



AGENDA

Blackduck City Council Meeting

6:00 PM - Monday, September 8, 2025
City Hall, 8 Summit Drive, Blackduck MN

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a. Roll Call	
b. Pledge of Allegiance	
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6.	REPORTS OF COMMITTEES AND CITY STAFF	
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MINUTES

Council Meeting

6:00 PM - Monday, August 4, 2025

City Hall, 8 Summit Drive, Blackduck MN

The Council of the City of Blackduck was called to order on Monday, August 4, 2025, 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, Councilor Donald Johnson, and Council member Ronald Fredrickson
- COUNCILORS EXCUSED:** Councilor Laurie Hamilton
- STAFF PRESENT:** City Administrator Christina Regas, Assistant Liquor Store Manager Melissa Gullette, and Public Works Director Mike Schwanke
- OTHERS PRESENT:** Kayla Schmisney, Nicole Ronchetti and Emily Fairchild, Boys and Girls Club, Tim Ramerth, Widseth

1. CALL TO ORDER

- a. Roll Call
Regas took roll 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.

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

Carried 4 to 0

Maxwell Gullette	For
Nicholas Seitz	For
Donald Johnson	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. July 7, 2025 Blackduck City Council Meeting Minutes
- b. July 17, 2025 Kitchigami Regional Library Board Meeting packet including June 2025 Meeting Minutes
- c. July 21, 2025 Blackduck City Council Work Session Minutes

- d. July 23, 2025 Blackduck Planning Commission Meeting Minutes
- e. July 24, 2025 Kitchigami Regional Library Special Board Meeting Notice/Agenda
- f. July 2025 Fund Balance Report
- g. July 2025 Bill Report
- h. July 2025 Sewer Income Statement
- i. July 2025 Water Income Statement
- j. July 2025 Pine Tree Park Income Statement
- k. July 2025 Lakeview Cemetery Income Statement
- l. ~~July 2025 Golf Course Income Statement~~
- m. July 2025 Liquor Store Income Statement
- n. ~~July 2025 Blackduck DMV Income Statement~~
- o. June 2025 LG216 Lawful Gambling Monthly Rent Report - Blackduck Fire Relief Association
- p. Final Approval - July 2025 Business Credit Card Payment
- q. Final Approval - July 2025 EFT Disbursements for City of Blackduck payrolls supporting MN Statute §471.38 subd. 3 (3a)
- r. Final Approval - August 2025 New Hire Report
- s. Final Approval - May 2025 Local Option sales Tax Report - City of Blackduck
- t. Final Approval - Managed Voice Contract between City of Blackduck and Paul Bunyan Communications
- u. Final Approval - LMC Claim #383172 payment to Stretch Auto Body & Repair Inc.
- v. Final Approval - June 2025 Supplemental Bills - Blackduck Leever's Foods & McKinnon Co. Inc.
- w. Final Approval - Local Government Aid, Small City Assistance, & Class 4D1 Transition Payment
- x. Final Approval - WHPP Part II Receipt Confirm from MDH
- y. Final Approval - City of Blackduck Analytics Report - blackduckmn.com

Ronald Fredrickson moved to approve the consent agenda removing items 'L & N' for further discussion Nicholas Seitz seconded the motion.

Carried 4 to 0

Maxwell Gullette	For
Nicholas Seitz	For
Donald Johnson	For
Ronald Fredrickson	For

- z. Removed Consent Agenda Items for further discussion -
L. July 2025 Golf Course Income Statement

Councilor Johnson asked for explanation of the cash short of \$341.14. Regas reports that the income statement is a year-to-date amount and not a one cash shortage but a combination of a few days of business that have cash short.

N. July 2025 Blackduck DMV Income Statement

Councilor Johnson noted that July net income was much lower than others compared to the amount of total sales brought in. Regas reported that due in part to the higher operating expenses in 2025 compared to 2024 the net profit would be lower. Johnson thought the amount was odd. Regas agreed and noted the base amount of fees to the office is set and the other services provided such as disability parking certificates, and medical certificates have no office fees.

Donald Johnson moved to approve removed consent agenda items 'L & N' Ronald Fredrickson seconded the motion.

Carried 4 to 0

Maxwell Gullette	For
Nicholas Seitz	For
Donald Johnson	For
Ronald Fredrickson	For

aa.

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 his department will be ripping apart Oscar Ave this week and his department continues to struggle with liftstation and water plant issues. Nothing further.

5.1.2. Lead Service Line Update - Ramerth

Ramerth reports the Lead Service Line Phase 2 survey will begin in the next two weeks for the MDH. Ramerth states his staff has 90 days to complete the survey and will partner with City staff to send out letters and visit residences in person to gather survey information.

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

5.2.1. Report -

Melissa Gullette reports the new replacement fridge has arrived and installed and has been working better providing more work space in the kitchen. Gullette further states Backwoods Bash is coming up and there will be a Band for the event at the Pond. Gullette further states being at Woodcarvers this year was new and they will work in the future to have their location tent in a different location. Gullette reports working on resolving complaints on the message board / sign. Nothing further.

5.3. FIRE DEPARTMENT REPORT - BRIAN LARSON, FIRE CHIEF

5.3.1. August 21, 2025 @ 6pm - Blackduck Fire Protection Area - 2026 Budget Meeting

Regas reports the 2026 Fire Protection Budget meeting of the towns will be held on August 21 at 6pm.

5.4. LIBRARY REPORT - KELLY HANKS, HEAD LIBRARIAN

5.4.1. Approval Needed - Contract Agreement between City of Blackduck and Gustafson Home Improvements (GHI) & release of 50% of funds per agreement

Nicholas Seitz moved to approve the contract between GHI and the City of Blackduck for payment procedures for the library renovation and first half payment Donald Johnson seconded the motion.

Carried 4 to 0

Maxwell Gullette	For
Nicholas Seitz	For
Donald Johnson	For
Ronald Fredrickson	For

6. ADMINISTRATOR'S REPORT

a. Council Consideration - Blackduck Planning Commissioner Vacancy - Letter of Interest - Kayla Smischney

Board members greeted Smischney and agreed to approve her letter of interest to serve on the Blackduck Planning Commission.

b. Approval Needed - Resolution 2025-01 v.4 - Resolution of Annual Appointments and Designations for 2025

Donald Johnson moved to approve Resolution 2025-01 v.4 with updates Nicholas Seitz seconded the motion.

Carried 4 to 0

Maxwell Gullette	For
Nicholas Seitz	For
Donald Johnson	For
Ronald Fredrickson	For

c. Approval Needed - Resolution 2025-11 - Resolution acknowledging donation from the family of Fern Haiby for perpetual care of Lakeview Cemetery

Donald Johnson moved to approve Resolution 2025-11 Nicholas Seitz seconded the motion.

Carried 4 to 0

Maxwell Gullette	For
Nicholas Seitz	For
Donald Johnson	For
Ronald Fredrickson	For

- d. Approval Needed - Resolution 2025-12 - Resolution regarding extension of Cedar Avenue

Nicholas Seitz moved to approve Resolution 2025-12 Ronald Fredrickson seconded the motion.

Carried 4 to 0

Maxwell Gullette	For
Nicholas Seitz	For
Donald Johnson	For
Ronald Fredrickson	For

- e. Approval Needed - Purchase Agreement between the City of Blackduck and Birch & Beyond, Inc.

Ronald Fredrickson moved to approve a purchase agreement between the City of Blackduck and Birch & Beyond, Inc. Nicholas Seitz seconded the motion.

Carried 4 to 0

Maxwell Gullette	For
Nicholas Seitz	For
Donald Johnson	For
Ronald Fredrickson	For

- f. Approval Needed - Resolution 2025-13 - Resolution authorizing the sale of public property in the city limits of the City of Blackduck

Nicholas Seitz moved to approve Resolution 2025-13 Ronald Fredrickson seconded the motion.

Carried 4 to 0

Maxwell Gullette	For
Nicholas Seitz	For
Donald Johnson	For
Ronald Fredrickson	For

- g. Approval Needed - Resolution 2025-15 - Resolution Approving Excluded Gambling License for the Boys & Girls Club of Bemidji Area in City of Blackduck

Nicholas Seitz moved to approve Resolution 2025-15 Ronald Fredrickson seconded the motion.

Carried 4 to 0

Maxwell Gullette	For
Nicholas Seitz	For
Donald Johnson	For
Ronald Fredrickson	For

- h. Approval Needed - Rural Economic Development Grant Letter of Conditions - Supplemental Financing & Management Representation Letter for Ultimate Loan Recipient for the City of Blackduck City Hall Project

Ronald Fredrickson moved to approve Supplemental Financing Documents for Rural Development for a loan between Beltrami Electric and the City of Blackduck Nicholas Seitz seconded the motion.

Carried 4 to 0

Maxwell Gullette	For
Nicholas Seitz	For
Donald Johnson	For
Ronald Fredrickson	For

- i. Council Consideration - Grant Writing Services - Water & Wastewater System Funding Requests, Widseth

Nicholas Seitz moved to approve grant writing services for water and wastewater system funding requests with Widseth Ronald Fredrickson seconded the motion.

Carried 4 to 0

Maxwell Gullette	For
Nicholas Seitz	For
Donald Johnson	For
Ronald Fredrickson	For

- j. August 6, 2025 @ 3pm - 2026 Budget Meeting - Finance Committee
- k. August 18, 2025 @ 6pm - Blackduck City Council Work Session
- l. August 20, 2025 @ 2pm - Blackduck Planning Commission Meeting
- m. August 20, 2025 @ 3pm - 2026 Budget Meeting - Finance Committee
- n. August 21, 2025 @ 6pm - Blackduck Fire Protection Budget Meeting
- o. September 1, 2025 - Labor Day Observed - City Offices Closed
- p. September 3, 2025 @ 3pm - 2026 Budget Meeting - Finance Committee
- q. September 8, 2025 @ 6pm - Blackduck City Council Regular Meeting
- r. Report -
Regas reports July was a busy month for City Hall and August will have several meetings planning out the 2026 General Fund Budgets. Regas further reports independent auditors from CLA will submit the 2024 Financial Reports to the OSA by August 15th and present to the City on September 8, 2025.

7. MAYOR AND/OR COUNCIL MEMBER REPORTS

- a. Council Johnson reports he will not be in attendance to the August work session on the 18th.

8. COMMUNITY EVENTS/GOOD THINGS HAPPENING

- a. August 16, 2025 - Backwoods Bash
- b. August 17, 2025 - Drakes Scramble

c. August 20, 2025 - Blackduck Area Chamber Meeting

9. ADJOURNMENT

a.

Nicholas Seitz moved to adjourn the regular council meeting at 6:45pm Donald Johnson seconded the motion.

Carried 4 to 0

Maxwell Gullette	For
Nicholas Seitz	For
Donald Johnson	For
Ronald Fredrickson	For

City Administrator, Christina Regas

Maxwell Gullette, Mayor



BLACKDUCK FINANCE COMMITTEE MEETING

WEDNESDAY, AUGUST 6TH, 2025 @ 3PM

BLACKDUCK CITY HALL 8 SUMMIT AVE. E.

CALL TO ORDER: The Finance Committee for the City of Blackduck met in a scheduled work session in council chambers at City Hall at 3:00PM on August 6, 2025.

Roll Call

Councilors present: Councilor Seitz, Mayor Gullette

Staff Present: City Administrator, Christina Regas, Public Works Supervisor Mike Schwanke

Topics covered in the work session were as follows:

1. The LMC 2026 Budget Highlights report was discussed and applicable topics were provided to committee members.
2. The 2026 City of Blackduck Bond/Debt Schedule was provided and discussed. Regas reviewed new and sunset debt on the schedule.
3. The 2026 LGA commitment from the State of MN was provided: \$324,587 *(increase of \$732)*
4. Revenue budget increases for License Center revenue.
5. Revenue budget increases with the addition of Small Cities Assistance State Aid of \$17,521 which will be added to the streets budget.
6. Class 4d(1) transition aid provided for 2026 was discussed - \$19,757.
7. At this time preliminary budget numbers provide the City levy at a decrease with room for discussion.
8. Proposed Payroll and Benefit changes were provided. Regas reports proposed budgets on wages were discussed with all department heads noting fire payroll and stipends will increase for call volume and police payroll will decrease due to failure to hire new 2nd full time officer. Regas further discussed plans for 2026 to remove administration payroll from the liquor budget and remove public works payroll from liquor and cemetery budgets.
9. Operating Budgets for each department were provided for review.
 - a. Administration preliminary budget increase = +13.2%
 - b. Police preliminary budget increase = -24.96%
 - c. Fire preliminary budget increase = +2.28% - *Annual Budget meeting – August 20, 2025*
 - d. Streets preliminary budget increase = +2.26%
 - e. Parks preliminary budget increase = +31.17% *(includes request for funding for to updates restrooms as local sales tax did not pass for project)*
 - f. City Council, Buildings, and Street Lighting preliminary budgets are flat
 - g. Planning Budget to increase to account for rental inspections.
 - h. Library preliminary budget provided was flat as KRIS levy was not received to date.
 - i. License Center preliminary budget increase +71.45%
 - j. Other – LMCIT insurance recommended increases are as follows: Liability +7%; Property +5%; Auto +10%; and Workers Compensation +10%
10. Committee next meeting scheduled for August 20, 2025 @ 3pm.

ADJOURN – Finance Committee adjourned their work session at 4:18pm.



GOLF BOARD MEETING

BLACKDUCK GOLF COURSE – GOLF COURSE

TUESDAY, August 12, 2025 @ 12:00pm

Golf Board members in attendance: Misty Frenzel, Maxwell Gullette, and Donald Johnson – Kevin Erpelding and Christina Regas

Golf Board members absent: none

Others present: none

Golf Board members discussed the following business via text and email:

OLD BUSINESS -

No old business was discussed.

NEW BUSINESS –

1. Electric Golf Cart Repair/Replacement – Board members were provided via email and text the following for immediate consideration:

Golf Director has sent (1) one of the 2017 Electric EZGo Golf Carts to Versatile in Brainerd for repairs City could not service.

During the interim, Versatile provided Golf Course with a 2022 EZGo Cart as a loaner.

During the 2025 Season another Gas Cart used up its life and is reduced to parts to the course reducing the fleet of carts owned by the Golf Course from 30 down to 29. (this includes the loaner mentioned above)

Golf Director would like feedback on the following option:

1. *The City could pay for the repairs to the 2017 at a cost of labor and materials to the Golf Fund - @ \$315 plus mileage to pick up the equipment. (Option 1 would bring the fleet of carts to 29 as the loaner would return to Versatile)*
2. *The City could trade the 2017 EZGo Cart into Versatile for the 2022 loaner and Versatile would provide the City \$1,200 for the unit. (Option 2 would keep the fleet of carts to 29 as the 2017 would not return to the course)*
3. *The City could pay for the repairs to the 2017 & purchase the 2022 loaner for the costs of repairs to the 2017 (\$315) plus \$3,100 for the 2022. (Option 3 would bring the fleet of carts back to 30)*

Board members provided the following feedback regarding the above:

Erpelding – “Option 3, pay repair and buy the extra cart to total 30, buy the new cart and skip next year on carts to help offset that investment, then get back on cart updating the following year so we don’t get caught with cart problems.”

Johnson – “Option 3, I am in favor of taking a year off from buying new carts.”

Gullette – “The golf cart that was repaired should be paid for and the 2022 cart should be purchased. Keeping the fleet at 30. I like the idea Erpelding mentioned about taking a year off of rotation on the carts, but do not want to see that come back on us either. 30 carts is the right



GOLF BOARD MEETING

BLACKDUCK GOLF COURSE – GOLF COURSE

TUESDAY, August 12, 2025 @ 12:00pm

number according to the golf director. Look at the rental income alone to me the numbers speak for themselves.”

Regas – “Option 3”

2. Replacement of Current 2004 Old Greens Mower to mow tee boxes (Golf Board has been discussing potential replacement) Golf Director has been servicing unit throughout 2025 season without success - Board members were provided via email and text the following for immediate consideration:

*Golf Director has located suitable equipment for replacement and requests immediate feedback:
2013 Toro Reelsmaster 3550 with Baskets – 3,132 hours MTI selling for \$12,500 base price.*

- 1. MTI has this equipment on hold for Blackduck Golf Course through August 18, 2025 to discuss with Golf Board and City Council.*
- 2. If City purchases equipment MTI may provide service to include fluids, filters, sharpening, and new bed knives. Price with service - \$14,000*
- 3. If City does not purchase recommended equipment, MTI recommends City budget \$16,000 - \$22,000 for a similar machine in the 2026 season.*

Board members provided the following feedback regarding the above:

Erpelding – “How long is the service for on the mower?”

Johnson – “Is the number of hours on that mower good?”

Gullette – “I would be in favor of purchasing the Toro and service for \$14,000.”

Regas – “In favor of the 2013 Reelsmaster purchase.”

ADJOURN – Communication ceased by Wednesday, August 13 at 5:30pm - All feedback will be dictated for golf board minutes to council for the work session on August 18th when the Golf Director will provide additional information.



MINUTES

Council - Public Hearing Meeting

6:00 PM - Monday, August 18, 2025

City Hall, 8 Summit Drive, Blackduck MN

The Council - Public Hearing of the City of Blackduck was called to order on Monday, August 18, 2025, 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 Donald Johnson and Councilor Laurie Hamilton
- STAFF PRESENT:** City Administrator Christina Regas, Assistant Liquor Store Manager Melissa Gullette, Public Works Director Mike Schwanke, Director of Liquor Operations Shawnda Lahr, and Golf Director Misty Frenzel
- OTHERS PRESENT:** Tim Ramerth, Widseth, Kayla Smischney, Ron Rockis, and John Winnet - Planning Commissioners, Alan Bonsett and Mike Sahlman - NoBo Inc.

1 CALL TO ORDER

- a) Roll Call
Regas took roll call of those present to the public hearing.
- b) Pledge of Allegiance
Mayor Gullette led the meeting with the pledge of allegiance.

2 PUBLIC HEARING AGENDA

- a) Description of Project for Public Hearing - First Reading of Ordinance 2025-03 - An Ordinance Amending Chapter 6, Lakeview Cemetery, of the City Code
Administrator Regas read Ordinance 2025-03 - An Ordinance Amending Chapter 6, Lakeview Cemetery, into the record.
- b) General Questions & Answers from Public
Mayor Gullette called for questions from the public on the amended ordinance.

Q1 - Ron Rockis asked how the City will handle current unmarked graves.

A1. - Regas stated going forward the City will proceed with the guidance to assign a marker to an identified unmarked grave and charge the families accordingly, Section 600.10 subd. (5) Monuments and Markers - Maintenance.

Q2. - Mayor Gullette called for questions a second time.

There were no questions.

Q3. - Mayor Gullette called for questions a third time.

There were no questions.

3 ADJOURNMENT

a)

1

Nicholas Seitz moved to adjourn the public hearing at 6:18pm and open the council work session
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



MINUTES

Council - Work Session Meeting

6:00 PM - Monday, August 18, 2025

City Hall, 8 Summit Drive, Blackduck MN

The Council - Work Session of the City of Blackduck was called to order on Monday, August 18, 2025, at 6:19pm, 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 Donald Johnson and Councilor Laurie Hamilton
- STAFF PRESENT:** City Administrator Christina Regas, Public Works Director Mike Schwanke, Director of Liquor Operations Shawnda Lahr, Assistant Liquor Store Manager Melissa Gullette, and Golf Director Misty Frenzel
- OTHERS PRESENT:** Tim Ramerth, Widseth; Kayla Smischney, John Winnett and Ron Rockis - Planning Commissioners; Alan Bonsett and Mike Sahlman NoBo Inc.

1 CALL TO ORDER

- a) Roll Call
Regas took roll call of those present to the work session.
- b) Pledge of Allegiance
Mayor Gullette dispensed with the pledge as it was stated preceding the public hearing.

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) Lead Service Line Updates
Ramerth reports there are 31 unknown lines still needing identification. Widseth has scheduled several for August 18 and 19th.
- b) Kitchigami Regional Library Improvement Project
Regas provided a quote from the electrical sub-contractor, Bessler Electric, to relamp

the facility with two options - new fixtures or retro-fit with new bulbs. Regas reports providing the electrical sub with the go-ahead to proceed with the new fixture option of which will not move forward until late September.

Regas further provided documents needing approval for the Board of Education for the Library Grant and will provide those on the agenda in September. Regas further states there will two additional policies to accompany the agreement. Councilor Fredrickson agrees with the new fixtures for the facility so the existing fixtures are not outdated. Nothing further.

c) Lions Duck Restoration Project & Historic Duck partnership with Blackduck Fire Relief - updates

Regas reports meeting with Fire Department Volunteers recently to develop a plan to incorporate their departments wishes for the corner the Historic Duck is located with the flag pole and old department bell. Regas states the plans and ideas meld well with the City ideas and will bring additional plans and ideas forward once narrowed down between parties. Regas reports new cracks in the new patches in the statue since last summer. Council Seitz states additional patching can be added.

4 NEW BUSINESS

a) Cannabis Mezzo Cultivation Opportunity Discussion - The Shade Store Properties - Mike Sahlman, West Face Partners LLC

Bonsett and Sahlman presented to the City Council and Public in attendance there intentions to purchase the Shade Store properties to head three operating companies for their Cannabis Mezzo Businesses. Sahlman reports it will provide about 150 jobs, manufacturing, and about 45,000 square feet of cultivation space. Bonsett of NoBo Inc. was founded in 2019 and he presented history of his business in cannabis cultivation including locations in Michigan, Illinois, and Colorado. Bonsett is proposing the properties to be provide flower and other types of cannabis products for manufacturing for three mezzo licenses with the state of Minnesota. Bonsett reviewed the cannabis business in Minnesota and the growth that will happen in the coming years. Bonsett states the properties from the Shade Store they are interested in they would like support from the Council and Community. Bonsett states his company has success in working with communities to employ locals. Bonsett states his business is a vertical integration company which means they grow their product, develop products, and dispense in their own stores. Bonsett states the reason they do this is to control the product completely. Bonsett states they own all their own technology including their own lighting, racking systems, etc. Bonsett states they do all this because they started in the business early when no one else was developing product yet. Bonsett states the product is the most regulated product. Bonsett reports in 2022 NoBo Inc. was the fastest growing company in Colorado.

Bonsett presented a case study of Benton Harbor, MI. Bonsett states industry went away in Benton Harbor and there was a high unemployment rate and poverty. Bonsett was awarded a license in MI so NoBo Inc built a start of the art facility which is still running today and employs about 50 people. Bonsett reports NoBo Inc. puts money back into the community and has helped make large improvements to the city.

Lahr asked what type of products they would be producing. Bonsett states a mood gummy line, vape pens, chocolates, pre-rolls, diastole - oils or a CO2 base, drinks etc. Lahr states The Pond has lines of gummies and drinks now and asks if their company would do retail too or just manufacturing. Bonsett states just manufacturing now but would consider a store front but nothing is planned for it. Lahr asked if they distribute their product to other retailers or just to their stores. Bonsett states they do distribute to other retailers and they contract manufacture for other national brands. Sahlman states the main goal for this facility would to be a wholesaler which could bring a large impact to the community.

Bonsett states their MI location they never had any issues since the facility has security and it is required by the state so identifying the building or marketing

product is not their intention. Sahlman states on top of buying the building their company would put another 4-6 million into improvements to get started. Sahlman states what they want to do is be a viable long-term solution for the community and their business because we have seen other states collapse and they want to build it to be efficient as this is full on manufacturing.

Regas asked if the 150 job creation is locally or throughout all lines of the business. Bonsett believes 150 jobs would be locally the number could reduce and have 15-20 per store and they want to have about at least 10 stores. Bonsett believes the revenue will be about 60 million total which will take two years for the company to get to that number.

Regas asked what type of variations of regulations they are finding between states and Minnesota. Bonsett states every state messes it up a little but the regulations set and some states are better than others. Bonsett states their company controls their tissue culture or plant DNR so the product is replicated. Bonsett states the number of jobs will depend on the manufacturing build. Sahlman states if their company can move quickly in this community then they can move product throughout the state faster and be a more successful brand which will keep the company viable for a long time.

Bonsett states partnership with Blackduck is what they are seeking today and they know this part of the state can use jobs and that is what they want to provide. Bonsett is looking for open and honest communication and be good stewards of the community. Bonsett asked for other questions.

Regas states concern for the existing ordinance set back to Bi-County Cap Headstart to the facility, and asks how the City wishes to move forward. Regas further states concerns for the number of licenses in Beltrami County at this time. Sahlman states he has not attained feedback from the County and is currently working with partners with other utilities (electrical, etc.) to find out what can be figured out with the community to make this partnership move forward.

Rockis asked what the cost difference be between retro-fitting a building vs. building a new facility. Bonsett states the cost to retro fit is quite a bit more like 7.5 million to build new which he would prefer, but time to market is so tight it is better to have affordable real estate of which this building is. Bonsett states having enough employees and having the infrastructure is important too.

Regas asks if they are looking at other locations in other cities besides Blackduck. Bonsett states yes we are looking at a couple other locations. Bonsett states if this moves forward this will be the 10th or 11th build they have completed. Regas asked if they have ever had to close any locations for low success. Bonsett states yes, one dispensary in MI not a manufacturing location. Bonsett states they prefer to build a pharmaceutical grade facility but the market makes it difficult.

Gullette notes the existing ordinance does provide language providing the City Council power to approve business licenses that vary from the buffers.

Fredrickson asked where they expect the product they manufacture to be sold. Bonsett states in MI they sell product where they manufacture, they used to sell outside but no longer. Bonsett wants to sell their product to other dispensaries. Sahlman reports their goal is to sell their product all over Minnesota. Fredrickson asked how many retail stores they would have in Minnesota. Bonsett states they have 11 now within their network - but 7-8 in the Cities and 1 near the SD border, and 1 in St. Cloud which are all in the planning stages. Bonsett states they need product first before the dispensaries can open.

Schwanke asked what the water consumption need for the size of their operation. Bonsett states he will find out. Sahlman states its a 'drip' system on a couple thousand plants so not really high. Gullette asked if any of the water use goes out into the sewer. Bonsett states is all drains away and is reused so it doesn't go back into nature. Sahlman states the LED lighting developed by their company will also be a part of the manufacturing here at this facility.

Winnett asks what their base salary is. Bonsett states in MI its above minimum

wage, the dispensaries get tips so it will be a wide-range of wages. Bonsett many of their employees they train up and bring them up through the company. Bonsett states their company offers employee stock options to their employees and they would like to become an ESOP in the future.

Regas asked where they see the roadblock for the City's existing Ordinance. Sahlman states they can assist driving the city correctly. Bonsett states it sounds like the daycare is the road block and if relocating that is an option then they would be open to that but if others have a ideas they are open to that. Sahlman suggested screening as an option. Regas doesn't see screening being needed. Gullette thinks the City should just change the ordinance.

Regas asked if there were no obstacles and the company could move forward what would be a realistic timeline for their company to open and get started. Bonsett states building could begin in January 2026 and roll out each section of the business in parts of the building every three months after.

Regas discussed the buffer of 200' to a daycare needing to be abided by. Sahlman states if offices are just in the closest building to adhere to the setbacks. Gullette believes you can change the setback to 0 feet. Frenzel states the city needs to be careful on changing the distance if another location wants to open in another area of the city. Rockis asks if there is any public comment available if the city amends the current ordinance. Regas states yes, public readings would need to be advertised and completed before approving amendments. Fredrickson states the language allowing the council to approve the specific business license then the ordinance may not need to amended. Fredrickson states he would like partners from the headstart attend a meeting. Gullette would like to change the ordinance going at the next meeting. Lahr states just approving their business application can be done at the next meeting. Sahlman asks if speaking with the County is a good idea. Regas states yes.

Bonsett and Sahlman thanked the council and public for having them and noted they will send their presentation to Regas for reference.

b) Golf Course Equipment Replacements

Regas and Frenzel reviewed the equipment replacement options discussed with the Golf Board and recommended the board approve the purchase of equipment for mowing tee boxes and collars. Regas states the golf board provided Frenzel authorization to bring the golf cart fleet back up to 30 and does not need council approval. Schwanke states the equipment currently being used for the tee boxes has been serviced without success and cannot be relied upon further. Frenzel states TORO is a better machine to select. Seitz states MTI is a great company to work with and the Bemidji School works with them. Frenzel states this equipment comes from another larger golf course and is in good condition - if the City passes on the opportunity it will cost \$16-22,000. Fredrickson asks what the city would do with the older equipment. Frenzel states that is an unknown at this time it isn't worth much based on its age. Regas recommends the council approve funding to purchase the equipment with unrestricted revolving loan funds (250). Regas states she can draft the resolution for approval on September 8th. Seitz and Fredrickson were in favor of moving forward. Frenzel presented a future request to purchase another smaller trailer for transporting mowers and equipment and golf carts when needed.

c) Lift Station Repairs - Schwanke

Schwanke reports additional repairs and issues with the liftstations recently and states the city can no longer wait for the PER/ER funding to update the Black Mallard, Westend, and Main liftstations. Schwanke states a full rehab of these three locations are needed the main panel controller went down last weekend that controls when the liftstations turn on and off and he had to do it every 30 minutes until a new controller could be installed. Schwanke states the technology is so old even MN Pump can't get parts for several sections of the locations. Schwanke states the city cannot wait another two years before funding comes in to fully update the city. Schwanke states the volume that comes in must be working and updated to three-

phase power. Schwanke states his staff daily is pulling pumps to clean and service because the pumps are getting worn out. Schwanke states a full rehab of those three locations will cost a minimum of \$50,000 each.

Regas advises the city apply for funding to fully rehab all three liftstations from MN Rural Water with a midi-loan and service the debt with sewer revenue. Regas asks Schwanke to gather full cost estimates for all three stations and she will discuss with MN Rural Water for funding and present at the next council meeting.

d) 2026 City of Blackduck General Fund Budget Review

Regas presented to the board preliminary general budgets and current levy predictions. Regas states there are other missing pieces to the budgets not received and the finance committee has another meeting August 20 to discuss those updates. Regas reviewed highlights of the department budgets and how it contributes to the levy. Regas provided a paper version of the 2026 debt schedule as it was missing from the packet. Regas provides a sample net tax capacity calculation for a sample individual tax based on current budget estimates. Regas predicts the preliminary levy may be approved in September at a Special Meeting on the 22nd preceding the regular work session. Nothing further.

e) MN Paid Leave Overview

Regas reviewed highlights regarding MN Paid Leave and the employer and employee commitments that will begin in January 2026. Regas states plans to calculate employer contributions and provide those amounts to the budgets. Regas took questions from staff and the board on MN Paid Leave and provided knowledge gained at recent webinar from the state. Regas will provide additional information as it is gained.

5 ADJOURNMENT

a)

Ronald Fredrickson moved to adjourn the work session at 8:48pm Nicholas Seitz seconded the motion.

Carried 3 to 0

Maxwell Gullette	For
Nicholas Seitz	For
Ronald Fredrickson	For

Christina Regas, City Administrator

Maxwell Gullette, Mayor



BLACKDUCK PLANNING MEETING

Regular Planning Meeting

Blackduck City Hall

August 20, 2025@ 2pm

ROLL CALL:

Commissioners present: Ron Rockis, Kayla Smischney, Ernie Tindell, and John Winnett

Commissioners Absent: Curt Cease

Staff Present: Christina Regas

Public Present: n/a

Meeting was called to order at 2:00pm

Approval of Minutes – *Moved by Tindell and seconded Smischney by to approve the minutes of the July 23, 2025 meeting. Motion carried.*

Old Business –

1. Planning Commission Vacancy – Commissioners welcome Kayla Smischney to the board.
2. City Wide Blight Tour – Commissioners will tour the city after the regular board meeting adjourns.
3. Birch & Beyond Inc – Petition for Vacation of Street and Alley – Regas reports the purchase agreement has been signed and parties are using Leer Title Services for closing procedures. Regas reports no action on the alley at this time.
4. Preliminary Land Division Request – 2025-01 – Brian Olson – 81.00066.00 – 24135 Beighely Rd NE. – Regas reports all documentation has been forwarded to the County for recording and her office will send final paperwork to Olson and Wilhelmi after receiving those documents.
5. Mike Murray ROW request – 325 Summit Ave E. – Request to purchase COB property and vacate ROW – Regas reports this item will need to be tabled until the next meeting as no action has been taken on the request. Nothing further.
6. Permits Approved Prior to PC Meeting by Zoning Administrator –
 - a. Land Use Permit Application -2025-04 – Gary Wistrom – 132 Hwy 71 NE – Regas approved this application for Wistrom after visiting the site.

New Business –

1. NoBo Inc. – Request to City for business regulations for Cannabis Cultivation in The Shade Store Properties – Board members discussed the presentation on August 18th to the Council Work Session and the company's intention to use the properties for their cannabis mezzo licenses. Regas summarized the presentation for the board members and those that were not in attendance. Regas states the discussion at the work session regarding the need to amend the current cannabis ordinance may not be needed – providing the city council the authority to approve the use of the properties despite the existing buffers to daycares and



BLACKDUCK PLANNING MEETING

Regular Planning Meeting

Blackduck City Hall

August 20, 2025@ 2pm

schools. Regas reports sending all discovered information to the City Attorney before providing the recommendation to the City Council on September 8, 2025. Rockis states he need to have the City have a public hearing prior to approving the license or to have more transparency to the public. Regas states her intention and the city council to involve Bi-County Cap – Headstart in the discussion. Board members had additional discussion regarding cannabis regulations before ending the current discussion.

Adjourn – *Moved by Commission Tindell and seconded by Commission Rockis to adjourn the planning meeting at 2:24pm. Motion carried.*



BLACKDUCK FINANCE COMMITTEE MEETING

WEDNESDAY, AUGUST 20TH, 2025 @ 4PM

BLACKDUCK CITY HALL 8 SUMMIT AVE. E.

CALL TO ORDER: The Finance Committee for the City of Blackduck met in a scheduled work session in council chambers at City Hall at 4:00PM on August 20, 2025.

Roll Call

Councilors present: Councilor Seitz, Mayor Gullette

Staff Present: City Administrator, Christina Regas, Public Works Supervisor Mike Schwanke

Topics covered in the work session were as follows:

1. At this time preliminary budget numbers provide the City levy were still at a decrease with updates to healthcare and MN Paid Leave that will be discussed below.
2. TNT – Net Tax Capacity Review and Mill Rate were provided after updates to the City levy – Regas states the NTC is lower and that brings the sample individual tax per household up an average of \$50.
3. Expenditures for Payroll Expenses discussed –
 - a. Healthcare Premiums 2026 – Regas reports at this time healthcare premiums from the Coop are increasing 18% to \$843.72 per full time employee covered. Regas states those changes have been incorporated to the individual department budgets and will be reviewed.
 - b. Healthcare Savings employer contribution – Regas reports recommending keeping the deductibles at \$3,200/per employee because the only way to lower the monthly healthcare premiums would be to increase the deductible which would be an added expense either way to the levy.
 - c. Minnesota Paid Leave – Regas reports additional knowledge on how much Employer / Employee contribution to MN Paid Leave would be and recommends the employer paid the full 0.88%. Regas did some financial calculations with the estimated wages for 2026 across all departments and the total due to the state would be \$8841.00. Committee members discussed this in detail and settled on recommending employer 100% payment. Committee members reviewed individual departments and general fund contribution before making this recommendation. Regas further states Personnel Committee will need to be on board before final approval. Regas will have the Personnel Committee meet to discuss prior to Council approval of preliminary levy.
4. Operating Budgets below had above financial updates made from recommendations of last meeting and payroll updates then committee reviewed each department:
 - a. Administration preliminary budget increase = +14.10%
 - b. Police preliminary budget increase = -23.55%
 - c. Fire preliminary budget increase = +2.41% - *Annual Budget meeting – August 20, 2025*
 - d. Streets preliminary budget increase = +5.32%
 - e. Parks preliminary budget increase = +32.93%
 - f. City Council = -9.44%
 - g. Buildings & Planning = 400%
 - h. Street Lighting – no increase
 - i. Library = -8.6% KRLS levy provided



BLACKDUCK FINANCE COMMITTEE MEETING

WEDNESDAY, AUGUST 20TH, 2025 @ 4PM

BLACKDUCK CITY HALL 8 SUMMIT AVE. E.

- j. License Center preliminary budget increase +73.8%
- 5. Water and Wastewater Budget were reviewed with 2026 payroll estimates, 2026 debt, and same operating expenses from 2025 and studies show need for water volume to increase. Committee members discussed reasons why water debt was not offset by property taxes for the water tower and how that was forcing constant increases to water volume rates.
- 6. Committee next meeting scheduled for September 3, 2025 @ 3pm.

ADJOURN – Finance Committee adjourned their work session at 5:15pm.

TOWNSHIP BUDGET MEETING BLACKDUCK CITY HALL THURSDAY, AUGUST 21, 2025 @ 6PM

MEETING MINUTES

The Blackduck Fire Department Chief Brian Larson held the Annual Budget Meeting in City Hall on August 21, 2025.

The Meeting was called to order at 6:02pm.

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, and Fire Chief Brian Larson a quorum was established of 65.98%.

City/Townships Absent: Hornet, Birch, Summit, Taylor, O'Brien, Tenstrike, Funkley, and Moose Park Township

1. OLD BUSINESS –

- a. **REVIEW OF 2025 ACTUAL EXPENDITURES** – Larson and Regas reviewed the 2025 expenditures. Regas reports the full workers compensation premium has been paid to the League but only half of the general liability, auto, and property insurance policy is paid. Regas reports the second half of that payment will be made in October. Larson reports remaining budget lines will be used up before end of year noting 2 new armor radios have been ordered and will be paid for this year. Regas states the truck and radio transfers have been made and the current balance on the truck fund is \$61,221. Regas further states the current YTD expenditures are through July and half of August payroll. Regas states propane has been pre-bought for the coming winter.
- b. **REVIEW OF 2026 BUDGET** – Regas reports the 2026 wage budget is increased due to the increased call volume. Regas explained the added budget line regarding MN Paid Leave. Regas reports finance committee budget meeting have currently determined to budget 2026 for the City as the employer to commit to paying 100% of the 0.88% expectation of the paid leave. Regas provided a short summary of how MN Paid Leave works and that it includes all employees including volunteer fire fighters and elected or appointed officials. Regas noted the small financial commitment for the Fire Budget of \$176.00. Regas further states that if the City chooses before December 2025 to split the commitment between employer and employees then that amount would reduce before the City adopts the final levy for 2026. Hagali states the 2026 budget expected budget is impressive with the small increase over 2025.

Moved by Hagali and seconded by Blackduck to approve the proposed 2026 Fire Department budget. Motion passed.

- c. **REVIEW OF 2026 PAYMENT**– Regas reviewed the 2026 proposed budget noting the schedule includes Moose Park Township market value of structures altering the annual change slightly. There were no questions regarding this document.
- d. **ESTIMATED MARKET VALUE BY TOWN** – Regas provided an updated market value by township for review including updated Moose Park Township totals. There were no questions regarding this document.

TOWNSHIP BUDGET MEETING BLACKDUCK CITY HALL THURSDAY, AUGUST 21, 2025 @ 6PM

MEETING MINUTES

- e. **YTD 2025 FIRE DEPT. INCIDENT** – Larson reviewed the YTD incident report noting a total of 46 calls to date with an additional 2 calls today. Blackduck asked why the department is responding to lift assists. Larson reports there is a need to assist the Ambulance noting extra manpower is essential with some of the calls. Hagali asked if there are not enough first responders around to help. Larson and Frenzel both noted not having first responders assist to calls and not seeing volunteers for some time. Ingersol from Hagali was under the impression there were more volunteers in the area to respond. Larson states the fire department responds to these calls expecting to be the muscle to help the Ambulance crew. Gullette from Blackduck notes the department has provided mutual aid to Bemidji a few times this year and Larson stated yes they have been asked to respond.

2. NEW BUSINESS –

- a. Noon Whistle – Blackduck asked for an update on the Noon Whistle. Larson reports after the June store the programing was ‘scrambled’ and when repaired was programmed to sound at noon on Sundays which was not the case before. Larson reports Rogers is working on making updates to the programing.

Motion by Langor and seconded by Hines Township to adjourn the meeting at 6:28pm. Motion passed.

Meeting minutes submitted by Christina Regas City of Blackduck Administrator.



CITY OF BLACKDUCK REVOLVING LOAN COMMITTEE MEETING MINUTES WEDNESDAY, AUGUST 27, 2025

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

The meeting was called to order at 9:30am.

OLD BUSINESS

Review of Current Loan Balances – Regas reviewed current loan balances with committee members noting total fund balances, and total loan balances per fund.

Flowers in the Attic Loan Position & Pending Cancellation of Insurance Policy – Regas reported on the status of loans with borrower and requested guidance on recent delinquency. Committee members recommended meeting with the borrower and requiring updated financials, and proof of current insurance and payment of property taxes. Regas will make contact with borrower and report back to committee.

NEW BUSINESS

Blackduck City Hall Improvements – Request for support of internal funding – Regas reported on City Hall improvement project noting partnering with Beltrami Electric Coop regarding establishment of an RLF for BEC of which once awarded the City of Blackduck would be the ultimate recipient of funding. Regas provided City of Blackduck total funding commitment and requested support from the committee of utilizing City RLF funds for the project debt. Committee members were resistant to utilize funding noting the amounts would exceed current balances and debt would exceed notes receivable. Committee members further cautioned the City not to exhaust RLF balances toward a City project vs. using funds for future growth of commercial development. Committee members challenged the City to reconsider making improvements to an old building vs. building new. Committee members discussed potential costs for new vs. renovation and life of debt vs. life of existing facility. Committee members requested the City re-consider financial commitment of RLF funds and/or re-consider renovation vs. rebuild. Regas will discuss with Financial Advisors from Auditor debt options and report back. Regas will provide committee feedback to City Council and partners at Beltrami Electric.

Blackduck Golf Course Equipment – Request for support of internal funding – Regas reported on Golf Course Equipment needs and requests RLF Funds pay for equipment and repay debt with golf revenue. Regas provided draft debt obligation contract and sample payment schedule. Committee members discussed alternate options for the equipment purchase other than the RLF fund after earlier discussion regarding City Hall Improvements. Regas reports alternate ways to fund equipment would be bonding and that would have issuance costs. Regas states the City will research alternate funding resources from the City Auditors and report back. Regas states alternate options may include to finance the debt from current operating and/or other City reserve accounts.

ADJOURN – the members ended the meeting at 11:00am



CITY OF BLACKDUCK REVOLVING LOAN COMMITTEE SUPPLEMENTAL MEETING MINUTES THURSDAY, AUGUST 28, 2025

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

The minutes are dictated from email communication.

OLD BUSINESS

Nothing discussed.

NEW BUSINESS

Blackduck City Hall Improvements – Request for support of internal funding – Regas provided the following updates and information from financial advisors from Ehlers for the committee to review:

Good morning RLF Committee members,

Please see feedback below regarding the new business item discussed at the Committee meeting on August 27 – City Hall Improvements and debt to BEC RLF

The City of Blackduck in partnership with Beltrami Electric would benefit from the receipt of funds through the utility RLF program as the funds are directly from Rural Development. The repayment of the loan (\$300,000) from BEC may be levied. The City of Blackduck commitment of \$99,002.88 may be internally loaned from the City of Blackduck's RLF and repayment levied.

Although the feedback from committee members are valued regarding rebuilding vs. renovating are valued, I would like to remind and inform the committee that the City Council discussed at length for several months what their decision would be regarding the facility at 8 Summit Ave. It was agreed to by the City Council to renovate the existing facility. That is the process the City Administrator has been moving forward to and has achieved success in identifying financing with partners at BEC.

If the City were to pivot and decide to move to a rebuild of the facility based on recent discussion, then bond for the debt for that path, the City would need to have the approval of the voters it issue the note. In the meantime, the existing facility continues to fail and need repairs.

I recommend the RLF Committee consider approving the internal loan for the \$99,002.88 with a repayment of 10-years @ 0%. Please review the attached repayment schedule and supplied resolution for further consideration.

Committee member Frenzel provided the following feedback:

Good afternoon All,

I reread the City of Blackduck Commercial Development Loan Fund Guideline (see attached). If I am interpreting pages 1-3 correctly, I am not sure that the City of Blackduck qualifies as an eligible loan applicant. There has been no loan application package presented for review / underwriting. I understand the challenge the City has, having to obtain approximately \$99k in local funds to qualify for the Beltrami Electric RLF loan.

The Blackduck RLF Committee is advisory, ultimately the City makes the final approval decision taking into account the recommendation(s) of the Advisory Committee's majority rule vote. I am open to further discussion on my interpretation of the guidelines, but as I understand them now, I cannot recommend approval to the Blackduck City Council. I am only one vote however....



CITY OF BLACKDUCK
REVOLVING LOAN COMMITTEE
SUPPLEMENTAL MEETING MINUTES
THURSDAY, AUGUST 28, 2025

Committee member Kalvig provided the following feedback:

To the RLF committee,

I have concerns regarding the proposed loan to the City for the renovation of the current City Hall. I feel the guidelines of the RLF are not being met in regards to this proposal and therefore it is not eligible for consideration. I would not be in favor of approving such a note.

Thank you for your consideration.

Dwight Kalvig

RLF Committee member

Administrator Regas provided the following feedback:

Thank you Grant for pointing out those guidelines I appreciate the feedback.

The project to renovate and improve City Hall with Beltrami Electric RLF funding stems from the standpoint that the addition of the DMV opening in the facility provides services to the community and has potential for adding additional staff. The RD application uses that scenario in the application.

As it pertains to the guidelines and the City, I view the 'applicant' as a non-profit with a project that provides a significant economic impact to the Blackduck Community – of which is a clear definition of what this new business opportunity in City Hall has provided.

The amount of traffic coming into Blackduck with the DMV office open in City Hall is substantial. The DMV office in Blackduck in 2024 revenue of \$661,743 in transactions with \$37,170 in office revenue. This revenue was not part of the City of Blackduck prior. The amount of additional revenue this traffic provides the City and other businesses in town is expediential.

I have attached the application document for your review as additional supporting discussion on the need for improvements.

Christina Regas

Blackduck Golf Course Equipment – Request for support of internal funding – Regas provided the following payment options directed from City Auditor for committee review:

Good morning RLF Committee members -

Please see alternate direction for new business item below – Golf Course Equipment –

By recommendation of the City of Blackduck Auditors, the City may pay for the golf equipment with the following options:

Option A – City Council and RLF Committee approves an internal loan with the Revolving Loan Fund that is unrestricted and set up a repayment schedule for the golf course. *(Option A was not approved by the Blackduck RLF committee)*

Option B – City Council approves payment for the equipment from the Blackduck Golf Course Fund. *(Option B is not recommended by the City Auditor as the golf fund is negative currently)*

Option C – City Council approves an advance to the Golf fund from the City of Blackduck General Fund Reserves, and set up a repayment schedule with interest for the golf course.



CITY OF BLACKDUCK
REVOLVING LOAN COMMITTEE
SUPPLEMENTAL MEETING MINUTES
THURSDAY, AUGUST 28, 2025

Option D – City Council approves a transfer from the City of Blackduck General Fund Reserves and does not require repayment from the Golf Fund. (Option D is recommended by City Administrator and Auditor)

Please provide feedback. I will provide the above options to the City Council on September 8th to pay for the equipment.

Committee members Frenzel and Kalvig were in favor of recommending Option D for the purchase of the golf equipment.

ADJOURN – the members ceased email communication at 4:30pm



BLACKDUCK FINANCE COMMITTEE MEETING

WEDNESDAY, SEPTEMBER 3RD, 2025 @ 3PM

BLACKDUCK CITY HALL 8 SUMMIT AVE. E.

CALL TO ORDER: The Finance Committee for the City of Blackduck met in a scheduled work session in council chambers at City Hall at 3:00PM on September 3, 2025.

Roll Call

Councilors present: Councilor Seitz, Mayor Gullette

Staff Present: City Administrator, Christina Regas, Public Works Supervisor Mike Schwanke

Topics covered in the committee meeting were as follows:

1. 2026 Budget Meeting –
 - a. Updates to the 2026 Budgets – Regas reports no further changes to the operating budgets have been made since the August meeting.
 - b. Healthcare Premiums 2026 – Regas reports at this time healthcare premiums from the Coop are increasing 18% to \$843.72 per full time employee covered. Regas recommends approving the pool renewal and keeping the deductibles the same to reduce operating. Committee members agreed to recommend approval to the Council.
 - c. Fire Department 2026 Budget – Regas reports the Fire Protection Area of supervisors met and approved the budget.
 - d. Enterprise and Special Revenue Budgets – Regas reports meeting for other funds will be September 9-11 providing time for the Finance Committee to meet again to final the General Fund and make additional changes if needed.
 - e. Committee next meeting scheduled for September 17, 2025 @ 3pm.
2. Blackduck City Hall Renovation Project Funding – Regas provided to the committee a report from the Revolving Loan Fund Committee meeting regarding the City internally loaning funds to make repairs to City Hall. The Finance Committee members discussed the proposed debt obligation to the City and repayment to the RLF Fund. Committee members noted the City debt is already too high and additional debt will be an additional increase to the tax payers. The Finance Committee members discussed the process City Administrator Regas made to acquire funding through Beltrami Electric and Rural Development and alternate options to pay for repairs to City Hall. The Finance Committee discussed alternate paths to improve City Hall including rebuilding instead of renovating or taking on a portion of the renovation project each year and levy funds in the operating budgets for those individual projects. The Finance Committee agreed the City may have taken the wrong path for renovating an old building that may put the City in a negative position in the future.

Regas stated intentions to provide further feedback to the City Council on September 8, 2025 at the regular council meeting and request final decision for the renovation project at the meeting. Regas stated it is necessary to report to our partners at Beltrami Electric that provided support in the funding process with Rural Development if the City has decided to hold off. Nothing further.

ADJOURN – Finance Committee adjourned their work session at 4:10pm.

September 8, 2025

FUND	Deerwood Checking BEGINNING BALANCE	Bill Report through 9/8/2025	Deerwood Checking ENDING BALANCE	Deerwood First Preferred Savings BEGINNING BALANCE	Deerwood First Preferred Savings Bill Report through 9/8/2025	Deerwood First Preferred Savings ENDING BALANCE	Total Balance of all Accounts
GENERAL (101)	\$504,540.35	\$19,236.50	\$485,303.85	\$130,780.29	\$0.00	\$130,780.29	
POLICE RESTRICTED CASH (101)	\$23,308.21	\$0.00	\$23,308.21	\$0.00	\$0.00	\$0.00	
CEMETERY (201)	(\$9,636.00)	\$0.00	(\$9,636.00)	\$8,378.44	\$0.00	\$8,378.44	
PERPETUAL CARE (202)	\$5,245.05	\$0.00	\$5,245.05	\$53,418.01	\$0.00	\$53,418.01	
SEWER MAINTENANCE (204)	\$0.00	\$0.00	\$0.00	\$66,072.94	\$0.00	\$66,072.94	
SEWER REPLACEMENT (205)	\$0.00	\$0.00	\$0.00	\$257,693.49	\$0.00	\$257,693.49	
SCDP REVOLVING LOAN FUND (207)	\$0.00	\$0.00	\$0.00	\$36,024.67	\$0.00	\$36,024.67	
FIRE DEPT RESERVE (TruckFund) (208)	\$0.00	\$0.00	\$0.00	\$61,439.13	\$0.00	\$61,439.13	
PINE TREE PARK (209)	\$26,170.72	\$1,628.34	\$24,542.38	\$10,106.39	\$0.00	\$10,106.39	
WATER SINKING FUND (212)	\$0.00	\$0.00	\$0.00	\$209,296.62	\$0.00	\$209,296.62	
PUBLIC WORKS RESERVE FUND (215)	\$0.00	\$0.00	\$0.00	\$3,587.77	\$0.00	\$3,587.77	
Fire Dept Special Equip Fund (216)	\$25,128.40	\$0.00	\$25,128.40	\$5,142.22	\$0.00	\$5,142.22	
2018 Revolving Loan Fund (250)	(\$195.00)	\$0.00	(\$195.00)	\$333,642.65	\$0.00	\$333,642.65	
1989 Go Bond (301)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
2006 GO BOND (307)	(\$277.60)	\$0.00	(\$277.60)	\$0.00	\$0.00	\$0.00	
2009A Refunding Bond (309)	\$338.51	\$0.00	\$338.51	\$0.00	\$0.00	\$0.00	
2014A Disposal System Debt Service Fund (314)	\$21,900.94	\$0.00	\$21,900.94	\$0.00	\$0.00	\$0.00	
2017A Disposal System Debt Service Fund (317)	\$3,482.57	\$0.00	\$3,482.57	\$0.00	\$0.00	\$0.00	
USDA Skid Steer Debt Service Fund (318)	(\$3,406.00)	\$0.00	(\$3,406.00)	\$0.00	\$0.00	\$0.00	
2017 PFA Debt System Debt Service Fund (320)	\$80,383.49	\$0.00	\$80,383.49	\$0.00	\$0.00	\$0.00	
2018 Frontage/Pine Ave Internal Loan (325)	\$10,978.17	\$0.00	\$10,978.17	\$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 (331)	(\$3,996.26)	\$0.00	(\$3,996.26)	\$0.00	\$0.00	\$0.00	
2025A Gen. Obligation Equipment Project Fund (340) Fire	\$14,653.10	\$0.00	\$14,653.10	\$0.00	\$0.00	\$0.00	
2025A Gen. Obligation Equipment Debt Fund (341) Fire	\$42.03	\$0.00	\$42.03	\$0.00	\$0.00	\$0.00	
TAX INCREMENT FINANCING (376)	\$33,309.70	\$0.00	\$33,309.70	\$133,267.20	\$0.00	\$133,267.20	
Blackduck HRA Fund (210)	\$30,783.68	\$0.00	\$30,783.68	\$0.00	\$0.00	\$0.00	
2023A Gen. Obligation Debt fund PW/PS Facility (381)	(\$7,825.91)	\$0.00	(\$7,825.91)	\$0.00	\$0.00	\$0.00	
2023B Gen. Obligation Debt Fund PW/PS Facility (382)	(\$1,312.51)	\$0.00	(\$1,312.51)	\$0.00	\$0.00	\$0.00	
Capital Project Fund (401)	\$14,257.94	\$0.00	\$14,257.94	(\$18,201.84)	\$0.00	(\$18,201.84)	
KRLS Library Renovation Project (550) - <i>new</i>	\$28,968.87	\$0.00	\$28,968.87	\$0.00	\$0.00	\$0.00	
WATER FUND (601)	(\$7,409.77)	\$1,740.87	(\$9,150.64)	\$0.00	\$0.00	\$0.00	
SEWER FUND (602)	\$62,917.40	\$8,936.59	\$53,980.81	\$0.00	\$0.00	\$0.00	
LIQUOR FUND (609)	\$210,475.91	\$100,014.76	\$110,461.15	\$0.00	\$0.00	\$0.00	
LIQUOR RENT RESTRICTED FUND (609)	\$28,546.32	\$0.00	\$28,546.32	\$0.00	\$0.00	\$0.00	
GOLF COURSE FUND (613)	(\$173,218.96)	\$14,797.89	(\$188,016.85)	\$0.00	\$0.00	\$0.00	
Total:	\$918,153.35	\$146,354.95	\$771,798.40	\$1,290,647.98	\$0.00	\$1,290,647.98	\$2,062,446.38

Fund Transfer from:	Fund transfer to:	Reason:	Amount of Transfer:
DW General Checking - Pine Tree Park (209) - Account 10100	DW Reserve - Pine Tree Park Fund (209) - Account 10104	Budgeted Depreciation	\$5,000.00
DW General Checking - Streets Dept Budget (101-43100) - Account 10100	DW Reserve - Public Works Reserve Fund (215) - Account 10104	Budgeted Depreciation	\$12,000.00
DW Checking Liquor Fund (609)	DW Checking General Fund (101)	Budgeted Transfer	\$10,000.00

2025 Bond Payments:	Principal:	Interest:	Fees:	Total:
Golf Course Rough Mower Internal Loan Payment(613)	\$1,656.69	\$168.68	\$0.00	\$1,825.37
Frontage / Pine Internal Loan Payment (325)	\$2,835.37	\$358.65	\$0.00	\$3,194.02

CITY OF BLACKDUCK

09/08/25 4:16 PM

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Monthly Bills

August 2025

Check Name	Amount		
101 GENERAL FUND		ARROW PRINTING	\$118.60
Marco Technologies LLC	-\$698.73	BELTRAMI ELECTRIC COOP	\$3,701.31
BELTRAMI COUNTY SOLID WASTE	\$60.00	BLACKDUCK CO-OP	\$288.35
BELTRAMI COUNTY-HIGHWAY DEPT.	\$1,680.34	HIGH TIDE TECHNOLOGIES	\$330.00
BELTRAMI ELECTRIC COOP	\$2,643.35	MN PUMP WORKS	\$2,406.95
BLACKDUCK AUTO PARTS	\$1,475.36	NORTHERN IRRIGATION	\$1,900.00
BLACKDUCK CO-OP	\$353.31	RMB ENVIRONMENTAL LABORATORIES	\$191.38
BLACKDUCK LEEVERS FOODS	\$120.53	602 SEWER FUND	\$8,936.59
BOGARTS REPAIR AND RECOVERY	\$645.60	609 MUNICIPAL LIQUOR FUND	
CLARITY GLASS	\$563.04	Marco Technologies LLC	\$203.95
CLIFTON LARSON ALLEN LLP	\$1,785.00	ABSOLUTE ICE	\$1,291.20
COLUMN SOFTWARE PBC	\$76.26	BELTRAMI ELECTRIC COOP	\$2,117.30
EHLERS AND ASSOCIATES	\$2,392.50	BEMIDJI COCA-COLA	\$718.00
NORTHWOODS LUMBER CO	\$301.30	BEMIDJI PAPER	\$154.75
PAUL BUNYAN COMMUNICATIONS	\$527.89	BERNATELLOS	\$602.00
PINNACLE MARKETING GROUP	\$79.00	Bernick Companies	\$15,020.75
QUILL CORPERATION	\$86.36	BLACKDUCK CO-OP	\$931.58
RATWIK, ROSZAK & MALONEY, P.A.	\$1,083.00	Breakthru Beverage	\$6,423.73
ROGER'S TWO WAY RADIO	\$114.00	CHARLIE WARD	\$120.00
SANFORD	\$1,242.00	D-S BEVERAGES, INC.	\$17,176.80
SKIPS TIRE AND AUTO	\$1,055.31	HEGGIES PIZZA LLC	\$379.30
STREICHERS	\$1,684.29	JOHNSON BROTHERS LIQUOR CO.	\$5,585.89
TIMBERLINE SPORTS, INC	\$969.58	JONS REFUSE SOLUTIONS INC	\$375.40
TRAVIS AMSDEN	\$245.00	MELISSAS CLEANING	\$1,340.00
VERIZON WIRELESS	\$528.63	MIKINNON CO., INC	\$13,252.85
VESTIS	\$223.58	NAYLOR REFRIGERATION & HTG.	\$1,925.98
101 GENERAL FUND	\$19,236.50	NEI BOTTLING INC	\$1,422.02
209 PINE TREE PARK FUND		NORTHOME TRUE VALUE	\$550.00
BELTRAMI ELECTRIC COOP	\$434.35	NORTHWOODS LUMBER CO	\$109.69
BLACKDUCK AUTO PARTS	\$428.16	OLD DUTCH	\$543.21
DOBMEIER EXCAVATING	\$300.00	PAUL BUNYAN COMMUNICATIONS	\$315.31
Grainger	\$104.96	PERFORMANCE FOOD SERVICE	\$11,697.01
JONS REFUSE SOLUTIONS INC	\$360.87	Phillips Wine and Spirits	\$5,759.61
209 PINE TREE PARK FUND	\$1,628.34	PINNACLE MARKETING GROUP	\$79.00
601 WATER FUND		PORT-A-JOHN RENTALS	\$156.60
Marco Technologies LLC	-\$0.01	Southern Glazer's of MN	\$3,205.35
BELTRAMI ELECTRIC COOP	\$827.60	TOTAL TAP SERVICES	\$85.00
MN DEPT OF HEALTH	\$687.00	US FOODS	\$7,813.53
PAUL BUNYAN COMMUNICATIONS	\$147.89	VESTIS	\$544.54
VERIZON WIRELESS	\$78.39	WINE MERCHANTS	\$114.41
601 WATER FUND	\$1,740.87	609 MUNICIPAL LIQUOR FUND	\$100,014.76
602 SEWER FUND		613 GOLF COURSE	
		ABSOLUTE ICE	\$149.60

Check Name	Amount
BELTRAMI ELECTRIC COOP	\$566.78
BEMIDJI COCA-COLA	\$449.50
Bernick Companies	\$681.85
BLACKDUCK AUTO PARTS	\$409.51
BLACKDUCK CO-OP	\$2,111.32
DOBMEIER EXCAVATING	\$420.00
D-S BEVERAGES, INC.	\$55.55
GIOVANNIS FROZEN PIZZA	\$717.85
HORNUNGS	\$120.05
HUNTINGTON NATIONAL BANK	\$2,445.00
JIM DANDY SNACK FOOD CO.	\$279.10
JOHNSON BROTHERS LIQUOR CO.	\$319.00
JONS REFUSE SOLUTIONS INC	\$108.73
JUELSON PLUMBING & HEATING	\$200.00
MIKINNON CO., INC	\$86.40
MTI Distributing	\$63.32
NEI BOTTLING INC	\$557.00
NORTHWOODS LUMBER CO	\$227.55
PAUL BUNYAN COMMUNICATIONS	\$110.02
PERFORMANCE FOOD SERVICE	\$255.10
PINNACLE MARKETING GROUP	\$79.00
RICHARD MCKEAN	\$161.00
TRUE NORTH EQUIPMENT	\$13.00
VERSATILE VEHICLES, INC	\$3,757.61
VESTIS	\$454.05
613 GOLF COURSE	<u>\$14,797.89</u>
	\$146,354.95

Sewer Fund
Year to Date Income Statement thru 08/31/2025

Sewer Operating Revenue:		Budget
Reimbursements	\$7.35	\$0.00
Interest Earnings	\$1,459.92	\$750.00
Sewer Sales	\$144,816.82	\$250,297.86
Farm Lease Agreement Revenue	\$6,098.00	\$6,098.00
Swr Penalty	\$714.06	\$1,500.00
Transfer from Money Market - ARPA Funds	\$0.00	\$0.00
Sewer Connet/Reconnect	\$0.00	\$0.00
Other State Aid Grant	\$325.00	\$0.00
Charges for Service	\$8,550.00	\$5,000.00
Total Sewer Revenues	\$161,971.15	\$263,645.86

Sewer Operating Expenditures:		Budget	Remaining
Full-Time Employees Regular	\$64,495.43	\$85,646.98	\$21,151.55
Full-time Employee overtime	\$6,674.47	\$4,000.00	(\$2,674.47)
Part-Time Employees	\$1,553.73	\$1,349.46	(\$204.27)
Employer CPF Contribution - Union Contract	\$1,800.39	\$3,102.84	\$1,302.45
PERA	\$5,193.34	\$6,524.73	\$1,331.39
FICA	\$5,422.46	\$6,655.23	\$1,232.77
Employer Paid Health	\$9,841.55	\$17,044.92	\$7,203.37
Office Supplies (GENERAL)	\$0.00	\$400.00	\$400.00
Heating Fuel	\$407.88	\$1,000.00	\$592.12
Electricity	\$19,936.68	\$21,000.00	\$1,063.32
Training and Instruction	\$469.46	\$1,000.00	\$530.54
Operating Supplies (GENERAL)	\$1,367.27	\$1,000.00	(\$367.27)
Motor Fuels	\$1,166.36	\$2,000.00	\$833.64
Lubricants and Additives	\$0.00	\$500.00	\$500.00
Repairs/Maint Supply	\$0.00	\$1,500.00	\$1,500.00
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	\$789.80	\$1,700.00	\$910.20
Other Professional Services	\$3,881.40	\$4,000.00	\$118.60
Engineering Services - <i>PER/ER</i>	\$5,435.63	\$0.00	(\$5,435.63)
Telephone	\$0.00	\$0.00	\$0.00
Postage	\$805.02	\$700.00	(\$105.02)
Travel Expense	\$371.67	\$1,000.00	\$628.33
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	\$1,146.14	\$2,877.64	\$1,731.50
Property Insurance	\$2,778.20	\$5,941.09	\$3,162.89
Other Insurance	\$0.00	\$0.00	\$0.00
Automotive Insurance	\$0.00	\$0.00	\$0.00
Workers Compensation	\$2,323.00	\$3,872.62	\$1,549.62
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	\$12,452.09	\$10,000.00	(\$2,452.09)
Repairs/Main Machinery/Equip	\$19.47	\$4,500.00	\$4,480.53
Dues and Subscriptions	\$2,947.23	\$4,500.00	\$1,552.77
Buildings & Structures - <i>Lifistations</i>	\$3,910.16	\$0.00	(\$3,910.16)
Improvements other	\$0.00	\$0.00	\$0.00
Refuse/Garbage Dispsal -	\$167.20	\$0.00	(\$167.20)
Medical Fees	\$0.00	\$0.00	\$0.00
Miscellaneous -	\$0.00	\$0.00	\$0.00
Other Equipment <i>marco printer</i>	\$513.66	\$993.72	\$480.06
Total Sewer Expenditures	\$159,369.69	\$198,634.23	\$39,264.54

		Budget	Remaining
2019 Micro Loan Principal	\$0.00	\$0.00	\$0.00
2019 Micro Loan Interest	\$0.00	\$0.00	\$0.00
Debt Srv Principal 2014 Go Bond	\$0.00	\$3,000.00	\$3,000.00
2023A Go Bond Principal	\$12,562.88	\$12,562.88	\$0.00
2023A Go Bond Interest	\$8,061.72	\$8,061.72	\$0.00
2023B Go Bond Principal	\$2,488.18	\$2,488.18	\$0.00
2023B Go Bond Interest	\$1,423.29	\$1,423.30	\$0.01
Depreciation/Capital Outlay	\$15,000.00	\$20,000.00	\$5,000.00
Total	\$39,536.07	\$47,536.08	\$8,000.01

Net Total **(\$36,934.61)** **\$246,170.31** **\$47,264.55**

Water Fund

Year to Date Income Statement thru 08/31/2025

Water Operating Revenue:		Budget:
Water Meter Sales	\$1,985.00	\$0.00
Health Dept Charges	\$53.89	\$2,994.00
Penalties and Interest	\$0.00	\$0.00
Water Sales	\$155,403.37	\$292,111.78
Water Connect/Reconnect Fee	\$374.80	\$800.00
Water Penalty	\$746.28	\$1,300.00
Interest Earnings	\$26.16	\$900.00
Reimbursements	\$118.36	\$0.00

Total Water Revenues	\$158,707.86	\$298,105.78
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Water Operating Expenditures:	Year to Date	Budget	Remaining
Full-Time Employees Regular	\$61,084.85	\$81,038.72	\$19,953.87
Full-Time Employees OT	\$6,186.98	\$2,000.00	(\$4,186.98)
Part-Time Employees	\$1,553.82	\$1,349.46	(\$204.36)
Employer CPF Contribution - Union Contract	\$1,717.53	\$2,895.62	
PERA	\$4,922.22	\$6,179.12	\$1,256.90
FICA	\$5,129.44	\$6,302.71	\$1,173.27
Employer Paid Health	\$9,409.53	\$16,297.77	\$6,888.24

Office Supplies (GENERAL)	\$0.00	\$400.00	\$400.00
Printed Forms	\$0.00	\$0.00	\$0.00
Heating	\$407.87	\$1,000.00	\$592.13
Electricity	\$6,844.39	\$10,000.00	\$3,155.61
Computer Supplies	\$0.00	\$0.00	\$0.00
Training and Instruction	\$32.00	\$1,000.00	\$968.00
Operating Supplies (GENERAL)	\$295.31	\$2,600.00	\$2,304.69
Cleaning Supplies	\$0.00	\$0.00	\$0.00
Motor Fuels	\$571.54	\$1,500.00	\$928.46
Lubricants and Additives	\$0.00	\$0.00	\$0.00
Chemicals	\$0.00	\$0.00	\$0.00
Chlorine	\$5,236.39	\$7,000.00	\$1,763.61
Fluoride	\$0.00	\$1,300.00	\$1,300.00
Repairs/Maint Supply	\$60.61	\$1,100.00	\$1,039.39
Equipment Parts	\$14.99	\$0.00	(\$14.99)
Building Repair Supply	\$0.00	\$0.00	\$0.00
Utility Maint Supply	\$0.00	\$0.00	\$0.00
Small Tools	\$150.66	\$500.00	\$349.34
Merchandise for Resale	\$0.00	\$750.00	\$750.00
Auditing and Ace'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	\$538.37	\$0.00	(\$538.37)
Professional Services	\$0.00	\$0.00	\$0.00
Other Professional Services	\$759.94	\$1,000.00	\$240.06
Engineering Services - <i>PER/IER</i>	\$11,150.62	\$0.00	(\$11,150.62)
Telephone	\$284.27	\$917.40	\$633.13
Radio/communications Expense	\$766.24	\$480.12	(\$286.12)
Internet	\$446.38	\$504.00	\$57.62
Postage	\$1,087.39	\$900.00	(\$187.39)
Travel Expense	\$316.10	\$1,000.00	\$683.90
Other Equipment Rentals	\$0.00	\$0.00	\$0.00
Legal Notices/Publications	\$0.00	\$0.00	\$0.00
General Liability Insurance	\$274.32	\$740.68	\$466.36
Property Insurance	\$3,088.20	\$6,679.91	\$3,591.71
Workers Compensation	\$2,428.24	\$3,139.93	\$711.69
Unemployment Paid	\$0.00	\$0.00	\$0.00
Refuse/Garbage Disposal	\$354.40	\$350.00	(\$4.40)
State Connection Fee	\$2,061.00	\$2,994.00	\$933.00
Repairs/Maint Building -	\$0.00	\$0.00	\$0.00
Repairs/Maintenance Structure	\$3,811.25	\$12,000.00	\$8,188.75
Repairs/Maintenance Machinery	\$0.00	\$2,500.00	\$2,500.00
Dues and Subscriptions	\$2,014.31	\$4,000.00	\$1,985.69
Uncollectable Checks/Bad Debt	\$1,220.59	\$150.00	(\$1,070.59)
Medical Fees	\$0.00	\$0.00	\$0.00
Office Equipment and furniture	\$0.00	\$0.00	\$0.00
Other Equipment <i>Marco Printer</i>	\$513.66	\$993.72	\$480.06
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	\$138,233.41	\$185,413.16	\$46,001.66
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Other Water Expenditures:		Budget	Remaining
Transfer Fr Other Fund	\$0.00	\$0.00	\$0.00
2023A Go bond principal	\$12,562.87	\$12,562.88	\$0.00
2023A Go Bond Interet	\$8,061.72	\$8,061.72	\$0.00
2023B Go Bond Principal	\$2,488.18	\$2,488.18	\$0.00
2023B Go Bond Interest	\$1,423.29	\$1,423.30	\$0.01
Debt Service Bond Principal	\$50,000.00	\$50,000.00	\$0.00
Debt Service Bond Interest	\$13,612.50	\$13,612.50	\$0.00
Depreciation/Capital Outlay	\$0.00	\$13,000.00	\$13,000.00

Total	\$88,148.56	\$101,148.58	\$13,000.01
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Net Total	(\$67,674.11)	\$286,561.74	\$59,001.67
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Pine Tree Park

Year to Date Income Statement thru 08/31/2025

PTP Revenues -	2025	2024	2025 budget
Reservation Fees	\$706.00	\$561.00	\$600.00
Grants	\$11,000.00	\$11,000.00	\$11,000.00
Camping Fees	\$18,013.93	\$17,445.00	\$20,000.00
Other Revenue	\$0.00	\$0.00	\$0.00
Transfer from Golf Course - mower	\$0.00	\$10,500.00	\$0.00
Interest Earnings	\$616.37	\$631.79	\$300.00
Total PTP Revenues	\$30,336.30	\$40,137.79	\$31,900.00

PTP Expenditures	2025 YTD	2024 YTD	2025 Budget	Remaining
Full-Time Employees Regular	\$3,229.15	\$4,812.63	\$5,332.32	\$2,103.17
Full-time Employee Overtime	\$381.39	\$188.90	\$250.00	(\$131.39)
Part-Time Employees Regular	\$3,884.48	\$3,230.62	\$3,373.65	(\$510.83)
Employer CPF Contribution	\$109.23	\$0.00	\$204.62	\$95.39
PERA	\$265.41	\$386.63	\$652.95	\$387.54
FICA	\$567.03	\$629.31	\$666.01	\$98.98
Employer Paid Health	\$602.21	\$616.31	\$1,030.33	\$428.12
Office Supplies	\$0.00	\$0.00	\$0.00	\$0.00
Electricity	\$2,371.13	\$1,539.61	\$3,000.00	\$628.87
Operating Supplies (GENERAL)	\$329.61	\$289.49	\$700.00	\$370.39
Cleaning Supplies	\$11.99	\$11.97	\$200.00	\$188.01
Motor Fuels	\$428.16	\$767.59	\$1,400.00	\$971.84
Repairs/Maint Supply	\$0.00	\$75.51	\$850.00	\$850.00
Equipment Parts	\$216.36	\$302.01	\$300.00	\$83.64
Other Professional Services	\$700.00	\$700.00	\$1,750.00	\$1,050.00
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	\$548.64	\$679.52	\$1,481.35	\$932.71
Property Insurance	\$1,141.50	\$1,166.50	\$2,472.45	\$1,330.95
Workers Compensation Insurance	\$0.00	\$0.00	\$0.00	\$0.00
Garbage	\$1,829.28	\$1,400.29	\$2,500.00	\$670.72
Repairs/Maint Building	\$1,420.28	\$0.00	\$2,500.00	\$1,079.72
Repairs/Maintenance Structure	\$0.00	\$0.00	\$0.00	\$0.00
Improvements Other	\$0.00	\$970.00	\$0.00	\$0.00
Repairs/Maintenance Machinery	\$1,843.77	\$146.21	\$1,500.00	(\$343.77)
Other Equipment - <i>new mower</i>	\$0.00	\$17,559.44	\$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	\$185.00	\$190.00	\$375.00	\$190.00
Total PTP Expenditures	\$20,064.62	\$35,662.54	\$35,788.68	\$15,724.06
Net Profit	\$10,271.68	\$4,475.25		

Lakeview Cemetery
Year to Date Income Statement thru 08/31/2025

Cemetery Revenue	2025	2024	2025 Budget
Cemetery Lot Revenues	\$0.00	\$1,899.50	\$1,700.00
Other Revenue	\$0.00	\$0.00	\$0.00
Interest Earnings	\$1,510.92	\$1,567.69	\$400.00
Transfer from General Fund	\$2,000.00	\$2,000.00	\$2,000.00
Transfer from Perpetual Fund	\$2,300.00	\$2,100.00	\$2,300.00
Transfer from Liquor Fund	\$3,500.00	\$3,500.00	\$3,500.00
Insurance Proceeds	\$2,180.00	\$0.00	\$0.00
Total PTP Revenues	\$11,490.92	\$11,067.19	\$9,900.00

Cemetery Expenditures	2025 YTD	2024 YTD	2025 Budget	Remaining
Full-Time Employees Regular	\$3,376.01	\$3,092.93	\$4,608.13	\$1,232.12
Full-time Employee overtime	\$522.12	\$372.21	\$300.00	(\$222.12)
Part-Time Employees Regular	\$776.89	\$640.97	\$674.73	(\$102.16)
Employer CPF Contribution	\$82.90	\$0.00	\$155.48	\$72.58
PERA	\$270.93	\$261.89	\$396.21	\$125.28
FICA	\$352.78	\$313.75	\$404.14	\$51.36
Employer Paid Health	\$432.13	\$422.06	\$747.15	\$315.02
Operating Supplies (GENERAL)	\$0.00	\$0.00	\$400.00	\$400.00
Motor Fuels	\$664.40	\$264.02	\$1,000.00	\$335.60
Other Professional Services	\$2,805.00	\$475.00	\$500.00	(\$2,305.00)
Postage	\$0.00	\$0.00	\$0.00	\$0.00
General Liability Insurance	\$68.58	\$84.94	\$185.17	\$116.59
Property Insurance	\$82.50	\$84.00	\$178.08	\$95.58
Workers Compensation Insurance	\$368.31	\$476.42	\$500.24	\$131.93
Total Cemetery Expenditures	\$9,802.55	\$6,488.19	\$10,049.33	\$246.78
Net Profit	\$1,688.37	\$4,579.00		

Blackduck Municipal Golf Course
Year-To-Date Income Statement - 08/31/2025

	Actual 2025 Sales	2025 Revenue Budget	2025 Cost of Goods	2025 Gross Profit	2025 Gross Margin	2025 Expense Budget	Remaining Expense Budget
Beer	\$17,337.55	\$20,000.00	\$7,759.05	\$9,578.50	55.25%	\$10,000.00	\$2,240.95
Liquor	\$7,062.31	\$4,000.00	\$809.00	\$6,253.31	88.54%	\$1,000.00	\$191.00
Soft Drinks	\$7,690.44	\$10,000.00	\$7,765.32	(\$74.88)	-0.97%	\$6,000.00	(\$1,765.32)
Food	\$9,327.01	\$10,000.00	\$7,049.59	\$2,277.42	24.42%	\$8,000.00	\$950.41
Golf Merchandise & Clubs for Sale	\$5,166.93	\$4,000.00	\$3,493.24	\$1,673.69	32.39%	\$3,000.00	(\$493.24)
Clothing	\$4,445.05	\$4,000.00	\$4,757.85	(\$312.80)	-7.04%	\$3,500.00	(\$1,257.85)
Total	\$51,029.29	\$52,000.00	\$31,634.05	\$19,395.24	38.01%	\$31,500.00	(\$134.05)

Charges for Services	Actual 2025 Revenue	Revenue Budget
Green Fees	\$87,208.90	\$90,000.00
Membership Fees	\$42,789.90	\$38,000.00
Trail Fees	\$777.00	\$1,000.00
Cart Storage	\$1,251.00	\$1,584.00
Rentals (Clubs, Carts)	\$1,966.16	\$1,500.00
Power Carts	\$54,212.64	\$55,000.00
Clubhouse Rental	\$1,550.00	\$1,000.00
Kayak Rental	\$0.00	\$500.00
Golf Tournament Revenue	\$9,897.19	\$10,000.00
Total Charges for Services	\$199,652.79	\$198,584.00

Total Income \$250,682.08

Less Operating Expense	2025 Budget	Remaining
FT Wages	\$21,230.26	\$9,546.32
PT Wages	\$57,862.68	\$30,412.37
PERA	\$3,014.40	\$4,325.73
FICA	\$6,081.51	\$3,025.94
Employer Paid Health	\$8,333.04	\$4,166.52
Office Supplies	\$0.00	\$400.00
Heating Fuel	\$0.00	\$0.00
Electricity	\$4,394.20	\$1,605.80
Computer Supplies	\$0.00	\$0.00
Training & Instructions	\$0.00	\$0.00
Operating Supplies	\$5,053.71	(\$53.71)
Cleaning Supplies	\$0.00	\$0.00
Motor Fuels	\$4,836.85	(\$836.85)
Lubricants/Additives	\$996.35	(\$996.35)
Chemicals	\$3,031.05	\$4,968.95
Repair/Maint/Supplies	\$63.79	(\$63.79)
Equipment parts	\$0.00	\$0.00
Building Repair supply	\$0.00	\$0.00
Small Tools/Equipment	\$327.40	\$672.60
Tires	\$0.00	\$0.00
Auditing/Accounting	\$0.00	\$0.00
Mix Expense	\$0.00	\$0.00
Other for Resale - ice	\$0.00	\$0.00
Medical Fees	\$0.00	\$0.00
Legal Fees	\$0.00	\$0.00
Telephone	\$800.81	\$395.71
Internet	\$399.60	\$200.40
Travel Expense	\$161.00	(\$161.00)
Other Equipment	\$0.00	\$0.00
Other Professional services	\$296.59	(\$296.59)
Website Development & Maintenance	\$632.00	\$316.00
Sponsorship Expense	\$1,159.17	(\$159.17)
Postage	\$0.00	\$0.00
Advertising	\$558.91	\$441.09
Promotional Expenses	\$2,581.83	(\$2,581.83)
Liability Insurance	\$1,988.82	\$3,381.09
Property Insurance	\$1,169.00	\$1,371.82
Work Comp	\$2,545.79	(\$1,091.49)
Unemployment	\$6,535.24	(\$3,535.24)
Dram Insurance	\$0.00	\$1,250.00
Garbage Disposal	\$777.31	\$522.69
Repair/Maint Building	\$877.57	\$1,122.43
Improvements other than Bldgs -	\$10,968.02	(\$5,968.02)
Repairs/Maint Machinery	\$8,133.23	\$2,866.77
Maintenance Course	\$4,078.62	\$3,921.38
Golf Cart Maintenance - ONLY	\$3,712.98	(\$1,712.98)
Furniture & Fixtures	\$0.00	\$0.00
Motor Vehicles - golf cart purchase	\$16,076.58	(\$3,176.58)
Club House renovations	\$0.00	\$0.00
Other Equipment new rental clubs	\$75.24	(\$75.24)
Uncollectable Checks	\$0.00	\$0.00
Dues and Subscriptions	\$1,618.89	\$881.11
Bank Service Charges	\$3,641.10	\$2,858.90
Cart Shed Internal Loan 2020	\$6,118.00	\$0.00
Golf Rough Mower Internal Loan - 2022	\$3,650.74	\$0.00
Cart Lease - Huntington Bank - 2021	\$12,225.00	\$2,445.00
Equipment Bond Interest 2016	\$175.00	\$0.00
Equipment Bond Principal 2016	\$14,000.00	\$0.00
Total Expense	\$220,182.28	\$60,389.78

OPERATING INCOME OR LOSS (\$1,134.25)

Other Expenses	
Misc. Expenses	\$0.00
Equipment - Gator	\$0.00
Gift Certificates / Discounts discounts for punch cards & savings cards	\$9,929.32
Cash Short -	\$583.00
Total Other Expenses	\$10,512.32
Other Income	
General Property taxes	\$339.85
Transfer Fr Liq Str	\$10,000.00
Reimbursements	\$363.72
Donations and Contributions	\$0.00
Promotional Event Revenue	\$0.00
Charges for Service - Bank Card Fees	\$2,691.51
Cash Over	\$670.79
Other Revenue	\$50.00
Sponsorship Revenue (cart / tee box)	\$4,500.00
Total Other Income	\$18,615.87

NET INCOME OR LOSS YEAR TO DATE \$6,969.30

Inventory On-Hand at 1/1/2025 after inventory total	\$3,802.17
Inventory On-Hand at 8/31/2025	\$3,802.17
Difference	\$0.00

Sales Comparison YTD	2022	2023	2024	2025	+/- over prior year
Green Fees	\$50,136.36	\$78,642.30	\$78,608.69	\$87,208.90	9.86%
Cart Rental	\$28,818.51	\$36,923.08	\$50,173.16	\$54,212.64	7.45%
YTD Comparisons:	2022	2023	2024	2025	+/- over prior year
Operating Revenue	\$174,667.30	\$233,732.54	\$247,053.92	\$269,297.95	8.26%
Operating Expense	\$213,669.78	\$222,270.83	\$253,581.09	\$262,328.65	3.33%
	(\$39,002.48)	\$11,461.71	(\$6,527.17)	\$6,969.30	

Blackduck Municipal Liquor Store Income Statement

Year to Date Ending 08/31/2025

\$681,846.69 <i>How much we paid for our inventory (expenses)</i>									
	YTD Sales	Cost of Goods	Gross Profit	Gross Profit Margin	2025 Liquor Expense Budget	2025 Liquor Revenue Budget	Percent of sales +/- to budget		
THC Edibles - Off-Sale	\$19,047.90	\$11,315.96	\$7,731.94	40.59%	\$10,000.00	\$13,000.00	31.75%		
THC Beverages - Off-Sale	\$15,339.42	\$9,598.41	\$5,741.01	37.43%	\$15,000.00	\$20,000.00	-30.38%		
Liquor Sales Off-Sale	\$226,203.81	\$161,897.28	\$64,306.53	28.43%	\$220,000.00	\$330,000.00	-45.89%		
Beer Sales Off-Sale	\$358,466.33	\$274,610.70	\$83,855.63	23.39%	\$400,000.00	\$560,000.00	-56.22%		
Wine Sales Off-Sale	\$31,365.06	\$18,791.94	\$12,573.12	40.09%	\$35,000.00	\$50,000.00	-59.41%		
Other Sales On/Off-Sale	\$15,775.69	\$12,128.49	\$3,647.20	23.12%	\$7,800.00	\$25,750.00	-63.23%		
Liquor Sales On-Sale	\$83,448.16	\$15,796.93	\$67,651.23	81.07%	\$0.00	\$135,000.00	-61.78%		
Beer Sales On-Sale	\$115,901.36	\$21,807.45	\$94,093.91	81.18%	\$0.00	\$170,000.00	-46.68%		
Wine Sales On-Sale	\$1,566.96	\$539.09	\$1,027.87	65.60%	\$0.00	\$2,000.00	-27.64%		
Clothing	\$3,790.83	\$1,649.63	\$2,141.20	56.48%	\$5,000.00	\$5,100.00	-34.54%		
Soft Drinks On Sale	\$22,583.71	\$8,420.47	\$14,163.24	62.71%	\$17,000.00	\$30,000.00	-32.84%		
Food Sales	\$298,859.76	\$162,420.28	\$136,439.48	45.65%	\$220,000.00	\$400,000.00	-33.84%		
Total	\$1,192,348.99	\$698,976.63	\$493,372.36	41.38%	\$929,800.00	\$1,740,850.00	-31.51%		
<i>cost of our inventory</i>									
Less Operating Expense	2025 YTD		Budget		Remaining				
Wages FT		\$172,938.15		\$243,327.49				\$70,389.34	
FT Overtime		\$1,775.18		\$1,500.00				(\$275.18)	
Wages PT		\$75,288.91		\$108,405.55				\$33,116.64	
PERA		\$21,289.82		\$26,096.34				\$4,806.52	
FICA		\$22,867.19		\$26,907.57				\$4,040.38	
Health Insurance		\$43,139.50		\$64,944.73				\$21,805.23	
Office Supplies		\$25.64		\$900.00				\$874.36	
Electricity		\$13,392.42		\$20,000.00				\$6,607.58	
Heating Fuel		\$10,922.19		\$10,000.00				(\$922.19)	
Computer Supplies		\$32.95		\$750.00				\$717.05	
Training and Instruction		\$0.00		\$700.00				\$700.00	
Operating & Bar Supplies		\$10,532.38		\$10,000.00				(\$532.38)	
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		\$9,943.48		\$16,000.00				\$6,056.52	
Auditing / Acct'g Services		\$6,500.00		\$6,500.00				\$0.00	
Other Professional Services- <i>Cleaning & Vests Services</i>		\$15,362.37		\$25,000.00				\$9,637.63	
Website Development		\$632.00		\$948.00				\$316.00	
Telephone		\$1,448.37		\$2,266.80				\$818.43	
Postage		\$1,071.35		\$1,000.00				(\$71.35)	
Cable Television		\$1,492.50		\$2,141.88				\$649.38	
Internet Access		\$639.60		\$1,019.40				\$379.80	
Advertising		\$0.00		\$500.00				\$500.00	
Travel Expense		\$430.72		\$300.00				(\$130.72)	
Freight		\$4,671.89		\$6,000.00				\$1,328.11	
Legal Fees		\$0.00		\$0.00				\$0.00	
Promotions/Entertainment		\$5,320.11		\$7,500.00				\$2,179.89	
Legal Notices		\$0.00		\$0.00				\$0.00	
Liability Insurance		\$1,988.82		\$5,369.91				\$3,381.09	
Property Insurance		\$3,779.50		\$8,169.42				\$4,389.92	
Dram Shop/Liquor Liability		\$3,292.00		\$3,500.00				\$208.00	
Other Insurance		\$0.00		\$0.00				\$0.00	
Work Comp		\$8,581.12		\$13,902.24				\$5,321.12	
Unemployment		\$0.00		\$500.00				\$500.00	
Water Utility		\$1,873.18		\$3,100.00				\$1,226.82	
Garbage Disposal		\$5,612.57		\$8,000.00				\$2,387.43	
Catering Expense		\$0.00		\$0.00				\$0.00	
Repairs & Maintenance		\$0.00		\$0.00				\$0.00	
Repairs/Maintenance Building		\$7,468.85		\$12,000.00				\$4,531.15	
Uncollectable Checks		\$49.39		\$200.00				\$150.61	
Dues and Subscriptions		\$2,752.80		\$4,500.00				\$1,747.20	
Bank Service Charges		\$28,810.63		\$40,000.00				\$11,189.37	
Furniture & Fixtures		\$388.43		\$0.00				(\$388.43)	
Office Equip & Furnishings -		\$598.00		\$3,123.36				\$2,525.36	
Improvements Other than Buildings -		\$10,805.45		\$30,000.00				\$19,194.55	
Building & Structures		\$0.00		\$0.00				\$0.00	
Medical Fees		\$0.00		\$0.00				\$0.00	
Assessment		\$1,001.59		\$974.75				(\$26.84)	
Obligation Debt - Remodel/Addition - Principal		\$30,000.00		\$30,000.00				\$0.00	
Obligation Debt - Remodel/Addition - Interest		\$10,015.00		\$10,015.00				\$0.00	
Other Equipment - <i>Message board debt & copier lease & dishwasher lease</i>		\$15,693.55		\$7,153.75				(\$8,539.80)	
Total Operating Expense		\$552,427.60		\$763,216.19				\$210,788.59	
Inventory Expense				(\$17,129.94)					
NET INCOME OR LOSS				(\$41,925.30)	<i>(gross profit - expenses)</i>				
Other Expenses									
<i>Donations</i>		\$3,050.00	<i>2025 Budget - \$6,000.00</i>						
Capital Outlay		\$0.00							
Unemployment Paid		\$0.00							
Cash Short		\$400.78							
Employer CPF contribution - Union Contract - Liquor Portion		\$155.04							
Misc. Expense		\$0.00							
Total Other Expenses		\$3,605.82							
Other Income									
Reimbursements (NSF)		\$2,717.04							
<i>Rent Income</i>		\$16,351.74							
Vending Income		\$2,197.40							
Interest		\$2,237.53							
Catering Revenue		\$0.00							
Bank Service Fees Charged to customers		\$15,247.98							
<i>Transfer from Liquor Rent Fund</i>		\$15,000.00							
Cash Over		\$5.18							
Total Other Income		\$53,756.87							
Gross Profit Before Transfers			\$8,225.75						
Transfer to General Fund & Other Funds			\$38,500.00 <i>2025 Transfer total budget City wide = \$78,500</i>						
Net Profit After Inventory Exp & Transfers			(\$30,274.25)						
Inventory On-Hand at 1/1/2025 after inventory total			\$101,588.00						
Inventory On-Hand at 8/31/2025			\$109,773.15						
Difference			\$8,185.15						
YTD 4-year Sales Comparison Ending 8/31/2025									
	2022	2023	2024	2025	% of Increase from 2024-2025				
Off-Sale THC Edibles	\$0.00	\$0.00	\$6,425.50	\$19,047.90	196.44%				
Off-Sale THC Beverages	\$0.00	\$0.00	\$12,479.84	\$15,339.42	22.91%				
Off -Sale Liquor	\$200,006.78	\$220,090.80	\$213,096.51	\$226,203.81	6.15%				
Off-Sale Beer	\$353,553.91	\$371,644.09	\$351,225.18	\$358,466.33	2.06%				
Off -Sale Wine	\$33,362.00	\$30,660.93	\$33,253.43	\$31,365.06	-5.68%				
Total Off-Sale	\$586,922.69	\$622,395.82	\$616,480.46	\$650,422.52	5.51%				
On-Sale Liquor	\$94,534.06	\$97,820.74	\$90,331.99	\$83,448.16	-7.62%				
On-Sale Beer	\$116,872.62	\$111,912.93	\$116,175.93	\$115,901.36	-0.24%				
On-Sale Wine	\$1,857.68	\$1,251.37	\$1,403.40	\$1,566.96	11.65%				

2025 Blackduck DMV Office Income Statement

Year to date Revenue thru 8/31/2025

	2025 Total Office			Previous Year	Percentage to	DMV Office	DNR Office	Remit to DNR		2025 Net Office	2025 YTD DMV	2025 YTD Net	Previous Year Net	
	2025 DMV Sales	2025 DNR Sales	Sales	Total Office Sales	Previous Year	Retain	Retain	Remit to DMV State	State	Revenue	Expenses	Profit	Profit	Comparative +/- %
January	\$60,771.52	\$9,184.40	\$69,955.92	\$61,440.47	12.17%	\$3,603.53	\$582.50	\$57,167.99	\$8,601.90	\$4,186.03	\$2,128.23	\$2,057.80	\$2,683.82	-30.42%
February	\$91,085.30	\$6,622.90	\$97,708.20	\$86,249.08	11.73%	\$4,809.00	\$623.00	\$86,276.30	\$5,999.90	\$5,432.00	\$2,155.28	\$3,276.72	\$3,488.66	-6.47%
March	\$100,386.73	\$3,358.70	\$103,745.43	\$52,909.67	49.00%	\$5,406.21	\$353.50	\$94,980.52	\$3,005.20	\$5,759.71	\$2,168.26	\$3,591.45	\$3,180.52	11.44%
April	\$74,815.84	\$4,857.10	\$79,672.94	\$62,558.89	21.48%	\$4,359.00	\$388.50	\$70,456.84	\$4,468.60	\$4,747.50	\$1,805.07	\$2,942.43	\$2,774.69	5.70%
May	\$86,441.50	\$11,329.20	\$97,770.70	\$67,346.18	31.12%	\$5,059.00	\$947.50	\$81,382.50	\$10,381.70	\$6,006.50	\$1,742.18	\$4,264.32	\$4,120.70	3.37%
June	\$50,039.91	\$4,431.60	\$54,471.51	\$57,223.87	-5.05%	\$3,808.00	\$468.00	\$46,231.91	\$3,963.60	\$4,276.00	\$2,404.33	\$1,871.67	\$2,771.17	-48.06%
July	\$55,447.68	\$3,145.50	\$58,593.18	\$38,738.93	33.88%	\$3,376.21	\$297.00	\$52,071.47	\$2,848.50	\$3,673.21	\$2,444.78	\$1,228.43	\$2,391.55	-94.68%
August	\$51,174.46	\$1,797.30	\$52,971.76	\$51,362.61	3.04%	\$3,684.00	\$242.00	\$47,490.46	\$1,555.30	\$3,926.00	\$2,579.10	\$1,346.90	\$2,909.68	-116.03%
September				\$42,864.64									\$1,767.27	
October				\$46,170.77									\$1,927.43	
November				\$33,512.13									\$1,458.30	
December				\$61,366.15									\$1,949.28	
Year To Date:	\$570,162.94	\$44,726.70	\$614,889.64	\$661,743.39	-7.62%	\$34,104.95	\$3,902.00	\$536,057.99	\$40,824.70	\$38,006.95	\$17,427.23	\$20,579.72	\$31,423.07	-52.69%

MINNESOTA Lawful Gambling

LG216 Worksheet for Calculating Lawful Gambling Monthly Rent

Organization Name Blackduck Fire Relief				Licence Number 01944				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			
Site Name POND				Site Number 001				Bar Operation Rent 2 List the % to be paid for paper pull-tabs, tipboards and paddletickets conducted by the lessor or lessor's employees			
(Use one worksheet for each site. If lease changes, use new worksheet)								3 List the % to be paid for electronic pull-tabs and electronic linked bingo conducted the lessor or lessor's employees			
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.	
7/2025			8043.00	1608.60	1608.60	5927.25	889.09	2497.69	0.00	2497.69	

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

08/27/25 9:17 AM

Page 1

Payments

Current Period: August 2025

Payment Batch DWDCCPMT081825

\$1,583.25

Refer	0	CARDMEMBER SERVICE -DEERW	Ck# 015015	8/22/2025		
Cash Payment	E 101-41400-433	Dues and Subscriptions	Business Card Holder - Christina Regas		\$8.95	
Invoice						
Cash Payment	E 101-41400-433	Dues and Subscriptions	Business Card Holder - Christina Regas		\$50.00	
Invoice						
Cash Payment	E 101-42200-322	Postage	Business Card Holder - Christina Regas		\$20.90	
Invoice						
Transaction Date	8/18/2025	DW Checking	10100	Total	\$79.85	
Refer	0	CARDMEMBER SERVICE -DEERW	Ck# 015015	8/22/2025		
Cash Payment	E 601-43200-433	Dues and Subscriptions	Business Credit Card Holder - Mike Schwanke		\$1.99	
Invoice						
Cash Payment	E 601-43200-433	Dues and Subscriptions	Business Credit Card Holder - Mike Schwanke		\$90.54	
Invoice						
Transaction Date	8/18/2025	DW Checking	10100	Total	\$92.53	
Refer	0	CARDMEMBER SERVICE -DEERW	Ck# 015015	8/22/2025		
Cash Payment	E 101-42110-210	Operating Supplies (GEN	Business Card Holder - Police Chief		\$13.54	
Invoice						
Cash Payment	E 101-42110-210	Operating Supplies (GEN	Business Card Holder - Police Chief		\$19.15	
Invoice						
Transaction Date	8/18/2025	DW Checking	10100	Total	\$32.69	
Refer	0	CARDMEMBER SERVICE -DEERW	Ck# 015015	8/22/2025		
Cash Payment	E 609-49750-272	Clothing for Resale	Business Card Holder - Shawnda Lahr		\$516.00	
Invoice						
Cash Payment	E 609-49750-210	Operating Supplies (GEN	Business Card Holder - Shawnda Lahr		\$240.00	
Invoice						
Cash Payment	E 609-49750-210	Operating Supplies (GEN	Business Card Holder - Shawnda Lahr		\$97.64	
Invoice						
Transaction Date	8/18/2025	DW Checking	10100	Total	\$853.64	
Refer	0	CARDMEMBER SERVICE -DEERW	Ck# 015015	8/22/2025		
Cash Payment	E 613-49830-271	Golf Accessories for Res	Business Credit Card Holder - Misty Frenzel		\$295.30	
Invoice						
Cash Payment	E 613-49830-210	Operating Supplies (GEN	Business Credit Card Holder - Misty Frenzel		\$114.31	
Invoice						
Cash Payment	E 613-49830-210	Operating Supplies (GEN	Business Credit Card Holder - Misty Frenzel		\$18.42	
Invoice						
Cash Payment	E 613-49830-210	Operating Supplies (GEN	Business Credit Card Holder - Misty Frenzel		\$61.82	
Invoice						
Cash Payment	E 613-49830-210	Operating Supplies (GEN	Business Credit Card Holder - Misty Frenzel		\$18.43	
Invoice						
Cash Payment	E 613-49830-210	Operating Supplies (GEN	Business Credit Card Holder - Misty Frenzel		\$16.26	
Invoice						
Transaction Date	8/18/2025	DW Checking	10100	Total	\$524.54	



CITY OF BLACKDUCK

Payments

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Page 2

Current Period: August 2025

Fund Summary

	10100 DW Checking
101 GENERAL FUND	\$112.54
601 WATER FUND	\$92.53
609 MUNICIPAL LIQUOR FUND	\$853.64
613 GOLF COURSE	\$524.54
	\$1,583.25

Pre-Written Checks	\$1,583.25
Checks to be Generated by the Computer	\$0.00
Total	\$1,583.25

CITY OF BLACKDUCK

08/27/25 12:15 PM

Page 1

Transaction Activity COB Payrolls - August 2025

Search Name	Amount	Check Nbr	EFT	Tran Name	Check/Receipt Date	Period Name	Batch Name
PERA	\$5,779.79	004754	Yes	Cash Payment	07/30/25	August	PR1608012025
INTERNAL REVENUE SERVICE	\$6,802.96	004791	Yes	Cash Payment	08/27/25	August	PR18LIABS082825
INTERNAL REVENUE SERVICE	\$2,389.41	004791	Yes	Cash Payment	08/27/25	August	PR18LIABS082825
MN DEPT OF REVENUE	\$1,593.03	004790	Yes	Cash Payment	08/27/25	August	PR18LIABS082825
PERA	\$5,910.64	004774	Yes	Cash Payment	08/12/25	August	PR17081225LIABS
INTERNAL REVENUE SERVICE	\$6,628.86	004775	Yes	Cash Payment	08/12/25	August	PR17081225LIABS
INTERNAL REVENUE SERVICE	\$2,317.07	004775	Yes	Cash Payment	08/12/25	August	PR17081225LIABS
MN DEPT OF REVENUE	\$1,600.28	004776	Yes	Cash Payment	08/12/25	August	PR17081225LIABS
INTERNAL REVENUE SERVICE	\$2,359.86	004752	Yes	Cash Payment	07/30/25	August	PR1608012025
MN DEPT OF REVENUE	\$1,580.62	004753	Yes	Cash Payment	07/30/25	August	PR1608012025
INTERNAL REVENUE SERVICE	\$6,462.32	004752	Yes	Cash Payment	07/30/25	August	PR1608012025
IUOE LOCAL #49	\$140.00	014910	No	Cash Payment	08/01/25	August	PR1608012025
CENTRAL PENSION FUND	\$662.50	015024	No	Cash Payment	08/27/25	August	PR18LIABS082825
NATIONWIDE	\$346.05	004755	Yes	Cash Payment	07/30/25	August	PR1608012025
CENTRAL PENSION FUND	\$612.50	014909	No	Cash Payment	08/01/25	August	PR1608012025
RANGE CREDIT BUREAU	\$203.71	014912	No	Cash Payment	08/01/25	August	PR1608012025
NATIONWIDE	\$346.05	004777	Yes	Cash Payment	08/12/25	August	PR17081225LIABS
DEERWOOD BANK	\$3,283.37	015004	No	Cash Payment	08/12/25	August	PR17081225LIABS
MN CHILD SUPPORT PAY CTR	\$25.00	015005	No	Cash Payment	08/12/25	August	PR17081225LIABS
CENTRAL PENSION FUND	\$619.50	015003	No	Cash Payment	08/12/25	August	PR17081225LIABS
PERA	\$6,047.13	004789	Yes	Cash Payment	08/27/25	August	PR18LIABS082825
NATIONWIDE	\$346.05	004788	Yes	Cash Payment	08/27/25	August	PR18LIABS082825
MN CHILD SUPPORT PAY CTR	\$25.00	014911	No	Cash Payment	08/01/25	August	PR1608012025
	\$56,081.70						

CITY OF BLACKDUCK

08/27/25 12:14 PM

Page 1

Transaction Activity COB Payrolls - August 2025

Search Name	Amount	Check Nbr	EFT	Tran Name	Check/Receipt Date	Period Name	Batch Name
LINCOLN NATIONAL LIFE	\$595.81	004784	Yes	Cash Payment	08/22/25	August	LinLife 082025
	\$595.81						

CITY OF BLACKDUCK
Transaction Activity COB Payrolls - August 2025

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Search Name	Amount	Check Nbr	EFT	Tran Name	Check/Receipt Date	Period Name	Batch Name
NORTHWEST SERVICE COOP	\$8,553.60	004772	Yes	Cash Payment	08/11/25	August	NWSCoop 082025
	<u>\$8,553.60</u>						

CITY OF BLACKDUCK

08/27/25 9:20 AM

Page 1

Transaction Activity COB Payrolls - August 2025

Search Name	Amount	Check Nbr	EFT	Tran Name	Check/Receipt Date	Period Name	Batch Name
DELTA DENTAL	\$408.84	004771	Yes	Cash Payment	08/11/25	August	DeltaD082025
	\$408.84						

SALES TAX RECEIPTS

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		
9/10/2024	July					-		
10/10/2024	August					-		
11/8/2024	September					-		
12/10/2024	October					-		
1/10/2025	November					-		
2/10/2025	December					-		
3/10/2025	January					-		
4/10/2025	February					-		
5/9/2025	March					-		
6/10/2025	April					-		
7/10/2025	May	6,188.39	(15,342.19)	9,209.50	(55.70)	0.00		
8/8/2025	June	9,682.51		(9,209.50)	(87.14)	385.87		
TOTAL		15,870.90	(15,342.19)	-	(142.84)	385.87		
Please note: This report contains current fiscal year information only.								
7/10/2025	May payment not enough to cover start-up costs. Remaining balance of \$9,209.50 will be deducted from future payments.							
8/8/2025	\$9,209.50 was deducted from this payment to cover the deficit. The account is now balanced.							

INVOICE

Empire Investigation & Protective
Services, Inc
PO Box 682
Hibbing, MN 55746-0682

empirepg@gmail.com
+1 (218) 969-3752

CITY OF BLACKDUCK

AUG 12 2025



Bill to

Christina Regas
City of Blackduck
Attn: Christina Regas
P.O. Box 380
Blackduck, MN 56630

Invoice details

Invoice no.: 1295
Terms: Net 15
Invoice date: 05/22/2025
Due date: 06/06/2025

101-42110-305

#	Product or service	Description	Qty	Rate	Amount
1.	Background Investigation	Background Investigation: Richards	10.75	\$65.00	\$698.75
Total					\$698.75
Overdue					06/06/2025



CITY OF BLACKDUCK
Payments

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Page 1

Current Period: August 2025

Payment Batch Empire \$698.75

Refer	0 EMPIRE INVESTIGATIONS	Ck# 014997 8/12/2025	
Cash Payment	E 101-42110-305 Medical Fees	Background check for AJ Richards invoice sent late 8/11/25	\$698.75
Invoice 1295	5/22/2025		
Transaction Date	8/12/2025	DW Checking 10100	Total \$698.75

Fund Summary

	10100 DW Checking	
101 GENERAL FUND	\$698.75	
	\$698.75	

Pre-Written Checks	\$698.75
Checks to be Generated by the Computer	\$0.00
Total	\$698.75



CITY OF BLACKDUCK

Payments

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Page 1

Current Period: August 2025

Payment Batch LEEVERS080825

\$4,816.58

Refer	0 BLACKDUCK LEEVERS FOODS	Ck# 014993 8/8/2025	
Cash Payment	E 609-49750-260 Food for Resale	JULY INVOICES	\$4,462.19
Invoice 080125	8/1/2025		
Cash Payment	E 613-49830-210 Operating Supplies (GEN	JULY INVOICES	\$350.50
Invoice 080125	8/1/2025		
Cash Payment	E 101-41940-210 Operating Supplies (GEN	JULY INVOICES	\$3.89
Invoice 080125	8/1/2025		
Transaction Date	8/8/2025	DW Checking 10100	Total \$4,816.58

Fund Summary

	10100 DW Checking	
101 GENERAL FUND		\$3.89
609 MUNICIPAL LIQUOR FUND		\$4,462.19
613 GOLF COURSE		\$350.50
		\$4,816.58

Pre-Written Checks	\$4,816.58
Checks to be Generated by the Computer	\$0.00
Total	\$4,816.58

BEMIDJI MONUMENT

SALES & INSTALLATION

CEMETERY MONUMENTS & MARKERS

BEMIDJI, MN 218-751-6635
bemidjimonument.com

INVOICE NO.

Invoice

INVOICE DATE 5-20-25
CUSTOMER ORDER NUMBER

SOLD TO: City of Blackduck % Christina Regas 218-835-4803	SHIP TO: Install at Lakeview Cemetery Blackduck Mn. Beltrami Co.
---	--

SALESPERSON Kevin	SHIPPED VIA	TERMS	F.O.B.
-------------------	-------------	-------	--------

QTY ORDERED	QTY SHIPPED	DESCRIPTION	UNIT	AMOUNT
		Replacement of Veteran Marker		
		Bronze 2x1 Match		2000 ⁰⁰
			Labor	250 ⁰⁰
		For: Louis E Week	sub total	2250 ⁰⁰
			Tax 8.0	180 ⁰⁰
			Total	2430 ⁰⁰

A-NC2872-NC3872/T-3813

11-12

Christina Regas 5-23-25

Bemidji Monument

Kevin Myrum
physical and mailing address:
213 grant ave s.e. Bemidji, MN 56601
Web: www.bemidjimonument.com
E-mail: kevin@bemidjimonument.com
Office phone: 218-751-6635
Fax line: 218-444-2292
Cell: 218-760-9587



CITY OF BLACKDUCK
Payments

08/12/25 10:19 AM
Page 1

Current Period: August 2025

Payment Batch L.Weekmarker082025 \$2,430.00

Refer 491 BEMIDJI MONUMENT Ck# 014990 8/6/2025
Cash Payment E 201-44400-310 Other Professional Servi Replacement Veteran Marker Louis Week - \$2,430.00
LMC Claim#436849

Invoice 052025 5/20/2025
Transaction Date 8/6/2025 DW Checking 10100 Total \$2,430.00

Fund Summary

	10100 DW Checking
201 CEMETERY FUND	\$2,430.00
	\$2,430.00

Pre-Written Checks	\$2,430.00
Checks to be Generated by the Computer	\$0.00
Total	\$2,430.00

CITY OF BLACKDUCK

JUN 23 2025



4/18/25 9:03 AM 3 0903738 20250613 WF70Z102 1 04 DOM WF70Z10000* 158588 CN



BLACKDUCK CITY OF
PO BOX 380
BLACKDUCK MN 56630-0380



Tax ID: 416004988 Payee ID: REGCCPRD:20493912 EPC Draft #: 370903729 Payment Date: 06/12/2025 Page 1 of 3

Payor: League of Minnesota Cities P&C
Payor ID: 10040
Payee ID: REGCCPRD:20493912

Check Number: 6141650473

Bill Detail

Claimant Name: Louis Week
Claim Number: LMC GL 000000436849
Policy Number: 1002955
Employer/Insured: Blackduck, City Of

Amount: 2,180.00
Invoice Date: 06/11/2025
Invoice Number: IREGCCPRD:26453947
Incident Date: 05/01/2025
Payment type: VEND
Vendor Number: REGCCPRD:20493912

From-To: 1/1/00-1/1/00
Remarks: See NOTE-0001

Statement Summary	Charged	Reductions	Net Payment Amount
	2,180.00	0.00	2,180.00

Are you struggling with receiving check payments in a timely manner? Interested in receiving payments and submitting ebills more expediently? These challenging times clearly demonstrate an immediate need for our industry to transition to electronic billing and payment methods. **Jopari Solutions is here to help!** If you would like to obtain information about enrolling in electronic billing, Virtual Card, or EFT payment receipt, please contact Jopari Solutions at 1-800-630-3060, via email at Support@Jopari.com, or visit: www.Jopari.com. Reduce your payment turnaround time - Enroll Today.

Comments:

NOTE-0001 Bemidji Monument Inv

ck# 370903729





CONNECTING AND INNOVATING
SINCE 1913

ACKNOWLEDGEMENT OF CLAIM

May 20, 2025

Approved 5/23

Blackduck, City Of
PO Box 380
Blackduck MN 56630-0380

Re: Our Claim Number: LMC CP 000000436587
LMCIT Member: Blackduck, City Of
Claimant Name(s): Blackduck, City Of
Occurrence/Date of Loss: May 1, 2025
Claim Description: Cemetery Veteran monument was damaged by city workers.

The League of Minnesota Cities Insurance Trust claims office has received the above captioned claim. The assigned claim supervisor and adjuster are listed below. The adjuster is your key contact on this claim.

If you have any questions, please contact the adjuster or supervisor assigned to this claim.

Sincerely, LMCIT Claims Department

Adjuster: Dave Koepp
Phone No.: (612) 463-2715
Fax No.: (651) 281-1297
Email: dkoepp@lmc.org

Supervisor: Gary Weimer
Phone No.: (651) 215-4075
Fax No.: (651) 281-1297
Email: gweimer@lmc.org

CC: Security Insurance USA
Po Box 217
Blackduck Minnesota 56630-0217

LEAGUE OF MINNESOTA CITIES
INSURANCE TRUST
CLAIMS DEPARTMENT

145 UNIVERSITY AVE. WEST
ST. PAUL, MN 55103-2044

PHONE: (651) 281-1200
TOLL FREE: (800) 925-1122

FAX: (651) 281-1297
WEB: WWW.LMC.ORG

From: [Edie Frantzen](#)
To: [Edie Frantzen](#)
Subject: NEW Poll Pads
Date: Tuesday, August 12, 2025 12:00:27 PM
Attachments: [Poll Pad Order Form.docx](#)
[Poll Pad Counts.xlsx](#)
Importance: High

Good morning,

Our office is in the process of purchasing new electronic poll books (poll pads)!

Our current poll pads are generation 6.0 and are no longer supported by iOS/election software. We will be purchasing generation 11.0 poll pads at the end of September. Beltrami County Elections will purchase one poll pad for each individual precinct/ward. Please note that if you choose to purchase additional poll pads, your municipality will be responsible for the additional costs. Please fill out the Poll Pad Order Form accordingly. **Order forms are to be returned by September 12th.**

I attached a helpful sheet that shows the number of poll pads your precinct/ward currently has, the number of registered voters, and the number of completed Election Day registrations. One poll pad is necessary for efficient voter check-in and registration purposes, and an additional poll pad is recommended for every 500-600 registered voters. However, if you complete a lot of same-day-registrations, you may want to increase your desired number of poll pads.

While poll pads may seem daunting to new users, with some training, you and your election judges will recognize the efficiency they provide, like cutting down on voter wait time, identifying address and eligibility issues in real-time, and ensuring voter records are securely kept.

All old poll pads will be traded in to minimize expenses. There are currently no election grants for election technology and equipment offered by the state. However, our office will notify you if new grants become available.

If you are struggling to determine how many poll pads you should order or have other questions, please let me know at 218-333-8448.

Thank you,

Edie Frantzen

Elections Specialist

701 Minnesota Ave NW Ste. 220

Bemidji, MN 56601

Phone: 218-333-8448

Fax: 218-333-4246





Beltrami County Elections
701 Minnesota Ave. NW,
Ste. 220 Bemidji, MN 56601
elections@co.beltrami.mn.us
218-333-8448

Poll Pad Order Form

Date: August 12th, 2025

Clerk: Christina Regas

Precinct: Blackduck

Phone Number: 218-835-4803

Email: christina.regas@blackduckmn.com

Quantity of Poll Pads: 1 (county purchases)

Additional Poll Pads: (you purchase)

Please put the total number of poll pads desired for your entire precinct above. Beltrami County Elections will order the number you have listed above, and pay for one singular poll pad.

One poll pad and its accessories is roughly quoted at \$367.50 + shipping fees. The purchase of a new 11.0 generation poll pad includes the new poll pad, a new plastic case, a new charger, a printer, a stand, a travel case, and a stylist.

Any questions can be directed to Edie at 218-333-8448 or edie.frantzen@co.beltrami.mn.us.

Order forms are due by Friday, September 12th, 2025

8-12-2025
Date

Christina Regas
Clerk Signature

Precinct	Registered Voters	Current # of Poll Pads	# of Election Day Registrations
Alaska TWP	141	0	9
Bemidji TWP	1909	3	138
City of Bemidji W-1	1275	4	476
City of Bemidji W-2	1636	3	240
City of Bemidji W-3	1839	4	221
City of Bemidji W-4	1851	3	248
City of Bemidji W-5	1953	3	182
Benville TWP	70	0	3
City of Blackduck	409	1	51
Buzzle TWP	225	0	33
Eckles TWP	1298	2	128
Frohn TWP	1150	4	56
Grant Valley TWP	1589	3	142
Hagali TWP	264	1	19
Hines TWP	456	0	24
Hornet TWP	121	0	8
City of Kelliher	154	1	17
Lammers TWP	417	0	31
Liberty TWP	561	1	28
Northern TWP	2497	4	119
Port Hope TWP	534	2	40
Roosevelt TWP	172	0	13
Summit TWP	196	0	15
Ten Lake TWP	621	0	83
Turtle Lake TWP	987	1	44
Turtle River TWP	977	3	36

Registered voters
as of 8/1/2025



A GREAT PLACE FOR FAMILIES

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

August 15, 2025

Blackduck Co-op

2025-2026 Pre-Buy Propane contract for Heating Season

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

<u>Tank Address / Department</u>	<u>Number of Gallons</u>	<u>Total Amount due</u>
197 Industrial Lane	2,500	\$4,125.00 (\$206.41 carryover from 24-2025)
33 Margaret & 80 Main St./ Fire Dept.	2,500	\$4,125.00 (\$617.26 carryover from 24-2025)
224 Frontage Rd / Liquor Store	4,550	\$7,507.50 (\$1,270.98 carryover from 24-2025)
Total:	9,550	\$15,757.50 check total \$13,662.85

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

www.blackduckmn.com

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

"The City Of Blackduck Is An Equal Opportunity Provider"



Blackduck Co-op Ag. Services, Inc.

P.O. Box 159

Blackduck, MN 56630

218-835-4905

bdcoop@paulbunyan.net

CITY OF BLACKDUCK

JUL 28 2025

Commercial Pre-Buy

Propane contract for 2025-26 Heating Season

Contract price: **\$1.65** Cash only

Pre-buy contracts are now available for the 2025-26 heating season. You are **NOT OBLIGATED** to purchase a pre-buy contract, but it is available to you if you so choose.

Please review the following:

- It is required that the customer be home when a pressure check is necessary.
- If you shut off your tank – it is still an interruption of service and a pressure check is still required.
- If you require a pressure check, there will be an additional \$45.00 charge.
- If you require a same day delivery (ordered prior to 1 pm) there will be an additional \$175.00 charge. This charge includes a pressure check.
- If you require a same day delivery (ordered after 1 pm) or service work after business hours, there will be an additional \$250.00 charge.
- If you require a next day delivery, there will be an additional \$75.00 charge. This charge includes a pressure check.
- If you require a delivery or service work on a holiday, there will be an additional \$300.00 charge.
- After hours service and holiday service work will be billed at the rate of \$250.00 per hour.
- If you allow your tank to run empty 3 times in one season, we will have the option of removing your tank.

2025-26 Commercial Pre-buy Contract

This contract must be returned with payment no later than August 27, 2025.

Contract is valid from October 1, 2025 through March 31, 2026

Print Name: City of Blacklock Phone 218-835-4803

I wish to purchase 9,550 gallons @ \$1.65 per gallon = \$ 15,757.50

Credit Left on Account=\$ \$2094.65

Total Amount Enclosed=\$ \$13,662.85

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

224 Frontage Rd: 4,550 gal. / 197 Industrial Ln = 2,500 gal. / 80 Main St. N
= 400 gal.
+ 33 Margaret = 2,100 gal.

- Minimum pre-buy quantity of 300 gallons. This offer is non-transferable.
- All deliveries on or after October 1, 2025 must be applied to this contract. The last date pre-buy may be used is March 31, 2026. Any unused pre-buy money will be applied to your open account after March 31, 2026.
- 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 27, 2025.
- 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 St. Regis Date: 8-5-2025

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

8/14/2025 Prebuy cost 2025 = 1.65

						<u>2024/2025</u>		<u>2024</u>	<u>2025 Heating Fund</u>		<u>2024-2025</u>	<u>Balance available for</u>		<u>Recommended #</u>
<u>Location</u>	<u>Address</u>	<u>Gal. Filled</u>	<u>Date Filled</u>			<u>Cenex Prebuy</u>	<u>2025 Budget</u>	<u>Remaining</u>	<u>Balance of Budget</u>	<u>2024-2025</u>	<u>Prebuy Balance</u>	<u>next pre buy per</u>	<u>2025 Prebuy Cost</u>	<u>of Gallons to</u>
								<u>Budget</u>	<u>as of 8/5/2025</u>	<u>Remaining Budget</u>	<u>to carry over</u>	<u>budget</u>		<u>purchase</u>
Fire Relief	80 Main	225.90	1/22/2025	PB	\$372.74									
Fire Relief	80 Main				\$0.00									
Fire Relief	80 Main				\$0.00									
Fire Relief	80 Main				\$0.00	\$990.00								
		225.90			\$372.74	600	\$0.00	\$0.00	\$0.00	\$0.00	\$617.26	\$617.26	\$660.00	400
						gallons		42200						
Fire Dept	33 Magaret Ave	346.90	11/26/2024	PB	\$572.39									
Fire Dept	33 Magaret Ave	342.70	12/2/2024	PB	\$565.46									
Fire Dept	33 Margaret Ave	359.80	12/26/2024	PB	\$593.67									
Fire Dept	33 Margaret Ave	431.10	1/22/2025	PB	\$711.32									
Fire Dept	33 Margaret Ave	343.60	2/14/2025	PB	\$615.04									
Fire Dept	33 Margaret Ave	18.60	3/24/2025	PB	\$30.69									
Fire Dept	33 Margaret Ave					\$2,475.00								
		1842.70			\$3,088.56	1,500	\$5,000.00	(\$1,251.84)	\$3,724.25	\$2,472.41	\$0.00	\$2,472.41	\$3,465.00	2,100
						gallons		42200					includes 80 Main St. N & 33 Margaret Ave.	
Liquor	224 Frontage	535.30	10/10/2024	PB	\$883.25									
Liquor	225 Frontage	550.00	11/22/2024	PB	\$907.50									
Liquor	226 Frontage	580.30	12/13/2024	PB	\$957.50									
Liquor	224 Frontage	622.40	1/6/2025	PB	\$1,026.96									
Liquor	224 Frontage	700.00	1/30/2025	PB	\$1,155.00									
Liquor	224 Frontage	650.30	2/18/2025		\$1,073.00									
Liquor	224 Frontage	591.40	3/24/2025	PB	\$1,271.51	\$8,250.00								
		4229.70			\$7,274.71	5000.00	\$10,000.00	\$502.07	\$6,245.00	\$6,747.07	\$1,270.98	\$8,018.05	\$7,507.50	4550
						gallons		609						
PW Facility	197 Industrial	600.00	12/11/2024	PB	\$990.00									
PW Facility	197 Industrial	674.90	1/16/2025	PB	\$1,113.59									
PW Facility	197 Industrial	600.00	2/13/2025	PB	\$990.00									
PW Facility	197 Industrial				\$0.00	\$3,300.00								
		1874.90			\$3,093.59	2,000	\$6,100.00	\$1,643.20	\$5,102.84	\$6,746.04	\$206.41	\$6,952.45	\$4,125.00	2,500
						gallons	43100, 42110, 601, 602						to be used @ 197 Industrial Ave. (601, 602, 101-43100& 101-42110)	
										\$2,094.65				
													\$15,757.50	9,550
													\$2,094.65	
													\$13,662.85	

MAP AGREEMENT NO.
500-0688270-000
CONTRACT NO.
CN210109

CUSTOMER NAME
City of Blackduck

CUSTOMER #
CO129

SALES REP
Cory Gish

[illegible]☐ See the attached Schedule A☐ See the attached Billing Schedule

*plus applicable taxes

[illegible]

Minimum Payment* \$	<u>216.20</u>	Color Print Allowance	<u>250</u>	Excess Color Print Charge* \$	<u>0.062837</u>
		B&W Print Allowance	<u>4,000</u>	Excess B&W Print Charge* \$	<u>0.009487</u>

The parties wish to amend the above-referenced Agreement's Payment Information as set forth below:

Minimum Payment* \$	<u>316.03</u>	Color Print Allowance	<u>2,500</u>	Excess Color Print Charge* \$	<u>0.050000</u>
START DATE:	<u>8/15/2025</u>	B&W Print Allowance	<u>3,000</u>	Excess B&W Print Charge* \$	<u>0.009487</u>

Marco Technologies LLC

OWNER

SIGNATURE

TITLE

DATED

This is an Amendment to the Agreement identified above between Owner and Customer. By signing this Amendment, Customer acknowledges the above changes to the Agreement and authorizes Owner to make such changes. In the event of a conflict between this Amendment and the Agreement, this Amendment shall prevail. In all other respects, the terms and conditions of the Agreement remain in full force and effect and remain binding on Customer. Customer also agrees, when applicable, to use electronic signatures, electronic communications, and electronic records to transact business under this contract and related documents and to be legally bound by those contracts and related documents.

City of Blackduck

 CUSTOMER (as referenced above)

DocuSigned by:
X CHRISTINA REGAS
B8D4D050027D4E4
SIGNATURE

City Administrator

8/21/2025

TITLE	DATE	TIME	LOCATION	STATUS
1. [REDACTED]	10/10/2023	14:30	Room 101	Completed
2. [REDACTED]	10/11/2023	15:00	Room 102	In Progress
3. [REDACTED]	10/12/2023	16:00	Room 103	Not Started
4. [REDACTED]	10/13/2023	17:00	Room 104	Completed
5. [REDACTED]	10/14/2023	18:00	Room 105	In Progress
6. [REDACTED]	10/15/2023	19:00	Room 106	Not Started
7. [REDACTED]	10/16/2023	20:00	Room 107	Completed
8. [REDACTED]	10/17/2023	21:00	Room 108	In Progress
9. [REDACTED]	10/18/2023	22:00	Room 109	Not Started
10. [REDACTED]	10/19/2023	23:00	Room 110	Completed

DATED

Processed by:
Initials

Date sent
to Rep

8/11/2025

August 14, 2025

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, 2024, 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 14, 2025, the following representations made to you during your audit of the financial statements as of and for the year ended December 31, 2024.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement agreement dated November 4, 2024, 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 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.
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.
8. 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. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.
10. In addition, we acknowledge that the City's HRA was improperly classified as a custodial fund in the 2023 financial statements, it should have been reported as a blended component unit and was corrected by restating beginning net position of the fiduciary fund and fund balance and net position of the HRA special revenue fund and governmental activities. We also acknowledge that beginning fund balance was overstated in the Nonmajor Governmental funds and Golf fund by \$27,381 and \$58,714, respectively, due to improperly reporting long-term interfund loans as long-term debt for governmental activities, in which it should have been reported as a fund level liability.
11. 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, and we have not consulted a lawyer concerning litigation, claims, or assessments.
12. 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.
13. 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*.
14. We have appropriately disclosed or recognized conduit debt obligations and/or certain arrangements associated with conduit debt obligations in accordance with GASB Statement No. 91, *Conduit Debt Obligations*.

15. 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*.
16. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
17. 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*.

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. 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.
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 laws and regulations and provisions of contracts and grant agreements, or waste or abuse whose effects should be considered when preparing financial statements.
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, 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 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.
12. 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.
13. 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.
14. 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.
15. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
16. 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.
17. The financial statements properly classify all funds and activities.

18. 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.
19. 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.
20. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
21. 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.
22. 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.
23. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
24. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly valued and disclosed.
25. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
26. 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.
27. 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.
28. 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 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.
29. 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.

30. In regards to the nonattest services (preparation of the financial statements and related notes, preparation of the required supplementary information and supplementary information, preparation of depreciation schedules, conversion of cash basis accounting to accrual basis, proposed adjusting entries and assistance with GASB 87 calculations) 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.

Signature: Christina Regas Title: City Administrator

Signature: _____ Title: _____

League of Minnesota Cities Insurance Trust
Group Self-Insured Workers' Compensation Plan
145 University Avenue West
St. Paul, MN 55103-2044

Statement of Premium Audit Adjustment

The "Member"
Blackduck, City Of
PO Box 380
Blackduck, MN 56630-0380

Agreement No. WC 1003177-
Agreement Period From: 06/01/2024
To: 06/01/2025

Audited Annual Remuneration	Rates Per \$100 Of Remuneration	Code No.	Class Code Description	Audited Premium
\$	\$			\$

SEE ATTACHED SCHEDULE FOR DETAILS

Manual Premium		44,822
Experience Modification	1.16	7,172
Standard Premium		51,994
Deductible Credit	0.5%	-260
Premium Discount		-4,464
Net Actual Premium		47,270
Adjustment for Commission*		0.0
Less Deposit Premium		49,610
Balance Due LMCIT		-2,340

*Workers compensation rates assume a 2% standard commission. The commission adjustment accounts for the commission difference, above or below 2%.

The foregoing statement is for the year end adjustment to your workers compensation deposit premium. It was prepared after an audit of your payroll records and a final determination of your experience modification factor for the period indicated above. If the final balance shown is due to the member, a check will be issued separately. If the final balance is due to the LMCIT, please forward your remittance, payable to the LMC Insurance Trust, to the administrator at the address indicated above.

Agent:
00623 Security Insurance USA
Po Box 217
Blackduck, MN 56630-0217

League of Minnesota Cities Insurance Trust

Group Self-Insured Workers Compensation Plan
145 University Avenue West St. Paul, MN 55103-2044

The "Member"
Blackduck, City Of
PO Box 380
Blackduck, MN 56630-0380

Agreement No. WC 1003177-
Agreement Period From: 06/01/2024
To: 06/01/2025

CONTINUATION SCHEDULE FOR INFORMATION PAGE

REMUNERATION	RATE	CODE	DESCRIPTION	AUDITED PREMIUM
149,318	0.65	8810	CLERICAL OFFICE EMPLOYEES NOC	971
18,923	6.72	9102	PARKS	1,272
86,055	8.47	7721	POLICE-NON SMOKING	7,289
342,644	3.75	9084	ON SALE LIQUOR STORE	12,849
85,045	4.14	7580	SEWEAGE DISPOSAL PLANT	3,521
0	8.21	5506	STREET CONSTRUCTION	0
78,544	3.45	7520	WATERWORKS	2,710
5,988	9.04	9220	CEMETERY OPERATION	541
99,895	1.52	9060	CLUB-COUNTRY/GOLF	1,518
10,475	0.00	9411	ELECTED OR APPOINTED OFFICIALS	80
POP 3,033	215.34	7718	FIREFIGHTERS (VOLUNTEER)NON SMOKING	6,531
76,172	8.21	5506	GENERAL MAINTENANCE	6,254
35,466	3.60	8017	CHARITABLE GAMBLING	1,277
1,101	0.81	9410	MUNICIPAL EMPLOYEES	9
Manual Premium				44,822

2024		Work Comp Premium 6/1/2024-06/01/2025						
	2023 Amount Paid	2024 Budgeted Amount		Amount Due	Estimated Premium	Percentage Rate	Premium Discount + Deductible Credit	Experience Modification
Police	\$13,527.30	\$14,339.48	101-42110-366	\$12,249.40	\$11,621.00	24.69%	\$1,230.87	-\$1,859.26
Fire	\$8,865.30	\$9,575.00	101-42200-366	\$7,501.85	\$7,117.00	15.12%	\$753.81	-\$1,138.66
Streets	\$6,718.06	\$7,256.00	101-43100-366	\$6,058.82	\$5,748.00	12.21%	\$608.81	-\$919.63
water	\$3,452.73	\$3,728.95	601-43200-366	\$2,990.41	\$2,837.00	6.03%	\$300.49	-\$453.90
sewer	\$4,272.24	\$4,614.02	602-43200-366	\$3,688.21	\$3,499.00	7.43%	\$370.60	-\$559.81
liquor	\$15,200.07	\$16,416.08	609-49750-366	\$13,240.23	\$12,561.00	26.69%	\$1,330.43	-\$2,009.65
golf	\$1,395.49	\$1,507.13	613-49830-366	\$1,385.05	\$1,314.00	2.79%	\$139.18	-\$210.23
parks	\$1,412.43	\$1,525.00	101-45200-366	\$1,205.86	\$1,144.00	2.43%	\$121.17	-\$183.03
admin	\$799.39	\$863.00	101-41400-366	\$813.75	\$772.00	1.64%	\$81.77	-\$123.51
cemetery	\$521.99	\$563.75	201-44400-366	\$476.44	\$452.00	0.96%	\$47.87	-\$72.32
PTP		\$0.00	209-45183-366	\$0.00	\$0.00	0.00%	\$0.00	\$0.00
	\$56,165.00	\$60,388.41	Premium Due	\$49,610.00	\$47,065.00	100.00%	\$4,985.00	-\$7,530.00

2024 Work Comp Premium 06/01/2024 - 06/01/2025 After Audit							
		Audited Premium	Percentage Rate	Premium Discount	Experience Modification	Amount charged/refunded per fund:	
Police	101-42110-366	\$5,132.48	16.26%	(\$833.76)	\$1,322.76	\$380.53	
Fire	101-42200-366	\$4,598.74	14.57%	(\$747.05)	\$1,185.20	\$340.96	
Streets	101-43100-366	\$4,403.70	13.95%	(\$715.37)	\$1,134.93	\$326.50	
water	601-43200-366	\$1,908.22	6.05%	(\$309.99)	\$491.79	\$141.48	
sewer	602-43200-366	\$2,479.28	7.86%	(\$402.75)	\$638.97	\$183.82	
liquor	609-49750-366	\$9,946.69	31.52%	(\$1,615.81)	\$2,563.49	\$737.47	
golf	613-49830-366	\$1,068.89	3.39%	(\$173.64)	\$275.48	\$79.25	
parks	101-45200-366	\$895.67	2.84%	(\$145.50)	\$230.83	\$66.41	
admin	101-41400-366	\$746.39	2.36%	(\$121.25)	\$192.36	\$55.34	
cemetery	201-44400-366	\$380.94	1.21%	(\$61.88)	\$98.18	\$28.24	
Facilitator	804-45000-366	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	
PTP	209-45183-366	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	
		\$44,822.00	100.00%	(\$5,127.00)	\$8,134.00	\$2,340.00	
	Premium Due	\$47,270.00	Less Actual Deposit:	\$49,610.00	Balance Due from LMCIT:	\$2,340.00	

\$55.34	R 101-36240	\$1,169.74
\$380.53	R 101-36240	
\$340.96	R 101-36240	
\$326.50	R 101-36240	
\$66.41	R 101-36240	
\$183.82	R 602-36240	
\$737.47	R 609-36240	
\$79.25	R 613-36240	
\$28.24	R 201-36240	
\$141.48	R 601-36240	
\$2,340.00	Total Check	



MHC Statewide Pool Renewal for:
CITY OF BLACKDUCK

1/1/26

Plan	Description	Coverage	Contracts *	Current rates	RATES EFFECTIVE 1/1/26	Plan adj. %	Elect this plan? Yes/No
1	MSI PP MN 3200-0% HSA	Single	12	\$712.80	\$843.72	18.37%	☐
		Family	0	\$1,785.70	\$2,113.68	18.37%	

*Based on the group's most recent enrollment data. Rates are guaranteed for one year from 1/1/2026 through 12/31/2026.

	Current	Renewal
Projected Monthly Premium *	\$8,554	\$10,125
Projected Annual Premium *	\$102,643	\$121,496
Projected Renewal % Change *		18.37%

IMPORTANT RENEWAL CONFIRMATION INSTRUCTIONS

Your current plans are subject to auto-renewal 60-days prior to the effective date if the signed confirmation is not received or if you haven't communicated a different intent.

Please verify broker fees, commissions and information listed below that apply to your policy.

Alternative Plans (if applicable)

Attach plan summaries and rates for alternative plans. Check "no" above for any current plan or plans that are being replaced or discontinued.

Broker commissions included?

\$21.00 per contract/mo

0.0% of total plan premium

Broker Name: Derek Pickett

Brokerage Agency:

Broker tel:

Broker Email:

Broker MN Life and Health License #

Rate confirmation approved by:

Print name:

for: CITY OF BLACKDUCK

Signature:

Date:

Health Plan Descriptions

CITY OF BLACKDUCK

Effective: 1/1/26

Plan 1: MSI PP MN 3200-0% HSA

\$3200/6400 Ded, 100/0% Coins, \$3200/6400 OOP, Ded/Coins with Prev Rx, (OON: \$6400/12800, 50%, \$12800/Unlimited) 4Q Carryover
Non-embedded

FOR MHC INTERNAL USE ONLY

Underwriting approval:

Date:

Financial approval:

Date:

Notes: HITA Bid: Present MHC HITA Exhibit as page one in the renewal response; Health Plan Rate Confirmation Page is page two.



Agreement Between the Minnesota Department of Revenue and City of Blackduck for Collection of a General Local Sales and Use Tax

Introduction

This agreement concerns administration of local taxes identified below:

- Blackduck sales tax
- Blackduck use tax

Laws of Minnesota 2023, Chapter 64, Article 10, Section 26 authorize the sales and use taxes. The taxes are imposed by City of Blackduck ordinance No. 2024-03 adopted December 9, 2024.

Administration, collection and enforcement

The Department of Revenue (Department) will administer, collect, and enforce the Blackduck taxes identified in the introduction, as authorized under:

- Minnesota Statutes, section(s) 297A.99, and
- any other governing laws or statutes identified in the introduction

The administration, collection, and enforcement process will follow:

- Minnesota Statutes, Chapters 297A, 289A, and 270C
- Minnesota rules Chapter 8130, and
- Administrative procedures

Local tax administration also includes processing refunds, litigation, and authority to enter into settlement agreements on behalf of Blackduck. If the local tax revenues collected are not sufficient to cover actions taken, Blackduck must provide the Department with sufficient funding to process all adjustments.

Blackduck agrees to update the ordinance listed above as needed to remain consistent with current language and definitions used in the governing Minnesota Statutes. Blackduck further agrees to take corrective action within 90 days if notified by the Department of required ordinance language changes. The Department will not enforce or engage in compliance activities for local taxes administered by the Department if any portion of Blackduck's ordinance is not consistent with the governing Minnesota statutes. Local special taxes imposed before 2010 are not subject to this limitation.

Registration of vendors

The Department is responsible for notifying vendors that are registered for state sales and use tax of their obligations to collect and remit Blackduck taxes covered by this agreement. The Department is also responsible for informing newly registered businesses of their obligations to collect and remit Blackduck sales and use taxes covered by this agreement.

Accounts registered for state sales and use tax who have a ZIP Code in the Blackduck tax jurisdiction will be registered for the Blackduck taxes by the Department. We will mail an informational notice of registration to these businesses.

Outreach and education

The Department will register and notify all vendors that are currently registered for state sales and use tax and the general public about the Blackduck taxes by posting a notice on the Department's website (www.revenue.state.mn.us). Other notifications will be made at the time of registration, through the Department's website.

Blackduck acknowledges that there is no cost-effective way to identify specific vendors located outside the Blackduck taxing jurisdiction who are required to be registered for Blackduck taxes. Identification of these vendors will be voluntary by vendor response to general notifications by the Department and through other contacts that the vendor has with the Department or the Streamlined Sales Tax Governing Board's (SSTGB) central registration system.

Publicity

If Blackduck maintains an official website, it will display (on its main web page) a link to a notice that residents and businesses may reference for more information about the local taxes. Blackduck will briefly describe the taxes and provide a link to the Department's website (www.revenue.state.mn.us). Also state in the description that local use taxes on purchases of goods and services made outside of the political subdivision that are used in the political subdivision, are subject to local use taxes.

Local governments that bill residents and businesses for utilities must include a notice of the local taxes at least once per year. The notice must include a brief description of both the local sales and use taxes and reference the Department's website link.

Returns and remittance

Vendors will collect and remit Blackduck taxes covered by this agreement as part of their Minnesota sales and use tax returns, which include simplified electronic returns (SER's) authorized by the SSTGB. Revenues collected by the Department are deposited in the State Treasury and credited to a special account. The Department will draw from this account to recover Department costs as provided in this agreement, and to transmit collections to Blackduck. Blackduck will accrue no interest on this amount.

Transmittal of tax

The Department will transmit the taxes reported on returns monthly through the automatic clearinghouse system.

For each month of collection, the Department will transmit taxes reported for that month in one monthly payment. The transmittal will be sent approximately 40 days after month end. The Department retains a fee for administering, collecting, and enforcing the Blackduck taxes as provided in this agreement. The Department sends notification each month to Blackduck with the month's sales and use tax collections and the administrative fees deducted.

Reports

Upon request, the Department will provide Blackduck with a report showing information about taxpayers and the amount of taxes remitted. This report can be requested once per year at no additional cost. Blackduck must submit a written request via email or US mail. The Department will consider requests for more frequent reports for an additional administrative fee.

Disclosure

Blackduck understands that any local sales and use tax account information given to it by the Department is subject to the classification and disclosure provisions in Minnesota Statutes, chapters 13 and 270B. Pursuant to Minnesota Statutes, section 270B.12, subdivision 2, such information can only be used to the extent necessary to administer the local sales or use tax.

The Department will provide disclosure training materials to Blackduck's designated representative. Blackduck must train any employees with a business need to access not public Minnesota sales and use tax information provided by the Department. All employees who have a business reason to access not public tax information must complete the required training annually. New employees and other users who did not previously have a business reason to access not public tax information must complete the training before they may be granted access it.

Blackduck must update its disclosure authorization form by December 31 of each year, providing a list of all personnel who are trained and authorized to view not public Minnesota sales and use tax information. If an authorized employee or official no longer needs access to tax information due to a change of duties, separation from employment, or any other reason, it is Blackduck's obligation to instruct the Department's local tax liaison to terminate access rights for that individual by the start of the next calendar quarter.

Failure to conduct the required disclosure trainings or update the user access list as described above will result in the Department suspending Blackduck's access to not public Minnesota sales and use tax information until such training is completed.

Inspection of records and audit information

The Department will allow Blackduck to inspect and audit all data, records, and other information relating to its local sales or use tax, the cost of collecting the tax, and the performance by the Department under this agreement. Blackduck will submit any requests to inspect the sales or use tax data to the Department in writing, as prescribed by the Department.

Reimbursement of costs

The Department will review its own direct and indirect costs for administering, collecting, and auditing local taxes, and as needed adjust costs accordingly.

For each month of collection, the following calculation of reimbursement for administrative costs will apply.

Minnesota Statutes, section 297A.99, subdivision 11 states the Department shall deduct the direct and indirect costs to administer local taxes. Blackduck will pay a flat rate of up to 1.0% of sales taxes collected to cover the administration, collection, and auditing of all local sales taxes administered by the Department. If the reimbursement of costs increases, the Department will notify Blackduck at least 180 days prior to the rate change. An updated agreement is only

required when an increase to the flat rate of 1.0% is determined. Any shortfalls or reserves will be managed across years to the extent possible.

Termination of a local tax

The Department will provide a report to Blackduck after the last month that the tax is in effect. The report will indicate the total amount of Blackduck taxes, corresponding adjustments made, prior month corrections, and administrative fees retained. In addition, when a tax ends, the Department will work with Blackduck to determine a reserve amount the Department will retain which will be used as a fund to make adjustments or refunds. Please see the Responsibilities section below for more details. The portion of this fund not used for refunds or adjustments will be transmitted to Blackduck at the close of the period of limitations. The account remains open for a period equal to the statute of limitations provided in Minnesota Statutes, section 289A.40, for sales and use tax returns. The account will be reconciled, and Blackduck will be notified of the final settlement.

Responsibilities

When the boundary limits for Blackduck change, it is the responsibility of Blackduck to notify and provide the Department with the updated boundary information. The Department will only update the rate calculator and ZIP Code guide upon receiving this information. Minnesota Statute requires that the Department notify vendors of their tax obligations when boundaries change. Vendors not notified will be relieved of liability until notification occurs. The Department will not engage in compliance activities for vendors in the new boundary area who have not been formally notified of the change.

If Blackduck updates or amends the city ordinance relating to the Blackduck tax covered by this agreement, Blackduck must provide a draft of the changes to the Department for review before it is made final. The Department will review the changes to ensure compliance with governing statutes. Blackduck will then provide the Department with a signed copy of the revised or amended ordinance.

Blackduck must provide the Department with current contact information annually and advise when any changes occur. This includes, but is not limited to, the contact person, phone number, address, and email.

Blackduck will notify the Department prior to the 90-day notification requirement for when the tax will end. The Department will work with Blackduck to project an estimated amount to retain for the reserve fund. This amount retained will allow for adjustments and refunds as mentioned in the "Termination of local tax" section. In the event the Department does not retain enough revenues to cover any adjustments once the tax ends, a bill will be sent for the outstanding amount. See Minnesota Statutes, section 297A.99 subdivision 9.

Effective date

This agreement is effective the day following imposition of the tax and supersedes any previous agreement.

Modifications

Any portion of this agreement may be modified. Modifications must be in writing and signed by the Commissioner of Revenue and an authorized representative of Blackduck.

Minnesota Department of Revenue

Signature: Paul Marquart

Paul Marquart
Commissioner of Revenue

Date: 09/04/2025

Blackduck Representative

Signature: Christina D. Regas

Print Name: Christina D. Regas

Print Title: City Administrator

Date: 5-9-2025

Signature: Max Gullette Jr.

Print Name: Max Gullette Jr.

Print Title: Mayor

Date: 5-9-2025



We'll get you there.

CPAs | CONSULTANTS | WEALTH ADVISORS

City of Blackduck

December 31, 2025

Auditor Communications

Christopher Knopik, CPA, CFE, Principal

Troy Gabler, CPA, Manager

Agenda



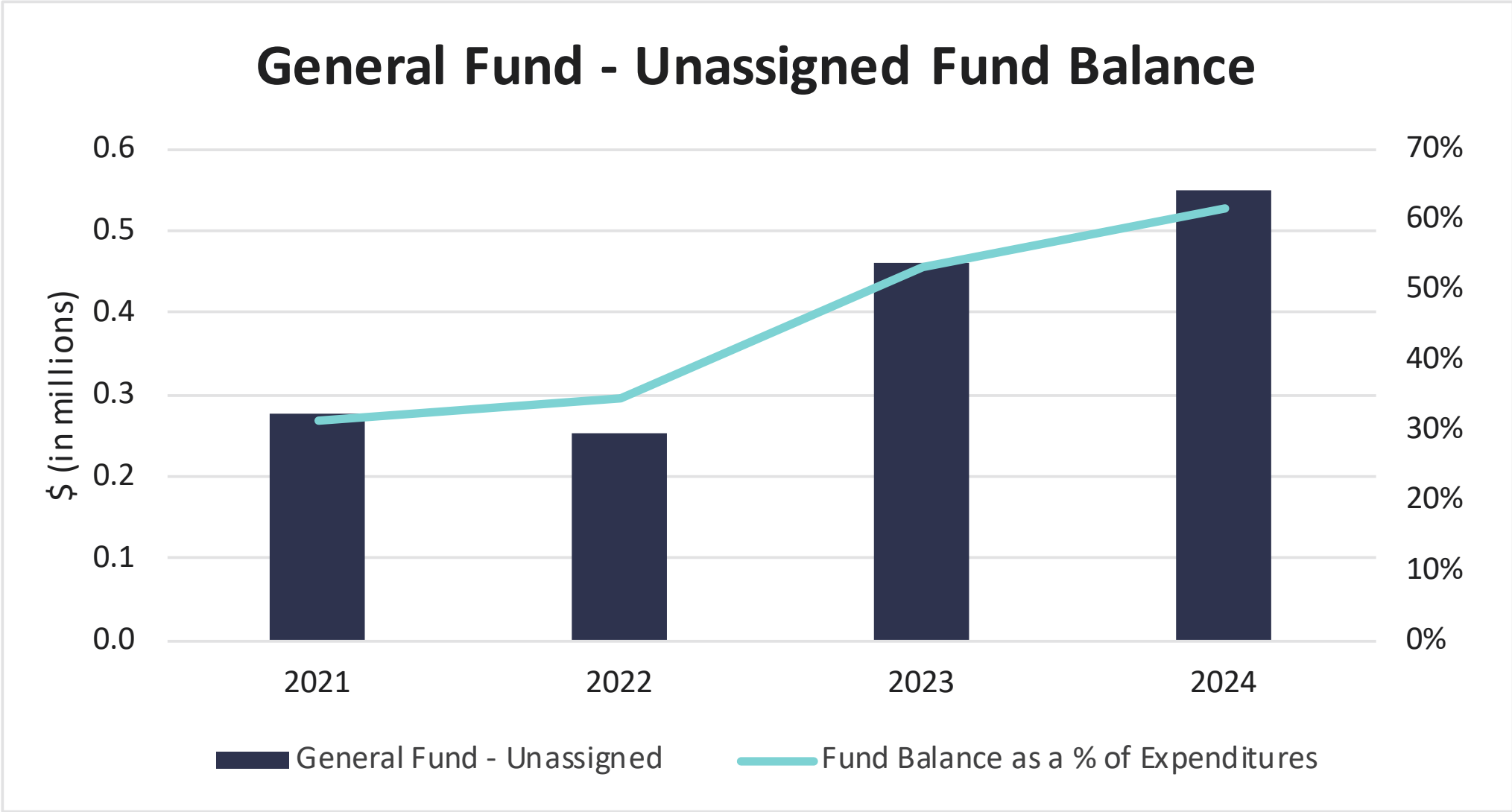
Required Communications

- 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. 100, *Accounting Changes and Error Corrections*, was implemented which resulted in the presentation of changes in fund balance for a major fund that was previously non-major.
 - GASB Statement No. 101, *Compensated Absences*, was implemented which resulted in minor changes to the compensated absences balances as of December 31, 2024.
- Received full cooperation from management

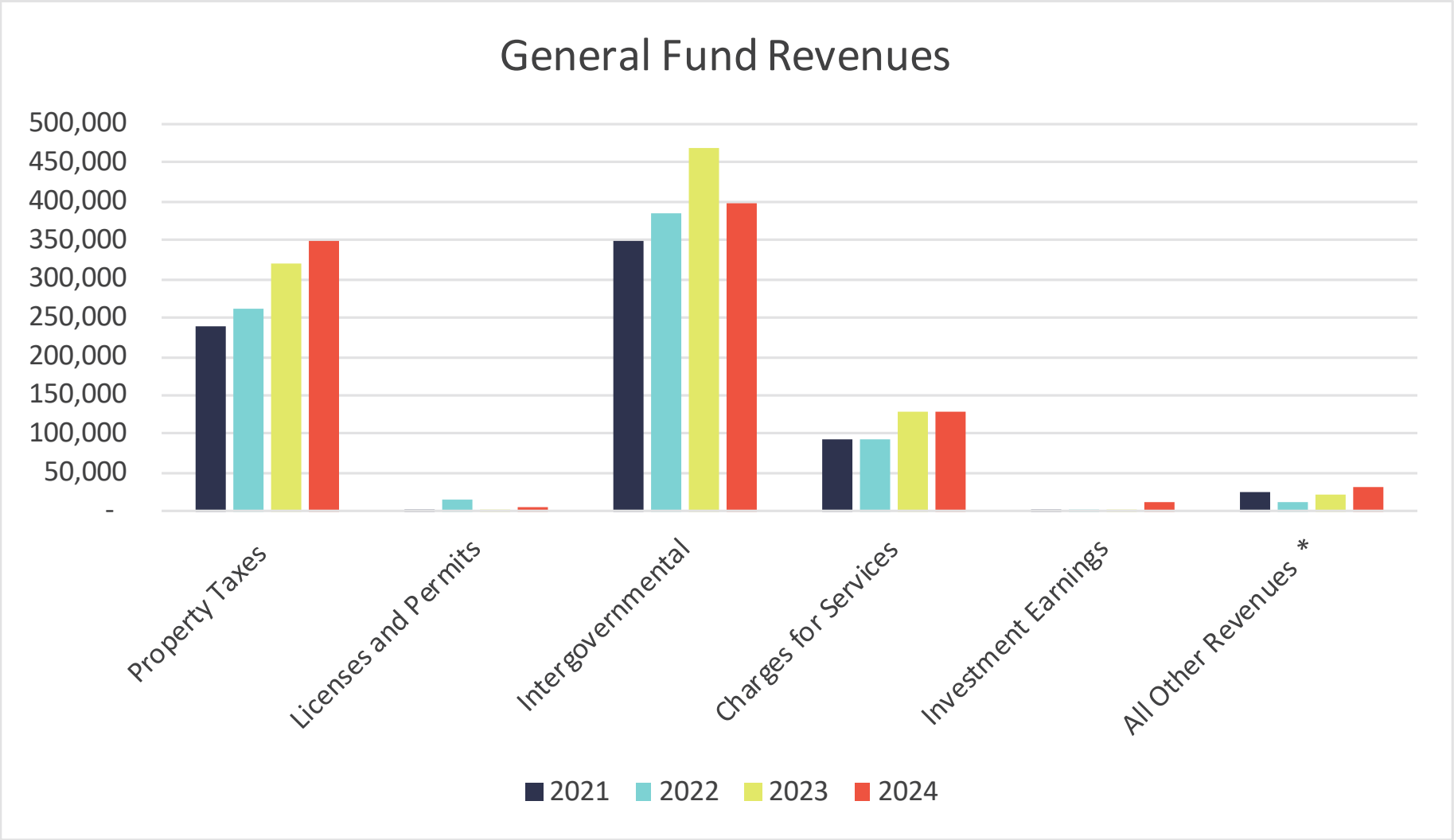
Audit Results

- Unmodified (i.e., “clean”) opinion on the financial statements
- Internal Controls over Financial Reporting –
 - Segregation of Duties
 - Lack of Formal Review Process (bank reconciliation & journal entries)
 - Audit Adjustments:
 - Cash & Accounts Payable, Debt issuance costs, transfers booked in the incorrect fiscal year & capital asset additions incorrectly excluded
 - Restatements:
 - Interfund loan debt not recorded on the fund level in prior years even though the receivable was.
 - Reporting the Housing and Redevelopment Fund as a Special Revenue Fund, as it does not meet the criteria to be reported as a custodial fund.
 - 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 and noted there were no sealed bids for one contract above \$175,000

Financial Results



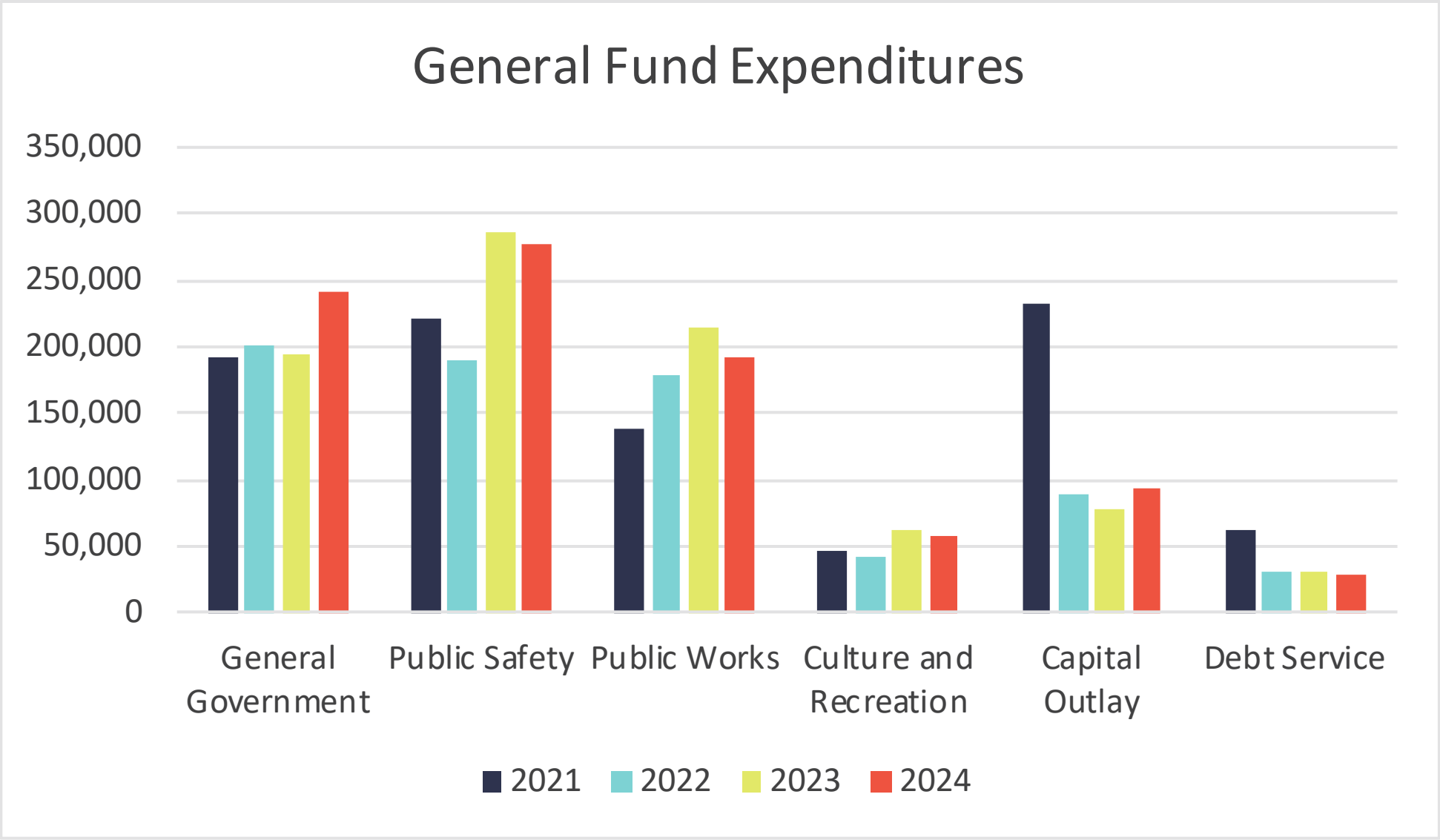
Financial Results (Continued)



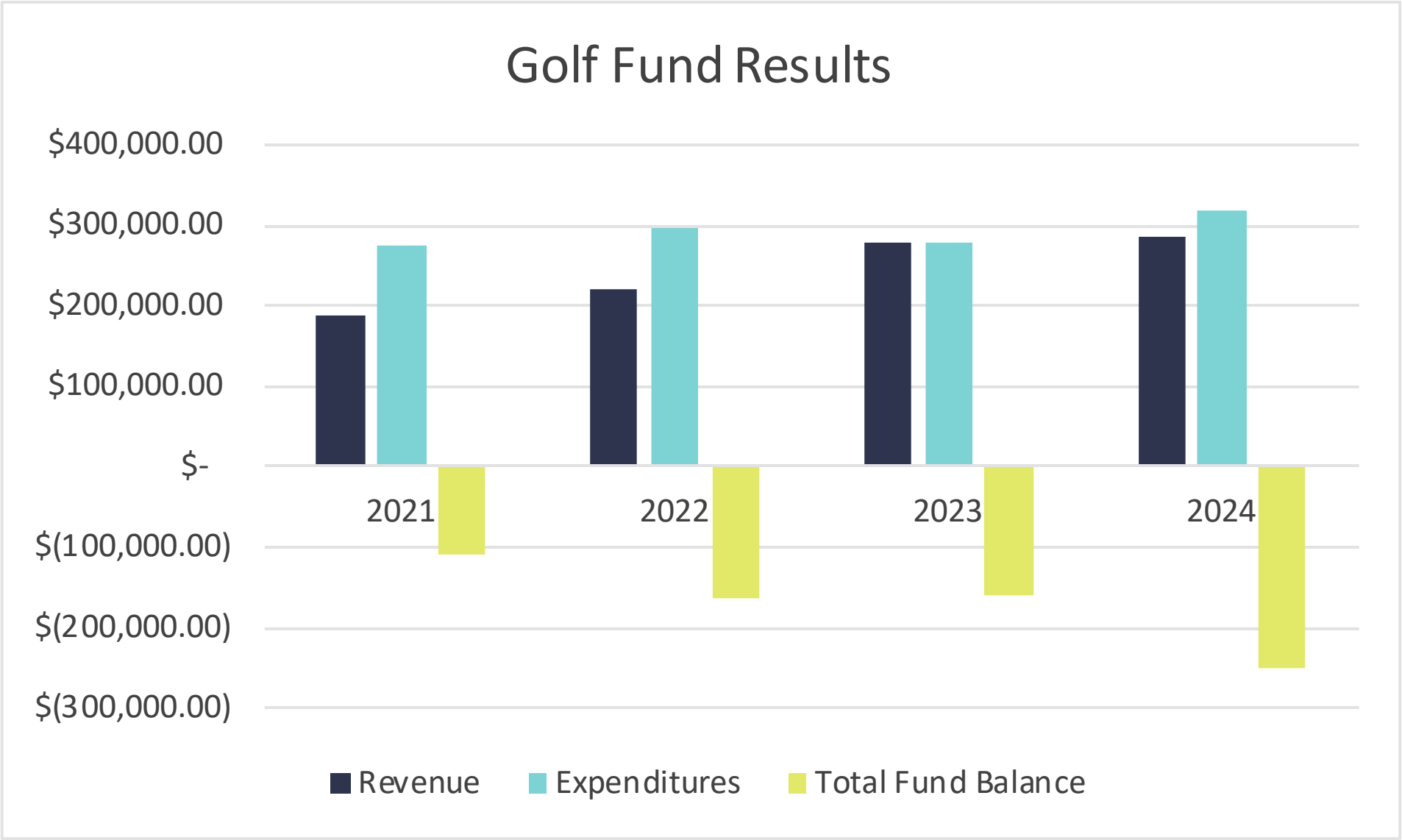
* Includes fines, reimbursements, donations, rental and miscellaneous revenues



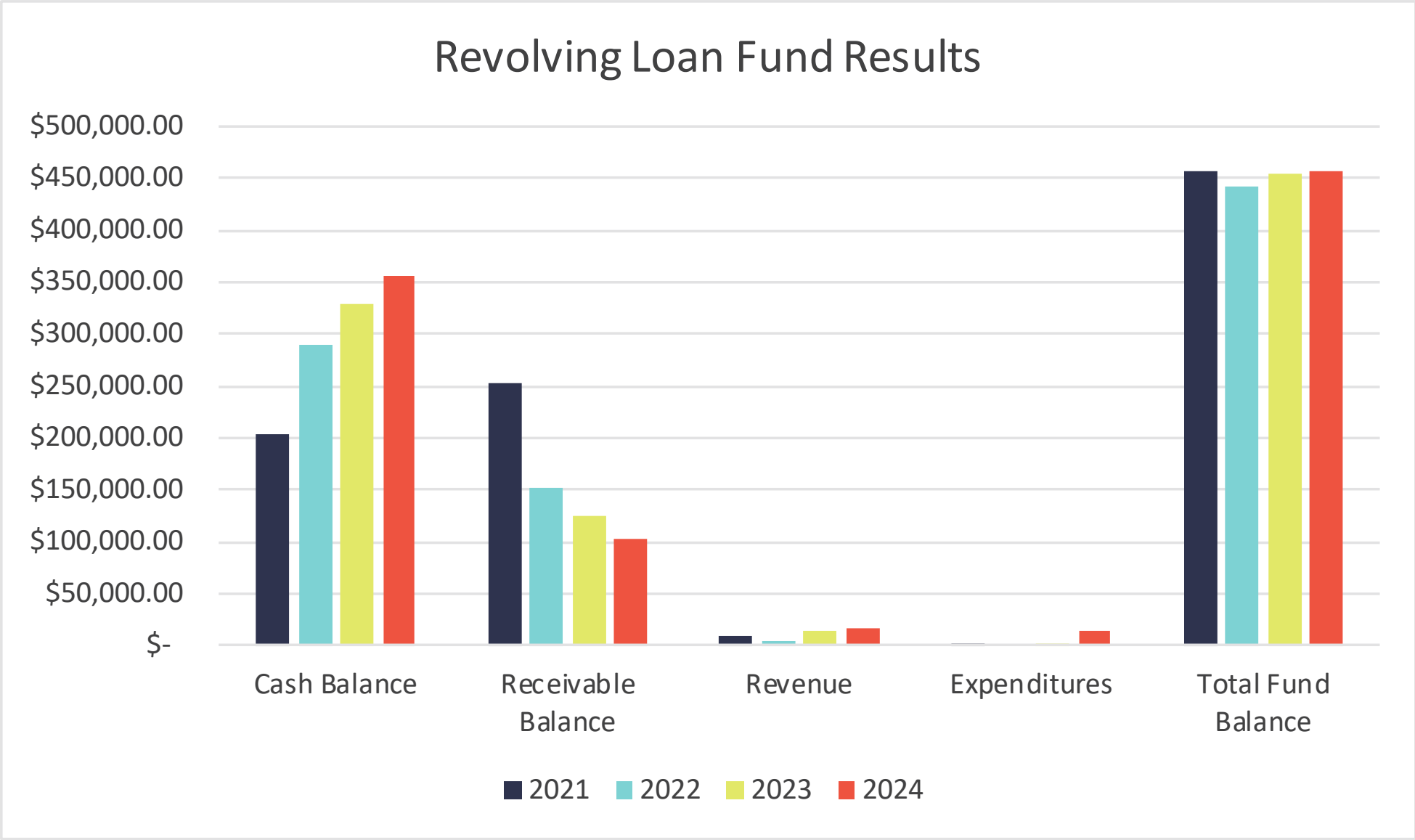
Financial Results (Continued)



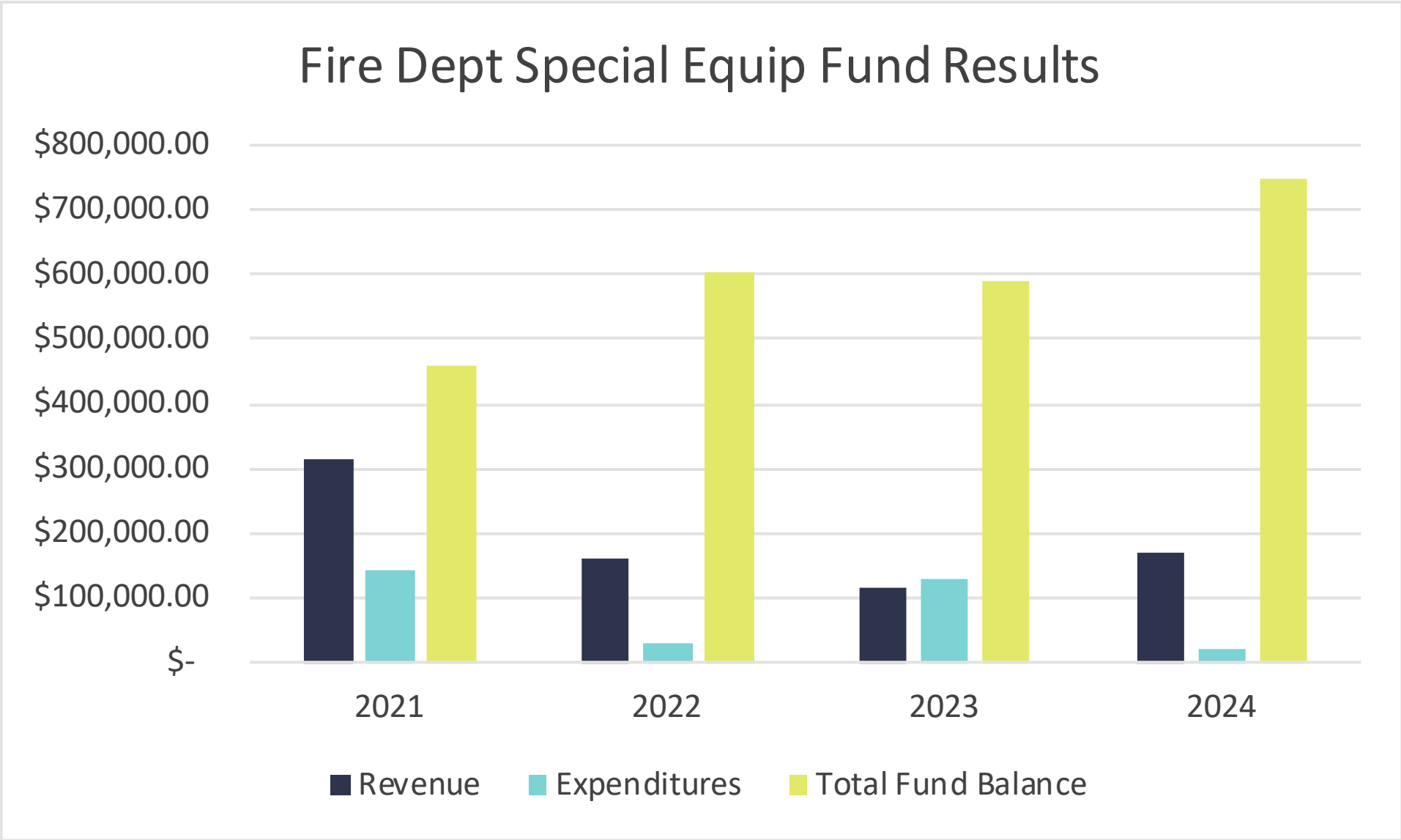
Financial Results (Continued)



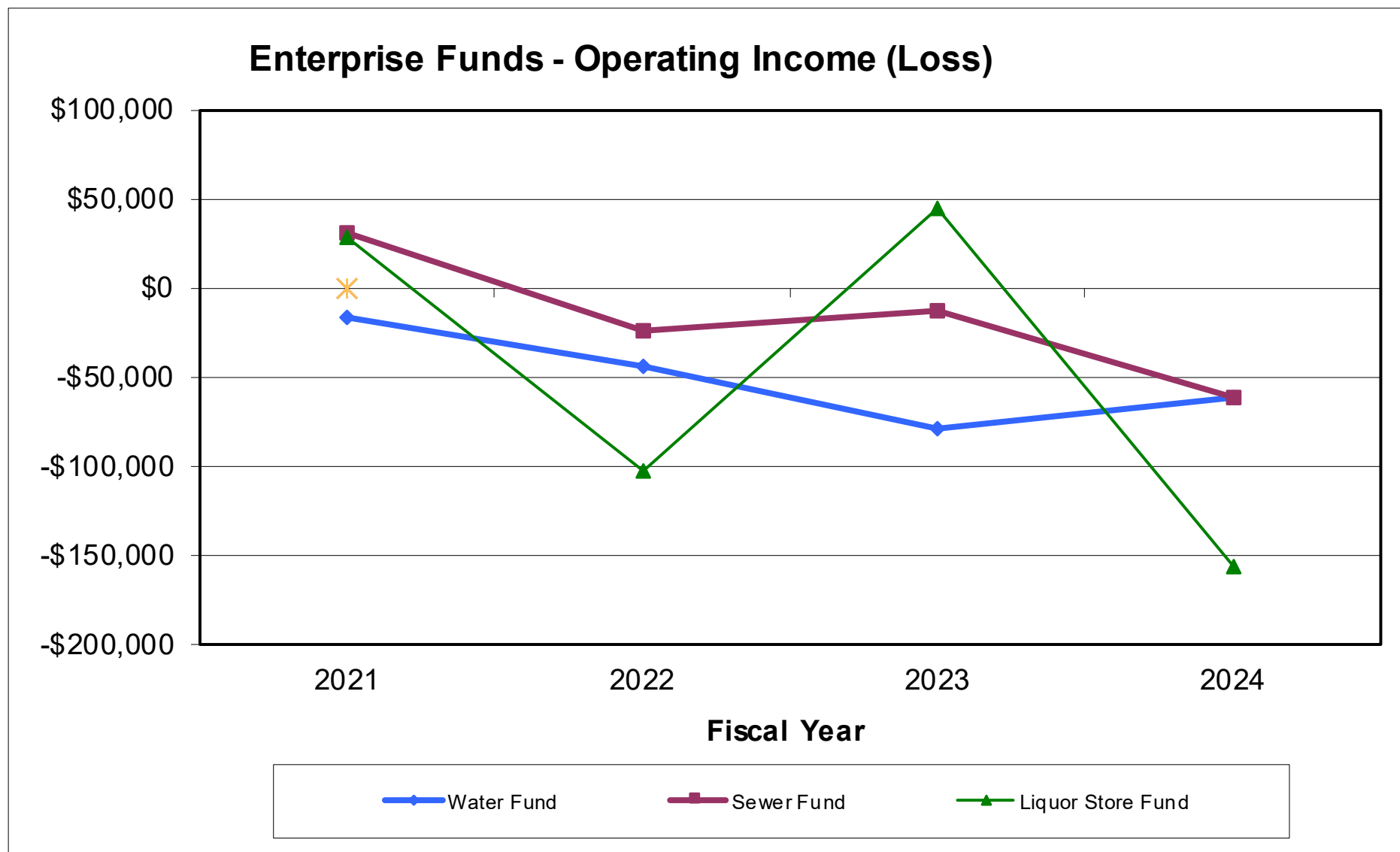
Financial Results (Continued)



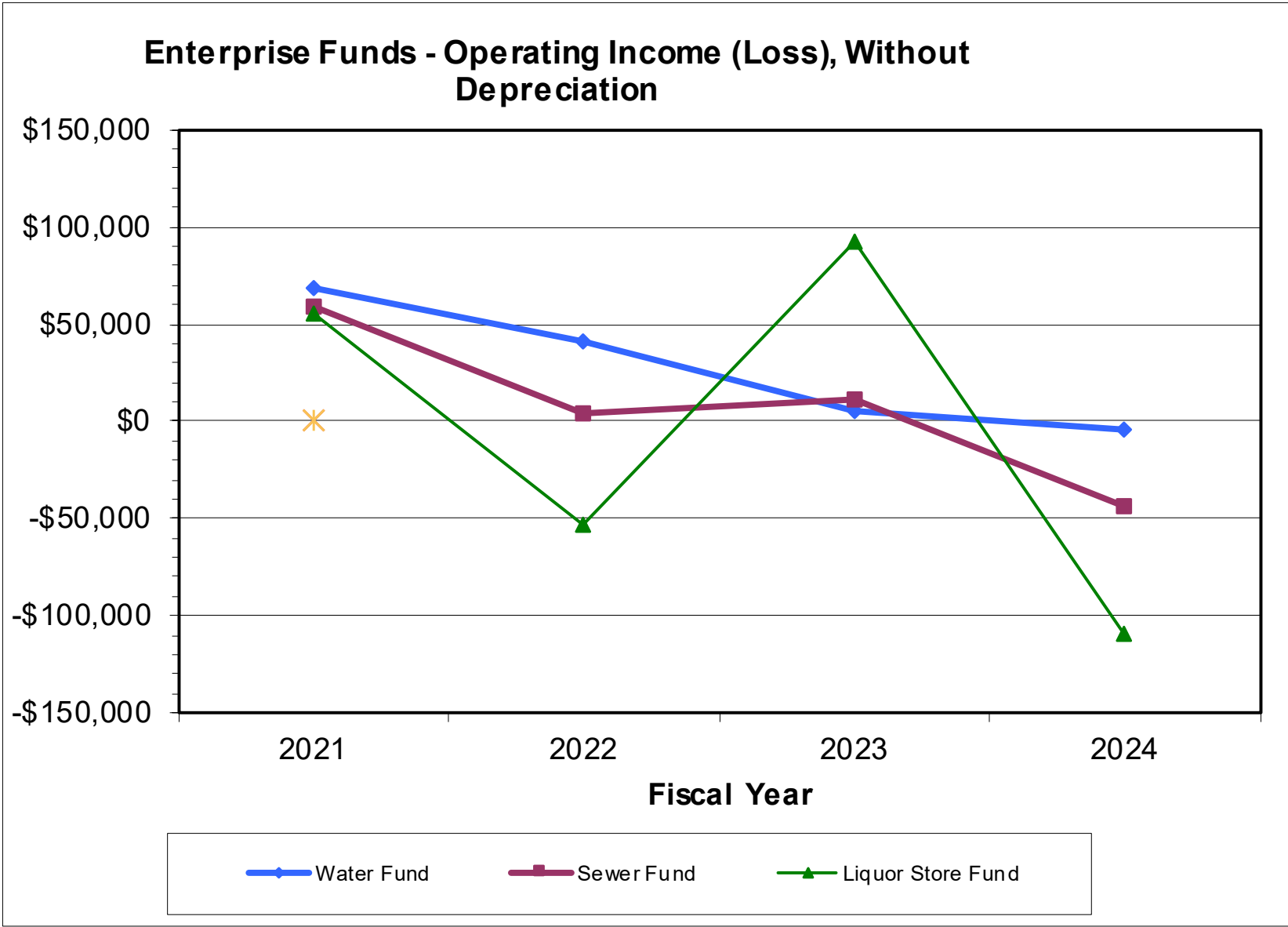
Financial Results (Continued)



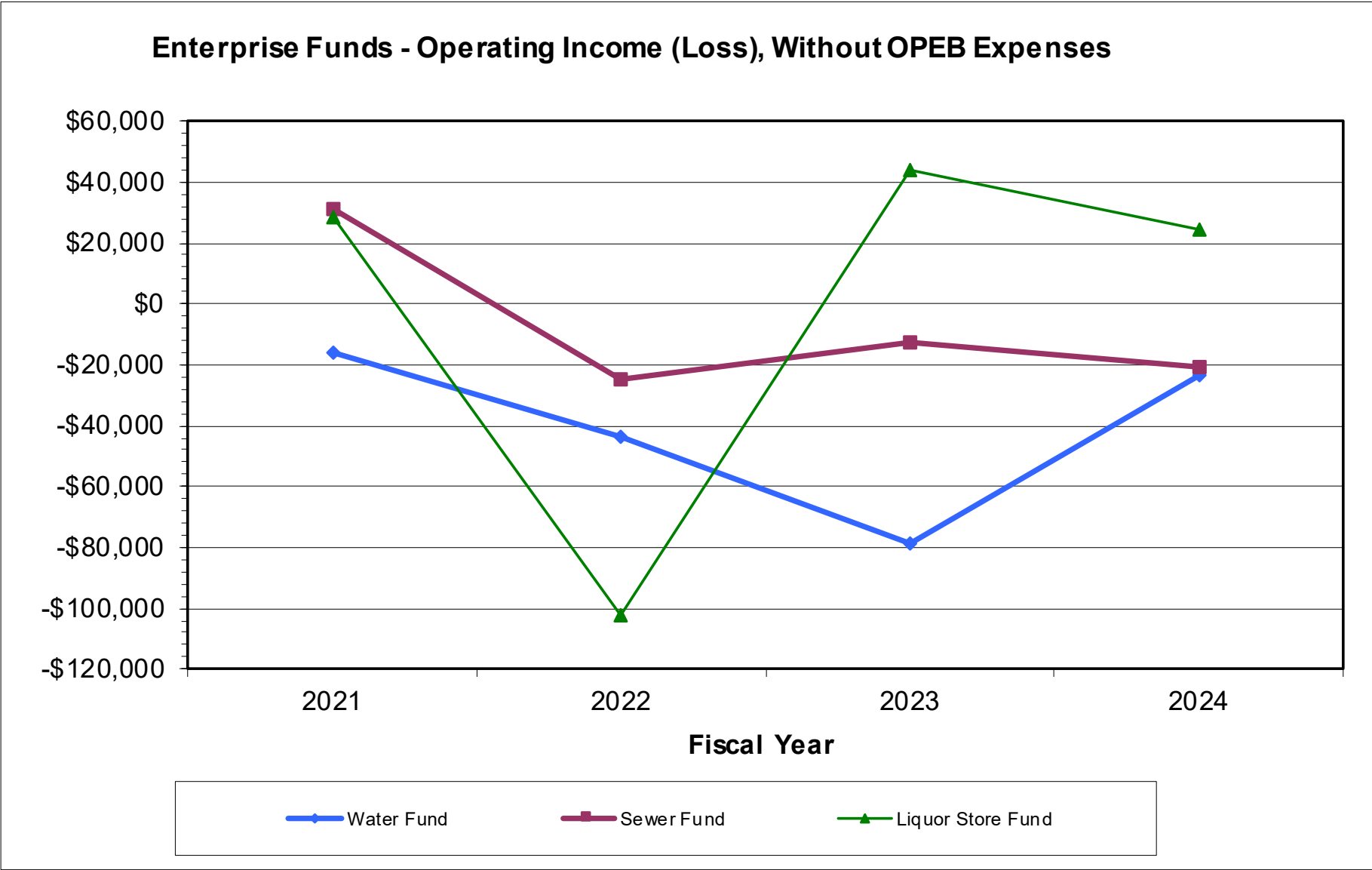
Financial Results (Continued)



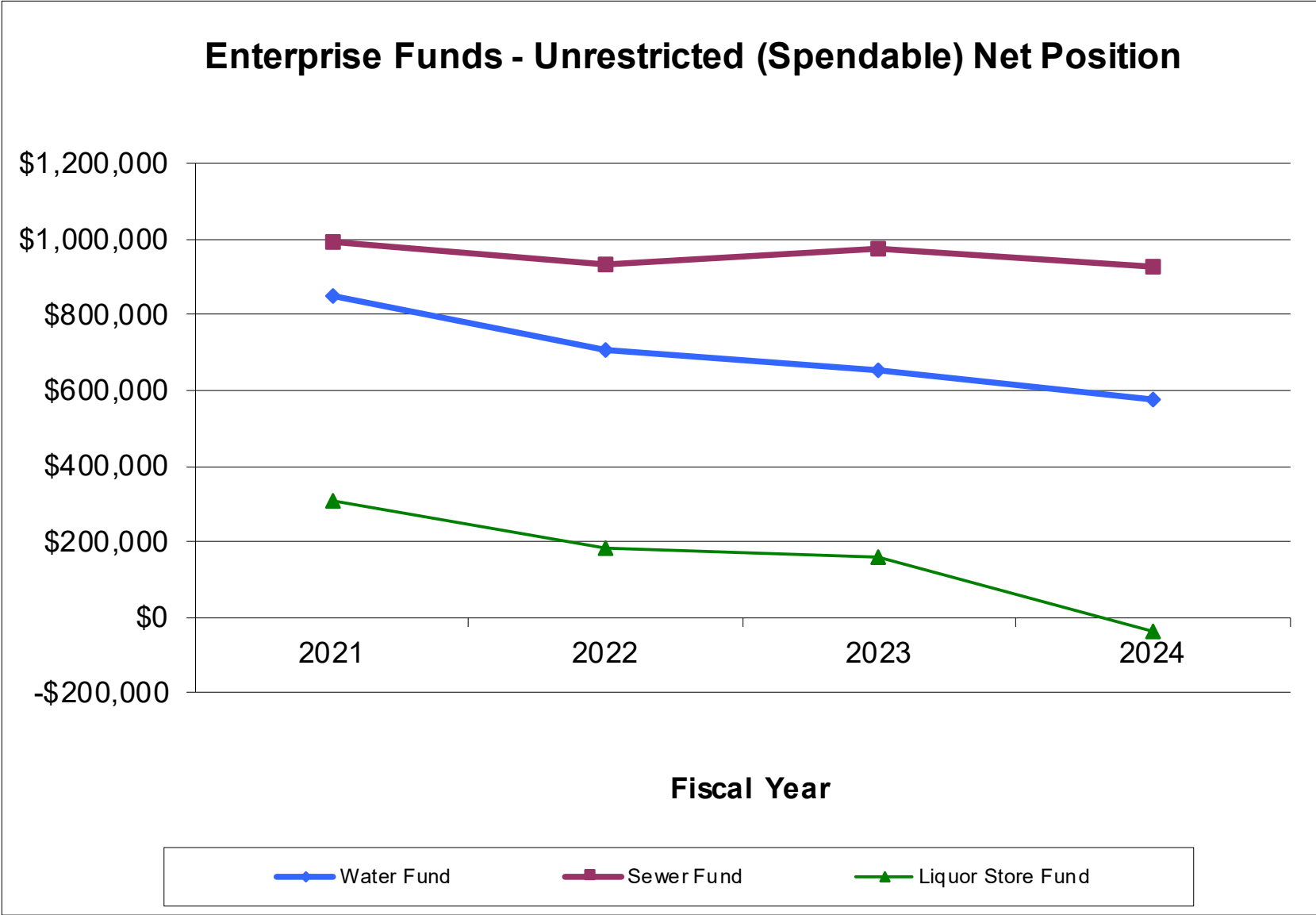
Financial Results (Continued)



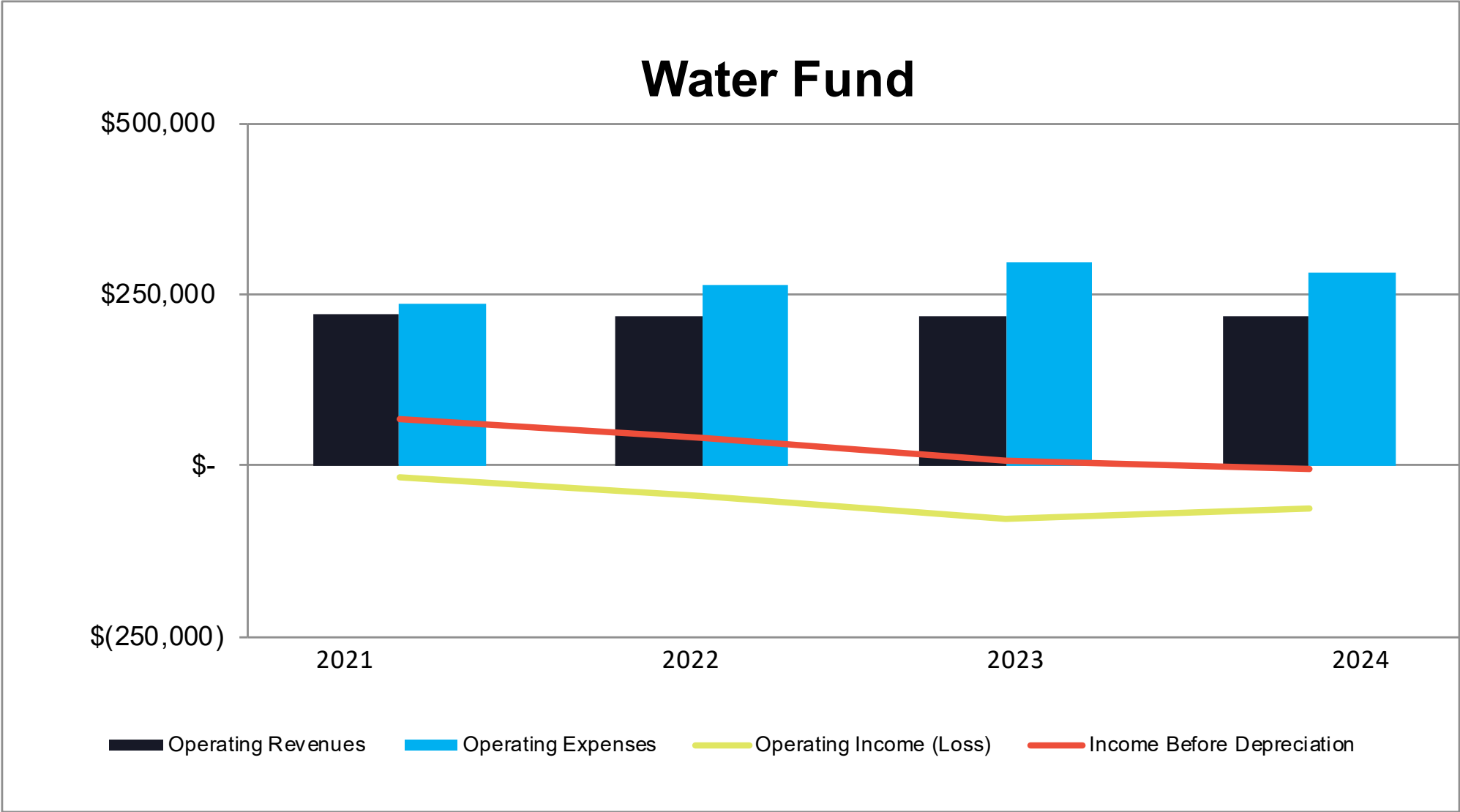
Financial Results (Continued)



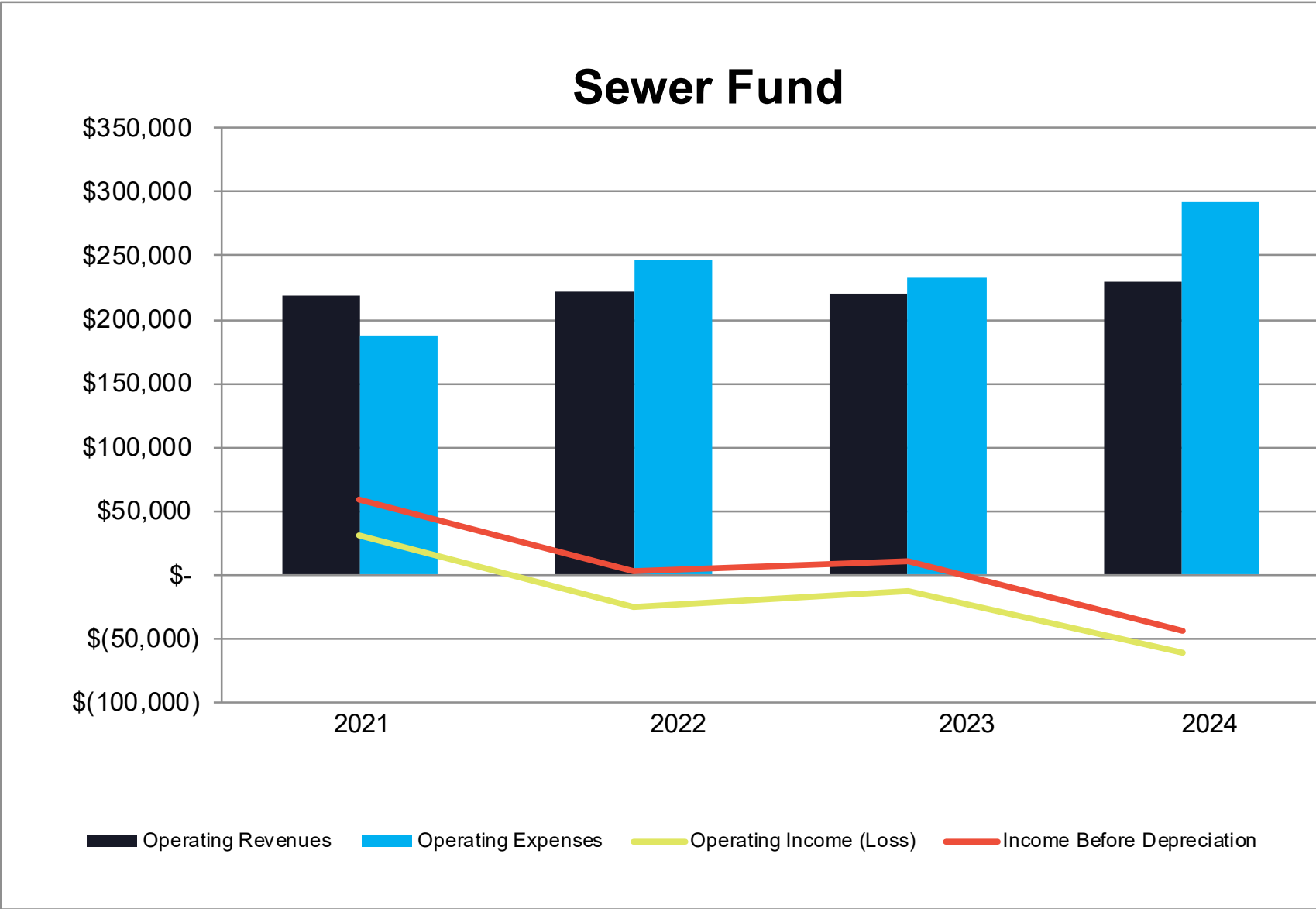
Financial Results (Continued)



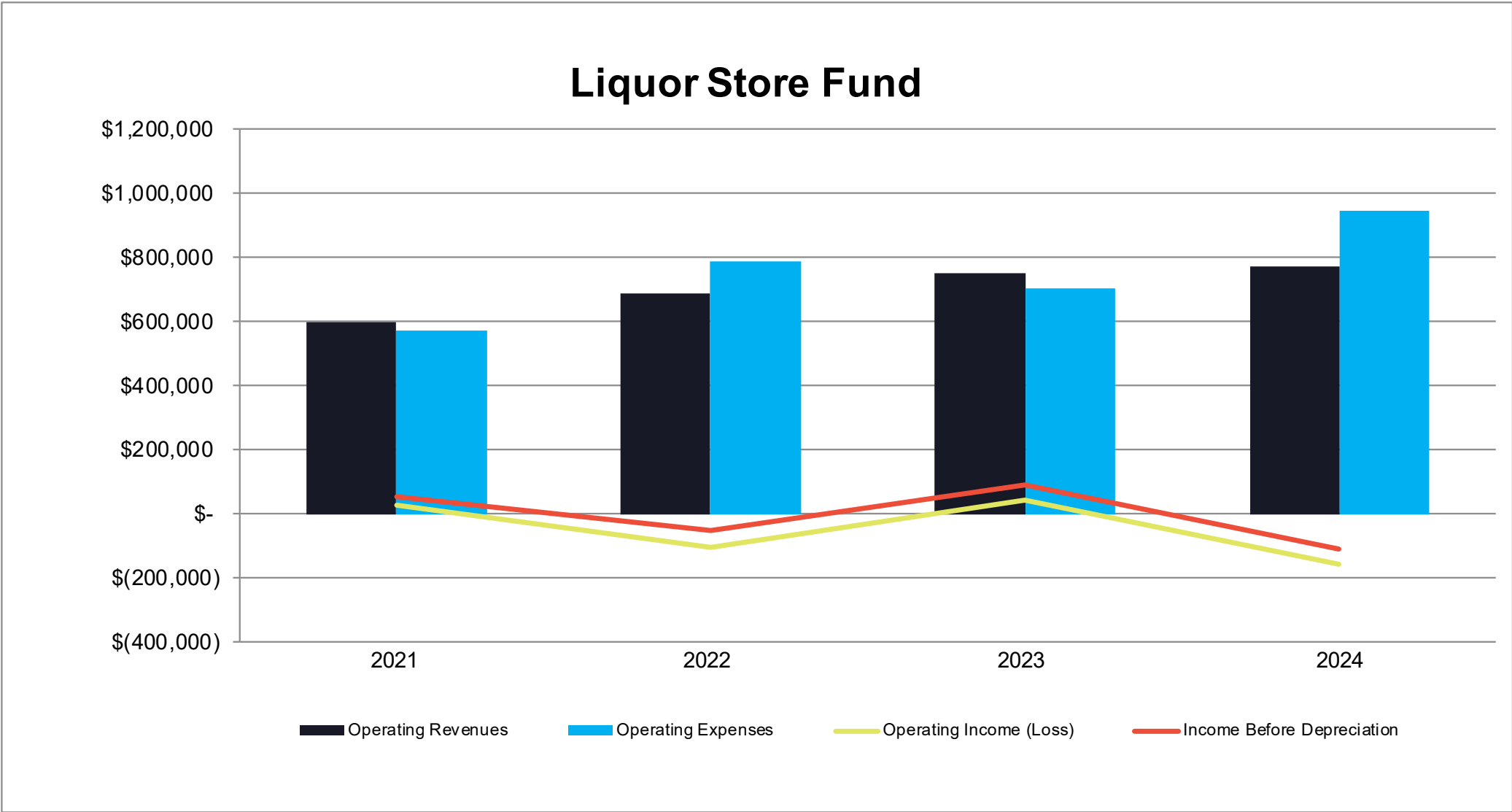
Financial Results (Continued)



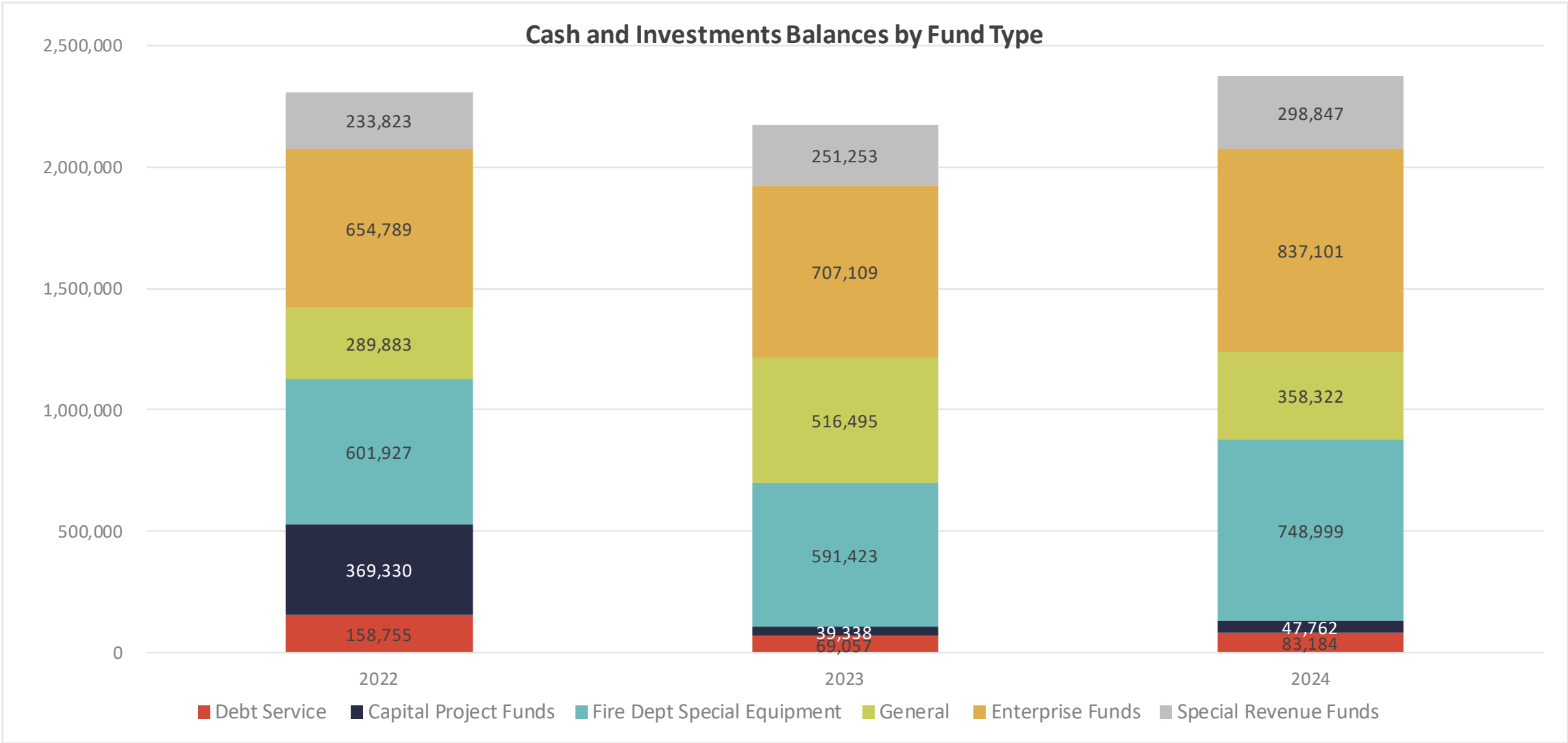
Financial Results (Continued)



Financial Results (Continued)

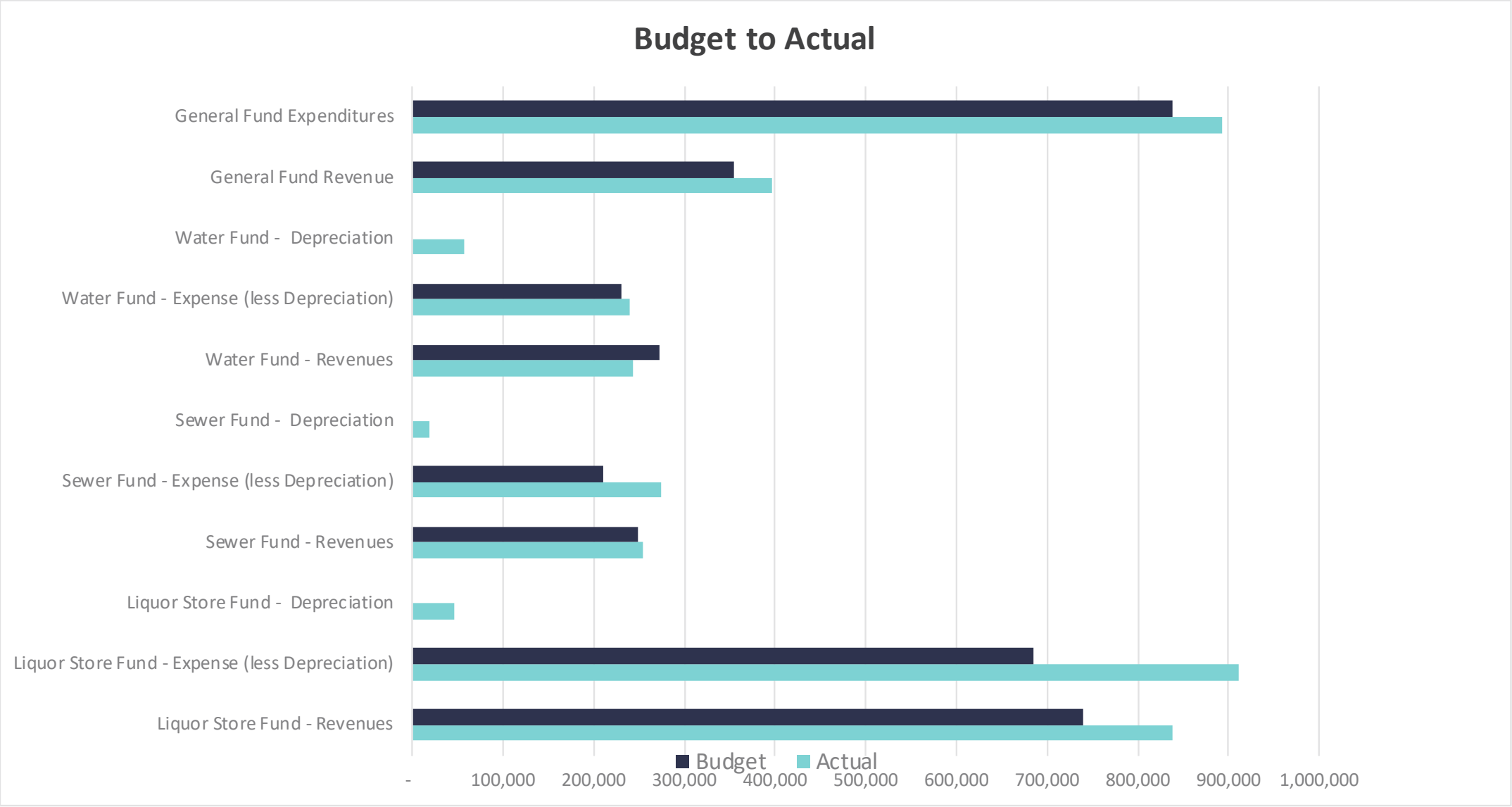


Financial Results (Continued)





Financial Results (Continued)



Emerging Issues

- Statement No. 102 – Certain Risk Disclosures
 - December 31, 2025
 - Could impact note disclosures, nothing within the numbers in the financial statements
- 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.

Thank you!

Christopher Knopik, Principal

Phone: 612-397-3266

Christopher.Knopik@claconnect.com

Troy Gabler, Manager

Phone: 763-516-7742

Troy.Gabler@claconnect.com



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CITY OF BLACKDUCK, MINNESOTA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2024



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**CITY OF BLACKDUCK, MINNESOTA
OFFICIAL DIRECTORY
YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)**

		<u>Term Expires</u>
Mayor	Maxwell Gullette	December 31, 2024
Vice-Mayor	Nick Seitz	December 21, 2024
Council	Donald Johnson	December 21, 2024
	Ronald Fredrickson	December 21, 2026
	Laurie Hamilton	December 21, 2026
Administrator	Christina Regas	Appointive



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 accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blackduck, 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 as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blackduck as of December 31, 2024, 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.

Emphasis of Matter – Correction of an Error and Changes to or within Financial Reporting Entity

As discussed in Note 9 to the financial statements, the City of Blackduck restated its beginning net position to correct errors to fund balance for Aggregate Remaining and Golf funds related to interfund long term debt not included on the fund level. Additionally, there was a change in the House and Redevelopment Authority fund reclassified from a custodial fund to a blended component unit presented as a special revenue fund.

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.

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 be presented to supplement the basic financial statements, and the budgetary comparisons schedules. 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 14, 2025, 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Minneapolis, Minnesota
August 14, 2025

**CITY OF BLACKDUCK, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

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

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows of resources by \$5,162,106. Of this amount, \$777,939 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 \$1,937,076. Of this total amount, approximately 88%, or \$684,412 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 \$266,149.
- Total outstanding debt was \$3,693,849 at the end of the year. The majority of the debt has primary revenue sources to cover debt service payments from sources other than property taxes. Special assessment and revenue debt account for \$3,136,059 or 85% 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.

**CITY OF BLACKDUCK, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

OVERVIEW OF THE FINANCIAL SECTION

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, streets and highways, economic development, library, cemetery, golf and parks. 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 three categories – governmental, proprietary, and custodial, each using different accounting approaches.

Governmental Funds

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

The basic governmental fund financial statements can be found on pages 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.

**CITY OF BLACKDUCK, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

OVERVIEW OF THE FINANCIAL SECTION

Fund Financial Statements (Continued)

Custodial Funds

The City is the trustee, or custodian, for assets that belong to others. The City is responsible for ensuring that only those to whom the assets belong use the assets reported in these funds. The City's custodial activities are reported in a separate financial statement. We exclude these activities from the government-wide financial statements because the City cannot use these assets to finance its operations. The custodial financial statements can be found on pages 24 and 25 of this report.

Notes to Financial Statements

The notes provide additional information essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 through 70 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 2024, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$5,162,106.

The largest portion of the City's net position, 58%, 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, 2024 and 2023**

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
ASSETS						
Current and Other Assets	\$ 2,282,265	\$ 2,074,133	\$ 1,171,768	\$ 1,155,896	\$ 3,454,033	\$ 3,230,029
Capital Assets, Net of Depreciation	4,233,693	4,355,013	2,456,229	2,576,273	6,689,922	6,931,286
Total Assets	6,515,958	6,429,146	3,627,997	3,732,169	10,143,955	10,161,315
DEFERRED OUTFLOWS OF RESOURCES *	206,995	276,819	80,669	127,419	287,664	404,238
LIABILITIES						
Long-Term Liabilities						
Outstanding	2,518,815	2,742,549	1,669,560	1,764,729	4,188,375	4,507,278
Other Liabilities	243,469	298,150	644,144	463,688	887,613	761,838
Total Liabilities	2,762,284	3,040,699	2,313,704	2,228,417	5,075,988	5,269,116
DEFERRED INFLOWS OF RESOURCES	263,439	247,413	158,618	97,454	422,057	344,867
NET POSITION						
Net Investments in Capital Assets	1,894,842	2,055,325	1,104,445	1,124,164	2,999,287	3,179,489
Restricted	1,354,635	1,293,592	30,245	43,783	1,384,880	1,337,375
Unrestricted	442,301	68,936	335,638	365,770	777,939	434,706
Total Net Position	<u>\$ 3,691,778</u>	<u>\$ 3,417,853</u>	<u>\$ 1,470,328</u>	<u>\$ 1,533,717</u>	<u>\$ 5,162,106</u>	<u>\$ 4,951,570</u>

**CITY OF BLACKDUCK, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

A portion of the City's net position, approximately 27%, represents resources subject to restrictions on how they may be used. The remaining balance of unrestricted net position, \$777,939 may be used to meet the government's ongoing obligations to citizens and creditors.

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

Governmental Activities

Net position of the City's governmental activities increased by \$255,715.

Business-type Activities

Net position of the City's business-type activities decreased by \$322,578.

**Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2024 and 2023**

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
REVENUES						
Program Revenues:						
Charges for Services	\$ 441,024	\$ 412,483	\$ 2,220,976	\$ 2,132,580	\$ 2,662,000	\$ 2,545,063
Operating Grants and Contributions	3,469	80,828	-	-	3,469	80,828
Capital Grants and Contributions	168,000	110,000	-	-	168,000	110,000
General Revenues:						
Property Taxes and Special Assessments	449,641	402,433	13,306	9,222	462,947	411,655
Grants and Aids Not Restricted for Specific Programs	408,495	411,085	9,189	-	417,684	411,085
Fines and Fees	746	172	-	-	746	172
Interest Income	51,905	32,588	27,649	20,270	79,554	52,858
Gain on Sale of Capital Assets	33,878	-	-	-	33,878	-
Rental Income	1,050	-	33,661	12,401	34,711	12,401
Other	31,872	36,828	9,851	8,698	41,723	45,526
Total Revenues	1,590,080	1,486,417	2,314,632	2,183,171	3,904,712	3,669,588
EXPENSES						
General Government	322,419	334,532	-	-	322,419	334,532
Public Safety	387,778	38,022	-	-	387,778	38,022
Streets and Highways	255,964	288,577	-	-	255,964	288,577
Economic Development	345,959	27,398	-	-	345,959	27,398
Culture and Recreation	25,190	355,367	-	-	25,190	355,367
Cemetery	12,645	9,380	-	-	12,645	9,380
Interest and Fiscal Fees	94,255	79,983	-	-	94,255	79,983
Municipal Water	-	-	296,654	314,164	296,654	314,164
Municipal Sewage Disposal	-	-	292,626	233,971	292,626	233,971
Municipal Liquor Store	-	-	1,938,085	1,673,100	1,938,085	1,673,100
Total Expenses	1,444,210	1,133,259	2,527,365	2,221,235	3,971,575	3,354,494
INCREASE (DECREASE) IN NET POSITION BEFORE TRANSFERS	145,870	353,158	(212,733)	(38,064)	(66,863)	315,094
TRANSFERS	109,845	(2,016)	(109,845)	2,016	-	-
CHANGE IN NET POSITION	255,715	351,142	(322,578)	(36,048)	(66,863)	315,094
Net Position - Beginning of Year	3,417,853	3,066,711	1,792,906	1,828,954	5,210,759	4,895,665
Change within Financial Reporting Entity (See Note 9)	18,210	-	-	-	18,210	-
NET POSITION - END OF YEAR	<u>\$ 3,691,778</u>	<u>\$ 3,417,853</u>	<u>\$ 1,470,328</u>	<u>\$ 1,792,906</u>	<u>\$ 5,162,106</u>	<u>\$ 5,210,759</u>

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

**CITY OF BLACKDUCK, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

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

Financial Analysis of the Government's Funds

The City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

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

At the end of the 2024 fiscal year, the City's governmental funds reported combined fund balances of \$1,937,076. Approximately 13.7% of this total amount, or \$266,149, 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 \$116,277, restricted use of \$1,136,387 and designated by the City of \$65,729. The restricted funds could be used for the following: \$29,831 for revolving loans; \$74,532 for debt repayment; \$793,273 for capital projects; \$176,298 for tax increment financing districts; \$26,048 for economic development; \$13,308 for Equipment and \$23,097 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 \$(256,123), municipal sewage \$291,972, and municipal water \$324,786. Total net position before operating transfers for the current year ended decreased in the municipal water fund and increased in the municipal sewage disposal fund and the municipal liquor store fund.

General Fund Budgetary Highlights

The City did not revise its 2024 budget during the year. The 2024 budget for the General Fund anticipated expenditures and other financing uses in excess of revenues and other financing sources of \$17,193. Actual results for the General Fund for 2024 show revenues and other financing sources in excess of expenditures and other financing of \$55,595.

**CITY OF BLACKDUCK, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

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, 2024 amounts to \$6,689,922 (net of accumulated depreciation and amortization). This investment includes land, buildings, improvements, equipment and infrastructure.

**Statements of Capital Assets
Years Ended December 31, 2024 and 2023**

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Land	\$ 534,228	\$ 534,228	\$ 39,487	\$ 39,487	\$ 573,715	\$ 573,715
Buildings	2,743,063	2,743,063	3,379,002	3,379,002	6,122,065	6,122,065
Furniture, Fixtures, and Equipment	2,035,123	1,843,670	94,278	94,278	2,129,401	1,937,948
Other Improvements	1,416,807	1,416,807	2,995,981	2,995,981	4,412,788	4,412,788
Construction in Progress	-	-	-	-	-	-
Right-to-Use Lease - Equipment	177,312	241,368	64,384	64,384	241,696	305,752
Less: Accumulated Depreciation and Amortization	(2,672,840)	(2,424,123)	(4,116,903)	(3,996,859)	(6,789,743)	(6,420,982)
Total	<u>\$ 4,233,693</u>	<u>\$ 4,355,013</u>	<u>\$ 2,456,229</u>	<u>\$ 2,576,273</u>	<u>\$ 6,689,922</u>	<u>\$ 6,931,286</u>

Additional information on the City's capital assets can be found in Note 2 on pages 42 and 43 of this report.

Long Term Debt

At the end of the current fiscal year, the City had \$3,693,849 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, special assessments and charges for services.

**Statements of Long-Term Debt
Years Ended December 31, 2024 and 2023**

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
General Obligation:						
Bonds	\$ 194,000	\$ 28,000	\$ -	\$ -	\$ 194,000	\$ 28,000
Special Assessment Bonds	-	-	12,000	23,000	12,000	23,000
Revenue Bonds	1,934,059	1,975,000	1,190,000	1,265,000	3,124,059	3,240,000
Leases Payable	41,965	113,512	6,997	13,840	48,962	127,352
Notes Payable	168,828	183,822	146,000	155,644	314,828	339,466
Total	<u>\$ 2,338,852</u>	<u>\$ 2,300,334</u>	<u>\$ 1,354,997</u>	<u>\$ 1,457,484</u>	<u>\$ 3,693,849</u>	<u>\$ 3,757,818</u>

A total of \$214,936 was retired throughout the year. A more detailed breakdown of these obligations can be found in Note 2 on pages 44 through 47.

**CITY OF BLACKDUCK, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

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 for the water and sewer base rates to support the increasing maintenance costs for the infrastructure; provide financial support to the golf course, cemetery, and parks and the need to increase funding to repair and service several City streets. The City continues to strive to be fiscally responsible and yet maintain existing services to our residents while setting goals for future improvements to the City's infrastructure.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

CITY OF BLACKDUCK, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,895,223	\$ 837,101	\$ 2,732,324
Restricted Cash	13,308	30,245	43,553
Accounts Receivable	16,584	47,346	63,930
Special Assessments Receivable	21,935	137,594	159,529
Notes Receivable	30,870	-	30,870
Property Taxes Receivable	36,928	855	37,783
Inventory	-	103,252	103,252
Prepaid Expenses	13,667	15,375	29,042
Net Pension Assets	253,750	-	253,750
Capital Assets:			
Nondepreciable Assets	534,228	39,487	573,715
Depreciable Capital Assets, Net of Depreciation and Amortization	3,699,465	2,416,742	6,116,207
Total Assets	<u>6,515,958</u>	<u>3,627,997</u>	<u>10,143,955</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to Pensions	201,825	71,688	273,513
Related to OPEB	5,170	8,981	14,151
Total Deferred Outflows of Resources	<u>206,995</u>	<u>80,669</u>	<u>287,664</u>
LIABILITIES			
Accounts Payable	28,884	101,423	130,307
Sales Tax Payable	-	12,441	12,441
Accrued Interest Payable	22,194	11,598	33,792
Accrued Salaries and Wages Payable	22,670	31,020	53,690
Due to Other Governments	-	4,384	4,384
Unearned Revenues	-	2,667	2,667
Noncurrent Liabilities:			
Due Within One Year	113,703	150,447	264,150
OPEB Liability - Due Within One Year	5,452	9,485	14,937
Due in More Than One Year	2,248,892	1,247,787	3,496,679
Net Pension Liability - More than One Year	169,721	237,142	406,863
OPEB Liability - More than One Year	156,220	271,326	427,546
Total Liabilities	<u>2,767,736</u>	<u>2,079,720</u>	<u>4,847,456</u>
DEFERRED INFLOWS OF RESOURCES			
Related to Pensions	263,439	158,618	422,057
Total Deferred Inflows of Resources	<u>263,439</u>	<u>158,618</u>	<u>422,057</u>
NET PENSION			
Net Investment in Capital Assets	1,894,842	1,104,445	2,999,287
Restricted for Economic Development	276,451	-	276,451
Restricted for Debt Service	52,338	-	52,338
Restricted for Capital Projects	748,999	-	748,999
Restricted for Pensions	253,750	-	253,750
Restricted for E-Tab Sales	-	30,245	30,245
Restricted for Other Purposes	23,097	-	23,097
Unrestricted	442,301	335,638	777,939
Total Net Position	<u>\$ 3,691,778</u>	<u>\$ 1,470,328</u>	<u>\$ 5,162,106</u>

See accompanying Notes to Financial Statements.

**CITY OF BLACKDUCK, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES							
General Government	\$ 322,419	\$ 37,106	\$ 1,958	\$ -	\$ (283,355)	\$ -	\$ (283,355)
Public Safety	387,778	96,440	-	155,000	(136,338)	-	(136,338)
Public Works	255,964	-	1,511	-	(254,453)	-	(254,453)
Culture and Recreation	345,959	304,765	-	13,000	(28,194)	-	(28,194)
Economic Development	25,190	-	-	-	(25,190)	-	(25,190)
Cemetery	12,645	2,713	-	-	(9,932)	-	(9,932)
Interest and Fiscal Fees	94,255	-	-	-	(94,255)	-	(94,255)
Total Governmental Activities	1,444,210	441,024	3,469	168,000	(831,717)	-	(831,717)
BUSINESS-TYPE ACTIVITIES							
Municipal Water	296,654	218,529	-	-	-	(78,125)	(78,125)
Municipal Sewage Disposal	292,626	230,383	-	-	-	(62,243)	(62,243)
Municipal Liquor Store	1,938,085	1,772,064	-	-	-	(166,021)	(166,021)
Total Business-Type Activities	2,527,365	2,220,976	-	-	-	(306,389)	(306,389)
Total Primary Government	<u>\$ 3,971,575</u>	<u>\$ 2,662,000</u>	<u>\$ 3,469</u>	<u>\$ 168,000</u>	(831,717)	(306,389)	(1,138,106)
GENERAL REVENUES AND TRANSFERS							
General Revenues:							
Property Taxes and Special Assessments					449,641	13,306	462,947
Grants and Aids Not Restricted for Specific Programs					408,495	9,189	417,684
Fines and Fees					746	-	746
Interest Income					51,905	27,649	79,554
Rental Income					1,050	33,661	34,711
Gain on sale of capital assets					33,878	-	33,878
Other					31,872	9,851	41,723
Transfers In (Out)					109,845	(109,845)	-
Total General Revenues and Transfers					1,087,432	(16,189)	1,071,243
CHANGE IN NET POSITION					255,715	(322,578)	(66,863)
Net Position - Beginning of Year, As Previously Reported					3,417,853	1,792,906	5,210,759
Change within Financial Reporting Entity (See Note 9)					18,210	-	18,210
Net Position - Beginning, As Adjusted					3,436,063	1,792,906	5,228,969
NET POSITION - END OF YEAR					<u>\$ 3,691,778</u>	<u>\$ 1,470,328</u>	<u>\$ 5,162,106</u>

See accompanying Notes to Financial Statements.

**CITY OF BLACKDUCK, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	General Fund	Golf Fund	Revolving Loan Fund	Fire Dept Special Equipment	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash	\$ 358,322	\$ 2,975	\$ 355,134	\$ 748,999	\$ 429,793	\$ 1,895,223
Restricted Cash	13,308	-	-	-	-	13,308
Accounts Receivable	15,057	1,464	-	-	63	16,584
Advance from Other Funds	222,476	-	71,530	-	-	294,006
Notes Receivable	-	-	30,870	-	-	30,870
Property Taxes Receivable	32,664	528	-	-	25,671	58,863
Prepaid Expenses	13,667	-	-	-	-	13,667
Total Assets	<u>\$ 655,494</u>	<u>\$ 4,967</u>	<u>\$ 457,534</u>	<u>\$ 748,999</u>	<u>\$ 455,527</u>	<u>\$ 2,322,521</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 21,454	\$ 6,513	\$ -	\$ -	\$ 917	\$ 28,884
Accrued Salaries and Wages Payable	19,823	2,352	-	-	495	22,670
Advance to Other Funds	-	244,127	-	-	49,879	294,006
Total Liabilities	<u>41,277</u>	<u>252,992</u>	<u>-</u>	<u>-</u>	<u>51,291</u>	<u>345,560</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue	15,995	221	-	-	23,879	40,095
FUND BALANCES						
Nonspendable	13,667	-	102,610	-	-	116,277
Restricted	13,308	-	29,831	748,999	344,249	1,136,387
Committed	-	-	-	-	65,729	65,729
Assigned	23,743	-	325,303	-	3,488	352,534
Unassigned	547,504	(248,246)	(210)	-	(33,109)	265,939
Total Fund Balances	<u>598,222</u>	<u>(248,246)</u>	<u>457,534</u>	<u>748,999</u>	<u>380,357</u>	<u>1,936,866</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 655,494</u>	<u>\$ 4,967</u>	<u>\$ 457,534</u>	<u>\$ 748,999</u>	<u>\$ 455,527</u>	<u>\$ 2,322,521</u>

See accompanying Notes to Financial Statements.

**CITY OF BLACKDUCK, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS **\$ 1,936,866**

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	6,906,533
Less: Accumulated Depreciation and Amortization	(2,672,840)
Total	

Unavailable Revenue in Governmental Funds is Susceptible to Full Accrual on the Government-Wide Statements.	40,095
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Compensated Absences Payable are Not Due and Payable in the Current Period and Therefore are Not Reported as Liabilities in the Governmental Funds.	(23,743)
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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 Issues in the Funds, Whereas These Amounts are Deferred and Amortized in the Government-Wide Statements.

Bonds payable	2,296,887
Lease Payable	41,965
OPEB Liability	161,672
OPEB Deferred Outflows of Resources	(5,170)
Net Pension Liability	169,721
Deferred Outflows of Resources	(159,900)
Deferred Inflows of Resources	235,664
Accrued interest payable	22,194

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	253,750
Deferred Outflows of Resources	41,925
Deferred Inflows of Resources	(27,775)
Total	267,900

NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 3,691,778**

CITY OF BLACKDUCK, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

	General Fund	Golf Fund	Revolving Loan Fund	Fire Dept Special Equipment	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property Taxes	\$ 350,025	\$ 882	\$ -	\$ -	\$ 51,378	\$ 402,285
Special Assessments	-	-	-	-	2,583	2,583
Licenses and Permits	5,029	-	-	-	-	5,029
Intergovernmental Revenues	396,925	-	-	-	11,000	407,925
Tax Increments	-	-	-	-	43,370	43,370
Charges for Services	128,517	275,691	-	-	24,792	429,000
Fines and Fees	133	-	-	-	-	133
Interest Income	13,307	-	17,709	16,001	6,915	53,932
Donations and Grants	8,547	3,498	-	155,000	13,115	180,160
Other	22,596	6,081	-	-	240	28,917
Total Revenues	925,079	286,152	17,709	171,001	153,393	1,553,334
EXPENDITURES						
Current:						
General Government	242,015	-	-	-	-	242,015
Public Safety	277,762	-	-	14,770	-	292,532
Streets and Highways	192,139	-	-	-	-	192,139
Economic Development	-	-	-	-	37,785	37,785
Culture and Recreation	57,798	260,615	-	-	29,564	347,977
Cemetery	-	-	-	-	12,595	12,595
Capital Outlay	93,133	18,481	-	3,655	180,829	296,098
Debt Service:						
Principal	29,269	37,336	11,588	-	30,941	109,134
Interest and Fiscal Charges	-	630	3,058	-	71,916	75,604
Issuance Fees	-	-	-	-	15,700	15,700
Total Expenditures	892,116	317,062	14,646	18,425	379,330	1,621,579
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	32,963	(30,910)	3,063	152,576	(225,937)	(68,245)

See accompanying Notes to Financial Statements.

CITY OF BLACKDUCK, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

	General Fund	Golf Fund	Revolving Loan Fund	Fire Dept Special Equipment	Nonmajor Governmental Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES)						
Issuance of Leases	\$ 12,367	\$ -	\$ -	\$ -	\$ -	\$ 12,367
Issuance of Long-Term Debt	-	-	-	-	180,000	180,000
Operating Transfers In	65,000	10,000	-	5,000	95,080	175,080
Operating Transfers Out	(54,735)	(10,500)	-	-	-	(65,235)
Total Other Financing Sources (Uses)	22,632	(500)	-	5,000	275,080	302,212
NET CHANGE IN FUND BALANCES	55,595	(31,410)	3,063	157,576	49,143	233,967
Fund Balances - Beginning, As Previously Reported	542,627	(158,122)	454,471	591,423	340,385	1,770,784
Change Within Financial Reporting Entity	-	-	-	-	18,210	18,210
Restatement	-	(58,714)	-	-	(27,381)	(86,095)
Fund Balances - Beginning, As Adjusted and Restated	542,627	(216,836)	454,471	591,423	331,214	1,702,899
FUND BALANCES - END OF YEAR	<u>\$ 598,222</u>	<u>\$ (248,246)</u>	<u>\$ 457,534</u>	<u>\$ 748,999</u>	<u>\$ 380,357</u>	<u>\$ 1,936,866</u>

See accompanying Notes to Financial Statements.

CITY OF BLACKDUCK, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS **\$ 233,967**

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	264,180
Depreciation and Amortization	(375,310)
Total	

Disposals of Fixed Assets are Only Reported in the Governmental Funds When Cash is Received from the Sale. In the Statement of Activities, a Gain or Loss is Reported for Each Disposal.

31,667

Revenues in the Government-Wide Statement of Activities that do Not Provide Current Financial Resources are Not Reported as Revenues in the Governmental Funds.

4,562

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.

(2,635)

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.

(192,367)

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	69,287
Compensated Absences	(2,635)
Lease Liability	39,847
Net Amortization of Bond Discount	(648)

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.

3,293

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	(69,403)
Costs of Benefits Earned Net of Employee Contributions	251,910
Total	182,507

CHANGE IN NET POSITION TO GOVERNMENTAL ACTIVITIES **\$ 255,715**

CITY OF BLACKDUCK, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2024

	Business-Type Activities - Enterprise Funds			Total
	Municipal Water Fund	Municipal Sewage Disposal Fund	Municipal Liquor Store Fund	2024
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 325,958	\$ 336,462	\$ 174,681	\$ 837,101
Restricted Cash	-	-	30,245	30,245
Accounts Receivable	22,322	25,024	-	47,346
Property Taxes Receivable	-	855	-	855
Special Assessment Receivable	87,317	50,277	-	137,594
Inventory	-	-	103,252	103,252
Prepaid Expenses	3,606	5,212	6,557	15,375
Total Current Assets	439,203	417,830	314,735	1,171,768
Capital Assets:				
Land	-	16,400	23,087	39,487
Buildings	-	2,273,273	1,105,728	3,379,001
Furniture, Fixtures, and Equipment	7,740	18,027	68,511	94,278
Other Improvements	2,206,386	743,541	46,054	2,995,981
Right-to-Use Lease - Equipment	-	-	64,384	64,384
Total Capital Assets	2,214,126	3,051,241	1,307,764	6,573,131
Less: Accumulated Depreciation and Amortization	(1,218,038)	(2,413,380)	(485,484)	(4,116,902)
Total Capital Assets, Net of Depreciation and Amortization	996,088	637,861	822,280	2,456,229
Total Assets	1,435,291	1,055,691	1,137,015	3,627,997
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pensions	11,315	11,912	48,461	71,688
Related to OPEB	1,348	1,407	6,226	8,981
Total Deferred Outflows of Resources	12,663	13,319	54,687	80,669
LIABILITIES				
Current Liabilities:				
Current Portion of Bonds and Lease Payable	55,000	12,000	36,997	103,997
Current Portion of OPEB Liability	1,449	1,524	6,513	9,485
Compensated Absences	8,508	9,004	28,938	46,450
Accounts Payable	1,783	2,908	96,732	101,423
Sales Tax Payable	415	-	12,026	12,441
Accrued Interest Payable	6,862	357	4,379	11,598
Accrued Salaries and Wages Payable	4,924	5,153	20,943	31,020
Due to Other Governments	-	-	4,384	4,384
Unearned Revenues	-	-	2,667	2,667
Total Current Liabilities	78,941	30,946	213,579	323,465
Long-Term Liabilities:				
Bonds and Leases Payable, Net of Unamortized Bond Discount	687,787	-	560,000	1,247,787
Net Pension Liability	37,430	39,406	160,306	237,142
OPEB Liability	40,673	42,468	188,184	271,326
Total Long-Term Liabilities	765,890	81,874	908,490	1,756,255
Total Liabilities	844,831	112,820	1,122,069	2,079,720
DEFERRED INFLOWS OF RESOURCES				
Related to Pensions	25,036	26,357	107,225	158,618
NET POSITION				
Net Investment in Capital Assets	253,301	637,861	188,286	1,079,448
Restricted	-	-	30,245	30,245
Unrestricted	324,786	291,972	(256,123)	360,635
Total Net Position	\$ 578,087	\$ 929,833	\$ (37,592)	\$ 1,470,328

See accompanying Notes to Financial Statements.

CITY OF BLACKDUCK, MINNESOTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2024

	Business-Type Activities - Enterprise Funds			Totals
	Municipal Water Fund	Municipal Sewage Disposal Fund	Municipal Liquor Store Fund	2024
OPERATING REVENUES	\$ 218,529	\$ 230,383	\$ 21,232	\$ 470,144
SALES	-	-	1,750,832	1,750,832
COST OF SALES	-	-	(979,244)	(979,244)
GROSS PROFIT (LOSS)	-	-	771,588	771,588
INCOME BEFORE EXPENSES	218,529	230,383	792,820	1,241,732
OPERATING EXPENSES				
Personnel Services	163,351	168,503	672,417	1,004,271
Utilities	10,267	23,845	42,599	76,711
Supplies and Materials	13,547	5,511	16,966	36,024
Advertising and Printing	-	-	7,954	7,954
Repairs and Maintenance	8,306	5,914	10,505	24,725
Contracted Services	8,988	6,551	45,494	61,033
Insurance	8,144	12,134	25,938	46,216
Depreciation and Amortization	57,283	18,008	46,914	122,205
Other Expenses	10,658	51,552	79,709	141,919
Total Operating Expenses	280,544	292,018	948,496	1,521,058
OPERATING LOSS	(62,015)	(61,635)	(155,676)	(279,326)
NONOPERATING REVENUES (EXPENSES)				
Interest Income	11,751	12,269	3,629	27,649
Rental Income	-	-	33,661	33,661
Miscellaneous	2,242	1,947	5,662	9,851
Property Taxes	-	8,476	-	8,476
Special Assessments	3,047	1,783	-	4,830
Intergovernmental	7,376	91	1,722	9,189
Interest Expense	(16,110)	(608)	(10,345)	(27,063)
Total Nonoperating Revenues (Expenses)	8,306	23,958	34,329	66,593
NET LOSS BEFORE OPERATING TRANSFERS	(53,709)	(37,677)	(121,347)	(212,733)
OPERATING TRANSFERS				
Transfer to Other Funds	(24,540)	(24,540)	(78,500)	(127,580)
Transfer from Other funds	-	17,735	-	17,735
Total Operating Transfers	(24,540)	(6,805)	(78,500)	(109,845)
CHANGE IN NET POSITION	(78,249)	(44,482)	(199,847)	(322,578)
Net Position - Beginning	656,336	974,315	162,255	1,792,906
NET POSITION - END OF YEAR	<u>\$ 578,087</u>	<u>\$ 929,833</u>	<u>\$ (37,592)</u>	<u>\$ 1,470,328</u>

See accompanying Notes to Financial Statements.

**CITY OF BLACKDUCK, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2024**

	Business-Type Activities - Enterprise Funds			Totals
	Municipal Water Fund	Municipal Sewage Disposal Fund	Municipal Liquor Store Fund	2024
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 218,779	\$ 229,158	\$ 800,722	\$ 1,248,659
Cash Paid to Employees	(128,878)	(129,586)	(469,665)	(728,129)
Cash Paid to Suppliers	(62,183)	(105,518)	(58,559)	(226,260)
Net Cash Provided (Used) by Operating Activities	27,718	(5,946)	272,498	294,270
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Miscellaneous Revenue	2,242	1,948	-	4,190
Transfers to Other Funds	-	-	(78,500)	(78,500)
Transfers from Other Funds	-	17,735	-	17,735
State Aid	7,376	91	1,722	9,189
Net Cash Provided (Used) by Noncapital Financing Activities	9,618	19,774	(76,778)	(47,386)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Transfers to Other Funds	(24,540)	(24,540)	-	(49,080)
Purchase of Property and Equipment	(2,162)	-	-	(2,162)
Principal Paid on Leases Payable	-	-	(6,843)	(6,843)
Principal Paid on Debt	(46,838)	(16,644)	(30,000)	(93,482)
Property Taxes Proceeds	-	8,208	-	8,208
Special Assessments Proceeds	10,291	6,512	-	16,803
Interest and Fees Paid on Bonds	(16,110)	(608)	(10,345)	(27,063)
Net Cash Used by Capital and Related Financing Activities	(79,359)	(27,072)	(47,188)	(153,619)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Income	11,751	12,269	3,629	27,649
Rental Income	-	-	39,323	39,323
Net Cash Provided by Investing Activities	11,751	12,269	42,952	66,972
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(30,272)	(975)	191,484	160,237
Cash and Cash Equivalents - Beginning of Year	356,230	337,437	13,442	707,109
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 325,958</u>	<u>\$ 336,462</u>	<u>\$ 204,926</u>	<u>\$ 867,346</u>

See accompanying Notes to Financial Statements.

**CITY OF BLACKDUCK, MINNESOTA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2024**

	Business-Type Activities - Enterprise Funds			Totals
	Municipal Water Fund	Municipal Sewage Disposal Fund	Municipal Liquor Store Fund	2024
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating Loss	\$ (62,015)	\$ (61,635)	\$ (155,676)	\$ (279,326)
Adjustments to Reconcile Operating Loss to Net Cash				
Provided (Used) by Operating Activities:				
Depreciation and Amortization	57,283	18,008	46,914	122,205
(Increase) Decrease in Assets and Deferrals:				
Accounts Receivable	250	(1,225)	5,235	4,260
Due from Other Governments	-	-	136,088	136,088
Inventory	-	-	(14,494)	(14,494)
Prepaid Expenses	499	201	6,106	6,806
Deferred Outflows of Resources	7,728	7,072	23,482	38,282
Increase (Decrease) in Liabilities and Deferrals:				
Accounts Payable	(2,796)	(212)	38,489	35,481
Sales Tax Payable	24	-	33	57
Accrued Salaries and Wages Payable	1,272	1,308	3,051	5,631
Accrued Compensated Absences	(2,687)	(2,790)	6,964	1,487
OPEB Liability	42,122	43,992	194,697	280,811
Due to Other Governments	-	-	4,384	4,384
Deferred Inflows of Resources	8,330	9,651	43,183	61,164
Unearned Revenue	-	-	2,667	2,667
Net Pension Liability	(22,292)	(20,316)	(68,625)	(111,233)
Net Cash Provided (Used) by Operating Activities	<u>\$ 27,718</u>	<u>\$ (5,946)</u>	<u>\$ 272,498</u>	<u>\$ 294,270</u>

See accompanying Notes to Financial Statements.

**CITY OF BLACKDUCK, MINNESOTA
CUSTODIAL FUND
STATEMENT OF FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2024**

ASSETS

Cash and Cash Equivalents	\$ -
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LIABILITIES

Accounts Payable	\$ -
Accrued Salaries and Wages Payable	-
Total Liabilities	-

NET POSITION

Restricted for Other Organizations	\$ -
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**CITY OF BLACKDUCK, MINNESOTA
CUSTODIAL FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2024**

<u>Additions</u>	\$ -
<u>Deductions</u>	<u>-</u>
<u>Net Income (Loss)</u>	-
<u>Net Position, Beginning of Year, As Previously Reported</u>	18,210
Change Within Financial Reporting Entity (See Note 9)	(18,210)
<u>Net Position, Beginning, As Adjusted</u>	<u>-</u>
<u>Net Position, End of Year</u>	<u><u>\$ -</u></u>

See accompanying Notes to Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

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

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.

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Financial Reporting Entity – Basis of Presentation (Continued)

1. Related Organization

Blackduck Fire Relief Association

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

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.

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Financial Reporting Entity – Basis of Presentation (Continued)

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.

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.

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Financial Reporting Entity – Basis of Presentation (Continued)

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

The government-wide statements, proprietary fund statements, and fiduciary 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.

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.

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

3. Fiduciary Fund Types

Custodial Funds account for assets collected and held by the City in a fiduciary capacity for individuals, organizations, and other governments. The City Housing Redevelopment Fund special revenue fund was previously reported as a Custodial Fund.

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. 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.

5. Inventories and Prepaid Expenses

Proprietary fund inventories are valued at lower of cost or market using the first-in, first-out method (FIFO).

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.

6. 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.

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Capital Assets and Depreciation (Continued)

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

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.

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Long-Term Obligations

In the government-wide financial statements and proprietary fund types, in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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

6. Pensions

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

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, 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.

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Deferred Outflows/Inflows of Resources (Continued)

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.

8. Fund Balance

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

- *Nonspendable fund balance* – amounts are in a nonspendable form (such as inventory or prepaid items) or are required to be maintained intact.
- *Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Fund Balance (Continued)

- *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.

9. 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.

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. 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.

11. 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.

12. Adoption of New Accounting Standards

Effective January 1, 2024, the City implemented GASB Statement No. 100, *Accounting Changes and Error Corrections*. This statement required the City to evaluate and disclose the nature and effects of accounting changes and error corrections in the financial statements. The City adopted the requirements of the guidance effective January 1, 2024, and has applied the provisions of this standard to the beginning of the period of adoption.

Effective January 1, 2024, the City implemented GASB Statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. The City adopted the requirements of the guidance effective January 1, 2024, and has applied the provisions of this standard to the beginning of the period of adoption.

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

13. 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.

14. 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.

15. 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.

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

16. 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.

17. 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."

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

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, 2024.

Restricted Deposits

The City has \$13,308 in general fund deposits restricted for public safety vehicles and \$30,245 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;
- 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.

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 2 ASSETS AND LIABILITIES (CONTINUED)

B. Investments (Continued)

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 bad debt losses on balances outstanding at year-end will be immaterial.

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

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, 2024.

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, 2024 are as follows:

Note Dated	Authorized/ Original Amount	Maturity Date	Interest Rate	Balance
Special Revenue Fund:				
May 18, 2016	\$ 40,000	June 1, 2026	-	\$ 4,724
August 1, 2019	5,500	August 1, 2029	-	900
August 1, 2019	15,000	August 1, 2029	5.50	7,310
September 1, 2019	32,000	November 1, 2029	5.50	17,936
Total	<u>\$ 92,500</u>			<u>\$ 30,870</u>

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 2 ASSETS AND LIABILITIES (CONTINUED)

F. Capital Assets

Capital asset activity for the year ended December 31, 2024 is as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	\$ 534,228	\$ -	\$ -	\$ 534,228
Total Capital Assets Not Being Depreciated	534,228	-	-	534,228
Capital Assets Being Depreciated:				
Buildings	2,743,063	-	-	2,743,063
Furniture, Fixtures, and Equipment	1,843,670	251,813	60,360	2,035,123
Right-to-Use Lease - Equipment	241,368	12,367	76,423	177,312
Other Improvements	1,416,807	-	-	1,416,807
Total Capital Assets Being Depreciated	6,244,908	264,180	136,783	6,372,305
Less: Accumulated Depreciation	(2,281,766)	(322,362)	(60,360)	(2,543,768)
Less: Accumulated Amortization	(142,357)	(52,948)	(66,233)	(129,072)
Total Capital Assets Being Depreciated, Net	3,820,785	(111,130)	10,190	3,699,465
Total Governmental Activities Capital Assets, Net	<u>\$ 4,355,013</u>	<u>\$ (111,130)</u>	<u>\$ 10,190</u>	<u>\$ 4,233,693</u>

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 2 ASSETS AND LIABILITIES (CONTINUED)

F. Capital Assets (Continued)

	Beginning Balance	Additions	Disposals	Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	\$ 39,487	\$ -	\$ -	\$ 39,487
Total Capital Assets Not Being Depreciated	39,487	-	-	39,487
Capital Assets Being Depreciated:				
Buildings	3,379,002	-	-	3,379,002
Furniture, Fixtures, and Equipment	94,278	-	-	94,278
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	-	-	6,533,645
Less: Accumulated Depreciation and Amortization	(3,996,859)	(120,044)	-	(4,116,903)
Total Capital Assets Being Depreciated, Net	2,536,786	(120,044)	-	2,416,742
 Total Business-Type Activities Capital Assets, Net	<u>\$ 2,576,273</u>	<u>\$ (120,044)</u>	<u>\$ -</u>	<u>\$ 2,456,229</u>

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 Governmental Accounting Standards Board 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.

Depreciation and amortization expenses were charged to functions of primary government as follows:

Governmental Activities:	
General Government	\$ 30,221
Public Safety	139,828
Public Works	87,440
Streets and Highways	28,014
Culture and Recreation	11,669
Economic Development	25,190
Total Governmental Activities Expense	<u>\$ 322,362</u>
Business-Type Activities:	
Municipal Water	\$ 55,121
Municipal Sewage Disposal	18,009
Municipal Liquor Store	46,914
Total Business-Type Activities Expense	<u>\$ 120,044</u>

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 2 ASSETS AND LIABILITIES (CONTINUED)

G. Long-Term Liabilities

The following is a schedule of changes in long-term liabilities for the year ended December 31, 2024:

	Beginning Balance	Issues	Payments	Disposals	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES						
General Long-Term Debt:						
General Obligation						
Revenue Bonds:						
2012A Equipment						
Bond	\$ 3,000	\$ -	\$ 3,000	\$ -	\$ -	\$ -
2012A Club House						
Refunded Bond	7,000	-	7,000	-	-	-
2023A Refunding						
Bond	1,655,000	-	25,946	-	1,629,054	26,530
2023B Refunding						
Bond	310,000	-	4,995	-	305,005	5,101
General Obligation Bond:						
2016 G.O. Equipment						
Certificate	28,000	-	14,000	-	14,000	\$ 14,000
2024A G.O. Equipment						
Certificate	-	180,000	-	-	180,000	-
Note Payable:						
USDA Loan	21,790	-	3,406	-	18,384	3,406
DEED Demolition						
Loan	162,032	-	11,588	-	150,444	11,484
Total General Long-Term Debt	2,186,822	180,000	69,935	-	2,296,887	60,521
Less: Unamortized Bond Discount	(648)	-	(648)	-	-	-
Total General Long-Term Debt, Net	2,186,174	180,000	69,287	-	2,296,887	60,521
Lease Payable (See Note 2, Section H):						
Grader	52,376	-	8,309	44,067	-	-
Trucks	26,679	-	13,049	-	13,630	13,630
Golf Carts	34,457	-	13,336	-	21,121	13,336
City Hall Copier	-	12,367	5,153	-	7,214	2,473
Total Lease Payable, Net	113,512	12,367	39,847	44,067	41,965	29,439
Other Long-Term Liabilities:						
Compensated Absences, Net	21,108	2,635	-	-	23,743	23,743
Total Governmental Activities	<u>\$ 2,320,794</u>	<u>\$ 195,002</u>	<u>\$ 109,134</u>	<u>\$ 44,067</u>	<u>\$ 2,362,595</u>	<u>\$ 113,703</u>

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 2 ASSETS AND LIABILITIES (CONTINUED)

G. Long-Term Liabilities (Continued)

	Beginning Balance	Issues	Payments	Ending Balance	Amounts Due Within One Year
BUSINESS-TYPE					
Enterprise Fund Debt:					
General Obligation					
Special Assessment					
Bonds:					
G.O. Disposal					
System Bonds,					
Series 2014A	\$ 23,000	\$ -	\$ 11,000	\$ 12,000	\$ 12,000
General Obligation					
Revenue Bonds:					
G.O. Refunding					
Bonds, Series					
2012A	645,000	-	45,000	600,000	50,000
G.O. Tax Abatement					
Bond 2021A	620,000	-	30,000	590,000	30,000
Note Payable:					
2017 G.O. Disposal					
System Note	5,644	-	5,644	-	-
2016 G.O. Water					
Revenue Note	150,000	-	4,000	146,000	5,000
Total Proprietary					
Fund Long-					
Term Debt	1,443,644	-	95,644	1,348,000	97,000
Less: Unamortized Bond					
Discount	(5,375)	-	(2,162)	(3,213)	-
Total Proprietary					
Fund Long-					
Term Debt, Net	1,438,269	-	93,482	1,344,787	97,000
Lease Payable (See					
Note 2, Section H):					
Liquor	13,840	-	6,843	6,997	6,997
Other Long-Term Liabilities:					
Compensated					
Absences	44,963	1,487	-	46,450	46,450
Total Business-Type					
Activities	\$ 1,497,072	\$ 1,487	\$ 100,325	\$ 1,398,234	\$ 150,447

Compensated absences are reported as a net change in the total liability.

CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

NOTE 2 ASSETS AND LIABILITIES (CONTINUED)

G. Long-Term Liabilities (Continued)

City indebtedness at December 31, 2024 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 2025	
						Principal	Interest
General Obligation Issues:							
2016 G.O. Equipment Certificate	2.500	42,628	42,628	\$ 93,000	\$ 14,000	\$ 14,000	\$ 175
2024 G.O. Equipment Certificate	2.500	42,628	42,628	180,000	180,000	-	8,839
Total Equipment Certificate				<u>\$ 273,000</u>	<u>\$ 194,000</u>	<u>\$ 14,000</u>	<u>\$ 9,014</u>
General Obligation Revenue Bonds:							
G.O. Refunding Revenue Bonds,							
2012A Equipment Bond	0.750-2.550	12/27/2012	2/1/2035	\$ 25,000	\$ -	\$ -	\$ -
2023A Refunding Bond	2.250	7/28/2023	7/28/2063	1,655,000	1,629,054	26,530	36,654
2023B Refunding Bond	2.125	7/28/2023	7/28/2063	310,000	305,005	5,101	6,481
Less: Unamortized Discount				-	-	-	-
Total G.O. Revenue Bonds				<u>\$ 1,990,000</u>	<u>\$ 1,934,059</u>	<u>\$ 31,631</u>	<u>\$ 43,135</u>
Notes Payable:							
USDA Loan	2.375	4/6/2020	4/6/2023	\$ 30,000	\$ 18,384	\$ 3,406	\$ -
DEED Demolition Loan	2.000	3/26/2021	3/26/2026	162,033	150,445	11,484	2,952
Total Notes Payable				<u>\$ 192,033</u>	<u>\$ 168,829</u>	<u>\$ 14,890</u>	<u>\$ 2,952</u>
Lease Payable:							
Ziegler CAT	4.800	2/15/2021	2/15/2025	\$ 76,823	\$ -	\$ -	\$ -
GM Financial	4.457	1/5/2021	1/5/2025	89,367	13,630	13,630	-
TCF Bank - Gold Carts	4.500	7/22/2021	7/22/2026	65,578	21,121	13,336	-
City Hall Copier	4.500	12/1/2022	12/1/2027	11,098	7,214	2,473	-
Total Lease Payable				<u>\$ 242,866</u>	<u>\$ 41,965</u>	<u>\$ 29,439</u>	<u>\$ -</u>
Compensated Absences Payable:					\$ 23,743	\$ 23,743	\$ -
OPEB Payable:					156,220	5,452	-
Total Compensated Absences and OPEB Payable:					<u>\$ 179,963</u>	<u>\$ 29,195</u>	<u>\$ -</u>
Business-Type Activities							
	Interest Rates	Issue Date	Maturity Date	Authorized and Issued	Ending Balance	Amounts Due in 2025	
						Principal	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	\$ 600,000	\$ 50,000	\$ 13,613
G.O. Tax Abatement Bonds, Series 2021A	0.750-2.550	5/27/2021	2/1/2030	650,000	590,000	30,000	10,015
Total G.O. Revenue Bonds				<u>\$ 1,725,000</u>	<u>\$ 1,190,000</u>	<u>\$ 80,000</u>	<u>\$ 23,628</u>
Special Assessment Bonds With Governmental Commitment:							
G.O. Disposal System Bonds, Series 2014A	3.000	10/20/2014	2/1/2025	\$ 105,000	\$ 12,000	\$ 12,000	\$ 180
Total Special Assessment Bonds, Net				<u>\$ 105,000</u>	<u>\$ 12,000</u>	<u>\$ 12,000</u>	<u>\$ 180</u>
Notes Payable:							
2017 G.O. Disposal System Note	2.950	11/1/2017	2/1/2028	\$ 180,000	\$ -	\$ -	\$ -
2016 G.O. Water Revenue Note	1.000	8/22/2016	8/20/2046	148,293	146,000	5,000	1,460
Total Notes Payable				<u>\$ 328,293</u>	<u>\$ 146,000</u>	<u>\$ 5,000</u>	<u>\$ 1,460</u>
Lease Payable:							
TCF Bank	4.490	1/4/2020	1/1/2025	64,867	6,997	6,997	-
Total Lease Payable				<u>\$ 64,867</u>	<u>\$ 6,997</u>	<u>\$ 6,997</u>	<u>\$ -</u>
Compensated Absences Payable:					\$ 46,450	\$ 46,450	\$ -
OPEB Payable:					271,326	9,485	-
Total Compensated Absences and OPEB Payable:					<u>\$ 317,776</u>	<u>\$ 55,935</u>	<u>\$ -</u>
Total Business-type Activities					<u>\$ 1,672,773</u>	<u>\$ 159,932</u>	<u>\$ 25,268</u>

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 2 ASSETS AND LIABILITIES (CONTINUED)

G. Long-Term Liabilities (Continued)

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

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

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, an electric sign for liquor store advertising, two GMC trucks for street department use, a copier for the City Hall, and 15 golf carts for patron use with a fee.

The debt service requirements for the City's bonds and notes are as follows:

Year Ending December 31,	G.O. Bonds		G.O. Special Assessment Bonds		G.O. Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 14,000	\$ 9,014	\$ 12,000	\$ 180	\$ 111,631	\$ 66,762	\$ 34,670	\$ 5,789
2026	18,000	8,259	-	-	112,336	64,677	35,207	5,202
2027	24,000	7,245	-	-	113,057	62,538	35,758	4,601
2028	25,000	6,062	-	-	113,794	60,346	35,622	3,983
2029	26,000	4,830	-	-	119,548	58,082	30,975	3,429
2030-2034	87,000	6,400	-	-	624,644	251,330	105,416	11,665
2035-2039	-	-	-	-	441,171	188,173	57,638	4,404
2040-2044	-	-	-	-	340,209	147,020	40,000	2,000
2045-2049	-	-	-	-	257,051	116,778	16,000	240
2050-2054	-	-	-	-	287,024	86,805	-	-
2055-2059	-	-	-	-	320,493	53,335	-	-
2060- 2063	-	-	-	-	283,102	15,961	-	-
Total	\$ 194,000	\$ 41,810	\$ 12,000	\$ 180	\$ 3,124,060	\$ 1,171,807	\$ 391,286	\$ 41,313

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.

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

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	Interest
Grader	\$ 52,376	\$ -	\$ 52,376	\$ -	\$ -	\$ -
Trucks	26,679	-	13,049	13,630	13,630	1,189
Golf Carts	34,457	-	13,336	21,121	13,336	1,334
City Hall Copier	-	12,367	5,153	7,214	2,473	250
Totals	<u>\$ 113,512</u>	<u>\$ 12,367</u>	<u>\$ 83,914</u>	<u>\$ 41,965</u>	<u>\$ 29,439</u>	<u>\$ 2,773</u>

Business-Type Activities

Description	Beginning Balance	Additions	Payments and Retirements	Ending Balance	Current Amounts	
					Principal	Interest
Liquor Sign	\$ 13,840	\$ -	\$ 6,843	\$ 6,997	\$ 6,997	\$ 311

The City's lease assets total \$241,696 with accumulated amortization of \$187,018.

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, 2024 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 29,439	\$ 3,084	\$ 32,523
2026	10,258	148	10,406
2027	2,268	42	2,310
Total	<u>\$ 41,965</u>	<u>\$ 3,274</u>	<u>\$ 45,239</u>

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 6,997	\$ 157	\$ 7,154

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). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401 (a) of the Internal Revenue Code.

General Employees Retirement Plan

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

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

B. Benefits Provided

Public Employees Police and Fire Plan

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

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

General Employees Plan Benefits

General Employees Plan 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 2024 annual increase was 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

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

General Employees Fund Contributions

General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2024 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, 2024 were \$63,590. The City's contributions were equal to the required contributions as set by State Statute.

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2024 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, 2024, were \$13,221. The City's contributions were equal to the required contributions as set by State Statute.

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

C. Pension Costs

General Employees Fund Pension Costs

At December 31, 2024, the City reported a liability of \$341,581 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 nonemployer 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 \$8,833.

The net pension liability was measured as of June 30, 2024, 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, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportion was .0092% at the end of the measurement period and .0089% for the beginning of the period.

City's Proportionate Share of Net Pension Liability	\$ 341,591
State of Minnesota's Proportionate Share of Net	
Pension Liability Associated With the City	<u>8,833</u>
Total	<u><u>\$ 350,424</u></u>

For the year ended December 31, 2024 the City recognized pension expense of \$68,623 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$109 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.

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

C. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

At December 31, 2024, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 32,118	\$ -
Changes in Actuarial Assumptions	1,668	129,287
Difference Between Projected and Actual Investment Earnings	-	99,195
Changes in Proportion	41,518	-
Contributions Paid to PERA Subsequent to the Measurement Date	27,959	-
Total	<u>\$ 103,263</u>	<u>\$ 228,482</u>

The \$27,959 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	Pension Expense Amount
2025	\$ (80,262)
2026	(10,222)
2027	(36,514)
2028	(26,180)

Police and Fire Fund Pension Costs

At December 31, 2024, the City reported a liability of \$65,272 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2023 through June 30, 2024 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was .0050% at the end of the measurement period and .0040% for the beginning of the period.

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

C. Pension Costs (Continued)

Police and Fire Fund Pension Costs

The state of Minnesota contributed \$37.4 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2024. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation, additional one-time direct state aid contribution of \$19.4 million, and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. Additionally, \$9 million supplemental state aid on October 1, 2024. Thereafter, by October 1 of each year, the State will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. The state of Minnesota's proportionate share of the net pension liability associated with the City totaled \$2,488.

City's Proportionate Share of Net Pension Liability	\$ 65,272
State of Minnesota's Proportionate Share of Net Pension Liability Associated With the City	2,488
Total	<u><u>\$ 67,760</u></u>

For the year ended June 30, 2024, the City recognized pension expense of \$4,046 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized an additional \$978 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.

The state of Minnesota is not included as a nonemployer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$28.4 million in supplemental aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$1,409 for the year ended December 31, 2024 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.

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

C. Pension Costs (Continued)

Police and Fire Fund Pension Costs (Continued)

At December 31, 2024, 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	\$ 25,437	\$ 21,223
Changes in Actuarial Assumptions	71,750	96,114
Difference Between Projected and Actual Investment Earnings	-	-
Changes in Proportion	24,583	48,463
Contributions Paid to PERA Subsequent to the Measurement Date	6,555	-
Total	<u>\$ 128,325</u>	<u>\$ 165,800</u>

The \$6,555 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	Pension Expense Amount
2025	\$ (14,134)
2026	6,328
2027	(20,488)
2028	(20,057)
2029	4,321

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. 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 %	

E. 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, 2024, 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, Police and Fire Plan, and the Correctional Plan.

Benefit increases after retirement are assumed to be 1.25% 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 10.25% 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 11.75% after one year of service to 3% after 24 years of service.

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

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

F. Actuarial Methods and Assumptions (Continued)

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation. The Police and Fire Plan were reviewed in 2024. PERA anticipates the experience study will be approved by the Legislative Commission on Pensions and Retirement and become effective with the July 1, 2025 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2024:

General Employees Fund

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.

Police and Fire Fund

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).

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

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 2024 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. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase Discount Rate (8.00%)
Net Pension Liability at Different Discount Rates:			
General Employees Fund	\$ 746,089	\$ 341,591	\$ 8,854
Police and Fire Fund	154,250	65,272	(7,798)

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.

Single Employer Plan – Blackduck Fire Relief Association

A. Plan Description

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

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Single Employer Plan – Blackduck Fire Relief Association (Continued)

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, 2024, the following employees were covered by the benefit terms:

Inactive Members Entitled to but Not Yet Receiving Benefits	2
Active Members	21
Total	<u>23</u>

D. Contributions

Minnesota Statutes Chapter 424A.092 specifies minimum support rates required on an annual basis. The minimum support rates from the municipality and from State aids are determined as the amount required to meet the normal cost plus amortizing any existing prior service costs over a 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).

E. Net Pension Liability (Asset)

The City's net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023.

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Single Employer Plan – Blackduck Fire Relief Association (Continued)

E. Net Pension Liability (Asset) (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2024, 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 Preretirement: Pub-2010 Public Safety Employee mortality tables with projected mortality improvements based on scale MP-2021. Healthy Postretirement: 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.

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Single Employer Plan – Blackduck Fire Relief Association (Continued)

E. Net Pension Liability (Asset) (Continued)

Actuarial Assumptions (Continued)

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:

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	<u>100.00 %</u>		<u>5.35 %</u>
Reduced for Assumed Investment Expense			<u>(0.04)%</u>
Assumed Investments Return, Net			<u>5.25 %</u>

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.

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

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, 2023	\$ 205,279	\$ 499,412	\$ (294,133)
Changes for the Year:			
Service Cost	9,586	-	9,586
Interest Cost	11,818	-	11,818
Change in Benefit Terms	59,823	-	59,823
Differences Between Expected and Actual Experience	(6,149)	-	(6,149)
Changes in Assumptions	1,229	-	1,229
Contributions - State and Local	-	25,668	(25,668)
Net Investment Income (Loss)	-	15,210	(15,210)
Administrative Expense	-	(4,954)	4,954
Net Changes	<u>76,307</u>	<u>35,924</u>	<u>40,383</u>
Balances at December 31, 2024	<u>\$ 281,586</u>	<u>\$ 535,336</u>	<u>\$ (253,750)</u>

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of the City, calculated using the discount rate of 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 than the current rate:

	1% Decrease Discount Rate (4.25%)	Current Discount Rate (5.25%)	1% Increase Discount Rate (6.25%)
Total Pension Liability	\$ 288,001	\$ 281,586	\$ 275,227
Plan Fiduciary Net Pension	535,336	535,336	535,336
Net Pension Liability (Asset)	(247,335)	(253,750)	(260,109)

H. Pension Plan Fiduciary Net Position

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

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 3 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Single Employer Plan – Blackduck Fire Relief Association (Continued)

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

For the year ended December 31, 2024, The City recognized pension expense of \$48,897. At December 31, 2024, The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net Difference Between Projected and Actual Investments Earnings	\$ 37,869	\$ -
Difference Between Expected and Actual Liability Earnings	-	27,775
Change in Assumptions	4,056	-
Contributions to the Plan Subsequent to the Measurement Date	-	-
Total	<u>\$ 41,925</u>	<u>\$ 27,775</u>

There were no contributions subsequent to the measurement date in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources related to pensions will be recognized in the pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2025	\$ 141
2026	9,493
2027	8,417
2028	(192)
2029	(1,790)
Thereafter	(1,919)

J. Aggregate Pension Cost

	<u>General Employees Plan</u>	<u>Police and Fire Fund</u>	<u>Blackduck Fire Relief</u>	<u>Note_Aggregate Total</u>
Net Pension Liability	\$ 341,591	\$ 65,272	\$ -	\$ 406,863
Net Pension Asset	-	-	253,750	253,750
Deferred Inflows of Resources	228,482	165,800	27,775	422,057
Deferred Outflows of Resources	103,263	128,325	41,925	273,513
Pension Expense	68,623	11,790	48,897	129,310

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 4 OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The City operates the City of Blackduck, Minnesota Other Post-Employment 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 12 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 2024:

- The discount rate was changed from 4.05% to 3.77%.
- 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 7/1/2022 PERA General Employees Plan and 7/1/2022 PERA Police and Fire Plan valuations to the rates used in the 7/1/2022 valuations.
- The inflation assumption stayed consistent at 2.50%.

Contributions

The required contribution is based on pay-as-you-go financing requirements.

Total OPEB Liability

The City's total OPEB liability was determined by using the Alternative Measurement Method (AMM) valuation as of December 31, 2022.

Assumptions

Assumptions used in the December 31, 2022 AMM 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, 2022 AMM valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified.

Discount Rate	3.77%
Inflation	2.50%
Healthcare Cost Trend Rate	6.30% for FY2023 gradually decreasing over several decades to an ultimate rate of 3.90% in FY2075 and later years

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 4 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Total OPEB Liability (Continued)

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 3.77%.

Changes in the Total OPEB Liability

Changes in the City's total OPEB liability were as follows:

	Total OPEB Liability (Asset)
Balances at December 31, 2023	\$ 421,755
Changes for the Year:	
Service Cost	54
Interest Cost	16,810
Differences Between Expected and Actual Experience	142
Changes in Assumptions	17,204
Benefit Payments	(13,482)
Net Changes	<u>20,728</u>
Balances at December 31, 2024	<u>\$ 442,483</u>

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 one percentage point lower or one percentage point higher than the current discount rate.

	1% Decrease Discount Rate (2.77%)	Current Discount Rate (3.77%)	1% Increase Discount Rate (4.77%)
Total OPEB Liability	\$ 512,372	\$ 442,483	\$ 385,119

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 one percentage point lower (5.30% decreasing to 2.90%) or one percentage point higher (7.30% decreasing to 4.90%) than the current healthcare cost trend rates:

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 4 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Changes in the Total OPEB Liability (Continued)

Sensitivity of the Total OPEB Liability to Changes in Healthcare Trend Rates (Continued)

	1% Decrease Healthcare Cost Trend Rates (5.30% Decreasing to 2.90%)	Current Healthcare Cost Trend Rates (6.30% Decreasing to 3.90%)	1% Increase Healthcare Cost Trend Rates (7.30% Decreasing to 4.90%)
Total OPEB Liability	\$ 383,335	\$ 442,483	\$ 513,282

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

For the year ended December 31, 2024, the City recognized OPEB expense of \$34,210.

The City reported deferred outflows of resources related to OPEB of \$14,151, resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2024.

NOTE 5 INTERFUND BALANCES AND TRANSFERS

As of December 31, 2024, the City had the following advances to eliminate cash deficits and for interfund debt and receivables.

Advances to Other Funds	Advances from Other Funds		
	General Fund	Revolving Loan Fund	Total
Interfund Balances			
Golf Course Fund	\$ 222,476	\$ 21,651	\$ 244,127
Nonmajor Governmental Funds:			
Cemetery Fund	-	9,842	9,842
2018 Frontage/Pine Ave Loan Fund	-	21,835	21,835
Downtown Development Fund	-	18,202	18,202
Total Interfund Balances	<u>\$ 222,476</u>	<u>\$ 71,530</u>	<u>\$ 294,006</u>

The City of Blackduck, Minnesota made the following transfers between funds during 2024 as follows:

Transfer In	Transfer Out				
	General Fund	Golf Course Fund	Municipal Water Fund	Municipal Sewer Fund	Municipal Liquor Store Fund
Operating Transfers					
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 65,000
Golf Course Fund	-	-	-	-	10,000
Fire Hall Maintenance Fund	-	-	-	-	-
Fire Department Special Equipment Fund	5,000	-	-	-	-
Nonmajor Governmental Funds	32,000	10,500	24,540	24,540	3,500
Municipal Water Fund	-	-	-	-	-
Municipal Sewer Disposal Fund	17,735	-	-	-	-
Total Transfers	<u>\$ 54,735</u>	<u>\$ 10,500</u>	<u>\$ 24,540</u>	<u>\$ 24,540</u>	<u>\$ 78,500</u>

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 5 INTERFUND BALANCES AND TRANSFERS (CONTINUED)

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

NOTE 6 RISK MANAGEMENT

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

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

Property and casualty insurance coverage is provided through a pooled self-insurance program through the LMCIT. The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through commercial companies for claims in excess of various amounts.

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

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, & Cemetery fund) fund balance deficit exists as of December 31, 2024:

Golf Fund	\$ 248,246
2018 Frontage/Pine Ave Loan Fund	11,391
Downtown Development Fund	4,388
Cemetery Fund	3,516

The deficit balance in these funds are primarily the result of project expenditures exceeding funding in the current year.

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

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, 2024:

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
General Fund	\$ 892,116	\$ 838,741	\$ 53,375
Golf Course Fund	317,062	252,259	64,803

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, debt service) within each activity.
- The City Council may authorize transfer of budgeted amounts between City funds.

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 8 COMPONENTS OF FUND BALANCE

At December 31, 2024, a summary of the governmental fund balance classifications are as follows:

	General Fund	Golf Fund	Revolving Loan Fund	Fire Dept Special Equipment	Nonmajor Governmental Funds	Total
Fund Balances						
Nonspendable:						
Prepaid Expenses	\$ 13,667	\$ -	\$ -	\$ -	\$ -	\$ 13,667
Revolving Loan	-	-	102,610	-	-	102,610
Restricted:						
Pine Tree Park	-	-	-	-	23,097	23,097
Tax Increment Financing District	-	-	-	-	176,298	176,298
Housing and Redevelopment	-	-	-	-	26,048	26,048
Economic Development	-	-	29,831	-	13,814	43,645
Fire Hall Maintenance	-	-	-	-	30,460	30,460
Debt Service	-	-	-	-	74,532	74,532
Equipment	13,308	-	-	748,999	-	762,307
Committed:						
Cemetery Perpetual Care Fund	-	-	-	-	65,729	65,729
Assigned:						
Compensated Absences	23,743	-	-	-	-	23,743
Public Works Reserve	-	-	-	-	3,488	3,488
Economic Development	-	-	325,303	-	-	325,303
Unassigned	547,504	(248,246)	-	-	(33,109)	266,149
Total	<u>\$ 598,222</u>	<u>\$ (248,246)</u>	<u>\$ 457,744</u>	<u>\$ 748,999</u>	<u>\$ 380,357</u>	<u>\$ 1,937,076</u>

NOTE 9 ACCOUNTING CHANGES AND ERROR CORRECTIONS

A. Correction of an Error in Previously Issued Financial Statements

During fiscal year 2024, beginning net position of the Governmental Activities, Business-Type activities, the Water fund, Sewer fund, and Liquor fund, as well as the fund balance for the Housing and Redevelopment Authority fund, Aggregate Remaining funds and the Golf fund were restated due to errors.

In the prior year, there were several interfund loans accounted for as long term debt and loans receivable, rather than an interfund transaction. Loans receivable were included on the fund level, however, the long term debt portion did not appear on the fund level, requiring a prior period adjustment. This resulted in advances from other funds being understated, and fund balance for Aggregate Remaining and the Golf fund to be overstated by \$27,381 and \$58,714 respectively. The effect of correcting that error is shown in the table below.

B. Changes to or within Financial Reporting Entity

Changes in Custodial Fund Presentation

In the prior year the Housing and Redevelopment Authority (HRA) fund was previously reported as a custodial fund. After further evaluation, it was determined that the HRA fund should be classified as a blended component unit in a special revenue fund, as the HRA board consists of the same members as the Blackduck City Council. The effect of that change to or within the financial reporting entity is shown in the table below.

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 9 ACCOUNTING CHANGES AND ERROR CORRECTIONS (CONTINUED)

B. Changes to or within Financial Reporting Entity (Continued)

Change in Fund Presentation from Nonmajor to Major

The Fire Hall Maintenance Fund previously met the criteria to be reported as a major governmental fund. However, effective January 1, 2024, the fund no longer met the criteria to be reported as a major fund and is reported as a nonmajor governmental fund for the fiscal year ended December 31, 2024. Total fund balance at January 1, 2024 was \$0, and therefore there is no adjustment reflected within these financial statements.

C. Change in Accounting Estimate

For the year ended December 31, 2024, the City of Blackduck changed the allocation estimate for the Other Post Employment Benefit (OPEB) deferred outflows and liability. In prior years, the entire liability and deferred outflow was included in governmental activities. 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 & liquor funds. This change is being applied prospectively, beginning January 1, 2024. The effect of this change in the current period is an increase in the OPEB liability of \$40,105 in the Water fund, \$41,885 in the Sewer fund, \$185,667 in the Liquor fund and an increase in the deferred outflow of \$1,269 in the Water fund, \$1,325 in the Sewer fund and \$5,874 in the Liquor fund. This caused a decrease in net position of \$38,836 in the Water fund, \$40,560 in the Sewer fund and \$179,793 in the Liquor fund and in total by \$259,189 in Business-Type funds. This also resulted in a decrease in the government wide OPEB liability by \$267,657, deferred outflows by \$8,468 and an increase in net position of \$259,189.

Adjustments to and Restatements of Beginning Balances

During fiscal year 2024, a change to or within the financial reporting entity, and error corrections resulted in adjustments to and restatements of beginning net position and fund net position, as follows:

	Aggregate Remaining Funds	Golf Fund	Custodial Fund
Fund Balance, as Previously Reported at			
December 31, 2023	\$ 340,385	\$ (158,122)	\$ 18,210
Error Correction	(27,381)	(58,714)	-
Change to or within Financial Reporting Entity - HRA	18,210	-	(18,210)
Fund Balance, as Restated, at January 1, 2024	<u>\$ 331,214</u>	<u>\$ (216,836)</u>	<u>\$ -</u>

	Governmental Activities
Net Position, as Previously Reported at	
December 31, 2023	\$ 3,417,853
Change to or within Financial Reporting Entity - HRA	18,210
Net Position, as Adjusted or Restated, at January 1, 2024	<u>\$ 3,436,063</u>

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 10 SUBSEQUENT EVENTS

On January 23, 2025, the City of Blackduck issued a Series 2025A \$363,000 General Obligation Equipment Certificate to finance the acquisition of a fire truck for the City. The interest rate on the certificate is 4.5% and the maturity date is February 1, 2036. Additionally, the City of Blackduck made a purchase of \$1,076,239 (\$744,000 on January 7, 2025 and \$332,239 on January 23, 2025) for the Pierce Enforcer HDR-Pumper fire truck that was purchased with funds sourced from the 2025A General Obligation Certificate.

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, 2024**

	2024		
	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes and Special Assessments:			
General Property Tax	\$ 345,987	\$ 350,025	\$ 4,038
Licenses and Permits	14,625	5,029	(9,596)
Intergovernmental Revenues:			
Federal:			
Other Federal Revenue	-	17,735	17,735
State:			
Local Government Aids	323,445	323,445	-
Market Value Credit	-	64	64
Police Aids	13,000	10,770	(2,230)
Fire Aids	19,000	28,475	9,475
Other State Aid	-	16,436	16,436
Total Intergovernmental Revenues	355,445	396,925	41,480
Charges for Services:			
Rural Fire Contracts	32,077	32,077	-
Other	96,440	96,440	-
Total Charges for Services	128,517	128,517	-
Fines and Fees	200	133	(67)
Interest Income	2,500	13,307	10,807
Other:			
Reimbursements	7,660	21,153	13,493
Donations	-	8,547	8,547
Rental	-	1,050	1,050
Other	1,000	393	(607)
Total Other	8,660	31,143	22,483
Total Revenues	855,934	925,079	69,145

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, 2024**

	2024		
	Original and Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES			
General Government:			
Mayor and Council:			
Personal Services	\$ 11,850	\$ 11,276	\$ 574
Materials and Supplies	4,000	280	3,720
Other Expenditures	600	2,206	(1,606)
Total Mayor and Council	16,450	13,762	2,688
Administration:			
Personal Services	134,795	131,222	3,573
Materials and Supplies	4,490	4,631	(141)
Purchased Services	32,524	63,917	(31,393)
Other Expenditures	9,345	10,682	(1,337)
Debt Service - Principal	2,473	9,636	(7,163)
Total Administration	183,627	220,088	(36,461)
Planning/Zoning:			
Purchased Services	15,000	9,296	5,704
Government Buildings:			
Materials and Supplies	825	2,220	(1,395)
Repairs and Maintenance	5,400	5,534	(134)
Purchased Services	10,486	751	9,735
Capital Outlay	-	22,333	(22,333)
Total Government Buildings	16,711	30,838	(14,127)
Total General Government	231,788	273,984	(42,196)
Public Safety:			
Law Enforcement:			
Personal Services	197,279	114,745	82,534
Materials and Supplies	12,350	12,706	(356)
Repairs and Maintenance	3,600	5,755	(2,155)
Purchased Services	33,379	33,613	(234)
Other Expenditures	4,550	3,517	1,033
Capital Outlay	-	66,485	(66,485)
Total Law Enforcement	251,158	236,821	14,337

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, 2024**

	2024		
	Original and Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES (CONTINUED)			
Public Safety (Continued):			
Fire:			
Personal Services	\$ 17,225	\$ 18,753	\$ (1,528)
Materials and Supplies	20,410	16,543	3,867
Repairs and Maintenance	13,150	17,424	(4,274)
Purchased Services	23,965	25,719	(1,754)
Other Expenditures	22,250	28,987	(6,737)
Total Fire	<u>97,000</u>	<u>107,426</u>	<u>(10,426)</u>
Total Public Safety	348,158	344,247	3,911
Streets and Highways:			
Street Maintenance:			
Personal Services	90,225	106,082	(15,857)
Materials and Supplies	53,600	39,733	13,867
Repairs and Maintenance	10,000	9,392	608
Purchased Services	26,473	21,055	5,418
Other Expenditures	3,300	2,231	1,069
Capital Outlay	-	2,369	(2,369)
Debt Service - Principal	-	19,633	(19,633)
Total Street Maintenance	183,598	200,495	(16,897)
Street Lighting:			
Repairs and Maintenance	10,000	2,685	7,315
Purchased Services	10,500	10,961	(461)
Total Street Lighting	<u>20,500</u>	<u>13,646</u>	<u>6,854</u>
Total Streets and Highways	204,098	214,141	(10,043)

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, 2024**

	2024		
	Original and Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES (CONTINUED)			
Culture and Recreation:			
Parks and Recreation:			
Personal Services	\$ 10,158	\$ 10,983	\$ (825)
Materials and Supplies	7,100	4,097	3,003
Repairs and Maintenance	2,000	131	1,869
Purchased Services	7,710	7,465	245
Capital Outlay	-	1,946	(1,946)
Miscellaneous	500	(1,475)	1,975
Total Parks and Recreation	<u>27,468</u>	<u>23,147</u>	<u>4,321</u>
Library:			
Materials and Supplies	400	9,294	(8,894)
Repairs and Maintenance	1,350	2,195	(845)
Purchased Services	25,479	25,108	371
Total Library	<u>27,229</u>	<u>36,597</u>	<u>(9,368)</u>
Total Culture and Recreation	<u>54,697</u>	<u>59,744</u>	<u>(5,047)</u>
Total Expenditures	<u>838,741</u>	<u>892,116</u>	<u>(53,375)</u>
EXCESS OF REVENUES OVER EXPENDITURES	17,193	32,963	122,520
OTHER FINANCING SOURCES (USES)			
Proceeds from Leases	-	12,367	12,367
Operating Transfer In	-	65,000	65,000
Operating Transfer Out	-	(54,735)	(54,735)
Total Other Financing Sources (Uses)	<u>-</u>	<u>22,632</u>	<u>22,632</u>
NET CHANGE IN FUND BALANCE	17,193	55,595	145,152
Fund Balances - Beginning of Year	<u>292,232</u>	<u>542,627</u>	<u>250,395</u>
FUND BALANCES - END OF YEAR	<u>\$ 309,425</u>	<u>\$ 598,222</u>	<u>\$ 395,547</u>

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, 2024**

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes and Special Assessments:			
General Property Tax	\$ -	\$ 882	\$ 882
Charges for Services	249,850	275,691	25,841
Other:			
Donations	-	3,498	3,498
Other	3,900	6,081	2,181
Total Revenues	<u>253,750</u>	<u>286,152</u>	<u>32,402</u>
EXPENDITURES			
Culture and Recreation:			
Current	212,959	260,615	(47,656)
Capital Outlay	<u>-</u>	<u>18,481</u>	<u>(18,481)</u>
Total Culture and Recreation	212,959	279,096	(66,137)
Debt Service:			
Principal	38,670	37,336	1,334
Interest and Fiscal Charges	<u>630</u>	<u>630</u>	<u>-</u>
Total Debt Service	39,300	37,966	1,334
Total Expenditures	<u>252,259</u>	<u>317,062</u>	<u>(64,803)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,491	(30,910)	(32,401)
OTHER FINANCING SOURCES (USES)			
Operating Transfer In	10,000	10,000	-
Operating Transfer Out	<u>-</u>	<u>(10,500)</u>	<u>(10,500)</u>
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>(500)</u>	<u>(10,500)</u>
NET CHANGE IN FUND BALANCE	11,491	(31,410)	(42,901)
Fund Balances - Beginning, As Previously Reported	(212,354)	(158,122)	54,232
Restatement	-	(58,714)	(58,714)
Fund Balances - Beginning, As Restated	<u>(212,354)</u>	<u>(216,836)</u>	<u>(4,482)</u>
FUND BALANCES - END OF YEAR	<u>\$ (200,863)</u>	<u>\$ (248,246)</u>	<u>\$ (47,383)</u>

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
2024	0.0092 %	\$ 341,591	\$ 15,716	\$ 357,307	\$ 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
2015	0.0056	290,221	-	290,221	331,834	87.46	78.2

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
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
2015	0.0090	102,261	-	102,261	85,264	119.93	86.6

See accompanying Notes to Required Supplementary Information.

**CITY OF BLACKDUCK, MINNESOTA
SCHEDULE OF CITY'S CONTRIBUTIONS
GENERAL EMPLOYEE PLAN
LAST TEN YEARS**

<u>Year Ended December 31,</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>City's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
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
2015	25,927	25,927	-	345,842	7.50

See accompanying Notes to Required Supplementary Information.

**CITY OF BLACKDUCK, MINNESOTA
SCHEDULE OF CITY'S CONTRIBUTIONS
POLICE AND FIRE PLAN
LAST TEN YEARS**

<u>Year Ended December 31,</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>City's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
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
2015	14,201	14,201	-	87,662	16.20

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 SEVEN YEARS*

<u>Year Ended December 31,</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total Pension Liability (Asset)							
Service Costs	\$ 9,586	\$ 9,352	\$ 9,586	\$ 9,352	\$ 9,396	\$ 9,167	\$ 8,943
Interest Cost	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	59,823	-	-	-	-	-	-
Benefit Payments	-	(42,400)	(14,464)	(22,600)	-	(5,940)	-
Net Change in Total Pension Liability (Asset)	76,307	(21,241)	(151)	750	14,755	15,823	20,434
Total Pension Liability - Beginning	205,279	226,520	226,671	225,921	211,166	195,343	174,909
Total Pension Liability - Ending (a)	<u>\$ 281,586</u>	<u>\$ 205,279</u>	<u>\$ 226,520</u>	<u>\$ 226,671</u>	<u>\$ 225,921</u>	<u>\$ 211,166</u>	<u>\$ 195,343</u>
Plan Fiduciary Net Position							
Contributions - State and Local	\$ 25,668	\$ 23,114	\$ 22,687	\$ 21,824	\$ 20,348	\$ 19,446	\$ 24,084
Net Investment Income	15,210	(13,678)	25,571	73,658	70,704	(10,829)	50,603
Administrative Expenses	-	(4,343)	(1,650)	(1,799)	(599)	(599)	(2,399)
Benefit Payments	(4,954)	(42,400)	(14,464)	(22,600)	-	(5,940)	-
Net Change in Plan Fiduciary Net Position	35,924	(37,307)	32,144	71,083	90,453	2,078	72,288
Plan Fiduciary Net Position - Beginning	499,412	536,719	504,575	433,492	343,039	340,961	268,673
Plan Fiduciary Net Position - Ending (b)	<u>\$ 535,336</u>	<u>\$ 499,412</u>	<u>\$ 536,719</u>	<u>\$ 504,575</u>	<u>\$ 433,492</u>	<u>\$ 343,039</u>	<u>\$ 340,961</u>
Net Pension Liability (Asset) - Ending (a) - (b)	<u>\$ (253,750)</u>	<u>\$ (294,133)</u>	<u>\$ (310,199)</u>	<u>\$ (277,904)</u>	<u>\$ (207,571)</u>	<u>\$ (131,873)</u>	<u>\$ (145,618)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	190.11%	243.28%	236.94%	222.60%	191.88%	162.45%	174.54%
Covered Payroll	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

*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 SEVEN YEARS***

Year Ended <u>December 31,</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contributions</u>
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.

**CITY OF BLACKDUCK, MINNESOTA
SCHEDULE OF INVESTMENT RETURNS
BLACKDUCK FIRE RELIEF ASSOCIATION
LAST SEVEN YEARS***

<u>Year Ended December 31,</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2024	5.3 %
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.

CITY OF BLACKDUCK, MINNESOTA
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST FOUR YEARS*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB Liability				
Service Cost	\$ 54	\$ 228	\$ 214	\$ -
Interest	16,810	14,113	15,001	-
Assumption Changes	17,204	(161,790)	20,761	-
Differences Between Expected and Actual Experience	142	(189,219)	(5,760)	754,805
Benefit Payments	<u>(13,482)</u>	<u>(16,668)</u>	<u>(9,930)</u>	<u>-</u>
Net Changes in Total OPEB Liability	20,728	(353,336)	20,286	754,805
Total OPEB Liability - Beginning	<u>421,755</u>	<u>775,091</u>	<u>754,805</u>	<u>-</u>
Total OPEB Liability - Ending	<u><u>\$ 442,483</u></u>	<u><u>\$ 421,755</u></u>	<u><u>\$ 775,091</u></u>	<u><u>\$ 754,805</u></u>
Covered Payroll	<u><u>\$ 670,030</u></u>	<u><u>\$ 597,093</u></u>	<u><u>\$ 462,782</u></u>	<u><u>\$ 624,986</u></u>
City's Net OPEB Liability as a Percentage of Covered Payroll	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.

CITY OF BLACKDUCK, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

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, 2024:

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
General Fund	\$ 892,116	\$ 838,741	\$ 53,375
Golf Course Fund	317,062	252,259	64,803

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

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.

CITY OF BLACKDUCK, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

NOTE 2 PENSIONS (CONTINUED)

General Employees Fund (Continued)

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.

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.

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024**

NOTE 2 PENSIONS (CONTINUED)

General Employees Fund (Continued)

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.
- 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.

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024**

NOTE 2 PENSIONS (CONTINUED)

General Employees Fund (Continued)

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.

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.

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024**

NOTE 2 PENSIONS (CONTINUED)

General Employees Fund (Continued)

2015 Changes:

Changes in Plan Provisions:

- On January 1, 2015 the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

Changes in Actuarial Assumptions:

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

Police and Fire Fund

2024 Changes:

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.

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024**

NOTE 2 PENSIONS (CONTINUED)

Police and Fire Fund (Continued)

2023 Changes (Continued):

Changes in Plan Provisions:

- 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.

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.

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024**

NOTE 2 PENSIONS (CONTINUED)

Police and Fire Fund (Continued)

2021 Changes (Continued):

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.

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.

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024**

NOTE 2 PENSIONS (CONTINUED)

Police and Fire Fund (Continued)

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.
- 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.

**CITY OF BLACKDUCK, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024**

NOTE 2 PENSIONS (CONTINUED)

Police and Fire Fund (Continued)

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 POST-EMPLOYMENT BENEFITS

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, 2024**

	Total Special Revenue Funds	Total Capital Project Funds	Total Debt Service Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash	\$ 298,847	\$ 47,762	\$ 83,184	\$ 429,793
Accounts Receivable	63	-	-	63
Property Taxes Receivable	-	-	25,671	25,671
Total Assets	<u>\$ 298,910</u>	<u>\$ 47,762</u>	<u>\$ 108,855</u>	<u>\$ 455,527</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 917	\$ -	\$ -	\$ 917
Accrued Salaries and Wages Payable	495	-	-	495
Advance to Other Funds	9,842	18,202	21,835	49,879
Total Liabilities	<u>11,254</u>	<u>18,202</u>	<u>21,835</u>	<u>51,291</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	-	23,879	23,879
FUND BALANCES				
Restricted	225,443	44,274	74,532	344,249
Committed	65,729	-	-	65,729
Assigned	-	3,488	-	3,488
Unassigned	(3,516)	(18,202)	(11,391)	(33,109)
Total Fund Balances	<u>287,656</u>	<u>29,560</u>	<u>63,141</u>	<u>380,357</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 298,910</u>	<u>\$ 47,762</u>	<u>\$ 108,855</u>	<u>\$ 455,527</u>

CITY OF BLACKDUCK, MINNESOTA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

	Total Special Revenue Funds	Total Capital Project Funds	Total Debt Service Funds	Total Nonmajor Governmental Funds
REVENUES				
General Property Taxes	\$ 7,838	\$ -	\$ 43,540	\$ 51,378
Special Assessments	-	-	2,583	2,583
Tax Increments	43,370	-	-	43,370
Charges for Services	24,792	-	-	24,792
Intergovernmental Revenues	11,000	-	-	11,000
Interest Income	3,603	1,727	1,585	6,915
Donations and Grants	-	13,000	115	13,115
Other	240	-	-	240
Total Revenues	90,843	14,727	47,823	153,393
EXPENDITURES				
Current:				
Economic Development	-	37,785	-	37,785
Culture and Recreation	29,564	-	-	29,564
Cemetery	12,595	-	-	12,595
Capital Outlay	16,529	-	164,300	180,829
Debt Service:				
Principal	-	-	30,941	30,941
Interest and Fiscal Charges	27,242	-	44,674	71,916
Issuance Fees	-	-	15,700	15,700
Total Expenditures	85,930	37,785	255,615	379,330
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,913	(23,058)	(207,792)	(225,937)
OTHER FINANCING SOURCES				
Issuance of Long-Term Debt	-	-	180,000	180,000
Operating Transfers In	16,000	30,000	49,080	95,080
Total Other Financing Sources	16,000	30,000	229,080	275,080
NET CHANGE IN FUND BALANCES	20,913	6,942	21,288	49,143
Fund Balances - Beginning, As Previously Reported	248,533	22,618	69,234	340,385
Change Within Financial Reporting Entity (See Note 9)	18,210	-	-	18,210
Restatement (See Note 9)	-	-	(27,381)	(27,381)
Fund Balances - Beginning, As Adjusted and Restated	266,743	22,618	41,853	331,214
FUND BALANCES - END OF YEAR	<u>\$ 287,656</u>	<u>\$ 29,560</u>	<u>\$ 63,141</u>	<u>\$ 380,357</u>

**CITY OF BLACKDUCK, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	Cemetery Fund	Perpetual Care Fund	Pine Tree Park Fund	Tax Increment Financing Districts	Housing and Redevelopment Fund	Total Nonmajor Special Revenue Funds
ASSETS						
Cash	\$ 6,868	\$ 65,792	\$ 23,841	\$ 176,298	\$ 26,048	\$ 298,847
Accounts Receivable	63	-	-	-	-	63
Total Assets	<u>\$ 6,931</u>	<u>\$ 65,792</u>	<u>\$ 23,841</u>	<u>\$ 176,298</u>	<u>\$ 26,048</u>	<u>\$ 298,910</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 375	\$ 63	\$ 479	\$ -	\$ -	\$ 917
Accrued Salaries and Wages Payable	230	-	265	-	-	495
Advance to Other Funds	<u>9,842</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,842</u>
Total Liabilities	<u>10,447</u>	<u>63</u>	<u>744</u>	<u>-</u>	<u>-</u>	<u>11,254</u>
FUND BALANCES						
Restricted	-	-	23,097	176,298	26,048	225,443
Committed	-	65,729	-	-	-	65,729
Unassigned	<u>(3,516)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,516)</u>
Total Fund Balances	<u>(3,516)</u>	<u>65,729</u>	<u>23,097</u>	<u>176,298</u>	<u>26,048</u>	<u>287,656</u>
Total Liabilities and Fund Balances	<u>\$ 6,931</u>	<u>\$ 65,792</u>	<u>\$ 23,841</u>	<u>\$ 176,298</u>	<u>\$ 26,048</u>	<u>\$ 298,910</u>

CITY OF BLACKDUCK, MINNESOTA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

	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	\$ -	\$ -	\$ -	\$ 43,370	\$ -	\$ 43,370
General Property Taxes	-	-	-	-	7,838	7,838
Charges for Services	2,462	864	21,466	-	-	24,792
Intergovernmental Revenues	-	-	11,000	-	-	11,000
Interest Income	2,352	340	911	-	-	3,603
Other	62	-	178	-	-	240
Total Revenues	4,876	1,204	33,555	43,370	7,838	90,843
EXPENDITURES						
Current:						
Culture and Recreation	-	-	29,564	-	-	29,564
Cemetery	10,320	2,275	-	-	-	12,595
Capital Outlay	-	-	16,529	-	-	16,529
Debt Service:						
Interest and Fiscal Charges	-	-	-	27,242	-	27,242
Total Expenditures	10,320	2,275	46,093	27,242	-	85,930
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,444)	(1,071)	(12,538)	16,128	7,838	4,913
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	5,500	-	10,500	-	-	16,000
Total Other Financing Sources (Uses)	5,500	-	10,500	-	-	16,000
NET CHANGE IN FUND BALANCES	56	(1,071)	(2,038)	16,128	7,838	20,913
Fund Balances - Beginning of Year, As Previously Reported	(3,572)	66,800	25,135	160,170	-	248,533
Change within Financial Reporting Entity - (See Note 9)	-	-	-	-	18,210	18,210
Fund Balances - Beginning, As Adjusted	(3,572)	66,800	25,135	160,170	18,210	266,743
FUND BALANCES - END OF YEAR	<u>\$ (3,516)</u>	<u>\$ 65,729</u>	<u>\$ 23,097</u>	<u>\$ 176,298</u>	<u>\$ 26,048</u>	<u>\$ 287,656</u>

**CITY OF BLACKDUCK, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	Public Works Reserve Fund	Downtown Development Fund	Fire Hall Maintenance Fund	Total Nonmajor Capital Project Funds
ASSETS				
Cash	<u>\$ 3,488</u>	<u>\$ 13,814</u>	<u>\$ 30,460</u>	<u>\$ 47,762</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Advance to Other Funds	<u>\$ -</u>	<u>\$ 18,202</u>	<u>\$ -</u>	<u>\$ 18,202</u>
FUND BALANCES				
Restricted	-	13,814	30,460	44,274
Assigned	3,488	-	-	3,488
Unassigned	-	(18,202)	-	(18,202)
Total Fund Balances	<u>3,488</u>	<u>(4,388)</u>	<u>30,460</u>	<u>29,560</u>
Total Liabilities and Fund Balances	<u>\$ 3,488</u>	<u>\$ 13,814</u>	<u>\$ 30,460</u>	<u>\$ 47,762</u>

CITY OF BLACKDUCK, MINNESOTA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECTS GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

	Public Works Reserve Fund	Downtown Development Fund	Fire Hall Maintenance Fund	Total Nonmajor Capital Project Funds
REVENUES				
Interest Income	\$ 150	\$ 1,117	\$ 460	\$ 1,727
Donations and Grants	-	13,000	-	13,000
Total Revenues	150	14,117	460	14,727
EXPENDITURES				
Current:				
Economic Development	-	37,785	-	37,785
Total Expenditures	-	37,785	-	37,785
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	150	(23,668)	460	(23,058)
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	30,000	30,000
Total Other Financing Sources (Uses)	-	-	30,000	30,000
NET CHANGE IN FUND BALANCES	150	(23,668)	30,460	6,942
Fund Balances - Beginning of Year	3,338	19,280	-	22,618
FUND BALANCES - END OF YEAR	<u>\$ 3,488</u>	<u>\$ (4,388)</u>	<u>\$ 30,460</u>	<u>\$ 29,560</u>

**CITY OF BLACKDUCK, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	2009 G.O. Improvement Bonds	2018 Frontage/ Pine Ave Loan	2024 G.O. Bond	2023 G.O. Bond	Total Nonmajor Debt Service Funds
ASSETS					
Cash	\$ 72,267	\$ 10,444	\$ -	\$ 473	\$ 83,184
Property Taxes Receivable	1,851	21,935	-	1,885	25,671
Total Assets	<u>74,118</u>	<u>32,379</u>	<u>-</u>	<u>2,358</u>	<u>108,855</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Advance to Other Funds	\$ -	\$ 21,835	\$ -	\$ -	\$ 21,835
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	<u>1,025</u>	<u>21,935</u>	<u>-</u>	<u>919</u>	<u>23,879</u>
FUND BALANCES					
Restricted	73,093	-	-	1,439	74,532
Unassigned	-	(11,391)	-	-	(11,391)
Total Fund Balances	<u>73,093</u>	<u>(11,391)</u>	<u>-</u>	<u>1,439</u>	<u>63,141</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 74,118</u>	<u>\$ 32,379</u>	<u>\$ -</u>	<u>\$ 2,358</u>	<u>\$ 108,855</u>

CITY OF BLACKDUCK, MINNESOTA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR DEBT SERVICE GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

	2009 G.O. Improvement Bonds	2018 Frontage/ Pine Ave Loan	2024 G.O. Bonds	2023 G.O. Bond	Total Nonmajor Debt Service Funds
REVENUES					
General Property Taxes	\$ 16,408	\$ -	\$ -	\$ 27,132	\$ 43,540
Special Assessments	-	2,583	-	-	2,583
Interest Income	1,243	342	-	-	1,585
Miscellaneous Revenue	115	-	-	-	115
Total Revenues	17,766	2,925	-	27,132	47,823
EXPENDITURES					
Capital Outlay:	-	-	164,300	-	164,300
Debt Service:					
Principal	-	-	-	30,941	30,941
Interest and Fiscal Charges	-	842	-	43,832	44,674
Issuance Fees	-	-	15,700	-	15,700
Total Expenditures	-	842	180,000	74,773	255,615
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	17,766	2,083	(180,000)	(47,641)	(207,792)
OTHER FINANCING					
Issuance of Long-Term Debt	-	-	180,000	-	180,000
Operating Transfers In	-	-	-	49,080	49,080
Total Other Financing Sources (Uses)	-	-	180,000	49,080	229,080
NET CHANGE IN FUND BALANCES	17,766	2,083	-	1,439	21,288
Fund Balances - Beginning, As Previously Reported	55,327	13,907	-	-	69,234
Restatement (See Note 9)	-	(27,381)	-	-	(27,381)
Fund Balances - Beginning, As Restated	55,327	(13,474)	-	-	41,853
FUND BALANCES - END OF YEAR	\$ 73,093	\$ (11,391)	\$ -	\$ 1,439	\$ 63,141



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 City of Blackduck (City) as of and for the year ended December 31, 2024, and have issued our report thereon dated August 14, 2025. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit in our Statement of Work dated November 4, 2024. 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.

As described in Note 1, the City changed accounting policies related to compensated absences by adopting Statement of Governmental Accounting Standards Board (GASB) No. 101, *Compensated Absences*, which establishes standards of accounting and financial reporting for compensated absences. This statement is effective for fiscal years beginning after December 15, 2023. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. The City adopted the requirements of the guidance effective January 1, 2024, and has applied the provisions of this standard to the beginning of the period of adoption.

The City also changed accounting policies related to accounting changes and error corrections by adopting Statement of Governmental Accounting Standards Board (GASB) No. 100, *Accounting Changes and Error Corrections*. This statement required the City to evaluate and disclose the nature and effects of accounting changes and error corrections in the financial statements. The City adopted the requirements of the guidance effective January 1, 2024, and has applied the provisions of this standard to the beginning of the period of adoption.

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 & liquor funds.
- 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:

- Expenditures are overstated in the General fund in the current year due to the City not having booked a copier lease in the prior year, so expenditures of \$12,367 were booked in the current year in order to properly account for this lease.
- Other financing sources are overstated in the General fund in the current year due to the City not having booked a copier lease in the prior year, so lease proceeds of \$12,367 were booked in the current year in order to properly account for this lease.
- Cash and fund balance/net position were overstated in various funds in the current year due to the City's accounting software booking payables and receivables to the improper accounting period as reconciling items which creates the need for a manual reconciliation that did not occur

in the current year. The General fund cash was overstated by \$2,399, Fire Department Special Equipment fund cash was overstated by \$4,837, Revolving Loan cash was overstated by \$2,293, Water fund cash was overstated by \$2,105, Sewer Fund cash was overstated by \$2,173 and Aggregate Remaining funds cash was overstated by \$2,777.

- Beginning balances for pension deferred inflows and outflows were understated in the current year leading to an understatement of net position by \$28,010 due to differences between pension calculations for deferred inflows & deferred outflows from the prior year audit.
- In the Water fund, liabilities and net position are overstated by \$2,162 due to the City not using the effective interest method to amortize the bond discount amortization.
- In Aggregate Remaining funds, the prior year special assessment receivable balances were understated by \$10,115 which caused the current year revenue and fund balance to be overstated by \$10,115.

Corrected misstatements

The following material misstatements detected as a result of audit procedures were corrected by management:

- Liquor fund Accounts Payable and Cash were understated by \$91,787. This is due to Banyon (accounting software) automatically booking to cash and expense accounts for December bills paid in January instead of AP and expense accounts.
- There were several interfund loans which were accounted for in the prior year as long term debt and loans receivable, rather than an interfund transaction. Loans receivable were included on the fund level, however, the long term debt portion did not appear on the fund level, requiring a prior period adjustment. The adjustments were material to Aggregate Remaining funds in the amount of \$27,381 and the Golf Fund in the amount of \$58,714.
- There were multiple funds closed out in the prior year but those transfers to close them out to the general fund were not booked until the current year. This caused beginning fund balance in the trial balance to be incorrect by a material amount to the general fund.
- The City issued \$180,000 of bonds in 2024 and recorded the issuance net of \$15,700 of issuance cost which was material to Aggregate Remaining funds.
- The Housing and Redevelopment Authority was included in the prior year financial statements as a custodial fund, but due to the board being the same for the City and HRA, this fund was reclassified to a special revenue fund in the current year.
- There was a material amount of additions to capital assets 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 14, 2025.

Circumstances that affect the form and content of the auditors' report

As previously communicated to you, the report was modified to properly emphasize the prior period restatements related to Other Post Employment Benefits, the Housing Redevelopment Authority fund and interfund transfers not being recorded properly in fiscal year 2023.

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.

Other audit findings or issues

We have provided a separate communication to you dated August 14, 2025 communicating internal control related matters identified during the audit.

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 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

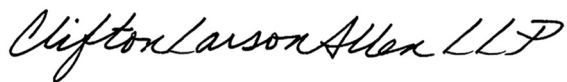
that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. 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 14, 2025.

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 introductory and statistical sections. 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 City of Blackduck and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Minneapolis, Minnesota
August 14, 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**

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 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.

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

We consider the deficiencies described in the accompanying schedule of findings and responses as items 2024-001 – 2024-06 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 14, 2025



INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

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

Minneapolis, Minnesota
August 14, 2025

**CITY OF BLACKDUCK
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2024**

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.

**CITY OF BLACKDUCK
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

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.

**CITY OF BLACKDUCK
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

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.

**CITY OF BLACKDUCK
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

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.

**CITY OF BLACKDUCK
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

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.

**CITY OF BLACKDUCK
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

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.

**CITY OF BLACKDUCK
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

Compliance Findings

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.



Management
City of Blackduck
Blackduck, Minnesota

In planning and performing our audit of the financial statements of City of Blackduck (City) as of and for the year ended December 31, 2024, 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 a deficiency 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 comment is summarized below. This letter does not affect our report on the financial statements dated August 14, 2025.

Utility Adjustment Approval

City employees are able to adjust the water or sewer meter reading manually so that customers are not overcharged, but there is not an approval process in place to ensure proper segregation of duties.

We will review the status of this comment during our next audit engagement. We have already discussed this comment with City personnel, and we will be pleased to discuss it in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation.

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 14, 2025



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Acknowledgement

Ack Date	Taken By	Order #
8/26/25	rdev	1491872-00
PO #	Page #	
	1 of 1	

Bill To	Customer #	21640	Ship To	1
Blackduck Golf Course City of Blackduck PO Box 380 Blackduck, MN 56630-0380			City of Blackduck Blackduck Municipal Golf Cours 20857 Blackduck Lake Rd Blackduck, MN 56630	

Notes		Instructions	
Pre owned equipment -NO warranty Basic service and sharpening complete and added to the cost of the machine Contact - Misty at 218-368-2746 HOC 1/4"			
Ship Point	Via	Payment	
Brooklyn Center, MN	MTI Delivery	Net 30 Days	

Line	Product	Description	Order Qty	Qty UM	Unit Price	Amount(Net)
1	XF-UE12380	Toro Reelmaster 3550 03910 - 313000193	1.00	e	14,000.00	14,000.00

1	Lines Total	Total Order Quantity	1.00	Subtotal	14,000.00
				Taxes Total	962.50
					14,962.50

Title and risk of loss transfers upon FOB shipping point.



Count on it.

August 12, 2025

Attention: Blackduck Golf Board for immediate consideration:

RE: REPLACEMENT OF CURRENT 2004 OLD GREENS MOWER to mow tee boxes (*Golf Board has been discussing potential replacement*) Golf Director has been servicing unit throughout 2025 season without success.

Golf Director has located suitable equipment for replacement and requests immediate feedback:

2013 Toro Reelsmaster 3550 with Baskets – 3,132 hours MTI selling for \$12,500 base price.

1. MTI has this equipment on hold for Blackduck Golf Course through August 18, 2025 to discuss with Golf Board and City Council.
2. If City purchases equipment MTI may provide service to include fluids, filters, sharpening, and new bed knives.
Price with service - \$14,000
3. If City does not purchase recommended equipment, MTI recommends City budget \$16,000 - \$22,000 for a similar machine in the 2026 season.

See attached pictures of equipment.

Please provide feedback via text or email by Noon, August 18th. Golf Director will present to City Council at Work Session.





STATE OF MINNESOTA GRANT CONTRACT AGREEMENT

Minnesota Multi-Purpose Community Facility Project to Support Community Revitalization Connectedness and Equity by Promoting Education, Work, and Health

This Grant Contract Agreement is between the State of Minnesota, acting through its Commissioner of the Minnesota Department of Education (“State”), **and**

GRANTEE NAME: City of Blackduck

LEGAL ADDRESS: PO Box 380, Blackduck, MN 56630-0380

CAPITAL PROJECT ADDRESS: 72 First Street SE, Blackduck, MN 56630-0001

UEI # (“Grantee”): HM6FWVA5BA89

Recitals

1. Under Minn. Stat. § 16B.97 and the Coronavirus Projects Fund, established by section 604 of the Social Security Act, as added by Section 9901 of the American Rescue Plan Act of 2021, Public Law No, 117-2 (March 11, 2021) as awarded to the State from the United States Department of Treasury (Treasury), the State is empowered to enter into this grant contract agreement.
2. The State has a need to implement essential capital projects that facilitate access to work, education, and health monitoring—including remote access—as part of the response to the public health emergency caused by the coronavirus disease (COVID-19). These projects will directly support recovery efforts by enhancing and expanding infrastructure vital for continued participation in these critical areas, with lasting impact beyond the pandemic by supporting investments in capital assets aimed at addressing disparities in access to essential services; and delivering modern infrastructure solutions, including reliable and affordable high-speed broadband internet, necessary for equitable access to work, education, and healthcare.
3. The Grantee represents that it is duly qualified and agrees to perform all services described in this agreement to the satisfaction of the State.

Grant Contract Agreement

1. Term of Grant Contract Agreement - This Agreement shall, unless earlier terminated in accordance with any of the provisions contained herein, remain in full force and effect for the time period starting on the effective date hereof and ending on the date that corresponds to the date established by adding a time period equal to 125% of Useful Life of the Real Property and, if applicable, Facility to the date on which the Real Property and, if applicable, Facility is first used for the purpose set forth in Section 2.03 after such effective date. If there are no uncured Events of Default as of such date this Agreement shall terminate and no longer be of any force or effect, and the State Entity shall execute whatever documents are needed to release the Real Property and, if applicable, Facility from the effect of this Agreement and the Declaration.

1.1 Effective Date: August 7, 2025 or the date the State obtains all required signatures under Minn. Stat. §16B.98, Subd. 5, whichever is later. Per [Minn. Stat. §16B.98](#), Subd. 5, the Grantee must not begin work until this grant contract agreement is fully executed and the State's Authorized Representative has notified the Grantee that work may commence. Per [Minn. Stat. §16B.98](#) Subd. 7, no payments will be made to the Grantee until this grant contract agreement is fully executed.

1.2 Expiration Date: December 31, 2026, or until all obligations have been satisfactorily fulfilled, whichever occurs first. Funds must be expended, and projects must reach substantial completion before December 31, 2026.

- a. Substantial completion is defined as the date for which the Project can fulfill the primary operations that it was designed to perform, delivering services to end-users.
- b. At substantial completion, service operations and management systems infrastructure must be operational.

1.3 Survival of Terms: The following clauses survive the expiration or termination of this grant contract agreement: 9. Liability; 10. State Audits; 13. Government Data Practices and Intellectual Property Rights; 16. Publicity and Endorsement; 17.

Governing Law, Jurisdiction and Venue; 19. Data Disclosure; and 25. Program Income.

2. Grantee's Duties

The Grantee, who is not a state employee, will:

2.1 The Grantee must comply with applicable grants management policies (Minn. Stat. § 16B.97, subd. 4(a)(1)). Specific duties are outlined in Clause 4.1(a).

2.2 The Grantee has made application to the State for the purpose of administering the Capital Projects Fund in the manner described in the Grantee's Application, which is incorporated into this grant contract agreement by reference.

2.3 The Grantee is awarded funds to:

1. Invest in capital assets that enable work, education, and health monitoring.
Address a critical need resulting from or exacerbated by COVID-19.
2. Serve a critical community need.

2.4 Additional Requirements:

- a. Grantee shall submit invoices for services rendered no more frequently than bi-weekly once per month or no less than once per quarter in accordance with the approved budget and scope of work. See reporting schedule in paragraph 4.2(a)
- b. Submit an interim progress report as requested by the State no later than July 15, 2026, for all activities from the beginning of the grant to June 30, 2026.
- c. Submit a final progress report as requested by the State no later than January 30, 2027, for all activities of the grant.
- d. Maintain a grant ledger and supporting documentation (e.g., UFARS for school districts);
- e. Follow procurement laws and ensure vendors are eligible and not debarred;
- f. Undergo a pre-award risk assessment prior to award execution;

- g. Undergo grant monitoring once (if grant >\$50,000) or annually (if >\$250,000);
- h. Agree to participate in a minimum of one (1) site visit per project year, to be conducted by MDE. The purpose of the site visit is to assess program implementation, progress toward goals, compliance with grant terms and conditions, and to provide technical assistance as needed. The Grantor will coordinate with the Grantee to schedule the visit at a mutually agreeable time. Additional site visits may be conducted at the discretion of the Grantor
- i. Per uniform administrative requirements for federal awards, program income generated from funded projects during the grant performance period, or prior to January 1, 2027, must be used for the purposes and under the conditions of the federal award. The U.S. Department of the Treasury's Capital Projects Fund prescribes the additive approach to program income for multi-purpose community facilities. For program income and other related definitions, please see 2 CFR 200.307(e)(2)
 - a. Program Income Reporting - Per uniform administrative requirements for federal awards, program income generated from funded projects during the grant performance period must be used for the purposes and under the conditions of the federal award. The U.S. Department of the Treasury's Capital Projects Fund prescribes the "additive" approach to program income for multi-purpose community facilities.

2.5 Provisions for Contracts and Sub-grants

- a. **Contract Provisions.** The Grantee must include in any contract and sub-grant, in addition to provisions that define a sound and complete agreement, such provisions that require contractors and sub-grantees to comply with applicable state and federal laws. Along with such provisions, the Grantee must require that contractors performing work covered by this grant be following all applicable OSHA regulations, especially the federal Hazardous

Waste Operations and Emergency Response Standards (29 CFR 1910.120 and 29 CFR 1926.65).

- b. **Ineligible Use of Grant Funds.** The dollars awarded under this grant contract agreement are grant funds and shall only be used by Grantee and not be awarded by Grantee to third parties as grant funds
- c. **Job Listing Agreements.** *Minn Stat. § 116L.66, subd.1*, requires a business or private enterprise to list any vacant or new positions with the state workforce center if it receives \$200,000 or more a year in grants from the State. If applicable, the business or private enterprise shall list any job vacancy in its personnel complement with MinnesotaWorks.net at www.minnesotaworks.net as soon as it occurs.
- d. **Payment of Contractors and Subcontractors.** The Grantee must ensure that all contractors and subcontractors performing work covered by this grant are paid for their work that is satisfactorily completed.

2.6 Debarment and Suspension Certification: (If applicable)

- a. The Grantee agrees to follow the President's Executive Order 12549 and the implementing regulation "Non-procurement Debarment and Suspension: Notice and Final Rule and Interim Final Rule," found at 53 FR 19189, May 26, 1988, as amended at 60 FR 33041, June 26, 1995, including Appendix B, "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion—Lower Tier Covered Transactions;" unless excluded by law or regulation. Evidence that contractors are not debarred will be maintained over the life of the grant.

3. Time: The grantee must comply with all the time requirements described in this grant agreement. In the performance of this grant contract, time is of the essence.

4. Consideration and Payment

4.1 **Consideration:** The State will pay for all services performed by the Grantee under this grant contract as follows: performed by the Grantee under this grant contract agreement as follows:

- a. **Compensation** - The Grantee will be paid according to the breakdown of costs in Exhibit B, which is attached and incorporated into the Grant Contract Agreement.
- b. **Total Obligation** - The total obligation of the State for all compensation and reimbursements to the Grantee under this grant contract agreement will not exceed **\$200,000**.

4.2 Payment

- a. **Invoices:** The State will promptly pay the Grantee after the Grantee presents an itemized invoice for the services actually performed and the State's Authorized Representative accepts the invoiced services. Invoices must be itemized, submitted no more than bi-weekly, and approved by the State's representative. The State will promptly pay the Grantee after the Grantee presents an itemized invoice for the services actually performed and the State's Authorized Representative accepts the invoiced services. At a minimum must be submitted timely and according to the following schedule:

- October 30, 2025, for any reimbursable expenses from the beginning of the grant to September 30, 2025;
- January 30, 2026, for any reimbursable expenses from October 1, 2025, to December 31, 2025;
- April 30, 2026, for any reimbursable expenses from the January 1, 2026, to March 31, 2026;
- July 15, 2026, for any reimbursable expenses from the April 1, 2026, to June 30, 2026;
- September 30, 2026, for any reimbursable expenses from the July 1, 2026, to September 30, 2026; and

- January 30, 2027, for any reimbursable expenses from October 1, 2026, to December 31, 2026.;

4.3 Budget Revisions: The grantee must receive prior written approval from MDE for any budgetary changes of approved line item amounts greater than 10 percent of the total grant award available for expenditure during the grant period. Total budget line-item deviations exceeding 10 percent of the total award must be approved in writing by MDE prior to incurring the expenditure. In their 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 percent of the total award for which prior approval has not been granted. Grantee may not incur expenditures within a budget line item that is not included in the approved budget without the written approval of MDE

4.4 Federal Funds: Payments under this grant contract agreement will be made from federal funds obtained by the State through CFDA number 21.029 Coronavirus Capital Projects Fund, CPFFN0179.

- a. The Grantee is responsible for compliance with all federal requirements imposed on these funds and accepts full financial responsibility for any requirements imposed by the Grantee's failure to comply with federal requirements.
- b. Funds made available pursuant to this grant contract agreement shall be used only for expenses incurred in performing and accomplishing such purposes and activities during the grant period described above. Notwithstanding all other provisions of this grant contract agreement, it is understood that any reduction or termination of Treasury funds provided to the State may result in a reduction of available funds to the Grantee.
- c. Where provisions of the Grantee's Application are inconsistent with other provisions of this grant contract agreement, the other provisions of this grant

contract agreement shall take precedence over the provisions of the Application

4.5 Unexpended Funds: The Grantee must return to the State any unexpended funds that have not been accounted for grant closeout.

5. Contracting and Bidding Requirements: Per Minn. Stat. §471.345, grantees that are municipalities as defined in Subd. 1 must follow the law.

5.1 Supporting documentation of the bidding process utilized to contract services must be included in the grantee's financial records, including support documentation justify a single/sole source bid, if applicable.

5.2 For projects that include construction work of \$25,000 or more, prevailing wage rules MAY apply per Minn. Stat. §§177.41 through 177.44. 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.

- *Eligible Contractors:* All Grantees are required to verify that all contractors, subcontractors and sub-recipients are not listed on the Federal publication that lists debarred, suspended and ineligible contractors. Evidence of this determination must be readily available to the State throughout the life of the project.

5.3 The grantee must not contract with vendors who are suspended or debarred in MN: <https://mn.gov/admin/osp/government/suspended-debarred/>

5.4 The grantee must verify that neither the organization nor any of its principals are listed on the SAM.gov Exclusions List prior to receiving federal funds, by conducting a search at <https://sam.gov>

6. Conditions of Payment: All services provided by the Grantee under this grant contract agreement must be performed to the State's satisfaction, as determined at the sole discretion of the State's Authorized Representative and in accordance with all applicable federal, state, and local laws, ordinances, rules, and regulations. The Grantee will not receive payment for

work found by the State to be unsatisfactory or performed in violation of federal, state, or local law.

7. Authorized Representatives: The State's Authorized Representative, or their successor, and has the responsibility to monitor the Grantee's performance and the authority to accept the services provided under this grant contract agreement. If the services are satisfactory, the State's Authorized Representative will certify acceptance on each invoice submitted for payment.

The Grantee's Authorized Representative is **Christina Regas**. If the Grantee's Authorized Representative changes at any time during this grant contract agreement, the Grantee must immediately notify the State.

Grantee: City of Blackduck

Name: Christina Regas

Title: City Administrator

Address: PO Box 380, Blackduck, MN 56630-0380

Phone: 218-835-4803

Email: christina.regas@blackduckmn.com

8. Assignment, Amendments, Waiver, and Complete Agreement

8.1 Assignment: The Grantee shall neither assign nor transfer any rights or obligations under this grant contract agreement.

8.2 Amendments: Any amendments to this grant contract agreement must be in writing and will not be effective until it has been executed and approved by the same parties who executed and approved the original grant contract, or their successors in office.

8.3 Waiver: If the State fails to enforce any provision of this grant contract agreement, that failure does not waive the provision or the State's right to enforce it.

8.4 Grant Contract Agreement Complete: This grant contract agreement contains all negotiations and agreements between the State and the Grantee. No other understanding regarding this grant contract, whether written or oral, may be used to bind either party.

9. Liability: The Grantee must indemnify, save, and hold the State, its agents, and employees harmless from any claims or causes of action, including attorney's fees incurred by the State, arising from the performance of this grant contract agreement by the Grantee or the Grantee's agents or employees. This clause will not be construed to bar any legal remedies the Grantee may have for the State's failure to fulfill its obligations under this grant contract agreement.

10. State Audits: Under Minn. Stat. § 16B.98, Subd.8, the Grantee's books, records, documents, and accounting procedures and practices of the Grantee or other party relevant to this grant contract agreement or transaction are subject to examination by the Commissioner of Administration, by the State granting agency and/or the State Auditor or Legislative Auditor, as appropriate, for a minimum of six years from the end of this grant contract agreement, receipt and approval of all final reports, or the required period of time to satisfy all state and program retention requirements, whichever is later

- Accounting methods must be in accordance with generally accepted accounting principles. The Grantee shall comply with the requirements of the Single Audit Act Amendments of 1996 (P.L. 104-156). When a Grantee expends over \$750,000 in federal funds during their fiscal year, a single audit is required to be submitted for that year.
- The grantee shall maintain books, records, documents and other evidence pertaining to the costs and expenses of implementing this application to the extent and in such detail as will accurately reflect all gross costs, direct and indirect, of labor materials, equipment, supplies, services and other costs and expenses of whatever nature.
- The grantee shall use generally accepted accounting principles.
- The grantee shall preserve all financial and cost reports, books of account and supporting documents and other data evidencing costs allowable and revenues and other applicable credits under this award which are in the possession of the grantee and relate to this award, for a period of no less than six years and the respective federal requirements where applicable.

- All pertinent records and books of accounts related to this award and subsequent awards shall be preserved by the grantee for a period of six years subject to the following criteria:
 - The six-year retention period shall commence from the date of submission of the final expenditure report.
 - If any litigation, claim, or audit is started before the expiration of the six-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved.
 - The grantee agrees to cooperate in any examination and audit under the provisions of this paragraph.

11. Financial Reconciliation: A financial reconciliation or desk review of reported expenditures to supporting documentation will occur at least once during the award period on grants that are at or 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 (FRF) submitted by the grantee.

- MDE may request documentation before, during, or after monitoring visits.
- Financial documentation to support expenditures incurred under this award must be maintained by the grantee and provided to MDE upon request

12. Monitoring and Corrective Action: Pursuant to state regulations and guidelines, the State shall monitor grantee performance annually. The Grantee will make all books, records, documents, and accounting procedures and practices accessible for any monitoring. Monitoring will be based on forms provided by the State. The monitor may be in person or a request for information at any time during the grant and any time after grant closeout as needed.

The grantee will monitor the activities of the sub-recipient according to 2 CFR §200.303 and 2 CFR §200.331 as necessary to ensure that the sub-award is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the Sub-award;

and that sub-award performance goals are achieved. Pass-through entity monitoring of the sub-recipient must include:

- a. Reviewing financial and programmatic reports required by the pass-through entity.
- b. Following-up and ensuring that the sub-recipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the sub-recipient from the pass-through entity detected through audits, on-site reviews, and other means.
- c. Issuing a management decision for audit findings pertaining to the Federal award provided to the sub-recipient 2 CFR §200.332 from the pass-through entity as required by 2 CFR §200.521 management decision.

13. Government Data Practices and Intellectual Property

13.1 Data Practices: Governed by Minn. Stat. Ch. 13. The Grantee must notify the State if it receives data requests.

- The Grantee and State must comply with the Minnesota Government Data Practices Act, [Minn. Stat. Ch. 13](#), as it applies to all data provided by the State under this grant contract, and as it applies to all data created, collected, received, stored, used, maintained, or disseminated by the Grantee under this grant contract agreement. The civil remedies of [Minn. Stat. §13.08](#) apply to the release of the data referred to in this clause by either the Grantee or the State. If the Grantee receives a request to release the data referred to in this Clause, 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. The Grantee's response to the request shall comply with applicable law.

13.2 Ownership of Materials and Intellectual Property Rights

- a. *Intellectual Property Rights:* The State of Minnesota shall own all rights, title, and interest in all the intellectual property rights, including copyrights, patents, trade secrets, trademarks and service marks in the works and documents created and

paid for under the award. Works means all inventions, improvements, discoveries (whether patentable), 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 award. 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 award. The documents will be the exclusive property of the State of Minnesota and all such documents must be immediately returned to the state by the grantee upon completion or cancellation of the award. To the extent possible, those works eligible for copyright protection under the United States Copyright Act will be deemed to be "works for hire." The grantee assigns all right, title and interest it may have in the works and the documents to the State of Minnesota. The grantee, at the request of the state of Minnesota, shall execute all papers and perform all other acts necessary to transfer or record the State of Minnesota's ownership interest in the works and documents.

- b. *Notification* : Whenever any invention, improvement, or discovery (whether or not patentable) is made or conceived for the first time or actually or constructively reduced to practice by the grantee, including its employees and subcontractors, in the performance of the award, the grantee will immediately give the State of Minnesota's authorized representative written notice thereof, and must promptly furnish the authorized representative with complete information and/or disclosure thereon.
- c. *Representation*: The grantee must perform all acts and take all steps necessary to ensure that all intellectual property rights in the works and documents are the

sole property of the state of Minnesota, and that neither the grantee nor its employees, agents, or subcontractors retain any interest in and to the works and documents. The grantee represents and warrants that the works and documents do not and will not infringe upon any intellectual property of other persons or entities.

- i. Notwithstanding Liability clause 5, the grantee will indemnify; defend, to the extent permitted by the Attorney General; and hold harmless the state of Minnesota, at the grantee's expense, from any action or claim brought against the state of Minnesota to the extent that it is based on a claim that all or part of the works or documents infringe upon the intellectual property rights of others.
- ii. The grantee will be responsible for payment of all such claims, demands, obligations, liabilities, costs, and damages, including but not limited to, attorney fees. If such a claim or action arises, or in the grantee's or the state of Minnesota's opinion is likely to arise, the grantee, must at the state of Minnesota's discretion, either procure for the state of Minnesota the right or license to use the intellectual property rights at issue or replace or modify the allegedly infringing works or documents as necessary and appropriate to obviate the infringement claim. This remedy of the state of Minnesota will be in addition and not exclusive of other remedies provided by law.

14. Proceeds of a Sale. Upon the sale of the Grant Recipient's interest in the Real Property and, if applicable, the Facility the net proceeds thereof shall be disbursed in the following manner and order.

- a. The first distribution shall be to the Commissioner of Management and Budget in an amount equal to the amount of the Grant actually disbursed, and if the amount of such net proceeds shall be less than the amount of the Grant actually disbursed then all of such net proceeds shall be distributed to the Commissioner of Management and Budget.

- b. The remaining portion, after the distribution specified in Section 3.03.A, shall be distributed to pay in full any outstanding public or private debt incurred to acquire the Grant Recipient's interest in or for the betterment of the Real Property and, if applicable, the Facility in the order of priority of such debt.
- c. Any remaining portion, after the distributions specified in Sections 3.03A and B, shall be divided and distributed in proportion to the shares contributed to the acquisition of the Grant Recipient's interest in or for the betterment of the Real Property and, if applicable, the Facilities by public and private entities, including the State Entity but not including any private entity that has been paid in full, that supplied funds in either real monies or like-kind contributions for such acquisition and betterment, and the State Entity's distribution shall be made to the Commissioner of Management and Budget. Such public and private entities may agree amongst themselves as to any redistribution of such distributed funds.

The Grant Recipient shall not be required to pay or reimburse the State Entity for any funds above and beyond the full net proceeds of such sale, even if such net proceeds are less than the amount of the Grant actually disbursed.

15. Workers Compensation: The Grantee certifies that it follows Minn. Stat. §176.181, Subd. 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.

16. Publicity and Endorsement

16.1 Publicity: Any publicity regarding the subject matter of this grant contract agreement must identify the State as the sponsoring agency and must not be released without prior written approval from the State's Authorized Representative. For purposes of this provision, publicity includes notices, informational pamphlets, press

releases, research, reports, signs, and similar public notices prepared by or for the Grantee individually or jointly with others, or any subcontractors, with respect to the program, publications, or services provided resulting from this grant contract. All projects primarily funded by state grant appropriations must publicly credit the State of Minnesota, including on the grantee's website when practicable.

16.2 Endorsement: Grantee may not imply State endorsement of products/services.

17. Governing Law, Jurisdiction, and Venue: Minnesota law, without regard to its choice-of-law provisions, governs this grant contract agreement. Venue for all legal proceedings out of this grant contract agreement, or its breach, must be in the appropriate state or federal court with competent jurisdiction in Ramsey County, Minnesota.

18. Termination

18.1 By State

a. **Without Cause:** The State may terminate this grant contract agreement without cause, upon 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.

b. **With Cause:** The State may immediately terminate this grant contract agreement if the State finds that there has been a failure to comply with the provisions of this grant contract, that reasonable progress has not been made or that the purposes for which the funds were 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.

18.2 By Commissioner of Administration: The Commissioner of Administration may immediately and unilaterally cancel this grant contract agreement if further performance under the agreement would not serve agency purposes or is not in the best interest of the State.

18.3 Termination for Insufficient Funding: The State may immediately terminate this grant contract agreement if:

- a. Funding becomes unavailable or the continuation of this Agreement and payments hereunder shall be subject to the availability of federal funds to the State from the US Treasury under the Prime Award. The State shall only be required to make payments to the grantee to the extent that the US Treasury makes payments to the State for allowable costs pertaining to this Agreement. The State shall promptly notify the grantee, in writing, of any (i) termination of the Prime Award or (ii) modification of funding available under the Prime Award that might negatively impact this subaward.
- b. Funding for the Coronavirus Capital Projects Fund (Capital Projects Fund), established by Section 604 of the Social Security Act (the Statute), as added by Section 9901 of the American Rescue Plan Act of 2021 (American Rescue Plan) is withdrawn by the U.S. Department of Treasury.
- c. Termination must be by written or fax notice 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 to the extent that funds are available. The State will not be assessed any penalty if the grant contract agreement is terminated because of the decision of the Minnesota Legislature, or other funding source, not to appropriate funds. The State must provide the Grantee notice of the lack of funding within a reasonable time of the State's receiving that notice.

In the Event of Cancellation: In the event of any cancellation under this provision, the Grantee shall cooperate fully with the State and help facilitate any transition for the provision of services by a different vendor. Failure to cooperate with or withholding any information or records requested by the State or a different vendor that impairs in any way the transition of the provision of services shall constitute a material breach of this grant contract agreement, subjecting Grantee to liability for all damages incurred by the State resulting from such breach.

19. Data Disclosure: Under [Minn. Stat. § 270C.65](#), Subd. 3, and other applicable law, the Grantee consents to disclosure of its social security 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.

20. Post Grant Reporting Requirements: The grantee will report to the State, in the manner as requested by the State. The report will be due annually beginning after the end period of the grant on December 31, 2027. The grantee will continue to report annual for a period of 5 years past the end of the grant through December 31, 2031. Grantee shall use the reporting forms provided by the State.

21. Conflicts of Interest: The State will take steps to prevent individual and organizational conflicts of interest in reference to Grantees per [Minn.Stat. §16B.98](#) and Department of Administration, Office of Grants Management, Policy Number 08-01 [Conflict of Interest Policy for State Grant-Making](#) (Current Policies tab). When a conflict of interest concerning State grant-making is suspected, disclosed or discovered, transparency shall be the guiding principle in addressing it.

- In cases where a potential or actual individual or organizational conflict of interest is suspected, disclosed, or discovered by the Grantee throughout the life of the grant

contract agreement, they must immediately notify the State for appropriate action steps to be taken, as defined above.

- The Grantee must complete a Conflict-of-Interest Disclosure Form.

22. Federal Environmental Standards: Unless the State indicates otherwise and prior to release of funds, the Grantee is required to conduct an environmental review on project activities to comply with the National Environmental Policy Act of 1969 (NEPA), as amended. Disbursement of funds from the State will not occur until State has issued an environmental clearance to the Grantee.

- Grantee must maintain environmental review documentation and records and make them available to the public.

23. 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).

24. Use of Out of State Contractors: The Grantee must comply with Minnesota Statutes, Section 290.9705 by either:

- a. Depositing with the State, eight percent of every payment made to non-Minnesota construction contractors, where the contract exceeds \$50,000; or

- b. Receiving an exemption from this requirement from the Minnesota Department of Revenue.

25. Program Income: Per uniform administrative requirements for federal awards, program income generated from funded projects during the grant performance period must be used for the purposes and under the conditions of the federal award. The U.S. Department of the Treasury's Capital Projects Fund prescribes the "additive" approach to program income for multi-purpose community facilities.

26. Procurement: The Grantee must maintain documentation that shows that professional services were procured in accordance with 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Services obtained from an HRA, RDC, or nonprofit organization do not have to be procured by competitive negotiation if exemption has been requested and approved by MDE, but contracts for these services must only be on a cost reimbursement basis, accounted for in accordance with 2 CFR Part 200.

27. Equal Employment & Section 3: Grantee must adhere to the Subparts A, C and D of the Section 3 regulations at 24 CFR 75 if the financial assistance provided to the project exceeds a threshold of \$200,000 in HUD program funding. If the project is found to be a Section 3 project, requirements at 24 CFR 75.19 must be followed. The Grantee will report labor hours in the Annual Report as described in 24 CFR 75.25(a), provide the qualitative efforts to assist low and very low-income persons described at 24 CFR 75.25(b) if reporting benchmarks are not met, must include Section 3 requirements and language in bidding documents and contracts, and retain necessary Section 3 documentation as described in 24 CFR 75.31. Additionally, the Grantee will include The Standard Federal Equal Employment Opportunity Construction Contract Specifications (Executive Order 11246, as amended) in the bidding and contract documents. Grantees will adopt an "Affirmative Contractor Outreach Plan – Section 3, MBE and WBE" which will outline how the Grantee will adhere to Section 3 requirements and will

promote the use of Section 3 business concerns and Women- or Minority-Owned Businesses. The plan will include a requirement that contractors and subcontractors will complete the Section 3 and Women- or Minority-Owned Business Certification form.

28. Equal Opportunity, Americans with Disabilities Act, and Minnesota Human Rights Act: The Grantee agrees to comply with all nondiscrimination assurances described in: [Section 188 of the Workforce Innovation and Opportunity Act \(WIOA\)](#); the [Americans with Disabilities Act, as amended \(ADA\), Title I and Title II, as amended](#); and the [Minnesota Human Rights Act](#).

29. Build America, Buy America Act (BABAA): Treasury strongly encourages recipients to use domestic procurement preferences wherever practicable. However, infrastructure projects funded solely with CPF award funds are not subject to the Buy America Preference requirements set forth in section 70914 of the Build America, Buy America Act included in the Infrastructure Investment and Jobs Act, Pub. L. 117-58. CPF recipients may be otherwise subject to the Buy America Preference requirements when CPF award funds are used on a project in conjunction with funds from other federal programs that require compliance with the Buy America Preference requirements. Recipients are advised to consult with the other federal agencies administering federal financial assistance that is being blended or braided with CPF funds regarding the applicability of the Buy America Preference requirements.

1. STATE ENCUMBRANCE VERIFICATION

Individual certifies that funds have been encumbered as required by Minn. Stat. § 16A.15.

Signed: _____

Date: _____

SWIFT Contract/PO No(s): _____

2. GRANTEE

The Grantee certifies that the appropriate person(s) has executed the grant contract agreement on behalf of the Grantee as required by applicable articles, bylaws, resolutions, or ordinances.

By: _____

Title: _____

Date: _____

By: _____

Title: _____

Date: _____

3. STATE OF MINNESOTA – DEPARTMENT OF EDUCATION

By: _____

(WITH DELEGATED AUTHORITY)

Title: _____

Date: _____

Distribution:

Agency

Grantee

State's Authorized Representative



CITY OF BLACKDUCK CITY OF BLACKDUCK

PUBLIC FUNDS REQUEST FORM SER 04 2025

PO BOX 380 BLACKDUCK, MN 56630

Organization or Group Requesting Public Funding:

Madden McKean Foundation

What type of project will the Public Funds used for:

Senior Scholarships for students pursuing a post secondary education. Funding for students/organizations in Athletics + Fine Arts.

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:

Funding and assistance to the Blackduck School students that are participating in Athletics / Fine Arts. These funds will help Blackduck be able to turn out more well rounded future citizens.

Outline specifically WHAT PORTION of the project these funds will be used for:

The entire portion will go to the Foundation project.

What other Organization has your group contacted for funding? Please list names of other organizations and the dollar amounts requested and or grants requested:

Beltrami Electric - \$1000

Firemen - \$300

We conduct a Golf Tournament to generate funds.

Date Funds are being requested: September 5, 2025

Date the project starts and completes: Ongoing.

See opposite side of form for Conditions for Requesting Public Funds

320-333-3893



CITY OF BLACKDUCK

RESOLUTION NO: 2025-01

A RESOLUTION OF ANNUAL APPOINTMENTS AND DESIGNATIONS FOR 2025

WHEREAS, annually, at their first meeting in January, the Blackduck City Council handles annual designations and appointments; and

WHEREAS, included is the designation of the Official Newspaper, Official Depositories and Official Posting, and

WHEREAS, included is the designation of a Vice Mayor; and

WHEREAS, included are the appointments of City Councilors and staff to various boards and commissions.

NOW, THEREFORE, BE IT RESOLVED, that the Blackduck City Council does hereby make the annual designations (*Exhibit A attached hereto*) and appointments (*Exhibit B attached hereto*), effective immediately upon adoption.

Revised by the Blackduck City Council this 8th, day of September, 2025.

APPROVED:

Maxwell Gullette, Mayor

Christina Regas, City Administrator



CITY OF BLACKDUCK RESOLUTION NO: 2025-01

EXHIBIT A

DESIGNATIONS

OFFICIAL NEWSPAPER:	Bemidji Pioneer
OFFICIAL POSTING LOCATION:	Blackduck City Hall 8 Summit Avenue NE, Blackduck
OFFICIAL DEPOSITORY:	Deerwood Bank - Blackduck
CITY ATTORNEY:	Joseph J. Langel of RRM Ratwik, Roszak & Maloney, P.A.



CITY OF BLACKDUCK

RESOLUTION NO: 2025-01

EXHIBIT B

APPOINTMENTS AND REPRESENTATION ON VARIOUS COMMITTEES

Vice Mayor: Nick Seitz (2025)

City Assessor: Beltrami County Assessor, Kaleb Bessler

City Engineer: Tim Ramerth, Widseth

Park & Trail Board (4): Public Works Director, Mike Schwanke
City Administrator, Christina Regas

Council Member Ron Fredrickson

Other Meghan Klein

Other Sandra Miller

Personnel Committee (3): City Administrator, Christina Regas

Council member Donald Johnson

Other Shawnda Lahr

Other Mike Schwanke

Public Works Committee (4): Public Works Director, Mike Schwanke
City Administrator, Christina Regas

Council Member Nicholas Seitz

Other Maxwell Gullette

Liquor Committee (4): Director of Liquor Operations, Shawnda Lahr
City Administrator, Christina Regas

Council Member Donald Johnson

Other Ron Fredrickson

Finance Committee (3): City Administrator, Christina Regas

Council Member Nicholas Seitz

Council Member Maxwell Gullette

Other Mike Schwanke

Public Safety Committee (up to 5): Fire Chief Brian Larson
City Administrator, Christina Regas
Public Works Director, Mike Schwanke

Council Member Maxwell Gullette



CITY OF BLACKDUCK

RESOLUTION NO: 2025-01

Golf Board (up to 6): City Administrator, Christina Regas

Golf Director Misty Frenzel

Golf Member Kevin Erpelding

Council Member Maxwell Gullette

Council Member Donald Johnson

Safety Committee (4): Public Works Director, Mike Schwanke
Director of Liquor Operations, Shawnda Lahr
Deputy Clerk, Paige Watson

Other/ Council Member

Planning Commissioners (5):

Appointed Position Kurt Cease

Appointed Position John Wilson Winnett

Appointed Position Kayla Smischney

Appointed Position Ernie Tindell

Appointed Position Ron Rockis

Zoning Administrator: City Administrator, Christina Regas

Library Board: Paula Erickson

Miriam Osborn

OPEN

Mary Salmonson

Amy Granlund

Cameron Koenen

Blackduck Librarian Kelly Hanks

Council Member Liaison Laurie Hamilton

Council Member Alternate Donald Johnson

Kitchigami Regional Library Representative: Laurie Hamilton

Alternate Donald Johnson

HRA (up to 5): Mayor Maxwell Gullette

Councilor Laurie Hamilton

Councilor Ron Fredrickson

Councilor Nicholas Seitz

Councilor Donald Johnson

City Administrator, Christina Regas



CITY OF BLACKDUCK

RESOLUTION NO: 2025-01

Revolving Loan Fund Committee (up to 5): City Administrator, Christina Regas
Dwight Kalvig (Kalvig & Associates)
Grant Frenzel (Deerwood Bank)
Council Member Maxwell Gullette
Headwaters Regional Development Center Rep Tony Klaers

Historical Preservation Committee (up to 8): Laurie Turner
Rob Ingersoll
Avonel Kjellberg
Sherry Gilstad
LaVonne Peterson
Mary Joy
Joan Gunderson
Shirley Gilmore
Carol Hannigan

Ambulance Board Representative (BAII): City Council member, Ronald Fredrickson

Ambulance Joint Powers Emergency Services: Mayor Maxwell Gullette

HRDC Board Member: Mayor Maxwell Gullette

Blackduck City Ordinance Chapter 3 Administration Section 300.07 Committees.

Subdivision 1. Standing Committees

Committees designated - there shall be the following standing committees.

1. *Liquor Committee*
2. *Park and Trail Board*
3. *Golf Board*
4. *Revolving Loan Committee*
5. *Library Board*
6. *Personnel*
7. *Public Works*
8. *Finance*
9. *Public Safety*

Subdivision 2. Membership

Each committee shall be appointed by the mayor with the approval of the majority of the council. Each committee member shall serve as appointed unless excused by a majority of the members of the council.

Subdivision 3. Referral Reports.

Any matter brought before the council for consideration may be referred by the presiding officer to the appropriate committee or to the special committee appointed by him or her for a written report and committee report shall be signed by a majority of the members and shall be filed with the administrator prior to the council meeting at which it is to be submitted. Minority reports may be submitted. Each committee shall act promptly and faithfully on the matter referred to it.



802 Paul Bunyan Dr S Ste 9
PO Box 455
Bemidji MN 56619-0455

CITY OF BLACKDUCK
PO BOX 380
BLACKDUCK MN 56630

Account #: 177912420

Dear City Of Blackduck,

Thank you for being a loyal *Blackduck American* reader. For 124 years, it has been our mission to deliver trusted local news to you, our readers and advertisers, and to keep our community well informed. However, as you may know, producing and delivering a newspaper has become increasingly costly and print advertising revenue has continued to decline as subscribers switch to digital formats.

After careful consideration, we have made the difficult decision to **cease publication of the *Blackduck American***. This was not a choice we made lightly, but one we believe is necessary to continue serving our region with strong, sustainable local journalism. The final issue will be published **September 27, 2025**.

Because you are currently subscribed to our sister paper, the *Bemidji Pioneer*, we will credit any remaining balance on your account toward your *Pioneer* subscription (Account # 177911298). No action is required, and your delivery of the *Pioneer* will continue uninterrupted.

Along with the printed newspaper, the *Bemidji Pioneer* offers an e-paper (a digital replica of the print edition) and access to bemidjipioneer.com for the latest updates, breaking news, community coverage, sports, and more. You also have access to the entire Forum News Network for subscriber-only stories from across greater Minnesota and beyond.

Our commitment to covering stories that matter to the Blackduck community and all of northern Minnesota remains strong, and we look forward to continuing to bring you the local news you depend on.

If you have questions about your subscription or would like to discuss your options, please reach out to our local customer service team at 833-248-7802 or by emailing fccmemberservices@forumcomm.com.

We are deeply grateful for your continued support and understanding during this transition. Thank you for being a valued subscriber and for supporting local journalism in our region.

Sincerely,

Christine Olson
General Manager



CITY OF BLACKDUCK

RESOLUTION NO: 2025-16

A RESOLUTION APPROVING AN ASSESSMENT FOR PAST DUE UTILITY CHARGES

WHEREAS, the City Code of the City of Blackduck Ordinance 215 entitled “Utility Rates and Collection Procedures” Section 6: entitled “Collection with Real Estate Taxes” states “the City of Blackduck may prepare an assessment roll each year providing for assessment of the delinquent amounts against the respective properties served.”

AND WHEREAS, the City of Blackduck shall deliver the assessment roll to the City Council for adoption on or before October 15th of each year those delinquent amounts,

BE IT RESOLVED by the Council of the City of Blackduck, County of Beltrami, Minnesota, that an assessment for past due utility charges, specifically the municipal water and sewer charges, be placed on the property taxes of the following properties:

Joe Enger - 63740 US Hwy 71 Blackduck, MN 56630 - Amount of - \$314.58
Past Due Utilities
224 Carlson Avenue NW
Blackduck, MN 56630
Parcel #81.00469.00

Adopted by the City Council on September 8th, 2025

Maxwell Gullette, Mayor

Christina Regas – City Administrator



CITY OF BLACKDUCK ORDINANCE #2025-03

AN ORDINANCE AMENDING CHAPTER 6, LAKEVIEW CEMETERY, OF THE CITY CODE

The City Council of Blackduck, Minnesota, ordains:

Section 1 – Section 600.01 Description / Name is amended as follows, with deleted language struck out and new language in red.

A cemetery has been established and is continued upon land owned by the City, in ~~Section 14 Township 149 Range 031, East 873.04' of South 716.69' of North 749.69' of Northeast 1/4 of Northeast 1/4 Less Parcel 186-01 and Section 14 Township 149 Range 031, Beginning at a point 33' West and 33' South of the Northeast Corner of the Northeast 1/4 of the Northeast 1/4, thence South on a line parallel to and 33' West of the East Section Line of above described section, a distance of 466.69; to an iron pipe drove in the ground, thence West making a deflection angle of 89*47' a distance of 466.69' (to an iron pipe) thence North making a deflection angle of 90*13' a distance of 466.69 (to an iron pipe) thence East making a deflection angle of 89*47' on a line parallel to and 33' South of the North section line of above section a distance of 466.69 feet (to an iron pipe) which is the place of beginning.~~ **SECT-14 TWP-149 RANGE-031 5 AC BEGINNING AT A POINT 33' W AND 33' S OF THE NE CORNER OF THE NE1/4 OF THE NE1/4, THENCE S ON A LINE PARALLEL TO AND 33' W OF THE E SECTION LINE OF ABOVE DESCRIBED SECTION, A DISTANCE OF 466.69' TO AN IRON PIPE DROVE IN THE GROUND, THENCE W MAKING A DEFLECTION ANGLE OF 89*47' A DISTANCE OF 466.69' (TO AN IRON PIPE) THENCE N MAKING A DEFLECTION ANGLE OF 90*13' A DISTANCE OF 466.69' (TO AN IRON PIPE) THENCE E MAKING A DEFLECTION ANGLE OF 89*47' ON A LINE PARALLEL TO AND 33' S OF THE N SECTION LINE OF ABOVE SECTION A DISTANCE OF 466.69 FEET (TO AN IRON PIPE) WHICH IS THE PLACE OF BEGINNING OLD #180018601 & SECT-14 TWP-149 RANGE-031 9.36 AC E 873.04' OF S 716.69' OF N 749.69' OF NE1/4 OF NE1/4 LESS PARCEL 186-01 OLD #180018600**

Section 2 – Section 600.02 – Officers and Duties is amended as follows, with deleted language struck out and new language in red.

Subd. 1. ~~The Council shall be ex officio of said Cemetery, and the City Administrator shall be ex officio treasurer. The Council shall perform all the duties devolving upon the Trustees of cemetery associations as defined by the laws of this State. The Administrator shall perform all the duties devolving upon the secretary and treasurer of the cemetery associations as defined by the statutes.~~ **The responsibility for the management of Lakeview Cemetery and all matters relating thereto shall be vested in the City of Blackduck. The City of Blackduck Public Works Department shall be responsible for the care and maintenance of the cemetery. The City Administrator shall be responsible for the cemetery records and administering deeds to the public.**

Subd. 2. **The Lakeview Cemetery will be open to visitors during the hours of sunrise to sunset. Permission to enter at all other times shall be secured from the City. The City of Blackduck**



CITY OF BLACKDUCK ORDINANCE #2025-03

reserves the right to refuse admission to the cemetery and to refuse the use of any of the cemetery's facilities, at any time, to any person or persons whom the City may deem objectionable to the best interests of the cemetery. During the snow season, the access to cemetery roads may be blocked and only foot traffic allowed.

Section 3 – Section 600.03 - Sale of Cemetery Lots is amended as follows, with deleted language struck out and new language in red.

Subd. 1. The price of cemetery lots, vault rental fee, and other services, may be established from time to time by the City Council in the Ordinance Establishing Fees and Charges. Any person paying the price thus fixed for any lot shall be entitled to a deed conveying the same executed by the Mayor and City Administrator. **Upon full payment of the purchase price of a lot, or lots, the City of Blackduck will issue a cemetery deed conveying the lot, executed by the City, and the deed shall be recorded in the records of the City.** Said deed shall be for "the purpose of interment only", and shall be drawn subject to all the laws, rules and regulations of the City. ~~No title to any cemetery lot shall be transferred by the owner thereof except as authorized by Minnesota Statutes section 306.29. Whenever the title to any cemetery lot or shall be transferred by the owner, the City shall have the right to repurchase the same by paying to such owner the price originally paid to the City, less the portion thereof allocated to the Perpetual Care Fund under Section 600.09 of this Chapter.~~

Section 4 – Section 600.04 – Transfer of Lots – shall be amended by adding the following language:

The owner of the cemetery lot, or grave, may transfer lots:

1. To the City of Blackduck at the original sale price minus perpetual care (35%);
2. By will to any of his/her relatives who may survive him/her for the use and benefit of the person designated in the will;
3. By will to other persons not related to him/her for the use and benefit of the person designated in the will

In all cases, the owner must complete and have signed by witnesses and a Notary Public a transfer of ownership document provided by the City of Blackduck. The transfer of ownership document must be approved by the City prior to the transfer of lots by the owner. When a transfer has been made in conformance with these rules, such transfer shall be recorded in the cemetery records.

Section 5 – Section 600.04 – Deposits – shall be amended to **Section 600.05**

The City requires a deposit for headstones. If a headstone is not properly installed within eighteen (18) months after burial, the City may use the deposit to purchase and install a headstone to identify the occupant of the gravesite. The City shall from time to time establish the headstone deposit amount by Resolution. The City will refund the deposit upon proper installation of the headstone by the party who made the deposit.



CITY OF BLACKDUCK ORDINANCE #2025-03

Section 6 - 600.05 - Care and Maintenance – shall be amended to be **Section 600.06** and deleted language struck out and language in red added:

Subd 1. The City of Blackduck shall provide general care for the cemetery, which shall include maintenance of roadways, mowing grass, trimming and caring for trees and removal of fallen trees. This shall not include providing special care such as watering lawns or vases temporarily placed on the graves. The city shall have the right to remove trees, shrubs, plants or any structures now located upon any burial site, which has or shall become by reason of age or otherwise, unsightly or detrimental to the site upon which they are located or any adjacent site or avenue, and upon notification of the relatives if possible and shall have the right to remove any such trees, shrubs, plants or any structures which may be placed on a site contrary to the provision of these regulations.

Subd. 2 Artificial flowers may be placed in the approved urns or vases two weeks prior and two weeks after Memorial Day. Flowers must be securely fastened to the urn or vase so that they will not fall or be blown from the container and cause problems with mowing. No artificial flowers, flags, or decorations of similar nature shall be placed upon or attached to any grassy area, any tree or shrub; such flower improperly placed may be removed by the city. Any flowers, flags, or decorations may be removed after ten (10) days of being placed on the burial site in order to maintain orderly appearance.

Subd. 3 No gravesite ground of planting trees, shrubs, and flowers will be permitted. The City reserves the right to remove any tree shrub, vine, plant, or flower which may be unsightly, dangerous, or not keeping with the landscape design of the cemetery. ~~All landscaping, grading, and seeding shall be done by the City of Blackduck.~~

Subd. 4. The City of Blackduck cannot be held responsible for any damages, loss, or theft of any personal property such as flowers, plants, decorations, vases, crocks, markers, monuments, etc.

Section 7 - 600.06 - Conduct in the Cemetery - shall be amended to be **Section 600.07** and deleted language struck out and language in red added:

Subd. 1 Persons visiting the cemetery or attending funerals are strictly prohibited from writing upon, defacing, or damaging any memorial or breaking or injuring any tree, shrub, plant or other structure within the cemetery grounds.

Subd. 2 The following acts are expressly prohibited, as well as any other violations of City Ordinances and regulations that may apply:

- A. The driving of motor vehicles into the cemetery, unless attending a funeral, visiting a relative or friend's gravesite, or carrying on maintenance work authorized by the City with a speed limit not to exceed 10 miles per hour.
- B. The driving or parking of any motor vehicle across of upon any grave or lot except by authorized personnel.
- C. Bringing of lunches or refreshments into the cemetery or consuming them on the grounds.
- D. Peddling or soliciting the sale of any commodity within the cemetery.



CITY OF BLACKDUCK ORDINANCE #2025-03

- E. Placing of signs, notices, or advertisements of any kind within the cemetery.
- F. ~~Bringing~~ ~~The shooting of firearms into the cemetery,~~ except in the nature of a military salute or escort ~~is prohibited.~~ accompanying a veteran's funeral or attending memorial services, or by police officers while in the line of duty.
- G. All rude and boisterous conduct is prohibited.
- H. ~~Driving faster than ten (10) miles per hour in the cemetery shall be unlawful.~~
- I. No liquor of any kind shall be consumed in the cemetery.
- J. ~~The throwing of rubbish on any part of the ground.~~
- K. ~~No automobiles, trucks, wagons, snowmobiles, or other motorized vehicles shall drive on any cemetery lots, except authorized vehicles.~~

Subd. 3. No dog, cat or other household pet will be allowed in the cemetery unless on a leash secured by the pet owners. Any and all pet droppings will be removed promptly by the pet owner.

Subd. 4. Special cases may arise in which the literal enforcement or interpretation of a rule may impose on unnecessary hardship. The City reserves the right to make exceptions, suspensions, or modifications to any of these rules and regulations when the judgement of the City such action appears necessary and such a temporary exceptions, suspension, or modification shall in no way be construed as affecting the general application of such rules and regulations.

Section 8 - 600.07 - Unlawful to Destroy Property – is deleted in its entirety

~~It shall also be unlawful to destroy, injure, mutilate or remove any tombstone, monument, gravestone, building, fence, railing, or other structure in the cemetery, and it shall be unlawful to injure or destroy any tree, shrub or plant or to injure or interfere with any grounds or parking rules within the limits of the cemetery.~~

Section 9 - 600.08 - Burials and interments - shall be amended and deleted language struck out and language in red added:

Subd. 1 No burials or interments of any kind shall be made in said cemetery without prior notification to and permission from the City. Permission shall be granted if this Section and all regulations of the City and State pertaining to the cemetery are complied with.

Subd. 2 Lot owners are granted only the right of interment in their lots. The City of Blackduck reserves the right to refuse to permit the interment of anyone who is not at the time the owner of the lot, or a relative of the owner by blood or marriage. Permission, in writing and with the seal of a Notary Public, of the lot owner must accompany all requests for permits to bury persons not members of the immediate family of the lot owner.

Subd. 3. No casket shall be interred in the cemetery unless it is encased in a permanent type burial case or vault. Fiberglass vaults are prohibited. Ashes must be placed in an urn prior to burial. No vault is required for cremation.



CITY OF BLACKDUCK ORDINANCE #2025-03

Subd. 4. Should the lot owner, or funeral director, fail or neglect to designate the location, the City of Blackduck reserves the right to make the interment in a location designated by the City. The City will not be responsible for any order given by telephone, or for any mistake occurring from the want of precise, proper instructions as to the particular location within a plot where interment is desired.

Subd. 5. The City of Blackduck will not be liable for the interment permit, nor the identity of the person sought to be interred.

Subd. ~~2~~ 6. No more than one non-cremation burial or interment and ~~three~~ ~~(3)~~ one (1) cremation burials shall be permitted on any one burial plot

Subd. ~~3~~ 7. No more than ~~four~~ ~~(4)~~ two (2) cremation burials shall be permitted on any one burial plot.

Section 10 - 600.09 - Perpetual Care Fund shall be amended and deleted language struck out and language in red added:

Subd. 1 The City Council shall designate a percentage of the sales price of any cemetery lot to be set apart as a Perpetual Care Fund for the care, maintenance and improvement of the cemetery. The funds shall be kept in separate accounts from other City funds as provided by law. The income from the Fund can be transferred to the Cemetery Fund for care, maintenance and improvement of the cemetery. General care assumed by the City shall in no case mean the maintenance, repair, or replacement of any marker or memorial placed or erected upon lots, nor the doing of special, unusual work in the cemetery.

Section 11 – 600.10 General Regulations – is deleted in its entirety and language is codified into Monuments and Markers.

Section 12 – 600.10 - Monuments and Markers – is amended as follows, with deleted language struck out and new language in red:

Subd. 1 General Regulations:

- a. No more than one monument shall be placed upon any one lot.
- b. All gravesites must have a headstone identifying the interment remains.
- c. Grave markers shall be set even with the ground.
- d. No lot shall be graded higher than the general level of the cemetery.
- e. No mound shall be built over any grave.
- f. No lot enclosures, such as fences, hedges, curbs, and the like shall be hereinafter constructed.
- g. If a second burial is made on any burial plot, it shall be marked by a flush marker and where monuments are permitted in the cemetery, only one monument per burial plot shall be permitted.



CITY OF BLACKDUCK ORDINANCE #2025-03

Subd. 4 ~~2~~ Location of Upright Markers

Upright markers cannot be placed in any lots in the following Blocks: M, N, O, P, Q, R, S, T, W, X, Y, and Z.

Subd. 2 ~~3~~ Location of Flat Markers

Flat marker may be placed on any lot in Blocks A-Z

Subd. 4. Placement of Markers

All markers including slab must fit within property lines. All markers and monuments must be set in cement unless otherwise approved by the City. The cement foundation must be at least 4" thick and have a 4" border around the monument.

Subd. 3 ~~5~~ Maintenance

It shall be the obligation of the owner of any cemetery lot or plot upon which a monument or marker (flat or upright) is located to maintain and keep such monument in a good state of repair at all times. In the event a monument creates a danger to public safety or interferes with maintenance of the cemetery, the City shall:

- A. Notify the owner, in writing, of the needed repair or maintenance and a date by which such repair or maintenance must be completed. Such notice shall be sent by first class mail to the last known address of the owner according to the official cemetery records maintained by the City.
- B. If the requested repair or maintenance is not completed by the date specified, the City may, at its discretion, repair, reset, or remove such monument. The cost for any such repair, resetting or removal shall be billed to the owner of the cemetery lot or plot.
- C. Whenever the City removes a monument, the City shall provide an alternate identification on the cemetery lot or plot. The cost of such alternate identification shall be included with the City's cost of removal and billed to the owner.

Section 13 – Effective Date

This ordinance shall take effect upon passage and publication as provided by law:

Passed and adopted this _____ day of _____, 2025.

Maxwell Gullette, Mayor

Attested: _____
Christina Regas, City Administrator



CITY OF BLACKDUCK ORDINANCE #2025-03

First / Final Reading: _____

WFP Blackduck LLC
272 Summit Ave W
Blackduck, MN 56630
Phone: 415-742-9779

September 05, 2025

Blackduck City Council
City of Blackduck
Blackduck, MN 56630

Dear Members of the City Council:

On behalf of WFP Blackduck LLC, we respectfully submit this formal request to the City Council of Blackduck regarding the property located at 272 Summit Ave W, Blackduck, MN. As part of our development plans for a state-licensed cannabis manufacturing and cultivation facility, we are requesting a waiver of the standard setback and minimum buffer requirements applicable to this property and WFP Blackduck LLC's business operation.

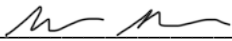
The unique characteristics of the site and the nature of the proposed operations make strict application of setback and minimum buffer requirements impractical and unduly burdensome. Waiving these requirements will allow the project to proceed in a manner that maximizes efficient land use while maintaining compliance with all other applicable state and local regulations. Our team is committed to ensuring the facility operates with the highest standards of safety, security, and community responsibility.

We believe that granting this waiver will support local economic development by creating jobs, generating tax revenue, and enhancing opportunities for Blackduck to be a leader in Minnesota's emerging cannabis industry. We welcome the opportunity to meet with the City Council to discuss this request in further detail and to address any questions or concerns you may have.

Thank you for your consideration of this request. We look forward to working collaboratively with the City of Blackduck to advance this important project.

Sincerely,

WFP Blackduck LLC

By: 

Name: James Michael Sahlman

Title: Manager



Blackduck, MN Partnership

August 18, 2025



Contents

- Executive Summary
- Company Overview
- Community Impact Case Study: Benton Harbor, MI
- Partnering With Blackduck Community
- Our Ask Of You



Executive Summary

- NOBO is excited to expand our business into MN and appreciative of the opportunity to speak with you about partnering with the Blackduck community
- MN cannabis industry is projected to grow from \$550M in 2025 to \$1.5B in 2029; creating business opportunities and tax revenue
- The property at 272 Summit Ave W in Blackduck MN could facilitate us working together to create jobs, generate tax revenue, and improve the community
- NOBO has a successful track record of working with communities to conscientiously benefit from the cannabis industry through property development, job creation, tax revenue generation and community engagement.

Company Overview

NOBO is a profitable vertically integrated cannabis operator with cultivation, processing and retail in Michigan, Colorado, Illinois and soon Minnesota, with annual revenues in excess of \$30M.

At our core we are growers. Our vertical integration provides us advantages in the market; delivering faster access to profitable revenue resulting from greater control over critical elements to success.

Our mission is to improve lives and communities by providing consumers and the medical community access to clean, sustainably produced cannabis products of the highest quality.

We achieve this mission through **consumer focus, constant innovation and community engagement.**



Our History

From humble beginnings in North Boulder, NOBO has grown to serve communities and consumers across Colorado, Michigan, Illinois and soon **Minnesota!**

2019

Founded By Alan Bonsett

2020

Launched **NOBO Michigan** by opening cultivation center.

2021

Opened 3 stores in Michigan

2022

Fastest growing private company in the Boulder CO Valley - **\$27.3 million in annual revenue**

2023

Expansion into Illinois and additional retail stores in Michigan

2024

Developed additional cultivation in CO

2025

Launched Denver and Grand Rapids retail. Developed additional MI cultivation facility. Licences and plans for **expansion to new MN market**



Benton Harbor Case Study

Situation:

- In 2019-20 Benton Harbor was still suffering from de-industrialization and economic decline that had begun in the 90s
 - High poverty rate, persistent unemployment and infrastructure problems

Opportunity:

- Recreational cannabis had been legalized in Michigan
- NOBO had been awarded licenses in MI and was looking to expand the business
- Benton Harbor offered economic zone development opportunities for a cultivation site and access to downtown retail

Action:

- NOBO purchased land, partnered with EPA for clean up and built a greenfield, state of the art, 12K sq ft, cultivation facility - a \$7M investment
- NOBO secured a lease on a building in the heart of the downtown art district and invested \$150K in improvements
- NOBO Michigan launches in 2021

<https://www.moodyonthemarket.com/nobo-plants-foothold-in-mi-cannabis-industry-opens-new-retail-and-product-on-center-in-benton-harbor/>



Benton Harbor Case Study

Community Partnership



New Industry



Downtown Revitalization



Economic Impact:

- 50 new jobs in Benton Harbor
- Above average compensation (salary+benefits)
- \$170,000 incremental annual tax revenue
- Extended economic impact in surrounding area as cultivation facility supplies additional retail

Community Impact:

- Active involvement in *Downtown Development Authority*
- Ongoing contributor to “Art District” renaissance
- Annual community giving via NOBOCares organization
- Ongoing sponsor of local charities: Breast Cancer Foundation, various veterans projects, SWMI Outreach Center, and more
- Employees active in community development



Partnership With Blackduck

The Opportunity:

- Recreational cannabis has been legalized in MN - initial demand will exceed supply
- NOBO has been awarded 3 mezzo licenses for integrated operation that provide for 9 retail locations, 45K sq ft of indoor cultivation and product processing facilities
- A property at 272 Summit Ave W in Blackduck offers an excellent space to scale cultivation and processing with potential for “economic zone” support
- The scale of this operation would be substantial - more than 4X the size of what we’ve built in Benton Harbor MI
- The prices for cannabis flower and processed products will be 5X to 6X higher in MN than those in MI until supply catches up to consumer and retail demand (3-4 years)
- The operation would eventually **employee up to 150** people and generate a taxable **revenue base of in excess of \$60M annually** at full capacity



Partnership With Blackduck

Our Ask:

- Partnership in establishing a safe, significant and successful integrated cannabis business in the region
- A special use permit to convert 272 Summit Ave W building into a state of the art indoor cultivation and processing facility
- Assistance in accessing “economic opportunity zone” incentives to accelerate time to benefits for the community and NOBO.
- Open and honest communication



Thank You



CITY OF BLACKDUCK

ORDINANCE #2025-04

AN ORDINANCE AMENDING CHAPTER 11, BUSINESS REGULATIONS OF THE CITY CODE, PROVIDING FOR SECTION 1170, REGULATING CANNABIS BUSINESSES

The City Council of the City of Blackduck, Minnesota, hereby ordains:

Section 1. Administration

§1170.01 Subdivision 1 Findings and Purpose:

The City Council of the City of Blackduck make the following legislative findings:

The purpose of this ordinance is to implement the provisions of Minnesota Statutes, Chapter 342, which authorizes the City of Blackduck to protect the public health, safety, welfare of City of Blackduck residents by regulating cannabis businesses within the legal boundaries of the City of Blackduck.

The City of Blackduck finds and concludes that the proposed provisions are appropriate and lawful land use regulations for the City of Blackduck, that the proposed amendments will promote the community's interest in reasonable stability in zoning for now and in the future, and that the proposed provisions are in the public interest and for the public good.

§1170.01 Subdivision 2 Authority & Jurisdiction

The City of Blackduck, Minnesota has the authority to adopt this ordinance pursuant to:

- a) Minnesota Statute 342.13(c), regarding the authority of a local unit of government to adopt reasonable restrictions of the time, place, and manner of the operations of a cannabis business provided that such restrictions do not prohibit the establishment or operation of cannabis business.
- b) Minnesota Statute 342.22, regarding the local registration and enforcement requirements of state-licenses cannabis retail businesses and lower-potency hemp edible retail businesses.
- c) Minnesota Statute 152.0263, Subd. 5, regarding the use of cannabis in public places.
- d) Minnesota Statute 462.354, regarding the authority of a local authority to adopt zoning ordinances.

Ordinance shall be applicable to the legal boundaries of the City of Blackduck.



CITY OF BLACKDUCK

ORDINANCE #2025-04

The City of Blackduck has delegated cannabis retail registration authority to Beltrami County. However, the City of Blackduck may adopt ordinances under Section (2.6, 3 and 4) if Beltrami County has not adopted conflicting provisions.

Commented [CR1]: Per County Recommendation strike out language

§1170.01 Subdivision 3 Severability

If any section, clause, provision, or portion of this ordinance is adjusted unconstitutional or invalid by a court of competent jurisdiction, the remainder of this ordinance shall not be affected thereby.

§1170.01 Subdivision 4 Enforcement

The Beltrami County Sheriff's Office, the Beltrami County Auditor-Treasurer, Beltrami County Environmental Services, and the Beltrami County Attorney's Office are responsible for the administration and enforcement of this ordinance. Any violation of the provisions of this ordinance or failure to comply with any of its requirements constitutes a misdemeanor and is punishable as defined by law. Violations of this ordinance can occur regardless of whether or not a permit is required for a regulated activity listed in this ordinance.

§1170.01 Subdivision 5 Definitions

Unless otherwise noted in this section, words and phrases contained in Minnesota Statute 342.01 and the rules promulgated pursuant to any of these acts, shall have the same meanings in this ordinance.

1. Cannabis Cultivation – A cannabis business licensed to grow cannabis plants within the e approved amount of space from seed or immature plant to mature plant; harvest cannabis flower from mature plant; package and label immature plants and seedlings and cannabis flower for sale to other cannabis businesses; transport cannabis flower to a cannabis manufacturer located on the same premises; and perform other actions approved by the office.
2. Cannabis Retail Business – A retail location and the retail location(s) of a mezzobusinesses with a retail operations endorsement, microbusinesses with a retail operations endorsement, medical combination businesses operating a retail location, (and/excluding) lower-potency hemp edible retailers.
3. Cannabis Retailer – Any person, partnership, firm, corporation, or association, foreign or domestic, selling cannabis product to a consumer and not for the purpose of resale in any form.
4. Daycare – A location licensed with the Minnesota Department of Human Services to provide the care of a child in a residence outside the child's own home for gain or otherwise, on a regular basis, for any part of a 24-hour day.
5. Lower-potency Hemp Edible – As defined under Minnesota Statute 342.01 subd. 50.



CITY OF BLACKDUCK

ORDINANCE #2025-04

6. Office of Cannabis Management – Minnesota Office of Cannabis Management, referred to as “OCM” in this ordinance.
7. Place of Public Accommodation – A business, accommodation, refreshment, entertainment, recreation, or transportation facility of any kind, whether licensed or not, whose goods, services, facilities, privileges, advantages or accommodations are extended, offered, sold, or otherwise made available to the public.
8. Preliminary License Approval – OCM pre-approval for a cannabis business license for applicants who qualify under Minnesota Statute 342.17.
9. Public Place – A public park or trail, public street or sidewalk; any enclosed, indoor area used by the general public, including, but not limited to, restaurants; bars; any other food or liquor establishment; hospitals; nursing homes; auditoriums; arenas; gyms; meeting rooms; common areas of rental apartment buildings, and other places of public accommodation.
10. Residential Treatment Facility – As defined under Minnesota Statute 245.462 subd. 23.
11. Retail Registration – An approved registration issued by Beltrami County to a state-licensed cannabis retail business.
12. School – A public school as defined under Minnesota Statute 120A.05 or a nonpublic school that must meet the reporting requirements under Minnesota Statute 120A.24.
13. State License – An approved license issued by the State of Minnesota’s Office of Cannabis Management to a cannabis retail business.

Section 2. Registration of Cannabis Businesses

§1170.02 Subdivision 1 Consent to registering of Cannabis Businesses

No individual or entity may operate a state-licensed cannabis retail business with the City of Blackduck without first registering with Beltrami County.

Any state-licensed cannabis retail business that sells to a customer or patient without valid retail registration shall incur a civil penalty of (up to \$2,000) for each violation.

Notwithstanding the foregoing provisions, the state shall not issue a license to any cannabis business to operate in Indian country, as defined in United States Code, title 18, section 1151, of a Minnesota Tribal government without the consent of the Tribal government.

§1170.02 Subdivision 2 Compliance Checks Prior to Retail Registration

Prior to issuance of a cannabis retail business registration, Beltrami County shall conduct a preliminary compliance check to ensure compliance with local ordinances.

Pursuant to Minnesota Statute 342, within 30 days of receiving a copy of a state license application from OCM, the City of Blackduck shall certify on a form provided by OCM whether a proposed



CITY OF BLACKDUCK

ORDINANCE #2025-04

cannabis retail business complies with local zoning ordinances and, if applicable, whether the proposed business complies with the state fire code and building code.

§1170.02 Subdivision 3 Registration & Application Procedure

§1170.02 Subd. 3.1 Fees

Beltrami County shall not charge an application fee.

A registration fee, as established in Beltrami County's fee schedule, shall be charged to applicants depending on the type of retail business license applied for.

An initial retail registration fee shall not exceed \$500 or half the amount of an initial state license fee under Minnesota Statute 342.11, whichever is less. The initial registration fee shall include the initial retail registration fee and the first annual renewal fee.

Any renewal retail registration fee imposed by Beltrami County shall be charge at the time of the second renewal and each subsequent renewal thereafter.

A renewal retail registration fee shall not exceed \$1,000 or half the amount of a renewal state license fee under Minnesota Statute 342.11, whichever is less.

A medical combination business operating an adult-use retail location may only be charged a single registration fee, not to exceed the lesser of a single retail registration fee, defined under this section, of the adult-use retail business.

§1170.02 Subdivision 3.2 Application Submittal

Beltrami County shall issue a retail registration to a state-license cannabis retail business that adheres to the requirements of Minnesota Statute 342.22

- A. An applicant for a retail registration shall fill out an application form, as provided by Beltrami County. Said form shall include, but is not limited to:
 - i. Full name of the property owner and applicant;
 - ii. Address, email address, and telephone number of the applicant;
 - iii. The address and parcel ID for the property which the retail registration is sought;
 - iv. Certification that the applicant complies with the requirements of local ordinances established pursuant to Minnesota Statute 342.13
 - v. Any other information as requested by the Beltrami County Auditor-Treasurer
- B. The applicant shall include with the form:
 - i. The application fee as required in §1170.02 subd. 3.1
 - ii. A copy of a valid state license or written notice of OCM license preapproval;



CITY OF BLACKDUCK

ORDINANCE #2025-04

- iii. Any other information as requested by the Beltrami County Auditor-Treasurer.
- C. Once an application is considered complete, the Auditor-Treasurer of Beltrami County shall inform the applicant as such, process application fees, and approve or deny the application.
- D. The application fee shall be non-refundable once processed.

§1170.02 Subdivision 3.3 Application Approval

- A. A state-licensed cannabis retail business application shall not be approved if the cannabis retail business would exceed the maximum number of registered cannabis retail businesses permitted under Section 02.6
- B. A state-licensed cannabis retail business application shall not be approved or renewed if the applicant is unable to meet the requirements of this ordinance.
- C. A state-licensed cannabis retail business application that meets the requirements of this ordinance shall be approved.

§1170.02 Subdivision 3.4 Annual Compliance Checks

The Beltrami County Sheriff shall complete at minimum one compliance check per calendar year of every cannabis business to assess if the business meets age verification requirements, as required under Minnesota Statute 342.22 Subd. 4(b) and Minnesota Statute 342.24 and this ordinance.

The Beltrami County Sheriff shall conduct at minimum one unannounced age verification compliance check at least once per calendar year.

Age verification compliance checks shall involve persons at least 17 years of age but under the age of 21 who, with the prior written consent of a parent or guardian if the person is under the age of 18, attempt to purchase adult-use cannabis flower, adult-use cannabis products, lower-potency hemp edibles, or hemp-derived consumer products under the direct supervision of a law enforcement officer.

Any failures under this section must be reported to the Office of Cannabis Management.

§1170.02 Subdivision 3.5 Location Change

A state-licensed cannabis retail business shall be required to submit a new application for registration under Section 2.3.2 if it seeks to move to a new location still within legal boundaries of Beltrami County.



CITY OF BLACKDUCK

ORDINANCE #2025-04

§1170.02 Subdivision 4 Renewal of Registration

The Auditor-Treasurer of Beltrami County shall renew an annual registration of a state-licensed cannabis retail business at the same time OCM renews the cannabis retail business' license.

A state-licensed cannabis retail business shall apply to renew registration on a form established by Beltrami County.

A cannabis retail registration issued under this ordinance shall not be transferred.

§1170.02 Subdivision 4.1 Renewal Fees

Beltrami County may charge a renewal fee for the registration starting at the second renewal, as established in Beltrami County's fee schedule.

§1170.02 Subdivision 4.2 Renewal application

The application for renewal of a retail registration shall include those items required under Section 2.3.2 of this Ordinance.

§1170.02 Subdivision 5 Suspension of Registration

§1170.02 Subdivision 5.1 When Suspension is Warranted

Beltrami County may suspend a cannabis retail business's registration if it violates the ordinance of the Beltrami County or poses an immediate threat to the health or safety of the public. The Auditor-Treasurer of Beltrami County shall immediately notify the cannabis retail business in writing the grounds for the suspension.

§1170.02 Subdivision 5.2 Notification to OCM

The Auditor-Treasurer of Beltrami County shall immediately notify the OCM in writing the grounds for the suspension. OCM will provide Beltrami County and cannabis business retailer a response to the complaint within seven calendar days and perform any necessary inspections within 30 calendar days.



CITY OF BLACKDUCK

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§1170.2 Subdivision 5.3 Length of Suspension

The suspension of a cannabis retail business registration may be for up to 30 calendar days, unless OCM suspends the license for a longer period. The business may not make sales to customers if their registration is suspended.

Beltrami County may reinstate a registration if it determines that the violations have been resolved.

§1170.2 Subdivision 5.4 Civil Penalties

Subject to Minnesota Statute 342.22, subd. 5e Beltrami County may impose a civil penalty, as specified in the Beltrami County fee schedule, for registration violations, not to exceed \$2,000.

§1170.2 Subdivision 6 Limiting of Registrations

Beltrami County shall limit the number of cannabis retail businesses to no fewer than one registration for every 12,500 residents within Beltrami County.

If Beltrami County has one active cannabis retail businesses registration for every 12,500 residents, Beltrami County, and any city, which has delegated registration authority to Beltrami County, shall not register additional state-licensed cannabis retail businesses.

Section 3. Requirements for Cannabis Businesses

§1170.3 Subdivision 1 Minimum Buffer Requirements

The following minimum buffer requirements shall be met for ~~all business types~~. For ~~business~~ applications in the City of Blackduck that delegates authority to Beltrami County, the minimum buffer requirements may be reduced with a vote of support at a city council meeting of the City of Blackduck citing the specific business application and acceptable buffer distance.

The City of Blackduck shall prohibit the operation of a ~~cannabis~~ business within (200) feet of a school, as measured by the shortest line between the property line of the space to be occupied by the proposed cannabis business to the nearest property line of the ~~school~~.

The City of Blackduck shall prohibit the operation of a ~~cannabis~~ business within (500) feet of a day care, as measured by the shortest line between the property line of the space to be occupied by the proposed cannabis business to the nearest property line of the ~~daycare~~.

Commented [CR2]: Strikeout language

Commented [CR3R2]: New language – Cannabis Retail

Commented [CR4]: Strikeout language

Commented [CR5]: Cannabis Retail

Commented [CR6]: Replace language to read 'Cannabis Retail Business'

Commented [CR7]: Add language – 'All other Cannabis Business types buffer is reduced to 0 feet.'

Commented [CR8]: Replace language to read 'Cannabis Retail Business'

Commented [CR9]: Add language – 'All other Cannabis Business types buffer is reduced to 0 feet.'



CITY OF BLACKDUCK

ORDINANCE #2025-04

The City of Blackduck shall prohibit the operation of a cannabis business within (500) feet of a residential treatment facility, as measured by the shortest line between the property line of the space to be occupied by the proposed cannabis business to the nearest property line of the residential treatment facility.

The City of Blackduck shall prohibit the operation of a cannabis business within (500) feet of an attraction within a public park that is regularly used by minors, including a playground or athletic field, as measured by the shortest line between the property line of the space to be occupied by the proposed cannabis business to the nearest property line of the park.

The City of Blackduck shall prohibit the operation of a cannabis retail business with (500) feet of another cannabis retail business.

Pursuant to Minnesota Statute 462.367 subd. 14, nothing in Section 3.1 shall prohibit an active cannabis business or a cannabis business seeking registration from continuing operation at the same site if a school, daycare, residential treatment facility, or an attraction within a public park that is regularly used by minors moves within the minimum buffer zone.

§1170.3 Subdivision 2 Zoning and Land Use

§1170.3 Subdivision 2.1 Cultivation

Cannabis businesses licensed or endorsed for cultivation is a permitted use only in the following zoning districts:

- I-1 – Industrial Zone
- A-1 – Agricultural Zone

§1170.3 Subdivision 2.2 Cannabis Manufacturer

Cannabis businesses licensed or endorsed for cannabis manufacturer is a permitted use only in the following zoning districts:

- I-1 – Industrial Zone

§1170.3 Subdivision 2.3 Hemp Manufacturer

Businesses licensed or endorsed for low-potency hemp edible manufacturers permitted use only in the following zoning districts:

- I-1 – Industrial Zone
- B-2 – Highway Business Zone
- B-3 – General Business Zone

Commented [CR10]: Replace language to read 'Cannabis Retail Business'

Commented [CR11]: Add language – 'All other Cannabis Business types buffer is reduced to 0 feet.'



CITY OF BLACKDUCK

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§1170.3 Subdivision 2.4 Wholesale

Cannabis businesses licensed or endorsed for wholesale is a permitted use only in the following zoning districts:

- I-1 – Industrial Zone
- B-2 – Highway Business Zone
- B-3 – General Business Zone

§1170.3 Subdivision 2.5 Cannabis Retail

Cannabis businesses licensed or endorsed for cannabis retail is a permitted use in the following zoning districts:

- B-1 – Central Business Zone
- B-2 – Highway Business Zone
- B-3 – General Business Zone

§1170.3 Subdivision 3 Hours of Operation

Cannabis businesses are limited to retail sale of cannabis, cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived consumer products between the hours of 10:00am and 10:00pm.

§1170.3 Subdivision 4 Advertising

Cannabis businesses are permitted to erect up to two fixed signs on the exterior of the building or property of the business, unless otherwise limited by the City of Blackduck's sign Ordinance.

Section 4. Temporary Cannabis Events

§1170.4 Subdivision 1 License or Permit required for temporary cannabis events

§1170.4 Subdivision 1.1 License Required

A license or permit is required to be issued and approved by Beltrami County prior to holding a Temporary Cannabis Event.



CITY OF BLACKDUCK

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§1170.4 Subdivision 1.2 Registration & Application Procedure

A registration fee, as establishing in the Beltrami County's fee schedule, shall be charged to applicants for Temporary Cannabis Events.

§1170.4 Subdivision 1.3 Application Submittal & Review

The Beltrami County Auditor-Treasurer shall require an application for Temporary Cannabis Events.

- A. An applicant for a retail registration shall fill out an application form, as provided by Beltrami County. Said form shall include, but is not limited to:
 - Full name of the property owner and applicant;
 - Address, email address, and telephone number of the applicant;
 - Any other information required by the Beltrami County Auditor/Treasurer's Office.
- B. The applicant shall include with the form:
 - The application fee as required in Section 4.1.2
 - A copy of the OCM cannabis event license application, submitted pursuant to 342.39 subd. 2

The application shall be submitted to Beltrami County Auditor-Treasurer for review. If the designee determines that a submitted application is incomplete, they shall return the application to the applicant with the notice of deficiencies.
- C. Once an application is considered complete, the Beltrami County Auditor-Treasurer shall inform the applicant as such, process the application fees, and approval or deny the application.
- D. The application fee shall be non-refundable once processed.
- E. The application for a license for a Temporary Cannabis Event shall meet the following standards:
 - The buffer requirements as described in Section 3.1
 - Compliance with the Beltrami County Public Gathering Ordinance.
 - Sanitation plan included.
- F. A request for a Temporary Cannabis Event that meets the requirements of this section shall be approved.



CITY OF BLACKDUCK

ORDINANCE #2025-04

G. A request for a Temporary Cannabis Event that does not meet the requirements of the section shall be denied. Beltrami County shall notify the applicant of the standards not met and basis for denial.

H. Temporary Cannabis Events shall only be held between the hours of 10:00am and 9:00pm.

§1170.4 Subdivision 1.4 Use of Public Property

A. Beltrami County shall not register any temporary event, which seeks host a temporary cannabis event on any property owned or operated by the City of Blackduck. This prohibition includes: any park or trail, public street, county highway, or any public sidewalk, or any building owned or operated by the City of Blackduck.

§1170.4 Subdivision 1.5 On-site Consumption

A. On-site consumption of cannabis during a temporary cannabis event, which occurs at a place of public accommodation, is permitted, provided the place of public accommodation allows such use.

Section 5. Lower-Potency Hemp Edibles

§1170.5 Subdivision 1 Sale of Low-Potency Edibles

The sale of low-potency edibles is permitted, subject to the condition within this section.

§1170.5 Subdivision 2 Zoning Districts

Low-Potency Edibles businesses are permitted use in the following zoning districts:

- B-1 – Central Business
- B-2 – Highway Business
- B-3 – General Business

§1170.5 Subdivision 3 Additional Standards

§1170.5 Subdivision 3.1 Sales within Municipal Liquor Store

The sale of low-potency edibles is permitted in a municipal liquor store.



CITY OF BLACKDUCK

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§1170.5 Subdivision 3.2 **Age Requirements**

The sale of low-potency edibles is permitted only in places that admit persons 21 years of age or older.

§1170.5 Subdivision 3.3 **Beverages**

The sale of low-potency hemp beverages is permitted in places that meet requirements of this section.

§1170.5 Subdivision 3.4 **Storage of Product**

Low-potency edibles shall be sold behind a counter, and stored in a locked case.

Section 6 City of Blackduck as a Cannabis Retailer

The City of Blackduck may establish, own, and operated one municipal cannabis retail business subject to the restrictions in this chapter.

The municipal cannabis retail store shall not be included in any limitation of the number of registered cannabis retail businesses under Section 2.6.

The City of Blackduck shall be subject to all same rental license requirements and procedures applicable to all other applicants.

Section 7. Use in Public Places

No person shall use cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived consumer products in a public place or a place of public accommodation unless the premises is an establishment or an event licensed to permit on-site consumption of adult-use.



CITY OF BLACKDUCK ORDINANCE #2025-04

Section 8. Effective Date

This ordinance shall take effect upon passage and publication as provided by law.

Passed and adopted this ____ day of _____ 2025.

Maxwell Gullette, Mayor

Attested: _____
Christina Regas, City Administrator

First / Final Reading: _____



CITY OF BLACKDUCK 2026 GENERAL FUND BUDGET HIGHLIGHTS

SEPTEMBER 8, 2025 @ 6:00PM CITY HALL BLACKDUCK, MN

BLACKDUCK CITY COUNCIL MEETING NOTES TO COUNCIL

FY26 FINANCE COMMITTEE RECAP:

1. REVENUE:

- a. 2026 Property Tax Proposal includes the Levy at: \$423,940 *(at this time - decrease over 2025 \$7,042.00)*
- b. 2025 Local Government Aid is confirmed @ \$324,587 *(increase of \$732)*
- c. Contribution from Liquor Fund total to transfer = \$60,000 *(estimating at this time)*

3. EXPENDITURES:

d. Payroll & Benefits:

- i. Health Insurance premium \$843.72 *(2026 amount increased +18% - Finance Committee recommends approval)*
- ii. Health Care Savings Account contribution @ \$266.67/month a \$3,200 deductible
- iii. Paid Leave added to wage scales – 100% employer commitment (.88%) = \$8,841.00 *(Finance Committee recommends approval – Personnel Committee yet to meet)*

e. General Fund Operating Budgets – Department Highlights

- i. Administration: *preliminary budget +14.1% -*
- ii. Police: *preliminary budget -23.55% -*
- iii. Fire: *preliminary budget +2.41% - Annual Budget meeting of Fire Protection Area approved budget August 22, 2025*
- iv. Streets: *preliminary budget = +5.32% -*
- v. Parks: *preliminary budget +32.39% -*
- vi. City Council: *preliminary budget = -14.91% reduction of training fees*
- vii. Buildings & Planning: *preliminary budget +400% -*
- viii. Street Lighting: *preliminary budget = no increase –*
- ix. Library: *preliminary budget -8.6% - KRLS levy = \$20,995 (see attachment)*
- x. License Center: *preliminary budget +73.8% -*

f. Other:

- i. Special Revenue Funds & Enterprise Funds 2026 Budget meetings – September 9, 10, 11, 2025

2026 GO BONDS - *Updated 9/5/25*
Budgeting 2026 P/I Payments
Utilizing 2025 Special Assessments

	Principle Payments	Interest	Specials <i>(uses Dec 24, Jan. 25 & June 25)</i>		Property Tax		Revenue		P & I
Intra Loan (325)	\$5,798.96	\$589.08	\$4,095.20		\$0.00		\$0.00		\$6,579.68
Revenue GO (601)	\$50,000.00	\$12,562.50	\$0.00		\$0.00		\$62,562.50	<i>Fund (601)</i>	\$65,690.63
Revenue Go (320)	\$5,000.00	\$1,410.00	\$11,744.49		\$0.00		\$0.00		\$6,602.30
Go Bond 2023A USDA (381)	\$27,126.77	\$36,056.80	\$0.00		\$23,829.90		\$41,249.18	<i>Fund (601 & 602)</i>	\$65,079.08
Go Bond 2023B USDA (382)	\$5,209.21	\$6,372.98	\$0.00		\$4,106.72		\$7,822.94	<i>Fund (601 & 602)</i>	\$11,929.66
Revenue 2021A Go Bond (609)	\$30,000.00	\$9,685.00	\$0.00		\$0.00		\$41,669.25		\$41,669.25
USDA Loan#09 Skid Steer (352)	\$3,406.00	\$0.00	\$0.00		\$0.00		\$0.00	<i>Levy</i>	<i>\$3,406.00</i>
Go Equipment Bond 2024A- PW (331)	\$18,000.00	\$8,259.30	\$0.00		\$27,572.27		\$0.00		\$27,572.27
Intra Loan Shed (613)	\$5,000.00	\$0.00	\$0.00		\$0.00		\$5,000.00		\$5,000.00
Intra Loan Shed (613)	\$895.43	\$222.57	\$0.00		\$0.00		\$1,118.00		\$1,118.00
Internal Loan Rough Mower (613)	\$3,391.51	\$259.23	\$0.00		\$0.00		\$3,650.74		\$3,650.74
2025A Go Equipment Certificate - Fire (341)	\$0.00	\$24,865.50	\$0.00		\$0.00		\$26,108.78	<i>uses Relief donations</i>	\$26,108.78
Blackduck HRA Levy					\$8,255				
Demolition Revolving Loan Debt	\$11,715.07	\$2,720.93	\$0.00		\$0.00		\$15,157.80	<i>uses 250 cash</i>	\$15,157.80
Totals	\$165,542.95	\$103,003.89	\$15,839.69		\$63,763.65		\$204,339.19		\$279,564.17

General Fund\$360,176.00*updated after MN Paid Leave & HC Prem 2026 entered*

Levy:\$423,939.65

Bond Maturity Dates:	Description:	Balance After 2026 Payments:	
2/1/2035	Water Tower (601)	\$590,832.00	Total Golf Debt:
8/10/2024	2012 Golf Equip & Club House (613)	\$0.00	\$30,420.78
2/1/2025	4th Street Sewer (314)	\$0.00	
8/20/2046	Water (Main & Summit) (320)	\$136,000.00	Total Liquor Debt:
2/1/2029	Frontage/Pine Ave (325)	\$15,275.88	\$500,000.00
2/1/2025	2016 Golf Equipment (613)	\$0.00	
3/1/2031	2020 Golf Cart Shed (613)	\$5,002.36	Total Water Debt:
3/1/2031	2020 Golf Cart Shed (613)	\$20,000.00	\$726,832.00
2/1/2042	2021 Go Bond (609)	\$500,000.00	
2/1/2031	USDA Loan #09 Skid Steer (318)	\$13,624.00	Total Sewer Debt:
1/1/2025	TCF Bank Lease (609)	\$0.00	\$0.00
1/13/2025	GM Financial Lease (101-43100)	\$0.00	
2/1/2032	2024A Go Equipment Cert. Streets (331)	\$162,000.00	Total General Fund Debt:
2/1/2028	2022 Golf Rough Mower (613)	\$5,418.42	\$553,899.88
10/1/2026	TCF Bank Lease (613) carts	\$0.00	
8/1/2063	Go Bond 2023A USDA (101, 601, 602)	\$1,548,270.46	PW/PS Facility Debt:
8/1/2063	Go Bond 2023B USDA (101, 601, 602)	\$294,586.58	\$1,842,857.04
8/15/2036	Demolition Revolving Loan Fund	\$127,245.53	
2/1/2036	2025A Go Equipment Certificate - Fire	\$363,000.00	
		\$3,781,255.23	

Property Tax Levy History:			
2020	\$252,138.00	Certified	
2021	\$303,411.00	Certified	
2022	\$305,866.00	Certified	
2023	\$373,941.00	Certified	
2024	\$405,703.74	Certified	
2025	\$430,981.05	Certified	
2026	\$423,939.65	Proposed	

-1.63%*increase/decrease over previous year*

2026 General Fund Revenues

updated 9/5/25

General Fund Revenue	2024 Budget	2024 YTD Amount	2025 Budget	2025 YTD Amount	2026 Budget
R 101-31000 General Property Taxes	\$345,187.00	\$348,797.67	\$376,346.00	\$219,441.70	
R 101-31030 Mobile Home Tax	\$800.00	\$1,227.38	\$800.00	\$734.87	\$800.00
R 101-31900 Penalties and Interest DelTax	\$1,000.00	\$2,026.54	\$1,000.00	\$312.00	\$1,000.00
R 101-31050 Tax Increments	\$0.00	\$0.00	\$0.00	\$1,532.62	\$1,000.00
R 101-32000 Licenses and Permits	\$14,500.00	\$5,028.85	\$3,500.00	\$710.00	\$10,000.00
R 101-32240 Animal Licenses	\$125.00	\$0.00	\$0.00	\$20.00	\$125.00
R 101-33100 Federal Grants and Aids	\$0.00	\$17,735.00	\$0.00	\$0.00	\$0.00
R 101-33130 CDBG	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
R 101-33400 State Grants and Aids	\$0.00	\$16,436.00	\$21,871.00	\$15,155.00	\$37,286.00
R 101-33401 Local Government Aid	\$323,445.00	\$323,445.00	\$323,855.00	\$161,927.50	\$324,587.00
R 101-33403 Market Value Credit-MH	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
R 101-33404 PERA AID	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
R 101-33405 Market Value Credit - Real	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
R 101-33406 Market Value Credit-TIF	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
R 101-33407 Market Value Credit-AG	\$0.00	\$64.06	\$0.00	\$0.00	\$0.00
R 101-33416 Police Training Reimbursement	\$1,500.00	\$0.00	\$1,500.00	\$0.00	\$1,500.00
R 101-33423 State Police Aid	\$13,000.00	\$10,770.01	\$13,000.00	\$0.00	\$13,000.00
R 101-33424 State Fire Aid	\$19,000.00	\$28,474.80	\$19,000.00	\$0.00	\$19,000.00
R 101-33620 Other County Grants/Aid	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
R 101-34000 Charges for Services	\$33,500.00	\$32,077.24	\$58,000.00	\$53,531.21	\$60,000.00
R 101-34103 Zoning and Subdivision Fees	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
R 101-34108 Admin Charges to Other Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
R 101-34110 Sale of Property	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
R 101-34202 Fire Protection Srvs	\$95,515.00	\$96,440.07	\$102,357.46	\$102,357.45	\$105,943.34
R 101-34781 Reservation Fees	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
R 101-35000 Fines and Forfeits	\$200.00	\$133.33	\$200.00	\$0.00	\$200.00
R 101-35102 Parking Fines	\$100.00	\$0.00	\$100.00	\$0.00	\$100.00
R 101-36100 Special Assessments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
R 101-36102 Penalties and Interest	\$0.00	\$0.00	\$0.00	\$30.00	\$0.00
R 101-36200 Miscellaneous Revenues	\$1,000.00	\$393.40	\$1,000.00	\$403.20	\$1,000.00
R 101-36210 Interest Earnings	\$1,500.00	\$11,280.18	\$1,500.00	\$10,126.03	\$1,500.00
R 101-36220 Other Rents and Royalties	\$0.00	\$1,050.00	\$0.00	\$0.00	\$0.00
R 101-36230 Contributions and Donations	\$0.00	\$8,546.86	\$0.00	\$6.00	\$0.00
R 101-36231 Community Development Grants	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
R 101-36240 Reimbursements	\$7,660.00	\$21,153.45	\$8,554.00	\$5,283.31	\$9,000.00
R 101-39101 Sales of General Fixed Assets	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
R 101-39200 Interfund Transfer	\$0.00	\$0.00	\$0.00	\$289.11	\$0.00
R 101-39203 Transfer from Other Fund	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
R 101-39204 Intrafund Transfer	\$0.00	\$0.00	\$0.00	\$10,000.00	\$0.00
R 101-39269 Transfer from Liquor Fund	\$65,000.00	\$65,000.00	\$65,000.00	\$25,000.00	\$60,000.00
R 101-39282 Transfer fm Debt Service Fund	\$0.00	\$0.20	\$0.00	\$195.23	\$0.00
R 101-39300 Proceeds-Gen Long-term Debt	\$0.00	\$12,367.00	\$0.00	\$0.00	\$0.00
R 101-39330 Inception-Capital Lease Agmt	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
R 101-39331 Insurance Proceeds	\$0.00	\$0.00	\$0.00	\$1,875.95	\$0.00
	\$923,032.00	\$1,002,447.04	\$997,583.46	\$608,931.18	\$646,041.34

Class 4d(1) transition aid & Sm. Cities Asst.
Certified

for consideration

General Fund Expenditure Total:	2026 Budget	% +/- 2025	YTD 2025 Actual	2025 Budget
Administration & Transfer for Cemetery	\$221,208.32	14.10%	\$147,371.62	\$193,867.35
License Center	\$44,949.95	73.80%	\$17,760.11	\$25,863.03
Police	\$218,289.61	-23.55%	\$134,576.49	\$285,525.26
Fire	\$124,100.34	2.41%	\$84,097.58	\$121,175.00
Streets	\$255,030.86	5.32%	\$123,677.13	\$242,144.92
Parks - <i>formally Wayside Rest Park</i>	\$45,934.66	32.39%	\$18,920.28	\$34,696.39
Library	\$32,101.81	-8.60%	\$15,683.48	\$35,124.01
Buildings	\$16,603.61	-0.80%	\$9,886.92	\$16,737.91
Street Lighting	\$24,000.00	0.00%	\$6,969.17	\$24,000.00
Planning & Zoning	\$10,000.00	400.00%	\$0.00	\$2,000.00
City Council	\$13,998.00	-14.91%	\$1,421.38	\$16,450.00
	\$1,006,217.16	0.87%	\$560,364.16	\$997,583.87
		\$8,633.29		
		\$360,176		

2025 Blackduck Administration Department Budget vs Actual

updated 8/31/25

	2025 Budget	2025 Actual Expenditures	2025 Balance	2026 Budget	
E 101-41400-101 Full-Time Employees Regular	\$104,295.19	\$71,882.72	\$32,412.47	\$110,641.19	
E 101-41400-102 Full-Time Employees Overtime	\$500.00	\$123.59	\$376.41	\$750.00	
E 101-41400-120 Employer Contribution to Union Pension	\$0.00	\$681.88	(\$681.88)	\$1,040.00	
E 101-41400-121 PERA	\$7,822.14	\$5,400.50	\$2,421.64	\$8,298.09	
E 101-41400-122 FICA	\$7,978.58	\$5,400.69	\$2,577.89	\$8,464.05	
E 101-41400-131 Employer Paid Health	\$10,657.16	\$6,433.23	\$4,223.93	\$10,421.58	new HC premium \$843.72
E 101-41400-XXX Employer Paid Leave - MN	\$0.00	\$0.00	\$0.00	\$973.64	
E 101-41400-200 Office Supplies (GENERAL)	\$2,000.00	\$93.23	\$1,906.77	\$2,000.00	
E 101-41400-207 Computer Supplies	\$1,000.00	\$1,186.43	(\$186.43)	\$3,153.00	includes new Admin WS + monitor
E 101-41400-208 Training and Instruction	\$1,000.00	\$40.00	\$960.00	\$500.00	
E 101-41400-210 Operating Supplies (GENERAL)	\$500.00	\$366.61	\$133.39	\$500.00	
E 101-41400-300 Professional Srvs (GENERAL)	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-41400-301 Auditing and Acct g Services	\$7,000.00	\$28,864.54	(\$21,864.54)	\$22,405.00	increased per CLA - shared cost with DMV, Liquor, Water/Waste
E 101-41400-303 Engineering Fees	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-41400-304 Legal Fees	\$6,000.00	\$6,331.00	(\$331.00)	\$6,000.00	
E 101-41400-305 Medical Fees	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-41400-310 Other Professional Services	\$4,531.00	\$5,765.50	(\$1,234.50)	\$4,500.00	
E 101-41400-311 Website Development/maintenance	\$948.00	\$395.00	\$553.00	\$948.00	
E 101-41400-321 Telephone	\$4,668.84	\$2,895.65	\$1,773.19	\$4,700.00	
E 101-41400-322 Postage	\$1,000.00	\$965.51	\$34.49	\$1,000.00	
E 101-41400-327 Internet Access	\$1,140.00	\$665.00	\$475.00	\$1,140.00	
E 101-41400-331 Travel Expenses	\$500.00	\$13.00	\$487.00	\$500.00	
E 101-41400-351 Legal Notices Publishing	\$400.00	\$9.73	\$390.27	\$200.00	
E 101-41400-352 General Notices and Pub Info	\$300.00	\$80.36	\$219.64	\$200.00	
E 101-41400-353 Ordinance Publication	\$150.00	\$41.90	\$108.10	\$100.00	
E 101-41400-355 Election Expense	\$1,000.00	\$0.00	\$1,000.00	\$4,000.00	2026 Governor Election
E 101-41400-366 Workers Compensation Insurance	\$854.44	\$660.52	\$193.92	\$726.57	increase 10%
E 101-41400-367 Unemployment Paid	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-41400-384 Refuse/Garbage Disposal	\$200.00	\$259.56	(\$59.56)	\$300.00	
E 101-41400-431 Cash Short	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-41400-432 Uncollectable Checks	\$50.00	\$0.00	\$50.00	\$50.00	
E 101-41400-433 Dues and Subscriptions	\$4,808.00	\$2,903.34	\$1,904.66	\$4,800.00	
E 101-41400-437 Bad Debt Expense	\$250.00	\$102.83	\$147.17	\$250.00	
E 101-41400-438 Bank Service Charges	\$750.00	\$355.00	\$395.00	\$750.00	
E 101-41400-490 Donations to Civic Org s	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-41400-570 Office Equip and Furnishings	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-41400-603 Short-Term Debt Principal (Copier Lease)	\$2,064.00	\$1,588.47	\$475.53	\$2,397.20	split with LC 40% admin
E 101-41400-786 State Fire Aid	\$19,500.00	\$0.00	\$19,500.00	\$19,500.00	
	\$191,867.35	\$143,505.79	\$48,361.56	\$221,208.32	

Police Department Budgeted Expenditures for 2025

updated 8/31/25

		2025 Budget	2025 Expenditures	2025 Balance	2026 Budget		
E 101-42110-101	Full-Time Employees Regular	\$125,804.00	\$59,397.00	\$66,407.00	\$68,001.57	TZD	
E 101-42110-102	Full-Time Employees Overtime	\$1,500.00	\$3,711.40	(\$2,211.40)	\$4,000.00		
E 101-42110-103	Part-Time Employees	\$22,786.00	\$1,725.97	\$21,060.03	\$29,973.00		
E 101-42110-121	PERA	\$26,557.00	\$11,423.79	\$15,133.21	\$17,940.27		
E 101-42110-122	FICA	\$2,175.00	\$940.11	\$1,234.89	\$1,469.68		
E 101-42110-131	Employer Paid Health	\$35,252.80	\$15,033.84	\$20,218.96	\$26,730.68	includes new HC Prem \$843.72	
E 101-42110-XXX	Employer Paid Leave - MN	\$0.00	\$0.00	\$0.00	\$891.95		
E 101-42110-205	Heating Fuel	\$2,000.00	\$2,000.00	\$0.00	\$2,000.00		
E 101-42110-206	Electricity	\$2,500.00	\$1,357.10	\$1,142.90	\$2,500.00		
E 101-42110-208	Training and Instruction	\$2,000.00	\$180.00	\$1,820.00	\$2,000.00		
E 101-42110-209	Other Office Supplies	\$500.00	\$0.00	\$500.00	\$500.00		
E 101-42110-210	Operating Supplies (GENERAL)	\$1,500.00	\$311.16	\$1,188.84	\$1,500.00		
E 101-42110-212	Motor Fuels	\$6,000.00	\$3,839.50	\$2,160.50	\$6,000.00		
E 101-42110-213	Lubricants and Additives	\$0.00	\$0.00	\$0.00	\$0.00		
E 101-42110-222	Tires	\$2,000.00	\$0.00	\$2,000.00	\$2,000.00		
E 101-42110-223	Building Repair Supplies	\$0.00	\$0.00	\$0.00	\$0.00		
E 101-42110-230	Equipment	\$2,200.00	\$0.00	\$2,200.00	\$2,200.00		
E 101-42110-233	Uniforms	\$2,750.00	\$0.00	\$2,750.00	\$2,750.00		
E 101-42110-302	Architect Fees	\$0.00	\$11.90	(\$11.90)	\$0.00		
E 101-42110-304	Legal Fees	\$0.00	\$0.00	\$0.00	\$0.00		
e 101-42110-309	Construction Services - PWPS Facility	\$0.00	\$0.00	\$0.00	\$0.00		
E 101-42110-310	Other Professional Service	\$0.00	\$0.00	\$0.00	\$0.00		
E 101-42110-305	Medical Fees	\$750.00	\$1,348.75	(\$598.75)	\$750.00		
E 101-42110-321	Telephone	\$2,177.76	\$1,473.71	\$704.05	\$2,550.00	Verizon + PBTv	
E 101-42110-322	Postage	\$150.00	\$9.29	\$140.71	\$150.00		
E 101-42110-327	Internet Access	\$168.00	\$98.00	\$70.00	\$200.00	PBTv	
E 101-42110-331	Travel Expenses	\$500.00	\$835.41	(\$335.41)	\$500.00		
E 101-42110-351	Legal Notices Publishing	\$0.00	\$0.00	\$0.00	\$0.00		
E 101-42110-361	General Liability Ins	\$3,366.62	\$1,344.74	\$2,021.88	\$2,877.74	increase	7% Actual = half of 2025 premium
E 101-42110-362	Property Ins	\$5,749.02	\$2,660.40	\$3,088.62	\$5,586.84	increase	5% Actual = half of 2025 premium
E 101-42110-363	Automotive Ins	\$6,439.40	\$1,386.50	\$5,052.90	\$3,050.30	increase	10% Actual = half of 2025 premium
E 101-42110-366	Workers Compensation Insurance	\$12,861.87	\$12,971.87	(\$110.00)	\$14,269.06	increase	10%
E 101-42110-384	Refuse/Garbage Disposal	\$200.00	\$0.00	\$200.00	\$200.00		
E 101-42110-401	Repairs/Maint Buildings	\$1,500.00	\$200.69	\$1,299.31	\$1,500.00		
E 101-42110-404	Repairs/Maint Machinery/Equip	\$2,500.00	\$488.00	\$2,012.00	\$2,500.00		
E 101-42110-420	Tower Lease	\$500.00	\$0.00	\$500.00	\$500.00		
E 101-42110-425	Depreciation	\$10,000.00	\$10,000.00	\$0.00	\$10,000.00		
E 101-42110-433	Dues and Subscriptions	\$800.00	\$189.50	\$610.50	\$800.00		
E 101-42110-436	Towing Charges	\$500.00	\$0.00	\$500.00	\$500.00		
E 101-42110-437	Bad Debt Expense	\$0.00	\$0.00	\$0.00	\$0.00		
E 101-42110-550	Motor Vehicles	\$0.00	\$0.00	\$0.00	\$0.00		
E 101-42110-580	Other Equipment <i>Copier Lease</i>	\$1,837.80	\$1,637.86	\$199.94	\$1,898.52	Marco	
		\$285,525.27	\$134,576.49	\$150,948.78	\$218,289.61		

- Notes from 7/30/25 meeting with CLEO:
- In 2025 Department will
1. Replace Laptop in Tahoe (unit is from 2014) cost = \$2200
 2. Replace AirCard for new laptop noted above cost = \$600
 3. Purchase tires for Durango - summer set and winter set will use set budget of \$2000

- In 2026 Department may:
1. Replace agency handguns to mirror County - will budget for cost of handgun, red-dot sight, and holster
 2. Agency will not budget for 2nd FT Officer - hiring has been very difficult - wages for 2026 will focus on PT wages reducing budget and benefits
 3. Department budget will stay close to 2025 on operating lines and reduced for wages/benefits.

2025 Blackduck Fire Department Budget vs. Actual & 2026 Proposed Budget

updated 8/31/25 Fire Protection Area approved 8/22/25

		2025 Budget	2025 YTD Expenditures	2025 Balance	2026 Budget			
E 101-42200-103	Part-Time Employees	\$17,500.00	\$13,990.00	\$3,510.00	\$20,000.00			
E 101-42200-122	FICA	\$1,314.31	\$1,027.54	\$286.77	\$1,530.00			
E 101-42200-124	Fire Pension Contributions	\$0.00	\$0.00	\$0.00	\$0.00			
E 101-42200-XXX	Employer Paid Leave - MN	\$0.00	\$0.00	\$0.00	\$176.00			
E 101-42200-200	Office Supplies (GENERAL)	\$0.00	\$0.00	\$0.00				
E 101-42200-205	Heating Fuel -	\$5,000.00	\$4,783.49	\$216.51	\$5,000.00			
E 101-42200-206	Electricity	\$5,000.00	\$3,252.88	\$1,747.12	\$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	\$0.00	\$2,000.00	\$2,000.00			
E 101-42200-210	Operating Supplies (GENERAL)	\$1,000.00	\$235.38	\$764.62	\$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	\$865.13	\$1,334.87	\$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 - <i>turnout gear</i>	\$10,000.00	\$6,278.00	\$3,722.00	\$10,000.00			
E 101-42200-240	Small Tools and Minor Equip	\$2,000.00	\$67.94	\$1,932.06	\$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	\$397.74	\$402.26	\$800.00	Verizon & PBC		
E 101-42200-322	Postage	\$210.00	\$76.45	\$133.55	\$210.00			
E 101-42200-323	Radio/Communications Expenses	\$5,000.00	\$2,676.49	\$2,323.51	\$5,000.00	Verizon & Rogers		
E 101-42200-327	Internet Access	\$600.00	\$314.65	\$285.35	\$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 -	\$555.51	\$205.74	\$194.21	\$440.28	increase	7%	Actual = half of 2025 premium
E 101-42200-362	Property Ins	\$4,355.54	\$1,999.00	\$2,356.54	\$4,197.90	increase	5%	Actual = half of 2025 premium
E 101-42200-363	Automotive Ins	\$2,812.70	\$1,251.50	\$1,561.20	\$2,753.30	increase	10%	Actual = half of 2025 premium
E 101-42200-366	Workers Compensation Insurance -	\$7,876.94	\$7,509.74	\$1,474.75	\$8,260.71	increase	10%	Actual = full payment for WC premium
E 101-42200-384	Refuse/Garbage Disosal	\$350.00	\$354.40	(\$4.40)	\$350.00			
E 101-42200-367	Unemployment Paid	\$0.00	\$15.48	(\$15.48)	\$0.00			
E 101-42200-401	Repairs/Maint Buildings	\$3,750.00	\$0.00	\$3,750.00	\$3,750.00			
E 101-42200-404	Repairs/Maint Machinery/Equip	\$9,400.00	\$3,729.53	\$5,670.47	\$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	\$66.50	\$133.50	\$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 (<i>Armer Radios year 6 - 2026</i>)	\$5,000.00	\$5,000.00	\$0.00	\$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	\$0.00	\$0.00	\$0.00			
E 101-42200-580	Other Equipment -	\$1,000.00	\$0.00	\$1,000.00	\$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 (<i>year 2 of contract - 2026</i>)	\$30,000.00	\$30,000.00	\$0.00	\$30,000.00			
E 101-42200-782	Intrafund Transfer	\$0.00	\$0.00	\$0.00	\$0.00			
		\$121,175.00	\$84,097.58	\$38,029.41	\$124,118.20			

Notes from meeting with Brian:
keep operating same as 2025
increase insurance per recommendation of LMC
increase wages for increase to call volume

2025 Blackduck Streets Department Budget vs. Actual & 2026 Budget

updated 8/31/25

		2025 Budget	2025 Actual Expenditures	2025 Balance	2026 Budget	
E 101-43100-101	Full-Time Employees Regular	\$70,802.28	\$48,425.47	\$22,376.81	\$74,997.57	
E 101-43100-102	Full-Time Employees Overtime	\$4,500.00	\$6,889.08	(\$2,389.08)	\$6,000.00	
E 101-43100-103	Part-Time Employees	\$1,349.46	\$1,553.82	(\$204.36)	\$1,373.10	
E 101-43100-120	Employer Contribution to Union Pension	\$0.00	\$1,360.89	(\$1,360.89)	\$1,726.40	
E 101-43100-121	PERA	\$5,411.38	\$3,918.39	\$1,492.99	\$5,727.80	
E 101-43100-122	FICA	\$5,519.61	\$4,271.80	\$1,247.81	\$5,842.36	
E 101-43100-131	Employer Paid Health	\$12,322.93	\$7,202.92	\$5,120.01	\$11,931.87	includes new HC Prem \$843.72
E 101-43100-XXX	Employer Paid Leave - MN	\$0.00	\$0.00	\$0.00	\$672.06	
E 101-43100-142	Unemployment Benefit Payments	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-43100-200	Office Supplies (GENERAL)	\$500.00	\$0.00	\$500.00	\$500.00	
E 101-43100-205	Heating Fuel	\$2,100.00	\$2,100.00	\$0.00	\$2,100.00	
E 101-43100-206	Electricity	\$4,500.00	\$2,798.91	\$1,701.09	\$4,500.00	
E 101-43100-208	Training and Instruction	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-43100-210	Operating Supplies (GENERAL)	\$2,100.00	\$825.78	\$1,274.22	\$2,500.00	
E 101-43100-212	Motor Fuels	\$15,000.00	\$5,766.13	\$9,233.87	\$15,000.00	
E 101-43100-213	Lubricants and Additives	\$1,700.00	\$919.90	\$780.10	\$3,000.00	
E 101-43100-220	Repair/Maint Supply (GENERAL)	\$2,500.00	\$148.90	\$2,351.10	\$3,000.00	
E 101-43100-221	Equipment Parts	\$1,300.00	\$108.26	\$1,191.74	\$1,500.00	
E 101-43100-222	Tires	\$4,000.00	\$0.00	\$4,000.00	\$4,000.00	
E 101-43100-223	Building Repair Supplies	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-43100-224	Street Maint Materials	\$46,871.00	\$0.00	\$46,871.00	\$47,000.00	includes Small Cities Assistance
E 101-43100-233	Uniforms	\$1,500.00	\$960.46	\$539.54	\$2,000.00	
E 101-43100-235	Personal Protective Equipment	\$1,800.00	\$1,127.82	\$672.18	\$2,000.00	
E 101-43100-240	Small Tools and Minor Equip	\$1,500.00	\$1,077.32	\$422.68	\$2,000.00	
E 101-43100-302	Architect Fees	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-43100-303	Engineering Fees	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-43100-304	Legal Fees	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-43100-309	Construction Services - PWPS Facility	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-43100-310	Other Professional Services	\$2,300.00	\$0.00	\$2,300.00	\$2,300.00	
E 101-43100-321	Telephone	\$1,679.76	\$1,158.15	\$521.61	\$1,750.00	Verizon plan + PBTV + PR
E 101-43100-322	Postage	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-43100-327	Internet Access	\$168.00	\$98.00	\$70.00	\$168.00	
E 101-43100-331	Travel Expenses	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-43100-351	Legal Notices Publishing	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-43100-361	General Liability Ins	\$555.51	\$205.74	\$349.77	\$440.28	increase 7% Actual = half of 2025 premium
E 101-43100-362	Property Ins	\$4,060.65	\$1,865.20	\$2,195.45	\$3,916.92	increase 5% Actual = half of 2025 premium
E 101-43100-363	Automotive Ins	\$1,749.00	\$941.50	\$807.50	\$2,071.30	increase 10% Actual = half of 2025 premium
E 101-43100-366	Workers Compensation Insurance	\$6,361.76	\$3,870.18	\$2,491.58	\$4,257.20	increase 10%
E 101-43100-384	Refuse/Garbage Disposal	\$350.00	\$0.00	\$350.00	\$350.00	county levy only
E 101-43100-387	Snow Removal	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-43100-400	Repairs & Maint Cont (GENERAL)	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-43100-401	Repairs/Maint Buildings	\$2,000.00	\$59.96	\$1,940.04	\$3,000.00	
E 101-43100-404	Repairs/Maint Machinery/Equip	\$8,000.00	\$7,958.97	\$41.03	\$10,000.00	
E 101-43100-425	Depreciation - set for PW truck replacement in 5 yr	\$0.00	\$0.00	\$0.00	\$14,000.00	NEW
E 101-43100-433	Dues and Subscriptions	\$0.00	\$300.00	(\$300.00)	\$0.00	
E 101-43100-436	Towing Charges	\$0.00	\$120.00	(\$120.00)	\$0.00	
E 101-43100-500	Capital Outlay - Depreciate for equipment	\$12,000.00	\$0.00	\$12,000.00	\$12,000.00	NEW
E 101-43100-530	Improvements Other Than Bldgs	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-43100-550	Motor Vehicles - GMC Lease Trucks - sunsets in 2025	\$14,237.58	\$14,237.58	\$0.00	\$0.00	
E 101-43100-580	Other Equipment - Skid Steer	\$3,406.00	\$3,406.00	\$0.00	\$3,406.00	CAT payment moves to 381 debt
		\$242,144.92	\$123,677.13	\$118,467.79	\$255,030.86	

Begin 10-year Depreciation for Equipment \$10,000/annually for 15-20years

Plan for Street Sign Replacements

Notes from 8/1/25 budget meeting with Mike:

Small Cities Assistance Aid \$17,529 added to Street Materials operating line

Begin 5-year Depreciation for PW Truck replacement \$14,000/annually (current trucks will be 10 years old)

COB will transfer un-used Street Materials budgeted funding to reserve accounts at year end for future use

2025 Blackduck Park Department Budget vs Actual & 2026 Budget

updated 8/31/25

	2025 Budget	2025 YTD Amount	2025 Balance	2026 Budget	
E 101-45200-101 Full-Time Employees Regular	\$4,605.31	\$2,814.35	\$1,790.96	\$9,749.10	
E 101-45200-102 Full-Time Employees Overtime	\$1,000.00	\$337.78	\$662.22	\$1,000.00	
E 101-45200-103 Part-Time Employees	\$5,397.84	\$6,815.12	(\$1,417.28)	\$6,178.94	
E 101-45200-120 Employer Contribution to Union Pension	\$0.00	\$93.84	(\$93.84)	\$228.80	
E 101-45200-121 PERA	\$750.24	\$231.06	\$519.18	\$1,194.60	
E 101-45200-122 FICA	\$765.24	\$757.03	\$8.21	\$1,218.50	
E 101-45200-131 Employer Paid Health	\$883.63	\$516.27	\$367.36	\$1,578.95	includes 2026 HC Prem \$843.72
E 101-45200-XXX Employer Paid Leave - MN	\$0.00	\$0.00	\$0.00	\$140.17	
E 101-45200-206 Electricity	\$3,275.00	\$1,056.72	\$2,218.28	\$3,275.00	
E 101-45200-208 Training and Instruction	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-45200-210 Operating Supplies (GENERAL)	\$1,500.00	\$644.50	\$855.50	\$2,000.00	
E 101-45200-211 Cleaning Supplies	\$600.00	\$38.76	\$0.00	\$1,000.00	
E 101-45200-212 Motor Fuels	\$3,000.00	\$290.04	\$2,709.96	\$3,000.00	
E 101-45200-221 Equipment Parts	\$0.00	\$421.32	\$0.00	\$0.00	
E 101-45200-225 Landscaping Materials	\$3,000.00	\$41.90	\$2,958.10	\$3,000.00	
E 101-45200-240 Small Tools and Minor Equip	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-45200-305 Medical Fees	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-45200-361 General Liability Ins	\$1,852.78	\$686.80	\$1,165.98	\$1,469.75	increase 7% Actual = half of 2025 premium
E 101-45200-362 Property Ins	\$1,452.20	\$670.50	\$781.70	\$1,408.05	increase 5% Actual = half of 2025 premium
E 101-45200-366 Workers Compensation Insurance	\$1,266.15	\$1,229.23	\$36.92	\$1,352.15	increase 10%
E 101-45200-384 Refuse/Garbage Disposal	\$1,100	\$177.20	\$922.80	\$1,100.00	Woodcarvers & Bash - cnty & WM
E 101-45200-401 Repairs/Maint Buildings	\$2,000.00	\$189.60	\$1,810.40	\$4,000.00	Restroom renovations - no sales tax past
E 101-45200-430 Miscellaneous (GENERAL)	\$500.00	\$11.00	\$489.00	\$1,000.00	
E 101-45200-433 Dues and Subscriptions	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-45200-501 Assessment	\$1,747.99	\$1,897.26	(\$149.27)	\$2,040.64	
E 101-45200-530 Improvements Other Than Bldgs	\$0.00	\$0.00	\$0.00	\$0.00	
	\$34,696.38	\$18,920.28	\$15,636.18	\$45,934.66	

Notes from budget meeting with Mike:

increase repairs to buildings to work on restrooms - sales tax did not pass so increase budget line

2025 Blackduck Council Budget vs Actual Expenditures

updated 9/5/25

	2025 Budget	2025 Actual Expenditures	2025 Balance	2026 Budget	
E 101-41110-101 Full-Time Employees Regular	\$11,000.00	\$0.00	\$11,000.00	\$11,100.00	
E 101-41110-121 PERA	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-41110-122 FICA	\$850.00	\$0.00	\$850.00	\$850.00	
E 101-41110-XXX Employer Paid Leave - MN	\$0.00	\$0.00	\$0.00	\$97.68	
E 101-41110-207 Computer Supplies	\$500.00	\$994.38	(\$494.38)	\$500.00	
E 101-41110-208 Training and Instruction	\$2,000.00	\$0.00	\$2,000.00	\$500.00	
E 101-41110-322 Postage	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-41110-331 Travel Expenses	\$1,500.00	\$0.00	\$1,500.00	\$350.00	
E 101-41110-361 General Liability Ins	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-41110-433 Dues and Subscriptions	\$600.00	\$427.00	\$173.00	\$600.00	
E 101-41110-437 Bad Debt Expense	\$0.00	\$0.00	\$0.00	\$0.00	
	\$16,450.00	\$1,421.38	\$15,028.62	\$13,997.68	

2025 Blackduck Street Lighting Budget vs. Actual

	2025 Budget	2025 Actual Expenditures	2025 Balance	2026 Budget	
E 101-43160-206 Electricity	\$11,000.00	\$6,709.68	\$4,290.32	\$11,000.00	
E 101-43160-210 Operating Supplies (GENERAL)	\$3,000.00	\$0.00	\$3,000.00	\$3,000.00	
E 101-43160-220 Repair/Maint Supply (GENERAL)	\$10,000.00	\$259.49	\$9,740.51	\$10,000.00	
	\$24,000.00	\$6,969.17	\$17,030.83	\$24,000.00	

2025 Blackduck Government Bldgs. Budget vs. Actual

	2025 Budget	2025 Actual Expenditures	2025 Balance	2026 Budget	
E 101-41940-206 Electricity	\$7,500.00	\$4,105.21	\$3,394.79	\$7,500.00	
E 101-41940-210 Operating Supplies (GENERAL)	\$1,700.00	\$860.41	\$839.59	\$1,700.00	
E 101-41940-211 Cleaning Supplies	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-41940-223 Building Repair Supplies	\$400.00	\$0.00	\$400.00	\$400.00	
E 101-41940-361 General Liability Ins	\$185.17	\$68.58	\$116.59	\$146.76	increase 7% Actual = half of 2025 premium
E 101-41940-362 Property Ins	\$1,302.74	\$598.50	\$704.24	\$1,256.85	increase 5% Actual = half of 2025 premium
E 101-41940-380 Utility Services (GENERAL)	\$650.00	\$340.72	\$309.28	\$600.00	
E 101-41940-401 Repairs/Maint Buildings	\$5,000.00	\$113.50	\$4,886.50	\$5,000.00	2026 predicted year for City Hall Renovations
E 101-41940-520 Buildings and Structures	\$0.00	\$3,800.00	(\$3,800.00)	\$0.00	
	\$16,737.91	\$9,886.92	\$6,850.99	\$16,603.61	

2025 Blackduck Planning & Zoning Budget vs. Actual

	2025 Budget	2025 Actual Expenditures	2025 Balance	2026 Budget	
E 101-41910-300 Professional Srvs (GENERAL)	\$2,000.00	\$0.00	\$2,000.00	\$10,000.00	2026 Rental Inspection year
	\$2,000.00	\$0.00	\$2,000.00	\$10,000.00	

2025 Blackduck Library Department Budget vs. Actual

	2025 Budget	2025 YTD Expenditures	2025 Balance	2026 Budget	
E 101-45500-122 FICA	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-45500-200 Office Supplies (GENERAL)	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-45500-206 Electricity	\$3,500.00	\$2,187.58	\$1,312.42	\$3,500.00	
E 101-45500-210 Operating Supplies (GENERAL)	\$750.00	\$1,332.06	(\$582.06)	\$1,200.00	
E 101-45500-211 Cleaning Supplies	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-45500-223 Building Repair Supplies	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-45500-301 Professional Services	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-45500-304 Legal Fees	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-45500-330 Transportation (GENERAL)	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-45500-331 Travel Expenses	\$210.00	\$0.00	\$210.00	\$210.00	
E 101-45500-361 General Liability Ins	\$185.17	\$68.58	\$116.59	\$146.76	increase 7% <i>Actual = half of 2025 premium</i>
E 101-45500-362 Property Ins	\$1,498.84	\$690.50	\$808.34	\$1,450.05	increase 5% <i>Actual = half of 2025 premium</i>
E 101-45500-367 Unemployment Paid	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-45500-380 Utility Services (GENERAL)	\$1,250.00	\$573.77	\$676.23	\$1,250.00	
E 101-45500-401 Repairs/Maint Buildings	\$7,000.00	\$113.79	\$6,886.21	\$3,000.00	
E 101-45500-404 Repairs/Maint Machinery/Equip	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-45500-426 Automation Repair & Replace.	\$350.00	\$350.00	\$0.00	\$350.00	
E 101-45500-433 Dues and Subscriptions	\$20,380.00	\$10,367.20	\$10,012.80	\$20,995.00	
E 101-45500-580 Other Equipment	\$0.00	\$0.00	\$0.00	\$0.00	
	\$35,124.01	\$15,683.48	\$19,440.53	\$32,101.81	

2025 Blackduck License Center Budget

	2025 Budget	2025 Actual Expenditures	2025 Balance	2026 Budget	
E 101-44444-101 Full-Time Employees Regular	\$14,488.45	\$9,974.54	\$4,513.91	\$26,324.17	
E 101-44444-102 Full-time Employees Overtime	\$150.00	\$37.09	\$112.91	\$150.00	
E 101-44444-103 Part-Time Employees	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-44444-120 Employer Contribution to Union Pension	\$0.00	\$204.55	(\$204.55)	\$499.20	
E 101-44444-121 PERA	\$1,086.63	\$751.02	\$335.61	\$1,974.31	
E 101-44444-122 FICA	\$1,108.37	\$733.47	\$374.90	\$2,013.80	
E 101-44444-131 Employer Paid Health	\$2,433.58	\$1,418.33	\$1,015.25	\$3,861.02	<i>includes 2026 HC Prem \$843.76</i>
E 101-44444-XXX Employer Paid Leave - MN	\$0.00	\$0.00	\$0.00	\$231.65	
E 101-44444-200 Office Supplies	\$1,500.00	\$434.56	\$1,065.44	\$1,500.00	<i>deposit slips & supplies</i>
E 101-44444-203 Printed Forms	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-44444-210 Operating Supplies	\$1,000.00	\$776.19	\$223.81	\$1,000.00	
E 101-44444-300 Professional Services	\$0.00	\$114.00	(\$114.00)	\$150.00	
E 101-44444-301 Auditing & Accounting	\$0.00	\$0.00	\$0.00	\$2,000.00	
E 101-44444-332 Postage	\$1,000.00	\$170.71	\$829.29	\$1,000.00	
E 101-44444-432 Uncollectable Checks	\$0.00	\$663.85	(\$663.85)	\$500.00	
E 101-44444-437 Bad Debt Expense	\$0.00	\$95.10	(\$95.10)	\$100.00	
E 101-44444-438 Bank Service Charges	\$0.00	\$4.00	(\$4.00)	\$50.00	
E 101-44444-570 Office Equipment	\$0.00	\$0.00	\$0.00	\$0.00	
E 101-44444-603 Short-Term Debt Principal <i>(Copier Lease)</i>	\$3,096.00	\$2,382.70	\$713.30	\$3,595.80	<i>split with Admin 60%</i>
	\$25,863.03	\$17,760.11	\$8,102.92	\$44,949.95	

License Center Notes:

Addition of Auditor fees

Increased copier lease expenses due to overages of lease base amount

Increased payroll to department - removed admin wages from liquor fund

City of Blackduck Sample Property Tax *(includes homestead exclusion)* for Proposed Budget(s) - *draft*

City of Blackduck			
2022 Total Net Tax Capacity:		\$344,156.00	
Levy:			
General Revenue	\$256,009.00		
2006 GO Impv Bond	\$36,938.00		
2009 Refunding	\$18,067.00		
Blackduck HRA Levy	\$6,196.00		
2014A Disp Sys Bond	\$8,022.00		
2012 Go Bond Golf	6,004.00		
2016 Go Bond Golf	9,923.00		
	\$341,159	\$341,159	
(Mill) Rate:			99%
Estimated Market Value:		\$100,000.00	
Homestead Exclusion:			
1st 76,000 of EMV:	\$76,000.00		
	40%		
	<u>\$30,400</u>		
Remainder	\$24,000		
	9%		
	<u>\$2,160</u>		
Homestead Exclusion:	<u>\$28,240</u>	(28,240)	
Taxable Market Value		\$71,760	
Homestead Class Rate		1%	
Net Tax Capacity		<u>\$718</u>	
City of Blackduck Tax			\$711

City of Blackduck			
2023 Total Net Tax Capacity:		\$407,306.00	
Levy:			
General Revenue	\$318,564.00		
2009 Refunding	\$17,426.72		
Blackduck HRA Levy	\$7,401.00		
2014A Disp Sys Bond	\$9,116.38		
2012 Go Bond Golf	\$10,815.00		
2016 Go Bond Golf	\$10,618.75		
	\$373,941.85	\$373,941.85	
(Mill) Rate:			92%
Estimated Market Value:		\$100,000.00	
Homestead Exclusion:			
1st 76,000 of EMV:	\$76,000.00		
	40%		
	\$30,400		
Remainder	\$24,000		
	9%		
	\$2,160		
Homestead Exclusion:	\$28,240	(28,240)	
Taxable Market Value		\$71,760	
Homestead Class Rate		1%	
Net Tax Capacity		\$718	
City of Blackduck Tax		\$659	

City of Blackduck			
2024 Total Net Tax Capacity:			\$452,212.00
Levy:			
General Revenue	\$345,187.00		
2009 Refunding	\$16,084.69		
Blackduck HRA Levy	\$8,102.00		
2014A Disp Sys Bond	\$8,393.22		
2023A USDA Bond	\$23,829.90		
2023B USDA Bond	\$4,106.70		
	\$405,703.51	\$405,703.51	
(Mill) Rate:			90%
Estimated Market Value: \$100,000.00			
Homestead Exclusion:			
1st 76,000 of EMV:	\$76,000.00		
	40%		
	\$30,400		
Remainder	\$24,000		
	9%		
	\$2,160		
Homestead Exclusion:	\$28,240	(28,240)	
Taxable Market Value			\$71,760
Homestead Class Rate			1%
Net Tax Capacity			\$718
City of Blackduck Tax			\$644

City of Blackduck			
2025 Total Net Tax Capacity:		\$448,979.00	
Levy:			
General Revenue	\$376,346.00		
Blackduck HRA Levy	\$8,019.00		
2014A Disp Sys Bond	\$9,398.62		
2023A USDA Bond	\$23,829.90		
2023B USDA Bond	\$4,106.70		
2024A Equip. Certificate	\$9,280.85		
	\$430,981.07	\$430,981.07	
(Mill) Rate:			96%
Estimated Market Value: \$100,000.00			
Homestead Exclusion:			
1st 95,000 of EMV:	\$95,000.00		
	40%		
	\$38,000		
Remainder	\$5,000		
	9%		
	\$450		
Homestead Exclusion:	\$37,550	(37,550)	
Taxable Market Value		\$62,450	
Homestead Class Rate		1%	
Net Tax Capacity		\$625	
City of Blackduck Tax			\$599

City of Blackduck			
2026 Total Net Tax Capacity:		\$408,289.00	
		updated 09/05/25	
Levy:			
General Revenue	\$360,176.00		
Blackduck HRA Levy	\$8,255.00		
2023A USDA Bond	\$23,829.90		
2023B USDA Bond	\$4,106.70		
2024A Equip. Certificate	\$27,572.27		
	\$423,939.87		
		\$423,939.87	
(Mill) Rate:			104%
Estimated Market Value:		\$100,000.00	
Homestead Exclusion:			
1st 95,000 of EMV:	\$95,000.00		
	40%		
	\$38,000		
Remainder	\$5,000		
	9%		
	\$450		
Homestead Exclusion:	\$37,550	(37,550)	
Taxable Market Value		\$62,450	
Homestead Class Rate		1%	
Net Tax Capacity		\$625	
City of Blackduck Tax		\$648	

**RURAL ECONOMIC DEVELOPMENT GRANT
LETTER OF CONDITIONS**

Date: 7/15/2025

Jared Echternach
Name/President
Beltrami Electric Cooperative, Inc.
RUS Utility
4111 Technology Drive NW
Address
Bemidji, MN 56601
City, State, Zip

Dear Mr. Echternach :

We are pleased to announce that the application of the Beltrami Electric Cooperative, Inc. (the Grantee) for a grant in the amount of \$300,000.00 (Grant) to make an initial loan to City of Blackduck (Ultimate Recipient) and to establish a revolving loan fund (Revolving Loan Fund) in accordance with the Grantee's Revolving Loan Fund Plan dated 12/6/2024, as approved by Rural Development (Plan) has received approval of Rural Development, subject to the following terms and conditions:

A. The Grantee provides:

1. evidence that it has created a Revolving Loan Fund Account (Account) and has deposited the approved contribution amount in the Account.
2. a resolution of its Board of Directors adopting the Plan approved by Rural Development.
3. satisfactory evidence that it has obtained fidelity bond coverage on all of its officers, employees or agents that are authorized to receive or disburse funds from the Revolving Loan Fund, in the total amount of the Grant, or the Revolving Loan Fund, whichever is greater.
4. duplicate original sets of duly authorized and executed copies of this Letter of Conditions.
5. duplicate original sets of duly authorized and executed copies of the Rural Economic Development Grant Agreement (Grant Agreement.)

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0570-0035. The time required to complete this information collection is estimated to average one hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

6. a legal opinion from its counsel stating that the Grantee possesses the necessary legal authority to execute the Letter of Conditions and the Grant Agreement and to execute the Plan.
7. evidence of satisfactory written procedures to:
 - (i) minimize the time elapsing between receipt of funds from Rural Development and disbursement of funds to the Ultimate Recipient,
 - (ii) ensure funds control and accountability in accordance with 7 CFR parts 3015 and 3019 as applicable,
 - (iii) limit cash advances from Rural Development to the minimum amounts needed for the actual, immediate cash required for carrying out the project.

8. Central Contractor Registration and Universal Identifier Requirements. Unless you are exempted from this requirement under 2 CFR 25.110, you as the recipient must register before the Grant Agreement is executed and maintain the currency of your information in the CCR for the life of the Revolving Loan Fund. This requires you review and update the information at least annually after the initial registration, and more frequently if required by changes in your information or another award term. Additional information about registration procedures may be found at the CCR Internet site (<http://www.ccr.gov>).

And,

B. Rural Development approves

1. the Grantee's loan agreement, promissory note(s), and security agreement which will be entered into with the Ultimate Recipient.
2. a legal opinion provided by counsel for the Ultimate Recipient, regarding the legal ability of the Ultimate Recipient to incur debt and perform its obligations under the loan agreement.
3. satisfactory evidence that the following other terms and conditions have been met:
 - i. The Intermediary covenants that it will comply with P.L. 93-495, "Equal Credit Opportunity Act," and Title VI of the Civil Rights Act of 1964, "Nondiscrimination in Federally Assisted Programs," 42 U.S.C. 2000dr, Section 504 of the Rehabilitation Act for Federally Conducted Programs and Activities, the Age Discrimination Act of 1975 and the Americans with Disabilities Act. Rural Development shall be under no obligation to advance the Loan funds until RD Forms 400-1, Equal Opportunity Agreement and 400-4, Assurance Agreement, are executed by the Intermediary and delivered to Rural Development.

Each ultimate recipient will be required to execute 400-4 Assurance Agreement.
 - ii. As per 3015.17 – Fidelity bonds
 - (a) If the recipient (Intermediary) is not a unit of government, the awarding agency (Rural Development) may require the recipient to carry adequate fidelity bond

coverage where the absence of coverage for the grant-supported activity is considered as creating an unacceptable risk.

- (b) If the subrecipient (Ultimate Recipient) is not a unit of government, the awarding agency (Rural Development) or the recipient (Intermediary) may require that the subrecipient carry adequate fidelity bond coverage where the absence of coverage for the subgrant-supported activity is considered as creating an unacceptable risk. The required amount of fidelity bond coverage is the amount of the grant or the revolving loan fund, whichever is greater.

- iii. Rural Development shall be under no obligation to advance Grant funds until the Intermediary has provided satisfactory evidence to Rural Development, that the Ultimate Recipient has obtained funds or received binding commitments for supplemental financing in the approximate amount of \$ 99,002.88 that is needed, in addition to the Grant proceeds, to ensure completion of the Project. An attachment for listing the sources of supplemental financing is enclosed as Attachment A.

The Attachment A is to be completed by the ultimate recipient with evidence of the availability of the supplemental financing attached. Indicate on the attachment, any supplemental financing for the Project that will come from the Intermediary.

- iv. A certification of authority (Attachment B) shall be executed by the Intermediary indicating the person authorized to requisition funds from Rural Development.
- v. The Intermediary covenants that it will provide to Rural Development, upon completion of the Project, a management representation letter certifying to the statements in Attachment C of the Letter of Conditions.
- vi. The Intermediary covenants that its loan agreement with the Ultimate Recipient will require the Ultimate Recipient to provide to Rural Development and the Intermediary, upon completion of the Project, a management representation letter certifying to the statements in Attachment D of the Letter of Conditions.

The enclosed certification form entitled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions" must be referenced in, and included as an exhibit to, the loan agreement that you execute with the Ultimate Recipient. The Ultimate Recipient in turn, must require these certifications in any lower tier covered transactions. Please note this certification is for the signature of the Ultimate Recipient.

Please evidence acceptance of the terms and conditions of this Letter of Conditions by executing and dating the enclosed duplicate original in the space provided and returning it to Rural Development within 30 days from the date of this Letter of Conditions. The Grantee must comply with the conditions set forth in this Letter of Conditions within 120 days from the date of its acceptance. Unless extended, if the Grantee has not complied with these stipulations, the Grant commitment will be automatically rescinded.

Sincerely,



Chad Newman, Area Specialist

Accepted and Agreed to:

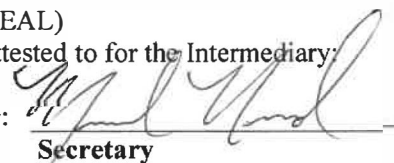
Beltrami Electric Cooperative, I
Intermediary

by: 
President /Chairperson

July 23, 2025
[Date]

(SEAL)

Attested to for the Intermediary:

by: 
Secretary

Enclosures:

- Duplicate Original Letter of Conditions
- Attachment A – Supplemental Financing
- Attachment B – Certificate of Authority
- Attachment C - Intermediary Management Representation Letter
- Attachment D - Ultimate Recipient Management Representation Letter

The Recipient must comply with the provisions of the Build America, Buy America Act (BABAA) (the “Act”). Pub. L. No. 117-58, §§ 70901-52, which was enacted on November 15, 2022. The Act requires that “none of the funds made available for a Federal financial assistance program for infrastructure may be obligated for a project unless all of the iron, steel, manufactured products, and construction materials used in the project are produced in the United States.”

Ultimate recipients must comply with BABAA; however, for-profit entities and other entities not included in the definition of Non-Federal Entities, defined pursuant to 2 CFR 200.1, are not subject to BABAA. The Recipient should consult with the Agency for information on any applicable public interest waivers.

Recipients work plan/revolving loan fund plan must include Intermediary’s processes and procedures to implement the provisions of BABAA in accordance with Rural Development’s Buy America Implementation Guide and ensure that ultimate recipient projects assisted with MPILP funding comply with BABAA.



CITY OF BLACKDUCK

RESOLUTION NO: 2024-18

RESOLUTION PROVIDING AUTHORIZATION TO APPLY FOR FUNDING THROUGH BELTRAMI ELECTRIC COOPERATIVE

WHEREAS, the City Council of the City of Blackduck acknowledges the need to improve and stabilize government owned facilities,

AND WHEREAS, the City Council of the City of Blackduck recognizes the deficiencies of the facility Blackduck City Hall and Blackduck DMV office resides,

AND WHEREAS, the City Council of the City of Blackduck desire to provide a stable business district Blackduck City Hall exists,

AND WHEREAS, the City Council of the City of Blackduck acknowledges the need to secure funding to complete updates to the Blackduck City Hall Facility,

THEREFORE, the City of Blackduck through Beltrami Electric Cooperative hereby authorizes the submission of an application for a grant from USDA Rural Development. The purpose of the grant will be to develop a revolving (RLF) operated in accordance with the Rural Development Plan and REDLG RLF requirements so that the Coop may loan the proceeds of the grant to the City of Blackduck,

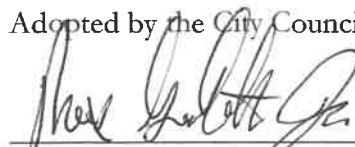
BE IT FURTHER RESOLVED, that the Board of Directors of Beltrami Electric Cooperative, Inc. may charge a servicing fee to the RLF projects at prime interest rate of the unpaid balance of the first day of each new year, and

BE IT FURTHER RESOLVED, that the City Council of the City of Blackduck hereby commits 10% of the project costs up to \$100,000 from unrestricted Blackduck RLF to offset application costs as required by USDA, and

BE IT FURTHER RESOLVED, that the loan will be for up to ten (10) years; at a 0% (percent) interest rate to be repaid in equal annual installments and the City of Blackduck will provide a general obligation bond issued directly to the Coop pursuant to Minnesota Statutes, Section 465.73 to secure the loan to provide moneys for the prompt and full payment of its principal and interest when the same become due, the full faith and credit and taxing powers of the City will be irrevocably pledged.

THEREFORE BE IT RESOLVED, the City Council of the City of Blackduck authorizes the grant application with Beltrami Electric Cooperative through USDA Rural Development.

Adopted by the City Council on November 4, 2024.


Maxwell Gullette, Mayor


Christina Regas – City Administrator



A GREAT PLACE FOR FAMILIES

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

NOTICE OF CITY COUNCIL SPECIAL COUNCIL MEETING

Notice is hereby given that the City of Blackduck City Council will hold a Special Council meeting to begin at 6:00pm Monday, September 22, 2025.

The purpose of this meeting will be to adopt City of Blackduck proposed levy for 2026.

Posted this 8th day of September 2025.

Christina Regas, City Administrator

www.blackduckmn.com

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

"The City Of Blackduck Is An Equal Opportunity Provider"



BLACKDUCK & KELLIHER IMPACT REPORT

GRANT FUNDING

Since 2020, United Way has provided local funding and support to the following agencies:

- Adult Day Services
- Bemidji Community Food Shelf
- **NEW!** Boys & Girls Club Blackduck Branch
- Community Resource Connections
- Legal Services of Northwest MN
- LSS Meals on Wheels
- North Country Food Bank
- Northern Lights Council
- Northwoods Caregivers

IMAGINATION LIBRARY

70 CHILDREN



ages 0-5 receive a free book every month through Dolly Parton's Imagination Library.

BACKPACK BUDDIES

75 CHILDREN

received weekend food packs through Backpack Buddies

COATS FOR THE COMMUNITY

300+ WINTER ITEMS

were distributed through Coats for the Community in Blackduck

WHEELS TO WORK

7 FAMILIES

received vehicle repair services through Wheels to Work



FOOD ACCESS

United Way launched the mobile food pantry in 2021, bringing monthly deliveries to Blackduck and Kelliher. When the service ended in early 2025, United Way partnered with North Country Food Bank and Community Resource Connections to provide monthly food distributions. We're now supporting both communities as they work toward opening their own local food shelves.

CITY OF BLACKDUCK

AUG 15 2025



BOYS & GIRLS CLUB BLACKDUCK BRANCH

In partnership with the Boys & Girls Club of the Bemidji Area, the United Way and Blackduck School District helped launch a new Blackduck Branch, which opened at the start of the 2024 school year. The branch served 99 K-8 students through all day programming on Mondays and after school Tuesday through Friday and through a summer program in 2025. This initiative provides crucial support and opportunities for Blackduck youth and their families.

Greenwood Cemetery Association

Cemetery association governed by a board of trustees
P. O. Box 1431
Bemidji, Minnesota 56619
(218) 751-1720 Phone/Fax

August 18, 2025

City of Blackduck
Mike Schwanke
Public Works Supervisor
P. O. Box 380
8 Summit Ave NE
Blackduck, MN 56630

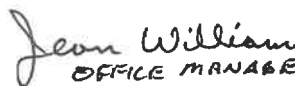
Dear Mike,

The Greenwood Cemetery board members wish to extend our appreciation and gratitude to you, Chris Brown & Matthew Patch for the work that was done and for the use of your trucks and equipment on the 24th and 25th of June for moving branches and trees from the June 21st storm. Your generosity and willingness to help the Bemidji cemetery is greatly appreciated. Thank you so much.

In a time of need it is nice to know that there is a neighboring town that is willing to give their support and time to help sustain the appearance of the cemetery.

The Association Board Member's thank you and we appreciate your generosity.

Sincerely,


OFFICE MANAGER

Kevin Cease, President
Greenwood Cemetery Association