy Engholm
Ph: 218-616-2280
E: jeremy.engholm@ci.park-rapids.mn.us
**Alternate:** Vacant

**CITY OF PINE RIVER**
Brent Norman
Ph: 218-536-0668; E: nscleaners@gmail.com
**Alternate:** Tamara Hansen
Ph: 218-587-2440; E: mayor@cityofpineriver.org

**CITY OF WADENA**
Mark Lunde
Ph: 218-639-5662; E: mlunde@wadena.org
**Alternate:** Duke Harrison
Ph: 218-639-9077; E: dharrison@wadena.org

**CITY OF WALKER**
Gene Granberg
Ph: 320-469-3454; E: ggranberg@ci.walker.mn.us
**Alternate:** Jerecho Worth
Ph: 218-209-5899; E: jworth@ci.walker.mn.us

# 2026 KITCHIGAMI REGIONAL LIBRARY BOARD COMMITTEES

**(Revised 06/24/2026)**

## Board Officers

| | |
|---|---|
| Chair | Tom Krueger |
| Vice-Chair | Murlyn Kreklau |
| Treasurer | Lynn Eaton |
| Secretary | Brent Norman |

**BUDGET COMMITTEE**
Tom Krueger, Chair
Joe Gould
Murlyn Kreklau
Jamie Lee
Scott Bruns

**PERSONNEL / UNION NEGOTIATION COMMITTEE**
Tom Krueger, Chair
Murlyn Kreklau
Jeremy Engholm

**AUDIT COMMITTEE**
Tom Krueger, Chair
Lynn Eaton

**OUTREACH COMMITTEE**
Committee of the Whole

**STRATEGIC PLANNING / POLICY COMMITTEE**
Tom Krueger, Chair
Lynn Eaton
Brent Norman
Jeremy Engholm
Mary Koep

**INTERNET / ELECTRONIC RESOURCES COMMITTEE**
Tom Krueger, Chair
Brent Norman
Joe Gould

**EXTERNAL BOARDS**

**NORTHERN LIGHTS LIBRARY NETWORK**
Governing Board Members:
Delegates: Joe Gould
Jamie Lee

**NWLinks**
Delegate:

**Kitchigami Regional Library**

# Oath of Office Policy

## Policy

This policy establishes the text of the oath of office that must be taken by all members of the Kitchigami Regional Library board of trustees and the administration of that oath.

## Oath

"I do swear to support the constitutions of the United States and of this state; to discharge faithfully the duties of this office to the best of my judgment and ability; to represent the library both to the people and to the governing officials; to see that adequate funds are obtained for good library service; to promote the best possible use of all library resources in the area; to improve existing library service to those not previously served."

## Administration

1. The Oath of Office will be administered by the KRLS Director to all members of the board of trustees at the first meeting of the board in each new calendar year, following the election of the board's officers.

2. The Oath of Office will be administered to each member of the board whose term of office begins during the calendar year at the first regular board meeting following the member's appointment.

(adopted by KRLS Board 5/20/04; first administered at that meeting)

**Kitchigami Regional Library System**
**Board Meeting, June 18, 2026, 6:00 p.m.**
**Kitchigami Headquarters Building, Pine River, MN**

| | |
|---|---|
| Board members present: | Brent Norman, Jeremy Engholm, Lynn Eaton, Tom Krueger, Scott Bruns, Mary Koep, Murlyn Kreklau, Gene Granberg, Neil Tobiason |
| Board members present by interactive technology: | Laurie Hamilton (Blackduck), Cecil Reams (Cass Lake), Joe Gould (Beltrami Cty.) |
| Board members absent: | Jamie Lee (Crow Wing Cty.), Mark Lunde (City of Wadena) |
| Others present, non-voting: | In-Person: Carol Christensen, Melissa Dingman, Terria Rohloff<br><br>Interactive Technology: M. Erickson |

Chair Tom Krueger called the meeting to order at 6:02 p.m. and requested participation in reciting the Pledge of Allegiance.

| | |
|---|---|
| KRLS Oath of Office | None. |
| Approval of Agenda | Chair Krueger requested to add Item 6d – Headquarters Land Discussion<br>**Motion by Murlyn Kreklau, seconded by Jeremy Engholm, to approve the amended agenda.** Roll call vote was taken. Yes: In-person – Brent Norman, Jeremy Engholm, Lynn Eaton, Tom Krueger, Scott Bruns, Mary Koep, Murlyn Kreklau, Gene Granberg, Neil Tobiason.<br>via Zoom – Cecil Reams, Joe Gould, Laurie Hamilton. **Motion carried.** |
| Public Input | There was no public input at this meeting. |
| Consent Agenda | **Motion by Lynn Eaton, seconded by Murlyn Kreklau, to approve the consent agenda Items A-D.**<br>**a. Minutes: May 21, 2026**<br>**b. Bills: May 2026**<br>**c. Financial Statements: YTD 2026**<br>**d. Interim Director's Report**<br>**Motion by Murlyn Kreklau, seconded by Jeremy Engholm, to approve the amended agenda.** Roll call vote was taken. Yes: In-person – Brent Norman, Jeremy Engholm, Lynn Eaton, Tom Krueger, Scott Bruns, Mary Koep, Murlyn Kreklau, Gene Granberg, Neil Tobiason.<br>via Zoom – Cecil Reams, Joe Gould, Laurie Hamilton. **Motion carried.** |

Old Business

Pine River Library Foundation Discussion

**Motion by Murlyn Kreklau, seconded by Lynn Eaton, to approve a letter from the KRLS Board Chair to the Pine River Library Building Foundation with an explanation of investigative findings.**
Roll call vote was taken. Yes: In-person – Brent Norman, Jeremy Engholm, Lynn Eaton, Tom Krueger, Scott Bruns, Mary Koep, Murlyn Kreklau, Gene Granberg, Neil Tobiason. via Zoom – Cecil Reams, Joe Gould, Laurie Hamilton. **Motion carried.**

2027 KRLS City/County Operating Budgets

**Motion by Gene Granberg, seconded by Lynn Eaton, to approve sending draft operating budgets to cities and counties.** Roll call vote was taken. Yes: In-person – Brent Norman, Jeremy Engholm, Lynn Eaton, Tom Krueger, Scott Bruns, Mary Koep, Murlyn Kreklau, Gene Granberg, Neil Tobiason. via Zoom – Cecil Reams, Joe Gould, Laurie Hamilton. **Motion carried.**

Administration Building Security

The Board discussed options for CCTV cameras and a key card entry system for the KRLS headquarters building. Interim Director Brechon will bring more information to the meeting on July 16, 2026.

Joe Gould left the meeting at 6:29 p.m.

Headquarters Land Discussion

**Motion by Lynn Eaton, seconded by Jeremy Engholm, to set a price range for the sale of land around the KRLS Headquarters building as $28,000 - $32,000.**
Roll call vote was taken. Yes: In-person – Brent Norman, Jeremy Engholm, Lynn Eaton, Tom Krueger, Scott Bruns, Murlyn Kreklau, Gene Granberg, Neil Tobiason. via Zoom – Cecil Reams, Laurie Hamilton. No: Mary Koep. **Motion carried.**

New Business --

Pine River State Bank Authorization

**Motion by Scott Bruns, seconded by Lynn Eaton, to approve Pine River State Bank authorization changes.** Roll call vote was taken. Yes: In-person – Brent Norman, Jeremy Engholm, Lynn Eaton, Tom Krueger, Scott Bruns, Mary Koep, Murlyn Kreklau, Gene Granberg, Neil Tobiason. via Zoom – Cecil Reams, Laurie Hamilton. **Motion carried.**

2027 Regional Library Basic System Support (RLBSS) Application

**Motion by Jeremy Engholm, seconded by Scott Bruns, to approve the 2027 RLBSS Application.** Roll call vote was taken. Yes: In-person – Brent Norman, Jeremy Engholm, Lynn Eaton, Tom Krueger, Scott Bruns, Mary Koep, Murlyn Kreklau, Gene Granberg, Neil Tobiason.
via Zoom – Cecil Reams, Laurie Hamilton. **Motion carried.**

Outsourcing Bookkeeping/Payroll,

**Motion by Gene Granberg, seconded by Lynn Eaton, to approve a one-year contract with Abdo Solutions with the stipulation that any non-essential start-up costs require Board approval.** Roll call vote was taken. Yes: In-person – Brent Norman, Jeremy Engholm, Lynn Eaton, Tom Krueger, Scott Bruns, Mary Koep, Murlyn Kreklau, Gene Granberg, Neil Tobiason. via Zoom – Cecil Reams, Laurie Hamilton.
**Motion carried.**

| | |
|---|---|
| Chair's Report | Chair Krueger informed the board members that he would be speaking with Pat Melville of DDA regarding the search for a Regional Director candidate.<br><br>He also asked Interim Brechon about the grant application with Sourcewell. She responded that she would be applying the following week for a July application.<br><br>The Brandenberg Trust donation is now in a three-month CD.<br><br>The Personnel Committee completed negotiations with former director Melissa Whatley. |

**Motion by Lynn Eaton, seconded by Jeremy Engholm, to adjourn at 7:11 p.m.**

Roll call vote was taken. Yes: In-person – Brent Norman, Jeremy Engholm, Lynn Eaton, Tom Krueger, Scott Bruns, Mary Koep, Murlyn Kreklau, Gene Granberg, Neil Tobiason. via Zoom – Cecil Reams, Laurie Hamilton. **Motion carried.**

Minutes respectfully submitted by Administrative Assistant Svetlana Maria Lang.

Minutes signed by Board Secretary Brent Norman _____

Date _____

**KITCHIGAMI REGIONAL LIBRARY SYSTEM**
**CHECK REGISTER**
**June 3, 2026**

| CK Number | Name | Description | Amount |
|---|---|---|---|
| 27014 | WADENA STATE BANK | OPEN A CD FROM BEMIDJI DONATION | 304,564.85 |
| | | TOTAL A/P CHECK RUN | **304,564.85** |

**KITCHIGAMI REGIONAL LIBRARY SYSTEM**
**CHECK REGISTER**
**June 10, 2026**

| CK Number | Name | Description | Amount |
|---|---|---|---|
| 27015 | ABDO, LLP | LEGAL FEES | 3,995.50 |
| 27016 | ABM/THE OFFICE SHOP | COPIER LEASES | 468.22 |
| 27017 | AFSCME CO 65 | AFSCME COUNIL 65 UNION DUES: MAY.2026 | 1,036.82 |
| 27018 | AFSCME PEOPLE | VOLUNTARY PAYROLL DEDUCTION | 8.50 |
| 27019 | AMAZON | Remittance Stub | - |
| 27020 | AMAZON | BOOKS | 1,761.90 |
| 27021 | AMAZON OFFICE | OFFICE SUPPLIES: HQ | 248.71 |
| 27022 | ARVIG | PHONE: CL, LV, WD & WK | 343.80 |
| 27023 | AUTO-OWNERS INSURNCE | VEHICLE INSURANCE | 10,815.19 |
| 27024 | BLUE CROSS BLUE SHIELD | VISION INSURANCE | 108.97 |
| 27025 | BOOK PAGE | SUBSCRIPTIONS | 438.00 |
| 27026 | BRECHON, MELISSA | REIMB INTERIM DIRECTOR | 2,959.94 |
| 27027 | BRODART | BOOK JACKETS | 193.06 |
| 27028 | CENTURY LINK | BR & BJ TELEPHONES | 347.05 |
| 27029 | CITY OF PINE RIVER | HQ WATER | 31.00 |
| 27030 | CROSSING ARTS | LEGACY ARTIST | 1,680.00 |
| 27031 | DEERWOOD TECHNOLOGIES | NETWORK SUPPORT | 23,705.00 |
| 27032 | DEMCO INC | BOOK COVERS | 203.95 |
| 27033 | DIAMOND BUILT | LAWN CARE | 230.00 |
| 27034 | EATON, LYNN | MILEAGE REIMB 2026 | 98.60 |
| 27035 | EBSCO | PUBLICATIONS | 117.09 |
| 27036 | ENGHOLM, JEREMY | MILEAGE REIMB 2026 | 130.50 |
| 27037 | FOLLETT CONTENT | BOOKS | 662.01 |
| 27038 | FORUM COMPANY | ADVERTISING | 1,474.61 |
| 27039 | GALE/CENGAGE LEARNING | Remittance Stub | - |
| 27040 | GALE/CENGAGE LEARNING | Remittance Stub | - |
| 27041 | GALE/CENGAGE LEARNING | Remittance Stub | - |
| 27042 | GALE/CENGAGE LEARNING | BOOKS | 3,603.06 |
| 27043 | GENE GRANBERG | MILEAGE REIMB 2026 | 43.50 |
| 27044 | HOMEWARD BOUND | LEGACY ARTIST | 675.00 |
| 27045 | HOOPLA/MIDWEST TAPE | E RESOURCES | 14,999.85 |
| 27046 | IREAD | SRP INCENTIVES | 3,266.40 |
| 27047 | KIMBER CREEK FORD | OIL CHG: 2023 DELIVERY VAN | 642.15 |
| 27048 | KNOTTS, BETH LEY | LEGACY ARTIST | 362.50 |
| 27049 | KOEP, MARY | MILEAGE REIMB 2026 | 46.40 |
| 27050 | KREKLAU, MURLYN | MILEAGE REIMB 2026 | 53.65 |
| 27051 | KRUEGER, TOM | MILEAGE REIMB 2026 | 87.00 |
| 27052 | LEE, JAMIE | MILEAGE REIMB 2026 | 39.15 |
| 27053 | LIBERTY BUSINESS SYSTEMS | COPIER LEASE/INSURANCE WADENA | 413.00 |
| 27054 | LIBRARIA | BOOKS | 2,065.87 |
| 27055 | LYONS, MICHAEL | LEGACY ARTIST | 300.00 |
| 27056 | MARCO-BEMIDJI | COPIER LEASE | 114.98 |
| 27057 | MARCO-WALKER | COPIER LEASE | 18.30 |
| 27058 | MIDWEST TAPE | Remittance Stub | - |
| 27059 | MIDWEST TAPE | Remittance Stub | - |
| 27060 | MIDWEST TAPE | BOOKS | 2,225.15 |
| 27061 | MN CLEANING SOLUTIONS | BRAINERD LIBRARY CLEANER | 330.00 |
| 27062 | MINNESOTA POWER | HQ ELECTRICITY | 483.74 |
| 27063 | MPR | RADIO ADS IN BJ & BR | 500.00 |
| 27064 | OCLC | E RESOURCES | 4,102.82 |
| 27065 | OFFICE SHOP | OFFICE SUPPLIES: HQ | 4,681.07 |
| 27066 | PAUL BUNYAN COMMUNICATIONS | TELEPHONES: BJ & BK | 101.73 |
| 27067 | PAYNE, JAN D. | LEGACY ARTIST | 250.00 |
| 27068 | PEMBERTON LAW PLLP | LEGAL FEES | 39,272.66 |
| 27069 | PENWORTHY | BOOKS | 937.34 |
| 27070 | PR SANITARY DISTRICT | HQ SEWER | 48.40 |
| 27071 | RESOLUTE LAW, LLC | LEGAL FEES | 6,020.00 |
| 27072 | ROHLOFF, TERRIA | LODGING & MILEAGE REIMB 2026 | 1,585.15 |
| 27073 | SQUIRES, VALERIE | MILEAGE REIMB 2026 | 14.50 |
| 27074 | TOBIASON, NEAL | MILEAGE REIMB 2026 | 36.25 |
| 27075 | UNIVERSITY OF NW-ST.PAUL | ILL EXPENSE | 20.00 |
| 27076 | WARREN, SHERILYN | MILEAGE REIMB 2026 | 854.19 |
| 27077 | WASTE PARTNERS | HQ GARBAGE | 80.43 |
| | | TOTAL A/P CHECK RUN | **139,332.66** |

**KITCHIGAMI REGIONAL LIBRARY SYSTEM**
**PAYROLL CHECKS**
**Payroll for June 10th (May 16th through 31st)**

| Pay Day | Check Numbers | Account | Amount |
|---|---|---|---|
| 6/10/2026 | 52700 - 52784 | Direct Deposits | 70,327.26 |
| | | Minnesota Withholding Tax paid | 3,329.70 |
| | | Federal Withholding Tax paid | 19,391.30 |
| | | PERA-Public Employee Retirement Association paid | 11,645.23 |
| | | Union Dues Withholding | 502.54 |
| | | Total Payroll Expense | **$ 105,196.03** |

| | |
|---|---|
| **AMOUNT EXPENSED** | **549,093.54** |

**KITCHIGAMI REGIONAL LIBRARY SYSTEM**
**CHECK REGISTER**
**June 25, 2026**

| CK Number | Name | Description | Amount |
|---|---|---|---|
| 27078 | AMAZON BOOKS | Remittance Stub | - |
| 27079 | AMAZON BOOKS | BOOKS | 2,879.77 |
| 27080 | AMAZON OFFICE | CUSTODIAL SUPPLIES, LIBRARY SUPPLIES | 237.34 |
| 27081 | ARVIG | PHONE: PK | 56.87 |
| 27082 | BRANDT-LOER, AUDREY ELISSA | LEGACY: LET'S CREATE KITS 9 OF 12 | 480.00 |
| 27083 | BRECHON, MELISSA | REIMB. | 614.25 |
| 27084 | CANON | COPIER LEASE/INSURANCE WK & PR | 157.88 |
| 27085 | CASS COMPANY INSURANCE | DIRECTORS & OFFICER INSURANCE | 3,421.00 |
| 27086 | CROSSING ARTS ALLIANCE | LEGACY ARTIST | 2,520.00 |
| 27087 | DAVIDGE, CHRISTINA | LEGACY ARTIST | 250.00 |
| 27088 | DEERWOOD TECHNOLOGIES | NETWORK SUPPORT, DATA STORAGE | 29,864.75 |
| 27089 | EATON, LYNN | BOD MILEAGE | 82.65 |
| 27090 | ENGHOLM JEREMY | BOD MILEAGE | 65.25 |
| 27091 | FOLLETT CONTENT | BOOKS | 43.19 |
| 27092 | GALE/CENGAGE LEARNING | Remittance Stub | - |
| 27093 | GALE/CENGAGE LEARNING | Remittance Stub | - |
| 27094 | GALE/CENGAGE LEARNING | BOOKS | 1,745.28 |
| 27095 | HANKS, KELLY | MILEAGE REIMB. | 121.80 |
| 27096 | HOMEWARD BOUND | LEGACY ARTIST | 6,260.00 |
| 27097 | JUNIOR LIBRARY GUILD | BOOKS | 4,500.00 |
| 27098 | KILGORE, EMILY | LEGACY ARTIST | 6,000.00 |
| 27099 | KNOTTS, BETH LEY | LEGACY ARTIST | 400.00 |
| 27100 | KOEP, MARY | BOD MILEAGE | 46.40 |
| 27101 | KREKLAU, MURLYN | BOD MILEAGE | 53.65 |
| 27102 | KRUEGER, THOMAS | BOD MILEAGE | 43.50 |
| 27103 | LAKES PRINTING | KRLS #10 WINDOW ENVELOPES | 899.10 |
| 27104 | LANG, SVETLANA | REIMB. PK SUPPLIES | 40.57 |
| 27105 | LIBRARIA | Remittance Stub | - |
| 27106 | LIBRARIA | BOOKS | 7,601.52 |
| 27107 | MIDWEST TAPE | Remittance Stub | - |
| 27108 | MIDWEST TAPE | BOOKS | 613.43 |
| 27109 | MN LIBRARY ASSOC | BRECHON 5/29/26 | 20.00 |
| 27110 | MN PEIP | HEALTH INSURANCE | 20,020.79 |
| 27111 | NCPERS | GROUP LIFE INSURANCE | 160.00 |
| 27112 | NORTH PINE RIVER TIRE SERVICE | MOBILE NEW TIRES | 823.80 |
| 27113 | NORTH STAR MUTUAL INSURANCE | BUILDING INSURANCE | 8,768.00 |
| 27114 | OFFICE SHOP | OFFICE SUPPLIES | 3,968.71 |
| 27115 | PAPER STORM | DESTROYED SENSITIVE PAPERS | 33.60 |
| 27116 | PITNEY BOWES | POSTAGE MACHINE QUARTERLY | 240.00 |
| 27117 | ROHLOFF, TERRIA | LODGING & MILEAGE REIMB 2026 | 332.10 |
| 27118 | SCHULTZ, JODI | MILEAGE REIMB. | 65.25 |
| 27119 | SIRSI CORP | ANNUAL SERVICES | 46,566.92 |
| 27120 | TDS TELECOM | PHONES, ADMINISTRATION | 93.72 |
| 27121 | TDS TELECOM | PHONES, ADMINISTRATION | 24.14 |
| 27122 | TDS TELECOM | PHONES, PINE RIVER LIBRARY | 27.36 |
| 27123 | TOBIASON, NEIL | BOD MILEAGE | 36.25 |
| 27124 | VERIZON WIRELESS | ADMIN, HOTSPOTS | 1,434.97 |
| 27125 | VERIZON WIRELESS | MOBILE HOTSPOTS | 80.02 |
| 27126 | VISA | SEE ATTACHMENT | 1,781.28 |
| 27127 | XCEL ENERGY | HQ NATURAL GAS SVC | 27.78 |
| | | TOTAL A/P CHECK RUN | **$ 153,502.89** |

**KITCHIGAMI REGIONAL LIBRARY SYSTEM**
**PAYROLL CHECKS**
**Payroll for June 25th (June 1st through the 15th)**

| Pay Day | Check Numbers | Accounts | Amounts |
|---|---|---|---|
| 6/25/2026 | 52785 - 52859 | Direct Deposits | 63,215.05 |
| | | Minnesota Withholding Tax paid | 2,932.08 |
| | | Federal Withholding Tax paid | 17,630.04 |
| | | PERA-Public Employee Retirement Association paid | 9,929.80 |
| | | Union Dues Withholding | 530.73 |
| | | Total Payroll Expense | **$ 94,237.70** |

| | |
|---|---|
| **TOTAL AMOUNT EXPENSED** | **$ 247,740.59** |

VISA

# VISA PINE RIVER STATE BANK

## MAY 15 - JUNE 11, 2026

Val M: **3728**

| DATE | VAL M. |
|---|---|
| 5/19/26 | $159.20 |
| 5/23/26 | $140.45 |
| 6/2/26 | $147.25 |
| | |
| **VAL M.** | **$446.90** |

Whatley: **0773**

| DATE | MELISSA | PO# | Vendor | Description | G/L Acct |
|---|---|---|---|---|---|
| | | | | | |
| 6/1/26 | $182.43 | | Zoom Workplace Pro | Admin Software | 5655.000 |
| | | | | | |
| | | | | | |
| **WHATLEY** | **$182.43** | | | | |

Richard: **8002**

| DATE | RICHARD |
|---|---|
| 5/13/26 | $76.03 |
| 5/15/26 | $74.89 |
| 5/18/26 | $76.62 |
| 5/19/26 | $23.50 |
| 5/20/26 | $72.37 |
| 5/22/26 | $72.70 |
| 5/26/26 | $70.58 |
| 5/27/26 | $71.51 |
| 5/29/26 | $73.70 |
| 6/1/26 | $71.61 |
| 6/2/26 | $19.50 |
| 6/3/26 | $69.39 |
| 6/5/26 | $71.36 |
| 6/8/26 | $72.03 |
| | |
| | |
| | |
| **RICHARD** | **$915.79** |

Tami: **4889**

| DATE | TAMI | PO# | Vendor | Description | G/L Acct |
|---|---|---|---|---|---|
| | | | | | |
| | | | | | |
| **TAMI** | **$0.00** | | | | |

Svetlana: **2568**

| DATE | SVETLANA | PO# | Vendor | Description | G/L Acct |
|---|---|---|---|---|---|
| | | | | | |
| 6/2/26 | $74.61 | | HOLIDAY, MENAHGA | 15.434GAL & WASH/ALLISON | 6222.010 |
| | | | | | |
| 5/8/26 | $161.55 | 12428 | Costco.com | LEGACY CANOPY 13'x13' | 5620.000 |
| | | | | | |
| | | | | | |
| **SVETLANA** | **$236.16** | | | | |

Allison: **8746**

| DATE | ALLISON | PO# | Vendor | Description | G/L Acct |
|---|---|---|---|---|---|
| | | | | | |
| | | | | | |
| | | | | | |
| **ALLISON** | **$0.00** | | | | |

| CARD | ACCT | DESCRIPTION | AMOUNT |
|---|---|---|---|
| VAL M. | 5410.040 | MOBILE GAS | $446.90 |
| RICHARD | 5310.020 | DELIVERY GAS | $915.79 |
| WHATLEY | 5655.000 | SOFTWARE FEES | $182.43 |
| SVETLANA | 6222.010 | GAS IN EXPLORER/ALLISON | $74.61 |
| SVETLANA | 5620.000 | LEGACY CANOPY | $161.55 |
| | | | |
| | | | |
| | | **TOTAL** | **$1,781.28** |

6/11/26 brief description"

STMT AMT DUE: 7/10/26

1781.28

VALIDATE DOLLARS:

$0.00

POSTED BY: DATE 6/15/26

AUTHORIZED 6/15/26

PINE RIVER STATE BANK

**June 2026 Statement**
Open Date: 05/15/2026 Closing Date: 06/11/2026


Account Ending in: #### #### #### 1056

**Visa® Community Card**

KITCHIGAMI LIBRARY (CPN 002227443)

**Elan Financial Services** 1-866-552-8855
BUS 30 ELN 1 9

| | |
|---|---|
| **New Balance** | **$1,781.28** |
| **Minimum Payment Due** | **$1,781.28** |
| **Payment Due Date** | **07/10/2026** |

**Late Payment Warning:** As a reminder, your card is a pay in full product. If we do not receive your payment in full by the date listed above, a fee of either 3.00% of the payment due or $39.00 minimum, whichever is greater, will apply.

**Activity Summary**

| | | |
|---|---|---|
| Previous Balance | + | $3,714.34 |
| Payments | - | $3,714.34CR |
| Other Credits | | $0.00 |
| Purchases | + | $1,781.28 |
| Balance Transfers | | $0.00 |
| Advances | | $0.00 |
| Other Debits | | $0.00 |
| Fees Charged | | $0.00 |
| Interest Charged | | $0.00 |
| **New Balance** | = | **$1,781.28** |
| **Past Due** | | **$0.00** |
| **Minimum Payment Due** | | **$1,781.28** |
| Credit Line | | $15,000.00 |
| Available Credit | | $13,218.72 |
| Days in Billing Period | | 28 |

Portal
RECEIVED
BY DATE JUN 15 2026

**Payment Options:**

Mail payment coupon with a check

Pay online at myaccountaccess.com

Pay by phone 1-866-552-8855

*Please detach and send coupon with check payable to: Elan Financial Services* *CPN 002227443*

PINE RIVER STATE BANK

24-Hour Elan Financial Services: 1-866-552-8855

**. to pay by phone**
**. to change your address**

00000034437 000638193534649 P 1

KITCHIGAMI LIBRARY
ACCOUNTS PAYABLE
PO BOX 84
210 2ND ST N
PINE RIVER MN 56474-0084

POSTED
BY DATE 6/15/26

.0001781282

| | |
|---|---|
| **Account Ending in** | #### #### #### 1056 |
| **Payment Due Date** | 7/10/2026 |
| **New Balance** | $1,781.28 |
| **Minimum Payment Due** | $1,781.28 |

**Amount Enclosed** $_____

**Elan Financial Services**
P.O. Box 790408
St. Louis, MO 63179-0408

# KITCHIGAMI REIONAL LIBRARY
## EXPENSE STATEMENT
## 2026

| | June |
|---|---|
| PERSONNEL | |
| Wages and Benefits | 201,914.30 |
| Health Plan + Supplement | 21,460.85 |
| Training & Development | 1,135.85 |
| Hiring Ads & Interviews | 1,304.61 |
| TOTAL PERSONNEL | 225,815.61 |
| | |
| LIBRARY MATERIALS | |
| Books, Collections & Processing | 25,832.10 |
| Video/DVD/Sound | 2,345.66 |
| Periodicals | 555.09 |
| Hot Spots | 1,121.15 |
| E-Resources | 27,725.52 |
| Data Based Platforms | |
| TOTAL LIBRARY MATERIALS | 57,579.52 |
| | |
| LIBRARY OPERATIONS | |
| Postage/Meter Rental | 226.56 |
| Telecommunications/ML Remote | 1,388.51 |
| Supplies | 10,885.91 |
| Copier Contracts/Leases | 972.32 |
| Sales Tax on Copies: CY2025 | (812.00) |
| Data Lines NW Links | - |
| ARR Reserve Expenses | |
| Capital Grant Expense | |
| Contracted Network Support & Software | 29,864.75 |
| Network Infrastructure | |
| Technical Equipment & Supplies | |
| ILS Maintenance | 46,566.92 |
| Summer Reading Program | 3,266.40 |
| Winter Reading Program | |
| Promotion | 500.00 |
| Inter Library Loans | 33.00 |
| TOTAL LIBRARY OPERATIONS | 92,892.37 |
| | |
| DELIVERY & STAFF VAN | |
| Mileage/Route Expense | 915.79 |
| Insurance | 7,889.23 |
| Repairs and Maintenance/Rentals | |
| Capital Van Replacement Transfer | |
| TOTAL DELIVERY & STAFF VAN | 8,805.02 |
| | |
| MOBILE VEHICLE, Reginal Outreach | |
| Mileage/Route Expense | 446.90 |
| Insurance | 2,925.96 |
| Repairs and Maintenance | 967.96 |
| | |
| TOTAL MOBIL LIBRARY VEHICLE | 4,340.82 |
| | |
| HEADQUARTERS FACILITY | |
| Utilities | 720.17 |
| Insurance-Contents & Liability | 8,768.00 |
| Building Repair & Maintenance | 328.05 |
| TOTAL HEADQUARTERS FACILITY | 9,816.22 |
| | |
| KRL BOARD & ADMINISTRATION | |
| Board Meetings | 327.70 |
| Special Projects | |
| Legacy Fund Expenses | 17,931.09 |
| Membership Dues | |
| Professional Fees | 50,920.66 |
| Board Insurance | 3,421.00 |
| Software/Fees | 182.43 |
| TOTAL KRL BOARD | 72,782.88 |
| | |
| OTHER | |
| Administration Travel | 6,935.53 |
| Associate Service Crosslake | |
| Associate Service Pequot Lakes | |
| Banking Fees | 5.00 |
| Miscellaneous, (Income) or Expense | |
| Late Fees & (Discounts Saved) | 943.71 |
| TOTAL OTHER | 7,884.24 |
| | |
| TOTAL EXPENSES | 479,916.68 |
| TOTAL INCOME | 730,107.77 |
| EXCESS (DEFICIT) OVER EXP. | 250,191.09 |

# KITCHIGAMI REGIONAL LIBRARY
# INCOME STATEMENT
# 2026

| | June |
|---|---|
| STATE AND FEDERAL FUNDS | |
| State RLBSS | |
| State RLTA Priority 1 | |
| State MN LINKS | |
| State RLTA Priority 2 | |
| NW-LINKS Library System Funds | |
| Misc. State Funds | |
| Legacy Funds | |
| TOTAL STATE AND FEDERAL FUNDS | - |
| | |
| COUNTY GOVERNMENTS | |
| Beltrami County | |
| Cass County | 245,454.50 |
| Crow Wing County | 262,200.00 |
| Hubbard County | 135,706.00 |
| Wadena County | |
| TOTAL COUNTY GOVERNEMENTS | 643,360.50 |
| | |
| CITY GOVERNMENTS | |
| Bemidji | |
| Blackduck | |
| Brainerd | 41,356.00 |
| Cass Lake | |
| Longville | |
| Park Rapids | 27,812.50 |
| Pine River | |
| Wadena | |
| Walker | |
| TOTAL CITY GOVERNMENTS | 69,168.50 |
| | |
| AUTOMATION RR | |
| Bemidji | |
| Blackduck | |
| Brainerd | 4,659.00 |
| Cass Lake | 300.00 |
| Longville | |
| Park Rapids | 3,601.00 |
| Pine River | |
| Wadena | |
| Walker | |
| TOTAL AUTOMATION RR | 8,560.00 |
| | |
| OTHER INCOME | |
| Interest | 6,951.53 |
| Endowment Income | |
| NLLN Grants | |
| Donations Region Wide | - |
| Branch Sales & Fees | 2,062.25 |
| Branch Other Income | 5.00 |
| Inter Library Loan | - |
| Miscellaneous | |
| Over/Short | (0.01) |
| TOTAL OTHER INCOME | 9,018.77 |
| | |
| TOTAL INCOME | 730,107.77 |

# KITCHIGAMI REGIONAL LIBRARY
## BALANCE SHEET
## June 30, 2026

ASSETS

| | | |
|---|---|---|
| **Current Assets** | | |
| Petty Cash Checking PRSB | 3,114.75 | |
| Main Checking PRSB | 179,404.11 | |
| Money Market PRSB | 2,269,286.50 | |
| Special Money Market PRSB | 722,577.00 | |
| Kitchigami Endowment Fund | 141,516.90 | |
| Accounts Receivable | 654.00 | |
| Interest Receivable | 26,369.15 | |
| Prepaid Insurance | 10,573.03 | |
| Prepaid Health Insurance | 27,859.28 | |
| Prepaid Materials | 44,392.35 | |
| Investment - Certificates of Deposit | 584,491.08 | |
| TOTAL Current Assets | | 4,010,238.15 |
| **Fixed Assets** | | |
| Land | 30,000.00 | |
| Buildings | 587,168.00 | |
| A/D Buildings | (288,671.36) | |
| Vehicles | 217,279.21 | |
| A/D Vehicles | (104,287.32) | |
| Furniture, Fixtures, and Equipment | 329,889.16 | |
| A/D Furniture, Fixtures, and Equipment | (301,608.73) | |
| Legacy Equipment | 1,269.00 | |
| A/D Legacy Equipment | (1,269.00) | |
| Shared Collections | 172,104.77 | |
| Book/Contents-HQ | 648.07 | |
| Book, Mobile Library | 280,796.65 | |
| A/D Books | (266,352.82) | |
| Intangible Assets | 19,916.00 | |
| Accumulated Amortization | (3,319.33) | |
| Sound, Mobile Library | 26,214.55 | |
| Video, Mobile Library | 90,208.06 | |
| TOTAL Fixed Assets | | 789,984.91 |
| **TOTAL ASSETS** | | **4,800,223.06** |
| **Current Liabilities** | | |
| Accounts Payable | 89,666.55 | |
| A/P - Special Revenue Fund | 2,163.00 | |
| Accounts Payable Salaries | 86,680.57 | |
| Direct Deposit Holding Account | (1,254.92) | |
| Federal & FICA W/H Payable | (70.59) | |
| PERA Payable | 845.03 | |
| PERA Life Insurance Withholding Payable | (48.00) | |
| Union Dues W/H Payable | 326.09 | |
| AFSCME People Payable | 4.25 | |
| MN Paid Leave Payable | (1,205.51) | |
| Deferred Revenue | 236,902.30 | |
| TOTAL Current Liabilities | | 414,008.77 |
| TOTAL LIABILITIES | | 414,008.77 |

CAPITAL

| | | Expense YTD that auditor will adjust at year end. |
|---|---|---|
| Investment in Fixed Assets | 672,414.15 | |
| C/F Building Repair & Maintenance Reserve | 79,767.53 | |
| C/F Automation, HQ Reserve | 405,575.90 | $(268,856.77) |
| R/F ARR Branch Reserves | 255,457.89 | $(117,863.49) |
| C/F Capital Appropriation Fund | 701,683.13 | |
| C/F Building Reserve | (1,883.00) | |
| C/F Accounting Software Reserve | 26,625.60 | |
| C/F Summer Reading Program Reserve | 7,130.45 | |
| C/F Sue Tricker Memorial Outreach Reserve | 208,447.94 | |
| C/F Outreach Reserve | 0.15 | |
| C/F Vehicle Reserve | 80,311.38 | |
| C/F Gates Grants Reserve | 19,819.47 | |
| C/F County Levy Buydown Reserve | 257,384.00 | |
| C/F Crow Wing County Reserve | 124,581.85 | |
| R/F Donations Reserve | 104,777.44 | |
| C/F Endowment MN Community Fund | 141,517.27 | |
| FUND BALANCE, General Funds | 2,306,260.59 | |
| Year-to-Date Earnings | (1,003,657.45) | |
| TOTAL CAPITAL | | 4,386,214.29 |
| **TOTAL LIABILITIES & CAPITAL** | | **4,800,223.06** |

## 5d Interim Director's Report

Bookkeeping and administrative staff have been working weekly with ABCO and Paylocity on the transition in August for timecards. As you might expect in all things with change, we don't even know what we don't know (ever have that feeling?). Deerwood Technologies will be involved as staff payroll information will need to be configured in a different manner. Schedules are in place with staff for training (yet again) and provide staff with information needed on the transition. And yes, this will be bumpy transition; but in the end, it was a good choice as the transition to electronic timecards will be worth the bumps. Bookkeeping staff continue to update all the payroll information and are looking for ways to lessen the complications of the existing systems.

Next week, the NW-Links Governance Council (of which KRLS is a member) will be holding their annual meeting in Detroit Lakes. This council meets quarterly with a yearly on-site meeting. Liz Lynch, Lake Agassiz Library System, Susan Heusser-Ladwig, Perham Public Libraries, and I represent Class II, Public libraries. Bob Wheeler, NW-LINKS administrator, will retire at the end of October, then return in December to train the new Region 1 director.

Audit requests have slowed down, and I am "cautiously optimistic" that KRLS will not need to pay a large fee that have previously been charged.

The Cass County Fair was successful as Library Staff were able to present a variety of programming opportunities, and Pine River Friends held a successful book sale.

Plans are underway for KRLS to hold an All Staff Meeting on Monday, October 12, 2026. A committee is organizing the event, and I have been able to assist by providing options for keynote speakers and reaching out to vendors for swag giveaways. And of course, you are involved in providing us with the budget to rent space (at the church across from Administration), speaker fees, and good food. Thank you in advance.

The Cass Lake Library continues its service to the community in its 'Link" location at the Senior Center. This project was set to be completed this summer, and I will update you with information at the meeting. I don't anticipate the library to be closed for more than several days to complete the transition, clean the existing space, and return collection and staff to the library.

I do hope you are able to stop by the library in your area this summer, especially during times with children's activities. There is nothing like watching children and adults relate to the joy of reading and participating in arts and creative activities.

## 6a Administration Building Security

**Action Request:** Approval of Administrative Door Access and CCTV Systems

**Background Information:** People's Security Company (current security vendor) has provided the Board with a quote for electronic door access and TV security systems. This quote was sent to Board member Gene Granberg as he has experience with security systems. Following are his comments:

"I think this quote is good. Door access for 10 doors plus a surveillance system with six outdoor cameras and four indoor cameras for under $20K is a great price. Considering the vendor is local and already works with KRLS, I don't think we need to get multiple bids. A larger provider will likely have a much higher price using name-brand products, and higher labor, as well.

"There is no recurring cost other than the badges and access credentials, as needed. The NVR connects to the Internet to allow remote access for viewing and management, while the recorded video is stored locally on the 6TB hard drive. This means there is no ongoing storage backed up, unless that can be done on other network-attached storage. I could speak more to the pros and cons of on premises vs. cloud-hosted storage, for a one-time purchase without a subscription, this on-premises solution should be good."

Gene will attend this meeting and will be glad to answer any follow-up questions.

**MOTION MADE BY: _____**

**SECOND BY: _____**

**ROLL CALL VOTE: _____YES _____ NO**

# Door & CCTV Proposal

17330 State Highway 371* PO Box 467 * Brainerd MN 56401-0467
Phone: 218-828-4828 * 800-735-1440
Fax: 218-828-0098
www.peoplessecurity.com

**Date:** 06/17/2026

**Customer #:** 08353

**Customer Mailing Information:**
Kitchigami Regional Library
PO Box 84
Pine River, MN 56474

**Customer Site Information:**
Kitchigami Regional Library
310 Second Street North
Pine River, MN 56474

Items

| QTY | Description | Amount |
|---|---|---|
| 1.00 | Proposal for Door Access & CCTV Systems | $0.00 |
| | **Items Subtotal:** | $0.00 |

Equipment

| QTY | Description | Rate | Amount |
|---|---|---|---|
| 1.00 | Proposal for Door Access System Listed Below | $0.00 | $0.00 |
| 1.00 | Labor to Cut in Locks | $1,050.00 | $1,050.00 |
| 1.00 | Labor for Door Access Installation | $2,520.00 | $2,520.00 |
| 5.00 | Luminys 2-Door 2-Way Web Access Controller | $860.00 | $4,300.00 |
| 10.00 | Luminys Access Reader | $220.00 | $2,200.00 |
| 1.00 | Pro Strike for Mortise or Cylindrical Lock Sets | $450.00 | $450.00 |
| 8.00 | RCI Centerline Electric Strike | $270.00 | $2,160.00 |
| 1.00 | Conduit, Misc Wire, Straps & Connectors | $720.00 | $720.00 |
| 1.00 | - | $0.00 | $0.00 |
| 1.00 | Proposal for CCTV Camera System Listed Below | $0.00 | $0.00 |
| 1.00 | Labor for CCTV Installation | $1,530.00 | $1,530.00 |
| 1.00 | Luminys 16-Channel 8K Smart Analytics Network Video Recorder (NVR) with 6TB Hard Drive | $1,125.00 | $1,125.00 |
| 4.00 | Luminys Indoor 4MP LumiLuxSmart Turret IP Cameras | $240.00 | $960.00 |
| 6.00 | Luminys Outdoor 8MP LumiLuxSmart Turret IP Cameras | $340.00 | $2,040.00 |
| 4.00 | Luminys Outdoor Camera Wall Mount Brackets | $38.00 | $152.00 |
| 2.00 | Junction Back Box | $38.00 | $76.00 |
| 1.00 | UltraTech 8-Outlet Surge Protector | $65.00 | $65.00 |
| 1.00 | Misc Wire, Straps & Connectors | $220.00 | $220.00 |
| | **Equipment Subtotal:** | | $19,568.00 |

***Additional Equipment NOT Included:***
*Key Fobs - $8.00 each
*Key Cards - $8.00 each

| | |
|---|---|
| Items: | $0.00 |
| Labor: | $0.00 |
| Equipment: | $19,568.00 |
| Taxes: | $0.00 |
| **Grand Total:** | **$19,568.00** |

The above pricing includes all equipment, installation, taxes and a one year warranty (parts and service).

**Not included in this proposal. Door service company will be required to change door handle operation and exit handle on the front door.*

**Payment Terms:**

This proposal may be withdrawn after thirty (30) days.

**BURGLARY - FIRE - FREEZE UP - RESIDENTIAL SECURITY - CAMERAS -**
**COMMERCIAL SECURITY - CAMERAS - DOOR ACCESS - MULTI-ROOM AUDIO - SURROUND SOUND**

# Door & CCTV Proposal

17330 State Highway 371* PO Box 467 * Brainerd MN 56401-0467
Phone: 218-828-4828 * 800-735-1440
Fax: 218-828-0098
www.peoplessecurity.com

**Date:** 06/17/2026

**Customer #:** 08353

Half down is required before scheduling the installation. We accept Visa, MasterCard and Discover. Full payment due upon completion.

SUBMITTED BY PEOPLE'S SECURITY COMPANY, INC.

Trevor Wangsness

**Trevor Wangsness**

**PLEASE CHOOSE ON OF THE OPTIONS BELOW *(YOU MUST THEN HIT THE GREEN ACCEPT BUTTON AT THE UPPER RIGHT SIDE OF THE SCREEN):***

☐ ACCEPT (we will email you contracts as proposed) ☐ PLEASE CONTACT ME, I have additional questions/comments

☐ CONTRACTOR - We will contact People's Security IF we want to move forward ☐ DECLINE

This proposal may be withdrawn after thirty (30) days.

**BURGLARY - FIRE - FREEZE UP - RESIDENTIAL SECURITY - CAMERAS -
COMMERCIAL SECURITY - CAMERAS - DOOR ACCESS - MULTI-ROOM AUDIO - SURROUND SOUND**

## 7a Arts & Cultural Heritage Fund Application 2027

**Action Request:** Approval of Arts and Cultural Heritage Fund Narrative Form

**Background Information:** Arts and Cultural Heritage Grants have been in existence since 2021 and are monitored by the state to make certain the funds are used in accordance with MN Statute 16B.97. The purpose of the grant is to provide educational opportunities in the arts, history, literary arts, and cultural heritage in order to expand arts, arts education, and arts access and to preserve Minnesota's history and cultural heritage. In signing this agreement, KRLS agrees to comply with all applicable state policies.

In previous years, this fund has been used for programming and activities at all branches (and at associate libraries) as well as our outreach locations in Menahga, Sebeka, Nimrod, Akeley, Nevis, Becida, Laporte, Remer, Hackensack, Backus, Leader, Garrison, Bay Lake, and Nisswa.

**MOTION MADE BY: _____**

**SECOND BY: _____**

**ROLL CALL VOTE: _____YES _____ NO**

DEPARTMENT OF EDUCATION

# ARTS AND CULTURAL HERITAGE FUND (ACHF)

## Regional Library System Application Narrative Form

### State Fiscal Year 2026 (July 1, 2026- June 30, 2027)

The regional library system named below applies for funds as authorized and provided for in Minnesota Session Laws - 2025, Regular Session, chapter 36, Article 4, Section 5.

A completed application, due July 31, 2026 at 5 p.m., includes:

- This narrative form including assurances with signature(s) (PDF)
- Completed budget form (Excel spreadsheet)

Please submit the signed original application documents to Ashley Bieber at State Library Services.

Regional library system name: Kitchigami Regional Library System

Address: 310 2nd St. North, PO Box 84, Pine River, MN 56474

Regional library system Federal UEI number: LVYTNNACAWN3

Regional Library System Administrator Name: Melissa Brechon, Interim Director

Phone number: 218-587-2171 ex. 222

Email: brechonm@krls.org

ACHF Program Coordinator Name: Allison Royce

Phone number: 218-587-2171 ex. 235

Email: roycea@krls.org

Regional Library Finance Manager Name: Valerie Squires

Phone number: 218-587-2171 ex 225

Email: squiresv@krls.org

## Authorized Signatures

The information in this application is true and correct to the best of our knowledge. We understand and agree to comply with the Arts and Cultural Heritage Fund grant program assurances and all other applicable state policies.

Chair, Regional Library System Governing Board

Tom Krueger, Chair

Signature_____

Printed Name_____

Regional Library System Administrator

Melissa Brechon, Interim Director

Signature_____

Printed Name_____

# ARTS AND CULTURAL HEITAGE FUND
# Regional Library System Grant Program Assurances

The regional library system assures that it will comply with the following:

## 1. Use of Funds

The use of funds shall be limited to that portion identified in the application materials and the attached application and by any applicable state or federal laws. Funds may not be used for gifts or novelty items (unless individually and specifically approved by the State of Minnesota) or for payments to vendors displaying exhibits for their profit. Funds should support the purpose and activities approved in the application. Funds must not be used to benefit state employees, or to reimburse them for any of their expenditures, including travel expenses, alcohol purchases, costs of registration fees for training sessions or educational courses presented or arranged, payments to state employees for presentations at workshops, seminars, etc., whether on state time, vacation time, leave of absence or any other non-work time.

A. The Grantee, in the conduct of activities under this award, shall submit such reports as may be required by written instructions of the State of Minnesota within the times required by it. The State of Minnesota reserves the right to withhold funding if reporting requirements are not met. The Grantee must promptly return to the State of Minnesota any unexpended funds not accounted for in the financial report due to the State of Minnesota at grant closeout.
B. The Grantee shall present reports to the Commissioner of the Department of Education or the State of Minnesota's Authorized Representative. At the Commissioner's discretion, these reports may be presented at departmental, legislative, other state agency or public meetings where the Grantee shall be available to explain the project and respond to questions.
C. Reimbursement for travel and subsistence expenses actually and necessarily incurred by Grantee in performance of this project will be paid if allowed in the approved budget, provided that the Grantee shall be reimbursed for travel and subsistence expenses in the same manner and in no greater amount than in the current "Commissioner's Plan," promulgated by the Commissioner of Minnesota Management and Budget (MMB). The Grantee will only be reimbursed for travel and subsistence outside Minnesota if it has received prior written approval for such out-of-state travel from the State of Minnesota. The current Commissioner's Plan can be viewed to obtain current maximum expense reimbursement rates. Exceptions to these travel rates are those that may be negotiated with the University of Minnesota.

## 2. Terms of Acceptance

These funds are granted to the Regional Library System under (session law) and in accordance with Minnesota Statutes 2021, section 16B.97 Grants Management and section 16B.98 Grants Management Process requirements. By accepting an award the Grantee agrees to comply with all provisions of the award including all assurances and certifications made in this application and in the executed Official Grant Award Notification (OGAN), and all applicable state or federal statutes, regulations, and guidelines. The Grantee agrees to administer the program in accordance with the approved application, budget, timelines, and other supplemental

information submitted in support of the approved application. Grant goals and objectives should be carried out in accordance with the guidelines established by the Minnesota Department of Education. The Constitutional Amendment (Article XI, section 15) of the Minnesota Constitution that established the grant program states that ACHF must supplement traditional sources of funding, and may not be used as a substitute or to supplant existing funding sources.

## 3. Grant Agreement Components

The grant agreement between the regional library system and MDE consists of the signed application and budget (including assurances), Official Grant Award Notification (OGAN), and the MDE Arts and Cultural Heritage Fund Grant Guidelines. The Grantee shall comply with all required grants management policies and procedures under Minnesota Statutes, section 16B.97 except when superseded by specific instructions contained herein..

## 4. Payments

Payments will be distributed in ten equal payments beginning in fall 2026.

## 5. Program Reporting

Reports summarizing grant activities and outcomes, including any data collected, requested or related to the grant program are due to MDE as follows:

a) Interim Progress Reports including 1) an executive summary of accomplishments, and 2) a spreadsheet with details about each of the projects paid for with funds from state fiscal year 2026 are due to MDE by September 30 of each year of the grant.
b) A Completion Report must be submitted within 90 days of fully expending your state fiscal year 2026 allocation, or by June 30, 2029, whichever comes first. A Completion Report includes but is not limited to 1) a final executive summary of accomplishments, including any data requested; 2) a spreadsheet with details about each of the projects paid for with funds from the identified fiscal year; and 3) other materials as requested by MDE program staff or required by the state funding source.
c) Information in the Completion Report is cumulative with Interim Progress Reports. A Completion Report updates and adds to previously submitted Interim Progress Reports, and closes out the spending of the state fiscal year 2026 allocation by itemizing, on a project by project basis, how the total allocation was spent.

## 6. Financial Reporting

Financial Reporting Forms summarizing grant expenditures shall be submitted in the form and manner prescribed by MDE, as follows:

a) Financial Reporting Forms shall be submitted quarterly and separately for each grant year until all funds are expended through the end of grant term, as follows:

| Time period | Due date |
|---|---|
| September 1, 2026 – December 31, 2026 | January 31, 2027 |
| January 1, 2027 – March 31, 2027 | April 30, 2027 |
| April 1, 2027 – June 30, 2027 | July 31, 2027 |
| July 1, 2027 – September 30, 2027 | October 30, 2027 |
| October 1, 2027 – December 31, 2027 | January 31, 2028 |
| January 1, 2028 – March 31, 2028 | April 30, 2028 |
| April 1, 2028 – June 30, 2028 | July 30, 2028 |

b) The Grantee must track the ACHF grant budget and expenditures separately from other organization budgets.

## 7. Budget Revisions

The Grantee must receive prior written approval from MDE for any budgetary changes of approved line item amounts greater than 10% of the total grant award available for expenditure during the grant period. Total budget line item deviations exceeding 10% of the total award must be approved in writing by MDE prior to incurring the expenditure. In its request for approval, the Grantee must include supporting information to justify why the change is necessary. MDE is not legally obligated to approve expenditures incurred on budget line item changes that exceed 10% of the total award for which prior approval has not been granted. The Grantee may not incur expenditures within a budget line item that is not included in the approved budget without the written approval of MDE.

## 8. Continuation of Future Funding

Continuation of future funding is contingent upon satisfactory performance. The Grantee is responsible for:

- Submitting statutorily-compliant reports in a timely manner.
- Ensuring all ACHF-funded projects comply with ACHF intent, goals and desired outcomes.
- Satisfying all applicable ACHF requirements.
- Submitting an application with work plan and budget for Fiscal Year 2024 ACHF funds.

## 9. Discontinuation of Participation

If participation by a regional library system or a member local governmental unit is discontinued, ownership of the discontinuing system's or unit's assets purchased with Arts and Cultural Heritage Funds, including cash or the fair market value of such assets, cannot be transferred by the applicant and shall revert to the Minnesota Department of Education (MDE) for reassignment for library services elsewhere. (Minn. R. 3530.0200, subp. 4, C (2013))

## 10. Cancellation

a) **Cancellation With or Without Cause.** An award contract may be cancelled by the state at any time, with or without cause, upon thirty (30) days' written notice to the Grantee. Upon termination, the Grantee will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed and for approvable expenditures.

b) **Cancellation Due to Discontinued or Insufficient Funding. It** is expressly understood and agreed that in the event the funding to the state from appropriations by the Minnesota Legislature is not obtained and/or continued at an aggregate level sufficient to allow for the Grantee's program to continue operating, the grant shall immediately be terminated upon written notice by the state to the Grantee. The state is not obligated to pay for any services that are provided after notice and effective date of termination. However, the Grantee will be entitled to payment, determined on a pro-rata basis, for services satisfactorily performed and approvable expenditures incurred prior to termination to the extent that funds are available. The state will not be assessed any penalty if the grant is terminated because of a decision of the Minnesota Legislature not to appropriate funds. The state must provide the Grantee notice within a reasonable time of the state receiving notice.

c) **Cancellation Due to Failure to Comply**. The state may cancel an award contract immediately if the state finds that there has been a failure to comply with the provisions of an award, that reasonable progress has not been made, or that the purposes for which the funds were awarded/granted have not been or will not be fulfilled. The state may take action to protect the interests of the state of Minnesota, including the refusal to disburse additional funds and requiring the return of all or part of the funds already disbursed.

d) **In the event of any cancellation**, the state will recover any unexpended funds that have not been accounted for in an accepted financial report to the State.

## 11. Conditions of Payment

a) The Grantee must comply with the Minnesota Constitution, article XI, section 15, and may not substitute money received from the Arts and Cultural Heritage Fund for a traditional source of funding.

b) The Grantee must promptly return to the state any unexpended funds that have not been accounted for annually in a financial report to the state due at grant closeout.

c) Payments to individuals: The Grantee must ensure that every individual receiving money from this grant in exchange for work, services, performances or participation, complete IRS form W-4, W-8 or W-9, depending upon the individual's employment or citizenship status. All payments to individuals must comply with federal and state tax laws and reporting requirements.

## 12. Amendments

Any amendments to this award shall be in writing and shall be executed by the same parties who executed the original award, or their successors. An amendment must be requested 45 days prior to the end date of the award period and is valid and effective upon written approval from the MDE Authorized Representative or their delegate. No amendments will be considered on expired grant awards.

## 13. Civil Rights Act

The provisions of Title VI of the Civil Rights Act of 1964, (42 USC Sec. 2000d et seq.), its regulations and all other applicable federal and state laws, rules and regulations (Minn. R. 3530.0200, subp. 4, D (2013)).

## 14. Internet Safety

The regional library system and its members/branches are in compliance with Laws of Minnesota 2000, chapter 489, article 6, section 27(a) so that all public library computers with access to the Internet available for use by children under the age of 17 restrict, including by use of available software filtering technology or other effective methods, all access by children to material that is reasonably believed to be obscene or child pornography or material harmful to minors under federal or state law, and section (c) so that the library prohibits, including through the use of available software filtering technology or other effective methods, adult access to material that under federal or state law is reasonably believed to be obscene or child pornography.

The regional library system and its members/branches are in compliance with Laws of Minnesota 2000, chapter 492, article 1, section 49.5A, and has adopted a policy to prohibit library users from using the library's Internet access workstations to view, print, or distribute material that is obscene within the meaning of Minnesota Statutes 2021, section 617.241.

## 15. Audits

An independent auditor's report of the regional library system's general purpose financial statements in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States shall include audit of the Arts and Cultural Heritage funds as a unique categorical fund account. The audit shall be submitted no later than 180 days after the close of the system's fiscal year (Minn. R. 3530.1200 (2013)).

### Financial Reconciliations/Monitoring and Supporting Documentation

a) **A financial reconciliation or desk review** of reported expenditures to supporting documentation will occur at least once during the award period on grants that exceed $50,000. MDE will request supporting documentation for review and reconciliation of at least two (2) budget line item expenditures based on a Financial Reporting Form submitted by the Grantee.
b) In the event a **monitoring visit(s)** is required by MDE, the Grantee shall cooperate with MDE and shall comply with MDE's requests for documentation and other information, before, during and/or after the visit(s).
c) Financial documentation to support expenditures incurred under this award must be maintained by the Grantee and provided to MDE upon request. The Grantee's books, records, documents and accounting procedures and practices of the Grantee or other party that are relevant to the grant or transaction are subject to examination by the granting agency and either the legislative auditor or the state auditor, as appropriate, for a minimum of six years from the grant agreement end date (Minn. Stat. 16B.98, subd. 8 (2021)).

### State and Federal Audits

The books, records, documents and accounting procedures and practices of the Grantee shall be subject to examination by state or federal auditors, as authorized by law. Minnesota Statutes 2021, section 16C.05,

subdivision 5 requires the state audit clause be in effect for a minimum of six years. Federal audits shall be governed by requirements of federal regulations.

a) Under Minnesota Statutes 2021, section 16B.98, subdivision 8, the Grantee's books, records, documents, and accounting procedures and practices relevant to this grant contract are subject to examination by the State and/or the State Auditor or Legislative Auditor, as appropriate, for a minimum of six years from the end of the grant contract end date, receipt and approval of all final reports, or the required period of time to satisfy all state and program retention requirements, whichever is later.
b) If the Grantee (in federal OMB Circular language known as "subrecipient") receives federal assistance from the state of Minnesota, it will comply with the Single Audit Act of 1984 as amended and OMB circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" for audits of fiscal years beginning after June 30, 1996; or,
c) The Grantee will provide copies of the single audit reporting package (as defined in A-133 section 320(c)), financial statement audits, management letters and corrective action plans to the state, the Office of the State Auditor, Single Audit Division or Federal Audit Clearinghouse, in accordance with OMB A-133.

### Examination and Audit of Accounts and Records

The state or its representative shall have the right to examine books, records, documents and other evidence and accounting procedures and practices, sufficient to reflect properly all direct and indirect costs and the method of implementing the award. The Grantee shall make available at its office and at all reasonable times before and during the period of record retention, proper facilities for such examination and audit.

## 16. Subgrantees/Subcontractor/Consultant Services

If the Grantee deems it necessary to contract with outside resources for service delivery, consulting services or technical assistance, a formal agreement must be drawn. The negotiated fees should be reasonable and align with current costs for similar work. The contract executed with each contractor should not allow for work or obligations to begin before the executed date of this grant project and the contract should not extend beyond the end date of the grant project. The work duties should be clearly defined and should explain what initiative the work is related to and the outcome expected from the contractor including due dates for drafts, etc. The contract should outline the payment and invoicing terms. If travel expenses are included as part of the contract terms, maximum travel reimbursement costs should not exceed the Commissioner's Plan. Receipts for travel reimbursements should be submitted along with expense reimbursement requests and invoices prior to reimbursements. The inclusion of a cancellation clause in contracts is recommended. A copy of the contract agreement is to be retained by the Grantee.

The grant agreement for local units of government incorporates the requirements of Minnesota Statutes 2021, section 471.345.

The grant agreement for nongovernmental organizations incorporates these best practices:

a) Any services and/or materials that are expected to cost $20,000 or more must undergo a formal notice and bidding process.

b) Any services and/or materials that are expected to cost between $10,000 and $19,999 must be scoped out in writing and offered to a minimum of three (3) bidders.
c) Any services and/or materials that are expected to cost between $5,000 and $9,999 must be competitively based on a minimum of three (3) verbal quotes.
d) Support documentation of the bidding process utilized to contract services must be included in the Grantee's financial records, including support documentation justifying a single/sole source bid, if applicable.
e) For projects that include construction work of $25,000 or more, prevailing wage rules apply per Minnesota Statutes 2021, section 177.41 through 177.44. Consequently, the bid request must state the project is subject to prevailing wage. These rules require that the wages of laborers and workers should be comparable to wages paid for similar work in the community as a whole. A prevailing wage form should accompany these bid submittals.

## 17. Liability

Grantee agrees to indemnify and save and hold the State, its agents and employees harmless from any and all claims or causes of action, including all attorneys' fees incurred by the State arising from the performance of the award by Grantees, agents or employees. This clause shall not be construed to bar any legal remedies Grantee may have for the state's failure to fulfill its obligations pursuant to the award and subsequent awards.

## 18. Use of Works and Documents

Grantee owns any works or documents developed by the Grantee, its employees, agents, subcontractors, either individually or jointly with others in the performance of this contract unless otherwise negotiated by the Grantee with its subcontractor(s). The State will have royalty free, non-exclusive, and irrevocable right to reproduce, publish, or otherwise use, and to authorize others to use, the works or documents for government purposes.

Definitions. *Works* means all inventions, improvements, discoveries (whether or not patentable or copyrightable), databases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes, and disks conceived, reduced to practice, created or originated by the Grantee, its employees, agents, and subcontractors, either individually or jointly with others in the performance of this contract. Works includes "Documents." Documents are the originals of any databases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes, disks or other materials, whether in tangible or electronic forms, prepared by the Grantee, its employees, agents or subcontractors, in the performance of this contract.

## 19. Publicity

Any publicity regarding the subject matter of this grant contract must comply with Laws of Minnesota 2011, 1st Spec. Sess., chapter 6, article 5, section 5 which amended Minnesota Statutes 2021, section 129D.17, subdivision 2(g) to require use of the Arts and Cultural Heritage Fund logo when practicable. All projects funded by the ACHF must publicly credit the fund, including on the Grantee's website when practicable. Publicity and logo guidelines are detailed on the Legacy website. The Grantee must not claim that the State endorses its products or services.

## 20. Conflict of Interest

In accordance with the Minnesota Office of Grants Management Policy 08-01, the Grantee will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or present the appearance of personal or organizational conflicts of interest, or personal gain.

## 21. Government Data Practices

The Grantee and the State must comply with Minnesota Government Data Practices Act, Laws of Minnesota 2024, chapter 13, as it applies to all data provided by the State under the award, and as it applies to all data created collected, received, stored, used, maintained or disseminated by the Grantee under the award. The civil remedies of Minnesota Statutes 2021, section 13.08 apply to the release of the data referred to in this paragraph by either the Grantee or the State. If the Grantee receives a request to release the data referred to in this paragraph, the Grantee must immediately notify the State. The State will give the Grantee instructions concerning the release of the data to the requesting party before the data is released.

## 22. Data Disclosure

Under Minnesota Statutes, section 270C.65, subdivision 3 and other applicable law, the Grantee consents to disclosure of its SWIFT Vendor ID Number, Social Security number, DUNS number, federal employer tax identification number and/or Minnesota tax identification number, already provided to the State, to federal and state tax agencies and state personnel involved in the payment of state obligations. These identification numbers may be used in the enforcement of federal and state tax laws which could result in action requiring the Grantee to file state tax returns and pay delinquent state tax liabilities, if any.

## 23. Worker's Compensation

Grantee certifies that it is in compliance with Minnesota Statutes, section 176.181, subdivision 2, pertaining to workers' compensation insurance coverage. The Grantee's employees and agents will not be considered state employees. Any claims that may arise under the Minnesota Workers' Compensation Act on behalf of these employees and any claims made by any third party as a consequence of any act or omission on the part of these employees are in no way the State's obligation or responsibility. (Exemption/Waiver as allowed under law.)

## 24. Governing Law, Jurisdiction and Venue

Minnesota law, without regard to its choice-of-law and provisions, governs the award. Venue for all legal proceedings arising out of the award, or its breach, must be in the appropriate state or federal court with competent jurisdiction in Ramsey County, Minnesota.

## 25. Lobbying

As required by Section 1352, Title 31 of the U.S. Code, and implemented at 2 Code of Federal Regulations (CFR), Part 200, the Grantee when signing the application, certifies that:

1. No federally appropriated funds have been paid or will be paid, by or on behalf of organization, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of

Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the making of any federal award, and the extension, continuation, renewal, amendment or modification of any federal grant.

2. If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this federal grant award, the applicant/Grantee shall complete and submit a Standard Form - LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
3. The Grantee shall require that the language herein shall be included in any award documents for all subawards at all tiers (including subgrants, contracts under award, and subcontracts) and that all subrecipients shall certify and disclose accordingly.

Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

## 26. Debarment, Suspension, and Other Responsibility Matters

As required by Executive Order 12549, Debarment and Suspension, and implemented at 2 CFR 180.200 or amendments thereto, for prospective participants in primary covered transactions.

The Grantee certifies that it and its principals:

1. Are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from covered transactions by any federal department or agency;
2. Have not within a three-year period preceding this application or award been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements or receiving stolen property;
3. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state or local) with commission of any of the offenses enumerated in paragraph (2)(b) of this certification; and,
4. Have not within a three-year period preceding this application had one or more public transaction (federal, state or local) terminated for cause or default.

## 27. Drug-Free Workplace (Awardees Other Than Individuals)

As required by the Drug-Free Workplace Act of 1988, and implemented at 2 CFR, Part 200, the Grantee certifies that it will continue to provide a drug-free workplace by:

1. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the Grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
2. Establishing an on-going drug-free awareness program to inform employees about:
    a. The dangers of drug abuse in the workplace;
    b. The Grantee's policy of maintaining a drug-free workplace;

c. Any available drug counseling, rehabilitation and employee assistance programs; and
d. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;

3. Making it a requirement that each employee to be engaged in the performance of the award be given a copy of the statement required by paragraph (1);
4. Notifying the employee in the statement required by paragraph (1) that, as a condition of employment under the award, the employee will:

    a. Abide by the terms of the statement; and,
    b. Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

5. Notifying the agency, in writing, within 10 calendar days after receiving notice under subparagraph (4)(b) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to: Director, Grants Policy and Oversight Staff, U.S. Department of Education, 400 Maryland Avenue, S.W. (Room 3652, GSA Regional Office Building No. 3), Washington, DC 20202-4248. Notice shall include the identification number(s) of each affected award;
6. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph (4)(b), with respect to any employee who is so convicted:

    a. Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or,
    b. Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state or local health, law enforcement or other appropriate agency;

7. Making a good faith effort to continue to maintain a drug-free workplace through implementation of Paragraphs (1), (2), (3), (4), (5) and (6).

## 28. Transferability

The grantee shall not transfer or assign to any party or parties any right(s), obligation(s) or claim(s) under the award without the prior written consent of the state. It is understood, however, that grantee remains solely responsible to the state for providing the products and services described.

## 29. Time

In the performance of this grant, time is of the essence. The Grantee must comply with the time requirements described in the application and award, and inform the grantor of any potential long term delays or changes affecting those timelines.

## 30. Nondiscrimination

The grantee will comply with nondiscrimination statutes.

1. Grantees will follow the Civil Rights Act of 1964, and amendments thereto which prohibits discrimination on the basis of race, color, or national origin.

2. Section 504 of the Rehabilitation Act of 1973, and amendments which prohibits discrimination on the basis of disability.
3. Title IX of the Education Amendments of 1972, which prohibits discrimination on the basis of sex in education programs.
4. Age Discrimination in Employment Act of 1975 and amendments.
5. In addition, per federal CFR 200.415, Agreement of Applicant, which states that prior to the Commissioner's issuance of any commitment or other loan approval, shall agree, by signing the application, (in a form prescribed by the Commissioner), that there shall be no discrimination against anyone who is employed in carrying out work receiving assistance pursuant to this chapter, or against an applicant for such employment, because of race, color, religion, sex, handicap, age or national origin.
6. Laws of Minnesota 2023, chapter 363A. Human Rights.

## 31. Pre-Award Work and Pre-Award Costs

The grantee understands that no work should begin and no pre-award costs would be covered under this award until all required signatures have been obtained; an Official Grant Award Notification (OGAN) has been issued or other award documentation has been received and the grantee is notified to begin work by the state's program authorized representative or their designee. If an exception to this is determined necessary by MDE, the grantee would be informed in writing or email by the state's program authorized representative or designee.

## 32. Grantee's Grant Program Representative

The applicant's Program Contact Representative will be named on the OGAN or other award information. If the Program Contact Representative or official with authority to sign changes at any time during the grant award period, the applicant/grantee must immediately notify the state.

## 33. Voter Registration Services

The commissioner or chief administrator officer of each state agency or community-based public agency or nonprofit corporation that contracts with the state agency to carry out obligations of the state agency shall provide voter registration services for employees and the public. Refer to Minnesota Statutes, section 201.162, Duties of State Agencies, for the complete statute.

## 34. Minimizing State Funded Administrative Costs

Under Minnesota Statutes, section 168.98, Grants Management Process, if a grant is funded from an appropriation of State funds, the recipient of the grant must agree to minimize administrative costs.

## 35. Supplanting

Grant funds shall not be used to supplant salaries and wages normally budgeted for an employee of the applicant/agency. Total time for each staff position paid through various funding streams financed in part or whole with grant funds shall not exceed one Full Time Equivalent (FTE) except in certain situations. The grantee may allow staff to work on extended day assignments such as after school programs, special education services or other projects, if necessary, or allowable under funding. The grantee must be prepared to disclose all required supporting documentation for salaries paid for their employees.

## 36. Uniform Municipal Contracting Law – Counties, Schools, Cities – Supplies/Construction

Per Minnesota Statutes, section 471.345, grantees that are municipalities as defined in Subdivision 1 must follow service contracting and bidding requirements as stated including prevailing wage rules for construction work of $25,000 or more. Support documentation for the procurement processes must be retained.

Support document for the procurement processes must be retained regardless of the source of funding.

## 37. Contracting – Nongovernmental Entities

Pursuant to Minnesota Statutes, section 471.345, any grant-funded services and/or materials that are expected to cost:

a. $100,000 or more must undergo a formal notice and bidding process.
b. Between $25,000 and $99,999 must be competitively awarded based on a minimum of three (3) verbal quotes or bids.
c. Between $10,000 and $24,999 must be competitively awarded based on a minimum of two (2) verbal quotes or bids or awarded to a targeted vendor.
d. For grant-funded projects that include construction work of $25,000 or more, prevailing wage rules apply per Minnesota Statutes, section 177.41 through section 177.44. The bid request must state the project is subject to prevailing wage. These rules require that the wages of laborers and workers should be comparable to wages paid for similar work in the community as a whole. A prevailing wage form should accompany these bid submittals.
e. The Grantee must take all necessary affirmative steps to assure that targeted vendors from businesses with active certifications through these entities are used when possible:
    i. State Department of Administration's Certified Targeted Group, Economically Disadvantaged and Veteran-Owned Vendor List.
    ii. Metropolitan Council's Targeted Vendor list: Minnesota Unified Certification Program.
    iii. Small Business Certification Program through Hennepin County, Ramsey County, and City of St. Paul: Central Certification Program.
f. Notwithstanding B (a) – (e), the State may waive bidding process requirements when it is determined there is only one legitimate or practical source for such materials or services and that Grantee has established a fair and reasonable price.
g. The Grantee must maintain:
    i. Written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts.
    ii. Support documentation of the purchasing and/or bidding process utilized to contract services in their financial records, including support documentation justifying a single/sole source bid, if applicable.

The Grantee must not contract with vendors who are on the Suspended/Debarred Vendor Report.

***Domestic preferences for procurements***

As appropriate and to the extent consistent with law, the non-Federal entity should, to the greatest extent practicable under a Federal award, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). The requirements of this section must be included in all subawards including all contracts and purchase orders for work or products under this award.

## 38. Evidence-Based Education Grant Report

Minnesota Statutes, section 127A.20, requires that, within 180 days of the end of the grant period, each grant recipient must compile a report that describes the data that was collected and evaluate the effectiveness of the strategies. The evidence-based report may identify or propose alternative strategies based on the results of the data. The report must be submitted to the commissioner of education and to the chairs and ranking minority members of the legislative committees with jurisdiction over prekindergarten through grade 12 education. The report must be filed with the Legislative Reference Library according to Minnesota Statutes, section 3.195.

## 39. Other Provisions

1. When a grant includes the production of a report or other publication and this publication may be posted on the Minnesota Department of Education's website, that document must adhere to all department communication's policies, available upon request from the Communication Division.
2. The Grantee shall cooperate with the State of Minnesota when enforcing applicable Minnesota Office of Grants Management policies and statutes.
3. Grantees funded with federal funding must follow CFR 200.308, Revision of Budget and Program, or as approved in the OGAN or other award documentation.
4. Grantees and subcontractors receiving grants exceeding $100,000 must comply with all applicable standards, orders, or requirements under section 306 of the Clean Air Act, section 508 of the Clean Water Act and Environmental Protection Agency regulations (40 CFR, part 15).
5. The Grantee must promptly return to the State of Minnesota any unexpended funds that have not been accounted for in a financial report to the State of Minnesota due at grant closeout.
6. The Grantee shall comply with any and all provisions of the Family Educational Rights to Privacy Act of 1974 (FERPA).
7. Grantees will submit reports and comply with the terms as outlined in the Official Grant Award Notification (OGAN), other award document and relevant legislation.

DEPARTMENT OF ADMINISTRATION
OFFICE OF GRANTS MANAGEMENT

# Grant Guidelines

## Arts and Cultural Heritage Fund Grants
## State Fiscal Years 2026-2027

## Contact Information

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# Contents

**Section 1. Overview** ..... **1**

A. Statutory Authority ..... 1
B. Priorities and Principles ..... 1
C. Outcomes ..... 1

**Section 2. Accountability and Reporting** ..... **2**

A. The Annual Report to the Legislature ..... 2
B. Monitoring and Progress Reports ..... 4
C. Financial Reconciliation ..... 4
D. Publicity ..... 4
E. Audits ..... 5
F. Pre-Award Risk Assessment ..... 5
G. Evaluation Grantee Performance ..... 6
H. Grantee Website Requirement ..... 6
I. Voter Registration Assistance ..... 7

**Section 3. Grant Payments** ..... **7**

A. Reimbursement ..... 7
B. Travel Expenses ..... 7
C. Payment Schedule ..... 7
D. Budget Revisions ..... 7
E. Contracting and Bidding Requirements ..... 8

**Section 4. Expense Eligibility** ..... **8**

A. Eligible Expenses ..... 8
B. Application and Budget ..... 8
C. Salaries ..... 8
D. Indirect Costs ..... 9
E. Fundraising ..... 9
F. Suspended and Debarred Vendors ..... 10
G. Other Ineligible Expenses ..... 10

**Appendices** ..... **11**

A. Reference Links: Arts and Cultural Heritage Fund Appropriation for State Fiscal Years 2026-2027 ..... 11
B. OGM Policies ..... 12
C. Reimbursement ..... 13
D. Travel ..... 14
E. Glossary ..... 15

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# Section 1. Overview

This Guide is intended for those receiving Legacy grants from the Department of Administration's Office of Grants Management (OGM)

## A. Statutory Authority

Under Minnesota Law, Legacy Funds are appropriated to the Department of Administration (State) for grants and purposes specified in the subdivision. The commissioner of administration may use a portion of the appropriation for costs that are directly related to and necessary to the administration of grants in the subdivision.

Grant agreements entered into by the commissioner and recipients of appropriations under the subdivision must ensure that money appropriated in this subdivision is used to supplement and not substitute for traditional sources of funding.

## B. Priorities and Principles

Per the Legislative Guide: Principles for Use and Expected Outcomes of Funds from Dedicated Sales Taxes adopted March 24, 2010, the funding priorities and principles of the Arts and Cultural Heritage Fund (ACHF) state:

1. Public broadcasting investments should expand Minnesotan's knowledge, information, and access to arts, and Minnesota's history and cultural heritage.
2. Investments in arts, history, music and cultural activities should demonstrably help student achievement in schools.
3. The funds should be used to create a sustainable climate in which artists can live and work.
4. Funded activities can be successful beyond the life of the ACHF.
5. Fund investments can reflect that art can describe several things: a study of creative skill, a process of using creative skill, a product of the creative skills, or the audience's experience with the creative skill.
6. Funding for arts education should include lifelong educational activities meant to impart knowledge, teaching a new creative skill, or further developing an existing skill in any arts discipline.
7. Funding for preservation of our cultural heritage includes both tangible and intangible cultural heritage.
8. Funding should be used to make investments that ensure that historic structures and resources will be preserved for future generations.

## C. Outcomes

A project or program receiving funding from ACHF must include measurable outcomes, and a plan for measuring and evaluating the results. Grantees should reference the Evaluation and Outcomes Guide provided by the Office of Grants Management when developing outcomes for a project. Grantees should refer to Section 2.B.8 of the Grant Guidelines when reporting on outcomes within the Annual Report to the Legislature.

## Section 2. Accountability and Reporting

### A. The Annual Report to the Legislature

By January 15 of the applicable state fiscal year, or as soon as practicable, whichever comes first, all recipients must submit a report regarding how the previous year's grant funds were expended directly to the following:

- The Department of Administration
- The Legislative Coordinating Commission

The report for State Fiscal Year 2025 is due January 15, 2026, the report for State Fiscal Year 2026 is due January 15, 2027, and the report for State Fiscal Year 2027 is due January 15, 2028.

The report must follow the guidelines on accessibility and contain the following information **per Minnesota Statutes 129D. 17 and section 3.303, Subd. 10**:

1. The name of the project and a project description
2. Contact information including:
   - Grantee Name
   - Telephone number
   - Members of the board or equivalent governing body, and
   - E-mail address of the funding recipient, and
   - Web address where the public can directly access detailed information on the recipient's receipt and use of money for the project
3. The amount and source of funding, including the fiscal year of the appropriation
4. The amount and source of any additional funding or leverage
5. The duration of the project(s)
6. The number of full-time equivalents funded under the project(s). For the purposes of this item, "full-time equivalent" means a position directly attributed to the receipt of money from one or more of the funds covered under this section, calculated as the total number of hours planned for the position divided by 2,088
7. The direct expenses and administration costs of the project(s)
8. Proposed measurable outcomes and the plan for measuring and evaluating the results
9. For pass-through, noncompetitive grants, the entity acting as the fiscal agent or administering agency and a point of contact for additional information
10. Actual measured outcomes and evaluation of projects as required under 129D.17, subdivision 2
11. Education about the areas and issues the projects address, including, when feasible, maps of where projects have been undertaken
12. All frameworks developed for future uses of each fund

13. Methods by which members of the public may apply for project funds under any of the constitutionally dedicated funds (if applicable)

14. Specific information for each program produced and broadcast, including:[1]

- The cost of production
- The number of stations broadcasting the program
- Estimated number of listeners (AMPERS)
- Estimated viewership (MPTA)
- The number of hours of Legacy program content available for streaming on websites, and other related measures (MPTA)

If the programs produced include educational material, the noncommercial radio station and public television station must report on these efforts.

**Proposed Outcomes Achieved** is a data field established in April 2018 by the Legislative Coordinating Commission for Legacy project outcome status. The granting agency will use the data field to indicate the extent to which a Grantee's project achieved its proposed objectives. It is a fixed field with five drop-down options as follows:

- Achieved proposed outcomes
- Achieved most of the proposed outcomes
- Achieved some of the proposed outcomes
- Achieved none of the proposed outcomes
- Outcomes data not yet available

**OGM requests Grantees report on their actual outcomes for each project in the Grantee work plan within their January 15th Legislative Report using the following criteria:**

- Achieved proposed outcomes (Achieved 100% of outcomes)
- Achieved most of the proposed outcomes (Achieved greater than 50% of proposed outcomes)
- Achieved some of the proposed outcomes (Achieved less than 50% of proposed outcomes)
- Achieved none of the proposed outcomes (Achieved 0% of proposed outcomes)
- Outcomes data not yet available

**OGM staff will evaluate the projects using the same criteria and metrics.**

Per 3.303, subdivision 10 "measurable outcomes" means outcomes, indicators, or other performance measures that may be quantified or otherwise measured in order to measure the effectiveness of a project or program in meeting its intended goal or purpose.

Please reference the following statutes and resources when preparing reports:

- M.S. 3.303, Subd. 10
- M.S. 129D.17, Subd. 2 (d)
- M.S. 129D. 18, Subd. 4 (only public television)

[1] Public Radio and Public Television Grantees Only

- M.S. 129D. 19, Subd. 5 (only public educational radio stations)
- Minnesota IT Services: Minnesota IT Services: Making electronic documents accessible

Past reports may provide guidance on report format. They can be found through a search of the Legislative Reference Library or the Legacy websites.

## B. Monitoring and Progress Reports

It is the policy of the State of Minnesota to conduct at least one monitoring visit per grant period on all state grants of over $50,000 and to conduct at least annual monitoring visits on grants of over $250,000. This requirement is per Office of Grants Management policy 08-10.

The Office of Grants Management will notify Grantees of monitoring activities via email and will provide instruction including how and when to complete monitoring progress reports as assigned. Monitoring activities include completion of monitoring progress report forms, site visits/desk reviews, and financial reconciliation. Additional monitoring activities may be conducted at the discretion of the Office of Grants Management.

Starting in FY26, grantees monitored on the bi-annual basis will be required to submit progress reports in Foundant for the year the grantee does not submit a monitoring report. This progress report will be less extensive than the full monitoring report.

Other progress reports or financial reconciliations may also be assigned and conducted at the discretion of the Office of Grants Management.

## C. Financial Reconciliation

State agencies must also conduct a financial reconciliation of the Grantee's expenditures at least once during the grant period on grants of over $50,000 and annually on grants over $250,000. For this purpose, the Grantee must make the following available upon request by the state:

- Expense Receipts
- Employee Timesheets
- Invoices
- Proof of Payment (cancelled checks, bank statements, etc.)
- Position Descriptions
- Any other supporting documents

Requirements listed in this section are the minimum required by Office of Grants Management Policy 08-10. The State may choose to conduct additional monitoring activities. Grantees will be provided notice in advance of any additional monitoring activities.

## D. Publicity

All projects funded by the ACHF must publicly credit the fund, including on the Grantee's website when practicable. Minnesota's Legacy Website details the publicity and logo guidelines.

## E. Audits

The Grantee's books, records, documents, and accounting procedures and practices of the Grantee or other party that are relevant to the grant or transaction are subject to examination by the granting agency and either the legislative auditor or the state auditor, as appropriate, for a minimum of six years from the grant agreement end date, receipt and approval of all final reports, or the required period of time to satisfy all state and program retention requirements, whichever is later.

All funds are subject to audit by the Office of the Legislative Auditor (OLA). To see reports of past audits of the Arts and Cultural Heritage Fund by the OLA, as well as reports on audits of the other four funds, please see their website.

## F. Pre-Award Risk Assessment

To protect the interests of the State, it is the policy of the State of Minnesota to complete a pre-award risk assessment before making a grant subject to Minn. Stat. §§ 168.97 and 168.98 of $50,000 or more to a potential grantee to assess the risk that they cannot or would not perform the required duties specified in the grant contract agreement.

In making this assessment, and to protect the interests of the State, the agency must consider the following as applicable:

(i) the potential grantee's history of performing duties similar to those required by the grant;
(ii) whether the grant requires the potential grantee to perform services at a significantly increased scale and, if so, whether the grantee has the capability and organizational capacity to do so;
(iii) review the potential grantee's financial information and/or internal controls; and
(iv) review compliance with certain other state and federal requirements.

If the grantee does not have a history of performing similar duties, does not demonstrate the capability and capacity to perform the duties at the scale and pace required in the grant, or the results of the financial information review raise concern, then the agency may:

(i) require additional information to determine whether there is a substantial risk that the potential grantee cannot or would not perform the required duties of the grant contract agreement; and
(ii) create a risk mitigation plan in response to the substantial risks that may include technical assistance and increased oversight; or
(iii) not award the grant.

State grant policy requires that nonprofit Grantees submit financial statements. Nonprofit Grantees with annual income of under $50,000 or who have not been in existence long enough to have a completed IRS Form 990 or audit must submit their most recent board-reviewed financial statements *and documentation of internal controls or, if there is no such board, by the applicant's managing group*. All Nonprofit Grantees with total annual revenue of $50,000 - $750,000 must submit their most recent IRS Form 990 and nonprofit Grantees with total annual revenue over $750,000 must submit their most recent IRS Form 990 and a certified audit. Based on the financial condition of an organization, additional conditions or monitoring may be placed in the grant contract.

Please see OGM Policy 08-06: Pre-Award Risk Assessment for additional information.

## G. Evaluating Grantee Performance

Minnesota Statutes, section 16B.98, subdivision 12 directs agencies to submit a report to the commissioner of the Department of Administration evaluating grantee performance of grant agreements over $25,000. The state agency must evaluate a grantee's performance and submit a report of their evaluation to the commissioner of the Department of Administration. These reports will be publicly available online. The report evaluating grantee performance should be submitted within 60 days following completion of all other grant requirements. Grantees have a right to respond to performance evaluations and agencies must keep the responses in the grant file. Grant programs may not seek exceptions to this policy regarding grantee performance evaluation for grants over $25,000 issued on or after April 1, 2024.

It is the policy of the State of Minnesota to evaluate and consider a grant applicant's past performance before awarding subsequent grants to them.

Evaluation measures will include:

1. Evaluating if the quality of the grantee's work fulfilled the expected outcomes of the grant
2. Compliance with reporting requirements
3. Monitoring and financial reconciliation results
4. Termination for cause, unresolved issues or concerns, conditions on grant contract agreement
5. Agency satisfaction with grantee timeliness, quality of work, and overall performance

Please see OGM Policy 08-13: Evaluating Grantee Performance for additional information.

## H. Grantee Website Requirement

The grantee must clearly post on the grantee's website the names of, and contact information for, the organization's leadership and the employee or other person who directly manages and oversees the grant for the grantee.

There should be information posted sufficient for the public to understand that the employee or person with contact information listed is the employee or person who directly manages and oversees the grant contract agreement on behalf of the grantee.

"**Contact information**" means a telephone number, an email address, or a business address that allows the public to reach the individual who directly manages and oversees the grant contract agreement on behalf of the grantee.

**"Leadership"** means the grantee's top administrative person, such as an Executive Director, President, or CEO. The expectation is that the contact information is sufficient for the public to understand who and how to make contact about the grant. This requirement will be discussed with the grantee during monitoring and other check-in meetings.

Please ensure your website is updated within 6 months of the effective date of the grant agreement.

Reference: Minnesota Statutes 2024, section 16B.98, subdivision 5, Chapter 39 - MN Laws

### I. Voter Registration Assistance

Minnesota Statute 201.162 requires nonprofit corporations that contract with the state to provide nonpartisan voter registration assistance and services for employees and the public. This may include, but is not limited to, displaying voter registration materials in public and non-public areas within your organization, public service announcements, and displaying voter registration information on both public-facing and employee-facing websites. Please refer to Minnesota Statute 201.162 for additional information.

## Section 3. Grant Payments

### A. Reimbursement

The Department of Administration pays ACHF grants on a reimbursement basis. Grant payments shall not be made on grants with past due reporting. For more information on grant payments, including advance payments, please see Policy 08-08: Grant Payments.

Please refer to Appendix C of this document for details on requirements for submitting reimbursement request to the Office of Grants Management.

### B. Travel Expenses

Travel expenses must comply with the most recently approved budget as specified in the Grant Agreement Exhibit A: Work Plan and Budget. Travel expenses must meet the guidelines specified in the current "Commissioner's Plan" found on the Minnesota Management and Budget Website.

The Grantee will not be reimbursed for travel and subsistence expenses incurred outside Minnesota unless the State has provided prior written approval for out of state travel. Minnesota will be considered the home state for determining whether travel is out of state.

Grantees shall document travel-related expenses on the Travel Log provided by the Office of Grants Management. Please refer to Appendix D of this document for a list of the required documentation for reimbursement requests involving travel.

### C. Payment Schedule

Grantees may submit an invoice for reimbursement no more often than once per month. Grantees may submit invoices less frequently (such as quarterly) based upon their internal schedules or needs.

Grantees are required to submit for reimbursement on a quarterly basis, at a minimum.

### D. Budget Revisions

Expenses submitted for reimbursement must follow the application and budget that has been approved by the Office of Grants Management. **OGM cannot approve retroactive budget and work plan revision requests.**

Grantees must obtain prior approval from OGM for all revisions to the application and budget. No revision is necessary for an overage in a budget line item of 10 percent or less. Once approved by OGM, a new reimbursement spreadsheet will be provided to Grantees. Grantees must not adjust the reimbursement spreadsheet.

It is understood that the total obligation of the State for all compensation and reimbursements to a Grantee will not exceed the total obligation listed in the grant agreement.

### E. Contracting and Bidding Requirements

Grantees and AMPERS stations included in the Group Project should follow the contracting and bidding requirements found in section four of the grant agreement when making large purchases or contracts with grant funds.[2] Grantees with procurement policies that are stricter than those listed in the grant agreement should follow their own procurement policies.

Grantees and AMPERS stations included in Group Project must take all necessary affirmative steps to assure that targeted vendors from businesses with activated certifications with any of the following resources are used when possible:

- Department of Administration's Certified Targeted Group, Economically Disadvantaged and Veteran Owned Vendor List: Admin Certified Targeted Group Vendor List
- Metropolitan Council Underutilized Business Program
- Central Certification Program

## Section 4. Expense Eligibility

### A. Eligible Expenses

Arts and Cultural Heritage Fund grants may be spent only for arts, arts education, arts access and to preserve Minnesota's history and cultural heritage. All money from the Arts and Cultural Heritage Fund must be for projects located in Minnesota. Grant funds may only be spent on activities considered direct and necessary for a specific appropriation. Only MN artists can be hired for Legacy grant work.

In determining appropriate grant-funded projects please see Section 1. B. "Priorities" of this document, as well as the 2010 House Legislative Guide. In addition, appropriate grant expenses are those that align with the intended outcomes of grant funded projects. Please see the Evaluation and Outcomes Guide provided by the Office of Grants Management for guidance on grant outcomes.

### B. Application and Budget

The Arts and Cultural Heritage Fund grant must only be used for expenses outlined in the work plan and budget and any submitted work plan and budget revisions approved by the Office of Grants Management. The grant application and budget are considered a part of the grant agreement.

### C. Salaries

Grant budgets that include salaries and benefits are required to include salary detail for each fiscal year. This detail can be found in the budget document and incorporated into the grant agreement as Exhibit B.2. The following is required for all positions funded by the ACHF grant.

- Position title
- Position FTE tied to the grant
  - The FTE for the position should be calculated as the total number of hours planned for the position divided by 2,088.
- Annual salary
- Annual benefits/fringe associated with the position

[2] AMPERS stations may alternately choose to follow the Job Posting Requirements

Employees who perform work funded by the ACHF grant must track and certify their own time using timesheets or using an electronic timekeeping system. Additionally, employee time billed to the grant must also be reviewed and approved by a supervisor.

- The Department of Administration requires that grantee positions charged to the Legacy grant at a 0.5 FTE or more have the specific Legacy work included in their position description within six months of the effective date of the grant agreement.
    - If it is not possible to update a position description, employees whose positions are charged to the grant at 0.5 FTE or more can sign the following statement as an acknowledgement that is kept with their position description and as part of the grant file.
        - This position is funded at least 20 hours a week by a State of Minnesota Legacy Grant and the employee is responsible for understanding, adhering, and complying with the requirements of the Legacy Grant funding. All hours worked on the Legacy Grant must be tracked. Please see time tracking guidance within the FY26/27 Grant Guidelines.

**Time tracking guidance:**

- The amount of staff compensation charged to Legacy funds for wages, salary, and benefits should be reflective of each individual's workload on the Legacy project.
- Agencies should have checks in place to ensure that Legacy funds are charged in a way that accurately reflects actual employee or contractor time.
    - This could include staff tracking their actual time spent on Legacy programs on an on-going basis, or allocating cost according to staff position descriptions.
    - If a Grantee does not have a personnel time report system that can handle actual hours, a reasonable percentage of time spent on Legacy activities approach can be used. The percentage used for individual programs must be checked periodically for accuracy.
    - The Grantee must complete expenditure corrections and adjust position descriptions accordingly if/when changes take place in staffing or after the state has approved work plan or budget revisions. Grantees should implement the system that is most efficient and effective for them.

## D. Indirect Costs

Arts and Cultural Heritage Fund grants must not be spent on indirect costs or other institutional overhead charges that are not directly related to and necessary for a specific appropriation. See the Minnesota Management and Budget Guidance to Agencies on Legacy Fund Expenditures for more on indirect and administrative costs.

Indirect cost line items must be clearly described in the budget narrative.

Supporting documentation, including invoices, must be provided for indirect cost line items unless the grantee has a Federally Negotiated Indirect Rate uploaded to the grant application.

## E. Fundraising

Fundraising is an ineligible expense for ACHF grants. Legacy grants **must not** be used to generate a profit for the Grantee. Here are some examples of activity that could be considered fundraising (this is not an exhaustive list):

- Selling items/services paid for with the grant for a profit
- Charging admission to a grant-funded event in order to make a profit

*Charging for admission to an ACHF grant-funded event is allowed to recover costs **not charged** to the grant. However, this is discouraged. Grantees who charge admission to ACHF events to recover non-grant costs **must**

document their total revenues and losses from the event to demonstrate that a profit was not earned. This documentation must be maintained by the Grantee per the audit clause of the grant agreement.

## F. Suspended and Debarred Vendors

Grantees should not use ACHF grants to do business with vendors who have been suspended/debarred from doing business with the state of Minnesota. A list of businesses can be found at: Admin Suspended Debarred Vendors

## G. Other Ineligible Expenses

Ineligible expenses include but are not limited to:

- Food and beverages, including food and beverages for employees, contractors, and others working on the Legacy grant
    - Food may be allowed for **minors** participating in Legacy grant programming for four hours or more. Specific food expenses for minors must be described in the Legacy grant work plan and budget and pre-approved by OGM.
    - Culturally specific food expenses may be allowed. These must be clearly described in the Legacy grant work plan and budget and pre-approved by OGM.
    - Meals are an allowable expense for employees in travel status if travel is an approved budget line item. Please see "Other Travel Expenses" under the Expense Reimbursement section of the current Commissioner's Plan for travel status guidance.
- Taxes, except payroll taxes
- Lobbyists, political contributions
- Alcohol
- Bad debts, late payment fees, finance charges, or contingency funds
- Parking or traffic violations
- Out of state transportation and travel expenses without prior approval from the Department of Administration
- Building depreciation

Additionally, please reference the following documents as guidance on eligible costs:

- MMB Guidance to Agencies on Legacy Fund Expenditure
- Legislative Guide: Principles for Use and Expected Outcomes of Funds from Dedicated Sales Taxes adopted March 24, 2010
- Electronic Code of Federal Regulations (eCFR: Title 2, Subtitle A, Chapter II, Part 200:)

# Appendices

## A. Reference Links: Arts and Cultural Heritage Fund Appropriation for State Fiscal Years 2026-2027

### Laws and Statutes

| Reference | Links |
|---|---|
| Minnesota Session Laws-2025, Chapter 36, Article 4, Section 6 | Minnesota Session Laws-2025, Chapter 36, Article 4, Section 6 |
| Minn. Stat. §3.303 Legislative Coordinating Commission | Minn. Stat. §3.303 |
| Minn. Stat. §16B.97 Grants Management | Minn. Stat. §16B.97 |
| Minn. Stat. §16B.98 Grants Management Process | Minn. Stat. §16B.98 |
| Minn. Stat. §129D.17 Arts and Cultural Heritage Fund | Minn. Stat. §129D.17 |
| Minn. Stat. §129D.18 Grants to Public Television | Minn. Stat. §129D.18 |
| Minn. Stat. §129D.19 Grants to Public Educational Radio Stations | Minn. Stat. §129D.19 |
| Minn. Stat. §201.162 Duties of State Agencies | Minn. Stat. §201.162 |

### Guidance Documents

| Document | Link |
|---|---|
| Legislative Guide: Principles for Use and Expected Outcomes of Funds from Dedicated Sales Taxes adopted March 24, 2010 | Legislative Guide |
| Minnesota Management and Budget Commissioner's Plan | Minnesota Management and Budget Commissioner's Plan |
| Minnesota Management and Budget Guidance to Agencies on Legacy Expenditure | Minnesota Management and Budget Guidance to Agencies on Legacy Expenditure |
| Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards | Office and Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards |

## Targeted Group Vendor Lists

| Reference | Link |
|---|---|
| Department of Administration's Certified Targeted Group, Economically Disadvantaged and Veteran-Owned Vendor List | Department of Admin Certified Targeted Group, Economically Disadvantaged and Veteran-Owned Vendor List |
| Metropolitan Council Underutilized Business Program | Metropolitan Council Underutilized Business Program |
| Central Certification Program (CERT) | Central Certification Program |

## Additional Grantee Resources

| Resource | Link |
|---|---|
| Minnesota's Legacy Website | MN Legacy |
| Office of Grants Management | Grants Management |
| Office of the Legislative Auditor | Office of the Legislative Auditor |
| Minnesota State Council on Disability | MN State Council on Disability |
| Minnesota IT Services | Minnesota IT Services: Making electronic documents accessible |

### B. OGM Policies

One role of the Office of Grants Management is to develop comprehensive grants management policies per Minnesota Statute 16B.97 sub. 4 (a)(1). The following grants management policies are applicable to grants administered by all Executive Branch agencies, boards, commissions, councils, authorities and task forces.

**Policy 08-01: Grants Conflict of Interest**

**Policy 08-02: Rating Criteria for Competitive Grant Review**

**Policy 08-03: Writing and Publicizing Grants Notices and Requests for Proposals**

**Policy 08-04: Grant Contract Agreement and Grant Award Notification**

**Policy 08-05: Public Comments Concerning Fraud and Waste in State Grants**

**Policy 08-06: Pre-Award Risk Assessment**

**Policy 08-07: Single and Sole Source Grants**

**Policy 08-08: Grant Payments**

**Policy 08-09: Grant Progress Reports**

**Policy 08-10: Grant Monitoring**

Policy 08-11: Legislatively Mandated Grants

Policy 08-12: Grant Amendments

Policy 08-13: Evaluating Grantee Performance

## C. Reimbursement

To begin the reimbursement process, Grantees must submit a reimbursement request. Each reimbursement request requires, at minimum, two documents: an invoice and a reimbursement spreadsheet. Both documents must be complete and correct in order for reimbursement to occur. *All Grantees that are nonprofits must submit a current roster of board members and their most recent meeting minutes on or before their first reimbursement request.

### Invoice

A formal invoice must be used to request payment and should include the following information:

- **Grant Contract number** – this number is provided by the State and can be found on the Signature page of the grant contract.
- **Invoice date** – This is the day that the invoice is submitted to the Office of Grants Management.
- **Reimbursement Payment Request Number** – This number is based on how many reimbursement requests have been submitted previously to the State for this grant contract.
- **Period Covered by invoice** – This includes the start and end dates that services were performed or work was incurred. This period should not overlap with previous reimbursement requests. If you have an expense from a previous payment period that has not yet been billed to the grant, please notify an OGM staff member that the reimbursement request will include this, if applicable.
- **Invoice amount** – This is the amount requested for reimbursement by the State. This number must match the "Current Invoice" total in the Reimbursement Spreadsheet.

### Reimbursement Spreadsheet

The reimbursement spreadsheet is an Excel spreadsheet template provided by the Office of Grants Management. Grantees fill out the spreadsheet detailing expenditures by budget line item. The total in the cell "Current Invoice" must match the invoice amount.

There is an allowable 10% overage for each budget line item. If a reimbursement request will exceed the allowable overage, please submit a budget revision for approval **before** requesting reimbursement.

Payment will not be processed if the reimbursement spreadsheet contains math errors.

You may check on the status of your reimbursement request through SWIFT[3]. The Office of Grants Management works to promptly pay Grantee reimbursement requests within 30 days. The 30-day window does not begin until the reimbursement documents are complete and correct.

In some cases, additional documentation may be necessary. If Grantees are requesting reimbursement for travel costs, the guidelines in Appendix D must be followed. If a grant contract includes language around extra backup

[3] For SWIFT help, please see SWIFT Vendor Resources

documentation, then Grantees may need to provide invoices, timesheets, proof of service, and proof of payment for grant expenses in order to be reimbursed.

## D. Travel

Travel expenses must be a previously approved part of the grant budget before Grantees may request reimbursement for travel expenses. Travel expenses must meet the guidelines specified in the current "Commissioner's Plan" found on the Minnesota Management and Budget Website:

- Commissioner's Plan (Section 15 – Expense Reimbursement)

Grantees will not be reimbursed for travel expenses incurred outside Minnesota unless OGM has provided prior written approval for out of state travel.

Travel-related expenses must be documented on a Travel Log Report. An Excel spreadsheet template will be provided by the Office of Grants Management. For each travel expense (mileage, parking, meals, etc.), Grantees must demonstrate which project on the work plan is associated with the expense. The following expenses must be included on the Travel Log:

- **Date** – This is the date that the travel occurred.
- **Time** – This must be included if meal costs are being submitted for reimbursement.
- **Destination** – This should include the destination for traveling employees, and which project from the work plan is associated with the expense.
- **Mileage** – Mileage is reimbursed at the Federal IRS mileage rate.
- **Parking** – Parking costs are reimbursed as long as they are reasonable and consistent with the facilities available.
- **Lodging** – Lodging costs are reimbursed as long as they are reasonable and consistent with the facilities available. Lodging costs eligible for reimbursement include hotels, motels, and campsites.
- **Meals**
    - Breakfast
        - Reimbursements for breakfast may be claimed if the employee leaves their temporary or permanent work location before 6:00 am or is away from home overnight.
        - Maximum reimbursement including tax and gratuity is $11.00 per person.
    - Lunch
        - Reimbursements may be claimed if the employee is in travel status more than 35 miles from their temporary or permanent work location and work extends over the normal noon lunch hour period.
        - Maximum reimbursement including tax and gratuity is $13.00 per person.
    - Dinner
        - Reimbursements may be claimed if the employee is in travel status after 7:00 pm or requires an overnight stay.
        - Maximum reimbursement including tax and gratuity is $19.00 per person.
- **Number of Travelers** – This must be included if lodging or meals are being claimed for reimbursement.
- **Other costs** – Additional costs eligible for reimbursement should be previously agreed upon with OGM and may include public transportation expenses or taxis.

Backup documentation (receipt, proof of payment, etc.) must be submitted for reimbursement for parking and lodging expenses, and expenses listed as "Other costs." No backup documentation is necessary for mileage and meals.

Per the audit clause of the grant contract, supporting documentation for all travel expenses (invoices, receipts, employee time records, proof of payment, etc.) shall be maintained on file by the Grantee and available upon request by the State.

## E. Glossary

**Authorized Representative (Grantee)** - The individual at the Grantee organization who has authority to enter into a grant contract agreement. The signer on the grant contract agreement.

**Budget** - Details the budget categories for grant spending. Exhibit B of the grant contract.

**Grant Contract** - Also called the grant agreement. Contains the terms and conditions of the grant award.

**Grant Payment** - Refers to the processing of a request for reimbursement to the Grantee.

**General Fund Grant*** - Refers to another grant managed by the Department of Administration. Also known as Community Service and Equipment, or Matching and Equipment.

**Legacy Grant** - Another term for the Arts and Cultural Heritage Fund (ACHF) grant.

**Payment Invoice** - The invoice provided by the Grantee with a request for reimbursement.

**Primary Contact** - The individual at the Grantee organization who has the most interaction with the State.

**Reimbursement Spreadsheet** - An excel worksheet provided by OGM to be submitted with each reimbursement request.

**Salary Detail** - Details about the salaries charged to the Legacy grant, part of the grant budget.

**Travel Log Report** - An excel worksheet provided by OGM to provide travel detail with reimbursement requests.

**Work Plan** - Details the work to be completed with the Legacy grant. Appended to the contract as Exhibit A.

*Broadcasting Grantees Only

DEPARTMENT OF EDUCATION

## Arts and Cultural Heritage Fund Grant Application Narrative FY27

1. Describe how your regional library system anticipates using its state fiscal year 2027 ACHF allocation to achieve the goals of the ACHF legislation, which include providing opportunities in the arts, history, literary arts and cultural heritage of Minnesota.

2. Will your organization use ACHF funds for administrative costs? Please check yes or no:

   Yes ☒

   No ☐

   If yes, please identify the amount you anticipate spending on administration on the budget form and how your organization's ACHF administrative funds are used:

   Administrative costs will go towards our Bookkeeper who maintains and keeps track of the accounting for ACHF, and staff other than the Legacy Coordinator involved in overseeing programs and writing publicity.

3. Does your organization intend to subgrant ACHF Funds? Please check yes or no.

   Yes ☐

   No ☒

   If yes, please identify the amount you anticipate subgranting under "Other" on the budget form. Please briefly describe your organization's subgranting process(es).

4. Authorizing legislation requires recipients to measure the outcomes of ACHF projects. Expected outcomes are described in the Legislative Guide. These include, but are not limited to:

   - Arts, culture and history will be interwoven into every facet of community life.
   - Increased Minnesotans of all ages, ethnicities, abilities and incomes who participate in the arts, culture and history.
   - Increased student exposure to professional performing arts, and the work of professional artists.
   - Increased knowledge and awareness of the way that history affects people's lives and how that knowledge can help people make informed decisions for the future.

   Outcomes of ACHF projects must be reported to the Minnesota Department of Education for inclusion on the Legislative Coordinating Commission Legacy website. Required reporting asks for both proposed and realized outcomes as well as participation/attendance.

   Briefly describe how you plan to establish, track and measure outcomes for ACHF projects based on reporting requirements. Indicate how you will evaluate success in achieving ACHF outcomes.

## ARTS AND CULTURAL HERITAGE FUND (ACHF)
## REGIONAL LIBRARY SYSTEM
## BUDGET APPLICATION FORM

**State Fiscal Year 2026 (July 1, 2026-June 30, 2027)**

DEPARTMENT OF EDUCATION

Kitchigami Regional Library System

| | |
|---|---|
| Full-time equivalents (FTE) funded with ACHF : *Use the total FTE represented by all regional library system staff--both program administration and other--who will be paid using ACHF. Calculated as total # hours planned divided by 2,080.* | 0.4 |

| Budget items (used to create Financial Reporting Form | FY27 Estimated Expenditures | Notes |
|---|---|---|
| Statewide initiative (up to 10%) | $113,081.75 | |
| Other (auto sums from info entered below) | | |
| **TOTAL** | **$113,081.75** | |

| Other estimated expenses (will be included above) | FY27 Estimated Expenditures | Notes |
|---|---|---|
| Contracted services | $77,755.75 | |
| Personnel | $17,626.00 | |
| Subgrants | | |
| Advertising | $2,000.00 | |
| Collection | $11,700.00 | |
| *Adminstration* | $4,000.00 | |
| **Total Other** | **$113,081.75** | |

## 7b SIRSI/Dynix Consultant

**Action Request:** Approval of consultant

**Background Information:** SIRSI/Dynix is the KRLS circulation system which was originally implemented in 2021 throughout all KRLS branches. Financial investment in this product is significant and requires ongoing management and maintenance. For well over a year, there has been a breakdown in ongoing management and maintenance, which has resulted in a long list of updates/problems and processes that require immediate attention. The consultant met with library staff last month to better understand current needs and ongoing issues that require immediate attention and has submitted the attached consulting proposal. Headquarters Reserve funding for Automation can pay for this contract.

(In my role as both Library Director in Austin and Carver County, I have worked with this consultant since the early 1980s and have first-hand knowledge of his skills and abilities to work on the SIRSI/Dynix product.)

**MOTION MADE BY: _____**

**SECOND BY: _____**

**ROLL CALL VOTE: _____YES _____ NO**

# KRLS Consulting Proposal

## Introduction

Kitchigami Regional Library System (KRLS) is a consolidated library system serving a five-county region in north central Minnesota with nine branches and one bookmobile. KRLS receives technology services from Deerwood Technologies. It is automated with Symphony, a solution provided by SirsiDynix using the Software as a Service (SaaS) model. Due to recent staff turnover, two positions are vacant following lengthy suspensions–Executive Director and Technical Services Manager. As a result, the system has a number of needs including:

**Documentation** - KRLS documentation is incomplete which hampers troubleshooting and planning

**Systems Updates** - Symphony and Enterprise updates have been delayed by the lengthy suspension of key staff members

**System Settings** - Branch library staff have identified a number of questions regarding how Symphony is configured; in some cases, staff have expressed a desire to reevaluate past configuration decisions

**Mobile App** - KRLS is using BLUECloud Mobile1, which has been superseded by a new solution: BLUECloud Mobile2; while Mobile1 is still functional, it is likely that SirsiDynix will eventually cease support for the platform and a future course must be determined

**Reports** - Branch library staff have identified concerns regarding Symphony reports including: lack of critical data, misalignment with the Minnesota State Annual Report (aka MPLAR), and lack of needed reports.

My name is Donovan Lambright. I have an MLS and have worked in libraries for 36 years. Much of my career has been spent managing library automation and information technology. In this role, I have participated in two automation system migrations, written systems documentation, and managed library technology platforms. I believe I can help KRLS stabilize the situation for new Executive Director and Technical Services Manager hires.

## Project Activities

- Review system documentation and update as needed
- Identify undocumented processes and, with information from KRLS and branch library staff, create documentation
- Identify needed updates and, in partnership with SirsiDynix, implement said updates
- Communicate with KRLS and branch library staff regarding upcoming updates, particularly if downtime is expected
- Collect input from KRLS and branch library staff to recommend proposed settings revisions
- Subject to management and Board of Directors approval (as needed), implement setting revisions
- Review the current situation on the mobile app and recommend whether to implement Mobile2
- Subject to approval, implement updates in partnership with SirsiDynix
- Review current reports and, with information from KRLS and library branch staff, update as needed
- Identify and create new reports as needed.

| | | |
|---|---|---|
| **TOTAL** | **320 hours** | **$33,712.00** |

# Resume

## Donovan Lambright

507.529.1911 | donovan.lambright@gmail.com | Kasson, MN, 55944

### Professional Summary

Accomplished Information Technology Manager with over 20 years of experience leading the design and implementation of IT infrastructures and solutions. Demonstrated ability to manage mixed teams of technology and other professionals. Proven track record of communicating complex information to audiences with varying technology knowledge.

### Skills

Library Automation | Planning | Communication | Collaboration | Project management

### CliftonStrengths Assessment

1. Context | 2. Intellection | 3. Input | 4. Learner | 5. Harmony

### Most Relevant Experience

**Systems Analyst** **Feb 2025 -**
**Arrowhead Library System (ALS), Mountain Iron, MN, 55768**

- Analyze and identify means to improve efficiency in automation workflow
- Manage essential technology infrastructure, including networking, server administration, PC maintenance, and systems documentation
- Provides training and technical assistance for libraries in a wide range of topics, including cybersecurity, technology skills, and library automation
- Maintain regional library website
- Develop technology-related policies
- Assist in the preparation and implementation of goals and objectives for the Automation Department in the Strategic Plan
- Manage technology sections of the organizational budget

**Consultant** **Jul 2024 - Sep 2024**
**Arrowhead Library System (ALS), Mountain Iron, MN, 55768**

- Restore functionality of telecirc system, including purchase and installation of a new server to host the system

# Your Investment

*Project rate is $105.35/hr*

| Project Activity | Estimated Time Required | Cost |
|---|---|---|
| Review system documentation and update as needed | 40 hours | $4,214.00 |
| Identify undocumented processes and create documentation | 40 hours | $4,214.00 |
| Identify needed updates and implement said updates | 40 hours | $4,214.00 |
| Communicate with KRLS and branch library staff regarding upcoming updates | 4 hours | $421.40 |
| Recommend proposed setting revisions | 32 hours | $3,371.20 |
| Implement setting revisions | 24 Hours | $2,528.40 |
| Review the current situation on the mobile app and recommend whether to implement Mobile2 | 12 hours | $1,264.20 |
| Implement updates to mobile app | 40 hours | $4,214.00 |
| Review current automation reports and update as needed | 40 hours | $4,214.00 |
| Identify and create new automation reports as needed | 40 hours | $4,214.00 |
| Create final report of activities | 8 hours | $842.80 |

- Evaluate firewall configuration and implement changes as needed
- Perform software updates on servers, PCs, and Chrombooks
- Conduct a phishing test for library staff
- Implement systems password management system
- Collaborate with Executive Director to create drafts for System Analyst and Systems Support Technician job descriptions
- Recommend procedures for technology management including server and PC replacement, upgrades to server room, data backups, and cybersecurity

**Automation Librarian** **Aug 2000 - Jan 2019**
**Southeastern Libraries Cooperating (SELCO), Rochester, MN, 55901**

- Served on SELCO Management Team to provide strategic planning, budgeting, service development, and maintenance of policies
- Managed technology team responsible for infrastructures and services for 87 libraries in 11 counties
- Collaborated with cross-functional teams to deploy a new, SQL-based, library automation database system, resulting in upgraded capabilities for member libraries
- Led the migration from Microsoft Exchange Server to Google Workspace, resulting in substantial reduction in costs
- Led the design and implementation of a new IT infrastructure, leveraging virtualization and hosted servers, resulting in increased reliability and reduced infrastructure costs
- Led the implementation of hosted applications to eliminate local clients at member sites, resulting in lowered costs for on-site management and hardware
- Led the implementation of third-party, web-based catalog to upgrade search capabilities for patrons and students
- Collaborated with Management Team to write and implement successful grant projects with Library Services and Technology Act (LSTA) funds

## Other Experience

**Resource Sharing Consultant** **Mar 2020 - Apr 2024**
**SELCO, Rochester, MN, 5590**

- Proactively consult with and provide problem-solving assistance for 64 libraries on technology solutions, infrastructures, and effective use
- Combine data analysis and extensive technology experience to inform decision-making
- Prepare documentation including policy guides, white papers, and project updates

**Consulting Services Director** **Jan 2019 - Mar 2020**
**SELCO, Rochester, MN, 55901**

- Managed consulting team providing wide-ranging consulting and problem-solving assistance
- Provided consulting and analysis on technology solutions
- Strengthened relationships with libraries through direct communication and regular visits

**Library Consultant** **Apr 2017 - Jun 2017**
**Library Strategies Consulting Group**

- Facilitated listening sessions with library stakeholders throughout Wisconsin

- Collaborated in writing and editing the 2018-2022 Library Services and Technology Act (LSTA) Five-Year Plan for the Wisconsin state Department of Public Instruction, Division for Libraries and Technology

**Computer Services Manager** **Mar 1997- Aug 2000**
**Missouri River Regional Library (MRRL), Jefferson City, M0, 65101**

- Led Computer Services team to support technology solutions for a public library serving a two-county region
- Led implementation of library automation database system, resulting in upgraded capabilities for the library and community
- Leveraged grant funding to convert underutilized space to a public computer center, resulting in more than doubled the number of public internet access PCs
- Managed expansion of of staff network from dumb terminals to PCs

**Reference Librarian** **Apr 1994 - Mar 1997**
**MRRL, Jefferson City, M0, 65101**

- Provided reference service to a diverse patron population
- Managed implementation of internet access

**Library Assistant** **Jan 1990 - Apr 1994**
**Lincoln University, Jefferson City, M0, 65101**

- Served on cross-departmental team to implement university-wide internet access
- Processed periodicals and government documents

## Education

**Masters of Library Science, Library, and Information Science** **Aug 1993**
**University of Missouri–Columbia, Columbia, MO**

**Bachelor of Arts, History** **Aug 1989**
**Northwest Missouri State University, Maryville, MO**

## 7c All Staff Day – October 12, 2026

**Action Request:** Approval of funding for All Staff Day on Monday, October 12, 2026. Theme: Our Next Chapter: Building Trust, Strengthening Teams, Serving Our Communities" - $5,500 budget.

**Background Information:** It has been several years since KRLS has had an official All Staff Day, and this year especially, a day focused on staff seems especially important. It will be a day when staff can connect with others, learn new skills, better understand how we all work together to serve our communities, and just have some fun. Currently, a small committee is meeting and has identified three topical areas to be addressed:

1. Customer Service Excellence
2. Workplace Professionalism and Appropriateness
3. Teamwork and Building Staff Morale

A budget of $5,500 would include breakfast, lunch, travel reimbursements for staff, speaker fees, and supplies. This request is based on previous years' budgets with increases built in for increased costs for food and mileage.

**MOTION MADE BY: _____**

**SECOND BY: _____**

**ROLL CALL VOTE: _____YES _____ NO**

## 7d MNLINK Agreement Addendum No. 1

**Action Request:** Approval of the MNLINK Agreement, Addendum No. 1

**Background Information:** Following a recommendation from the MNLINK Operations Committee and a formal legal review by the Attorney General's Office, the Minitex Policy Advisory Council approved an addendum to the MNLINK agreement. This amendment establishes a cost-sharing framework for Integrated Library System (ILS) migrations, capping the Organizations reimbursement to Minitex for vendor transition fees at a maximum of $10,000.

**MOTION MADE BY: _____**

**SECOND BY: _____**

**ROLL CALL VOTE: _____YES _____ NO**

# MNLINK AGREEMENT Addendum No. 1 to the MNLINK Library Agreement July 1, 2024 through June 30, 2029

This Addendum No. 1 is made to the MNLINK Library Agreement effective July 1, 2024 through June 30, 2029 (the "Agreement") between the State of Minnesota, acting through its Minitex Information Network ("Minitex"), having its principal place of business at the University of Minnesota, Wilson Library, Room 60, 309 19th Avenue South, Minneapolis, MN 55455-0439, and Kitchigami Regional Library ("Organization"). This Addendum is effective when it is last signed by the parties. Organization and Minitex are collectively referred to herein as "Parties" in singular or plural usage, as required by context.

1. **Library Responsibility for ILS Transition Costs**
    a. Upon written notification by the Organization of the Organization's intent to transition to a new Integrated Library System (ILS) (the "Transition"), the provisions of this Section 1 shall immediately become effective.
    b. The Organization agrees to be solely responsible for and shall reimburse Minitex for ILS Vendor Transition Fees incurred by Minitex as a direct result of the Organization's Transition.
    c. Definition and Cap:
        i. ILS Vendor Transition Fees are defined exclusively as the fees charged to Minitex by the vendor that manages and hosts the MNLINK software for the administrative and technical effort required to connect the Organization's new ILS to the MNLINK system, an expense triggered by the Organization's change.
        ii. The total amount the Organization is required to reimburse Minitex under this Section 1 shall be capped at a maximum of ten thousand dollars ($10,000.00) regardless of the actual fees Minitex may incur from its vendor.
    d. Minitex shall provide the Organization with an invoice equal to the lesser of the actual ILS Vendor Transition Fees or $10,000.00. The Organization shall remit full payment of the invoiced amount within forty-five (45) calendar days of receiving the invoice.

2. **Section 9 of the Agreement entitled "Indemnification" is Deleted and Replaced**

    Section 9 of the Agreement entitled "Indemnification" is deleted in its entirety and replaced with the following:

    9) Liability

    Each party will be responsible for its own acts and behavior and the results thereof to the extent authorized by law. A Party's liability will, to the extent applicable, be governed by the Minnesota Tort Claims Act, Minnesota Statutes section 3.736 or Minnesota statutes Chapter 466.

3. **Other parts of the Agreement to remain Unchanged.**

    Except as expressly modified by this Addendum, all other terms, conditions and provisions of the original Agreement remain in full force and effect. This Addendum may be executed

electronically and in counterparts, and all counterparts when taken together shall constitute a complete Addendum.

**Organization:**
The Organization certifies that the appropriate person(s) has/(have) executed the Agreement on behalf of the Organization as required by applicable articles, bylaws, resolutions, or ordinances.

By: _____

Title: _____ Date: _____

By: _____

Title: _____ Date: _____

**Minitex:**

By: _____
Maggie Snow

Title: Minitex Director

Date: _____

# MNLINK AGREEMENT
## July 1, 2024 through June 30, 2029

This MNLINK Library Agreement is between the State of Minnesota, acting through its Minitex Information Network (Minitex), having its principal place of business at the University of Minnesota, Wilson Library, Room 60, 309 19th Avenue South, Minneapolis, MN 55455-0439, and Kitchigami Regional Library ("Organization"). This Agreement is effective July 1, 2024 through June 30, 2029. Organization and Minitex are collectively referred to herein as "Parties" in singular or plural usage, as required by context.

**Definitions:**
**Minitex** means an Information and Resource Sharing program of the State of Minnesota acting through its Minnesota Office of Higher Education and the University of Minnesota Libraries.

**MNLINK** means a statewide discovery and interlibrary loan system that links Minnesota's rich library resources. It allows patrons to place interlibrary loans for materials and to access electronic content.

**MNLINK Library** means Organizations that meet established criteria and allow their materials to be accessible for interlibrary loan.

**Organization** means the library organization, city, county or other entity that is a party to this Agreement and operates the MNLINK service, which is the subject of this Agreement.

**1) Organization Obligations upon designation as MNLINK Library:**

- Conforms to MNLINK Membership and Technology requirements.
- Manages the workflow for interlibrary loan borrowing and lending requests, including lending of materials included on the library's catalog to patrons authenticated by MNLINK, subject to:
    - Statewide interlibrary loan policies and procedures established by Minitex and the Department of Education, State Library Services;
    - Such restrictions as the library may place on the loan of materials consistent with established policies and practices
- Appointment of a member to the MNLINK Operations Committee and any similar groups that may be established.
- If the Organization cannot meet their responsibilities, such as not lending materials through the MNLINK site, not uploading records, or not providing Z39.50 and NCIP access to their local system, the Minitex Associate Director will reach out to help address the issue. If the Organization is unable or unwilling to continue to meet MNLINK requirements, the library may be removed from the MNLINK service
- The Organization is expected to have staff to support library operations, engage with the Minitex resource sharing program, and support both borrowing and lending services.

**2) Minitex obligations:**

- Administer the MNLINK discovery and interlibrary loan system for the benefit of all participating libraries.
- Contract with vendor for hosting of the MNLINK discovery and interlibrary loan system following University of Minnesota purchasing procedures.
- Management of search of electronic resources available through the Minitex network.

- Management of authenticated patron placement of interlibrary loan requests via MNLINK for materials of other participating MNLINK libraries subject to:
    - Statewide interlibrary loan policies and procedures established by Minitex and the Department of Education, State Library Services;
    - Such restrictions as the library may place on the loan of materials consistent with established policies and practices
- Establishment of the MNLINK Operations Committee and any similar groups that may be required.
- Consultation with the MNLINK Operations Committee prior to adopting any new policies or procedures.
- Work with the vendor/s providing the MNLINK software to implement enhancements, bug fixes and general improvements.
- Provide training to all MNLINK member library staff on a regularly scheduled basis. Provide options for training on an as needed basis for new staff.

**3) Default**

If Organization fails to meet its obligations, Minitex may consider Organization to be in default, unless such failure has been caused by an unforeseeable event, outside of Organization's reasonable control. Minitex will work with Organization to help address the issue. If the issue is not addressed within sixty (60) days, Minitex agrees to give Organization written notice of such default. Organization will have thirty (30) days from the receipt of such notice to provide a plan of action that is acceptable to Minitex to cure the default.

**4) Term and Termination**

This Agreement shall be effective on July 1, 2024 and shall expire on June 30, 2029, unless earlier terminated. Either Party may terminate this Agreement upon sixty (60) calendar day's written notice to the other Party.
Neither party will incur additional financial obligations pursuant to this Agreement upon receipt of notice of termination or giving notice of termination.

**5) Audit Rights**

As required by Minn. Statutes Section 16.05, Subd. 5, the Organization shall maintain books, records, and documents that are relevant to the performance of this Agreement. Such books, records and documents of Organization as well as its accounting procedures and practices that are relevant to the performance of this Agreement, shall be subject to the examination and audit of the University and either the Legislative Auditor or the State Auditor as appropriate, for a minimum of six (6) years from the end of this contract.

**6) Government Data Practices Act**

Each party will comply with the Minnesota Government Data Practices Act as it applies to all data provided by the University and as it applies to all data created, gathered, generated or acquired in accordance with this Agreement.

**7) Assignability**

This Agreement may not be assigned by either party without the prior written consent of the other party.

**8) Disputes**

a) Dispute Resolution. The parties will attempt to settle any claim or controversy arising from this Agreement through consultation and negotiation in good faith and a spirit of cooperation. If those attempts fail, the dispute will be mediated by a mediator chosen jointly by Organization and University within thirty (30) calendar days after notice by one of the parties demanding non-binding mediation. Neither party may unreasonably withhold consent to the selection of a mediator. Subject to available funding, Organization and University will share the cost of mediation equally. The parties may by mutual agreement complete some specified but limited discovery about the dispute. The parties may also replace mediation with some other form of non-binding Alternate Dispute Resolution (ADR) procedure. Nothing in this section shall prevent University from terminating this Agreement for a material breach or for convenience.

b) Unresolved Disputes. Any dispute that cannot be resolved between the parties through negotiation or mediation within two (2) months after the date of the initial demand for non-binding mediation may then be submitted by either party to Minnesota District Court in the Fourth judicial district or to the United States District Court for the District of Minnesota for matters otherwise within its jurisdiction. Each party consents to jurisdiction over it by such a court. The use of any ADR procedures will not be considered under the doctrine of latches, waiver, or estoppels to affect adversely the rights of either party. Either party may resort to the judicial proceedings described in this paragraph prior to the expiration of the two-month ADR period if: (a) good faith efforts to attempt resolution of the dispute under these procedures have been unsuccessful or (b) interim relief from the court is necessary to prevent serious and irreparable injury to such party or any of its affiliates, agents, employees, customers, suppliers, or subcontractors.

c) Performance While Dispute is Pending. Notwithstanding the existence of a dispute, the parties shall continue without delay to carry out all of their responsibilities under this Agreement, which are not affected by the dispute. If a party fails to continue without delay to perform its responsibilities under this Agreement, in the accomplishment of all undisputed work, any additional costs incurred by the other parties as a result of such failure to proceed shall be borne by the responsible party.

**9) Indemnification**

Subject to the Minnesota Tort Claims Act, in the performance of this Agreement by the Organization, each party will be solely responsible for any claims or causes of action to the extent caused by Organizations.

- Intentional, willful, or negligent acts or omissions; or
- Actions that give rise to strict liability; or
- Breach of contract or warranty.

The indemnification obligations of this section do not apply in the event the claim or cause of action is the result of the other party's sole negligence. Each party will notify the other promptly upon having reason to believe a claim or cause of action has been, or is likely to be made, against the responsible party. The responsible party will defend or settle the claim or action at its expense, and the non-responsible party will fully cooperate in such defense or settlement. The responsible party will make no settlement that may affect the non-responsible party's operations without the non-responsible party's express, written permission.

**10) Entire Agreement**

This Agreement constitutes the entire agreement of the parties regarding the subject matter of this Agreement and supersedes all previous negotiations, representations, agreements and understandings, whether written or oral,

between the parties relating to such subject matter. This Agreement between the parties shall be independent of and have no effect upon any other contracts of either party.

**Organization:**

The Organization certifies that the appropriate person(s) has/(have) executed the Agreement on behalf of the Organization as required by applicable articles, bylaws, resolutions, or ordinances.

By: _____

Title: Tom Krueger - Board Chair Date: 9/19/2024

By: _____

Title: Director - Melissa Wheatley Date: 9-19-2024

**Minitex:**

By: Maggie Sunn
(Minitex Director)

Title: Minitex Director Date: 9/26/24

## 7e Library Director Search

**Action Request:** Approval of salary range for Director position

**Background Information:** Pat Melvin, consultant with David Drown Associates, will attend this meeting to present an update on the Director Search.

**Approval:** Enclosed is Kitchigami Regional Library System Director Salary Comparisons, requesting Board approval for the Director salary range: $44.82 - $64.04.

Enclosed for information only:

a. Library Director Position Description
b. Kitchigami Workplace Climate Assessment – based on interviews with Library Staff and Pat Melvin, David Drown consultant.

**MOTION MADE BY: _____**

**SECOND BY: _____**

**ROLL CALL VOTE: _____YES _____ NO**

# Kitchigami Regional Library System Director Salary Comparisons

| | | |
|---|---|---|
| **Salary for 2021 recruitment -** | $80,395.00 | $114,899.00 |

| | MINIMUM | | MAXIMUM | |
|---|---|---|---|---|
| | annual | hourly | annual | hourly |
| 2022 | $82,806.85 | $39.81 | $118,345.97 | $56.90 |
| 2023 | $85,291.06 | $41.01 | $121,896.35 | $58.60 |
| 2024 | $87,849.79 | $42.24 | $125,553.24 | $60.36 |
| 2025 | $90,485.28 | $43.50 | $129,319.84 | $62.17 |
| 2026 | $93,199.84 | $44.81 | $133,199.43 | $64.04 |

3% increase each year

| Library | Title | Minimum | Maximum | Current | 2025 Min | 2025 Max | 2025 Current |
|---|---|---|---|---|---|---|---|
| Great River | Executive Director | $54.70 | $79.85 | | | | |
| Lake Agassiz | Regional Library Director | $50.11 | $58.45 | $58.45 | $48.65 | $56.75 | $56.75 |
| Pioneerland | Executive Director | $48.32 | $62.75 | | | | |
| Northwest | Director | $33.76 | $48.04 | $48.50 | $35.66 | $33.10 | $47.09 |
| East Central | Executive Director | $46.60 | $65.25 | $59.65 | $45.24 | $63.35 | $57.91 |
| | Hourly Average: | $46.70 | $62.87 | $55.53 | | | |
| | Annual Average: | $97,130.47 | $130,766.69 | $115,511.07 | | | |

| | | | | |
|---|---|---|---|---|
| **Kitchigami** | **Director** | - | - | **$54.33** |
| | **Proposed 3% Hourly** | **$44.81** | **$64.04** | |
| | **Proposed 3% Annually** | **$93,204.80** | **$133,203.20** | |

**Kitchigami Regional Library System**

| | |
|---|---|
| **TITLE:** | **Library Director** |
| **STATUS:** | **Exempt** |
| **REPORTS TO:** | **Governing Board** |
| **DATE:** | **2026** |

**POSITION OBJECTIVE:**

The director serves as the library's chief executive officer reporting to the governing board. In this leadership role, the director is accountable for the development and execution of strategies and initiatives with respect to Kitchigami Regional Library System programs, people and resources that effectively advance the vision and goals established by the governing board.

The position is accountable for directing all operations associated with the entire library system. In this capacity, the director establishes strategic priorities and aligns operational goals and objectives with board priorities. He/she ensures the effective execution of all initiatives and recommends policies and actions for board approval. In addition, the director establishes operational standards for the library and determines programmatic and operational priorities through the development of short-term and long-term planning to address current and future library service and program needs.

The director works collaboratively with various committees, organizations and communities to represent the library in a wide variety of settings involving diverse stakeholder groups on issues pertaining to planning, design, programming, financing, policy and legislation relating to library services and infrastructure. This is a complex position with accountability for meeting public demands for a high quality and responsive range of services in a fiscally constrained and increasingly complex environment.

The position requires a highly skilled service-oriented leader with excellent communication skills, resourcefulness, sound critical thinking and problem-solving skills, project coordination, data management and leadership skills.

**ESSENTIAL DUTIES AND RESPONSIBILITY:**

The following duties and responsibilities are representative of the type of work performed.

**Program Management Responsibilities**

The director is accountable for the development and execution of library services for Kitchigami Regional Library System under the general guidance of the governing board. Associated duties include the following:

A. Provides leadership and guidance to all library staff in the operations and delivery of library services by developing short and long-term plans for the efficient operation of the library system.
B. Researches and formulates recommended policies, rules and procedures for Library board consideration and approval.
C. Responsible for developing the KRLS annual budget for the branches and presenting that budget to counties and cities.
D. Plans for current and future technological improvements and expenditures for the library system operations and service delivery.
E. Responsible for overall financial management and control, including responsibility for Library Board governance activities related to their fiduciary responsibilities.
F. Communicates with city councils, county boards, and community organizations regarding operational and fiscal requirements of local libraries.

G. Determines and prepares agenda and materials for Library Board meetings.
H. Actively consults with local legislators regarding library issues and related concerns.
I. Assists the Minnesota regional public libraries in planning and developing programs, services and technologies.
J. Manages and consults with KRLS Regional Managers in determining priorities and resolving staff and operational issues.
K. Responsible to work with Human Resources and Regional Managers on the selection of staff for administration and Branch Managers. Makes recommendations to the Library Board regarding promotions, transfers and new positions.
L. Responsible for seeking and procuring grants.
M. Performs other duties and responsibilities as apparent or as directed by the KRLS Board.
N. Serves as Labor Relations Manager in collaboration with Human Resources to negotiation contracts, agreements, personnel policies and union/non-union contracts. Resolves labor grievances on behalf of the KRLS Board.
O. Performs other duties and responsibilities as apparent or as directed by the KRLS Board.

**MINIMUM QUALIFICATIONS:**

ALA accredited MLS degree.
Five to seven years of professional library experience including progressive public library management experience covering a broad range of financial, administrative, supervisory and operational activities.

**DESIRABLE QUALIFICATIONS:**

- Prior leadership, / supervisory and Union experience.
- Ability to manage and measure work, establish measurable objectives and evaluate outcomes.
- Ability to create an engaged and inspired workforce, supervise and develop others, maximize staff capability and performance.
- Knowledge of federal and state statutes, rules and policies applicable to programmatic area, employment and safety.
- Knowledge of and ability to interpret and apply policies and procedures.
- Knowledge of and ability to access, engage, utilize and maximize community and programmatic resources, service programs and related services.
- Knowledge of and ability to effectively operate computer applications within program area.
- Skill in communicating in written and verbal form including presentations, reports, manuals and general correspondence.
- Ability to collect, organize and analyze data for use in performance reporting, programmatic evaluation, customer service and outcome related assessments.
- Ability to analyze problems, develop solutions and contribute to policy and procedure development within program area.

**LEADERSHIP TEAM COMPETENCIES:**

- Thinking Competency: Exercise insightful judgment, think strategically, leverage innovation, demonstrate broad perspective, ensure customer focus and employ organizational knowledge.
- People Competency: engage and inspire, manage change, develop talent pools, promote diverse organizations, build relationships, foster open communication.
- Personal Competency: Ensure ethical behavior, act boldly, adapt productively and learn continuously.
- Results Competency: Establish group plans, execute for results, promote program/service quality and foster a high-performance culture.

**WORK ENVIRONMENT/PHYSICAL DEMANDS:**

The physical demands described here are representative of those that must be met by an employee to successfully

perform the essential functions of this position. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

**Physical Demands:** Sedentary to light physical activities requiring stooping, kneeling, crouching, reaching, handling, fingering, talking, hearing, and close vision. The employee must occasionally lift and or move up to 35 pounds.

**Mental Functions:** Comparing, computing, compiling, analyzing, coordinating, synthesizing, negotiating, communicating and interpersonal skills/behaviors.

**Environment & Physical Surrounds:** Typically, in an office environment.

# Kitchigami Workplace Climate Assessment

Kitchigami Regional Library System (KRLS)**

## Overview

A few Board members and staff feedback reflects an organization emerging from a period of significant dysfunction, low morale, and leadership instability. The transition to Interim Director Melissa Brechon has brought noticeable improvements in communication, responsiveness, and workplace cohesion. However, longstanding structural, cultural, and procedural issues continue to affect trust, productivity, and employee well-being.

## Strengths Identified

### 1. Employee Commitment and Professionalism

Across nearly all interviews, Board members and staff emphasized that KRLS employees are deeply committed to serving their communities and maintaining library services despite internal challenges.

One employee noted, *"employees are the strength and they run KRLS"*.

### 2. Improvement Under Interim Leadership

Interim Director Brechon is consistently described as communicative, responsive, and stabilizing. Staff repeatedly referenced a "night and day difference" compared to prior leadership.

One comment stated, *"Since Melissa Brechon came on things are improving."*

### 3. Strong Branch Leadership

Branch managers are viewed as experienced, community-focused, and supportive. Several staff highlighted that branches remained functional even when headquarters struggled.

### 4. Desire for Collaboration and Teamwork

Many employees expressed appreciation for colleagues' willingness to help, creativity, and dedication. Some noted that team cohesion and social connection are beginning to return.

# Weaknesses and Organizational Challenges

## 1. Leadership Gaps and Lack of Accountability

A recurring theme is the absence of consistent, decisive leadership in the past. Board and staff described:

- Failure to address toxic behavior
- Lack of follow-through
- Poor communication
- Inconsistent enforcement of policies

One employee shared, *"Management makes exceptions for this problem worker... No consequences in the past year."*

## 2. Communication Breakdowns

Communication issues were cited in nearly every interview:

- Unclear expectations
- Lack of transparency from leadership
- Poor information flow between headquarters and branches
- Inconsistent or nonexistent updates from the Board

Employees described "walking on eggshells," "silos," and "unnecessary drama" fueled by miscommunication.

## 3. Procedural and Operational Deficiencies

Staff identified numerous structural issues:

- Outdated payroll and benefits systems ("still have paper time sheets")
- Lack of onboarding and training
- No standardized procedures or manuals
- Inconsistent cross-training
- Reports being retyped manually
- Lack of clarity around job responsibilities

These gaps contribute to inefficiency, frustration, and errors.

## 4. Trust Erosion Between Staff, Management, and the Board

Employees repeatedly expressed that trust has been damaged:

- Board perceived as disengaged or uninformed

- Staff felt unheard during crises
- Investigations produced conflicting outcomes
- Some employees felt targeted or unsupported

One comment summarized the sentiment: *"Board and staff trust is severely broken currently."*

### 5. Morale Impacted by Toxic Behavior and Past Conflicts

Several employees referenced one or more individuals whose behavior created tension, conflict, or fear. Board and Staff described:

- Bullying
- Sabotage
- Lack of professionalism
- Management failing to intervene

This contributed to a long-term decline in morale.

## Employee Morale

### Current State

Morale varies by location but is generally described as:

- **Low at headquarters**, due to past mismanagement, unresolved conflicts, and workload strain
- **Improving**, but fragile, under Interim Director Brechon
- **Stronger at branches**, though still affected by headquarters instability

Employees expressed exhaustion from prolonged dysfunction and uncertainty.

### Factors Affecting Morale

- Leadership turnover
- Budget cuts and layoffs
- Toxic interpersonal dynamics
- Lack of training and support
- Inconsistent communication
- Distrust of the Board
- Increased workloads due to vacancies

One employee stated, *"There needs to be some healing... there is fractured trust."*

# Working Relationship Between Management and Staff

### Positive Developments

- Staff feel more heard and supported under Interim Director Brechon
- Communication has improved
- Some team cohesion is returning

### Ongoing Issues

- Staff feel management historically avoided conflict
- Some employees still fear retaliation or sabotage
- Lack of clarity around roles and expectations
- Board perceived as disconnected from day-to-day realities
- Staff desire more visibility and engagement from leadership

The relationship is improving but remains strained and requires intentional rebuilding.

# Recommendations for Improving the Workplace Environment

### 1. Establish Clear Policies, Procedures, and Accountability

- Develop standardized manuals for each position
- Implement consistent performance expectations
- Enforce policies uniformly
- Address toxic behavior promptly and transparently

### 2. Strengthen Communication at All Levels

- Regular staff newsletters
- Clear communication chain of command
- Timely Board packet distribution
- Transparent updates on decisions, investigations, and organizational changes
- Regular headquarter and branch library communication forums

### 3. Modernize Systems and Processes

- Implement electronic payroll and timekeeping
- Standardize reporting formats
- Improve technology support and staffing
- Streamline administrative workflows
-

### 4. Rebuild Trust Between Staff and the Board

- Increase Board visibility at branch libraries and headquarters
- Host employee appreciation events
- Provide Board training on governance and oversight
- Consider 360-degree evaluations for leadership

### 5. Invest in Training and Professional Development

- Onboarding program for all new hires
- Conflict resolution and communication training
- Leadership development for managers
- Cross-training to reduce silos and improve coverage

### 6. Prioritize Workplace Culture and Healing

- Facilitate team-building activities
- Provide trauma-informed leadership approaches
- Create safe spaces for staff to express concerns
- Address unresolved conflicts with mediation or facilitated dialogue

### 7. Fill Critical Vacancies Quickly and Strategically

- Finance/payroll
- Human Resources
- Tech services
- Permanent Director

Vacancies are placing strain on remaining staff and delaying organizational recovery.

## Conclusion

KRLS is at a pivotal moment. Staff are dedicated, resilient, and deeply invested in the success of the library system. The arrival of Interim Director Brechon has already improved communication, stability, and morale. However, significant structural and cultural issues remain—particularly around communication, accountability, trust, and outdated processes.

With strong, transparent, and decisive leadership, KRLS has the opportunity to rebuild trust, modernize operations, and restore a healthy, collaborative workplace culture.

# CITY OF BLACKDUCK
# REVOLVING LOAN COMMITTEE
# TUESDAY, JULY 21, 2026
# ZOOM MEETING

Present: Dwight Kalvig, Christina Regas, Grant Frenzel, and Maxwell Gullette and Sean Moran HRDC

The minutes are dictated from zoom meeting summary.

OLD BUSINESS

Larsen Creations LLC Loan Application –
Moran presented updated Personal Financial Statement and discussed with committee members. Frenzel notes the Store Front Rehab Loan program was setup specifically for the purpose the business has applied and recommends approval. Kalvig, Regas, and Gullette agreed. Moran states contingencies will be noted in recommendation to provide the City of Blackduck in 2nd Position of Lien and provide Insurance on Business/Building at closing including verifying collateral position through title work. Moran will draft the recommendation for the City Council to make final approval on August 10th, 2026. Moran will outline disbursement procedures and stated loan terms would be 10 years at 0% interest.

NEW BUSINESS
*Nothing discussed.*

ADJOURN – the members adjourned the zoom meeting @ 11:28am

# BLACKDUCK PERSONNEL COMMITTEE

TUESDAY, JULY 21, 2026 @ 4:30PM

MEETING MINUTES

**Committee Members present included:** Council member Ronald Fredrickson *(by phone)*, Director of Liquor Operations Shawnda Lahr, Public Works Director Mike Schwanke, and City Administrator Christina Regas

**Committee Members Absent:** none

Topics covered in the personnel meeting were as follows:

**OLD BUSINESS:**
There was no old business discussed.

**NEW BUSINESS:**

Grievance Letter – Regas provided a written grievance to committee members for consideration from a part time employee dissatisfied with *'a significant reduction in scheduled hours'*. Regas states the Administrator held a meeting with the employee for a similar grievance in October 2025, of which Regas provided a written email regarding facts and findings to the employee after meeting was held. Regas consulted City Attorney Langel regarding current grievance and provided feedback from meeting with attorney to personnel committee members. Committee members discussed the grievance and agree the employee is an at-will employee with no defined set number of hours. Members further note the City of Blackduck Personnel Policy states *"nothing in the personnel policy implies that any City employee has a property right to the job he/she performs"* further enforcing scheduled hours for City employees may change based on the needs of the department and scheduled by the department head. Regas states offer letter(s) signed by employee state the above.

Members recommend drafting response to grievance by end of week to remain compliant with personnel policy.

**ADJOURN –** Committee members adjourned the personnel meeting at 5:02pm.

Christina Regas, City Administrator

Maxwell Gullette, Mayor

# MINUTES
# Council - Work Session Meeting

**6:00 PM - Monday, July 27, 2026**
City Hall, 8 Summit Drive, Blackduck MN

The Council - Work Session of the City of Blackduck was called to order on Monday, July 27, 2026, at 6:00 PM, in the City Hall, 8 Summit Drive, Blackduck MN, with the following members present:

| | |
|---|---|
| **COUNCILORS PRESENT:** | Mayor Maxwell Gullette, Councilor Nicholas Seitz, and Council member Ronald Fredrickson |
| **COUNCILORS EXCUSED:** | Councilor Laurie Hamilton |
| **STAFF PRESENT:** | City Administrator Christina Regas, Public Works Director Mike Schwanke, and Assistant Liquor Store Manager Melissa Gullette |
| **OTHERS PRESENT:** | Joe Pewala, Widseth |

**1 CALL TO ORDER**

a) Roll Call
Roll Call was taken by Administrator Regas.

b) Pledge of Allegiance
Mayor Gullette dispensed with the pledge of allegiance.

**2 APPROVAL OF AGENDA**

a)

Nicholas Seitz moved to approve the agenda as presented Ronald Fredrickson seconded the motion.

Carried 3 to 0

| | |
|---|---|
| Maxwell Gullette | For |
| Nicholas Seitz | For |
| Ronald Fredrickson | For |

**3 OLD BUSINESS**

a) Blackduck Lift Station Project - Review proposed debt schedules and consider feasibility of project
Regas provided updated debt schedules with the new preliminary estimates for the lift station renovation project for the board. Regas provided a 15-year and a 20-year schedule and highlighted a 15 year projection for total City debt and potential City levy annually so the board can consider the feasibility of the project. Regas provided a scenario for the City debt with the wastewater fund providing revenue towards the debt of $14,000 and $20,000. Regas highlighted how the increase in project costs significantly increases the City debt in the next 20 years. Regas will consult Ehlers pertaining to contributing cash towards the project and how much are in the Sewer

Replacement Reserve Fund. Regas states the reserve fund must have a 35-40% balance at all times and cautions the board when using the reserve funds. Regas states the board should consider if the project is feasible financially to continue moving forward and if so provide Widseth direction to complete the plans and prepare to go out for bids. Pewala states the estimates could be high and depending how the bids come in the City could reduce the project to renovating less of the lift stations. Pewala states until the City bids the project we will not know how much the project is going to cost. Mayor Gullette states we should move ahead so the true costs of the project can be provided. Mayor Gullette states the City should either do the whole project or the Main Lift Station and the Drake Motel Lift Station. Schwanke provided highlights on how the recent storm with high volume of rain caused the Westend lift station to almost be at its limit. Pewala states the next steps after plans are completed and approved would be to post notice to receive bids by August 10 or 11th, bid opening @ September 28, 2026 and Bid award @ October 5, 2026. Regas states September 28th could be a combined Preliminary Levy Approval and Bid Opening Meeting if the Council chose. Mayor Gullette states with that timeline the City may not be able to get anything in the ground. Schwanke and Pewala state the Drake Lift Station and Generator pads may get completed before winter. Regas states it all weighs on when the debt issuance closes too. Regas will prepare the August 10, 2026 council packet to have the board approve final project plans to go out for bid after the meeting.

b) <u>TH71 & TH72 Reconstruction MnDot Plan updates</u>

Pewala updated the board members on the extent of City involvement on the TH71 & TH72 project. Pewala states the manhole utility responsibility of the City should not have any funding issues as Pewala states there should be no disturbance of the manhole if MnDot is removing and replacing the existing culvert in the exact same spot. Pewala reported to MnDot the City will not be adjusting anything. Pewala also states the City is responsible to provide plans to MnDot for any adjustments as MnDot will not put the notes together for City utilities on their plans. Pewala comments the potential deficiencies in the culvert under Frontage Road will cost @ $4,000 per joint to correct deficiencies. Pewala states the City does not know if there are any deficiencies in the culvert on the Frontage Road portion of the culvert. Pewala states the cost to the City is 100% to equal $32,000. Regas asks the council if the City wants to complete the culvert deficiencies. Schwanke and the board agreed to not correct any Frontage Road Culvert deficiencies. Regas states this project started out having the City only be responsible for lighting and now the cost can be up to $75,000. Regas states the City must complete the plans for the utilities for the gate valve and manhole that cost will be 100% City. Councilor Fredrickson asks if the City would be responsible for a 'fixed' $4,000/per joint on the Frontage Rd Culvert. Pewala states the City would be responsible for whatever the bid amount comes in at it could be less but the City would also be responsible for a portion of MnDot's mobilization, etc.

Regas provided a summary of an notification of acquisition of property to the board members on property that may be owned by the City within the project area. Pewala states there is some confusion as to who is the owner of one parcel either City of State. Regas spoke to a staff member at MnDot and recommended looking into the properties that were acquired when TH71 was routed out of downtown to find answers. Pewala did not ask why the property is needed for the project but if their needs to be a property acquisition perhaps the price could lower the cost of the construction the City is responsible for. Regas thought the acquisition is completed when MnDot needs property while completing their project. Pewala believes the state may be trying to clean up some remnants of property.

c) <u>Blackduck Police Department & Beltrami County Sheriff Partnership - Contract development</u>

Regas reports her office is waiting to hear from the Sheriff's office on contract drafts.

d) Lions Duck & Historic Duck Project
Regas reports sending in the final grant report to Blandin and will provide it in the council consent agenda in August.

e) MDH Grant - SWP Implementation - Project Well #8 Fence Quotes
Schwanke reports he is waiting on new quotes and will be shrinking the fence to use the grant funding available.

f) Other Old Business
no other old business.

**4 NEW BUSINESS**

a) Liquor Store AC Unit Estimates -
Regas provided quotes to complete replacing the third AC unit. Regas recommends moving forward with the 5 Ton unit. Councilor Fredrickson recommends moving ahead with the 5 Ton Unit after confirming the unit will work with a second unit for the Bar and Kitchen. Melissa Gullette states this will reduce the use on the new unit that was installed for the off-sale and expansion completed in 2021. Regas stated this unit needs replacing because of the updated kitchen and the amount of humidity in the building and onto the beer cooler. Schwanke recommends going with the 5 Ton Unit from JPHI. Fredrickson would like to know what Naylors price would be for a 5 Ton Unit. Gullette can get a new quote from Naylors for a 5 Ton Unit. Regas states she recommended Lahr move ahead with a vendor to have a unit installed soon prior to the work session but highly recommended going to a 5ton Unit. Seitz asked if Lahr has already selected a vendor to move ahead with. Gullette states Lahr had not moved ahead with any vendor as of today. Schwanke will request clarification on the uncased coil that is added to JPHI quote. Schwanke states that coil goes into the furnace and that is needed. Schwanke has concerns that Naylors did not include that. Gullette stated while working with Naylors the vendor did ask what furnace the unit will be working with. Seitz asked why the Liquor store waited three years to move ahead with another unit. Regas states the reason was due to funding when the liquor project was in progress and holding off when the first unit was replaced and then COVID happened. Schwanke reports JPHI can have the 5 Ton Unit in a couple of days and JPHI believes the coil is needed, after those pieces the quotes are going to get closer. Schwanke states JPHI has always been responsive and great to work with but every department works with the vendors they work with. Councilor Seitz recommends the Liquor Store go with JPHI if they can have the 5 Ton Unit quicker and they are local.

b) 2027 Budget Process - Finance Committee Meetings - August 13, 2026 @ 2pm
Regas reports beginning meetings for the 2027 budgets.

c) August Work Session - Request Change of date
Regas reports being on vacation and would like to hold the August work session early if the Council would like. Board members agreed to hold the August Work Session on August 17, 2026 @ 6pm one week after the Council Meeting.

**5 ADJOURNMENT**

a)

Nicholas Seitz moved to adjourn the work session at 7:23pm Ronald Fredrickson seconded the motion.

Carried 3 to 0

| | |
|---|---|
| Maxwell Gullette | For |
| Nicholas Seitz | For |

Ronald Fredrickson For

Christina Regas, City Administrator

Maxwell Gullette, Mayor

## August 10, 2026

| FUND | Deerwood Checking BEGINNING BALANCE | Bill Report through 8/10/2026 | Deerwood Checking ENDING BALANCE | Deerwood First Preferred Savings BEGINNING BALANCE | Deerwood First Preferred Savings Bill Report through 8/10/2026 | Deerwood First Preferred Savings ENDING BALANCE | Total Balance of all Accounts |
|---|---|---|---|---|---|---|---|
| GENERAL (101) | $517,502.48 | $99,317.18 | $418,185.30 | $112,398.74 | $0.00 | $112,398.74 | |
| POLICE RESTRICTED CASH (101) | $23,308.21 | $0.00 | $23,308.21 | $0.00 | $0.00 | $0.00 | |
| CEMETERY (201) | ($4,002.41) | $0.00 | ($4,002.41) | $10,339.47 | $0.00 | $10,339.47 | |
| PERPETUAL CARE (202) | $2,972.37 | $0.00 | $2,972.37 | $53,418.01 | $0.00 | $53,418.01 | |
| SEWER MAINTENANCE (204) | $0.00 | $0.00 | $0.00 | $68,539.42 | $0.00 | $68,539.42 | |
| SEWER REPLACEMENT (205) | $1,580.00 | $0.00 | $1,580.00 | $229,020.15 | $0.00 | $229,020.15 | |
| SCDP REVOLVING LOAN FUND (207) | $0.00 | $0.00 | $0.00 | $43,805.06 | $0.00 | $43,805.06 | |
| FIRE DEPT RESERVE (TruckFund) (208) | $0.00 | $0.00 | $0.00 | $63,732.64 | $0.00 | $63,732.64 | |
| PINE TREE PARK (209) | $28,050.00 | $8,755.80 | $19,294.20 | $15,670.31 | $0.00 | $15,670.31 | |
| WATER SINKING FUND (212) | $0.00 | $0.00 | $0.00 | $217,408.87 | $0.00 | $217,408.87 | |
| PUBLIC WORKS RESERVE FUND (215) | $0.00 | $0.00 | $0.00 | $41,833.20 | $0.00 | $41,833.20 | |
| Fire Dept Special Equip Fund (216) | $152,902.93 | $0.00 | $152,902.93 | $5,334.18 | $0.00 | $5,334.18 | |
| 2018 Revolving Loan Fund (250) | $0.00 | $0.00 | $0.00 | $354,043.55 | $7,218.00 | $346,825.55 | |
| 1989 Go Bond (301) | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | |
| 2006 GO BOND (307) | $5.97 | $0.00 | $5.97 | $0.00 | $0.00 | $0.00 | |
| 2009A Refunding Bond (309) | $405.41 | $0.00 | $405.41 | $799.00 | $0.00 | $799.00 | |
| 2014A Disposal System Debt Service Fund (314) | $23,742.38 | $0.00 | $23,742.38 | $0.00 | $0.00 | $0.00 | |
| 2017A Disposal System Debt Service Fund (317) | $31,602.71 | $0.00 | $31,602.71 | $0.00 | $0.00 | $0.00 | |
| USDA Skid Steer Debt Service Fund (318) | ($6,812.00) | $0.00 | ($6,812.00) | $0.00 | $0.00 | $0.00 | |
| 2017 PFA Debt System Debt Service Fund (320) | $93,191.56 | $5,705.00 | $87,486.56 | $0.00 | $0.00 | $0.00 | |
| 2018 Frontage/Pine Ave Internal Loan (325) | $8,407.70 | $0.00 | $8,407.70 | $0.00 | $0.00 | $0.00 | |
| 2024A Gen. Obligation Equipment Project fund (330) | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | |
| 2024A Gen. Obligation Equipment Debt Fund Public Works(331) | ($10,871.75) | $0.00 | ($10,871.75) | $0.00 | $0.00 | $0.00 | |
| 2025A Gen. Obligation Equipment Project Fund (340) Fire | $14,948.72 | $0.00 | $14,948.72 | $0.00 | $0.00 | $0.00 | |
| 2025A Gen. Obligation Equipment Debt Fund (341) Fire | $186.42 | $0.00 | $186.42 | $0.00 | $0.00 | $0.00 | |
| TAX INCREMENT FINANCING (376) | $46,386.10 | $0.00 | $46,386.10 | $133,267.20 | $0.00 | $133,267.20 | |
| Blackduck HRA Fund (210) | $38,817.33 | $0.00 | $38,817.33 | $0.00 | $0.00 | $0.00 | |
| 2023A Gen. Obligation Debt fund PW/PS Facility (381) | ($6,253.13) | $0.00 | ($6,253.13) | $0.00 | $0.00 | $0.00 | |
| 2023B Gen. Obligation Debt Fund PW/PS Facility (382) | ($1,022.04) | $0.00 | ($1,022.04) | $0.00 | $0.00 | $0.00 | |
| Capital Project Fund (401) | $11,080.14 | $0.00 | $11,080.14 | $0.00 | $0.00 | $0.00 | |
| KRLS Library Renovation Project (550) - *new* | $85,147.98 | $7,084.00 | $78,063.98 | $0.00 | $0.00 | $0.00 | |
| WATER FUND (601) | ($19,925.84) | $5,825.49 | ($25,751.33) | $0.00 | $0.00 | $0.00 | |
| SEWER FUND (602) | $42,087.31 | $26,627.98 | $15,459.33 | $0.00 | $0.00 | $0.00 | |
| LIQUOR FUND (609) | $169,892.29 | $141,096.48 | $28,795.81 | $0.00 | $0.00 | $0.00 | |
| LIQUOR RENT RESTRICTED FUND (609) | $39,850.91 | $0.00 | $39,850.91 | $0.00 | $0.00 | $0.00 | |
| GOLF COURSE FUND (613) | $68,067.18 | $16,942.03 | $51,125.15 | $0.00 | $0.00 | $0.00 | |
| **Total:** | **$1,351,248.93** | **$311,353.96** | **$1,039,894.97** | **$1,349,609.80** | **$7,218.00** | **$1,342,391.80** | **$2,382,286.77** |

| Fund Transfer from: | Fund transfer to: | Reason: | Amount of Transfer: | Notes |
|---|---|---|---|---|
| General Fund DW Checking (101) | Cemetery Fund DW Checking (201) | Budgeted Transfer | $2,000.00 | |
| Liquor Fund DW Checking (609) | Golf Fund DW Checking (613) | Budgeted Transfer | $10,000.00 | |
| General Fund DW Checking (101) | Fire Departmemt Truck Fund - DW Savings (208) | Budgeted Depreciation | $30,000.00 | |
| General Fund DW Checking (101) | Fire Department Special Equipment - DW Savings (216) | Budgeted Transfer for Armer Radios | $5,000.00 | |
| Pine Tree Park DW Checking (209) | Pine Tree Park Reserve Fund - DW Savings (209) | Budgeted Depreciation | $5,000.00 | |
| Liquor Fund DW Checking (609) | Liquor Reserve Fund - DW Savings (609) | Budgeted Depreciation | $10,000.00 | |
| General Fund DW Checking (101) | Public Works Reserve - DW Savings (215) | Budgeted Outlay & Depreciation | $26,000.00 | |
| Liquor Fund DW Checking (609) | Cemetery Fund DW Checking (201) | Budgeted Transfer | $500.00 | |
| | | *above amounts will be added to the bill report total to corresponding funds* | | |

| 2026 Bond Payments: | Principal: | Interest: | Fees: | Total: |
|---|---|---|---|---|
| PFA Go Bond (320) | $5,000.00 | $705.00 | $0.00 | $5,705.00 |
| Internal RLF Loan Frontage & Pine (325) | $2,921.07 | $272.95 | $0.00 | $3,194.02 |
| 2023A Gen. Obligation Bond Public Works/Public Safety Facility (381) | $27,126.77 | $36,056.80 | $0.00 | $63,183.57 |
| 2023B Gen. Obligation Bond Public Works/Public Safety Facility (382) | $5,209.21 | $6,372.98 | $0.00 | $11,582.19 |
| MN Deed Demolition Load (250) | $5,886.68 | $1,331.32 | $0.00 | $7,218.00 |
| Internal RLF Loan Golf Course Equipment Rough Mower (613) | $1,710.48 | $114.89 | $0.00 | $1,825.37 |

# CITY OF BLACKDUCK

## Monthly Bills

**July 2026**

| Check Name | Amount |
|---|---|
| **101 GENERAL FUND** | |
| Marco Technologies LLC | $537.02 |
| ALEX AIR APPARATUS 2 LLC | $1,175.78 |
| ARROW PRINTING | $85.80 |
| BELTRAMI COUNTY-AUDITOR/TREAS. | $210.00 |
| BELTRAMI ELECTRIC COOP | $2,427.02 |
| BESSLER BROTHERS ELECTRIC, LLC | $9,754.00 |
| BLACKDUCK AUTO PARTS, INC | $899.36 |
| BLACKDUCK CO-OP | $200.65 |
| CHRISTINA REGAS | $196.08 |
| CLIFTON LARSON ALLEN LLP | $15,750.00 |
| COLUMN SOFTWARE PBC | $126.24 |
| EHLERS AND ASSOCIATES | $1,580.00 |
| LAKES CONCRETE PLUS INC. | $881.00 |
| NORTH COUNTRY OVERHEAD DOOR LL | $285.00 |
| NORTHWOODS LUMBER CO | $232.83 |
| PAIGE SCHELDRUP | $47.65 |
| PAUL BUNYAN COMMUNICATIONS | $462.65 |
| PINNACLE MARKETING GROUP | $79.00 |
| QUILL CORPERATION | $274.07 |
| RATWIK, ROSZAK & MALONEY, P.A. | $144.20 |
| ROGER'S TWO WAY RADIO | $114.00 |
| Ross Lewis Sign Co. | $200.00 |
| VERIZON WIRELESS | $518.64 |
| VESTIS | $136.19 |
| **101 GENERAL FUND** | $36,317.18 |
| **209 PINE TREE PARK FUND** | |
| AMBER ADKINS | $40.00 |
| BELTRAMI ELECTRIC COOP | $696.04 |
| BLACKDUCK AUTO PARTS, INC | $725.40 |
| BLACKDUCK CO-OP | $373.03 |
| BOGARTS REPAIR AND RECOVERY | $33.48 |
| DOBMEIER EXCAVATING | $150.00 |
| HEATHER EHLI | $56.00 |
| JACK OLSON | $22.00 |
| JAMES MARZOLF | $30.00 |
| JONS REFUSE SOLUTIONS INC | $141.60 |
| LAKES CONCRETE PLUS INC. | $960.95 |
| MATT BABICKI | $30.00 |
| MICHELLE HASSKAMP | $33.00 |
| RICHARD LIEN | $183.04 |
| SUE MCLAURIE | $56.00 |
| TIMBERLINE SPORTS, INC | $225.26 |
| **209 PINE TREE PARK FUND** | $3,755.80 |
| **250 2018 REVOLVING LOAN FUND** | |
| MN DEPT OF EMPLOYMENT & ECONO | $7,218.00 |
| **250 2018 REVOLVING LOAN FUND** | $7,218.00 |
| **320 2017A PFA DISP SYS BOND DEBT S** | |
| MN PUBLIC FACILITIES AUTHORITY | $5,705.00 |
| **320 2017A PFA DISP SYS BOND DE** | $5,705.00 |
| **550 KRLS LIBRARY RENOV PROJECT** | |
| Ross Lewis Sign Co. | $7,084.00 |
| **550 KRLS LIBRARY RENOV PROJEC** | $7,084.00 |
| **601 WATER FUND** | |
| BELTRAMI COUNTY-AUDITOR/TREAS. | $210.00 |
| BELTRAMI ELECTRIC COOP | $915.20 |
| BLACKDUCK AUTO PARTS, INC | $465.96 |
| Hawkins, Inc | $1,523.32 |
| PAUL BUNYAN COMMUNICATIONS | $77.74 |
| SENSUS | $2,349.50 |
| THEIN WELL CO | $215.00 |
| VERIZON WIRELESS | $68.77 |
| **601 WATER FUND** | $5,825.49 |
| **602 SEWER FUND** | |
| AMERICAN ENGINEERING TESTING, IN | $8,500.00 |
| BELTRAMI COUNTY-AUDITOR/TREAS. | $210.00 |
| BELTRAMI ELECTRIC COOP | $2,945.86 |
| BLACKDUCK AUTO PARTS, INC | $326.13 |
| Gopher State One Call | $9.45 |
| NORTHERN IRRIGATION | $1,064.00 |
| NORTHWEST TIRE INC | $2,879.81 |
| NORTHWOODS LUMBER CO | $164.97 |
| RMB ENVIRONMENTAL LABORATORIES | $563.26 |
| SENSUS | $2,349.50 |
| WIDSETH | $7,615.00 |
| **602 SEWER FUND** | $26,627.98 |
| **609 MUNICIPAL LIQUOR FUND** | |
| Marco Technologies LLC | $92.72 |
| ABSOLUTE ICE | $1,532.00 |
| AMERICAN ENGINEERING TESTING, IN | $2,200.00 |
| BELTRAMI COUNTY-AUDITOR/TREAS. | $210.00 |
| BELTRAMI ELECTRIC COOP | $2,243.85 |
| BEMIDJI COCA-COLA | $913.20 |
| BEMIDJI PAPER | $301.79 |
| BERNATELLOS | $336.00 |

| Check Name | Amount |
|---|---|
| Bernick Companies | $18,827.34 |
| BLACKDUCK CO-OP | $889.03 |
| BLACKDUCK LEEVERS FOODS | $10,004.21 |
| Breakthru Beverage | $1,889.18 |
| CASH-WA DISTRIBUTING CO OF FARGO | $1,734.11 |
| CHARLIE WARD | $120.00 |
| DAHLHEIMER BEVERAGE BRAINERD | $285.00 |
| D-S BEVERAGES, INC. | $17,929.38 |
| FORESTEDGE WINERY | $552.00 |
| HEGGIES PIZZA LLC | $80.80 |
| JOHNSON BROTHERS LIQUOR CO. | $6,747.16 |
| JONS REFUSE SOLUTIONS INC | $449.06 |
| MELISSAS CLEANING | $1,452.00 |
| MIKINNON CO., INC | $16,338.95 |
| MMBA (MN MUNICIPAL BEVERAGE) | $1,700.00 |
| MN UNEMPLOYMENT INSURANCE | $33.41 |
| NAYLOR REFRIGERATION & HTG. | $354.11 |
| NEI BOTTLING INC | $1,923.79 |
| NORTHWOODS LUMBER CO | $216.99 |
| OLD DUTCH | $707.82 |
| PAUL BUNYAN COMMUNICATIONS | $414.72 |
| PERFORMANCE FOOD SERVICE | $11,493.31 |
| Phillips Wine and Spirits | $5,425.98 |
| PINNACLE MARKETING GROUP | $79.00 |
| QUILL CORPERATION | $198.99 |
| Southern Glazer's of MN | $7,335.09 |
| TOTAL TAP SERVICES | $85.00 |
| US FOODs | $4,203.93 |
| VESTIS | $651.56 |
| WILD WEAR | $645.00 |
| **609 MUNICIPAL LIQUOR FUND** | $120,596.48 |
| **613 GOLF COURSE** | |
| ABSOLUTE ICE | $307.20 |
| BELTRAMI COUNTY-AUDITOR/TREAS. | $210.00 |
| BELTRAMI ELECTRIC COOP | $565.30 |
| BEMIDJI COCA-COLA | $705.00 |
| BEMIDJI PAPER | $42.92 |
| Bernick Companies | $506.30 |
| BLACKDUCK AUTO PARTS, INC | $609.65 |
| BLACKDUCK CO-OP | $3,725.70 |
| BLACKDUCK LEEVERS FOODS | $333.22 |
| D-S BEVERAGES, INC. | $2,993.15 |
| GIOVANNIS FROZEN PIZZA | $379.90 |
| HORNUNGS | $144.20 |
| HUNTINGTON NATIONAL BANK | $244.50 |
| JIM DANDY SNACK FOOD CO. | $443.20 |
| JOHNSON BROTHERS LIQUOR CO. | $513.63 |
| JONS REFUSE SOLUTIONS INC | $376.53 |
| JUELSON PLUMBING & HEATING | $200.00 |
| MIKINNON CO., INC | $306.00 |
| MN UNEMPLOYMENT INSURANCE | $28.85 |
| MOECOE FIRE AND SAFETY | $54.96 |
| MTI Distributing | $159.46 |
| NEI BOTTLING INC | $1,212.81 |
| NORTHWOODS LUMBER CO | $447.11 |
| PAUL BUNYAN COMMUNICATIONS | $132.64 |
| PERFORMANCE FOOD SERVICE | $832.76 |
| PINNACLE MARKETING GROUP | $79.00 |
| QUILL CORPERATION | $198.99 |
| TESSMAN SEED COMPANY | $96.30 |
| TIMBERLINE SPORTS, INC | $14.09 |
| TRUE NORTH EQUIPMENT | $107.60 |
| VERSATILE VEHICLES, INC | $600.92 |
| VESTIS | $370.14 |
| **613 GOLF COURSE** | $16,942.03 |

| Check Name | Amount |
| --- | --- |
| | $230,071.96 |

# CITY OF BLACKDUCK

## Payments

**Current Period: July 2026**

**Payment Batch CASHWA070226** $1,791.97

| | | | | | |
|---|---|---|---|---|---|
| Refer | 183 *CASH-WA DISTRIBUTING CO OF F* | Ck# 005136E 7/2/2026 | | | |
| Cash Payment | E 609-49750-260 Food for Resale | THE POND | | | $986.02 |
| Invoice 4615421 | | | | | |
| Cash Payment | E 609-49750-333 Freight and Express | THE POND | | | $13.10 |
| Invoice 4615421 | | | | | |
| Transaction Date | 7/2/2026 | DW Checking | 10100 | **Total** | $999.12 |
| Refer | 220 *CASH-WA DISTRIBUTING CO OF F* | Ck# 005142E 7/10/2026 | | | |
| Cash Payment | E 609-49750-260 Food for Resale | REF# 434431226 | | | $779.75 |
| Invoice 4616756 | 7/3/2026 | | | | |
| Cash Payment | E 609-49750-333 Freight and Express | REF# 434431226 | | | $13.10 |
| Invoice 4616756 | 7/3/2026 | | | | |
| Transaction Date | 7/6/2026 | DW Checking | 10100 | **Total** | $792.85 |

### Fund Summary

| | 10100 DW Checking |
|---|---|
| 609 MUNICIPAL LIQUOR FUND | $1,791.97 |
| | $1,791.97 |

| | |
|---|---|
| Pre-Written Checks | $1,791.97 |
| Checks to be Generated by the Computer | $0.00 |
| Total | $1,791.97 |

# CITY OF BLACKDUCK

## Payments

**Current Period: July 2026**

**Payment Batch CASHWA071026** $5,938.98

| | | | | | | |
|---|---|---|---|---|---|---|
| Refer | 294 *CASH-WA DISTRIBUTING CO OF F* | Ck# 005146E 7/10/2026 | | | | |
| Cash Payment | E 609-49750-260 Food for Resale | THE POND | | | | $715.95 |
| Invoice 617640 | 7/7/2026 | | | | | |
| Cash Payment | E 609-49750-333 Freight and Express | THE POND | | | | $13.10 |
| Invoice 617640 | 7/7/2026 | | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | **Total** | | $729.05 |
| Refer | 295 *CASH-WA DISTRIBUTING CO OF F* | Ck# 005147E 7/10/2026 | | | | |
| Cash Payment | E 609-49750-260 Food for Resale | THE POND | | | | $803.92 |
| Invoice 4618661 | 7/10/2026 | | | | | |
| Cash Payment | E 609-49750-333 Freight and Express | THE POND | | | | $13.10 |
| Invoice 4618661 | 7/10/2026 | | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | **Total** | | $817.02 |
| Refer | 560 *CASH-WA DISTRIBUTING CO OF F* | Ck# 005171E 8/3/2026 | | | | |
| Cash Payment | E 609-49750-260 Food for Resale | THE POND REF# 436409886 | | | | $683.91 |
| Invoice 4321686 | 7/14/2026 | | | | | |
| Cash Payment | E 609-49750-333 Freight and Express | THE POND REF# 436409886 | | | | $13.10 |
| Invoice 4321686 | 7/14/2026 | | | | | |
| Transaction Date | 7/21/2026 | DW Checking | 10100 | **Total** | | $697.01 |
| Refer | 561 *CASH-WA DISTRIBUTING CO OF F* | Ck# 005172E 8/3/2026 | | | | |
| Cash Payment | E 609-49750-260 Food for Resale | THE POND CC REF# 436409886- CREDIT | | | | -$74.17 |
| Invoice 4622010 | 7/14/2026 | | | | | |
| Transaction Date | 7/21/2026 | DW Checking | 10100 | **Total** | | -$74.17 |
| Refer | 562 *CASH-WA DISTRIBUTING CO OF F* | Ck# 005173E 8/3/2026 | | | | |
| Cash Payment | E 609-49750-260 Food for Resale | THE POND REF# 4361178601 | | | | $767.84 |
| Invoice 4620873 | 7/17/2026 | | | | | |
| Cash Payment | E 609-49750-333 Freight and Express | THE POND REF# 4361178601 | | | | $13.10 |
| Invoice 4620873 | 7/17/2026 | | | | | |
| Transaction Date | 7/21/2026 | DW Checking | 10100 | **Total** | | $780.94 |
| Refer | 635 *CASH-WA DISTRIBUTING CO OF F* | Ck# 005174E 8/3/2026 | | | | |
| Cash Payment | E 609-49750-260 Food for Resale | THE POND | | | | $1,079.89 |
| Invoice 4623173 | 7/17/2026 | | | | | |
| Cash Payment | E 609-49750-333 Freight and Express | THE POND | | | | $13.10 |
| Invoice 4623173 | 7/17/2026 | | | | | |
| Transaction Date | 7/29/2026 | DW Checking | 10100 | **Total** | | $1,092.99 |
| Refer | 636 *CASH-WA DISTRIBUTING CO OF F* | Ck# 005175E 8/3/2026 | | | | |
| Cash Payment | E 609-49750-260 Food for Resale | THE POND | | | | $864.37 |
| Invoice 461948 | 7/7/2026 | | | | | |
| Cash Payment | E 609-49750-333 Freight and Express | THE POND | | | | $13.10 |
| Invoice 461948 | 7/7/2026 | | | | | |
| Cash Payment | E 609-49750-260 Food for Resale | THE POND | | | | -$37.66 |
| Invoice 461948 | 7/7/2026 | | | | | |
| Transaction Date | 7/29/2026 | DW Checking | 10100 | **Total** | | $839.81 |
| Refer | 637 *CASH-WA DISTRIBUTING CO OF F* | Ck# 005176E 8/3/2026 | | | | |

# CITY OF BLACKDUCK

## Payments

**Current Period: July 2026**

| | | | | | | |
|---|---|---|---|---|---|---|
| Cash Payment | E 609-49750-260 Food for Resale | | THE POND | | | $1,043.23 |
| Invoice 4624058 | 7/21/2026 | | | | | |
| Cash Payment | E 609-49750-333 Freight and Express | | THE POND | | | $13.10 |
| Invoice 4624058 | 7/21/2026 | | | | | |
| Transaction Date | 7/29/2026 | | DW Checking | 10100 | **Total** | $1,056.33 |

### Fund Summary

| | 10100 DW Checking |
|---|---|
| 609 MUNICIPAL LIQUOR FUND | $5,938.98 |
| | $5,938.98 |

| | |
|---|---|
| Pre-Written Checks | $5,938.98 |
| Checks to be Generated by the Computer | $0.00 |
| Total | $5,938.98 |

**Sewer Fund**
**Year to Date Income Statement thru 07/31/2026**

| Sewer Operating Revenue: | | Budget |
|---|---|---|
| Reimbursements | $0.00 | $0.00 |
| Interest Earnings | $573.17 | $750.00 |
| Sewer Sales | $126,335.78 | $262,172.36 |
| Farm Lease Agreement Revenue | $3,079.00 | $6,098.00 |
| Swr Penalty | $853.64 | $1,500.00 |
| Transfer from Money Market - ARPA Funds | $0.00 | $0.00 |
| Sewer Connet/Reconnect | $0.00 | $0.00 |
| Charges for Service | $8,725.00 | $5,000.00 |
| **Total Sewer Revenues** | **$139,566.59** | **$275,520.36** |

| Sewer Operating Expenditures: | | | Budget | Remaining |
|---|---|---|---|---|
| | Full-Time Employees Regular | $51,909.97 | $79,090.68 | $27,180.71 |
| | Full-time Employee overtime | $4,263.43 | $6,000.00 | $1,736.57 |
| | Part-Time Employees | $573.32 | $1,373.10 | $799.78 |
| | Employer CPF Contribution - Union Contract | $1,478.27 | $2,100.80 | $622.53 |
| | PERA | $4,058.80 | $6,034.78 | $1,975.98 |
| | FICA | $4,219.67 | $6,155.48 | $1,935.81 |
| | Employer Paid Health | $8,493.18 | $14,433.16 | $5,939.98 |
| | MN Paid Leave | $499.21 | $708.08 | $208.87 |
| | Office Supplies (GENERAL) | $0.00 | $400.00 | $400.00 |
| | Heating Fuel | $0.00 | $1,000.00 | $1,000.00 |
| | Electricity | $17,539.55 | $21,000.00 | $3,460.45 |
| | Training and Instruction | $0.00 | $1,000.00 | $1,000.00 |
| | Operating Supplies (GENERAL) | $254.48 | $1,000.00 | $745.52 |
| | Motor Fuels | $326.13 | $2,000.00 | $1,673.87 |
| | Lubricants and Additives | $0.00 | $500.00 | $500.00 |
| | Repairs/Maint Supply | $391.87 | $1,500.00 | $1,108.13 |
| | Equipment Parts | $0.00 | $0.00 | $0.00 |
| | Computer Supplies | $0.00 | $0.00 | $0.00 |
| | Merchandise Resale | $0.00 | $0.00 | $0.00 |
| | Building Repair Supply | $0.00 | $0.00 | $0.00 |
| | Tires | $0.00 | $1,500.00 | $1,500.00 |
| | Small Tools | $0.00 | $600.00 | $600.00 |
| | Auditing and Acc't | $3,500.00 | $3,500.00 | $0.00 |
| | Architect Fees | $0.00 | $0.00 | $0.00 |
| | Legal Fees - for project | $0.00 | $100.00 | $100.00 |
| | Testing/Analysis | $1,181.67 | $1,700.00 | $518.33 |
| | Other Professional Services | $9,250.00 | $4,000.00 | ($5,250.00) |
| | Engineering Services - | $29,115.00 | $0.00 | ($29,115.00) |
| | Telephone | $0.00 | $0.00 | $0.00 |
| | Postage | $214.87 | $700.00 | $485.13 |
| | Travel Expense | $0.00 | $1,000.00 | $1,000.00 |
| | 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 | $1,185.36 | $2,452.74 | $1,267.38 |
| | Property Insurance | $2,598.00 | $5,834.22 | $3,236.22 |
| | Other Insurance | $0.00 | $0.00 | $0.00 |
| | Automotive Insurance | $0.00 | $0.00 | $0.00 |
| | Workers Compensation | $1,127.68 | $2,555.30 | $1,427.62 |
| | Unemployment Paid | $0.00 | $0.00 | $0.00 |
| | State Connection Fee | $0.00 | $0.00 | $0.00 |
| | Repairs/Maint Building | $0.00 | $125.00 | $125.00 |
| | Repairs/Maintenance Structure | $2,056.09 | $10,000.00 | $7,943.91 |
| | Repairs/Main Machinery/Equip | $0.00 | $4,500.00 | $4,500.00 |
| | Dues and Subscriptions | $5,014.03 | $8,735.00 | $3,720.97 |
| | Buildings & Structures -*Liftstations* | $0.00 | $0.00 | $0.00 |
| | Improvements other | $0.00 | $0.00 | $0.00 |
| | Refuse/Garbage Dispsal - | $150.00 | $0.00 | ($150.00) |
| | Medical Fees | $0.00 | $0.00 | $0.00 |
| | Miscellaneous - | $0.00 | $0.00 | $0.00 |
| | Other Equipment *marco printer* | $0.00 | $0.00 | $0.00 |
| **Total Sewer Expenditures** | | **$149,400.58** | **$191,598.34** | **$42,197.76** |

| | | | Budget | Remaining |
|---|---|---|---|---|
| 2023A Go Bond Principal | | $22,479.70 | $22,479.70 | $0.00 |
| 2023A Go Bond Interest | | $13,613.35 | $13,613.35 | $0.00 |
| 2023B Go Bond Principal | | $4,446.84 | $4,446.84 | $0.00 |
| 2023B Go Bond Interest | | $2,398.25 | $2,398.25 | $0.00 |
| Depreciation/Capital Outlay | | $0.00 | $20,000.00 | $20,000.00 |
| | **Total** | **$42,938.14** | **$62,938.14** | **$20,000.00** |
| | **Net Total** | **($52,772.13)** | **$254,536.48** | **$62,197.76** |

## Water Fund

**Year to Date Income Statement thru 07/31/2026**

| Water Operating Revenue: | | Budget: | |
|---|---|---|---|
| Water Meter Sales | $1,261.91 | $0.00 | |
| Health Dept Charges | $42.41 | $4,687.76 | |
| Penalties and Interest | $0.00 | $0.00 | |
| Water Sales | $138,639.04 | $271,411.24 | |
| Water Connect/Reconnect Fee | $75.00 | $800.00 | |
| Water Penalty | $959.73 | $1,300.00 | |
| Interest Earnings | $70.98 | $500.00 | |
| Reimbursements | $9.46 | $0.00 | |
| **Total Water Revenues** | **$141,058.53** | **$278,699.00** | |

| Water Operating Expenditures: | | Year to Date | Budget | Remaining |
|---|---|---|---|---|
| | Full-Time Employees Regular | $49,688.08 | $75,986.12 | $26,298.04 |
| | Full-Time Employees OT | $4,000.32 | $6,000.00 | $1,999.68 |
| | Part-Time Employees | $573.35 | $1,373.10 | $799.75 |
| | Employer CPF Contribution - Union Contract | $1,429.86 | $2,038.40 | $608.54 |
| | PERA | $3,889.49 | $5,801.94 | $1,912.45 |
| | FICA | $4,033.05 | $5,917.98 | $1,884.93 |
| | Employer Paid Health | $8,213.58 | $13,996.96 | $5,783.38 |
| | MN Paid Leave | $479.55 | $680.76 | $201.21 |
| | Office Supplies (GENERAL) | $0.00 | $400.00 | $400.00 |
| | Printed Forms | $0.00 | $0.00 | $0.00 |
| | Heating | $0.00 | $1,000.00 | $1,000.00 |
| | Electricity | $6,462.85 | $10,000.00 | $3,537.15 |
| | Computer Supplies | $0.00 | $0.00 | $0.00 |
| | Training and Instruction | $0.00 | $1,000.00 | $1,000.00 |
| | Operating Supplies (GENERAL) | $482.50 | $2,600.00 | $2,117.50 |
| | Cleaning Supplies | $0.00 | $0.00 | $0.00 |
| | Motor Fuels | $0.00 | $1,500.00 | $1,500.00 |
| | Lubricants and Additives | $0.00 | $0.00 | $0.00 |
| | Chemicals | $0.00 | $0.00 | $0.00 |
| | Chlorine | $5,041.74 | $7,000.00 | $1,958.26 |
| | Fluoride | $0.00 | $1,300.00 | $1,300.00 |
| | Repairs/Maint Supply | $1,261.91 | $1,100.00 | ($161.91) |
| | 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 | $0.00 | $500.00 | $500.00 |
| | Merchandise for Resale | $0.00 | $750.00 | $750.00 |
| | Auditing and Acc't | $3,500.00 | $3,500.00 | $0.00 |
| | Legal Notices/Publications | $0.00 | $0.00 | $0.00 |
| | Legal fees - | $0.00 | $200.00 | $200.00 |
| | Testing/Analysis | $20.00 | $0.00 | ($20.00) |
| | Professional Services | $0.00 | $0.00 | $0.00 |
| | Other Professional Services | $215.00 | $1,000.00 | $785.00 |
| | Engineering Services - *PER/ER* | $0.00 | $0.00 | $0.00 |
| | Telephone | $249.54 | $917.00 | $667.46 |
| | Radio/communications Expense | $288.57 | $480.00 | $191.43 |
| | Internet | $294.00 | $504.00 | $210.00 |
| | Postage | $214.88 | $900.00 | $685.12 |
| | Travel Expense | $0.00 | $1,000.00 | $1,000.00 |
| | Other Equipment Rentals | $0.00 | $0.00 | $0.00 |
| | Legal Notices/Publications | $0.00 | $0.00 | $0.00 |
| | General Liability Insurance | $278.18 | $792.53 | $514.35 |
| | Property Insurance | $2,703.00 | $7,013.91 | $4,310.91 |
| | Workers Compensation | $1,227.07 | $3,453.92 | $2,226.85 |
| | Unemployment Paid | $0.00 | $0.00 | $0.00 |
| | Refuse/Garbage Disposal | $320.00 | $350.00 | $30.00 |
| | State Connection Fee | $2,366.00 | $4,688.00 | $2,322.00 |
| | Repairs/Maint Building - | $0.00 | $0.00 | $0.00 |
| | Repairs/Maintenance Structure | $59.13 | $12,000.00 | $11,940.87 |
| | Repairs/Maintenance Machinery | $782.73 | $2,500.00 | $1,717.27 |
| | Dues and Subscriptions | $4,141.63 | $4,000.00 | ($141.63) |
| | Uncolletable Checks/Bad Debt | $1,054.70 | $150.00 | ($904.70) |
| | Medical Fees | $0.00 | $0.00 | $0.00 |
| | Office Equipment and furniture | $0.00 | $0.00 | $0.00 |
| | Other Equipment | $0.00 | $0.00 | $0.00 |
| | Miscellaneous - | $0.00 | $0.00 | $0.00 |
| | Cash Short | $0.00 | $0.00 | $0.00 |
| | Bank Service Charges | $0.00 | $150.00 | $150.00 |
| | **Total Water Expenditures** | **$103,270.71** | **$182,544.62** | **$79,273.91** |

| Other Water Expenditures: | | Budget | Remaining |
|---|---|---|---|
| Transfer Fr Other Fund | $0.00 | $0.00 | $0.00 |
| 2023A Go bond principal | $3,211.39 | $3,211.39 | $0.00 |
| 2023A Go Bond Interet | $1,944.77 | $1,944.70 | $0.00 |
| 2023B Go Bond Principal | $635.26 | $635.26 | $0.00 |
| 2023B Go Bond Interest | $342.61 | $342.61 | $0.00 |
| Debt Service Bond Principal | $50,000.00 | $50,000.00 | $0.00 |
| Debt Service Bond Interest | $12,562.50 | $12,562.50 | $0.00 |
| Depreciation/Capital Outlay | $0.00 | $13,000.00 | $13,000.00 |
| **Total** | **$68,696.53** | **$81,696.46** | **$13,000.00** |
| **Net Total** | **($30,908.71)** | **$264,241.08** | **$92,273.91** |

**Pine Tree Park**
**Year to Date Income Statement thru 07/31/2026**

| PTP Revenues - | 2026 | 2025 | 2026 budget |
|---|---|---|---|
| Reservation Fees | $425.00 | $666.00 | $750.00 |
| Grants | $11,000.00 | $11,000.00 | $11,000.00 |
| Camping Fees | $20,750.00 | $16,258.93 | $24,000.00 |
| Other Revenue | $0.00 | $0.00 | $0.00 |
| Transfer from Golf Course - mower | $0.00 | $0.00 | $0.00 |
| Interest Earnings | $646.61 | $530.74 | $300.00 |
| **Total PTP Revenues** | **$32,821.61** | **$28,455.67** | **$36,050.00** |

| PTP Expenditures | | 2026 YTD | 2025 YTD | 2026 Budget | Remaining |
|---|---|---|---|---|---|
| | Full-Time Employees Regular | $3,004.53 | $2,683.16 | $5,609.69 | $2,605.16 |
| | Full-time Employee Overtine | $237.20 | $345.79 | $500.00 | $262.80 |
| | Part-Time Employees Regular | $5,132.74 | $2,272.44 | $3,432.75 | ($1,699.99) |
| | Employer CPF Contribution | $98.35 | $90.10 | $145.60 | $47.25 |
| | PERA | $514.79 | $221.79 | $678.18 | $163.39 |
| | FICA | $661.32 | $400.30 | $691.75 | $30.43 |
| | Employer Paid Health | $594.97 | $526.89 | $997.35 | $402.38 |
| | MN Paid Leave | $76.74 | $0.00 | $79.57 | $2.83 |
| | Office Supplies | $0.00 | $0.00 | $0.00 | $0.00 |
| | Electricity | $1,902.84 | $1,352.90 | $3,000.00 | $1,097.16 |
| | Operating Supplies (GENERAL) | $826.10 | $313.62 | $700.00 | ($126.10) |
| | Cleaning Supplies | $352.03 | $11.99 | $200.00 | ($152.03) |
| | Motor Fuels | $484.43 | $0.00 | $1,400.00 | $915.57 |
| | Repairs/Maint Supply | $136.62 | $0.00 | $850.00 | $713.38 |
| | Equipment Parts | $307.54 | $0.00 | $300.00 | ($7.54) |
| | Other Professional Services | $525.00 | $400.00 | $1,750.00 | $1,225.00 |
| | Postage | $0.00 | $0.00 | $0.00 | $0.00 |
| | Advertising | $0.00 | $0.00 | $0.00 | $0.00 |
| | Other Printing/Binding | $0.00 | $0.00 | $250.00 | $250.00 |
| | General Liability Insurance | $556.36 | $548.64 | $1,174.09 | $617.73 |
| | Property Insurance | $1,067.50 | $1,141.50 | $2,397.15 | $1,329.65 |
| | Workers Compensation Insurance | $0.00 | $0.00 | $0.00 | $0.00 |
| | Garbage | $1,186.86 | $935.98 | $2,500.00 | $1,313.14 |
| | Repairs/Maint Building | $555.99 | $1,315.32 | $2,500.00 | $1,944.01 |
| | Repairs/Maintenance Structure | $0.00 | $0.00 | $0.00 | $0.00 |
| | Improvements Other *Gutters Beach Pav* | $3,167.95 | $0.00 | $0.00 | ($3,167.95) |
| | Repairs/Maintenance Machinery | $784.86 | $1,744.97 | $1,500.00 | $715.14 |
| | Other Equipment - *new mower* | $0.00 | $0.00 | $0.00 | $0.00 |
| | Depreciation | $0.00 | $0.00 | $5,000.00 | $5,000.00 |
| | Miscellaneous - | $0.00 | $0.00 | $0.00 | $0.00 |
| | Portable Restrooms | $0.00 | $0.00 | $0.00 | $0.00 |
| | Dues and Subscriptions - includes refunds | $940.04 | $185.00 | $375.00 | ($565.04) |
| | **Total PTP Expenditures** | **$23,114.76** | **$14,490.39** | **$36,031.13** | **$12,916.37** |
| | **Net Profit** | **$9,706.85** | **$13,965.28** | | |

## Lakeview Cemetery
## Year to Date Income Statement thru 07/31/2026

| Cemetery Revenue | 2026 | 2025 | 2026 Budget |
|---|---|---|---|
| Cemetery Lot Revenues | $1,000.00 | $0.00 | $0.00 |
| Other Revenue | $0.00 | $0.00 | $0.00 |
| Interest Earnings | $1,253.06 | $1,320.77 | $400.00 |
| Transfer from General Fund | $0.00 | $0.00 | $2,000.00 |
| Transfer from Perpetual Fund | $0.00 | $0.00 | $0.00 |
| Transfer from Liquor Fund | $0.00 | $0.00 | $500.00 |
| **Total PTP Revenues** | **$2,253.06** | **$1,320.77** | **$2,900.00** |

| Cemetery Expenditures | 2026 YTD | 2025 YTD | 2026 Budget | Remaining |
|---|---|---|---|---|
| Operating Supplies (GENERAL) | $0.00 | $0.00 | $0.00 | $0.00 |
| *Prior Payroll Liability* | $59.44 | $4,727.90 | $0.00 | ($59.44) |
| Motor Fuels | $0.00 | $664.40 | $1,000.00 | $1,000.00 |
| Other Professional Services | $550.00 | $375.00 | $500.00 | ($50.00) |
| Postage | $0.00 | $0.00 | $0.00 | $0.00 |
| General Liability Insurance | $69.51 | $68.58 | $146.76 | $77.25 |
| Property Insurance | $76.50 | $82.50 | $173.25 | $96.75 |
| Workers Compensation Insurance | $0.00 | $368.31 | $405.14 | $405.14 |
| **Total Cemetery Expenditures** | **$755.45** | **$6,286.69** | **$2,225.15** | **$1,469.70** |
| **Net Profit** | **$1,497.61** | **($4,965.92)** | | |

**Blackduck Municipal Golf Course**
**Year-To-Date Income Statement - 07/31/2026**

| | Actual 2026 Sales | 2026 Revenue Budget | 2026 Cost of Goods | 2026 Gross Profit | 2026 Gross Margin | 2026 Expense Budget | Remaining Expense Budget |
|---|---|---|---|---|---|---|---|
| Beer | $11,306.27 | $18,000.00 | $9,918.70 | $1,387.57 | 12.27% | $10,000.00 | $81.30 |
| Liquor | $7,611.34 | $5,000.00 | $1,285.98 | $6,325.36 | 83.10% | $1,000.00 | ($285.98) |
| Soft Drinks | $8,153.42 | $10,000.00 | $6,631.55 | $1,521.87 | 18.67% | $8,000.00 | $1,368.45 |
| Food | $7,032.56 | $10,000.00 | $6,154.19 | $878.37 | 12.49% | $8,000.00 | $1,845.81 |
| Golf Merchandise & Clubs for Sale | $4,014.92 | $5,000.00 | $5,856.76 | ($1,841.84) | -45.87% | $3,600.00 | ($2,256.76) |
| Clothing | $7,486.30 | $4,000.00 | $4,603.60 | $2,882.70 | 38.51% | $4,000.00 | ($603.60) |
| **Total** | **$45,604.81** | **$52,000.00** | **$34,450.78** | **$11,154.03** | **24.46%** | **$34,600.00** | **$149.22** |

| **Charges for Services** | *Actual 2026 Revenue* | **Revenue Budget** |
|---|---|---|
| Green Fees | $73,394.28 | $100,000.00 |
| Membership Fees | $45,170.69 | $40,000.00 |
| Trail Fees | $916.50 | $1,000.00 |
| Cart Storage | $2,700.00 | $1,251.00 |
| Rentals (Clubs, Carts) | $2,071.16 | $1,750.00 |
| Power Carts | $57,457.61 | $55,000.00 |
| Clubhouse Rental | $600.00 | $1,500.00 |
| Kayak Rental | $18.52 | $0.00 |
| Golf Tournament Revenue | $7,418.68 | $10,000.00 |
| **Total Charges for Services** | **$189,747.44** | **$210,501.00** |

**Total Income $235,352.25**

| **Less Operating Expense** | | **2026 Budget** | **Remaining** |
|---|---|---|---|
| FT Wages | $21,243.47 | $34,855.97 | $13,612.50 |
| PT Wages | $45,330.29 | $76,436.23 | $31,105.94 |
| PERA | $2,606.37 | $8,301.25 | $5,694.88 |
| FICA | $5,123.09 | $8,513.85 | $3,390.76 |
| Employer Paid Health | $8,229.90 | $14,108.40 | $5,878.50 |
| MN Paid Leave | $589.43 | $979.37 | $389.94 |
| Office Supplies | $0.00 | $0.00 | $0.00 |
| Heating Fuel | $0.00 | $0.00 | $0.00 |
| Electricity | $3,572.48 | $7,000.00 | $3,427.52 |
| Computer Supplies | $0.00 | $0.00 | $0.00 |
| Training & Instructions | $0.00 | $0.00 | $0.00 |
| Operating Supplies | $3,726.89 | $6,500.00 | $2,773.11 |
| Cleaning Supplies | $0.00 | $0.00 | $0.00 |
| Motor Fuels | $6,425.21 | $4,000.00 | ($2,425.21) |
| Lubricants/Additives | $0.00 | $0.00 | $0.00 |
| Chemicals | $3,733.39 | $8,000.00 | $4,266.61 |
| 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 | $262.28 | $1,000.00 | $737.72 |
| Tires | $0.00 | $0.00 | $0.00 |
| Auditing/Accounting | $0.00 | $0.00 | $0.00 |
| Mix Expense | $0.00 | $0.00 | $0.00 |
| Other for Resale - ice | $0.00 | $0.00 | $0.00 |
| Medical Fees | $0.00 | $0.00 | $0.00 |
| Legal Fees | $0.00 | $0.00 | $0.00 |
| Telephone | $677.51 | $1,200.00 | $522.49 |
| Internet | $490.00 | $600.00 | $110.00 |
| Travel Expense | $0.00 | $0.00 | $0.00 |
| Other Equipment | $0.00 | $0.00 | $0.00 |
| Other Professional services | $0.00 | $0.00 | $0.00 |
| Website Development & Maintenance | $553.00 | $948.00 | $395.00 |
| Sponsorship Expense | $47.41 | $1,000.00 | $952.59 |
| Postage | $0.00 | $0.00 | $0.00 |
| Advertising | $0.00 | $1,000.00 | $1,000.00 |
| Promotional Expenses | $4,596.55 | $2,500.00 | ($2,096.55) |
| Liability Insurance | $2,016.81 | $4,256.07 | $2,239.26 |
| Property Insurance | $1,097.50 | $2,454.90 | $1,357.40 |
| Work Comp | $1,216.36 | $2,800.37 | $1,584.01 |
| Unemployment | $0.00 | $6,000.00 | $6,000.00 |
| Dram Insurance | $0.00 | $1,250.00 | $1,250.00 |
| Garbage Disposal | $921.83 | $1,300.00 | $378.17 |
| Repair/Maint Building | $3,240.86 | $1,500.00 | ($1,740.86) |
| Improvements other than Bldgs - | $76.08 | $2,000.00 | $1,923.92 |
| Repairs/Maint Machinery | $7,858.20 | $11,000.00 | $3,141.80 |
| Maintenance Course | $2,950.56 | $5,000.00 | $2,049.44 |
| Golf Cart Maintenance - ONLY | $9,149.81 | $5,000.00 | ($4,149.81) |
| Furniture & Fixtures | $0.00 | $0.00 | $0.00 |
| Motor Vehicles - *golf cart purchase* | $0.00 | $0.00 | $0.00 |
| Club House renovations | $0.00 | $0.00 | $0.00 |
| Other Equipment | $5,000.00 | $0.00 | ($5,000.00) |
| Uncollectable Checks | $0.00 | $0.00 | $0.00 |
| Dues and Subscriptions | $2,102.73 | $2,500.00 | $397.27 |
| Bank Service Charges | $3,903.44 | $6,500.00 | $2,596.56 |
| Cart Shed Internal Loan 2020 | $6,118.00 | $6,118.00 | $0.00 |
| 2021 Golf Cart Lease | $7,335.00 | $7,335.00 | $0.00 |
| Golf Rough Mower Internal Loan - 2022 | $3,650.74 | $3,650.74 | $0.00 |
| **Total Expense** | **$163,845.19** | **$245,608.15** | **$81,762.96** |

**OPERATING INCOME OR LOSS $37,056.28**

| **Other Expenses** | |
|---|---|
| Misc. Expenses | $0.00 |
| Equipment - Gator | $0.00 |
| Gift Certificates / Discounts *discounts for punch cards & savings cards* | $7,041.08 |
| Cash Short - | $231.85 |
| **Total Other Expenses** | **$7,272.93** |

| **Other Income** | |
|---|---|
| Transfer Fr Liq Str | $0.00 |
| Reimbursements | $94.00 |
| Donations and Contributions | $0.00 |
| Promotional Event Revenue | $0.00 |
| Interest | $513.59 |
| Cash Over | $349.03 |
| Bank Card Charges for Service | $2,141.79 |
| Sponsorship Revenue *(cart / tee box)* | $7,500.00 |
| **Total Other Income** | **$10,598.41** |

**NET INCOME OR LOSS YEAR TO DATE $40,381.76**

| **Sales Comparison YTD** | **2023** | **2024** | **2025** | **2026** | **+/- over prior year** |
|---|---|---|---|---|---|
| Green Fees | $59,328.54 | $60,421.59 | $65,373.00 | $73,394.28 | 10.93% |
| Cart Rental | $27,567.48 | $37,880.72 | $41,352.39 | $57,457.61 | 28.03% |

| **YTD Comparisons:** | **2023** | **2024** | **2025** | **2026** | **+/- over prior year** |
|---|---|---|---|---|---|
| Operating Revenue | $181,300.32 | $187,584.33 | $203,503.21 | $245,950.66 | 17.26% |
| Operating Expense | $195,583.78 | $213,744.59 | $215,088.81 | $205,568.90 | -4.63% |
| | ($14,283.46) | ($26,160.26) | ($11,585.60) | $40,381.76 | |

# Blackduck Municipal Liquor Store Income Statement
## Year to Date Ending 07/31/2026

$613,239.29 *How much we paid for our inventory (expenses)*

| | YTD Sales | Cost of Goods | Gross Profit | Gross Profit Margin | 2026 Liquor Expense Budget | 2026 Liquor Revenue Budget | Percent of sales +/- to budget |
|---|---|---|---|---|---|---|---|
| THC Edibles - Off-Sale | $10,484.35 | $6,143.50 | $4,340.85 | 41.40% | $18,696.00 | $28,572.00 | -172.52% |
| THC Beverages - Off-Sale | $10,499.58 | $6,574.95 | $3,924.63 | 37.38% | $16,110.00 | $23,000.00 | -119.06% |
| Liquor Sales Off-Sale | $204,404.73 | $145,376.88 | $59,027.85 | 28.88% | $246,275.00 | $339,306.00 | -66.00% |
| Beer Sales Off-Sale | $293,168.88 | $223,867.56 | $69,301.32 | 23.64% | $437,350.00 | $537,700.00 | -83.41% |
| Wine Sales Off-Sale | $29,316.36 | $17,024.61 | $12,291.75 | 41.93% | $28,300.00 | $47,047.00 | -60.48% |
| Other Sales On/Off-Sale | $11,749.05 | $11,284.51 | $464.54 | 3.95% | $7,300.00 | $23,662.00 | -101.40% |
| Liquor Sales On-Sale | $73,203.76 | $14,116.67 | $59,087.09 | 80.72% | $0.00 | $125,172.00 | -70.99% |
| Beer Sales On-Sale | $110,796.10 | $20,301.31 | $90,494.79 | 81.68% | $0.00 | $173,851.00 | -56.91% |
| Wine Sales On-Sale | $1,447.35 | $524.72 | $922.63 | 63.75% | $0.00 | $2,350.00 | -62.37% |
| Clothing | $2,032.26 | $1,419.67 | $612.59 | 30.14% | $5,000.00 | $5,600.00 | -175.56% |
| Soft Drinks On Sale | $23,672.35 | $6,581.38 | $17,090.97 | 72.20% | $15,831.00 | $33,876.00 | -43.10% |
| Food Sales | $285,142.54 | $150,956.90 | $134,185.64 | 47.06% | $243,584.00 | $448,290.00 | -57.22% |
| **Total** | **$1,055,917.31** | **$604,172.66** | **$451,744.65** | **42.78%** | **$1,018,446.00** | **$1,788,426.00** | **-40.96%** |

*cost of our inventory*

| Less Operating Expense | 2026 YTD | Budget | Remaining |
|---|---|---|---|
| Wages FT | $137,971.73 | $249,820.90 | $111,849.17 |
| FT Overtime | $2,222.61 | $1,500.00 | ($722.61) |
| Wages PT | $93,364.89 | $117,733.24 | $24,368.35 |
| PERA | $17,958.66 | $27,200.96 | $9,242.30 |
| FICA | $21,427.75 | $28,117.89 | $6,690.14 |
| Health Insurance | $33,189.73 | $56,916.96 | $23,727.23 |
| MN Paid Leave | $2,466.47 | $3,234.48 | $768.01 |
| Office Supplies | $0.00 | $0.00 | $0.00 |
| Electricity | $12,182.27 | $22,000.00 | $9,817.73 |
| Heating Fuel | $1,025.07 | $10,000.00 | $8,974.93 |
| Computer Supplies | $0.00 | $750.00 | $750.00 |
| Training and Instruction | $0.00 | $200.00 | $200.00 |
| Operating & Bar Supplies | $8,029.61 | $12,000.00 | $3,970.39 |
| 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 | $12,136.81 | $14,577.00 | $2,440.19 |
| Auditing /Acct'g Services | $6,500.00 | $6,500.00 | $0.00 |
| Other Professional Services- *Cleaning & Vectis Services* | $18,021.36 | $22,800.00 | $4,778.64 |
| Website Development | $553.00 | $948.00 | $395.00 |
| Telephone | $1,372.08 | $2,400.00 | $1,027.92 |
| Postage | $624.00 | $1,000.00 | $376.00 |
| Cable Television | $1,646.47 | $2,400.00 | $753.53 |
| Internet Access | $595.00 | $1,020.00 | $425.00 |
| Advertising | $28.00 | $0.00 | ($28.00) |
| Travel Expense | $237.80 | $300.00 | $62.20 |
| Freight | $4,481.09 | $7,100.00 | $2,618.91 |
| Legal Fees | $0.00 | $0.00 | $0.00 |
| Promotions/Entertainment | $5,966.71 | $8,000.00 | $2,033.29 |
| Legal Notices | $0.00 | $0.00 | $0.00 |
| Liability Insurance | $2,016.81 | $4,256.07 | $2,239.26 |
| Property Insurance | $3,520.00 | $7,936.95 | $4,416.95 |
| Dram Shop/Liquor Liability | $3,564.00 | $3,500.00 | ($64.00) |
| Other Insurance | $0.00 | $0.00 | $0.00 |
| Work Comp | $4,399.10 | $9,439.23 | $5,040.13 |
| Unemployment | $0.00 | $500.00 | $500.00 |
| Water Utility | $1,764.25 | $2,800.00 | $1,035.75 |
| Garbage Disposal | $3,371.64 | $9,000.00 | $5,628.36 |
| Catering Expense | $0.00 | $0.00 | $0.00 |
| Repairs & Maintenance | $0.00 | $0.00 | $0.00 |
| Repairs/Maintenance Building | $7,694.55 | $12,000.00 | $4,305.45 |
| Uncollectable Checks | $12.00 | $200.00 | $188.00 |
| Dues and Subscriptions | $4,069.34 | $4,500.00 | $430.66 |
| Bank Service Charges | $29,252.48 | $48,000.00 | $18,747.52 |
| Furniture & Fixtures | $0.00 | $0.00 | $0.00 |
| Office Equip & Furnishings - | $8,032.21 | $0.00 | ($8,032.21) |
| Improvements Other than Buildings - remodel | $0.00 | $10,000.00 | $10,000.00 |
| Building & Structures | $0.00 | $0.00 | $0.00 |
| Capital Outlay | $0.00 | $10,000.00 | $10,000.00 |
| Assessment | $974.78 | $1,050.00 | $75.22 |
| Obligation Debt - Remodel/Addition - Principal | $30,000.00 | $30,000.00 | $0.00 |
| Obligation Debt - Remodel/Addition - Interest | $9,685.00 | $9,685.00 | $0.00 |
| Other Equipment - Message board debt & copier lease | $3,870.04 | $3,600.00 | ($270.04) |
| **Total Operating Expense** | **$494,227.31** | **$762,986.68** | **$268,759.37** |
| **Inventory Expense** | **$9,066.63** | | |
| **NET INCOME OR LOSS** | **($51,549.29)** *(gross profit - expenses)* | | |

**Other Expenses**

| | | |
|---|---|---|
| ***Donations*** | ***$7,310.63*** | *2026 Budget - $6,000.00* |
| Capital Outlay | $0.00 | |
| Unemployment Paid | $33.41 | |
| Cash Short | ($90.30) | |
| Misc. Expense | $0.00 | |
| **Total Other Expenses** | **$7,253.74** | |

| Donations Year to Date: | |
|---|---|
| Blackduck Kids Ice Fishing Derby - Bikes | $710.63 |
| Blackduck Trap Team | $2,050.00 |
| Blackduck Youth Bowling | $2,050.00 |
| Blackduck After Prom | $1,000.00 |
| Blackduck Woodcarvers - tent | $1,000.00 |
| Blackduck Tri-Sigma - Alzhiemers Walk | $500.00 |
| | $7,310.63 |

**Other Income**

| | |
|---|---|
| Reimbursements (NSF) | $1,334.77 |
| ***Rent Income*** | ***$12,133.61*** |
| Vending Income | $2,048.50 |
| Interest | $2,528.36 |
| Catering Revenue | $750.00 |
| Bank Service Fees Charged to customers | $5,953.93 |
| ***Transfer from Liquor Rent Fund*** | ***$0.00*** |
| Cash Over | $61.06 |
| **Total Other Income** | **$24,810.23** |

| | |
|---|---|
| **Gross Profit Before Transfers** | **($33,992.80)** |
| **Transfer to General Fund & Other Funds** | **$50,500.00** *2026 Transfer total budget City wide = $70,500* |
| **Net Profit After Inventory Exp & Transfers** | **($84,492.80)** |

| | |
|---|---|
| Inventory On-Hand at 1/1/2026 after inventory total | $88,616.22 |
| Inventory On-Hand at 7/31/2026 | $120,114.65 |
| Difference | $31,498.43 |

## YTD 4-year Sales Comparison Ending 7/31/2026

| | 2023 | 2024 | 2025 | 2026 | % of Increase from 2025-2026 |
|---|---|---|---|---|---|
| Off-Sale THC Edibles | $0.00 | $4,287.61 | $16,253.78 | $10,484.35 | -0.35 |
| Off-Sale THC Beverages | $0.00 | $10,732.69 | $13,250.30 | $10,499.58 | -20.76% |
| Off -Sale Liquor | $190,320.84 | $185,464.49 | $191,919.46 | $204,404.73 | 6.51% |
| Off-Sale Beer | $320,925.22 | $305,268.30 | $307,881.73 | $293,168.88 | -4.78% |
| Off -Sale Wine | $27,015.25 | $29,164.85 | $27,258.55 | $29,316.36 | 7.55% |
| Total Off-Sale | $538,261.31 | $534,917.94 | $556,563.82 | $547,873.90 | -1.56% |
| On-Sale Liquor | $84,352.01 | $79,192.26 | $72,222.67 | $73,203.76 | 1.36% |
| On-Sale Beer | $97,030.18 | $96,971.01 | $97,778.84 | $110,796.10 | 13.31% |
| On-Sale Wine | $1,013.23 | $1,189.39 | $1,220.56 | $1,447.35 | 18.58% |
| Total On-Sale | $182,395.42 | $177,352.66 | $171,222.07 | $185,447.21 | 8.31% |
| **Total On and Off Sale** | **$720,656.73** | **$712,270.60** | **$727,785.89** | **$733,321.11** | **0.76%** |
| Total Food Sales | $190,480.39 | $237,887.19 | $254,328.82 | $285,142.54 | 12.12% |
| Gross Liquor Store Sales Comparison | $971,967.71 | $1,040,547.42 | $1,064,864.66 | $1,080,727.54 | 1.49% |

# 2026 Blackduck DMV Office Income Statement

*Year to date Revenue thru 7/31/2026*

| | 2026 DMV Sales | 2026 DNR Sales | 2026 Total Office Sales | Previous Year Total Office Sales | Percentage to Previous Year | DMV Office Retain | DNR Office Retain | Remit to DMV State | Remit to DNR State | 2026 Net Office Revenue | 2026 YTD DMV Expenses | 2026 YTD Net Profit | Previous Year Net Profit | Comparative +/- % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| January | $74,045.89 | $9,891.50 | $83,937.39 | $69,955.92 | 16.66% | $3,853.44 | $641.00 | $70,192.45 | $9,250.50 | $4,494.44 | $5,109.59 | -$615.15 | $2,057.80 | 434.52% |
| February | $85,893.54 | $4,646.25 | $90,539.79 | $97,708.20 | -7.92% | $4,887.59 | $316.75 | $81,005.95 | $4,329.50 | $5,204.34 | $5,265.45 | -$61.11 | $3,276.72 | 5462.00% |
| March | $135,003.80 | $5,661.50 | $140,665.30 | $103,745.43 | 26.25% | $6,440.91 | $441.00 | $128,562.89 | $5,220.50 | $6,881.91 | $4,336.77 | $2,545.14 | $3,591.45 | -41.11% |
| April | $86,984.94 | $4,738.00 | $91,722.94 | $79,672.94 | 13.14% | $5,214.51 | $379.00 | $81,770.43 | $4,359.00 | $5,593.51 | $6,692.56 | -$1,099.05 | $2,942.43 | 367.72% |
| May | $73,447.44 | $12,144.13 | $85,591.57 | $97,770.70 | -14.23% | $5,041.01 | $781.00 | $68,406.43 | $11,363.13 | $5,822.01 | $5,544.71 | $277.30 | $4,264.32 | -1437.80% |
| June | $64,950.89 | $5,456.50 | $70,407.39 | $54,471.51 | 22.63% | $3,896.00 | $422.00 | $61,054.89 | $5,034.50 | $4,318.00 | $4,610.93 | -$292.93 | $1,871.67 | 738.95% |
| July | $64,453.64 | $4,607.50 | $69,061.14 | $58,593.18 | 15.16% | $3,779.00 | $336.50 | $60,674.64 | $4,271.00 | $4,115.50 | $6,911.03 | -$2,795.53 | $1,228.43 | 143.94% |
| August | | | $0.00 | $52,971.60 | #DIV/0! | | | $0.00 | $0.00 | $0.00 | | $0.00 | $1,014.02 | #DIV/0! |
| September | | | $0.00 | $38,981.37 | #DIV/0! | | | $0.00 | $0.00 | $0.00 | | $0.00 | $2,111.72 | #DIV/0! |
| October | | | $0.00 | $52,765.44 | #DIV/0! | | | $0.00 | $0.00 | $0.00 | | $0.00 | $1,578.08 | #DIV/0! |
| November | | | $0.00 | $42,907.31 | #DIV/0! | | | $0.00 | $0.00 | $0.00 | | $0.00 | $646.78 | #DIV/0! |
| December | | | $0.00 | $74,893.10 | #DIV/0! | | | $0.00 | $0.00 | $0.00 | | $0.00 | $2,135.27 | #DIV/0! |
| Year To Date: | $584,780.14 | $47,145.38 | $631,925.52 | $824,436.70 | -30.46% | $33,112.46 | $3,317.25 | $551,667.68 | $43,828.13 | $36,429.71 | $38,471.04 | -$2,041.33 | $26,718.69 | 1408.89% |

City of Blackduck
JUL 21 2026

Pay 1212.14
V# 0021

# MINNESOTA Lawful Gambling

## LG216 Worksheet for Calculating Lawful Gambling Monthly Rent

Organization Name: **Blackduck Fire Relief**

Licence Number: **01944**

Site Name: **POND**

Site Number: **001**

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

**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 the lessor or lessor's employees — 3 **15.00%**

| A | B1 | B2 | C1 | C2 | D | E1 | E2 | F | G | H |
|---|---|---|---|---|---|---|---|---|---|---|
| | Booth Operation | | Bar Operation | | Rent Limit | Bar Operation Electronic Games | | Total Rent | Bar Operation | |
| Month and Year | 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. Report amount on Schedule A, line 22h | 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. |
| 6/2026 | | | 2341.00 | 468.20 | 468.20 | 5202.90 | 780.44 | 1248.64 | (36.50) | 1212.14 |

1 This amount may not exceed 10%
2 Enter no more than 10% if paper or electronic pull-tabs, tipboards, paddletickets (other then paddlewheel 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.

# CITY OF BLACKDUCK

## Payments

**Current Period: July 2026**

**Payment Batch DWDCCPMT072126** $4,396.70

| | | | | | | |
|---|---|---|---|---|---|---|
| Refer | 550 *CARDMEMBER SERVICE -DEERW* | Ck# 016128 7/23/2026 | | | | |
| Cash Payment | E 101-41400-210 Operating Supplies (GEN | Business Card Holder - Christina Regas | | | | $108.99 |
| Invoice | | | | | | |
| Cash Payment | E 101-41400-210 Operating Supplies (GEN | Business Card Holder - Christina Regas | | | | $34.71 |
| Invoice | | | | | | |
| Cash Payment | E 101-41400-210 Operating Supplies (GEN | Business Card Holder - Christina Regas | | | | $108.99 |
| Invoice | | | | | | |
| Cash Payment | E 101-41400-210 Operating Supplies (GEN | Business Card Holder - Christina Regas | | | | $68.03 |
| Invoice | | | | | | |
| Cash Payment | E 101-41400-433 Dues and Subscriptions | Business Card Holder - Christina Regas | | | | $9.39 |
| Invoice | | | | | | |
| Cash Payment | E 101-41400-433 Dues and Subscriptions | Business Card Holder - Christina Regas | | | | $184.34 |
| Invoice | | | | | | |
| Transaction Date | 7/21/2026 | DW Checking | 10100 | **Total** | | $514.45 |
| Refer | 551 *CARDMEMBER SERVICE -DEERW* | Ck# 016128 7/23/2026 | | | | |
| Cash Payment | E 101-43100-321 Telephone | Business Credit Card Holder - Mike Schwanke | | | | $1.99 |
| Invoice | | | | | | |
| Cash Payment | E 101-45200-221 Equipment Parts | Business Credit Card Holder - Mike Schwanke | | | | $75.96 |
| Invoice | | | | | | |
| Cash Payment | E 101-45200-221 Equipment Parts | Business Credit Card Holder - Mike Schwanke | | | | $271.85 |
| Invoice | | | | | | |
| Cash Payment | E 209-45183-404 Repairs/Maint Machinery/ | Business Credit Card Holder - Mike Schwanke | | | | $74.49 |
| Invoice | | | | | | |
| Cash Payment | E 209-45183-404 Repairs/Maint Machinery/ | Business Credit Card Holder - Mike Schwanke | | | | $14.34 |
| Invoice | | | | | | |
| Cash Payment | E 101-45200-221 Equipment Parts | Business Credit Card Holder - Mike Schwanke | | | | $614.63 |
| Invoice | | | | | | |
| Cash Payment | E 209-45183-404 Repairs/Maint Machinery/ | Business Credit Card Holder - Mike Schwanke | | | | $127.93 |
| Invoice | | | | | | |
| Cash Payment | E 209-45183-404 Repairs/Maint Machinery/ | Business Credit Card Holder - Mike Schwanke | | | | $20.51 |
| Invoice | | | | | | |
| Transaction Date | 7/21/2026 | DW Checking | 10100 | **Total** | | $1,201.70 |
| Refer | 553 *CARDMEMBER SERVICE -DEERW* | Ck# 016128 7/23/2026 | | | | |
| Cash Payment | E 609-49750-210 Operating Supplies (GEN | Business Card Holder - Shawnda Lahr | | | | $99.76 |
| Invoice | | | | | | |
| Cash Payment | E 609-49750-272 Clothing for Resale | Business Card Holder - Shawnda Lahr | | | | $794.00 |
| Invoice | | | | | | |
| Transaction Date | 7/21/2026 | DW Checking | 10100 | **Total** | | $893.76 |
| Refer | 555 *CARDMEMBER SERVICE -DEERW* | Ck# 016128 7/23/2026 | | | | |
| Cash Payment | E 613-49830-270 Golf Clubs for Resale | Business Credit Card Holder - Misty Frenzel | | | | $49.85 |
| Invoice | | | | | | |
| Cash Payment | E 613-49830-407 Golf Cart Maintenance/R | Business Credit Card Holder - Misty Frenzel | | | | $61.16 |
| Invoice | | | | | | |
| Cash Payment | E 613-49830-210 Operating Supplies (GEN | Business Credit Card Holder - Misty Frenzel | | | | $27.59 |
| Invoice | | | | | | |

# CITY OF BLACKDUCK

## Payments

**Current Period: July 2026**

| | | | |
|---|---|---|---|
| Cash Payment Invoice | E 613-49830-210 Operating Supplies (GEN | Business Credit Card Holder - Misty Frenzel | $126.42 |
| Cash Payment Invoice | E 101-44444-322 Postage | Business Credit Card Holder - Misty Frenzel | $3.53 |
| Cash Payment Invoice | E 613-49830-210 Operating Supplies (GEN | Business Credit Card Holder - Misty Frenzel | $90.00 |
| Cash Payment Invoice | E 613-49830-260 Food for Resale | Business Credit Card Holder - Misty Frenzel | $36.08 |
| Cash Payment Invoice | E 101-44444-322 Postage | Business Credit Card Holder - Misty Frenzel | $26.94 |
| Cash Payment Invoice | E 613-49830-271 Golf Accessories for Res | Business Credit Card Holder - Misty Frenzel | $95.93 |
| Cash Payment Invoice | E 613-49830-260 Food for Resale | Business Credit Card Holder - Misty Frenzel | $28.05 |
| Cash Payment Invoice | E 613-49830-260 Food for Resale | Business Credit Card Holder - Misty Frenzel | $100.90 |
| Cash Payment Invoice | E 613-49830-260 Food for Resale | Business Credit Card Holder - Misty Frenzel | $25.23 |
| Cash Payment Invoice | E 613-49830-271 Golf Accessories for Res | Business Credit Card Holder - Misty Frenzel | $109.43 |
| Cash Payment Invoice | E 101-44444-322 Postage | Business Credit Card Holder - Misty Frenzel | $3.80 |
| Cash Payment Invoice | E 613-49830-401 Repairs/Maint Buildings | Business Credit Card Holder - Misty Frenzel | $151.88 |
| Cash Payment Invoice | E 613-49830-271 Golf Accessories for Res | Business Credit Card Holder - Misty Frenzel | $850.00 |
| Transaction Date 7/21/2026 | | DW Checking 10100 | **Total** $1,786.79 |

### Fund Summary

| | 10100 DW Checking |
|---|---|
| 101 GENERAL FUND | $1,513.15 |
| 209 PINE TREE PARK FUND | $237.27 |
| 609 MUNICIPAL LIQUOR FUND | $893.76 |
| 613 GOLF COURSE | $1,752.52 |
| | $4,396.70 |

| | |
|---|---|
| Pre-Written Checks | $4,396.70 |
| Checks to be Generated by the Computer | $0.00 |
| Total | $4,396.70 |

# CITY OF BLACKDUCK

## Transaction Activity COB Payrolls - July 2026

| | Search Name | Amount | Check Nbr | EFT | Tran Name | Check/Receipt Date | Period Name | Batch Name |
|---|---|---|---|---|---|---|---|---|
| 2026 | | | | | | | | |
| | DELTA DENTAL | $375.18 | 005159 | Yes | Cash Payment | 07/24/26 | July | DeltaD 072026 |
| 2026 | | $375.18 | | | | | | |
| | | $375.18 | | | | | | |

# CITY OF BLACKDUCK

## Transaction Activity COB Payrolls - July 2026

| | Search Name | Amount | Check Nbr | EFT | Tran Name | Check/Receipt Date | Period Name | Batch Name |
|---|---|---|---|---|---|---|---|---|
| 2026 | | | | | | | | |
| | LINCOLN NATIONAL LIFE | $351.44 | 005160 | Yes | Cash Payment | 07/24/26 | July | LinLife 072026 |
| 2026 | | $351.44 | | | | | | |
| | | $351.44 | | | | | | |

# CITY OF BLACKDUCK

## Transaction Activity COB Payrolls - July 2026

| | Search Name | Amount | Check Nbr | EFT | Tran Name | Check/Receipt Date | Period Name | Batch Name |
|---|---|---|---|---|---|---|---|---|
| 2026 | | | | | | | | |
| | NORTHWEST SERVICE COOP | $8,437.20 | 005158 | Yes | Cash Payment | 07/24/26 | July | NWSCoop 072026 |
| 2026 | | $8,437.20 | | | | | | |
| | | $8,437.20 | | | | | | |

# CITY OF BLACKDUCK

## Transaction Activity COB Payrolls - July 2026

| | Search Name | Amount | Check Nbr | EFT | Tran Name | Check/Receipt Date | Period Name | Batch Name |
|---|---|---|---|---|---|---|---|---|
| 2026 | | | | | | | | |
| | INTERNAL REVENUE SERVICE | $2,428.83 | 005115 | Yes | Cash Payment | 06/30/26 | July | PR14LIABS070226 |
| | MN DEPT OF REVENUE | $1,617.32 | 005116 | Yes | Cash Payment | 06/30/26 | July | PR14LIABS070226 |
| | MN CHILD SUPPORT PAY CTR | $25.00 | 016035 | No | Cash Payment | 06/30/26 | July | PR14LIABS070226 |
| | IUOE LOCAL #49 | $140.00 | 016034 | No | Cash Payment | 06/30/26 | July | PR14LIABS070226 |
| | PERA | $4,858.91 | 005117 | Yes | Cash Payment | 06/30/26 | July | PR14LIABS070226 |
| | NATIONWIDE | $353.79 | 005118 | Yes | Cash Payment | 06/30/26 | July | PR14LIABS070226 |
| | CENTRAL PENSION FUND | $676.00 | 016033 | No | Cash Payment | 06/30/26 | July | PR14LIABS070226 |
| | INTERNAL REVENUE SERVICE | $6,960.12 | 005115 | Yes | Cash Payment | 06/30/26 | July | PR14LIABS070226 |
| | INTERNAL REVENUE SERVICE | $233.78 | 005134 | Yes | Cash Payment | 07/01/26 | July | PR1401LIABS0701 |
| | INTERNAL REVENUE SERVICE | $1,169.76 | 005134 | Yes | Cash Payment | 07/01/26 | July | PR1401LIABS0701 |
| | MN DEPT OF REVENUE | $62.52 | 005135 | Yes | Cash Payment | 07/01/26 | July | PR1401LIABS0701 |
| | DEERWOOD BANK | $2,750.03 | 016118 | No | Cash Payment | 07/15/26 | July | PR15LIABS071526 |
| | PERA | $4,945.48 | 005150 | Yes | Cash Payment | 07/15/26 | July | PR15LIABS071526 |
| | INTERNAL REVENUE SERVICE | $6,981.16 | 005151 | Yes | Cash Payment | 07/15/26 | July | PR15LIABS071526 |
| | INTERNAL REVENUE SERVICE | $2,415.31 | 005151 | Yes | Cash Payment | 07/15/26 | July | PR15LIABS071526 |
| | NATIONWIDE | $351.79 | 005153 | Yes | Cash Payment | 07/15/26 | July | PR15LIABS071526 |
| | MN CHILD SUPPORT PAY CTR | $25.00 | 016119 | No | Cash Payment | 07/15/26 | July | PR15LIABS071526 |
| | CENTRAL PENSION FUND | $720.00 | 016117 | No | Cash Payment | 07/15/26 | July | PR15LIABS071526 |
| | MN DEPT OF REVENUE | $1,577.70 | 005152 | Yes | Cash Payment | 07/15/26 | July | PR15LIABS071526 |
| | INTERNAL REVENUE SERVICE | $7,120.04 | 005162 | Yes | Cash Payment | 07/28/26 | July | PR16LIABS072826 |
| | INTERNAL REVENUE SERVICE | $2,493.83 | 005162 | Yes | Cash Payment | 07/28/26 | July | PR16LIABS072826 |
| | MN DEPT OF REVENUE | $1,624.65 | 005163 | Yes | Cash Payment | 07/28/26 | July | PR16LIABS072826 |
| | PERA | $4,964.02 | 005165 | Yes | Cash Payment | 07/28/26 | July | PR16LIABS072826 |
| | NATIONWIDE | $351.79 | 005164 | Yes | Cash Payment | 07/28/26 | July | PR16LIABS072826 |
| | CENTRAL PENSION FUND | $701.50 | 016139 | No | Cash Payment | 07/28/26 | July | PR16LIABS072826 |
| 2026 | | $55,548.33 | | | | | | |
| | | $55,548.33 | | | | | | |

# CITY OF BLACKDUCK

## Payments

**Current Period: July 2026**

**Payment Batch JULY10SUPP071026** $24,615.59

| | | | | | |
|---|---|---|---|---|---|
| Refer | 230 *BERNICK COMPANIES* | Ck# 016097 7/13/2026 | | | |
| Cash Payment | E 609-49750-252 Beer Expense | THE POND | | | $2,963.00 |
| Invoice 20140147 | 7/9/2026 | | | | |
| Cash Payment | E 609-49750-252 Beer Expense | THE POND | | | -$60.00 |
| Invoice 20140147 | 7/9/2026 | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | **Total** | $2,903.00 |
| Refer | 231 *BERNICK COMPANIES* | Ck# 016097 7/13/2026 | | | |
| Cash Payment | E 609-49750-251 Liquor Expense | THE POND | | | $2,085.00 |
| Invoice 20140149 | 7/9/2026 | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | **Total** | $2,085.00 |
| Refer | 232 *BERNICK COMPANIES* | Ck# 016097 7/13/2026 | | | |
| Cash Payment | E 609-49750-254 Pop Expense | THE POND | | | $78.00 |
| Invoice 20140148 | 7/9/2026 | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | **Total** | $78.00 |
| Refer | 233 *BERNICK COMPANIES* | Ck# 016097 7/13/2026 | | | |
| Cash Payment | E 609-49750-261 THC Beverage Expense | THE POND | | | $111.14 |
| Invoice 20140146 | 7/9/2026 | | | | |
| Cash Payment | E 609-49750-262 THC Edible Expense | THE POND | | | $246.00 |
| Invoice 20140146 | 7/9/2026 | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | **Total** | $357.14 |
| Refer | 234 *BERNICK COMPANIES* | Ck# 016097 7/13/2026 | | | |
| Cash Payment | E 613-49830-252 Beer Expense | BLACKDUCK GOLF COURSE | | | $294.60 |
| Invoice 2039345 | 7/2/2026 | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | **Total** | $294.60 |
| Refer | 235 *BOGARTS RECOVERY AND REPAI* | Ck# 016099 7/13/2026 | | | |
| Cash Payment | E 101-45200-221 Equipment Parts | | | | $34.18 |
| Invoice 144225 | 7/10/2026 | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | **Total** | $34.18 |
| Refer | 236 *COOL THREADS* | Ck# 016100 7/13/2026 | | | |
| Cash Payment | E 613-49830-272 Clothing for Resale | BLACKDUCK GOLF COURSE | | | $117.00 |
| Invoice 0017873 | 3/11/2026 | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | **Total** | $117.00 |
| Refer | 237 *DAHLHEIMER BEVERAGE BRAINE* | Ck# 016101 7/13/2026 | | | |
| Cash Payment | E 609-49750-251 Liquor Expense | THE POND | | | $166.20 |
| Invoice 2821427 | 7/7/2026 | | | | |
| Cash Payment | E 609-49750-253 Wine Expense | THE POND | | | $179.20 |
| Invoice 2821427 | 7/7/2026 | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | **Total** | $345.40 |
| Refer | 238 *DOBMEIER EXCAVATING* | Ck# 016102 7/13/2026 | | | |
| Cash Payment | E 209-45183-310 Other Professional Servi | PTP RV DUMP | | | $75.00 |
| Invoice 3063 | 6/8/2026 | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | **Total** | $75.00 |
| Refer | 239 *D-S BEVERAGES, INC.* | Ck# 016103 7/13/2026 | | | |

# CITY OF BLACKDUCK

## Payments

**Current Period: July 2026**

| | | | | | | |
|---|---|---|---|---|---|---|
| Cash Payment | E 609-49750-251 Liquor Expense | THE POND | | | | $1,093.90 |
| Invoice 982655 | 7/8/2026 | | | | | |
| Cash Payment | E 609-49750-252 Beer Expense | THE POND | | | | $5,434.85 |
| Invoice 982655 | 7/8/2026 | | | | | |
| Cash Payment | E 609-49750-252 Beer Expense | THE POND | | | | $266.50 |
| Invoice 982655 | 7/8/2026 | | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | | **Total** | $6,795.25 |
| Refer | 240 *D-S BEVERAGES, INC.* | Ck# 016103 7/13/2026 | | | | |
| Cash Payment | E 609-49750-251 Liquor Expense | THE POND-CREDIT | | | | -$61.95 |
| Invoice 1558-00868 | 7/8/2026 | | | | | |
| Cash Payment | E 609-49750-252 Beer Expense | THE POND-CREDIT | | | | -$1,205.15 |
| Invoice 1558-00868 | 7/8/2026 | | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | | **Total** | -$1,267.10 |
| Refer | 241 *FISHER PETROLEUM* | Ck# 016104 7/13/2026 | | | | |
| Cash Payment | E 613-49830-407 Golf Cart Maintenance/R | BATTERIES- GOLF CARTS | | | | $3,269.40 |
| Invoice 1013200 | 6/2/2026 | | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | | **Total** | $3,269.40 |
| Refer | 242 *JOHNSON BROTHERS LIQUOR CO* | Ck# 016105 7/13/2026 | | | | |
| Cash Payment | E 609-49750-251 Liquor Expense | THE POND | | | | $1,420.80 |
| Invoice 1091944 | 7/8/2026 | | | | | |
| Cash Payment | E 609-49750-253 Wine Expense | THE POND | | | | $552.00 |
| Invoice 1091944 | 7/8/2026 | | | | | |
| Cash Payment | E 609-49750-255 Mix Expense | THE POND | | | | $185.00 |
| Invoice 1091944 | 7/8/2026 | | | | | |
| Cash Payment | E 609-49750-333 Freight and Express | THE POND | | | | $64.69 |
| Invoice 1091944 | 7/8/2026 | | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | | **Total** | $2,222.49 |
| Refer | 243 *NORTHWOODS LUMBER CO* | Ck# 016106 7/13/2026 | | | | |
| Cash Payment | E 101-45200-210 Operating Supplies (GEN | 0- CITY CLERK | | | | $74.97 |
| Invoice 2606-218182 | 7/1/2026 | | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | | **Total** | $74.97 |
| Refer | 244 *NORTHWOODS LUMBER CO* | Ck# 016106 7/13/2026 | | | | |
| Cash Payment | E 101-43100-210 Operating Supplies (GEN | 0- CITY CLERK | | | | $34.99 |
| Invoice 2606-221266 | 7/1/2026 | | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | | **Total** | $34.99 |
| Refer | 245 *NORTHWOODS LUMBER CO* | Ck# 016106 7/13/2026 | | | | |
| Cash Payment | E 101-43100-210 Operating Supplies (GEN | 0- CITY CLERK | | | | $11.38 |
| Invoice 2606-222073 | 7/1/2026 | | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | | **Total** | $11.38 |
| Refer | 247 *NORTHWOODS LUMBER CO* | Ck# 016106 7/13/2026 | | | | |
| Cash Payment | E 101-43100-210 Operating Supplies (GEN | 5-MAINTENANCE | | | | $28.45 |
| Invoice 2606-218054 | 7/1/2026 | | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | | **Total** | $28.45 |
| Refer | 248 *NORTHWOODS LUMBER CO* | Ck# 016106 7/13/2026 | | | | |

# CITY OF BLACKDUCK

## Payments

**Current Period: July 2026**

| | | | | | |
|---|---|---|---|---|---|
| Cash Payment | E 209-45183-211 Cleaning Supplies | 5-MAINTENANCE | | | $27.99 |
| Invoice 2606-220556 | 7/1/2026 | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | **Total** | $27.99 |
| Refer | 249 *NORTHWOODS LUMBER CO* | Ck# 016106 7/13/2026 | | | |
| Cash Payment | E 101-45200-401 Repairs/Maint Buildings | 5-MAINTENANCE | | | $6.66 |
| Invoice 2606-220986 | 7/1/2026 | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | **Total** | $6.66 |
| Refer | 250 *NORTHWOODS LUMBER CO* | Ck# 016106 7/13/2026 | | | |
| Cash Payment | E 101-45200-401 Repairs/Maint Buildings | 5-MAINTENANCE | | | $19.98 |
| Invoice 2606-224099 | 7/1/2026 | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | **Total** | $19.98 |
| Refer | 251 *NORTHWOODS LUMBER CO* | Ck# 016106 7/13/2026 | | | |
| Cash Payment | E 209-45183-211 Cleaning Supplies | 5-MAINTENANCE | | | $9.98 |
| Invoice 2606-219592 | 7/1/2026 | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | **Total** | $9.98 |
| Refer | 252 *NORTHWOODS LUMBER CO* | Ck# 016106 7/13/2026 | | | |
| Cash Payment | E 101-45200-401 Repairs/Maint Buildings | 5-MAINTENANCE | | | $29.20 |
| Invoice 2606-220622 | 7/1/2026 | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | **Total** | $29.20 |
| Refer | 253 *NORTHWOODS LUMBER CO* | Ck# 016106 7/13/2026 | | | |
| Cash Payment | E 209-45183-211 Cleaning Supplies | 5-MAINTENANCE | | | $27.05 |
| Invoice 2606-222709 | 7/1/2026 | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | **Total** | $27.05 |
| Refer | 254 *NORTHWOODS LUMBER CO* | Ck# 016106 7/13/2026 | | | |
| Cash Payment | E 101-43100-210 Operating Supplies (GEN | 5-MAINTENANCE | | | $30.36 |
| Invoice 2606-224184 | 7/1/2026 | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | **Total** | $30.36 |
| Refer | 255 *NORTHWOODS LUMBER CO* | Ck# 016106 7/13/2026 | | | |
| Cash Payment | E 209-45183-211 Cleaning Supplies | 5-MAINTENANCE | | | $33.98 |
| Invoice 2606-219927 | 7/1/2026 | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | **Total** | $33.98 |
| Refer | 256 *NORTHWOODS LUMBER CO* | Ck# 016106 7/13/2026 | | | |
| Cash Payment | E 101-43100-210 Operating Supplies (GEN | 5-MAINTENANCE | | | $4.99 |
| Invoice 2606-220731 | 7/1/2026 | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | **Total** | $4.99 |
| Refer | 257 *NORTHWOODS LUMBER CO* | Ck# 016106 7/13/2026 | | | |
| Cash Payment | E 209-45183-211 Cleaning Supplies | 5-MAINTENANCE | | | $22.98 |
| Invoice 2606-223574 | 7/1/2026 | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | **Total** | $22.98 |
| Refer | 258 *NORTHWOODS LUMBER CO* | Ck# 016106 7/13/2026 | | | |
| Cash Payment | E 101-43100-220 Repair/Maint Supply (GE | 5-MAINTENANCE | | | $9.99 |
| Invoice 2606-225275 | 7/1/2026 | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | **Total** | $9.99 |
| Refer | 259 *NORTHWOODS LUMBER CO* | Ck# 016106 7/13/2026 | | | |

# CITY OF BLACKDUCK

## Payments

**Current Period: July 2026**

| | | | | | | |
|---|---|---|---|---|---|---|
| Cash Payment | E 613-49830-210 Operating Supplies (GEN | 10-GOLF COURSE | | | | $12.95 |
| Invoice 2605-217714 | 7/1/2026 | | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | **Total** | | $12.95 |
| Refer | 260 *NORTHWOODS LUMBER CO* | Ck# 016106 7/13/2026 | | | | |
| Cash Payment | E 613-49830-403 Improvements Other Tha | 10-GOLF COURSE | | | | $24.27 |
| Invoice 2606-219598 | 7/1/2026 | | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | **Total** | | $24.27 |
| Refer | 262 *NORTHWOODS LUMBER CO* | Ck# 016106 7/13/2026 | | | | |
| Cash Payment | E 613-49830-210 Operating Supplies (GEN | 10-GOLF COURSE | | | | $1.83 |
| Invoice 2606-218563 | 7/1/2026 | | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | **Total** | | $1.83 |
| Refer | 263 *NORTHWOODS LUMBER CO* | Ck# 016106 7/13/2026 | | | | |
| Cash Payment | E 613-49830-210 Operating Supplies (GEN | 10-GOLF COURSE | | | | $26.74 |
| Invoice 2606-220798 | 7/1/2026 | | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | **Total** | | $26.74 |
| Refer | 264 *NORTHWOODS LUMBER CO* | Ck# 016106 7/13/2026 | | | | |
| Cash Payment | E 613-49830-210 Operating Supplies (GEN | 10-GOLF COURSE | | | | $48.49 |
| Invoice 2606-218884 | 7/1/2026 | | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | **Total** | | $48.49 |
| Refer | 265 *NORTHWOODS LUMBER CO* | Ck# 016106 7/13/2026 | | | | |
| Cash Payment | E 613-49830-210 Operating Supplies (GEN | 10-GOLF COURSE | | | | $15.10 |
| Invoice 2606-225361 | 7/1/2026 | | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | **Total** | | $15.10 |
| Refer | 266 *NORTHWOODS LUMBER CO* | Ck# 016106 7/13/2026 | | | | |
| Cash Payment | E 609-49750-401 Repairs/Maint Buildings | 15-THE POND | | | | $2.94 |
| Invoice 2606-221356 | 7/1/2026 | | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | **Total** | | $2.94 |
| Refer | 267 *NORTHWOODS LUMBER CO* | Ck# 016106 7/13/2026 | | | | |
| Cash Payment | E 101-42200-404 Repairs/Maint Machinery/ | 20-FIRE DEPARTMENT | | | | $26.38 |
| Invoice 2606-223568 | 7/1/2026 | | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | **Total** | | $26.38 |
| Refer | 268 *PHILLIPS WINE & SPIRITS* | Ck# 016107 7/13/2026 | | | | |
| Cash Payment | E 609-49750-251 Liquor Expense | THE POND | | | | $1,807.50 |
| Invoice 5202740 | 7/9/2026 | | | | | |
| Cash Payment | E 609-49750-255 Mix Expense | THE POND | | | | $337.05 |
| Invoice 5202740 | 7/9/2026 | | | | | |
| Cash Payment | E 609-49750-333 Freight and Express | THE POND | | | | $45.06 |
| Invoice 5202740 | 7/9/2026 | | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | **Total** | | $2,189.61 |
| Refer | 269 *ROGERS TWO WAY RADIO* | Ck# 016108 7/13/2026 | | | | |
| Cash Payment | E 101-42200-323 Radio/Communications E | | | | | $114.00 |
| Invoice | | | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | **Total** | | $114.00 |
| Refer | 298 *BLACKDUCK CO-OP* | Ck# 016098 7/13/2026 | | | | |

# CITY OF BLACKDUCK

## Payments

**Current Period: July 2026**

| | | | | | |
|---|---|---|---|---|---|
| Cash Payment | E 101-45200-210 Operating Supplies (GEN | CITY OF BLACKDUCK | | | $62.51 |
| Invoice 417095 | | | | | |
| Cash Payment | E 101-43100-210 Operating Supplies (GEN | CITY OF BLACKDUCK | | | $182.80 |
| Invoice 417095 | | | | | |
| Cash Payment | E 101-42200-212 Motor Fuels | CITY OF BLACKDUCK | | | $503.62 |
| Invoice 417095 | | | | | |
| Cash Payment | E 613-49830-216 Chemicals and Chem Pr | CITY OF BLACKDUCK | | | $2,117.01 |
| Invoice 417095 | | | | | |
| Cash Payment | E 613-49830-406 Maintenance Course Pro | CITY OF BLACKDUCK | | | $165.34 |
| Invoice 417095 | | | | | |
| Cash Payment | E 613-49830-212 Motor Fuels | CITY OF BLACKDUCK | | | $1,439.69 |
| Invoice 417095 | | | | | |
| Transaction Date | 7/13/2026 | DW Checking | 10100 | **Total** | $4,470.97 |

### Fund Summary

| | 10100 DW Checking |
|---|---|
| 101 GENERAL FUND | $1,174.46 |
| 209 PINE TREE PARK FUND | $196.98 |
| 609 MUNICIPAL LIQUOR FUND | $15,711.73 |
| 613 GOLF COURSE | $7,532.42 |
| | $24,615.59 |

| | |
|---|---|
| Pre-Written Checks | $24,615.59 |
| Checks to be Generated by the Computer | $0.00 |
| Total | $24,615.59 |

**City of Blackduck**

| Payment Date | Revenue Month | Gross Revenue Amount | Start-up Costs (One-time only) | Miscellaneous Deduction or Addition (See notes below) | Administrative Cost | Net Amount Paid |
|---|---|---|---|---|---|---|
| 9/10/2025 | July | 9,644.67 | | | (86.80) | 9,557.87 |
| 10/10/2025 | August | 10,952.38 | | | (98.57) | 10,853.81 |
| 11/10/2025 | September | 9,940.22 | | | (89.46) | 9,850.76 |
| 12/10/2025 | October | 8,487.34 | | | (76.39) | 8,410.95 |
| 1/9/2026 | November | 8,264.39 | | | (74.38) | 8,190.01 |
| 2/10/2026 | December | 8,003.61 | | | (72.03) | 7,931.58 |
| 3/10/2026 | January | 9,884.31 | | | (88.96) | 9,795.35 |
| 4/10/2026 | February | 8,523.55 | | | (76.71) | 8,446.84 |
| 5/8/2026 | March | 7,298.10 | | | (65.68) | 7,232.42 |
| 6/10/2026 | April | 8,272.24 | | | (74.45) | 8,197.79 |
| 7/10/2026 | May | 7,501.61 | | | (67.51) | 7,434.10 |
| 8/10/2026 | June | | | | | - |
| **TOTAL** | | 96,772.42 | - | - | (870.94) | 95,901.48 |

**Please note: This report contains current fiscal year information only.**

| City of Blackduck | | | | | | |
|---|---|---|---|---|---|---|
| **Payment Date** | **Revenue Month** | **Gross Revenue Amount** | **Start-up Costs (One-time only)** | **Miscellaneous Deduction or Addition (See notes below)** | **Administrative Cost** | **Net Amount Paid** |
| 9/10/2025 | July | 9,644.67 | | | (86.80) | 9,557.87 |
| 10/10/2025 | August | 10,952.38 | | | (98.57) | 10,853.81 |
| 11/10/2025 | September | 9,940.22 | | | (89.46) | 9,850.76 |
| 12/10/2025 | October | 8,487.34 | | | (76.39) | 8,410.95 |
| 1/9/2026 | November | 8,264.39 | | | (74.38) | 8,190.01 |
| 2/10/2026 | December | 8,003.61 | | | (72.03) | 7,931.58 |
| 3/10/2026 | January | 9,884.31 | | | (88.96) | 9,795.35 |
| 4/10/2026 | February | 8,523.55 | | | (76.71) | 8,446.84 |
| 5/8/2026 | March | 7,298.10 | | | (65.68) | 7,232.42 |
| 6/10/2026 | April | 8,272.24 | | | (74.45) | 8,197.79 |
| 7/10/2026 | May | 7,501.61 | | | (67.51) | 7,434.10 |
| 8/10/2026 | June | 10,267.30 | | | (92.41) | 10,174.89 |
| **TOTAL** | | 107,039.72 | - | - | (963.35) | 106,076.37 |
| | | | | | | |
| **Please note: This report contains current fiscal year information only.** | | | | | | |

# Payment Advice

## To

**Vendor ID:** 0000201376
**Vendor Location:** 001
**Vendor Name:** BLACKDUCK CITY OF T
**Vendor Address:** PO BOX 380
BLACKDUCK, MN 56630-0380

## Reference Information

**Pay Cycle:** DLYEFT
**Pay Cycle Seq Number:** 3790

## Payment Information

**Payment Reference:** 0010540373
**Payment Date:** 07/24/2026
**Payment Method:** Automated Clearing House

| Agency Code / Description | Contact Phone | Voucher ID / Payment Message | Invoice Date | Invoice Number | Customer Account | Paid Amt |
|---|---|---|---|---|---|---|
| P07 / DRIVER LIC - MIKE HUTCHINGS | 651/201-7024 | 70 01149993<br>DVS No-Fee Pymts Apr-Jun 2026 | 07/16/2026 | DVS No-Fee Pymts Apr-Jun 2026 | | 2,357.00 |
| | | | | | **Total:** | **2,357.00 USD** |



Private and Confidential

# June 2026 Property Tax Statement
Received 07/7/2026

| | Cnty Code | FUND | DESCRIPTION | AMOUNT | SPEC ASSES # | SUBTOTALS: | | | |
|---|---|---|---|---|---|---|---|---|---|
| R/P | 1 | 101-31000 | Gen Prop Tax | $206,835.83 | | | | | |
| | 39 | 307-31000 | 2006 GO Bond MHTC | $5.57 | | | | | |
| | 42 | 309-31000 | 2009 GO Bond Prop Tax | $19.61 | | | | | |
| | 41 | 613-31000 | 2012 Refunding Golf Prop Tax | $0.00 | | | | | |
| | 27 | 613-31000 | Equipm Cert Prop Tax | $0.00 | | | | | |
| | 45 | 210-31000 | Blackduck HRA | $4,499.14 | 10108 Cash Account | | | | |
| | 47 | 314-31000 | 2014 Go Bond Prop Tax | $149.83 | | | | | |
| | 49 | 381-31000 | 2023A Go Bond Prop Tax | $12,994.28 | | | | | |
| | 50 | 382-31000 | 2023B Go Bond Prop Tax | $2,239.46 | | | | | |
| | 51 | 331-31000 | 2024A Go Equipment Bond Tax | $14,735.95 | | $241,479.67 | | | |
| M | 1 | 101-31030 | Mobile Home Tax Credit | $110.56 | | | | 307 Tax | $5.57 |
| | 34 | 309-31030 | 99 GO Bond MHTC | $0.00 | | | | 309 Tax | $19.61 |
| | 39 | 307-31030 | 2006 GO Bond MHTC | $0.00 | | $126.62 | | 314 Tax | $152.59 |
| | 42 | 309-31030 | 2009 GO Bond MHTC | $0.00 | | | | | |
| | 41 | 613-31030 | 2012 Refunding Golf Prop Tax | $0.00 | | | | | |
| | 27 | 613-31030 | Equipm Cert Prop Tax | $0.00 | | | | | |
| | 45 | 210-31030 | Blackduck HRA | $2.36 | 10108 Cash Account | | | 376 Tax | $10,760.87 |
| | 47 | 314-31030 | 2014 Go Bond | $2.76 | | | | | |
| | 49 | 381-31030 | 2023A Go Bond Prop Tax | $7.00 | | | | | |
| | 50 | 382-31030 | 2023B Go Bond Prop Tax | $1.22 | | | | | |
| | 51 | 331-31030 | 2024A Go Equipment Bond Tax | $2.72 | | | | | |
| OTHER | 1 | 101-31900 | Pen&Int Del Tax | $70.91 | | | | | |
| | 39 | 307-31000 | 2006 GO Bond (Excess TIF) | $0.00 | | | Front/Pine | 325 Spec | $3,454.23 |
| | 42 | 309-31000 | 2009 GO Bond Prop Tax (Excess TIF) | $0.00 | | | | | |
| | 45 | 311-31000 | Industrial Lane (Excess TIF) | $0.00 | | $70.91 | Sewer | 317 Spec | $3,524.80 |
| | 41 | 613-31000 | Golf Equip Certificate | $0.00 | | | Water | 320 Spec | $6,121.61 |
| | 27 | 613-31000 | Golf 2012 Refunding | $0.00 | | | | | |
| | 45 | 210-31000 | Blackduck HRA | $0.00 | 10108 Cash Account | | 2023A | 381 | $13,001.28 |
| | 47 | 314-31000 | 2014 Go Bond (Excess TIF) | $0.00 | | | 2023B | 382 | $2,240.68 |
| TIFF | | 376-31050 | Tax Increments | $10,760.87 | Blackduck Housing | $241,677.20 | 2024A | 331 | $14,738.67 |
| SPEC ASSES | | 314-36100 | 2014 Spec. Assessments | $0.00 | 8126 | | | | |
| | | 314-31900 | 2014 Pen & Int | $0.00 | 8126 | | | | |
| | | 325-36100 | 2018 Spec. Frontage/Pine | $3,168.97 | 8127 | $15,189.03 | | | |
| | | 325-31900 | 2018 Pen & Int Frontage/Pine | $285.26 | 8127 | | | | |
| | | 320-36100 | 2018 Spec. Summit/Main | $4,881.02 | 8128 | 63.46% | $7,691.49 | | |
| | | 320-31900 | 2018 Pen & Int Summit/Main | $1,240.59 | 8128 | | | | |
| | | 317-36100 | 2018 Spec. Summit/Main | $2,810.47 | 8128 | 36.54% | | | |
| | | 317-31900 | 2018 Pen & Int Summit/Main | $714.33 | 8128 | | $1,954.92 | | |
| | | 101-31050 | Excess TIF | $2,088.39 | | | | | |
| | | 309-31900 | 99 Pen & Int | $0.00 | | | | | |
| | | 601-37160 | Water Pen & Int | $0.00 | 8199 | | | | |
| | | 101-34000 | Charges for Services | $0.00 | | | | | |
| | | 602-37200 | Sewer Sales | $0.00 | 8199 | | | | |
| | | 601-37100 | Water Sales | $0.00 | 8199 | | | | |
| | | | GRAND TOTAL: | $267,627.10 | | $267,627.10 | | | |

041-2012 Refunding for 613
027-Equip Cert for 613
051 = 331 PW Equip
045=HRA=Fund 210

JUN 29, 2026
03:05 PM

**BELTRAMI COUNTY, MN**
**REMITTANCE ADVICE REPORT**
**COLLECTED THROUGH** 05/31/2026 **FOR CHECK DATE** 05/31/2026



**AUTHORITY: 010200 CITY OF BLACKDUCK**

| ROLL | TAX TYPE | | TOTAL | 2026 | 2025 | 2024 | 2023 | 2022 | 2021 | ALL PRIOR |
|---|---|---|---|---|---|---|---|---|---|---|
| GRAND TOTAL | | | 267,627.10 | 259,830.47 | 7,290.26 | 421.69 | 0.00 | 0.00 | 0.00 | 84.68 |
| AMOUNT OF CHECK | | | 267,627.10 | | | | | | | |
| M | NET TCAP | 001 GENERAL REVENUE Fund 101 | 110.56 | 0.00 | 110.56 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 045 BLACKDUCK HRA LEVY 210 | 2.36 | 0.00 | 2.36 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 047 2014A DISP SYS BOND 314 | 2.76 | 0.00 | 2.76 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 049 2023A GO BOND 381 | 7.00 | 0.00 | 7.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 050 2023B GO BOND 382 | 1.22 | 0.00 | 1.22 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 051 2024A GO EQUIPMENT I 331 | 2.72 | 0.00 | 2.72 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | TOTAL NET TCAP | 126.62 | 0.00 | 126.62 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | TOTAL M | 001 GENERAL REVENUE | 110.56 | 0.00 | 110.56 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 045 BLACKDUCK HRA LEVY | 2.36 | 0.00 | 2.36 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 047 2014A DISP SYS BOND | 2.76 | 0.00 | 2.76 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 049 2023A GO BOND | 7.00 | 0.00 | 7.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 050 2023B GO BOND | 1.22 | 0.00 | 1.22 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 051 2024A GO EQUIPMENT I | 2.72 | 0.00 | 2.72 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | TOTAL M | 126.62 | 0.00 | 126.62 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| R/P | NET TCAP | 001 GENERAL REVENUE 101 | 206,835.83 | 200,860.92 | 5,609.17 | 333.28 | 0.00 | 0.00 | 0.00 | 32.46 |
| | | 039 2006 IMPROVEMENT FU 307 | 5.57 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5.57 |
| | | 042 2009 A REFUNDING 309 | 19.61 | 0.00 | 0.00 | 15.54 | 0.00 | 0.00 | 0.00 | 4.07 |
| | | 045 BLACKDUCK HRA LEVY 210 | 4,499.14 | 4,371.76 | 119.56 | 7.82 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 047 2014A DISP SYS BOND 314 | 149.83 | 0.00 | 140.09 | 8.10 | 0.00 | 0.00 | 0.00 | 1.64 |
| | | 049 2023A GO BOND 381 | 12,994.28 | 12,616.14 | 355.14 | 23.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 050 2023B GO BOND 382 | 2,239.46 | 2,174.25 | 61.23 | 3.98 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 051 2024A GO EQUIPMENT I 331 | 14,735.95 | 14,597.63 | 138.32 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | TOTAL NET TCAP | 241,479.67 | 234,620.70 | 6,423.51 | 391.72 | 0.00 | 0.00 | 0.00 | 43.74 |
| | TOTAL R/P | 001 GENERAL REVENUE | 206,835.83 | 200,860.92 | 5,609.17 | 333.28 | 0.00 | 0.00 | 0.00 | 32.46 |
| | | 039 2006 IMPROVEMENT FU | 5.57 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5.57 |
| | | 042 2009 A REFUNDING | 19.61 | 0.00 | 0.00 | 15.54 | 0.00 | 0.00 | 0.00 | 4.07 |
| | | 045 BLACKDUCK HRA LEVY | 4,499.14 | 4,371.76 | 119.56 | 7.82 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 047 2014A DISP SYS BOND | 149.83 | 0.00 | 140.09 | 8.10 | 0.00 | 0.00 | 0.00 | 1.64 |
| | | 049 2023A GO BOND | 12,994.28 | 12,616.14 | 355.14 | 23.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 050 2023B GO BOND | 2,239.46 | 2,174.25 | 61.23 | 3.98 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 051 2024A GO EQUIPMENT I | 14,735.95 | 14,597.63 | 138.32 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | TOTAL R/P | 241,479.67 | 234,620.70 | 6,423.51 | 391.72 | 0.00 | 0.00 | 0.00 | 43.74 |
| OTHER | INTEREST | R/P 101 | 70.91 | 0.00 | 0.00 | 29.97 | 0.00 | 0.00 | 0.00 | 40.94 |
| | TOTAL OTHER | TOTAL OTHER | 70.91 | 0.00 | 0.00 | 29.97 | 0.00 | 0.00 | 0.00 | 40.94 |
| TIF | NET TIF TAX | 180012 BLACKDUCK HOUSIN | 10,760.87 | 10,760.87 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | TOTAL NET TIF TAX | 10,760.87 | 10,760.87 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | TOTAL TIF | 180012 BLACKDUCK HOUSIN | 10,760.87 | 10,760.87 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | TOTAL TIF 376 | 10,760.87 | 10,760.87 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

AUTHORITY: 010200 CITY OF BLACKDUCK

| ROLL | TAX TYPE | | TOTAL | 2026 | 2025 | 2024 | 2023 | 2022 | 2021 | ALL PRIOR |
|---|---|---|---|---|---|---|---|---|---|---|
| SPECIAL | SPECIAL | 81270 FRONTAGE RD AND F | 3,454.23 | 3,454.23 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 81280 SUMMIT AVE W & MA | 9,552.86 | 8,906.28 | 646.58 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | TOTAL SPECIAL | 13,007.09 | 12,360.51 | 646.58 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | PENALTY | | 80.82 | 0.00 | 80.82 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | TOTAL SPECIAL | 13,087.91 | 12,360.51 | 727.40 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| SPECIAL | INTEREST | | 12.73 | 0.00 | 12.73 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | TOTAL SPECIAL | 12.73 | 0.00 | 12.73 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| R/P | EXTIF | | 2,088.39 | 2,088.39 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | TOTAL EXTIF | 2,088.39 | 2,088.39 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | TOTAL R/P | TOTAL R/P | 2,088.39 | 2,088.39 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

325

BELTRAMI COUNTY, MN - 2025 - 010200
SPECIAL ASSESSMENT DISTRIBUTION REPORT
COLLECTED FROM 01/01/2026 TO 05/31/2026 FOR CHECK DATE 05/31/2026



PROJECT: 81270 - FRONTAGE RD AND PINE AVE

| AUTH | ASMT YEAR | PARCEL ID | OWNER NAME | SA BASE PRINCIPAL | SA BASE INTEREST | SA FEES | DELQ PENALTY | DELQ INTEREST | TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| 010200 | 2025 | 810032401 | CITY OF BLACKDUCK | 1,116.68 | 100.50 | | | | 1,217.18 |
| 010200 | 2025 | 810037300 | CITY OF BLACKDUCK | 539.22 | 48.54 | | | | 587.76 |
| 010200 | 2025 | 810037400 | CITY OF BLACKDUCK | 152.48 | 13.72 | | | | 166.20 |
| 010200 | 2025 | 810037401 | LEEVERS FOODS PARTNERSHIP LLP | 205.16 | 18.48 | | | | 223.64 |
| 010200 | 2025 | 810037500 | LEEVERS FOODS PARTNERSHIP LLP | 609.20 | 54.84 | | | | 664.04 |
| 010200 | 2025 | 810048800 | SCOTT A GRENNELL | 140.67 | 12.66 | | | | 153.33 |
| 010200 | 2025 | 810049100 | CARL L ADAMS JR | 202.98 | 18.28 | | | | 221.26 |
| 010200 | 2025 | 810049200 | CITY OF BLACKDUCK | 202.58 | 18.24 | | | | 220.82 |
| **010200** | **2025** | **AUTHORITY YEAR TOTAL** | | **3,168.97** | **285.26** | | | | **3,454.23** |
| **010200 AUTHORITY TOTAL** | | | | **3,168.97** | **285.26** | | | | **3,454.23** |
| **81270 PROJECT TOTAL** | | | | **3,168.97** | **285.26** | | | | **3,454.23** |

BELTRAMI COUNTY, MN - 2025 - 010200
SPECIAL ASSESSMENT DISTRIBUTION REPORT
COLLECTED FROM 01/01/2026 TO 05/31/2026 FOR CHECK DATE 05/31/2026



**PROJECT: 81280 - SUMMIT AVE W & MAIN ST N**

| AUTH | ASMT YEAR | PARCEL ID | OWNER NAME | SA BASE PRINCIPAL | SA BASE INTEREST | SA FEES | DELQ PENALTY | DELQ INTEREST | TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| 010200 | 2024 | 810001601 | TOWN'S EDGE LLC | 509.12 | 137.46 | | 80.82 | 12.73 | 740.13 |
| **010200** | **2024** | **AUTHORITY YEAR TOTAL** | | **509.12** | **137.46** | | **80.82** | **12.73** | **740.13** |
| 010200 | 2025 | 810002402 | MWD HOLDINGS BLACKDUCK LLC | 254.56 | 61.10 | | | | 315.66 |
| 010200 | 2025 | 810024400 | MIDWEST MINNESOTA COMMUNITY | 254.56 | 61.10 | | | | 315.66 |
| 010200 | 2025 | 810024700 | CHERRY BRANDS | 254.56 | 61.10 | | | | 315.66 |
| 010200 | 2025 | 810028000 | BLACKDUCK DEVELOPMENT CORP | 254.56 | 61.10 | | | | 315.66 |
| 010200 | 2025 | 810032401 | CITY OF BLACKDUCK | 509.12 | 122.20 | | | | 631.32 |
| 010200 | 2025 | 810032500 | EVANGELICAL LUTHERAN | 127.28 | 30.55 | | | | 157.83 |
| 010200 | 2025 | 810033100 | MARLENA R POPE | 254.56 | 61.10 | | | | 315.66 |
| 010200 | 2025 | 810033300 | SAMANTHA NICOLE CLAUSEN | 254.56 | 61.10 | | | | 315.66 |
| 010200 | 2025 | 810033400 | ADAM KOLB | 254.56 | 61.10 | | | | 315.66 |
| 010200 | 2025 | 810033600 | ROBERT KEITH SMITH TRUSTEE | 254.56 | 61.10 | | | | 315.66 |
| 010200 | 2025 | 810033800 | MIDWEST MINNESOTA COMMUNITY | 254.56 | 61.10 | | | | 315.66 |
| 010200 | 2025 | 810034100 | DONAVAN TAYLOR | 254.56 | 61.10 | | | | 315.66 |
| 010200 | 2025 | 810034200 | DWIGHT A KETTERLING | 254.56 | 61.10 | | | | 315.66 |
| 010200 | 2025 | 810034700 | DANIEL D HARDING | 254.56 | 61.10 | | | | 315.66 |
| 010200 | 2025 | 810036200 | JUSTIN E VERNLUND | 254.56 | 61.10 | | | | 315.66 |
| 010200 | 2025 | 810036300 | ERIK VAN MURRAY | 254.56 | 61.10 | | | | 315.66 |
| 010200 | 2025 | 810036500 | ALEX C SKARET | 254.56 | 61.10 | | | | 315.66 |
| 010200 | 2025 | 810036600 | AMATA J MOLNAR | 254.56 | 61.10 | | | | 315.66 |
| 010200 | 2025 | 810036700 | MOLLIE A OLSON | 254.56 | 61.10 | | | | 315.66 |
| 010200 | 2025 | 810037900 | MCKENZIE ADAMS INVESTMENTS LLC | 509.12 | 122.20 | | | | 631.32 |
| 010200 | 2025 | 810038000 | MCKENZIE ADAMS INVESTMENTS LLC | 763.68 | 183.28 | | | | 946.96 |
| 010200 | 2025 | 810038500 | PATRICK TJEPKES | 54.69 | 13.13 | | | | 67.82 |
| 010200 | 2025 | 810038600 | MISTY R ARMSTRONG | 254.56 | 61.10 | | | | 315.66 |
| 010200 | 2025 | 810039400 | KRISTINE A KRUETH | 254.56 | 61.10 | | | | 315.66 |
| 010200 | 2025 | 810050600 | MWD HOLDINGS BLACKDUCK LLC | 127.28 | 30.55 | | | | 157.83 |
| 010200 | 2025 | 810050800 | MWD HOLDINGS BLACKDUCK LLC | 254.56 | 61.10 | | | | 315.66 |
| **010200** | **2025** | **AUTHORITY YEAR TOTAL** | | **7,182.37** | **1,723.91** | | | | **8,906.28** |
| **010200 AUTHORITY TOTAL** | | | | **7,691.49** | **1,861.37** | | **80.82** | **12.73** | **9,646.41** |
| **81280 PROJECT TOTAL** | | | | **7,691.49** | **1,861.37** | | **80.82** | **12.73** | **9,646.41** |

1954.92

MINNESOTA PAID LEAVE

## Keep this portion of the page for your records

| | |
|---|---|
| **Employer name:** | CITY OF BLACKDUCK |
| **Employer account number:** | 7987852 |
| **Payment due:** | 2138.99 |

**Make checks payable to:**
Minnesota Paid Leave fund

**Send check and voucher to:**
Minnesota Paid Leave
PO Box 64181
SAINT PAUL, MN, 55164-0181

The fastest and easiest way to make a payment is through your online employer account. To access your account, go to **ui.mn.gov**, select **Employers & Agents**, then choose **Employer Login**.

We also accept check payments. To ensure timely processing:

1. Write your employer account number in the memo line of the check.
2. Detach the payment voucher at the bottom of this page. Include it in the same envelope as your check.
3. Mail your payment at least five days before the due date.

Do NOT:

- Mail cash.
- Include more than one check or voucher per envelope.
- Write on, staple, or attach other documents to the voucher.

---

MINNESOTA PAID LEAVE

804

**Paid Leave payment**

| | | |
|---|---|---|
| Employer name<br>CITY OF BLACKDUCK | | |
| Address<br>PO BOX 380 | | |
| City<br>BLACKDUCK | State<br>MN | ZIP code<br>56630-0380 |

Employer account number: 7987852

Check amount: 2138 99

Make checks payable to **Minnesota Paid Leave fund** and
mail to: Minnesota Paid Leave, PO Box 64181, SAINT PAUL, MN, 55164-0181

# CITY OF BLACKDUCK

## Payments

**Current Period: July 2026**

**Payment Batch MNPDLvQ226** $2,138.99

| | | | | | |
|---|---|---|---|---|---|
| Refer | 229 *MN PAID LEAVE FUND* | Ck# 016096 7/10/2026 | | | |
| Cash Payment | G 101-21719 MN Paid Leave | Q2 2026 PAYMENT - ACCOUNT# 7987852 | | | $2,138.99 |
| Invoice 804 | 7/10/2026 | | | | |
| Transaction Date | 7/10/2026 | DW Checking | 10100 | **Total** | $2,138.99 |

### Fund Summary

| | 10100 DW Checking |
|---|---|
| 101 GENERAL FUND | $2,138.99 |
| | $2,138.99 |

| | |
|---|---|
| Pre-Written Checks | $2,138.99 |
| Checks to be Generated by the Computer | $0.00 |
| Total | $2,138.99 |

**CLARITY GLASS**
PO Box 1186
BEMIDJI, MN 56619
(218) 444-4527
cglass@paulbunyan.net

clarity glass

# INVOICE

BILL TO
CITY OF BLACKDUCK
8 SUMMIT AVE NE
BLACKDUCK, MN 56630

SHIP TO
CITY OF BLACKDUCK
8 SUMMIT AVE NE
BLACKDUCK, MN 56630

| INVOICE # | DATE | TERMS | DUE DATE |
|---|---|---|---|
| 71142 | 07/15/2026 | Net 30 | 08/14/2026 |

Please detach top portion and return with your payment.

P.O. NUMBER
Beer Cave Auto Slider

| DESCRIPTION | QTY | RATE | AMOUNT |
|---|---|---|---|
| Repair Auto Door going into the beer cave | 1 | 1,003.90 | 1,003.90T |
| REPAIR LABOR | 1 | 625.00 | 625.00 |

| | |
|---|---|
| SUBTOTAL | 1,628.90 |
| TAX | 79.06 |
| TOTAL | 1,707.96 |
| BALANCE DUE | **$1,707.96** |

## Ways to pay

BANK

View and pay

# Payment Advice

## To

**Vendor ID:** 0000201376
**Vendor Location:** 001
**Vendor Name:** BLACKDUCK CITY OF T
**Vendor Address:** PO BOX 380
BLACKDUCK, MN 56630-0380

## Reference Information

**Pay Cycle:** DLYEFT
**Pay Cycle Seq Number:** 3785

## Payment Information

**Payment Reference:** 0010532464
**Payment Date:** 07/17/2026
**Payment Method:** Automated Clearing House

| Agency Code / Description | Contact Phone | Voucher ID / Payment Message | Invoice Date | Invoice Number | Customer Account | Paid Amt |
|---|---|---|---|---|---|---|
| G90 / REVENUE/INTERGOVT | 651/556-6092 | 00 12038012<br>SMALL CITY ASSIST | 07/20/2026 | 24307A20402002F001 | CITY-040200 SML_CT_ASSIST | 5,964.00 |
| G90 / REVENUE/INTERGOVT | 651/556-6092 | 00 12038013<br>LOCAL GOVERNMENT AID | 07/20/2026 | 24307A20402002L001 | CITY-040200 LOCAL_GOVT_AID | 162,293.50 |
| G90 / REVENUE/INTERGOVT | 651/556-6092 | 00 12038014<br>CLASS 4D1 TRANSITION | 07/20/2026 | 24307A20402002O001 | CITY-040200 CLASS4D1_AID | 9,878.50 |
| | | | | | **Total:** | **178,136.00 USD** |



Private and Confidential

Blackduck
A GREAT PLACE FOR FAMILIES
8 Summit Ave. NE, PO Box 380, Blackduck, MN 56630-0380

August 7, 2026

Blackduck Co-op

2026-2027 Pre-Buy Propane contract for Heating Season

Please place the following amounts of propane to the requested departments for this year's pre-buy:

| Tank Address / Department | Number of Gallons | Total Amount due |
|---|---|---|
| 197 Industrial Lane | 2,600 | $4,290.00 *($210.86 carryover from 25-2026)* |
| 33 Margaret & 80 Main St./ Fire Dept. | 2,500 | $4,125.00 *($297.47 carryover from 25-2026)* |
| 224 Frontage Rd / Liquor Store | 4,550 | $7,507.50 *($810.30 carryover from 25-2026)* |
| Total: | 9,650 | $15,922.50 check total $14,603.87 |

If you have any questions regarding the above requests please contact Christina at Blackduck City Hall 218-835-4803.

The City of Blackduck appreciates your assistance and service.

Sincerely,
Christina Regas
City Administrator

# 2026-27 Commercial Pre-buy Contract

**This contract must be returned with payment no later than August 26, 2026.**

**Contract is valid from October 1, 2026 through March 31, 2027**

**Print Name:** City of Blackduck **Phone** 218-835-4803

**I wish to purchase** 9,650 **gallons @ $1.65 per gallon =** **$** 15,922.50

**Credit Left on Account=$** 1318.63

**Total Amount Enclosed=$** 14,603.87

**Please apply the following tanks to my contract:** All ☐ Or list tanks below:

Fire Relief 80 Main 500gl ; FD 33 Magazel 2100gl ; Liquor 224 Feonlage 4550gal ; Maint 197 Industrial 2500gal.

- Minimum pre-buy quantity of 300 gallons. This offer is non-transferable.
- All deliveries on or after October 1, 2026 must be applied to this contract. The last date pre-buy may be used is March 31, 2024. Any unused pre-buy money will be applied to your open account after March 31, 2027.
- Tank must be filled at the time of delivery.
- Gallons purchased in excess of pre-buy gallons will be billed at the open market price.
- Signed contract and payment must be in our office no later than August 26, 2026.
- All outstanding balances on accounts must be paid in full to take advantage of this offer.
- Your pre-buy price is fixed whether market conditions go up or down.
- The Co-op will make every effort to fill all tanks with remaining pre-buy gallons left on contracts prior to the expiration date.
- After hours calls will be charged $250.00 in addition to the gas delivery and service fees.
- Your Delivery status will remain the same as previous year

**Signed:** Christina [illegible] **Date:** 8-7-2026

*By signing this form, I agree to all of the terms and conditions of this contract*

City of Blackduck

APR 13 2026

## Maint. - 197 Industrial — 2500 gal — #4125.00

| | | | |
|---|---|---|---|
| 12-2-25 | #103872 | 625.8 | #1032.57 |
| 1-7-26 | #99123 | 650.6 | #1073.49 |
| 2-4-26 | #99387 | 610.6 | #1007.49 |
| 3-12-26 | #99807 | 44.9 | #74.09 |
| 3-24-26 | #215916 | 440.3 | #726.50 |

remaining 210.86

## Fire Hall - 33 Margaret + 80 Main — 2500gal — #4125.00

| | | | | |
|---|---|---|---|---|
| 12-2-25 | #103861 | | 385.7 | #636.41 |
| 12-9-25 | #103936 | 80 main | 295.7 | 487.91 |
| 12-24-25 | #215217 | 80 main | 85.6 | 141.24 |
| 12-24-25 | #215216 | | 375.2 | 619.08 |
| 1-19-26 | #215451 | | 395.8 | 653.07 |
| 1-20-26 | #215472 | 80 main | 205.7 | 339.41 |
| 2-6-26 | #99420 | | 300.5 | 495.83 |
| 3-11-26 | #99791 | | 275.5 | 454.58 |

remaining 297.47

## The Pond - 224 Frontage — 4550gal. — #7507.50

| | | | |
|---|---|---|---|
| 10-24-25 | #77133 | 600 | #990.00 |
| 12-2-25 | #105773 | 640.7 | 1057.16 |
| 12-26-25 | #215233 | 675.4 | 1114.41 |
| 1-19-26 | #215454 | 660.5 | 1089.83 |
| 2-6-26 | #99419 | 550.6 | 908.49 |
| 2-27-26 | #99661 | 451.2 | 744.48 |
| 3-25-26 | #215928 | 480.5 | 792.33 |

remaining 810.50

Christina -

Here is the breakdown of Prebuy this last year. There is a total credit of #1318.63 that will stay in the prebuy acct. Let me know if you have any questions.

Anessa

*8/3/2026* Prebuy cost 2026 = $1.65

| Location | Address | Gal. Filled | Date Filled | | | 2025/2026 Cenex Prebuy | 2026 Budget | 2025 Remaining Budget | 2026 Heating Fund Balance of Budget as of 8/5/2026 | 2025-2026 Remaining Budget | 2025-2026 Prebuy Balance to carry over | Balance available for next pre buy per budget | 2026 Prebuy Cost | Recommended # of Gallons to purchase |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Fire Relief | 80 Main | 295.70 | 12/9/2025 | PB | $487.91 | | | | | | | | | |
| Fire Relief | 80 Main | 85.60 | 12/24/2025 | PB | $141.24 | | | | | | | | | |
| Fire Relief | 80 Main | 205.70 | 1/20/2026 | PB | $339.41 | | | | | | | | | |
| | | | | | | $660.00 | | | | | | | | |
| | | 587.00 | | | $968.56 | 400 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $825.00 | 500 |
| | | | | | | gallons | | 42200 | | | | | | |
| Fire Dept | 33 Magaret Ave | 385.70 | 12/2/2025 | PB | $636.41 | | | | | | | | | |
| Fire Dept | 33 Magaret Ave | 375.20 | 12/24/2025 | PB | $619.08 | | | | | | | | | |
| Fire Dept | 33 Margaret Ave | 395.80 | 1/19/2026 | PB | $653.07 | | | | | | | | | |
| Fire Dept | 33 Margaret Ave | 300.50 | 2/6/2026 | PB | $495.83 | | | | | | | | | |
| Fire Dept | 33 Margaret Ave | 275.50 | 3/11/2026 | PB | $454.58 | | | | | | | | | |
| | | | | | | $3,465.00 | | | | | | | | |
| | | 1732.70 | | | $2,858.97 | 2,100 | $5,000.00 | $216.51 | $4,301.97 | $4,518.48 | $297.47 | $4,815.95 | $3,465.00 | 2,100 |
| | | | | | | gallons | | 42200 | | | | | includes 80 Main St. N & 33 Margaret Ave. | |
| Liquor | 224 Frontage | 600.00 | 10/24/2025 | PB | $990.00 | | | | | | | | | |
| Liquor | 225 Frontage | 640.70 | 12/2/2025 | PB | $1,057.16 | | | | | | | | | |
| Liquor | 226 Frontage | 675.40 | 12/26/2025 | PB | $1,114.41 | | | | | | | | | |
| Liquor | 224 Frontage | 660.50 | 1/19/2026 | PB | $1,089.83 | | | | | | | | | |
| Liquor | 224 Frontage | 550.60 | 2/6/2026 | PB | $908.49 | | | | | | | | | |
| Liquor | 224 Frontage | 451.20 | 2/27/2026 | PB | $744.48 | | | | | | | | | |
| Liquor | 224 Frontage | 480.50 | 3/25/2026 | PB | $792.83 | $7,507.50 | | | | | | | | |
| | | 4058.90 | | | $6,697.20 | 4550.00 | $10,000.00 | $0.00 | $9,863.96 | $9,863.96 | $810.30 | $10,674.26 | $7,507.50 | 4550 |
| | | | | | | | | | | | | | | |
| PW Facility | 197 Industrial | 625.80 | 12/2/2025 | PB | $1,032.57 | gallons | | 609 | | | | | | |
| PW Facility | 197 Industrial | 650.60 | 1/7/2026 | PB | $1,073.49 | | | | | | | | | |
| PW Facility | 197 Industrial | 610.60 | 2/4/2026 | PB | $1,007.49 | | | | | | | | | |
| PW Facility | 197 Industrial | 44.90 | 3/12/2026 | PB | $74.09 | | | | | | | | | |
| PW Facility | 197 Industrial | 440.30 | 3/24/2026 | PB | $726.50 | $4,125.00 | | | | | | | | |
| | | 2372.20 | | | $3,914.14 | 2,000 | $6,100.00 | $1,184.26 | $6,060.00 | $7,244.26 | $210.86 | $7,455.12 | $4,125.00 | 2,500 |
| | | | | | | gallons | 43100, 42110, 601, 602 | | | | | | to be used @ 197 Industrial Ave. (601, 602, 101-43100& 101-42110) | |
| | | | | | | | | | | $21,626.70 | $1,318.63 | | | |
| | | | | | | | | | | | | Total cost of Prebuy | $15,922.50 | 9,650 |
| | | | | | | | | | | | | Carry Over Credit | $1,318.63 | |
| | | | | | | | | | | | | Net Cost | $14,603.87 | |

| Breakout by Fund | |
|---|---|
| 101-42110-205 | $1,079.14 |
| 101-42200-205 | $3,827.53 |
| 101-43100-205 | $1,000.00 |
| 601-43200-205 | $1,000.00 |
| 602-43200-205 | $1,000.00 |
| 609-49750-205 | $6,697.20 |
| | $14,603.87 |

July 10, 2026

Ms. Christina Regas
City Administrator
City of Blackduck
8 Summit Avenue Northeast
Blackduck, MN 56630

RE: *$650,000*
*General Obligation Tax Abatement Bonds, Series 2021A*
*City of Blackduck, Minnesota*
*(Beltrami County)*

Dear Ms. Regas:

Enclosed separately in this email is the electronic copy of our Installment Arbitrage Report (the "Report") for the above-referenced issue ("Issue") for the period starting on May 27, 2021 and ending on May 27, 2026 ("Computation Period"). Our invoice will be sent to you in the mail next month.

The tax regulations require that any arbitrage liability as of each fifth-year anniversary date of the Issue, or the date in which the Issue is no longer outstanding, whichever comes sooner (the "Installment Date"), must be remitted back to the IRS no later than 60 days from said date. The enclosed Report indicates that there is no rebate or yield restriction liability in connection with the Issue for the Computation Period and no IRS Tax Form 8038-T filing is required at this time.

We will prepare another Report for this issue on May 27, 2031 which is the next Installment Date required by the IRS. We will contact you a week or so prior to that date to request the information necessary to prepare that Report.

We appreciate the opportunity to provide Arbitrage Monitoring Services to the City of Blackduck, Minnesota and look forward to working with you in the future. If you have any questions, please call me at (651) 697-8540.

Sincerely,

Stephen H. Broden
Director of Arbitrage Consulting
Ehlers

Enclosures: Installment Arbitrage Report

Primary Municipal Advisor – Todd Hagen, Ehlers (651) 697-8508
Report Reviewer – Stephen Broden, Ehlers (651) 697-8540
Report Analyst – Joel Melstrom, Ehlers (651) 697-8594

# City of Blackduck, Minnesota

## $650,000
## General Obligation Tax Abatement Bonds, Series 2021A
## City of Blackduck, Minnesota
## (Beltrami County)

Installment Arbitrage Report

For the period ending May 27, 2026

EHLERS
PUBLIC FINANCE ADVISORS

Prepared by:

Ehlers
3001 Broadway St. NE, Suite 320
Minneapolis, Minnesota 55413

BUILDING COMMUNITIES. IT'S WHAT WE DO.

# TABLE OF CONTENTS

## Installment Arbitrage Report


| | | |
|---|---|---|
| I. | Executive Summary | 3 |
| II. | Summary of Computational Information | 5 |
| III. | Exhibit A – Summary of Arbitrage | |
| IV. | Exhibit B - Sources And Uses Of Funds | |
| V. | Exhibit C – Debt Service Payments and Yield on the Bonds | |
| VI. | Exhibit D - Debt Service Account | |
| VII. | Exhibit E - Project Construction Fund | |

July 10, 2026

Ms. Christina Regas
City Administrator
City of Blackduck
8 Summit Avenue Northeast
Blackduck, MN 56630

RE: *$650,000*
*General Obligation Tax Abatement Bonds, Series 2021A*
*City of Blackduck, Minnesota*
*(Beltrami County)*

Dear Ms. Regas:

At the request of the City of Blackduck, Minnesota ("Client"), we have prepared this Installment Arbitrage Report ("Report") under Section 148 of the Internal Revenue Code of 1986, as amended, and applicable Treasury Regulations (the "Tax Code"), in connection with the above-referenced issue ("Issue") for the period starting on May 27, 2021 and ending on May 27, 2026 ("Computation Period"). Certain computational methods and assumptions used in this Report are described in the Summary of Computational Information.

Subsequent changes in the tax law, or official interpretations thereon, may require or permit revision of arbitrage reports. We have no obligation to update this Report for the Computation Period because of events occurring, or data or information coming to our attention, subsequent to the date of this Report.

**Results of this Report are as follows:**

**Rebate:**

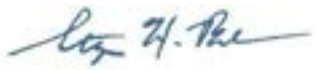
| Bond Yield | Rebate Liability Accrued | Rebate Payment Due |
|---|---|---|
| 1.7159622% | $0.00 | $0.00 |

**Yield Restriction:**

| Materially Higher Yield | Yield Reduction Liability Accrued | Yield Reduction Payment Due |
|---|---|---|
| 1.8409622% | $0.00 | $0.00 |

In summary, there are no rebate or yield reduction payment(s) associated with the Issue for the Computation Period and no IRS Tax Form 8038-T filing is required at this time. We appreciate the opportunity to provide Arbitrage Monitoring Services to the City of Blackduck, Minnesota and look forward to working with you in the future.

Sincerely,



Stephen H. Broden
Director of Arbitrage Consulting
Ehlers

## Summary of Computational Information

The following computational assumptions relate to the Computation Period and are based upon relevant sections of the Tax Code, Certificate Documents, and client provided assumptions and information.

1. The Report was prepared in accordance with Section 148 of the Internal Revenue Code of 1986, as amended, and applicable Treasury Regulations, including but not limited to Sections 1.148-1 through 1.148-11.
2. We have reviewed copies of the following information for the Issue:
    a. Information Return for Tax-Exempt Governmental Obligations Form 8038-G
    b. Final Official Statement
    c. Closing & Post Sale Report
3. The dated and delivery dates of the Issue is May 27, 2021.
4. The Bond Year is each 1-year period ending on May 27 and the Final Maturity Date of February 1, 2042.
5. The Computation Period starts on May 27, 2021 and ends on May 27, 2026.
6. The Issue has not been refunded or defeased prior to May 27, 2026.
7. The small issuer exception to the rebate requirements does apply to the Issue because the Issue is governmental and less than $5 million of tax-exempt debt was issued in the calendar year.
8. Debt service, yield, investment cash flow, and rebate and yield reduction payments, if any, are made or received pursuant to the schedules contained in the attached Exhibits.
    a. A Fixed yield for the Issue has been calculated based on review of whether the Issue meets the requirement that: (i) the yield is fixed and determinable on the delivery date of an issue, or (ii) the yield is not fixed and determinable on the delivery date of an issue.
    b. Yield for the Issue has been calculated based on review of the general rules for an issue, providing that two or more obligations are normally part of the same issue if they are: (i) sold at substantially the same time (within 15 days), (ii) sold pursuant to the same plan of financing, and (iii) payable from the same source of funds. Therefore, the Issue constitute a single issue for rebate, yield restriction, and bond yield purposes.
        i. A 360-day year and semiannual compounding based upon scheduled maturities and applicable mandatory sinking fund redemptions including principal prepayments, if any, and actual interest, if applicable.
        ii. Those Bonds identified as yield-to-call Bonds, if any, are those Bonds that are subject to optional redemption and that are issued at an issue price that exceeds the stated redemption price at maturity of such Bonds by more than one-fourth of one percent multiplied by the product of the stated redemption price at maturity of such Bonds and the number of complete years to the first optional redemption date for the Bonds.
    c. The Issue meets the qualifications for the 13-Month and 3-Year temporary period exemption as summarized in Exhibit A.
    d. Investment earnings on a bona fide debt service fund are exempt from the rebate requirement if the gross earnings on such fund for the bond year are less than $100,000. The $100,000 earnings limitation may be ignored if: (i) the Issue is considered a fixed rate governmental issue with average maturity of 5 years, (ii) the Issue average annual debt service does not exceed $2.5 Million, (iii) the Issue meets the qualifications for the 6-Month, 18-Month, or 24-Month Spending Exception, or (iv.) the debt service payments

are anticipated to be made out of an unrestricted operating fund. Any excess fund(s) are summarized in Exhibit A.

e. The bona fide debt service fund qualifies for an exception to the yield restriction requirements if: together, the fund(s) and associated accounts identified, together, as a "bona fide debt service fund", is being used to achieve a proper matching of revenues with principal and interest payments within each Bond Year and is depleted at least once a year except for a reasonable carryover amount which does not exceed the greater of (i) the investment income on gross proceeds in the fund for the immediately preceding Bond Year, or (ii) one-twelfth of the annual debt service payable on the Issue for the immediately preceding Bond Year. Any excess fund(s) are summarized in Exhibit A.

f. Fund(s) not so identified by us and excluded from the attached Exhibit(s) are assumed either: (i) not subject to rebate or yield restriction, (ii) not to have non-purpose investment activity, (iii) if not provided (which includes grant monies, if any, received), inclusion of such activity would have a negligible impact on the rebate and yield reduction liability, or (iv) tax-exempt investment(s). Commingled fund(s), if any, are allocated using an appropriate allocation method to allocate gross proceeds to expenditures and revenues. The fund(s) subject to arbitrage rebate or yield restriction are those funds summarized in Exhibit A.

9. The “Future Value” method of determining rebate and yield reduction liability is based upon cash flows created by the investment, sale, and maturity of, and earnings on, gross proceeds. To the extent receipts and payments, including investments and reinvestments, with respect to gross proceeds occur on the same day and in like amount, they offset each other for purposes of determining rebate and yield reduction liabilities. Consequently, under the heading “Relevant Cash Flow” on the following exhibits, only payments and receipts, which are not so offset, are reflected.

10. To the extent receipts and expenditures with respect to gross proceeds occur on the same day and in like amounts, they offset each other for purposes of determining the rebate or yield reduction amount. This analysis includes only those receipts and expenditures which are not offset.

11. The scope of our procedures does not include procedures to analyze the private use limitations, if any, associated with the Issue.

12. We have assumed, as applicable, that:

    a. Reimbursement of expenditures, if any, incurred during or prior to the Computation Period comply with the specific reimbursement rules.

    b. Withdrawals or allocations from fund(s) are spent or reasonably expected to be spent within five business days.

    c. No transferred proceeds exist, with respect to the Issue, other than those identified in the Exhibits, if any.

    d. No other replacement proceeds exist other than those fund(s) identified in the attached Exhibits or noted herein.

    e. Any investment fees treated as a reduction of investment income are qualified administrative costs.

    f. The purchase price of each investment is at fair market value, exclusive of brokerage commissions, administrative expenses, or similar expenses, and representative of an arm’s length transaction, which did not reduce the rebate or yield reduction amount required to be paid to the United States Treasury.

g. There has been no communication from regulatory agencies to the Client concerning noncompliance with, or deficiencies in, financial accounting or reporting practices that could have a material effect on the computations.

**Exhibit A**

**$650,000**
**General Obligation Tax Abatement Bonds, Series 2021A**
**City of Blackduck, Minnesota**
**(Beltrami County)**

## SUMMARY OF ARBITRAGE

| | |
|---|---|
| **Dated Date** | 05-27-21 |
| **Delivery Date** | 05-27-21 |
| **Computation Date** | 05-27-26 |
| **Bond Yield** | 1.7159622% |
| **Materially Higher Yield (Restricted Yield)** | 1.8409622% |
| **Allowable Yield Spread** | 0.1250000% |
| **Rebate Amount** | $0.00 |
| **Rebate Liability Accrued** | $0.00 |
| **Yield Reduction Amount** | $0.00 |
| **Yield Reduction Liability Accrued** | $0.00 |

## SUMMARY OF ARBITRAGE AMOUNT BY FUND

| Exhibit | Description | Status | Rebate Amount | Yield Reduction Amount |
|---|---|---|---|---|
| D | Debt Service Account | Bona Fide | Small Issuer | 13-Mo Temp Per |
| E | Project Construction Fund | Inactive | Small Issuer | 3-Year Temp Per |
| | | | $0.00 | $0.00 |

**$650,000**
**General Obligation Tax Abatement Bonds, Series 2021A**
**City of Blackduck, Minnesota**
**(Beltrami County)**

**SOURCES AND USES OF FUNDS**

| | Proceeds | Other Amounts | Total |
|---|---|---|---|
| **SOURCES:** | | | |
| Principal Amount Of The Bonds | $650,000.00 | | $650,000.00 |
| Original Issue Premium | 6,719.25 | | 6,719.25 |
| Planned Issuer Equity contribution | | $150,000.00 | 150,000.00 |
| | $656,719.25 | $150,000.00 | $806,719.25 |
| **USES:** | | | |
| Project Construction Fund | $606,224.14 | $150,000.00 | $756,224.14 |
| Capitalized Interest Fund | 7,347.11 | | 7,347.11 |
| Costs Of Issuance | 32,825.00 | | 32,825.00 |
| Underwriter's Discount | 10,323.00 | | 10,323.00 |
| | $656,719.25 | $150,000.00 | $806,719.25 |

**$650,000**
**General Obligation Tax Abatement Bonds, Series 2021A**
**City of Blackduck, Minnesota**
**(Beltrami County)**

**DEBT SERVICE PAYMENTS AND YIELD ON THE BONDS**

**Yield On The Bonds** **1.7159622%**

| Dates | Principal Payments | Interest Rate | Interest Payments | Total Debt Service | Adjusted Debt Service ( 1 ) | Present Value On 05-27-21 At A Yield Of 1.7159622% |
|---|---|---|---|---|---|---|
| 02-01-22 | | | $7,347.11 | $7,347.11 | $7,347.11 | $7,262.52 |
| 08-01-22 | | | 5,420.00 | 5,420.00 | 5,420.00 | 5,312.02 |
| 02-01-23 | $30,000.00 | 1.100% | 5,420.00 | 35,420.00 | 35,420.00 | 34,419.02 |
| 08-01-23 | | | 5,255.00 | 5,255.00 | 5,255.00 | 5,063.05 |
| 02-01-24 | 30,000.00 | 1.100% | 5,255.00 | 35,255.00 | 35,255.00 | 33,678.30 |
| 08-01-24 | | | 5,090.00 | 5,090.00 | 5,090.00 | 4,821.00 |
| 02-01-25 | 30,000.00 | 1.100% | 5,090.00 | 35,090.00 | 35,090.00 | 32,952.80 |
| 08-01-25 | | | 4,925.00 | 4,925.00 | 4,925.00 | 4,585.69 |
| 02-01-26 | 30,000.00 | 1.100% | 4,925.00 | 34,925.00 | 34,925.00 | 32,242.21 |
| 08-01-26 | | | 4,760.00 | 4,760.00 | 4,760.00 | 4,356.97 |
| 02-01-27 | 30,000.00 | 1.100% | 4,760.00 | 34,760.00 | 34,760.00 | 31,546.24 |
| 08-01-27 | | | 4,595.00 | 4,595.00 | 4,595.00 | 4,134.69 |
| 02-01-28 | 30,000.00 | 1.100% | 4,595.00 | 34,595.00 | 34,595.00 | 30,864.60 |
| 08-01-28 | | | 4,430.00 | 4,430.00 | 4,430.00 | 3,918.69 |
| 02-01-29 | 30,000.00 | 1.100% | 4,430.00 | 34,430.00 | 34,430.00 | 30,197.00 |
| 08-01-29 | | | 4,265.00 | 4,265.00 | 4,265.00 | 3,708.82 |
| 02-01-30 | 30,000.00 | 1.100% | 4,265.00 | 34,265.00 | 229,265.00 | 197,671.45 |
| 08-01-30 | | | 4,100.00 | 4,100.00 | 2,150.00 | 1,837.95 |
| 02-01-31 | 30,000.00 | 2.000% | 4,100.00 | 34,100.00 | 2,150.00 | 1,822.32 |
| 08-01-31 | | | 3,800.00 | 3,800.00 | 2,150.00 | 1,806.82 |
| 02-01-32 | 30,000.00 | 2.000% | 3,800.00 | 33,800.00 | 2,150.00 | 1,791.45 |
| 08-01-32 | | | 3,500.00 | 3,500.00 | 2,150.00 | 1,776.21 |
| 02-01-33 | 30,000.00 | 2.000% | 3,500.00 | 33,500.00 | 2,150.00 | 1,761.10 |
| 08-01-33 | | | 3,200.00 | 3,200.00 | 2,150.00 | 1,746.11 |
| 02-01-34 | 35,000.00 | 2.000% | 3,200.00 | 38,200.00 | 2,150.00 | 1,731.26 |
| 08-01-34 | | | 2,850.00 | 2,850.00 | 2,150.00 | 1,716.53 |
| 02-01-35 | 35,000.00 | 2.000% | 2,850.00 | 37,850.00 | 2,150.00 | 1,701.93 |
| 08-01-35 | | | 2,500.00 | 2,500.00 | 2,150.00 | 1,687.45 |
| 02-01-36 | 35,000.00 | 2.000% | 2,500.00 | 37,500.00 | 2,150.00 | 1,673.10 |
| 08-01-36 | | | 2,150.00 | 2,150.00 | 2,150.00 | 1,658.87 |
| 02-01-37 | 35,000.00 | 2.000% | 2,150.00 | 37,150.00 | 37,150.00 | 28,419.81 |
| 08-01-37 | | | 1,800.00 | 1,800.00 | 1,800.00 | 1,365.29 |
| 02-01-38 | 35,000.00 | 2.000% | 1,800.00 | 36,800.00 | 36,800.00 | 27,675.13 |
| 08-01-38 | | | 1,450.00 | 1,450.00 | 1,450.00 | 1,081.18 |
| 02-01-39 | 35,000.00 | 2.000% | 1,450.00 | 36,450.00 | 36,450.00 | 26,947.52 |
| 08-01-39 | | | 1,100.00 | 1,100.00 | 1,100.00 | 806.31 |
| 02-01-40 | 35,000.00 | 2.000% | 1,100.00 | 36,100.00 | 36,100.00 | 26,236.63 |
| 08-01-40 | | | 750.00 | 750.00 | 750.00 | 540.45 |
| 02-01-41 | 35,000.00 | 2.000% | 750.00 | 35,750.00 | 35,750.00 | 25,542.08 |
| 08-01-41 | | | 400.00 | 400.00 | 400.00 | 283.35 |
| 02-01-42 | 40,000.00 | 2.000% | 400.00 | 40,400.00 | 40,400.00 | 28,375.34 |
| | $650,000.00 | | $140,027.11 | $790,027.11 | $775,927.11 | $656,719.25 |

**ARBITRAGE TARGET VALUE**

| | |
|---|---|
| Principal Amount Of The Bonds | $650,000.00 |
| Original Issue Premium | 6,719.25 |
| Arbitrage Target Value | $656,719.25 |

( 1 ) Assumes that the February 1, 2031 through February 1, 2036 maturities are called on February 1, 2030 at 100 percent of par plus accrued interest.

**$650,000**
**General Obligation Tax Abatement Bonds, Series 2021A**
**City of Blackduck, Minnesota**
**(Beltrami County)**

**ORIGINAL ISSUE PREMIUM ON THE BONDS**

| Maturity | Principal | Coupon | Yield | Price | Original Issue |
|---|---|---|---|---|---|
| 02-01-23 | $30,000.00 | 1.100% | 0.250% | 101.422% | $426.60 |
| 02-01-30 | 210,000.00 | 1.100% | 1.100% | 100.000% | 0.00 |
| 02-01-36 | 195,000.00 | 2.000% | 1.600% | 103.227% ( 1 )( 2 ) | 6,292.65 |
| 02-01-42 | 215,000.00 | 2.000% | 2.000% | 100.000% | 0.00 |
| | $650,000.00 | | | | $6,719.25 |

( 1 ) Maturities are priced to call on February 1, 2030 at 100 percent of par.

( 2 ) Represents the yield-to-call Bonds included for purposes of computing yield on the Bonds.

**$650,000**
**General Obligation Tax Abatement Bonds, Series 2021A**
**City of Blackduck, Minnesota**
**(Beltrami County)**

**DEBT SERVICE ACCOUNT**

**BONA FIDE DEBT SERVICE FUND AND EXCESS BALANCE TESTING**
**AS OF 05-27-26**

**BONA FIDE DEBT SERVICE FUND EXEMPTIONS**

Exempt from rebate due to the small issuer exemption.

Exempt from yield restriction due to the 13-month temporary period.

**EXCESS BALANCE TESTING SUMMARY**

| | Ending 05-27-22 | Ending 05-27-23 | Ending 05-27-24 | Ending 05-27-25 | Ending 05-27-26 |
|---|---|---|---|---|---|
| Rebate | Exempt | Exempt | Exempt | Exempt | Exempt |
| Yield Restriction | Exempt | Exempt | Exempt | Exempt | Exempt |

**$650,000**
**General Obligation Tax Abatement Bonds, Series 2021A**
**City of Blackduck, Minnesota**
**(Beltrami County)**

**PROJECT CONSTRUCTION FUND**

| | |
|---|---|
| **Rebate Amount** | Small Issuer |
| **Yield Reduction Amount** | 3-Year Temp Per |
| **Status** | Inactive |

**ARBITRAGE CASH FLOWS** — **TOTAL CASH FLOW**

| Date | Description | Total Cash Flow | ( 1 ) Total Income | Total Fund Balance |
|---|---|---|---|---|
| 05-27-21 | Receipt | ($613,571.25) | $0.00 | $613,571.25 |
| 07-31-21 | Withdrawal | 74,266.55 | 0.00 | 539,304.70 |
| 08-31-21 | Withdrawal | 100,312.93 | 0.00 | 438,991.77 |
| 09-30-21 | Withdrawal | 131,451.72 | 0.00 | 307,540.05 |
| 10-31-21 | Withdrawal | 89,556.20 | 0.00 | 217,983.85 |
| 11-30-21 | Withdrawal | 134,616.61 | 0.00 | 83,367.24 |
| 12-31-21 | Withdrawal | 83,367.24 | 0.00 | 0.00 |
| 05-27-26 | Valuation | 0.00 | 0.00 | 0.00 |
| | | $0.00 | $0.00 | |

( 1 ) There has been no interest earned during the Computation Period within the Project Construction Fund as the balance is in cash only.

VIA ACTUARIAL SOLUTIONS

July 1, 2026

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

Re: **Engagement Letter for Actuarial Services**

Dear Christina:

Thank you for this opportunity to provide GASB 67/68 pension actuarial services to the City of Blackduck and the Blackduck Fire Relief Association. This letter and attachments (collectively, the "Agreement") document the Scope of Services ("Services") that Northern Consulting Actuaries, Inc. d/b/a VIA Actuarial Solutions (hereafter, "VIA" or "we" or "our") will provide to the City of Blackduck (hereafter "City" or "you" or "yours" or "Client") and the Blackduck Fire Relief Association pension plan (hereafter "Plan"). It also describes our fees, expenses, and the Terms and Conditions for those services.

After reviewing the enclosed Scope of Services and Terms and Conditions, please sign and date the Acknowledgement and Consent form. Future actuarial services will be provided under this same engagement letter for a fee agreed to by both parties, or we can provide an updated engagement letter if you prefer.

Please feel free to contact us if you have any questions about the proposed actuarial engagement. We will commence work under this engagement upon receipt of a signed copy of this Agreement.

Thank you again for choosing VIA Actuarial Solutions to be your trusted actuarial consultant.

Sincerely,

Emily M. Knutson, FSA, EA, MAAA
Consulting Actuary

L/D/C/R: 3/src/emk

## Scope of Services

The GASB 67/68 accounting rules require a "full" actuarial valuation every two years, while a simplified roll-forward report is required in the "off years". Our proposed scope and fees outlined below include both the "full" and roll-forward valuation reports.

| Services Provided | Fixed Fee |
|---|---|
| **FYE2025-2026 GASB 67/68 actuarial report** | **$2,400** |
| **FYE2026-2027 GASB 67/68 "off year" report (if no significant changes)** | **$1,000** |

**Each year also includes up to one hour of free consulting to review the reports with you over the phone.**

Out-of-scope projects will be billed separately based on the time and expense needed to complete these projects. For calendar year 2026, our hourly rates are $165 to $265 for actuarial analysts and managers and $365 to $425 for consulting actuaries. We are glad to estimate fees for additional projects as requested. Out-of-scope projects may include time spent on:

- meetings and preparation,
- significant changes in your plan, accounting, or funding arrangements,
- cleanup of inaccurate data or data not provided in the form requested, and
- accounting updates when the City's financials differ from the figures in our previous reports.

The annual fees and hourly rates stated in this engagement letter are subject to annual inflationary updates beginning in 2028 and each year thereafter. VIA will propose inflationary adjustments to the City before beginning work on the FYE 2028 valuation. The hourly rate schedule is updated automatically each calendar year.

The proposed fees assume no substantial changes to the plan census, assumptions, plan provisions, or funding arrangement. If any of these factors change significantly then we will provide a separate proposed fee.

Out-of-pocket expenses will be passed on to you without markup. Bills are sent as often as monthly, and your payment is due within 30 days of the invoice date. Interest will accrue on the unpaid balance at the rate of ½% per month. If we receive your payment within 30 days, the interest will be waived.

## Terms and Conditions

**COOPERATION AND WARRANTY REGARDING DOCUMENTS AND INFORMATION.**
You understand that in order for us to provide the Services to you we will require your assistance and cooperation. You agree to provide us with all documents and information reasonably requested by us in order for us to perform the Services and you warrant that such documents and information are true and accurate to the best of your knowledge after due inquiry. We will not be liable for any inaccurate results of our Services due to our reliance upon incorrect or incomplete documents or information.

**CONFIDENTIALITY.** All data, records, and information concerning the Plan and the participants of the Plan provided by you or on your behalf to VIA in connection with this Agreement, other than information that is either in the public domain, obtained from third parties, or which is otherwise developed by VIA shall be considered "Confidential Client Information." VIA agrees to use reasonable efforts to protect all Confidential Client Information and has reasonable safeguards to protect against the disclosure or misuse of Confidential Client Information that is in VIA's care or custody. VIA will protect the Confidential Client Information with the same degree of care that it uses to protect and safeguard VIA's own like information, but not less than the degree of care that would be exercised by a prudent person given the sensitivity of the Confidential Client Information.
In preserving the confidentiality of Client communications and information, it is important that we have your agreement on the methods we will use in communicating with you. Unless you tell us otherwise, you agree that it is appropriate to use mail and emails in the course of our providing the Services to you without encryption or other special measures. The exception is transmission of participant census data which must be transmitted using our secure data transfer site or similar method. Please let us know if you have special requests or requirements for the methods of communication or persons to be included in such communications.

**RETENTION OF RECORDS.** We will retain final copies of actuarial work products for seven years after completion of each project. Although we keep copies of the work we perform for you for seven years, these copies are solely for our files. The plan sponsor is responsible for keeping copies of all documents needed for the Plan's permanent records, including copies of the work we perform for you and the information we send to you.

**INDEMNIFICATION.** You agree as part of this engagement to indemnify and hold harmless VIA from and against any and all claims, losses, damages, liabilities, costs, and other expenses of any kind whatsoever (including, without limitation, all reasonable attorneys' fees and collection or court costs) arising from or in connection with the operation of the Plan or the rendering of plan-related services by the Client, the Plan Administrator, or any third party. This indemnification does not include claims, losses, damages, liabilities, costs, and expenses attributable solely to any gross negligence or willful misconduct by VIA in the performance of our responsibilities under this engagement.

We agree as part of this Agreement to indemnify and hold harmless the Client and the Plan from and against any and all claims, losses, damages, liabilities, costs, and other expenses of any kind whatsoever (including, without limitation, all reasonable attorneys' fees and collection or court costs) (collectively "Claims") arising from or in connection with the operation of the Plan or the rendering of plan-related services by VIA, to the extent that such Claims are attributable solely to gross negligence or willful misconduct by VIA in the performance of our responsibilities under this engagement.

## Terms and Conditions *(continued)*

**REPRESENTATIONS AND WARRANTIES.** We represent and warranty that we (a) have the right, power and authority to enter into this Agreement and to fully perform all of our obligations hereunder; and (b) will use commercially reasonable efforts to provide all services required of us under the Agreement in accordance with prevailing industry standards. You represent and warranty that you have the right, power, and authority to enter into this Agreement and to fully perform all of your obligations hereunder.

**NO ASSIGNMENT OR DELEGATION.** Neither VIA nor you may assign this Agreement in whole or in part, nor delegate any part or all of its duties, without the other's prior written consent.

**SEVERABILITY.** If any provision of this Agreement is held to be or is invalid or unenforceable, the validity and/or enforceability of the remaining portions shall not be impaired or affected in any way. A waiver of any provision of this Agreement does not likewise waive any other provision of this Agreement.

**MODIFYING THIS ENGAGEMENT.** The terms of this engagement between you and us represented by this Agreement shall not be subject to modification (except with regard to fees, as outlined above), except as agreed upon in writing by both you and us.

**TERM AND TERMINATION. This engagement letter is effective beginning January 1, 2026 and shall automatically renew on an annual basis unless terminated earlier by either party as described below.** Future actuarial services will be provided under this same engagement letter for a fee agreed to by both parties and described in a new Scope of Services, or we can provide an updated engagement letter if you prefer.

You have the right to terminate our services with 60 days prior written notice. Termination of our services will not relieve you of the obligation to pay for all accrued charges and expenses for work through the end of our engagement. We will have the same right of termination, subject to our obligation to give you 60 days prior written notice. If our billing statements are not timely paid, however, we will have the right to terminate our Services upon 5 days prior written notice following a default in the payment of our fees and expenses, upon the expiration of which notice period we will have the right to not provide any Services or advance any expenses until all amounts due are paid in full. Furthermore, if we are required to take action to collect our fees and expenses, you agree to pay all professional fees (including reasonable attorneys' fees) and expenses incurred by us in such collection action.

**ENTIRE AGREEMENT.** Our performance of the Services is subject to the terms of this letter, including our Terms and Conditions ("Terms and Conditions"). This letter, together with the Scope of Services and these Terms and Conditions, constitute the entire Agreement between VIA Actuarial Solutions and you and supersede all previous agreements between us whether written or oral. Should the scope of our Services change, you agree that we will either amend the Scope of Services or we will execute a new engagement letter incorporating such changes. We will not be required to provide Services not included in the Scope of Services agreed to in this letter.

## Minnesota Actuarial Disclosure

VIA Actuarial Solutions is the actuarial advisor to the Minnesota Legislative Commission on Pensions and Retirement (LCPR). In this role, we assist the LCPR in reviewing actuarial valuations, assumptions, and cost estimates for the three statewide retirement systems: TRA, PERA, and MSRS.

Our professional standards require that we disclose any actual or potential conflict of interest to our clients, and that our clients expressly agree to these services. Although the work we prepare for the LCPR does not directly relate to your GASB 67 & 68 reporting, we believe it's prudent to disclose our assignment to all of our Minnesota public sector clients since you probably have members in at least one of the statewide pension plans that we'll be reviewing. Your approval of this engagement letter is an affirmative response that you agree to our work with the City along with our LCPR assignment.

## Acknowledgement and Consent

The undersigned represents and warrants that they are legally authorized to execute agreements on behalf of the City of Blackduck (the "City"), has read this Agreement from VIA Actuarial Solutions, understands its contents, and agrees on behalf of the City to the Scope of Services; fees and expenses; and Terms and Conditions set forth in the Agreement. I also understand and expressly agree to VIA Actuarial Solutions' ongoing work for us as well as their LCPR assignment.

Signature: Christina Regas

Printed Name: Christina Regas

Title: City Administrator

Date: 07/08/2026

July 22, 2026

Christina Regas, City Administrator
City of Blackduck, Minnesota
8 Summit Ave NE
PO Box 380
Blackduck, MN 56630-0380

RE: Potential Refunding of Existing Bonds

As your Municipal Advisor one of the services we provide is to monitor your outstanding bond issues and alert you to any potential refunding opportunities. An updated status report for your outstanding debt is attached. It includes general information about your existing debt and a brief comment regarding potential savings based on current market conditions. We will continue to monitor your issues on an ongoing basis and will contact you if we identify refunding opportunities that merit consideration.

If you have any questions about this information, please contact me.

Sincerely,

Ehlers

Todd Hagen
Senior Municipal Advisor/ Vice President

Dan Tienter
Senior Municipal Advisor

## Status Report on Refunding of Existing Bond Issues

EHLERS PUBLIC FINANCE ADVISORS

| Original Bond Amount | Title | Last Maturity | Call Date | Callable Amount | Callable Rates Low | Callable Rates High | Status |
|---|---|---|---|---|---|---|---|
| $1,165,000 | General Obligation Bonds, Series 2012A | 02/01/2035 | 02/01/2023 | $500,000 | 2.250% | 2.550% | As of July 22, 2026, we estimate that this refunding would not generate sufficient savings to be considered. |
| $468,834 | General Obligation Water Revenue Note of 2016 | 08/20/2046 | 09/28/2016 | $347,600 | 1.730% | 3.466% | As of July 22, 2026, we estimate that this refunding would not generate sufficient savings to be considered. |
| $30,000 | USDA Loan, 2020 | 04/06/2030 | - | - | - | - | These bonds are not callable. |
| $650,000 | General Obligation Tax Abatement Bonds, Series 2021A | 02/01/2042 | 02/01/2030 | $410,000 | 2.000% | 2.000% | As of July 22, 2026, we estimate that this refunding would not generate sufficient savings to be considered. |
| $164,872 | Taxable General Obligation Tax Abatement Bonds, Series 2021B | 08/15/2036 | 08/27/2021 | $136,110 | 2.000% | 2.000% | As of July 22, 2026, we estimate that this refunding would not generate sufficient savings to be considered. |
| $1,655,000 | Taxable General Obligation Bond of 2023A (USDA Loan) | 07/28/2063 | 07/29/2023 | $1,602,524 | 2.250% | 2.250% | As of July 22, 2026, we estimate that this refunding would not generate sufficient savings to be considered. |
| $310,000 | Taxable General Obligation Bond of 2023B (USDA Loan) | 07/28/2063 | 07/29/2023 | $299,905 | 2.125% | 2.125% | As of July 22, 2026, we estimate that this refunding would not generate sufficient savings to be considered. |

| Original Bond Amount | Title | Last Maturity | Call Date | Callable Amount | Callable Rates | | Status |
|---|---|---|---|---|---|---|---|
| | | | | | Low | High | |
| $180,000 | General Obligation Equipment Certificate, Series 2024A | 02/01/2032 | 07/26/2024 | $162,000 | 4.830% | 4.830% | As of July 22, 2026, we estimate that this refunding would not generate sufficient savings to be considered. |
| $363,000 | General Obligation Equipment Certificate, Series 2025A | 02/01/2036 | 01/24/2025 | $363,000 | 4.500% | 4.500% | As of July 22, 2026, we estimate that this refunding would not generate sufficient savings to be considered. |

Grant Number 2024-14870

# BLANDIN FOUNDATION
## Grant Interim and Final Report Guidelines

Prepared by: Christina Regas
Date: 7/15/2026

*Please provide brief answers to the questions below, keeping your report to no more than 4 pages. If you would like further clarification please feel free to contact Christy Marshall or Kyle Erickson of the Foundation staff at (877) 882-2257.*

**1. Grant Goals and Outcomes**

a. Please restate the goals outlined in your grant agreement.

*Project goals include the following:*

*a. Jensen Conservation to remove rotten material along and inside cracks in statue;*
*b. Jensen Conservation to fill voids with stable, clean, inert material*
*c. Jensen Conservation to close openings with stable material to ensure water tightness contiguous on the sculpture exterior*
*d. Jensen Conservation to repaint entire sculpture with durable industrial line paint and top-coat*
*e. City Public Works to remove aging and overgrown foliage and turf from site, reloate little library, remove and replace park bench, repaint and treat exterior walls of buildings surrounding sculpture*
*f. Concrete contractor to lay stamped concrete surrounding sculpture in place of turf and repair deficiencies in boulevard adjacent to sculpture*

b. Please tell us what happened as a result of this grant?

*Several changes took place since the grant was awarded that took a massive turn of events for the City of Blackduck and the project. First in late 2024, the City was notified that the original contractor and owner of Jensen Conservation, had passed away and as a sole-proprietor the business canceled all current contracts to provide service. The City started a search for a new restoration company and took bids from two places in Mpls. The restoration company that accepted the project, KCI Restoration would not provide services from the site evaluation of the previous restoration company and required a new site evaluation. The City agreed to provide KCI Restoration site visit and evaluation of the Historic Duck and the more current Lions' Duck Statue that is erected at Wayside Rest Park. KCI provided the reports and estimates to restore both statues which far exceeded the original company, Jensen Conservation. The City Council declined to move ahead to pay for restoration that exceeded funds acquired and for several months in winter of 2024-2025*

*discussed other options to restoring the Historic Duck Statue with existing grant from Blandin and local donations from the community. City staff and volunteers provided time and experience to clean, repair with fiberglass patches; and repaint the statue. Since then the City Council has partnered with the Blackduck Fire Relief Association to finalize plans to beautify the surrounding property as originally planned. The Fire Relief compiled a plan to provide a memorial to past Fire Chief on one side of corner of the lot (Blackduck Fire Hall) add lighting, a flag pole, a restored bell that was housed in the original Blackduck City Hall; create a walking path and landscaping to the property with the statue. The City agreed to earmark remaining grant funds from Blandin to pay for landscaping to complete the project.*

c. How did your organization include the voices and perspectives of the population it seeks to serve (advisory boards, board membership, staff role, or other methods)?

*The City included the voices of the community by involving the Blackduck Lions' Club; the Blackduck Fire Relief Association; downtown business owners and the Blackduck Chamber of Commerce; various volunteers and city staff.*

**2. Lessons Learned:**

a. What lessons learned have you drawn from this effort?

*Several lessons have been learned:*

*a. Have a project coordinator that can steer the project*
*b. Project must have constant communication and people that are 100% involved*
*c. Have a timeline for completion of the project and stay on pace.*

b. Have you made significant revisions to your goals as a consequence?
*Yes, the City made significant revisions to the goals as a result of the original restoration company going out of business and the new company providing exceedingly higher costs than expected.*

c. If you were to do things over, what would you do differently?
*The City would have worked on a complete and final proposal of the project; requested quotes from more companies for consideration; and had alternate options to complete the project if funding was not available.*

d. Is there anything else you would like the Foundation to be aware of?
*The extent to the damage of the Historic Duck was past the ability for the City to repair with volunteer time. Changes were needed to be made to the project to beautify the land and statue area. A structure to cover the statue was in the plans to be constructed by school volunteers to provide protection to the elements throughout the seasons. That part of the project was altered because the Fire Relief project would have a conflict with that option. Once the project was started and more people got involved the project continued to change*

*and the heart of the reason for the project halted. Plus there were not enough volunteers to complete the project so it kept being put off by the City.*

**3. What resources were leveraged from sources other than the Blandin Foundation?**

| | |
|---|---|
| Monetary Contributions: | _*$10,850.00*____ |
| In-kind: | |
| Volunteer Hours | _*50-250* _____ |
| Space | _____ |
| Equipment and material | _*$500*_____ |
| Other (Describe and value) | _____ |

# GRANTEE'S NAME

Blackduck Historic Duck Statue Restoration

| | | BUDGET | | | ACTUAL | | | ACTUAL | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Proposed Budget | | | Current Reporting Period | | | Grant to Date | | |
| | | 05/28/2024 to 07/31/2024 | | | 05/28/2024 to 08/01/2025 | | | 05/28/2024 to 08/01/2026 | | |
| | | Blandin Found. | Other | TOTAL | Blandin Found. | Other | TOTAL | Blandin Found. | Other | TOTAL |
| **Grant #:** | 2024-14870 | | | | | | | | | |
| **Grant Amount:** | $10,000.00 | | | | | | | | | |
| **REVENUES:** | | | | | | | | | | |
| Blandin Foundation | | $2,500.00 | | $2,500.00 | $10,000.00 | | $10,000.00 | $10,000.00 | | $10,000.00 |
| Other Foundations | | | $1,000.00 | $1,000.00 | | $1,000.00 | $1,000.00 | | $1,000.00 | $1,000.00 |
| Corporations | | | $4,500.00 | $4,500.00 | | $4,500.00 | $4,500.00 | | $4,500.00 | $4,500.00 |
| Government | | | $2,000.00 | $2,000.00 | | $1,000.00 | $1,000.00 | | $1,000.00 | $1,000.00 |
| Individual Donors | | | $4,350.00 | $4,350.00 | | $4,350.00 | $4,350.00 | | $4,350.00 | $4,350.00 |
| Fees/Earned Income | | | $0.00 | $0.00 | | $0.00 | $0.00 | | $0.00 | $0.00 |
| Fund Raising Events | | | $0.00 | $0.00 | | $0.00 | $0.00 | | $0.00 | $0.00 |
| In Kind Volunteer | | | $0.00 | $0.00 | | $0.00 | $0.00 | | $0.00 | $0.00 |
| Other In Kind | | | | $0.00 | | | $0.00 | | | $0.00 |
| Other | Blackduck Fire Relief | | | $0.00 | | | $0.00 | | $23,612.27 | $23,612.27 |
| ***TOTAL REVENUES:*** | | **$ 2,500** | **$ 11,850** | **$ 14,350** | **$10,000.00** | **10,850** | **20,850** | **$ 10,000** | **$ 34,462** | **$ 44,462** |
| **EXPENSES:** | | | | | | | | | | |
| Personnel and Benefits | | - | | - | - | | - | - | | - |
| Operating Expense | | 500 | | 500 | 285 | | 285 | 285 | | 285 |
| Office Supplies | | | | - | - | | - | - | | - |
| Insurance | | | | - | - | | - | - | | - |
| Travel | | | | - | - | | - | - | | - |
| Meeting | | | | - | - | | - | - | | - |
| Space | | | | - | - | | - | - | | - |
| Other | | | | - | - | | - | - | | - |
| Other | | | | - | - | | - | - | | - |
| Other Program Expense | | - | | - | - | | - | - | | - |
| Professional Services | | 15,936 | | 15,936 | 61,595 | | 61,595 | 44,177 | | 44,177 |
| In Kind Personnel | | | | - | | | | | | - |
| Other In Kind | | | | - | | | | | | - |
| **TOTAL EXPENSES:** | | **$ 16,436** | | **$ 16,436** | **$ 61,880** | | **$ 61,880** | **$ 44,462** | | **$ 44,462** |

**NAME OF PREPARER & TELEPHONE #:** 218-835-4803

**APPROVED BY:** Christina Regas

FOOTNOTES: (Explanation of variances)

# REPORT OF GEOTECHNICAL EXPLORATION

Pond Bar and Grill Pavement
Blackduck, Minnesota

**AET Project No.**
P-0052934.02

**Date:**
July 7, 2026

**Prepared for:**
City of Blackduck

Geotechnical • Materials
Forensic • Environmental
Building Technology
Petrography/Chemistry

**American Engineering Testing**
3095 42nd Street North
Fargo, ND 58102
TeamAET.com • 701.232.1822

July 7, 2026

City of Blackduck
8 Summit Ave NE
Blackduck, MN 56630

Attn: Christina Regas, City Administrator

RE: Pond Bar and Grill Pavement
Blackduck, Minnesota
AET Report No. P-0052934.02

Ms. Regas:

American Engineering Testing, Inc. (AET) is pleased to present the results of our subsurface exploration program and geotechnical engineering review for your Pond Bar and Grill Pavement project in Blackduck, Minnesota. These services were performed according to our proposal to you dated May 6, 2026.

We are submitting one copy of the report to you.

Please contact us at (701) 232-1822 if you have any questions about the report. We can also be contacted for arranging construction observation and testing services during the earthwork phase.

Sincerely,
**American Engineering Testing, Inc.**

Josh Holmes, P.E.
**Principal Engineer**
jholmes@teamaet.com

Mark Blixt, P.E. (ND)
**Engineer II**
mblixt@teamaet.com

I hereby certify that this plan, specification, or report was prepared by me or under my direct supervision and that I am a Duly Licensed Professional Engineer under the Laws of the State of Minnesota.

Joshua A. Holmes, P.E.
Date: 7/7/26 Reg. No. 53424

# TABLE OF CONTENTS

Page

TRANSMITTAL LETTER ..... i
TABLE OF CONTENTS ..... ii
1.0 INTRODUCTION ..... 1
2.0 SCOPE OF SERVICES ..... 1
3.0 PROJECT INFORMATION ..... 1
4.0 SUBSURFACE EXPLORATION AND TESTING ..... 2
4.1 Field Exploration Program ..... 2
4.2 Laboratory Testing ..... 2
5.0 SITE CONDITIONS ..... 2
5.1 Surface Observations ..... 2
5.2 Subsurface Soils/Geology ..... 2
5.3 Groundwater ..... 3
6.0 RECOMMENDATIONS ..... 3
6.1 Pavements ..... 3
7.0 CONSTRUCTION CONSIDERATIONS ..... 5
7.1 Potential Difficulties ..... 5
7.2 Excavation Backsloping ..... 6
7.3 Observation and Testing ..... 6
8.0 TEST STANDARDS ..... 6
9.0 LIMITATIONS ..... 6

STANDARD SHEETS
Floor Slab Moisture/Vapor Protection
Freezing Weather Effects on Building Construction

APPENDIX A – Geotechnical Field Exploration and Testing
Boring Log Notes
Unified Soil Classification System
Figure 1 - Boring Locations
Subsurface Boring Logs

APPENDIX B – Geotechnical Report Limitations and Guidelines for Use

# 1.0 INTRODUCTION

The proposed project will include reconstruction of existing pavements at the Pond Bar and Grill within the city of Blackduck, Minnesota. To assist planning and design, you have authorized American Engineering Testing, Inc. (AET) to conduct a subsurface exploration program at the site, conduct soil laboratory testing, and perform a geotechnical engineering review for the project. This report presents the results of the above services and provides our engineering recommendations based on this data.

# 2.0 SCOPE OF SERVICES

AET's services were performed according to our proposal to you dated May 6, 2026, which you authorized on May 6, 2026. The authorized scope consists of the following.

- Three (3) standard penetration test borings to maximum depth of 10 feet
- Soil laboratory testing
- Geotechnical engineering review based on the data and preparation of this report

These services are intended for geotechnical purposes only. The scope is not intended to explore for the presence or extent of environmental contamination in the soil or groundwater.

# 3.0 PROJECT INFORMATION

We understand the existing parking lot for the Pond Bar and Grill has experienced moderate distress and will be reconstructed. We anticipate pavement reconstruction will include new asphalt and concrete construction.

The above stated information represents our understanding of the proposed construction. This information is an integral part of our engineering review. It is important that you contact us if there are changes from that described so that we can evaluate whether modifications to our recommendations are appropriate.

# 4.0 SUBSURFACE EXPLORATION AND TESTING

## 4.1 Field Exploration Program

The subsurface exploration program conducted for the project consisted of three (3) standard penetration test borings. Number of borings, boring depths, and boring locations were discussed with the client. The logs of the borings and details of the methods used appear in Appendix A. The logs contain information concerning soil layering, soil classification, geologic origins, and moisture condition. A density description or consistency is also noted for the natural soils, which is based on the standard penetration resistance (N-value).

The boring locations were selected by Widseth personnel and are shown on Figure 1 in Appendix A. The borings were located in the field by AET personnel using handheld GPS units. Surface elevations were estimated using publicly-available (MNTOPO) LiDAR data.

## 4.2 Laboratory Testing

The laboratory test program included moisture-densities of native cohesive soils. The test results appear in Appendix A on the individual boring logs adjacent to the samples upon which they were performed, or on the data sheets following the logs.

# 5.0 SITE CONDITIONS

## 5.1 Surface Observations

The borings were performed within the existing Pond Bar and Grill parking lot. We assume subsurface soils do not include demolition material from prior occupancy or from other off-site locations. Surface drainage appears to be toward roadside ditching.

## 5.2 Subsurface Soils/Geology

The overall subsurface soil profile at the borings consists of approximately 0.5 to 4 feet of asphalt, concrete, aggregate base, buried topsoil, and/or fill. Underlying soils are mostly comprised of soft to stiff Ground Moraine soils that extend to termination of borings. The project soils primarily consist of lean clay with varying color, gravel content, unit weight. Additional comment on the evaluation of recovered soil samples is presented within the report appendices.

### 5.3 Groundwater

Measurable groundwater was not encountered during or at completion of site drilling. The moisture content of such soils can vary annually and per recent precipitation. Such soils and other regional dependent conditions may produce ground water entry of project excavations. We direct your attention to other report sections concerning ground water issues.

## 6.0 RECOMMENDATIONS

### 6.1 Pavements

We assume project traffic will be separated into two distinct classes; heavy duty traffic comprised of buses, delivery trucks, refuse trucks, and light duty traffic comprised of passenger vehicles. Our pavement recommendations are predicated on separation of this traffic.

In our opinion, you should remove all existing asphalt, concrete, apparent aggregate base, and topsoil below sidewalk and pavement construction.

Subgrade preparation will need to establish a stable base for construction of project sidewalks and pavements. The cohesive soils underlying the topsoil can lose structural capacity with uptake of moisture, are easily disturbed, and may rut with excessive movement of construction equipment across bare ground. We recommend you scarify, moisture temper, and recompact no less than 12 inches of exposed subgrade prior to placement of engineered fill or aggregate base.

You should install geotextile separation fabric between the exposed cohesive soils and aggregate base section to limit this displacement / distress. It is our opinion this geotextile should consist of a fabric with a machine and cross direction wide width tensile strength equal to or greater than 110 lbs/in minimum average roll value (MARV).

The pavement contractor should provide you with a detailed layout diagram showing how they intend to place the geotextile. Geotextile panels should be oriented parallel with aggregate placement and occur in such a manner that the overall number of individual panels are kept to a minimum. As placed, individual panels of geotextile should have a width equal to or greater than 12 feet. The paving contractor should overlap longitudinal and butt seams of adjacent panels a minimum of 18 inches with such joints oriented to follow traffic movement (shingled profile with traffic). We recommend anchoring individual panels of geotextile to ground with systems designed to maintain position of placement panels.

We recommend placement of an aggregate base for subgrade support of the bituminous or concrete pavement. The aggregate base should conform to Minnesota Department of

Transportation Class 5 gradation requirements. All aggregate base materials should be placed in individual lifts equal to or less than 6 inches in depth after the moisture content of such materials is tempered to within 5 percent of the optimum moisture content. Such materials should be compacted to no less than 98 percent of standard Proctor dry density.

We recommend a proof roll of the completed aggregate base section to identify soft areas and document overall integrity of the aggregate / subgrade section. We recommend performing such proof roll using a tandem axle dump truck loaded to gross capacity (56,000 lbs). Acceptance criteria of the proof roll shall be limiting of rut formation to no more than one-half inch (1/2") depth (front or rear axles).

Design must consider load and movement of traffic across pavement subgrade structure. With moving traffic, design must provide sufficient paving materials to resist deflection and reflective loading imparted by vehicle wheels. Static vehicles convey loads downward into the lower section of the pavement and subgrade soils. Pavement design for parked vehicles must also consider and provide adequate bearing strength to resist soil compression/displacement.

As your facility includes both types of traffic, we conclude project pavement section must provide sufficient section capacity for moving traffic while minimizing the loads transferred by static vehicles parked on site. We present with Table 3 our estimate of pavement structure necessary to support the assumed traffic loads and distribution as noted within this report.

All pavement recommendations assume the subgrade soils and aggregate section below paved surfaces, if any, drain to subsurface piping for eventual discharge into storm sewer, above grade to ditching, or similar acceptable systems. Lack of drainage from both the surface of the pavement and subsurface will significantly reduce the capacity and longevity of the pavements.

We recommend pavements receive annual maintenance, as a minimum, to correct damages to the pavement structure, clean and infill cracks which develop, and repair or resurface areas which exhibit reduced subgrade performance. The lack of maintenance can lead to moisture infiltration of the pavement structure and softening of the subgrade soils. This, in turn, can degrade and result in poorly performing pavements with shortened life expectancy.

**Table 3: Recommended Pavements ***

| Parameter | Light Duty Pavement Note A | Heavy Duty Pavement Note B | Concrete Pavement |
|---|---|---|---|
| Estimated Subgrade CBR (Yearly/Spring) | 6/3 | 6/3 | 6/3 |
| Subgrade Scarification (in) | 12 | 12 | 12 |
| Place Geotextile Separation Fabric | Yes | Yes | Yes |
| Untreated Aggregate Base Note 1 (in) | 6 | 12 | 6 |
| Asphalt Concrete Base Note 2 | One - 2 inch lift | Two - 2 inch lifts, 4 inches total | NA |
| Asphalt Concrete Wear Note 2 | One 2 inch lift | One 2 inch lift | NA |
| Est. Subgrade Support *k* | NA | NA | 150 psi |
| Est. Maximum Stress from Rear Tandem Axle | NA | NA | 280 psi |
| Stress Ratio (*based on 600 psi flexural*) | NA | NA | 0.47 |
| Heavy Duty Concrete Pavement (in) | NA | NA | Min. 7 |
| Light Duty Concrete Pavement (in) | NA | NA | Min. 5 |

| | |
|---|---|
| Note A | Pavement construction for light duty passenger vehicles equal to or less than 10,000 lbs total gross weight. |
| Note B | Pavement construction for heavy duty vehicles. No distinction between drive lanes and parking areas. |
| Note 1 | Aggregate base shall conform to Minnesota Department of Transportation (MN DOT) Specification Section 3138, Class 5. |
| Note 2 | Asphalt Concrete Base and Wear shall conform to MN DOT Specification Section 2360. |
| Note 3 | Portland cement concrete pavement proportioned such that the 28 day flexural strength is equal to or greater than 600 pounds per square inch (psi). |
| * | All pavement construction shall be completed using NAPA or ACI approved methods to optimize the performance of in-place construction. We recommend that the construction specifications include necessary controls to eliminate practices which lead to poorly performing pavements. |

# 7.0 CONSTRUCTION CONSIDERATIONS

## 7.1 Potential Difficulties

### *7.1.1 Runoff Water in Excavation*

Water can be expected to collect in the excavation bottom during times of inclement weather or snow melt. To allow observation of the excavation bottom, to reduce the potential for soil disturbance, and to facilitate filling operations, we recommend water be removed from within the excavation during construction.

### *7.1.2 Disturbance of Soils*

The on-site soils can be disturbed under construction traffic, especially if the soils are wet. If soils become disturbed, they should be subcut to the underlying undisturbed soils. The subcut soils can then be dried and recompacted back into place, or they should be removed and replaced with drier imported fill.

## 7.2 Excavation Backsloping

If excavation faces are not retained, the excavations should maintain maximum allowable slopes in accordance with *OSHA Regulations (Standards 29 CFR), Part 1926, Subpart P, "Excavations"* (can be found on www.osha.gov). Even with the required OSHA sloping, water seepage or surface runoff can potentially induce side slope erosion or sloughing which could require slope maintenance.

## 7.3 Observation and Testing

The recommendations in this report are based on the subsurface conditions found at our test boring locations. Since the soil conditions can be expected to vary away from the soil boring locations, we recommend on-site observation by a geotechnical engineer/technician during construction to evaluate these potential changes. Soil density testing should also be performed on new fill placed in order to document that project specifications for compaction have been satisfied.

# 8.0 TEST STANDARDS

When we refer to an ASTM Standard in this report, we mean that our services were performed in general accordance with that standard. Compliance with any other standards referenced within the specified standard is neither inferred nor implied.

# 9.0 LIMITATIONS

Within the limitations of scope, budget, and schedule, we have endeavored to provide our services according to generally accepted geotechnical engineering practices at this time and location. Other than this, no warranty, express or implied, is intended.

Important information regarding risk management and proper use of this report is given in Appendix B entitled "Geotechnical Report Limitations and Guidelines for Use."

# Standard Sheets

# FREEZING WEATHER EFFECTS ON CONSTRUCTION

## GENERAL

Because water expands upon freezing and soils contain water, soils which are allowed to freeze will heave and lose density. Upon thawing, these soils will not regain their original strength and density. The extent of heave and density/strength loss depends on the soil type and moisture condition. Heave is greater in soils with higher percentages of fines (silts/clays). High silt content soils are most susceptible, due to their high capillary rise potential which can create ice lenses. Fine grained soils generally heave about 1/4" to 3/8" for each foot of frost penetration. This can translate to 1" to 2" of total frost heave. This total amount can be significantly greater if ice lensing occurs.

## CONSTRUCTION CONSIDERATIONS

Foundations, slabs and other improvements which may be affected by frost movements should be insulated from frost penetration during freezing weather. If filling takes place during freezing weather, all frozen soils, snow and ice should be stripped from areas to be filled prior to new fill placement. The new fill should not be allowed to freeze during transit, placement or compaction. This should be considered in the project scheduling, budgeting and quantity estimating. It is usually beneficial to perform cold weather earthwork operations in small areas where grade can be attained quickly rather than working larger areas where a greater amount of frost stripping may be needed. If slab subgrade areas freeze, we recommend the subgrade be thawed prior to floor slab placement. The frost action may also require reworking and recompaction of the thawed subgrade.

# Appendix A

Geotechnical Field Exploration and Testing
Boring Log Notes
Unified Soil Classification System
Figure 1 – Boring Locations
Subsurface Boring Logs

## A.1 FIELD EXPLORATION

The subsurface conditions at the site were explored by drilling and sampling three (3) standard penetration test borings. The locations of the borings appear on Figure 1, preceding the Subsurface Boring Logs in this appendix.

## A.2 SAMPLING METHODS

### A.2.1 Split-Spoon Samples (SS) - Calibrated to $N_{60}$ Values

Standard penetration (split-spoon) samples were collected in general accordance with ASTM: D1586 with one primary modification. The ASTM test method consists of driving a 2-inch O.D. split-barrel sampler into the in-situ soil with a 140-pound hammer dropped from a height of 30 inches. The sampler is driven a total of 18 inches into the soil. After an initial set of 6 inches, the number of hammer blows to drive the sampler the final 12 inches is known as the standard penetration resistance or N-value. Our method uses a modified hammer weight, which is determined by measuring the system energy using a Pile Driving Analyzer (PDA) and an instrumented rod.

In the past, standard penetration N-value tests were performed using a rope and cathead for the lift and drop system. The energy transferred to the split-spoon sampler was typically limited to about 60% of its potential energy due to the friction inherent in this system. This converted energy then provides what is known as an $N_{60}$ blow count.

Most drill rigs today incorporate an automatic hammer lift and drop system, which has higher energy efficiency and subsequently results in lower N-values than the traditional $N_{60}$ values. We use a Pile Driving Analyzer (PDA) and an instrumented rod to measure the actual energy generated by the automatic hammer system. The drill rig (AET rig number 103) we used for this project has respective energy transfer ratio of 76%. The N-values reported on the boring logs and the corresponding relative densities and consistencies are from the field blow counts and have not been adjusted to $N_{60}$ values.

### A.2.2 Disturbed Samples (DS)/Spin-up Samples (SU)

Sample types described as “DS” or “SU” on the boring logs are disturbed samples, which are taken from the flights of the auger. Because the auger disturbs the samples, possible soil layering and contact depths should be considered approximate.

### A.2.3 Sampling Limitations

Unless actually observed in a sample, contacts between soil layers are estimated based on the spacing of samples and the action of drilling tools. Cobbles, boulders, and other large objects generally cannot be recovered from test borings, and they may be present in the ground even if they are not noted on the boring logs.

Determining the thickness of “topsoil” layers is usually limited, due to variations in topsoil definition, sample recovery, and other factors. Visual-manual description often relies on color for determination, and transitioning changes can account for significant variation in thickness judgment. Accordingly, the topsoil thickness presented on the logs should not be the sole basis for calculating topsoil stripping depths and volumes. If more accurate information is needed relating to thickness and topsoil quality definition, alternate methods of sample retrieval and testing should be employed.

## A.3 CLASSIFICATION METHODS

Soil descriptions shown on the boring logs are based on the Unified Soil Classification (USC) system. The USC system is described in ASTM: D2487 and D2488. Where laboratory classification tests (sieve analysis or Atterberg Limits) have been performed, accurate classifications per ASTM: D2487 are possible. Otherwise, soil descriptions shown on the boring logs are visual-manual judgments. Charts are attached which provide information on the USC system, the descriptive terminology, and the symbols used on the boring logs.

The boring logs include descriptions of apparent geology. The geologic depositional origin of each soil layer is interpreted primarily by observation of the soil samples, which can be limited. Observations of the surrounding topography, vegetation, and development can sometimes aid this judgment.

### A.4 WATER LEVEL MEASUREMENTS

The groundwater level measurements are shown at the bottom of the boring logs. The following information appears under "Water Level Measurements" on the logs:

- Date and Time of measurement
- Sampled Depth: lowest depth of soil sampling at the time of measurement
- Casing Depth: depth to bottom of casing or hollow-stem auger at time of measurement
- Cave-in Depth: depth at which measuring tape stops in the borehole
- Water Level: depth in the borehole where free water is encountered
- Drilling Fluid Level: same as Water Level, except that the liquid in the borehole is drilling fluid

The true location of the water table at the boring locations may be different than the water levels measured in the boreholes. This is possible because there are several factors that can affect the water level measurements in the borehole. Some of these factors include: permeability of each soil layer in profile, presence of perched water, amount of time between water level readings, presence of drilling fluid, weather conditions, and use of borehole casing.

### A.5 LABORATORY TEST METHODS

#### A.5.1 Sieve Analysis of Soils (thru #200 Sieve)

Conducted per AET Procedure 01-LAB-040, which is performed in general conformance with ASTM: D6913, Method A.

### A.6 TEST STANDARD LIMITATIONS

Field and laboratory testing is done in general conformance with the described procedures. Compliance with any other standards referenced within the specified standard is neither inferred nor implied.

### A.7 SAMPLE STORAGE

Unless notified to do otherwise, we routinely retain representative samples of the soils recovered from the borings for a period of 30 days.

## DRILLING AND SAMPLING SYMBOLS

| Symbol | Definition |
|---|---|
| B,H,N: | Size of flush-joint casing |
| CA: | Crew Assistant (initials) |
| CAS: | Pipe casing, number indicates nominal diameter in inches |
| CC: | Crew Chief (initials) |
| COT: | Clean-out tube |
| DC: | Drive casing; number indicates diameter in inches |
| DM: | Drilling mud or bentonite slurry |
| DR: | Driller (initials) |
| DS: | Disturbed sample from auger flights |
| FA: | Flight auger; number indicates outside diameter in inches |
| HA: | Hand auger; number indicates outside diameter |
| HSA: | Hollow stem auger; number indicates inside diameter in inches |
| LG: | Field logger (initials) |
| MC: | Column used to describe moisture condition of samples and for the ground water level symbols |
| N (BPF): | Standard penetration resistance (N-value) in blows per foot (see notes) |
| NQ: | NQ wireline core barrel |
| PQ: | PQ wireline core barrel |
| RD: | Rotary drilling with fluid and roller or drag bit |
| REC: | In split-spoon (see notes) and thin-walled tube sampling, the recovered length (in inches) of sample. In rock coring, the length of core recovered (expressed as percent of the total core run). Zero indicates no sample recovered. |
| REV: | Revert drilling fluid |
| SS: | Standard split-spoon sampler (steel; 1⅜" is inside diameter; 2" outside diameter); unless indicated otherwise |
| SU | Spin-up sample from hollow stem auger |
| TW: | Thin-walled tube; number indicates inside diameter in inches |
| WASH: | Sample of material obtained by screening returning rotary drilling fluid or by which has collected inside the borehole after "falling" through drilling fluid |
| WH: | Sampler advanced by static weight of drill rod and 140-pound hammer |
| WR: | Sampler advanced by static weight of drill rod |
| 94mm: | 94 millimeter wireline core barrel |
| ▼: | Water level directly measured in boring |
| ▽: | Estimated water level based solely on sample appearance |

## TEST SYMBOLS

| Symbol | Definition |
|---|---|
| CONS: | One-dimensional consolidation test |
| DEN: | Dry density, pcf |
| DST: | Direct shear test |
| E: | Pressuremeter Modulus, tsf |
| HYD: | Hydrometer analysis |
| LL: | Liquid Limit, % |
| LP: | Pressuremeter Limit Pressure, tsf |
| OC: | Organic Content, % |
| PERM: | Coefficient of permeability (K) test; F - Field; L - Laboratory |
| PL: | Plastic Limit, % |
| $q_p$: | Pocket Penetrometer strength, tsf (approximate) |
| $q_c$: | Static cone bearing pressure, tsf |
| $q_u$: | Unconfined compressive strength, psf |
| R: | Electrical Resistivity, ohm-cms |
| RQD: | Rock Quality Designator in percent (aggregate length of core pieces 4" or more in length as a percent of total core run) |
| SA: | Sieve analysis |
| TRX: | Triaxial compression test |
| VSR: | Vane shear strength, remoulded (field), psf |
| VSU: | Vane shear strength, undisturbed (field), psf |
| WC: | Water content, as percent of dry weight |
| %-200: | Percent of material finer than #200 sieve |

## STANDARD PENETRATION TEST NOTES

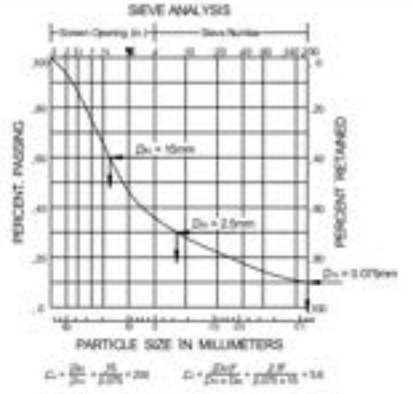
The standard penetration test consists of driving the sampler with a 140 pound hammer and counting the number of blows applied in each of three 6" increments of penetration. If the sampler is driven less than 18" (usually in highly resistant material), permitted in ASTM:D1586, the blows for each complete 6" increment and for each partial increment is on the boring log. For partial increments, the number of blows is shown to the nearest 0.1' below the slash.

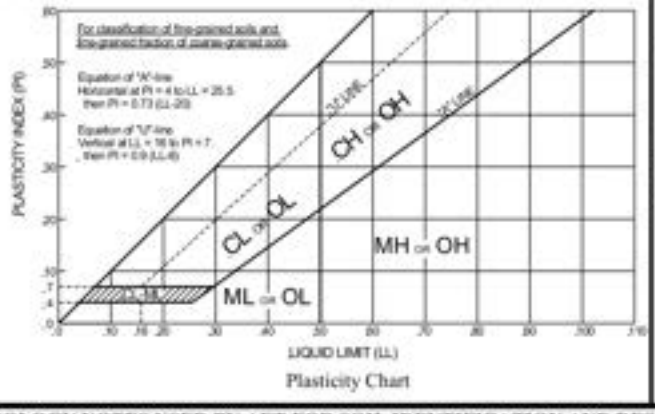
The length of sample recovered, as shown on the "REC" column, may be greater than the distance indicated in the N column. The disparity is because the N-value is recorded below the initial 6" set (unless partial penetration defined in ASTM:D1586 is encountered) whereas the length of sample recovered is for the entire sampler drive (which may even extend more than 18").

# UNIFIED SOIL CLASSIFICATION SYSTEM
## ASTM Designations: D 2487, D2488

AMERICAN ENGINEERING TESTING, INC.

| Criteria for Assigning Group Symbols and Group Names Using Laboratory Tests[A] | | | | Soil Classification: Group Symbol | Soil Classification: Group Name[B] |
|---|---|---|---|---|---|
| Coarse-Grained Soils More than 50% retained on No. 200 sieve | Gravels More than 50% coarse fraction retained on No. 4 sieve | Clean Gravels Less than 5% fines[C] | $Cu \geq 4$ and $1 \leq Cc \leq 3^E$ | GW | Well graded gravel[F] |
| | | | $Cu < 4$ and/or $1 > Cc > 3^E$ | GP | Poorly graded gravel[F] |
| | | Gravels with Fines more than 12% fines[C] | Fines classify as ML or MH | GM | Silty gravel[F,G,H] |
| | | | Fines classify as CL or CH | GC | Clayey gravel[F,G,H] |
| | Sands 50% or more of coarse fraction passes No. 4 sieve | Clean Sands Less than 5% fines[D] | $Cu \geq 6$ and $1 \leq Cc \leq 3^E$ | SW | Well-graded sand[I] |
| | | | $Cu < 6$ and/or $1 > Cc > 3^E$ | SP | Poorly-graded sand[I] |
| | | Sands with Fines more than 12% fines[D] | Fines classify as ML or MH | SM | Silty sand[G,H,I] |
| | | | Fines classify as CL or CH | SC | Clayey sand[G,H,I] |
| Fine-Grained Soils 50% or more passes the No. 200 sieve (see Plasticity Chart below) | Silts and Clays Liquid limit less than 50 | inorganic | PI>7 and plots on or above "A" line[J] | CL | Lean clay[K,L,M] |
| | | | PI<4 or plots below "A" line[J] | ML | Silt[K,L,M] |
| | | organic | Liquid limit–oven dried / Liquid limit – not dried < 0.75 | OL | Organic clay[K,L,M,N] Organic silt[K,L,M,O] |
| | Silts and Clays Liquid limit 50 or more | inorganic | PI plots on or above "A" line | CH | Fat clay[K,L,M] |
| | | | PI plots below "A" line | MH | Elastic silt[K,L,M] |
| | | organic | Liquid limit–oven dried / Liquid limit – not dried < 0.75 | OH | Organic clay[K,L,M,P] Organic silt[K,L,M,Q] |
| Highly organic soil | | | Primarily organic matter, dark in color, and organic in odor | PT | Peat[R] |



Plasticity Chart

### Notes

[A]Based on the material passing the 3-in (75-mm) sieve.
[B]If field sample contained cobbles or boulders, or both, add "with cobbles or boulders, or both" to group name.
[C]Gravels with 5 to 12% fines require dual symbols:
GW-GM well-graded gravel with silt
GW-GC well-graded gravel with clay
GP-GM poorly graded gravel with silt
GP-GC poorly graded gravel with clay
[D]Sands with 5 to 12% fines require dual symbols:
SW-SM well-graded sand with silt
SW-SC well-graded sand with clay
SP-SM poorly graded sand with silt
SP-SC poorly graded sand with clay

[E]$Cu = D_{60}/D_{10}$ $\quad Cc = \dfrac{(D_{30})^2}{D_{10} \times D_{60}}$

[F]If soil contains ≥15% sand, add "with sand" to group name.
[G]If fines classify as CL-ML, use dual symbol GC-GM, or SC-SM.
[H]If fines are organic, add "with organic fines" to group name.
[I]If soil contains ≥15% gravel, add "with gravel" to group name.
[J]If Atterberg limits plot is hatched area, soil is a CL-ML silty clay.
[K]If soil contains 15 to 29% plus No. 200 add "with sand" or "with gravel", whichever is predominant.
[L]If soil contains ≥30% plus No. 200, predominantly sand, add "sandy" to group name.
[M]If soil contains ≥30% plus No. 200, predominantly gravel, add "gravelly" to group name.
[N]PI≥4 and plots on or above "A" line.
[O]PI<4 or plots below "A" line.
[P]PI plots on or above "A" line.
[Q]PI plots below "A" line.
[R]Fiber Content description shown below.

## ADDITIONAL TERMINOLOGY NOTES USED BY AET FOR SOIL IDENTIFICATION AND DESCRIPTION

### Grain Size

| Term | Particle Size |
|---|---|
| Boulders | Over 12" |
| Cobbles | 3" to 12" |
| Gravel | #4 sieve to 3" |
| Sand | #200 to #4 sieve |
| Fines (silt & clay) | Pass #200 sieve |

### Gravel Percentages

| Term | Percent |
|---|---|
| A Little Gravel | 3% - 14% |
| With Gravel | 15% - 29% |
| Gravelly | 30% - 50% |

### Consistency of Plastic Soils

| Term | N-Value, BPF |
|---|---|
| Very Soft | less than 2 |
| Soft | 2 - 4 |
| Firm | 5 - 8 |
| Stiff | 9 - 15 |
| Very Stiff | 16 - 30 |
| Hard | Greater than 30 |

### Relative Density of Non-Plastic Soils

| Term | N-Value, BPF |
|---|---|
| Very Loose | 0 - 4 |
| Loose | 5 - 10 |
| Medium Dense | 11 - 30 |
| Dense | 31 - 50 |
| Very Dense | Greater than 50 |

### Moisture/Frost Condition (MC Column)

D (Dry): Absence of moisture, dusty, dry to touch.
M (Moist): Damp, although free water not visible. Soil may still have a high water content (over "optimum").
W (Wet/ Waterbearing): Free water visible, intended to describe non-plastic soils. Waterbearing usually relates to sands and sand with silt.
F (Frozen): Soil frozen

### Layering Notes

Laminations: Layers less than ½" thick of differing material or color.
Lenses: Pockets or layers greater than ½" thick of differing material or color.

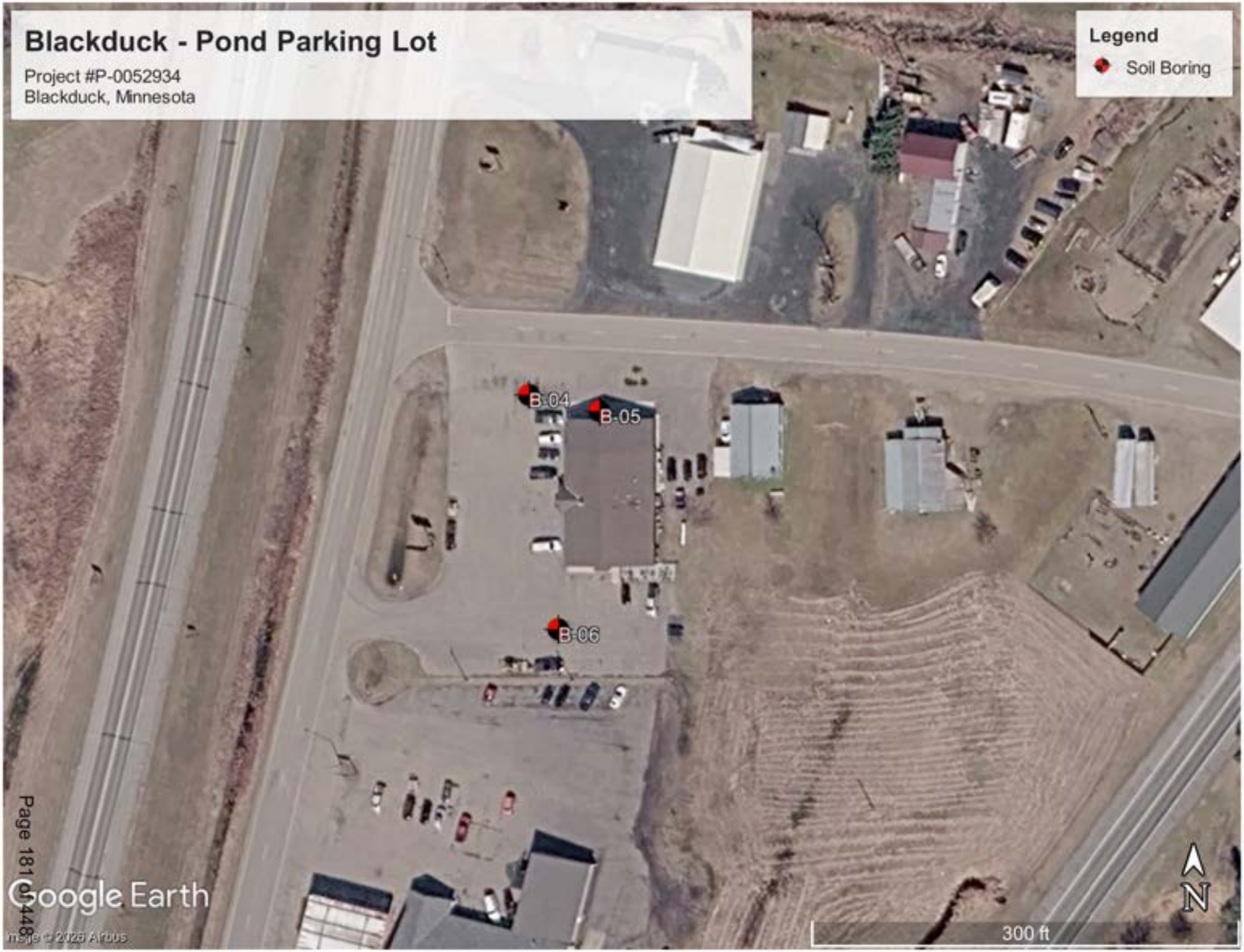
### Peat Description

| Term | Fiber Content (Visual Estimate) |
|---|---|
| Fibric Peat: | Greater than 67% |
| Hemic Peat: | 33 – 67% |
| Sapric Peat: | Less than 33% |

### Organic Description (if no lab tests)

Soils are described as *organic*, if soil is not peat and is judged to have sufficient organic fines content to influence the Liquid Limit properties. *Slightly organic* used for borderline cases.

Root Inclusions
With roots: Judged to have sufficient quantity of roots to influence the soil properties.
Trace roots: Small roots present, but not judged to be in sufficient quantity to significantly affect soil properties.


Blackduck - Pond Parking Lot
Project #P-0052934
Blackduck, Minnesota
Legend
Soil Boring
B-04
B-05
B-06
Google Earth
300 ft
N

# SUBSURFACE BORING LOG

AET JOB NO: **P-0052934** LOG OF BORING NO. **B-04 (p. 1 of 1)**

PROJECT: **Blackduck - Sanitary Sewer Lift Station; Blackduck, Minnesota**

SURFACE ELEVATION: **1374.5** LATITUDE: **47.727742** LONGITUDE: **-94.553166**

| DEPTH IN FEET | MATERIAL DESCRIPTION | GEOLOGY | N | MC | SAMPLE TYPE | REC IN. | FIELD & LABORATORY TESTS qp | WC | DEN | %-#200 | qu |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 3" of Bituminous pavement | FILL | | | | | | | | | |
| 1 | FILL, mostly silty sand, little gravel, fine to coarse grained, brown to black (SM) apparent aggregate base | TILL | | M | AS | | | | | | |
| 2 | LEAN CLAY, trace sand, little gravel, brown, firm to very stiff (CL) | | | | | | | | | | |
| 3 | | | 7 | M | SS | 9 | 3.2 | 14 | 124 | | |
| 4 | LEAN CLAY, trace sand, dark brown, stiff (CL) | | | | | | | | | | |
| 5 | | | 13 | M | SS | 6 | 3.4 | 16 | 119 | | |
| 6 | | | | | | | | | | | |
| 7 | | | | | | | | | | | |
| 8 | | | 16 | M | SS | 9 | 4.6 | | | | |
| 9 | | | | | | | | | | | |
| 10 | | | 13 | M | SS | 14 | 3.4 | | | | |
| 11 | **END OF BORING - 11'** | | | | | | | | | | |

DEPTH: DRILLING METHOD

**0-9½' 3.25" HSA**

BORING COMPLETED: **6/9/26**

DR: **BH** LG: **LL** Rig: **103**

WATER LEVEL MEASUREMENTS

| DATE | TIME | SAMPLED DEPTH | CASING DEPTH | CAVE-IN DEPTH | DRILLING FLUID LEVEL | WATER LEVEL |
|---|---|---|---|---|---|---|
| **6/9/26** | **--** | **11.0** | **9.5** | **--** | **--** | **None** |

NOTE: REFER TO THE ATTACHED SHEETS FOR AN EXPLANATION OF TERMINOLOGY ON THIS LOG

AET_CORP W-LAT-LONG BLACKDUCK - SANITARY SEWER LIFT STATION - P-0052934.GPJ AET+CPT+WELL.GDT 6/19/26

# SUBSURFACE BORING LOG

AET JOB NO: **P-0052934** LOG OF BORING NO. **B-05 (p. 1 of 1)**

PROJECT: **Blackduck - Sanitary Sewer Lift Station; Blackduck, Minnesota**

SURFACE ELEVATION: **1375.0** LATITUDE: **47.727711** LONGITUDE: **-94.552966**

| DEPTH IN FEET | MATERIAL DESCRIPTION | GEOLOGY | N | MC | SAMPLE TYPE | REC IN. | FIELD & LABORATORY TESTS qp | WC | DEN | %-#200 | qu |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 5.25" of Concrete | FILL | | | | | | | | | |
| | FILL, mostly clayey sand, little gravel, fine to coarse grained, brown to black (SM) apparent aggregate base | | | M | AS | | | | | | |
| 1 | | TILL | | | | | | | | | |
| | LEAN CLAY, trace sand, light brown to light gray, firm (CL) | | | | | | | | | | |
| 2 | | | | | | | | | | | |
| | | | 5 | M | SS | 10 | 1.3 | 15 | 124 | | |
| 3 | | | | | | | | | | | |
| 4 | | | | | | | | | | | |
| | LEAN CLAY, trace sand, little gravel, brown to gray, stiff (CL) | | | | | | | | | | |
| 5 | | | 9 | M | SS | 12 | 2.3 | 15 | 124 | | |
| 6 | | | | | | | | | | | |
| 7 | | | | | | | | | | | |
| | | | 12 | M | SS | 14 | 3.4 | | | | |
| 8 | | | | | | | | | | | |
| 9 | | | | | | | | | | | |
| | LEAN CLAY, trace sand, dark brown, very stiff (CL) | | | | | | | | | | |
| 10 | | | 16 | M | SS | 16 | 4.8 | | | | |
| 11 | **END OF BORING - 11'** | | | | | | | | | | |

| DEPTH: | DRILLING METHOD |
|---|---|
| **0-9½'** | **3.25" HSA** |

WATER LEVEL MEASUREMENTS

| DATE | TIME | SAMPLED DEPTH | CASING DEPTH | CAVE-IN DEPTH | DRILLING FLUID LEVEL | WATER LEVEL |
|---|---|---|---|---|---|---|
| **6/9/26** | **--** | **11.0** | **9.5** | **--** | **--** | **None** |

BORING COMPLETED: **6/9/26**

DR: **BH** LG: **LL** Rig: **103**

NOTE: REFER TO THE ATTACHED SHEETS FOR AN EXPLANATION OF TERMINOLOGY ON THIS LOG

AET_CORP W-LAT-LONG BLACKDUCK - SANITARY SEWER LIFT STATION - P-0052934.GPJ AET+CPT+WELL.GDT 6/19/26

# SUBSURFACE BORING LOG

AET JOB NO: **P-0052934** LOG OF BORING NO. **B-06 (p. 1 of 1)**

PROJECT: **Blackduck - Sanitary Sewer Lift Station; Blackduck, Minnesota**

SURFACE ELEVATION: **1373.0** LATITUDE: **47.727295** LONGITUDE: **-94.553083**

| DEPTH IN FEET | MATERIAL DESCRIPTION | GEOLOGY | N | MC | SAMPLE TYPE | REC IN. | FIELD & LABORATORY TESTS qp | WC | DEN | %-#200 | qu |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 4" of Bituminous pavement | FILL | | | | | | | | | |
| 1 | FILL, mostly silty sand, little gravel, fine to coarse grained, brown to black (SM) apparent aggregate base | BURIED TOPSOIL | | M | AS | | | | | | |
| 2 | ORGANIC SILTY CLAY, black to dark gray (OL) Possible fill | | | | | | | | | | |
| 3 | | | 4 | M | SS | 6 | | | | | |
| 4 | LEAN CLAY, trace sand, greenish-gray, stiff (CL) | TILL | | | | | | | | | |
| 5 | | | 10 | M | SS | 8 | 2.9 | 15 | | | |
| 6 | | | | | | | | | | | |
| 7 | LEAN CLAY, trace sand, little gravel, brown to light gray, stiff (CL) | | | | | | | | | | |
| 8 | | | 10 | M | SS | 16 | 2.5 | 15 | 125 | | |
| 9 | | | | | | | | | | | |
| 10 | | | 10 | M | SS | 14 | 1.9 | | | | |
| 11 | **END OF BORING - 11'** | | | | | | | | | | |

| DEPTH: DRILLING METHOD | WATER LEVEL MEASUREMENTS | | | | | | |
|---|---|---|---|---|---|---|---|
| | DATE | TIME | SAMPLED DEPTH | CASING DEPTH | CAVE-IN DEPTH | DRILLING FLUID LEVEL | WATER LEVEL |
| **0-9½' 3.25" HSA** | **6/9/26** | **--** | **11.0** | **9.5** | **--** | **--** | **None** |
| | | | | | | | |
| BORING COMPLETED: **6/9/26** | | | | | | | |
| DR: **BH** LG: **LL** Rig: **103** | | | | | | | |

NOTE: REFER TO THE ATTACHED SHEETS FOR AN EXPLANATION OF TERMINOLOGY ON THIS LOG

AET_CORP W-LAT-LONG BLACKDUCK - SANITARY SEWER LIFT STATION - P-0052934.GPJ AET+CPT+WELL.GDT 6/19/26

# Appendix B

Geotechnical Report Limitations and Guidelines for Use

# Appendix B
# Geotechnical Report Limitations and Guidelines for Use
# Report No. P-0052934.02

## B.1 REFERENCE

This appendix provides information to help you manage your risks relating to subsurface problems which are caused by construction delays, cost overruns, claims, and disputes. This information was developed and provided by GBA[1], of which, we are a member firm.

## B.2 RISK MANAGEMENT INFORMATION

### B.2.1 Understand the Geotechnical Engineering Services Provided for this Report

Geotechnical engineering services typically include the planning, collection, interpretation, and analysis of exploratory data from widely spaced borings and/or test pits. Field data are combined with results from laboratory tests of soil and rock samples obtained from field exploration (if applicable), observations made during site reconnaissance, and historical information to form one or more models of the expected subsurface conditions beneath the site. Local geology and alterations of the site surface and subsurface by previous and proposed construction are also important considerations. Geotechnical engineers apply their engineering training, experience, and judgment to adapt the requirements of the prospective project to the subsurface model(s). Estimates are made of the subsurface conditions that will likely be exposed during construction as well as the expected performance of foundations and other structures being planned and/or affected by construction activities.

The culmination of these geotechnical engineering services is typically a geotechnical engineering report providing the data obtained, a discussion of the subsurface model(s), the engineering and geologic engineering assessments and analyses made, and the recommendations developed to satisfy the given requirements of the project. These reports may be titled investigations, explorations, studies, assessments, or evaluations. Regardless of the title used, the geotechnical engineering report is an engineering interpretation of the subsurface conditions within the context of the project and does not represent a close examination, systematic inquiry, or thorough investigation of all site and subsurface conditions.

### B.2.2 Geotechnical Engineering Services are Performed for Specific Purposes, Persons, and Projects, and At Specific Times

Geotechnical engineers structure their services to meet the specific needs, goals, and risk management preferences of their clients. A geotechnical engineering study conducted for a given civil engineer will not likely meet the needs of a civil-works constructor or even a different civil engineer. Because each geotechnical engineering study is unique, each geotechnical engineering report is unique, prepared solely for the client.

Likewise, geotechnical engineering services are performed for a specific project and purpose. For example, it is unlikely that a geotechnical engineering study for a refrigerated warehouse will be the same as one prepared for a parking garage; and a few borings drilled during a preliminary study to evaluate site feasibility will not be adequate to develop geotechnical design recommendations for the project.

Do not rely on this report if your geotechnical engineer prepared it:

- for a different client;
- for a different project or purpose;
- for a different site (that may or may not include all or a portion of the original site); or
- before important events occurred at the site or adjacent to it; e.g., man-made events like construction or environmental remediation, or natural events like floods, droughts, earthquakes, or groundwater fluctuations.

Note, too, the reliability of a geotechnical-engineering report can be affected by the passage of time, because of factors like changed subsurface conditions; new or modified codes, standards, or regulations; or new techniques or tools. If you are the least bit uncertain about the continued reliability of this report, contact your geotechnical engineer before applying the recommendations in it. A minor amount of additional testing or analysis after the passage of time – if any is required at all – could prevent major problems.

1 Geoprofessional Business Association, 1300 Piccard Drive, LL14, Rockville, MD 20850
Telephone: 301/565-2733: www.geoprofessional.org, 2019

**B.2.3 Read the Full Report**
Costly problems have occurred because those relying on a geotechnical-engineering report did not read the report in its entirety. Do not rely on an executive summary. Do not read selective elements only. Read and refer to the report in full.

**B.2.4 You Need to Inform Your Geotechnical Engineer About Change**
Your geotechnical engineer considered unique, project-specific factors when developing the scope of study behind this report and developing the confirmation-dependent recommendations the report conveys. Typical changes that could erode the reliability of this report include those that affect:

- the site's size or shape;
- the elevation, configuration, location, orientation, function or weight of the proposed structure and the desired performance criteria;
- the composition of the design team; or
- project ownership.

As a general rule, always inform your geotechnical engineer of project or site changes – even minor ones – and request an assessment of their impact. The geotechnical engineer who prepared this report cannot accept responsibility or liability for problems that arise because the geotechnical engineer was not informed about developments the engineer otherwise would have considered.

**B.2.5 Most of the "Findings" Related in This Report Are Professional Opinions**
Before construction begins, geotechnical engineers explore a site's subsurface using various sampling and testing procedures. Geotechnical engineers can observe actual subsurface conditions only at those specific locations where sampling and testing is performed. The data derived from that sampling and testing were reviewed by your geotechnical engineer, who then applied professional judgement to form opinions about subsurface conditions throughout the site. Actual sitewide-subsurface conditions may differ – maybe significantly – from those indicated in this report. Confront that risk by retaining your geotechnical engineer to serve on the design team through project completion to obtain informed guidance quickly, whenever needed.

**B.2.6 This Report's Recommendations Are Confirmation-Dependent**
The recommendations included in this report – including any options or alternatives – are confirmation-dependent. In other words, they are not final, because the geotechnical engineer who developed them relied heavily on judgement and opinion to do so. Your geotechnical engineer can finalize the recommendations only after observing actual subsurface conditions exposed during construction. If through observation your geotechnical engineer confirms that the conditions assumed to exist actually do exist, the recommendations can be relied upon, assuming no other changes have occurred. The geotechnical engineer who prepared this report cannot assume responsibility or liability for confirmation-dependent recommendations if you fail to retain that engineer to perform construction observation.

**B.2.7 This Report Could Be Misinterpreted**
Other design professionals' misinterpretation of geotechnical engineering reports has resulted in costly problems. Confront that risk by having your geotechnical engineer serve as a continuing member of the design team, to:

- confer with other design-team members;
- help develop specifications;
- review pertinent elements of other design professionals' plans and specifications; and
- be available whenever geotechnical engineering guidance is needed.

You should also confront the risk of constructors misinterpreting this report. Do so by retaining your geotechnical engineer to participate in prebid and preconstruction conferences and to perform construction-phase observations.

**B.2.8 Give Constructors a Complete Report and Guidance**
Some owners and design professionals mistakenly believe they can shift unanticipated-subsurface-conditions liability to constructors by limiting the information they provide for bid preparation. To help prevent the costly, contentious problems this practice has caused, include the complete geotechnical engineering report, along with any attachments or appendices, with your contract documents, but be certain to note conspicuously that you've included the material for information purposes only. To avoid misunderstanding, you may also want to note that "informational purposes" means constructors have no right to rely on the interpretations, opinions, conclusions, or recommendations in the

report. Be certain that constructors know they may learn about specific project requirements, including options selected from the report, only from the design drawings and specifications. Remind constructors that they may perform their own studies if they want to, and be sure to allow enough time to permit them to do so. Only then might you be in a position to give constructors the information available to you, while requiring them to at least share some of the financial responsibilities stemming from unanticipated conditions. Conducting prebid and preconstruction conferences can also be valuable in this respect.

**B.2.9 Read Responsibility Provisions Closely**

Some client representatives, design professionals, and constructors do not realize that geotechnical engineering is far less exact than other engineering disciplines. This happens in part because soil and rock on project sites are typically heterogeneous and not manufactured materials with well-defined engineering properties like steel and concrete. That lack of understanding has nurtured unrealistic expectations that have resulted in disappointments, delays, cost overruns, claims, and disputes. To confront that risk, geotechnical engineers commonly include explanatory provisions in their reports. Sometimes labeled "limitations," many of these provisions indicate where geotechnical engineers' responsibilities begin and end, to help others recognize their own responsibilities and risks. Read these provisions closely. Ask questions. Your geotechnical engineer should respond fully and frankly.

**B.2.10 Geoenvironmental Concerns Are Not Covered**

The personnel, equipment, and techniques used to perform an environmental study – e.g., a "phase-one" or "phase-two" environmental site assessment – differ significantly from those used to perform a geotechnical engineering study. For that reason, a geotechnical engineering report does not usually provide environmental findings, conclusions, or recommendations; e.g., about the likelihood of encountering underground storage tanks or regulated contaminants. Unanticipated subsurface environmental problems have led to project failures. If you have not obtained your own environmental information about the project site, ask your geotechnical consultant for a recommendation on how to find environmental risk-management guidance.

**B.2.11 Obtain Professional Assistance to Deal with Moisture Infiltration and Mold**

While your geotechnical engineer may have addressed groundwater, water infiltration, or similar issues in this report, the engineer's services were not designed, conducted, or intended to prevent migration of moisture – including water vapor – from the soil through building slabs and walls and into the building interior, where it can cause mold growth and material-performance deficiencies. Accordingly, proper implementation of the geotechnical engineer's recommendations will not of itself be sufficient to prevent moisture infiltration. Confront the risk of moisture infiltration by including building-envelope or mold specialists on the design team. Geotechnical engineers are not building-envelope or mold specialists.

# REPORT OF GEOTECHNICAL EXPLORATION

Sanitary Sewer Lift Station
Blackduck, Minnesota

**AET Project No.**
P-0052934.01

**Date:**
July 7, 2026

**Prepared for:**
City of Blackduck

Geotechnical • Materials
Forensic • Environmental
Building Technology
Petrography/Chemistry

**American Engineering Testing**
3095 42nd Street North
Fargo, ND 58102
TeamAET.com • 701.232.1822

July 7, 2026

City of Blackduck
8 Summit Ave NE
Blackduck, MN 56630

Attn: Christina Regas, City Administrator

RE: Sanitary Sewer Lift Station
Blackduck, Minnesota
AET Report No. P-0052934.01

Ms. Regas:

American Engineering Testing, Inc. (AET) is pleased to present the results of our subsurface exploration program and geotechnical engineering review for your Sanitary Sewer Lift Station and Pond Pavement project in Blackduck, Minnesota. These services were performed according to our proposal to you dated May 6, 2026.

We are submitting one copy of the report to you.

Please contact us at (701) 232-1822 if you have any questions about the report. We can also be contacted for arranging construction observation and testing services during the earthwork phase.

Sincerely,
**American Engineering Testing, Inc.**

Josh Holmes, P.E.
**Principal Engineer**
jholmes@teamaet.com

Mark Blixt, P.E. (ND)
**Engineer II**
mblixt@teamaet.com

I hereby certify that this plan, specification, or report was prepared by me or under my direct supervision and that I am a Duly Licensed Professional Engineer under the Laws of the State of Minnesota.

Joshua A. Holmes, P.E.
Date: 7/7/26 Reg. No. 53424

# TABLE OF CONTENTS

Page

TRANSMITTAL LETTER ..... i
TABLE OF CONTENTS ..... ii
1.0 INTRODUCTION ..... 1
2.0 SCOPE OF SERVICES ..... 1
3.0 PROJECT INFORMATION ..... 1
4.0 SUBSURFACE EXPLORATION AND TESTING ..... 2
4.1 Field Exploration Program ..... 2
4.2 Laboratory Testing ..... 2
5.0 SITE CONDITIONS ..... 2
5.1 Surface Observations ..... 2
5.2 Subsurface Soils/Geology ..... 2
5.3 Groundwater ..... 3
6.0 RECOMMENDATIONS ..... 3
6.1 Site Preparation ..... 3
6.2 Foundations ..... 4
6.3 Utility Construction ..... 5
6.4 Exterior Backfill and Subsurface Drainage ..... 6
7.0 CONSTRUCTION CONSIDERATIONS ..... 7
7.1 Potential Difficulties ..... 7
7.2 Excavation Backsloping ..... 7
7.3 Observation and Testing ..... 7
8.0 TEST STANDARDS ..... 8
9.0 LIMITATIONS ..... 8

STANDARD SHEETS
Floor Slab Moisture/Vapor Protection
Freezing Weather Effects on Building Construction

APPENDIX A – Geotechnical Field Exploration and Testing
Boring Log Notes
Unified Soil Classification System
Figure 1 - Boring Locations
Subsurface Boring Logs

APPENDIX B – Geotechnical Report Limitations and Guidelines for Use

# 1.0 INTRODUCTION

The proposed project will include construction of a new sanitary sewer lift station on the south side of Blackduck Wayside Rest Park within the city of Blackduck, Minnesota. To assist planning and design, you have authorized American Engineering Testing, Inc. (AET) to conduct a subsurface exploration program at the site, conduct soil laboratory testing, and perform a geotechnical engineering review for the project. This report presents the results of the above services and provides our engineering recommendations based on this data.

# 2.0 SCOPE OF SERVICES

AET's services were performed according to our proposal to you dated May 6, 2026, which you authorized on May 6, 2026. The authorized scope consists of the following.

- Three (3) standard penetration test borings to maximum depth of 30 feet
- Soil laboratory testing
- Geotechnical engineering review based on the data and preparation of this report

These services are intended for geotechnical purposes only. The scope is not intended to explore for the presence or extent of environmental contamination in the soil or groundwater.

# 3.0 PROJECT INFORMATION

We anticipate utility construction will include new sanitary sewer lines and a new lift station. Depths of the utilities and lift station have not been provided at this time. Based on the boring depths, we anticipate the sanitary invert elevations will be on the order of 7 to 10 feet below grade while the lift station will be on the order of 20 to 25 feet below grade.

The above stated information represents our understanding of the proposed construction. This information is an integral part of our engineering review. It is important that you contact us if there are changes from that described so that we can evaluate whether modifications to our recommendations are appropriate.

# 4.0 SUBSURFACE EXPLORATION AND TESTING

## 4.1 Field Exploration Program

The subsurface exploration program conducted for the project consisted of three (3) standard penetration test borings. Number of borings, boring depths, and boring locations were discussed with the client. The logs of the borings and details of the methods used appear in Appendix A. The logs contain information concerning soil layering, soil classification, geologic origins, and moisture condition. A density description or consistency is also noted for the natural soils, which is based on the standard penetration resistance (N-value).

The boring locations were selected by Widseth personnel and are shown on Figure 1 in Appendix A. The borings were located in the field by AET personnel using handheld GPS units. Surface elevations were estimated using publicly-available (MNTOPO) LiDAR data.

## 4.2 Laboratory Testing

The laboratory test program included moisture-densities of native cohesive soils. The test results appear in Appendix A on the individual boring logs adjacent to the samples upon which they were performed, or on the data sheets following the logs.

# 5.0 SITE CONDITIONS

## 5.1 Surface Observations

The borings were performed within greenspace in the city park. We assume subsurface soils do not include demolition material from prior occupancy or from other off-site locations. Surface drainage appears to be toward roadside ditching.

## 5.2 Subsurface Soils/Geology

The overall subsurface soil profile at the borings consists of approximately 0.5 to 4 feet of topsoil. Underlying soils are mostly comprised of soft to stiff Ground Moraine soils that extend to termination of borings. The project soils primarily consist of lean clay with varying color, gravel content, unit weight. Peat was encountered near surface in boring B-01. Additional comment on the evaluation of recovered soil samples is presented within the report appendices.

### 5.3 Groundwater

A temporary piezometer was installed at boring location B-01 at start of drilling operations, and was checked again at the end of operations. Measurable groundwater was not encountered during or at completion of site drilling. The moisture content of such soils can vary annually and per recent precipitation. Such soils and other regional dependent conditions may produce ground water entry of project excavations. We direct your attention to other report sections concerning ground water issues.

## 6.0 RECOMMENDATIONS

### 6.1 Site Preparation

We recommend removal of existing topsoil and/or any unsuitable material(s) encountered during advancement of project excavations. Near surface organic fill, buried topsoil, and peat should be separated during excavation.

Note that excavation depths for this project may exceed 20 feet. Excavations below 20 feet require the Contractor obtain a “dig plan” and review of the excavation for global stability, base heave, and safety of workmen per OSHA statute by a licensed professional engineer.

Engineered fill for overall corrective earthwork should consist of native, non-organic clay. If necessary, 1 ¼” crushed rock may be placed at the base of the lift station structural mat foundation. If necessary to create a firm base for aggregate, lean concrete may be used. The lean concrete should consist of a cementitious sand slurry mixture designed to provide a 28 day compressive strength on the order or slightly in excess of 300 pounds per square inch (psi). Compressive strengths below this threshold can result in premature failure of the protective system. You should place the lean concrete mixture with a slump of between 5 and 7 inches.

Where the excavation extends below foundation grade, the excavation bottom and resultant engineered fill system must be oversized laterally beyond the planned outside edges of the foundations to properly support the loads exerted by that foundation. This excavation/engineered fill lateral extension should at least be equal to the vertical depth of fill needed to attain foundation grade at that location (i.e., 1:1 lateral oversize).

We caution that groundwater entry my occur due to seasonal fluctuations of the local water table. If groundwater is present, you should pump seepage from excavations continuously during construction.

## 6.2 Foundations

The following bearing recommendations are based on our understanding of the project. You should notify us of any changes made to the project size, location, design, or site grades so we can assess how such changes impact our recommendations.

The lift station should be designed to resist hydrostatic uplift forces. This should be accomplished using the effective weight of the structure and overburden soils. The maximum allowable uplift capacity should be taken as a sum of the effective weight of the structure and overlying soils, divided by an appropriate factor of safety. We recommend a groundwater elevation of 1364 feet should be used for determining effective weight of overburden soils. It is our opinion that the maximum unit weights of 115 pcf and 60 pcf should be used for well-compacted backfill above and below 1364 feet, respectively.

You should reinforce mat foundation construction and provide appropriate restraints to limit movement of the lift stations. You should also provide a water stop or similar control to limit water intrusion into the structure. We recommend using a net allowable bearing pressure of 2,000 pounds per square foot (psf) for design of the lift station mat foundations. Design of foundation slabs may be based on an estimated subgrade reaction modulus(k) of 50 lbs/in$^3$. The lift stations should be designed to resist ultimate uplift load derived from hydrostatic loading from groundwater under “dry pump well” condition.

We estimate native soils provide a nominal 3 factor of safety against localized bearing failure when construction complies with report criteria and recommendations, and you design structure footings using the maximum net allowable soil bearing recommendation(s).

We also estimate that footings designed with the maximum net allowable soil bearing pressure recommendations and loaded per report assumptions may experience long term, total settlement of approximately 1 inch. The foundation may experience differential settlement on the order of 25 to 50 percent of total settlement.

Furthermore, total and differential movement of footings and slabs could be significantly greater than the above estimates if you support construction on frozen soils, the moisture content of the bearing soils significantly changes from in situ conditions, and snow or ice lenses are incorporated into site earthwork.

Construction should extend structure foundations and piping to sufficient depth below ground (exposed slab) surface as protection against frost action. For this project, you should extend foundations and piping to a minimum of 7 feet below grade.

Below grade lift station walls with unbalanced earthen fill will experience lateral loading from retained soils. You may model this lateral loading as an equivalent earth pressure applied to the foundation wall providing site geometric and related conditions complies with the parameters supporting such modeling. We recommend use of the Table 1 "at-rest" equivalent fluid earth pressures for establishing lateral loading of foundations walls with unbalanced earthen fill.

**Table 1: Estimate of Equivalent Fluid Weight of Retained Soils**

| Soil Type | Friction Factor for Sliding Resistance 2 | "At Rest" Condition (pcf) | "Active" Condition (pcf) | "Passive" Condition (pcf) |
|---|---|---|---|---|
| Sand (SP, SP-SM) | 0.450 | 65 | 45 | 200 |
| Lean Clay (CL) | 0.300 | 95 | 80 | 145 |

1. The recommendations for equivalent fluid weight are based solely on premise of conditions with respect to sloping ground and/or surcharge loads. Design professional is cautioned that actual loads imparted to the restraint(s) will be dependent on soil conditions, site geometric considerations and surcharge loads.
2. The determination of resistance to sliding determined based on multiplication of the respective coefficient of friction by the effective vertical stress occurring at the elevation of interest.

## 6.3 Utility Construction

Where clay soils are present, you should consider and place geotextile separation fabric below pipe bedding aggregate to reduce clay intrusion into bedding material. The Geotechnical Engineer of Record or their designated representative should determine the need for geotextile placement after observation of completed excavations.

Engineered fill for overall backfill of utility trench construction may consist of native, non-organic clay provided it is tempered for moisture, placed 12 inch maximum depth lifts, and compacted. Engineered fill should be compacted to no less than 95 percent of the maximum dry density as obtained by the Standard Proctor test (ASTM D:698 or AASHTO T99). If pavement is to be placed above the trench, we recommend engineered fill be compacted to no less than 100 percent of the maximum dry density within 3 feet of finished grade.

We anticipate bedding material will consist of a well graded granular material. The bedding material should be determined by the Civil Engineer of Record as it correlates to the design of the pipe.

Settlement of properly placed and compacted backfill will be dependent on the depth of the trench. We anticipate settlement of trench backfill will be on the order of ½ to 1 inch. Total and differential settlement of engineered fill placement of underground utilities slabs could be significantly greater than the above estimates if you support construction on frozen soils, the moisture content of the bearing soils significantly changes from insitu conditions, and snow or ice lenses are incorporated into site earthwork.

In our opinion, the native soils and any uncontrolled fill existing along excavation for piped utilities will impart lateral loading to temporary shoring or trench box systems used by the Contractor. It is our opinion design of proper restraint of excavation, while responsibility of professional retained by the Contractor, may utilize the "at-rest" equivalent fluid pressures of the above Table 1 to assess likely loading of systems. Note such assessment by Contractor's consultant should exclude use of cohesive soil strength due to the unreliability of such being present, and must include allowance for any change in grade from horizontal or surcharge loads occurring near excavation.

## 6.4 Exterior Backfill and Subsurface Drainage

Areas producing significant groundwater entry of trench and lift station excavations should receive a secondary perforated subsurface drain let into deep storm water basins by means of controlling water during fill placement and for continued drainage. Note this placement of subsurface drainage must also consider the impact of long term drainage of site soils and how this impacts adjoining properties. As a general guideline, such drainage consists of perforated pipe and/or coarse drainage aggregate encased within geotextile. The project Civil Engineer of Record should determine actual need for subsurface drainage.

You should maintain positive drainage during and after construction of project and eliminate ponding of water on site soils. We recommend you include provisions within construction documents for positive drainage of site. You should install sumps at critical areas around project to assist in removal of seepage and runoff from site.

Exterior backfill of lift station should consist of native, non-organic soils. Fill should be placed and compacted in maximum 1-foot vertical lifts. Placement of exterior backfill against lift station walls should be performed concurrent with placement of backfill on the opposite side of the lift station to minimize differential loading, rotation and/or movement of the lift station.

Unless otherwise directed by the report, you should temper engineered fill for correct moisture content and then place and compact individual lifts of engineered fill to 95% relative compaction to a standard Proctor. Clay fill should be moisture conditioned such that it is no less than 1 percent below and no more than 3 percent above optimum.

You should limit placement of exterior backfill against below grade foundations until lateral restraint of the foundation walls has been installed to the satisfaction of the Structural Engineer. Final grading of exterior backfill should provide sufficient grade for positive drainage from structure. We presented within other report section recommendations for final grading.

# 7.0 CONSTRUCTION CONSIDERATIONS

## 7.1 Potential Difficulties

### *7.1.1 Runoff Water in Excavation*

Water can be expected to collect in the excavation bottom during times of inclement weather or snow melt. To allow observation of the excavation bottom, to reduce the potential for soil disturbance, and to facilitate filling operations, we recommend water be removed from within the excavation during construction.

### *7.1.2 Disturbance of Soils*

The on-site soils can be disturbed under construction traffic, especially if the soils are wet. If soils become disturbed, they should be subcut to the underlying undisturbed soils. The subcut soils can then be dried and recompacted back into place, or they should be removed and replaced with drier imported fill.

## 7.2 Excavation Backsloping

If excavation faces are not retained, the excavations should maintain maximum allowable slopes in accordance with *OSHA Regulations (Standards 29 CFR), Part 1926, Subpart P, "Excavations"* (can be found on www.osha.gov). Even with the required OSHA sloping, water seepage or surface runoff can potentially induce side slope erosion or sloughing which could require slope maintenance.

## 7.3 Observation and Testing

The recommendations in this report are based on the subsurface conditions found at our test boring locations. Since the soil conditions can be expected to vary away from the soil boring locations, we recommend on-site observation by a geotechnical engineer/technician during construction to evaluate these potential changes. Soil density testing should also be performed on new fill placed in order to document that project specifications for compaction have been satisfied.

## 8.0 TEST STANDARDS

When we refer to an ASTM Standard in this report, we mean that our services were performed in general accordance with that standard. Compliance with any other standards referenced within the specified standard is neither inferred nor implied.

## 9.0 LIMITATIONS

Within the limitations of scope, budget, and schedule, we have endeavored to provide our services according to generally accepted geotechnical engineering practices at this time and location. Other than this, no warranty, express or implied, is intended.

Important information regarding risk management and proper use of this report is given in Appendix B entitled “Geotechnical Report Limitations and Guidelines for Use.”

# Standard Sheets

# FREEZING WEATHER EFFECTS ON CONSTRUCTION

## GENERAL

Because water expands upon freezing and soils contain water, soils which are allowed to freeze will heave and lose density. Upon thawing, these soils will not regain their original strength and density. The extent of heave and density/strength loss depends on the soil type and moisture condition. Heave is greater in soils with higher percentages of fines (silts/clays). High silt content soils are most susceptible, due to their high capillary rise potential which can create ice lenses. Fine grained soils generally heave about 1/4" to 3/8" for each foot of frost penetration. This can translate to 1" to 2" of total frost heave. This total amount can be significantly greater if ice lensing occurs.

## CONSTRUCTION CONSIDERATIONS

Foundations, slabs and other improvements which may be affected by frost movements should be insulated from frost penetration during freezing weather. If filling takes place during freezing weather, all frozen soils, snow and ice should be stripped from areas to be filled prior to new fill placement. The new fill should not be allowed to freeze during transit, placement or compaction. This should be considered in the project scheduling, budgeting and quantity estimating. It is usually beneficial to perform cold weather earthwork operations in small areas where grade can be attained quickly rather than working larger areas where a greater amount of frost stripping may be needed. If slab subgrade areas freeze, we recommend the subgrade be thawed prior to floor slab placement. The frost action may also require reworking and recompaction of the thawed subgrade.

# Appendix A

Geotechnical Field Exploration and Testing
Boring Log Notes
Unified Soil Classification System
Figure 1 – Boring Locations
Subsurface Boring Logs

## DRILLING AND SAMPLING SYMBOLS

| Symbol | Definition |
|---|---|
| B,H,N: | Size of flush-joint casing |
| CA: | Crew Assistant (initials) |
| CAS: | Pipe casing, number indicates nominal diameter in inches |
| CC: | Crew Chief (initials) |
| COT: | Clean-out tube |
| DC: | Drive casing; number indicates diameter in inches |
| DM: | Drilling mud or bentonite slurry |
| DR: | Driller (initials) |
| DS: | Disturbed sample from auger flights |
| FA: | Flight auger; number indicates outside diameter in inches |
| HA: | Hand auger; number indicates outside diameter |
| HSA: | Hollow stem auger; number indicates inside diameter in inches |
| LG: | Field logger (initials) |
| MC: | Column used to describe moisture condition of samples and for the ground water level symbols |
| N (BPF): | Standard penetration resistance (N-value) in blows per foot (see notes) |
| NQ: | NQ wireline core barrel |
| PQ: | PQ wireline core barrel |
| RD: | Rotary drilling with fluid and roller or drag bit |
| REC: | In split-spoon (see notes) and thin-walled tube sampling, the recovered length (in inches) of sample. In rock coring, the length of core recovered (expressed as percent of the total core run). Zero indicates no sample recovered. |
| REV: | Revert drilling fluid |
| SS: | Standard split-spoon sampler (steel; 1⅜" is inside diameter; 2" outside diameter); unless indicated otherwise |
| SU | Spin-up sample from hollow stem auger |
| TW: | Thin-walled tube; number indicates inside diameter in inches |
| WASH: | Sample of material obtained by screening returning rotary drilling fluid or by which has collected inside the borehole after "falling" through drilling fluid |
| WH: | Sampler advanced by static weight of drill rod and 140-pound hammer |
| WR: | Sampler advanced by static weight of drill rod |
| 94mm: | 94 millimeter wireline core barrel |
| ▼: | Water level directly measured in boring |
| ▽: | Estimated water level based solely on sample appearance |

## TEST SYMBOLS

| Symbol | Definition |
|---|---|
| CONS: | One-dimensional consolidation test |
| DEN: | Dry density, pcf |
| DST: | Direct shear test |
| E: | Pressuremeter Modulus, tsf |
| HYD: | Hydrometer analysis |
| LL: | Liquid Limit, % |
| LP: | Pressuremeter Limit Pressure, tsf |
| OC: | Organic Content, % |
| PERM: | Coefficient of permeability (K) test; F - Field; L - Laboratory |
| PL: | Plastic Limit, % |
| $q_p$: | Pocket Penetrometer strength, tsf (approximate) |
| $q_c$: | Static cone bearing pressure, tsf |
| $q_u$: | Unconfined compressive strength, psf |
| R: | Electrical Resistivity, ohm-cms |
| RQD: | Rock Quality Designator in percent (aggregate length of core pieces 4" or more in length as a percent of total core run) |
| SA: | Sieve analysis |
| TRX: | Triaxial compression test |
| VSR: | Vane shear strength, remoulded (field), psf |
| VSU: | Vane shear strength, undisturbed (field), psf |
| WC: | Water content, as percent of dry weight |
| %-200: | Percent of material finer than #200 sieve |

## STANDARD PENETRATION TEST NOTES

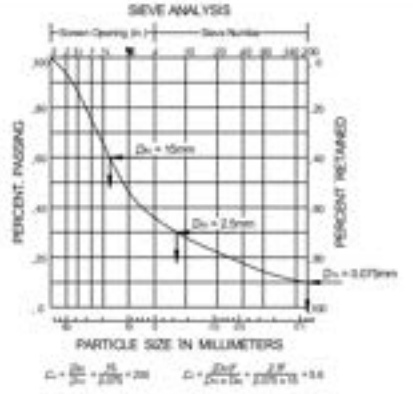
The standard penetration test consists of driving the sampler with a 140 pound hammer and counting the number of blows applied in each of three 6" increments of penetration. If the sampler is driven less than 18" (usually in highly resistant material), permitted in ASTM:D1586, the blows for each complete 6" increment and for each partial increment is on the boring log. For partial increments, the number of blows is shown to the nearest 0.1' below the slash.

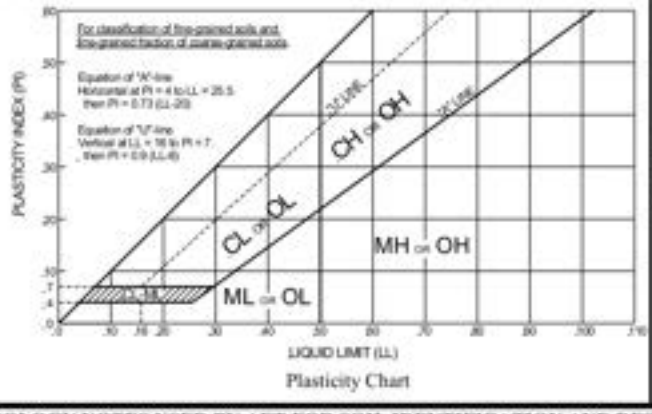
The length of sample recovered, as shown on the "REC" column, may be greater than the distance indicated in the N column. The disparity is because the N-value is recorded below the initial 6" set (unless partial penetration defined in ASTM:D1586 is encountered) whereas the length of sample recovered is for the entire sampler drive (which may even extend more than 18").

# UNIFIED SOIL CLASSIFICATION SYSTEM
## ASTM Designations: D 2487, D2488

AMERICAN ENGINEERING TESTING, INC.

| Criteria for Assigning Group Symbols and Group Names Using Laboratory Tests[A] | | | | Soil Classification: Group Symbol | Soil Classification: Group Name[B] |
|---|---|---|---|---|---|
| Coarse-Grained Soils More than 50% retained on No. 200 sieve | Gravels More than 50% coarse fraction retained on No. 4 sieve | Clean Gravels Less than 5% fines[C] | $Cu \geq 4$ and $1 \leq Cc \leq 3^E$ | GW | Well graded gravel[F] |
| | | | $Cu < 4$ and/or $1 > Cc > 3^E$ | GP | Poorly graded gravel[F] |
| | | Gravels with Fines more than 12% fines[C] | Fines classify as ML or MH | GM | Silty gravel[F,G,H] |
| | | | Fines classify as CL or CH | GC | Clayey gravel[F,G,H] |
| | Sands 50% or more of coarse fraction passes No. 4 sieve | Clean Sands Less than 5% fines[D] | $Cu \geq 6$ and $1 \leq Cc \leq 3^E$ | SW | Well-graded sand[I] |
| | | | $Cu < 6$ and/or $1 > Cc > 3^E$ | SP | Poorly-graded sand[I] |
| | | Sands with Fines more than 12% fines[D] | Fines classify as ML or MH | SM | Silty sand[G,H,I] |
| | | | Fines classify as CL or CH | SC | Clayey sand[G,H,I] |
| Fine-Grained Soils 50% or more passes the No. 200 sieve (see Plasticity Chart below) | Silts and Clays Liquid limit less than 50 | inorganic | PI>7 and plots on or above "A" line[J] | CL | Lean clay[K,L,M] |
| | | | PI<4 or plots below "A" line[J] | ML | Silt[K,L,M] |
| | | organic | Liquid limit–oven dried / Liquid limit – not dried < 0.75 | OL | Organic clay[K,L,M,N] Organic silt[K,L,M,O] |
| | Silts and Clays Liquid limit 50 or more | inorganic | PI plots on or above "A" line | CH | Fat clay[K,L,M] |
| | | | PI plots below "A" line | MH | Elastic silt[K,L,M] |
| | | organic | Liquid limit–oven dried / Liquid limit – not dried < 0.75 | OH | Organic clay[K,L,M,P] Organic silt[K,L,M,Q] |
| Highly organic soil | | | Primarily organic matter, dark in color, and organic in odor | PT | Peat[R] |




Plasticity Chart

### Notes

[A]Based on the material passing the 3-in (75-mm) sieve.
[B]If field sample contained cobbles or boulders, or both, add "with cobbles or boulders, or both" to group name.
[C]Gravels with 5 to 12% fines require dual symbols:
GW-GM well-graded gravel with silt
GW-GC well-graded gravel with clay
GP-GM poorly graded gravel with silt
GP-GC poorly graded gravel with clay
[D]Sands with 5 to 12% fines require dual symbols:
SW-SM well-graded sand with silt
SW-SC well-graded sand with clay
SP-SM poorly graded sand with silt
SP-SC poorly graded sand with clay

[E]$Cu = D_{60}/D_{10}$ $\quad Cc = \dfrac{(D_{30})^2}{D_{10} \times D_{60}}$

[F]If soil contains ≥15% sand, add "with sand" to group name.
[G]If fines classify as CL-ML, use dual symbol GC-GM, or SC-SM.
[H]If fines are organic, add "with organic fines" to group name.
[I]If soil contains ≥15% gravel, add "with gravel" to group name.
[J]If Atterberg limits plot is hatched area, soil is a CL-ML silty clay.
[K]If soil contains 15 to 29% plus No. 200 add "with sand" or "with gravel", whichever is predominant.
[L]If soil contains ≥30% plus No. 200, predominantly sand, add "sandy" to group name.
[M]If soil contains ≥30% plus No. 200, predominantly gravel, add "gravelly" to group name.
[N]PI≥4 and plots on or above "A" line.
[O]PI<4 or plots below "A" line.
[P]PI plots on or above "A" line.
[Q]PI plots below "A" line.
[R]Fiber Content description shown below.

## ADDITIONAL TERMINOLOGY NOTES USED BY AET FOR SOIL IDENTIFICATION AND DESCRIPTION

### Grain Size

| Term | Particle Size |
|---|---|
| Boulders | Over 12" |
| Cobbles | 3" to 12" |
| Gravel | #4 sieve to 3" |
| Sand | #200 to #4 sieve |
| Fines (silt & clay) | Pass #200 sieve |

### Gravel Percentages

| Term | Percent |
|---|---|
| A Little Gravel | 3% - 14% |
| With Gravel | 15% - 29% |
| Gravelly | 30% - 50% |

### Consistency of Plastic Soils

| Term | N-Value, BPF |
|---|---|
| Very Soft | less than 2 |
| Soft | 2 - 4 |
| Firm | 5 - 8 |
| Stiff | 9 - 15 |
| Very Stiff | 16 - 30 |
| Hard | Greater than 30 |

### Relative Density of Non-Plastic Soils

| Term | N-Value, BPF |
|---|---|
| Very Loose | 0 - 4 |
| Loose | 5 - 10 |
| Medium Dense | 11 - 30 |
| Dense | 31 - 50 |
| Very Dense | Greater than 50 |

### Moisture/Frost Condition

(MC Column)

D (Dry): Absence of moisture, dusty, dry to touch.
M (Moist): Damp, although free water not visible. Soil may still have a high water content (over "optimum").
W (Wet/ Waterbearing): Free water visible, intended to describe non-plastic soils. Waterbearing usually relates to sands and sand with silt.
F (Frozen): Soil frozen

### Layering Notes

Laminations: Layers less than ½" thick of differing material or color.
Lenses: Pockets or layers greater than ½" thick of differing material or color.

### Peat Description

| Term | Fiber Content (Visual Estimate) |
|---|---|
| Fibric Peat: | Greater than 67% |
| Hemic Peat: | 33 – 67% |
| Sapric Peat: | Less than 33% |

### Organic Description (if no lab tests)

Soils are described as *organic*, if soil is not peat and is judged to have sufficient organic fines content to influence the Liquid Limit properties. *Slightly organic* used for borderline cases.

Root Inclusions
With roots: Judged to have sufficient quantity of roots to influence the soil properties.
Trace roots: Small roots present, but not judged to be in sufficient quantity to significantly affect soil properties.

## A.1 FIELD EXPLORATION

The subsurface conditions at the site were explored by drilling and sampling three (3) standard penetration test borings. The locations of the borings appear on Figure 1, preceding the Subsurface Boring Logs in this appendix.

## A.2 SAMPLING METHODS

### A.2.1 Split-Spoon Samples (SS) - Calibrated to $N_{60}$ Values

Standard penetration (split-spoon) samples were collected in general accordance with ASTM: D1586 with one primary modification. The ASTM test method consists of driving a 2-inch O.D. split-barrel sampler into the in-situ soil with a 140-pound hammer dropped from a height of 30 inches. The sampler is driven a total of 18 inches into the soil. After an initial set of 6 inches, the number of hammer blows to drive the sampler the final 12 inches is known as the standard penetration resistance or N-value. Our method uses a modified hammer weight, which is determined by measuring the system energy using a Pile Driving Analyzer (PDA) and an instrumented rod.

In the past, standard penetration N-value tests were performed using a rope and cathead for the lift and drop system. The energy transferred to the split-spoon sampler was typically limited to about 60% of its potential energy due to the friction inherent in this system. This converted energy then provides what is known as an $N_{60}$ blow count.

Most drill rigs today incorporate an automatic hammer lift and drop system, which has higher energy efficiency and subsequently results in lower N-values than the traditional $N_{60}$ values. We use a Pile Driving Analyzer (PDA) and an instrumented rod to measure the actual energy generated by the automatic hammer system. The drill rig (AET rig number 103) we used for this project has respective energy transfer ratio of 76%. The N-values reported on the boring logs and the corresponding relative densities and consistencies are from the field blow counts and have not been adjusted to $N_{60}$ values.

### A.2.2 Disturbed Samples (DS)/Spin-up Samples (SU)

Sample types described as “DS” or “SU” on the boring logs are disturbed samples, which are taken from the flights of the auger. Because the auger disturbs the samples, possible soil layering and contact depths should be considered approximate.

### A.2.3 Sampling Limitations

Unless actually observed in a sample, contacts between soil layers are estimated based on the spacing of samples and the action of drilling tools. Cobbles, boulders, and other large objects generally cannot be recovered from test borings, and they may be present in the ground even if they are not noted on the boring logs.

Determining the thickness of “topsoil” layers is usually limited, due to variations in topsoil definition, sample recovery, and other factors. Visual-manual description often relies on color for determination, and transitioning changes can account for significant variation in thickness judgment. Accordingly, the topsoil thickness presented on the logs should not be the sole basis for calculating topsoil stripping depths and volumes. If more accurate information is needed relating to thickness and topsoil quality definition, alternate methods of sample retrieval and testing should be employed.

## A.3 CLASSIFICATION METHODS

Soil descriptions shown on the boring logs are based on the Unified Soil Classification (USC) system. The USC system is described in ASTM: D2487 and D2488. Where laboratory classification tests (sieve analysis or Atterberg Limits) have been performed, accurate classifications per ASTM: D2487 are possible. Otherwise, soil descriptions shown on the boring logs are visual-manual judgments. Charts are attached which provide information on the USC system, the descriptive terminology, and the symbols used on the boring logs.

The boring logs include descriptions of apparent geology. The geologic depositional origin of each soil layer is interpreted primarily by observation of the soil samples, which can be limited. Observations of the surrounding topography, vegetation, and development can sometimes aid this judgment.

### A.4 WATER LEVEL MEASUREMENTS

The groundwater level measurements are shown at the bottom of the boring logs. The following information appears under "Water Level Measurements" on the logs:

- Date and Time of measurement
- Sampled Depth: lowest depth of soil sampling at the time of measurement
- Casing Depth: depth to bottom of casing or hollow-stem auger at time of measurement
- Cave-in Depth: depth at which measuring tape stops in the borehole
- Water Level: depth in the borehole where free water is encountered
- Drilling Fluid Level: same as Water Level, except that the liquid in the borehole is drilling fluid

The true location of the water table at the boring locations may be different than the water levels measured in the boreholes. This is possible because there are several factors that can affect the water level measurements in the borehole. Some of these factors include: permeability of each soil layer in profile, presence of perched water, amount of time between water level readings, presence of drilling fluid, weather conditions, and use of borehole casing.

### A.5 LABORATORY TEST METHODS

#### A.5.1 Sieve Analysis of Soils (thru #200 Sieve)

Conducted per AET Procedure 01-LAB-040, which is performed in general conformance with ASTM: D6913, Method A.

### A.6 TEST STANDARD LIMITATIONS

Field and laboratory testing is done in general conformance with the described procedures. Compliance with any other standards referenced within the specified standard is neither inferred nor implied.

### A.7 SAMPLE STORAGE

Unless notified to do otherwise, we routinely retain representative samples of the soils recovered from the borings for a period of 30 days.


Blackduck - Sanitary Sewer Lift Station
Project #P-0052934
Blackduck, Minnesota
Legend
Soil Boring
B-03
B-02
B-01
N
300 ft
Google Earth

# SUBSURFACE BORING LOG

AET JOB NO: **P-0052934** LOG OF BORING NO. **B-01 (p. 1 of 1)**

PROJECT: **Blackduck - Sanitary Sewer Lift Station; Blackduck, Minnesota**

SURFACE ELEVATION: **1373.5** LATITUDE: **47.728648** LONGITUDE: **-94.552328**

| DEPTH IN FEET | MATERIAL DESCRIPTION | GEOLOGY | N | MC | SAMPLE TYPE | REC IN. | FIELD & LABORATORY TESTS qp | WC | DEN | %-#200 | qu |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | ORGANIC SILTY CLAY, dark brown (OL) | TOPSOIL | | M | AS | | | | | | |
| 3 | | | 4 | M | SS | 14 | | | | | |
| 4 | PEAT, black to dark brown, woody (Pt) | SWAMP DEPOSIT | | | | | | | | | |
| 5 | | | 3 | M | SS | 8 | | | | | |
| 7 | LEAN CLAY, trace sand, bluish-gray, soft to stiff (CL) | TILL | | | | | | | | | |
| 8 | | | 3 | M | SS | 10 | 0.7 | 16 | 130 | | |
| 10 | | | 5 | M | SS | 18 | 0.4 | 22 | 118 | | |
| 13 | | | 9 | M | SS | 16 | 1.2 | 17 | 118 | | |
| 14 | LEAN CLAY, trace sand, gray to brown, firm to stiff (CL) | | | | | | | | | | |
| 15 | | | 7 | M | SS | 16 | 2.2 | 15 | 129 | | |
| 18 | | | 9 | M | SS | 17 | 1.2 | 16 | 126 | | |
| 20 | | | 13 | M | SS | 17 | 1.3 | 15 | 124 | | |
| 24 | LEAN CLAY, trace sand, dark gray, stiff (CL) | | | | | | | | | | |
| 25 | | | 11 | M | SS | 16 | 2.3 | 14 | 128 | | |
| 30 | | | 14 | M | SS | 11 | 2.7 | 18 | 118 | | |
| 31 | **END OF BORING - 31'** | | | | | | | | | | |

| DEPTH: DRILLING METHOD | WATER LEVEL MEASUREMENTS | | | | | | |
|---|---|---|---|---|---|---|---|
| | DATE | TIME | SAMPLED DEPTH | CASING DEPTH | CAVE-IN DEPTH | DRILLING FLUID LEVEL | WATER LEVEL |
| **0-29½' 3.25" HSA** | **6/9/26** | **--** | **31.0** | **29.5** | **--** | **--** | **None** |
| BORING COMPLETED: **6/9/26** | | | | | | | |
| DR: **BH** LG: **LL** Rig: **103** | | | | | | | |

NOTE: REFER TO THE ATTACHED SHEETS FOR AN EXPLANATION OF TERMINOLOGY ON THIS LOG

AET_CORP W-LAT-LONG BLACKDUCK - SANITARY SEWER LIFT STATION - P-0052934.GPJ AET+CPT+WELL.GDT 6/19/26

# SUBSURFACE BORING LOG

AET JOB NO: **P-0052934** LOG OF BORING NO. **B-02 (p. 1 of 1)**

PROJECT: **Blackduck - Sanitary Sewer Lift Station; Blackduck, Minnesota**

SURFACE ELEVATION: **1374.5** LATITUDE: **47.729159** LONGITUDE: **-94.552731**

| DEPTH IN FEET | MATERIAL DESCRIPTION | GEOLOGY | N | MC | SAMPLE TYPE | REC IN. | FIELD & LABORATORY TESTS qp | WC | DEN | %-#200 | qu |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | ORGANIC SILTY CLAY, dark brown (OL) | TOPSOIL | | | | | | | | | |
| | LEAN CLAY, trace sand, light brown to light gray, firm (CL) | TILL | | M | AS | | | | | | |
| 1 | | | | | | | | | | | |
| 2 | | | | | | | | | | | |
| 3 | | | 7 | M | SS | 8 | 1.4 | | | | |
| 4 | | | | | | | | | | | |
| 5 | | | 8 | M | SS | 14 | 1.6 | | | | |
| 6 | | | | | | | | | | | |
| | LEAN CLAY, trace sand, brown, firm (CL) | | | | | | | | | | |
| 7 | | | | | | | | | | | |
| 8 | | | 10 | M | SS | 15 | 1.1 | | | | |
| 9 | | | | | | | | | | | |
| 10 | | | 8 | M | SS | 16 | 1.8 | | | | |
| 11 | **END OF BORING - 11'** | | | | | | | | | | |

| DEPTH: DRILLING METHOD | WATER LEVEL MEASUREMENTS | | | | | | |
|---|---|---|---|---|---|---|---|
| | DATE | TIME | SAMPLED DEPTH | CASING DEPTH | CAVE-IN DEPTH | DRILLING FLUID LEVEL | WATER LEVEL |
| **0-9½' 3.25" HSA** | **6/9/26** | **--** | **11.0** | **9.5** | **--** | **--** | **None** |
| | | | | | | | |
| BORING COMPLETED: **6/9/26** | | | | | | | |
| DR: **BH** LG: **LL** Rig: **103** | | | | | | | |

NOTE: REFER TO THE ATTACHED SHEETS FOR AN EXPLANATION OF TERMINOLOGY ON THIS LOG

AET_CORP W-LAT-LONG BLACKDUCK - SANITARY SEWER LIFT STATION - P-0052934.GPJ AET+CPT+WELL.GDT 6/19/26

# SUBSURFACE BORING LOG

AET JOB NO: **P-0052934** LOG OF BORING NO. **B-03 (p. 1 of 1)**

PROJECT: **Blackduck - Sanitary Sewer Lift Station; Blackduck, Minnesota**

SURFACE ELEVATION: **1375.0** LATITUDE: **47.729572** LONGITUDE: **-94.553039**

| DEPTH IN FEET | MATERIAL DESCRIPTION | GEOLOGY | N | MC | SAMPLE TYPE | REC IN. | FIELD & LABORATORY TESTS qp | WC | DEN | %-#200 | qu |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | ORGANIC SILTY CLAY, dark brown (OL) | TOPSOIL | | M | AS | | | | | | |
| 1 | LEAN CLAY, trace sand, light brown to light gray, firm to stiff (CL) | TILL | | | | | | | | | |
| 2 | | | | | | | | | | | |
| 3 | | | 7 | M | SS | 10 | 2.2 | | | | |
| 4 | | | | | | | | | | | |
| 5 | | | 11 | M | SS | 13 | 3.4 | | | | |
| 6 | | | | | | | | | | | |
| 7 | | | | | | | | | | | |
| 8 | | | 11 | M | SS | 12 | 3.3 | | | | |
| 9 | | | | | | | | | | | |
| 10 | | | 12 | M | SS | 10 | 3.2 | | | | |
| 11 | **END OF BORING - 11'** | | | | | | | | | | |

| DEPTH: DRILLING METHOD | WATER LEVEL MEASUREMENTS | | | | | | |
|---|---|---|---|---|---|---|---|
| | DATE | TIME | SAMPLED DEPTH | CASING DEPTH | CAVE-IN DEPTH | DRILLING FLUID LEVEL | WATER LEVEL |
| **0-9½' 3.25" HSA** | **6/9/26** | **--** | **11.0** | **9.5** | **--** | **--** | **None** |
| | | | | | | | |
| BORING COMPLETED: **6/9/26** | | | | | | | |
| DR: **BH** LG: **LL** Rig: **103** | | | | | | | |

NOTE: REFER TO THE ATTACHED SHEETS FOR AN EXPLANATION OF TERMINOLOGY ON THIS LOG

AET_CORP W-LAT-LONG BLACKDUCK - SANITARY SEWER LIFT STATION - P-0052934.GPJ AET+CPT+WELL.GDT 6/19/26

# Appendix B

Geotechnical Report Limitations and Guidelines for Use

# Appendix B
# Geotechnical Report Limitations and Guidelines for Use
# Report No. P-0052934.01

## B.1 REFERENCE

This appendix provides information to help you manage your risks relating to subsurface problems which are caused by construction delays, cost overruns, claims, and disputes. This information was developed and provided by GBA[1], of which, we are a member firm.

## B.2 RISK MANAGEMENT INFORMATION

### B.2.1 Understand the Geotechnical Engineering Services Provided for this Report

Geotechnical engineering services typically include the planning, collection, interpretation, and analysis of exploratory data from widely spaced borings and/or test pits. Field data are combined with results from laboratory tests of soil and rock samples obtained from field exploration (if applicable), observations made during site reconnaissance, and historical information to form one or more models of the expected subsurface conditions beneath the site. Local geology and alterations of the site surface and subsurface by previous and proposed construction are also important considerations. Geotechnical engineers apply their engineering training, experience, and judgment to adapt the requirements of the prospective project to the subsurface model(s). Estimates are made of the subsurface conditions that will likely be exposed during construction as well as the expected performance of foundations and other structures being planned and/or affected by construction activities.

The culmination of these geotechnical engineering services is typically a geotechnical engineering report providing the data obtained, a discussion of the subsurface model(s), the engineering and geologic engineering assessments and analyses made, and the recommendations developed to satisfy the given requirements of the project. These reports may be titled investigations, explorations, studies, assessments, or evaluations. Regardless of the title used, the geotechnical engineering report is an engineering interpretation of the subsurface conditions within the context of the project and does not represent a close examination, systematic inquiry, or thorough investigation of all site and subsurface conditions.

### B.2.2 Geotechnical Engineering Services are Performed for Specific Purposes, Persons, and Projects, and At Specific Times

Geotechnical engineers structure their services to meet the specific needs, goals, and risk management preferences of their clients. A geotechnical engineering study conducted for a given civil engineer will not likely meet the needs of a civil-works constructor or even a different civil engineer. Because each geotechnical engineering study is unique, each geotechnical engineering report is unique, prepared solely for the client.

Likewise, geotechnical engineering services are performed for a specific project and purpose. For example, it is unlikely that a geotechnical engineering study for a refrigerated warehouse will be the same as one prepared for a parking garage; and a few borings drilled during a preliminary study to evaluate site feasibility will not be adequate to develop geotechnical design recommendations for the project.

Do not rely on this report if your geotechnical engineer prepared it:

- for a different client;
- for a different project or purpose;
- for a different site (that may or may not include all or a portion of the original site); or
- before important events occurred at the site or adjacent to it; e.g., man-made events like construction or environmental remediation, or natural events like floods, droughts, earthquakes, or groundwater fluctuations.

Note, too, the reliability of a geotechnical-engineering report can be affected by the passage of time, because of factors like changed subsurface conditions; new or modified codes, standards, or regulations; or new techniques or tools. If you are the least bit uncertain about the continued reliability of this report, contact your geotechnical engineer before applying the recommendations in it. A minor amount of additional testing or analysis after the passage of time – if any is required at all – could prevent major problems.

1 Geoprofessional Business Association, 1300 Piccard Drive, LL14, Rockville, MD 20850
Telephone: 301/565-2733: www.geoprofessional.org, 2019

**B.2.3 Read the Full Report**
Costly problems have occurred because those relying on a geotechnical-engineering report did not read the report in its entirety. Do not rely on an executive summary. Do not read selective elements only. Read and refer to the report in full.

**B.2.4 You Need to Inform Your Geotechnical Engineer About Change**
Your geotechnical engineer considered unique, project-specific factors when developing the scope of study behind this report and developing the confirmation-dependent recommendations the report conveys. Typical changes that could erode the reliability of this report include those that affect:

- the site's size or shape;
- the elevation, configuration, location, orientation, function or weight of the proposed structure and the desired performance criteria;
- the composition of the design team; or
- project ownership.

As a general rule, always inform your geotechnical engineer of project or site changes – even minor ones – and request an assessment of their impact. The geotechnical engineer who prepared this report cannot accept responsibility or liability for problems that arise because the geotechnical engineer was not informed about developments the engineer otherwise would have considered.

**B.2.5 Most of the "Findings" Related in This Report Are Professional Opinions**
Before construction begins, geotechnical engineers explore a site's subsurface using various sampling and testing procedures. Geotechnical engineers can observe actual subsurface conditions only at those specific locations where sampling and testing is performed. The data derived from that sampling and testing were reviewed by your geotechnical engineer, who then applied professional judgement to form opinions about subsurface conditions throughout the site. Actual sitewide-subsurface conditions may differ – maybe significantly – from those indicated in this report. Confront that risk by retaining your geotechnical engineer to serve on the design team through project completion to obtain informed guidance quickly, whenever needed.

**B.2.6 This Report's Recommendations Are Confirmation-Dependent**
The recommendations included in this report – including any options or alternatives – are confirmation-dependent. In other words, they are not final, because the geotechnical engineer who developed them relied heavily on judgement and opinion to do so. Your geotechnical engineer can finalize the recommendations only after observing actual subsurface conditions exposed during construction. If through observation your geotechnical engineer confirms that the conditions assumed to exist actually do exist, the recommendations can be relied upon, assuming no other changes have occurred. The geotechnical engineer who prepared this report cannot assume responsibility or liability for confirmation-dependent recommendations if you fail to retain that engineer to perform construction observation.

**B.2.7 This Report Could Be Misinterpreted**
Other design professionals' misinterpretation of geotechnical engineering reports has resulted in costly problems. Confront that risk by having your geotechnical engineer serve as a continuing member of the design team, to:

- confer with other design-team members;
- help develop specifications;
- review pertinent elements of other design professionals' plans and specifications; and
- be available whenever geotechnical engineering guidance is needed.

You should also confront the risk of constructors misinterpreting this report. Do so by retaining your geotechnical engineer to participate in prebid and preconstruction conferences and to perform construction-phase observations.

**B.2.8 Give Constructors a Complete Report and Guidance**
Some owners and design professionals mistakenly believe they can shift unanticipated-subsurface-conditions liability to constructors by limiting the information they provide for bid preparation. To help prevent the costly, contentious problems this practice has caused, include the complete geotechnical engineering report, along with any attachments or appendices, with your contract documents, but be certain to note conspicuously that you've included the material for information purposes only. To avoid misunderstanding, you may also want to note that "informational purposes" means constructors have no right to rely on the interpretations, opinions, conclusions, or recommendations in the

report. Be certain that constructors know they may learn about specific project requirements, including options selected from the report, only from the design drawings and specifications. Remind constructors that they may perform their own studies if they want to, and be sure to allow enough time to permit them to do so. Only then might you be in a position to give constructors the information available to you, while requiring them to at least share some of the financial responsibilities stemming from unanticipated conditions. Conducting prebid and preconstruction conferences can also be valuable in this respect.

**B.2.9 Read Responsibility Provisions Closely**

Some client representatives, design professionals, and constructors do not realize that geotechnical engineering is far less exact than other engineering disciplines. This happens in part because soil and rock on project sites are typically heterogeneous and not manufactured materials with well-defined engineering properties like steel and concrete. That lack of understanding has nurtured unrealistic expectations that have resulted in disappointments, delays, cost overruns, claims, and disputes. To confront that risk, geotechnical engineers commonly include explanatory provisions in their reports. Sometimes labeled "limitations," many of these provisions indicate where geotechnical engineers' responsibilities begin and end, to help others recognize their own responsibilities and risks. Read these provisions closely. Ask questions. Your geotechnical engineer should respond fully and frankly.

**B.2.10 Geoenvironmental Concerns Are Not Covered**

The personnel, equipment, and techniques used to perform an environmental study – e.g., a "phase-one" or "phase-two" environmental site assessment – differ significantly from those used to perform a geotechnical engineering study. For that reason, a geotechnical engineering report does not usually provide environmental findings, conclusions, or recommendations; e.g., about the likelihood of encountering underground storage tanks or regulated contaminants. Unanticipated subsurface environmental problems have led to project failures. If you have not obtained your own environmental information about the project site, ask your geotechnical consultant for a recommendation on how to find environmental risk-management guidance.

**B.2.11 Obtain Professional Assistance to Deal with Moisture Infiltration and Mold**

While your geotechnical engineer may have addressed groundwater, water infiltration, or similar issues in this report, the engineer's services were not designed, conducted, or intended to prevent migration of moisture – including water vapor – from the soil through building slabs and walls and into the building interior, where it can cause mold growth and material-performance deficiencies. Accordingly, proper implementation of the geotechnical engineer's recommendations will not of itself be sufficient to prevent moisture infiltration. Confront the risk of moisture infiltration by including building-envelope or mold specialists on the design team. Geotechnical engineers are not building-envelope or mold specialists.

Docusign Envelope ID: BF991ED3-C320-8439-8279-6010D6F0E7AB

August 4, 2026

CliftonLarsonAllen LLP
220 South 6th Street #300
Minneapolis, MN 55402

This representation letter is provided in connection with your audit of the financial statements of City of Blackduck, which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to misstatements that are material. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

We confirm, to the best of our knowledge and belief, as of August 4, 2026, the following representations made to you during your audit of the financial statements as of and for the year ended December 31, 2025.

**Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement agreement dated April 6, 2026, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP. The financial statements include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

2. We acknowledge and have fulfilled our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

4. Methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures, including those measured at fair value, are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.

5. Significant estimates have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Significant estimates are estimates at the financial statement date that could change materially within the next year.

Docusign Envelope ID: BF991ED3-C320-8439-8279-6010D6F0E7AB



6. Related party relationships and transactions, including, but not limited to, revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

7. No events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements or in the schedule of findings and questioned costs.

8. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit. The uncorrected misstatements are noted below:

    - A prepaid item was not recorded in fiscal year 2024. As a result, fiscal year 2025 expenses and expenditures are understated by the following amounts: governmental activities, $12,173; general fund, $11,596; water fund, $1,246; sewer fund, $1,537; liquor fund, $5,517; and golf fund, $577.

    In addition, you have proposed adjusting journal entries that have been posted to the entity's accounts, including adjusting journal entries to convert our cash basis records to the accrual basis. We have reviewed and approved those adjusting journal entries and understand the nature of the changes and their impact on the financial statements. We are in agreement with those adjustments and accept responsibility for them.

9. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, or which would affect federal award programs, and we have not consulted a lawyer concerning litigation, claims, or assessments.

10. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the financial statement date, and the carrying amounts of those receivables and related allowances are determined in accordance with U.S. GAAP.

11. We have appropriately identified, recorded, and disclosed all leases, including any material embedded leases contained within other contracts, in accordance with GASB Statement No. 87, *Leases*.

12. We have appropriately identified, recorded, and disclosed all subscription-based information technology arrangements in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements.*

13. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

14. We have properly identified the various types of leave and have recorded a liability for compensated absences in accordance with the requirements of GASB Statement No. 101, *Compensated Absences.*

Docusign Envelope ID: BF991ED3-C320-8439-8279-6010D6F0E7AB



**Information Provided**

1. We have provided you with:

    a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records (including information obtained from within and outside of the general and subsidiary ledgers), documentation, and other matters.

    b. Additional information that you have requested from us for the purpose of the audit.

    c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

    d. Complete minutes of the meetings of the governing board and related committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

    e. All communications from regulatory agencies, grantors, lenders, and other funding sources concerning noncompliance with, or deficiencies in, financial reporting practices.

    f. All communications from regulatory agencies, grantors, lenders, and other funding sources concerning noncompliance with the provisions of laws, regulations, contracts, and grant agreements.

    g. Access to all audit or relevant monitoring reports, if any, received from funding sources.

2. All transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.

3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

4. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:

    a. Management;

    b. Employees who have significant roles in internal control; or

    c. Others when the fraud could have a material effect on the financial statements.

5. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, grantors, regulators, or others.

6. We have no knowledge of any instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, and grant agreements, or waste or abuse whose effects should be considered when preparing financial statements.

Docusign Envelope ID: BF991ED3-C320-8439-8279-6010D6F0E7AB



7. We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments, that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, or which would affect federal award programs, and we have not consulted a lawyer concerning litigation, claims, or assessments.

8. There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed in accordance with U.S. GAAP.

9. There are no known related-party relationships or transactions which need to be accounted for or disclosed in accordance with U.S. GAAP.

10. The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral, except as made known to you and disclosed in the financial statements.

11. We have a process to track the status of audit findings and recommendations.

12. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

13. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

14. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to City of Blackduck, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

15. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

16. The entity has complied with all aspects of contractual or grant agreements that would have a material effect on the financial statements in the event of noncompliance.

17. We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.

18. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

Docusign Envelope ID: BF991ED3-C320-8439-8279-6010D6F0E7AB



19. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures, jointly governed organizations, and other related organizations.

20. The financial statements properly classify all funds and activities.

21. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

22. Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.

23. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.

24. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

25. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

26. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

27. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly valued and disclosed.

28. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

29. We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

30. We have appropriately disclosed the entity's accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

31. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and

Docusign Envelope ID: BF991ED3-C320-8439-8279-6010D6F0E7AB



presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

32. We acknowledge our responsibility for presenting the combining and individual fund financial statements and schedules (the supplementary information) in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditors' report thereon.

33. In regards to the preparation of the financial statements and related notes, preparation of the required supplementary information and supplementary information, preparation of depreciation schedules, converstion of cash basis accounting to accrual basis, proposed adjusting entries, assistance with GASB 87 calculations and preparation of the data collection form) services performed by you, we have:

    a. Made all management judgments and decisions and assumed all management responsibilities.

    b. Designated an individual who possesses suitable skill, knowledge, and/or experience to understand and oversee the services.

    c. Evaluated the adequacy and results of the services performed.

    d. Accepted responsibility for the results of the services.

    e. Ensured that the entity's data and records are complete and received sufficient information to oversee the services.

34. With respect to federal award programs:

    a. We are responsible for understanding and complying with, and have complied with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) including requirements relating to preparation of the schedule of expenditures of federal awards.

    b. We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) and related notes in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement and presentation of the SEFA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFA.

Docusign Envelope ID: BF991ED3-C320-8439-8279-6010D6F0E7AB



c. If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issued the SEFA and the auditors' report thereon.

d. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and included in the SEFA expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

e. We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.

f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.

g. We acknowledge our responsibility for taking reasonable cybersecurity and other measures to safeguard information including protected personally identifiable information (PII) and other types of information.

h. We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.

i. We have received no requests from a federal agency to audit one or more specific programs as a major program.

j. We have complied with the direct and material compliance requirements, including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards.

k. We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.

Docusign Envelope ID: BF991ED3-C320-8439-8279-6010D6F0E7AB



l. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditors' report.

m. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E) and OMB Circular A-87, *Cost Principles State, Local, and Tribal Governments*, and OMB Circular A-102 *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*.

n. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

o. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

p. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.

q. There are no known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditors' report.

r. We have disclosed to you whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies and/or material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditors' report.

s. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.

t. The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.

u. We have monitored subrecipients, as necessary, to determine that they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.

v. We have issued management decisions for audit findings that relate to federal awards made to subrecipients and such management decisions have been issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse. Additionally, we have followed-up ensuring that the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient.

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w. We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.

x. We have charged costs to federal awards in accordance with applicable cost principles.

y. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.

z. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.

aa. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.

bb. We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.

cc. We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

Signature: DocuSigned by: CHRISTINA REGAS B8D4D050027D4F4... Title: City Administrator

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| **Electronic Record and Signature Disclosure:**<br>Accepted: 8/4/2026 3:29:58 PM<br>ID: 9a71311a-ae1e-4d61-8f96-532a4eef5baf | | |
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August 5, 2026

CliftonLarsonAllen LLP
220 South 6th Street #300
Minneapolis, MN 55402

This representation letter is provided in connection with your audit of City of Blackduck's compliance with the types of compliance requirements described in the Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) that could have a direct and material effect on each of the entity's major federal programs for the year ended December 31, 2024 for the purpose of expressing an opinion on whether City of Blackduck complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of the entity's major federal programs for the year ended December 31, 2024. We confirm that we are responsible for compliance with applicable laws and regulations and the provisions of contracts and grant agreements applicable to each of the entity's major federal programs. We are also responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grant agreements applicable to federal programs.

Certain representations in this letter are described as being limited to misstatements that are material. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

We confirm, to the best of our knowledge and belief, as of August 5, 2026, the following representations made to you during your single audit.

1. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments which would affect federal award programs, and we have not consulted a lawyer concerning litigation, claims, or assessments.

2. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

3. We have no knowledge of any instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, and grant agreements, or waste or abuse whose effects should be considered.

4. As part of your audit, you prepared the schedule of expenditures of federal awards. We have designated an individual who possesses suitable skill, knowledge, and/or experience to understand and oversee your services; have made all management judgments and decisions; and have assumed all management responsibilities. We have evaluated the adequacy and results of the service. We have reviewed, approved, and accepted responsibility for the schedule of expenditures of federal awards and the

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related notes. We have also ensured that the entity's data and records are complete and received sufficient information to oversee the service.

5. With respect to federal award programs:

    a. We are responsible for understanding and complying with, and have complied with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) including requirements relating to preparation of the schedule of expenditures of federal awards.

    b. We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) and related notes in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement and presentation of the SEFA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFA.

    c. If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issued the SEFA and the auditors' report thereon.

    d. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and included in the SEFA expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

    e. We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.

    f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.

    g. We acknowledge our responsibility for taking reasonable cybersecurity and other measures to safeguard information including protected personally identifiable information (PII) and other types of information.

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h. We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.

i. We have received no requests from a federal agency to audit one or more specific programs as a major program.

j. We have complied with the direct and material compliance requirements, including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards.

   We have complied with the direct and material compliance requirements, including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards.

k. We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.

l. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditors' report.

m. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E) and relevant cost circulars.

n. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

o. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

p. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.

q. There are no known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditors' report.

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r. We have disclosed to you whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies and/or material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditors' report.

s. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.

t. The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.

u. We have monitored subrecipients, as necessary, to determine that they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.

v. We have issued management decisions for audit findings that relate to federal awards made to subrecipients and such management decisions have been issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse. Additionally, we have followed-up ensuring that the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient.

w. We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.

x. We have charged costs to federal awards in accordance with applicable cost principles.

y. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.

z. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.

aa. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.

bb. We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.

cc. We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

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6. We have a process to track the status of audit findings and recommendations.

7. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

8. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

Signature: DocuSigned by: CHRISTINA REGAS 88D4D050027D4F4... Title: City Administrator

## Certificate Of Completion

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ii. send us an email to BusinessTechnology@CLAconnect.com and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

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# CITY OF BLACKDUCK
# BLACKDUCK, MINNESOTA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND OTHER REQUIRED REPORTS

## YEAR ENDED DECEMBER 31, 2024



CPAs | CONSULTANTS | WEALTH ADVISORS

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**TABLE OF CONTENTS**
**YEAR ENDED DECEMBER 31, 2024**

**SINGLE AUDIT AND OTHER REQUIRED REPORTS**


| | |
|---|---|
| INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* | 1 |
| INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE | 3 |
| INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE | 4 |
| SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS | 8 |
| NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS | 9 |
| SCHEDULES OF FINDINGS AND QUESTIONED COSTS | 10 |

**SINGLE AUDIT AND OTHER REQUIRED REPORTS**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Blackduck, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City of Blackduck's basic financial statements, and have issued our report thereon dated August 14, 2025.

## Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Blackduck's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Blackduck's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Blackduck'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 controls that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002, 2024-003, 2024-004, 2024-005, 2024-006, and 2024-008 that we consider to be material weaknesses.

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Report on Compliance and Other Matters

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

***City of Blackduck's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Blackduck's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. City of Blackduck's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***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.



**CliftonLarsonAllen LLP**

**Minneapolis, Minnesota**

August 14, 2025, except for finding 2024-008, which is as of August 5, 2026.

CliftonLarsonAllen LLP
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## INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and
Members of the City Council
City of Blackduck
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 (the City) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 14, 2025.

In connection with our audit, we noted that the City of Blackduck failed to comply with provisions of the contracting – bid laws 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 as described in the schedule of findings and responses as item 2024-007. Also, in connection with our audit, nothing came to our attention that caused us to believe that the City of Blackduck failed to comply with the provisions of the depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Cities*, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Blackduck's response to the legal compliance findings identified in our audit and described in the accompanying schedule of findings and responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota
August 14, 2025

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# INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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

## Report on Compliance for Each Major Federal Program

### *Opinion on Each Major Federal Program*

We have audited the City of Blackduck's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2024. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Blackduck complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

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

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

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

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***Responsibilities of Management for Compliance***

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

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

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

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

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

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

**Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant

deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-009 to be a material weakness.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon, dated August 14, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of

federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota
August 14, 2025

# CITY OF BLACKDUCK
# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
# DECEMBER 31, 2024

| Federal Grantor/Pass-Through Grantor/ Program or Cluster Title | Federal Assistance Listing Number | Pass-Through Entity Number | Loan Amounts | Federal Expenditures | Passed Through to Subrecipients |
|---|---|---|---|---|---|
| **U.S. DEPARTMENT OF AGRICULTURE** | | | | | |
| Direct | | | | | |
| Rural Development Community Facilities Loan | | | | | |
| Taxable General Obligation Bond of 2023A | 10.766 | N/A | $ 1,655,000 | $ - | $ - |
| Taxable General Obligation Bond of 2023B | 10.766 | N/A | 310,000 | - | - |
| Total Federal Awards | | | $ 1,965,000 | $ - | $ - |

*See accompanying Notes to Schedule of Expenditures of Federal Awards.*

**CITY OF BLACKDUCK**
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**DECEMBER 31, 2024**

## NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Blackduck (the City) under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City. The entire amount shown on the schedule of expenditures of federal awards is the outstanding federal loan amount at December 31, 2024.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

## NOTE 3 FEDERAL LOANS

The City participates in federal loan programs administered by the United States Department of Agriculture. For purposes of the Schedule of Expenditures of Federal Awards, expenditures of federal awards include the beginning balance of loans for which the federal government imposes continuing compliance requirements, as well as any new loans received during the fiscal year.

At December 31, 2024, the outstanding balance of loans subject to continuing compliance requirements totaled $1,934,059. These loans are included in the federal expenditures presented in the accompanying Schedule of Expenditures of Federal Awards in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

**CITY OF BLACKDUCK**
**SCHEDULES OF FINDINGS AND QUESTIONED COSTS**
**YEAR ENDED DECEMBER 31, 2024**

## SECTION I – SUMMARY OF AUDITORS' RESULTS

### *Financial Statements*

Type of auditors' report issued: Unmodified

1. Internal control over financial reporting:
   - Material weakness(es) identified? ____x____ yes _____ no
   - Significant deficiency(ies) identified? _____ yes ____x____ none reported
2. Noncompliance material to financial statements noted? _____ yes ____x____ no

### *Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified? ____x____ yes _____ no
- Significant deficiency(ies) identified? _____ yes ____x____ none reported

1. Type of auditors' report issued on compliance for major federal programs: Unmodified Opinion
2. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ____x____ yes _____ no

***Identification of Major Federal Programs***

| Assistance Listing Number | Name of Federal Program or Cluster |
|---|---|
| 10.766 | Rural Development Community Facilities Loan |

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

Auditee qualified as low-risk auditee? _____ yes ____x____ no

## Section II - Financial Statement Findings

### Material Weakness

### 2024-001: Segregation of Duties

**Condition:** It was observed both the preparer and the reviewer have access rights that allow them to prepare payroll transactions. This overlap in system access undermines the principle of segregation of duties, increasing the risk of unauthorized or erroneous payroll processing. Additionally, there is no formal documentation or evidence of review maintained prior to the disbursement of payroll. The absence of a documented review process limits accountability and reduces the ability to detect and correct errors before payments are made.

**Criteria or Specific Requirement:** Industry best practices and internal control frameworks recommend that duties be segregated among different individuals to reduce the risk of error or inappropriate actions. Payroll processes should include a documented review and approval step prior to payment to ensure accuracy, completeness, and compliance with company policies.

**Effect:** The lack of segregation of duties and absence of formal review documentation increases the risk of:

- Unauthorized or erroneous payroll transactions being processed.
- Fraudulent activity going undetected.
- Reduced auditability and accountability in payroll operations.

**Cause:** The current user access permits both preparer and reviewer roles to perform payroll preparation tasks. Additionally, the payroll process lacks a formal requirement or workflow for documenting the review and approval of payroll prior to payment.

**Recommendation:** We recommend that the City of Blackduck (City) review its user access rights to ensure only preparers are allowed to initiate payroll and only reviewers are allowed to approve it. In addition, implement review controls to establish a formal review and approval process that requires documented evidence.

**Views of Responsible Officials:** There is no disagreement with the audit finding, the City will implement a most robust internal control process.

## Section II - Financial Statement Findings (Continued)

### Material Weakness

### 2024-002: Lack of Formal Review Process

**Condition:** It was observed that there is no formal review process in place to verify the accuracy and completion of the bank reconciliations after preparation or to review manual journal entries.

**Criteria or Specific Requirement:** Effective internal control frameworks recommend that key financial processes, including bank reconciliations and journal entries be subject to independent review and approval. This ensures the accuracy of financial records and helps detect and correct errors or irregularities in a timely manner.

**Effect:** Without documented review process, errors or omissions in reconciliations may go undetected, there is reduced accountability and oversight in the reconciliation and journal entry process, and the organization is exposed to increased risk of undetected fraud or misstatement in cash balances and financial records.

**Cause:** The current reconciliation process does not include a defined control step requiring formal review and documentation. This may be due to resource constraints, system limitations, or a lack of established procedures.

**Recommendation:** We recommend that the City establish a formal review process for all bank reconciliations, requiring independent verification by a designated reviewer and to including clear documentation of the review, such as initials, timestamps, or digital approval records. We also recommend that the City establish a formal review and approval process for all journal entries before posting. In addition, ensure that each journal entry includes clear evidence of review, such as electronic approval log, preparer and reviewer initials, or PDF with a timestamp is utilized.

**Views of Responsible Officials:** There is no disagreement with the audit finding, the City will implement a most robust internal control process.

## Section II - Financial Statement Findings (Continued)

**Material Weakness**

**2024-003: Audit Adjustments**

**Condition:** The accounts payable of the Liquor Fund (Fund 609) is understated by $91,787 due to the accounting software recording the December bills paid in January as a decrease in cash instead of an increase in accounts payable as of December 31, 2024.

During review of the City's accounting for recent debt issuance of $180,000, it was noted that the proceeds were recorded net of issuance costs of $15,700. Specifically, the total debt proceeds were reduced by the amount of issuance costs at the time of recording, rather than recording the gross proceeds and separately recognizing the issuance costs as an expense.

Multiple funds were closed out in the prior fiscal year; however, the corresponding transfers to close those funds were not recorded until fiscal year 2024. As a result, the beginning fund balance of the General Fund in the 2024 trial balance was misstated by a material amount. This delay in recording the transfers caused the financial records to inaccurately reflect the General Fund's opening position for the year.

The City initially reported that there were no capital asset additions in fiscal year 2024. However, we identified a material amount of capital asset additions that were not captured in the City's capital asset records at the time of audit fieldwork, resulting in an incomplete and inaccurate presentation of capital assets.

**Criteria or Specific Requirement:** The City is responsible for implementing sufficient internal controls to review the cash, accounts payable, interfund, debt and capital assets accounts at year-end and catch any issues how the accounting software accounts for these transactions.

**Effect:** The City's internal processes did not identify the error and led to accounts being incorrect at year-end.

**Cause:** There were not sufficient internal controls in place to identify errors in the financial statements.

**Recommendation:** We recommend that the City establish procedures & internal controls to ensure transactions are recorded properly.

**Views of Responsible Officials:** There is no disagreement with the audit finding, the City will implement a most robust internal control process.

## Section II - Financial Statement Findings (Continued)

**Material Weakness**

**2024-004: Restatements**

**Condition:** During testing of loans receivable and long-term debt, it was noted that several interfund loan balances were recorded as long-term debt and loans receivable in the financial statements. These transactions, which represent temporary borrowings between funds within the same entity, were not properly classified as interfund balances. As a result, the financial statements reflect these internal transactions as if they were external obligations and assets.

In the prior year, the Housing and Redevelopment Fund was classified and reported as a Custodial Fund. However, upon further review, it was determined that this fund does not meet the criteria for custodial classification. Specifically, the governing board of the Housing and Redevelopment Fund is the same as that of the City, indicating that the City has administrative involvement and financial accountability over the fund. As a result, the fund was reclassified as a Special Revenue Fund in fiscal year 2024 to reflect its true nature and purpose.

**Criteria or Specific Requirement:** According to GASB Statement No. 34, interfund loans should be reported as interfund receivables and payables, not as external debt or receivables. Proper classification ensures that financial statements accurately distinguish between internal and external financial relationships.

Under GASB Statement No. 84 – *Fiduciary Activities*, custodial funds are used to report fiduciary activities that are not held in a trust or equivalent arrangement and where the government has no administrative involvement. Funds over which the government has control or decision-making authority—such as shared governance—should not be classified as fiduciary. Instead, they should be reported within the governmental fund types, such as special revenue funds, if they are restricted or committed to specific purposes.

There should be a liability and deferred outflow recorded to any funds with contributions to the post employment retirement plan.

**Effect:** A prior-period adjustment to the Golf Fund and to Non-Major Fund was entered for $58,717 and $27,381, respectively.

The financial statements for fiscal year 2023 misstated the nature of the Housing and Redevelopment Fund. Therefore, the governmental fund balances and fiduciary fund reported were not accurately presented.

## Section II - Financial Statement Findings (Continued)

**Material Weakness (Continued)**

**2024-004: Restatements (Continued)**

**Cause:** The City does not have a robust review process over the financial statements.

**Recommendation:** We recommend that the City establish procedures and internal controls to ensure transactions are recorded properly.

**Views of Responsible Officials:** There is no disagreement with the audit finding, the City will implement a most robust internal control process.

**2024-005: Missing Supporting Documentation for Employee Census Data (Blackduck Fire Relief)**

**Condition:** During testing of census data used for benefit and pension reporting, it was noted that the City does not maintain supporting documentation on file to verify employees' birth dates or to explain differences in personal information. This includes discrepancies in demographic details such as birth date, hire date, and separation date. The absence of source documentation limits the ability to validate the accuracy and completeness of the census data submitted to external agencies or used in actuarial valuations.

**Criteria or Specific Requirement:** The City is responsible for ensuring that supporting documentation is kept on file.

**Effect:** The City is not able to verify that the data given to the actuary is accurate.

**Cause:** The City does not have formal process or policy requiring the retention of source documentation for employee demographic data or for reconciling discrepancies in personal information.

**Recommendation:** We recommend that the City retain and receive support for demographic information as long as they are using it to calculate a net pension asset and related balances.

**Views of Responsible Officials:** There is no disagreement with the audit finding, the City will implement a most robust internal control process.

## Section II - Financial Statement Findings (Continued)

### Material Weakness

### 2024-006: Oversight of the Financial Reporting Process

**Condition:** The City engages CliftonLarsonAllen LLP (CLA) to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, CLA cannot be considered part of the City's internal control system. As part of its internal control over the preparation of its financial statements, including disclosures, the City has implemented a comprehensive review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the Company's activities and operations.

**Criteria or specific requirement:** Management is responsible for the accuracy and completeness of all financial records and related information. Their responsibilities include adjusting financial statements to correct material misstatements. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced.

**Effect:** The design of the internal controls over the financial reporting process could affect the ability of the City to conclude the financial statements and related disclosures are complete and presented in accordance with GAAP.

**Cause:** The City's personnel have not monitored recent accounting developments to the extent necessary to enable them to prepare the City's financial statements and related disclosures, to provide a high level of assurance that potential omissions or other errors that are material would be identified and corrected on a timely basis.

**Recommendation:** We recommend that the City's personnel monitor recent accounting developments to the extent necessary to enable them to prepare the City's financial statements and related disclosures, to provide a high level of assurance that potential omissions or other errors that are material would be identified and corrected on a timely basis.

**Views of Responsible Officials:** Management does not disagree with finding. Due to the small size of the City's staff and the additional costs necessary to ensure proper controls are in place, the City has decided that the costs of implementing necessary controls for preparing the City's financial statements outweigh the benefits that would be derived. Nevertheless, the City is continually reviewing the situation and establishes controls that the City believes will aid in the fair presentation of the financial statements without significant increases in the costs of implementing these controls.

## Section II - Financial Statement Findings (Continued)

**Material Weakness**

**2024-008: Single Audit Determination**

**Condition:** The City did not identify the need for a single audit for 2024 and did not identify the need to include the USDA Loan on the SEFA.

**Criteria or Specific Requirement:** The Loan documents note that the City is required to have a single audit annually until all federal funds are repaid.

**Effect:** The City is out of compliance by not identifying the need for a single audit when the loan document specifies that one is required.

**Cause:** The City did not identify the need for a single audit for 2024 and did not identify the need to include the USDA Loan on the SEFA.

**Recommendation:** We recommend that the City ensures that a single audit occurs for the USDA loan on an annual basis.

**Views of Responsible Officials:** There is no disagreement with the audit finding, the City will implement a most robust internal control process over single audits.

## Section III – Legal Compliance

**2024-007: Contracting and Bidding**

**Condition:** The City did not obtain more than one quote for one contract between $25,000 and $175,000 and noted there were no sealed bids for one contract above $175,000.

**Criteria or Specific Requirement:** Minnesota Statute § 471.345, subd. 3 require that all contracts over $175,000 have sealed bids solicited by public notice in the manner and subject to the requirements of the law governing contracts by the City. In addition, Minnesota Statute § 471.345, subd. 4 require that contracts between $25,000 and $175,000 must be made by either sealed bids or by direct negotiation, by obtaining two or more quotations.

**Effect:** The City is not in compliance with current *Minnesota Statutes*.

**Cause:** The City did not have controls in place to comply with bid and quote requirements.

**Recommendation:** We recommend that the City implement controls over compliance with requirements related to Minnesota Statutes covering contracting and bidding procedures.

**Views of Responsible Officials:** There is no disagreement with the audit finding, the City will implement a most robust internal control process.

## Section IV – Federal Award Findings and Questioned Costs

**Reference Number:** 2024-009

**Prior Year Finding**: N/A

**Federal Agency:** U.S. Department of Agriculture

**Entity**: City of Blackduck (the City)

**Federal Program:** Community Facilities Loans and Grants

**Assistance Listing:** 10.766

**Federal Award Identification Number and Year:** LB 8748260 2024

**Pass-Through Entity:** N/A

**Compliance Requirement:** Reporting

**Type of Finding Material Weakness in Internal Control Over Compliance**

**Criteria or Specific Requirement:** There should be formally documented review of the management report prior to sending to the USDA by an individual other than the person preparing the report.

**Condition:** The City was unable to provide a documented formal review process for the management report.

**Context:** The City was unable to provide a documented formal review process for the management report.

**Cause:** The City Administator prepares and sends the report and there is no formal review, as there are only two individuals working in finance at the City. There should be one individual preparing this report, and another individual reviewing this report to have adequate review over the management report.

**Effect:** There is no way to verify the review process was completed and completed timely.

**Questioned Costs**: None.

**Recommendation:** We recommend that the City implement controls over USDA reports to ensure that they are reviewed prior to submission.

**Views of Responsible Officials:** There is no disagreement with the audit finding, the City will implement a most robust internal control process.

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# Payment Advice

## To

**Vendor ID:** 0000201376
**Vendor Location:** 001
**Vendor Name:** BLACKDUCK CITY OF T
**Vendor Address:** PO BOX 380
BLACKDUCK, MN 56630-0380

## Reference Information

**Pay Cycle:** DLYEFT
**Pay Cycle Seq Number:** 3799

## Payment Information

**Payment Reference:** 0010564320
**Payment Date:** 08/06/2026
**Payment Method:** Automated Clearing House

| Agency Code / Description | Contact Phone | Voucher ID / Payment Message | Invoice Date | Invoice Number | Customer Account | Paid Amt | |
|---|---|---|---|---|---|---|---|
| E37 / EDUC-VENDOR PAYMENTS | 651/582-8634 | 00 01378798<br>GID 9086 20260518 Capital Projects Fund Campaign | 05/18/2026 | GID 9086 20260518 | | 12,626.51 | |
| | | | | | **Total:** | **12,626.51** | **USD** |



Private and Confidential

# 2025-2026 Blackduck Public Library Revenue and Expenses

*updated 8/6/2026*

| Date | Description of Expense/Revenue | Revenue | Expense | Balance |
|---|---|---|---|---|
| 4/1/2025 | KRLS Project Funding | $57,583.00 | | $57,583.00 |
| 7/1/2025 | GHI - first half | | $29,000.00 | $28,583.00 |
| 9/1/2025 | GHI - 25% of last half | | $14,500.00 | $14,083.00 |
| 10/1/2025 | Bessler Electric - update lighting | | $6,975.00 | $7,108.00 |
| 8/1/2025 | LOST | $385.87 | | $7,493.87 |
| 9/1/2025 | LOST July 2025 | $9,557.87 | | $17,051.74 |
| 10/1/2025 | LOST - August 2025 | $10,952.38 | | $28,004.12 |
| 11/1/2025 | LOST - September 2025 | $9,850.76 | | $37,854.88 |
| 11/1/2025 | VARI- circulation desk order | | $546.82 | $37,308.06 |
| 11/1/2025 | Pinnacle - commitment new logo - Invoice #89906 | | $1,100.00 | $36,208.06 |
| 3/20/2026 | Clarity Glass - Invoice #19406 | | $11,412.00 | $24,796.06 |
| 11/1/2025 | 2025 Front Door Levy Funds | $7,000.00 | | $31,796.06 |
| 9/1/2025 | DOE Grant reimbursement #1 | $21,475.00 | | $53,271.06 |
| | estimated Balance of LOST to receive | $4,098.52 | | $57,369.58 |
| | Budget for New patio & landscaping | | $17,110.37 | $40,259.21 |
| | DK Builders Quote for New Siding on Building | | $12,500.00 | $27,759.21 |
| 12/2/2025 | Amazon - TV Cart for MP Room | | $239.19 | $27,520.02 |
| 12/3/2025 | The Library Store - Quote #945042 - Invoice 945042 pd | | $8,864.54 | $18,655.48 |
| 12/10/2025 | Amazon - DVD shelving, bathroom cabinet, chairmats | | $416.44 | $18,239.04 |
| 12/10/2025 | LOST - October 2025 | $8,410.95 | | $26,649.99 |
| 1/23/2026 | Friends of the Library Donation (Shelving offset) | $18,782.34 | | $45,432.33 |
| 12/29/2025 | DOE Grant Reimbursement #2 - TV cart, #945042, vari | $7,829.56 | | $53,261.89 |
| 1/2/2026 | Balance of GHI contract Check#15441 | | $14,500.00 | $38,761.89 |
| 1/5/2026 | Northwoods Lumber - building supplies misc. | | $234.66 | $38,527.23 |
| 1/12/2026 | LOST - November 2025 | $8,190.01 | | $46,717.24 |
| 1/13/2026 | Grainger - baby changing table & mirror bathroom | | $654.18 | $46,063.06 |
| 1/26/2026 | GHI - Library additions (remaining flooring, counters, cabinets) | | $15,059.75 | $31,003.31 |
| 2/10/2026 | The Library Store - Quote #944032 - pd 30% down 2/10/26 | | $18,866.23 | $12,137.08 |
| 2/10/2026 | LOST - December 2025 | $7,931.58 | | $20,068.66 |
| 3/3/2026 | DOE Grant Reimbursement #3 - GHI & Grainger see side Q1 | $30,213.93 | | $50,282.59 |
| 3/12/2026 | LOST - January 2026 | $9,795.35 | | $60,077.94 |
| 3/10/2026 | Bessler Electric - wire new ADA opener on new door | | $896.51 | $59,181.43 |
| 4/13/2026 | LOST - February 2026 | $8,446.64 | | $67,628.07 |
| 5/5/2026 | The Library Store Invoice 786248 - Exterior Book Return | | $6,158.00 | $61,470.07 |
| 5/8/2026 | LOST - March 2026 | $7,232.42 | | $68,702.49 |
| 5/18/2026 | DL Seamless Gutters Invoice | | $5,572.00 | $63,130.49 |
| 6/3/2026 | The Library Store - Invoice #789304 balance on shelving | | $44,021.21 | $19,109.28 |
| 6/8/2026 | LOST - April 2026 | $8,197.79 | | $27,307.07 |
| 6/16/2026 | Bessler Electric - Invoice #SD12966 wire new signage | | $255.70 | $27,051.37 |
| 7/10/2026 | LOST - May 2026 | $7,434.10 | | $34,485.47 |
| 8/4/2026 | Ross Lewis Invoice for New Signage | | $7,084.00 | $27,401.47 |
| 8/6/2026 | DOE Grant Reimbursement #4 - Bessler, Library Store, DL Seamless (See Q2 2026) | $12,626.51 | | $40,027.98 |
| | | | $169,856.23 | |

| CPF Compliance Q4 Totals | Amounts | Difference |
|---|---|---|
| Current Period | $58,788.65 | $25,912.00 |
| Current Period Expenditures | $32,876.65 | |
| Cumulative Obligation | $58,788.65 | |
| Cumulative Expenditures | $47,376.65 | $11,412.00 |

| LOST Receipts to Date | | $100,000.00 |
|---|---|---|
| $9,557.87 | Jul-25 | |
| $10,853.81 | Aug-25 | |
| $9,850.76 | Sep-25 | |
| $8,410.95 | Oct-25 | |
| $8,190.01 | Nov-25 | |
| $7,931.58 | Dec-25 | |
| $9,795.35 | Jan-26 | |
| $8,446.84 | Feb-26 | |
| $7,232.42 | Mar-26 | |
| $8,197.79 | Apr-26 | |
| $7,434.10 | May-26 | |
| $95,901.48 | | $4,098.52 est. balance to receive |

| DOE Reimbursement Request Q1 2026 | | |
|---|---|---|
| GHI | $14,500.00 | ck#15441 |
| GHI | $15,059.75 | ck#15555 |
| Grainger | $654.18 | ck#15612 |
| | $30,213.93 | |

| DOE Reimbursement Request Q2 2026 | | |
|---|---|---|
| Bessler Electric | $896.51 | ck#15718 |
| Library Store | $6,158.00 | ck#15864 |
| DL Seamless | $5,572.00 | ck#15891 |
| | $12,626.51 | |

| DOE Reimbursement Request Q3 2026 | | |
|---|---|---|
| The Library Store | $57,110.59 | no shipping ck#15924 & #15533 |
| Bessler Electric | $255.70 | ck#16050 |
| Ross Lewis | $7,084.00 | |
| | $64,450.29 | |

| DOE Reimbursement Request Q4 2026 | |
|---|---|
| | $0.00 |
| | $0.00 |
| | $0.00 |
| | $0.00 |

| CPF Compliance Q1 2026 Totals | Amounts | Difference |
|---|---|---|
| Current Period end 3/31/26 Obligation | $0.00 | $0.00 |
| Current Period Expenditures | $0.00 | |
| Cumulative Obligation | $29,304.56 | |
| Cumulative Expenditures | $29,304.56 | $0.00 |

*Only report CPF funds awarded to date & reimbursed.*

| CPF Compliance Q2 2026 Totals | Amounts | Difference |
|---|---|---|
| Current Period end 6/30/26 Obligation | $12,626.51 | $0.00 |
| Current Period Expenditures | $12,626.51 | |
| Cumulative Obligation | $200,000.00 | |
| Cumulative Expenditures | $71,235.63 | $128,764.37 |

*Only report CPF funds awarded to date & reimbursed.*

## STATE OF MINNESOTA - MN Department of Education

Cumulative Report

**Financial Reporting Form**

Fill in any 'current' columns. Enter actual expenditures for the period and the amount of advance 'spend down'.

Grantee: City of Blackduck
Fund Source: Capital Projects Fund Campaign
Project Title:
Grant ID: 9086
Grant Period: 9/12/2025-12/31/2025
Expenditures Through: 10/31/2025
Current Reimbursement Period Dates: 03/01/2026 Thru 05/18/2026

Grant Total: $200,000.00
Claim Number: 1


Return/Mail To: Taunya Schleicher
MN Department of Education
Grant Services Division
400 NE Stinson Blvd.
Minneapolis, MN 55413

Phone: 6515828836
Email: taunya.schleicher@state.mn.us


| | Grants | | | | |
|---|---|---|---|---|---|
| Code\Description | Budget | Expended | Cur. Balance | Cur. Expended | New Balance |
| 110 Administration/Supervision | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| 186 Other Salary Pmts (Non-Licensed or Non-Cert) | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| 303 Federal Subawards and Subcontracts < $25,000 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| 304 Federal Subawards and Subcontracts >$25,000 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| 401 Supplies and Materials – Non-Instructional | $4,900.00 | $0.00 | $4,900.00 | $0.00 | $4,900.00 |
| 455 Non-Instructional Technology Supplies | $1,000.00 | $0.00 | $1,000.00 | $0.00 | $1,000.00 |
| 505 Capitalized Non-Inst Tech Software | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| 510 Site Or Grounds Acquisition | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| 520 Building Acquisition or Construction | $185,735.00 | $21,475.00 | $164,260.00 | $12,626.51 | $151,633.49 |
| 530 Other Equipment Purchased | $8,365.00 | $0.00 | $8,365.00 | $0.00 | $8,365.00 |
| 555 Cap Non-Inst Tech Hardware | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| 590 Other Capital Expenditures | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| 899 Miscellaneous Expenditures | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| | $200,000.00 | $21,475.00 | $178,525.00 | $12,626.51 | $165,898.49 |

| | |
|---|---|
| Amount To Be Paid | $12,626.51 |
| Apply To Advance | $0.00 |
| Amount To Be Paid on this request | $12,626.51 |
| Previous Amount Remaining To Be Paid | $0.00 |
| Outstanding Advance Amount | $0.00 |

Please indicate if this is a final payment. Final Payment? ☐ Yes ☐ No Any remaining funds will be cancelled if 'YES' is marked.

By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812).

Christina Regas — Completed By — 5/18/2026 Date

Authorized By — Date

Notes:

# INVOICE

**BESSLER ELECTRIC**
**218-444-WIRE**

331 Oak Hills RD SE, BEMIDJI, MN 56601

Ph: (218) 444-9473 Fax: (218) 444-9985

City of Blackduck
MAR 10 2026

Invoice No: SD12555
Invoice Date: 3/10/2026
Due Date: 3/20/2026

**BILL TO:** BLACKDUCK LIBRARY
72 1ST ST SE

BLACKDUCK, MN 56630

**SITE:** BLACKDUCK LIBRARY
72 1ST ST SE
BLACKDUCK, MN 56630

**Work Order #:**

**Dispatch No:** 18702
**Technician:** DANIEL BESSLER

**Who called:** CHRISTINA **Phone #** (218) 368-9394

| ITEM | DESCRIPTION | QTY | AMOUNT |
|---|---|---|---|
| WR166 | 12-2 MC CABLE W/ GROUND | 80.00 | 101.52 |
| PI151 | 1/2" EMT | 3.00 | 2.59 |
| FT178 | 1/2" EMT CONNECTOR | 2.00 | 2.34 |
| BR103 | QO 215-260 PLUG-ON CB | 1.00 | 30.06 |
| LABOR | JOURNEYMAN LABOR | 3.00 | 390.00 |
| PRENTICE | APPRENTICE LABOR | 3.00 | 330.00 |
| | VEHICLE CHARGE | 1.00 | 40.00 |
| | Install wiring for new door. | | |

**THANK YOU FOR YOUR BUSINESS!**
**TO PAY YOUR BILL ONLINE VISIT**
http://pay.besslerelectric.com

**Customer ID:** 6537 **Zip Code:** 56630

550-45500-309

| | |
|---|---|
| TOTAL | 896.51 |
| PYMT | 0.00 |
| BAL DUE | 896.51 |

Finance charge of 1.5% per month will be added to accounts over 20 days. You will be responsible for any and all costs involved in collections of this account.

$896.51

THE LIBRARY STORE®
112 E. South Street, PO Box 0964
Tremont, IL 61568-0964
TEL [800] 548-7204
FAX [800] 320-7706
www.thelibrarystore.com

# Invoice: 786248

Customer Number: 594001
Order Number: 959729
Invoice Date: 5/4/2026
Due Date: 6/3/2026

**Ship To:**

Christina Regas
Blackduck Community Library
72 First St SE
Blackduck, MN 56630
cregas@beltramimis.onmicrosoft.com

**Bill To:**

Christina Regas
Blackduck Library - City of Bluckduck
PO Box 380
Blackduck, MN 56630-0380
christina.regas@blackduckmn.com

**Detach and Return with Payment** **Net 30 Terms** **Balance Due: $6,158.00**

| Qty | Item | Item Description | Retail Price | Your Price | Ext Price |
|---|---|---|---|---|---|
| 1 | 83-11793 | KINGSLEY 50 S-Series Outdoor Return w/1 Cart | ~~$8,030.93~~ | $5,353.95 | $5,353.95 |

**You Saved $2,676.98!**

| | |
|---|---|
| Sub-Total: | $5,353.95 |
| Tax: | $0.00 |
| Shipping: | $804.05 |
| **Balance Due (USD):** | **$6,158.00** |

Note: Tax laws are constantly changing and, while we're doing our best to keep up with each state's changes, we're not perfect. Please consult your state's specific sales and use tax laws to determine whether any taxes are owed on your purchase.

Code 520

550-45500-309

**Craig Pehrson**
P.O. Box 385
Bemidji, MN 56619
Cell - 218-244-9205

DL SEAMLESS RAIN GUTTERS

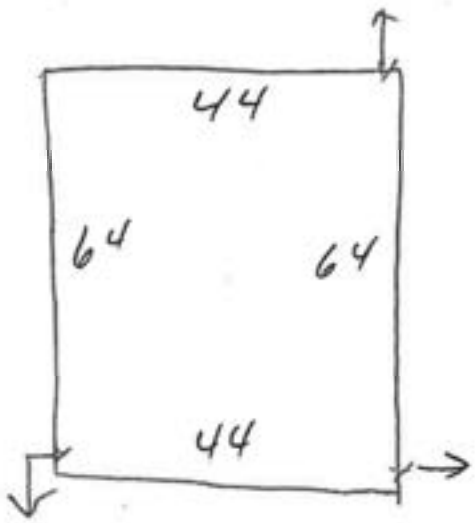
# INVOICE

| | |
|---|---|
| PROPOSAL SUBMITTED TO Kitchigami Library | DATE 4-21-26 |
| ADDRESS | BILLING NAME |
| CITY STATE ZIP Blackduck | BILLING ADDRESS |
| HOME PHONE CELL PHONE 218-835-4803 | CITY STATE ZIP |

We hereby submit specifications and estimates to:

Tear-off Existing Gutters 216 ft.
Disposal 216 ft.
Install 216 ft seamless rain gutter 5" X 6" ____
Color Terratone
Strip Mitre 22° ____ or 45° 4
Roof type ____ Pitch ____/12
Fascia type ____ wedges needed Y / N
Drain tile adapters needed Y / N ____

Install Downspouts
Color Terratone
2x3 ____ 1 story ____ 2 Story
3x3 ____ 1 story ____ 2 Story
3x4 3 1 story ____ 2 Story
Install ____ tip-ups
Install Gutter Protection Gutter Rx
Color ____ ft. 216




City of Blackduck
MAY 18 2026

Code 520

All material is guaranteed to be as specified. ALL WORK to be completed in a workmanlike manner according to standard practices. Specified work and quoted price subject to change upon discovery of hidden defects. All agreements contingent upon strikes, accidents or delays beyond our control. Owner to carry fire, tornado, and other necessary insurance. Our workers are fully covered by Workers, Compensation Insurance. Products and materials may be substituted for equivalent products due to availability.

Sale Price $ 5572.00

Customer Signature ____

Customer Signature ____

Date of Acceptance: ____

You, the buyer, may cancel this purchase at any time prior to midnight of the third business day after the date of the purchase. After the cancellation period this contract cannot be terminated without agreement by both parties. Damages recoverable by the seller from the buyer for failure to accept delivery and installation shall be determined by the seller and will not be limited to materials sales, and marketing costs, permits and administrative fees, and will not fall below 20% of the purchase price and may be the full purchase price. Contract is subject to management approval.

See Reverse Side For Important Notice.

Acceptance of Contract - The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined.

DL Seamless will charge a monthly late fee imposed on any unpaid balance in the amount of 18% per year or the maximum legal rate imposed by law. Owner shall pay all Contractor's collection costs, including attorney's fees, if Owner defaults on payment.

## MUNICIPAL SECONDARY MARKET DISCLOSURE ANNUAL REPORT

This Annual Report is being filed with the Municipal Securities Rule Making Board through the Electronic Municipal Market Access ("EMMA") website pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C)and(D).

| **Obligated Person: City of Blackduck, Minnesota** |
|---|

**Issues Subject to Limited Disclosure:**

| Issue Identification | Issue Date | 6-Digit CUSIP No. |
|---|---|---|
| $1,165,000 General Obligation Bonds, Series 2012A | 12/27/2012 | 092282 |
| $650,000 General Obligation Tax Abatement Bonds, Series 2021A | 5/27/2021 | 092282 |

**The Following Have Been Authorized by the Issuer to Distribute this Information Publicly:**

| | Dissemination Agent |
|---|---|
| **Contact Name/Title:** | Sara Beecher, Operations Manager |
| **Company:** | Ehlers & Associates, Inc. |
| **Phone:** | (800) 552-1171 |
| **Email Address:** | sbeecher@ehlers-inc.com |

*This Annual Financial Information Report (this Annual Report) has been prepared and is being provided to the secondary market only in compliance with the contractual agreement of the Issuer, entered into in accordance with Rule 15c2-12 promulgated by the U.S. Securities and Exchange Commission, to update annually the following financial information and operating data which was provided in the Final Official Statement relating to the above noted obligations. The information provided in this Annual Report speaks only as of its date and is subject to change without notice. The delivery of this Annual Report may not under any circumstances, create an implication that there has been no other change to the information provided about the Issuer or otherwise in the Final Official Statement. The presentation of information in this Annual Report is intended to show recent historical information and is not intended to indicate future or continuing trends with respect to the Issuer. The Issuer has not agreed in any way to notify the secondary market of subsequent changes to the information in this Annual Report, other than an undertaking to provide notice of certain specific reportable events.*

| | |
|---|---|
| **Type of Filing:** | online via: http://emma.msrb.org/ |
| **Fiscal Period Ending:** | 12/31/2025 |
| **Issuer Filing Deadline:** | 12/31/2026 |

**Final Audited Financial Statements, on File with EMMA:**

| Fiscal Year End: 12/31/2025 - Submitted on 8/10/2026 |
|---|

We'll get you there

CPAs | CONSULTANTS | WEALTH ADVISORS

# City of Blackduck

December 31, 2025

## Auditor Communications

Troy Gabler, CPA, Principal

Siona Kelly, CPA, Senior



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Securities and investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor, member FINRA/SIPC.

# Agenda






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# Required Communications

- Audit provides reasonable assurance, not *absolute* assurance
- Significant accounting estimates
  - No accounting estimates affecting the financial statements were determined to be particularly sensitive or deemed to have a higher degree of estimation uncertainty
- Accounting Policies
  - GASB Statement No. 102, *Certain Risk Disclosures,* was implemented which resulted in changes in note disclosures, but nothing within the numbers in the financial statements as of December 31, 2025.
- Received full cooperation from management



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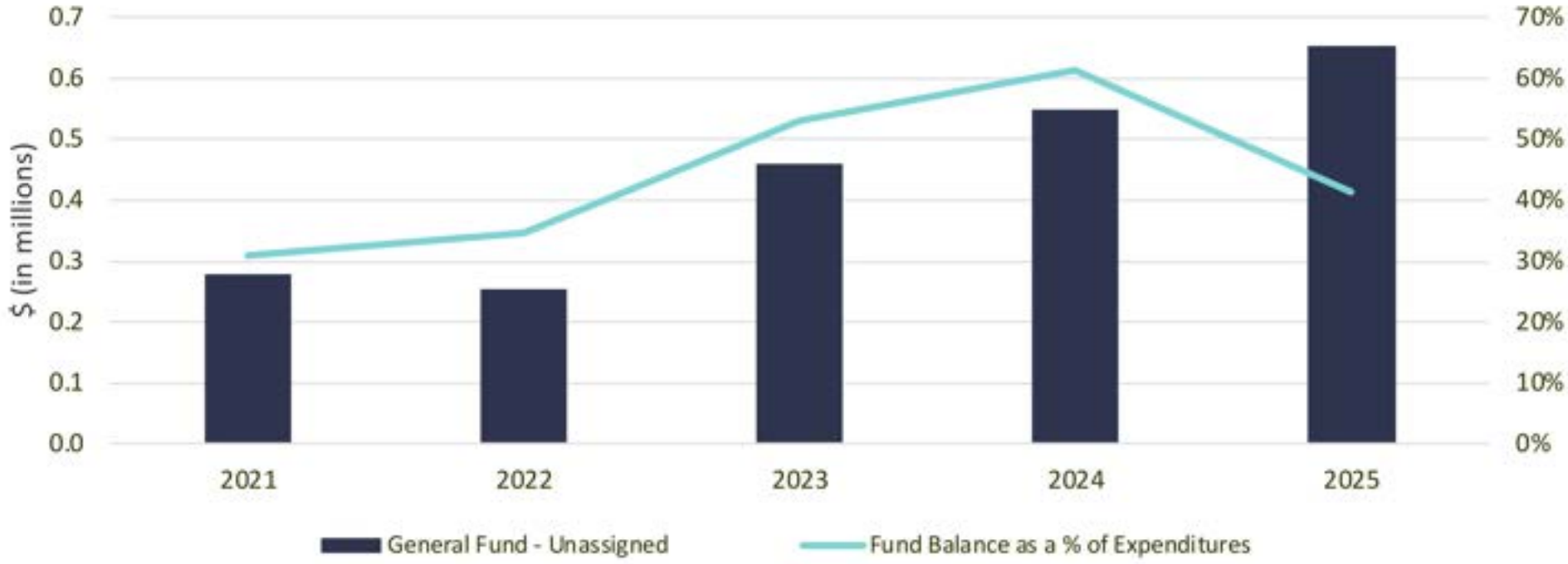
# Audit Results

- Unmodified (i.e., "clean") opinion on the financial statements
- Internal Controls over Financial Reporting –
  - Segregation of Duties
  - Audit Adjustments:
    - Bond issuance cost adjustment, local option sales tax adjustments, Capital asset additions incorrectly excluded.
  - Missing supporting documentation for employee census data for the Blackduck Fire Relief Association
  - Oversight of the Financial Reporting Process
- Minnesota Legal Compliance
  - The City did not obtain more than one quote for one contract between $25,000 and $175,000.
- Single Audit
  - The City was unable to provide a documented formal review process for the management report relating to program #10.766.



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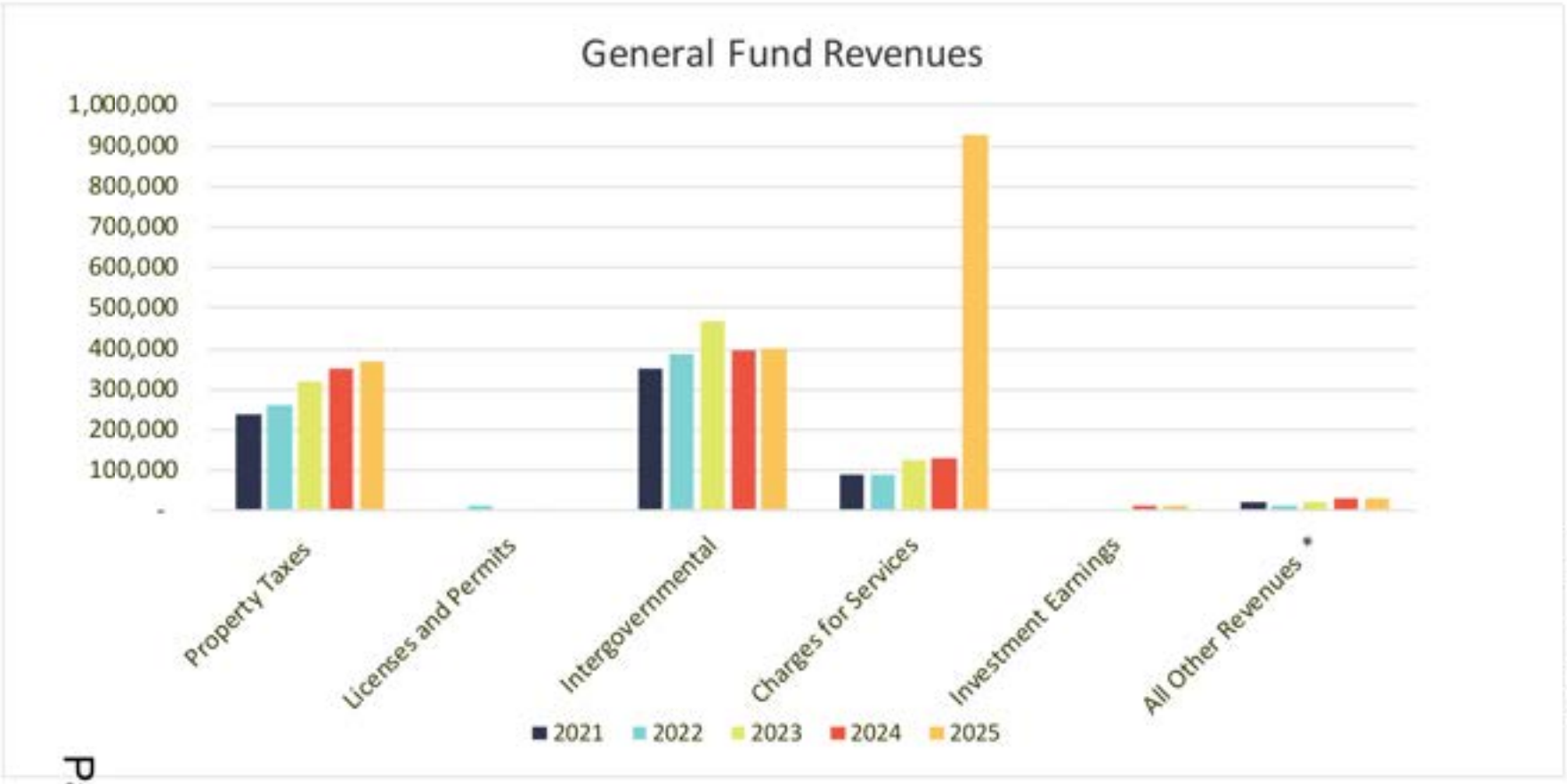
# Financial Results






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# Financial Results (Continued)

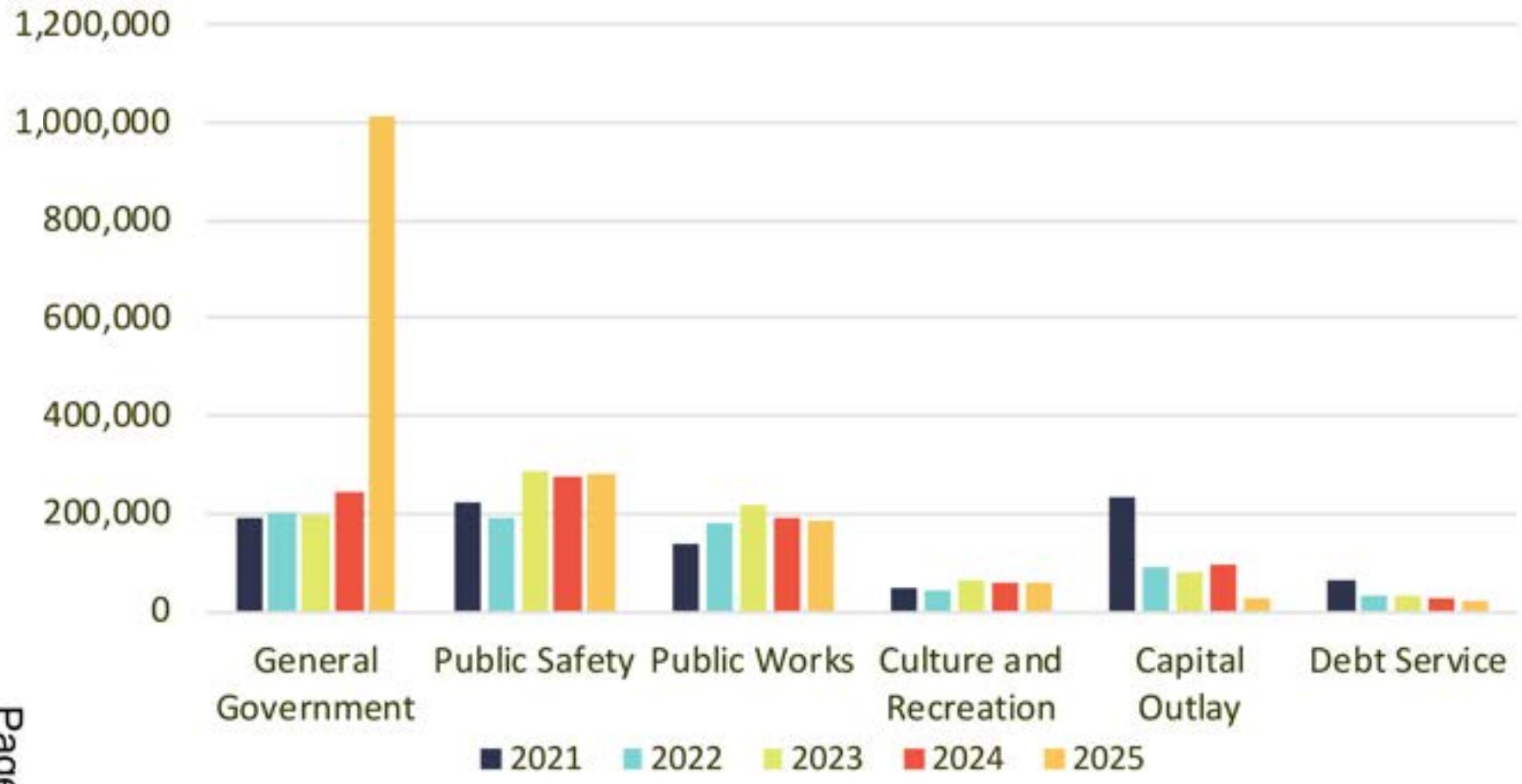



* Includes fines, reimbursements, donations, rental and miscellaneous revenues



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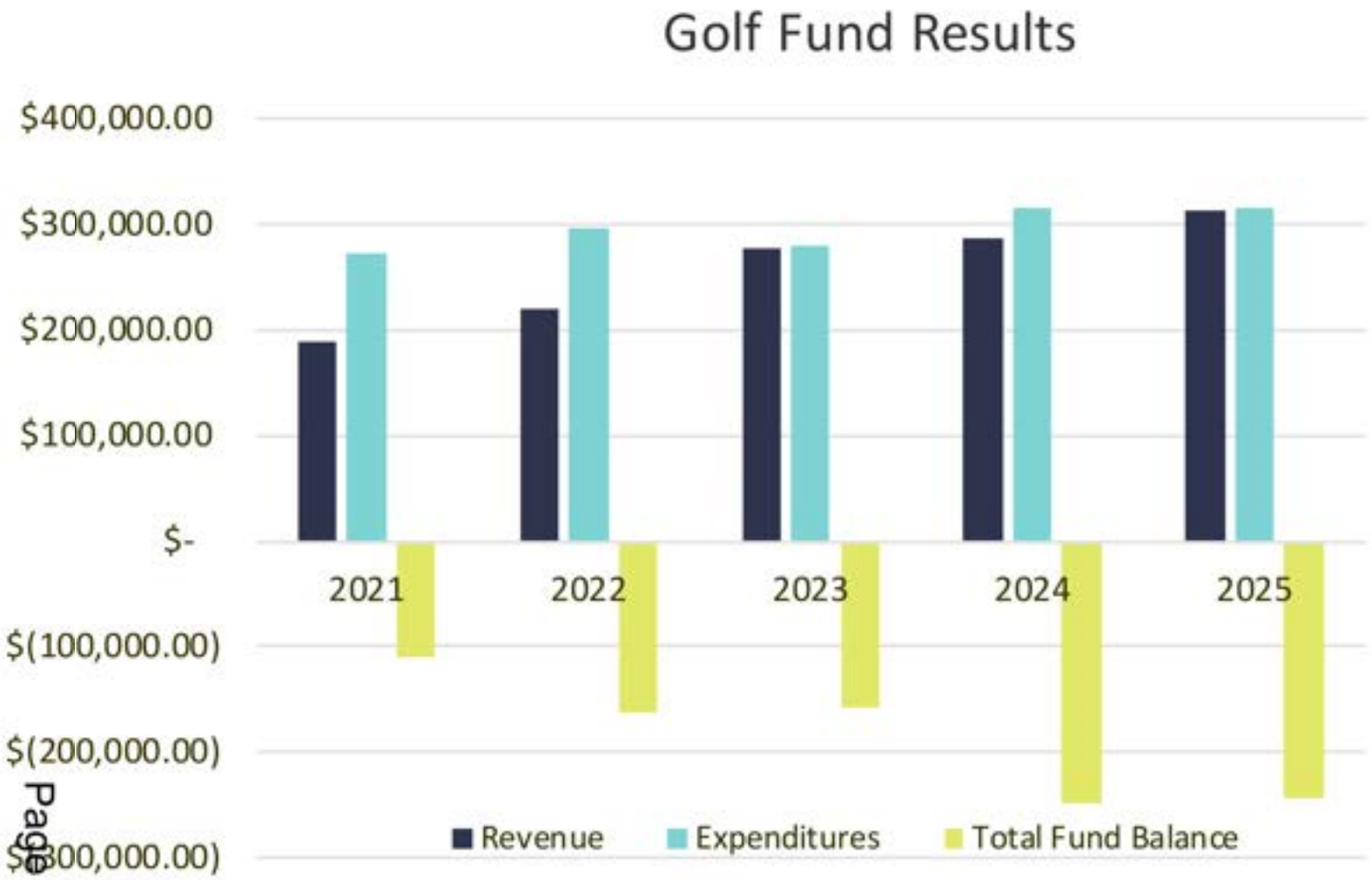
# Financial Results (Continued)






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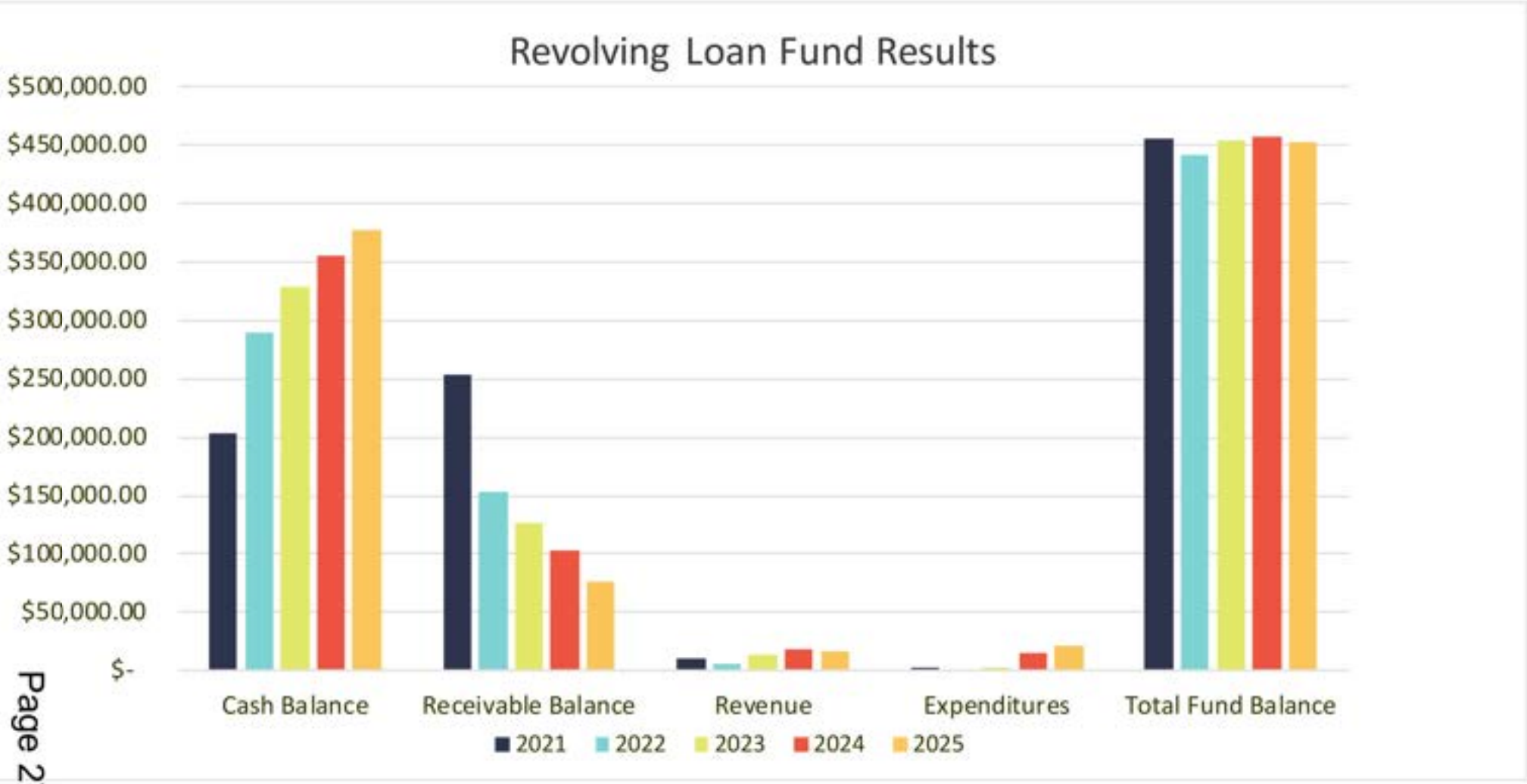
# Financial Results (Continued)






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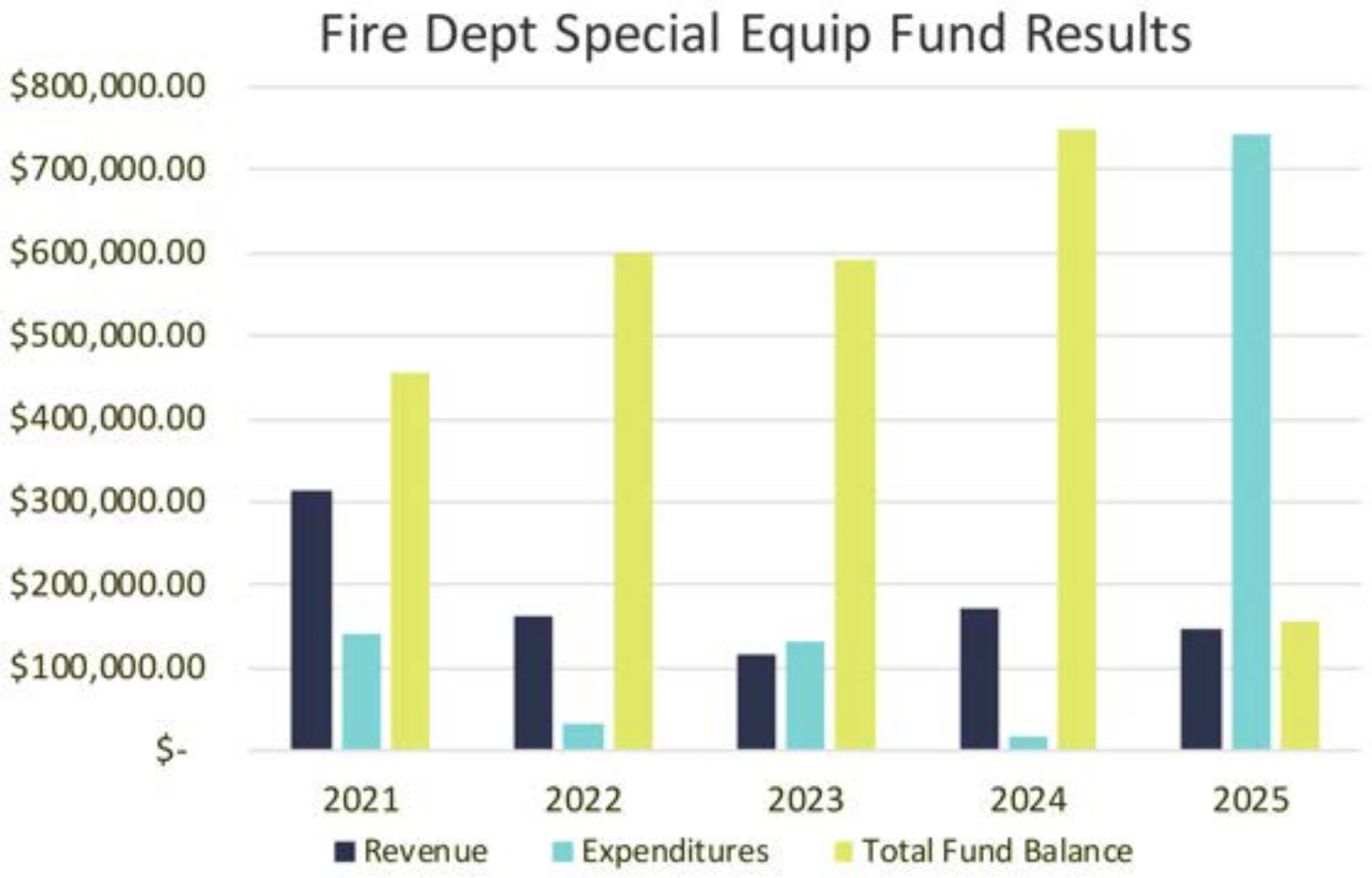
# Financial Results (Continued)






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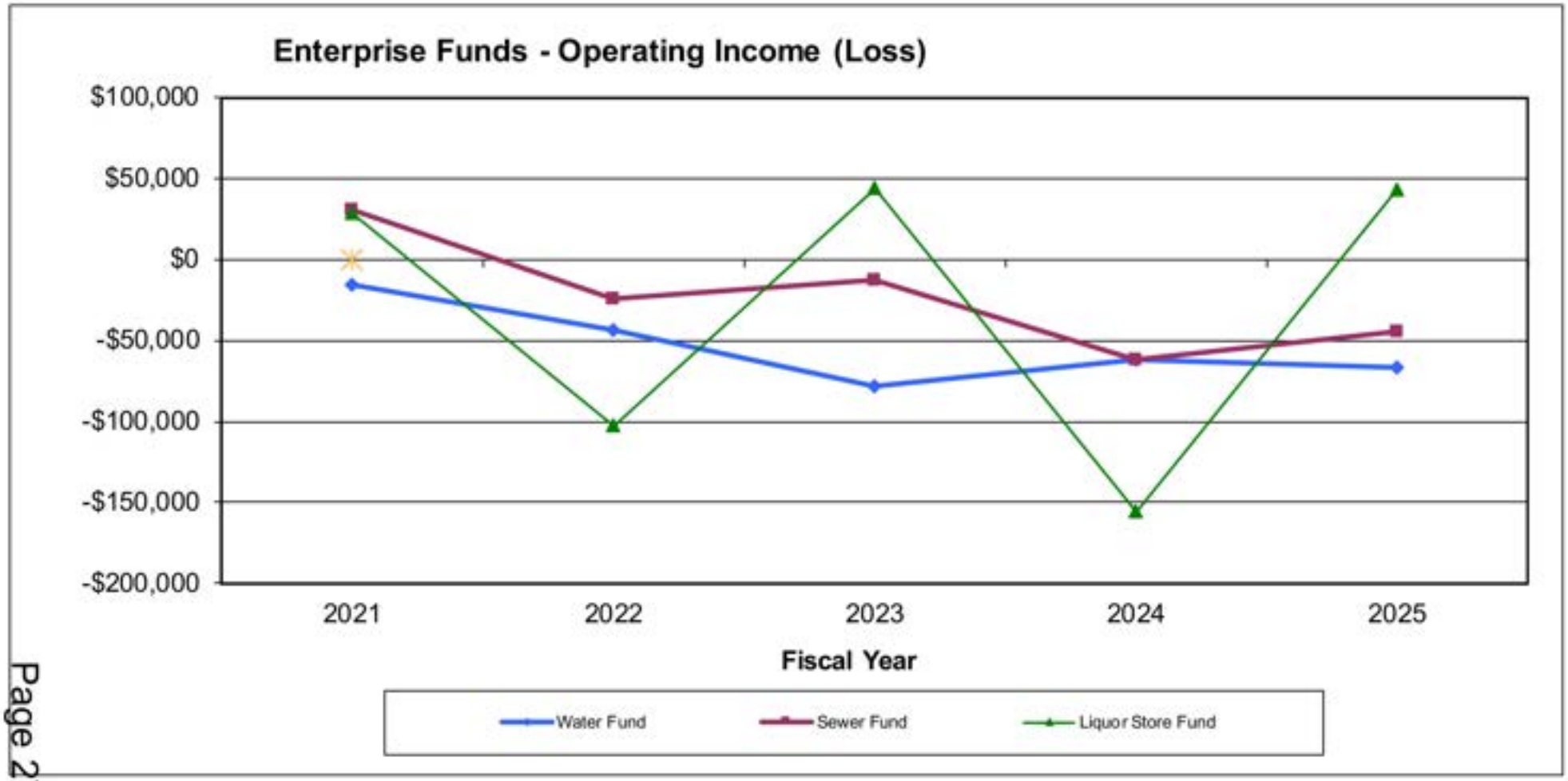
# Financial Results (Continued)






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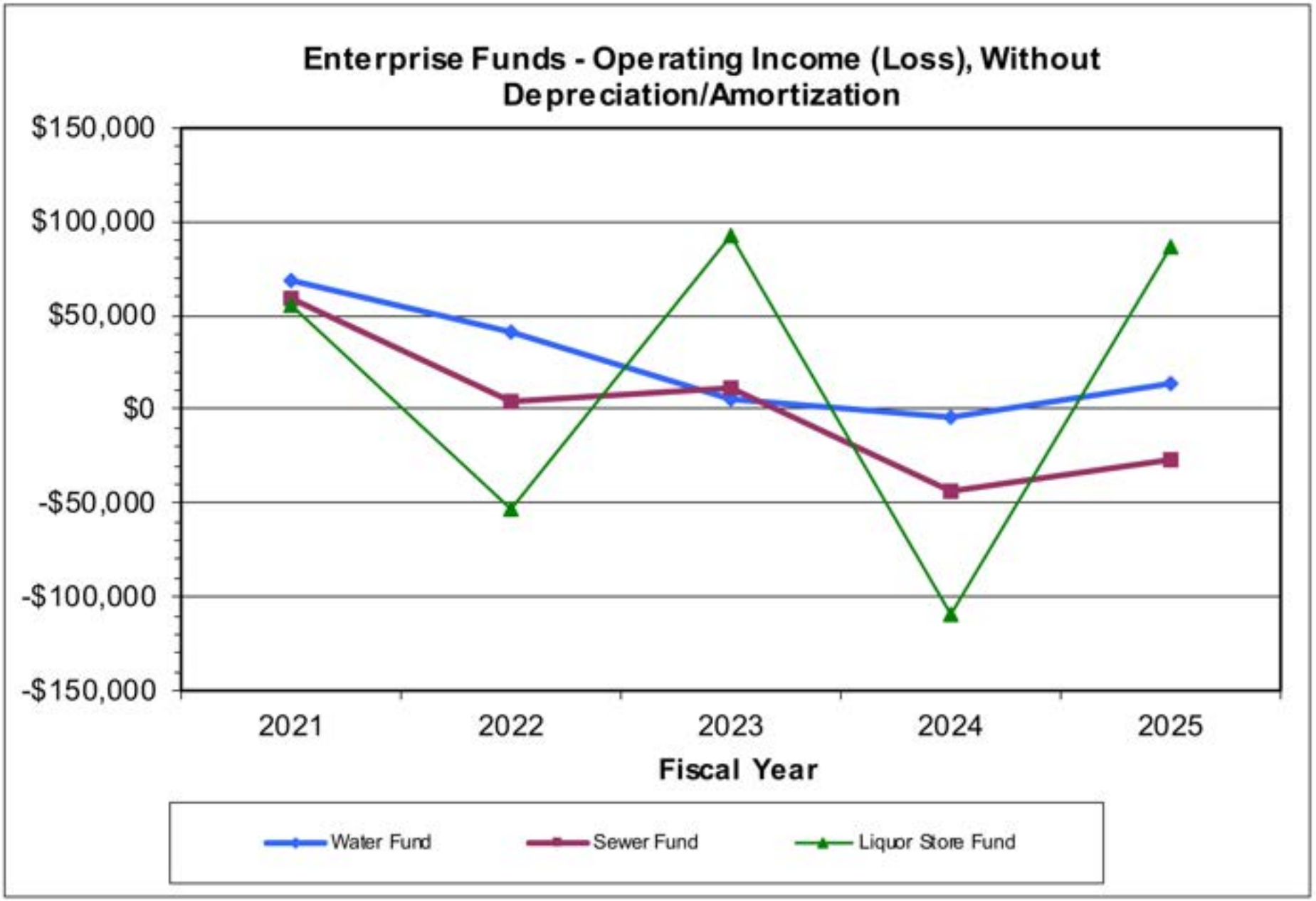
# Financial Results (Continued)






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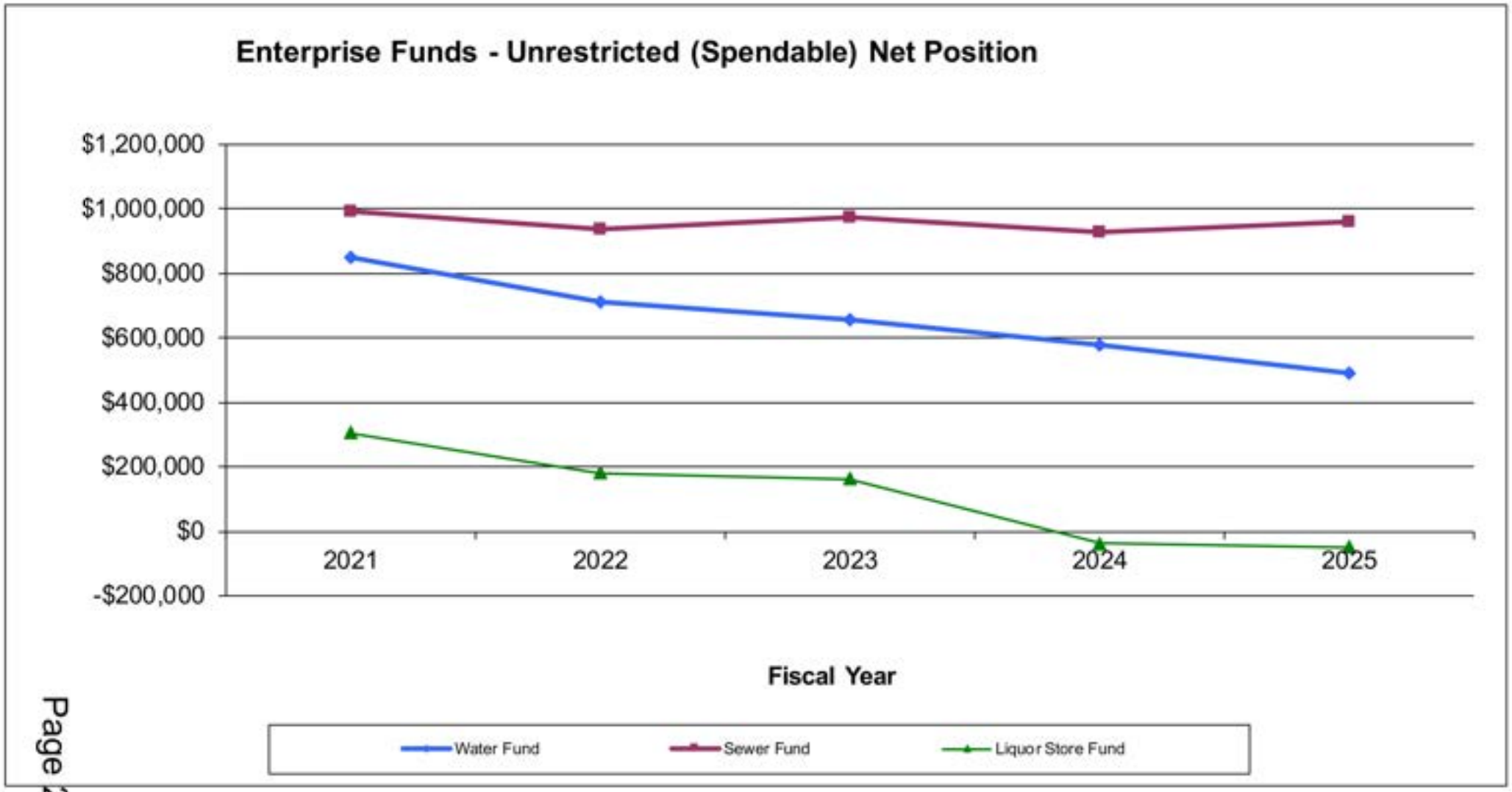
# Financial Results (Continued)






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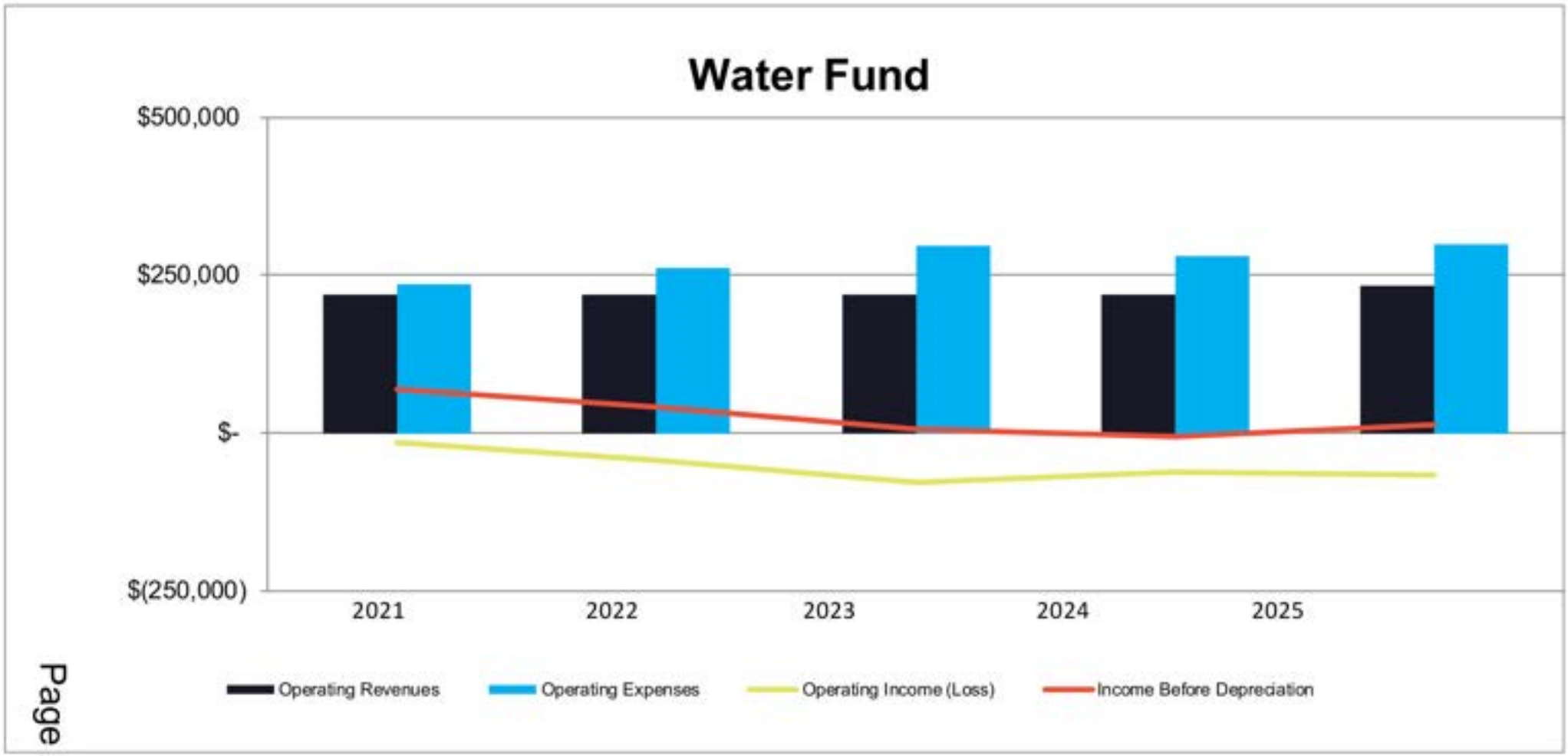
# Financial Results (Continued)






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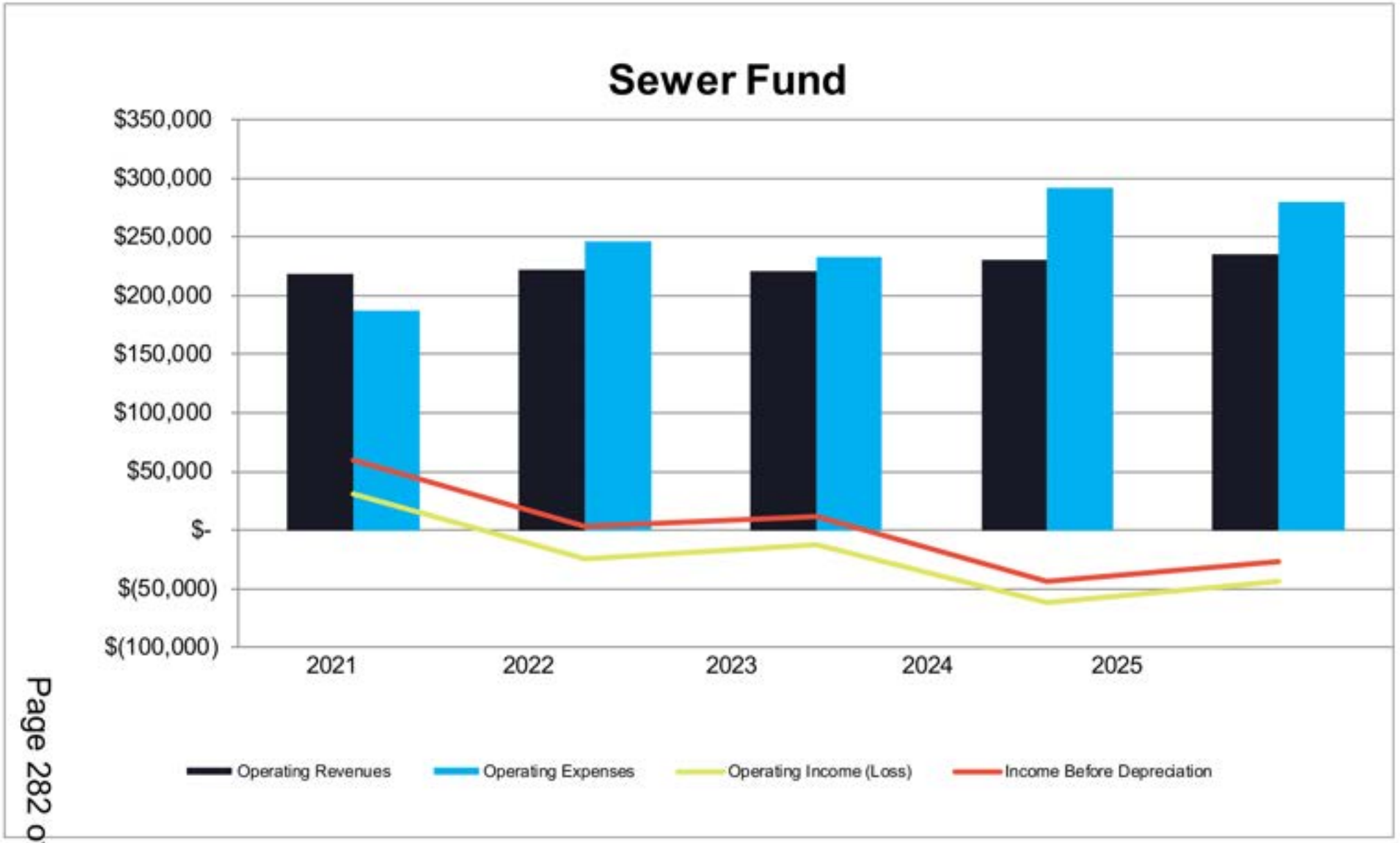
# Financial Results (Continued)






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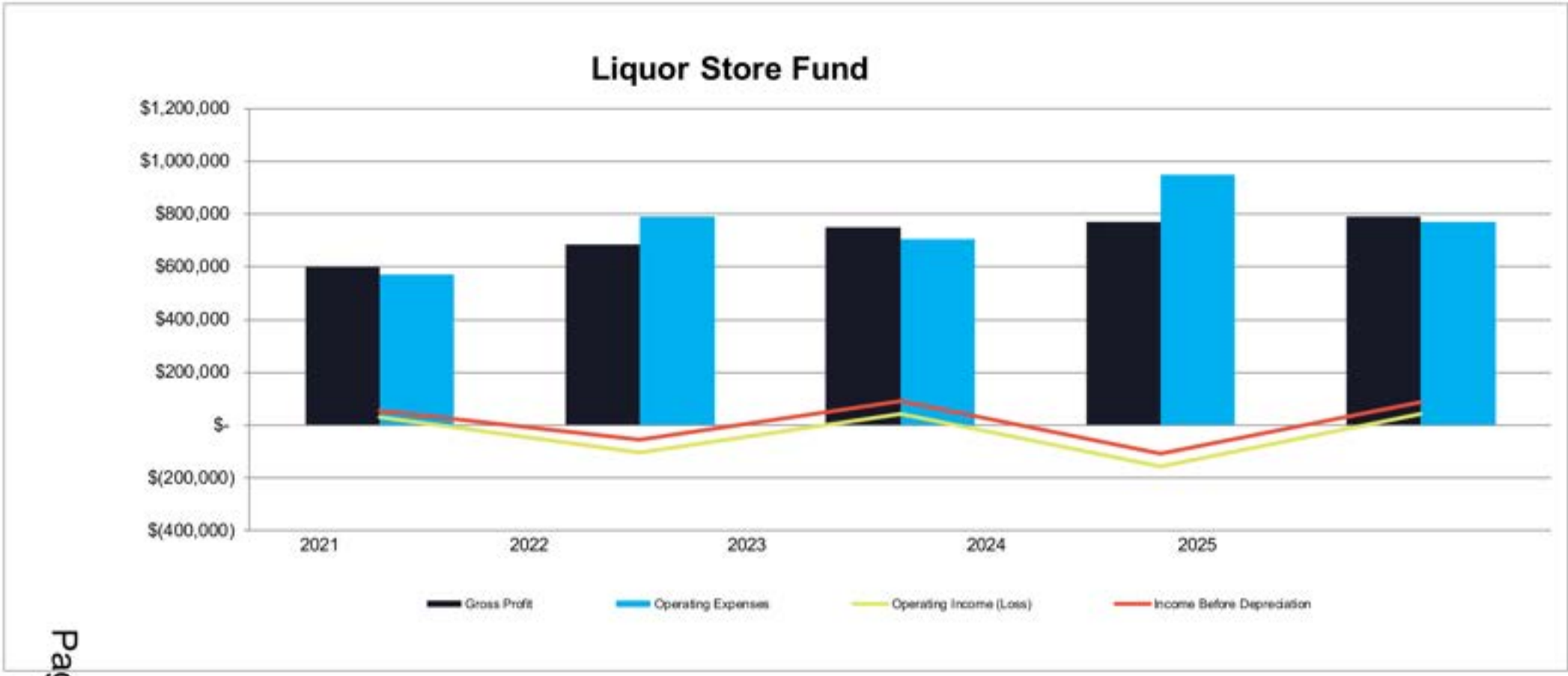
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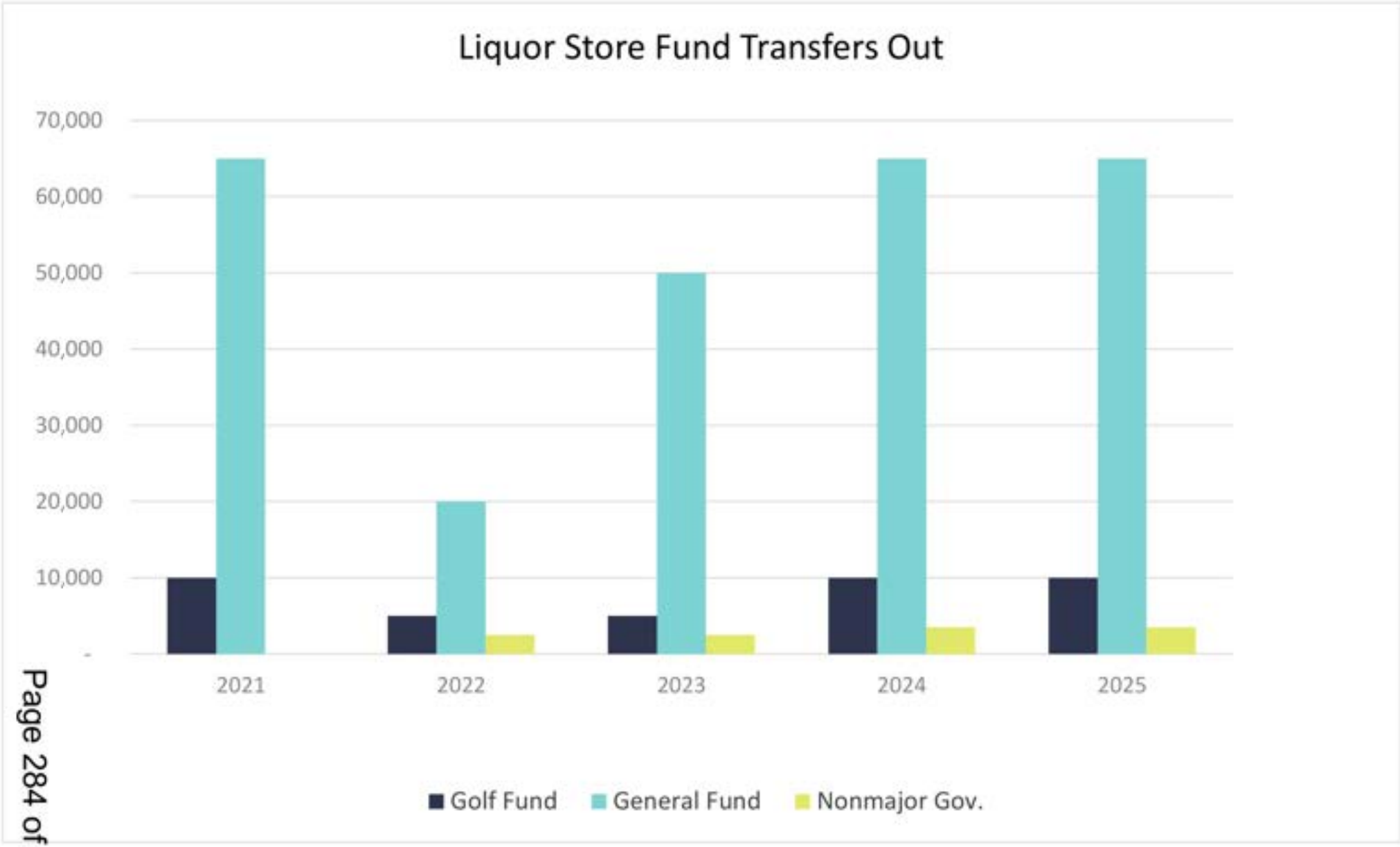
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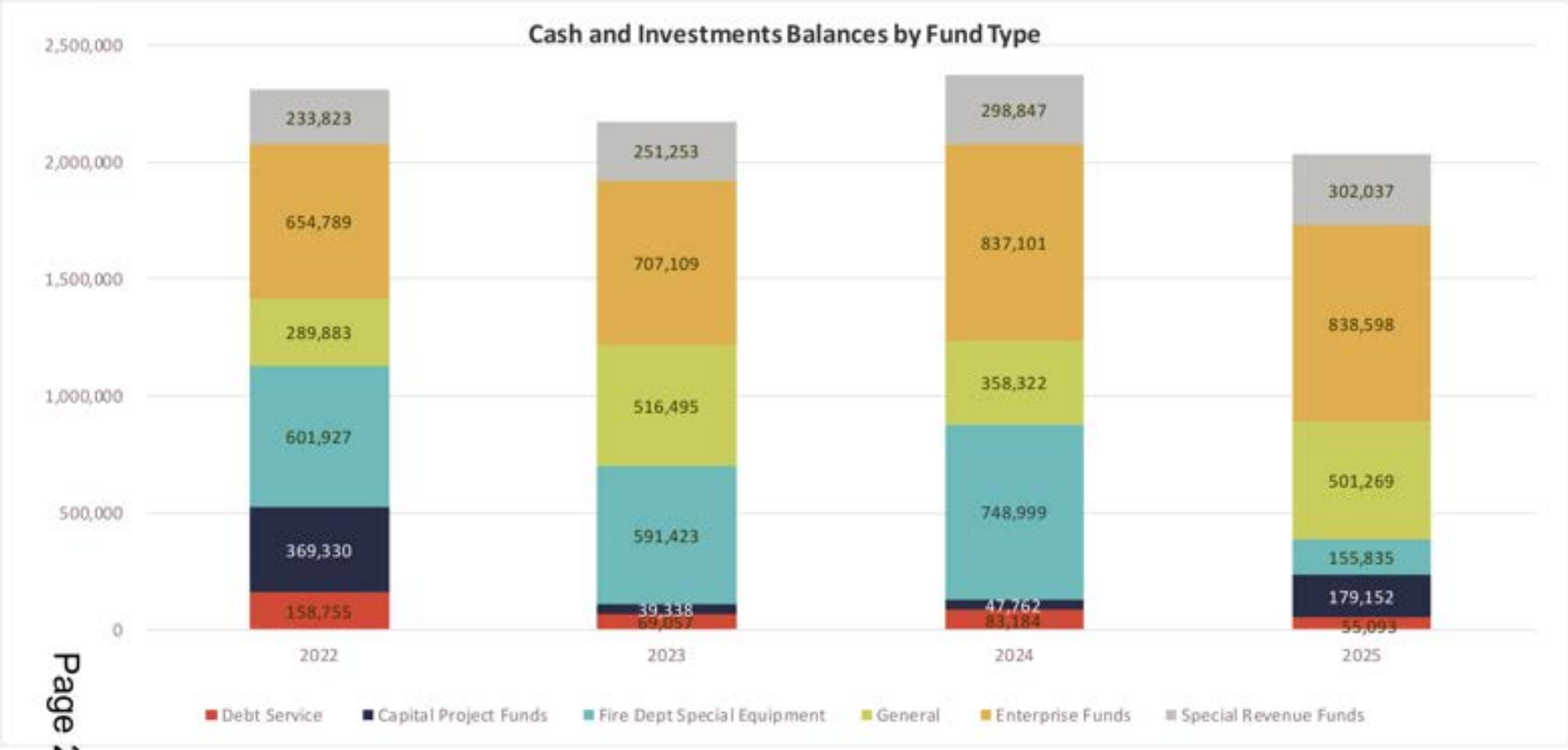
# Financial Results (Continued)






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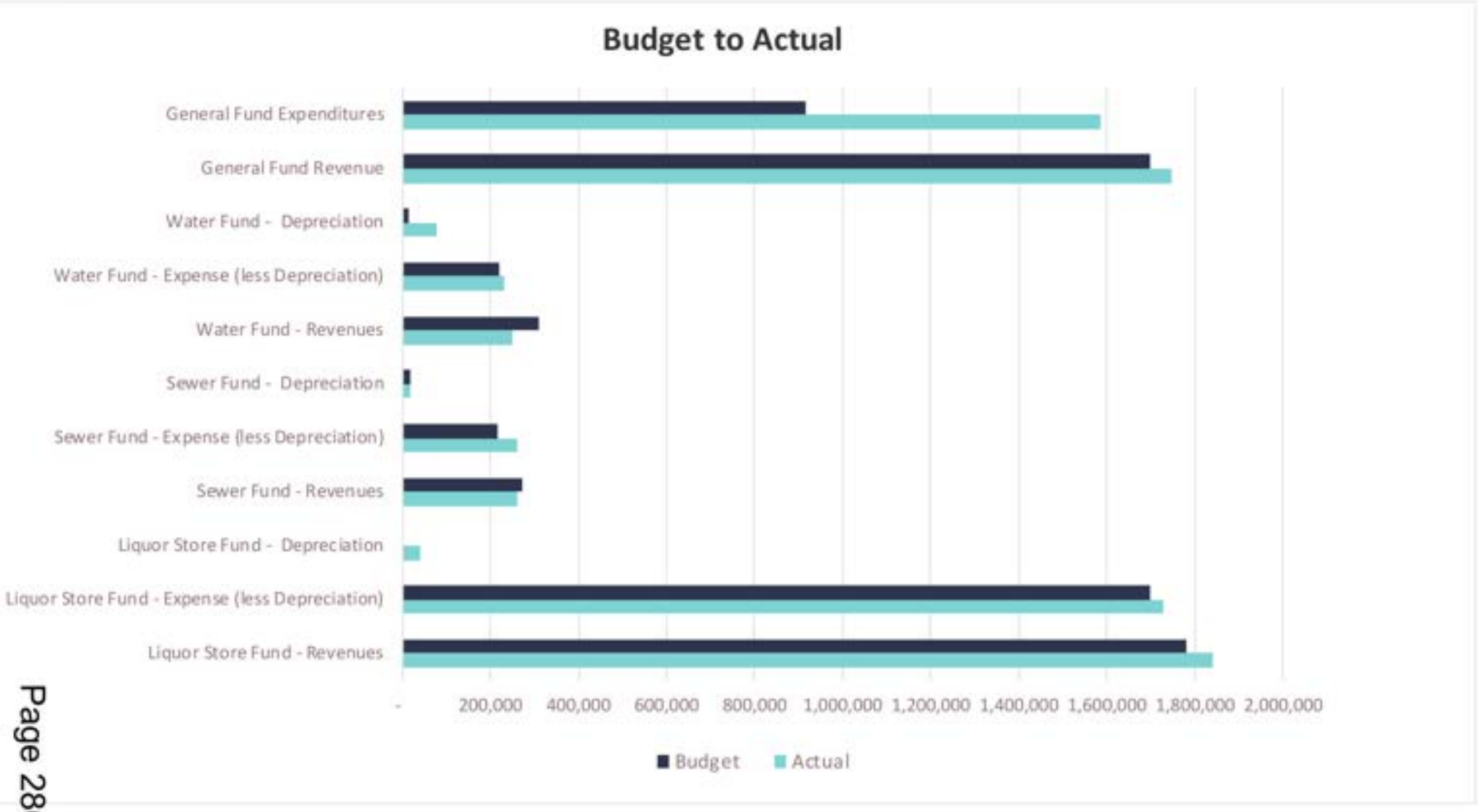
# Financial Results (Continued)






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# Financial Results (Continued)






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# Emerging Issues

- Statement No. 103 – Financial Reporting Model Improvements
  - December 31, 2026
  - Will impact the Management Discussion & Analysis and the layout of the Statement of Changes in Net Position for Enterprise Funds
- Statement No. 104 – Disclosure of Certain Capital Assets
  - December 31, 2026
  - Will impact the presentation in the footnotes of certain capital assets.
- Statement No. 105 – Subsequent Events
  - December 31, 2027
  - Will impact the subsequent event time frame, clarification with recognized/non-recognized, and specifies what needs to be disclosed with the event



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# *Thank you!*

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Mayor and City Council
City of Blackduck
City of 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 (the City), as of and for the year ended December 31, 2025, and have issued our report thereon dated August 4, 2026. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit in our Statement of Work dated April 6, 2026. Professional standards also require that we communicate to you the following information related to our audit.

## Significant audit findings or issues

### *Qualitative aspects of accounting practices*

*Accounting policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Blackduck are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2025.

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

*Accounting estimates*

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

- Management's estimate of the City's liability for other postemployment benefits and the related deferred inflows and outflows is based on an actuarial determined liability which is based on various assumptions, including investment rates of return, health care trend rates, mortality rates, etc. We evaluated the methods, assumptions, and data used to develop the liability in determining that it is reasonable in relation to the financial statements taken as a whole. In prior years, the entire liability and deferred outflow was included in governmental activities. In the current year, the City of Blackduck determined that a new allocation using the applicable underlying salaries by fund was more accurate. As a portion of the underlying salaries are in business type funds, this change will allocate a portion of the liability and deferred outflow to the water, sewer, and liquor funds.

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- Management's estimate of the net pension asset related to the fire relief association is based on an actuarial study performed by an independent actuary. We evaluated the methods, assumptions, and data used to develop the net pension asset related to the fire relief association and related disclosures in determining that it is reasonable in relation to the financial statements taken as a whole.

*Financial statement disclosures*

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was related to the City's net pension liability in Note 4.

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

***Significant unusual transactions***

We identified no significant unusual transactions.

***Difficulties encountered in performing the audit***

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

***Uncorrected misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has determined that the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The following summarizes uncorrected misstatements of the financial statements:

- The City did not book a prepaid for workers' compensation in 2024, which caused assets to be understated and expenditures to be overstated in the prior year by $11,596 in the General fund, $1,246 in the Water fund, $1,537 in the Sewer fund, $5,517 in the Liquor fund, and $577 in the Golf fund.

***Corrected misstatements***

The following material misstatements detected as a result of audit procedures were corrected by management:

- The City issued $363,000 of bonds in 2025 and recorded the issuance net of $16,302 of issuance cost which was material to Aggregate Remaining funds.

- There was $32,105 of taxes, $26,152 of due from other governments, $9,884 of deferred inflows, and $15,837 of expenses all related to local option sales tax that were not booked in 2025 in the Kitchigami Library Renovation Project fund.

- There was $1,076,239 of additions to construction in progress in the current year that the City did not identify.

***Disagreements with management***

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

***Management representations***

We have requested certain representations from management that are included in the management representation letter dated August 4, 2026.

***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 entity's financial statements or a determination of the type of auditors' 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.

***Significant issues discussed with management prior to engagement***

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

**Required supplementary information**

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

**Supplementary information in relation to the financial statements as a whole**

With respect to the schedule of expenditures of federal awards (SEFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA to determine that the SEFA complies with the requirements of the Uniform Guidance, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated August 4, 2026.

With respect to the combining and individual nonmajor fund financial statements and schedules (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, 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 or the reasons for such changes, 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 have issued our report thereon dated August 4, 2026.

**Other information included in annual reports**

Other information (financial or nonfinancial information other than the financial statements and our auditors' report thereon) is being included in your annual report and is comprised of the introductory section. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information included in your annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. Our auditors' report on the financial statements includes a separate section, "Other Information," which states we do not express an opinion or any form of assurance on the other information included in the annual report. We did not identify any material inconsistencies between the other information and the audited financial statements.

* * *

This communication is intended solely for the information and use of the 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.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota
August 4, 2026

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Management
City of Blackduck
Blackduck, Minnesota

In planning and performing our audit of the financial statements of the City of Blackduck (the City), as of and for the year ended December 31, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the entity's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and other matters that is an opportunity to strengthen your internal control and improve the efficiency of your operations. Our comments and suggestions regarding those matters are summarized below. This letter does not affect our report on the financial statements dated August 4, 2026.

## Utility Adjustment Approval

During our review of internal controls it was noted that City employees are able to adjust the water or sewer meter reading manually so that customers are not overcharged. We also noted that there was no process in place to review those manual adjustments either before or after they are made. This creates a risk that someone would manually adjust an account in error or on purpose and it could go unnoticed. We recommend implementing a review procedure for such adjustments in the future where someone other than the individual making the adjustment reviews the adjustment being made and documents their agreement with the adjustment.

## Interfund Activity

During our review of interfund transfers and interfund advances, that a number of adjustments were necessary to ensure these balanced at year-end. It was noted that the loan receivable and payable are not being adjusted but instead revenues and expenditures are being posted for the payments. Ideally the loan balances would be adjusted instead. This creates a risk that a payment could be improperly recorded during the year. We also noticed that interfund transfers included many intrafund transfers in the spreadsheet provided for the audit. These have to be ultimately eliminated for the audit and proper presentation within the financial statements. We recommend that the City implement sufficient controls over interfund transfers and advances to ensure they are properly stated at year-end.

## Sales Tax Payable Adjustments

It was noted that in the liquor fund, there was a discrepancy between the balance in the trial balance for the municipal liquor store sales tax payable and the sales tax return. Additionally, in the golf fund it was noted that there was a debit balance in the golf sales tax payable account. It is possible that an incorrect amount of sales tax could ultimately be paid if these amounts are not regularly reconciled. We recommend that the City implement sufficient controls over sales tax payable amounts to ensure they properly reconcile to available data and all debit balances are reported as due from other governments instead of a debit payable amount.

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Cash and Bank Reconciliation

It was noted that there was a historical variance between the bank reconciliation and cash in the trial balance, and for 2025 there was a difference of $11,737 that was reconciled via an audit entry to tie out cash to the bank reconciliation. This creates a risk that cash is not fully reconciled on a monthly basis which can lead to potential errors over time. We recommend that the City implement sufficient controls to ensure that cash is properly reconciled and tied out. If there are small variances of unknown origin, to clear those out, and ensure cash ties to the dollar going forward month to month. This process should include someone other than the prepare of the bank reconciliation reviewing and approving the bank reconciliation on a monthly basis and documenting that review.

Voided Transactions

It was noted that there is no formal review or approval of voided transactions at the Pond and golf course. This could create the opportunity for someone to void a cash transaction and steal the money, or for someone to void a transaction for an unreasonable purpose. We recommend that these voided transactions are reviewed on a monthly or quarterly basis and that approval of these are formally documented by someone other than the person that is voiding the transactions.

Golf Fund Accounts Receivable

It was noted that there was a carry forward historical balance in the golf fund accounts receivable. We recommend that the City implement sufficient controls over receivables to ensure that they are properly reconciled.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various entity personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, City council, and others within the entity, and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota
August 4, 2026

# CITY OF BLACKDUCK, MINNESOTA

## FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

## YEAR ENDED DECEMBER 31, 2025



CPAs | CONSULTANTS | WEALTH ADVISORS

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CITY OF BLACKDUCK, MINNESOTA
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2025


| | |
|---|---|
| OFFICIAL DIRECTORY | 1 |
| INDEPENDENT AUDITORS' REPORT | 2 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 6 |
| BASIC FINANCIAL STATEMENTS | |
| STATEMENT OF NET POSITION | 13 |
| STATEMENT OF ACTIVITIES | 14 |
| GOVERNMENTAL FUNDS | |
| BALANCE SHEET | 15 |
| RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION | 16 |
| STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES | 17 |
| RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES | 19 |
| STATEMENT OF NET POSITION | 20 |
| STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION | 21 |
| STATEMENT OF CASH FLOWS | 22 |
| NOTES TO BASIC FINANCIAL STATEMENTS | 24 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL | |
| GENERAL FUND | 68 |
| GOLF FUND | 72 |

CITY OF BLACKDUCK, MINNESOTA
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2025


SCHEDULE OF THE CITY'S AND NONEMPLOYER PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

GENERAL EMPLOYEE PLAN 73

POLICE AND FIRE PLAN 74

SCHEDULE OF CITY'S CONTRIBUTIONS

GENERAL EMPLOYEE PLAN 75

POLICE AND FIRE PLAN 76

BLACKDUCK FIRE RELIEF ASSOCIATION

SCHEDULE OF CHANGES IN NET POSITION LIABILITY (ASSET) AND RELATED RATIOS 77

SCHEDULE OF EMPLOYER AND NONEMPLOYER CONTRIBUTIONS 78

SCHEDULE OF INVESTMENT RETURNS 79

SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS 80

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION 81

SUPPLEMENTARY INFORMATION

COMBINING NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET 92

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE 93

NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET 94

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE 95

CITY OF BLACKDUCK, MINNESOTA
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2025


NONMAJOR CAPITAL PROJECTS GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET 96

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE 97

NONMAJOR DEBT SERVICE GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET 98

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE 99

**CITY OF BLACKDUCK, MINNESOTA**
**OFFICIAL DIRECTORY**
**YEAR ENDED DECEMBER 31, 2025**
**(UNAUDITED)**

| | | Term Expires |
|---|---|---|
| Mayor | Maxwell Gullette | December 31, 2026 |
| Vice-Mayor | Nick Seitz | December 21, 2028 |
| Council | Donald Johnson | December 21, 2028 |
| | Ronald Fredrickson | December 21, 2026 |
| | Laurie Hamilton | December 21, 2026 |
| Administrator | Christina Regas | Appointive |

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# INDEPENDENT AUDITORS' REPORT

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

## Report on the Audit of the Financial Statements

### *Opinions*

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, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City of Blackduck's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 as of December 31, 2025, and the respective changes in financial position, and where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

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

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

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

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

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

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

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

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of the City's proportionate share of the net pension liability, schedules of pension contributions, the schedule of changes in net position liability and related ratios – Blackduck Fire Relief Association, schedule of employer and nonemployer contributions – Blackduck Fire Relief Association, schedule of investment returns – Blackduck Fire Relief Association, the schedule of changes in the total OPEB liability and related ratios, and the budgetary comparisons schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Blackduck's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

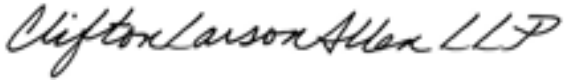
Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information,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

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

Honorable Mayor and
Members of City Council
City of Blackduck

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 2026, on our consideration of the City of Blackduck's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Blackduck'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's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota
August 4, 2026

This discussion is intended to be an easily readable analysis of the City of Blackduck, Minnesota (the 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 $ $5,311,682. Of this amount, $905,233 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 $1,605,907. Of this total amount, approximately 61%, or $972,457 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 $392,256.

- Total outstanding debt was $3,862,633 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. Revenue debt accounts for $3,012,428 or 78% 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.

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.

## OVERVIEW OF THE FINANCIAL SECTION (CONTINUED)

### Government-Wide Financial Statements (Continued)

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, public works, economic development, culture and recreation, and cemetery. Business-type activities include municipal liquor and public utilities (water and sewer).

The government-wide financial statements can be found on pages 13 and 14 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 two categories – governmental and proprietary, 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 15 through 19 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 and public utility (water and sewer) services.

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 20 through 23 of this report.

## OVERVIEW OF THE FINANCIAL SECTION (CONTINUED)

### 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 67 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 2025, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $5,311,682.

The largest portion of the City's net position, 67%, 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.

**Statements of Net Position**
**December 31, 2025 and 2024**

| | Governmental Activities | | Business-Type Activities | | Totals | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| **ASSETS** | | | | | | |
| Current and Other Assets | $ 1,972,103 | $ 2,282,265 | $ 1,167,446 | $ 1,171,768 | $ 3,139,549 | $ 3,454,033 |
| Capital Assets, Net of Depreciation | 5,080,351 | 4,233,693 | 2,333,363 | 2,456,229 | 7,413,714 | 6,689,922 |
| Total Assets | 7,052,454 | 6,515,958 | 3,500,809 | 3,627,997 | 10,553,263 | 10,143,955 |
| **DEFERRED OUTFLOWS OF RESOURCES** | 196,974 | 206,995 | 79,052 | 80,669 | 276,026 | 287,664 |
| **LIABILITIES** | | | | | | |
| Long-Term Liabilities Outstanding | 3,028,570 | 2,518,815 | 1,875,008 | 1,916,187 | 4,903,578 | 4,435,002 |
| Other Liabilities | 87,328 | 248,921 | 161,744 | 163,533 | 249,072 | 412,454 |
| Total Liabilities | 3,115,898 | 2,767,736 | 2,036,752 | 2,079,720 | 5,152,650 | 4,847,456 |
| **DEFERRED INFLOWS OF RESOURCES** | 225,351 | 263,439 | 139,606 | 158,618 | 364,957 | 422,057 |
| **NET POSITION** | | | | | | |
| Net Investments in Capital Assets | 2,493,358 | 1,894,842 | 1,085,054 | 1,104,445 | 3,578,412 | 2,999,287 |
| Restricted | 793,009 | 1,354,635 | 35,028 | 30,245 | 828,037 | 1,384,880 |
| Unrestricted | 621,812 | 442,301 | 283,421 | 335,638 | 905,233 | 777,939 |
| Total Net Position | $ 3,908,179 | $ 3,691,778 | $ 1,403,503 | $ 1,470,328 | $ 5,311,682 | $ 5,162,106 |

A portion of the City's net position, approximately 16%, represents resources subject to restrictions on how they may be used. The remaining balance of unrestricted net position, $905,233 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.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

### Governmental Activities

Net position of the City's governmental activities increased by $216,401.

### Business-Type Activities

Net position of the City's business-type activities decreased by $66,825.

**Statements of Revenues, Expenses, and Changes in Net Position**
**Years Ended December 31, 2025 and 2024**

| | Governmental Activities | | Business-Type Activities | | Totals | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| **REVENUES** | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | $ 1,260,508 | $ 441,024 | $ 2,297,011 | $ 2,220,976 | $ 3,557,519 | $ 2,662,000 |
| Operating Grants and Contributions | 3,502 | 3,469 | 2,310 | - | 5,812 | 3,469 |
| Capital Grants and Contributions | 249,659 | 168,000 | - | - | 249,659 | 168,000 |
| General Revenues: | | | | | | |
| Property Taxes and Special Assessments | 532,143 | 449,641 | 14,079 | 13,306 | 546,222 | 462,947 |
| Grants and Aids Not Restricted for Specific Programs | 411,655 | 408,495 | - | 9,189 | 411,655 | 417,684 |
| Fines and Fees | 60 | 746 | - | - | 60 | 746 |
| Interest Income | 39,842 | 51,905 | 29,600 | 27,649 | 69,442 | 79,554 |
| Gain on Sale of Capital Assets | - | 33,878 | - | - | - | 33,878 |
| Rental Income | - | 1,050 | - | 33,661 | - | 34,711 |
| Other | 35,230 | 31,872 | 7,233 | 9,851 | 42,463 | 41,723 |
| Total Revenues | 2,532,599 | 1,590,080 | 2,350,233 | 2,314,632 | 4,882,832 | 3,904,712 |
| **EXPENSES** | | | | | | |
| General Government | 1,103,775 | 322,419 | - | - | 1,103,775 | 322,419 |
| Public Safety | 382,924 | 387,778 | - | - | 382,924 | 387,778 |
| Streets and Highways | 324,940 | 255,964 | - | - | 324,940 | 255,964 |
| Economic Development | 421,603 | 345,959 | - | - | 421,603 | 345,959 |
| Culture and Recreation | 22,404 | 25,190 | - | - | 22,404 | 25,190 |
| Cemetery | 21,482 | 12,645 | - | - | 21,482 | 12,645 |
| Interest and Fiscal Fees | 92,508 | 94,255 | - | - | 92,508 | 94,255 |
| Municipal Water | - | - | 313,423 | 296,654 | 313,423 | 296,654 |
| Municipal Sewage Disposal | - | - | 279,128 | 292,626 | 279,128 | 292,626 |
| Municipal Liquor Store | - | - | 1,771,069 | 1,938,085 | 1,771,069 | 1,938,085 |
| Total Expenses | 2,369,636 | 1,444,210 | 2,363,620 | 2,527,365 | 4,733,256 | 3,971,575 |
| **INCREASE (DECREASE) IN NET POSITION BEFORE TRANSFERS** | 162,963 | 145,870 | (13,387) | (212,733) | 149,576 | (66,863) |
| **TRANSFERS** | 53,438 | 109,845 | (53,438) | (109,845) | - | - |
| **CHANGE IN NET POSITION** | 216,401 | 255,715 | (66,825) | (322,578) | 149,576 | (66,863) |
| Net Position - Beginning of Year | 3,691,778 | 3,417,853 | 1,470,328 | 1,792,906 | 5,162,106 | 5,210,759 |
| Change Within Financial Reporting Entity (See Note 9) | - | 18,210 | - | - | - | 18,210 |
| **NET POSITION - END OF YEAR** | $ 3,908,179 | $ 3,691,778 | $ 1,403,503 | $ 1,470,328 | $ 5,311,682 | $ 5,162,106 |

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

### Business-Type Activities (Continued)

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 ensure 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 2025 fiscal year, the City's governmental funds reported combined fund balances of $1,605,907. Approximately 24.4% of this total amount, or $392,256, constitutes unassigned fund balances, which is available for spending at the government's discretion. The remainder of the fund balances are made up of nonspendable of $41,738, restricted use of $591,712 and designated by the City of $55,604. The restricted funds could be used for the following: $44,081 for debt repayment; $126,913 for capital projects; $177,936 for tax increment financing districts; $34,316 for economic development; $179,143 for equipment, and $29,323 for the Pine Tree Park.

#### Proprietary Funds

The City's proprietary fund statements found on pages 20 through 23 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 $(319,770), municipal sewage $340,538, and municipal water $262,653. Total net position before operating transfers for the current year ended decreased in the municipal water fund and municipal sewage disposal fund and increased in the municipal liquor store fund.

### General Fund Budgetary Highlights

The City did not revise its 2025 budget during the year. The 2025 budget for the General Fund anticipated expenditures and other financing uses in excess of revenues and other financing sources of $781,528. Actual results for the General Fund for 2025 show revenues and other financing sources in excess of expenditures and other financing of $145,733.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

### Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2025, amounts to $7,413,714 (net of accumulated depreciation and amortization). This investment includes land, buildings, improvements, equipment, and infrastructure.

**Statements of Capital Assets**
**Years Ended December 31, 2025 and 2024**

| | Governmental Activities | | Business-Type Activities | | Totals | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Land | $ 520,934 | $ 534,228 | $ 39,487 | $ 39,487 | $ 560,421 | $ 573,715 |
| Buildings | 2,728,556 | 2,743,063 | 3,379,002 | 3,379,002 | 6,107,558 | 6,122,065 |
| Furniture, Fixtures, and Equipment | 2,045,957 | 2,035,123 | 105,435 | 94,278 | 2,151,392 | 2,129,401 |
| Other Improvements | 1,435,840 | 1,416,807 | 2,995,981 | 2,995,981 | 4,431,821 | 4,412,788 |
| Construction in Progress | 1,156,274 | - | - | - | 1,156,274 | - |
| Right-to-Use Lease - Equipment | 87,945 | 177,312 | - | 64,384 | 87,945 | 241,696 |
| Less: Accumulated Depreciation and Amortization | (2,895,155) | (2,672,840) | (4,186,542) | (4,116,903) | (7,081,697) | (6,789,743) |
| Total | $ 5,080,351 | $ 4,233,693 | $ 2,333,363 | $ 2,456,229 | $ 7,413,714 | $ 6,689,922 |

Additional information on the City's capital assets can be found in Note 2 on pages 39 and 40 of this report.

### Long-Term Debt

At the end of the current fiscal year, the City had $3,862,633 in long-term bonds, notes, and leases outstanding, including interfund debt. The full faith and credit of the City backs this debt. However, some of this debt has primary repayment sources other than property taxes. These primary sources include tax increment financing and charges for services.

**Statements of Long-Term Debt**
**Years Ended December 31, 2025 and 2024**

| | Governmental Activities | | Business-Type Activities | | Totals | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| General Obligation: | | | | | | |
| Revenue Bonds | $ 1,902,428 | $ 1,934,059 | $ 1,110,000 | $ 1,190,000 | $ 3,012,428 | $ 3,124,059 |
| Special Assessment Bonds | - | - | - | 12,000 | - | 12,000 |
| Equipment Certificate | 543,000 | 194,000 | - | - | 543,000 | 194,000 |
| Leases Payable | 12,267 | 41,965 | - | 6,997 | 12,267 | 48,962 |
| Notes Payable | 153,938 | 168,828 | 141,000 | 146,000 | 294,938 | 314,828 |
| Total | $ 2,611,633 | $ 2,338,852 | $ 1,251,000 | $ 1,354,997 | $ 3,862,633 | $ 3,693,849 |

A total of $193,694 was retired throughout the year. A more detailed breakdown of these obligations can be found in Note 2 on pages 41 through 43.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

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

The City's elected officials and staff considered many factors when setting the fiscal year 2025 budget, rates, tax levy and fees, and as a result, the 2025 levy increased from 2024. Factors considered by the City included financial support towards required independent financial audit; 2025 Union Labor Agreement; increased operating for the Blackduck License Center; increased funding for the volunteer fire department uniforms and property plant and equipment; and increasing operating for street materials to pace with increasing costs. 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.

**BASIC FINANCIAL STATEMENTS**

# CITY OF BLACKDUCK, MINNESOTA
# STATEMENT OF NET POSITION
# DECEMBER 31, 2025

| | Governmental Activities | Business-Type Activities | Total |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and Cash Equivalents | $ 1,571,663 | $ 838,598 | $ 2,410,261 |
| Restricted Cash | 23,308 | 35,028 | 58,336 |
| Accounts Receivable | 5,964 | 50,736 | 56,700 |
| Special Assessments Receivable | 16,451 | 122,617 | 139,068 |
| Due from Other Governments | 26,324 | - | 26,324 |
| Notes Receivable (Net) | 16,638 | - | 16,638 |
| Property Taxes Receivable | 34,954 | 819 | 35,773 |
| Inventory | - | 103,217 | 103,217 |
| Prepaid Expenses | 28,520 | 16,431 | 44,951 |
| Net Pension Assets | 248,281 | - | 248,281 |
| Capital Assets: | | | |
| Nondepreciable Assets | 1,677,208 | 39,487 | 1,716,695 |
| Depreciable Capital Assets, Net of Depreciation and Amortization | 3,403,143 | 2,293,876 | 5,697,019 |
| Total Assets | 7,052,454 | 3,500,809 | 10,553,263 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | |
| Related to Pensions | 190,622 | 69,186 | 259,808 |
| Related to OPEB | 6,352 | 9,866 | 16,218 |
| Total Deferred Outflows of Resources | 196,974 | 79,052 | 276,026 |
| **LIABILITIES** | | | |
| Accounts Payable | 42,827 | 79,465 | 122,292 |
| Sales Tax Payable | - | 18,222 | 18,222 |
| Accrued Interest Payable | 22,344 | 10,086 | 32,430 |
| Accrued Salaries and Wages Payable | 22,157 | 44,842 | 66,999 |
| Due to Other Governments | - | 5,417 | 5,417 |
| Unearned Revenues | - | 3,712 | 3,712 |
| Noncurrent Liabilities: | | | |
| Due Within One Year | 100,755 | 133,160 | 233,915 |
| OPEB Liability - Due Within One Year | 6,854 | 10,631 | 17,485 |
| Due in More Than One Year | 2,556,500 | 1,201,151 | 3,757,651 |
| Net Pension Liability - More Than One Year | 166,332 | 222,300 | 388,632 |
| OPEB Liability - More Than One Year | 198,129 | 307,766 | 505,895 |
| Total Liabilities | 3,115,898 | 2,036,752 | 5,152,650 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Related to Pensions | 225,351 | 139,606 | 364,957 |
| **NET POSITION** | | | |
| Net Investment in Capital Assets | 2,493,358 | 1,085,054 | 3,578,412 |
| Restricted for: | | | |
| Economic Development | 274,545 | - | 274,545 |
| Debt Service | 21,737 | - | 21,737 |
| Kitchigami Library Maintenance | 39,980 | - | 39,980 |
| Capital Projects | 179,143 | - | 179,143 |
| Pensions | 248,281 | - | 248,281 |
| E-Tab Sales | - | 35,028 | 35,028 |
| Other Purposes | 29,323 | - | 29,323 |
| Unrestricted | 621,812 | 283,421 | 905,233 |
| Total Net Position | $ 3,908,179 | $ 1,403,503 | $ 5,311,682 |

*See accompanying Notes to Basic Financial Statements.*

# CITY OF BLACKDUCK, MINNESOTA
# STATEMENT OF ACTIVITIES
# YEAR ENDED DECEMBER 31, 2025

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net Revenue (Expense) and Changes in Net Position: Primary Government: Governmental Activities | Net Revenue (Expense) and Changes in Net Position: Primary Government: Business-Type Activities | Net Revenue (Expense) and Changes in Net Position: Primary Government: Total |
|---|---|---|---|---|---|---|---|
| **PRIMARY GOVERNMENT** | | | | | | | |
| Governmental Activities: | | | | | | | |
| General Government | $ 1,103,775 | $ 825,390 | $ 2,159 | $ - | $ (276,226) | $ - | $ (276,226) |
| Public Safety | 382,924 | 102,357 | - | 145,135 | (135,432) | - | (135,432) |
| Public Works | 324,940 | - | 1,343 | 24,866 | (298,731) | - | (298,731) |
| Culture and Recreation | 421,603 | 332,761 | - | 79,658 | (9,184) | - | (9,184) |
| Economic Development | 22,404 | - | - | - | (22,404) | - | (22,404) |
| Cemetery | 21,482 | - | - | - | (21,482) | - | (21,482) |
| Interest and Fiscal Fees | 92,508 | - | - | - | (92,508) | - | (92,508) |
| Total Governmental Activities | 2,369,636 | 1,260,508 | 3,502 | 249,659 | (855,967) | - | (855,967) |
| Business-Type Activities: | | | | | | | |
| Municipal Water | 313,423 | 232,886 | 1,985 | - | - | (78,552) | (78,552) |
| Municipal Sewage Disposal | 279,128 | 234,921 | 325 | - | - | (43,882) | (43,882) |
| Municipal Liquor Store | 1,771,069 | 1,829,204 | - | - | - | 58,135 | 58,135 |
| Total Business-Type Activities | 2,363,620 | 2,297,011 | 2,310 | - | - | (64,299) | (64,299) |
| Total Primary Government | $ 4,733,256 | $ 3,557,519 | $ 5,812 | $ 249,659 | (855,967) | (64,299) | (920,266) |
| **GENERAL REVENUES AND TRANSFERS** | | | | | | | |
| General Revenues: | | | | | | | |
| Property Taxes and Special Assessments | | | | | 532,143 | 14,079 | 546,222 |
| Grants and Aids Not Restricted for Specific Programs | | | | | 411,655 | - | 411,655 |
| Fines and Fees | | | | | 60 | - | 60 |
| Interest Income | | | | | 39,842 | 29,600 | 69,442 |
| Rental Income | | | | | - | - | - |
| Gain on sale of capital assets | | | | | - | - | - |
| Other | | | | | 35,230 | 7,233 | 42,463 |
| Transfers In (Out) | | | | | 53,438 | (53,438) | - |
| Total General Revenues and Transfers | | | | | 1,072,368 | (2,526) | 1,069,842 |
| **CHANGES IN NET POSITION** | | | | | 216,401 | (66,825) | 149,576 |
| Net Position - Beginning | | | | | 3,691,778 | 1,470,328 | 5,162,106 |
| **NET POSITION - END OF YEAR** | | | | | $ 3,908,179 | $ 1,403,503 | $ 5,311,682 |

*See accompanying Notes to Basic Financial Statements.*

# CITY OF BLACKDUCK, MINNESOTA
# BALANCE SHEET
# GOVERNMENTAL FUNDS
# DECEMBER 31, 2025

| | General Fund | Golf Fund | Revolving Loan Fund | Fire Dept Special Equipment | 2025 G.O. Equipment Certificate Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | |
| Cash | $ 501,269 | $ 1,151 | $ 377,126 | $ 155,835 | $ 39,700 | $ 496,582 | $ 1,571,663 |
| Restricted Cash | 23,308 | - | - | - | - | - | 23,308 |
| Accounts Receivable | 3,484 | 2,054 | - | - | - | 426 | 5,964 |
| Advance from Other Funds | 226,151 | - | 59,544 | - | - | - | 285,695 |
| Due from Other Governments | 172 | - | - | - | - | 26,152 | 26,324 |
| Notes Receivable | - | - | 16,638 | - | - | - | 16,638 |
| Property Taxes Receivable | 31,414 | 167 | - | - | - | 19,824 | 51,405 |
| Prepaid Expenses | 23,135 | 3,695 | - | - | - | 1,690 | 28,520 |
| Total Assets | $ 808,933 | $ 7,067 | $ 453,308 | $ 155,835 | $ 39,700 | $ 544,674 | $ 2,009,517 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES** | | | | | | | |
| **LIABILITIES** | | | | | | | |
| Accounts Payable | $ 22,500 | $ 2,739 | $ - | $ - | $ - | $ 17,588 | $ 42,827 |
| Accrued Salaries and Wages Payable | 19,051 | 2,235 | - | - | - | 871 | 22,157 |
| Advance to Other Funds | - | 244,259 | - | - | - | 41,436 | 285,695 |
| Total Liabilities | 41,551 | 249,233 | - | - | - | 59,895 | 350,679 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | | | |
| Unavailable Revenue | 23,427 | 167 | - | - | - | 29,337 | 52,931 |
| **FUND BALANCES** | | | | | | | |
| Nonspendable | 23,135 | 3,695 | 13,218 | - | - | 1,690 | 41,738 |
| Restricted | 23,308 | - | - | 155,835 | 39,700 | 372,869 | 591,712 |
| Committed | - | - | - | - | - | 55,604 | 55,604 |
| Assigned | 43,619 | - | 440,090 | - | - | 40,888 | 524,597 |
| Unassigned | 653,893 | (246,028) | - | - | - | (15,609) | 392,256 |
| Total Fund Balances | 743,955 | (242,333) | 453,308 | 155,835 | 39,700 | 455,442 | 1,605,907 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | $ 808,933 | $ 7,067 | $ 453,308 | $ 155,835 | $ 39,700 | $ 544,674 | $ 2,009,517 |

*See accompanying Notes to Basic Financial Statements.*

# CITY OF BLACKDUCK, MINNESOTA
# RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
# GOVERNMENTAL FUNDS
# DECEMBER 31, 2025

**RECONCILIATION TO THE STATEMENT OF NET POSITION**

| | |
|---|---|
| Total Fund Balances - Governmental Funds | $ 1,605,907 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds: | |
| Cost | 7,975,506 |
| Less: Accumulated Depreciation and Amortization | (2,895,155) |
| Total | 5,080,351 |
| Unavailable revenue in governmental funds is susceptible to full accrual on the government-wide statements. | 52,931 |
| Compensated absences payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. | (45,622) |
| 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. | |
| Bonds payable | (2,599,366) |
| Lease Payable | (12,267) |
| OPEB Liability | (204,983) |
| OPEB Deferred Outflows of Resources | 6,352 |
| Net Pension Liability | (166,332) |
| Deferred Outflows of Resources | 153,936 |
| Deferred Inflows of Resources | (210,271) |
| Accrued Interest Payable | (22,344) |
| Total | (3,055,275) |
| Amounts pertaining to the Blackduck Fire Relief Association pension plan are not current financial resources and, therefore, are not reported in governmental funds: | |
| Net Pension Asset | 248,281 |
| Deferred Outflows of Resources | 36,686 |
| Deferred Inflows of Resources | (15,080) |
| Total | 269,887 |
| Net Position of Governmental Activities as Reported on the Statement of Net Position | $ 3,908,179 |

*See accompanying Notes to Basic Financial Statements.*

# CITY OF BLACKDUCK, MINNESOTA
# STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
# GOVERNMENTAL FUNDS
# YEAR ENDED DECEMBER 31, 2025

| | General Fund | Golf Fund | Revolving Loan Fund | Fire Dept Special Equipment | 2025 G.O. Equipment Certificate Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | | |
| Property Taxes | $ 369,514 | $ 54 | $ - | $ - | $ - | $ 44,902 | $ 414,470 |
| Sales Taxes | - | - | - | - | - | 71,164 | 71,164 |
| Special Assessments | - | - | - | - | - | 3,708 | 3,708 |
| Licenses and Permits | 590 | - | - | - | - | - | 590 |
| Intergovernmental Revenues | 400,655 | - | - | - | - | 32,475 | 433,130 |
| Tax Increments | 3,313 | - | - | - | - | 21,138 | 24,451 |
| Charges for Services | 927,157 | 306,830 | - | - | - | 21,360 | 1,255,347 |
| Fines and Fees | 60 | - | - | - | - | - | 60 |
| Interest Income | 15,026 | - | 17,124 | 701 | 375 | 6,646 | 39,872 |
| Donations and Grants | 6 | 3,573 | - | 145,135 | 24,866 | 58,183 | 231,763 |
| Other | 30,049 | 795 | - | - | - | 127 | 30,971 |
| Total Revenues | 1,746,370 | 311,252 | 17,124 | 145,836 | 25,241 | 259,703 | 2,505,526 |
| **EXPENDITURES** | | | | | | | |
| Current: | | | | | | | |
| General Government | 1,014,313 | - | - | - | - | - | 1,014,313 |
| Public Safety | 281,557 | - | - | - | - | - | 281,557 |
| Streets and Highways | 187,379 | - | - | - | - | - | 187,379 |
| Economic Development | - | - | 7,169 | - | - | - | 7,169 |
| Culture and Recreation | 56,785 | 258,437 | - | - | - | 108,473 | 423,695 |
| Cemetery | - | - | - | - | - | 20,501 | 20,501 |
| Capital Outlay | 25,504 | 27,806 | - | 744,000 | 332,239 | 13,056 | 1,142,605 |
| Debt Service: | | | | | | | |
| Principal | 19,008 | 28,096 | 11,484 | - | - | 31,631 | 90,219 |
| Interest and Fiscal Charges | 151 | 1,000 | 2,697 | - | - | 71,841 | 75,689 |
| Issuance Fees | - | - | - | - | 16,302 | - | 16,302 |
| Total Expenditures | 1,584,697 | 315,339 | 21,350 | 744,000 | 348,541 | 245,502 | 3,259,429 |
| **EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES** | 161,673 | (4,087) | (4,226) | (598,164) | (323,300) | 14,201 | (753,903) |

*See accompanying Notes to Basic Financial Statements.*

# CITY OF BLACKDUCK, MINNESOTA
## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
## GOVERNMENTAL FUNDS
## YEAR ENDED DECEMBER 31, 2025

| | General Fund | Golf Fund | Revolving Loan Fund | Fire Dept Special Equipment | 2025 G.O. Equipment Certificate Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|---|
| **OTHER FINANCING SOURCES (USES)** | | | | | | | |
| Issuance of Long-Term Debt | $ - | $ - | $ - | $ - | $ 363,000 | $ - | $ 363,000 |
| Insurance Proceeds | 1,876 | - | - | - | - | 2,180 | 4,056 |
| Proceeds from Sale of Assets | 50 | - | - | - | - | 2,400 | 2,450 |
| Operating Transfers In | 65,000 | 10,000 | - | 5,000 | - | 128,572 | 208,572 |
| Operating Transfers Out | (82,866) | - | - | - | - | (72,268) | (155,134) |
| Total Other Financing Sources (Uses) | (15,940) | 10,000 | - | 5,000 | 363,000 | 60,884 | 422,944 |
| **NET CHANGE IN FUND BALANCES** | 145,733 | 5,913 | (4,226) | (593,164) | 39,700 | 75,085 | (330,959) |
| Fund Balances - Beginning of Year | 598,222 | (248,246) | 457,534 | 748,999 | - | 380,357 | 1,936,866 |
| **FUND BALANCES - END OF YEAR** | $ 743,955 | $ (242,333) | $ 453,308 | $ 155,835 | $ 39,700 | $ 455,442 | $ 1,605,907 |

*See accompanying Notes to Basic 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
# GOVERNMENTAL FUNDS
# YEAR ENDED DECEMBER 31, 2025

## RECONCILIATION TO THE STATEMENT OF ACTIVITIES

| | | |
|---|---|---|
| Net Changes in Fund Balances - Governmental Funds | $ | (330,959) |
| 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 | | 1,188,929 |
| Depreciation and Amortization | | (322,771) |
| Proceeds from the Sale of Capital Assets | | (2,450) |
| Loss on Disposal of Capital Assets | | (17,050) |
| Total | | 846,658 |
| Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. | | 12,836 |
| 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. | | (21,879) |
| Proceeds from the issuance of long-term liabilities provide current financial resources to governmental funds, however, issuing debt increases long-term liabilities in the statement of net position. | | (363,000) |
| 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: | | |
| Principal Retirement on Bonds and Notes | | 60,521 |
| Lease Liability | | 29,698 |
| Total | | 90,219 |
| 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 accrued, regardless of when it is paid. | | (150) |
| Governmental funds report City and Fire Relief pension contributions and OPEB contributions as expenditures. In the statement of activities, however, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension expense: | | |
| City and Fire Relief Pension Contributions | | 24,805 |
| Costs of Benefits Earned Net of Employee Contributions | | (42,129) |
| Total | | (17,324) |
| Change in Net Position of Governmental Activities as Reported on the Statement of Activities | $ | 216,401 |

*See accompanying Notes to Basic Financial Statements.*

# CITY OF BLACKDUCK, MINNESOTA
# STATEMENT OF NET POSITION
# PROPRIETARY FUNDS
# DECEMBER 31, 2025

| | Business-Type Activities - Enterprise Funds | | | |
|---|---|---|---|---|
| | Municipal Water Fund | Municipal Sewage Disposal Fund | Municipal Liquor Store Fund | Total |
| **ASSETS** | | | | |
| Current Assets: | | | | |
| Cash and Cash Equivalents | $ 293,857 | $ 406,394 | $ 138,347 | $ 838,598 |
| Restricted Cash | - | - | 35,028 | 35,028 |
| Accounts Receivable | 22,322 | 23,874 | 4,540 | 50,736 |
| Property Taxes Receivable | - | 819 | - | 819 |
| Special Assessment Receivable | 77,812 | 44,805 | - | 122,617 |
| Inventory | - | - | 103,217 | 103,217 |
| Prepaid Expenses | 3,814 | 4,235 | 8,382 | 16,431 |
| Total Current Assets | 397,805 | 480,127 | 289,514 | 1,167,446 |
| Capital Assets: | | | | |
| Land | - | 16,400 | 23,087 | 39,487 |
| Buildings | - | 2,273,274 | 1,105,728 | 3,379,002 |
| Furniture, Fixtures, and Equipment | 7,740 | 18,027 | 79,668 | 105,435 |
| Other Improvements | 2,206,386 | 743,541 | 46,054 | 2,995,981 |
| Total Capital Assets | 2,214,126 | 3,051,242 | 1,254,537 | 6,519,905 |
| Less: Accumulated Depreciation and Amortization | (1,297,364) | (2,430,636) | (458,542) | (4,186,542) |
| Total Capital Assets, Net of Depreciation and Amortization | 916,762 | 620,606 | 795,995 | 2,333,363 |
| Total Assets | 1,314,567 | 1,100,733 | 1,085,509 | 3,500,809 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | |
| Related to Pensions | 10,762 | 11,347 | 47,077 | 69,186 |
| Related to OPEB | 1,505 | 1,574 | 6,787 | 9,866 |
| Total Deferred Outflows of Resources | 12,267 | 12,921 | 53,864 | 79,052 |
| **LIABILITIES** | | | | |
| Current Liabilities: | | | | |
| Current Portion of Bonds and Lease Payable | 55,000 | - | 30,000 | 85,000 |
| Current Portion of OPEB Liability | 1,626 | 1,696 | 7,309 | 10,631 |
| Compensated Absences | 14,656 | 15,543 | 17,961 | 48,160 |
| Accounts Payable | 1,373 | 6,097 | 71,995 | 79,465 |
| Sales Tax Payable | 993 | - | 17,229 | 18,222 |
| Accrued Interest Payable | 5,982 | - | 4,104 | 10,086 |
| Accrued Salaries and Wages Payable | 8,030 | 8,496 | 28,316 | 44,842 |
| Due to Other Governments | - | - | 5,417 | 5,417 |
| Unearned Revenues | - | - | 3,712 | 3,712 |
| Total Current Liabilities | 87,660 | 31,832 | 186,043 | 305,535 |
| Long-Term Liabilities: | | | | |
| Bonds and Leases Payable, Net of Unamortized Bond Discount | 633,309 | - | 530,000 | 1,163,309 |
| Compensated Absences | 11,516 | 12,213 | 14,113 | 37,842 |
| Net Pension Liability | 34,579 | 36,459 | 151,262 | 222,300 |
| OPEB Liability | 46,948 | 49,109 | 211,709 | 307,766 |
| Total Long-Term Liabilities | 726,352 | 97,781 | 907,084 | 1,731,217 |
| Total Liabilities | 814,012 | 129,613 | 1,093,127 | 2,036,752 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Related to Pensions | 21,716 | 22,897 | 94,993 | 139,606 |
| **NET POSITION** | | | | |
| Net Investment in Capital Assets | 228,453 | 620,606 | 235,995 | 1,085,054 |
| Restricted | - | - | 35,028 | 35,028 |
| Unrestricted | 262,653 | 340,538 | (319,770) | 283,421 |
| Total Net Position | $ 491,106 | $ 961,144 | $ (48,747) | $ 1,403,503 |

*See accompanying Notes to Basic Financial Statements.*

# CITY OF BLACKDUCK, MINNESOTA
# STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
# PROPRIETARY FUNDS
# YEAR ENDED DECEMBER 31, 2025

| | Business-Type Activities - Enterprise Funds | | | |
|---|---|---|---|---|
| | Municipal Water Fund | Municipal Sewage Disposal Fund | Municipal Liquor Store Fund | Total |
| **OPERATING REVENUES** | $ 232,886 | $ 234,921 | $ 22,848 | $ 490,655 |
| **SALES** | - | - | 1,781,723 | 1,781,723 |
| **COST OF SALES** | - | - | (991,782) | (991,782) |
| **GROSS PROFIT** | - | - | 789,941 | 789,941 |
| **INCOME BEFORE EXPENSES** | 232,886 | 234,921 | 812,789 | 1,280,596 |
| **OPERATING EXPENSES** | | | | |
| Personnel Services | 154,687 | 163,400 | 500,483 | 818,570 |
| Utilities | 11,290 | 34,129 | 47,482 | 92,901 |
| Supplies and Materials | 10,049 | 2,796 | 11,159 | 24,004 |
| Advertising and Printing | - | - | 8,881 | 8,881 |
| Repairs and Maintenance | 3,904 | 20,024 | 11,632 | 35,560 |
| Contracted Services | 17,748 | 20,951 | 29,059 | 67,758 |
| Insurance | 8,945 | 11,148 | 21,585 | 41,678 |
| Depreciation and Amortization | 79,848 | 17,256 | 42,739 | 139,843 |
| Other Expenses | 12,759 | 9,601 | 96,527 | 118,887 |
| Total Operating Expenses | 299,230 | 279,305 | 769,547 | 1,348,082 |
| **OPERATING INCOME (LOSS)** | (66,344) | (44,384) | 43,242 | (67,486) |
| **NONOPERATING REVENUES (EXPENSES)** | | | | |
| Interest Income | 10,657 | 15,242 | 3,701 | 29,600 |
| Rental Income | - | - | 24,633 | 24,633 |
| Miscellaneous | 2,622 | 1,087 | 5,509 | 9,218 |
| Property Taxes | - | 9,434 | - | 9,434 |
| Special Assessments | 2,947 | 1,698 | - | 4,645 |
| Intergovernmental | - | 325 | - | 325 |
| Interest Revenue (Expense) | (14,193) | 177 | (9,740) | (23,756) |
| Total Nonoperating Revenues (Expenses) | 2,033 | 27,963 | 24,103 | 54,099 |
| **NET INCOME (LOSS) BEFORE OPERATING TRANSFERS** | (64,311) | (16,421) | 67,345 | (13,387) |
| **OPERATING TRANSFERS** | | | | |
| Transfer to Other Funds | (24,536) | (24,536) | (78,500) | (127,572) |
| Transfer from Other funds | 1,866 | 72,268 | - | 74,134 |
| Total Operating Transfers | (22,670) | 47,732 | (78,500) | (53,438) |
| **CHANGE IN NET POSITION** | (86,981) | 31,311 | (11,155) | (66,825) |
| Net Position - Beginning of Year | 578,087 | 929,833 | (37,592) | 1,470,328 |
| **NET POSITION - END OF YEAR** | $ 491,106 | $ 961,144 | $ (48,747) | $ 1,403,503 |

*See accompanying Notes to Basic Financial Statements.*

# CITY OF BLACKDUCK, MINNESOTA
# STATEMENT OF CASH FLOWS
# PROPRIETARY FUNDS
# YEAR ENDED DECEMBER 31, 2025

| | Business-Type Activities - Enterprise Funds | | | |
|---|---|---|---|---|
| | Municipal Water Fund | Municipal Sewage Disposal Fund | Municipal Liquor Store Fund | Total |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Cash Received from Customers | $ 232,886 | $ 236,071 | $ 1,801,076 | $ 2,270,033 |
| Cash Paid to Employees | (133,240) | (140,501) | (486,106) | (759,847) |
| Cash Paid to Suppliers | (64,735) | (94,483) | (1,238,398) | (1,397,616) |
| Net Cash Provided by Operating Activities | 34,911 | 1,087 | 76,572 | 112,570 |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | | | |
| Miscellaneous Revenue | 2,622 | 1,086 | - | 3,708 |
| Transfers to Other Funds | (24,536) | (24,536) | (78,500) | (127,572) |
| Transfers from Other Funds | 1,866 | 72,268 | - | 74,134 |
| State Aid | - | 325 | - | 325 |
| Net Cash Provided (Used) by Noncapital Financing Activities | (20,048) | 49,143 | (78,500) | (49,405) |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | | |
| Purchase of Property and Equipment | - | - | (16,454) | (16,454) |
| Principal Paid on Leases Payable | - | - | (6,997) | (6,997) |
| Principal Paid on Debt | (54,478) | (12,000) | (30,000) | (96,478) |
| Property Taxes Proceeds | - | 9,470 | - | 9,470 |
| Special Assessments Proceeds | 12,452 | 7,170 | - | 19,622 |
| Interest and Fees Paid on Bonds | (15,595) | (180) | (10,015) | (25,790) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (57,621) | 4,460 | (63,466) | (116,627) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Interest Income | 10,657 | 15,242 | 3,701 | 29,600 |
| Rental Income | - | - | 30,142 | 30,142 |
| Net Cash Provided by Investing Activities | 10,657 | 15,242 | 33,843 | 59,742 |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | (32,101) | 69,932 | (31,551) | 6,280 |
| Cash and Cash Equivalents - Beginning of Year | 325,958 | 336,462 | 204,926 | 707,109 |
| **CASH AND CASH EQUIVALENTS - END OF YEAR** | $ 293,857 | $ 406,394 | $ 173,375 | $ 713,389 |

*See accompanying Notes to Basic Financial Statements.*

# CITY OF BLACKDUCK, MINNESOTA
# STATEMENT OF CASH FLOWS (CONTINUED)
# PROPRIETARY FUNDS
# YEAR ENDED DECEMBER 31, 2025

| | Business-Type Activities - Enterprise Funds | | | |
|---|---|---|---|---|
| | Municipal Water Fund | Municipal Sewage Disposal Fund | Municipal Liquor Store Fund | Total |
| **RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:** | | | | |
| Operating Income (Loss) | $ (66,344) | $ (44,384) | $ 43,242 | $ (67,486) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities: | | | | |
| Depreciation and Amortization | 79,848 | 17,256 | 42,739 | 139,843 |
| (Increase) Decrease in Assets and Deferrals: | | | | |
| Accounts Receivable | - | 1,150 | (4,540) | (3,390) |
| Inventory | - | - | 35 | 35 |
| Prepaid Expenses | (208) | 977 | (1,825) | (1,056) |
| Deferred Outflows of Resources | 396 | 398 | 823 | 1,617 |
| Increase (Decrease) in Liabilities and Deferrals: | | | | |
| Accounts Payable | (410) | 3,189 | (24,737) | (21,958) |
| Sales Tax Payable | 578 | - | 5,203 | 5,781 |
| Accrued Salaries and Wages Payable | 3,106 | 3,343 | 7,373 | 13,822 |
| Accrued Compensated Absences | 17,664 | 18,752 | 3,136 | 39,552 |
| OPEB Liability | 6,452 | 6,813 | 24,321 | 37,586 |
| Due to Other Governments | - | - | 1,033 | 1,033 |
| Deferred Inflows of Resources | (3,320) | (3,460) | (12,232) | (19,012) |
| Unearned Revenue | - | - | 1,045 | 1,045 |
| Net Pension Liability | (2,851) | (2,947) | (9,044) | (14,842) |
| Net Cash Provided by Operating Activities | $ 34,911 | $ 1,087 | $ 76,572 | $ 112,570 |

*See accompanying Notes to Basic Financial Statements.*

**NOTES TO THE FINANCIAL STATEMENTS**

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Introduction

The City of Blackduck, Minnesota (the City) 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

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

Blended Component Unit

The City of Blackduck Housing Redevelopment Authority (HRA) was created by the City in 1990 and is governed by a board comprised of the members of the City Council. The HRA activities are blended and reported as a special revenue fund due to substantively the same governing board and the financial benefit/burden relationship. Separate financial statements for the HRA are not issued for this component unit.

#### 1. Related Organization

Blackduck Fire Relief Association

Blackduck Fire Relief Association (the 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.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### B. Financial Reporting Entity – Basis of Presentation (Continued)

#### 2. Joint Ventures

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 ensure Beltrami County is paying for a portion of the costs associated with operating the Park.

Pine Tree Park Joint Powers Board consists of one Beltrami County Commissioner and three Beltrami 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 $11,000 annually. Financing is also provided by appropriations from the members and other lawful sources. The City of Blackduck operates the Park, makes all purchasing decisions and 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.

#### 3. Government-wide and Fund Financial Statements

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.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### B. Financial Reporting Entity – Basis of Presentation (Continued)

#### 3. Government-Wide and Fund Financial Statements (Continued)

Government-Wide Financial Statements (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided, and other charges between the City's enterprise fund and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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.

#### 4. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide statements and proprietary 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.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### B. Financial Reporting Entity – Basis of Presentation (Continued)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. 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 nonoperating 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.

### 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.

**Golf Fund**
The Golf Fund accounts for the activities related to golf course operations.

**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 designated to issue loans.

**Fire Department Special Equipment Fund**
The Fire Department Special Equipment Fund is a capital project fund used to account for the funds collected for and costs of equipment for the Fire Department.

**2025 G.O. Equipment Certificate Fund**
The 2025 G.O. Equipment Certificate Fund is a debt service fund used to account for the accumulation of resources for, and payment of, principal and interest on the City's 2025 General Obligation Equipment Certificate.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### C. Fund Types and Major Funds (Continued)

#### 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.

### 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.

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 valued at lower of cost or market using the first-in, first-out method (FIFO).

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position (Continued)

#### 2. Inventories and Prepaid Expenses (Continued)

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 |

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

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

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position (Continued)

#### 3. Capital Assets and Depreciation (Continued)

Right-to-use (ROU) lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

#### 4. 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.

#### 5. 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 the 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.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position (Continued)

#### 6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, 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 two items that qualify for reporting in this category. They are the deferred resources related to pensions and OPEB, reported in the government-wide statement of net position.

In addition to liabilities, the statement of net position or balance sheet 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 item, unavailable revenue – property taxes and special assessments receivables, 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.

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 3.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position (Continued)

#### 7. 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.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position (Continued)

#### 8. Net Position

Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- *Net Investment in Capital Assets* – Consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

- *Restricted Net Position* – Is reported when there are limitations imposed on use either through enabling legislation or through external restrictions imposed by creditors, grants, laws, or regulations of other governments.

- *Unrestricted Net Position* – Is the amount of net position that does not meet the definition of the two preceding categories.

#### 9. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more-likely-than-not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

#### 10. 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.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position (Continued)

#### 11. Local Governmental 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.

#### 12. 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.

#### 13. 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.

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.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position (Continued)

#### 14. 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.

#### 15. Interfund Balances

Activity between funds that is representative of lending or borrowing arrangements is reported as either “due to/from other funds” (current portion) or “advances to/from other funds (noncurrent portion).” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

## 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, 2025.

Restricted Deposits

The City has $23,308 in general fund deposits restricted for public safety vehicles and $35,028 in liquor fund deposits restricted for E-Tab sales from Fire Relief gambling revenue.

### 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;

## NOTE 2 ASSETS AND LIABILITIES (CONTINUED)

### B. Investments (Continued)

Authority (Continued)

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk.

Custodial Credit Risk

Custodial credit risk for investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the City of Blackduck's investment in a single issuer.

The City has not adopted a formal investment policy and currently does not have any investment holdings.

### 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 the City will report bad debt losses on balances outstanding at year-end for 2025.

## NOTE 2 ASSETS AND LIABILITIES (CONTINUED)

### 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, 2025.
- *Deferred* – Includes assessment installments which will be billed to property owners in future years.

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, 2025 are as follows:

| Note Dated | Authorized/ Original Amount | Maturity Date | Interest Rate | Balance |
|---|---|---|---|---|
| Special Revenue Fund: | | | | |
| May 18, 2016 | $ 40,000 | June 1, 2026 | - | $ 724 |
| August 1, 2019 | 5,500 | August 1, 2029 | - | 2,142 |
| August 1, 2019 | 15,000 | August 1, 2029 | 5.50 | 6,916 |
| September 1, 2019 | 32,000 | November 1, 2029 | 5.50 | 15,914 |
| Total | $ 92,500 | | | 25,696 |
| | | | Allowance for Uncollectible Accounts (See Note 2E) | (9,058) |
| | | | Notes Receivable, Net of Allowance | $ 16,638 |

The Flowers in the Attic loans with original amounts of $5,500 and $15,000 have an allowance for uncollectible accounts of $9,058 as there is a risk of default on these loans.

## NOTE 2 ASSETS AND LIABILITIES (CONTINUED)

### F. Capital Assets

Capital asset activity for the year ended December 31, 2025 is as follows:

| | Beginning Balance | Additions | Disposals | Transfer | Ending Balance |
|---|---|---|---|---|---|
| **Governmental Activities:** | | | | | |
| Capital Assets Not Being Depreciated: | | | | | |
| Land | $ 534,228 | $ - | $ 19,500 | $ 6,206 | $ 520,934 |
| Construction in Progress | - | 1,156,274 | - | - | 1,156,274 |
| Total Capital Assets Not Being Depreciated | 534,228 | 1,156,274 | 19,500 | 6,206 | 1,677,208 |
| Capital Assets Being Depreciated: | | | | | |
| Buildings | 2,743,063 | 10,732 | - | (25,239) | 2,728,556 |
| Furniture, Fixtures, and Equipment | 2,035,123 | 21,923 | 11,089 | - | 2,045,957 |
| Right-to-Use Lease - Equipment | 177,312 | - | 89,367 | - | 87,945 |
| Other Improvements | 1,416,807 | - | - | 19,033 | 1,435,840 |
| Total Capital Assets Being Depreciated | 6,372,305 | 32,655 | 100,456 | (6,206) | 6,298,298 |
| Less: Accumulated Depreciation | (2,543,768) | (287,611) | (11,089) | - | (2,820,290) |
| Less: Accumulated Amortization | (129,072) | (35,160) | (89,367) | - | (74,865) |
| Total Capital Assets Being Depreciated, Net | 3,699,465 | (290,116) | - | (6,206) | 3,403,143 |
| Total Governmental Activities Capital Assets, Net | $ 4,233,693 | $ 866,158 | $ 19,500 | $ - | $ 5,080,351 |

| | Beginning Balance | Additions | Disposals | Transfer | Ending Balance |
|---|---|---|---|---|---|
| **Business-Type Activities:** | | | | | |
| Capital Assets Not Being Depreciated: | | | | | |
| Land | $ 39,487 | $ - | $ - | $ - | $ 39,487 |
| Capital Assets Being Depreciated: | | | | | |
| Buildings | 3,379,002 | - | - | - | 3,379,002 |
| Furniture, Fixtures, and Equipment | 94,278 | 16,454 | 5,297 | - | 105,435 |
| Right-to-Use Lease - Equipment | 64,384 | - | 64,384 | - | - |
| Other Improvements | 2,995,981 | - | - | - | 2,995,981 |
| Total Capital Assets Being Depreciated | 6,533,645 | 16,454 | 69,681 | - | 6,480,418 |
| Less: Accumulated Depreciation | (4,058,957) | (132,882) | (5,297) | - | (4,186,542) |
| Less: Accumulated Amortization | (57,946) | (6,438) | (64,384) | - | - |
| Total Capital Assets Being Depreciated, Net | 2,416,742 | 10,016 | 5,297 | - | 2,293,876 |
| Total Business-Type Activities Capital Assets, Net | $ 2,456,229 | $ 10,016 | $ 5,297 | $ - | $ 2,333,363 |

The City's lease amortization is presented as amortization expense on the statement of activities related to the City's equipment leases, which is included in the above table as right-to-use (ROU) lease. With the implementation of GASB Statement No. 87, *Leases*, a lease meeting the criteria of this statement requires the lessee to recognize a lease liability and an intangible ROU asset.

## NOTE 2 ASSETS AND LIABILITIES (CONTINUED)

### F. Capital Assets (Continued)

Depreciation and amortization expenses were charged to functions of primary government as follows:

| | |
|---|---|
| Governmental Activities: | |
| General Government | $ 33,498 |
| Public Safety | 134,104 |
| Public Works | 87,441 |
| Streets and Highways | 10,959 |
| Culture and Recreation | 43,934 |
| Economic Development | 12,835 |
| Total Governmental Activities Expense | $ 322,771 |
| | |
| Business-Type Activities: | |
| Municipal Water | $ 79,324 |
| Municipal Sewage Disposal | 17,257 |
| Municipal Liquor Store | 42,739 |
| Total Business-Type Activities Expense | $ 139,320 |

### G. Long-Term Liabilities

The following is a schedule of changes in long-term liabilities for the year ended December 31, 2025:

| | Beginning Balance | Issues | Payments | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental Activities:** | | | | | |
| General Long-Term Debt: | | | | | |
| General Obligation Revenue Bonds: | | | | | |
| 2023A Refunding Bond | $ 1,629,054 | $ - | $ 26,530 | $ 1,602,524 | $ 27,127 |
| 2023B Refunding Bond | 305,005 | - | 5,101 | 299,904 | 5,209 |
| General Obligation Bond: | | | | | |
| 2016 G.O. Equipment Certificate | 14,000 | - | 14,000 | - | - |
| 2024A G.O. Equipment Certificate | 180,000 | - | - | 180,000 | 18,000 |
| 2025A G.O. Equipment Certificate | - | 363,000 | - | 363,000 | - |
| Note Payable: | | | | | |
| USDA Loan | 18,384 | - | 3,406 | 14,978 | 3,406 |
| DEED Demolition Loan | 150,444 | - | 11,484 | 138,960 | 11,715 |
| Total General Long-Term Debt | 2,296,887 | 363,000 | 60,521 | 2,599,366 | 65,457 |
| Lease Payable (See Note 2, Section H): | | | | | |
| Trucks | 13,630 | - | 13,630 | - | - |
| Golf Carts | 21,121 | - | 13,845 | 7,276 | 7,276 |
| City Hall Copier | 7,214 | - | 2,223 | 4,991 | 2,473 |
| Total Lease Payable | 41,965 | - | 29,698 | 12,267 | 9,749 |
| Other Long-Term Liabilities: | | | | | |
| Compensated Absences, Net | 23,743 | 1,806 | - | 45,622 | 25,549 |
| Total Governmental Activities | $ 2,362,595 | $ 364,806 | $ 90,219 | $ 2,657,255 | $ 100,755 |

Compensated absences are reported as a net change in the total liability.

## NOTE 2 ASSETS AND LIABILITIES (CONTINUED)

### G. Long-Term Liabilities (Continued)

| | Beginning Balance | Issues | Payments | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| **Business-Type Activities:** | | | | | |
| Enterprise Fund Long-Term Debt: | | | | | |
| General Obligation Special Assessment Bonds: | | | | | |
| G.O. Disposal System Bonds, Series 2014A | $ 12,000 | $ - | $ 12,000 | $ - | $ - |
| General Obligation Revenue Bonds: | | | | | |
| G.O. Refunding Bonds, Series 2012A | 600,000 | - | 50,000 | 550,000 | 50,000 |
| G.O. Tax Abatement Bond 2021A | 590,000 | - | 30,000 | 560,000 | 30,000 |
| Note Payable: | | | | | |
| 2016 G.O. Water Revenue Note | 146,000 | - | 5,000 | 141,000 | 5,000 |
| Total Enterprise Fund Long-Term Debt | 1,348,000 | - | 97,000 | 1,251,000 | 85,000 |
| Less: Unamortized Bond Discount | (3,213) | - | (522) | (2,691) | - |
| Total Enterprise Fund Long-Term Debt, Net | 1,344,787 | - | 96,478 | 1,248,309 | 85,000 |
| Lease Payable (See Note 2, Section H): | | | | | |
| Liquor | 6,997 | - | 6,997 | - | - |
| Other Long-Term Liabilities: | | | | | |
| Compensated Absences | 46,450 | 39,552 | - | 86,002 | 48,160 |
| Total Business-Type Activities | $ 1,398,234 | $ 39,552 | $ 103,475 | $ 1,334,311 | $ 133,160 |

Compensated absences are reported as a net change in the total liability.

## NOTE 2 ASSETS AND LIABILITIES (CONTINUED)

### G. Long-Term Liabilities (Continued)

City indebtedness at December 31, 2025 is composed of the following individual bonds, and notes:

**Governmental Activities**

| | Interest Rates | Issue Date | Maturity Date | Authorized and Issued | Ending Balance | Amounts Due in 2026 Principal | Amounts Due in 2026 Interest |
|---|---|---|---|---|---|---|---|
| General Obligation Issues: | | | | | | | |
| 2016 G.O. Equipment Certificate | 2.500 | 9/15/2016 | 2/1/2025 | $ 93,000 | $ - | $ - | $ - |
| 2024 G.O. Equipment Certificate | 2.500 | 7/25/2024 | 2/1/2032 | 180,000 | 180,000 | 18,000 | 8,839 |
| 2025 G.O. Equipment Certificate | 4.500 | 1/23/2025 | 2/1/2036 | 363,000 | 363,000 | - | 24,866 |
| Total General Obligation Issues | | | | $ 636,000 | 543,000 | 18,000 | 33,705 |
| General Obligation Revenue Bonds: | | | | | | | |
| G.O. Refunding Revenue Bonds, | | | | | | | |
| 2023A Refunding Bond | 2.250 | 7/28/2023 | 7/28/2063 | $ 1,655,000 | 1,602,524 | 27,127 | 36,057 |
| 2023B Refunding Bond | 2.125 | 7/28/2023 | 7/28/2063 | 310,000 | 299,904 | 5,209 | 6,373 |
| Total General Obligation Revenue Bonds | | | | $ 1,965,000 | 1,902,428 | 32,336 | 42,430 |
| Notes Payable: | | | | | | | |
| USDA Loan | 2.375 | 4/6/2020 | 4/6/2023 | $ 30,000 | 14,978 | 3,406 | - |
| DEED Demolition Loan | 2.000 | 3/26/2021 | 3/26/2026 | 162,033 | 138,960 | 11,715 | 2,721 |
| Total Notes Payable | | | | $ 192,033 | 153,938 | 15,121 | 2,721 |
| Lease Payable: | | | | | | | |
| GM Financial | 4.457 | 1/5/2021 | 1/5/2025 | $ 89,367 | - | - | - |
| TCF Bank - Gold Carts | 4.500 | 7/22/2021 | 7/22/2026 | 65,578 | 7,276 | 7,276 | - |
| City Hall Copier | 4.500 | 12/1/2022 | 12/1/2027 | 11,098 | 4,991 | 2,473 | |
| Total Lease Payable | | | | $ 166,043 | 12,267 | 9,749 | - |
| Compensated Absences Payable | | | | | 45,622 | 25,549 | - |
| OPEB Payable | | | | | 204,983 | 6,854 | - |
| Total Governmental Activities | | | | | $ 2,862,238 | $ 107,609 | $ 78,856 |

**Business-Type Activities**

| | Interest Rates | Issue Date | Maturity Date | Authorized and Issued | Ending Balance | Amounts Due in 2026 Principal | Amounts Due in 2026 Interest |
|---|---|---|---|---|---|---|---|
| General Obligation Revenue Bonds: | | | | | | | |
| G.O. Refunding Revenue Bonds, Series 2012A | 0.750-2.550 | 12/27/2012 | 2/1/2035 | $ 1,075,000 | $ 550,000 | $ 50,000 | $ 12,563 |
| G.O. Tax Abatement Bonds, Series 2021A | 0.750-2.550 | 5/27/2021 | 2/1/2030 | 650,000 | 560,000 | 30,000 | 9,685 |
| Total General Obligation Revenue Bonds | | | | $ 1,725,000 | 1,110,000 | 80,000 | 22,248 |
| Special Assessment Bonds With Governmental Commitment: | | | | | | | |
| G.O. Disposal System Bonds, Series 2014A | 3.000 | 10/20/2014 | 2/1/2025 | $ 105,000 | - | - | - |
| Notes Payable: | | | | | | | |
| 2016 G.O. Water Revenue Note | 1.000 | 8/22/2016 | 8/20/2046 | $ 146,000 | 141,000 | 5,000 | 1,410 |
| Lease Payable: | | | | | | | |
| TCF Bank | 4.490 | 1/4/2020 | 1/1/2025 | $ 64,867 | - | - | - |
| Compensated Absences Payable | | | | | 86,002 | 48,160 | - |
| OPEB Payable | | | | | 307,766 | 10,631 | - |
| Total Business-Type Activities | | | | | $ 1,644,768 | $ 143,791 | $ 23,658 |

## NOTE 2 ASSETS AND LIABILITIES (CONTINUED)

### G. Long-Term Liabilities (Continued)

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.

During 2023, the City entered into two refunding agreements with the USDA – Rural Development for funding the project costs of the new maintenance facility. The agreements will provide financing of $1,655,000 and $310,000 at an interest rate of 2.25% and 2.125%, respectively. Interest payments are due annually. The current maturity for the agreements is July 28, 2063.

The City leases a Ziegler CAT tractor for street department use, a copier for the City Hall, and 15 golf carts for patron use with a fee. The City also leased an electric sign for liquor store advertising and two GMC trucks for street department use, which ended in 2025.

The debt service requirements for the City's bonds and notes are as follows:

| Year Ending | G.O. Certificates | | G.O. Revenue Bonds | | Notes Payable | | Total | |
|---|---|---|---|---|---|---|---|---|
| December 31, | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2026 | $ 18,000 | $ 33,125 | $ 112,336 | $ 64,677 | $ 20,121 | $ 4,131 | $ 150,457 | $ 101,933 |
| 2027 | 54,000 | 22,905 | 113,057 | 62,538 | 20,357 | 3,845 | 187,414 | 89,288 |
| 2028 | 56,000 | 20,349 | 113,794 | 60,346 | 21,597 | 3,555 | 191,391 | 84,250 |
| 2029 | 58,000 | 17,700 | 119,548 | 58,082 | 21,842 | 3,250 | 199,390 | 79,032 |
| 2030 | 62,000 | 14,911 | 120,318 | 55,703 | 20,040 | 2,940 | 202,358 | 73,554 |
| 2031-2035 | 251,000 | 35,139 | 638,761 | 237,072 | 97,358 | 9,872 | 987,119 | 282,083 |
| 2036-2040 | 44,000 | 990 | 385,768 | 179,310 | 45,623 | 3,651 | 475,391 | 183,951 |
| 2041-2045 | - | - | 310,343 | 140,036 | 40,000 | 1,600 | 350,343 | 141,636 |
| 2046-2050 | - | - | 262,784 | 111,045 | 8,000 | 80 | 270,784 | 111,125 |
| 2051-2055 | - | - | 293,426 | 80,403 | - | - | 293,426 | 80,403 |
| 2056-2060 | - | - | 327,642 | 46,187 | - | - | 327,642 | 46,187 |
| 2061- 2063 | - | - | 214,651 | 9,646 | - | - | 214,651 | 9,646 |
| Total | $ 543,000 | $ 145,119 | $ 3,012,428 | $ 1,105,045 | $ 294,938 | $ 32,924 | $ 3,850,366 | $ 1,283,088 |

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.

## NOTE 2 ASSETS AND LIABILITIES (CONTINUED)

### H. Leases

A summary of changes in the leases are as follows:

**Governmental Activities**

| Description | Beginning Balance | Additions | Payments and Retirements | Ending Balance | Current Amounts Principal | Current Amounts Interest |
|---|---|---|---|---|---|---|
| Trucks | $ 13,630 | $ - | $ 13,630 | $ - | $ - | $ - |
| Golf Carts | 21,121 | - | 13,845 | 7,276 | 7,276 | 235 |
| City Hall Copier | 7,214 | - | 2,223 | 4,991 | 2,473 | 148 |
| Total | $ 41,965 | $ - | $ 29,698 | $ 12,267 | $ 9,749 | $ 383 |

**Business-Type Activities**

| Description | Beginning Balance | Additions | Payments and Retirements | Ending Balance | Current Amounts Principal | Current Amounts Interest |
|---|---|---|---|---|---|---|
| Liquor Sign | $ 6,997 | $ - | $ 6,997 | $ - | $ - | $ - |

The City's lease assets total $87,945 with accumulated amortization of $74,865.

The payments on the lease are accounted for in the General Fund, Golf Fund, and Municipal Liquor Fund. The annual requirements to amortize the leases at December 31, 2025 are as follows:

| Year Ending December 31, | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 9,602 | $ 383 | $ 9,985 |
| 2027 | 2,665 | 42 | 2,707 |
| Total | $ 12,267 | $ 425 | $ 12,692 |

## NOTE 3 DEFINED BENEFIT PENSION PLANS

**Public Employees' Retirement Association**

### A. Plan Description

The City participates in the following cost-sharing, multiemployer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). These plan provisions are established and administered according to Minnesota Statutes chapters 353, 353D, 353E, 353G, and 356. Minnesota Statutes chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code (IRC).

## NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Public Employees' Retirement Association (Continued)

#### A. Plan Description (Continued)

##### 1. General Employees Retirement Plan (General Plan)

Membership in the General Plan includes employees of counties, cities, townships, schools in non-certified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than $425 in a month, unless the employee meets exclusion criteria.

##### 2. Public Employees Police and Fire Plan

Membership in the Police and Fire Plan includes full-time, licensed police officers and firefighters who meet the membership criteria defined in Minnesota Statutes section 353.64 and who are not earning service credit in any other PERA retirement plan or a local relief association for the same service. Employers can provide Police and Fire Plan coverage for part-time positions and certain other public safety positions by submitting a resolution adopted by the entity's governing body. The resolution must state that the position meets plan requirements.

#### 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. When a member is "vested," they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

## NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Public Employees' Retirement Association (Continued)

### B. Benefits Provided (Continued)

#### 1. General Employees Plan Benefits

General Employees Plan requires three years of service to vest. 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 General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. The 2025 annual increase was 1.25%.

Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

## NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Public Employees' Retirement Association (Continued)

### B. Benefits Provided (Continued)

#### 2. Police and Fire Plan Benefits

Benefits for Police and Fire Plan members hired before July 1, 2010, are vested after three years of service. Members hired on or after July 1, 2010, are 50% vested after five years of service and 100% vested after ten years. After five years, vesting increase by 10% each full year of service until members are 100% vested after ten years. Police and Fire Plan members receive 3% of highest average salary for all years of service. Police and Fire Plan members receive a full retirement benefit when they are age 55 and vested, or when their age plus their years of service equals 90 or greater if they were first hired before July 1, 1989. Early retirement starts at age 50, and early retirement benefits are reduced by 0.417% each month members are younger than age 55.

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

### C. Contributions

*Minnesota Statutes* chapters 353, 353E, 353G, and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

#### 1. General Employees Fund Contributions

General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2025 and the City was required to contribute 7.50% for General Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2025, were $62,805. The City's contributions were equal to the required contributions as set by state statute.

#### 2. Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2025 and the City was required to contribute 17.70% for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2025, were $15,338. The City's contributions were equal to the required contributions as set by state statute.

## NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Public Employees' Retirement Association (Continued)

### D. Pension Costs

#### 1. General Employees Fund Pension Costs

At December 31, 2025, the City reported a liability of $319,723 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the state of Minnesota's contribution of $16 million. The state of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the City totaled $7,713.

The net pension liability was measured as of June 30, 2025, 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, 2024 through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The City's proportion was .0096% at the end of the measurement period and .0092% for the beginning of the period.

| | | |
|---|---|---|
| City's Proportionate Share of Net Pension Liability | $ | 319,723 |
| State of Minnesota's Proportionate Share of Net Pension Liability Associated With the City | | 7,713 |
| Total | $ | 327,436 |

For the year ended December 31, 2025 the City recognized pension expense of $22,062 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional ($1,183) 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.

## NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Public Employees' Retirement Association (Continued)

### D. Pension Costs (Continued)

#### 1. General Employees Fund Pension Costs (Continued)

At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences Between Expected and Actual Experience | $ 30,463 | $ - |
| Changes in Actuarial Assumptions | 7,703 | 73,567 |
| Difference Between Projected and Actual Investment Earnings | - | 127,221 |
| Changes in Proportion | 31,461 | - |
| Contributions Paid to PERA Subsequent to the Measurement Date | 29,880 | - |
| Total | $ 99,507 | $ 200,788 |

The $29,880 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, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending December 31, | Pension Expense Amount |
|---|---|
| 2026 | $ (21,869) |
| 2027 | (48,644) |
| 2028 | (37,922) |
| 2029 | (22,726) |
| Total | $ (131,161) |

## NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Public Employees' Retirement Association (Continued)

### D. Pension Costs (Continued)

#### 2. Police and Fire Fund Pension Costs

At December 31, 2025, the City reported a liability of $68,909 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2025, 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, 2024 through June 30, 2025 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was .0059% at the end of the measurement period and .0050% for the beginning of the period.

The state of Minnesota contributed $18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2025. The contribution consisted of $9 million in direct state aid that meets the definition of a special funding situation and $9 million in supplemental state aid that does not meet the definition of a special funding situation. The $9 million direct state aid was paid on October 1, 2025. The direct state aid payment will increase by $17.7 million which was paid on October 1, 2025. Thereafter, by October 1 of each year, the state will pay $26.7 million to the Police and Fire Fund until the fund is 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis). The $9 million in supplemental state aid will continue until the fund and the State Patrol Plan (administered by the Minnesota State Retirement System) are 100% funded for three consecutive years (on an actuarial value of assets basis). The State of Minnesota's proportionate share of the net pension liability associated with the City totaled $2,389.

| | | |
|---|---|---|
| City's Proportionate Share of Net Pension Liability | $ | 68,909 |
| State of Minnesota's Proportionate Share of Net Pension Liability Associated With the City | | 2,389 |
| Total | $ | 71,298 |

For the year ended December 31, 2025, the City recognized pension expense of $8,647 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized an additional $1,156 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the contribution of $9 million to the Police and Fire Fund special funding situation.

## NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Public Employees' Retirement Association (Continued)

### D. Pension Costs (Continued)

#### 2. Police and Fire Fund Pension Costs (Continued)

The state of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the $9 million in supplemental aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized $1,570 for the year ended December 31, 2025 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.

At December 31, 2025, 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:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences Between Expected and Actual Experience | $ 31,838 | $ - |
| Changes in Actuarial Assumptions | 52,256 | 86,340 |
| Difference Between Projected and Actual Investment Earnings | - | 30,755 |
| Changes in Proportion | 32,225 | 31,994 |
| Contributions Paid to PERA Subsequent to the Measurement Date | 7,296 | - |
| Total | $ 123,615 | $ 149,089 |

The $7,296 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, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending December 31, | Pension Expense Amount |
|---|---|
| 2026 | $ 8,359 |
| 2027 | (23,420) |
| 2028 | (25,836) |
| 2029 | 3,681 |
| 2030 | 4,446 |
| Total | $ (32,770) |

## NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Public Employees' Retirement Association (Continued)

### E. Long-Term Expected Return on Investment

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Domestic Stocks | 33.5 % | 5.10 % |
| International Equity | 16.5 | 5.30 |
| Fixed Income | 25.0 | 0.75 |
| Private Markets | 25.0 | 5.90 |
| Total | 100.0 % | |

### F. Actuarial Methods and Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2025, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7%. The 7% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7% is within that range.

- Inflation is assumed to be 2.25% for the General Employees Plan and Police and Fire Plan.
- Benefit increases after retirement are assumed to be 1.50% for the General Employees Plan and 1% for the Police and Fire Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 11.5% after one year of service to 3% after 27 years of service. In the Police and Fire Plan, salary growth assumptions range in annual increments from 10.75% after one year of service to 3% after 23 years of service.

## NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Public Employees' Retirement Association (Continued)

### F. Actuarial Methods and Assumptions (Continued)

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation. The Police and Fire Plan was reviewed in 2024. The assumption changes were adopted by the board and became effective with the July 1, 2025 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2025:

General Employees Fund

Changes in Actuarial Assumptions:

- The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for non-vested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25% to 1.5%.

Changes in Plan Provisions:

- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75% , beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%.
- The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

## NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Public Employees' Retirement Association (Continued)

### F. Actuarial Methods and Assumptions (Continued)

Police and Fire Fund

Changes in Actuarial Assumptions:

- Assumed rates of salary increases were reduced slightly.
- Assumed rates of retirement were adjusted, resulting in an overall increase in unreduced (full) retirements and an overall increase in reduced (early) retirements.
- Assumed rates of withdrawal were modified; the new rates will increase predicted terminations, especially in the first few years of employment.
- Assumed rates of disabled retirement were significantly increased, especially for ages over age 30.
- Continued used of Pub-2010 Public Safety Mortality Table with rates adjusted to better fit observed experience.
- Percent married assumption for female retirees lowered from 70% to 65%.
- Minor changes were made to form of payment assumptions for retirees.
- Minor changes were made to assumptions made with respect to missing participant data.
- The combined service annuity load changed from 33% to 13% for vested, terminated members and from 2% to 38% for non-vested, terminated members.

Changes in Plan Provisions:

- The period of time needed for benefit recipients to receive their first benefit increase was reduced by one year (from 36 months to 24 months for a full increase).
- The January 1, 2026 benefit increase changed from 1% to 3%; subsequent January 1 increases will be 1%.
- The threshold to end the $9 million annual state aid contribution changed from the earlier of July 1, 2048 or 90% funded for both PERA Police and Fire and MSRS State Patrol for three consecutive years to 100% funded for both PERA Police and Fire and MSRS State Patrol for three consecutive years (on an actuarial value of assets basis).
- The threshold to end the additional $9 million annual state aid contribution changed from the earlier of July 1, 2048 or 100% funded for a minimum of three consecutive years to 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis).
- An additional $17.7 million in direct state aid will be paid annually each October 1 beginning October 1, 2025 through June 30, 2048.
- Joint and survivor actuarial equivalent factors were updated to reflect changes in assumptions.

## NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Public Employees' Retirement Association (Continued)

#### G. Discount Rate

The discount rate used to measure the total pension liability in 2025 was 7.00%. 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 Police and Fire Fund were projected to be available to make all projected future benefit payments of current plan members. 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.

#### H. Pension Liability Sensitivity

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

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|---|---|---|
| Net Pension Liability at Different Discount Rates: | | | |
| General Employees Fund | $ 776,558 | $ 319,723 | $ (50,872) |
| Police and Fire Fund | 180,557 | 68,909 | (22,771) |

#### I. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

## NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Single Employer Plan – Blackduck Fire Relief Association

#### A. Plan Description

Blackduck Firemen's Relief Association (the 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*.

#### 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, 2025, the following employees were covered by the benefit terms:

| | |
|---|---|
| Inactive Members Entitled to but Not Yet Receiving Benefits | 2 |
| Active Members | 21 |
| Total | 23 |

#### 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 10 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).

## NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Single Employer Plan – Blackduck Fire Relief Association (Continued)

### E. Net Pension Liability (Asset)

The City's net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024.

Actuarial Assumptions

The total pension liability in the December 31, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Discount Rate | 5.25% |
| Inflation | 2.50% |
| Expected Return on Plan Assets | 5.25% |
| Actuarial Cost Method | Entry age normal in accordance with the requirements of GASB 67/68 |
| Asset Valuation Method | Market Value of Assets |
| Mortality | Healthy Pre-retirement: Pub-2010 Public Safety Employee mortality tables with projected mortality improvements based on scale MP-2021. |
| | Healthy Post-retirement: Pub-2010 Healthy Retired Public Safety mortality tables with projected mortality improvements based on Scale MP-2021. Males rates are adjusted by a factor of 0.98. |
| | Disabled: Pub-2010 Public Safety Disabled Retiree mortality tables with projected mortality improvements based on scale MP-2021. Males rates are adjusted by a factor of 1.05. |

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:

## NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Single Employer Plan – Blackduck Fire Relief Association (Continued)

### E. Net Pension Liability (Asset) (Continued)

Actuarial Assumptions (Continued)

| Asset Class | Assumed Target Allocation at Measurement Date | Long-Term Expected Real Rate of Return | Long-Term Expected Nominal Rate of Return |
|---|---|---|---|
| Domestic Stocks | 25.00 % | 4.52 % | 7.02 % |
| International Equity | 12.00 | 5.08 | 7.58 |
| Fixed Income | - | 2.44 | 4.94 |
| Real Estate and Alternatives | 3.00 | 3.73 | 6.23 |
| Cash and Equivalents | 60.00 | 0.99 | 3.49 |
| Total | 100.00 % | | 5.35 % |
| Reduced for Assumed Investment Expense | | | (0.04)% |
| Assumed Investments Return, Net | | | 5.25 % |

### F. Discount Rate

The discount rate used to measure the total pension liability was 5.25%. 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.

## NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Single Employer Plan – Blackduck Fire Relief Association (Continued)

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

| | (A) Total Pension Liability | (B) Plan Fiduciary Net Position | (A) - (B) Net Pension Liability (Asset) |
|---|---|---|---|
| Balances at December 31, 2024 | $ 281,586 | $ 535,336 | $ (253,750) |
| Changes for the Year: | | | |
| Service Cost | 14,296 | - | 14,296 |
| Interest Cost | 15,534 | - | 15,534 |
| Change in Benefit Terms | 23,205 | - | 23,205 |
| Contributions - State and Local | - | 28,475 | (28,475) |
| Net Investment Income (Loss) | - | 18,790 | (18,790) |
| Other Additions | | 900 | (900) |
| Administrative Expense | - | (599) | 599 |
| Net Changes | 53,035 | 47,566 | 5,469 |
| Balances at December 31, 2025 | $ 334,621 | $ 582,902 | $ (248,281) |

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 5.25%, 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 that the current rate:

| | 1% Decrease (4.25%) | Current Discount Rate (5.25%) | 1% Increase (6.25%) |
|---|---|---|---|
| Total Pension Liability | $ 340,879 | $ 334,621 | $ 328,442 |
| Plan Fiduciary Net Pension | 582,902 | 582,902 | 582,902 |
| Net Pension Liability (Asset) | (242,023) | (248,281) | (254,460) |

## NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Single Employer Plan – Blackduck Fire Relief Association (Continued)

### 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.

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

For the year ended December 31, 2025, The City recognized pension expense of $26,488. At December 31, 2025, The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Net Difference Between Projected and Actual Investments Earnings | $ 33,308 | $ - |
| Difference Between Expected and Actual Liability Earnings | - | 15,080 |
| Change in Assumptions | 3,378 | - |
| Total | $ 36,686 | $ 15,080 |

There were no contributions subsequent to the measurement date in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources related to pensions will be recognized in the pension expense as follows:

| Year Ending December 31, | Pension Expense Amount |
|---|---|
| 2026 | $ 11,392 |
| 2027 | 10,316 |
| 2028 | 1,707 |
| 2029 | 109 |
| 2030 | (1,506) |
| Thereafter | (412) |
| Total | $ 21,606 |

## NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Single Employer Plan – Blackduck Fire Relief Association (Continued)

### J. Aggregate Pension Cost

| | General Employees Plan | Police and Fire Fund | Blackduck Fire Relief | Total |
|---|---|---|---|---|
| Net Pension Liability | $ 319,723 | $ 68,909 | $ - | $ 388,632 |
| Net Pension Asset | - | - | 248,281 | 248,281 |
| Deferred Inflows of Resources | 200,788 | 149,089 | 15,080 | 364,957 |
| Deferred Outflows of Resources | 99,507 | 123,615 | 36,686 | 259,808 |
| Pension Expense | 22,062 | 8,647 | 26,488 | 57,197 |

## NOTE 4 OTHER POSTEMPLOYMENT BENEFITS

### A. Plan Description

The City operates the City of Blackduck, Minnesota Other Postemployment Benefit Plan, a single employer retiree defined benefit plan for health insurance in which retiring employees and their spouse may participate. Retiring employees are eligible to participate only if they are a participant in the City's health insurance at the time of retirement. If a retiree chooses to drop their participation in the plan they cannot re-enroll back with the City's health plan. Upon the death of a retiree, the retiree's spouse can continue participation only if the spouse was covered under the plan at the time of the retiree's death. There are 13 active plan participants, and one retiree plan participant. The Plan does not issue a publicly available financial report.

The following changes in actuarial assumptions occurred in 2025:

- The discount rate was changed from 3.77% to 4.08%.
- Health care trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- Mortality rates were updated to use the 2023 PERA of Minnesota General Employees Retirement Plan experience study, Pub-2010 General mortality tables with projected mortality improvements based on scale MP-2021, and the 2024 PERA of Minnesota Public Employees Police & Fire Plan experience study, Pub-2010 Public Safety mortality tables with projected mortality improvements based on scale MP-2021.
- The inflation assumption stayed consistent at 2.50%.

### B. Contributions

The required contribution is based on pay-as-you-go financing requirements.

## NOTE 4 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

### C. Total OPEB Liability

The City's total OPEB liability was determined by using the Alternative Measurement Method (AMM) valuation as of December 31, 2024.

Assumptions

Assumptions used in the December 31, 2024 OPEB valuation were based on assumptions for General and Police and Fire Employees used in the July 1, 2023 PERA of Minnesota Retirement Plan actuarial valuations. The total OPEB liability in the December 31, 2024 OPEB valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified.

| | |
|---|---|
| Discount Rate | 4.08% |
| Inflation | 2.50% |
| Healthcare Cost Trend Rate | 8.1% for FY2025 gradually decreasing over several decades to an ultimate rate of 3.90% in FY2075 and later years |

Mortality rates were based on the Pub-2010 General and Public Safety mortality tables with projected mortality improvements based on scale MP-2021 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel).

Discount Rate

The discount rate used to measure the total OPEB liability was 4.08%.

### D. Changes in the Total OPEB Liability

Changes in the City's total OPEB liability were as follows:

| | Total OPEB Liability (Asset) |
|---|---|
| Balance at December 31, 2024 | $ 442,483 |
| Changes for the Year: | |
| Service Cost | 57 |
| Interest Cost | 16,423 |
| Differences Between Expected and Actual Experience | 37,738 |
| Changes in Assumptions | 40,507 |
| Benefit Payments | (13,828) |
| Net Changes | 80,897 |
| Balance at December 31, 2025 | $ 523,380 |

## NOTE 4 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

### D. Changes in the Total OPEB Liability (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the City's total OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

| | 1% Decrease (3.08%) | Current Discount Rate (4.08%) | 1% Increase (5.08%) |
|---|---|---|---|
| Total OPEB Liability | $ 602,380 | $ 523,380 | $ 457,998 |

Sensitivity of the Total OPEB Liability to Changes in Healthcare Trend Rates

The following presents the City's total OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.10% decreasing to 2.90%) or 1-percentage-point higher (9.10% decreasing to 4.90%) than the current healthcare cost trend rates:

| | 1% Decrease (7.10% Decreasing to 2.90%) | Current Healthcare Cost Trend Rates (8.10% Decreasing to 3.90%) | 1% Increase (9.10% Decreasing to 4.90%) |
|---|---|---|---|
| Total OPEB Liability | $ 460,561 | $ 523,380 | $ 597,446 |

### E. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2025, the City recognized OPEB expense of $94,725.

The City reported deferred outflows of resources related to OPEB of $16,218, resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2025.

## NOTE 5 INTERFUND BALANCES AND TRANSFERS

As of December 31, 2025, the City had the following advances to eliminate cash deficits and for interfund debt and receivables.

| | Advances from Other Funds | | |
|---|---|---|---|
| Advances to Other Funds | General Fund | Revolving Loan Fund | Total |
| Interfund Balances: | | | |
| Golf Course Fund | $ 203,715 | $ 40,544 | $ 244,259 |
| Nonmajor Governmental Funds: | | | |
| Cemetery Fund | 7,874 | - | 7,874 |
| 2018 Frontage/Pine Ave Loan Fund | - | 19,000 | 19,000 |
| Downtown Development Fund | 14,562 | - | 14,562 |
| Total Interfund Balances | $ 226,151 | $ 59,544 | $ 285,695 |

The City of Blackduck, Minnesota made the following transfers between funds during 2025 as follows:

| | Transfer Out | | | | | | |
|---|---|---|---|---|---|---|---|
| Transfer In | General Fund | Golf Course Fund | Municipal Water Fund | Municipal Sewer Fund | Municipal Liquor Store Fund | Total Nonmajor Funds | Total |
| Operating Transfers: | | | | | | | |
| General Fund | $ - | $ - | $ - | $ - | $ 65,000 | $ - | $ 65,000 |
| Golf Course Fund | - | - | - | - | 10,000 | - | 10,000 |
| Fire Department Special Equipment Fund | 5,000 | - | - | - | - | - | 5,000 |
| Nonmajor Governmental Funds | 76,000 | - | 24,536 | 24,536 | 3,500 | - | 128,572 |
| Municipal Water Fund | 1,866 | - | - | - | - | - | 1,866 |
| Municipal Sewer Disposal Fund | - | - | - | - | - | 72,268 | 72,268 |
| Total Transfers | $ 82,866 | $ - | $ 24,536 | $ 24,536 | $ 78,500 | $ 72,268 | $ 282,706 |

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.

## NOTE 6 RISK MANAGEMENT (CONTINUED)

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.

## NOTE 7 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### A. Deficit Fund Equity

The following major (Golf fund) and nonmajor funds (2018 Frontage/Pine Ave Loan fund, Downtown Development fund, and Cemetery fund) fund balance deficit exists as of December 31, 2025:

| | | |
|---|---|---|
| Golf Fund | $ | 242,333 |
| 2018 Frontage/Pine Ave Loan Fund | | 7,787 |
| Downtown Development Fund | | 3,844 |
| Cemetery Fund | | 3,697 |

The deficit balance in these funds are primarily the result of project expenditures exceeding funding in the current year.

## NOTE 7 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

### B. Expenditures in Excess of Budget

Expenditures exceed the budget in the following major governmental funds for the year ended December 31, 2025:

| | Expenditures | Budget | Excess |
|---|---|---|---|
| General Fund | $ 1,584,697 | $ 916,355 | $ 668,342 |
| Golf Course Fund | 315,339 | 290,521 | 24,818 |

The above overages were considered by City management to be the result of necessary expenditures that are critical to operations and were approved by the City Council.

### C. Budget Procedures

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

- 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.
- Public hearings are conducted to obtain taxpayer comments.
- The budget is legally enacted through passage of a resolution on a fund basis.
- 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.
- Formal budgetary integration is employed as a management control device during the year for the General Fund, certain Special Revenue Funds and Enterprise Funds.
- 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.
- 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, and debt service) within each activity.
- The City Council may authorize transfer of budgeted amounts between City funds.

## NOTE 8 COMPONENTS OF FUND BALANCE

At December 31, 2025, a summary of the governmental fund balance classifications are as follows:

| | General Fund | Golf Fund | Revolving Loan Fund | Fire Dept Special Equipment | 2025 G.O. Equipment Certificate Fund | Nonmajor Governmental Funds | Total |
|---|---|---|---|---|---|---|---|
| Fund Balances: | | | | | | | |
| Nonspendable: | | | | | | | |
| Prepaid Expenses | $ 23,135 | $ 3,695 | $ - | $ - | $ - | $ 1,690 | $ 28,520 |
| Revolving Loan | - | - | 13,218 | - | - | - | 13,218 |
| Restricted: | | | | | | | |
| Pine Tree Park | - | - | - | - | - | 29,323 | 29,323 |
| Tax Increment Financing District | - | - | - | - | - | 177,936 | 177,936 |
| Housing and Redevelopment | - | - | - | - | - | 34,316 | 34,316 |
| Fire Hall Maintenance | - | - | - | - | - | 62,293 | 62,293 |
| Debt Service | - | - | - | - | - | 4,381 | 4,381 |
| Kitchigami Library | - | - | - | - | - | 64,620 | 64,620 |
| Equipment | 23,308 | - | - | 155,835 | 39,700 | - | 218,843 |
| Committed: | | | | | | | |
| Cemetery Perpetual Care Fund | - | - | - | - | - | 55,604 | 55,604 |
| Assigned: | | | | | | | |
| Compensated Absences | 43,619 | - | - | - | - | - | 43,619 |
| Public Works Reserve | - | - | - | - | - | 40,888 | 40,888 |
| Economic Development | - | - | 440,090 | - | - | - | 440,090 |
| Unassigned | 653,893 | (246,028) | - | - | - | (15,609) | 392,256 |
| Total | $ 743,955 | $ (242,333) | $ 453,308 | $ 155,835 | $ 39,700 | $ 455,442 | $ 1,605,907 |

## NOTE 9 SUBSEQUENT EVENTS

On June 8, 2026, the City of Blackduck City Council voted to approve the elimination of the Blackduck Police Department and instead contracted with the Beltrami County Sheriff's Office to provide law enforcement services. This will likely result in a significant change in expenditures for the City in future years.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF BLACKDUCK, MINNESOTA**
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**
**BUDGET AND ACTUAL**
**GENERAL FUND**
**YEAR ENDED DECEMBER 31, 2025**

| | Original and Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| **REVENUES** | | | |
| Taxes and Special Assessments: | | | |
| General Property Tax | $ 378,146 | $ 369,514 | $ (8,632) |
| Tax Increments | - | 3,313 | 3,313 |
| Total Taxes and Special Assessments | 378,146 | 372,827 | (5,319) |
| Licenses and Permits | 3,500 | 590 | (2,910) |
| Intergovernmental Revenues: | | | |
| State: | | | |
| Local Government Aids | 323,855 | 323,855 | - |
| Market Value Credit | - | 90 | 90 |
| Police Aids | 13,000 | 12,704 | (296) |
| Fire Aids | 19,000 | 33,696 | 14,696 |
| Other State Aid | 21,871 | 30,310 | 8,439 |
| Total Intergovernmental Revenues | 377,726 | 400,655 | 22,929 |
| Charges for Services: | | | |
| Rural Fire Contracts | 824,800 | 824,800 | - |
| Other | 102,357 | 102,357 | - |
| Total Charges for Services | 927,157 | 927,157 | - |
| Fines and Fees | 300 | 60 | (240) |
| Interest Income | 1,500 | 15,026 | 13,526 |
| Other: | | | |
| Reimbursements | 8,554 | 17,878 | 9,324 |
| Donations | - | 6 | 6 |
| Other | 1,000 | 12,171 | 11,171 |
| Total Other | 9,554 | 30,055 | 20,501 |
| Total Revenues | 1,697,883 | 1,746,370 | 48,487 |

*See accompanying Notes to Required Supplementary Information.*

**CITY OF BLACKDUCK, MINNESOTA**
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**
**BUDGET AND ACTUAL (CONTINUED)**
**GENERAL FUND**
**YEAR ENDED DECEMBER 31, 2025**

| | Original and Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| **EXPENDITURES** | | | |
| General Government: | | | |
| Mayor and Council: | | | |
| Personal Services | $ 11,850 | $ 11,465 | $ 385 |
| Materials and Supplies | 4,000 | 1,247 | 2,753 |
| Other Expenditures | 600 | 427 | 173 |
| Total Mayor and Council | 16,450 | 13,139 | 3,311 |
| Administration: | | | |
| Personal Services | 150,520 | 154,652 | (4,132) |
| Materials and Supplies | 7,000 | 3,876 | 3,124 |
| Purchased Services | 29,692 | 66,422 | (36,730) |
| Other Expenditures | 5,858 | 775,611 | (769,753) |
| Debt Service: | | | |
| Principal | 5,160 | 5,378 | (218) |
| Interest and Fiscal Fees | - | 151 | (151) |
| Total Administration | 198,230 | 1,006,090 | (807,860) |
| Planning/Zoning: | | | |
| Purchased Services | 2,000 | - | 2,000 |
| Government Buildings: | | | |
| Materials and Supplies | 9,200 | 7,547 | 1,653 |
| Repairs and Maintenance | 5,400 | 677 | 4,723 |
| Purchased Services | 2,138 | (7,611) | 9,749 |
| Capital Outlay | - | 3,800 | (3,800) |
| Total Government Buildings | 16,738 | 4,413 | 12,325 |
| Total General Government | 233,418 | 1,023,642 | (790,224) |
| Public Safety: | | | |
| Law Enforcement: | | | |
| Personal Services | 214,075 | 125,438 | 88,637 |
| Materials and Supplies | 21,450 | 13,834 | 7,616 |
| Repairs and Maintenance | 4,000 | 2,140 | 1,860 |
| Purchased Services | 32,363 | 29,054 | 3,309 |
| Other Expenditures | 1,800 | 790 | 1,010 |
| Capital Outlay | - | 3,556 | (3,556) |
| Total Law Enforcement | 273,688 | 174,812 | 98,876 |

*See accompanying Notes to Required Supplementary Information.*

**CITY OF BLACKDUCK, MINNESOTA**
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**
**BUDGET AND ACTUAL (CONTINUED)**
**GENERAL FUND**
**YEAR ENDED DECEMBER 31, 2025**

| | Original and Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| **EXPENDITURES (CONTINUED)** | | | |
| Public Safety (Continued): | | | |
| Fire: | | | |
| Personal Services | $ 18,814 | $ 16,700 | $ 2,114 |
| Materials and Supplies | 27,200 | 22,978 | 4,222 |
| Repairs and Maintenance | 13,150 | 6,188 | 6,962 |
| Purchased Services | 25,311 | 30,672 | (5,361) |
| Other Expenditures | 20,200 | 33,763 | (13,563) |
| Total Fire | 104,675 | 110,301 | (5,626) |
| Total Public Safety | 378,363 | 285,113 | 93,250 |
| Streets and Highways: | | | |
| Street Maintenance: | | | |
| Personal Services | 99,906 | 107,653 | (7,747) |
| Materials and Supplies | 85,371 | 44,335 | 41,036 |
| Repairs and Maintenance | 10,000 | 10,478 | (478) |
| Purchased Services | 17,225 | 11,991 | 5,234 |
| Other Expenditures | - | 300 | (300) |
| Capital Outlay | - | 1,288 | (1,288) |
| Debt Service: | | | |
| Principal | - | 13,630 | (13,630) |
| Total Street Maintenance | 212,502 | 189,675 | 22,827 |
| Street Lighting: | | | |
| Materials and Supplies | 3,000 | - | 3,000 |
| Repairs and Maintenance | 10,000 | 734 | 9,266 |
| Purchased Services | 11,000 | 11,888 | (888) |
| Total Street Lighting | 24,000 | 12,622 | 11,378 |
| Total Streets and Highways | 236,502 | 202,297 | 34,205 |

*See accompanying Notes to Required Supplementary Information.*

**CITY OF BLACKDUCK, MINNESOTA**
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**
**BUDGET AND ACTUAL (CONTINUED)**
**GENERAL FUND**
**YEAR ENDED DECEMBER 31, 2025**

| | Original and Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| **EXPENDITURES (CONTINUED)** | | | |
| Culture and Recreation: | | | |
| Parks and Recreation: | | | |
| Personal Services | $ 13,402 | $ 14,144 | $ (742) |
| Materials and Supplies | 11,375 | 5,332 | 6,043 |
| Repairs and Maintenance | 2,000 | 236 | 1,764 |
| Purchased Services | 5,671 | 4,124 | 1,547 |
| Capital Outlay | - | 16,860 | (16,860) |
| Miscellaneous | 500 | 280 | 220 |
| Total Parks and Recreation | 32,948 | 40,976 | (8,028) |
| Library: | | | |
| Materials and Supplies | 4,250 | 5,382 | (1,132) |
| Repairs and Maintenance | 7,350 | 464 | 6,886 |
| Purchased Services | 23,524 | 23,050 | 474 |
| Total Library | 35,124 | 28,896 | 6,228 |
| Golf: | | | |
| Repairs and Maintenance | - | 3,773 | (3,773) |
| Total Culture and Recreation | 68,072 | 73,645 | (5,573) |
| Total Expenditures | 916,355 | 1,584,697 | (668,342) |
| **EXCESS OF REVENUES OVER OF EXPENDITURES** | 781,528 | 161,673 | 716,829 |
| **OTHER FINANCING SOURCES (USES)** | | | |
| Insurance Proceeds | - | 1,876 | 1,876 |
| Proceeds from Sale of Assets | - | 50 | 50 |
| Operating Transfer In | - | 65,000 | 65,000 |
| Operating Transfer Out | - | (82,866) | (82,866) |
| Total Other Financing Sources (Uses) | - | (15,940) | (15,940) |
| **NET CHANGE IN FUND BALANCE** | 781,528 | 145,733 | 700,889 |
| Fund Balances - Beginning of Year | 292,232 | 598,222 | 305,990 |
| **FUND BALANCES - END OF YEAR** | $ 1,073,760 | $ 743,955 | $ 1,006,879 |

*See accompanying Notes to Required Supplementary Information.*

**CITY OF BLACKDUCK, MINNESOTA**
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**
**BUDGET AND ACTUAL**
**GOLF FUND**
**YEAR ENDED DECEMBER 31, 2025**

| | Original and Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| **REVENUES** | | | |
| Taxes and Special Assessments: | | | |
| General Property Tax | $ - | $ 54 | $ 54 |
| Charges for Services | 253,584 | 306,830 | 53,246 |
| Other: | | | |
| Donations | - | 3,573 | 3,573 |
| Other | 3,900 | 795 | (3,105) |
| Total Other | 3,900 | 4,368 | 468 |
| Total Revenues | 257,484 | 311,252 | 53,768 |
| **EXPENDITURES** | | | |
| Culture and Recreation: | | | |
| Current | 255,558 | 258,437 | (2,879) |
| Capital Outlay | - | 27,806 | (27,806) |
| Total Culture and Recreation | 255,558 | 286,243 | (30,685) |
| Debt Service: | | | |
| Principal | 34,788 | 28,096 | 6,692 |
| Interest and Fiscal Charges | 175 | 1,000 | (825) |
| Total Debt Service | 34,963 | 29,096 | 5,867 |
| Total Expenditures | 290,521 | 315,339 | (24,818) |
| **DEFICIENCY OF REVENUES UNDER EXPENDITURES** | (33,037) | (4,087) | 28,950 |
| **OTHER FINANCING SOURCES (USES)** | | | |
| Operating Transfer In | 10,000 | 10,000 | - |
| **NET CHANGE IN FUND BALANCE** | (23,037) | 5,913 | 28,950 |
| Fund Balances - Beginning of the Year | (212,354) | (237,746) | (25,392) |
| **FUND BALANCES - END OF YEAR** | $ (235,391) | $ (231,833) | $ 3,558 |

*See accompanying Notes to Required Supplementary Information.*

# CITY OF BLACKDUCK, MINNESOTA
# SCHEDULE OF THE CITY'S AND NONEMPLOYER PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
# GENERAL EMPLOYEE PLAN
# LAST TEN 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 |
|---|---|---|---|---|---|---|---|
| 2025 | 0.0096 % | $ 319,723 | $ 7,713 | $ 327,436 | $ 810,649 | 39.44 % | 90.8 % |
| 2024 | 0.0092 | 341,591 | 8,833 | 350,424 | 847,873 | 40.29 | 89.1 |
| 2023 | 0.0089 | 497,678 | 13,651 | 511,329 | 705,983 | 70.49 | 83.1 |
| 2022 | 0.0087 | 689,043 | 20,302 | 709,345 | 652,751 | 105.56 | 76.7 |
| 2021 | 0.0073 | 311,743 | 9,491 | 321,234 | 523,482 | 59.55 | 87.0 |
| 2020 | 0.0066 | 395,700 | 12,196 | 407,896 | 467,533 | 84.64 | 79.1 |
| 2019 | 0.0056 | 309,611 | 9,666 | 319,277 | 392,597 | 78.86 | 80.2 |
| 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 |

*See accompanying Notes to Required Supplementary Information.*

# CITY OF BLACKDUCK, MINNESOTA
# SCHEDULE OF THE CITY'S AND NONEMPLOYER PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
# POLICE AND FIRE PLAN
# LAST TEN 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 |
|---|---|---|---|---|---|---|---|
| 2025 | 0.0059 % | $ 68,909 | $ - | $ 68,909 | $ 86,653 | 79.52 % | 91.8 % |
| 2024 | 0.0050 | 65,272 | - | 65,272 | 74,694 | 87.39 | 90.2 |
| 2023 | 0.0040 | 69,075 | - | 69,075 | 52,011 | 132.81 | 86.5 |
| 2022 | 0.0030 | 130,548 | - | 130,548 | 36,746 | 355.27 | 70.5 |
| 2021 | 0.0099 | 76,418 | - | 76,418 | 117,454 | 65.06 | 93.7 |
| 2020 | 0.0098 | 129,174 | - | 129,174 | 110,692 | 116.70 | 87.2 |
| 2019 | 0.0100 | 106,460 | - | 106,460 | 105,353 | 101.05 | 89.3 |
| 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 |

*See accompanying Notes to Required Supplementary Information.*

**CITY OF BLACKDUCK, MINNESOTA**
**SCHEDULE OF CITY'S CONTRIBUTIONS**
**GENERAL EMPLOYEE PLAN**
**LAST TEN YEARS**

| Year Ended December 31, | Statutorily Required Contribution | Contributions in Relation to the Statutorily Required Contributions | Contribution Deficiency (Excess) | City's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|---|---|---|---|---|---|
| 2025 | $ 62,805 | $ 62,805 | $ - | $ 810,649 | 7.50 % |
| 2024 | 63,590 | 63,590 | - | 847,873 | 7.50 |
| 2023 | 55,320 | 55,320 | - | 737,588 | 7.50 |
| 2022 | 52,792 | 52,792 | - | 703,885 | 7.50 |
| 2021 | 42,307 | 42,307 | - | 564,099 | 7.50 |
| 2020 | 37,075 | 37,075 | - | 495,004 | 7.49 |
| 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 |

*See accompanying Notes to Required Supplementary Information.*

**CITY OF BLACKDUCK, MINNESOTA**
**SCHEDULE OF CITY'S CONTRIBUTIONS**
**POLICE AND FIRE PLAN**
**LAST TEN YEARS**

| Year Ended December 31, | Statutorily Required Contribution | Contributions in Relation to the Statutorily Required Contributions | Contribution Deficiency (Excess) | City's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|---|---|---|---|---|---|
| 2025 | $ 15,338 | $ 15,338 | $ - | $ 86,653 | 17.70 % |
| 2024 | 13,221 | 13,221 | - | 74,694 | 17.70 |
| 2023 | 10,648 | 10,648 | - | 60,848 | 17.50 |
| 2022 | 6,384 | 6,384 | - | 36,067 | 17.70 |
| 2021 | 15,119 | 15,119 | - | 85,417 | 17.70 |
| 2020 | 20,348 | 20,348 | - | 114,963 | 17.70 |
| 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 |

*See accompanying Notes to Required Supplementary Information.*

# CITY OF BLACKDUCK, MINNESOTA
# SCHEDULE OF CHANGES IN NET POSITION LIABILITY (ASSET) AND RELATED RATIOS
# BLACKDUCK FIRE RELIEF ASSOCIATION
# LAST EIGHT YEARS*

| | Year Ended December 31, | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
| Total Pension Liability (Asset): | | | | | | | | |
| Service Costs | $ 14,296 | $ 9,586 | $ 9,352 | $ 9,586 | $ 9,352 | $ 9,396 | $ 9,167 | $ 8,943 |
| Interest Cost | 15,534 | 11,818 | 11,807 | 14,314 | 13,998 | 13,785 | 12,596 | 11,491 |
| Differences Between Expected and Actual Experience | - | (6,149) | - | (14,110) | - | (8,444) | - | - |
| Assumption Changes | - | 1,229 | - | 4,523 | - | 18 | - | - |
| Changes of Benefit Terms | 23,205 | 59,823 | - | - | - | - | - | - |
| Benefit Payments | - | - | (42,400) | (14,464) | (22,600) | - | (5,940) | - |
| Net Change in Total Pension Liability (Asset) | 53,035 | 76,307 | (21,241) | (151) | 750 | 14,755 | 15,823 | 20,434 |
| Total Pension Liability - Beginning | 281,586 | 205,279 | 226,520 | 226,671 | 225,921 | 211,166 | 195,343 | 174,909 |
| Total Pension Liability - Ending (a) | 334,621 | 281,586 | 205,279 | 226,520 | 226,671 | 225,921 | 211,166 | 195,343 |
| Plan Fiduciary Net Position | | | | | | | | |
| Contributions - State and Local | 28,475 | 25,668 | 23,114 | 22,687 | 21,824 | 20,348 | 19,446 | 24,084 |
| Net Investment Income | 18,790 | 15,210 | (13,678) | 25,571 | 73,658 | 70,704 | (10,829) | 50,603 |
| Other Additions | 900 | - | - | - | - | - | - | - |
| Administrative Expenses | - | - | (4,343) | (1,650) | (1,799) | (599) | (599) | (2,399) |
| Benefit Payments | (599) | (4,954) | (42,400) | (14,464) | (22,600) | - | (5,940) | - |
| Net Change in Plan Fiduciary Net Position | 47,566 | 35,924 | (37,307) | 32,144 | 71,083 | 90,453 | 2,078 | 72,288 |
| Plan Fiduciary Net Position - Beginning | 535,336 | 499,412 | 536,719 | 504,575 | 433,492 | 343,039 | 340,961 | 268,673 |
| Plan Fiduciary Net Position - Ending (b) | 582,902 | 535,336 | 499,412 | 536,719 | 504,575 | 433,492 | 343,039 | 340,961 |
| Net Pension Liability (Asset) - Ending (a) - (b) | $ (248,281) | $ (253,750) | $ (294,133) | $ (310,199) | $ (277,904) | $ (207,571) | $ (131,873) | $ (145,618) |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 174.20% | 190.11% | 243.28% | 236.94% | 222.60% | 191.88% | 162.45% | 174.54% |
| Covered Payroll | NA | NA | NA | NA | NA | NA | NA | NA |
| Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll | NA | NA | NA | NA | NA | NA | NA | NA |

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

*See accompanying Notes to Required Supplementary Information.*

**CITY OF BLACKDUCK, MINNESOTA**
**SCHEDULE OF EMPLOYER AND NONEMPLOYER CONTRIBUTIONS**
**BLACKDUCK FIRE RELIEF ASSOCIATION**
**LAST EIGHT YEARS***

| Year Ended December 31, | Statutorily Required Contribution | Contributions in Relation to the Statutorily Required Contributions |
|---|---|---|
| 2025 | $ 33,696 | $ 33,696 |
| 2024 | 28,475 | 28,475 |
| 2023 | 25,668 | 25,668 |
| 2022 | 22,113 | 22,113 |
| 2021 | 21,687 | 21,687 |
| 2020 | 20,824 | 20,824 |
| 2019 | 19,808 | 19,808 |
| 2018 | 19,446 | 19,446 |

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

*See accompanying Notes to Required Supplementary Information.*

**CITY OF BLACKDUCK, MINNESOTA**
**SCHEDULE OF INVESTMENT RETURNS**
**BLACKDUCK FIRE RELIEF ASSOCIATION**
**LAST EIGHT YEARS***

| Year Ended December 31, | Annual Money-Weighted Rate of Return, Net of Investment Expense |
|---|---|
| 2025 | 3.5 % |
| 2024 | 3.5 |
| 2023 | (2.6) |
| 2022 | 5.2 |
| 2021 | 17.1 |
| 2020 | 20.6 |
| 2019 | (3.2) |
| 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 Required Supplementary Information.*

**CITY OF BLACKDUCK, MINNESOTA**
**SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS**
**LAST FIVE YEARS***

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| Total OPEB Liability: | | | | | |
| Service Cost | $ 57 | $ 54 | $ 228 | $ 214 | $ - |
| Interest | 16,423 | 16,810 | 14,113 | 15,001 | - |
| Assumption Changes | 40,507 | 17,204 | (161,790) | 20,761 | - |
| Differences Between Expected and Actual Experience | 37,738 | 142 | (189,219) | (5,760) | 754,805 |
| Benefit Payments | (13,828) | (13,482) | (16,668) | (9,930) | - |
| Net Changes in Total OPEB Liability | 80,897 | 20,728 | (353,336) | 20,286 | 754,805 |
| Total OPEB Liability - Beginning | 442,483 | 421,755 | 775,091 | 754,805 | - |
| Total OPEB Liability - Ending | $ 523,380 | $ 442,483 | $ 421,755 | $ 775,091 | $ 754,805 |
| Covered Payroll | $ 737,620 | $ 670,030 | $ 597,093 | $ 462,782 | $ 624,986 |
| City's Net OPEB Liability as a Percentage of Covered Payroll | 70.96% | 66.04% | 70.63% | 167.49% | 120.77% |

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

*See accompanying Notes to Required Supplementary Information.*

## 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.

Expenditures exceed the budget in the following major governmental funds for the year ended December 31, 2025:

| | Expenditures | Budget | Excess |
|---|---|---|---|
| General Fund | $ 1,584,697 | $ 916,355 | $ 668,342 |
| Golf Course Fund | 315,339 | 290,521 | 24,818 |

The above overages were considered by City management to be the result of necessary expenditures that are critical to operations and were approved by the City Council.

## NOTE 2 PENSIONS

### General Employees Fund

2025 Changes:

Changes in Actuarial Assumptions:

- The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for non-vested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25% to 1.5%.

Changes in Plan Provisions:

- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75% , beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%.

## NOTE 2 PENSIONS (CONTINUED)

### General Employees Fund (Continued)

2025 Changes (Continued):

Changes in Plan Provisions (Continued):

- The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

2024 Changes:

Changes in Actuarial Assumptions:

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions:

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

2023 Changes:

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.50% to 7.00%.

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of $170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, noncompounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

## NOTE 2 PENSIONS (CONTINUED)

### General Employees Fund (Continued)

2022 Changes:

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

2021 Changes:

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

2020 Changes:

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.

## NOTE 2 PENSIONS (CONTINUED)

### General Employees Fund (Continued)

2020 Changes (Continued):

Changes in Actuarial Assumptions (Continued):

- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions:

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes:

Changes in Actuarial Assumptions:

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

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 nonvested deferred members. The revised CSA loads are now 0% for active member liability, 15% for vested deferred member liability and 3% for nonvested 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.

## NOTE 2 PENSIONS (CONTINUED)

### General Employees Fund (Continued)

2017 Changes (Continued):

Changes in Plan Provisions:

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

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.

## NOTE 2 PENSIONS (CONTINUED)

### Police and Fire Fund

2025 Changes:

Changes in Actuarial Assumptions:

- Assumed rates of salary increases were reduced slightly.
- Assumed rates of retirement were adjusted, resulting in an overall increase in unreduced (full) retirements and an overall increase in reduced (early) retirements.
- Assumed rates of withdrawal were modified; the new rates will increase predicted terminations, especially in the first few years of employment.
- Assumed rates of disabled retirement were significantly increased, especially for ages over age 30.
- Continued used of Pub-2010 Public Safety Mortality Table with rates adjusted to better fit observed experience.
- Percent married assumption for female retirees lowered from 70% to 65%.
- Minor changes were made to form of payment assumptions for retirees.
- Minor changes were made to assumptions made with respect to missing participant data.
- The combined service annuity load changed from 33% to 13% for vested, terminated members and from 2% to 38% for non-vested, terminated members.

Changes in Plan Provisions:

- The period of time needed for benefit recipients to receive their first benefit increase was reduced by one year (from 36 months to 24 months for a full increase).
- The January 1, 2026 benefit increase changed from 1% to 3%; subsequent January 1 increases will be 1%.
- The threshold to end the $9 million annual state aid contribution changed from the earlier of July 1, 2048 or 90% funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years to 100% funded for both PERA Police and Fire and MSRS State Patrol for three consecutive years (on an actuarial value of assets basis).
- The threshold to end the additional $9 million annual state aid contribution changed from the earlier of July 1, 2048 or 100% funded for a minimum of three consecutive years to 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis).
- An additional $17.7 million in direct state aid will be paid annually each October 1 beginning October 1, 2025 through June 30, 2048.
- Joint and survivor actuarial equivalent factors were updated to reflect changes in assumptions.

## NOTE 2 PENSIONS (CONTINUED)

### Police and Fire Fund (Continued)

2024 Changes:

Changes in Actuarial Assumptions:

- There were no changes in actuarial assumptions since the prior valuation.

Changes in Plan Provisions:

- The State contribution $9.0 million per year will continue until the earlier of 1) both the Police and Fire Plan and the State Patrol Retirement Fund attain 90% funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90% funded status for one year.
- The additional $9.0 million contribution will continue until the Police and Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

2023 Changes:

Changes in Actuarial Assumptions:

- The investment return assumption was changed from 6.50% to 7.00%.
- The single discount rate changed from 5.40% to 7.00%

Changes in Plan Provisions:

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20- year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, noncompounding benefit increase of 3.0% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member’s occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

2022 Changes:

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.5% to 5.4%.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

## NOTE 2 PENSIONS (CONTINUED)

### Police and Fire Fund (Continued)

2021 Changes:

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2020 Changes:

Changes in Actuarial Assumptions:

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

2019 Changes:

Changes in Actuarial Assumptions:

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

## NOTE 2 PENSIONS (CONTINUED)

### Police and Fire Fund (Continued)

2018 Changes:

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

2017 Changes:

Changes in Actuarial Assumptions:

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average .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 nonvested deferred members. The CSA has been changed to 33% for vested members and 2% for nonvested 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.

## NOTE 2 PENSIONS (CONTINUED)

### Police and Fire Fund (Continued)

2017 Changes (Continued):

Changes in Actuarial Assumptions (Continued):

- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1% for all years to 1% per year through 2064 and 2.5% thereafter.
- The single discount rate was changed from 5.60% per annum to 7.50% per annum.

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 single discount changed from 7.90% to 5.60%
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.5% for inflation.

2015 Changes:

Changes in Plan Provisions:

- The post-retirement benefit increases 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 ACFR.

## NOTE 3 OTHER POSTEMPLOYMENT BENEFITS

**2025 Changes:**

Changes in Actuarial Assumptions:

- The discount rate was changed from 3.77% to 4.08%.
- Health care trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- Mortality rates were updated to use the 2023 PERA of Minnesota General Employees Retirement Plan experience study, Pub-2010 General mortality tables with projected mortality improvements based on scale MP-2021, and the 2024 PERA of Minnesota Public Employees Police & Fire Plan experience study, Pub-2010 Public Safety mortality tables with projected mortality improvements based on scale MP-2021.

**2024 Changes:**

Changes in Actuarial Assumptions:

- The discount rate was changed from 4.05% to 3.77%.
- The inflation rate was consistent at 2.50% similar to prior year.

**2023 Changes:**

Changes in Actuarial Assumptions:

- The discount rate was changed from 1.84% to 4.05%.
- Health care trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- Mortality rates were updated from the rates used in the 7/1/2021 PERA General Employees Plan and 7/1/2021 PERA Police and Fire Plan valuations to the rates used in the 7/1/2022 valuations.
- The inflation assumption was changed from 2.25% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.
- The payroll growth assumption was changed from 3.00% to 3.25% based on the 7/1/2022 PERA valuations.

**2022 Changes:**

Changes in Actuarial Assumptions:

- The discount rate was changed from 2.00% to 1.84%.

**SUPPLEMENTARY INFORMATION**

**CITY OF BLACKDUCK, MINNESOTA**
**COMBINING BALANCE SHEET**
**NONMAJOR GOVERNMENTAL FUNDS**
**DECEMBER 31, 2025**

| | Total Special Revenue Funds | Total Capital Project Funds | Total Debt Service Funds | Total Nonmajor Governmental Funds |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash | $ 302,037 | $ 179,152 | $ 15,393 | $ 496,582 |
| Accounts Receivable | 426 | - | - | 426 |
| Due from Other Governments | - | 26,152 | - | 26,152 |
| Property Taxes Receivable | 640 | - | 19,184 | 19,824 |
| Prepaid Expenses | 1,690 | - | - | 1,690 |
| Total Assets | $ 304,793 | $ 205,304 | $ 34,577 | $ 544,674 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES** | | | | |
| **LIABILITIES** | | | | |
| Accounts Payable | $ 687 | $ 16,901 | $ - | $ 17,588 |
| Accrued Salaries and Wages Payable | 871 | - | - | 871 |
| Advance to Other Funds | 7,874 | 14,562 | 19,000 | 41,436 |
| Total Liabilities | 9,432 | 31,463 | 19,000 | 59,895 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Unavailable Revenue | 470 | 9,884 | 18,983 | 29,337 |
| **FUND BALANCES** | | | | |
| Nonspendable | 1,690 | - | - | 1,690 |
| Restricted | 241,575 | 126,913 | 4,381 | 372,869 |
| Committed | 55,604 | - | - | 55,604 |
| Assigned | - | 40,888 | - | 40,888 |
| Unassigned | (3,978) | (3,844) | (7,787) | (15,609) |
| Total Fund Balances | 294,891 | 163,957 | (3,406) | 455,442 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | $ 304,793 | $ 205,304 | $ 34,577 | $ 544,674 |

**CITY OF BLACKDUCK, MINNESOTA**
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**
**NONMAJOR GOVERNMENTAL FUNDS**
**YEAR ENDED DECEMBER 31, 2025**

| | Total Special Revenue Funds | Total Capital Project Funds | Total Debt Service Funds | Total Nonmajor Governmental Funds |
|---|---|---|---|---|
| **REVENUES** | | | | |
| General Property Taxes | $ 8,268 | $ - | $ 36,634 | $ 44,902 |
| Sales Taxes | - | 71,164 | - | 71,164 |
| Special Assessments | - | - | 3,708 | 3,708 |
| Tax Increments | 21,138 | - | - | 21,138 |
| Charges for Services | 21,360 | - | - | 21,360 |
| Intergovernmental Revenues | 11,000 | 21,475 | - | 32,475 |
| Interest Income | 3,329 | 3,038 | 279 | 6,646 |
| Donations and Grants | 600 | 57,583 | - | 58,183 |
| Other | 127 | - | - | 127 |
| Total Revenues | 65,822 | 153,260 | 40,621 | 259,703 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Culture and Recreation | 25,766 | 82,707 | - | 108,473 |
| Cemetery | 20,501 | - | - | 20,501 |
| Capital Outlay | 500 | 12,556 | - | 13,056 |
| Debt Service: | | | | |
| Principal | - | - | 31,631 | 31,631 |
| Interest and Fiscal Charges | 19,500 | - | 52,341 | 71,841 |
| Total Expenditures | 66,267 | 95,263 | 83,972 | 245,502 |
| **EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES** | (445) | 57,997 | (43,351) | 14,201 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Operating Transfers In | 7,800 | 131,583 | 49,072 | 188,455 |
| Operating Transfers Out | (2,300) | (57,583) | (72,268) | (132,151) |
| Sale of Property | - | 2,400 | - | 2,400 |
| Insurance Proceeds | 2,180 | - | - | 2,180 |
| Total Other Financing Sources (Uses) | 7,680 | 76,400 | (23,196) | 60,884 |
| **NET CHANGE IN FUND BALANCES** | 7,235 | 134,397 | (66,547) | 75,085 |
| Fund Balances - Beginning of Year | 287,656 | 29,560 | 63,141 | 380,357 |
| **FUND BALANCES - END OF YEAR** | $ 294,891 | $ 163,957 | $ (3,406) | $ 455,442 |

# CITY OF BLACKDUCK, MINNESOTA
# COMBINING BALANCE SHEET
# NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
# DECEMBER 31, 2025

| | Cemetery Fund | Perpetual Care Fund | Pine Tree Park Fund | Tax Increment Financing Districts | Housing and Redevelopment Fund | Total Nonmajor Special Revenue Funds |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| Cash | $ 4,840 | $ 55,603 | $ 29,512 | $ 177,936 | $ 34,146 | $ 302,037 |
| Accounts Receivable | 63 | 1 | 362 | - | - | 426 |
| Property Taxes Receivable | - | - | - | - | 640 | 640 |
| Prepaid Expenses | 281 | - | 1,409 | - | - | 1,690 |
| Total Assets | $ 5,184 | $ 55,604 | $ 31,283 | $ 177,936 | $ 34,786 | $ 304,793 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES** | | | | | | |
| **LIABILITIES** | | | | | | |
| Accounts Payable | $ 550 | $ - | $ 137 | $ - | $ - | $ 687 |
| Accrued Salaries and Wages Payable | 457 | - | 414 | - | - | 871 |
| Advance to Other Funds | 7,874 | - | - | - | - | 7,874 |
| Total Liabilities | 8,881 | - | 551 | - | - | 9,432 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | | |
| Unavailable Revenue | - | - | - | - | 470 | 470 |
| **FUND BALANCES** | | | | | | |
| Nonspendable | 281 | - | 1,409 | - | - | 1,690 |
| Restricted | - | - | 29,323 | 177,936 | 34,316 | 241,575 |
| Committed | - | 55,604 | - | - | - | 55,604 |
| Unassigned | (3,978) | - | - | - | - | (3,978) |
| Total Fund Balances | (3,697) | 55,604 | 30,732 | 177,936 | 34,316 | 294,891 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | $ 5,184 | $ 55,604 | $ 31,283 | $ 177,936 | $ 34,786 | $ 304,793 |

# CITY OF BLACKDUCK, MINNESOTA
# COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
# NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
# YEAR ENDED DECEMBER 31, 2025

| | Cemetery Fund | Perpetual Care Fund | Pine Tree Park Fund | Tax Increment Financing Districts | Housing and Redevelopment Fund | Total Nonmajor Special Revenue Funds |
|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | |
| Tax Increments | $ - | $ - | $ - | $ 21,138 | $ - | $ 21,138 |
| General Property Taxes | - | - | - | - | 8,268 | 8,268 |
| Charges for Services | - | - | 21,360 | - | - | 21,360 |
| Intergovernmental Revenues | - | - | 11,000 | - | - | 11,000 |
| Interest Income | 2,250 | 137 | 942 | - | - | 3,329 |
| Donations and Grants | - | 600 | - | - | - | 600 |
| Other | 28 | - | 99 | - | - | 127 |
| Total Revenues | 2,278 | 737 | 33,401 | 21,138 | 8,268 | 65,822 |
| **EXPENDITURES** | | | | | | |
| Current: | | | | | | |
| Culture and Recreation | - | - | 25,766 | - | - | 25,766 |
| Cemetery | 12,439 | 8,062 | - | - | - | 20,501 |
| Capital Outlay | - | 500 | - | - | - | 500 |
| Debt Service: | | | | | | |
| Interest and Fiscal Charges | - | - | - | 19,500 | - | 19,500 |
| Total Expenditures | 12,439 | 8,562 | 25,766 | 19,500 | - | 66,267 |
| **EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES** | (10,161) | (7,825) | 7,635 | 1,638 | 8,268 | (445) |
| **OTHER FINANCING SOURCES (USES)** | | | | | | |
| Operating Transfers In | 7,800 | - | - | - | - | 7,800 |
| Operating Transfers Out | - | (2,300) | - | - | - | (2,300) |
| Insurance Proceeds | 2,180 | - | - | - | - | 2,180 |
| Total Other Financing Sources (Uses) | 9,980 | (2,300) | - | - | - | 7,680 |
| **NET CHANGE IN FUND BALANCES** | (181) | (10,125) | 7,635 | 1,638 | 8,268 | 7,235 |
| Fund Balances - Beginning of Year | (3,516) | 65,729 | 23,097 | 176,298 | 26,048 | 287,656 |
| **FUND BALANCES - END OF YEAR** | $ (3,697) | $ 55,604 | $ 30,732 | $ 177,936 | $ 34,316 | $ 294,891 |

# CITY OF BLACKDUCK, MINNESOTA
# COMBINING BALANCE SHEET
# NONMAJOR CAPITAL PROJECTS GOVERNMENTAL FUNDS
# DECEMBER 31, 2025

| | Public Works Reserve Fund | Downtown Development Fund | Fire Hall Maintenance Fund | Kitchigami Library Renovation Fund | Total Nonmajor Capital Project Funds |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash | $ 40,888 | $ 10,718 | $ 62,293 | $ 65,253 | 179,152 |
| Due from Other Governments | - | - | - | 26,152 | 26,152 |
| Total Assets | $ 40,888 | $ 10,718 | $ 62,293 | $ 91,405 | $ 205,304 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES** | | | | | |
| **LIABILITIES** | | | | | |
| Accounts Payable | $ - | $ - | $ - | $ 16,901 | $ 16,901 |
| Advance to Other Funds | - | 14,562 | - | - | 14,562 |
| Total Liabilities | - | 14,562 | - | 16,901 | 31,463 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | |
| Unavailable Revenue | - | - | - | 9,884 | 9,884 |
| **FUND BALANCES** | | | | | |
| Restricted | - | - | 62,293 | 64,620 | 126,913 |
| Assigned | 40,888 | - | - | - | 40,888 |
| Unassigned | - | (3,844) | - | - | (3,844) |
| Total Fund Balances | 40,888 | (3,844) | 62,293 | 64,620 | 163,957 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | $ 40,888 | $ 10,718 | $ 62,293 | $ 91,405 | $ 205,304 |

# CITY OF BLACKDUCK, MINNESOTA
# COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
# NONMAJOR CAPITAL PROJECTS GOVERNMENTAL FUNDS
# YEAR ENDED DECEMBER 31, 2025

| | Public Works Reserve Fund | Downtown Development Fund | Fire Hall Maintenance Fund | Kitchigami Library Renovation Fund | Total Nonmajor Capital Project Funds |
|---|---|---|---|---|---|
| **REVENUES** | | | | | |
| Sales Taxes | $ - | $ - | $ - | $ 71,164 | $ 71,164 |
| Intergovernmental Revenues | - | - | - | 21,475 | 21,475 |
| Interest Income | 400 | 544 | 1,833 | 261 | 3,038 |
| Donations and Grants | - | 57,583 | - | - | 57,583 |
| Total Revenues | 400 | 58,127 | 1,833 | 92,900 | 153,260 |
| **EXPENDITURES** | | | | | |
| Current: | | | | | |
| Culture and Recreation | - | - | - | 82,707 | 82,707 |
| Capital Outlay | - | 2,400 | - | 10,156 | 12,556 |
| Total Expenditures | - | 2,400 | - | 92,863 | 95,263 |
| **EXCESS OF REVENUES OVER EXPENDITURES** | 400 | 55,727 | 1,833 | 37 | 57,997 |
| **OTHER FINANCING SOURCES (USES)** | | | | | |
| Operating Transfers In | 37,000 | - | 30,000 | 64,583 | 131,583 |
| Operating Transfers Out | - | (57,583) | - | - | (57,583) |
| Sale of Property | - | 2,400 | - | - | 2,400 |
| Total Other Financing Sources (Uses) | 37,000 | (55,183) | 30,000 | 64,583 | 76,400 |
| **NET CHANGE IN FUND BALANCES** | 37,400 | 544 | 31,833 | 64,620 | 134,397 |
| Fund Balances - Beginning of Year | 3,488 | (4,388) | 30,460 | - | 29,560 |
| **FUND BALANCES - END OF YEAR** | $ 40,888 | $ (3,844) | $ 62,293 | $ 64,620 | $ 163,957 |

# CITY OF BLACKDUCK, MINNESOTA
# COMBINING BALANCE SHEET
# NONMAJOR DEBT SERVICE GOVERNMENTAL FUNDS
# DECEMBER 31, 2025

| | 2009 G.O. Improvement Bonds | 2018 Frontage/ Pine Ave Loan | 2023 G.O. Bond | 2024 G.O. Bond | Total Nonmajor Debt Service Funds |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash | $ 1,178 | $ 11,213 | $ 2,550 | $ 452 | $ 15,393 |
| Property Taxes Receivable | 640 | 16,451 | 2,093 | - | 19,184 |
| Total Assets | $ 1,818 | $ 27,664 | $ 4,643 | $ 452 | $ 34,577 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES** | | | | | |
| **LIABILITIES** | | | | | |
| Advance to Other Funds | $ - | $ 19,000 | $ - | $ - | $ 19,000 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | |
| Unavailable Revenue | 649 | 16,451 | 1,500 | 383 | 18,983 |
| **FUND BALANCES** | | | | | |
| Restricted | 1,169 | - | 3,143 | 69 | 4,381 |
| Unassigned | - | (7,787) | - | - | (7,787) |
| Total Fund Balances | 1,169 | (7,787) | 3,143 | 69 | (3,406) |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | $ 1,818 | $ 27,664 | $ 4,643 | $ 452 | $ 34,577 |

# CITY OF BLACKDUCK, MINNESOTA
# COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
# NONMAJOR DEBT SERVICE GOVERNMENTAL FUNDS
# YEAR ENDED DECEMBER 31, 2025

| | 2009 G.O. Improvement Bonds | 2018 Frontage/ Pine Ave Loan | 2023 G.O. Bond | 2024 G.O. Bonds | Total Nonmajor Debt Service Funds |
|---|---|---|---|---|---|
| **REVENUES** | | | | | |
| General Property Taxes | $ 340 | $ - | $ 27,386 | $ 8,908 | $ 36,634 |
| Special Assessments | - | 3,708 | - | - | 3,708 |
| Interest Income | 4 | 256 | 19 | - | 279 |
| Total Revenues | 344 | 3,964 | 27,405 | 8,908 | 40,621 |
| **EXPENDITURES** | | | | | |
| Debt Service: | | | | | |
| Principal | - | - | 31,631 | - | 31,631 |
| Interest and Fiscal Charges | - | 360 | 43,142 | 8,839 | 52,341 |
| Total Expenditures | - | 360 | 74,773 | 8,839 | 83,972 |
| **EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES** | 344 | 3,604 | (47,368) | 69 | (43,351) |
| **OTHER FINANCING SOURCES (USES)** | | | | | |
| Operating Transfers In | - | - | 49,072 | - | 49,072 |
| Operating Transfers Out | (72,268) | - | - | - | (72,268) |
| Total Other Financing Sources (Uses) | (72,268) | - | 49,072 | - | (23,196) |
| **NET CHANGE IN FUND BALANCES** | (71,924) | 3,604 | 1,704 | 69 | (66,547) |
| Fund Balances - Beginning of Year | 73,093 | (11,391) | 1,439 | - | 63,141 |
| **FUND BALANCES - END OF YEAR** | $ 1,169 | $ (7,787) | $ 3,143 | $ 69 | $ (3,406) |

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# CITY OF BLACKDUCK, MINNESOTA

## FEDERAL SINGLE AUDIT REPORT

## YEAR ENDED DECEMBER 31, 2025



CPAs | CONSULTANTS | WEALTH ADVISORS

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**CITY OF BLACKDUCK, MINNESOTA**
**TABLE OF CONTENTS**
**YEAR ENDED DECEMBER 31, 2025**


| | |
|---|---|
| **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*** | **1** |
| **INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE** | **3** |
| **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE** | **5** |
| **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** | **9** |
| **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** | **10** |
| **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** | **11** |

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Blackduck (the City), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City of Blackduck's basic financial statements, and have issued our report thereon dated August 4, 2026.

## Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Blackduck's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Blackduck's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Blackduck'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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001, 2025-002, 2025-003, and 2025-004 that we consider to be material weaknesses.

**Report on Compliance and Other Matters**

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

***City of Blackduck's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Blackduck's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. City of Blackduck's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***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.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota
August 4, 2026

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# INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and
Members of the City Council
City of Blackduck
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 (the City), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 4, 2026.

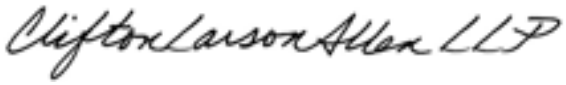
In connection with our audit, we noted that the City of Blackduck failed to comply with provisions of the contracting – bid laws of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters as described in the schedule of findings and responses as item 2025-005. Also, in connection with our audit, nothing came to our attention that caused us to believe that the City of Blackduck failed to comply with the provisions of the depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Cities*, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Blackduck's response to the legal compliance findings identified in our audit and described in the accompanying schedule of findings and responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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Honorable Mayor and
Members of the City Council
City of Blackduck

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



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota
August 4, 2026

# INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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

## Report on Compliance for Each Major Federal Program

### *Opinion on Each Major Federal Program*

We have audited the City of Blackduck's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2025. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Blackduck complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

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

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

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

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***Responsibilities of Management for Compliance***

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Blackduck's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the City of Blackduck's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Blackduck's internal control over compliance. Accordingly, no such opinion is expressed.

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

**Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-006 to be a material weakness.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Honorable Mayor and
Members of the City Council
City of Blackduck

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon, dated August 4, 2026, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota
August 4, 2026

# CITY OF BLACKDUCK, MINNESOTA
# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
# YEAR ENDED DECEMBER 31, 2025

| Federal Grantor/Pass-Through Grantor/ Program or Cluster Title | Federal Assistance Listing Number | Pass-Through Entity Number | Loan Amounts | Total Federal Expenditures | Passed Through to Subrecipients |
|---|---|---|---|---|---|
| **U.S. Department of Agriculture** | | | | | |
| Direct: | | | | | |
| Rural Development Community Facilities Loan: | | | | | |
| Taxable General Obligation Bond of 2023A | 10.766 | N/A | $ 1,629,054 | $ - | $ - |
| Taxable General Obligation Bond of 2023B | 10.766 | N/A | 305,005 | - | - |
| Total U.S. Department of Agriculture | | | 1,934,059 | - | - |
| **U.S. Department of Treasury** | | | | | |
| Direct: | | | | | |
| COVID-19 Coronavirus Capital Projects Fund | 21.029C | N/A | - | 21,475 | - |
| Total U.S. Department of Treasury | | | - | 21,475 | - |
| Total Expenditures of Federal Awards | | | $ 1,934,059 | $ 21,475 | $ - |

*See accompanying Notes to Schedule of Expenditures of Federal Awards.*

## NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Blackduck (the City) under programs of the federal government for the year ended December 31, 2025. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City. Please see the Schedule on the previous page where the federal loan amounts are disclosed.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

## NOTE 3 FEDERAL LOANS

The City participates in federal loan programs administered by the United States Department of Agriculture. For purposes of the Schedule, expenditures of federal awards include the beginning balance of loans for which the federal government imposes continuing compliance requirements, as well as any new loans received during the fiscal year.

At December 31, 2025, the outstanding balance of loans subject to continuing compliance requirements totaled $1,902,428. These loans are included in the federal expenditures presented in the accompanying Schedule in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

**CITY OF BLACKDUCK, MINNESOTA**
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**
**YEAR ENDED DECEMBER 31, 2025**

## *Section I – Summary of Auditors' Results*

### *Financial Statements*

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
   - Material weakness(es) identified? ____x____ yes _____ no
   - Significant deficiency(ies) identified? _____ yes ____x____ none reported
3. Noncompliance material to financial statements noted? _____ yes ____x____ no

### *Federal Awards*

1. Internal control over major federal programs:
   - Material weakness(es) identified? ____x____ yes _____ no
   - Significant deficiency(ies) identified? _____ yes ____x____ none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified Opinion
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ____x____ yes _____ no

### *Identification of Major Federal Programs*

| **Assistance Listing Number** | **Name of Federal Program or Cluster** |
|---|---|
| 10.766 | Rural Development Community Facilities Loan |

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

Auditee qualified as low-risk auditee? _____ yes ____x____ no

## *Section II - Financial Statement Findings*

**Material Weakness**

**2025-001: Segregation of Duties**

**Condition:** It was observed that there is a lack of segregation of duties for internal controls over payroll, journal entries, bank reconciliations, inventory & revenue/receipts. For these areas, it is possible for one individual to be both the preparer and reviewer. Additionally, it was observed both the preparer and the reviewer have access rights that allow this to occur. This overlap in system access undermines the principle of segregation of duties, increasing the risk of unauthorized or erroneous transaction processing. Additionally, there is no formal documentation or evidence of review maintained prior to the disbursement of payroll, bank reconciliations, inventory reconciliations, revenue reconciliations/receipting and the posting of journal entries. The absence of a documented review process limits accountability and reduces the ability to detect and correct errors before payments are made.

**Criteria or Specific Requirement:** Industry best practices and internal control frameworks recommend that duties be segregated among different individuals to reduce the risk of error or inappropriate actions. There should be a documented review and approval step to ensure accuracy, completeness, and compliance with company policies.

**Effect:** The lack of segregation of duties and absence of formal review documentation increases the risk of:

- Unauthorized or erroneous transactions being processed.
- Fraudulent activity going undetected.
- Reduced auditability and accountability in City operations.

**Cause:** The current user access permits both preparer and reviewer roles to perform reconciliations and posting of entries. Additionally, the transaction areas mentioned above lack a formal requirement or workflow for documenting the review and approval.

**Recommendation:** We recommend that the City of Blackduck (City) review its user access rights to ensure proper segregation of duties. In addition, implement review controls to establish a formal review and approval process that requires documented evidence.

**Views of Responsible Officials:** There is no disagreement with the audit finding, the City will implement a most robust internal control process.

## *Section II - Financial Statement Findings (Continued)*

**Material Weakness**

**2025-002: Audit Adjustments**

**Condition:** During review of the City's accounting for recent debt issuance of $363,000, it was noted that the proceeds were recorded net of issuance costs of $16,302. Specifically, the total debt proceeds were reduced by the amount of issuance costs at the time of recording, rather than recording the gross proceeds and separately recognizing the issuance costs as an expense.

During review of the local option sales tax, it was noted that an additional amount of revenue, due to other governments, deferred inflow & expenditure was not booked for amounts received after year end that pertained to 2025.

The City initially reported that there were no construction in progress additions in fiscal year 2025. However, we identified a material amount of construction in progress additions that were not captured in the City's capital asset records at the time of audit fieldwork, resulting in an incomplete and inaccurate presentation of capital assets.

**Criteria or Specific Requirement:** The City is responsible for implementing sufficient internal controls to review the debt, due from other governments, revenue, expenditure, deferred inflow and capital assets accounts at year-end and catch any issues how the accounting software accounts for these transactions.

**Effect:** The City's internal processes did not identify the error and led to accounts being incorrect at year-end.

**Cause:** There were not sufficient internal controls in place to identify errors in the financial statements.

**Recommendation:** We recommend that the City establish procedures & internal controls to ensure transactions are recorded properly.

**Views of Responsible Officials:** There is no disagreement with the audit finding, the City will implement a most robust internal control process.

## *Section II - Financial Statement Findings (Continued)*

**Material Weakness**

**2025-003: Census Data**

**Condition:** It was noted during our testing of the net pension asset related to the fire relief association, it came to our attention that proper support for key information that could affect the actuarial calculation was not retained by the City or relief association.

**Criteria or Specific Requirement:** It is important that any material asset or liability of the City be properly supposed and verifiable by the City.

**Effect:** It is possible that one of the fire fighters' birth dates, retirement dates, or documented years of service could be incorrectly reported to the actuary that is utilized to calculate the net pension asset. If that occurs, the asset and related deferred inflows and outflows of resources could be materially misstated.

**Cause:** Between the City and fire relief association, there was no documentation available to be reviewed to verify the birth dates, dates of hire, or verified separation date for many of the five firefighters sampled for testing. These files have not been retained for these individuals.

**Recommendation:** Because there is a material asset being recorded within the financial statements that relies on an actuarial calculation, it is important that management of the City review and ensure that the data being provided to the actuary is reasonably accurate. In case something is incorrect, it's important that records of the key information provided to the actuary, such as birth dates, hire dates, and separation dates, are documented and retained so there is something on file to compare the date being sent to the actuaries should the City want to verify it. We recommend that the City implement internal controls sufficient to ensure that type of information is collected and retained for all current and future firefighters that are a part of the relief association.

**Views of Responsible Officials:** There is no disagreement with the audit finding, the City will implement a most robust internal control process.

## *Section II - Financial Statement Findings (Continued)*

**Material Weakness**

**2025-004: Oversight of the Financial Reporting Process**

**Condition:** The City engages CliftonLarsonAllen LLP (CLA) to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, CLA cannot be considered part of the City's internal control system. As part of its internal control over the preparation of its financial statements, including disclosures, the City has implemented a comprehensive review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the Company's activities and operations.

**Criteria or Specific Requirement:** Management is responsible for the accuracy and completeness of all financial records and related information. Their responsibilities include adjusting financial statements to correct material misstatements. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced.

**Effect:** The design of the internal controls over the financial reporting process could affect the ability of the City to conclude the financial statements and related disclosures are complete and presented in accordance with GAAP.

**Cause:** The City's personnel have not monitored recent accounting developments to the extent necessary to enable them to prepare the City's financial statements and related disclosures, to provide a high level of assurance that potential omissions or other errors that are material would be identified and corrected on a timely basis.

**Recommendation:** We recommend that the City's personnel monitor recent accounting developments to the extent necessary to enable them to prepare the City's financial statements and related disclosures, to provide a high level of assurance that potential omissions or other errors that are material would be identified and corrected on a timely basis.

**Views of Responsible Officials:** Management does not disagree with finding. Due to the small size of the City's staff and the additional costs necessary to ensure proper controls are in place, the City has decided that the costs of implementing necessary controls for preparing the City's financial statements outweigh the benefits that would be derived. Nevertheless, the City is continually reviewing the situation and establishes controls that the City believes will aid in the fair presentation of the financial statements without significant increases in the costs of implementing these controls.

## *Section III – Legal Compliance*

**2025-005: Contracting and Bidding**

**Condition:** The City did not obtain more than one quote for one contract between $25,000 and $175,000.

**Criteria or Specific Requirement:** Minnesota Statute § 471.345, subd. 3 requires that contracts between $25,000 and $175,000 must be made by either sealed bids or by direct negotiation, by obtaining two or more quotations.

**Effect:** The City is not in compliance with current *Minnesota Statutes*.

**Cause:** The City did not have controls in place to comply with bid and quote requirements.

**Recommendation:** We recommend that the City implement controls over compliance with requirements related to Minnesota Statutes covering contracting and bidding procedures.

**Views of Responsible Officials:** There is no disagreement with the audit finding, the City will implement a most robust internal control process.

## *Section IV – Federal Award Findings and Questioned Costs*

**Reference Number:** 2025-006
**Prior Year Finding**: 2024-009
**Federal Agency:** U.S. Department of Agriculture
**Entity**: City of Blackduck (the City)
**Federal Program:** Community Facilities Loans and Grants
**Assistance Listing:** 10.766
**Federal Award Identification Number and Year:** LB 8748260 2025
**Pass-Through Entity:** N/A
**Compliance Requirement:** Reporting

**Type of Finding Material Weakness in Internal Control Over Compliance**

**Criteria or Specific Requirement:** There should be formally documented review of the management report prior to sending to the USDA by an individual other than the person preparing the report.

**Condition:** The City was unable to provide a documented formal review process for the management report.

**Context:** The City was unable to provide a documented formal review process for the management report.

**Cause:** The City Administrator prepares and sends the report and there is no formal review, as there are only two individuals working in finance at the City. There should be one individual preparing this report, and another individual reviewing this report to have adequate review over the management report.

**Effect:** There is no way to verify the review process was completed and completed timely.

**Questioned Costs**: None.

**Recommendation:** We recommend that the City implement controls over USDA reports to ensure that they are reviewed prior to submission.

**Views of Responsible Officials:** There is no disagreement with the audit finding, the City will implement a most robust internal control process.




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# MEMO

Date: August 8, 2026

To: Blackduck City Council

From: Sean Moran, HRDC Loan Officer

RE: Mary Larson/ Larson Creations, LLC dba Anderson Fabrics Quilt Shop Loan Request

The City of Blackduck loan committee met on July 17th and again on July 21st to review a loan request from Mary Larson of Larson Creations, LLC doing business as Anderson Fabrics Quilt Shop for a loan of $40,000. The request is through the City's Commercial Storefront Renovations RLF. HRDC staff Sean Moran reviewed the loan request and provided the loan committee with a presentation detailing the underwriting he prepared.

In attendance at the meetings were HRDC staff Sean Moran, Christina Regas, Max Gullette, Grant Frenzel, and Dwight Kalvig.

The Loan Committee reviewed the details of the request for a loan and is recommending to the City Council that it approves a loan with the following terms/conditions.

**Blackduck Commercial Storefront Renovation Revolving Loan Fund**
Loan amount: $40,000
Rate: 0% (per policy of the renovation loan program)
Payments: Monthly payments of $333.33
Term: Ten-year term and amortization
Collateral: second position mortgage on real estate located at 24 Summit Ave
Blackduck, MN 56630, Subordinate blanket UCC filing
Uses: Replace/repair roof, other exterior updates and repairs
Fee: 1% commitment fee, borrower pays out-of-pocket closing costs
Disbursement: by check at closing
Monitoring: Annual tax return
**CONTINGENCIES**

- **Insurance policy on assets with City of Blackduck listed as Loss Payee and mortgagee**
- **Title Search confirming mortgage lien position**

Once the Blackduck City Council ratifies and approves these terms, HRDC staff will prepare a loan offer letter on behalf of the City, and will initiate a loan closing with the borrower pending their acceptance of the offered terms and satisfaction of contingencies.

**ACTION ITEM:** The City of Black duck will need to vote to approve and ratify loan committee recommendations as listed in this memo

# City of Blackduck, Minnesota

$915,000 General Obligation Sewage Disposal System Bonds, Series 2026A
Assumes Current Market BQ Credit Enhanced AAA Rates plus 50bps
No Underlying Rating - MN Statute 115 - 20 Years

## Sources & Uses

**Dated 09/01/2026 | Delivered 09/01/2026**

### Sources Of Funds

| | |
|---|---|
| Par Amount of Bonds | $915,000.00 |
| Planned Issuer Equity contribution | 150,000.00 |
| **Total Sources** | **$1,065,000.00** |

### Uses Of Funds

| | |
|---|---|
| Total Underwriter's Discount (1.500%) | 13,725.00 |
| Costs of Issuance | 51,000.00 |
| Deposit to Project Construction Fund | 1,000,000.00 |
| Rounding Amount | 275.00 |
| **Total Uses** | **$1,065,000.00** |

# City of Blackduck, Minnesota

$915,000 General Obligation Sewage Disposal System Bonds, Series 2026A
Assumes Current Market BQ Credit Enhanced AAA Rates plus 50bps
No Underlying Rating - MN Statute 115 - 20 Years

## Debt Service Schedule

| Date | Principal | Coupon | Interest | Total P+I | Fiscal Total |
|---|---|---|---|---|---|
| 09/01/2026 | - | - | - | - | - |
| 08/01/2027 | - | - | 35,681.25 | 35,681.25 | - |
| 02/01/2028 | 15,000.00 | 3.400% | 19,462.50 | 34,462.50 | 70,143.75 |
| 08/01/2028 | - | - | 19,207.50 | 19,207.50 | - |
| 02/01/2029 | 30,000.00 | 3.450% | 19,207.50 | 49,207.50 | 68,415.00 |
| 08/01/2029 | - | - | 18,690.00 | 18,690.00 | - |
| 02/01/2030 | 35,000.00 | 3.600% | 18,690.00 | 53,690.00 | 72,380.00 |
| 08/01/2030 | - | - | 18,060.00 | 18,060.00 | - |
| 02/01/2031 | 35,000.00 | 3.700% | 18,060.00 | 53,060.00 | 71,120.00 |
| 08/01/2031 | - | - | 17,412.50 | 17,412.50 | - |
| 02/01/2032 | 35,000.00 | 3.850% | 17,412.50 | 52,412.50 | 69,825.00 |
| 08/01/2032 | - | - | 16,738.75 | 16,738.75 | - |
| 02/01/2033 | 40,000.00 | 3.900% | 16,738.75 | 56,738.75 | 73,477.50 |
| 08/01/2033 | - | - | 15,958.75 | 15,958.75 | - |
| 02/01/2034 | 40,000.00 | 3.950% | 15,958.75 | 55,958.75 | 71,917.50 |
| 08/01/2034 | - | - | 15,168.75 | 15,168.75 | - |
| 02/01/2035 | 40,000.00 | 4.050% | 15,168.75 | 55,168.75 | 70,337.50 |
| 08/01/2035 | - | - | 14,358.75 | 14,358.75 | - |
| 02/01/2036 | 40,000.00 | 4.150% | 14,358.75 | 54,358.75 | 68,717.50 |
| 08/01/2036 | - | - | 13,528.75 | 13,528.75 | - |
| 02/01/2037 | 45,000.00 | 4.250% | 13,528.75 | 58,528.75 | 72,057.50 |
| 08/01/2037 | - | - | 12,572.50 | 12,572.50 | - |
| 02/01/2038 | 45,000.00 | 4.350% | 12,572.50 | 57,572.50 | 70,145.00 |
| 08/01/2038 | - | - | 11,593.75 | 11,593.75 | - |
| 02/01/2039 | 50,000.00 | 4.400% | 11,593.75 | 61,593.75 | 73,187.50 |
| 08/01/2039 | - | - | 10,493.75 | 10,493.75 | - |
| 02/01/2040 | 50,000.00 | 4.400% | 10,493.75 | 60,493.75 | 70,987.50 |
| 08/01/2040 | - | - | 9,393.75 | 9,393.75 | - |
| 02/01/2041 | 50,000.00 | 4.450% | 9,393.75 | 59,393.75 | 68,787.50 |
| 08/01/2041 | - | - | 8,281.25 | 8,281.25 | - |
| 02/01/2042 | 55,000.00 | 4.450% | 8,281.25 | 63,281.25 | 71,562.50 |
| 08/01/2042 | - | - | 7,057.50 | 7,057.50 | - |
| 02/01/2043 | 55,000.00 | 4.500% | 7,057.50 | 62,057.50 | 69,115.00 |
| 08/01/2043 | - | - | 5,820.00 | 5,820.00 | - |
| 02/01/2044 | 60,000.00 | 4.500% | 5,820.00 | 65,820.00 | 71,640.00 |
| 08/01/2044 | - | - | 4,470.00 | 4,470.00 | - |
| 02/01/2045 | 60,000.00 | 4.550% | 4,470.00 | 64,470.00 | 68,940.00 |
| 08/01/2045 | - | - | 3,105.00 | 3,105.00 | - |
| 02/01/2046 | 65,000.00 | 4.600% | 3,105.00 | 68,105.00 | 71,210.00 |
| 08/01/2046 | - | - | 1,610.00 | 1,610.00 | - |
| 02/01/2047 | 70,000.00 | 4.600% | 1,610.00 | 71,610.00 | 73,220.00 |
| **Total** | **$915,000.00** | **-** | **$502,186.25** | **$1,417,186.25** | **-** |

### Yield Statistics

| | |
|---|---|
| Bond Year Dollars | $11,411.25 |
| Average Life | 12.471 Years |
| Average Coupon | 4.4007996% |
| Net Interest Cost (NIC) | 4.5210757% |
| True Interest Cost (TIC) | 4.5405670% |
| Bond Yield for Arbitrage Purposes | 4.3755503% |
| All Inclusive Cost (AIC) | 5.1866879% |

### IRS Form 8038

| | |
|---|---|
| Net Interest Cost | 4.4007996% |
| Weighted Average Maturity | 12.471 Years |

# City of Blackduck, Minnesota

$915,000 General Obligation Sewage Disposal System Bonds, Series 2026A
Assumes Current Market BQ Credit Enhanced AAA Rates plus 50bps
No Underlying Rating - MN Statute 115 - 20 Years

## Debt Service Schedule

| Date | Principal | Coupon | Interest | Total P+I | 105% Overlevy |
|---|---|---|---|---|---|
| 02/01/2027 | - | - | - | - | - |
| 02/01/2028 | 15,000.00 | 3.400% | 55,143.75 | 70,143.75 | 73,650.94 |
| 02/01/2029 | 30,000.00 | 3.450% | 38,415.00 | 68,415.00 | 71,835.75 |
| 02/01/2030 | 35,000.00 | 3.600% | 37,380.00 | 72,380.00 | 75,999.00 |
| 02/01/2031 | 35,000.00 | 3.700% | 36,120.00 | 71,120.00 | 74,676.00 |
| 02/01/2032 | 35,000.00 | 3.850% | 34,825.00 | 69,825.00 | 73,316.25 |
| 02/01/2033 | 40,000.00 | 3.900% | 33,477.50 | 73,477.50 | 77,151.38 |
| 02/01/2034 | 40,000.00 | 3.950% | 31,917.50 | 71,917.50 | 75,513.38 |
| 02/01/2035 | 40,000.00 | 4.050% | 30,337.50 | 70,337.50 | 73,854.38 |
| 02/01/2036 | 40,000.00 | 4.150% | 28,717.50 | 68,717.50 | 72,153.38 |
| 02/01/2037 | 45,000.00 | 4.250% | 27,057.50 | 72,057.50 | 75,660.38 |
| 02/01/2038 | 45,000.00 | 4.350% | 25,145.00 | 70,145.00 | 73,652.25 |
| 02/01/2039 | 50,000.00 | 4.400% | 23,187.50 | 73,187.50 | 76,846.88 |
| 02/01/2040 | 50,000.00 | 4.400% | 20,987.50 | 70,987.50 | 74,536.88 |
| 02/01/2041 | 50,000.00 | 4.450% | 18,787.50 | 68,787.50 | 72,226.88 |
| 02/01/2042 | 55,000.00 | 4.450% | 16,562.50 | 71,562.50 | 75,140.63 |
| 02/01/2043 | 55,000.00 | 4.500% | 14,115.00 | 69,115.00 | 72,570.75 |
| 02/01/2044 | 60,000.00 | 4.500% | 11,640.00 | 71,640.00 | 75,222.00 |
| 02/01/2045 | 60,000.00 | 4.550% | 8,940.00 | 68,940.00 | 72,387.00 |
| 02/01/2046 | 65,000.00 | 4.600% | 6,210.00 | 71,210.00 | 74,770.50 |
| 02/01/2047 | 70,000.00 | 4.600% | 3,220.00 | 73,220.00 | 76,881.00 |
| **Total** | **$915,000.00** | **-** | **$502,186.25** | **$1,417,186.25** | **$1,488,045.56** |

### Significant Dates

| | |
|---|---|
| Dated | 9/01/2026 |
| First Coupon Date | 8/01/2027 |

### Yield Statistics

| | |
|---|---|
| Bond Year Dollars | $11,411.25 |
| Average Life | 12.471 Years |
| Average Coupon | 4.4007996% |
| Net Interest Cost (NIC) | 4.5210757% |
| True Interest Cost (TIC) | 4.5405670% |
| Bond Yield for Arbitrage Purposes | 4.3755503% |
| All Inclusive Cost (AIC) | 5.1866879% |

### IRS Form 8038

| | |
|---|---|
| Net Interest Cost | 4.4007996% |
| Weighted Average Maturity | 12.471 Years |

Blackduck
A GREAT PLACE FOR FAMILIES
8 Summit Ave. NE, PO Box 380, Blackduck, MN 56630-0380

July 30, 2026

Dear Township/City Clerks and Board Members:

Please note on your 2026 Calendars the following date to discuss the 2026 Fire Department Budget:

- ***Thursday, August 13, 2026 at Blackduck City Hall at 6:00pm***

Please encourage all interested parties from your township or city to attend this meeting. If you have questions please contact me, my office phone number is 218-835-4810.

***Enclosed is:***

1. ***2026 YTD Expenditures & 2027 Proposed Budget***
2. ***Proposed Payment for 2027 -***
3. ***Market Value of Structures report –***
4. ***Listing of Fire Calls YTD 2026***
5. ***February 26, 2026 Annual Meeting Minutes***

Once again, mark your calendars with the 2026 meeting date and please contact myself or Chief Larson with questions.

Sincerely,

Christina Regas
City Administrator, City of Blackduck

# 2026 Blackduck Fire Department Budget vs. Actual & 2027 Proposed Budget

*updated 7/28/26*

| | | 2026 Budget | 2026 YTD Expenditures | 2026 Balance | 2027 Budget | | |
|---|---|---|---|---|---|---|---|
| E 101-42200-103 | Part-Time Employees | $20,000.00 | $18,870.00 | $1,130.00 | $20,870.00 | | |
| E 101-42200-122 | FICA | $1,530.00 | $1,391.77 | $138.23 | $1,596.56 | | |
| E 101-42200-124 | Fire Pension Contributions | $0.00 | $0.00 | $0.00 | $0.00 | | |
| E 101-42200-135 | Employer Paid Leave - MN | $176.00 | $166.05 | $0.00 | $183.66 | | |
| E 101-42200-200 | Office Supplies (GENERAL) | $0.00 | $0.00 | $0.00 | $0.00 | | |
| E 101-42200-205 | Heating Fuel - | $5,000.00 | $698.03 | $4,301.97 | $5,000.00 | | |
| E 101-42200-206 | Electricity | $5,000.00 | $2,957.21 | $2,042.79 | $5,000.00 | | |
| E 101-42200-207 | Computer Supplies | $0.00 | $0.00 | $0.00 | $0.00 | | |
| E 101-42200-208 | Training and Instruction | $2,000.00 | $910.00 | $1,090.00 | $2,000.00 | | |
| E 101-42200-210 | Operating Supplies (GENERAL) | $1,000.00 | $846.87 | $153.13 | $1,000.00 | | |
| E 101-42200-211 | Cleaning Supplies | $0.00 | $0.00 | $0.00 | $0.00 | | |
| E 101-42200-212 | Motor Fuels | $2,200.00 | $1,203.65 | $996.35 | $2,200.00 | | |
| E 101-42200-221 | Equipment Parts | $0.00 | $0.00 | $0.00 | $0.00 | | |
| E 101-42200-222 | Tires | $0.00 | $0.00 | $0.00 | $0.00 | | |
| E 101-42200-223 | Building Repair Supplies | $0.00 | $0.00 | $0.00 | $0.00 | | |
| E 101-42200-233 | Uniforms - *turnout gear* | $10,000.00 | $345.20 | $9,654.80 | $10,000.00 | | |
| E 101-42200-240 | Small Tools and Minor Equip | $2,000.00 | $0.00 | $2,000.00 | $2,000.00 | | |
| E 101-42200-304 | Legal Fees | $0.00 | $0.00 | $0.00 | $0.00 | | |
| E 101-42200-305 | Medical Fees | $2,500.00 | $0.00 | $2,500.00 | $2,500.00 | | |
| E 101-42200-307 | Management Fees | $0.00 | $0.00 | $0.00 | $0.00 | | |
| E 101-42200-310 | Other Professional Services | $0.00 | $0.00 | $0.00 | $0.00 | | |
| E 101-42200-321 | Telephone | $800.00 | $284.36 | $515.64 | $800.00 | *Verizon & PBC* | |
| E 101-42200-322 | Postage | $210.00 | $20.90 | $189.10 | $210.00 | | |
| E 101-42200-323 | Radio/Communications Expenses | $5,000.00 | $2,024.35 | $2,975.65 | $5,000.00 | *Verizon & Rogers* | |
| E 101-42200-327 | Internet Access | $600.00 | $360.00 | $240.00 | $600.00 | *PBC* | |
| E 101-42200-331 | Travel Expenses | $250.00 | $0.00 | $250.00 | $250.00 | | |
| E 101-42200-351 | Legal Notices Publishing | $0.00 | $0.00 | $0.00 | $0.00 | | |
| E 101-42200-352 | General Notices and Pub Info | $0.00 | $0.00 | $0.00 | $0.00 | | |
| E 101-42200-361 | General Liability Ins - | $440.28 | $208.64 | $76.08 | $431.88 | increase | 7% |
| E 101-42200-362 | Property Ins | $4,197.90 | $1,851.00 | $2,346.90 | $3,794.55 | increase | 5% |
| E 101-42200-363 | Automotive Ins | $2,753.30 | $1,418.50 | $1,334.80 | $2,978.85 | increase | 10% |
| E 101-42200-366 | Workers Compensation Insurance - | $8,260.71 | $3,846.34 | $5,521.92 | $4,038.66 | increase | 5% |
| E 101-42200-384 | Refuse/Garbage Disosal | $350.00 | $320.00 | $30.00 | $350.00 | | |
| E 101-42200-367 | Unemployment Paid | $0.00 | $0.00 | $0.00 | $0.00 | | |
| E 101-42200-401 | Repairs/Maint Buildings | $3,750.00 | $5,900.00 | ($2,150.00) | $3,750.00 | | |
| E 101-42200-404 | Repairs/Maint Machinery/Equip | $10,000.00 | $2,359.28 | $7,640.72 | $10,000.00 | | |
| E 101-42200-420 | Tower Lease | $500.00 | $0.00 | $500.00 | $500.00 | | |
| E 101-42200-425 | Depreciation | $0.00 | $0.00 | $0.00 | $0.00 | | |
| E 101-42200-433 | Dues and Subscriptions | $200.00 | $0.00 | $200.00 | $200.00 | | |
| E 101-42200-436 | Towing Charges | $0.00 | $0.00 | $0.00 | $0.00 | | |
| E 101-42200-437 | Bad Debt Expense | $0.00 | $0.00 | $0.00 | $0.00 | | |
| E 101-42200-500 | Capital Outlay *(Armer Radios year 7 - 2027)* | $5,000.00 | $0.00 | $5,000.00 | $5,000.00 | | |
| E 101-42200-520 | Buildings and Structures | $0.00 | $0.00 | $0.00 | $0.00 | | |
| E 101-42200-550 | Motor Vehicles | $0.00 | $21.25 | ($21.25) | $0.00 | | |
| E 101-42200-580 | Other Equipment - | $400.00 | $3,689.28 | ($3,289.28) | $400.00 | | |
| E 101-42200-701 | Transfer to General Fund | $0.00 | $0.00 | $0.00 | $0.00 | | |
| E 101-42200-708 | Transfer to Fire Dept Reserve *(year 3 of contract - 2027)* | $30,000.00 | $0.00 | $30,000.00 | $30,000.00 | | |
| E 101-42200-782 | Intrafund Transfer | $0.00 | $0.00 | $0.00 | $0.00 | | |
| | | $124,118.19 | $49,692.68 | $75,367.55 | $120,654.15 | | |

Notes from meeting with Brian:

Consider what to do with 2025 surplus of $11,696 unspent due to not spending all of uniform budget or workers comp insurance

Goal is to keep 2027 budget operating the same as 2026 but lower WC so overall budget equals 2025 budget or less.

Chief Larson will order turnout gear 3 sets in 2026

# 2027 Budget - *proposed*

| Government Unit | 2027 Proposed Budget | 2026 Market Value of Structures *(less exempt)* | Percentage of Total Evaluation | Annual Charge |
|---|---|---|---|---|
| Hines | $120,654.15 | $72,756,200.00 | 27.18% | $32,797.03 |
| Hornet | $120,654.15 | $14,359,600.00 | 5.36% | $6,473.02 |
| Birch | $120,654.15 | $12,572,200.00 | 4.70% | $5,667.29 |
| Summit | $120,654.15 | $21,101,600.00 | 7.88% | $9,512.18 |
| Taylor | $120,654.15 | $15,134,600.00 | 5.65% | $6,822.37 |
| Hagali | $120,654.15 | $51,085,700.00 | 19.09% | $23,028.40 |
| O'Brien | $120,654.15 | $4,749,000.00 | 1.77% | $2,140.75 |
| Tenstrike | $120,654.15 | $17,283,500.00 | 6.46% | $7,791.05 |
| Funkley | $120,654.15 | $352,500.00 | 0.13% | $158.90 |
| Langor | $120,654.15 | $14,698,300.00 | 5.49% | $6,625.70 |
| Moose Park | $120,654.15 | $5,579,600.00 | 2.08% | $2,515.17 |
| Blackduck | $120,654.15 | $37,983,700.00 | 14.19% | $17,122.29 |
| | | $267,656,500.00 | 100.00% | $120,654.15 |

## Payable 2026 Values

| City or Township | EMV Bldg R, P, M | EMV Bldg Exempt | EMV Bldg Total |
|---|---|---|---|
| City of Blackduck | 37,983,700 | 27,340,400 | 65,324,100 |
| City of Funkley | 352,500 | 0 | 352,500 |
| City of Tenstrike | 17,283,500 | 3,796,300 | 21,079,800 |
| Birch | 12,572,200 | 12,300 | 12,584,500 |
| Hagali | 51,085,700 | 850,700 | 51,936,400 |
| Hines | 72,756,200 | 1,358,600 | 74,114,800 |
| Hornet | 14,359,600 | 72,200 | 14,431,800 |
| Langor | 14,698,300 | 37,200 | 14,735,500 |
| O'brien | 4,749,000 | 0 | 4,749,000 |
| Summit | 21,101,600 | 62,900 | 21,164,500 |
| Taylor | 15,134,600 | 80,700 | 15,215,300 |
| Moose Park | 5,579,600 | 0 | 5,579,600 |
| **Total** | 267,656,500 | 33,611,300 | 301,267,800 |

## 2026 Fire Department Incident Report

| Incident # | DOI | Address - Name - Location | Postal Code | Town/City | Fire / Incident Details | Location/Water Supply/Damage Type | Investigation Needed Y/N | Structure Fire Cause / Incident Narative |
|---|---|---|---|---|---|---|---|---|
| 2601 | 1/2/2026 | 16263 Big Turtle Dr NE | 56601 | Turtle River | Structure Fire | Water Tender Shuttle/Fire out upon arrival/garage | Y | Heat from another object |
| 2602 | 1/8/2026 | 81 1swt Street NE | 56630 | Blackduck | No Emergency - false alarm | | N | Fire alarm activation by burnt popcorn, maintenance cleared code |
| 2603 | 1/14/2026 | 67449 Cty Road 13 | 56630 | Blackduck | Structure Fire | Water tender shuttle/major damage | Y | unable to be determined |
| 2604 | 1/20/2026 | County Rd 13 Eastbound | 56630 | Blackduck | Law Enforcement Support | Intersection/mutual aid for Itasca County traffic control | N | rolled over vehicle in ditch, no injuries |
| 2605 | 1/22/2026 | Pass Road | 56647 | Hines | Fire - Outside Fire | Outside / Tank Water | N | Outdoor woodstove fire, burned roof, some fire wood & stove |
| 2606 | 1/24/2026 | 21550 Blackduck Lake Rd | 56630 | Blackduck | Public Service/Citizen Assist/Lift Assist | | N | Lift assist to cot and back of Ambulance |
| 2607 | 2/15/2026 | 181 Northern Ave. NW Apt 104 | 56630 | Blackduck | Medical Illness well person check | | N | Medical assist person that was dizzy |
| 2608 | 2/17/2026 | 280 Margaret Ave NE | 56630 | Blackduck | Medical Injury/Trauma Fall | | N | Medical Assist patient had falen and had bruised back |
| 2609 | 2/20/2026 | 56 Morris Ave NW | 56630 | Blackduck | Hazardous situation -nonchemical, electrical line down | | N | circuit breaker tripped & arced |
| 2610 | 2/20/2026 | Alvwood Rd | 56630 | Blackduck | Law Enforcement Support | | N | check on reported vehicle in ditch, cleared scene |
| 2611 | 3/3/2026 | 156 1st Street | 56630 | Blackduck | Medical illness - abdominal pain | | N | lift assist for student at school |
| 2612 | 3/8/2026 | 641 Main St. Lot#15 | 56630 | Blackduck | Public Service/Citizen Assist/Lift Assist | | N | lift assist for individual into ambulance |
| 2613 | 3/9/2026 | 641 Main St. Lot#15 | 56630 | Blackduck | Public Service/Citizen Assist/Lift Assist | | N | lift assist for individual into house bed |
| 2614 | 3/15/2026 | 25745 Alvwood Rd | 56630 | Blackduck | Public Service/Citizen Assist/Lift Assist | | N | lift assist for individual into bed |
| 2615 | 3/21/2026 | 25745 Alvwood Rd | 56630 | Blackduck | Public Service/Citizen Assist/Lift Assist | | N | lift assist for individual off floor |
| 2616 | 3/22/2026 | 25745 Alvwood Rd | 56630 | Blackduck | Public Service/Citizen Assist/Lift Assist | | N | lift assist for individual into bed |
| 2617 | 3/24/2026 | 25745 Alvwood Rd | 56630 | Blackduck | Public Service/Citizen Assist/Lift Assist | | N | lift assist for individual into bed |
| 2618 | 3/25/2026 | 25745 Alvwood Rd | 56630 | Blackduck | No Emergency - cancelled | | N | cancelled in route |
| 2619 | 3/26/2026 | 72782 County Rd 13 | 56630 | Blackduck | Fire/Outside Fire/Vegetation, grass fire | outside/water tender shuttle/debris open burning | N | permitted open burn at property, no response needed |
| 2620 | 3/28/2026 | 24294 Beighley Rd | 56630 | Blackduck | Fire/Outside Fire/Vegetation, grass fire | outside/water tender shuttle/debris open burning | N | owner burning paper trash/went airborne & caught fire in field/ DNR on scene |
| 2621 | 4/2/2026 | 249 2nd Street NE Apt 302 | 56630 | Blackduck | Public Service/Citizen Assist/Lift Assist | | N | lift assist/fell and could not get up |
| 2622 | 4/4/2026 | 331 Hwy 71 | 56647 | Hines | Hazardous situation -nonchemical, motor vehicle collision | | N | two car accident/protected scene/traffice control |
| 2623 | 4/4/2026 | 5454 Cougar Lane | 56630 | Blackduck | Public service/other/standby | | N | mutual aid, standby water tender, dumped one load on structure fire |
| 2624 | 4/16/2026 | 18530 Blackduck Lake Rd | 56647 | Hines | no emergency - cancelled | | N | out of control fire pit cancelled in route owner extinguished with hose |
| 2625 | 4/16/2026 | Everts Road | 56630 | Blackduck | Fire outside fire vegetation grass fire | outside/water tender shuttle/spread from controlled burn | Y | controlled burn called in by passer by |
| 2626 | 4/24/2026 | 641 Main St. Lot#15 | 56630 | Blackduck | Public Service - Citizen Assist - Lift Assist | | N | Lift assist back into bed |
| 2627 | 4/26/2026 | 19443 Hines Rd NE | 56647 | Hines | Fire - Outside Fire - Vegetation/Grass Fire | outside/water tender shuttle/debris open burning | Y | Grass fire from burn pile arrived on scene to find working fire moving south from home and barn. DNR on Scene. |
| 2628 | 5/8/2026 | Harvest Road & Everts Road | 56683 | Tenstrike | Fire - Outside Fire - Vegetation/Grass Fire | outside/tank water/debris open burning | Y | Property owner failed to meet variance to the fire permit. Nuciance fire |
| 2629 | 5/9/2026 | 441 4th St. | 56630 | Blackduck | No emergency - false alarm - accidental alarm | | N | tenant had a humidifier inher room running full load - tripped the smoke alarm |
| 2630 | 5/9/2026 | 24777 Pass Road | 56647 | Hines | Fire - outside fire - dumpster/other outdoor container fire | outside/tank water/unable to be determined cause | Y | dumpster fire, unknown cause |
| 2631 | 5/12/2026 | 21185 Scenic Hwy | 56630 | Blackduck | No emergency - cancelled | | N | canceled in route, car accident |
| 2632 | 5/20/2026 | 641 Main St. Lot#15 | 56630 | Blackduck | Medical Injury/Trauma Fall | | N | lift assist |
| 2633 | 5/21/2026 | 641 Main St. Lot#15 | 56630 | Blackduck | Medical Injury/Trauma Fall | | N | lift assist |
| 2634 | 5/27/2026 | 641 Main St. Lot#15 | 56630 | Blackduck | Public Service - Citizen Assist - Lift Assist | | N | lift assist |
| 2635 | 5/30/2026 | 12631 Knappen Hill Road | 56683 | Tenstrike | No emergency - cancelled | | N | cancelled in route |
| 2636 | 6/1/2026 | 24470 Alvwood Road | 56630 | Blackduck | Public servcie - citizen assist - lift assist | | N | lift assist |
| 2637 | 6/7/2026 | 15082 Scenic Hwy | 56630 | Blackduck | medical - injury/trauma - motor vehicle collision | | N | deer vs. motorcycle. Patient was alert and concious. Lift assist into ambulance |
| 2638 | 6/8/2026 | 273 1st St NE | 56630 | Blackduck | medical illness convulsions seizures | | N | patient siezing, administered first aid and O2, ambulance arrived on scen and patient was loaded, air care helicopter was en route |

BLACKDUCK FIRE DEPARTMENT
AND FIREMEN'S RELIEF ASSOCIATION
FIRE PROTECTION/RESCUE 218-835-4803 NON EMERGENCY ORGANIZED IN 1901
P.O. BOX 380 BLACKDUCK, MN

**TOWNSHIP ANNUAL MEETING BLACKDUCK CITY HALL THURSDAY, FEB. 26, 2026 @ 6PM**

**MEETING MINUTES**

The Blackduck Fire Department Chief Brian Larson held the annual meeting of Parties in City Hall on February 26, 2026.

The Meeting was called to order at 6:01pm.

**Roll Call** was taken by City Administrator Christina Regas those present included: City of Blackduck Administrator Christina Regas; Bill Rabe of Hines Township; Terry Frenzel of Langor Township; Rob Ingersoll of Hagali Township, Jerome Geerdes of Birch Township, Maxwell Gullette of the City of Blackduck, and Fire Chief Brian Larson a quorum was established of 70.81%.

**City/Townships Absent:** Hornet, Summit, Taylor, O'Brien, Tenstrike, Funkley, and Moose Park Township,

**OLD BUSINESS –**

a. **REVIEW OF 2025 ACTUAL EXPENDITURES –** Chief Larson requested questions regarding the 2025 expenditures. Larson reports a surplus of @ $10,000 pre-audit. Regas states the department purchased two Armer Radios at year end which is reflected in the expense line. Birch asked where the surplus will end up. Regas reports the City will transfer any identified surplus into either the Reserve Truck Fund or the Reserve Fire Equipment Fund. Larson states with the increase in calls the additional funds in the budget are good to have. Larson notes that the surplus is minimal and he is happy to know the budget was not overspent. Larson further states that the furnace needed replacement in January which was unexpected.

*b.* **REVIEW OF 2026 BUDGET –** Regas asked if any towns/cities need reprints of invoices as they were sent with the meeting packets. *There were no additional questions regarding the 2026 budget.*

*c.* **REVIEW OF 2026 PAYMENT–** Regas asked if there were any questions on the invoices. *There were no questions.*

*d.* **YTD 2025 FIRE DEPT. INCIDENT –** Larson called for questions on the 2025 incident report. Towns had a discussion on responding to lift assists as it was a large portion of the report. Larson states the Ambulance needs assistance and there were many medicals in 2025. There were discussions regarding who on the team are qualified as first responders. Larson states the department are trained but that is not their response reason. Larson states that when a call comes out most emergency vehicles all respond. Ingersoll comments there are not many active first responders around the Blackduck area that could assist with lift assists to relieve the burden on the department. Geerdes asks how many volunteers can the department rely on to respond to calls because they either work or live in town. Larson states it depends on the time and day of the call but there is about 8-10 volunteers that will always be responding. Larson states that regardless of the type of call the volunteers respond no matter what. Larson also states that some lift assists need more than a couple of volunteers to lift the person. *There were no further questions on the report.*

**NEW BUSINESS –** *There was no new business discussed.*

Motion by Hines and seconded by Hagali Township to adjourn the meeting at 6:26pm. Motion passed.

*Meeting minutes submitted by Christina Regas City of Blackduck Administrator.*

A quote for your consideration.

To retrieve this eQuote online, log in to your **Dell Premier Page** and search for your eQuote number under “Quotes” in the top menu bar.

| | |
|---|---|
| Quote No.: | 3000205468585.1 |
| Total (USD): | $1,325.91 |
| eQuote Name: | Blackduck Golf |
| eQuote Creator: | ryan.hargett@co.beltrami.mn.us |
| Quoted On: | Aug. 04, 2026 |
| Expires By: | Sep. 03, 2026 |
| Company Name: | BELTRAMI COUNTY |
| Customer Number: | 2107718 |
| Phone: | 2183334108 |
| Premier Page Name: | Beltrami County NASPO ValuePoint 97222 / WN17AGW |
| Contract Name: | Dell NASPO Computer Equipment PA - Minnesota |
| Contract Code: | C000001145017 |
| Customer Agreement Number: | 23026 / 236465 |

**Billing Address:**
BELTRAMI COUNTY
WARNE KEVIN
701 MINNESOTA AVE NW
STE 240
BEMIDJI , MN 56601-3178

## Pricing Summary

| | Qty | Unit Price | Discounted Unit Price | Subtotal |
|---|---|---|---|---|
| **Dell Pro 24 All-in-One (65W) QC24250** | 1 | $3,399.76 | $1,325.91 | $1,325.91 |
| Premier discount | | - $2,073.85 | | |
| | | | **Subtotal:** | **$1,325.91** |
| | | | **Shipping:** | **$0.00** |
| | | | **Estimated Tax:** | **$0.00** |
| | | | **Total (USD):** | **$1,325.91** |

**Shipping Address:**
Beltrami County
Hargett Ryan
701 Minnesota Ave NW
Ste 240
Bemidji , MN 56601-3178

**Shipping Method:**
FREE Standard Delivery

## Product Details

| | Qty | Unit Price | Subtotal |
|---|---|---|---|
|  **Dell Pro 24 All-in-One (65W) QC24250 (210-BPNS)**<br>Order Code: bts152k_qc24250_usrfs | 1 | $1,325.91 | $1,325.91 |

| Module | Description | Product Code | SKU | Qty |
|---|---|---|---|---|
| Processor | Intel® Core™ Ultra 5 245 (13 TOPS NPU, 14 cores, up to 5.1GHz) | GYGRNW1 | 338-CRZH | 1 |
| Operating System | Windows 11 Pro | G0VA5W2 | 619-BBQD | 1 |
| Memory | 16 GB: 1 x 16 GB, DDR5, up to 5600 MT/s, non-ECC | G42TG9V | 370-BCWF | 1 |
| Storage | 512 GB, SSD | GH43VSD | 400-BSWY,412-ABEK | 1 |
| Wireless | Intel® Wi-Fi 6E AX211, 2x2, 802.11ax, Bluetooth® wireless card | GP9YCOX | 555-BIGS,555-BLWW | 1 |
| Graphics | Integrated Graphics | GCI0475 | 490-BKSX | 1 |
| LCD | 23.8", Non-Touch, FHD, 100Hz | GZK7RCS | 391-BJVZ | 1 |
| Chassis Options | Dell Pro 24 All-in-One QC24250 with Core Ultra 65W CPU, Non-touch, FHD HDR Camera, 160W Bronze PSU | GGO12I0 | 329-BKQB | 1 |
| Keyboard | Dell Wired Keyboard - KB216 - US English - Black | G3JLXPF | 580-BCCR | 1 |
| Mouse | Dell Wired Mouse - MS116 Black | G1YKOP6 | 570-BBKP | 1 |
| Adapter | No Additional Cable | GIX0L8M | 379-BBCY | 1 |
| Stands and Mounts | Fixed Stand for Dell Pro 24 All-in-One 35W/65W, Dark Grey | GO7R9NE | 575-BCNR | 1 |
| ENERGY STAR | ENERGY STAR Qualified | G6J34SM | 387-BBLW | 1 |
| Additional Storage | No Additional Hard Drive | GNTOSJ7 | 401-AADF | 1 |
| Wireless Driver | Wireless Driver, Intel® Wi-Fi 6E AX211, 2x2, 802.11ax, Bluetooth® | G87X2UC | 555-BLXN | 1 |
| Power Cord | System Power Cord C13 (Philipine/TH/US) | GSN6IKO | 450-AAOJ | 1 |
| Documentation | Documentation | GUX97AW | 340-DNBV | 1 |
| System Monitoring Options | Watch Dog SRV | G5UVY8E | 379-BFYR | 1 |
| Placemat | Quick Start Guide | G5QHR7C | 340-DTTS,389-FKHZ | 1 |
| EAN/UPC Labels | Print on Demand Label | GMRSQL6 | 389-BDQH | 1 |
| TPM Security | Trusted Platform Module (Discrete TPM Enabled) | GJMDKT6 | 329-BBJL | 1 |
| Shipping Material | Package for Fixed/ HAS/ no stand (DAO) | G7J5ZXQ | 340-DFWR,340-DTJG,389-BBUU | 1 |
| Label | Regulatory Label, 160W Bronze, FSJ | GF8MLKI | 389-FJSZ | 1 |
| Intel Responsiveness Technologies | Intel IRST Driver | G5WXDEY | 658-BFVF | 1 |

| | | | | |
|---|---|---|---|---|
| Processor Label | Intel® Core™ Ultra 5 Processor Label | GPLA7RK | 389-FGFR | 1 |
| Transportation from ODM to region | DT BTS/BTP Shipment | GL09IMP | 800-BBIP | 1 |
| Dell Pro 24 All-in-One (65W) QC24250 | Dell Pro 24 All-in-One QC24250 65W | G237LVG | 210-BPNS | 1 |
| EPEAT | EPEAT Silver with Climate+ | GTZOE2H | 379-BDTO | 1 |
| Systems Management | No vPro® support | G0FRMSU | 631-BCCL | 1 |
| Operating System Language Pack | English, French, Spanish, Brazilian Portuguese | GALH68M | 619-BBPD | 1 |
| TAA | No Federal Order | GUSA19Y | 340-ACQQ | 1 |
| FGA Module | QC24250_ARL_152K/US/BTS | FG0016 | 998-JCJJ | 1 |
| Standard Hardware Support Service | 3Y ProSupport Plus with ProSupport and AD and KYHD with Technical Customer Success Mgr | GYO978H | 716-2804,716-2855,716-2865,716-2875,716-2885,997-8367 | 1 |
| Windows AutoPilot | No AutoPilot | GYEO2AP | 340-CKSZ | 1 |
| Microsoft Office | Activate Your Microsoft 365 For A 30 Day Trial | GHKU96A | 630-ABBT | 1 |
| Non-Microsoft Application Software | Dell Pro 24 All-in-One (65W) QC24250 | G5I80U6 | 658-BFVX | 1 |
| Home and Small Business Security solutions | None | GD4K19S | 650-AAAM | 1 |
| Operating System Recovery Options | OS-Windows Media Not Included | GLA9OQ1 | 620-AALW | 1 |

## Need Help?

We're here to answer any of your Order Support questions. Contact Us.

CONNECT WITH DELL:

## Terms of Sale

This Quote will, if Customer issues a purchase order for the quoted items that is accepted by Supplier, constitute a contract between the entity issuing this Quote ("Supplier") and the entity to whom this Quote was issued ("Customer"). Unless otherwise stated herein, pricing is valid for Fourteen days from the date of this Quote. All products, pricing, and other information are based on the latest information available and are subject to change for any reason, including but not limited to tariffs imposed by government authorities, shortages in materials or resources, increase in the cost of manufacturing or other factors beyond Supplier's reasonable control. If such changes occur, pricing may be adjusted or purchase orders may be cancelled by Supplier, even after an order has been placed. Supplier also reserves the right to cancel this Quote and Customer purchase orders arising from pricing errors and/or customer changes to Supplier's planned delivery date.Taxes and/or freight charges listed on this Quote are only estimates. The final amounts shall be stated on the relevant invoice. Additional freight charges will be applied if Customer requests expedited shipping. Please indicate any tax exemption status on your purchase order and send your tax exemption certificate to Tax_Department@dell.com or ARSalesTax@emc.com, as applicable.

**Governing Terms**: This Quote is subject to: (a) a separate written agreement between Customer or Customer's affiliate and Supplier or a Supplier´s affiliate to the extent that it expressly applies to the products and/or services in this Quote or, to the extent there is no such agreement, to the applicable set of Dell's Terms of Sale (available at www.dell.com/terms or www.dell.com/oemterms), or for cloud/as-a-Service offerings, the applicable cloud terms of service (identified on the Offer Specific Terms referenced below); and (b) the terms referenced herein (collectively, the "Governing Terms"). Different Governing Terms may apply to different products and services on this Quote. The Governing Terms apply to the exclusion of all terms and conditions incorporated in or referred to in any documentation submitted by Customer to Supplier.

**Supplier Software Licenses and Services Descriptions**: Customer's use of any Supplier software is subject to the license terms accompanying the software, or in the absence of accompanying terms, the applicable terms posted on www.Dell.com/eula. Descriptions and terms for Supplier-branded standard services are stated at www.dell.com/servicecontracts/global or for certain infrastructure products at www.dellemc.com/en-us/customer-services/product-warranty-and-service-descriptions.htm.

**Offer-Specific, Third Party and Program Specific Terms**: Customer's use of third-party software is subject to the license terms that accompany the software. Certain Supplier-branded and third-party products and services listed on this Quote are subject to additional, specific terms stated on www.dell.com/offeringspecificterms ("Offer Specific Terms").

**In case of Resale only**: Should Customer procure any products or services for resale, whether on standalone basis or as part of a solution, Customer shall include the applicable software license terms, services terms, and/or offer-specific terms in a written agreement with the end-user and provide written evidence of doing so upon receipt of request from Supplier.

**In case of Financing only**: If Customer intends to enter into a financing arrangement ("Financing Agreement") for the products and/or services on this Quote with Dell Financial Services LLC or other funding source pre-approved by Supplier ("FS"), Customer may issue its purchase order to Supplier or to FS. If issued to FS, Supplier will fulfill and invoice FS upon confirmation that: (a) FS intends to enter into a Financing Agreement with Customer for this order; and (b) FS agrees to procure these items from Supplier. Notwithstanding the Financing Agreement, Customer's use (and Customer's resale of and the end-user's use) of these items in the order is subject to the applicable governing agreement between Customer and Supplier, except that title shall transfer from Supplier to FS instead of to Customer. If FS notifies Supplier after shipment that Customer is no longer pursuing a Financing Agreement for these items, or if Customer fails to enter into such Financing Agreement within 120 days after shipment by Supplier, Customer shall promptly pay the Supplier invoice amounts directly to Supplier.

Customer represents that this transaction does not involve: (a) use of U.S. Government funds; (b) use by or resale to the U.S. Government; or (c) maintenance and support of the product(s) listed in this document within classified spaces. Customer further represents that this transaction does not require Supplier's compliance with any statute, regulation or information technology standard applicable to a U.S. Government procurement.

For certain products shipped to end users in California, a State Environmental Fee will be applied to Customer's invoice. Supplier encourages customers to dispose of electronic equipment properly.

Electronically linked terms and descriptions are available in hard copy upon request.

Dell Marketing LP. U.S. only. Dell Marketing LP. is located at One Dell Way, Mail Stop 8129, Round Rock, TX 78682

**From:** D&K Builders
**To:** Christina Regas
**Subject:** Blackduck Library
**Date:** Monday, August 3, 2026 10:34:07 AM

---

[EXTERNAL]

*D&K Builders, LLC*
*20239 Birchmont Beach Rd NE*
*Bemidji MN 56601*

*Contractor License #: BC731186*
*DKbuilders2017@gmail.com*
*Derek Lindberg - 320.241.0533*
*Kyle Kelm - 218.766.6539*

Hello,

Estimate to reside the Blackduck Library.

Includes:
Remove existing vinyl siding
Install new Pro-Panel vertical exposed fastener steel on exterior walls.
Install Metal J channel
Install Metal Corners
*No new windows
*No soffit/fascia
*No new doors
*Permits not included.

Removal of off garage included.

Total: $12,500.00

Thank you for your time and consideration. Please let me know if you have any questions.

Thank you,

D&K Builders

Accounts due at job completion or 20 days of Billing Date.
A 1.5% per month service charge will be added to all accounts over 30 days past the Billing Date.
Upon receipt of payment in full, a signed Lien Waiver will be sent if requested.
Delinquent accounts over 60 days are subject to any & all Legal Means of Recovery.

# 2025-2026 Blackduck Public Library Revenue and Expenses

*updated 8/4/2026*

| Date | Description of Expense/Revenue | Revenue | Expense | Balance |
|---|---|---|---|---|
| 4/1/2025 | KRLS Project Funding | $57,583.00 | | $57,583.00 |
| 7/1/2025 | GHI - first half | | $29,000.00 | $28,583.00 |
| 9/1/2025 | GHI - 25% of last half | | $14,500.00 | $14,083.00 |
| 10/1/2025 | Bessler Electric - update lighting | | $6,975.00 | $7,108.00 |
| 8/1/2025 | LOST | $385.87 | | $7,493.87 |
| 9/1/2025 | LOST July 2025 | $9,557.87 | | $17,051.74 |
| 10/1/2025 | LOST - August 2025 | $10,952.38 | | $28,004.12 |
| 11/1/2025 | LOST - September 2025 | $9,850.76 | | $37,854.88 |
| 11/1/2025 | VARI- circulation desk order | | $546.82 | $37,308.06 |
| 11/1/2025 | Pinnacle - commitment new logo - Invoice #89906 | | $1,100.00 | $36,208.06 |
| 3/20/2026 | Clarity Glass - Invoice #19406 | | $11,412.00 | $24,796.06 |
| 11/1/2025 | 2025 Front Door Levy Funds | $7,000.00 | | $31,796.06 |
| 9/1/2025 | DOE Grant reimbursement #1 | $21,475.00 | | $53,271.06 |
| | estimated Balance of LOST to receive | $4,098.52 | | $57,369.58 |
| | Budget for New patio & landscaping | | $17,110.37 | $40,259.21 |
| | DK Builders Quote for New Siding on Building | | $12,500.00 | $27,759.21 |
| 12/2/2025 | Amazon - TV Cart for MP Room | | $239.19 | $27,520.02 |
| 12/3/2025 | The Library Store - Quote #945042 - Invoice 945042 pd | | $8,864.54 | $18,655.48 |
| 12/10/2025 | Amazon - DVD shelving, bathroom cabinet, chairmats | | $416.44 | $18,239.04 |
| 12/10/2025 | LOST - October 2025 | $8,410.95 | | $26,649.99 |
| 1/23/2026 | Friends of the Library Donation (Shelving offset) | $18,782.34 | | $45,432.33 |
| 12/29/2025 | DOE Grant Reimbursement #2 - TV cart, #945042, vari | $7,829.56 | | $53,261.89 |
| 1/2/2026 | Balance of GHI contract Check#15441 | | $14,500.00 | $38,761.89 |
| 1/5/2026 | Northwoods Lumber - building supplies misc. | | $234.66 | $38,527.23 |
| 1/12/2026 | LOST - November 2025 | $8,190.01 | | $46,717.24 |
| 1/13/2026 | Grainger - baby changing table & mirror bathroom | | $654.18 | $46,063.06 |
| 1/26/2026 | GHI - Library additions (remaining flooring, counters, cabinets) | | $15,059.75 | $31,003.31 |
| 2/10/2026 | The Library Store - Quote #944032 - pd 30% down 2/10/26 | | $18,866.23 | $12,137.08 |
| 2/10/2026 | LOST - December 2025 | $7,931.58 | | $20,068.66 |
| 3/3/2026 | DOE Grant Reimbursement #3 - GHI & Grainger see side Q1 | $30,213.93 | | $50,282.59 |
| 3/12/2026 | LOST - January 2026 | $9,795.35 | | $60,077.94 |
| 3/10/2026 | Bessler Electric - wire new ADA opener on new door | | $896.51 | $59,181.43 |
| 4/13/2026 | LOST - February 2026 | $8,446.64 | | $67,628.07 |
| 5/5/2026 | The Library Store Invoice 786248 - Exterior Book Return | | $6,158.00 | $61,470.07 |
| 5/8/2026 | LOST - March 2026 | $7,232.42 | | $68,702.49 |
| 5/18/2026 | DL Seamless Gutters Invoice | | $5,572.00 | $63,130.49 |
| 6/3/2026 | The Library Store - Invoice #789304 balance on shelving | | $44,021.21 | $19,109.28 |
| 6/8/2026 | LOST - April 2026 | $8,197.79 | | $27,307.07 |
| 6/16/2026 | Bessler Electric - Invoice #SD12966 wire new signage | | $255.70 | $27,051.37 |
| 7/10/2026 | LOST - May 2026 | $7,434.10 | | $34,485.47 |
| 8/4/2026 | Ross Lewis Invoice for New Signage | | $7,084.00 | $27,401.47 |
| | | | $169,856.23 | |

# CITY OF BLACKDUCK

# PUBLIC FUNDS REQUEST FORM

PO BOX 380 BLACKDUCK, MN 56630

Organization or Group Requesting Public Funding:

Boys & Girls Club of the Bemidji Area - Blackduck Branch.

School-year programming hours: Monday (7am-5pm), Tuesday-Friday (4pm-6:30pm)

Total hours of direct service to youth weekly: 20 hours

What type of project will the Public Funds used for:

The Club provides a safe place and quality, high-yield learning activities and programming for youth in K-8th grades. Club programs are focused on four key impact areas: academic success, health & wellbeing, character & leadership, and workforce development. Public funds are requested for expenses that will directly serve Blackduck youth during the 2026-2027 school year, and staff shirts specific to Blackduck.

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: The Boys & Girls Club - Blackduck Branch has served over 100 youth since opening in Fall 2024. Serving youth and families with the Club's quality programming helps meet needs within the community, including addressing childcare concerns, teaching social-emotional skills and reinforcing academic learning, and addressing food insecurity for Club members.

These programs are key for families in the community, allowing them the opportunity to expand work hours with peace of mind, knowing their children are in safe hands. As such, the Club's operations provides safety as a public purpose, as well as meeting general welfare and contentment, and leading to prosperity for generations.

Outline specifically WHAT PORTION of the project these funds will be used for:

We are asking for public funding to cover half of the budgeted program expenses for the Blackduck Branch ($1,500). Last year, program expenses included art supplies like paint, markers, and beads, as well as books, board games, and more.

We are also asking for $300 for screenprinted staff shirts that are specific to Blackduck Branch so staff are easily seen.

What other Organization has your group contacted for funding? Please list names of other organizations and the dollar amounts requested and or grants requested:

The budget for the Blackduck Branch of the Club is over $300,000 and there are many ways that we seek funding and support, including through partnership with United Way of Bemidji Area, local and state grants, and direct mail appeals. We also have three fundraising community events to support Club costs - Golf scramble (Aug.), Blackduck Bonanza (Oct.), and Gala (Feb.).

Date Funds are being requested: October 2027

Date the project starts and completes: September 1, 2026 - May 27, 2027

See opposite side of form for Conditions for Requesting Public Funds













BOYS & GIRLS CLUB
OF THE BEMIDJI AREA

BLACKDUCK BRANCH

# Blackduck Branch School Year Calendar



## Program Hours

Afterschool 4:00-6:30 PM
Mondays 7:00 AM - 5:00 PM

### September '26

| S | M | T | W | T | F | S |
|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 |
| 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 27 | 28 | 29 | 30 | | | |

### October '26

| S | M | T | W | T | F | S |
|---|---|---|---|---|---|---|
| | | | | 1 | 2 | 3 |
| 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| 25 | 26 | 27 | 28 | 29 | 30 | 31 |

### November '26

| S | M | T | W | T | F | S |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| 29 | 30 | | | | | |

### December '26

| S | M | T | W | T | F | S |
|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 |
| 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 27 | 28 | 29 | 30 | 31 | | |

### January '27

| S | M | T | W | T | F | S |
|---|---|---|---|---|---|---|
| | | | | | 1 | 2 |
| 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| 24 | 25 | 26 | 27 | 28 | 29 | 30 |
| 31 | | | | | | |

### February '27

| S | M | T | W | T | F | S |
|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 |
| 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| 21 | 22 | 23 | 24 | 25 | 26 | 27 |
| 28 | | | | | | |

### March '27

| S | M | T | W | T | F | S |
|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 |
| 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| 21 | 22 | 23 | 24 | 25 | 26 | 27 |
| 28 | 29 | 30 | 31 | | | |

### April '27

| S | M | T | W | T | F | S |
|---|---|---|---|---|---|---|
| | | | | 1 | 2 | 3 |
| 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| 25 | 26 | 27 | 28 | 29 | 30 | |

### May '27

| S | M | T | W | T | F | S |
|---|---|---|---|---|---|---|
| | | | | | | 1 |
| 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| 23 | 24 | 25 | 26 | 27 | 28 | 29 |
| 30 | 31 | | | | | |

**CLUB PROGRAM CLOSED**

**FULL DAY PROGRAM OFFERED**

The Club reserves the right to change its hours and days of operation based on the capacity, facilities, and professionals in order to meet guidelines, policies and procedures.

**Boys & Girls Club of the Bemidji Area**
**Blackduck Branch**
156 1st Street NE | Blackduck, MN
Phone: 218-444-4171
www.bgcbemidji.org

# CITY OF BLACKDUCK
# RESOLUTION NO: 2026-04

## A RESOLUTION TO APPOINT ELECTION JUDGES FOR THE 2026 STATE PRIMARY, STATE GENERAL ELECTIONS, AND MUNICIPAL ELECTION(S)

**WHEREAS**, The City Council of the City of Blackduck is required by MS 204B.21, Sec. 2, to officially approve the appointment of election judges; and

**WHEREAS**, The Blackduck City Council hereby adopts the judges listed on Exhibit A, hereto attached, as the official judges for the 2026 State Primary, State General and Municipal Elections with the understanding that amendments may be necessary to the appointments in order to fill vacancies and meet party splits.

**EXHIBIT A**

**CHRISTINA REGAS**
**MISTY FRENZEL**
**PAIGE SCHELDRUP**
**KELLY HANKS**
**ERIC ANDERSON**

**NOW, THEREFORE, BE IT RESOLVED**, that the City of Blackduck, in accordance with State Law, hereby appoints the persons listed on Exhibit A to serve as election judges for the State Primary, State General, and Municipal Elections in 2026 and approves payment of an hourly wage of $20.00 per hour during election time served on election-day or current wage as city employee.

Revised & Adopted by the Blackduck City Council this the 10th day of August, 2026.

ATTEST:

Maxwell Gullette, Mayor

Christina Regas – City Administrator

# CITY OF BLACKDUCK
# RESOLUTION NO: 2026-12

**RESOLUTION SUPPORTING THE DEPARTMENT OF PUBLIC SAFETY FOR APPOINTMENT OF THE CITY ADMINISTRATOR IN THE ROLE OF APPOINTEE AND THE MAYOR IN THE ROLE OF AUTHORIZED REPRESENTATIVE FOR THE CITY OF BLACKDUCK**

**WHEREAS,** on October 3, 2022 the Beltrami County Board of Commissioners declined to Minnesota Department of Public Safety's offer to act as Deputy Registrar over the DMV to be located in the City of Blackduck,

**AND WHEREAS,** the Beltrami County Board of Commissioners supports the City of Blackduck's bid to operating the Blackduck DMV and encourages the City of accepting the Deputy Registrar appointment,

**AND WHEREAS,** the City Council of the City of Blackduck approved by Resolution 2022-23 the appointment of the Deputy Registrar in the City of Blackduck,

**AND WHEREAS,** the Minnesota Department of Public Safety office of Driver and Vehicle Services (DVS) requires by Minnesota Statute §171.017 and §168.33 along with Administrative Rules Chapters 7404 and 7406 to appoint an Authorized Representative and Appointee,

**AND WHEREAS,** the City Administrator of the City of Blackduck fulfills the requirement of the State of Minnesota and the Department of Public Safety for the role of Appointee,

**AND WHEREAS,** the City Mayor of the City of Blackduck fulfills the requirement of the State of Minnesota and the Department of Public Safety for the role of Authorized Representative,

**BE IT RESOLVED** that the City Council of the City of Blackduck appoints the City Administrator of the City of Blackduck, Appointee for Office #180 and City Mayor of the City of Blackduck, Authorized Representative.

Revised & Adopted this 10th day of August, 2026, by the City Council of the City of Blackduck

ATTEST:

Maxwell Gullette, Mayor

Christina Regas, City Administrator

# CITY OF BLACKDUCK
# FUND BALANCE / RESERVE POLICY
# UPDATED: AUGUST 10, 2026

This policy provides guidelines for ensuring and maintaining an appropriate level of funds, unreserved and reserved, to sustain the financial integrity of the City. It is the intent of the City of Blackduck to provide a stable financial environment for which its citizens can depend on a consistent and quality level of services.

Whereas the State Auditor's Office has recommended that at year-end an acceptable unreserved fund balance in the general fund and special revenue funds of approximately 35 to 50 percent of fund operating revenues or no less than five months of operating expenditures.

The City Administrator shall annually prepare the status of fund balances in relation to this policy and present to the City Council in conjunction with the development of the annual budget. When both restricted and unrestricted resources are available for use, it is the City's policy to first use restricted resources, and then use unrestricted resources as they are needed. When committed, assigned or unassigned resources are available for use, it is the City's policy to use resources in the following order: 1. Committed; 2. Assigned; and 3. Unassigned. It is the policy of the City of Blackduck in relation to net position to spend restricted net position first, and unrestricted if restricted net position is not available.

**UNRESTRICTED FUND BALANCE – General Fund**

A healthy unreserved-undesignated fund balance is needed to provide cash flow to pay expenditures when due. The city receives a majority of its operating revenue through tax collections and state aids twice a year. The unrestricted fund balance is also a security against unforeseen changes or needs, i.e. emergency expenditures not previously considered, loss of state aids, etc. The City of Blackduck will strive to attain an unrestricted fund balance of 35% of fund operating revenues. Should the unrestricted fund balance fall below the 35% threshold, the city will strive toward regaining the minimum threshold during the next budget process.

**ASSIGNED FUND BALANCE – General Fund**

The assigned fund balance will consist of funds assigned by administrative staff for specific purposes. The resources for these may be acquired through the budgeting process or funds that are received by the city which are not designated for a specific purpose.

**COMMITTED FUND BALANCE – General Fund**

The committed fund balance will consist of funds committed by the City Council for future construction or large capital purchases. These commitments will reflect long range capital items and are represented by items on the long range capital plan approved during the budget adoption process. It is the intent of the City of Blackduck to set aside funds, when operations allow, for large capital projects to help minimize the debt service needs for these projects.

**SPECIAL REVENUE FUND BALANCES**

Special revenue funds by their nature are funds used for specific purposes, and by definition, the corresponding fund balance will be used to solely support that purpose. Fund balances in special revenue funds will be monitored to stay consistent with the need and use of the specific purpose of that fund.

**ENTERPRISE FUNDS – NET POSITION**

It is the goal of the enterprise funds to cover the cost of operations, including depreciation, and to generate excess funds for use by the City whenever they are able, so as to maintain a financially healthy enterprise. Net position is a product of revenues over expenses over time and consist of the net result of assets plus deferred outflows minus liabilities and deferred inflows. Net position will be used for the support of these enterprises and support of the general fund should the City Council choose to transfer excess funds to support other programs.

# CITY OF BLACKDUCK

## PUBLIC FUNDS REQUEST FORM

PO BOX 380 BLACKDUCK, MN 56630

City of Blackduck JUL 14 2026 Deputy Registrar #180

Organization or Group Requesting Public Funding:
Madden McKean Foundation

What type of project will the Public Funds used for:
Scholarships to graduating Seniors from Blackduck School. Funding for youth activities.

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:
Youth in Blackduck will be enhanced by this financial support that will be given to them.

Outline specifically WHAT PORTION of the project these funds will be used for:
Thus far the Madden Foundation has awarded $20,000 in youth support in Blackduck.

What other Organization has your group contacted for funding? Please list names of other organizations and the dollar amounts requested and or grants requested:
Blackduck Fire Dept.
Round Up Grant - Bettanie Electric
We hold a funding raising golf tournament.

Date Funds are being requested: When available.

Date the project starts and completes: Ongoing -

See opposite side of form for Conditions for Requesting Public Funds