



AGENDA

Blackduck City Council Meeting

6:00 PM - Monday, October 6, 2025

City Hall, 8 Summit Drive, Blackduck MN

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1. CALL TO ORDER	
a. Roll Call	
b. Pledge of Allegiance	
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3. CONSENT AGENDA	
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[September 2025 Fund Balance Report](#)

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an.	Final Approval - Memorandum of Agreement between the City of Blackduck and the International Union of Operating Engineers Local No. 49 (PAD Initial Template 9.9.25) PFML MOA	250 - 251
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ap.	Final Approval - Minnesota Department of Employment & Economic Development (DEED) MIF State Revolving Loan Fund Annual Report - September 2025 RLF Summary 93025	254 - 255
aq.	Final Approval - LMCIT Property / Casualty Coverage 2nd half Premium 2025-2026 City of Blackduck LMCIT Prop. Casualty Insurance 2nd half 2025	256 - 259

4. BLACKDUCK FORUM

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

5. ADMINISTRATOR'S REPORT

- a. Approval Needed - Ordinance 2025-04 - An Ordinance Amending Chapter 11, Business Regulations of the City Code, Providing for Section 1170, Regulating Cannabis Businesses 260 - 271
[Ordinance 2025-04 - Adult Use Cannabis final version redlined](#)
- b. Council Consideration - Blackduck Legion & Legion Auxillary Presentation - Veterans Memorial Bench Replacement - Karin Parker, Sheila Reinerz, Glen Shuman, Mike Zimmerman
- c. Approval Needed - Resolution 2025-17 - Resolution Adopting an Amended Spending Plan for TIF Districts No. 1-4 & 1-6 272
[2025-17 Resolution amending a spending plan for TIF Districts](#)
- d. Approval Needed - Purchase Agreement between City of Blackduck and Blackduck Coop AG Services, Inc. 273 - 279
[Purchase Agreement](#)
- e. Approval Needed - Resolution 2025-18 - Resolution authorizing the Conveyance of State Rail Bank Property to Blackduck Coop AG Services in the City limits of the City of Blackduck 280 - 283
[2025-18 - Resolution authorizing the conveyance of public property](#)
- f. October 15, 2025 @ 2pm - Blackduck Planning Commission Meeting
- g. October 20, 2025 @ 6pm Blackduck City Council Work Session
- h. November 10, 2025 @ 6pm - Blackduck City Council Regular Meeting
- i. November 11, 2025 - Blackduck City Offices Closed in Observance of Veteran's Day

6. REPORTS OF COMMITTEES AND CITY STAFF

- 6.1. Liquor Store Report - Shawnda Lahr, Director of Liquor Operations
- 6.2. Golf Course Report - Misty Frenzel, Golf Course Director
 - a. Approval Needed - MN Pump Works Invoice #28967 - Blackduck Golf Course Liftstation and Panel 284 - 288
[MN Pumpworks Golf Course Liftstation](#)

7. MAYOR AND/OR COUNCIL MEMBER REPORTS

- a. Public Notice - Beltrami County Opioid Steering Committee Seeking Members 289
[20250917 - Press Release - Opioid Steering Committee Seeking Members](#)

8. COMMUNITY EVENTS/GOOD THINGS HAPPENING

- a. October 21, 2025 @ 6pm - Beltrami County Board Room - Beltrami County Annual Meeting of Opioid Steering Committee 290
[Opioid meeting](#)
- b. October 15, 2025 Blackduck Area Chamber of Commerce Meeting

9. ADJOURNMENT



MINUTES

Council - Public Hearing Meeting

6:00 PM - Monday, September 8, 2025

City Hall, 8 Summit Drive, Blackduck MN

The Council - Public Hearing of the City of Blackduck was called to order on Monday, September 8, 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, Public Works Director Mike Schwanke, and Director of Liquor Operations Shawnda Lahr
- OTHERS PRESENT:** Kayla Schmishney, Troy Gabler and Chris Knopik of CLA, Tim Ramerth of Widseth

1 CALL TO ORDER

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

2 PUBLIC HEARING AGENDA

- a) Description of Project for Public Hearing - Second and Final Reading of Ordinance 2025-03 - An Ordinance Amending Chapter 6, Lakeview Cemetery, of the City Code
Administrator Regas announced there have been no further amendments to the ordinance and no public comments or concerns since the first meeting on August 18, 2025.
- b) General Questions & Answers from Public
Mayor Gullette called for questions.

There were no questions or comments from the public.

Mayor Gullette called for questions a second time.

There were no questions.

Mayor Gullette called for questions a third time.

There were no questions.

3 ADJOURNMENT

- a)

1

Nicholas Seitz moved to adjourn the public hearing and open the regular council meeting at 6:05pm
Ronald Fredrickson seconded the motion.

Carried 4 to 0

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

Christina Regas, City Administrator

Maxwell Gullette, Mayor



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COUNCILORS EXCUSED: Councilor Laurie Hamilton

STAFF PRESENT: City Administrator Christina Regas, Public Works Director Mike Schwanke, and Director of Liquor Operations Shawnda Lahr

OTHERS PRESENT: Kayla Schmishney, Troy Gabler and Chris Knopik of CLA, Tim Ramerth of Widseth

1 CALL TO ORDER

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

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Ronald Fredrickson seconded the motion.

Carried 4 to 0

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

Christina Regas, City Administrator

Maxwell Gullette, Mayor



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- OTHERS PRESENT:** Kayla Schmishney and John Winnett Planning Commissioners, Troy Gabler and Chris Knopik CLA, Tim Ramerth Widseth, Richard and Diane McKean, Michele Andringa Bicap Headstart

1. CALL TO ORDER

- a. Roll Call
Regas took roll call of those present to the meeting.
- b. Pledge of Allegiance
Mayor Gullette led the meeting during the public hearing that preceded the regular meeting.

2. APPROVAL OF AGENDA

- a.

Ronald Fredrickson moved to approve the agenda as presented Nicholas Seitz 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. August 4, 2025 Blackduck City Council Meeting Minutes
- b. August 6, 2025 Blackduck Finance Committee Meeting Minutes
- c. August 12, 2025 - Blackduck Golf Board Meeting Minutes

- d. August 18, 2025 Blackduck City Council Public Hearing Minutes
- e. August 18, 2025 Blackduck City Council Work Session Minutes
- f. August 20, 2025 Blackduck Planning Commission Meeting Minutes
- g. August 20, 2025 Blackduck Finance Committee
- h. ~~August 21, 2025 Blackduck Fire Protection Annual Budget Meeting Minutes~~
- i. August 27, 2025 Blackduck Revolving Loan Fund committee Meeting Minutes
- j. August 28, 2025 Revolving Loan Fund Committee - supplemental meeting minutes via email
- k. September 3, 2025 - Blackduck Finance Committee Meeting Minutes
- l. August 2025 Fund Balance Report
- m. August 2025 Bill Report
- n. August 2025 Sewer Income Statement
- o. August 2025 Water Income Statement
- p. August 2025 Pine Tree Park Income Statement
- q. August 2025 Lakeview Cemetery Income Statement
- r. August 2025 Golf Course Income Statement
- s. August 2025 Liquor Store Income Statement
- t. August 2025 Blackduck DMV Income Statement
- u. July 2025 LG216 Lawful Gambling Monthly Rent Report - Blackduck Fire Relief Association
- v. Final Approval - August 2025 Business Credit Card Payment
- w. Final Approval - August 2025 EFT Disbursements for City of Blackduck payrolls supporting MN Statute §471.38 subd. 3 (3a)
- x. Final Approval - June 2025 Local Option Sales Tax Report - City of Blackduck
- y. Final Approval - July 2025 Supplemental Bills - Blackduck Leavers Foods, Empire Investigation & Protection
- z. Final Approval - LMC Claim #436849 payment to Bemidji Monument
- aa. Final Approval - Poll Pad Election Equipment Order with Beltrami County
- ab. Final Approval - 2025-2026 Pre-Buy Propane Order - Blackduck Coop
- ac. Final Approval - Amendment to MAP Agreement - Marco Technologies and City of Blackduck City Hall
- ad. Final Approval - CliftonLarsonAllen LLP Representation Letter regarding 2024 Financial Audit for City of Blackduck
- ae. Final Approval - LMCIT Statement of Premium Audit Adjustment - Workers' Compensation Plan Period 06/01/2024 - 06/01/2025
- af. Final Approval - Minnesota Healthcare Consortium - MHC Statewide Pool Renewal for City of Blackduck 01/01/2026
- ag. Final Approval - Agreement between the MN Dept of Revenue and City of Blackduck for Collection of a LOST

Maxwell Gullette moved to approve the consent agenda removing item 'H' for further discussion
 Nicholas Seitz seconded the motion.

Carried 4 to 0

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

- ah. Removed Consent Agenda Items for Discussion
August 21, 2025 Blackduck Fire Protection Annual Budget Meeting Minutes

Mayor Gullette reports he was present to the Fire Protection Meeting and the minutes do not reflect it. Regas states the minutes would be corrected.

Maxwell Gullette moved to approve the removed consent agenda items 'H' Ronald Fredrickson seconded the motion.

Carried 4 to 0

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

ai.

4. 2024 FINANCIAL AUDIT PRESENTATION - CLIFTONLARSONALLEN LLP (CLA) TROY GABLER, CPA

- a. City of Blackduck Financial Statements & Supplementary Information for 2024 - Gabler and Knopik provided the Council and Public in attendance a review of the 2024 Financial Audit and took questions.

5. 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.

6. REPORTS OF COMMITTEES AND CITY STAFF

6.1. PUBLIC WORKS REPORT - MIKE SCHWANKE, PUBLIC WORKS DIRECTOR

- 6.1.1. Report -
 Schwanke reports gaining estimates for work on priority lift stations and will present that to the board on September 22, 2025 during the work session. Schwanke further states the golf course lift station pump and panel are being built and estimated to ship on September 12. Nothing further.

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

- 6.2.1. Report
 Lahr reports reducing kitchen hours due to staffing constraints. Nothing further.

6.3. GOLF COURSE REPORT - MISTY FRENZEL, GOLF COURSE DIRECTOR

6.3.1. Council approval Needed - MTI Distributing Order #1491872-00 - 2013 Toro Reelsmaster 3550 Payment

Regas presented recommended payment options to the council to approve for equipment for the Golf Course.

Ronald Fredrickson moved to pay for MTI invoice for equipment for the golf course from the General Fund Reserves in the amount of \$14,962.50 Donald Johnson seconded the motion.

Carried 4 to 0

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

6.4. LIBRARY REPORT - KELLY HANKS, HEAD LIBRARIAN

6.4.1. Approval Needed - State of Minnesota Grant Contract Agreement - MN Multi-Purpose Community Facility Project

Donald Johnson moved to approve the Grant Contract Agreement between the City of Blackduck and State of MN for multi-purpose community facility project funds Nicholas Seitz seconded the motion.

Carried 4 to 0

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

7. ADMINISTRATOR'S REPORT

a. Council Approval for Consideration - Donation Request Madden McKean Foundation - Richard McKean

Nicholas Seitz moved to approve a donation from the liquor rent fund to the Madden McKean Foundation for scholarship funding in the amount of \$1,000 Donald Johnson seconded the motion.

Carried 4 to 0

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

b. Approval Needed - Resolution 2025-01 v.5 - Resolution of Annual Appointments & Designations for 2025 - Official Newspaper Designation

Ronald Fredrickson moved to approve Resolution 2025-01 v5 a Resolution of annual appointments and designations for 2025 designating an official newspaper 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 2025-16 - Resolution approving an assessment for past due utility charges

Donald Johnson moved to approve Resolution 2025-16 a Resolution approving an assessment for past due utility charges Nicholas Seitz seconded the motion.

Carried 4 to 0

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

- d. Approval Needed - Ordinance 2025-03 - An Ordinance Amending Chapter 6, Lakeview Cemetery, of the City Code

Donald Johnson moved to approve Ordinance 2025-03 and Ordinance amending Chapter 6 Lakeview Cemetery of the City Code Ronald Fredrickson seconded the motion.

Carried 4 to 0

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

- e. Council Consideration - Ordinance 2025-04 - An Ordinance Amending Chapter 11, Business Regulations of the City Code, Amending Section 1170, Cannabis Business
Regas reports to the board the best path for the City to take action upon would be to amend the language in Section 1170.01 subd. 1 Requirements for Cannabis Businesses setting the buffers for business types and specifying what type of businesses are affected by those buffers. Regas reports having discussions with partners at Bi-Cap regarding the amendments and potential business. Regas further states Section 1170.01 subd. 2 Authority and Jurisdiction would have language stricken out so as to have no conflicts with Beltrami County Ordinance. Regas requested guidance from the board on how to proceed. Headstart Director Andringa was present to comment support for they type of Cannabis Business to occupy the properties cautioning not wanting to have signing or smell to support the families and the state licensing requirements. Andringa reports the Bi-Cap Board of Directors will meet this week and report feedback to the City. Council member Fredrickson recommends amending the current ordinance with the recommended language provided. Regas states the first reading may preceding the Work Session on

September 22 and final reading preceding the October 6 regular council meeting.

f. Council Consideration - 2026 General Fund Budget - Updates from Finance Committee

Regas reported updated on the proposed 2026 General Fund Budget that included the updated healthcare premium for 2026 and Minnesota Paid Leave funded 100% by the employer. Regas states the Fire Protection Area meeting approved the fire budget and there will be special fund and enterprise fund budget meeting this week. Regas states those budgets will be presented to the finance committee on September 17 for review and any additional changes will be made and presented during the special council meeting on September 22, 2025 for approval. Regas states at this time the proposed levy is still showing a decrease over 2025. Council member Johnson stated the county is considering a reduction to the library budgets which may affect Blackduck and Bemidji and encouraged the board and public to reach out to county commissioners. Council member Fredrickson states the path on predicting insurance increases is wise knowing workers compensation insurance may still have an increase although LMCIT is not recommending budgeting for one. Nothing further at this time.

g. Council Discussion & Action Requested - Blackduck City Hall - Renovation Project Funding - Beltrami Electric & Rural Development Partnership

Regas reviewed the past few weeks of RLF and Finance Committee meeting feedback regarding the financing for the renovations planned for Blackduck City Hall facility and the path with Beltrami Electric and Rural Development. Regas states the need to have the City Council have a final discussion and take action upon how the City will move forward with the project as it stands with Beltrami Electric funding. Regas states the need to communicate with those partners and rural development the City Council decision.

Ronald Fredrickson moved to proceed with the Blackduck City Hall renovation project as planned partnering with Beltrami Electric and Rural Development and to levy funding to pay debt from funding provided from a revolving loan from Beltrami Electric Nicholas Seitz seconded the motion.

Council member Fredrickson asked if the funding from Beltrami Electric was for anything other than the repairs to City Hall. Regas stated no. Fredrickson stated he does not see any need to change direction at this time. Council member Seitz states the Blackduck RLF committee did not want to exhaust all the funds in the current fund. Regas states that committee had negative feedback regarding the path the City approved to take on the facility meaning to repair the building. Regas states part of that committee did not want to see the City put funding into an old building but build new instead. Regas states if the City chose to continue moving forward with the project as it is now the City would levy the debt for 10 years at 0% financing or a \$30,000 payment assuming no other debt is taken on by the City it would not affect the levy much. Regas further states the City is now facing a potential large infrastructure project with the PER/Er and that will need levy funds to pay debt. Regas further states the other option the City may move forward with is to put the funding of the project to a referendum. Regas states the path with RD and BEC was recommended to avoid the referendum option. Mayor Gullette states he agrees with the finance committee and believes the project is the wrong path, the city jumped the gun and did not have all the options for the facility. Fredrickson states the old city hall was falling apart and had to be demolished because it was neglected because the council didn't take action. Fredrickson states that the funding opportunity with BEC should be taken advantage of. Regas states the other option the City could do is to take a part of the project like the roof, budget that in the next year's levy that amount and complete that part with those funds. Gullette states if the city is going to hold a vote right now he votes no. Seitz states he does not see anyway in the near future the City can afford to build a new building it would be too expensive which means the city would need to keep the existing building functional. Seitz states if you build a new building and demolish the existing the city is asking way too much of the taxpayers. Seitz states if the City waits another decade the building will continue to fail. Gullette states the RLF committee has a problem with using the Blackduck Revolving Loan fund for City use. Gullette states

Council

September 8, 2025

he doesn't know the answers, perhaps our engineers. Ramerth states building new will cost way more than repairing existing. Fredrickson believes the City should continue forward repair the roof and the sewer. Johnson states he is up in the air on the project now after reading feedback from other committees. Johnson states the building needs to be repaired and either way the city will be spending money. Seitz states there is no good answer. Gullette states he sees the project as a very expensive band-aid. Regas requests guidance tonight from the board noting the time spent on the project application with the partners at Beltrami Electric noting the traffic and funding generated from the DMV Office opening in City Hall. Regas states it is the belief the application was approved because of that. Council member Johnson states he doesn't feel comfortable voting. Seitz states the city should continue to drag this out a couple more years so the building gets worse and the costs get more expensive. Mayor Gullette called for a vote on the motion.

Failed 2 to 2

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

- h. September 17, 2025 @ 2pm - Blackduck Planning Commission Meeting
- i. September 17, 2025 @ 3pm Blackduck Finance Committee Meeting - 2026 Budgets
- j. Council Request - Call Special Meeting - September 22, 2025 @ 6pm - 2026 City of Blackduck Preliminary Levy
Mayor Gullette officially called a special meeting for September 22, 2025 to approve the 2026 preliminary levy
- k. September 22, 2025 @ 6pm - Blackduck City Council Work Session
- l. October 6, 2025 @ 6pm - Blackduck City Council Regular Council Meeting

8. MAYOR AND/OR COUNCIL MEMBER REPORTS

- a. Council Member Seitz states in follow up to the City Hall vote for the council to expect to come to the work session August 22, 2025 and or the finance committee meeting with ways to move forward with City Hall.

9. COMMUNITY EVENTS/GOOD THINGS HAPPENING

- a. Blackduck & Kelliher United Way Impact Report
- b. Greenwood Cemetery Association - Letter of Thanks
Schwanke states it was nice to be appreciated for the work the city staff did after the storm to assist the cemetery in Bemidji.

10. ADJOURNMENT

- a.

Ronald Fredrickson moved to adjourn the regular council meeting at 7:47pm Nicholas Seitz 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



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1. CALL TO ORDER

- a. Roll Call
Regas took roll call of those present to the meeting.
- b. Pledge of Allegiance
Mayor Gullette led the meeting during the public hearing that preceded the regular meeting.

2. APPROVAL OF AGENDA

- a.

Ronald Fredrickson moved to approve the agenda as presented Nicholas Seitz 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. August 4, 2025 Blackduck City Council Meeting Minutes
- b. August 6, 2025 Blackduck Finance Committee Meeting Minutes
- c. August 12, 2025 - Blackduck Golf Board Meeting Minutes

- d. August 18, 2025 Blackduck City Council Public Hearing Minutes
- e. August 18, 2025 Blackduck City Council Work Session Minutes
- f. August 20, 2025 Blackduck Planning Commission Meeting Minutes
- g. August 20, 2025 Blackduck Finance Committee
- h. ~~August 21, 2025 Blackduck Fire Protection Annual Budget Meeting Minutes~~
- i. August 27, 2025 Blackduck Revolving Loan Fund committee Meeting Minutes
- j. August 28, 2025 Revolving Loan Fund Committee - supplemental meeting minutes via email
- k. September 3, 2025 - Blackduck Finance Committee Meeting Minutes
- l. August 2025 Fund Balance Report
- m. August 2025 Bill Report
- n. August 2025 Sewer Income Statement
- o. August 2025 Water Income Statement
- p. August 2025 Pine Tree Park Income Statement
- q. August 2025 Lakeview Cemetery Income Statement
- r. August 2025 Golf Course Income Statement
- s. August 2025 Liquor Store Income Statement
- t. August 2025 Blackduck DMV Income Statement
- u. July 2025 LG216 Lawful Gambling Monthly Rent Report - Blackduck Fire Relief Association
- v. Final Approval - August 2025 Business Credit Card Payment
- w. Final Approval - August 2025 EFT Disbursements for City of Blackduck payrolls supporting MN Statute §471.38 subd. 3 (3a)
- x. Final Approval - June 2025 Local Option Sales Tax Report - City of Blackduck
- y. Final Approval - July 2025 Supplemental Bills - Blackduck Leavers Foods, Empire Investigation & Protection
- z. Final Approval - LMC Claim #436849 payment to Bemidji Monument
- aa. Final Approval - Poll Pad Election Equipment Order with Beltrami County
- ab. Final Approval - 2025-2026 Pre-Buy Propane Order - Blackduck Coop
- ac. Final Approval - Amendment to MAP Agreement - Marco Technologies and City of Blackduck City Hall
- ad. Final Approval - CliftonLarsonAllen LLP Representation Letter regarding 2024 Financial Audit for City of Blackduck
- ae. Final Approval - LMCIT Statement of Premium Audit Adjustment - Workers' Compensation Plan Period 06/01/2024 - 06/01/2025
- af. Final Approval - Minnesota Healthcare Consortium - MHC Statewide Pool Renewal for City of Blackduck 01/01/2026
- ag. Final Approval - Agreement between the MN Dept of Revenue and City of Blackduck for Collection of a LOST

Maxwell Gullette moved to approve the consent agenda removing item 'H' for further discussion
 Nicholas Seitz seconded the motion.

Carried 4 to 0

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

- ah. Removed Consent Agenda Items for Discussion
August 21, 2025 Blackduck Fire Protection Annual Budget Meeting Minutes

Mayor Gullette reports he was present to the Fire Protection Meeting and the minutes do not reflect it. Regas states the minutes would be corrected.

Maxwell Gullette moved to approve the removed consent agenda items 'H' Ronald Fredrickson seconded the motion.

Carried 4 to 0

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

ai.

4. 2024 FINANCIAL AUDIT PRESENTATION - CLIFTONLARSONALLEN LLP (CLA) TROY GABLER, CPA

- a. City of Blackduck Financial Statements & Supplementary Information for 2024 - Gabler and Knopik provided the Council and Public in attendance a review of the 2024 Financial Audit and took questions.

5. 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.

6. REPORTS OF COMMITTEES AND CITY STAFF

6.1. PUBLIC WORKS REPORT - MIKE SCHWANKE, PUBLIC WORKS DIRECTOR

6.1.1. Report -

Schwanke reports gaining estimates for work on priority lift stations and will present that to the board on September 22, 2025 during the work session. Schwanke further states the golf course lift station pump and panel are being built and estimated to ship on September 12. Nothing further.

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

6.2.1. Report

Lahr reports reducing kitchen hours due to staffing constraints. Nothing further.

6.3. GOLF COURSE REPORT - MISTY FRENZEL, GOLF COURSE DIRECTOR

6.3.1. Council approval Needed - MTI Distributing Order #1491872-00 - 2013 Toro Reelsmaster 3550 Payment

Regas presented recommended payment options to the council to approve for equipment for the Golf Course.

Ronald Fredrickson moved to pay for MTI invoice for equipment for the golf course from the General Fund Reserves in the amount of \$14,962.50 Donald Johnson seconded the motion.

Carried 4 to 0

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

6.4. LIBRARY REPORT - KELLY HANKS, HEAD LIBRARIAN

6.4.1. Approval Needed - State of Minnesota Grant Contract Agreement - MN Multi-Purpose Community Facility Project

Donald Johnson moved to approve the Grant Contract Agreement between the City of Blackduck and State of MN for multi-purpose community facility project funds Nicholas Seitz seconded the motion.

Carried 4 to 0

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

7. ADMINISTRATOR'S REPORT

a. Council Approval for Consideration - Donation Request Madden McKean Foundation - Richard McKean

Nicholas Seitz moved to approve a donation from the liquor rent fund to the Madden McKean Foundation for scholarship funding in the amount of \$1,000 Donald Johnson seconded the motion.

Carried 4 to 0

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

b. Approval Needed - Resolution 2025-01 v.5 - Resolution of Annual Appointments & Designations for 2025 - Official Newspaper Designation

Ronald Fredrickson moved to approve Resolution 2025-01 v5 a Resolution of annual appointments and designations for 2025 designating an official newspaper 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 2025-16 - Resolution approving an assessment for past due utility charges

Donald Johnson moved to approve Resolution 2025-16 a Resolution approving an assessment for past due utility charges Nicholas Seitz seconded the motion.

Carried 4 to 0

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

- d. Approval Needed - Ordinance 2025-03 - An Ordinance Amending Chapter 6, Lakeview Cemetery, of the City Code

Donald Johnson moved to approve Ordinance 2025-03 and Ordinance amending Chapter 6 Lakeview Cemetery of the City Code Ronald Fredrickson seconded the motion.

Carried 4 to 0

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

- e. Council Consideration - Ordinance 2025-04 - An Ordinance Amending Chapter 11, Business Regulations of the City Code, Amending Section 1170, Cannabis Business
Regas reports to the board the best path for the City to take action upon would be to amend the language in Section 1170.01 subd. 1 Requirements for Cannabis Businesses setting the buffers for business types and specifying what type of businesses are affected by those buffers. Regas reports having discussions with partners at Bi-Cap regarding the amendments and potential business. Regas further states Section 1170.01 subd. 2 Authority and Jurisdiction would have language stricken out so as to have no conflicts with Beltrami County Ordinance. Regas requested guidance from the board on how to proceed. Headstart Director Andringa was present to comment support for they type of Cannabis Business to occupy the properties cautioning not wanting to have signing or smell to support the families and the state licensing requirements. Andringa reports the Bi-Cap Board of Directors will meet this week and report feedback to the City. Council member Fredrickson recommends amending the current ordinance with the recommended language provided. Regas states the first reading may preceding the Work Session on

September 22 and final reading preceding the October 6 regular council meeting.

f. Council Consideration - 2026 General Fund Budget - Updates from Finance Committee

Regas reported updated on the proposed 2026 General Fund Budget that included the updated healthcare premium for 2026 and Minnesota Paid Leave funded 100% by the employer. Regas states the Fire Protection Area meeting approved the fire budget and there will be special fund and enterprise fund budget meeting this week. Regas states those budgets will be presented to the finance committee on September 17 for review and any additional changes will be made and presented during the special council meeting on September 22, 2025 for approval. Regas states at this time the proposed levy is still showing a decrease over 2025. Council member Johnson stated the county is considering a reduction to the library budgets which may affect Blackduck and Bemidji and encouraged the board and public to reach out to county commissioners. Council member Fredrickson states the path on predicting insurance increases is wise knowing workers compensation insurance may still have an increase although LMCIT is not recommending budgeting for one. Nothing further at this time.

g. Council Discussion & Action Requested - Blackduck City Hall - Renovation Project Funding - Beltrami Electric & Rural Development Partnership

Regas reviewed the past few weeks of RLF and Finance Committee meeting feedback regarding the financing for the renovations planned for Blackduck City Hall facility and the path with Beltrami Electric and Rural Development. Regas states the need to have the City Council have a final discussion and take action upon how the City will move forward with the project as it stands with Beltrami Electric funding. Regas states the need to communicate with those partners and rural development the City Council decision.

Ronald Fredrickson moved to proceed with the Blackduck City Hall renovation project as planned partnering with Beltrami Electric and Rural Development and to levy funding to pay debt from funding provided from a revolving loan from Beltrami Electric Nicholas Seitz seconded the motion.

Council member Fredrickson asked if the funding from Beltrami Electric was for anything other than the repairs to City Hall. Regas stated no. Fredrickson stated he does not see any need to change direction at this time. Council member Seitz states the Blackduck RLF committee did not want to exhaust all the funds in the current fund. Regas states that committee had negative feedback regarding the path the City approved to take on the facility meaning to repair the building. Regas states part of that committee did not want to see the City put funding into an old building but build new instead. Regas states if the City chose to continue moving forward with the project as it is now the City would levy the debt for 10 years at 0% financing or a \$30,000 payment assuming no other debt is taken on by the City it would not affect the levy much. Regas further states the City is now facing a potential large infrastructure project with the PER/Er and that will need levy funds to pay debt. Regas further states the other option the City may move forward with is to put the funding of the project to a referendum. Regas states the path with RD and BEC was recommended to avoid the referendum option. Mayor Gullette states he agrees with the finance committee and believes the project is the wrong path, the city jumped the gun and did not have all the options for the facility. Fredrickson states the old city hall was falling apart and had to be demolished because it was neglected because the council didn't take action. Fredrickson states that the funding opportunity with BEC should be taken advantage of. Regas states the other option the City could do is to take a part of the project like the roof, budget that in the next year's levy that amount and complete that part with those funds. Gullette states if the city is going to hold a vote right now he votes no. Seitz states he does not see anyway in the near future the City can afford to build a new building it would be too expensive which means the city would need to keep the existing building functional. Seitz states if you build a new building and demolish the existing the city is asking way too much of the taxpayers. Seitz states if the City waits another decade the building will continue to fail. Gullette states the RLF committee has a problem with using the Blackduck Revolving Loan fund for City use. Gullette states

Council

September 8, 2025

he doesn't know the answers, perhaps our engineers. Ramerth states building new will cost way more than repairing existing. Fredrickson believes the City should continue forward repair the roof and the sewer. Johnson states he is up in the air on the project now after reading feedback from other committees. Johnson states the building needs to be repaired and either way the city will be spending money. Seitz states there is no good answer. Gullette states he sees the project as a very expensive band-aid. Regas requests guidance tonight from the board noting the time spent on the project application with the partners at Beltrami Electric noting the traffic and funding generated from the DMV Office opening in City Hall. Regas states it is the belief the application was approved because of that. Council member Johnson states he doesn't feel comfortable voting. Seitz states the city should continue to drag this out a couple more years so the building gets worse and the costs get more expensive. Mayor Gullette called for a vote on the motion.

Failed 2 to 2

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

- h. September 17, 2025 @ 2pm - Blackduck Planning Commission Meeting
- i. September 17, 2025 @ 3pm Blackduck Finance Committee Meeting - 2026 Budgets
- j. Council Request - Call Special Meeting - September 22, 2025 @ 6pm - 2026 City of Blackduck Preliminary Levy
Mayor Gullette officially called a special meeting for September 22, 2025 to approve the 2026 preliminary levy
- k. September 22, 2025 @ 6pm - Blackduck City Council Work Session
- l. October 6, 2025 @6pm - Blackduck City Council Regular Council Meeting

8. MAYOR AND/OR COUNCIL MEMBER REPORTS

- a. Council Member Seitz states in follow up to the City Hall vote for the council to expect to come to the work session August 22, 2025 and or the finance committee meeting with ways to move forward with City Hall.

9. COMMUNITY EVENTS/GOOD THINGS HAPPENING

- a. Blackduck & Kelliher United Way Impact Report
- b. Greenwood Cemetery Association - Letter of Thanks
Schwanke states it was nice to be appreciated for the work the city staff did after the storm to assist the cemetery in Bemidji.

10. ADJOURNMENT

- a.

Ronald Fredrickson moved to adjourn the regular council meeting at 7:47pm Nicholas Seitz 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 PLANNING MEETING

Regular Planning Meeting

Blackduck City Hall

September 17, 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 August 20, 2025 meeting. Motion carried.*

Old Business –

1. City Wide Blight Tour – Commissioners reviewed properties identified with blight. Regas reports letter sent to all property noting except two. Commissioners discussed the reasons for not sending letters to the remaining identified properties and requested the City draft a letter to one. Regas states the property owner will receive a letter by end of week. Nothing further.
2. Birch & Beyond Inc – Petition for Vacation of Street and Alley – Regas reports the property sale for City owned property is now complete and will begin the vacation process for the ROW.
3. Mike Murray ROW request – 325 Summit Ave E. – Request to purchase COB property and vacate ROW – Regas reports a meeting between the City and property owner will be held later this week and options for Murray's request will be discussed. Regas will report on progress at the next meeting.
4. Preliminary Land Division Request – 2025-01 – Brian Olson – 81.00066.00 – 24135 Beighely Rd NE. – Regas reports the land division request is completed, Beltrami County has recorded the division and notification has been sent to property owners. Nothing further.

New Business –

1. NoBo Inc. – Request to City for business regulations for Cannabis Cultivation in The Shade Store Properties – Regas reports the City will take action amending Ordinance Regulating Cannabis Businesses (Ordinance 2025-04) beginning on September 22 with the first reading. Regas highlighted changes to the Ordinance are identifying the 'type' of cannabis businesses that require buffer zones to daycares and schools.

Adjourn – *Moved by Commission Tindell and seconded by Commission Smischney to adjourn the planning meeting at 2:35pm. Motion carried.*



BLACKDUCK FINANCE COMMITTEE MEETING

WEDNESDAY, SEPTEMBER 17th, 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 17, 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:

SPECIAL AND ENTERPRISE FUND(S) - Committee members reviewed and discussed special and enterprise funds addressing key points that affect 2026. Those points are as follows:

1. Lakeview Cemetery – In 2026 all payroll from all departments will be removed from the operating budget of Lakeview Cemetery. Other budgets including the street budget, water, wastewater, and pine tree park will absorb the payroll expense. By achieving this Lakeview Cemetery will not need additional internal transfers from other departments. Lakeview Cemetery fund will have a decrease in operating expenses of 250% by removing payroll.
2. Pine Tree Park – In 2026 operating expenses will include funds to update the south outhouse – committee members were informed the holding tank for the outhouse has deficiencies of which are allowing ground water into the holding tank. Pine Tree Park fund will keep operating expenses close to 2025 budget, and will have a flat increase over 2025. Camping revenue is down and has returned to pre-lock-down years. Support from Beltrami County will remain at \$11,000.
3. Liquor – In 2026, all payroll from outside departments will be removed from the operating budget of The Pond (Liquor Fund). Liquor fund will keep operating expenses close to 2025 budget, will have a decrease in debt (Message Board sunsets in 2025), and will budget for future capital outlay. Overall operating budget is increased by 4% over 2025. Transfers out of Liquor Fund include \$60,000 commitment to the General Fund; \$10,000 to the Golf Fund, and \$500 to the Cemetery Fund.
4. Golf – In 2026, the golf fund keep operating expenses close to 2025 budget. The debt for the golf fund is reduced as 2016 Equipment debt and 2021 Golf Cart Lease debt sunsets in 2025. The Golf budget will allow \$10,000 for new batteries for the 15 electric golf carts leased in 2021. Overall operating budget is decreased -12% as with the achievement of better equipment payroll is reduced in 2025 with more efficiencies maintaining the course. There will be no new phasing of golf carts in 2026 due to the acquisition of one (1) new cart this season and repairs to existing electric carts. Lift Station Pump and Panel for the facility will affect the 2025 budget – total costs were not available to discuss.
5. Water – In 2026, the water fund will keep operating expenses close to 2025. Payroll for the fund will not have administration wages in the fund reducing the full budget -1%. Three-fourths of the public works facility debt will be absorbed by the Wastewater fund allowing utility rates to remain and not increase.
6. Wastewater – In 2026, the wastewater fund will keep operating expenses close to 2025. Payroll for the fund will not include administration wages/benefits reducing the operating -.5% Three-fourths of the



BLACKDUCK FINANCE COMMITTEE MEETING

WEDNESDAY, SEPTEMBER 17th, 2025 @ 3PM

BLACKDUCK CITY HALL 8 SUMMIT AVE. E.

public works facility debt obligated to the water fund will be paid for with wastewater revenue. Thus allowing utility rates to remain and not increase.

UPDATED GENERAL FUND OPERATING & REVENUE SOURCES – Committee members discussed the impact on the general fund budget and levy for removing administration wages/benefits from special and enterprise funds and recommendations to balance the 2026 budget.

1. Administration - By removing all administration wages from special and enterprise fund operating budgets the increase to the administration operating budget over 2025 will be 24.26%.
2. License Center – By removing all administration wages from special and enterprise fund operating budget the increase to the license center operating budget over 2025 will be 140.63% .
3. All Other General Fund Budgets – There will be no additional reductions to the Streets, Fire, Police, Parks, Council, or Street Lighting operating budgets.
4. Library Fund – At this time there will be no additional funding added to the levy for the Library Fund. The City is approving the request from KRLS which is above the state required minimum by \$8,213. Funding not approved in the Beltrami County budget allocation may affect the number of hours the local library will operate. Committee members discussed the impact to the Community, however, the levy cannot allow for additional funding above what KRLS has requested. The unmet need would be @ \$34,000.
5. Levy Impact – By removing all administration wages from special and enterprise fund operating budgets the City will provide an internal transfer from the General Fund Reserves of \$18,000 thus allowing for a total recommended increase to the levy of 2.83% or \$12,175 over 2025. Total levy will be \$443,156.

ADJOURN – Finance Committee adjourned their work session at 4:50pm.

Kitchigami Regional Library
Board Meeting September 18, 2025, 6:00 p.m.
Kitchigami Regional Headquarters Building, Pine River, MN

A G E N D A

1. Call to order and Pledge of Allegiance
2. KRLS Oath of Office (as needed)
3. Approval of Agenda
4. Public Input
5. Consent Agenda
 - a. Minutes: July 17 and July 24, 2025, pg. 5
 - b. Bills: July – August 2025, pg. 10
 - c. Financial Statements: YTD 2025, pg. 16
 - d. Director’s Report
6. Old Business
 - a. 2026 City County Budget Responses, pg. 18
 - b. Other
7. New Business
 - a. AFSCME Notice of Intent to Negotiate
 - b. KRLS 2024 Audit Presentation, pg. 20
 - i. Post-audit Fund Balance Assessment
 - c. FY2025 Regional Library Basic System Support (RLBSS) Report, pg. 22
 - d. FY2025 Regional Library Telecommunications Aid (RTLA) Report, pg. 27
 - e. FY2026 RLTA Application, pg. 32
 - f. Policy Discussion, pg. 38
 - i. Policy Draft: 8.11 Materials Use and Fees
 - g. 2026 KRLS Holiday Schedule, pg. 43
 - h. 2026 KRLS Board Meeting Schedule, pg. 44
 - i. 2026 Associate Library Service Agreements, pg. 45
 - j. Other
8. Chair’s Report

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

FUTURE BOARD MEETINGS

Thursday, November 20, 2025	Thursday, January 15, 2026	Thursday, March 19, 2026
Thursday, May 21, 2026	Thursday, June 18, 2026	Thursday, July 16, 2026

2025 Kitchigami Regional Library Board Members (revised 09/03/25)

Kitchigami Director Melissa Whatley (whatleym@krls.org)

BELTRAMI COUNTY

Joe Gould (County Commissioner)

Ph: 218-259-4342; E: joe.gould@co.beltrami.mn.us

Alternate: Vacant

CASS COUNTY

Scott Bruns (County Commissioner)

Ph: 218-820-6545; E: scott.bruns@casscountymn.gov

Alternate: Neal Gaalswyk (County Commissioner)

Ph: 218-839-1841; E: neal.gaalswyk@casscountymn.gov

CROW WING COUNTY

Jamie Lee (County Commissioner)

Ph: 218-866-9040; E: jamie.lee@crowwing.gov

Alternate: Steve Barrows (County Commissioner)

Ph: 218-820-8199; E: Steve.Barrows@crowwing.us

HUBBARD COUNTY

Tom Krueger (County Commissioner)

Ph: 218-616-4069; E: tkrueger@co.hubbard.mn.us

Alternate: Charlene Christenson (Cty Commissioner)

Ph: 218-616-2181; E: cchristenson@co.hubbard.mn.us

WADENA COUNTY

Murlyn Kreklau (County Commissioner)

Ph: 218-837-5352; Cell: 218-639-2011

E: murlyn.kreklau@co.wadena.mn.us

Alternate: Ron Noon

Ph: 218-639-0797; E: ron.noon@wcmn.us

CITY OF BEMIDJI

Lynn Eaton

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Alternate: Mark Dickinson

Ph: 218-766-9887; E: mark.dickinson@ci.bemidji.mn.us

CITY OF BLACKDUCK

Laurie Hamilton

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E: laurie.hamilton@blackduckmn.com

Alternate: Donald Johnson

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CITY OF BRAINERD

Mary Koep

Ph: 218-829-9793; E: marywaltk@icloud.com

Alternate: Vacant

CITY OF CASS LAKE

Cecil Reams

Ph: 218-335-6654; E: cgriiii@msn.com

Alternate: Vacant

CITY OF LONGVILLE

Neil Tobiason

C: 763-442-5066; E: neil.tobiason@gmail.com

Alternate: Phyllis Eck

Ph: 218-539-0354; E: 1849pe@gmail.com

CITY OF PARK RAPIDS

Jeremy Engholm

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Alternate: Vacant

CITY OF PINE RIVER

Brent Norman

Ph: 218-536-0668; E: nscleaners@gmail.com

Alternate: Tamara Hansen

Ph: 218-587-2440; E: mayor@cityofpineriver.org

CITY OF WADENA

George Deiss

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Alternate: Mark Lunde

Ph: 218-639-5662; E: mlunde@wadena.org

CITY OF WALKER

Char Moore

Ph: 630-399-8978; E: cmoore@ci.walker.mn.us

Alternate: Jerecho Worth

Ph: _____; E: jworth@ci.walker.mn.us

2025 KITCHIGAMI REGIONAL LIBRARY BOARD COMMITTEES

(Revised 6/16/2025)

Board Officers

Chair	Tom Krueger
Vice-Chair	Murlyn Kreklau
Treasurer	George Deiss
Secretary	Brent Norman

BUDGET COMMITTEE

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

PERSONNEL / UNION NEGOTIATION COMMITTEE

Tom Krueger, Chair
Murlyn Kreklau
Jeremy Engholm

AUDIT COMMITTEE

Tom Krueger, Chair
George Deiss

OUTREACH COMMITTEE

Committee of the Whole

STRATEGIC PLANNING / POLICY COMMITTEE

Tom Krueger, Chair
Lynn Eaton
Brent Norman

INTERNET / ELECTRONIC RESOURCES COMMITTEE

Tom Krueger, Chair
Brent Norman
Joe Gould

EXTERNAL BOARDS

NORTHERN LIGHTS LIBRARY NETWORK

Governing Board Members:

Delegates: Joe Gould
George Deiss

NWLlinks

Delegate: Director Melissa Whatley

Kitchigami Regional Library

Oath of Office Policy

Policy

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

Oath

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

Administration

1. The Oath of Office will be administered by the KRLS Director to all members of the board of trustees at the first meeting of the board in each new calendar year, following the election of the board's officers.
2. The Oath of Office will be administered to each member of the board whose term of office begins during the calendar year at the first regular board meeting following the member's appointment.

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

**Kitchigami Regional Library System
Board Meeting, July 17, 2025, 6:00 p.m.
Kitchigami Headquarters Building, Pine River, MN**

Board members present:	Scott Bruns (Cass Co.), Jeremy Engholm (Park Rapids), Mary Koep (Brainerd), Murlyn Kreklau (Wadena), Tom Krueger (Hubbard Co.), Jamie Lee (Crow Wing Co.), Neil Tobiason (Longville)
Board members present by interactive technology:	George Deiss (Wadena), Joe Gould (Beltrami Co.), Donald Johnson (Blackduck, alt.), Cecil Reams (Cass Lake)
Board members absent:	Lynn Eaton (Bemidji), Mary Beth Hansen (Walker),
Others present, non-voting:	In Person: KRLS Director Melissa Whatley, Admin Asst. Svetlana Lang, Carol Christensen, Terria Rohloff, Troy Bauch (AFSCME Council 65), Angie Flaten, Danni Rardin, Sue Oliver, Robin Mahala, Mary Beth Durham. Interactive Technology: Laurel Hall, Nancy Huckstead, Dan Touchette, Jess, Christian, "Zoom User," RKA

Tom Krueger called the meeting to order at 6:00 p.m. and requested participation in reciting the Pledge of Allegiance.

KRLS Oath of Office	Director Whatley administered the oath of office to confirm Cecil Reams as the representative for the City of Cass Lake.
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Approval of Agenda	Motion by Jeremy Engholm, seconded by Neil Tobiason, to approve the agenda and additional documents. Roll call vote was taken. Yes: In-person – Jeremy Engholm, Neil Tobiason, Tom Krueger, Jaimie Lee, Scott Bruns, Mary Koep, Murlyn Kreklau; via Zoom – George Deiss, Cecil Reams, Joe Gould. <u>Motion carried unanimously.</u>
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Donald Johnson joined the meeting at 6:03 p.m.

Public Input	Troy Bauch, AFSCME Council 65 representative for KRLS. Mr. Bauch spoke regarding a recent investigation and gave each board member a copy of a letter he had written to them. Chair Krueger confirmed the document would be read by all board members and addressed at a future meeting.
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Consent Agenda

It was noted that there had been an error in the June 12, 2025, meeting minutes: Mary Beth Durham joined the June 2025 meeting virtually at 6:08 p.m., not Mary Beth Hansen. Also, there were no findings at the time of the July meeting regarding the check fraud discovered by Pine River State Bank.

Motion by Jeremy Engholm, seconded by Scott Bruns, to approve the consent agenda Items A-E.

- a. Minutes: June 2025**
- b. Bills: 2025**
- c. Financial Statements: 2025 YTD**
- d. Director's Report**

Roll call vote was taken. Yes: In-person -- Jeremy Engholm, Neil Tobiason, Tom Krueger, Jaime Lee, Scott Bruns, Mary Koep, Murlyn Kreklau; via Zoom -- George Deiss, Cecil Reams, Joe Gould. **Motion carried unanimously.**

Donald Johnson was attending the meeting virtually and could not hear the meeting, so could not vote.

Old Business --
FY2026 Regional Library Basic
System Support (RLBSS)
Application

Director Whatley went over documents which supported the Board's approval and signing in June of the FY2026 RLBSS application.

Donald Johnson left the meeting at 6:20 p.m.

2026 KRLS Budget
Development – City/County
Operating Budgets

There was discussion by the Board.

Motion by Murlyn Kreklau, seconded by Joe Gould, to distribute the budget to the Cities and Counties for feedback.

Roll call vote was taken. Yes: In-person -- Jeremy Engholm, Neil Tobiason, Tom Krueger, Jaime Lee, Scott Bruns, Mary Koep, Murlyn Kreklau; via Zoom -- George Deiss, Cecil Reams, Joe Gould. **Motion carried unanimously.**

Compensation Study Proposals

Motion by Joe Gould, seconded by Jeremy Engholm, to accept the Roo Solutions proposal as included in the document packet. Roll call vote was taken. Yes: In-person -- Jeremy Engholm, Neil Tobiason, Tom Krueger, Jaime Lee, Scott Bruns, Murlyn Kreklau; via Zoom -- George Deiss, Joe Gould. No: Mary Koep. Abstain: Cecil Reams. **Motion carried.**

New Business --
ACHF / Legacy FY2026
Application

Motion by Mary Koep, seconded by Jamie Lee, to submit the ACHF application and signatures to the State. Roll call vote was taken. Yes: Yes: In-person -- Jeremy Engholm, Neil Tobiason, Tom Krueger, Jaime Lee, Scott Bruns, Mary Koep, Murlyn Kreklau; via Zoom -- George Deiss, Cecil Reams, Joe Gould. **Motion carried unanimously.**

Chair's Report

Chair Krueger asked everyone to read the letter received at the meeting and send any questions to him via Director Whatley. If it is decided that a special meeting is needed, one can be called by the Chair or two other board members together. If not, it will be addressed at the September board meeting.

Motion by Murlyn Kreklau, seconded by Neil Tobiason, to adjourn at 6:41 p.m.

Roll call vote was taken. Roll call vote was taken. Yes: In-person -- Jeremy Engholm, Neil Tobiason, Tom Krueger, Jaime Lee, Scott Bruns, Mary Koep, Murlyn Kreklau; via Zoom -- George Deiss, Cecil Reams, Joe Gould. **Motion carried unanimously.**

Minutes respectfully submitted by Administrative Assistant Svetlana Maria Lang.

Minutes signed by Board Secretary Brent Norman _____

Date _____

**Kitchigami Regional Library System
Special Board Meeting July 24, 2025, 6:00 p.m.
Kitchigami Headquarters Building, Pine River, MN**

Board members present: Jeremy Engholm (Park Rapids), Lynn Eaton (Bemidji), George Deiss (Wadena), Tom Krueger (Hubbard Cty.), Brent Norman (Pine River), Scott Bruns (Cass Cty.), Neil Tobiason (Longville), Mary Koep (Brainerd), Donald Johnson (Blackduck, alt.)

Board members present virtually: Murlyn Kreklau (Wadena Cty.), Cecil Reams (Cass Lake)

Board members absent: Mary Beth Hansen (Walker), Jamie Lee (Crow Wing Cty.), Joe Gould (Beltrami Cty.)

Others present non-voting: Director Melissa Whatley, Admin Asst. Svetlana Lang, Valerie McCormic, Paul Riggins, Lorraine Briddon, Danni Rardin, Judy Schrupp, Muriel Erickson, Marla Sullivan, Nancy Huckstead, Karen Rubado, Melissa Dingman, Angie Flaten, Maren Kimbler, Faith Kimbler, Rhoda Jackson, Mary Beth Durham, Patty Durham, Terria Rohloff, Marie McNamara, Carol Christensen, Joan Heinrich, Sue Oliver, Kim Oliver, Kristi Kauffman, Allison Royce, Mary Shaffer, Dan Touchette, Tami Beto.

Chair Tom Krueger called the meeting to order at 6:00 p.m. and requested participation in reciting the Pledge of Allegiance.

Chair Krueger described for the members of the public what would happen during the meeting. Director Whatley read the purpose of the meeting from the agenda:

The Kitchigami Regional Library Board will go into closed session during the meeting on July 24, scheduled to begin at 6:00 p.m., as permitted by Minnesota Statute § 13D.05, subdivision 2 (b) for preliminary consideration of allegations or charges against an individual subject to its authority.

Motion by Lynn Eaton, seconded by Jeremy Engholm, to move the board meeting into a closed session at 6:01 p.m. Roll call vote was taken. Yes: In-person -- Jeremy Engholm, Lynn Eaton, George Deiss, Tom Krueger, Brent Norman, Scott Bruns, Neil Tobiason, Mary Koep, Donald Johnson; via Zoom – Murlyn Kreklau. **Motion carried unanimously.**

6:02 p.m. -- Dan Touchette joined the meeting via Zoom.

6:03 p.m. -- The members of the public were asked to leave the meeting room.

6:04 p.m. -- Murlyn Kreklau signed out of the public Zoom meeting.

6:05 p.m. – Murlyn Kreklau and Cecil Reams joined the closed session via Zoom.

7:21 p.m. – Closed session was ended, and members of the public were invited to return to the open session of the meeting.

Motion by Brent Norman, seconded by Jeremy Engholm to end the closed session and re-open the public session of the meeting at 7:22 p.m. Roll call vote was taken. Yes: In-person -- Jeremy Engholm, Lynn Eaton, George Deiss, Tom Krueger, Brent Norman, Scott Bruns, Neil Tobiason, Mary Koep, Donald Johnson; via Zoom – Cecil Reams, Murlyn Kreklau. **Motion carried unanimously.**

Public Input

Carol Christensen, Pine River Library Branch Manager, read a statement to the KRLS board.

Summary: The Board feels they need to respect the recommendation of the KRLS-hired attorney to avoid potential litigation. They need to have distinct grounds to make a dismissal, and when their attorney has said discipline was not warranted, the board feels they cannot make a dismissal. Director Whatley had put together a performance improvement plan. She will document weekly meetings and report these to the personnel committee, who will review and make decisions going forward from there. There are several policy items that will be worked on. 1) A weapons policy. 2) A staff vehicle policy regarding the KRLS -owned staff vehicle and its permissible and non-permissible use. 3) A policy regarding paid / unpaid administrative leave. 4) If the director has future need to hire an attorney, they will need to have board approval. The board asked MW to be strict in following policy. If employees do not follow policy, the director will have full board support to discipline, as needed.

Motion by Lynn Eaton, seconded by Donald Johnson, to adjourn the meeting at 7:34 p.m.

Yes: In-person -- Jeremy Engholm, Lynn Eaton, George Deiss, Tom Krueger, Brent Norman, Scott Bruns, Neil Tobiason, Mary Koep, Donald Johnson; via Zoom -- Cecil Reams, Murlyn Kreklau. **Motion carried unanimously.**

Minutes respectfully submitted by Administrative Assistant Svetlana Maria Lang.

Minutes signed by Board Secretary Brent Norman _____

Date _____

KITCHIGAMI REGIONAL LIBRARY SYSTEM
CHECK REGISTER
July 10, 2025

Check Number	Name	GL Account Title	Amount
=====	=====	=====	=====
26125	AFSCME	AFSCME COUNIL 65 UNION DUES	1,009.40
26126	AMAZON OFFICE	LEGACY SUPPLIES, OFFICE SUPPLIES	2,038.31
26127	AMAZON OFFICE	Extra Stub	-
26128	B&T L4409322	BOOKS	26,174.91
26129	B&T L4409332	BOOKS	596.69
26130	B&T L4409342	BOOKS	869.42
26131	BIBLIOTHECA	E-RESOURCES	11,438.41
26132	BLUE CROSS BLUE SHIELD	VISION INSURANCE	134.61
26133	CENTURY LINK	TELEPHONES	339.00
26134	CITY OF PINE RIVER	HQ WATER	31.00
26135	CLIMB THEATER	LEGACY PROGRAMMING	3,800.00
26136	DEERWOOD TECHNOLOGY	NETWORK SUPPORT, DATA STORAGE	5,180.00
26137	FORUM COMMUNICATIONS	STAFF POSITION LISTINGS	2,350.66
23168	CENGAGE LEARNING INC	BOOKS	148.44
26139	GULL LAKE GLASS	HQ DOOR REPAIR	125.00
26140	LAUREL HALL	ADMIN TRAVEL	131.60
26141	HOOPLA	E-RESOURCES	17,944.08
26142	DEPARTMENT OF THE TREASURY	ANNUAL EXCISE TAX	80.68
26143	BETH LEY KNOTTS	LEGACY PROGRAMMING	850.00
26144	LIBERTY BUSINESS SYSTEMS	COPIER LEASE//INSURANCE WADENA	403.17
26145	MARCO-BEMIDJI	COPIER LEASE	112.81
26146	MARCO-WALKER	COPIER LEASE	18.30
26147	MIDWEST TAPE	VIDEO/DVD/AUDIO	1,699.78
26148	MN CLEANING SOLUTIONS	CUSTODIAL SERVICES	360.00
26149	NW LINKS	DATA LINES	8,058.78
26150	OCLC	CLOUD LIBRARY	35.00
26151	THE OFFICE SHOP	OFFICE SUPPLIES	804.89
26152	PAUL BUNYAN COMMUNICATIONS	TELEPHONES	104.95
26153	PLUM CREEK LIBRARY	MATERIALS REPLACEMENT FEES	10.00
26154	SEBCO	BOOKS	110.93
26155	VERIZON WIRELESS	ADMIN, HOTSPOTS	1,353.32
26156	WASTE PARTNERS	HQ GARBAGE SERVICE	75.32

TOTAL A/P CHECK RUN

86,389.46

KITCHIGAMI REGIONAL LIBRARY SYSTEM
PAYROLL CHECKS
Payroll for July 10th (1st through 15th)

Pay Day	Check Numbers	Account	Amount
=====	=====	=====	=====
7/10/2025	50843-50926	Direct Deposits	61,943.28
		Paper Checks	1,471.92
		Minnesota Withholding Tax paid	2,719.59
		Federal Withholding Tax paid	17,582.48
		PERA-Public Employee Retirement Association paid	11,128.49
		Union Dues Withholding	525.26
		Total Payroll Expense	<u>\$ 95,371.02</u>

AMOUNT EXPENSED PAGE 1	181,760.48
AMOUNT EXPENSED PAGE 2	
TOTAL AMOUNT EXPENSED	

KITCHIGAMI REGIONAL LIBRARY SYSTEM
CHECK REGISTER
July 25, 2025

Check Number	Name	GL Account Title	Amount
=====	=====	=====	=====
26157	AMAZON	BOOKS	2,178.14
26158	AMAZON	LEGACY SUPPLIES, OFFICE SUPPLIES	234.21
26159	ARVIG	TELEPHONES	56.59
26160	BAKER & TAYLOR L4409322	BOOKS	6,947.85
26161	BAKER & TAYLOR L4409332	BOOKS	83.17
26162	BAKER & TAYLOR L4409342	BOOKS	369.01
26163	AUDREY ELISSA BRANDT-LOER	LEGACY PROGRAMMING ART KITS	480.00
26164	CANON FINANCIAL SERVICES	COPIER LEASE/INSURANCE WK & PR	157.88
26165	CLIFTON LARSON ALLEN LLP	PROFESSIONAL SERVICES	16,023.00
26166	CLIMB THEATRE	LEGACY PROGRAMMING	5,050.00
26167	THE CROSSING ARTS ALLIANCE	LEGACY ART KITS	8,568.00
26168	CHRISTINA LOIS DAVIDGE	LEGACY KIDS SUMMER ART PROGRAMMING	1,575.00
26169	DEERWOOD TECHNOLOGY	NETWORK SUPPORT, DATA STORAGE	6,559.26
26170	DIAMONDBUILT	LAWN CARE	600.00
26171	JEREMY ENGHOLM	MILEAGE	43.40
26172	HARRY ENTWISTLE	LEGACY PROGRAMMING TWEEN MAGIC WKSP	280.00
26173	CENGAGE LEARNING INC	EXTRA STUB	-
26174	CENGAGE LEARNING INC	EXTRA STUB	-
26175	CENGAGE LEARNING INC	BOOKS	2,104.16
26176	HOMEWARD BOUND THEATRE	LEGACY PROGRAMMING	2,700.00
26177	BETH LEY KNOTTS	LEGACY PROGRAMMING HEALTH LEARNING	850.00
26178	MARY KOEP	MILEAGE	44.80
26179	MURLYN KREKLAU	MILEAGE	51.80
26180	THOMAS KRUEGER	MILEAGE	42.00
26181	JAMIE LEE	MILEAGE	68.60
26182	MIDWEST TAPE LLC	BOOKS/HOOPLA	1,227.66
26183	MINNESOTA POWER	HQ ELECTRICITY	542.60
26184	MN PEIP	HEALTH INSURANCE	26,747.86
26185	NCPERS	LIFE INSURANCE	272.00
26186	KENT NERNBURN	LEGACY PROGRAMMING AUTHOR TALK	10,000.00
26187	THE OFFICE SHOP	OFFICE SUPPLIES	330.63
26188	PETER THOMPSON	LEGACY PROGRAMMING MOBILE SIGN CART	7,178.24
26189	AMANDA POMMERENING	LEGACY PROGRAMMING POLLINATORS	233.71
26190	PINE RIVER LIBRARY BLDG	ICE MELT	44.97
26191	PINE RIVER SANITATION DIST	HQ SEWER	48.40
26192	QUINILIVAN & HUGHES PA	PROFESSIONAL SERVICES	1,053.00
26193	KEN SMITH	LEGACY PROGRAMMING AUTHOR TALK	200.00
26194	SPARKLE THEATRICALS	LEGACY PROGRAMMING	5,000.00
26195	HACIBER EUGENIA STUMBO	LEGACY PROGRAMMING JEWELRY MAKING	1,160.00
29196	TDS TELECOM	PHONES, ADMINISTRATION	93.48
26197	TDS TELECOM	PHONES, ADMINISTRATION	24.08
26198	TDS TELECOM	PHONES, PINE RIVER LIBRARY	27.30
26199	NEIL TOBIASON	MILEAGE	35.00
26200	VERIZON	MOBILE LIBRARY-REMOTE	50.02
26201	VISA	SEE NEXT PAGE	1,637.66
		TOTAL A/P CHECK RUN	<u><u>110,973.48</u></u>

KITCHIGAMI REGIONAL LIBRARY SYSTEM
PAYROLL CHECKS
Payroll for July 10th (1st through 15th)

Pay Day	Check Numbers	Account	Amount
=====	=====	=====	=====
7/25/2025	50927-51007	Direct Deposits	62,601.75
		Paper Checks	1,560.35
		Minnesota Withholding Tax paid	2,752.10
		Federal Withholding Tax paid	17,684.62
		PERA-Public Employee Retirement Association paid	11,178.08
		Union Dues Withholding	532.49
		Total Payroll Expense	<u><u>\$ 96,309.39</u></u>

AMOUNT EXPENSED PAGE 1	207,282.87
AMOUNT EXPENSED PAGE 2	
TOTAL AMOUNT EXPENSED	

KITCHIGAMI REGIONAL LIBRARY SYSTEM
CHECK REGISTER
August 10, 2025

Check Number	Name	GL Account Title	Amount
=====	=====	=====	=====
26202	AFSCME	AFSCME COUNIL 65 UNION DUES	1,089.72
26203	AFSCME PEOPLE	VOULUNTARY PAYROLL DEDUCTION	4.25
26204	AMAZON	LEGACY SUPPLIES, OFFICE SUPPLIES	478.96
26205	ARVIG	TELEPHONES	28.04
26206	BAKER & TAYLOR L4409322	BOOKS	2,371.51
26207	BAKER & TAYLOR L4409332	BOOKS	169.53
26208	BAKER & TAYLOR L4409342	BOOKS	127.59
26209	BLUE CROSS BLUE SHIELD	VISION INSURANCE	134.61
26210	CASS COMPANY INSURANCE	KRL BOARD INSURANCE	3,421.00
26211	CDW GOVERNMENT INC	TECHNICAL EQUIPMENT & SUPPLIES	410.84
26212	CENTURY LINK	TELEPHONES	335.14
26213	CITY OF PINE RIVER	HQ WATER	31.00
26214	CLIFTON LARSEN ALLEN LLP	PROFESSIONAL SERVICES	7,470.75
26215	THE CROSSING ARTS ALLIANCE	LEGACY ART KITS	6,300.00
26216	DEERWOOD TECHNOLOGIES	NETWORK SUPPORT, DATA STORAGE	21,441.50
26217	GEORGE DEISS	MILEAGE	75.60
26218	LYNN EATON	MILEAGE	79.80
26219	JEREMY ENGHOLM	MILEAGE	44.80
26220	FORUM COMMUNICATIONS	NETWORK SUPPORT, DATA STORAGE	50.54
26221	CENGAGE LEARNING	Check Stub	-
26222	CENGAGE LEARNING	BOOKS	1,308.12
26223	GULL LAKE GLASS	BLDG REPAIR & MAINTENANCE	625.00
26224	HOOPLA	E RESOURCES	18,567.33
26225	HUGO'S FAMILY MARKETPLACE	BLDG REPAIR & MAINTENANCE	15.00
26226	DON JOHNSON	MILEAGE	140.00
26227	KIMBER CREEK FORD	DELIVERY VAN REPAIR	97.77
26228	MARY KOEP	MILEAGE	44.80
26229	THOMAS KRUEGER	MILEAGE	42.00
26230	SVETLANA LANG	STAFF VAN EXPENSE	30.00
26231	LIBERTY BUSINESS SYSTEMS	COPIER LEASE/INSURANCE WADENA	413.00
26232	MARCO-BEMIDJI	COPIER LEASE	112.81
26233	MARCO-WALKER	COPIER LEASE	18.30
26234	MIDWEST TAPE	VIDEO/DVD/AUDIO	251.75
26235	MILLS TRUCK SHOP	MOBILE LIBRARY VAN REPAIR	627.54
26236	OCLC	CLOUD LIBRARY	10,586.59
26237	THE OFFICE SHOP	OFFICE SUPPLIES	182.40
26238	PAUL BUNYAN COMMUNICATIONS	TELEPHONES	106.69
26239	PLUM CREEK LIBRARY SYSTEMS	MEETINGS/TRAVEL DIRECTOR	16.87
26240	NEIL TOBIASON	MILEAGE	35.00
26241	TRUGREEN	BLDG REPAIR & MAINTENANCE	809.88
26242	WASTE PARTNERS	HQ GARBAGE	75.32
26243	MELISSA WHATLEY	MEETINGS/TRAVEL DIRECTOR	17.00
		TOTAL A/P CHECK RUN	78,188.35

KITCHIGAMI REGIONAL LIBRARY SYSTEM
PAYROLL CHECKS
Payroll for August 10th (July 16th through 31st)

Pay Day	Check Numbers	Account	Amount
=====	=====	=====	=====
8/10/2025	51008-51085	Direct Deposits	68,216.24
		Paper Checks	1,531.77
		Minnesota Withholding Tax paid	3,136.11
		Federal Withholding Tax paid	19,644.34
		PERA-Public Employee Retirement Association paid	12,300.40
		Union Dues Withholding	557.23
		Total Payroll Expense	\$ 105,386.09

AMOUNT EXPENSED PAGE 1	183,574.44
AMOUNT EXPENSED PAGE 2	
TOTAL AMOUNT EXPENSED	

KITCHIGAMI REGIONAL LIBRARY SYSTEM
CHECK REGISTER
August 25, 2025

Check Number	Name	GL Account Title	Amount
=====	=====	=====	=====
26244	AMAZON BOOKS	BOOKS	191.88
26245	AMAZON OFFICE	CUSTODIAL SUPPLIES, LIBRARY SUPPLIES	51.20
26246	ARVIG PK	TELEPHONES	166.84
26247	BAKER & TAYLOR L4409322	EXTRA STUB	-
26248	BAKER & TAYLOR L4409322	BOOKS	7,642.14
26249	BAKER & TAYLOR L4409332	BOOKS	190.72
26250	BAKER & TAYLOR L4409342	BOOKS	674.26
26251	BAKER & TAYLOR L4409362	BOOKS	9.03
26252	CANON	COPIER LEASE/INSURANCE WK & PR	157.88
26253	DEERWOOD TECHNOLOGIES	NETWORK SUPPORT, DATA STORAGE	3,232.50
26254	KENT ESTEY	LEGACY BJ FAIRGROUNDS	100.00
26255	CENGAGE LEARNING	EXTRA STUB	-
26256	CENGAGE LEARNING	EXTRA STUB	-
26257	CENGAGE LEARNING	EXTRA STUB	-
26258	CENGAGE LEARNING	BOOKS	2,479.90
26259	TASHIA MARIE HART	LEGACY PROGRAMMING AUTHOR TALK	500.00
26260	KWAD/KKWS WADENA	LEGACY PROGRAMMING WD WONDER	112.00
26261	MIDWEST TAPE	BOOKS/HOOPLA	1,548.91
26262	MINNESOTA CLEANING SOLUTIONS	CLEANING SERVICES	240.00
26263	MINNESOTA POWER	HQ ELECTRICITY	549.98
26264	MINNESOTA LIBRARY ASSOCIATION	MLA CONFERENCE	5,550.00
26265	MN PEIP	HEALTH INSURANCE	26,747.86
26266	NCPERS GROUP LIFE INSURANCE	LIFE INSURANCE	272.00
26267	OCLC	CLOUD LIBRARY	3,150.00
26268	THE OFFICE SHOP	OFFICE SUPPLIES	66.24
26269	PENWORTHY CL	BOOKS	276.66
26270	PENWORTHY LV	BOOKS	1,597.81
26271	PETER THOMPSON	LEGACY PROGRAMMING MOBILE SIGN CART	2,691.84
26272	PINE RIVER SANITARY DISTRICT	HQ SEWER	48.40
26273	RAMSEY COUNTY LIBRARY	MATERIALS REPLACEMENT FEES	35.00
26274	SFM	WORKERS COMPENSATION	866.00
26275	SIRSI CORPORATION	ILS MAINTENANCE EXPENSE	43,295.06
26276	KEN SMITH	LEGACY PROGRAMMING AUTHOR TALK	100.00
26277	TDS TELECOM	PHONES, ADMINISTRATION	93.60
26278	TDS TELECOM	PHONES, ADMINISTRATION	24.11
26279	TDS TELECOM	PHONES, PINE RIVER LIBRARY	27.33
26280	VERIZON WIRELESS	ADMIN, HOTSPOTS	1,107.66
26281	VERIZON	MOBILE LIBRARY-REMOTE	50.02
26282	VISA	SEE NEXT PAGE	2,428.67
26283	WASHINGTON COUNTY LIBRARY	ILS MAINTENANCE EXPENSE	15.99
26284	MELISSA WHATLEY	ADMIN TRAVEL	67.20
TOTAL A/P CHECK RUN			106,358.69

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

Pay Day	Check Numbers	Account	Amount
=====	=====	=====	=====
8/25/2025	51086-51168	Direct Deposits	64,100.28
		Paper Checks	1,323.65
		Minnesota Withholding Tax paid	2,702.34
		Federal Withholding Tax paid	17,727.37
		PERA-Public Employee Retirement Association paid	11,385.16
		Union Dues Withholding	550.85
		Total Payroll Expense	\$ 97,789.65

AMOUNT EXPENSED PAGE 1	204,148.34
AMOUNT EXPENSED PAGE 2	
TOTAL AMOUNT EXPENSED	

VISA PINE RIVER STATE BANK

June 15 to July 15 2025

3728

773

DATE	VAL	DATE	MELISSA	PO#	Vendor	Description	Acct
6/14/25	114.25	6/13/25	3.41		Holiday	Staff Vehicle	5310.010
6/26/25	113.50	6/17/25	17.13		Station 371	Admin Travel to Menagha	6222.010
7/1/25	83.67	7/1/25	13.05		Holiday	Admin Travel to Menagha	6222.010
7/10/25	106.15	7/1/25	182.43		Zoom	Admin Software	5655.000
VAL	417.57	MELISSA	216.02				

8002

4889

DATE	RICHARD	DATE	STEVE	PO#	Vendor	Description	Acct
6/11/25	53.43	6/26/25	48.60		Godfrey's Supervalu	Admin travel to distribute regional materials	6222.010
6/16/25	47.82						
6/16/25	56.96						
6/18/25	47.89						
6/20/25	53.03	6/26/25	51.53	12226	Auto Value	12V Battery for Security System	5571.000
6/23/25	52.56	6/27/25	(10.74)	12226	Auto Value	Credit for Core Return	5571.000
6/25/25	57.03	7/7/25	10.74	12231	Dollar General	Greeting Cards	5250.000
6/27/25	52.75	6/12/25	189.65	12166	AmericInn Bemidji	Legacy Lodging for Sparkle Theater	5620.000
6/30/25	53.41	SVETLANA	241.18				
7/2/25	51.10						
7/7/25	52.31						
7/9/25	49.86	DATE	ALLISON	PO#	Vendor	Description	Acct
7/11/25	51.57	6/17/25	11.04		Station 371	Admin Travel to Menagha-Sebeka	6222.01
		6/18/25	7.40		Station 371	Admin Travel to Crossing Arts	6222.01
		6/26/25	4.59		Station 371	Admin Travel to ALP, Cass Fair, PR Library	6222.01
		7/7/25	11.54		Station 371	Admin Travel to Menagha	6222.01
RICHARD	679.72	ALLISON	34.57				

CARD	ACCT	DESCRIPTION	AMOUNT
VAL	5410.040	GAS FOR MOBILE LIBRARY	417.57
RICHARD	5310.020	GAS FOR DELIVERY VAN	679.72
STEVE	5310.020	GAS FOR DELIVERY VAN	48.60
SVETLANA	5571.000	BATTERY FOR HQ	40.79
SVETLANA	5250.000	OFFICE SUPPLIES	10.74
SVETLANA	5620.000	LEGACY LODGING	189.65
ALLISON	6222.010	ADMINISTRATIVE TRAVEL	34.57
MELISSA	5310.00	GAS FOR STAFF VEHICLE	3.41
MELISSA	5655.000	ADMINISTRATIVE SOFTWARE	182.43
MELISSA	6222.050	ADMINISTRATIVE TRAVEL	30.18
MELISSA	5,310.010	TOTAL	1,637.66

VISA PINE RIVER STATE BANK
July 15 to August 14 2025
3728
773

DATE	VAL	DATE	MELISSA	PO#	Vendor	Description	Acct
7/15/25	101.76	7/15/25	16.11		Station 371	Admin Travel to Menagha	6222.010
7/24/25	108.70	8/1/25	371.38		Grandstay Hotel & Suites	CRPLSA Mtg Trip	6310.000
7/31/25	11.88	8/1/25	35.01		Ruthton Express	Gas	6222.010
(admin Travel)		8/2/25	21.85		Holiday Station Store	Gas	6222.010
8/5/25	123.45	8/4/25	182.43		Zoom	Admin Software	5655.000
8/14/25	130.20	8/13/25	6.97		Tractor Supply	Fly traps for Legacy Pop up trailer	5620.000
VAL	475.99	MELISSA	633.75				

8002
4889

DATE	RICHARD	DATE	STEVE	PO#	Vendor	Description	Acct
7/14/25	49.25						6222.010
7/16/25	48.31						
7/18/25	51.48						
7/23/25	50.50						
7/23/25	48.01						
7/28/25	40.00						
7/28/25	58.43	8/6/25	512.19	12166	AmericInn-PQ/Jenkins	Legacy Lodging for Sparkles Theatre	5620.000
7/31/25	53.64	8/7/25	15.03	12166	AmericInn-PQ/Jenkins	Legacy Meal for Sparkles Theatre	5620.000
8/1/25	51.35	SVETLANA	527.22				
8/4/25	51.72						
8/6/25 KS	48.33						
8/8/2025 KS	46.57						
8/11/25	49.27	7/16/25	8.56	12240	Walmart	Legacy Glue Sticks for Hubbard Cty Fair	5620
		7/21/25	29.66		Hugo's-Marathon Petro	Admin Travel to PK & Brd-Crossing Arts PU	6222.01
		7/22/25	27.3		Station 371	Admin Travel to PKL Fair	6222.01
		7/22/25	7.62		Station 371	Admin Travel to Brainerd to PU materials	6222.01
		8/6/25	38.35		Station 371	Admin Travel to Menahga & Bemidji	6222.01
		8/11/25	29.95		Station 371	Admin Travel to/from HQ to BJ Fairgrounds	6222.01
		8/12/25	3.41		Station 371	Admin Trvl HQ to/from PQ Pantry	6222.01
							6222.01
RICHARD	646.86	ALLISON	144.85				

CARD	ACCT	DESCRIPTION	AMOUNT
VAL	5410.040	GAS FOR MOBILE LIBRARY	464.11
VAL	6222.010	ADMIN TRAVEL	11.88
RICHARD	5310.020	GAS FOR DELIVERY VAN	646.86
SVETLANA	5620.000	LEGACY LODGING & MEAL	527.22
ALLISON	6222.010	ADMIN TRAVEL	136.29
ALLISON	5620.000	LEGACY SUPPLIES	8.56
MELISSA	6310.00	LODGING FOR CRPLSA MTG	371.38
MELISSA	5655.000	ADMIN SOFTWARE	182.43
MELISSA	5620.000	LEGACY-POP UP TRAILER	6.97
MELISSA	6222.010	ADMIN TRAVEL	72.97
MELISSA	5,310.010	TOTAL	2,428.67

KITCHIGAMI REGIONAL LIBRARY

BALANCE SHEET

August 2025

ASSETS

Current Assets

PETTY CASH CHECKING - PRSB	3,213.75
CHECKING ACCOUNT - PRSB	206,977.75
MONEY MARKET - PRSB	3,125,771.53
SPECIAL MONEY MARKET - PRSB	713,640.75
ENDOWMENT- MN COMMUNITY FUND	137,172.90
ACCOUNTS RECEIVABLE - GENERAL	1,603.00
INTEREST RECEIVABLE	6,115.45
PREPAID INSURANCE	7,565.03
PREPAID HEALTH INSURANCE	22,966.28
PREPAID MATERIALS	42,228.35
INVESTMENTS - CERTIFICATES OF DEPOSIT	584,491.08

TOTAL Current Assets

4,851,745.87

Fixed Assets

LAND	30,000.00
BUILDINGS	650,368.00
A/D - BUILDINGS	(362,107.36)
VEHICLES	276,876.21
A/D - VEHICLES	(167,678.32)
FURN, FIXTURES & EQUIPMENT	182,009.16
A/D - FURN, FIXTURES & EQUIP	(149,899.73)
LEGACY EQUIPMENT	1,269.00
A/D- LEGACY EQUIPMENT	(1,269.00)
SHARED ROTATING COLLECTIONS	303,492.99
BOOKS/CONTENTS-HQ	648.07
BOOKS MOBILE LIBRARY	396,963.44
A/D BOOKS	(491,450.82)
RIGHT TO USE ASSET	19,916.00
ACCUMULATED AMORTIZATION	(19,916.33)
SOUND MOBILE LIBRARY	35,279.55
VIDEO MOBILE LIBRARY	158,307.39

TOTAL Fixed Assets

862,808.25

TOTAL ASSETS

5,714,554.12

LIABILITIES

Current Liabilities

ACCOUNTS PAYABLE - GENERAL	128,424.60
ACCOUNTS PAYABLE - SALARIES	66,505.57
PERA LIFE INSURANCE W/H PAYABLE	(120.00)
UNION DUES W/H PAYABLE	550.85
AFSCME PEOPLE PAYABLE	4.25
DEFERRED REVENUE	201,742.30

TOTAL Current Liabilities

397,107.57

TOTAL LIABILITIES

397,107.57

CAPITAL		
INVESTMENT IN FIXED ASSETS	737,943.15	
C/F - BLDG REPAIR & MAINT	287,767.53	
C/F - AUTOMATION HQ	393,601.90	
R/F - AUTOMATION R&M BRANCHES	247,426.89	
C/F - KRL CAPITAL APPROPRIATION FUND	701,683.13	
C/F - ACCOUNTING SOFTWARE	26,255.60	
C/F - SUMMER READING PROGRAM	30,578.45	
C/F - SUE TRICKER OUTREACH	169,086.94	
C/F - OUTREACH	3,560.15	
C/F - VEHICLE RESERVE	76,094.38	
C/F - GATES BEMIDJI	5,200.00	
C/F - GATES BLACKDUCK	2,960.72	
C/F - GATES BRAINERD	30.10	
C/F - GATES CASS LAKE	1,474.97	
C/F - GATES LONGVILLE	160.47	
C/F - GATES PINE RIVER	3,726.30	
C/F - GATES WADENA	3,104.71	
C/F - GATES WALKER	2,662.20	
C/F - GATES ADMIN	500.00	
C/F - COUNTY LEVY BUYDOWN RESERVE	257,384.00	
C/F - CROW WING COUNTY	124,581.85	
DONATIONS HQ	2,409.72	
DONATIONS OUTREACH	1,767.29	
DONATIONS BEMIDJI	60,653.75	
DONATIONS BLACKDUCK	6,046.42	
DONATIONS BRAINERD	11,694.27	
DONATIONS CASSLAKE	2,968.63	
DONATIONS LONGVILLE	7,987.09	
DONATIONS PARK RAPIDS	3,417.81	
DONATIONS PINE RIVER	10,450.13	
DONATIONS WADENA	5,497.10	
DONATIONS WALKER	16,321.61	
C/F - HEALTH INSURANCE	100,000.00	
C/F - HOOPLA OVERAGE RESERVE	220,000.00	
R/F - ENDOWMENT MN COMM	137,172.27	
FUND BALANCE	2,465,268.21	
Year-to-Date Earnings	(809,991.19)	
TOTAL CAPITAL		5,317,446.55
TOTAL LIABILITIES & CAPITAL		5,714,554.12

6a 2026 City County Levy Responses

Action Result: That the Board review and discuss the responses received to the 2026 KRLS budget requests; that the Board make recommendations to the KRLS Budget Committee for updates to the budgets.

Preliminary Levy Response Received						
County	City	State-Required MOE	July Levy Request	Preliminary Levy	Difference	Notes:
Beltrami		\$265,162	\$450,760	\$265,162	-\$185,598	MOE amount
	Bemidji	\$137,778	\$154,250			
	Blackduck	\$12,782	\$20,995			
		\$415,722	\$626,005			
Cass		\$286,080	\$490,909	\$19,300	\$0	
	Cass Lake	\$11,383	\$10,335			
	Longville	\$10,693	\$12,625			
	Pine River	\$16,391	\$15,725			
	Walker	\$16,981	\$19,300			
		\$341,528	\$548,894			
Crow Wing		\$509,127	\$557,932	\$524,400	-\$33,532	3% increase over MOE 2% increase per MK - 9/15 anticipated action
	Brainerd	\$116,790	\$83,525	\$82,712	-\$813	
		\$625,917	\$641,457		-\$34,345	
Hubbard		\$171,623	\$271,412			
	Park Rapids	\$63,446	\$55,625			
		\$235,069	\$327,037			
Wadena		\$80,122	\$147,918			
	City of Wadena	\$63,076	\$95,000			
		\$143,198	\$242,918			

*Note: KRLS levy may be less than MOE amount for cities, as cities may count the cost of library maintenance in the MOE amount they report to the state.

		MOE 2015-2025	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Funding Partner:	Beltrami	\$265,162	\$338,395	\$338,395	\$375,283	\$392,896	\$412,386	\$412,386	\$390,729	\$408,681	\$420,889	\$437,917	\$437,725	<levy amount
10-year average change in levy:	2.69%			0.00%	10.90%	4.69%	4.96%	0.00%	-5.25%	4.59%	2.99%	4.05%	-0.04%	<percent change over prior year
Funding Partner:	Bemidji	\$137,778	\$126,198	\$129,984	\$132,584	\$134,573	\$139,670	\$143,162	\$133,204	\$133,204	\$137,200	\$146,800	\$149,750	<levy amount
10-year average change in levy:	1.78%			3.00%	2.00%	1.50%	3.79%	2.50%	-6.96%	0.00%	3.00%	7.00%	2.01%	<percent change over prior year
Funding Partner:	Blackduck	\$12,782	\$14,693	\$15,134	\$15,437	\$15,437	\$15,860	\$16,494	\$15,608	\$16,000	\$16,480	\$19,446	\$20,380	<levy amount
10-year average change in levy:	3.47%			3.00%	2.00%	0.00%	2.74%	4.00%	-5.37%	2.51%	3.00%	18.00%	4.80%	<percent change over prior year
Funding Partner:	Cass	\$286,080	\$342,336	\$358,479	\$364,905	\$367,285	\$381,483	\$380,483	\$365,397	\$387,027	\$398,571	\$460,165	\$492,031	<levy amount
10-year average change in levy:	3.81%			4.72%	1.79%	0.65%	3.87%	-0.26%	-3.96%	5.92%	2.98%	15.45%	6.92%	<percent change over prior year
Funding Partner:	Cass Lake	\$11,383	\$7,508	\$7,876	\$7,955	\$8,155	\$8,155	\$8,400	\$7,896	\$8,200	\$8,446	\$9,460	\$10,030	<levy amount
10-year average change in levy:	3.03%			4.90%	1.00%	2.51%	0.00%	3.00%	-6.00%	3.85%	3.00%	12.01%	6.03%	<percent change over prior year
Funding Partner:	Longville	\$10,693	\$8,498	\$8,923	\$9,012	\$9,012	\$9,012	\$9,710	\$9,402	\$9,900	\$10,197	\$11,475	\$12,255	<levy amount
10-year average change in levy:	3.82%			5.00%	1.00%	0.00%	0.00%	7.75%	-3.17%	5.30%	3.00%	12.53%	6.80%	<percent change over prior year
Funding Partner:	Pine River	\$16,391	\$12,924	\$12,721	\$12,848	\$12,848	\$12,848	\$13,233	\$12,881	\$12,000	\$12,360	\$14,800	\$15,260	<levy amount
10-year average change in levy:	1.88%			-1.57%	1.00%	0.00%	0.00%	3.00%	-2.66%	-6.84%	3.00%	19.74%	3.11%	<percent change over prior year
Funding Partner:	Walker	\$16,981	\$13,871	\$14,656	\$14,711	\$14,711	\$14,711	\$15,117	\$14,413	\$15,200	\$15,656	\$17,500	\$18,725	<levy amount
10-year average change in levy:	3.14%			5.66%	0.38%	0.00%	0.00%	2.76%	-4.66%	5.46%	3.00%	11.78%	7.00%	<percent change over prior year
Funding Partner:	Crow Wing	\$509,127	\$509,127	\$509,127	\$509,127	\$509,127	\$509,127	\$509,127	\$509,127	\$509,127	\$509,127	\$509,127	\$509,127	<levy amount
10-year average change in levy:	0.00%			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	<percent change over prior year
Funding Partner:	Brainerd	\$116,790	\$78,200	\$78,800	\$80,376	\$83,047	\$85,047	\$87,173	\$77,098	\$78,500	\$79,500	\$79,500	\$81,090	<levy amount
10-year average change in levy:	0.45%			0.77%	2.00%	3.32%	2.41%	2.50%	-11.56%	1.82%	1.27%	0.00%	2.00%	<percent change over prior year
Funding Partner:	Hubbard	\$171,623	\$200,000	\$200,000	\$200,000	\$208,000	\$215,968	\$215,968	\$212,605	\$216,750	\$223,258	\$248,711	\$262,668	<levy amount
10-year average change in levy:	2.82%			0.00%	0.00%	4.00%	3.83%	0.00%	-1.56%	1.95%	3.00%	11.40%	5.61%	<percent change over prior year
Funding Partner:	Park Rapids	\$63,446	\$43,293	\$43,293	\$44,592	\$49,632	\$50,873	\$52,908	\$47,195	\$47,500	\$48,925	\$52,700	\$54,000	<levy amount
10-year average change in levy:	2.38%			0.00%	3.00%	11.30%	2.50%	4.00%	-10.80%	0.65%	3.00%	7.72%	2.47%	<percent change over prior year
Funding Partner:	Wadena	\$80,122	\$90,342	\$93,840	\$91,763	\$95,533	\$97,737	\$99,401	\$96,227	\$104,151	\$109,293	\$141,961	\$148,585	<levy amount
10-year average change in levy:	5.43%			3.87%	-2.21%	4.11%	2.31%	1.70%	-3.19%	8.23%	4.94%	29.89%	4.67%	<percent change over prior year
Funding Partner:	Wadena	\$63,076	\$63,828	\$64,327	\$65,614	\$67,583	\$68,180	\$70,945	\$68,843	\$74,000	\$76,220	\$89,400	\$92,265	<levy amount
10-year average change in levy:	3.87%			0.78%	2.00%	3.00%	0.88%	4.06%	-2.96%	7.49%	3.00%	17.29%	3.20%	<percent change over prior year
KRLS:	Total:	\$1,761,434	\$1,849,213	\$1,875,555	\$1,924,207	\$1,967,839	\$2,021,057	\$2,034,507	\$1,960,624	\$2,020,240	\$2,066,122	\$2,238,963	\$2,303,892	<levy amount
10-year average change in levy:	2.26%			1.42%	2.59%	2.27%	2.70%	0.67%	-3.63%	3.04%	2.27%	8.37%	2.90%	<percent change over prior year

*Please note - cities can report their own facility maintenance costs to meet MOE minimum, so city KRLS levy amounts represented on this table may be less than MOE amount

7b 2024 KRLS Financial Audit

Action Request: That the Board accept the 2024 Financial Audit of Kitchigami Regional Library System.

Clifton Larson Allen representatives will be at the Thursday, September 18, meeting to discuss the 2024 Financial Audit with the full Board. A copy of the 2024 Final Audit is included in the Board packet.

2025 KRLS Fund Balance Assessment Post Audit									
Fund Balance Policy: The KRLS Board is committed to provide a stable financial structure for the library system by maintaining a minimum unassigned fund balance equal to or greater than 11 months operating costs less 1st half of yearly levies from signatory cities and counties.									
2025 Regional Operating Costs:			2025 City & County Levies:						
\$1,710,620	Headquarters		Totals:						
\$637,089	Beltrami County		\$607,855	\$437,725	\$149,750	\$20,380			
\$587,237	Cass County		\$542,420	\$486,150	\$10,030	\$12,255	\$15,260	\$18,725	
\$715,831	Crow Wing County		\$590,217	\$509,127	\$81,090				
\$346,456	Hubbard County		\$316,668	\$262,668	\$54,000				
\$148,585	Wadena County		\$240,850	\$148,585	\$92,265				
\$4,145,818	Regional Operating Cost 2025		\$2,298,010	City & County Levy Totals 2025					
\$3,800,333	2025 11 months operating costs		\$1,149,005	1st Half City & County Levies 2025					
Fund Balance Assessment (Feb. 2025)				Fund Balance Assessment (Post 2024 Audit)					
\$3,800,333	2025 11 months operating costs			\$3,800,333	2025 11 months operating costs				
\$1,149,005	1st Half City & County Levies 2025			\$1,149,005	1st Half City & County Levies 2025				
\$2,651,328	2025 Minimum Fund Balance Goal			\$2,651,328	2025 Minimum Fund Balance Goal				
\$2,770,574	Fund balance, Gen. (Jan. 16 2025 unaudited)			\$2,772,065	Fund balance, Unassigned Funds (2024 Audit Final)				
\$119,246	2025 Anticipated Fund Balance over Minimum			\$120,737	2025 Updated Fund Balance over Minimum				
Fund Balance Policy: The KRLS Board will conduct an annual review of the sufficiency of the minimum unassigned general fund balance level at the time the annual audit is presented.									

7c FY25 RLBSS Report of Results

Action Request: That the board approve the FY25 Regional Library Basic System Support (RLBSS) Report of Results and the necessary signatures for submission to the state.

The RLBSS Report of Results Accomplished is required yearly to obtain RLBSS, which is our primary state aid. The report is only on the use of state dollars within the state fiscal year, July 1 – June 30.



REGIONAL LIBRARY BASIC SYSTEM SUPPORT

REPORT OF RESULTS AND EXPENDITURES

FY25 (July 1, 2024 - June 30, 2025)

This report is provided as required by Minnesota Rules, Chapter 3530.

Name and address of regional public library system: Kitchigami Regional Library System, 310 2n St. N, PO Box 84, Pine River MN 56474

Name, phone number and e-mail address of regional public library system administrator: Melissa Whatley, 218-587-2171 x 222, whatley@krls.org

Please estimate the number of people who received services provided with Regional Library Basic System Support (RLBSS): 86,563 (registered users)

By signing, we certify that the data and information contained in this report are true and correct to the best of our knowledge and belief:

Signature:

Name: Tom Krueger
Chair, Governing Board
Date: 9/18/2025

Signature:

Name: Melissa Whatley
Regional Public Library System Administrator
Date: 9/18/2025

Please send one PDF copy of the signed report to Emma De Vera at emma.devera@state.mn.us by October 1, 2025.

Report of Accomplishments

Overall Results

At a Glance – Please provide a few quick statistics that summarize your FY25 results: 449,551 physical items were circulated and digitally we saw 102,556 downloaded items and 57,447 retrievals from e-collections; total collection use of 609,554. We increased the number of e-books our patrons can access by 3,878 titles to 19,965 total. We had 305,356 visits in branch.

Individual Programs

Briefly highlight the programs/services/activities that took place during FY25, using the format below for each. Please include as many programs needed to fully describe your activities and limit the narrative for each program to 200-250 words.

Description of Program: Technical Services

- Please describe what you did through this program: **Acquisitions, processing of items, maintenance of databases, equipment, and software**
- What was the goal of your program? **To provide library services to our 5-county area through technological support, online access to materials, acquisitions and processing of physical materials; to provide administrative functions to support the necessary staff for library services.**
- Who was served by this program? **Residents of Beltrami, Cass, Crow Wing, Hubbard and Wadena counties and residents of greater MN area that choose to use our facilities.**
- How did this program contribute to your organization’s mission and strategic plan goals? **Technical services provide the core of KRLS functions through electronic resources, delivery planning and management, acquisitions and processing of materials, and reporting.**

Program Outcomes – Please provide one or more performance measures, including two data points for each and the dates of those data points.

Name of measure	FY2024 data	FY2025 data
Total collection use (physical, digital, and e-collections)	581,520	609,554

Description of Program: Delivery

- Please describe what you did through this program: **Delivered materials to our 9 branches from our own collection as well as ILL materials through collaborating libraries across Minnesota**
- What was the goal of your program? **To provide access to materials outside of the local physical collection and reduce duplication of materials across our system**
- Who was served by this program? **Residents of Beltrami, Cass, Crow Wing, Hubbard and Wadena counties and residents of greater MN area that choose to use our facilities.**
- How did this program contribute to your organization's mission and strategic plan goals? **KRLS delivery supports our mission of regional access by increasing the number of materials available to our patrons**

Program Outcomes – Please provide one or more performance measures, including two data points for each and the dates of those data points.

Name of measure	FY2024 data	FY2025 data
ILL Items Received & Delivered to KRLS Patrons	9,510	9,100
KRLS ILL Items Requested & Delivered to ILL Courier	5,089	6,705

Summary of Expenditures

Please complete the spreadsheet that accompanies this form.

Explain expenditures that varied 10% or more from the FY25 state aid application: None – utility service expenses were less than anticipated (-6.3%) and underspent funds were applied to Telephone (Voice and Data) (+2.9%) and Automation System (+1.7%)

Regional Library System Name: Kitchigami Regional Library	
State Fiscal Year 2025	
Summary of Expenditures	
	Amount
Personnel Expenses	
Salaries and Wages	\$646,815
Benefits	\$109,920
Staff Development, Tuition and Other Reimbursements	\$10,000
Total Personnel Expenses	\$766,735
Total FTE Supported	\$9
Operating Expenses	
Telephone (voice and data)	\$8,750
Telecommunications	
Computer Software and Software Licensing	\$2,000
Other Technology Equipment	
Printing and Copying	
Postage and Delivery	\$6,000
Travel and Mileage	
Rent	
Operating Leases or Rentals	
Utility Services	\$9,373
Repairs and Maintenance Services	\$2,480
Insurance	\$11,100
Dues and Memberships	
Audit	\$15,000
Board expenses, including per diem	\$3,000
Materials and Supplies	
Other (please specify)	
Total Operating Expenses	\$57,703
Program Expenses	
Consulting Fees/Fees for Services	\$60,000
Services Purchased from Other MN Joint Powers Agencies	
Automation System	\$21,377
Delivery	\$7,520
Vehicles	
Equipment	
Travel and Mileage	
Scholarships/Direct Member support	
Library Materials and Collections	
Communications and Marketing	
Staff Development	
Materials and Supplies	\$18,285
Workshops and Events	
Other Contracted services	
Food and Beverages	
Other (please specify)	
Total Program Expenses	\$107,182
Total State Aid Expenditures	\$931,620

7d Regional Library Telecommunications Aid (RLTA) FY2025 Final Report

Action Request: That the board approve the RLTA FY2025 Final Report and requisite signatures for the submission to the state.

Regional Library Telecommunications Aid Program FY 2025 (July 1, 2024 – June 30, 2025) Final Report Signature Page

A complete final report for the FY 2025 RLTA program includes a signature page, spreadsheet, and documentation of actual costs for Priority 1, Priority 2, and participation costs. Acceptable documentation includes:

Priority 1 Costs (please choose one):

- BEAR forms
- SPI forms
- Vendor invoices
- Statement from your consortium verifying actual costs and e-rate discounts

Priority 2 Costs:

- E-rate notification (if applied for)
- Vendor invoices
- Statement from your consortium verifying actual costs and e-rate discounts

We, the undersigned, certify that the data provided in the attached final report (spreadsheet and documentation) are true and correct to the best of our knowledge and belief.

Regional Public Library System Name:

Signature:

Name:

Chair, System Governing Board

Date:

Signature:

Name:

Regional Public Library System Administrator

Date:

Please email your report to emma.devera@state.mn.us by **September 15, 2025**.

Regional Library Telecommunications Aid: Priority 2 Report

FY25 Priority 2 funds can support eligible expenses incurred from July 1, 2024 to June 30, 2025. Invoices and receipts do not need to be submitted to MDE but should be retained by the library system.

	Category	Total Budgeted	Brief Description
Content	Library Subscriptions <i>annual Overdrive fees</i>		
	Library Resources <i>Overdrive materials</i>		
Non-E-Rate Equipment	Individual Devices <i>tablets, computers, hotspots without service</i>		
	Operational Devices <i>copier, printer, self-check</i>		
	Networking Equipment <i>server, redundant lines</i>		
	Tech Supplies <i>hotspot cases, USB drives</i>		
Subscriptions	Data Plans <i>hotspot data plans, off-site internet service</i>		
	Service Subscriptions <i>Zoom, website hosting</i>		
	Software Licenses <i>MS Office, Deep Freeze</i>		
Miscellany	Professional Services <i>web design, tech repair</i>		
	Category 2 <i>see FCC eligible services list</i>		



Connecting Schools and Libraries across Northwest

FISCAL YEAR 2025

SITE	Bandwidth	Total Annual Undiscounted Cost	Specific Site E-Rate Discount Percent	Total Annual E-Rate Discount Amount	Non-Reimbursed Costs	NW Links Membership Fee	Total Annual Billing	Q1 billing	Q2 Billing	Q3 Billing	Q4 Billing
Bemidji Public Library	1000	13200.00	80%	10560.00	2640.00	565.00	3205.00	1,225.00	660.00	660.00	660.00
Blackduck Community Library	1000	13200.00	80%	10560.00	2640.00	565.00	3205.00	1,225.00	660.00	660.00	660.00
Brainerd Public Library	300	21889.44	80%	17511.55	4377.89	565.00	4942.89	1,659.47	1,094.47	1,094.47	1094.47
Cass Lake Community Library	200	11220.00	80%	8976.00	2244.00	565.00	2809.00	1,126.00	561.00	561.00	561.00
Margaret Welch Memorial Library	200	11220.00	80%	8976.00	2244.00	565.00	2809.00	1,126.00	561.00	561.00	561.00
Park Rapids Area Library	1000	16200.00	80%	12960.00	3240.00	565.00	3805.00	1,375.00	810.00	810.00	810.00
Pine River Public Library	300	24900.00	80%	19920.00	4980.00	565.00	5545.00	1,810.00	1,245.00	1,245.00	1245.00
Wadena City Library	300	13286.16	80%	10628.93	2657.23	565.00	3222.23	1,229.31	664.31	664.31	664.31
Walker Public Library	200	12348.00	80%	9878.40	2469.60	565.00	3034.60	1,360.60	558.00	558.00	558.00
Kitchigami Regional Library HQ	300	24900.00	80%	19920.00	4980.00	565.00	5545.00	1,810.00	1,245.00	1,245.00	1245.00
Kitchigami Regional Library System	4800	162363.60		129890.88	32472.72	5650.00	38122.72	13946.38	8058.78	8058.78	8058.78

	A	B	C	D	E	F	G	H	I	J	K
3	Regional Public Library System: Kitchigami										
4	Member Library Sites Included:	Open 20+ hours per week?*	Bandwidth Available 7/1/2024	Bandwidth Available 6/30/2025	E-Rate % Discount (2024)	Total Costs - Category One	E-Rate for Category One	RLTA for Category One	Participation Costs	RLTA Priority 1 Total	NOTES
5	Bemidji Public Library	Y	1000	1000	80%	\$13,200.00	\$10,560.00	\$2,640.00	\$565.00	\$3,205.00	
6	Blackduck Community Library	Y	1000	1000	80%	\$13,200.00	\$10,560.00	\$2,640.00	\$565.00	\$3,205.00	
7	Brainerd Public Library	Y	300	300	80%	\$21,889.44	\$17,511.55	\$4,377.89	\$565.00	\$4,942.89	
8	Cass Lake Community Library	Y	200	200	80%	\$11,220.00	\$8,976.00	\$2,244.00	\$565.00	\$2,809.00	
9	Margaret Welch Memorial	Y	200	200	80%	\$11,220.00	\$8,976.00	\$2,244.00	\$565.00	\$2,809.00	
10	Park Rapids Area Library	Y	1000	1000	80%	\$16,200.00	\$12,960.00	\$3,240.00	\$565.00	\$3,805.00	
11	Pine River Public Library	Y	300	300	80%	\$24,900.00	\$19,920.00	\$4,980.00	\$565.00	\$5,545.00	
12	Wadena City Library	Y	300	300	80%	\$13,286.16	\$10,628.93	\$2,657.23	\$565.00	\$3,222.23	
13	Walker Public Library	Y	200	200	80%	\$12,348.00	\$9,878.40	\$2,469.60	\$565.00	\$3,034.60	
14	Kitchigami Regional Library HQ	Y	300	300	80%	\$24,900.00	\$19,920.00	\$4,980.00	\$565.00	\$5,545.00	
15										\$0.00	
16										\$0.00	
17						\$162,363.60	\$129,890.88	\$32,472.72	\$5,650.00	\$38,122.72	
18	*If any sites are under 20 hours per week, please explain.										
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7e Regional Library Telecommunications Aid (RLTA) FY2026 Application

Action Request: That the board approve the RLTA FY2026 Application and requisite signatures for submission to the state.

Regional Library Telecommunications Aid (RLTA) state funding supports broadband internet services at our library locations (Priority 1 application) as well as other allowable internet-related expenses like e-materials available online and platform fees for databases available on our website. Please approve the application and requisite signatures for submission to the state.



REGIONAL LIBRARY TELECOMMUNICATIONS AID

FY 2026 (July 1, 2025 – June 30, 2026)

APPLICANT INFORMATION, ASSURANCES, AUTHORIZED SIGNATURES

Contact Person:

Regional Public Library System:

Street Address:

City:

State:

Zip Code:

Telephone:

Fax:

E-mail:

Minnesota Tax ID#:

Locations Open Fewer than 20 Hours per Week

Please identify any locations open fewer than 20 hours per week and provide a reason for each:

Assurances:

All regional public library system members or branches meet the state-certified level of library support as required under *Minnesota Statutes 134.34 and Minnesota Statutes 275.761*.

Connections are adequate and employ open network architecture permitting interconnectivity with school districts, post-secondary education, or other governmental agencies.

Connections are established using the most cost-effective means and are coordinated with other education and government entities where appropriate.

The regional public library system has submitted or is included in a federal e-rate application for discounts on category one expenses funded through the RLTA program.

The regional public library system and its members or branches are in compliance with the requirements of the Children's Internet Protection Act.

The regional public library system and its members or branches are in compliance with *Minnesota Laws 2000, Chapter 489, Article 6, Section 27, Section (a)*. This means all public library computers with access to the internet and available for use by children under the age of 17 restrict all access by children to material that is reasonably believed to be obscene or child pornography or material harmful to minors under federal or state law. The library system is also in compliance with section (c), prohibiting adult access to material that under federal or state law is reasonably believed to be obscene or child pornography.

The regional public library system and its members or branches are in compliance with *Minnesota Laws 2000, Chapter 492, Article 1, Section 49, Subd. 5A*, and have a policy prohibiting library users from using the library's internet access to view, print, or distribute material that is obscene per *Minnesota Statutes 1998 Chapter 617, Article 241*.

The regional public library system will retain for ten years all records related to the RLTA and e-rate programs, including pre-commitment, contracting, post-commitment, invoicing and backup data. When requested, the regional public library system will make these documents available to State Library Services.

Authorized Signatures

I certify that my organization will comply with the above assurances and all other applicable laws and regulations.

Date:

Signature:

Name:

Chair, System Governing Board

Date:

Signature:

Name:

Regional Public Library System Administrator

The following forms comprise a complete application:

- ☐ FY26 Applicant Information, Assurances and Authorized Signatures
- ☐ FY26 RLTA Priority 1 application spreadsheet
- ☐ E-rate FCDLs for 2025. Each entity included in the RLTA application must be included in FCDL(s).

If 2025 FCDLs are not available, submit 2025 form 471 and 2024 FCDLs as an initial estimate for the current RLTA application. Upon receipt of the 2025 FCDL, please submit it along with an updated application spreadsheet.

Please note that you will need to submit BEAR forms or other documentation of actual costs as part of the FY25 final report.

Please email the signed and completed application forms to emma.devera@state.mn.us by **Monday, October 20, 2025**. Completed forms can be sent as PDF documents or in original formats.



Connecting Schools and Libraries across Northwest

August 11, 2025

TO: Melissa Whatley, Director
Kitchigami Regional Library System

FROM: Bob Wheeler
NW-Links Coordinator

RE: Fiscal Year 2026 Bandwidth and Membership Costs

We are providing final estimated cost information for the wide area network costs for fiscal year 2026. This information is to be used on the Fiscal Year 2026 RLTA application.

NW-Links has submitted the FCC Form 471 #251015658 for Annual Total Pre-Discount Charge of \$150,537.12. Discount Rate for your system is expected to be 80% based on pre-calculation of the FCDL for your FRN #2599018411.

Member Entity Name	FY 2026 Member Finalized Bandwidth	FY 2026 Monthly Recurring Cost (MRC)	E-Rate Discount %	FY 2026 Monthly Cost After E- Rate Discount	FY 2026 Annual Cost After E-Rate Discount	FY 2026 Annual Membership Fee
Bemidji Public Library	1000	\$ 1,110.26	80%	\$ 222.05	\$ 2,664.62	\$ 565.00
Blackduck Community Library	1000	\$ 1,110.26	80%	\$ 222.05	\$ 2,664.62	\$ 565.00
Brainerd Public Library	500	\$ 1,476.72	80%	\$ 295.34	\$ 3,544.13	\$ 565.00
Cass Lake Community Library	200	\$ 915.23	80%	\$ 183.05	\$ 2,196.55	\$ 565.00
Margaret Welch Memorial	200	\$ 916.87	80%	\$ 183.37	\$ 2,200.49	\$ 565.00
Park Rapids Area Library	1000	\$ 1,229.51	80%	\$ 245.90	\$ 2,950.82	\$ 565.00
Pine River Public Library	500	\$ 1,835.72	80%	\$ 367.14	\$ 4,405.73	\$ 565.00
Wadena City Library	500	\$ 1,225.72	80%	\$ 245.14	\$ 2,941.73	\$ 565.00
Walker Public Library	200	\$ 888.75	80%	\$ 177.75	\$ 2,133.00	\$ 565.00
Kitchigami Regional Library HQ	500	\$ 1,835.72	80%	\$ 367.14	\$ 4,405.73	\$ 565.00
Kitchigami Regional Library System	5600	\$12,544.76		\$ 2,508.95	\$ 30,107.42	\$ 5,650.00

	A	B	C	D	E	F	G	H	I	J	K
3	Regional Public Library System: Kitchigami										
4	Member Library Sites Included:	Open 20+ hours per week?*	Bandwidth Available 6/30/2026	Anticipated Bandwidth 6/30/2027	E-Rate % Discount (2025)	Total Costs - Category One	E-Rate for Category One	RLTA for Category One	Participation Costs	RLTA Priority 1 Total	NOTES
5	Bemidji Public Library	Y	1000	1000	80%	\$13,323.12	\$10,658.50	\$2,664.62	\$565.00	\$3,229.62	
6	Blackduck Community Library	Y	1000	1000	80%	\$13,323.12	\$10,658.50	\$2,664.62	\$565.00	\$3,229.62	
7	Brainerd Public Library	Y	300	300	80%	\$17,720.64	\$14,176.51	\$3,544.13	\$565.00	\$4,109.13	
8	Cass Lake Community Library	Y	200	200	80%	\$10,982.76	\$8,786.21	\$2,196.55	\$565.00	\$2,761.55	
9	Margaret Welch Memorial	Y	200	200	80%	\$11,002.44	\$8,801.95	\$2,200.49	\$565.00	\$2,765.49	
10	Park Rapids Area Library	Y	1000	1000	80%	\$14,754.12	\$11,803.30	\$2,950.82	\$565.00	\$3,515.82	
11	Pine River Public Library	Y	300	300	80%	\$22,028.64	\$17,622.91	\$4,405.73	\$565.00	\$4,970.73	
12	Wadena City Library	Y	300	300	80%	\$14,708.64	\$11,766.91	\$2,941.73	\$565.00	\$3,506.73	
13	Walker Public Library	Y	200	200	80%	\$10,665.00	\$8,532.00	\$2,133.00	\$565.00	\$2,698.00	
14	Kitchigami Regional Library HQ	Y	300	300	80%	\$22,028.64	\$17,622.91	\$4,405.73	\$565.00	\$4,970.73	
15							\$0.00	\$0.00		\$0.00	
16							\$0.00	\$0.00		\$0.00	
17						\$150,537.12	\$120,429.70	\$30,107.42	\$5,650.00	\$35,757.42	
18	*If any sites are under 20 hours per week, please explain.										
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7f Policy Discussion

Action Request: For Board discussion; draft policy for board review

KRLS Board Chair Tom Krueger requested a board discussion on KRLS policies and any update recommendations from the Board to the Board Policy committee. The KRLS staff committee on policies also recommends the following policy update to 8.11 Materials Use & Fees to include new material type Wonderbooks and updated restrictions on Hotspots and updated fees to Hotspots that are not returned and require staff intervention.

8.11 Materials Use and Fees

Policy: Materials Use and Fees	Policy Number: 8.11
Approved by the Board:	Revision Date:
Effective Date:	Number of Pages: 4

Purpose:

To establish the borrowing limits and loan periods of library materials and the schedule of fees to library borrowers for materials that are not returned or are returned damaged.

Policy:

Library patrons are responsible for the use and timely return of all materials borrowed on their KRLS borrower card. Loan periods are established to facilitate the timely return of materials. KRLS does not charge daily overdue fines for materials that are not returned by their due date. (Library materials overdue by over 30 days are considered lost.) Fees are incurred for printed notices, replacement of lost or damaged items, and for the replacement of library borrower cards and miscellaneous replacement costs.

Borrower limits are as follows:

- Probationary cardholders may borrow a total of seven (7) physical items at a time.
- Permanent cardholders may borrow up to seven (7) audio items, seven (7) DVD items, one (1) Bingebox item, and one (1) hotspot at a time.
- Mobile library borrowers may borrow up to fourteen (14) audio items, fourteen (14) DVD items, one (1) Bingebox item, and one (1) hotspot at a time.
- Borrowing of books and other materials is unlimited.
- All KRLS materials may be renewed once, provided there are no holds (requests) on the item. Items with holds on them must be returned promptly.
- Interlibrary loan items may not be renewed except by special permission of the lending library.
- All lost and damaged materials must be paid for. In addition to the item fees listed, a non-refundable \$3.00 administration fee and a non-refundable \$2.00 printed notice fee will be charged for each item.
- There will be no refunds for lost materials located later.
- Loan periods and replacement costs will be reviewed and amended by the KRLS Board as required.
- The loan periods for Mobile Library borrowers will be extended as necessary for the schedule of stops and for occasions when weather or other conditions prevent a regularly scheduled stop. Notice fees will be waived under these conditions.

- We do not accept physical replacements of items for lost or damaged materials.

Loan periods for library materials are listed as Appendix A.

Replacement costs for lost and/or damaged items are listed in Appendix B.

Applicability:

All materials borrowed through any KRLS branch library or mobile library location.

Reference:

Borrower Card Eligibility and Use

Appendix A

Loan Periods

Printed Materials:

- High demand/bestseller books 7 days
- Book Club bags 42 days
- All other books 28 days
- Magazines 14 days

Audio/Video Materials

- Books on CD 14 days
- Music on CD 14 days
- Book/Audio Combo 14 days
- Digital Book 14 days
- DVDs 7 days

Special Collections Items:

- Games/Toys/Equipment 14 days
- Kits 28 days
- Hotspots 14 days, permanent patrons over age 18 only, one per household, 24-hour wait between return and checkout

Interlibrary loan periods are determined by the lending library.

Appendix B

Replacement Costs of Lost and Damaged Items:

- Hardcover book, Adult \$25
- Paperback book, Adult, Nonfiction \$20
- Paperback book, Adult, Fiction \$15
- Hardcover book, YA/Juv/E \$20
- Paperback book, YA/Juv/E \$10
- Board Book \$10
- Magazine \$10
- Book on CD (per CD) \$10*
- Digital Book (Playaway) \$25
- Book with Audio Player (Wonderbook) \$60
- Music CD \$20
- DVD \$25
- Hotspot
 - reactivation fee \$10
 - Mobile Hotspot: \$200
 - USB Cord: \$5
 - AC Adapter: \$10
 - Case: \$30
- Special Collection Items Varies

*Audiobooks are charged \$10 per disc for a maximum of \$30 for discs.

**Items that cost more than the standard cost in this list will be charged according to their actual replacement cost.

Printed Notice Fee: There is a \$2.00 non-refundable fee for each printed overdue notice.

Additional Replacement Costs:

- Replacement fee for CD and DVD items returned with no case is \$5.00.
- Replacement fee for Book on CD items with no case is \$15.00.
- Replacement fee for cover art with CD, DVD, or Book on CD items is \$1.00.
- Lost library card replacement cost \$2.00
- Missing item barcode replacement cost \$1.00

7g 2026 Holiday Schedule

Action Result: That the Board review and approve the 2026 Holiday Schedule

2026 Holiday Schedule:

Thursday	1/1/2026	New Year's Day
Monday	1/19/2026	Martin Luther King, Jr. Day
Monday	2/16/2026	Presidents' Day
Monday	5/25/2026	Memorial Day
Friday	6/19/2026	Juneteenth
Saturday	7/4/2026	Independence Day
Monday	9/7/2026	Labor Day
Wednesday	11/11/2026	Veterans Day
Thursday	11/26/2026	Thanksgiving Day
Friday	11/27/2026	Day after Thanksgiving
Thursday	12/24/2026	Christmas Eve Day
Friday	12/25/2026	Christmas Day
Friday	1/1/2027	New Year's Day

Early closures at 5pm are also designated for:

Friday	7/3/2026	5pm Closure – Independence Day Eve
Wednesday	11/25/2026	5pm Closure – Thanksgiving Eve
Thursday	12/31/2026	5pm Closure – New Year's Eve

Staff In-Service Day scheduled for Monday 10/12/2026; branches will be closed to the public, but staff will report for training and staff development.

7h 2026 KRLS Board Meeting Schedule

Action Request: That the Board review and approve the 2026 KRLS Board Meeting schedule.

The KRLS Board normally meets on the 3rd Thursday at 6:00 p.m. in odd months, plus June, for seven annual meetings, total.

2026 KRLS Board Meeting Schedule:

Thursday	1/15/2026	6:00 p.m.
Thursday	3/19/2026	6:00 p.m.
Thursday	5/21/2026	6:00 p.m.
Thursday	6/18/2026	6:00 p.m.
Thursday	7/16/2026	6:00 p.m.
Thursday	9/17/2026	6:00 p.m.
Thursday	11/19/2026	6:00 p.m.

7i Service Agreements: Pequot Lakes and Crosslake

Action Request: That the Board approve the 2026 Service Agreements and the required signatures for distribution to the two cities.

Annual service agreements are distributed and signed between KRLS and the cities of Pequot Lakes and Crosslake for service to library users in their associate libraries starting January 1 of the following year. The agreements are attached for the Board's approval for the 2026 KRLS Fiscal Year.

Kitchigami Regional Library System
Service Contract: City of Pequot Lakes

1. Parties to Agreement

This Agreement is between Kitchigami Regional Library System as service provider (hereinafter referred to as "KRLS") at 310 - 2nd St. N., Pine River, MN, and the City of Pequot Lakes (hereinafter referred to as "city") on behalf of its community library (hereinafter referred to as "Pequot Lakes Library").

2. Purpose of Agreement

This Agreement defines the services to be provided by Kitchigami Regional Library System to the Pequot Lakes Library with funds provided by Crow Wing County and the responsibilities of the Pequot Lakes Library.

3. Term of Agreement

This Agreement will be in place from January 1, 2026, provided that the Agreement is signed by both parties and both parties have received signed copies through certified mail by December 31, 2025, through December 31, 2026. If the Agreement is not completed by December 31, 2025, it will be in force on the first day of the month following signatures and be in effect for 12 months from that date.

4. Scope of Services: KRLS

Kitchigami Regional Library System will provide the following services, beginning January 1, 2026, or the first day of the month following completion of the negotiation process:

1. Facilitated borrower registration for KRLS borrowers who use the Pequot Lakes library for pick up and return of library materials, within seven (7) days of receipt of fully completed borrower registration forms.
2. Interlibrary loan and intraregional loan lending for KRLS borrowers who use the Pequot Lakes library for pick up and return of library materials, through maintenance of that library as a pickup location.
3. Delivery services for library materials to and from the Pequot Lakes library three days per week (Monday, Wednesday, Friday) on those days and weeks that deliveries are made to KRLS branch libraries. Deliveries may be interrupted by federal holidays, severe weather conditions, or equipment interruptions; substitute delivery dates are not guaranteed by KRLS.

4. Information on and access to regional/statewide training opportunities.
5. Training materials and training of one local trainer selected by the Pequot Lakes library on interlibrary loans support, borrower registration, and delivery support as required. One training session will be provided within the contract period.
6. KRLS will issue a check to the City of Pequot Lakes for the acquisition of materials for the Pequot Lakes library collection, paid from the KRLS Crow Wing County reserve in the amount of \$5,000.00, within 30 days of the completion of the Agreement negotiations.

5. Scope of Service: City of Pequot Lakes

The City of Pequot Lakes commits to provide the following:

1. Registration of Kitchigami Regional Library System residents for KRLS borrower cards at no charge to the public, with verification of the residence requirements of the applicants.
2. A local trainer who will be responsible for training all local library workers on borrower registration, interlibrary loans, and delivery.
3. The Pequot Lakes library must be open or provide a secure location for delivery between 9:30 a.m. and noon on each of the delivery days described in paragraph 4.3 above.
4. All KRLS policies and procedures for registration, interlibrary loans, intraregional loans, delivery, and electronic services will be followed.
5. The city must maintain a restricted fund for KRLS dollars paid to it for the purchase of library collection materials, which is audited annually and subject to review as described in Paragraph 10 below.

6. Agreement Administration

All provisions of this Agreement shall be coordinated and administered by the persons identified in Paragraph 11.

7. Amendments

No amendments may be made to this Agreement after signing by the parties, except for extensions of time or increases or reductions of the services to be performed as mutually agreed in writing by the city and KRLS.

8. Data Practices

The city agrees to comply with the Minnesota Government Data Practices Act and all other applicable state and federal laws relating to data privacy or confidentiality. The city will immediately report to KRLS any requests from third parties for information relating to this Agreement. The KRLS board agrees to respond promptly to inquiries from the city concerning data requests. The city agrees to hold the KRLS library board, its officers, and employees harmless from any claims resulting from the city's unlawful disclosure or use of data protected under state and federal laws.

The city will designate an official representative who will sign and maintain on file and submit to KRLS a copy of the KRLS Data Privacy and Non-disclosure of Information Policy included as Appendix A to this Agreement.

9. Compliance with the Law

The city agrees to abide by the requirements and regulations of The Americans with Disabilities Act of 1990 (ADA) including changes made by the ADA Amendments Act of 2008 (P.L. 110-325), the Minnesota Human Rights Act (Minn. Stat. DC.363), and Title VII of the Civil Rights Act of 1964. These laws deal with discrimination based on race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, or age. In the event of questions from the city concerning these requirements, the KRLS library board agrees to supply promptly all necessary clarifications. Violation of any of the above laws can lead to termination of this Agreement.

10. Audits

The city agrees that the KRLS library board, the State Auditor, or any of their duly authorized representatives, at any time during normal business hours and as often as they may reasonably deem necessary, shall have access to and the right to examine, audit, excerpt, and transcribe any books, documents, papers, and records that are relevant and involve transactions relating to this Agreement.

11. Cancellation, Default and Remedies

Either party of this Agreement may cancel this Agreement upon sixty (60) days written notice, except that if the city fails to fulfill its obligations under this Agreement in a proper and timely manner, or otherwise violates the terms of this Agreement, the KRLS library

board has the right to terminate this Agreement if the city has not cured the default after receiving seven (7) days written notice of the default.

The city agrees to defend, indemnify, and hold the KRLS library board, its officials, officers, employees, and agents harmless from any liability, claims, charges, damages, costs, judgments, or expenses, including reasonable attorney's fees, resulting directly or indirectly on account of any product, or any act or omission (including, without limitation, professional errors and omissions) of the city, its officers, agents, employees, or anyone who would be liable in the performance of the services provided by this agreement and against all loss by reason of the failure of the city fully to perform, in any respect, all obligations under this Agreement.

The city agrees to perform all acts and make all payments, the legal obligation for which arises as a result of its activities and performance in connection with this contract, including obligations to third persons and government agencies.

12. Notices

Any notice or demand, authorized or required under this Agreement, shall be in writing and shall be sent by certified mail to the other party as follows:

To the city:

Designated Representative

To the KRLS Library Board:

Designated Representative

Melissa Whatley, Director
Kitchigami Regional Library System
P.O. Box 84
Pine River, MN 56474

Signatures

Chair, Kitchigami Regional Library Board

Date:_____

Mayor, City of Pequot Lakes

Date:_____

**Kitchigami Regional Library System
Service Contract: City of Crosslake**

1. Parties to Agreement

This Agreement is between Kitchigami Regional Library System as service provider (hereinafter referred to as "KRLS") at 310 - 2nd St. N., Pine River, MN, and the City of Crosslake (hereinafter referred to as "city") on behalf of its community library (hereinafter referred to as "Crosslake Library").

2. Purpose of Agreement

This Agreement defines the services to be provided by Kitchigami Regional Library System to the Crosslake Library with funds provided by Crow Wing County and the responsibilities of the Crosslake Library.

3. Term of Agreement

This Agreement will be in place from January 1, 2026, provided that the Agreement is signed by both parties and both parties have received signed copies through certified mail by December 31, 2025, through December 31, 2026. If the Agreement is not completed by December 31, 2025, it will be in force on the first day of the month following signatures and be in effect for 12 months from that date.

4. Scope of Services: KRLS

Kitchigami Regional Library System will provide the following services, beginning January 1, 2026, or the first day of the month following completion of the negotiation process:

1. Facilitated borrower registration for KRLS borrowers who use the Crosslake Library for pick up and return of library materials, within seven (7) days of receipt of fully completed borrower registration forms.
2. Interlibrary loan and intraregional loan borrowing to KRLS borrowers who use the Crosslake Library for pick up and return of library materials through maintenance of that library as a pickup location.
3. Delivery services for library materials to and from the Crosslake Library 3 days per week (Monday, Wednesday, Friday) on those days and weeks that deliveries are made to KRLS branch libraries. Deliveries may be interrupted by federal holidays, severe weather conditions or equipment interruptions; substitute delivery dates are not guaranteed by KRLS.

4. Information on and access to regional/statewide training opportunities.
5. Training materials and training of one local trainer selected by the Crosslake Library on interlibrary loans support, borrower registration, and delivery support as required. One training session will be provided on request within the contract period.
6. KRLS will issue a check to the City of Crosslake for the acquisition of materials for the Crosslake Library collection, paid from the KRLS Crow Wing County reserve in the amount of \$5,000.00, within 30 days of the completion of the Agreement negotiations.

5. Scope of Service: City of Crosslake

The City of Crosslake commits to provide the following:

1. Registration of Kitchigami Regional Library System residents for KRLS borrower cards at no charge to the public, with verification of the residence requirements of the applicants.
2. A local trainer who will be responsible for training all local library workers on borrower registration, interlibrary loans, and delivery.
3. The Crosslake library must be open or provide a secure location for delivery between 9:30 a.m. and noon on each of the delivery days described in Paragraph 4.3 above.
4. All KRLS policies and procedures for registration, interlibrary loan, intraregional loans, delivery, and electronic services will be followed.
5. The city must maintain a restricted fund for KRLS dollars paid to it for the purchase of library collection materials, which is audited annually and subject to review as described in Paragraph 10 below.

6. Agreement Administration

All provisions of this Agreement shall be coordinated and administered by the persons identified in Paragraph 11.

7. Amendments

No amendments may be made to this Agreement after signing by the parties, except for extensions of time, or increases or reductions of the services to be performed as mutually agreed by the city and KRLS.

8. Data Practices

The city agrees to comply with the Minnesota Government Data Practices Act and all other applicable state and federal laws relating to data privacy or confidentiality. The city will immediately report to KRLS any requests from third parties for information relating to this Agreement. The KRLS board agrees to respond promptly to inquiries from the city concerning data requests. The city agrees to hold the KRLS Library Board, its officers, and employees harmless from any claims resulting from the city's unlawful disclosure or use of data protected under state and federal laws.

The city will designate an official representative who will sign and maintain on file and submit to KRLS a copy of the KRLS Data Privacy and Non-disclosure of Information Policy included as Appendix A to this Agreement.

9. Compliance with the Law

The city agrees to abide by the requirements and regulations of The Americans with Disabilities Act of 1990 (ADA) including changes made by the ADA Amendments Act of 2008 (P.L. 110-325), the Minnesota Human Rights Act (Minn. Stat. DC.363), and Title VII of the Civil Rights Act of 1964. These laws deal with discrimination based on race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, or age. In the event of questions from the city concerning these requirements, the KRLS library board agrees to supply promptly all necessary clarifications. Violation of any of the above laws can lead to termination of this Agreement.

10. Audits

The city agrees that the KRLS Library Board, the State Auditor or any of their duly authorized representatives, at any time during normal business hours and as often as they may reasonably deem necessary, shall have access to and the right to examine, audit, excerpt, and transcribe any books, documents, papers, and records that are relevant and involve transactions relating to this Agreement.

11. Cancellation, Default and Remedies

Either party of this Agreement may cancel this Agreement upon sixty (60) days written notice, except that if the city fails to fulfill its obligations under this Agreement in a proper and timely manner, or otherwise violates the terms of this Agreement, the KRLS library board has the right to terminate this Agreement, if the city has not cured the default after receiving seven (7) days written notice of the default.

The city agrees to defend, indemnify and hold the KRLS library board, its officials, officers, employees and agents harmless from any liability, claims, charges, damages, costs,

judgments or expenses, including reasonable attorney's fees, resulting directly or indirectly on account of any product, or any act or omission (including, without limitation, professional errors and omissions) of the city, its officers, agents, employees or anyone who would be liable in the performance of the services provided by this agreement and against all loss by reason of the failure of the city fully to perform, in any respect, all obligations under this Agreement.

The city agrees to perform all acts and make all payments, the legal obligation for which arises as a result of its activities and performance in connection with this contract, including obligations to third persons and government agencies.

12. Notices

Any notice or demand, authorized or required under this Agreement shall be in writing, and shall be sent by certified mail to the other party as follows:

To the city:

Designated Representative

To the KRLS Library Board:

Designated Representative

Melissa Whatley, Director
Kitchigami Regional Library System
P.O. Box 84
Pine River, MN 56474

Signatures

Chair, Kitchigami Regional Library Board

Date:_____

Designated Representative, City of Crosslake

Date:_____



MINUTES

Council - Public Hearing Meeting

6:00 PM - Monday, September 22, 2025

City Hall, 8 Summit Drive, Blackduck MN

The Council - Public Hearing of the City of Blackduck was called to order on Monday, September 22, 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

OTHERS PRESENT: Kayla Smischney, Ernie Tindell, and John Winnett - Planning Commissioners, Melissa Tindell, Duane Peterson, Misty Peterson, Jeff Beighley, Pat Beighley of Blackduck; Joann Blanchard, Gregg Erickson, Jessica Fraybill, Tim Fraybill, Erica Naughton of Hines, Larissa Donovan KAXE Radio, Tim Ramerth, Widseth and Mike Sahlman of NoBo Inc. on Zoom

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 public hearing with the pledge of allegiance.

2 PUBLIC HEARING AGENDA

- a) Description of Project for Public Hearing - First Reading of Ordinance 2025-04 - An Ordinance Amending Chapter 11, Business Regulations of the City Code, Providing for Section 1170, Regulating Cannabis Businesses
Administrator Regas read Ordinance 2025-04 in its entirety into the public record.
- b) General Questions & Answers from Public
Mayor Gullette called for questions or comments from the public and requested the public state their names and take turns with the number of people were present.

Greg Erickson - Where is this business going to be located? Will it be downtown in the building next door?

Answer - Regas stated the proposed business will be on the Shade Store Campus properties not next door to City Hall.

Greg Erickson - this is a pretty small town with the schools so close did the City look into the company at all and who is running it?

Answer - Mayor Gullette yes, the City has had several conversations with the business owners.

Greg Erickson - Did the City see where the company was based out of?

Answer - Regas stated the Company is based out of the state of Colorado.

Greg Erickson - I see that they list their stores are in Colorado but all of their stores are in Michigan and they seem to be Muslims. When I looked into the company that was what I saw. It didn't really seem to be based out of Colorado. I just seen some discrepancies from what I had heard about it. I thought I would bring that up to everybody that it is a group of Muslims that usually bring their people with them for work instead of hiring anybody new in the area. They will be bringing in their Muslims families and setting up shop here so it might be a little bit of a culture shock. I wanted everybody know that is what they have done in the past and they might be doing in the future.

Jeff Bieghley - I would like to know why you are even considering this? The fathers of this town would be spinning in their graves for even considering this, and I just don't understand it. Why would you want to bring this in here in the first place? I mean most of the people years back are God fairing people that believe in the bible and what it says and this is all wrong. I don't know why you would want it in this town. Do you want to change the town of Blackduck to Weedville? It just doesn't make any sense to me. If this is what you are going to go with you can forget any business in this town. Most of the people I know think things are really going to change. This is ridiculous and I can't believe you would even consider it in this town.

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Unidentified Person - What is the reason you are considering it.

Answer - Mayor Gullette you mean to change the ordinance?

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Answer - Mayor Gullette the number of jobs.

Unidentified Person - well that other person just said they bring their own people.

Greg Erickson - I'll look into it. Share Law is enacted in the towns they are in and they play their Arab music at night over the loud speakers. Look at the towns they are in and consider that before you make a decision because it will destroy this town.

Tim Fayville - What type of people is this going to bring in? Why do we want to bring big city problems into this little town.

Greg Erickson - It will be a lot like Bemidji in no time.

Duane Peterson - I was a previous employee of the Shade Store, I don't have any

issues with Cannabis but there are a lot of families in town with their kids and what about those that don't want to travel far in the winter months for a job. I know many employees from Anderson's who lived in and outside City limits that don't have a job yet that were laid off. I know the building can be used for many things better than Cannabis like mechanics like something better.

Regas - Does the public in attendance understand that the proposed business is a wholesaler and cultivator that will be entering the property and not a retailer?

Answer - Several in attendance stated yes, so far.

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Answer - Regas - that is correct. Every local government has to adopt its own regulations.

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3 ADJOURNMENT

a)

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Carried 4 to 0

Maxwell Gullette	For
Nicholas Seitz	For
Donald Johnson	For
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Christina Regas, City Administrator

Maxwell Gullette, Mayor



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There were no further questions or comments.

3 ADJOURNMENT

a)

1

Nicholas Seitz moved to adjourn the public hearing at 6:45pm Donald Johnson seconded the motion.

Carried 4 to 0

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

Christina Regas, City Administrator

Maxwell Gullette, Mayor



MINUTES

Council - Work Session Meeting

6:30pm - Monday, September 22, 2025

City Hall, 8 Summit Drive, Blackduck MN

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- COUNCILORS EXCUSED:** Councilor Laurie Hamilton
- STAFF PRESENT:** City Administrator Christina Regas and Public Works Director Mike Schwanke
- OTHERS PRESENT:** John Winnett, Planning Commissioner, Joann Blanchard and Erica Naughton, Hines, Larissa Donovan KAXE, and Tim Ramerth, Widseth

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 of allegiance as it was stated preceding the public hearing.

2 APPROVAL OF AGENDA

- a)

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

Carried 4 to 0

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

3 OLD BUSINESS

- a) Lead Service Line
Ramerth reports there are only 7 lines left to identify of 39. Gullette states a resident reached out to him regarding the identification and he will provide that information to Ramerth.

- b) Kitchigami Regional Library Improvement Project
Regas reports the project is moving along, the flooring in the entryway and restrooms will be done this week which some juggling of entrances may change for a short time. Regas states the lighting fixtures should finish this week too and the City provided the mid-point payment to the contractor and the lighting invoice will be approved for payment on October 6th. Regas states the pricing on full flooring, painting and cabinets and counters are still coming in. Regas states no movement on the entry door until the flooring is complete.
- c) Lions Duck Resotation Project & Historic Duck Partnership with Blackduck Fire Relief
Regas states meetings with the Relief members have been good with ideas of concepts on the wall and lighting and she will start contact with the trades program for a shelter for the duck. Schwanke and Johnson had no updates on repairs to the Lion's duck. Regas states having a private party interested in donating to the project. Seitz had not looked at the Duck for sealing the new crack on the statue but can later this week.
- d) 2026 City of Blackduck General Fund Budget Review
Regas summarized the budget review updates after completing the special and enterprise fund budgets. Regas states the finance committee removed all administration payroll from the water and wastewater funds to placed that funding into the general fund of which it should be paid from. Regas states by achieving this the water and wastewater funds will no need a utility rate increase. Regas states after this shift to the general fund and compensating with \$18,000 of reserve funds the increase to the general fund is under 3% or about \$12,000. Regas states this gives the admin and license center budget large percentage increases over 2025 but that remains mostly the payroll, audit, and legal fees. Regas states the debt obligation is still about the same percentage to the operating budget to 2025.
Regas further states how the county levy changes may affect the local library. Regas states if the City were to try to make up that unmet need it could be an additional \$34,000+ to the City levy. Regas states the preliminary levy provided tonight does not include that unmet need for the library.
Regas states there hasn't been any communication from KRLS as to how the lower levy(s) affects the local library. Regas asked Council member Johnson if the KRLS Board discussed the levy need. Johnson states Commissioner Gould is going to continue efforts to fund the levy further prior to approving the final levy in December. Regas asks if the 21 hours allowed for the local library will be affected. Johnson states the other counties levy for the full amount of KRLS ask not the minimum and there will be additional board meetings in the next weeks.
Regas encourages the City Council to adopt the preliminary levy as presented in the work session.
Seitz asks if the City provides more funding in the library budget would the levy increase to. Regas believes it would increase to about 9%. Johnson states keeping the local library at 21 hours of operation provides state funding toward the budget. Seitz asked if KRLS can adjust rules so more volunteers can work in the library. Johnson states there are several people working on ways to allow for the same operating hours with a budget reduction.
Regas asked the board if there are any further questions on the preliminary levy presented. Councilor Fredrickson states the levy is only a \$12,000 increase over 2025 and the budgets for insurance alone are driving costs high. Fredrickson states this small increase he is in favor of but not adding additional funding for the library. Regas states the finance committee did not want to take away from any of the initiatives the city has been working on to have capital outlay for future equipment replacements.
Nothing further.
- e) Request for Public Hearing - October 6, 2025 - Amended Spending Plan - Blackduck

TIF District 1-4 & 1-6

Regas states the request for an additional public hearing provides an extension of the deadline to use the TIF spending plan. Regas states the plan adopted in 2024 is the same the deadline has just been extended through 2026. Regas states the public hearing scheduled would be one meeting with two topics discussed.

Nothing further.

f) Blackduck City Hall Repairs -

Councilor Seitz states since we have no funding but a facility that needs repairs how will the City proceed. Seitz asked should the City put away funding annually and have the projects worked on each year. Seitz asked will funding opportunities through BEC be available again. Regas stated it is possible. Mayor Gullette asked for the item to remain on the agenda.

4 NEW BUSINESS

a) Donation Request - Blackduck Area Toys for Kids - Erica Naughton

Naughton was present to provide facts from previous years events. Naughton states in 2023 the event had 83 families register with 255 kids. Naughton states in 2024 the families reduced to 56 and the total kids were 167. Naughton states based on those numbers it is \$60/kid or \$10,000 total budget. Naughton states the request for 2025 is not to ask for funding but a location for distribution. Naughton requests the City allow the use of the Golf Course Club house for 2 days of distribution, the organization used the Senior Center last year and there was a charge for the rent. Naughton states at this time there are 23 families and 63 kids registered. Regas states the Golf Board has a meeting September 29 and the request may be discussed. Nothing further.

b) Blackduck Co-op Land Conveyance from MN State Railbank - subsequent parcel

Regas reports the subsequent parcel of land that Blackduck Coop needed conveyed has finalized its process through the state and is ready to be conveyed. Regas reports the purchase agreement between the City and Coop will be in the October 6th packet for approval to complete that transaction.

c) Blackduck Lift Station - West End LS, Black Mallard LS, and Main LS

Schwanke presented estimates from MN Pump to repair the three lift stations discussed at the last meeting. Schwanke states the cost for the three total about \$197,000. Schwanke requests Ramerth states approximate timeline when the City could have funding to work on the PER. Ramerth states it may not happen until 2027 providing project start time into 2028. Schwanke states he does not know if the lift stations can wait that long. Schwanke states they might but he isn't confident. Regas states MN Rural Water could provide funding but the City would need another quote from a different vendor. Regas states the three lift stations should obligate funds together not separate. Gullette agreed to the additional quote. Ramerth states that the total over \$175,000 may force the City to bid for the project. Schwanke will work on additional quotes and report back.

5 ADJOURNMENT

a)

Nicholas Seitz moved to adjourn the work session at 7:38pm Ronald Fredrickson seconded the motion.

Carried 4 to 0

Maxwell Gullette	For
Nicholas Seitz	For
Donald Johnson	For

Ronald Fredrickson

For

Christina Regas, City Administrator

Maxwell Gullette, Mayor



MINUTES

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2 APPROVAL OF AGENDA

- a)

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

Carried 4 to 0

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

3 OLD BUSINESS

- a) Lead Service Line
Ramerth reports there are only 7 lines left to identify of 39. Gullette states a resident reached out to him regarding the identification and he will provide that information to Ramerth.

- b) Kitchigami Regional Library Improvement Project
Regas reports the project is moving along, the flooring in the entryway and restrooms will be done this week which some juggling of entrances may change for a short time. Regas states the lighting fixtures should finish this week too and the City provided the mid-point payment to the contractor and the lighting invoice will be approved for payment on October 6th. Regas states the pricing on full flooring, painting and cabinets and counters are still coming in. Regas states no movement on the entry door until the flooring is complete.
- c) Lions Duck Resotation Project & Historic Duck Partnership with Blackduck Fire Relief
Regas states meetings with the Relief members have been good with ideas of concepts on the wall and lighting and she will start contact with the trades program for a shelter for the duck. Schwanke and Johnson had no updates on repairs to the Lion's duck. Regas states having a private party interested in donating to the project. Seitz had not looked at the Duck for sealing the new crack on the statue but can later this week.
- d) 2026 City of Blackduck General Fund Budget Review
Regas summarized the budget review updates after completing the special and enterprise fund budgets. Regas states the finance committee removed all administration payroll from the water and wastewater funds to placed that funding into the general fund of which it should be paid from. Regas states by achieving this the water and wastewater funds will no need a utility rate increase. Regas states after this shift to the general fund and compensating with \$18,000 of reserve funds the increase to the general fund is under 3% or about \$12,000. Regas states this gives the admin and license center budget large percentage increases over 2025 but that remains mostly the payroll, audit, and legal fees. Regas states the debt obligation is still about the same percentage to the operating budget to 2025.
Regas further states how the county levy changes may affect the local library. Regas states if the City were to try to make up that unmet need it could be an additional \$34,000+ to the City levy. Regas states the preliminary levy provided tonight does not include that unmet need for the library.
Regas states there hasn't been any communication from KRLS as to how the lower levy(s) affects the local library. Regas asked Council member Johnson if the KRLS Board discussed the levy need. Johnson states Commissioner Gould is going to continue efforts to fund the levy further prior to approving the final levy in December. Regas asks if the 21 hours allowed for the local library will be affected. Johnson states the other counties levy for the full amount of KRLS ask not the minimum and there will be additional board meetings in the next weeks.
Regas encourages the City Council to adopt the preliminary levy as presented in the work session.
Seitz asks if the City provides more funding in the library budget would the levy increase to. Regas believes it would increase to about 9%. Johnson states keeping the local library at 21 hours of operation provides state funding toward the budget. Seitz asked if KRLS can adjust rules so more volunteers can work in the library. Johnson states there are several people working on ways to allow for the same operating hours with a budget reduction.
Regas asked the board if there are any further questions on the preliminary levy presented. Councilor Fredrickson states the levy is only a \$12,000 increase over 2025 and the budgets for insurance alone are driving costs high. Fredrickson states this small increase he is in favor of but not adding additional funding for the library. Regas states the finance committee did not want to take away from any of the initiatives the city has been working on to have capital outlay for future equipment replacements.
Nothing further.
- e) Request for Public Hearing - October 6, 2025 - Amended Spending Plan - Blackduck

TIF District 1-4 & 1-6

Regas states the request for an additional public hearing provides an extension of the deadline to use the TIF spending plan. Regas states the plan adopted in 2024 is the same the deadline has just been extended through 2026. Regas states the public hearing scheduled would be one meeting with two topics discussed.

Nothing further.

f) Blackduck City Hall Repairs -

Councilor Seitz states since we have no funding but a facility that needs repairs how will the City proceed. Seitz asked should the City put away funding annually and have the projects worked on each year. Seitz asked will funding opportunities through BEC be available again. Regas stated it is possible. Mayor Gullette asked for the item to remain on the agenda.

4 NEW BUSINESS

a) Donation Request - Blackduck Area Toys for Kids - Erica Naughton

Naughton was present to provide facts from previous years events. Naughton states in 2023 the event had 83 families register with 255 kids. Naughton states in 2024 the families reduced to 56 and the total kids were 167. Naughton states based on those numbers it is \$60/kid or \$10,000 total budget. Naughton states the request for 2025 is not to ask for funding but a location for distribution. Naughton requests the City allow the use of the Golf Course Club house for 2 days of distribution, the organization used the Senior Center last year and there was a charge for the rent. Naughton states at this time there are 23 families and 63 kids registered. Regas states the Golf Board has a meeting September 29 and the request may be discussed. Nothing further.

b) Blackduck Co-op Land Conveyance from MN State Railbank - subsequent parcel

Regas reports the subsequent parcel of land that Blackduck Coop needed conveyed has finalized its process through the state and is ready to be conveyed. Regas reports the purchase agreement between the City and Coop will be in the October 6th packet for approval to complete that transaction.

c) Blackduck Lift Station - West End LS, Black Mallard LS, and Main LS

Schwanke presented estimates from MN Pump to repair the three lift stations discussed at the last meeting. Schwanke states the cost for the three total about \$197,000. Schwanke requests Ramerth states approximate timeline when the City could have funding to work on the PER. Ramerth states it may not happen until 2027 providing project start time into 2028. Schwanke states he does not know if the lift stations can wait that long. Schwanke states they might but he isn't confident. Regas states MN Rural Water could provide funding but the City would need another quote from a different vendor. Regas states the three lift stations should obligate funds together not separate. Gullette agreed to the additional quote. Ramerth states that the total over \$175,000 may force the City to bid for the project. Schwanke will work on additional quotes and report back.

5 ADJOURNMENT

a)

Nicholas Seitz moved to adjourn the work session at 7:38pm Ronald Fredrickson seconded the motion.

Carried 4 to 0

Maxwell Gullette	For
Nicholas Seitz	For
Donald Johnson	For

Council - Work Session
September 22, 2025

Ronald Fredrickson

For

Christina Regas, City Administrator

Maxwell Gullette, Mayor



MINUTES

Council Meeting

7:30pm - Monday, September 22, 2025

City Hall, 8 Summit Drive, Blackduck MN

The Council of the City of Blackduck was called to order on Monday, September 22, 2025, at 7:40pm, 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 and Public Works Director Mike Schwanke

OTHERS PRESENT: Larissa Donovan, KAXE, Joann Blanchard, John Winnett of Hines, Tim Ramerth, Widseth

1. CALL TO ORDER

- a. Roll Call
Regas took roll call of those present to the meeting.
- b. Pledge of Allegiance
Mayor Gullette dispensed with the pledge of allegiance as it was stated at the opening of the public hearing.

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. 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 present to speak for the forum.

4. ADMINISTRATOR'S REPORT

- a. Council Consideration - City of Blackduck 2026 Proposed Budget Including City Debt Schedule
Regas presented the details of the proposed levy during the work session prior to the special meeting. Regas stated since there were no requested amendments to the proposed budget the presentation would be dispensed. Board members did not disagree.
- b. Council Approval Needed - Resolution 2025-14 - Resolution approving proposed 2025 tax levy collectable in 2026

Nicholas Seitz moved to approve Resolution 2025-14 - A Resolution approving the proposed 2025 tax levy collectable in 2026 Ronald Fredrickson seconded the motion.

Council member Fredrickson stated he is happy the proposed levy is less than 3% and increase amount \$12,000. Fredrickson thanked the finance committee for their work on the budget.

Carried 4 to 0

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

5. ADJOURNMENT

- a.

Ronald Fredrickson moved to adjourn the special council meeting at 7:45pm Nicholas Seitz 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



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OTHERS PRESENT: Larissa Donovan, KAXE, Joann Blanchard, John Winnett of Hines, Tim Ramerth, Widseth

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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

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Carried 4 to 0

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

5. ADJOURNMENT

- a.

Ronald Fredrickson moved to adjourn the special council meeting at 7:45pm Nicholas Seitz 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



GOLF BOARD MEETING

BLACKDUCK GOLF COURSE – GOLF COURSE

MONDAY, SEPTEMBER 29, 2025 @ 1PM

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.

OLD BUSINESS -

1. FINANCIAL INCOME STATEMENT – Committee members discussed details on the performance of the golf course.
2. 2025 & FUTURE COURSE & CLUB HOUSE ACTION ITEMS TO COMPLETE
 - a. Golf Cart Batteries – Regas reports the 2026 budget includes funding to replace the batteries in the 2021 carts. Erpelding states it would be worth negotiating on pricing for the batteries and states not all the carts may need new batteries.
 - b. Update to Bridge – Frenzel discussed plans to widen bridge #6 and swap bridge #7 with a culvert or vice versa. Frenzel will discuss costs with Hanson Construction and look for the best options for improving the two bridges.
 - c. Septic Lift Pump/Panel – Frenzel reports the lift station is repaired and is awaiting invoicing for total costs.
 - d. Harley rake Fairways – Frenzel states public works made attempts with the city Harley rake on fairway #1 today but the ground will need tiling also.
 - e. Aerate Greens – Frenzel will contact vendor that provide service to the course in previous seasons and decide if sanding the greens after the service is needed.
 - f. Winterize Course – Erpelding inquired what caused the winter kill on the greens. Frenzel reports snow conditions and stated winterization this year will include spraying the greens with Enclave to prevent kill. Frenzel states irrigation will be blown out October 14, and the course will close to the public on October 18. Erpelding states it appears there are still leaks in the irrigation system and discussed specific areas that needed work. Frenzel has plans to look into those leaks the next season and has plans for installing different heads on tee box 7.
3. 2025 Season Recap –
 - a. #7 Tee Box – Frenzel states updates to #7 and #4 tee boxes are now completed.
 - b. #6 Green – Frenzel reports #6 green was completely reseeded after winter kill and reported purchasing a specific tool to seed greens to direct the seed into the green to avoid waste.
 - c. Patio Project – Frenzel reports the patio is complete and the public provides plenty of compliments.
 - d. Rough Mower 1600 – Frenzel reports the mower is repaired and is awaiting invoice from Frontier Repair. Frenzel further states Frontier has been great to work with and will use them in the future.



GOLF BOARD MEETING

BLACKDUCK GOLF COURSE – GOLF COURSE

MONDAY, SEPTEMBER 29, 2025 @ 1PM

- e. Toro Mower – Frenzel states the new mower is working great and the difference is noticeable. Regas states after a couple of credits to MTI the mower cost was under \$13,000.
- f. Gator Repairs – Frenzel reports gas tanks repairs/replacement to the Gator and working with staff to lower improper use of equipment to avoid future repairs.

NEW BUSINESS –

1. Consider 2026 Proposed Green Fee, Cart Rental, & Membership Rates – test sheet – Regas provided a test sheet for potential rate increases for 2026. Committee members agreed to not increase rates. Frenzel will change language for 2026 that states cart rates will be \$20 per cart or \$10 per seat.
2. Consider 2026 Proposed Budget – Regas & Frenzel provide the proposed budget and discussed operating and debt.
3. Toys For Kids Donation Request – Committee members discussed the donation request and agreed to allow the use of the club house for Toys for Kids distribution days on December 18 and 20th. Regas will report to the organizers and assist Frenzel with times of opening for the organization.

ADJOURN – Meeting adjourned at 2:45pm



BLACKDUCK PERSONNEL COMMITTEE

MONDAY, SEPTEMBER 29, 2025 @ 5PM

MEETING MINUTES

Committee Members present included: Councilor Donald Johnson, Director of Liquor Operations Shawnda Lahr, Public Works Director Mike Schwanke, and City Administrator Christina Regas

Committee Members Absent: N/A

Topics covered in the personnel meeting were as follows:

OLD BUSINESS:

1. Liquor Department - Full time Cook additional position – Members discussed the growing need to have additional cook staff in The Pond to reduce the strain on existing staff. Lahr proposed with the reduction of full time benefits to the existing lead bartender to allow the department to hire a second full time benefited cook. Members discussed the need to have an overlap in shifts regardless of attempts to shorten kitchen hours. Lahr states the prep and clean up hours the kitchen staff needs to efficiently keep the kitchen running and when the bar is busy (noting hunting season) having two cooks working speeds the food preparation for customers. Lahr states that the current Lead Bartender will be going to a part time unbenefited position allowing the department to use the funding for the benefits and wages to go toward an additional cook. Lahr states attempts to hire a cook at a hirer wage at part-time has been very difficult. Members stated the department cannot add a sixth benefited position but there is nothing keeping the department from adding more full time staff in the kitchen if that is the need. Lahr was directed to advertise for full time benefited cook. Nothing further.
2. MN Paid Family & Medical Leave & Union Memorandum of Agreement – Members discussed MN Paid Family & Medical Leave mandated by the State. Members did not have further questions regarding the mandate and the City of Blackduck plan to implement the program as presented from the state and pay the full obligation of 0.88% as the employer. Members agreed a memorandum of agreement was needed for the union contract after reviewing a draft provided by the union rep. Regas will draft the memo and provide to the City Council for approval.
3. Proposed 2026 Wage Scale – Members agreed the proposed wage scale for 2026 was correct and recommended final approval of City Council.

NEW BUSINESS:

There was no new business discussed.

ADJOURN – Committee members adjourned the personnel meeting at 5:40pm.

Christina Regas, City Administrator

Maxwell Gullette, Mayor

October 6, 2025

FUND	Deerwood Checking BEGINNING BALANCE	Bill Report through 10/06/2025	Deerwood Checking ENDING BALANCE	Deerwood First Preferred Savings BEGINNING BALANCE	Deerwood First Preferred Savings Bill Report through 10/06/2025	Deerwood First Preferred Savings ENDING BALANCE	Total Balance of all Accounts
GENERAL (101)	\$476,893.27	\$33,504.37	\$443,388.90	\$118,541.29	\$0.00	\$118,541.29	
POLICE RESTRICTED CASH (101)	\$23,308.21	\$0.00	\$23,308.21	\$0.00	\$0.00	\$0.00	
CEMETERY (201)	(\$10,190.50)	\$151.08	(\$10,341.58)	\$8,562.66	\$0.00	\$8,562.66	
PERPETUAL CARE (202)	\$5,245.05	\$3,081.00	\$2,164.05	\$53,418.01	\$0.00	\$53,418.01	
SEWER MAINTENANCE (204)	\$0.00	\$0.00	\$0.00	\$66,300.80	\$0.00	\$66,300.80	
SEWER REPLACEMENT (205)	\$0.00	\$0.00	\$0.00	\$258,582.17	\$0.00	\$258,582.17	
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	\$61,651.01	\$0.00	\$61,651.01	
PINE TREE PARK (209)	\$19,273.92	\$2,286.91	\$16,987.01	\$15,158.49	\$0.00	\$15,158.49	
WATER SINKING FUND (212)	\$0.00	\$0.00	\$0.00	\$210,018.40	\$0.00	\$210,018.40	
PUBLIC WORKS RESERVE FUND (215)	\$0.00	\$0.00	\$0.00	\$15,641.53	\$0.00	\$15,641.53	
Fire Dept Special Equip Fund (216)	\$25,174.90	\$0.00	\$25,174.90	\$5,159.95	\$0.00	\$5,159.95	
2018 Revolving Loan Fund (250)	(\$195.00)	\$0.00	(\$195.00)	\$335,141.80	\$0.00	\$335,141.80	
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)	\$339.14	\$0.00	\$339.14	\$0.00	\$0.00	\$0.00	
2014A Disposal System Debt Service Fund (314)	\$21,941.46	\$0.00	\$21,941.46	\$0.00	\$0.00	\$0.00	
2017A Disposal System Debt Service Fund (317)	\$3,489.01	\$0.00	\$3,489.01	\$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)	\$80,532.23	\$0.00	\$80,532.23	\$0.00	\$0.00	\$0.00	
2018 Frontage/Pine Ave Internal Loan (325)	\$10,998.48	\$0.00	\$10,998.48	\$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	\$14,680.21	\$0.00	\$14,680.21	\$0.00	\$0.00	\$0.00	
2025A Gen. Obligation Equipment Debt Fund (341) Fire	\$42.11	\$0.00	\$42.11	\$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)	\$14,284.32	\$0.00	\$14,284.32	(\$18,201.84)	\$0.00	(\$18,201.84)	
KRLS Library Renovation Project (550) - <i>new</i>	\$24,071.20	\$6,975.00	\$17,096.20	\$0.00	\$0.00	\$0.00	
WATER FUND (601)	\$438.61	\$7,445.15	(\$7,006.54)	\$0.00	\$0.00	\$0.00	
SEWER FUND (602)	\$61,899.03	\$16,617.75	\$45,281.28	\$0.00	\$0.00	\$0.00	
LIQUOR FUND (609)	\$214,045.73	\$98,540.67	\$115,505.06	\$0.00	\$0.00	\$0.00	
LIQUOR RENT RESTRICTED FUND (609)	\$29,405.03	\$0.00	\$29,405.03	\$0.00	\$0.00	\$0.00	
GOLF COURSE FUND (613)	(\$167,319.69)	\$12,009.88	(\$179,329.57)	\$0.00	\$0.00	\$0.00	
Total:	\$895,631.82	\$180,611.81	\$715,020.01	\$1,299,266.14	\$0.00	\$1,299,266.14	\$2,014,286.15

Fund Transfer from:	Fund transfer to:	Reason:	Amount of Transfer:
DW Checking Liquor Fund (609)	DW Checking General Fund (101)	Budgeted Transfer	\$10,000.00

2025 Bond Payments:	Principal:	Interest:	Fees:	Total:
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CITY OF BLACKDUCK

10/06/25 3:30 PM

Page 1

Monthly Bills

September 2025

Check Name	Amount		
101 GENERAL FUND		Hawkins, Inc	\$1,635.70
BANYON DATA SYTEMS	\$346.00	LMCIT INSURANCE TRUST	\$3,362.52
BELTRAMI ELECTRIC COOP	\$2,446.65	PAUL BUNYAN COMMUNICATIONS	\$77.70
BLACKDUCK AUTO PARTS	\$604.63	VERIZON WIRELESS	\$76.80
BLACKDUCK LEEVERS FOODS	\$61.97	WIDSETH	\$315.00
BRIAN LARSON	\$3,753.79	601 WATER FUND	\$7,445.15
COLUMN SOFTWARE PBC	\$66.38	602 SEWER FUND	
EHLERS AND ASSOCIATES	\$850.00	BANYON DATA SYTEMS	\$346.00
HAWKINSON CONSTRUCTION CO., INC.	\$750.00	BELTRAMI ELECTRIC COOP	\$5,841.86
JUELSON GARAGE	\$1,024.10	Gopher State One Call	\$24.30
LEAGUE OF MINNESOTA CITIES	\$100.00	LMCIT INSURANCE TRUST	\$3,924.34
LMCIT INSURANCE TRUST	\$14,641.78	MN PUMP WORKS	\$5,937.69
LOSSING EXCAVATING	\$3,564.00	RMB ENVIRONMENTAL LABORATORIES	\$543.56
MPH INDUSTRIES, INC	\$255.15	602 SEWER FUND	\$16,617.75
NORTHWOODS LUMBER CO	\$98.57	609 MUNICIPAL LIQUOR FUND	
PAUL BUNYAN COMMUNICATIONS	\$760.28	ABSOLUTE ICE	\$878.00
PINNACLE MARKETING GROUP	\$79.00	BANYON DATA SYTEMS	\$346.00
QUILL CORPERATION	\$228.55	BELTRAMI ELECTRIC COOP	\$1,863.51
RATWIK, ROSZAK & MALONEY, P.A.	\$1,444.00	BEMIDJI COCA-COLA	\$702.60
TIMBERLINE SPORTS, INC	\$748.73	BEMIDJI PAPER	\$281.40
VERIZON WIRELESS	\$1,137.14	BERNATELLOS	\$420.00
VESTIS	\$543.65	Bernick Companies	\$9,824.33
101 GENERAL FUND	\$33,504.37	BLACKDUCK LEEVERS FOODS	\$3,522.71
201 CEMETERY FUND		BOBS ECONO PUMP INC	\$240.00
LMCIT INSURANCE TRUST	\$151.08	Breakthru Beverage	\$3,431.90
201 CEMETERY FUND	\$151.08	D-S BEVERAGES, INC.	\$15,914.42
202 PERPETUAL CARE FUND		GUARDIAN PEST CONTROL	\$192.61
WIDSETH	\$3,081.00	HEGGIES PIZZA LLC	\$468.55
202 PERPETUAL CARE FUND	\$3,081.00	JOHNSON BROTHERS LIQUOR CO.	\$6,742.58
209 PINE TREE PARK FUND		JONS REFUSE SOLUTIONS INC	\$401.80
BELTRAMI ELECTRIC COOP	\$357.45	LMCIT INSURANCE TRUST	\$5,768.32
JONS REFUSE SOLUTIONS INC	\$239.32	MELISSAS CLEANING	\$1,280.00
LMCIT INSURANCE TRUST	\$1,690.14	MIKINNON CO., INC	\$7,945.45
209 PINE TREE PARK FUND	\$2,286.91	NEI BOTTLING INC	\$1,179.74
550 KRLS LIBRARY RENOV PROJECT		Northome School	\$40.00
BESSLER BROTHERS ELECTRIC, LLC	\$6,975.00	OLD DUTCH	\$405.27
550 KRLS LIBRARY RENOV PROJEC	\$6,975.00	PAUL BUNYAN COMMUNICATIONS	\$382.42
601 WATER FUND		PERFORMANCE FOOD SERVICE	\$11,576.00
ADVANCED ENG. AND ENVIR. SVCS LLC	\$842.48	Phillips Wine and Spirits	\$11,648.96
BANYON DATA SYTEMS	\$346.00	PINNACLE MARKETING GROUP	\$79.00
BELTRAMI ELECTRIC COOP	\$776.80	QUILL CORPERATION	\$334.58
Gopher State One Call	\$12.15	Southern Glazer's of MN	\$4,105.94
		TOTAL TAP SERVICES	\$85.00

Check Name	Amount
US FOODS	\$6,717.30
VESTIS	\$640.78
VINOCOPIA INC	\$1,121.50
609 MUNICIPAL LIQUOR FUND	\$98,540.67
613 GOLF COURSE	
ABSOLUTE ICE	-\$7.20
BANYON DATA SYTEMS	\$346.00
BELTRAMI ELECTRIC COOP	\$1,187.92
BEMIDJI COCA-COLA	\$114.00
BLACKDUCK AUTO PARTS	\$386.14
BLACKDUCK LEEVERS FOODS	\$103.51
BURLINGTON GOLF	\$808.00
D-S BEVERAGES, INC.	\$170.70
GIOVANNIS FROZEN PIZZA	\$152.50
HUNTINGTON NATIONAL BANK	\$2,445.00
JONS REFUSE SOLUTIONS INC	\$103.88
JUELSON PLUMBING & HEATING	\$400.00
LMCIT INSURANCE TRUST	\$3,157.82
MIKINNON CO., INC	\$21.60
NEI BOTTLING INC	\$579.25
PAUL BUNYAN COMMUNICATIONS	\$154.46
PERFORMANCE FOOD SERVICE	\$496.86
PINNACLE MARKETING GROUP	\$79.00
PORT-A-JOHN RENTALS	\$393.75
TESSMAN SEED COMPANY	\$520.43
VERSATILE VEHICLES, INC	\$93.56
VESTIS	\$302.70
613 GOLF COURSE	\$12,009.88
	\$180,611.81

Sewer Fund
Year to Date Income Statement thru 09/30/2025

Sewer Operating Revenue:		Budget
Reimbursements	\$191.17	\$0.00
Interest Earnings	\$1,550.92	\$750.00
Sewer Sales	\$159,280.80	\$250,297.86
Farm Lease Agreement Revenue	\$6,098.00	\$6,098.00
Swr Penalty	\$780.12	\$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	\$10,525.00	\$5,000.00
Total Sewer Revenues	\$178,751.01	\$263,645.86

Sewer Operating Expenditures:		Budget	Remaining
Full-Time Employees Regular	\$71,268.66	\$85,646.98	\$14,378.32
Full-time Employee overtime	\$6,921.91	\$4,000.00	(\$2,921.91)
Part-Time Employees	\$1,699.80	\$1,349.46	(\$350.34)
Employer CPF Contribution - Union Contract	\$1,995.59	\$3,102.84	\$1,107.25
PERA	\$5,719.88	\$6,524.73	\$804.85
FICA	\$5,955.53	\$6,655.23	\$699.70
Employer Paid Health	\$11,076.05	\$17,044.92	\$5,968.87
Office Supplies (GENERAL)	\$0.00	\$400.00	\$400.00
Heating Fuel	\$407.88	\$1,000.00	\$592.12
Electricity	\$25,778.54	\$21,000.00	(\$4,778.54)
Training and Instruction	\$753.46	\$1,000.00	\$246.54
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	\$1,333.36	\$1,700.00	\$366.64
Other Professional Services	\$9,819.09	\$4,000.00	(\$5,819.09)
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	\$486.19	\$1,000.00	\$513.81
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	\$2,292.28	\$2,877.64	\$585.36
Property Insurance	\$5,556.40	\$5,941.09	\$384.69
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	\$3,725.53	\$4,500.00	\$774.47
Buildings & Structures - <i>Ljfstations</i>	\$3,910.16	\$0.00	(\$3,910.16)
Improvements other	\$0.00	\$0.00	\$0.00
Refuse/Garbage Dispal -	\$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	\$186,450.01	\$198,634.23	\$12,184.22

		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 (\$47,235.07) \$246,170.31 \$20,184.23

Water Fund

Year to Date Income Statement thru 09/30/2025

Water Operating Revenue:		Budget:		
Water Meter Sales	\$1,985.00	\$0.00		
Health Dept Charges	\$661.53	\$2,994.00		
Penalties and Interest	\$0.00	\$0.00		
Water Sales	\$170,887.59	\$292,111.78		
Water Connect/Reconnect Fee	\$374.80	\$800.00		
Water Penalty	\$812.34	\$1,300.00		
Interest Earnings	\$26.16	\$900.00		
Reimbursements	\$289.84	\$0.00		
Total Water Revenues	\$175,037.26	\$298,105.78		
Water Operating Expenditures:		Year to Date	Budget	Remaining
	Full-Time Employees Regular	\$67,522.01	\$81,038.72	\$13,516.71
	Full-Time Employees OT	\$6,411.52	\$2,000.00	(\$4,411.52)
	Part-Time Employees	\$1,699.88	\$1,349.46	(\$350.42)
	Employer CPF Contribution - Union Contract	\$1,903.90	\$2,895.62	\$991.72
	PERA	\$5,421.83	\$6,179.12	\$757.29
	FICA	\$5,635.60	\$6,302.71	\$667.11
	Employer Paid Health	\$10,589.83	\$16,297.77	\$5,707.94
	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	\$6,872.09	\$7,000.00	\$127.91
	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 Acc't	\$3,500.00	\$3,500.00	\$0.00
	Legal Notices/Publications	\$0.00	\$0.00	\$0.00
	Legal fees -	\$0.00	\$200.00	\$200.00
	Testing/Analysis	\$538.37	\$0.00	(\$538.37)
	Professional Services	\$0.00	\$0.00	\$0.00
	Other Professional Services	\$1,917.42	\$1,000.00	(\$917.42)
	Engineering Services - PER/ER	\$11,150.62	\$0.00	(\$11,150.62)
	Telephone	\$319.97	\$917.40	\$597.43
	Radio/communications Expense	\$843.04	\$480.12	(\$362.92)
	Internet	\$488.38	\$504.00	\$15.62
	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	\$548.64	\$740.68	\$192.04
	Property Insurance	\$6,176.40	\$6,679.91	\$503.51
	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	\$3,903.84	\$12,000.00	\$8,096.16
	Repairs/Maintenance Machinery	\$0.00	\$2,500.00	\$2,500.00
	Dues and Subscriptions	\$2,782.45	\$4,000.00	\$1,217.55
	Uncollectable Checks/Bad Debt	\$1,813.37	\$150.00	(\$1,663.37)
	Medical Fees	\$0.00	\$0.00	\$0.00
	Office Equipment and furniture	\$0.00	\$0.00	\$0.00
	Other Equipment	\$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		\$155,177.32	\$185,413.16	\$30,235.84
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
Net Total		(\$68,288.62)	\$286,561.74	\$43,235.85

Pine Tree Park
Year to Date Income Statement thru 09/30/2025

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	\$19,489.93	\$19,429.60	\$20,000.00
Other Revenue	\$0.00	\$6,029.72	\$0.00
Transfer from Golf Course - mower	\$5,000.00	\$10,500.00	\$0.00
Interest Earnings	\$704.07	\$707.66	\$300.00
Total PTP Revenues	\$36,900.00	\$48,227.98	\$31,900.00

PTP Expenditures	2025 YTD	2024 YTD	2025 Budget	Remaining
Full-Time Employees Regular	\$3,565.15	\$5,105.01	\$5,332.32	\$1,767.17
Full-time Employee Overtime	\$394.20	\$196.25	\$250.00	(\$144.20)
Part-Time Employees Regular	\$4,249.64	\$4,193.12	\$3,373.65	(\$875.99)
Employer CPF Contribution	\$120.72	\$0.00	\$204.62	\$83.90
PERA	\$291.55	\$409.11	\$652.95	\$361.40
FICA	\$620.97	\$725.57	\$666.01	\$45.04
Employer Paid Health	\$677.73	\$685.30	\$1,030.33	\$352.60
Office Supplies	\$0.00	\$0.00	\$0.00	\$0.00
Electricity	\$2,728.58	\$1,983.37	\$3,000.00	\$271.42
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	\$1,181.59	\$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	\$1,097.28	\$679.52	\$1,481.35	\$384.07
Property Insurance	\$2,283.00	\$1,166.50	\$2,472.45	\$189.45
Workers Compensation Insurance	\$0.00	\$0.00	\$0.00	\$0.00
Garbage	\$2,068.60	\$1,806.14	\$2,500.00	\$431.40
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	\$285.17	\$1,500.00	(\$343.77)
Other Equipment - <i>new mower</i>	\$0.00	\$17,559.44	\$0.00	\$0.00
Depreciation	\$5,000.00	\$5,000.00	\$5,000.00	\$0.00
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	\$250.00	\$375.00	\$190.00
Total PTP Expenditures	\$28,232.59	\$43,575.07	\$35,788.68	\$7,556.09
Net Profit	\$8,667.41	\$4,652.91		

Lakeview Cemetery
Year to Date Income Statement thru 09/30/2025

Cemetery Revenue	2025	2024	2025 Budget
Cemetery Lot Revenues	\$0.00	\$2,462.00	\$1,700.00
Other Revenue	\$28.24	\$23.82	\$0.00
Interest Earnings	\$1,695.14	\$1,759.71	\$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	\$11,703.38	\$11,845.53	\$9,900.00

Cemetery Expenditures	2025 YTD	2024 YTD	2025 Budget	Remaining
Full-Time Employees Regular	\$3,712.10	\$3,390.09	\$4,608.13	\$896.03
Full-time Employee overtime	\$545.02	\$401.60	\$300.00	(\$245.02)
Part-Time Employees Regular	\$849.92	\$833.47	\$674.73	(\$175.19)
Employer CPF Contribution	\$91.74	\$0.00	\$155.48	\$63.74
PERA	\$297.86	\$286.38	\$396.21	\$98.35
FICA	\$385.31	\$353.24	\$404.14	\$18.83
Employer Paid Health	\$486.31	\$473.50	\$747.15	\$260.84
Operating Supplies (GENERAL)	\$0.00	\$186.00	\$400.00	\$400.00
Motor Fuels	\$664.40	\$998.29	\$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	\$219.66	\$84.94	\$185.17	(\$34.49)
Property Insurance	\$82.50	\$84.00	\$178.08	\$95.58
Workers Compensation Insurance	\$368.31	\$476.42	\$500.24	\$131.93
Total Cemetery Expenditures	\$10,508.13	\$8,042.93	\$10,049.33	(\$458.80)
Net Profit	\$1,195.25	\$3,802.60		

Blackduck Municipal Golf Course
Year-To-Date Income Statement - 09/30/2025

	Actual 2025 Sales	2025 Revenue Budget	2025 Cost of Goods	2025 Gross Profit	2025 Gross Margin	2025 Expense Budget	Remaining Expense Budget
Beer	\$20,989.90	\$20,000.00	\$8,065.35	\$12,924.55	61.58%	\$10,000.00	\$1,934.65
Liquor	\$7,897.62	\$4,000.00	\$809.00	\$7,088.62	89.76%	\$1,000.00	\$191.00
Soft Drinks	\$9,040.29	\$10,000.00	\$8,344.57	\$695.72	7.70%	\$6,000.00	(\$2,344.57)
Food	\$10,637.39	\$10,000.00	\$7,849.74	\$2,787.65	26.21%	\$8,000.00	\$150.26
Golf Merchandise & Clubs for Sale	\$5,842.83	\$4,000.00	\$4,214.59	\$1,628.24	27.87%	\$3,000.00	(\$1,214.59)
Clothing	\$5,105.35	\$4,000.00	\$4,757.85	\$347.50	6.81%	\$3,500.00	(\$1,257.85)
Total	\$59,513.38	\$52,000.00	\$34,041.10	\$25,472.28	42.80%	\$31,500.00	(\$2,541.10)

Charges for Services	Actual 2025 Revenue	Revenue Budget
Green Fees	\$101,160.55	\$90,000.00
Membership Fees	\$47,151.39	\$38,000.00
Trail Fees	\$777.00	\$1,000.00
Cart Storage	\$1,251.00	\$1,584.00
Rentals (Clubs, Carts)	\$2,150.47	\$1,500.00
Power Carts	\$62,942.75	\$55,000.00
Clubhouse Rental	\$1,550.00	\$1,000.00
Kayak Rental	\$0.00	\$500.00
Golf Tournament Revenue	\$11,418.19	\$10,000.00
Total Charges for Services	\$228,401.35	\$198,584.00

Total Income \$287,914.73

Less Operating Expense		2025 Budget	Remaining
FT Wages	\$23,598.12	\$30,776.58	\$7,178.46
PT Wages	\$68,502.77	\$88,275.05	\$19,772.28
PERA	\$3,437.22	\$7,340.13	\$3,902.91
FICA	\$7,078.46	\$9,107.45	\$2,028.99
Employer Paid Health	\$9,377.82	\$12,499.56	\$3,121.74
Office Supplies	\$0.00	\$400.00	\$400.00
Heating Fuel	\$0.00	\$0.00	\$0.00
Electricity	\$5,582.12	\$6,000.00	\$417.88
Computer Supplies	\$0.00	\$0.00	\$0.00
Training & Instructions	\$0.00	\$0.00	\$0.00
Operating Supplies	\$5,624.56	\$5,000.00	(\$624.56)
Cleaning Supplies	\$0.00	\$0.00	\$0.00
Motor Fuels	\$4,901.93	\$4,000.00	(\$901.93)
Lubricants/Additives	\$996.35	\$0.00	(\$996.35)
Chemicals	\$3,031.05	\$8,000.00	\$4,968.95
Repair/Maint/Supplies	\$63.79	\$0.00	(\$63.79)
Equipment parts	\$0.00	\$0.00	\$0.00
Building Repair supply	\$0.00	\$0.00	\$0.00
Small Tools/Equipment	\$861.38	\$1,000.00	\$138.62
Tires	\$0.00	\$0.00	\$0.00
Auditing/Accounting	\$0.00	\$0.00	\$0.00
Mix Expense	\$0.00	\$0.00	\$0.00
Other for Resale - ice	\$0.00	\$0.00	\$0.00
Medical Fees	\$0.00	\$0.00	\$0.00
Legal Fees	\$0.00	\$0.00	\$0.00
Telephone	\$906.57	\$1,196.52	\$289.95
Internet	\$488.30	\$600.00	\$111.70
Travel Expense	\$161.00	\$0.00	(\$161.00)
Other Equipment	\$0.00	\$0.00	\$0.00
Other Professional services	\$447.94	\$0.00	(\$447.94)
Website Development & Maintenance	\$711.00	\$948.00	\$237.00
Sponsorship Expense	\$1,159.17	\$1,000.00	(\$159.17)
Postage	\$0.00	\$0.00	\$0.00
Advertising	\$558.91	\$1,000.00	\$441.09
Promotional Expenses	\$3,124.20	\$0.00	(\$3,124.20)
Liability Insurance	\$3,977.64	\$5,369.91	\$1,392.27
Property Insurance	\$2,338.00	\$2,540.82	\$202.82
Work Comp	\$2,545.79	\$1,454.30	(\$1,091.49)
Unemployment	\$6,535.24	\$3,000.00	(\$3,535.24)
Dram Insurance	\$0.00	\$1,250.00	\$1,250.00
Garbage Disposal	\$881.19	\$1,300.00	\$418.81
Repair/Maint Building	\$1,671.32	\$2,000.00	\$328.68
Improvements other than Bldgs -	\$10,968.02	\$5,000.00	(\$5,968.02)
Repairs/Maint Machinery	\$9,223.72	\$11,000.00	\$1,776.28
Maintenance Course	\$4,029.78	\$8,000.00	\$3,970.22
Golf Cart Maintenance - ONLY	\$3,847.39	\$2,000.00	(\$1,847.39)
Furniture & Fixtures	\$0.00	\$0.00	\$0.00
Motor Vehicles - golf cart purchase	\$16,076.58	\$12,900.00	(\$3,176.58)
Club House renovations	\$0.00	\$0.00	\$0.00
Other Equipment	\$0.00	\$0.00	\$0.00
Uncollectable Checks	\$0.00	\$0.00	\$0.00
Dues and Subscriptions	\$1,964.89	\$2,500.00	\$535.11
Bank Service Charges	\$6,857.61	\$6,500.00	(\$357.61)
Cart Shed Internal Loan 2020	\$6,118.00	\$6,118.00	\$0.00
Golf Rough Mower Internal Loan - 2022	\$3,650.74	\$3,650.74	\$0.00
Cart Lease - Huntington Bank - 2021	\$14,670.00	\$14,670.00	\$0.00
Equipment Bond Interest 2016	\$175.00	\$175.00	\$0.00
Equipment Bond Principal 2016	\$14,000.00	\$14,000.00	\$0.00
Total Expense	\$250,143.57	\$280,572.06	\$30,428.49

OPERATING INCOME OR LOSS \$3,730.06

Other Expenses	
Misc. Expenses	\$0.00
Donations to Other	\$600.00
Gift Certificates / Discounts	\$12,001.71
Cash Short -	\$687.97
Total Other Expenses	\$13,289.68

Other Income	
General Property taxes	\$339.85
Transfer Fr Liq Str	\$10,000.00
Reimbursements	\$442.97
Donations and Contributions	\$3,573.37
Promotional Event Revenue	\$0.00
Charges for Service - Bank Card Fees	\$2,931.22
Cash Over	\$694.23
Other Revenue	\$50.00
Sponsorship Revenue (cart / tee boxes)	\$4,500.00
Total Other Income	\$22,531.64

NET INCOME OR LOSS YEAR TO DATE \$12,972.02

Inventory On-Hand at 1/1/2025 after inventory total	\$3,802.17
Inventory On-Hand at 9/30/2025	\$3,802.17
Difference	\$0.00

Sales Comparison YTD	2022	2023	2024	2025	+/- over prior year
Green Fees	\$58,841.41	\$92,181.69	\$96,591.37	\$101,160.55	4.52%
Cart Rental	\$33,433.20	\$43,162.06	\$59,854.26	\$62,942.75	4.91%
YTD Comparisons:	2022	2023	2024	2025	+/- over prior year
Operating Revenue	\$201,701.58	\$260,925.16	\$289,329.55	\$310,446.37	6.80%
Operating Expense	\$213,669.78	\$254,494.75	\$288,026.05	\$297,474.35	3.18%
	(\$11,968.20)	\$6,430.41	\$1,303.50	\$12,972.02	

Blackduck Municipal Liquor Store Income Statement
Year to Date Ending 09/30/2025

\$770,345.30 *How much we paid for our inventory (expenses)*

	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	\$20,620.81	\$12,143.22	\$8,477.59	41.11%	\$10,000.00	\$13,000.00	36.96%
THC Beverages - Off-Sale	\$17,272.96	\$10,797.93	\$6,475.03	37.49%	\$15,000.00	\$20,000.00	-15.79%
Liquor Sales Off-Sale	\$254,212.71	\$182,060.19	\$72,152.52	28.38%	\$220,000.00	\$330,000.00	-29.81%
Beer Sales Off-Sale	\$398,430.69	\$305,125.55	\$93,305.14	23.42%	\$400,000.00	\$560,000.00	-40.55%
Wine Sales Off-Sale	\$34,825.23	\$20,794.85	\$14,030.38	40.29%	\$35,000.00	\$50,000.00	-43.57%
Other Sales On/Off-Sale	\$17,078.35	\$13,478.59	\$3,599.76	21.08%	\$7,800.00	\$25,750.00	-50.78%
Liquor Sales On-Sale	\$92,040.60	\$17,646.24	\$74,394.36	80.83%	\$0.00	\$135,000.00	-46.67%
Beer Sales On-Sale	\$129,265.68	\$24,540.80	\$104,724.88	81.02%	\$0.00	\$170,000.00	-31.51%
Wine Sales On-Sale	\$1,733.43	\$599.12	\$1,134.31	65.44%	\$0.00	\$2,000.00	-15.38%
Clothing	\$3,920.30	\$1,748.03	\$2,172.27	55.41%	\$5,000.00	\$5,100.00	-30.09%
Soft Drinks On Sale	\$25,666.03	\$9,251.21	\$16,414.82	63.96%	\$17,000.00	\$30,000.00	-16.89%
Food Sales	\$336,315.50	\$188,925.66	\$147,389.84	43.82%	\$220,000.00	\$400,000.00	-18.94%
Total	\$1,331,382.29	\$787,111.39	\$544,270.90	40.88%	\$929,800.00	\$1,740,850.00	-23.52%

cost of our inventory

Less Operating Expense	2025 YTD	Budget	Remaining
Wages FT	\$191,870.31	\$243,327.49	\$51,457.18
FT Overtime	\$1,781.83	\$1,500.00	(\$281.83)
Wages PT	\$82,482.87	\$108,405.55	\$25,922.68
PERA	\$23,610.15	\$26,096.34	\$2,486.19
FICA	\$25,308.83	\$26,907.57	\$1,598.74
Health Insurance	\$48,547.53	\$64,944.73	\$16,397.20
Office Supplies	\$360.22	\$900.00	\$539.78
Electricity	\$15,255.93	\$20,000.00	\$4,744.07
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	\$11,302.25	\$10,000.00	(\$1,302.25)
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	\$11,043.72	\$16,000.00	\$4,956.28
Auditing / Acct'g Services	\$6,500.00	\$6,500.00	\$0.00
Other Professional Services- <i>Cleaning & Vestis Services</i>	\$17,465.76	\$25,000.00	\$7,534.24
Website Development	\$711.00	\$948.00	\$237.00
Telephone	\$1,652.85	\$2,266.80	\$613.95
Postage	\$1,071.35	\$1,000.00	(\$71.35)
Cable Television	\$1,665.30	\$2,141.88	\$476.58
Internet Access	\$724.66	\$1,019.40	\$294.74
Advertising	\$40.00	\$500.00	\$460.00
Travel Expense	\$430.72	\$300.00	(\$130.72)
Freight	\$5,323.74	\$6,000.00	\$676.26
Legal Fees	\$0.00	\$0.00	\$0.00
Promotions/Entertainment	\$5,785.11	\$7,500.00	\$1,714.89
Legal Notices	\$0.00	\$0.00	\$0.00
Liability Insurance	\$3,977.64	\$5,369.91	\$1,392.27
Property Insurance	\$7,559.00	\$8,169.42	\$610.42
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	\$2,148.22	\$3,100.00	\$951.78
Garbage Disposal	\$6,014.37	\$8,000.00	\$1,985.63
Catering Expense	\$0.00	\$0.00	\$0.00
Repairs & Maintenance	\$0.00	\$0.00	\$0.00
Repairs/Maintenance Building	\$7,793.85	\$12,000.00	\$4,206.15
Uncollectable Checks	\$49.39	\$200.00	\$150.61
Dues and Subscriptions	\$3,098.80	\$4,500.00	\$1,401.20
Bank Service Charges	\$37,399.76	\$40,000.00	\$2,600.24
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>	\$15,640.92	\$7,153.75	(\$8,487.17)
Total Operating Expense	\$612,252.81	\$763,216.19	\$150,963.38

Inventory Expense

(\$16,766.09)

NET INCOME OR LOSS

(\$51,215.82) *(gross profit - expenses)*

Other Expenses

<i>Donations</i>	\$4,050.00	2025 Budget - \$6,000.00
Capital Outlay	\$0.00	
Unemployment Paid	\$0.00	
Cash Short	\$380.98	
Employer CPF contribution - Union Contract - Liquor Portion	\$172.87	
Misc. Expense	\$0.00	
Total Other Expenses	\$4,603.85	

Other Income

Reimbursements (NSF)	\$3,454.51
<i>Rent Income</i>	\$18,210.45
Vending Income	\$2,611.95
Interest	\$3,637.63
Catering Revenue	\$0.00
Bank Service Fees Charged to customers	\$17,034.02
<i>Transfer from Liquor Rent Fund</i>	\$15,000.00
Cash Over	\$5.54
Total Other Income	\$59,954.10

Gross Profit Before Transfers	\$4,134.43
Transfer to General Fund & Other Funds	\$48,500.00
Net Profit After Inventory Exp & Transfers	(\$44,365.57)
Inventory On-Hand at 1/1/2025 after inventory total	\$101,588.00
Inventory On-Hand at 9/30/2025	\$116,143.21
Difference	\$14,555.21

YTD 4-year Sales Comparison Ending 9/30/2025

	2022	2023	2024	2025	% of Increase from 2024-2025
Off-Sale THC Edibles	\$0.00	\$0.00	\$8,581.96	\$20,620.81	140.28%
Off-Sale THC Beverages	\$0.00	\$0.00	\$14,175.09	\$17,272.96	21.85%
Off -Sale Liquor	\$224,455.77	\$248,975.15	\$239,533.60	\$254,212.71	6.13%
Off-Sale Beer	\$401,108.52	\$419,513.34	\$400,062.64	\$398,430.69	-0.41%
Off -Sale Wine	\$38,161.00	\$34,692.87	\$37,542.15	\$34,825.23	-7.24%
Total Off-Sale	\$663,725.29	\$703,181.36	\$699,895.44	\$725,362.40	3.64%
On-Sale Liquor	\$104,869.45	\$110,424.62	\$101,632.93	\$92,040.60	-9.44%
On-Sale Beer	\$130,412.12	\$126,283.18	\$131,048.03	\$129,265.68	-1.36%
On-Sale Wine	\$2,255.47	\$1,464.07	\$1,650.14	\$1,733.43	5.05%
Total On-Sale	\$237,537.04	\$238,171.87	\$234,331.10	\$223,039.71	-4.82%
Total On and Off Sale	\$901,262.33	\$941,353.23	\$934,226.54	\$948,402.11	1.52%
Total Food Sales	\$226,805.42	\$257,512.22	\$312,673.94	\$336,315.50	7.56%
Gross Liquor Store Sales Comparison	\$1,212,843.73	\$1,280,020.16	\$1,360,028.49	\$1,391,336.39	2.30%

2025 Blackduck DMV Office Income Statement

Year to date Revenue thru 9/30/2025

	2025 DMV Sales	2025 DNR Sales	2025 Total Office Sales	Previous Year Total Office Sales	Percentage to Previous Year	DMV Office Retain	DNR Office Retain	Remit to DMV State	Remit to DNR State	2025 Net Office Revenue	2025 YTD DMV Expenses	2025 YTD Net Profit	Previous Year Net 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	\$2,911.98	\$1,014.02	\$2,909.68	-186.95%
September	\$37,117.57	\$1,863.80	\$38,981.37	\$42,864.64	-9.96%	\$3,424.07	\$339.70	\$33,693.50	\$1,524.10	\$3,763.77	\$1,855.80	\$1,907.97	\$1,767.27	7.37%
October				\$46,170.77									\$1,927.43	
November				\$33,512.13									\$1,458.30	
December				\$61,366.15									\$1,949.28	
Year To Date:	\$607,280.51	\$46,590.50	\$653,871.01	\$661,743.39	-1.20%	\$37,529.02	\$4,241.70	\$569,751.49	\$42,348.80	\$41,770.72	\$19,615.91	\$22,154.81	\$31,423.07	-41.83%

General Fund

Year to Date Income Statement thru 09/30/2025

General Fund Revenues - <i>thru 9/30/25</i>	2025 YTD	2025 Budget	Remaining
Property Taxes	\$222,021.19	\$377,146.00	\$155,124.81
LGA	\$161,927.50	\$323,855.00	\$161,927.50
State, County, Federal Aid -	\$27,858.64	\$55,371.00	\$27,512.36
Fire Protection	\$102,357.45	\$102,357.46	\$0.01
Other - fines, interest, licenses, insurance proceeds,interfund transfers, etc.	\$40,077.23	\$15,854.00	(\$24,223.23)
Charges for Service - <i>includes DMV & DNR</i>	\$57,539.78	\$58,000.00	\$460.22
Transfers in	\$35,000.00	\$65,000.00	\$30,000.00
Total General Fund Revenues	\$646,781.79	\$997,583.46	\$350,801.67

General Fund Expenditures - By Department - <i>through 9/30/25</i>	2025 YTD	2025 Budget	Remaining
City Council	\$1,674.29	\$16,450.00	\$14,775.71
Admininstration-	\$163,427.66	\$193,867.35	\$30,439.69
Planning & Zoning	\$0.00	\$2,000.00	\$2,000.00
Government Bldgs	\$11,863.53	\$16,737.91	\$4,874.38
Police Department -	\$157,564.78	\$285,525.27	\$127,960.49
Fire Department	\$94,804.98	\$121,175.00	\$26,370.02
Street Department	\$156,451.39	\$242,144.92	\$85,693.53
Street Lighting	\$8,960.15	\$24,000.00	\$15,039.85
License Center - DMV	\$19,615.91	\$25,863.03	\$6,247.12
Parks - Wayside Rest	\$22,844.11	\$34,696.38	\$11,852.27
Library	\$17,215.97	\$35,124.01	\$17,908.04
Total General Fund Expenditures	\$654,422.77	\$997,583.87	\$343,161.10

Net Difference (\$7,640.98)

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, 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.	
8/2025			2505.00	501.00	501.00	9051.40	1357.71	1858.71	0.00	1858.71	

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

SEP 18 2025



CITY OF BLACKDUCK

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Payments

Current Period: September 2025

Payment Batch DWDCCPMT091625

\$2,410.78

Refer	0	CARDMEMBER SERVICE -DEERW	Ck# 015127 9/24/2025		
Cash Payment	E 601-43200-433	Dues and Subscriptions	Business Card Holder - Christina Regas		\$408.00
Invoice					
Cash Payment	E 602-43200-433	Dues and Subscriptions	Business Card Holder - Christina Regas		\$408.00
Invoice					
Cash Payment	E 101-41400-200	Office Supplies (GENER	Business Card Holder - Christina Regas		\$78.10
Invoice					
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		\$149.00
Invoice					
Transaction Date	9/16/2025	DW Checking	10100	Total	\$1,052.05
Refer	0	CARDMEMBER SERVICE -DEERW	Ck# 015127 9/24/2025		
Cash Payment	E 601-43200-433	Dues and Subscriptions	Business Credit Card Holder - Mike Schwanke		\$1.99
Invoice					
Cash Payment	E 602-43200-208	Training and Instruction	Business Credit Card Holder - Mike Schwanke		\$284.00
Invoice					
Cash Payment	E 613-49830-404	Repairs/Maint Machinery	Business Credit Card Holder - Mike Schwanke		\$519.57
Invoice					
Cash Payment	E 613-49830-404	Repairs/Maint Machinery	Business Credit Card Holder - Mike Schwanke		\$385.94
Invoice					
Cash Payment	E 601-43200-402	Repairs/Maint Structures	Business Credit Card Holder - Mike Schwanke		\$92.59
Invoice					
Transaction Date	9/16/2025	DW Checking	10100	Total	\$1,284.09
Refer	0	CARDMEMBER SERVICE -DEERW	Ck# 015127 9/24/2025		
Cash Payment	E 101-42110-212	Motor Fuels	Business Card Holder - Police Chief		\$53.96
Invoice					
Transaction Date	9/16/2025	DW Checking	10100	Total	\$53.96
Refer	0	CARDMEMBER SERVICE -DEERW	Ck# 015127 9/24/2025		
Cash Payment	E 613-49830-210	Operating Supplies (GEN	Business Credit Card Holder - Misty Frenzel		\$20.68
Invoice					
Transaction Date	9/16/2025	DW Checking	10100	Total	\$20.68

Fund Summary

	10100 DW Checking	
101 GENERAL FUND		\$290.01
601 WATER FUND		\$502.58
602 SEWER FUND		\$692.00
613 GOLF COURSE		\$926.19
		\$2,410.78

Pre-Written Checks	\$2,410.78
Checks to be Generated by the Computer	\$0.00
Total	
	\$2,410.78

CITY OF BLACKDUCK

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Transaction Activity COB Payrolls - September 2025

Search Name	Amount	Check Nbr	EFT	Tran Name	Check/Receipt Date	Period Name	Batch Name
INTERNAL REVENUE SERVICE	\$5,834.18	004824	Yes	Cash Payment	09/23/25	September	PR20LIABS092325
MN DEPT OF REVENUE	\$1,419.06	004815	Yes	Cash Payment	09/17/25	September	PR19LIABS090925
MN CHILD SUPPORT PAY CTR	\$25.00	015106	No	Cash Payment	09/09/25	September	PR19LIABS090925
IUOE LOCAL #49	\$140.00	015105	No	Cash Payment	09/09/25	September	PR19LIABS090925
PERA	\$5,896.97	004816	Yes	Cash Payment	09/17/25	September	PR19LIABS090925
NATIONWIDE	\$346.05	004817	Yes	Cash Payment	09/17/25	September	PR19LIABS090925
INTERNAL REVENUE SERVICE	\$2,247.46	004814	Yes	Cash Payment	09/17/25	September	PR19LIABS090925
CENTRAL PENSION FUND	\$603.00	015104	No	Cash Payment	09/09/25	September	PR19LIABS090925
PERA	\$5,658.22	004823	Yes	Cash Payment	09/23/25	September	PR20LIABS092325
INTERNAL REVENUE SERVICE	\$2,107.41	004824	Yes	Cash Payment	09/23/25	September	PR20LIABS092325
MN DEPT OF REVENUE	\$1,379.29	004825	Yes	Cash Payment	09/23/25	September	PR20LIABS092325
NATIONWIDE	\$346.05	004826	Yes	Cash Payment	09/23/25	September	PR20LIABS092325
DEERWOOD BANK	\$3,283.37	015125	No	Cash Payment	09/23/25	September	PR20LIABS092325
MN CHILD SUPPORT PAY CTR	\$25.00	015126	No	Cash Payment	09/23/25	September	PR20LIABS092325
CENTRAL PENSION FUND	\$584.75	015124	No	Cash Payment	09/23/25	September	PR20LIABS092325
INTERNAL REVENUE SERVICE	\$5,865.94	004814	Yes	Cash Payment	09/17/25	September	PR19LIABS090925
	\$35,761.75						

Transaction Activity COB Payrolls - September 2025

Search Name	Amount	Check Nbr	EFT	Tran Name	Check/Receipt Date	Period Name	Batch Name
NORTHWEST SERVICE COOP	\$8,553.60	004810	Yes	Cash Payment	09/15/25	September	NWSCoop 092025
	\$8,553.60						

CITY OF BLACKDUCK

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Transaction Activity COB Payrolls - September 2025

Search Name	Amount	Check Nbr	EFT	Tran Name	Check/Receipt Date	Period Name	Batch Name
LINCOLN NATIONAL LIFE	\$595.81	004820	Yes	Cash Payment	09/22/25	September	LinLife 092025
	\$595.81						

CITY OF BLACKDUCK

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Transaction Activity COB Payrolls - September 2025

Search Name	Amount	Check Nbr	EFT	Tran Name	Check/Receipt Date	Period Name	Batch Name
DELTA DENTAL	\$447.72	004811	Yes	Cash Payment	09/15/25	September	DeltaD 092025
	\$447.72						

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		
9/10/2025	July	9,644.67			(86.80)	9,557.87		
10/10/2025	August					-		
11/10/2025	September					-		
12/10/2025	October					-		
1/9/2026	November					-		
2/10/2026	December					-		
3/10/2026	January					-		
4/10/2026	February					-		
5/8/2026	March					-		
6/10/2026	April					-		
7/10/2026	May					-		
8/10/2026	June					-		
TOTAL		9,644.67	-	-	(86.80)	9,557.87		
Please note: This report contains current fiscal year information only.								



CITY OF BLACKDUCK

Payments

09/12/25 8:05 AM
Page 1

Current Period: September 2025

Payment Batch BDLEEVERS091025

\$4,600.75

Refer	0 BLACKDUCK LEEVERS FOODS	Ck# 015108 9/10/2025	
Cash Payment	E 609-49750-260 Food for Resale		\$4,052.34
Invoice	091025		
Cash Payment	E 613-49830-210 Operating Supplies (GEN		\$30.19
Invoice	091025 9/10/2025		
Cash Payment	E 613-49830-260 Food for Resale		\$150.79
Invoice	091025 9/10/2025		
Cash Payment	E 602-43200-331 Travel Expenses		\$114.52
Invoice	091025 9/10/2025		
Cash Payment	E 101-41110-208 Training and Instruction		\$252.91
Invoice	091025 9/10/2025		
Transaction Date	9/10/2025	DW Checking 10100	Total \$4,600.75

Fund Summary

	10100 DW Checking	
101 GENERAL FUND		\$252.91
602 SEWER FUND		\$114.52
609 MUNICIPAL LIQUOR FUND		\$4,052.34
613 GOLF COURSE		\$180.98
		\$4,600.75

Pre-Written Checks	\$4,600.75
Checks to be Generated by the Computer	\$0.00
Total	\$4,600.75

To

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

Reference Information

Pay Cycle: DLYEFT
Pay Cycle Seq Number: 3587

Payment Information

Payment Reference: 0009907835
Payment Date: 09/30/2025
Payment Method: Automated Clearing House

Agency Code / Description	Contact Phone	Voucher ID / Payment Message	Invoice Date	Invoice Number	Customer Account	Paid Amt
G90 / REVENUE/INTERGOVT	651/556-6092	00 11752880	10/01/2025	24015A20402002P001	CITY-040200 POLICE_AID	12,703.64
POLICE STATE AID						
Total:						12,703.64 USD

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

Reference Information
Pay Cycle: DLYEFT
Pay Cycle Seq Number: 3588

Payment Information
Payment Reference: 0009910217
Payment Date: 10/01/2025
Payment Method: Automated Clearing House

Agency Code / Description	Contact Phone	Voucher ID / Payment Message	Invoice Date	Invoice Number	Customer Account	Paid Amt
P07 / BCA / BCA LAB - Tim Ducote	651/201-7022	30 01097906	09/26/2025	PSOB Blackduck 9/26/25		8,342.16
Total:						8,342.16 USD

**INTOXICATING LIQUOR & WINE
ON / OFF SALE LICENSE**



License is hereby Granted to

**The City of Blackduck
TO SELL AT RETAIL**

Intoxicating Liquor & Wine

FOR CONSUMPTION ON / OFF THE PREMISES LOCATED AT

The Pond

In the City of Blackduck, County of Beltrami, State of Minnesota
for the period commencing January 1st, 2026 and terminating December 31st, 2026
at midnight.

WITNESS THE GOVERNING BODY of the CITY OF BLACKDUCK and the seal thereof this 6th day of October, 2025
The Council of the City of Blackduck

Attest:
Administrator

by
Mayor

**INTOXICATING LIQUOR & WINE
CITY ON SALE LICENSE**

License is hereby Granted to

**The City of Blackduck
TO SELL AT RETAIL**

Intoxicating Liquor & Wine

FOR CONSUMPTION ON THE PREMISES LOCATED AT

Blackduck Municipal Golf Course

In the City of Blackduck, County of Beltrami, State of Minnesota
for the period commencing January 1st, 2026 and terminating December 31st, 2026
at midnight.



WITNESS THE GOVERNING BODY of the CITY OF BLACKDUCK and the seal thereof this 6th day of October, 2025
The Council of the City of Blackduck

Attest:
Administrator

by
Mayor

MINIMUM WAGE IN MINNESOTA

Minimum-wage rate to be adjusted for inflation as of Jan. 1, 2026

Effective Jan. 1, 2026, Minnesota’s minimum-wage rate will be adjusted for inflation to \$11.41 an hour for all employers in the state. The 90-day training wage for workers under age 20 will increase to \$9.31.

CALL US ►

EMAIL US ►

Minimum-wage rates

Provision	Amount as of Jan. 1, 2025	Amount as of Jan. 1, 2026
State minimum wage	\$11.13 an hour	\$11.41 an hour
90-day training wage (under 20 years of age)	\$9.08 an hour	\$9.31 an hour



Federal, state, local minimum-wage laws

- The state minimum-wage is higher than the federal minimum-wage, so employees who are covered by both laws must be paid the higher state minimum-wage.

- Minimum-wage rates apply to all hours worked, whether part time or full time.
- Employees must be paid at least the current minimum-wage rate, no matter how they are paid.
- St. Paul and Minneapolis both have minimum wage ordinances that may require a higher rate of pay. Learn more about city minimum wage requirements for [Minneapolis](#) and [St. Paul](#).

Tip credit

- No employer may take a tip credit against minimum wages in Minnesota.
- An employee must be paid at least the minimum wage per hour, plus any tips the employee might earn.

Resources

- [Minnesota's minimum wage laws](#)
- [Minnesota minimum-wage report](#), published December 2024
- [Workplace notices and posters](#): Required to be displayed for employees and updated when Minnesota law changes.

For more information

Contact us at dli.laborstandards@state.mn.us, 651-284-5075 or 800-342-5354.

 [Español](#) | [Soomaali](#) | [Hmoob](#) | [Karen/ကညီ](#) | [Chinese/简体中文](#)

 | [Register to Vote](#) ✓

[Disclaimer](#)

Proposed 2026 wage scales -*D OL increase = .28*

Points	Department	Position	FT/PT/Seasonal Benefited	FLSA Status				Steps 4-TOR (Dept Head & PD = 6% increases over previous) (FT = 4%) (PT = 3%)							
					<i>Hiring Range Step 1</i>	<i>Hiring Range Step 2 (6% over 1)</i>	<i>Hiring Range Step 3 (FT = 6% over 2) (PT = 3% over 2)</i>	<i>Step 4</i>	<i>Step 5</i>	<i>Step 6</i>	<i>Step 7</i>	<i>Step 8</i>	<i>Step 9</i>	<i>Step 10</i>	<i>Top of Range</i>
483	Administration	City Administrator / Deputy Registrar	FT /Benefited	Exempt	\$24.87	\$26.36	\$27.94	\$29.62	\$31.40	\$33.28	\$35.28	\$37.40	\$39.64	\$42.02	\$44.54
353	Public Works	Public Works Director -	FT / Benefited / Union	Non-Exempt	\$24.87	\$26.36	\$27.94	\$29.62	\$31.40	\$33.28	\$35.28	\$37.40	\$39.64	\$42.02	\$44.54
353	Police	Chief of Police	FT / Benefited	Non-Exempt	\$26.08	\$27.64	\$29.30	\$31.06	\$32.93	\$34.90	\$36.99	\$39.21	\$41.57	\$44.06	\$46.71
342	Liquor	Director of Liquor Operations	FT / Benefited	Non-Exempt	\$22.69	\$24.05	\$25.49	\$27.02	\$28.65	\$30.36	\$32.19	\$34.12	\$36.16	\$38.33	\$40.63
305	Public Works	Water & Wastewater & Maintenance Worker -	FT / Benefited / Union	Non-Exempt	\$22.53	\$23.88	\$25.31	\$26.33	\$27.38	\$28.48	\$29.61	\$30.80	\$32.03	\$33.31	\$34.64
244	Police	Patrol Officer	FT / Benefited	Non-Exempt	\$21.90	\$23.21	\$24.61	\$26.08	\$27.65	\$29.31	\$31.07	\$32.93	\$34.91	\$37.00	\$39.22
244	Police	Patrol Officer - <i>Experience level</i>	PT	Non-Exempt	\$21.90	\$23.21	\$24.61	\$26.08	\$27.65	\$29.31	\$31.07	\$32.93	\$34.91	\$37.00	\$39.22
291	Liquor	Assistant Liquor Store Manager	FT / Benefited	Non-Exempt	\$18.00	\$19.08	\$20.22	\$21.03	\$21.88	\$22.75	\$23.66	\$24.61	\$25.59	\$26.61	\$27.68
218	Liquor	Lead Bartender	FT / Benefited	Non-Exempt	\$13.81	\$14.64	\$15.52	\$16.14	\$16.78	\$17.45	\$18.15	\$18.88	\$19.63	\$20.42	\$21.24
256	Administration	Deputy Clerk / Admin Asst. / Deputy Registrar	FT / Benefited / Union	Non-Exempt	\$19.28	\$20.44	\$21.66	\$22.53	\$23.43	\$24.37	\$25.34	\$26.36	\$27.41	\$28.51	\$29.65
291	Golf	Golf Course Director	FT / Benefited	Exempt	\$18.00	\$19.08	\$20.22	\$21.44	\$22.72	\$24.09	\$25.53	\$27.07	\$28.69	\$30.41	\$32.24
173	Liquor	Bartender	PT	Non-Exempt	\$11.41	\$12.09	\$12.46	\$12.83	\$13.22	\$13.61	\$14.02	\$14.44	\$14.87	\$15.32	\$15.78
153	Liquor	Liquor Store Clerk	FT / Benefited	Non-Exempt	\$13.81	\$14.64	\$15.52	\$16.14	\$16.78	\$17.45	\$18.15	\$18.88	\$19.63	\$20.42	\$21.24
153	Liquor	Liquor Store Clerk	PT	Non-Exempt	\$11.41	\$12.09	\$12.46	\$12.83	\$13.22	\$13.61	\$14.02	\$14.44	\$14.87	\$15.32	\$15.78
134	Liquor	Cook	FT / Benefited	Non-Exempt	\$13.81	\$14.64	\$15.52	\$16.14	\$16.78	\$17.45	\$18.15	\$18.88	\$19.63	\$20.42	\$21.24
134	Liquor	Cook	PT	Non-Exempt	\$13.08	\$13.86	\$14.28	\$14.71	\$15.15	\$15.60	\$16.07	\$16.56	\$17.05	\$17.56	\$18.09
210	Golf	Golf Course Head Grounds Keeper	FT / Seasonal	Non-Exempt	\$13.08	\$13.86	\$14.70	\$15.28	\$15.90	\$16.53	\$17.19	\$17.88	\$18.60	\$19.34	\$20.11
210	Public Works	Public Works Summer Maintenance	PT / Seasonal	Non-Exempt	\$11.41	\$12.09	\$12.46	\$12.83	\$13.22	\$13.61	\$14.02	\$14.44	\$14.87	\$15.32	\$15.78
173	Golf	Golf Course Club House Clerk	PT / Seasonal	Non-Exempt	\$11.41	\$12.09	\$12.46	\$12.83	\$13.22	\$13.61	\$14.02	\$14.44	\$14.87	\$15.32	\$15.78
173	Golf	Golf Course Grounds Maintenance	PT / Seasonal	Non-Exempt	\$11.41	\$12.09	\$12.46	\$12.83	\$13.22	\$13.61	\$14.02	\$14.44	\$14.87	\$15.32	\$15.78
<i>updated 09/11/2025</i>		2026 Department of Labor Increase	0.28	<i>Wage Scales Step 1 begin with 2025 Step 1 + DOL increase</i>											

Final Council Approval for the Following

Part-time Employees:

Name:	Position:	Date of Hire:	Wage:
Logan Pederson	Cook – Part time	09/12/2025	\$14.00



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

September 10, 2025

Beltrami Electric Cooperative, Inc.
Jared Echternach
4111 Technology Drive NW
Bemidji, MN 56601

Dear Mr. Echternach and Beltrami Electric Board Members,

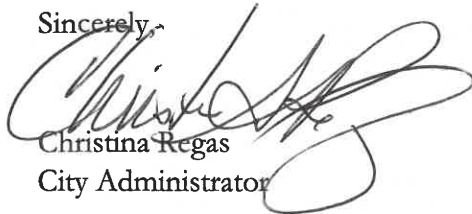
During the regular Council Meeting, Monday, September 8, 2025, the City Council of the City of Blackduck failed to approve a motion to authorize funding for the project for Blackduck City Hall approved from Rural Development towards a Revolving Loan as the ultimate recipient.

The City of Blackduck appreciates the opportunity to partner with the cooperative, however, the City of Blackduck cannot approve future funds at this time for the facility project. The City appreciates the experience working through the application process and in no way holds Beltrami Electric Cooperative in a negative view. The City Council of the City of Blackduck at this time will evaluate the options for Blackduck City Hall and will consider the best path for the facility and the tax payers of the City.

Please accept this letter as a formal withdraw from the Rural Economic Development Grant application and report to your board members. Questions and concerns may be relayed to Mayor Gullette by email Maxwell.gullette@blackduckmn.com or contacting Administrator Regas in Blackduck City Hall 218-835-4803.

The City of Blackduck expresses its sincere gratitude for the partnership with Beltrami Electric staff and Board Members. Beltrami Electric staff members Ayla Kranz, Bob Gregg, and Mike Birkeland have been tremendous to work with this past year through the application process and should be provided epic recognition.

Sincerely,



Christina Regas
City Administrator

CC: Chad Newman, USDA Rural Development and Blackduck City Council

www.blackduckmn.com

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

"The City Of Blackduck Is An Equal Opportunity Provider"



September 17, 2025

Tina Wick
29193 Haiby Rd
Blackduck, MN 56630

RE: Trust Member: City of Blackduck
Claimant: Tina Wick
Date of Loss: 8/20/2025
Claim Number: GL 459829

Dear Ms. Wick,

The League of Minnesota Cities Insurance Trust (LMCIT) provides general liability coverage to our trust member, the City of Blackduck. We have completed our liability investigation, determining the City of Blackduck is not responsible for causing damage to your vehicle. Therefore, payment of any damages you've sustained will not be issued.

The primary issue in determining if a city is liable for damage is whether the city breached its duty of reasonable care in lawn mowing procedures or in the maintenance of lawnmowing equipment. Unless a city is negligent, it is not liable. It is our understanding that you believe the damage to your vehicle was caused by an unknown object, dislodged or ejected from the city's lawnmower, while driving along State Highway 71 in Blackduck, MN.

LMCIT has discovered no evidence that the city breached its duty of reasonable care or was negligent in the procedures or maintenance of their equipment. We respectfully deny liability for your loss and regret we cannot provide you with a more favorable resolution to your claim.

Sincerely,

David Koepp | Adjuster P&C Claims

Tel: (612) 463-2715

dkoepp@lmc.org | www.lmc.org

League of Minnesota Cities

145 University Ave. West | St. Paul, MN 55103

Cc: City of Blackduck – Via email



ACKNOWLEDGEMENT OF CLAIM

August 26, 2025

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

Re: Our Claim Number: LMC GL 000000459829
LMCIT Member: Blackduck, City Of
Claimant Name(s): Tina Wick
Occurrence/Date of Loss: August 20, 2025
Claim Description: Kicked up rock from mower hit claimant's vehicle.

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: Dale Schmidt Agency, Inc.
823 Washington Ave S
Bemidji Minnesota 56601-3448

KITCHIGAMI REGIONAL LIBRARY SYSTEM

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2024



CPAs | CONSULTANTS | WEALTH ADVISORS

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Directors
Kitchigami Regional Library System
Pine River, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Kitchigami Regional Library System (the Library System), Pine River, Minnesota, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Library System'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 and each major fund of the Library System as of December 31, 2024, and the respective changes in financial position 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 Library System 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 – Restatement

As discussed in Note 11 to the financial statements, the Library System restated beginning net position of the governmental activities and beginning fund balance of the Arts and Cultural Heritage Fund to correct an error in the previously issued financial statements. Our opinions are not modified with respect to this matter.

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 Library System'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 Library System'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 Library System'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, budgetary comparison schedule – General Fund, budgetary comparison schedule – Arts and Cultural Heritage Fund, the schedule of the Library System's proportionate share of the net pension liability, and the schedule of the Library System contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library System's basic financial statements. The detailed revenue and expense schedule – entity wide is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the detailed revenue and expense schedule – entity wide is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

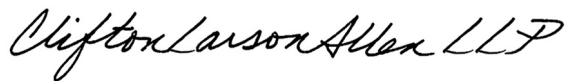
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of Minnesota legacy grant funding and the schedule of regional library telecommunication aid – cash basis 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2025, on our consideration of the Library System'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 Library System'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 Library System's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Brainerd, Minnesota
September 9, 2025

REQUIRED SUPPLEMENTARY INFORMATION

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

This section of Kitchigami Regional Library System's (the Library System) annual financial report presents our discussion and analysis of the Library System's financial performance during the year ended on December 31, 2024.

FINANCIAL HIGHLIGHTS

Key financial highlights for the year ended December 31, 2024 include the following:

- Overall revenues in the statement of activities were \$3,665,609 and expenses were \$4,046,534.
- As of the close of the current fiscal year, the governmental activities combined net position was \$5,097,157, a decrease of \$380,925 from the prior year. \$722,377 of this amount is the investment in capital assets, and \$763,091 is restricted to specific purposes.
- The General Fund's fund balance decreased \$445,249 from 2023 activity.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditors' Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of the Library System:

- The first two statements are government-wide financial statements that provide both *short-term* and *long-term* information about the Library System's overall financial status.
- The remaining statements are fund financial statements that focus on *individual parts* of the Library System, reporting the Library System's operations in more detail than the entity-wide statements.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data.

Entity-Wide Statements

The entity-wide statements report information about the Library System as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Library System's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two entity-wide statements report the Library System's net position and how it has changed. Net position – the difference between the Library System's assets and deferred outflows of resources, and liabilities and deferred inflows of resources – is a way to measure the Library System's financial position.

- Over time, increases or decreases in the Library System's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the Library System you need to consider additional nonfinancial factors such as changes in the member county's tax bases, and other nonfinancial factors.

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Entity-Wide Statements (Continued)

In the Entity-Wide financial statements the Library System's activities are shown in one category:

- *Governmental activities* – Includes all of the Library System's basic services

Fund Financial Statements

The fund financial statements provide more detailed information about the Library System's funds – focusing on its most significant or "major" funds – not the Library System as a whole. Funds are accounting devices the Library System uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The Library System establishes other funds to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal grants).

The Library System has one kind of fund:

- ***Governmental funds*** – The Library System's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Library System's programs. Because this information does not encompass the additional long-term focus of the Entity-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

FINANCIAL ANALYSIS OF THE LIBRARY SYSTEM AS A WHOLE

Net Position

The Library System's combined net position was \$5,097,157 on December 31, 2024.

**Table A-1
Net Position**

	Governmental Activities		
	2024	2023	Change
Current and Other Assets	\$ 5,681,574	\$ 6,069,856	(6.40)%
Capital and Noncurrent Assets	<u>722,377</u>	<u>696,972</u>	3.65
Total Assets	<u>6,403,951</u>	<u>6,766,828</u>	(5.36)
Deferred Outflows of Resources	223,584	357,494	(37.46)
Current Liabilities	217,680	334,085	(34.84)
Long-Term Liabilities	<u>805,916</u>	<u>1,152,832</u>	(30.09)
Total Liabilities	<u>1,023,596</u>	<u>1,486,917</u>	(31.16)
Deferred Inflows of Resources	<u>506,782</u>	<u>361,065</u>	40.36
Net Position:			
Investment in Capital Assets	722,377	696,972	3.65
Restricted	763,091	513,813	48.52
Unrestricted	<u>3,611,689</u>	<u>4,065,555</u>	(11.16)
Total Net Position	<u><u>\$ 5,097,157</u></u>	<u><u>\$ 5,276,340</u></u>	(3.40)

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

FINANCIAL ANALYSIS OF THE LIBRARY SYSTEM AS A WHOLE (CONTINUED)

Changes in Net Position

A summary of the revenues and expenses is presented below and described in more detail following the table.

The total net position of the Library System decreased \$380,925. The decrease is mainly due to current year changes in actuarial assumptions.

	Governmental Activities for the fiscal year ended December 31,		Total % Change
	2024	2023	
REVENUES			
Program Revenues:			
Charges for Services	\$ 31,358	\$ 31,139	0.70 %
Regional Library Basic System Support Grant	953,438	835,464	14.12
Regional Library Telecommunications Aid Grant	34,630	45,699	(24.22)
Legacy Grant	117,738	78,320	50.33
Other Grants and Contributions	177,934	111,411	59.71
General Revenues:			
Allotments from Participating Governments	2,232,183	2,064,122	8.14
Investment Earnings	108,031	93,133	16.00
Gain on Sale of Capital Assets	10,297	-	100.00
Total Revenues	<u>3,665,609</u>	<u>3,259,288</u>	12.47
EXPENSES			
Library Operations	3,317,597	3,003,429	10.46
Building	22,548	24,346	(7.39)
Vehicle	36,589	25,321	44.50
Branch Collections	274,945	303,379	(9.37)
Library Materials	234,900	190,723	23.16
Legacy Programs	82,578	78,320	5.44
Board	67,377	43,540	54.75
Associate Service	10,000	10,000	-
Total Expenses	<u>4,046,534</u>	<u>3,679,058</u>	9.99
CHANGE IN NET POSITION	(380,925)	(419,770)	
Net Position - Beginning of Year, as Previously Reported	5,276,340	5,696,110	
Prior Period Adjustment - Correction of an Error (see Note 11)	201,742	-	
Net Position - Beginning of Year, as Restated	<u>5,478,082</u>	<u>5,696,110</u>	
NET POSITION - END OF YEAR	<u>\$ 5,097,157</u>	<u>\$ 5,276,340</u>	

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

FINANCIAL ANALYSIS OF THE LIBRARY SYSTEM AS A WHOLE (CONTINUED)

The cost of all governmental activities this year was \$4,046,534.

- Some of the cost was paid by the users of the Library System's programs \$31,358.
- The state and local governments subsidized certain programs with grants and contribution \$1,283,740.
- Most of the Library System's costs, however, were paid for by Library System taxpayers via allotments from member governments and the taxpayers of our state.
- This portion of governmental activities was paid for with \$2,232,183 in allotments from member governments, \$108,031 of investment earnings, and \$10,297 from the sale of capital assets.

Figure A-1 Sources of Library's Revenues for Fiscal 2024

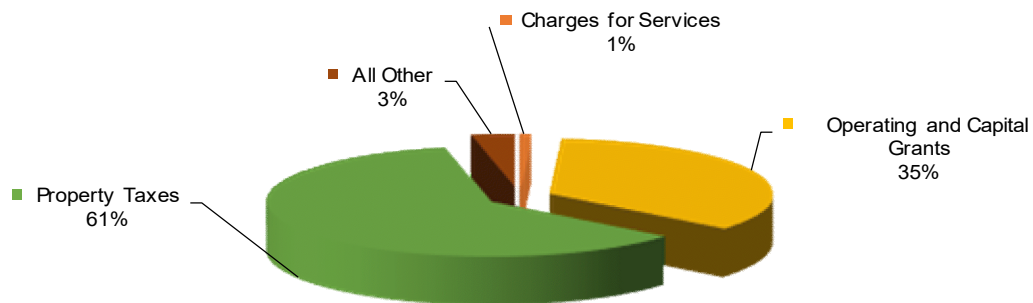
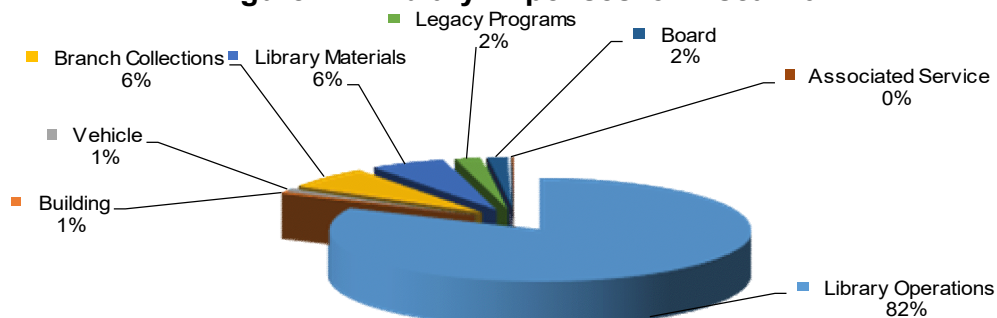


Figure A-2 Library Expenses for Fiscal 2024



**KITCHIGAMI REGIONAL LIBRARY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

FINANCIAL ANALYSIS OF THE LIBRARY SYSTEM AS A WHOLE (CONTINUED)

Table A-3 presents the cost of each of the Library System's program functions, as well as each function's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Library System's taxpayers by each of these functions.

**Table A-3
Cost and Net Cost of Services**

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2024	2023		2024	2023	
Library Operations	\$ 3,317,597	\$ 3,003,429	10.46 %	\$ 2,120,237	\$ 1,979,716	7.10 %
Building	22,548	24,346	(7.39)	22,548	24,346	(7.39)
Vehicle	36,589	25,321	44.50	36,589	25,321	44.50
Branch Collections	274,945	303,379	(9.37)	274,945	303,379	(9.37)
Library Materials	234,900	190,723	23.16	234,900	190,723	23.16
Legacy Programs	82,578	78,320	5.44	(35,160)	-	100.00
Board	67,377	43,540	54.75	67,377	43,540	54.75
Associate Service	10,000	10,000	-	10,000	10,000	-
Total	<u>\$ 4,046,534</u>	<u>\$ 3,679,058</u>	9.99	<u>\$ 2,731,436</u>	<u>\$ 2,577,025</u>	5.99

FINANCIAL ANALYSIS OF THE LIBRARY SYSTEM'S FUNDS

The financial performance of the Library System as a whole is reflected in its governmental funds as well. As the Library System completed the year, its governmental funds reported a combined fund balance of \$5,527,424. This is a decrease of \$208,347 .

Revenues for the Library System's governmental funds were \$3,620,931 while total expenditures were \$4,041,501. The associated decrease of \$420,570 resulted from expenditures being higher than revenues. In addition, there was 4% in proceeds from the sale of equipment.

GENERAL FUND

The General Fund includes the primary operations of the Library System in providing services to citizens. The year-ending fund balance in the General Fund decreased by \$445,249 from 2023, primarily due to an increase in library operation costs.

ARTS AND CULTURAL HERITAGE FUND

The Arts and Cultural Heritage Fund accounts for the activity of the Library System's Legacy Program during the year. The Fund has a total fund balance of \$236,902. This was an increase of \$35,160, after the restatement, due to an increase in grant revenue over grant expenditures during the current year.

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

FINANCIAL ANALYSIS OF THE LIBRARY SYSTEM'S FUNDS (CONTINUED)

The following schedule presents a summary of General Fund revenues.

**Table A-4
General Fund Revenues**

	Year Ended		Change	
	December 31, 2024	December 31, 2023	Increase (Decrease)	Percent
Intergovernmental:				
Federal Sources	\$ -	\$ 1,180	\$ (1,180)	(100.0)%
State Sources	1,072,426	951,486	120,940	12.7
Other Sources	2,232,183	2,064,122	168,061	8.1
Charges for Services	31,358	31,139	219	0.7
Investment Earnings	108,031	93,133	14,898	16.0
Miscellaneous and Other	59,195	39,908	19,287	48.3
Total General Fund Revenues	<u>\$ 3,503,193</u>	<u>\$ 3,180,968</u>	<u>\$ 322,225</u>	10.1

Total General Fund revenues increased by \$322,225 or 10.1% over the previous year. This increase was due primarily to an increase in County and local contributions funded through property taxes, and an increase in investment earnings due to an increase in interest rates.

The following schedule presents a summary of General Fund expenditures.

**Table A-5
General Fund Expenditures**

	Year Ended		Change	
	December 31, 2024	December 31, 2023	Increase (Decrease)	Percent
Library Operations	\$ 3,186,537	\$ 2,846,150	\$ 340,387	12.0 %
Building	22,548	24,346	(1,798)	(7.4)
Vehicle	36,589	25,321	11,268	44.5
Branch Collections	286,321	305,684	(19,363)	(6.3)
Library Materials	234,900	190,723	44,177	23.2
Board	67,377	43,540	23,837	54.7
Associate Service	10,000	10,000	-	-
Capital Outlay	114,651	45,394	69,257	152.6
Total Expenditures	<u>\$ 3,958,923</u>	<u>\$ 3,491,158</u>	<u>\$ 467,765</u>	13.4

Total General Fund expenditures increased \$467,765 or 13.4% from the previous year due primarily to increased personnel costs with cost of living adjustments.

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

General Fund Budgetary Highlights

The General Fund revenues were \$70,956 higher than budget due to an increase in investment earnings and donations that were not budgeted for. Expenditures were under budget by \$203,471 during the current fiscal year due to spending less on building renovations than what was originally planned.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Through 2024, the Library System has invested \$722,377 (net of accumulated depreciation) in a broad range of capital assets. (More detailed information about capital assets can be found in Note 5 to the financial statements.) Total depreciation/amortization expense for the year was \$76,816.

**Table A-6
The Library System's Capital Assets**

	2024	2023	Percentage Change
Land	\$ 30,000	\$ 30,000	-
Buildings and Improvements	650,368	650,368	-
Vehicles	185,208	176,648	4.8
Furniture, Fixtures, and Equipment	136,173	179,345	(24.1)
Books and Materials (Collections)	875,823	833,016	5.1
Intangible Asset - Software	-	19,916	(100.0)
Less: Accumulated Depreciation/Amortization	(1,155,195)	(1,192,321)	(3.1)
Total	<u>\$ 722,377</u>	<u>\$ 696,972</u>	3.6

Long-Term Debt

The long-term liability balances for the years ended December 31 are:

**Table A-7
The Library System's Long-Term Debt**

	2024	2023	Percentage Change
Net Pension Liability	\$ 747,272	\$ 1,090,418	(31.47)
Compensated Absences Payable	122,174	62,414	95.75
Total	<u>\$ 869,446</u>	<u>\$ 1,152,832</u>	(24.58)

During the current fiscal year, the Library System's, compensated absences increased by \$59,760, and the net pension liability decreased by \$343,146. (More detailed information about long-term liabilities can be found in Note 7 and Note 9 to the financial statements.)

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

FACTORS BEARING ON THE LIBRARY SYSTEM'S FUTURE

The future financial health of the Library System depends on receipts of revenues from state and member organization for programs and services. Projecting future revenue is tenuous because of factors affecting those member governments.

CONTACTING THE LIBRARY SYSTEM'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Library System's finances and to demonstrate the Library System's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Regional Office, Kitchigami Regional Library System, P.O. Box 84, Pine River, MN 56474.

BASIC FINANCIAL STATEMENTS

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
STATEMENT OF NET POSITION
DECEMBER 31, 2024**

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 5,446,361
Restricted Investments	141,517
Accounts Receivable	2,854
Interest Receivable	8,018
Prepaid Items	82,824
Capital Assets	
Land and Construction in Progress	30,000
Other Capital Assets, Net of Depreciation/Amortization	692,377
Total Assets	<u>6,403,951</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related	223,584
LIABILITIES	
Salaries and Payroll Deductions Payable	86,681
Accounts and Contracts Payable	67,469
Compensated Absences - Due in Less Than One Year	63,530
Unearned Revenue	-
Long-Term Liabilities	
Compensated Absences	58,644
Net Pension Liability	747,272
Total Liabilities	<u>1,023,596</u>
DEFERRED INFLOWS OF RESOURCES	
Pension Related	<u>506,782</u>
NET POSITION	
Investment in Capital Assets	722,377
Restricted for	
Grants - Endowment Related	141,517
Grants - Legacy Related	236,902
Library Branch Automation	255,458
Branch Libraries	129,214
Unrestricted	<u>3,611,689</u>
Total Net Position	<u><u>\$ 5,097,157</u></u>

See accompanying Notes to Basic Financial Statements.

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants Contributions	Total Governmental Activities
Governmental Activities				
Library Operations	\$ 3,317,597	\$ 31,358	\$ 1,166,002	\$ (2,120,237)
Building	22,548	-	-	(22,548)
Vehicle	36,589	-	-	(36,589)
Branch Collections	274,945	-	-	(274,945)
Library Materials	234,900	-	-	(234,900)
Legacy Programs	82,578	-	117,738	35,160
Board	67,377	-	-	(67,377)
Associate Service	10,000	-	-	(10,000)
Total Library	<u>\$ 4,046,534</u>	<u>\$ 31,358</u>	<u>\$ 1,283,740</u>	(2,731,436)
GENERAL REVENUES				
Allotments from Governments				2,232,183
Earnings on Investments				108,031
Gain on Sale of Capital Assets				10,297
Total General Revenues				<u>2,350,511</u>
CHANGE IN NET POSITION				(380,925)
Net Position - Beginning of Year, as Previously Reported				5,276,340
Prior Period Adjustment - Correction of an Error (see Note 11)				201,742
Net Position - Beginning of Year, as Restated				<u>5,478,082</u>
NET POSITION - END OF YEAR				<u>\$ 5,097,157</u>

See accompanying Notes to Basic Financial Statements.

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	Major Funds		Total Governmental Funds
	General	Arts and Cultural Heritage	
ASSETS			
Cash and Cash Equivalents	\$ 5,207,296	\$ 239,065	\$ 5,446,361
Restricted Investments	141,517	-	141,517
Account Receivable	2,854	-	2,854
Interest Receivable	8,018	-	8,018
Prepaid Items	82,824	-	82,824
Total Assets	<u>\$ 5,442,509</u>	<u>\$ 239,065</u>	<u>\$ 5,681,574</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Salaries and Payroll Deductions Payable	\$ 86,681	\$ -	\$ 86,681
Accounts and Contracts Payable	65,306	2,163	67,469
Total Liabilities	<u>151,987</u>	<u>2,163</u>	<u>154,150</u>
FUND BALANCE			
Nonspendable:			
Prepaid Items	82,824	-	82,824
Restricted	526,189	236,902	763,091
Committed	1,909,444	-	1,909,444
Unassigned	2,772,065	-	2,772,065
Total Fund Balance	<u>5,290,522</u>	<u>236,902</u>	<u>5,527,424</u>
Total Liabilities and Fund Balance	<u>\$ 5,442,509</u>	<u>\$ 239,065</u>	<u>\$ 5,681,574</u>

See accompanying Notes to Basic Financial Statements.

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2024**

Total Fund Balance for Governmental Funds	\$ 5,527,424
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Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	30,000
Buildings and Improvements, Net of Accumulated Depreciation	267,828
Vehicles, Net of Accumulated Depreciation	64,311
Equipment, Net of Accumulated Depreciation	19,642
Books and Materials, Net of Accumulated Depreciation	340,596

The System's net pension liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:

Net Pension Liability	(747,272)
Deferred Inflows of Resources - Pension Related	(506,782)
Deferred Outflows of Resources - Pension Related	223,584

Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year-end are:

Compensated Absences Payable	(122,174)
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Total Net Position of Governmental Activities	\$ 5,097,157
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KITCHIGAMI REGIONAL LIBRARY SYSTEM
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

	Major Funds		Total
	General	Arts and Cultural Heritage	Governmental Funds
REVENUES			
Intergovernmental			
State Sources	\$ 1,072,426	\$ 117,738	\$ 1,190,164
Local Sources	2,232,183	-	2,232,183
Interest Earnings	108,031	-	108,031
Sales	31,358	-	31,358
Automation	16,881	-	16,881
Miscellaneous	42,314	-	42,314
Total Revenues	<u>3,503,193</u>	<u>117,738</u>	<u>3,620,931</u>
EXPENDITURES			
Current:			
Library Operations	3,186,537	-	3,186,537
Building	22,548	-	22,548
Vehicle	36,589	-	36,589
Branch Collections	286,321	-	286,321
Library Materials	234,900	-	234,900
Legacy Program	-	82,578	82,578
Board	67,377	-	67,377
Associate Service	10,000	-	10,000
Capital Outlay	114,651	-	114,651
Total Expenditures	<u>3,958,923</u>	<u>82,578</u>	<u>4,041,501</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(455,730)	35,160	(420,570)
OTHER FINANCING SOURCES (USES)			
Proceeds from Sale of Equipment	<u>10,481</u>	<u>-</u>	<u>10,481</u>
NET CHANGE IN FUND BALANCES	(445,249)	35,160	(410,089)
Fund Balances - Beginning of Year	5,735,771	-	5,735,771
Prior Period Adjustment - Correction of an Error (see Note 11)	-	201,742	201,742
Fund Balance - Beginning of Year, as Restated	<u>5,735,771</u>	<u>201,742</u>	<u>5,937,513</u>
FUND BALANCES - END OF YEAR	<u>\$ 5,290,522</u>	<u>\$ 236,902</u>	<u>\$ 5,527,424</u>

See accompanying Notes to Basic Financial Statements.

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

Net Change in Fund Balance-Total Governmental Funds	\$	(410,089)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation/amortization expense.

Capital Outlays		102,405
Gain (Loss) on Disposal of Capital Assets		(184)
Depreciation\Amortization Expense		(76,816)

Pension expenditures on the governmental funds are measured by current year employer contributions. Pension expenses on the statement of activities are measured by the change in net pension liability and the related deferred inflows and outflows of resources.

63,519

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds; however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).

(59,760)

Change in Net Position of Governmental Activities

\$ (380,925)

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Kitchigami Regional Library System's (the Library System) financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for the year ended December 31, 2024. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the Library System are discussed below.

A. Financial Reporting Entity

The Library System, a Minnesota Municipal Corporation, is an autonomous governmental unit, created by contractual agreement with various authorities that provides library services in Beltrami, Cass, Crow Wing, Hubbard, and Wadena counties. Funding is obtained from these counties and various cities located within these counties as noted in the Detailed Revenue and Expense Schedule – Entity Wide – Intergovernmental and Local Revenue Section. Revenues are also received by grants in aid from the state of Minnesota.

GAAP requires that the Library System's financial statements include all funds, departments, agencies, boards, commissions, and other organizations which are not legally separate from the Library System. In addition, the Library System's financial statements are to include all component units – entities for which the Library System is financially accountable. Based on the significance of any operational or financial relationships with the Library System, there are no component units to be included in these financial statements.

Financial accountability includes such aspects as appointing a voting majority of the organization's governing body, significantly influencing the programs, projects, activities, or level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burden on, the organization. These financial statements include all funds of the Library System. There are no other entities for which the Library System is financially accountable.

B. Basic Financial Statement Presentation

1. Government-Wide Statements

The Entity-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting government as a whole. These statements include all the financial activities of the Library System.

In the government-wide statement of net position, the governmental activities are presented on a consolidated basis, and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library System's net position is reported in three parts: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statement Presentation (Continued)

1. Government-Wide Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The Library System applies restricted resources first when an expense is incurred for a purpose for which both restricted and unrestricted net position are available. Depreciation expenses that can be specifically identified by function are included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities. Generally, the effect of material interfund activity has been removed from the Entity-wide financial statements.

2. Fund Financial Statements

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

The Library System reports the following major governmental funds:

The General Fund is the Library System's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The Arts and Cultural Heritage Special Revenue Fund is used to account for the proceeds of the Minnesota Arts and Cultural Heritage Grant (Legacy Grant) which are legally restricted to expenditures for specified purposes.

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported 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 the related cash flows. Property taxes are generally recognized as revenues in the fiscal year for which they are levied. Grant and similar items are recognized when all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenue is generally considered as available if collected within 60 days after year-end. Expenditures are generally recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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

1. Deposits and Investments

Cash balances from all funds are combined and invested to the extent available in various securities as authorized by Minnesota Statutes. Investments of the Library System are reported at fair value.

2. Receivables and Payables

Represents amounts receivable from individuals, firms, and corporations for goods and services furnished by the Library System. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary.

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments in both government-wide and fund financial statements. Expenditures are allocated over the periods benefited. Prepaid items are expensed using the consumption method for the fund financial statements.

4. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The Library System defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the Entity-wide financial statements, but are not reported in the Fund financial statements. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	15 to 39
Furniture, Equipment, and Vehicles	5 to 10
Improvements	20
Library Collections	15

Capital assets not being depreciated include land.

The Library System does not possess any material amounts of infrastructure capital assets. Items such as sidewalks and other land improvements are considered to be part of the cost of building or other improvable property.

5. Deferred Outflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period. The Library System will not recognize the related outflow until a future event occurs.

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. 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.

7. Deferred Inflows of Resources

The Library System's financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund balance that applies to a future period. The Library System will not recognize the related revenue until a future event occurs. The Library System has one type of deferred inflows. The deferred inflows of resources relates to pension liabilities as described in Note 9 to the financial statements. These inflows arise only under the full accrual basis of accounting and consist of difference between expected and actual pension plan economic experience and also pension plan changes on proportionate share and, accordingly, are reported only in the statement of net position.

8. Long-Term Obligations

In the government-wide financial statements, other long-term obligations are reported as liabilities.

9. 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 additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA. 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.

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Classification of Net Position

In the government-wide financial statements, net position is classified as net investment in capital assets, restricted, and unrestricted. Investment in capital assets is the amount of net position representing capital assets, net of accumulated depreciation. Restricted net position is the amount of net position for which external restrictions of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Unrestricted net position is the amount of net position that does not meet the definition of restricted or net investment of capital assets.

11. Fund Equity

In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned, and unassigned fund balances. Nonspendable portions of fund balance relate to prepaids, inventories, and long-term receivables, as applicable, which cannot be spent because they are not in spendable form. Restricted funds are constrained from outside parties (statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the board of directors. Assigned fund balances are constrained by the Library System's intent to be used for specific purposes, but are not restricted nor committed. Intent is expressed by the Library System's board of directors itself, a body (budget or finance committee), or an official to which the board of directors has delegated the authority to assign amounts for specific purposes.

Unassigned fund balances are considered the remaining amounts. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the Library System's practice to use restricted first, then unrestricted fund balance. When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the Library System's practice to use committed first, then assigned, and finally unassigned amounts.

It is the Library System's practice that the General Fund is to maintain a minimum unassigned fund balance of 30% of the current fiscal year's budgeted operating expenditures or a fund balance that is necessary to keep the Library System from borrowing funds.

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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.

13. Adoption of New Accounting Standards

In June 2022, the GASB issued 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 Library System 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.

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

A. Excess of Expenditures Over Budget

The following fund had expenditures in excess of budget at the departmental level for the year ended December 31, 2024:

<u>Fund</u>	<u>Function/Department</u>	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund	Current:			
	Branch Collections	\$ 271,543	\$ 286,321	\$ (14,778)
	Board	60,900	67,377	(6,477)
	Capital Outlay	-	114,651	(114,651)

The additional expenditures were financed by greater than anticipated grant and member revenues.

NOTE 3 DEPOSITS AND INVESTMENTS

A. Deposits

The Library System maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the governmental funds balance sheet as Cash and Cash Equivalents or Investments. Interest is allocated based on management's estimate of interest earned by each fund. In accordance with Minnesota Statutes the Library System maintains deposits at financial institutions which are authorized by the Library System's board of directors.

Minnesota Statutes require that all 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 corporate surety bonds.

1. Deposits

The Library System is authorized by Minn. Stat. §§ 118A.02 and 118A.04 to designate a depository for public funds and to invest in certificates of deposits. The Library System is required by Minn. Stat. § 118A.03 to protect deposits with insurance, surety bond, or collateral. The market value of collateral pledged shall be at least 10% more than the amount of deposit at the close of the financial institution's banking day, not covered by insurance, bonds, or an irrevocable standby letter of credit issued by the Federal Home Loan Bank. Minnesota Statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

Authorized collateral includes: U.S. government treasury bills, notes, or 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 a Federal Home Loan Bank; and certificates of deposit.

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

1. Deposits (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the Library System's deposits may not be returned to it. The Library System has a deposit policy for custodial credit risk which follows Minnesota Statutes for deposits.

2. Investments

Minnesota Statutes §§118A.04 and 118A.05 generally authorize the following types of investments as available to the Library System:

- (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 §118A.04, Subd. 6;
- (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.

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The Library System does not have a formal policy to manage its exposure to interest rate risk.

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

2. Investments (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a national recognized statistical rating organization. It is the Library System's policy to invest only in securities that meet the rating requirements set by state statute.

Custodial Credit Risk – Investments

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities 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 Library System's investment in a single issuer. The Library System places no limit on the amount that it may invest in any one issuer.

The following table presents the Library System's deposit and investment balances at December 31, 2024, and information relating to potential investment risks:

	Credit Risk		Concentration Risk	Interest Rate Risk	Carrying (Fair) Value
	Credit Rating	Rating Agency	Over 5% of Portfolio	Maturity Date	
Investment Pools/Mutual Funds:					
Minnesota Community Foundation (MCF)	N/R	N/A	100.0%	N/A	\$ 141,517
Total Investments					141,517
Deposits					5,442,956
Petty Cash					3,405
Total Deposits and Investments					<u>\$ 5,587,878</u>

N/A - Not Applicable
N/R - Not Rated

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

2. Investments (Continued)

Fair Value Measure

The Library System uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The Library System follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the Library System has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial asset and liabilities are valued using inputs that are adjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

2. Investments (Continued)

Fair Value Measure (Continued)

Minnesota Community Foundation (MCF) fund is a classic endowment fund held and managed by the Saint Paul & Minnesota Community Foundation.

The Minnesota Community Foundation investment is valued using amortized cost. These funds use charitable gifts to build an investment designed for growth. The endowment's earnings flow back to the library system as annual income. The use is restricted by the grant agreement with the Foundation. The library system may request to terminate the fund and request the return of the assets and/or request additional amounts above the spending policy set by the board of the Foundation.

NOTE 4 PREPAID ITEMS

Prepaid items consisted of the following as of December 31:

Insurance Premiums	\$ 38,432
Library Materials	44,392
Total	<u>\$ 82,824</u>

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 5 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated/Amortized:				
Land	\$ 30,000	\$ -	\$ -	\$ 30,000
Capital Assets, Being Depreciated/Amortized:				
Buildings and Improvements	650,368	-	-	650,368
Vehicles	176,648	59,598	51,038	185,208
Furniture, Fixtures, and Equipment	179,345	-	43,172	136,173
Books and Materials (Collections)	833,016	42,807	-	875,823
Intangible Asset - Software	19,916	-	19,916	-
Total Capital Assets, Being Depreciated/Amortized	1,859,293	102,405	114,126	1,847,572
Accumulated Depreciation/Amortization for:				
Buildings and Improvements	362,107	20,433	-	382,540
Vehicles	167,678	4,257	51,038	120,897
Furniture, Fixtures, and Equipment	151,169	8,350	42,988	116,531
Books and Materials (Collections)	491,451	43,776	-	535,227
Intangible Asset - Software	19,916	-	19,916	-
Total Accumulated Depreciation/ Amortization	1,192,321	76,816	113,942	1,155,195
Total Capital Assets, Being Depreciated/Amortized, Net	666,972	25,589	184	692,377
Governmental Activities Capital Assets, Net	\$ 696,972	\$ 25,589	\$ 184	\$ 722,377

Depreciation/amortization expense during the current year was allocated as follows:

Governmental Activities:	
Buildings	\$ 20,433
Vehicles	4,257
Library Operations	52,126
Total Depreciation/Amortization Expense, Governmental Activities	\$ 76,816

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 6 LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

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

	Beginning Balance	Net	Ending Balance	Due Within One Year
Governmental Activities:				
Compensated Absences	\$ 62,414	\$ 59,760	\$ 122,174	\$ 63,530

Compensated absences are to record the accrued vacation benefit for the Library System's employees.

NOTE 7 FUND BALANCES

A. Nonspendable

Nonspendable balances include prepaid items of \$82,824.

B. Restricted

Following is a schedule of the automation repair and replacement balances allocated by location:

Branch	2023	2024				
	Balance	Interest	Capital	Revenue	Expenditures	Balance
Bemidji	\$ 61,619	\$ 1,056	\$ -	\$ 5,647	\$ 3,990	\$ 64,332
Blackduck	13,171	226	-	350	-	13,747
Brainerd	49,866	855	-	4,659	2,235	53,145
Cass Lake	9,070	156	-	300	-	9,526
Longville	19,572	336	-	289	773	19,424
Park Rapids	35,780	613	-	3,601	3,166	36,828
Pine River	14,693	252	-	255	-	15,200
Wadena	30,198	519	-	1,374	-	32,091
Walker	13,458	232	-	406	2,931	11,165
Total	<u>\$ 247,427</u>	<u>\$ 4,245</u>	<u>\$ -</u>	<u>\$ 16,881</u>	<u>\$ 13,095</u>	255,458
Plus: Grants - MN Endowment Fund						141,517
Plus: Grants - Legacy						236,902
Plus: Branch Locations						129,214
Total Restricted Fund Balance						<u>\$ 763,091</u>

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 7 FUND BALANCES (CONTINUED)

C. Committed

Following is a schedule of committed funds at December 31:

Automation	\$ 405,576
Sue Tricker Outreach	208,448
Crow Wing County	124,582
Vehicle	78,428
Levy Reserve	257,384
Building Repair and Maintenance	79,768
Summer Reading	7,130
Capital Appropriation	701,683
Software Accounting	26,626
Branch Improvements - Gates	19,819
Total Committed Funds	<u><u>\$ 1,909,444</u></u>

NOTE 8 PENSION PLANS

A. Plan Description

The Library System participates in the following cost-sharing multiemployer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). These plan provisions are established and administered according to Minnesota Statutes chapters 353, 353D, 353E, 353G, and 356. Minnesota Statutes chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Plan (General Employees Plan)

Membership in the General Plan includes employees of counties, cities, townships, schools in noncertified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than \$425 in a month, unless the employee meets exclusion criteria.

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 PENSION PLANS (CONTINUED)

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service. When a member is vested, they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

1. General Employees Plan Benefits

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by 0.25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25% 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.

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 PENSION PLANS (CONTINUED)

C. Contributions

Minnesota Statutes chapters 353, 353E, 353G, and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

1. General Employees Plan Contributions

General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2024 and the Library System was required to contribute 7.50% for General Plan members. The Library System's contributions to the General Employees Fund for the year ended December 31, 2024, were \$132,399. The Library System's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

1. General Employees Plan Pension Costs

At December 31, 2024, the Library System reported a liability of \$747,272 for its proportionate share of the General Employees Fund's net pension liability. The Library System'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 Library System totaled \$19,323.

Library System's Proportionate Share of Net Pension Liability	\$ 747,272
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the Library System	19,323
Total	<u>\$ 766,595</u>

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 Library System's proportion of the net pension liability was based on the Library System'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 Library System's proportionate share was 0.0202% at the end of the measurement period and 0.0195% for the beginning of the period.

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Plan Pension Costs (Continued)

For the year ended December 31, 2024, the Library System recognized pension expense of \$103,517 for its proportionate share of the General Employees Plan's pension expense. In addition, the Library System recognized an additional \$239 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.

During the plan year ended June 30, 2024, the state of Minnesota contributed \$170.1 million to the General Employees Fund. The state of Minnesota is not included as a nonemployer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The Library System recognized \$34,381 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 General Employees Fund.

At December 31, 2024, the Library System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 70,263	\$ -
Changes in Actuarial Assumptions	3,648	282,830
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	217,002
Changes in Proportion	81,943	6,950
Library Contributions Subsequent to the Measurement Date	67,730	-
Total	<u>\$ 223,584</u>	<u>\$ 506,782</u>

The \$67,730 reported as deferred outflows of resources related to pensions resulting from Library System 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 deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expenses Amount
2025	\$ (208,024)
2026	(5,279)
2027	(80,352)
2028	(57,273)

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 PENSION PLANS (CONTINUED)

E. Long-Term Expected Return on Investment

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Totals	100.0 %	

F. Actuarial Methods and Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 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.

Benefit increases after retirement are assumed to be 1.25% for the General Employees 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.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table.

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 PENSION PLANS (CONTINUED)

F. Actuarial Methods and Assumptions (Continued)

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation.

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

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 participation 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.

G. Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.0%. 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 Plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 PENSION PLANS (CONTINUED)

H. Pension Liability Sensitivity

The following presents the Library System'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 Library System's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Library's Proportionate Share of the General Employees Plan Net Pension Liability	\$ 1,632,161	\$ 747,272	\$ 19,369

I. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

NOTE 9 RISK MANAGEMENT

The Library System is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omission; injuries to employees; and natural disasters. The Library System purchases commercial insurance coverage for such risks.

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

NOTE 10 COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the Library System expects such amounts, if any, to be immaterial. The financial assistance received is subject to audits by the grantor agency.

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 11 ERROR CORRECTION

During 2024, the Library System determined that unearned revenue related to the Legacy Grant in the prior year financials statements should have been recognized as revenue. Therefore, in governmental activities and Arts and Cultural Heritage Fund, unearned revenue was overstated by \$201,742. This resulted in the restatement of fund balance in the Arts and Cultural Heritage Fund and net position in governmental activities as follows:

	<u>Arts and Cultural Heritage Fund</u>
Fund Balance - Beginning of Year, as Previously Reported	\$ -
Correction of an Error	<u>201,742</u>
Fund Balance - Beginning of Year, as Restated	<u><u>\$ 201,742</u></u>
	<u>Governmental Activities</u>
Net Position - Beginning of Year, as Previously Reported	\$ 5,276,340
Correction of an Error	<u>201,742</u>
Net Position - Beginning of Year, as Restated	<u><u>\$ 5,478,082</u></u>

OTHER REQUIRED SUPPLEMENTARY INFORMATION

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
YEAR ENDED DECEMBER 31, 2024**

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental				
State Sources	\$ 1,064,368	\$ 1,064,368	\$ 1,072,426	\$ 8,058
Local Sources	2,237,988	2,237,988	2,232,183	(5,805)
Interest Earnings	55,500	55,500	108,031	52,531
Sales	31,741	31,741	31,358	(383)
Automation	16,881	16,881	16,881	-
Miscellaneous	25,759	25,759	42,314	16,555
Total Revenues	<u>3,432,237</u>	<u>3,432,237</u>	<u>3,503,193</u>	<u>70,956</u>
EXPENDITURES				
Current:				
Library Operations	3,235,518	3,235,518	3,186,537	(48,981)
Building	236,110	236,110	22,548	(213,562)
Vehicle	98,580	98,580	36,589	(61,991)
Branch Collections	271,543	271,543	286,321	14,778
Library Materials	249,743	249,743	234,900	(14,843)
Board	60,900	60,900	67,377	6,477
Associate Service	10,000	10,000	10,000	-
Capital Outlay	-	-	114,651	114,651
Total Expenditures	<u>4,162,394</u>	<u>4,162,394</u>	<u>3,958,923</u>	<u>(203,471)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(730,157)	(730,157)	(455,730)	274,427
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Equipment	-	-	10,481	10,481
NET CHANGE IN FUND BALANCE	<u>\$ (730,157)</u>	<u>\$ (730,157)</u>	<u>(445,249)</u>	<u>\$ 284,908</u>
Fund Balance - Beginning of Year			<u>5,735,771</u>	
FUND BALANCE - END OF YEAR			<u><u>\$ 5,290,522</u></u>	

See accompanying Notes to Required Supplementary Information.

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
BUDGETARY COMPARISON SCHEDULE – ARTS AND CULTURAL HERITAGE FUND
YEAR ENDED DECEMBER 31, 2024**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final	Amounts	
REVENUES				
Intergovernmental				
State Sources	\$ 117,738	\$ 117,738	\$ 117,738	\$ -
EXPENDITURES				
Current:				
Legacy Program	117,738	117,738	82,578	(35,160)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	35,160	<u>\$ 35,160</u>
Fund Balance - Beginning of Year, as Previously Reported			-	
Prior Period Adjustment - Correction of an Error (see Note 11)			201,742	
Fund Balance - Beginning of Year			<u>201,742</u>	
FUND BALANCE - END OF YEAR			<u>\$ 236,902</u>	

See accompanying Notes to Required Supplementary Information.

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
SCHEDULE OF THE LIBRARY SYSTEM'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
LAST TEN MEASUREMENT PERIODS**

	Measurement Date June 30, 2024	Measurement Date June 30, 2023	Measurement Date June 30, 2022	Measurement Date June 30, 2021
PERA - General Employees Fund				
System's Proportion of the Net Pension Liability	0.0202%	0.0195%	0.0179%	0.0184%
System's Proportionate Share of the Net Pension Liability	\$ 747,272	\$ 1,090,418	\$ 1,417,686	\$ 785,762
State of Minnesota's Proportionate Share of the Net Pension Liability	19,323	30,003	41,506	23,917
System's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability	\$ 766,595	\$ 1,120,421	\$ 1,459,192	\$ 809,679
System's Covered Payroll	\$ 1,709,562	\$ 1,549,187	\$ 1,338,539	\$ 1,321,507
System's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	43.71%	70.39%	105.91%	59.46%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.08%	83.10%	76.70%	87.00%

See accompanying Notes to Required Supplementary Information.

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
SCHEDULE OF THE LIBRARY SYSTEM'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (CONTINUED)
LAST TEN MEASUREMENT PERIODS**

Measurement Date June 30, 2020	Measurement Date June 30, 2019	Measurement Date June 30, 2018	Measurement Date June 30, 2017	Measurement Date June 30, 2016	Measurement Date June 30, 2015
0.0178%	0.0175%	0.0184%	0.0183%	0.0187%	0.0202%
\$ 1,067,191	\$ 967,536	\$ 1,020,757	\$ 1,168,260	\$ 1,518,347	\$ 1,046,869
<u>33,000</u>	<u>30,165</u>	<u>33,653</u>	<u>14,672</u>	<u>19,889</u>	<u>-</u>
\$ 1,100,191	\$ 997,701	\$ 1,054,410	\$ 1,182,932	\$ 1,538,236	\$ 1,046,869
\$ 1,315,318	\$ 1,400,653	\$ 1,338,922	\$ 1,177,307	\$ 1,162,160	\$ 1,164,880
81.14%	69.08%	76.24%	99.23%	130.65%	89.87%
79.06%	80.20%	79.53%	75.90%	68.91%	78.20%

See accompanying Notes to Required Supplementary Information.

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
SCHEDULE OF LIBRARY SYSTEM CONTRIBUTIONS
LAST TEN FISCAL YEARS**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
PERA - General Employees Fund				
Contractually Required Contribution	\$ 132,399	\$ 115,936	\$ 105,821	\$ 99,705
Contributions in Relation to the Contractually Required Contribution	<u>(132,399)</u>	<u>(115,936)</u>	<u>(105,821)</u>	<u>(99,705)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 System's Covered Payroll	 \$ 1,765,320	 \$ 1,545,813	 \$ 1,410,947	 \$ 1,329,400
 Contributions as a Percentage of Covered Payroll	 7.50%	 7.50%	 7.50%	 7.50%

Note: The Library System's year-end is December 31.

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
SCHEDULE OF LIBRARY SYSTEM CONTRIBUTIONS (CONTINUED)
LAST TEN FISCAL YEARS**

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 94,355	\$ 95,189	\$ 94,368	\$ 90,514	\$ 87,432	\$ 86,690
(94,355)	(95,189)	(94,368)	(90,514)	(87,432)	(86,690)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,258,067	\$ 1,269,187	\$ 1,258,240	\$ 1,206,853	\$ 1,165,760	\$ 1,155,867
7.50%	7.50%	7.50%	7.50%	7.50%	7.50%

See accompanying Notes to Required Supplementary Information.

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2024**

NOTE 1 LEGAL COMPLIANCE – BUDGETS

The Library System board adopts annual budgets for the General Fund and the Arts and Cultural Heritage Funds. These budgets and the actual amounts are both prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

In the following funds, expenditures exceeded the appropriations during the year ended December 31, 2024:

<u>Fund</u>	<u>Function/Department</u>	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund	Current:			
	Branch Collections	\$ 271,543	\$ 286,321	\$ (14,778)
	Board	60,900	67,377	(6,477)
	Capital Outlay	-	114,651	(114,651)

The overage above was considered by Library System management to be the result of necessary expenditures critical to operations. They were financed by greater than anticipated state and local revenues.

NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended December 31:

2024

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 rates 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 increases 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.

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2024**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,
AND ASSUMPTIONS (CONTINUED)**

2023

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5% 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. There have been no changes since the prior valuation.
- 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 in Actuarial Assumptions

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2021

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2024**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,
AND ASSUMPTIONS (CONTINUED)**

2020

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 & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019

Changes 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, decreased from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2024**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,
AND ASSUMPTIONS (CONTINUED)**

2018

Changes in Actuarial Assumption

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed postretirement benefit increase was changed from 1.0% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after December 31, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50% beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

Changes in Actuarial Assumption

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and nonvested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability and 3.0% for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5 % per year thereafter.

Changes in Plan Provisions

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

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2024**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,
AND ASSUMPTIONS (CONTINUED)**

2016

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all future years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate was changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study dated December 31, 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.

Changes in Actuarial Plan Provisions

- There have been no changes since the prior valuation.

2015

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study December 31, 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.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

SUPPLEMENTARY INFORMATION

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
DETAILED REVENUE AND EXPENSE SCHEDULE – ENTITY-WIDE
YEAR ENDED DECEMBER 31, 2024**

INTERGOVERNMENTAL AND LOCAL REVENUE

State:

State Aid	\$ 1,072,426
Special/Grants	117,738
Total State	<u>1,190,164</u>

County:

Beltrami	437,917
Cass	460,165
Crow Wing	509,127
Hubbard	253,012
Wadena	141,961
Total County	<u>1,802,182</u>

City:

Bemidji	146,800
Blackduck	19,446
Brainerd	79,500
Cass Lake	9,460
Longville	11,475
Park Rapids	50,370
Pine River	14,800
Wadena	89,400
Walker	8,750
Total City	<u>430,001</u>

Total Intergovernmental and Local Revenue	3,422,347
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OTHER REVENUE

Interest on Savings and CD's	91,817
Endowment Investment Income and Gains	16,214
Automation R&R City Funds	16,881
Total Other Revenue	
Copies and Faxes	31,358
Miscellaneous Gifts and Other	42,314
Total Other Revenue	<u>198,584</u>
Total Revenues	<u><u>\$ 3,620,931</u></u>

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
DETAILED REVENUE AND EXPENSE SCHEDULE – ENTITY-WIDE (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

EXPENSES

Library Materials	
Branch Collections	\$ 286,321
E-Materials	197,055
Periodicals and Papers	14,953
Shared Databases	22,892
Total Library Materials	<u>521,221</u>
Library Operations:	
Automation Operating Costs	397,577
Communications/Dataline/Fax	68,571
Postage	5,476
Library Supplies	33,121
Office Supplies	16,908
Interlibrary Service Maintenance	44,234
Winter Reading Program	7,913
Summer Reading Program	11,932
Total Library Operations	<u>585,732</u>
Vehicle:	
Delivery Van/Staff Van/Mobile Library Gas and Oil	14,494
Delivery Van/Staff Van/Mobile Library Repairs	12,160
Vehicles/Mobile Library Insurance	9,935
Total Vehicle	<u>36,589</u>
Building:	
Insurance - Contents and Liability	4,938
Repairs and Maintenance	9,413
Electric	4,437
Heat	1,182
Sanitation/Disposal	1,958
Sewer	620
Total Building	<u>22,548</u>
Board:	
Meetings	1,947
Professional Fees and Dues/Special Projects	62,010
Insurance	3,420
Total Board	<u>67,377</u>
Legacy Program Expenses	82,578

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
DETAILED REVENUE AND EXPENSE SCHEDULE – ENTITY-WIDE (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

EXPENSES (CONTINUED)

Branch Salaries:

Bemidji	\$ 341,018
Blackduck	49,966
Brainerd	377,409
Cass Lake	42,637
Longville	54,596
Park Rapids	186,776
Pine River	79,810
Wadena	138,361
Walker	99,413
Total Branch Salaries	<u>1,369,986</u>

Regional Salaries:

System Support	325,086
Technical Services	107,866
Interlibrary Loan	29,709
Mobile Library Salaries	53,039
Delivery	23,758
Total Regional Salaries	<u>539,458</u>

Employee Benefits:

FICA	142,248
Health Benefits	312,649
PERA	103,229
Workers' Compensation	7,997
Unemployment	3,870
Total Employee Benefits	<u>569,993</u>

Miscellaneous:

Meetings	2,820
Training	13,275
Travel	833
Investment Fees/Admin	6,522
Recruiting	6,860
Associate Service	10,000
Capital Grant	125,327
Other	8,599
Total Miscellaneous	<u>174,236</u>

Depreciation/Amortization:

Books and Materials	52,126
Buildings and Equipment	24,690
Total Depreciation/Amortization	<u>76,816</u>

Total Expenses	<u><u>\$ 4,046,534</u></u>
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**OTHER INFORMATION
(UNAUDITED)**

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
SCHEDULE OF MINNESOTA LEGACY GRANT FUNDING
LAST NINE YEARS**

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Cash Reconciliation									
Beginning Cash (Deficit)	\$ 201,742	\$ 167,676	\$ 154,466	\$ 111,981	\$ 80,246	\$ 79,231	\$ 66,245	\$ 22,181	\$ 45,970
Cash Receipts	117,738	112,386	106,773	115,237	101,196	107,831	106,799	99,047	45,640
Cash Expenditures	(80,415)	(78,320)	(93,563)	(72,752)	(69,461)	(106,816)	(93,813)	(54,983)	(69,429)
Ending Cash (Deficit)	<u>\$ 239,065</u>	<u>\$ 201,742</u>	<u>\$ 167,676</u>	<u>\$ 154,466</u>	<u>\$ 111,981</u>	<u>\$ 80,246</u>	<u>\$ 79,231</u>	<u>\$ 66,245</u>	<u>\$ 22,181</u>
Governmental Funds Reconciliation									
Cash Receipts	\$ 117,738	\$ 112,386	\$ 106,773	\$ 115,237	\$ 101,196	\$ 107,831	\$ 106,799	\$ 99,047	\$ 45,640
Prior Year Grant Receivable	-	-	-	-	-	-	-	-	-
Prior Year Unearned Revenue	201,742	167,676	154,466	111,981	80,246	79,173	66,245	22,181	45,970
Unearned Revenue	-	(201,742)	(167,676)	(154,466)	(111,981)	(80,246)	(79,173)	(66,245)	(22,181)
Revenue	<u>319,480</u>	<u>78,320</u>	<u>93,563</u>	<u>72,752</u>	<u>69,461</u>	<u>106,758</u>	<u>93,871</u>	<u>54,983</u>	<u>69,429</u>
Cash Expenditures	80,415	78,320	93,563	72,752	69,461	106,816	93,813	54,983	69,429
Prior Year Accounts Payable	-	-	-	-	-	(58)	-	-	-
Accounts Payable	2,163	-	-	-	-	-	58	-	-
Governmental Funds Expense	<u>82,578</u>	<u>78,320</u>	<u>93,563</u>	<u>72,752</u>	<u>69,461</u>	<u>106,758</u>	<u>93,871</u>	<u>54,983</u>	<u>69,429</u>
Governmental Funds Increase (Decrease)	<u>\$ 236,902</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Governmental Funds Fund Balance	<u>\$ 236,902</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Entity-Wide Reconciliation									
Capital Assets Purchased	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation	-	-	-	-	-	-	-	-	199
Entity-Wide Expense	<u>82,578</u>	<u>78,320</u>	<u>93,563</u>	<u>72,752</u>	<u>69,461</u>	<u>106,758</u>	<u>93,871</u>	<u>54,983</u>	<u>69,429</u>
Entity-Wide (Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (199)</u>
Net Position	<u>\$ 236,902</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

KITCHIGAMI REGIONAL LIBRARY SYSTEM
SCHEDULE OF REGIONAL LIBRARY TELECOMMUNICATION AID – CASH BASIS
LAST NINE YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016
REVENUE	\$ 118,988	\$ 45,699	\$ 44,159	\$ 41,675	\$ 41,030	\$ 39,884	\$ 39,882	\$ 40,991	\$ 40,217
EXPENDITURES									
Priority 1:									
Datalines	38,841	29,826	36,137	35,422	46,274	39,883	51,203	31,285	47,906
Telephone	-	17,440	14,975	14,834	15,209	15,853	-	18,195	17,046
Remote Access	-	750	675	630	615	441	312	208	312
Internet Access	-	8,100	2,458	2,457	8,885	-	-	-	-
Priority 2:									
Internet Hotspot	11,019	-	-	-	-	-	-	-	-
Remote Access	900	-	-	-	-	-	-	-	-
Telephone Lines	3,081	-	-	-	-	-	-	-	-
Contracted Network Support	19,018	-	-	-	-	-	-	-	-
Automation Software	2,774	-	-	-	-	-	-	-	-
Database Platforms	10,000	-	-	-	-	-	-	-	-
E-Resources	24,570	-	-	-	-	-	-	-	-
Network Infrastructure	11,105	4,530	2,758	2,758	4,998	1,119	36,713	5,100	1,913
Total Expenditures	121,308	60,646	57,003	56,101	75,981	57,296	88,228	54,788	67,177
REVENUES (UNDER) EXPENDITURES	\$ (2,320)	\$ (14,947)	\$ (12,844)	\$ (14,426)	\$ (34,951)	\$ (17,412)	\$ (48,346)	\$ (13,797)	\$ (26,960)

OTHER REQUIRED REPORTS



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Kitchigami Regional Library System
Pine River, 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 and each major fund of Kitchigami Regional Library System (the Library System), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Library System's basic financial statement's basic financial statements, and have issued our report thereon dated September 9, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Library System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library System's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library System'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 Library's System's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2024-001 to 2024-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library System'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*.

The Library System's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Library System's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Library System'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 Library System'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 Library System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Brainerd, Minnesota
September 9, 2025



INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Directors
Kitchigami Regional Library System
Pine River, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Kitchigami Regional Library System (the Library System) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Library System's financial statements as listed in the table of contents and have issued our report thereon dated 2024.

In connection with our audit, we noted that the Library System failed to comply with provisions of the depositories of public funds and public investments of *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the state auditor pursuant to Minn. Stat. § 6.65, in so far as they relate to accounting matters as described in the schedule of findings and responses as item 2024-004. Also, in connection with our audit, nothing came to our attention that caused us to believe that the Library System failed to comply with the provisions of the conflicts of interest, claims and disbursements, contracting – bid laws and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the state auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters,. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the entity'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 Library System's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Library System's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, we express no opinion on the response.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Brainerd, Minnesota
September 9, 2025

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

FINDING: 2024-001 FINANCIAL REPORTING PROCESS

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: The board of the Library System and management share the ultimate responsibility for the Library System's internal control system. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced. The County 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 Library System's internal control system. As part of its internal control over the preparation of the financial statements, including disclosures, the Library System 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 Library System's activities and operations.

Criteria or Specific Requirement: Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with GAAP.

Cause: The Library System personnel have not monitored recent accounting developments to the extent necessary to enable them to prepare the Library System'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.

Effect: The lack of internal controls over annual financial reporting may result in misstatement of the financial statements.

Repeat Finding: Yes, 2023-001.

Recommendation: The Library System should evaluate their financial reporting processes and controls, including the expertise of its internal staff, to determine whether additional controls over the preparation of annual financial statements can be implemented to provide reasonable assurance that financial statements are prepared in accordance with GAAP.

Views of Responsible Officials: There is no disagreement with the audit finding. Management will continue to rely on the audit firm to draft the financial statements and the related notes to the financial statements, and will review, approve, and accept responsibility for the annual financial statements prior to their issuance.

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

FINDING: 2024-002 SEGREGATION OF DUTIES

Type of Finding: Material Weakness in Internal Control Over Financial Reporting

Condition: Adequate segregation of the accounting functions necessary to ensure adequate internal accounting control is not in place in a number of departments/offices in the Library System.

Criteria or Specific Requirement: The Library System management should constantly be aware of the need to have adequate segregation of duties regarding the processing of transactions for the Library System. In addition, Library System management should be aware that the concentration of duties and responsibilities in one or a very few individuals is not desirable from an internal control perspective.

Cause: The Library System has a limited number of personnel within several Library System departments/offices.

Effect: The lack of adequate segregation of duties can result in incorrect financial information, failure to detect misstatements or misappropriations, and the lack of adherence to the Library System's procedures.

Repeat Finding: Yes, 2023-002.

Recommendation: We recommend Library System management be aware of the lack of segregation of duties within the accounting functions and provide oversight to ensure the internal control policies and procedures are being implemented by Library System staff.

Views of Responsible Officials: There is no disagreement with the audit finding. The Library System will review the accounting functions and segregate them if deemed cost-beneficial.

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

FINDING: 2024-003 AUDIT ADJUSTMENTS

Type of Finding: Material Weakness in Internal Control Over Financial Reporting

Condition: As part of the audit, we proposed account reclassification entries relating to the coding of receipts and disbursements, accruals, capital asset adjustments, and other reclassifications. These entries indicate a lack of controls over the year-end financial reporting process. The absence of this control procedure is considered a material weakness because the potential exists that a material misstatement of the financial statements could occur and not be prevented or detected by the Library System's internal control structure. In addition, beginning fund balance in the Arts and Cultural Heritage fund and beginning net position in governmental activities were restated.

Criteria or Specific Requirement: Library System management is responsible for establishing and maintaining internal controls for the proper recording of all the Library System's financial transactions.

Cause: The Library System has a limited number of personnel.

Effect: The design of the internal controls over recording receipts and disbursements, including reclassifications, could affect the Library System's ability to detect or prevent a misappropriation of assets or fraudulent activity.

Repeat Finding: Yes, 2023-003.

Recommendation: We recommend Library System management be consistently aware of all procedures and processes involved in recording receipts, disbursements, and reclassifications, and develop internal control policies to ensure proper recording of these items.

Views of Responsible Officials: There is no disagreement with the audit finding. Management will continue to work at eliminating the need for audit adjustment through continued commitment to ongoing learning and review of work performed by departmental personnel.

**KITCHIGAMI REGIONAL LIBRARY SYSTEM
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

FINDING: 2024-004 INSUFFICIENT COLLATERAL

Type of Finding: Minnesota Legal Compliance

Condition: As part of the audit, we noted that the Library System did not have proper collateral at year-end.

Criteria or Specific Requirement: Minnesota Statute 118A.03 states that if the Library System desires to deposit an amount in excess of deposit insurance, it must obtain a bond or collateral which, when computed at market value, shall be at least 10% more than the amount of the excess deposit at the close of the banking day.

Cause: Lack of management oversight.

Effect: The Library System is not in compliance with Minnesota Statutes.

Repeat Finding: No.

Recommendation: We recommend that Library System ensures that they are properly collateralized at year-end to comply with Minnesota Statutes and regulations.

Views of Responsible Officials: There is no disagreement with the audit finding. The Library System's management will ensure that sufficient collateral is held in the future.



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Kitchigami Regional Library System

Financial Presentation

Year Ending December 31, 2024



Agenda

- Required Communications
- Audit Results
- Financial Results



Required Communications

- Separate communication with Governance letter to all board members with required communications in detail



Audit Results

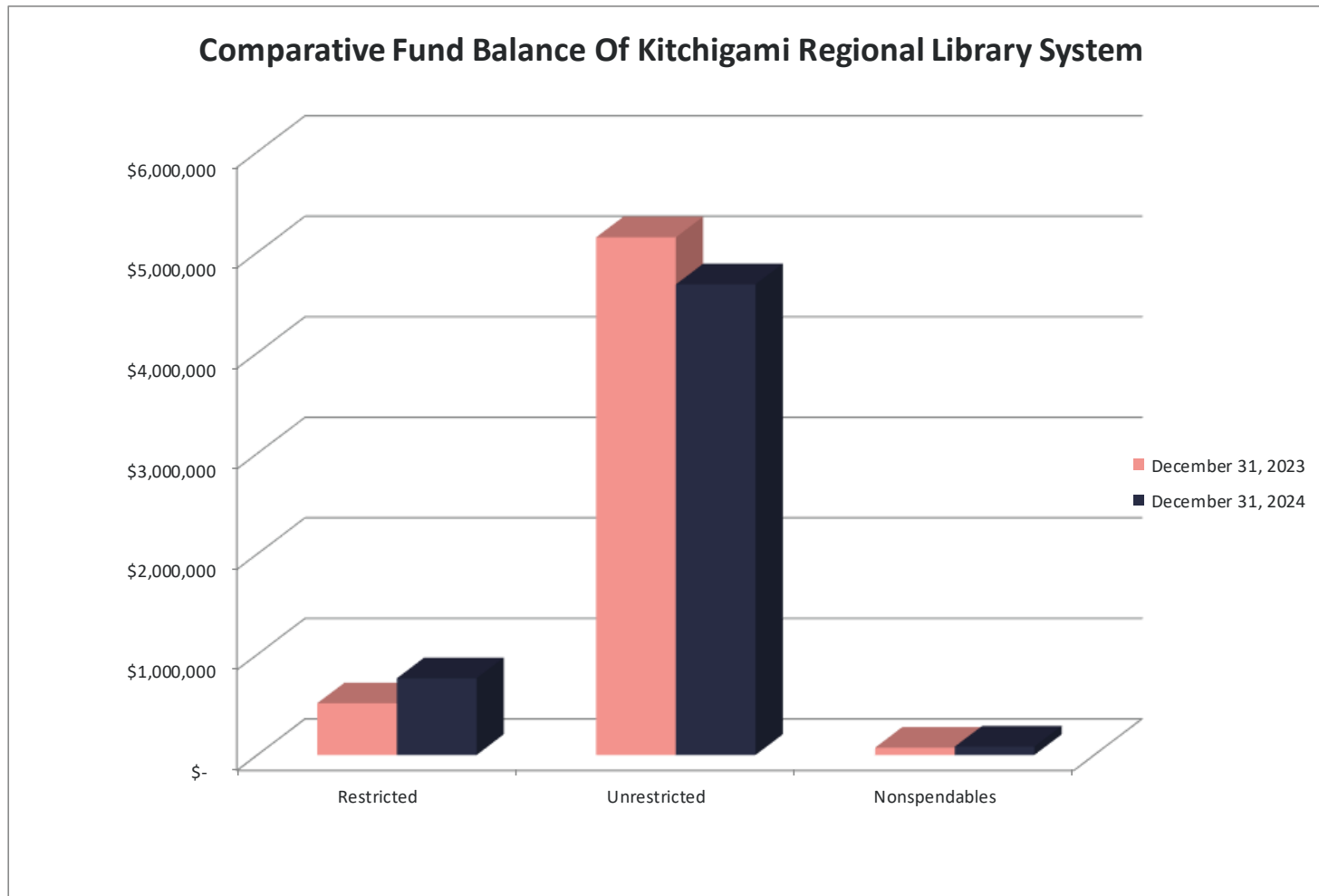
- Unmodified Opinion
 - Clean opinion on fund level and government-wide financial statements
- Compliance and Internal Control over Financial Reporting
 - Material Weaknesses
 - Financial statement preparation
 - Audit adjustments
 - Lack of segregation of duties
- Minnesota Legal Compliance
 - Insufficient Collateral



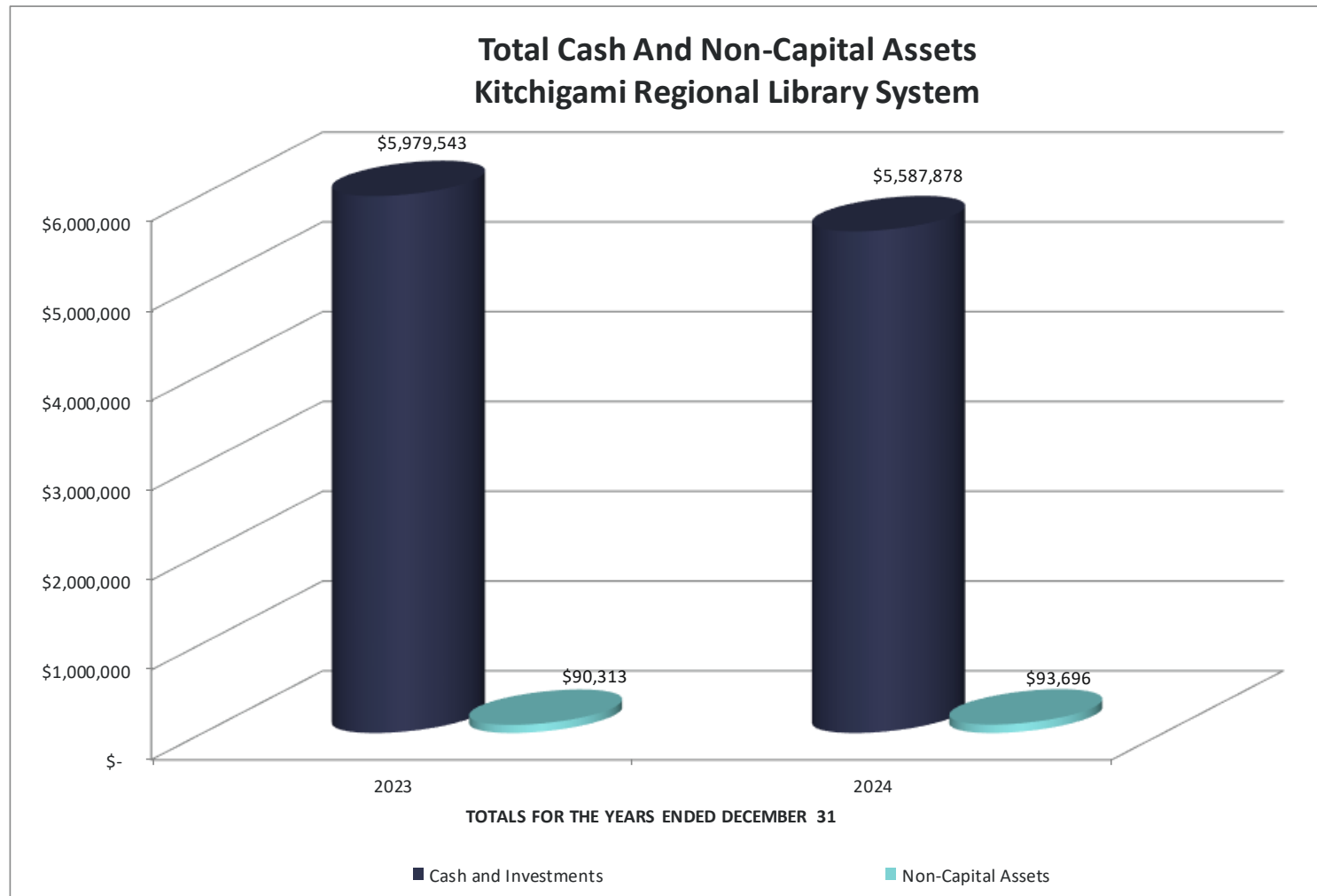


2024 Financial Results

Financial Results

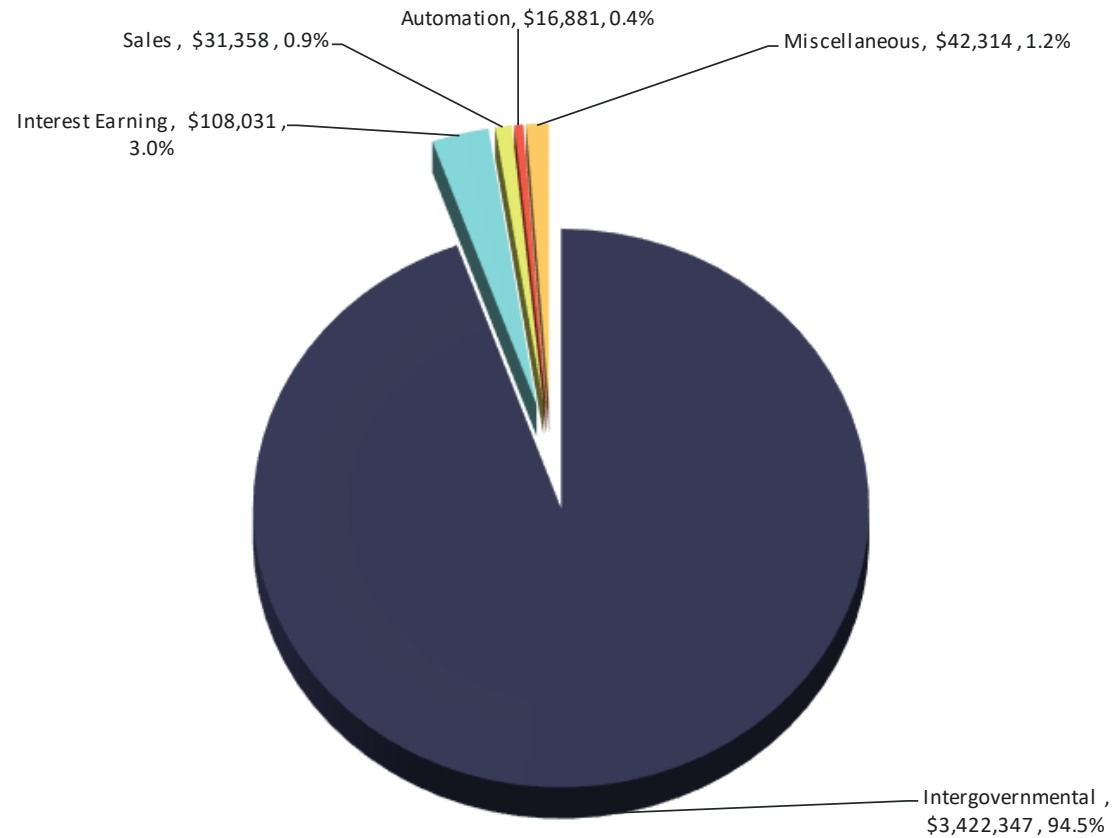


Financial Results

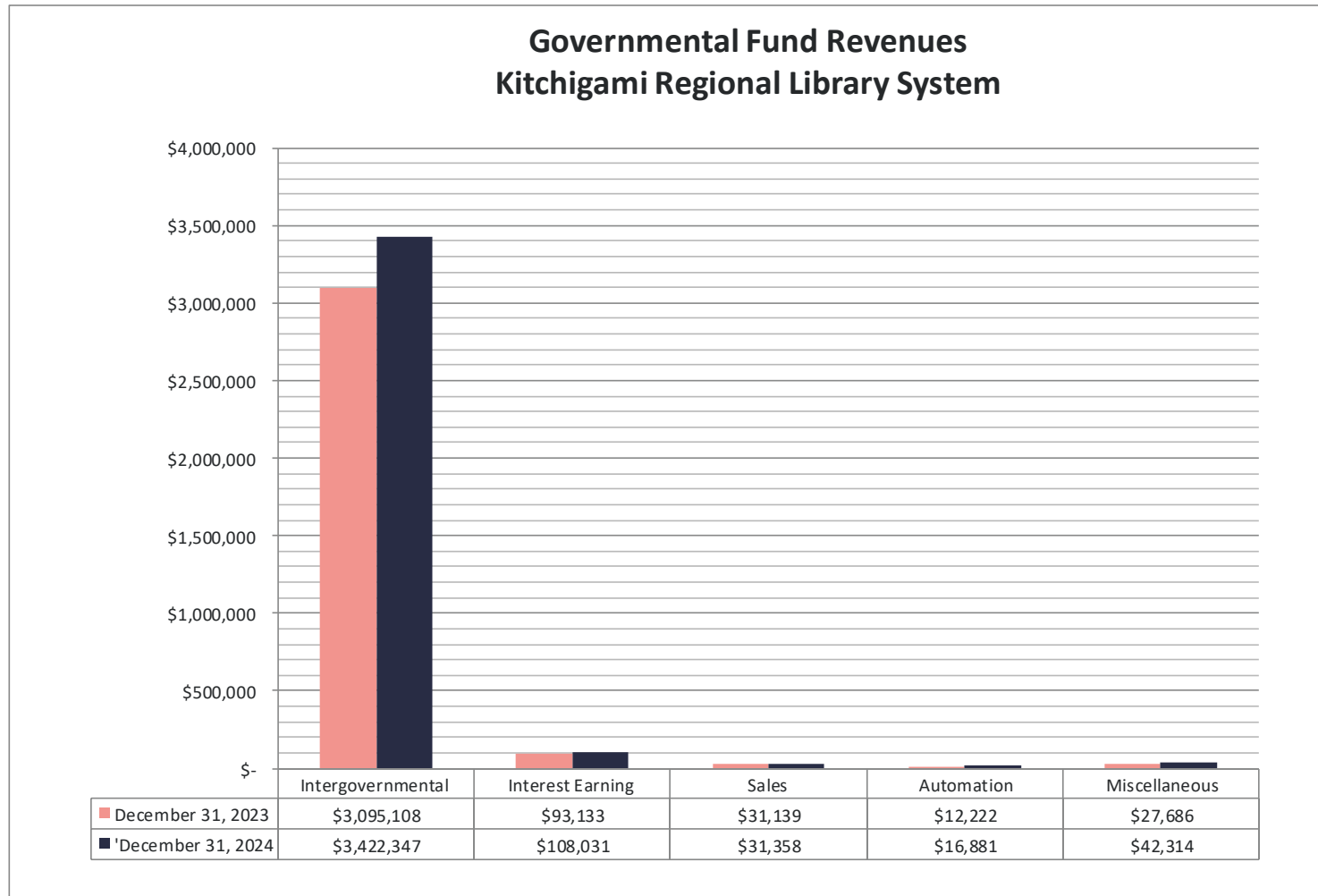


Financial Results

**Sources of Revenue for Kitchigami Regional Library System
For The Year Ended December 31, 2024**

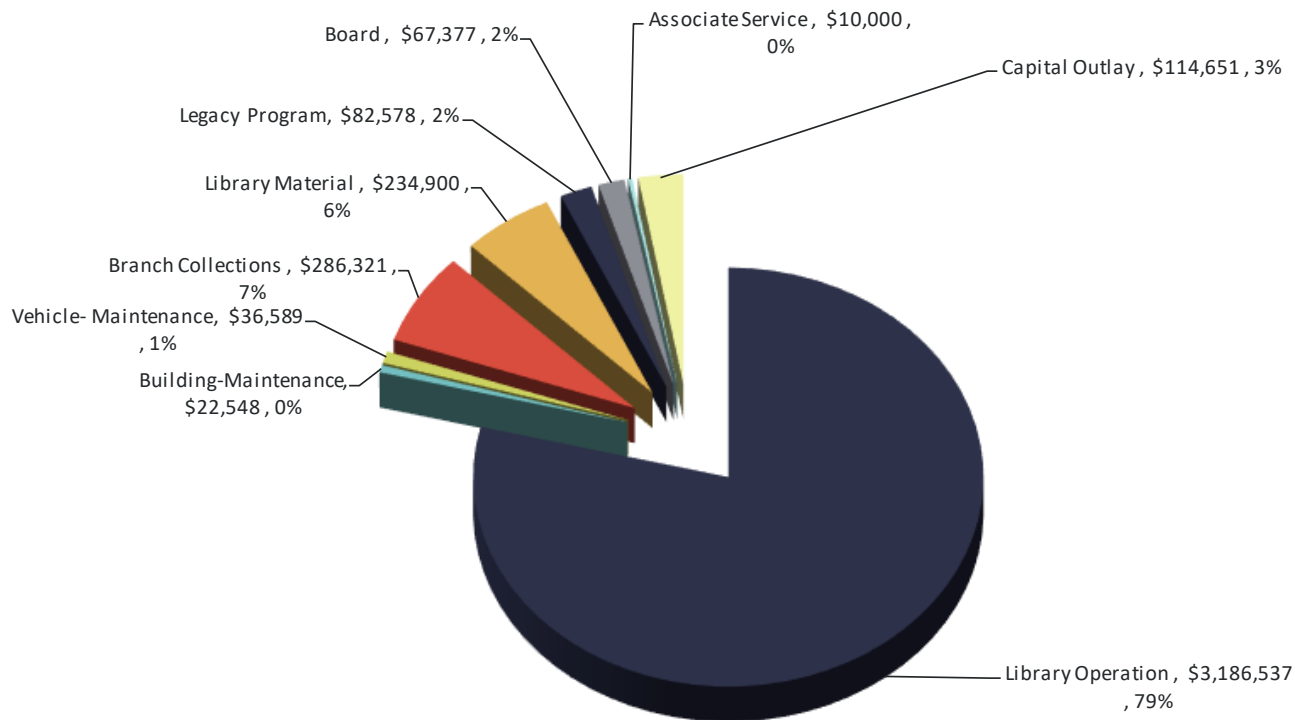


Financial Results



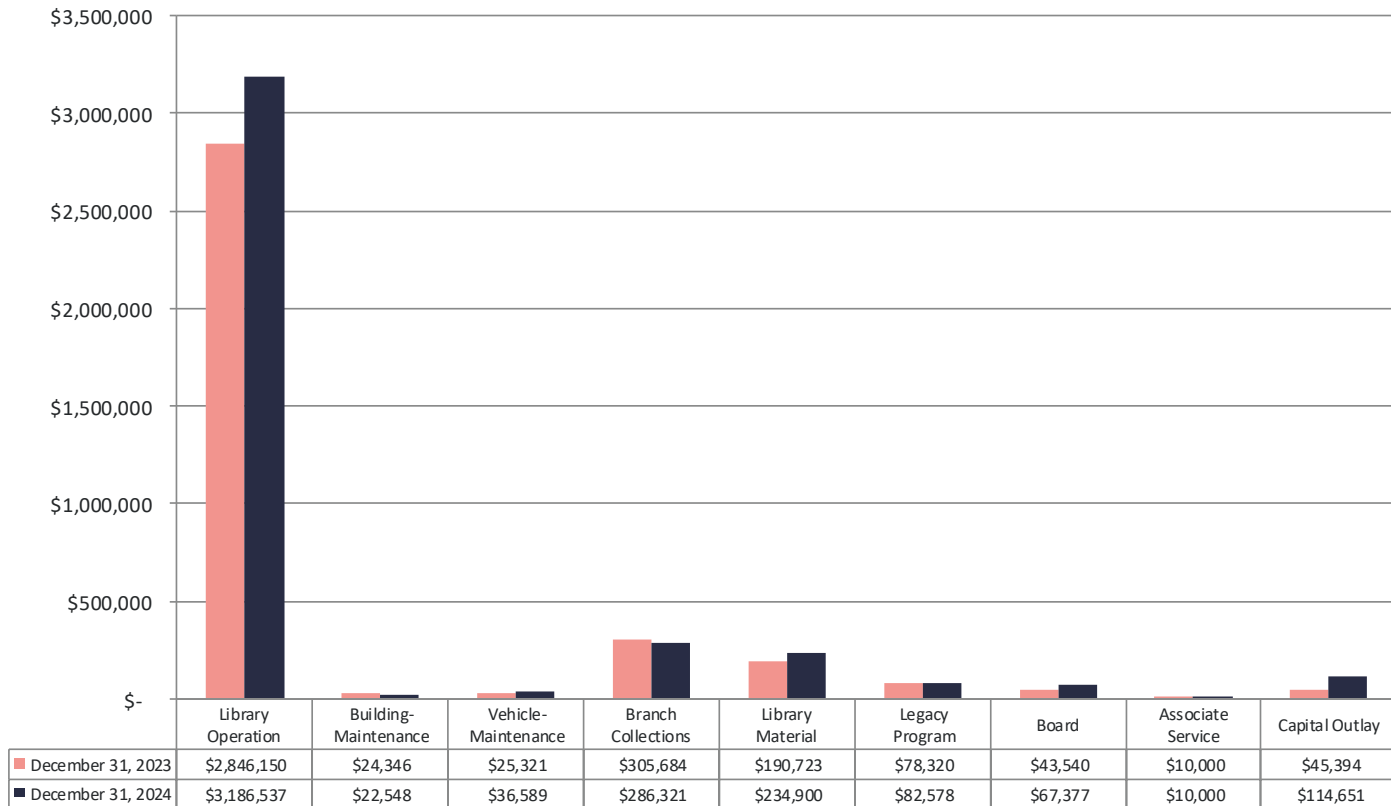
Financial Results

**Breakdown Of Expenditures For Kitchigami Regional Library System
For The Year Ended December 31, 2024**



Financial Results

Governmental Fund Expenditures Kitchigami Regional Library System



Thank you to all for allowing us to serve you!

Contact Information:

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Signing Director

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Board of Directors
Kitchigami Regional Library System
Pine River, Minnesota

We have audited the financial statements of the governmental activities and each major fund of Kitchigami Regional Library System as of and for the year ended December 31, 2024, and have issued our report thereon dated September 9, 2025. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit in our statement of work dated July 18, 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 Kitchigami Regional Library System are described in Note 1 to the financial statements.

As described in Note 1, the entity changed accounting policies related to compensated absences by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No. 101, *Compensated Absences*, in 2024.

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. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

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:

- During current year testing over the implementation of GASB 101, *Compensated Absences*, it noted that as of December 31, 2023, the compensated absences liability was understated by \$45,791 and net position was overstated by the same due to the change in method of calculation for governmental activities. This caused the current year change in net position to be understated by \$45,791.
- During current year testing for governmental activities, it was noted that GASB 87 related items were not recorded. This resulted in liabilities being understated by \$16,866 and assets being understated by \$16,123.
- During current year testing in the General fund, it was noted that payables were projected to be understated by \$6,440 based on our statistical sampling. This resulted in the General fund liabilities to be projected to be understated by \$6,440 and the ending fund balance and change in fund balance to be projected to be overstated by \$6,440 as of December 31, 2024.
- During current year testing in the Arts and Cultural Heritage fund, it was noted that payables were projected to be understated by \$1,301 based on our statistical sampling. This resulted in the Arts and Cultural Heritage fund liabilities to be projected to be understated by \$1,301 and the ending fund balance and change in fund balance to be projected to be overstated by \$1,301 as of December 31, 2024.

Uncorrected misstatements or the matters underlying uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if management has concluded that the uncorrected misstatements are immaterial to the financial statements under audit.

Corrected misstatements

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

- Entries to record year end accruals, record unearned revenue, record capital asset activity, to tie out beginning fund balance, and to restrict fund balance.

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 September 9, 2025.

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

The following describes findings or issues arising during the audit that are, in our professional judgment, significant and relevant to your oversight of the financial reporting process.

- During the audit we identified the following significant risk of material misstatement that has not been previously communicated to you:
 - During subsequent disbursement testing there were several disbursements not properly accrued. Therefore, we identified a risk over the cutoff of disbursements in the current year.

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 detailed revenue and expense schedule – entity wide (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 September 9, 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 the schedule of Minnesota legacy grant funding and the schedule of regional library telecommunication aid – cash basis. 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 board of directors and management of Kitchigami Regional Library System and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Brainerd, Minnesota
September 9, 2025

City of Blackduck

**Valuation of Other Postemployment Benefits (OPEB)
Under GASB Statement No. 75
Alternative Measurement Method
For Fiscal Year Ending December 31, 2025**

**Valuation Date: December 31, 2024
Measurement Date: December 31, 2024
Reporting Date: December 31, 2025**



September 22, 2025

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Introduction

Purposes of the valuation

This report includes OPEB financial reporting information determined under Governmental Accounting Standards Board Statement No. 75 (GASB 75) for the City of Blackduck (the City). GASB 75 requires employers to provide details about their OPEB obligations.

The Important Notices section of this report discusses several considerations for this valuation and its results. We highly recommend that anyone relying on this valuation's content read the Important Notices so they understand the limitations of its results.

The language of this report includes a number of technical terms which have special meanings. The glossary at the end of the report is provided to enhance understanding of these terms; many of them are defined there.

Changes from the prior valuation

The City's net OPEB liability increased from \$442K as of 12/31/2024 to \$523K as of 12/31/2025. The net OPEB liability increase was primarily due to updated healthcare trend rates, and updated premiums and claims costs. This increase was partially offset by the discount rate changing from 3.77% to 4.08%.

Changes to the plan provisions and assumptions reflected in this valuation are described at the end of each of those sections in this report.

Additional information

To the best of our knowledge, this report is complete and accurate and all costs and liabilities under the plan were determined in accordance with the Alternative Measurement Method (AMM) prescribed by GASB 75 for employers with under 100 plan participants. Upon receipt of the valuation report, the City should notify us if you disagree with any information contained in the report or if you are aware of any information that would affect the results that has not been communicated to us. The report will be deemed final and acceptable to the City unless you immediately notify us otherwise.

The assumptions and methods are the responsibility of the employer. We have reviewed the assumptions and believe that they are reasonable estimates of future plan experience, both individually and in the aggregate.

For questions on the contents of this report, please contact Aaron Driessen at (612) 596-5967 or adriessen@VIAactuarial.com.

September 22, 2025

L/D/C/R: 3/lml/ajd/ses

v.07/02/2025

Notes to Financial Statements and Schedules of Required Supplementary Information

Schedule of Changes in Total OPEB Liability and Related Ratios¹

	Fiscal Year Ending ²	
	12/31/2025	12/31/2024
Total OPEB Liability		
Service cost	\$ 57	\$ 54
Interest	16,423	16,810
Differences between expected and actual experience	37,738	142
Changes of assumptions	40,507	17,204
Changes of benefit terms	-	-
Benefit payments ³	(13,828)	(13,482)
Net change in total OPEB liability	80,897	20,728
Total OPEB Liability - beginning of year	442,483	421,755
Total OPEB Liability - end of year	\$ 523,380	\$ 442,483
Total OPEB Liability - end of year	\$ 523,380	\$ 442,483
OPEB-eligible payroll for the measurement period	\$ 737,620	\$ 670,030
Total OPEB Liability as a % of eligible payroll	71.0%	66.0%

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Trend Rates

	1% decrease in Discount Rate (3.08%)	Current Discount Rate (4.08%)	1% increase in Discount Rate (5.08%)
Total OPEB Liability	\$ 602,380	\$ 523,380	\$ 457,998
	1% decrease in Trend Rates	Current Trend Rates	1% increase in Trend Rates
Total OPEB Liability	\$ 460,561	\$ 523,380	\$ 597,446

¹ The employer must disclose a 10-year history of the schedule of changes in Net OPEB Liability and related ratios.

² The City has elected to use the GASB 75 "lookback" method where assets and liabilities are measured as of the prior fiscal year-end, but applied to the current fiscal year.

³ Benefit payments equal \$7,780 explicit subsidy payments to retirees and \$6,048 implicit subsidy costs incurred during the measurement period ending 12/31/2024.

Notes to Financial Statements and Schedules of Required Supplementary Information

Calculation of OPEB Expense

	Fiscal Year Ending	
	12/31/2025	12/31/2024
A. Service cost	\$ 57	\$ 54
B. Interest cost	16,423	16,810
C. Current period benefit changes	-	-
D. Employee contributions	-	-
E. Recognition of expected vs. actual experience	37,738	142
F. Recognition of assumption changes	40,507	17,204
G. Total OPEB expense (sum of A. through F.)	\$ 94,725	\$ 34,210

Summary of Deferred Outflows and Deferred Inflows

The GASB 75 Alternative Measurement Method requires immediate expense recognition of changes due to experience and assumptions. Only investment gains and losses are amortized, and this does not apply to unfunded plans. The only applicable deferred outflow for this plan is contributions between the measurement date and reporting date.

Under GASB 75 paragraph 44, employer contributions made after the December 31, 2024 Measurement Date and on or before the December 31, 2025 Reporting Date must be disclosed as Deferred Outflows of Resources (both explicit and implicit subsidies). We estimate that this will include \$7,675 implicit subsidy costs incurred between the December 31, 2024 Measurement Date and the December 31, 2025 Reporting Date.

Projected Benefit Payments

Year Ending December 31	Implicit Subsidy	Explicit Subsidy	Total
2025	\$ 7,675	\$ 8,543	\$ 16,218
2026	8,275	9,210	17,485
2027	8,888	9,892	18,780
2028	9,501	10,575	20,076
2029	10,119	11,262	21,381
2030	10,745	11,960	22,705
2031	11,378	12,664	24,042
2032	12,002	13,358	25,360
2033	12,623	14,049	26,672
2034	13,238	14,733	27,971

Basis for Calculations

Summary of Participant Data

	Valuation Date 12/31/2024
Benefits-eligible active employees	
Total with medical coverage	11
Total without medical coverage	2
Total active employees	13
 Average age	 47.6
Average service	6.8
Retirees	
Total with medical coverage	1
Retirees with only non-medical OPEB coverage	0
Total retirees with OPEB coverage	1
 Average age with medical coverage	 36.8

Basis for Calculations

Summary of Plan Provisions

A. Eligibility At retirement, employees of the City receiving a retirement benefit, or eligible to receive a benefit, from a Minnesota public pension plan may continue to participate in the City's group insurance plan, per Minnesota State Statute 471.61, 2b.

B. Benefits Valued Medical coverage

C. Plan Premiums Eligible participants and their dependents are allowed access to the health plan and contribute the following plan premiums effective January 1, 2025. Participants meeting additional requirements are eligible for an explicit subsidy of the premium paid by the City as described below.

Medical (Not Medicare Eligible)	Single	Family
\$3,200 Deductible	\$ 712.80	\$ 1,785.70

D. Explicit Subsidy

Group	Eligibility	Premium Paid by City
Police and Fire	Disabled in the line of duty	City pays the full premium toward the elected medical coverage until age 65.

E. Valuation Changes Since the last valuation the following changes have been made:

- Retiree premiums were updated to current levels.

Basis for Calculations

Summary of Valuation Methods

A. Liability Measurement Dates	GASB 75 requires the total OPEB liability to be measured as of a date no earlier than the end of the employer's prior fiscal year and no later than the end of the employer's current fiscal year, consistently applied from period to period. The City has elected to measure liabilities as of the end of the prior fiscal year. GASB 75 requires that the total OPEB liability should be determined by (a) an AMM valuation as of the measurement date or (b) the use of update procedures to roll forward to the measurement date amounts from an AMM valuation as of a date no more than 30 months and 1 day earlier than the employer's most recent fiscal year-end. Liabilities in this report were calculated as of the current measurement date per GASB 75 option (a) above. We have not made any adjustments for events occurring after the measurement date.								
	<table> <tr> <td>Valuation date (census)</td><td>December 31, 2024</td></tr> <tr> <td>Measurement date (assets and liabilities)</td><td>December 31, 2024</td></tr> <tr> <td>Measurement period</td><td>January 1, 2024 to December 31, 2024</td></tr> <tr> <td>Reporting date (fiscal year end)</td><td>December 31, 2025</td></tr> </table>	Valuation date (census)	December 31, 2024	Measurement date (assets and liabilities)	December 31, 2024	Measurement period	January 1, 2024 to December 31, 2024	Reporting date (fiscal year end)	December 31, 2025
Valuation date (census)	December 31, 2024								
Measurement date (assets and liabilities)	December 31, 2024								
Measurement period	January 1, 2024 to December 31, 2024								
Reporting date (fiscal year end)	December 31, 2025								
B. Cost Method	Liabilities are based on the Entry Age Normal level percent of pay cost method.								
C. Amortization Methods	<u>Investment Gains and Losses:</u> Each year's gain or loss is straight-line amortized over 5 years. <u>Effects of Assumption Changes and Experience Gains and Losses:</u> The GASB 75 AMM rules require that Net OPEB Liability changes resulting from demographic experience and assumption changes be recognized immediately in OPEB expense.								
D. Funding Policy	Pay-as-you-go method.								
E. Data Methods	The City provided census and financial information for the valuation and we have relied on this data in preparing the results in this report. The data was reviewed for reasonableness and consistency, but we have not performed a complete audit. If any of the information is inaccurate or incomplete, then the results may be materially different and the calculations may need to be revised. To the extent that census data was collected as of a date later than December 31, 2024, we have assumed that it is reasonably representative of the plan census on the valuation date and used it with only minor adjustments.								
F. Covered Payroll	Covered OPEB-eligible payroll information for the measurement year ending December 31, 2024 was provided by the City.								

Basis for Calculations

Summary of Healthcare Assumptions and Methods

A. Per Capita Claims Costs

Pre-65

To develop the pre-65 retiree medical per capita claims costs for the plan(s), we adjusted the single premium for (1) increases in medical costs due to aging and (2) the difference between the premium plan month and the valuation month, if applicable. The age-adjustment factors are prescribed by GASB 74/75 and reflect the difference between the current average age of all participants (employees and pre-65 retirees) and their expected average age while receiving retiree medical coverage.

Post-65

Per capita claims costs for post-65 retirees are not applicable because there currently are no post-65 retirees and future retirees are assumed to waive coverage at age 65.

B. Healthcare Cost Trend

Trend is a forecast of cost increases due to factors such as price inflation, per capita income growth (GDP), and new technology. We developed our trend assumption using the 2025 "Getzen" model published by the Society of Actuaries.

Actual plan sponsor healthcare costs will differ from the trend assumption since we cannot precisely predict the factors affecting trend and annual plan costs in the future. This assumption is merely one estimate among a wide range of possibilities.

Basis for Calculations

Summary of Valuation Assumptions

Plan type	Single Employer
Discount rate	4.08%
Long-term expected investment return	N/A
Inflation rate	2.50%
Mortality	
General employees	From the 2023 PERA of Minnesota General Employees Retirement Plan experience study, Pub-2010 General mortality tables with projected mortality improvements based on scale MP-2021, and other adjustments.
Police & Fire	From the 2024 PERA of Minnesota Public Employees Police & Fire Plan experience study, Pub-2010 Public Safety mortality tables with projected mortality improvements based on scale MP-2021, and other adjustments.
Healthcare cost trend rate	8.1% for FY2025, gradually decreasing over several decades to an ultimate rate of 3.9% in FY2075 and later years.

A. Economic Assumptions

		Measurement Date	
		December 31, 2024	December 31, 2023
Discount Rate		4.08%	3.77%
(Bond Buyer 20-Bond GO Index rate for 20-year, tax-exempt municipal bonds) ¹			
Payroll Growth Rate		3.25%	3.25%
Increases in Explicit Subsidy	Assumed to increase with healthcare trend rates.		

B. Coverage Elections

- 5% of the employees currently electing coverage are assumed to elect coverage in the same plan and coverage level at retirement, continue coverage to age 65 and then waive coverage.
- Employees currently waiving coverage are assumed to waive coverage at retirement.

¹ The municipal bond index rate as of the December 31, 2023 measurement date was based on the Fidelity 20-Year Municipal GO AA Index.

Basis for Calculations

Summary of Valuation Assumptions (continued)

C. Demographic Assumptions

Withdrawal, Mortality, and Salary Scale Based on assumptions in the 2023 PERA of Minnesota General Employees Retirement Plan experience study and the 2024 PERA of Minnesota Public Employees Police & Fire Plan experience study.

Disability

- Future retirees It is assumed that employees will not become disabled.
- Retirees Actual disability status was used.

Retirement Age Latest of age 55, plan eligibility or current age for Police & Fire
Latest of age 65, plan eligibility or current age for General employees

Spouse Age Difference

- Future retirees Males are assumed to be 3 years older than females.
- Retirees Actual spouse date of birth is used, if provided. Otherwise, males are assumed to be 3 years older than females.

Medicare Eligibility 100% of current and future retirees under age 65 are assumed to become Medicare eligible at the later of age 65 or retirement. Actual Medicare status was used for retired members, if provided.

D. Per Capita Claims Costs

Medical Estimated monthly retiree medical claims costs as of the 12/31/2024 valuation date are shown below:

\$3,200 Deductible \$ 1,353

E. Assumption Changes Since the Prior Valuation

- The discount rate was changed from 3.77% to 4.08% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- Withdrawal, mortality, and salary increase rates were updated from the rates used in the 7/1/2022 PERA General Employees Plan valuation and 7/1/2022 PERA Police & Fire Plan valuation to the rates used in the 2023 and 2024 experience studies, respectively.

Basis for Calculations

Important Notices

Purpose and Scope of the Valuation

This valuation has been prepared exclusively for the City and solely to provide GASB 75 accounting information. It is important to recognize that calculations performed for other purposes (such as benefit design, investment policy, or plan funding) may yield significantly different results. This report may not be used for any other purpose, and VIA Actuarial Solutions is not responsible for the consequences of any unauthorized use. Its content may not be modified, incorporated into or used in other material, or otherwise provided, in whole or in part, to any other person or entity, without our permission.

Assumptions and Methods

Since modeling all possible future outcomes is not possible or practical, the valuation is based on a single set of data, assumptions, methods, and plan provisions which satisfy current GASB 75 accounting requirements. We may also use estimates or simplifications to model future events in an efficient and cost-effective manner, so long as we believe that these simplifying techniques do not affect the reasonableness of the valuation results.

The City is responsible for the assumptions, methods, and funding policies used to prepare the valuation. The assumptions used in this report are based on the Alternative Measurement Method assumptions and methods as outlined in paragraphs 224 - 226 of GASB 75. The liabilities in this report were prepared using actuarial valuation software programmed to follow the GASB AMM calculation methods. If the City is interested in analyzing the effect of different assumption sets on the valuation results, then we suggest a sensitivity analysis to be performed at a later date.

Measurement Changes

A valuation is only a snapshot of a plan's estimated financial condition at a single point in time. Future measurements may differ significantly from the current measurements presented in this report due to such factors as the following: retiree group benefits program experience differing from that anticipated by the assumptions; changes in assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in retiree group benefits program provisions or applicable law. Retiree group benefits models necessarily rely on the use of approximations and estimates and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in measurements.

Valuations are extremely complex and it's possible that data, computer coding, and mathematical errors could occur during the valuation process. Errors in a valuation discovered after its preparation may be corrected by revising the current valuation or in a subsequent year's valuation.

Basis for Calculations

Important Notices (continued)

Accuracy of Substantive Plan Information and Census Data

For purposes of this valuation, we have assumed that the City has validated our summary of the substantive plan provisions and has provided us with any relevant information on interpretation of the plan provisions and changes to the plan terms since the prior valuation.

The City is solely responsible for the validity, accuracy and comprehensiveness of this information. If any data or plan provisions supplied are not accurate and complete, the valuation results may differ significantly.

Impact of Legislative Changes

The legislative and regulatory environments have many implications for OPEB plans. Changes to current rules and implementation of new legislation are difficult to predict but could have a significant effect on the value of future plan benefits. These include changes to government medical programs, such as Medicare and the Affordable Care Act. Future changes to these programs will be reflected if/when they become law.

Glossary of Selected Terms

This section provides the definitions of applicable terminology in the valuation, with references to the Governmental Accounting Standards Board Statement (GASB) No. 75.

Cost Method - the method used to allocate OPEB liability costs between past, current, and future years.

Discount Rate - the interest rate used to adjust liabilities and obligations for the time value of money.

Explicit Subsidy - OPEB expressly provided by employer.

Fiduciary Net Position - The value of dedicated OPEB assets reported by the plan/employer.

GASB Statement No. 75 - the Governmental Accounting Standards Board Statement Number 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

Implicit Subsidy or Implicit Rate Subsidy - the difference between the actual and apparent cost of OPEB coverage. The actual cost for retirees is different than the average per-person premium for a blended active/retiree group or a retiree group in a pooled health plan. Plans in which retirees pay the average rate may give rise to an implicit rate subsidy.

Long-Term Expected Investment Return - the assumed long-term return expected to be earned by the OPEB investments.

Measurement Date - the date as of which the Total OPEB Liability and Fiduciary Net Position (assets) are measured.

Net OPEB Liability - the difference between the accrued liability (Total OPEB Liability) and OPEB assets (Fiduciary Net Position).

Present Value of Benefits - the present value of all future projected benefits for the current participant group, if all assumptions are exactly met.

Reporting Date - the plan's or employer's fiscal year end.

Service Cost - the portion of the Present Value of Benefits which is allocated to the current year by the cost method.

Total OPEB Liability - the portion of the Present Value of Benefits which is not attributable to future service costs, i.e. the accrued liability.

Valuation Date - the date as of which liabilities are calculated. Liabilities may be "rolled forward" from the Valuation Date to the Measurement Date.

Proposed Contract Agreement

**Blackduck Public Library 72 1st St. E
Blackduck, Mn 56630 Christina
(218-368-9394)**

**Gustafson Home Improvements (GHI)
12927 Portage, Ln NE
Bemidji, MN 56601
218-689-3279**

Project description: 2025

Library Remodel

Description of work:

- Prepare area to be worked in each day to keep as clean as possible.
- Demo front office wall coverings and wall framing.
- Prepare area for electrical to be relocated and work with electricians in laying out new work.
- Tearout and some farming are required for new reception area layout and electrical needed in this area.
- Remodel the front bathroom to become a small conference/office use space.
- Plumbing to be capped off for sink and 2 toilets in this space.
- Floor leveler install over concrete there toilets will be capped off.
- Removal of existing hallway wall into bathrooms and reframe to increase the size if the conference space. Along with some framing to add bumped in space for reception area to make that space function better.
- Move the bathroom door to the back bathroom and reframe a new opening in the NE corner of that bathroom. Reusing the existing door.
- Removal of exiting flooring in all appropriate areas and prep floors for new flooring where needed.
- Sheetrock all new wall framing and all the ceiling areas where walls were removed.
- Tape. Mud, sand, and finish all new drywall areas and ceiling patches.
- Blend new work to best match existing wall textures.
- Prime and paint remodeled areas.
- New flooring purchase and installed(Price may Vary on final product chosen)
- Using the existing reception counters, where we can, with appropriate modification reinstall into new space north of the main entrance.



Thank you for your business.
GHI

- Install base mouldings and trim where needed.
- Reconfigure counter space in bathroom to bring to ADA compliance. Install Grab bars as required.
- It was share recently that the library will need to stay open. With that said, we will need to take time to prep areas we will be working in to keep things as clean as we can. We will need to also take time each day to cleanup well at the end of each day.

Projected Estimated cost of the work to be done with labor and materials and sub contractors

Total Cost Estimate at \$58,000.00

I do my projects by tracking all the material and labor costs and bill according to the work done. The project will be done on a cost plus basis.

50% of estimated labor, materials, and markup cost to be collected upon the start of work,

25% of estimated labor, materials, and markup cost to be collected after project has reached midpoint

Final Payment will be collected upon completion of the project based upon total real cost of Labor, Materials, and markup.

If you have any questions please call.

Tony Gustafson
Gustafson Home Improvements (GHI)
218-689-3279
gustafson.h.i@gmail.com

Mayor, Maxwell Gullette

City Administrator, Christina Regas

Tony Gustafson



Thank you for your business.
GHI



CITY OF BLACKDUCK
Payments

09/18/25 11:30 AM
Page 1

Current Period: September 2025

Payment Batch LibraryRenvnext25per \$14,500.00

Refer 339 GUSTAFSON HOME IMPROVEMEN Ck# 015114 9/17/2025

Cash Payment E 550-45500-309 Construction Services 25% of labor, materials @ midpoint \$14,500.00

Invoice 20250917 9/17/2025 Project 2025-1
Transaction Date 9/17/2025 DW Checking 10100 Total \$14,500.00

Fund Summary

	10100 DW Checking	
550 KRLS LIBRARY RENOV PROJECT	\$14,500.00	
		\$14,500.00

Pre-Written Checks	\$14,500.00
Checks to be Generated by the Computer	\$0.00
Total	\$14,500.00

September 11, 2025

Certified Mail Return Receipt Requested

Christina Regas
City of Blackduck
8 Summit Ave E
PO Box 380
Blackduck, MN 56630

In reply refer to: C.S. 0410 (71=4) 901 Parcel 200
Beltrami County
Conveyance No. 2024-0019

Dear Ms. Regas,

We are pleased to inform you that conditional approval has been obtained for the conveyance of the above-referenced real property as described in Exhibit "A" and shown in Exhibit "B" (the "Property").

The State of Minnesota, Department of Transportation ("Seller") offers to convey the Property to City of Blackduck ("Buyer") for a consideration of \$2,400.00 in accordance with the following terms and conditions:

1. All current real estate taxes, existing or pending assessments, delinquent taxes, fees and penalties will be paid by Buyer.
2. Seller makes no representations about the status of the title to the Property and is not obligated to correct any title defects.
3. This conveyance is subject to the following, which will be included in the deed issued to Buyer (the Grantee described below is one and the same as the Buyer described in this offer letter):
 - a. The Property is subject to the rights of existing utilities, if any, as provided in Minnesota Statutes §161.45 subd. 3.
4. The Property and all improvements, if any, are being conveyed as-is and where-is.
5. Payment must be made in the form of a cashier's check, certified check or money order made payable to "Commissioner of Transportation – Trunk Highway Fund" in the amount of \$2,400.00
6. This offer is subject to and specifically conditioned upon receipt of the above-mentioned consideration on or before March 11, 2026. If such consideration is

not received on or before that date, this offer is null and void and of no further force and effect; and Seller is released from any further obligation to Buyer and may negotiate with other parties for sale or other disposition of the Property.

7. Upon receipt of payment for the conveyance, Seller will issue to Buyer a quitclaim deed, using the legal description in Exhibit "A". Buyer agrees that upon issuance of the quitclaim deed, the Seller may record the deed in the Office of the County Recorder or Registrar of Titles as appropriate. Seller will provide Buyer with the recorded deed within 15 days of the return of the deed from the County.
8. ***The Seller may revoke this offer and cancel this conveyance in its discretion at any time before payment is received. The Seller shall notify Buyer in writing of such revocation and cancellation. Upon cancellation, this offer is null and void and shall be of no further force and effect; and the Seller is released from any further obligation to Buyer.***

Please submit payment and any questions you may have regarding this transaction to: Bonnie Hable, Minnesota Department of Transportation, 395 John Ireland Blvd. MS 632 (BH), St. Paul, MN 55155-1800.

Bonnie may be reached at: 612-297-8876.

Sincerely,

Joseph D. Pignato, Director
Office of Land Management

Enclosures: Exhibits A & B

September 11, 2025
2024-0019-0410

DESCRIPTION FOR CONVEYANCE

Parcel 200 C.S. 0410 (71=4) 901

That part of Tract A described below:

Tract A. That part of Burlington Northern Railroad Company's 400.0 foot wide Station Ground Property at Black Duck, Minnesota, being 150 feet wide on the northwesterly side and 250.0 feet wide on the southeasterly of said Railroad Company's Main Track centerline upon, over and across the Southeast Quarter of the Northeast Quarter and the Southeast Quarter of the Northeast Quarter of the Northeast Quarter of Section 13, Township 149 North, Range 31 West, bounded between two lines drawn at right angles to said Main Track centerline distant respectively 3,241.0 feet (measured 3227.96 feet) and 1,241.0 feet (measured 1227.96 feet) Southwesterly of the North line of Section 18, Township 149 North, Range 30 West as measured along said Main Track centerline;

which lies between two lines that run parallel with and distant 85 feet and 250 feet southeasterly of the following described line: Beginning at the point of termination of Line 1 described below; thence northeasterly along said Line 1 for 136.96 feet and there terminating;

Line 1. Beginning at the intersection of the North line of said Section 18 and the centerline of said Main Track; thence southwesterly along said Main Track for 3,227.96 feet and there terminating;

containing 0.56 acre, more or less.



9/22/25



CITY OF BLACKDUCK

PUBLIC FUNDS REQUEST FORM

PO BOX 380 BLACKDUCK, MN 56630

Organization or Group Requesting Public Funding:

Blackduck Area Toys for Kids

What type of project will the Public Funds used for:

Provide the community kids with \$30 value of Toys, hat & mitten set.

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:

This program is to help families in need over the Holiday season. Each child receives \$30.00 worth of Toys and a set of gloves & hat. Last year 2024 we helped 167 Kids. We sent request letters out to Kids, and were able to help them with needed items as well.

Outline specifically WHAT PORTION of the project these funds will be used for:

We would like to request the use of the golf course Room on Dec. 18th & 20th. We would like to hand out gifts from that location, last year had to rent a place.

What other Organization has your group contacted for funding? Please list names of other organizations and the dollar amounts requested and or grants requested:

Operation Round up - Application submitted Oct. 2025 will be announced funds.

Oct. 25' will send out Donation Request

Date Funds are being requested: 8/18/2025

Date the project starts and completes: 10/1/2025 - 12/31/2025

See opposite side of form for Conditions for Requesting Public Funds

INTERNATIONAL UNION OF OPERATING ENGINEERS

LOCAL NO. 49, 49A, 49B, 49C, 49D, 49E, 49L
MINNESOTA • NORTH DAKOTA • SOUTH DAKOTA

EUGENE J. GROVER, President

MARK J. POTHEN, Vice President

STEVE R. PIPER, Recording-Corresponding Secretary
Secretary

MARVIN J. HOSE, Treasurer



RYAN P. DAVIES
Business Manager/Financial

2829 Anthony Lane South, Minneapolis, MN 55418-3285
Phone (612) 788-9441 • Toll Free (866) 788-9441 • Fax (612) 788-1936

Memorandum of Agreement

This Memorandum of Agreement is entered into between the City of Blackduck (hereafter “Employer”) and the International Union of Operating Engineers Local No. 49 (hereafter “Union”).

WHEREAS, the Employer and the Union are parties to a Collective Bargaining Agreement in effect January 1, 2025, through December 31, 2027 (the “Collective Bargaining Agreement”); and

WHEREAS, the parties have agreed to negotiate the Employer and Employee Minnesota Paid Family and Medical Leave (“PFML”) premium contribution rate, which are effective January 1, 2026, or such other date as required by Minnesota law;

NOW THEREFORE, the Employer and the Union agree to the following:

1. Pursuant to Minn. Stat. § 268B.14, the Employer agrees to pay 100% of the PFML premiums for all regular employees represented by the Union for the duration of the Collective Bargaining Agreement. The employees agree to pay 0% of the state-run plan or 0% of a qualifying replacement plan maintained by the Employer, whichever is less.
2. Qualifying employees are not required to exhaust their accrued vacation and/or sick leave and/or compensatory time prior to applying for or receiving PFML benefits offered or granted by the plan administrator, whether the State of Minnesota or the private administrator, responsible for providing such PFML benefits.
3. Qualifying employees may use certain paid benefits such as accrued vacation, accrued sick time, and/or accrued compensatory time as “supplemental benefits” during PFML to allow employees the option to receive up to, but not to exceed, a full salary continuation during their leave.
4. While an employee is on PFML, they shall be entitled to accrue all vacation, sick, holiday, and/or any other benefit time as provided in the Collective Bargaining Agreement.
5. While an employee is on PFML, he/she is entitled to holiday pay for all observed holidays as if such employee was not on leave.

All other provisions of the Collective Bargaining Agreement between the Employer and the Union will remain unchanged.

This Memorandum of Agreement represents the complete and total agreement of both parties.

IN WITNESS WHEREOF, the parties have executed this Memorandum of Agreement this ____ day
of _____, 2025.

NAME OF EMPLOYER

I.U.O.E Local No. 49

Business Representative

Date

Date

City of Blackduck Analytics Report

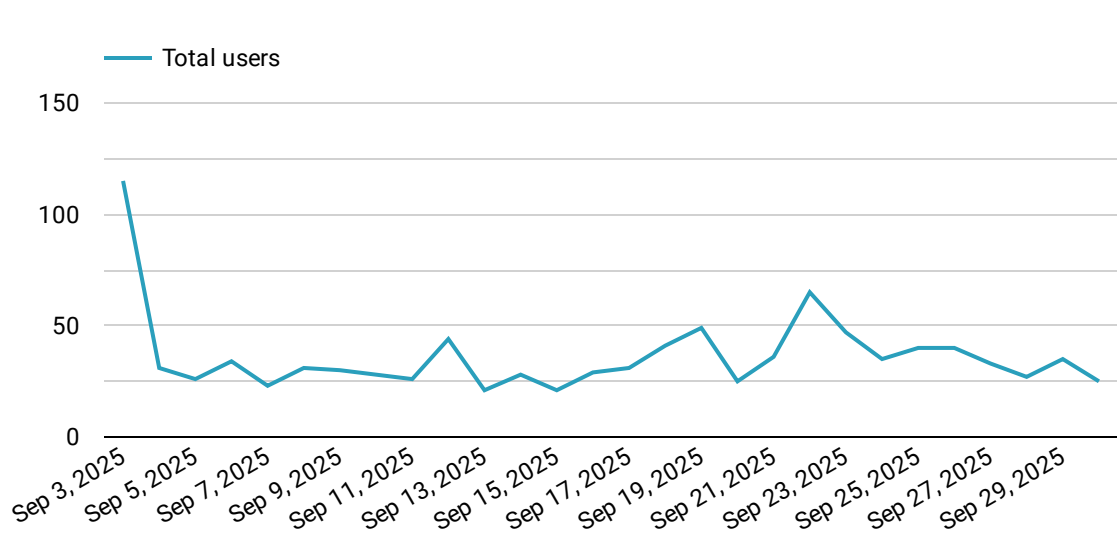
Country ▾

Region ▾

Device category ▾

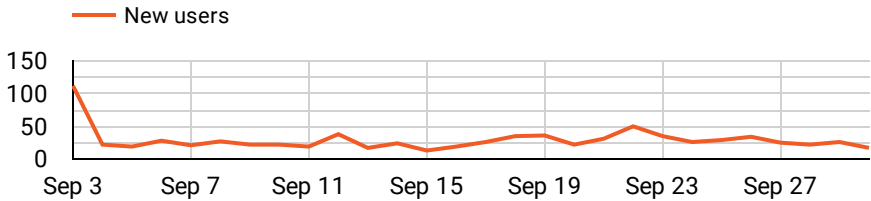
Session campaign ▾

Sep 1, 2025 - Sep 30, 2025 ▾



	First user source	Total users ▾	New users
1.	google	488	445
2.	(direct)	304	293
3.	bing	46	40
4.	yahoo	17	13

1 - 19 / 19 < >



Total users
881

New users
817

Sessions per user
1.2

Sessions
1,029

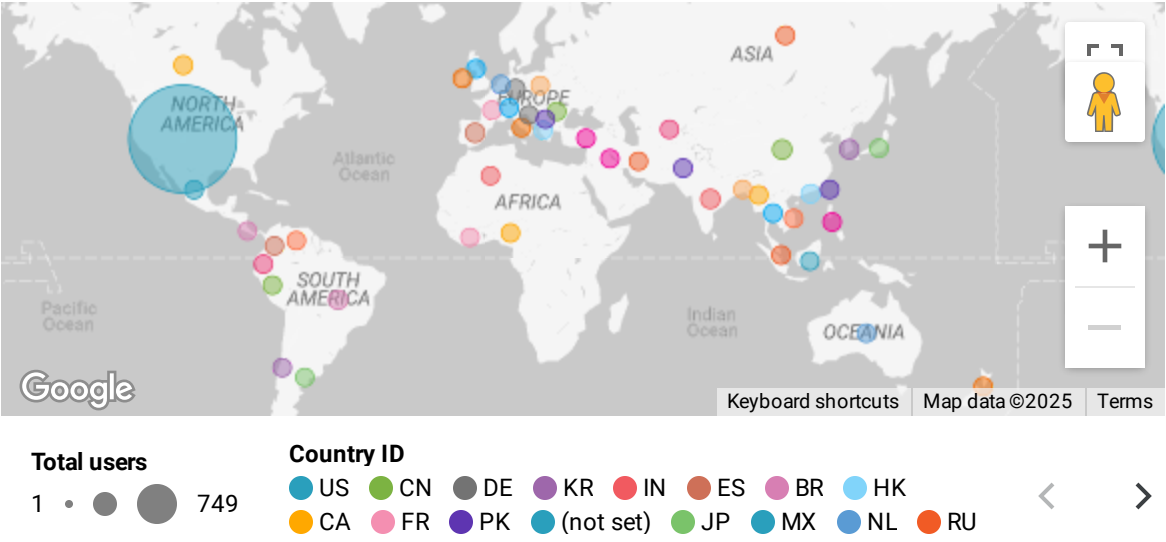
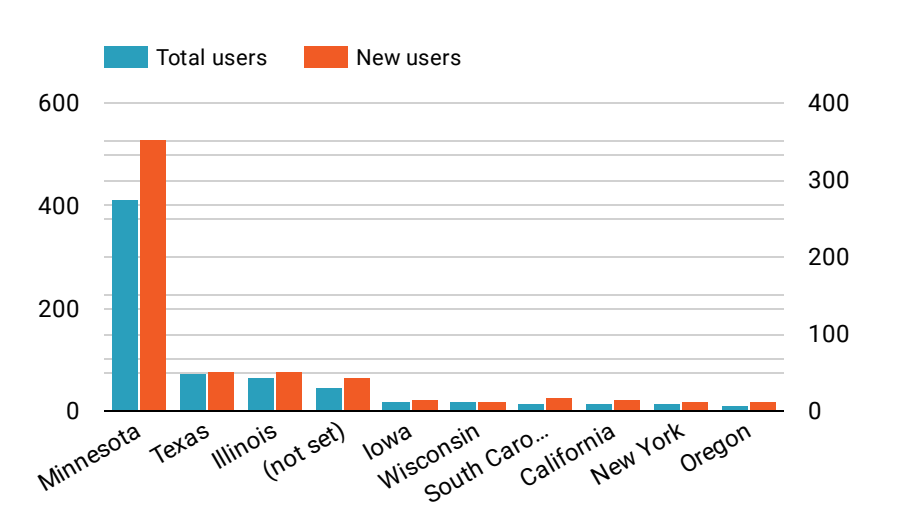
Views
3,800

Events per session
7.3

Engaged sessions
586.0

Engagement rate
56.9%

New Visitor Returning Visitor

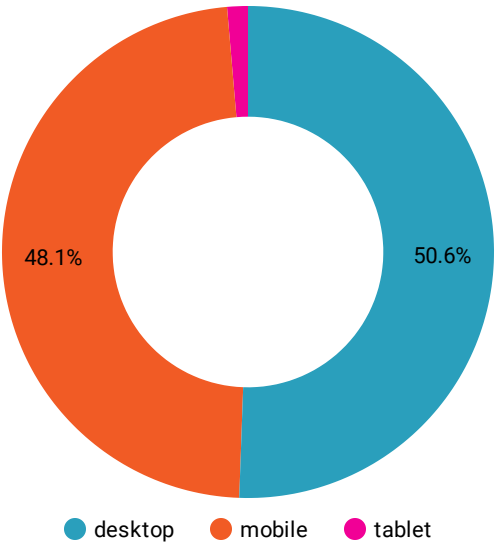


	Region	Total users ▾	New use...
1.	Minnesota	412	354
2.	Texas	73	53
3.	Illinois	66	51
4.	(not set)	45	45
5.	Iowa	20	15
6.	Wisconsin	20	12
7.	South Carolina	17	17
8.	California	17	15

1 - 100 / 121 < >

	Country	Total users ▾	New users
1.	United States	749	686
2.	China	11	11
3.	Germany	10	10
4.	South Korea	10	10
5.	Spain	9	9

1 - 49 / 49 < >



Device category		Total users ▾
1.	desktop	446
2.	mobile	424
3.	tablet	12

Page path		Views ▾	Average Engagment Time
1.	/	2,634	00:02:02
2.	/campground/	121	00:00:52
3.	/city-hall/	104	00:00:34
4.	/meeting-minutes-agenda/	100	00:00:16
5.	/public-officials/	96	00:00:22
6.	/rentals/	84	00:00:38
7.	/contact-us/	83	00:00:30

1 - 42 / 42<>

September 15, 2025

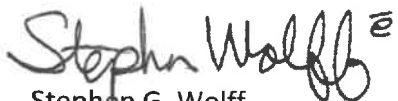
Dear State MIF Recipient:

The Minnesota Department of Employment and Economic Development (DEED) is collecting information on the current status of local revolving loan funds that were seeded with repayments from a Minnesota Investment Fund (MIF) award funded by the State of Minnesota. The attached MIF State Revolving Loan Fund Annual Report must be completed and returned to DEED at MIFRLF.DEED@state.mn.us no later than **October 25, 2025**. You may request an electronic version of the form by submitting your request to MIFRLF.DEED@state.mn.us.

For additional information regarding use of the State revolving loan funds, visit the DEED website at <https://mn.gov/deed/business/financing-business/deed-programs/mif/> and click the RLF Guides tab.

This letter pertains only to state funded RLF reporting; if you also have a federally funded RLF balance, you will receive a separate reporting form. If you have additional questions about this notification, contact Chinwe Ngwu 651-259-7427.

Best regards,



Stephen G. Wolff

Executive Director, Office of Business Finance

Enclosure: State RLF Annual Report

EMPLOYMENT AND ECONOMIC DEVELOPMENT

Minnesota Investment Fund State Revolving Loan Fund Annual Report

Reporting Period: October 1, 2024 – September 30, 2025

The Minnesota Department of Employment & Economic Development (DEED) is collecting information on the status of local revolving loan funds seeded by State funded Minnesota Investment Fund (MIF). We will be asking recipients to report annually on the status of these dollars if placed in a revolving loan fund account.

Reporting Period: October 1, 2024 – September 30, 2025

Report Due Date: October 25, 2025

GRANTEE INFORMATION

Grantee (Local Government):

Contact Name & Title:

Contact Phone:

City of Blackduck
Christina Regas, City Administrator
218-835-4803 Contact Email: *christina.regas@blackduckmn.com*

REVOLVING FUND LOAN INFORMATION

Cash Balance on September 30, 2025	\$36,024.67
Number of loans outstanding as of September 30, 2025	2
Balance due on outstanding loans as of September 30, 2025	\$22,799.21

CERTIFICATION

I certify to the best of my knowledge and belief that the data in this report is true and accurate.

Preparer Name:

Title:

Signature:

Date:

CHRISTINA REGAS *City Administrator*
Christina Regas *10-6-2025*

Please return completed form to MIFRLF.DEED@state.mn.us or mail to

DEED Office of Business Finance, Attn: Business Expansion Unit 180 5th St E., Suite 1200, St. Paul, MN 55101

Invoice

Member Name and Address

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

Invoice Date

10/06/2025

Agent

Dale Schmidt Agency, Inc.
823 Washington Ave S
Bemidji, MN 56601-3448
(218)444-1514

Account Number: 40008836
Account Type Property/Casualty Coverage Premium
Current Balance: \$ 32,696.00
Minimum Due: \$ 32,696.00
Due Date: 11/01/2025

Summary of activity since last Billing Invoice	Date	Activity	Account Balance	Minimum Due
See reverse side and attachments for additional information		Previous Invoice Balance	65,394.00	
		Payments Received	-32,698.00	
		Total of Transactions and Fees shown on reverse or attached	.00	
		Current Balance	\$ 32,696.00	\$ 32,696.00

Detach and return this Payment Coupon with your payment

Account Number
40008836

Invoice Date
10/06/2025

Due Date
11/01/2025

Current Balance
\$ 32,696.00

Minimum Due
32,696.00

Amount Enclosed
\$ _____

Member Name Blackduck, City Of

BILLING INVOICE - Return stub with payment - make checks payable to:

Mail payment
7 days before
Due Date to
ensure timely
receipt

League of MN Cities Insurance Trust P&C
c/o Berkley Risk Administrators Company
222 South Ninth Street, Suite 2700
P.O. Box 581517
Minneapolis, MN 55458-1517



Invoice

Detail of activity since last Invoice	Package 1002955-9 Agreement Period 06/01/2025 - 06/01/2026	Transaction Amount		Minimum Due	
	Agreement Previous Balance	\$	65,394.00		
	Payment 05/12/2025	\$	-32,698.00		
	Agreement Ending Balance	\$	32,696.00	\$	32,696.00
Defense Cost Reimbursement 1002956-9 Agreement Period 06/01/2025 - 06/01/2026					
	Agreement Previous Balance	\$	0.00		
	Agreement Ending Balance	\$	0.00	\$	0.00
	Total Current Balance	\$	32,696.00		
	Total Minimum Due			\$	32,696.00



CONNECTING & INNOVATING
SINCE 1913

Thank you for choosing us as your Coverage carrier. The following information is to assist you in reviewing your Billing Invoice.

Billing Inquiries: CONTACT YOUR AGENT FOR QUESTIONS ON YOUR AGREEMENT OR CHANGES IN COVERAGE. For billing inquiries, please call 1-612-766-3000

BILLING PROCEDURES

New Agreements and renewals: If your Agreement is issued after the date that coverage began, your first Billing Invoice for the agreement may include more than one installment payment due.

Application of Payments and Cancellation: If you pay more than the Minimum Due, the extra payment will be applied to your next installment proportionately to all agreements on your account. For Accounts owned on agreements with the same Due Date, the payment will be applied proportionately to all agreements with the same Due Date.

Minimum Due is the amount to pay to avoid any agreements on your account from going into a late pay status which could cause cancellation of coverage. If you fail to pay the Minimum Due by the Due Date, a Direct Notice of Cancellation for Non Payment may be issued for one or more agreements on your account. If your account has more than one agreement and you pay less than the Minimum Due, your payment will be applied first to amounts owed on agreements with the oldest balance due.

If we receive a payment after the cancellation effective date and we elect not to reinstate your agreement, the payment will be applied toward any unpaid earned premium on your account before any remainder is refunded.

After an agreement is cancelled, we will bill you for any unpaid earned premium. If you do not pay, the matter may be referred to collections.

Audit Premium: Any Audit Premium owed will be included in both Current Balance and Minimum Due balance shown on the Billing Invoice. Payment of Audit Premium is due in full by the Due Date. If Audit Premium is owed, your payment may be applied first to Audit Premium owed and then to amounts owed on agreements with the earliest Due Date. If special arrangements are needed for repayment of audit premium you MUST contact the Billing Unit at the number shown above for consideration of any such arrangements.

Refunds: Any refund due will be mailed from our office within 15 days after the Invoice date.

Payment address: ALL PAYMENTS SHOULD BE SENT TO OUR PAYMENT PROCESSING CENTER ALONG WITH THE PAYMENT COUPON. The address change from below is printed on the back of the payment coupon. If needed it may also be sent along with your payment to the Payment Processing Center at:

222 South Ninth Street, Suite 2700 Minneapolis, MN 55402 . Please do not send any other correspondence to the payment processing center.

CHANGE OF ADDRESS AND/OR NAME
PLEASE FILL IN THE NAME, AGREEMENT NUMBER AND CHECK APPROPRIATE BOX

- ☐ Name Change Only
☐ Name and Address Change
☐ Address Change Only

Name: _____

Address: _____

Former Name: _____

Address: _____

Agreement
Number: _____

City: _____

State _____

Zip Code: _____

PLEASE REFER ALL OTHER CHANGES TO YOUR AGENT. THANK YOU.

2025-2026 Insurance Renewal Property & Liability - \$1000 property deductible

		Property	Auto	Municipal Liability	Dram	Total				
Council	101-41110					\$0.00	0.00%	0.00	101-36240	\$2,880.36
Administrator	101-41400	\$0.00				\$0.00	0.00%	0.00	201-36240	\$137.16
Govt Bldgs	101-41940	\$1,197.00		\$137.16		\$1,334.16	1.00%	137.16	209-36240	\$1,097.28
Police	101-42110	\$5,320.80	\$2,773.00	\$2,689.48		\$10,783.28	3.00%	411.48	601-36240	\$548.64
Fire	101-42200	\$3,998.00	\$2,503.00	\$411.48		\$6,912.48	3.00%	411.48	602-36240	\$1,097.28
Hwy/Streets	101-43100	\$3,730.40	\$1,883.00	\$411.48		\$6,024.88	3.00%	411.48	609-36240	\$3,977.64
Library	101-45500	\$1,381.00		\$137.16		\$1,518.16	1.00%	137.16	613-36240	\$3,977.64
Water	601-43200	\$6,176.40		\$548.64		\$6,725.04	4.00%	548.64		\$13,716.00
Sewer	602-43200	\$5,556.40		\$2,292.28		\$7,848.68	8.00%	1097.28		
Liquor	609-49750	\$7,559.00		\$3,977.64		\$11,536.64	29.00%	3977.64		
Golf	613-49830	\$2,338.00		\$3,977.64		\$6,315.64	29.00%	3977.64		
PTP	209-45183	\$2,283.00		\$1,097.28		\$3,380.28	8.00%	1097.28		
Cemetery	201-44400	\$165.00		\$137.16		\$302.16	1.00%	137.16		
Parks	101-45200	\$1,341.00		\$1,371.60		\$2,712.60	10.00%	1371.60		
		\$41,046.00	\$7,159.00	\$17,189.00		\$65,394.00		\$65,394.00	100.00%	13716.00
										\$13,716.00

		AMOUNT TO CODE	2nd HALF Due 10/7/2025	BUDGET 2025		
Property Due: \$41,046.00	101-41940-362	\$1,197.00	\$598.50	\$1,302.74		
	101-42110-362	\$5,320.80	\$2,660.40	\$5,749.02		
	101-42200-362	\$3,998.00	\$1,999.00	\$4,355.54		
	101-43100-362	\$3,730.40	\$1,865.20	\$4,060.65		
	101-45500-362	\$1,381.00	\$690.50	\$1,498.84		
	601-43200-362	\$6,176.40	\$3,088.20	\$6,679.91		
	602-43200-362	\$5,556.40	\$2,778.20	\$5,941.09		
	609-49750-362	\$7,559.00	\$3,779.50	\$8,169.42		
	613-49830-362	\$2,338.00	\$1,169.00	\$2,540.82		
	209-45183-362	\$2,283.00	\$1,141.50	\$2,472.45	Property Insurance Budget Total:	Difference:
	201-44400-362	\$165.00	\$82.50	\$178.08	\$44,400.76	\$3,354.76
	101-45200-362	\$1,341.00	\$670.50	\$1,452.20		
Auto Due: \$7,159.00	101-42110-363	\$2,773.00	\$1,386.50	\$6,439.40		
	101-42200-363	\$2,503.00	\$1,251.50	\$2,812.70		
	101-43100-363	\$1,883.00	\$941.50	\$1,749.00	Auto Insurance Total:	Difference:
	601-43200-363	\$0.00	\$0.00	\$0.00	\$11,001.10	\$3,842.10
	602-43200-363	\$0.00	\$0.00	\$0.00		
Liability Due: \$17,189.00	101-41940-361	\$137.16	\$68.58	\$185.17		
	101-42110-361	\$2,689.48	\$1,344.74	\$3,366.62		
	101-42200-361	\$411.48	\$205.74	\$555.51		
	101-43100-361	\$411.48	\$205.74	\$555.51		
	101-45500-361	\$137.16	\$68.58	\$185.17		
	601-43200-361	\$548.64	\$274.32	\$740.68		
	602-43200-361	\$2,292.28	\$1,146.14	\$2,877.64		
	609-49750-361	\$3,977.64	\$1,988.82	\$5,369.91	Liability Insurance Total:	
	613-49830-361	\$3,977.64	\$1,988.82	\$5,369.91	\$22,725.42	
	209-45183-361	\$1,097.28	\$548.64	\$1,481.35	Difference:	\$5,536.42
	201-44400-361	\$137.16	\$68.58	\$185.17		
	101-45200-361	\$1,371.60	\$684.80	\$1,852.78		

\$65,394.00 \$32,696.00 \$78,127.28

Over/Under Budget
\$12,733.28



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 is amended as follows, with deleted language struck out and new language in red.

§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.

§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 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 – has no amendments as read as follows:

§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.

§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.



CITY OF BLACKDUCK

ORDINANCE #2025-04

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 is amended as follows, with deleted language struck out and new language in red.

§1170.3 Subdivision 1 Minimum Buffer Requirements

The following minimum buffer requirements shall be met for ~~all Cannabis Retail Businesses types~~. For **Cannabis Retail 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 retail 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. **For all other Cannabis Business types the buffer is reduced to 0 feet.**

The City of Blackduck shall prohibit the operation of a **cannabis Retail 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. **For all other Cannabis Business types the buffer is reduced to 0 feet.**

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



CITY OF BLACKDUCK

ORDINANCE #2025-04

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 retail 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. **For all other Cannabis Business types the buffer is reduced to 0 feet.**

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



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ORDINANCE #2025-04

§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 has no amendments and read as follows:

§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.

§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.



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§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.
- 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.



CITY OF BLACKDUCK

ORDINANCE #2025-04

§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 has no amendments and reads as follows:

§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.

§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.



CITY OF BLACKDUCK

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§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 has no amendments and reads as follows:

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 has no amendments and reads as follows:

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.

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

RESOLUTION NO: 2025-17

RESOLUTION ADOPTING AN AMENDED SPENDING PLAN FOR TAX INCREMENT FINANCING DISTRICTS NO. 1-4 AND 1-6.

BE IT RESOLVED, by the City Council (the "Council") of the City of Blackduck, Minnesota (the "City") as follows:

WHEREAS, the City established Tax Increment Financing Districts No. 1-4 and 1-6 pursuant to, and in accordance with, Minnesota Statutes, Sections 469.174 to 469.1799, inclusive, as amended;

WHEREAS, the City approved a Spending Plan on November 7, 2022 for Tax Increment Financing Districts No. 1-4 and 1-6, pursuant to, and in accordance with, Minnesota Statutes, Sections 469.176, Subd. 4n inclusive, as amended (the "Act") in substantially the form submitted to the City (the "Spending Plan") to utilize existing tax increment revenues from the TIF Districts to stimulate construction or substantial rehabilitation of private development in a way that will also create or retain jobs;

WHEREAS, Minnesota Session Laws 2025, 1st Special Session, Chapter 13, Article 5, Section 1 amended the Act by, among other things, extending the deadline for commencement of construction from the original deadline of December 31, 2025, to December 31, 2026, authorizing the use of interest earned on transferred funds by approving an Amended Spending Plan, after holding a public hearing;

WHEREAS, an Amended Spending Plan has been prepared and submitted to this Council for consideration;

WHEREAS, financing offered by the City pursuant to the Amended Spending Plan could constitute a business subsidy pursuant to Minnesota Statutes, Sections 116J.993 to 116J.995, as amended and may be subject to the requirements of the City's Business Subsidy Policy as applicable; and

WHEREAS, the City has performed all actions required by law to be performed prior to the adoption of the Amended Spending Plan, including, but not limited to, causing notice of a public hearing to be published and holding a public hearing on the adoption of the Amended Spending Plan.

NOW, THEREFORE BE IT RESOLVED by the Council that the Amended Spending Plan for the TIF Districts is hereby approved and adopted in substantially the form submitted to the City.

Approved by the Council on this 6th of October, 2025.

Maxwell Gullette, Mayor

ATTEST:

Christina Regas, City Administrator

PURCHASE AGREEMENT

This Agreement is entered into by and between the **City of Blackduck**, a Minnesota municipal corporation (“Seller”), and **Blackduck Coop AG Services, Inc.**, a Minnesota corporation (“Buyer”).

In consideration of the mutual covenants set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer agree as follows:

1. **EFFECTIVE DATE.** The effective date of this Agreement is _____, 2025 (the “Effective Date”).
2. **SALE OF PROPERTY.** Seller agrees to sell to Buyer, and Buyer agrees to buy from Seller, the Property legally described as follows:

See attached Exhibit A.

[PID TBD]
3. **PURCHASE PRICE.** The purchase price for the Property is \$2,400.00 (the “Purchase Price”).
4. **EARNEST MONEY.** [Not applicable.]
5. **SURVEY.** Buyer may, at Buyer’s expense, obtain a survey.
6. **TITLE COMMITMENT.** Seller makes no representations or warranties with respect to the status of title to the Property. Seller is a pass-through entity, conveying title as received from the State of Minnesota. No title commitment shall be provided by Seller. Buyer is solely responsible for evaluating title. **Title is subject to all restrictions and conditions of record, including those set forth in the Quitclaim Deed recorded as Document No. _____ in the office of the Beltrami County Recorder.**
7. **RIGHT OF ENTRY.** [Not applicable.]
8. **PROPERTY SOLD AS IS.** Subject to Buyer’s right to terminate this Agreement pursuant to Section 9, Buyer agrees to accept the Property in its current condition, including, without limitation, its current environmental and geological condition, and in an “AS-IS” and with “ALL FAULTS” condition. Buyer’s payment of the Purchase Price at Closing constitutes Buyer’s acknowledgment and agreement that:
 - a. Seller has not made any written or oral representations or warranties of any kind with respect to the Property (including without limitation express or implied warranties of title, merchantability, or fitness for a particular purpose);

- b. Buyer has not relied on any written or oral representation or warranty made by Seller, its agents or employees with respect to the condition or value of the Property;
- c. Buyer has had an adequate opportunity to inspect the condition of the Property, including without limitation any environmental testing, and to inspect documents applicable thereto, and Buyer is relying solely on such inspection and testing; and
- d. The condition of the Property is fit for Buyer's intended use.

9. INSPECTION PERIOD. [Not applicable.]

10. DEFINITIONS. As used in this Agreement:

"Claim" or **"Claims"** means any and all liabilities, suits, claims, counterclaims, causes of action, demands, penalties, debts, obligations, promises, acts, fines, judgments, damages, consequential damages, losses, costs, and expenses of every kind (including without limitation any attorney's fees, consultant's fees, costs, remedial action costs, cleanup costs and expenses which may be related to any claims).

"Environmental Law" means the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. § 9601 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., the Federal Water Pollution Control Act (the Clean Water Act), 33 U.S.C. § 1251 et seq. the Clean Air Act, 42 U.S.C. § 7401 et seq., and the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., all as amended from time to time, and any other federal, state, local or other governmental statute, regulation, rule, law or ordinance dealing with the protection of human health, safety, natural resources or the environment now existing or hereafter enacted.

"Hazardous Substance" or **"Hazardous Substances"** means any pollutant, contaminant, hazardous substance or waste, solid waste, petroleum product, distillate, or fraction, radioactive material, chemical known to cause cancer or reproductive toxicity, polychlorinated biphenyl or any other chemical, substance or material listed or identified in or regulated by any Environmental Law.

11. NOTICES. Notices permitted or required by this Agreement must be in writing and shall be deemed given when delivered in legible form to the party to whom addressed. Notices may be sent by certified mail, fax or e-mail. Notices are effective two business days after they are mailed via certified mail, return receipt requested or, if delivered in any other manner, when the party to whom the notice is directed actually receives the notice. If delivered at the Closing, a notice shall be deemed given when hand-delivered to the party's representative at the Closing. The business addresses of the parties are as follows:

Seller: City Administrator
City of Blackduck
8 Summit Ave. N.E.
Blackduck, MN 56630

Buyer: Blackduck AG Services, Inc.
256 Cedar Ave. S.E.
Blackduck, MN 56630

Notices not given in the manner or within the time limits set forth in this Agreement are of no effect and may be disregarded by the party to whom they are directed.

12. CLOSING. This transaction shall close within 14 days after the Effective Date or on such earlier date as Seller and Buyer may establish by mutual, written agreement. The Closing shall take place at Seller's offices, or at some other place as the parties may mutually agree prior to such date.

a. **Seller's Obligations at Closing.** At Closing, Seller must deliver to Buyer:

- i. A quit claim deed, duly executed, conveying title to the Property, subject to (A) the lien of real estate taxes, if any, not yet due and payable and any installments of special assessments certified for payment therewith; (B) Building, Subdivision and Zoning Ordinances; (C) matters that would be disclosed by an accurate survey of the Property; and (D) restrictions and conditions of record;
- ii. Documentation from Seller sufficient to demonstrate Seller's decision to sell the Property and to authorize execution of the deed and all closing documents; and
- iii. Seller's well disclosure certificate (if required) and any other documents required to close the transaction.

b. **Buyer's Obligations at Closing.** At Closing, Buyer must:

- i. Wire Transfer (or deliver a certified check in) an amount equal to the amount of the Purchase Price to Seller pursuant to this Agreement plus payment of attorney's fees incurred by Seller to facilitate this transaction.
- ii. Documentation sufficient to demonstrate authority to purchase the Property, if necessary.
- iii. File an Electronic Certificate of Real Estate Value.

c. **Closing Costs.**

i. At Closing, the following Seller closing costs and expenses must be paid from the Purchaser Price or, if the Purchase Price is not sufficient, paid by Seller:

1. None.

ii. At Closing Buyer must pay the Purchase Price to Seller. In addition, Buyer is responsible for the following costs and expenses:

1. Buyer's own attorney's fees.
2. Seller's attorney's fees.
3. State deed tax.
4. Documentary and recording fees for the deed.
5. The cost of the owner's title insurance policy if Buyer elects to purchase an Owner's title insurance policy.
6. All closing costs if a title agent is used to close the transaction.

d. **Possession.** Seller must deliver possession of the Property to Buyer at Closing.

13. REAL ESTATE BROKERS. Seller and Buyer represent and warrant to each other that they have dealt with no brokers, real estate agents, finders or the like in connection with this transaction. Seller and Buyer agree to indemnify each other and to hold each other harmless against all claims, damages, costs or expenses of or for any broker's fees or commissions resulting from their actions or agreements regarding the execution or performance of this Agreement, other than the fees payable to Seller's Broker, and will pay all costs of defending any action or lawsuit brought to recover any such fees or commissions incurred by the other party, including reasonable attorney's fees.

14. ASSIGNMENT. This Agreement may not be assigned without the written consent of the non-assigning Party.

15. THIRD PARTY BENEFICIARY. There are no third-party beneficiaries of this Agreement, intended or otherwise.

16. JOINT VENTURE. Seller and Buyer, by entering into this Agreement and completing the transactions described herein, shall not be considered joint venturers or partners.

17. CAPTIONS. The paragraph headings or captions appearing in this Agreement are for convenience only, are not a part of this Agreement, and are not to be considered in interpreting this Agreement.

18. ENTIRE AGREEMENT / MODIFICATION. This written Agreement constitutes the complete agreement between the parties and supersedes any prior oral or written agreements between the parties regarding the Property. There are no verbal agreements

that change this Agreement and no waiver or modification of any of its terms will be effective unless in writing executed by the parties. In the event the terms of this Agreement conflict with the terms of the Development Agreement, the latter shall control.

19. BINDING EFFECT. This Agreement binds and benefits the Parties and their successors and assigns.

20. CONTROLLING LAW. This Agreement is made under the laws of the State of Minnesota and such laws will control its interpretation.

21. REMEDIES.

- a. If Buyer fails to perform any of the terms or conditions of this Agreement within the specified time limits, Seller may declare this Agreement terminated pursuant to Minnesota Statutes section 559.21, suspend the performance of its obligations under this Agreement and commence an action in Beltrami County District Court to recover its actual damages arising from the default.
- b. If Seller fails to perform any of the terms or conditions of this Agreement within the specified time limits, Buyer may, as its sole remedy, declare this Agreement terminated and have this Agreement specifically enforced. Buyer waives all claims for consequential damages against Seller based on Seller's breach or alleged default hereunder.

22. WAIVER. Failure of Seller or Buyer to insist upon the performance of any of the covenants, agreements and/or conditions of this Agreement or to exercise any right or privilege herein shall not be deemed a waiver of any such covenant, condition or right.

23. SURVIVAL OF TERMS AND CONDITIONS. The terms and conditions of this Agreement shall survive and be in full force and effect after the delivery of the deed and shall not be deemed to have merged therein.

24. SEVERABILITY. Each provision of this Agreement shall apply to the extent permitted by applicable law and is intended to be severable. If any provision is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the legality or validity of the remainder of the Agreement.

25. CONSTRUCTION. The Parties acknowledge that this Agreement was initially prepared by Seller solely as a convenience and that all Parties and their counsel hereto have read and full negotiated all the language used in this Agreement. The Parties acknowledge that because all Parties and their counsel participated in negotiating and drafting this Agreement, no rule of construction shall apply to this Agreement to construe ambiguous or unclear language in favor of or against any Party.

26. COUNTERPARTS; DIGITAL COPIES. This Agreement may be executed in any number of counterparts and the signature pages of the separate counterparts combined into a single copy of this Agreement which will then constitute a fully executed version of this Agreement. A facsimile, .pdf file or digital copy of a signed counterpart or of an assemblage of counterparts of this Agreement shall be deemed to be an original thereof.

SELLER: The City of Blackduck, Minnesota

By: _____
Maxwell Gullette, Mayor

Dated: _____, 2025

By: _____
Christina Regas, City Administrator

BUYER: Blackduck Coop AG Services, Inc.

By: _____

Dated: _____, 2025

Its: _____

Exhibit A – Legal Description

That part of Tract A described below:

Tract A. That part of Burlington Northern Railroad Company's 400.0 foot wide Station Ground Property at Black Duck, Minnesota, being 150 feet wide on the northwesterly side and 250.0 feet wide on the southeasterly of said Railroad Company's Main Track centerline upon, over and across the Southeast Quarter of the Northeast Quarter and the Southeast Quarter of the Northeast Quarter of the Northeast Quarter of Section 13, Township 149 North, Range 31 West, bounded between two lines drawn at right angles to said Main Track centerline distant respectively 3,241.0 feet (measured 3227.96 feet) and 1,241.0 feet (measured 1227.96 feet) Southwesterly of the North line of Section 18, Township 149 North, Range 30 West as measured along said Main Track centerline;

which lies between two lines that run parallel with and distant 85 feet and 250 feet southeasterly of the following described line: Beginning at the point of termination of Line 1 described below; thence northeasterly along said Line 1 for 136.96 feet and there terminating;

Line 1. Beginning at the intersection of the North line of said Section 18 and the centerline of said Main Track; thence southwesterly along said Main Track for 3,227.96 feet and there terminating;

containing 0.56 acre, more or less.



CITY OF BLACKDUCK

RESOLUTION NO: 2025-18

RESOLUTION AUTHORIZING THE CONVEYANCE OF STATE RAIL BANK PROPERTY TO BLACKDUCK COOPERATIVE AG SERVICES COMPANY IN THE CITY LIMITS OF THE CITY OF BLACKDUCK, MN

WHEREAS, the City of Blackduck recognizes the Blackduck Cooperative Ag Services Company as a committed business for the community; and

WHEREAS, the City of Blackduck supports the economic interest of the Blackduck Cooperative Ag Services Company as a committed business for its customers; and

WHEREAS, the City of Blackduck recognizes that the Blackduck Cooperative Ag Services Company requires capital improvements to sustain the future economic need of the business; and

WHEREAS, the City of Blackduck acknowledges Blackduck Cooperative Ag Services building(s) are located on MnDot rail bank; are leasing said property from MnDot as allowable by Minnesota Statute §222.63, subd. 4; and are prohibited from constructing or erecting any permanent structure within the 100-foot rail bank corridor; and

WHEREAS, the Commissioner of MnDot has by request of the City conveyed a portion of the rail bank land to the City of Blackduck as authorized by Minnesota Statute §222.63, subd.4(c), the legal description for which is attached hereto as Exhibit A (“the Property”); and

WHEREAS, the City of Blackduck complied with all applicable laws, environmental requirements and regulations to convey the property to Blackduck Cooperative Ag Services Company; and

WHEREAS, the City of Blackduck entered into a Purchase Agreement with the Blackduck Cooperative Ag Services Company for sale of the Property, including payment of any administrative and legal fees; and

WHEREAS, the Comprehensive Plan is unaffected by the sale of the Property so no initial review of the sale by the Planning Commission per Minnesota Statute §462.356, subd. 2 is required.

THEREFORE, THE CITY COUNCIL OF THE CITY OF BLACKDUCK HEREBY RESOLVES AS FOLLOWS:

1. Sale of the Property to the Blackduck Ag Services Company is hereby approved.
2. The City Administrator is authorized to undertake the necessary steps to close the transaction in accordance with the terms of the Purchase Agreement.

Revised and Adopted by the City Council on October, 6, 2025

Maxwell Gullette, Mayor

Christina Regas – City Administrator



CITY OF BLACKDUCK RESOLUTION NO: 2025-18

EXHIBIT A





CITY OF BLACKDUCK

RESOLUTION NO: 2025-18

September 11, 2025
2024-0019-0410

DESCRIPTION FOR CONVEYANCE

Parcel 200 C.S. 0410 (71=4) 901

That part of Tract A described below:

Tract A. That part of Burlington Northern Railroad Company's 400.0 foot wide Station Ground Property at Black Duck, Minnesota, being 150 feet wide on the northwesterly side and 250.0 feet wide on the southeasterly of said Railroad Company's Main Track centerline upon, over and across the Southeast Quarter of the Northeast Quarter and the Southeast Quarter of the Northeast Quarter of the Northeast Quarter of Section 13, Township 149 North, Range 31 West, bounded between two lines drawn at right angles to said Main Track centerline distant respectively 3,241.0 feet (measured 3227.96 feet) and 1,241.0 feet (measured 1227.96 feet) Southwesterly of the North line of Section 18, Township 149 North, Range 30 West as measured along said Main Track centerline;

which lies between two lines that run parallel with and distant 85 feet and 250 feet southeasterly of the following described line: Beginning at the point of termination of Line 1 described below; thence northeasterly along said Line 1 for 136.96 feet and there terminating;

Line 1. Beginning at the intersection of the North line of said Section 18 and the centerline of said Main Track; thence southwesterly along said Main Track for 3,227.96 feet and there terminating;

containing 0.56 acre, more or less.



CITY OF BLACKDUCK

RESOLUTION NO: 2025-18

State of Minnesota

County of Beltrami

City of Blackduck

I do hereby certify that the foregoing Resolution is a true and correct copy of a resolution presented to and adopted by the Council of the City of Blackduck, Minnesota at a duly authorized meeting thereof held on the 6TH of October, 2025, as shown by the minutes of said meeting in my possession.

Christina Regas, City Administrator



MINNESOTA PUMP WORKS

-a UFT Company-

Minnesota Pump Works
1 Cannon St W
Dundas, MN 55019

Invoice
#INV028967
09/30/2025

Bill To

Blackduck MN, City of
PO Box 380
Blackduck MN 56630
United States

Ship To

Blackduck MN, City of
8 Summit Ave
Blackduck MN 56630
United States

TOTAL

\$6,088.81

Due Date: 10/30/2025

Details

Retrofit of Golf Course Lift Station to EOne.

Sales Rep	PO #	Terms	Shipping Method
Justin MacPherson	Verbal Per Justin	Net 30	

QTY	Item	Comment	Rate	Amount
1	24512 E/ONE UPGRADE UH, C-CHANNEL, 12' CORE CABLE, 10' SUPPLY CABLE, UNIBODY FOR UNIBODY VERSION C-CHANNEL UPGRADE	SN: WH00963898	\$3,300.00	\$3,300.00
1	26547 TARIFF SURCHARGE FEE - E/ONE		\$25.00	\$25.00
1	14433 E/ONE SENTRY PROTECT PLUS SIMPLEX PANEL SE1A210C2AA WITH PROTECTION PKG & CONTACT GROUP, 220-240V, 2- POLE, HOUR/CYCLE METER, WITH PADLOCK, 10X12 FRP ENCLOSURE, DEADFRONT	SN: S2740192025002	\$879.00	\$879.00
1	14526 E/ONE SUPPLY CABLE 32' LENGTH ND0036G06		\$228.00	\$228.00
1	23288 SHIPPING & HANDLING		\$0.01	\$0.01
1	INSTALL SERVICES	ON-SITE TIME TO REMOVE EXISTING PUMP/PANEL, DIG HOLE TO PLACE POST FOR PANEL AND INSTALLED NEW EQUIPMENT. TRIP CHARGES ARE INCLUDED AS WELL.		\$1,106.80
1	23288 SHIPPING & HANDLING	INCOMING	\$550.00	\$550.00

Thank you for your business.

Toll Free: 877-645-8004 | Email: info@minnesotapumpworks.com | Website: <http://www.minnesotapumpworks.com>



INV028967



MINNESOTA PUMP WORKS

-a UFT Company-

Minnesota Pump Works
1 Cannon St W
Dundas, MN 55019

Invoice
#INV028967
09/30/2025

Subtotal	\$6,088.81
Tax	\$0.00
Amount Paid	\$0.00
Amount Due	\$6,088.81

PLEASE REMIT TO:
Minnesota Pump Works
PO Box 735936
Chicago, IL 60673-5936

Online payment accepted at <http://www.minnesotapumpworks.com> - PAY NOW
3% charge for credit card and \$2.25 charge for e-Check

PAST DUE INVOICES ARE SUBJECT TO 1.5% PER MONTH FINANCE CHARGE

Online credit card/ECheck payments are handled by a third-party processor and 3% fees will apply when making payment.



**ACCEPTANCE**

The following Terms and Conditions are an integral part of the offer to sell the equipment and/or services offered in this proposal. When the BUYER signifies acceptance of this quotation by submission of a Purchase Order or signed SELLER Quotation, it shall become a binding contract when accepted and signed by an authorized signer of the SELLER. Any changes or amendments to this proposal made by the BUYER must have SELLER's approval in writing to become a part of this contract. These Terms and Conditions and the accompanying Purchase Order or signed SELLER Quotation shall comprise the entire agreement between the parties and no course of prior dealings between the parties and no usage of the trade shall be relevant to supplement or explain any terms used in this contract. Unless stated otherwise, the terms and conditions of the manufacturers listed herein will apply to this quotation. Any attachments or listed documents are considered a part of this quotation and are made part of the agreement. **Quote is firm for thirty (30) days unless otherwise stated on the face of the attached quotation.**

APPROVAL DRAWINGS

All items listed are based on SELLER'S interpretation of the requirements in accordance with the plans and specifications. Any preliminary drawings or literature attached to our quotation are for illustration purposes only to show approximate arrangements. Specific drawings and submittal data will be furnished for approval as required after receipt and acceptance of the BUYER'S order. Any submittal or manuals when provided by SELLER will be in the form of a PDF electronic file only. Any form of media beyond the electronic file would be the responsibility of BUYER. Fabrication of products or equipment ordered will not begin until approval and direction to proceed is received in writing. No warranty is made regarding quantities, materials of construction or type of materials quoted. Operation, installation, and maintenance of materials quoted are the responsibility of the OWNER or CONTRACTOR.

DELIVERY

Any shipment or delivery date received represents our best estimate, but no liability, direct or indirect, is assumed by SELLER for failure to ship or deliver on such dates. Unless otherwise directed, SELLER shall have the right to make early or partial shipments and invoices covering the same to BUYER shall be due and payable in accordance with payment terms hereof. FOB shall be origin unless stated otherwise on the front of these Terms and Conditions. Delivery schedule(s) will be contingent on supply-chain availability and variability for material components, therefore, lead-times are subject to change without notice. Published weights are careful estimates but are not guaranteed. SELLER will endeavor, insofar, as it is possible, to comply with shipping instructions specified by the Purchaser. However, SELLER reserves the right to ship merchandise by such means of transportation as it may select. The manufacturer will ship the equipment via best way. Demurrage shall be billed to the account of the Purchaser. **DAMAGE CLAIMS:** Care is taken in packaging all shipments. After BUYER has been given the receipt by the transportation company, all claims for breakage or shortages, whether concealed or obvious, must be made in writing by the BUYER to the carrier and SELLER within seven (7) days after receipt of shipment. When damage or shortages are obvious, written comments on the bill of lading are required before the driver is released. **RETURNED PRODUCTS:** In no instance is equipment to be returned without first obtaining SELLER'S written approval and returned materials authorization. If shipment is postponed at the request of the purchaser after manufacturing has been commenced, payment will be due on notice from us that the equipment is ready for shipment. Pro rata payments shall be made for partial shipments.

STORAGE

Any item of the product on which shipment is delayed by BUYER may be placed in storage by SELLER at BUYER'S expense and risk. If a delay in shipment is requested by BUYER after an order has been entered and accepted:

- a. No charge will be made if the request for delay is made more than six (6) weeks before acknowledged shipping date and the requested delay is for a period not in excess of thirty (30) days.
- b. A charge will be made if the requested delay exceeds a period of thirty (30) days or if the request is made within six (6) weeks of the acknowledged shipping date. SELLER will advise BUYER of the charge within ten (10) days of receiving BUYER'S request for delay.
- c. If the product is within six (6) weeks of the acknowledged shipping date, then SELLER has the option of completing, invoicing and storing the product and charging one and one-half percent (1.5%) per month, or the maximum percentage permitted by law, whichever is lesser, of the established price for such product, plus storage cost.

PAYMENT

Payment terms, upon credit approval, are of net thirty (30) days from the date of each invoice for material shipped (or when ready for shipment if shipment is deferred by BUYER) **unless stated otherwise on the face of the attached quotation.** Flow down provisions are not accepted and shall not be enforceable against SELLER. Retention is not allowed. In the event any payment becomes past due, a charge of one-half percent (1.5%) will be assessed monthly. These terms are completely independent from, and not contingent upon, when BUYER receives payment from the OWNER. A processing fee of up to four percent (4%) will be added for credit card payments. All merchandise sold is subject to lien laws. Partial or final payment shall constitute acceptance of delivered materials, products, or equipment.

FORCE MAJEURE

Neither Party will be liable for any failure or delay in performing an obligation under these Terms and Conditions that is due to any of the following causes, to the extent beyond its reasonable control: acts of God, accident, riots, war, terrorist act, epidemic, pandemic, quarantine, civil commotion, breakdown of communication facilities, breakdown of web host, breakdown of internet service provider, natural catastrophes, governmental acts or omissions, changes in laws or regulations, national strikes, fire, explosion, generalized lack of availability of raw materials or energy. For the avoidance of doubt, Force Majeure shall not include (a) financial distress nor the inability of either party to make a profit or avoid a financial loss, (b) changes in market prices or conditions, or (c) a party's financial inability to perform its obligations hereunder.

TAXES AND BONDS

Taxes and bonds are **NOT** included in our pricing. Any applicable taxes or bonds will be added to the price and shown separately on each invoice. All prices exclude sales, use, duties, excise, and other taxes in respect to manufacture, sale, or delivery, all of which are to be paid by the buyer unless a proper exemption certificate is furnished. BUYER agrees to reimburse our company for taxes SELLER must pay on BUYER'S behalf.

PRICE ESCALATION and/or MATERIAL DEPOSITS

If between the proposal date and actual procurement and through no fault of the SELLER, the relevant cost of labor, material, freight, brokerage fees, tariffs, and other SELLER costs combined relating to the contract increase, then the contract price shall be subject to escalation and increased accordingly. If required by the BUYER, increase shall be verified by documentation and the amount of contract price escalation shall be calculated as either the actual increased cost to the Seller or, if agreed by the Parties, the equivalent increase of a relevant industry recognized third-party index. SELLER shall undertake good faith efforts to obtain savings in its procurement of materials to avoid escalation costs. BUYER shall cooperate with SELLER in such efforts to obtain such cost savings. SELLER shall contemporaneously track any escalation costs.



CLAIMS AND BACKCHARGES

BUYER agrees to examine all materials immediately upon delivery and report to SELLER in writing any defects or shortages noted no later than ten (10) days following the date of receipt. The parties agree that if no such claim is made within said time, it shall be considered acceptable and in good order with respect to any defect or shortage which would have been revealed by such an inspection. In no event will SELLER be responsible for any charge for modification, servicing, adjustment or for any other expense without written authorization from SELLER prior to the performance of any such work. IN NO EVENT SHALL SELLER BE LIABLE TO BUYER OR ANY THIRD PARTY FOR ANY LOSS OF USE, REVENUE OR PROFIT, OR FOR CONSEQUENTIAL, INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, OR PUNITIVE DAMAGES, FOR ANY REASON, INCLUDING WITHOUT LIMITATION, DAMAGES ARISING OUT OF A DELAY IN OR FAILURE OF DELIVERY, DEFECTS IN MATERIAL AND WORKMANSHIP AND/OR FAILURE OF GOODS TO PERFORM TO APPLICABLE SPECIFICATIONS, DRAWINGS, BLUEPRINTS OR SAMPLES AS SET FORTH OR DESCRIBED HEREIN, IF ANY, OF A BREACH BY SELLER OF ANY OTHER TERM OR OBLIGATION OF SELLER UNDER THE CONTRACT. No penalty clauses of any description will be effective unless approved in writing over the signature of a principal of SELLER. Under no circumstances shall SELLER be liable for any consequential, special or incidental damages, including liquidated damages, arising from any breach by it in this transaction, AND ALL SUCH CONSEQUENTIAL, SPECIAL AND INCIDENTAL DAMAGES, INCLUDING LIQUIDATED DAMAGES, ARE EXCLUDED FROM ANY REMEDIES AVAILABLE TO THE BUYER.

SECURITY INTEREST & TITLE

Until all amounts due SELLER have been paid in full, SELLER shall retain a security interest in the product and have all rights of a secured party under the Uniform Commercial Code and applicable law, including the right to repossess the product or equipment without legal process and the right to require the BUYER to assemble the equipment and make it available to SELLER at a place reasonably convenient to both parties.

WARRANTY

Equipment and parts not manufactured by the SELLER carry only the warranty of the manufacturer of said parts. SELLER does not make any express or implied warranty for equipment and/or parts it did not manufacture. Credits for defective material and workmanship in said equipment and/or parts are only in accordance with the underlying company policy of the manufacturer. SELLER makes no warranty whatsoever with respect to any equipment and/or parts as to their merchantability or fitness for a particular purpose. It is further agreed that the SELLER assumes no liability whatsoever for failure of equipment due to normal usage and wear.

INDEMNIFICATION

To the fullest extent permitted by the law in which the project is located, BUYER and SELLER shall indemnify and hold one another and their respective employees and agents harmless from and against all claims, damages, losses, liabilities, actions, causes of action, demands, fines, penalties, judgments, costs, and expenses, including but not limited to attorneys' fees, court costs, expert fees and costs, arising out of or resulting from BUYER's or SELLER's own negligent acts, omissions or misconduct, to the extent such negligence is covered by BUYER's and SELLER's respective insurance policies. In the event any third party asserts against SELLER a claim for patent infringement, royalties or licensing fees with respect to BUYER's use of the products, materials, or equipment provided hereunder, BUYER agrees to indemnify SELLER for all liability damages, costs and expenses in connection therewith.

CANCELLATION

Buyer may cancel this contract only in writing signed by BUYER's duly authorized agent and acknowledged in writing by SELLER's duly authorized agent. Should this order be cancelled, BUYER shall be obligated to pay for the level of work performed and products shipped. Work performed includes any engineering, calculations, preparation of submittals, drawings, and/or travel to job site in relation to this order. In addition to any other remedies provided under these Terms and Conditions, SELLER may terminate this contract with immediate effect by providing signed, written notice to BUYER, if BUYER: (i) fails to pay any amount when due under the contract and such failure continues for 30 days after BUYER's receipt of written notice of nonpayment; (ii) has not otherwise performed or complied with any of these Terms and Conditions; or (iii) becomes insolvent, files a petition for bankruptcy or commences or has commenced against it proceedings in bankruptcy, receivership, reorganization or assignment for the benefit of creditors.

FIELD WORK

Unless specifically stated on our quotation, installation, start-up service, field testing, supervision, operation, and training are not included in our pricing of product. In the event that SELLER or any of its employees or agents do perform work or services on-site at the project's location, BUYER agrees to hold SELLER and its employees or agents harmless for any injuries or damage to property caused by their acts or omission, except to the extent said injuries or property damage arise from gross negligence or intentional misconduct.

MODIFICATIONS

This contract can be modified only in writing which specifically states that it amends these Terms and Conditions and is signed by both parties and their duly authorized agents. It is further agreed that this contract shall not be modified in any respect except in writing signed by the party and their duly authorized agent against whom the modification is sought to be enforced.

AUTHORITY OF SELLER'S AGENTS

No agent, employee or representative of the SELLER has any authority to bind the SELLER to any affirmation, representation or warranty concerning the goods sold under this Contract, and unless an affirmation, representation or warranty made by an agent, employee, or representative is specifically included within this written contract, it shall not be enforceable by the BUYER.

NO THIRD-PARTY BENEFICIARIES

This contract is for the sole benefit of BUYER and SELLER and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of these Terms and Conditions.

GOVERNING LAW

All matters arising of or relating to the contract or the Terms and Conditions shall be governed by and construed in accordance with the laws of the state in which the project is located.

DISPUTE RESOLUTION

In the event of any dispute between BUYER and SELLER arising out of the terms of the contract and these Terms and Conditions, such dispute shall be decided by arbitration administered by the American Arbitration Association in accordance with the then-prevailing Commercial Arbitration Rules and Mediation Procedures of the American Arbitration Association. BUYER and SELLER mutually agree that any dispute involving claims valued at or above \$1,000,000.00 shall be heard by a panel of three (3) arbitrators. The venue for all arbitration proceedings shall be the State of California. The foregoing agreement to arbitrate shall be specifically enforceable in any court of competent jurisdiction. The award rendered by the arbitrators shall be final and judgment may be entered upon it in accordance with applicable law in any court of competent jurisdiction.

SEVERABILITY

The partial or complete invalidity of any one or more provisions of these Terms and Conditions shall not affect the validity or continuing force and effect of any other provision. If any provision is invalid, in whole or in part, the provision shall be considered reformed to reflect the intent thereof to the greatest extent possible consistent with applicable law.

ASSIGNMENT – DELEGATION

No right or interest in this Contract shall be assigned by the BUYER without the written permission of the SELLER, and no delegation of any obligation owed, or of the performance of any obligation by the BUYER shall be made without the written permission of the SELLER. Any attempted assignment or delegation shall be wholly void and totally ineffective for all purposes unless made in conformity with this paragraph.

Please Remit to:
PO Box 735936
Chicago IL, 60673-5936
Online payment accepted at <http://www.iowapumpworks.com>
Pay Now 3% charge for credit card and \$2.25 charge for e-check
PAST DUE INVOICES ARE SUBJECT TO 1.5% PER MONTH FINANCE CHARGE



NEWS RELEASE

FOR IMMEDIATE RELEASE: September 17, 2025

CONTACT: Amy Bowles

Beltrami County Public Health Division Director

616 America Ave. NW

Bemidji MN 56601

Office (218) 333-8116

amy.bowles@co.beltrami.mn.us

Beltrami County Opioid Steering Committee Seeking Members

The Beltrami County Board and Public Health are committed to preventing and reducing the negative impacts associated with opioid misuse, opioid use disorder and overdose deaths. To determine how to prioritize use of settlement funds, the Beltrami County Opioid Steering Committee is seeking community involvement.

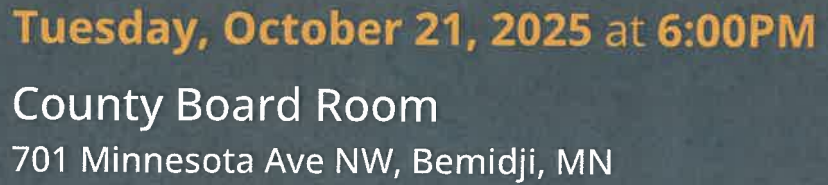
This committee serves to prioritize use of settlement funds and the purpose is to advise/offer guidance on directing settlement funds across broad categories including prevention, criminal justice, treatment, recovery and harm reduction. If you have a vested interest in joining this solution-based group, you are invited to complete the application of interest. The application can be accessed on the Beltrami County website or by submitting an application to Public Health Director Amy Bowles.

Criteria to serve on the committee include living or working in Beltrami County. Applications must be received or submitted by Thursday, October 9, 2025. Those who would like to apply in writing can answer the six questions below and mail or deliver the application to:

Amy Bowles
C/O Beltrami County Public Health
616 America Ave NW, Suite 130
Bemidji, MN 56601

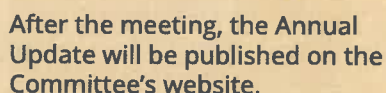
1. Name and contact information.
2. Do you work or reside in Beltrami County?
3. Why are you interested in being on the Beltrami County Opioid Settlement Steering Committee?
4. What skills, experience and expertise will you bring to this group?
5. How will you be an ambassador and advocate for this committee?
6. Are you able to fulfill the following obligations to remain engaged and an active member of the group:
 - a. Team will meet in-person up to 6 times per year, maintaining 80% attendance to remain a member.
 - b. You need to have a commitment to prevent misuse, reduce harm, support criminal justice system, and identify treatment and recovery options related to the catastrophic effects the opioid epidemic has on communities for your application to be considered.

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*Deputy of the Minnesota Office
of Addiction and Recovery*

The meeting agenda will include an update from the committee and RFP awardees on the utilization of funding, a report from the Governor's Advisory Council on Opioids, Substance Use and Addiction, and a presentation from the BASC and PH lead Youth Advisory Committee. An open mic session will provide an opportunity for community and municipality feedback, followed by a discussion from the committee regarding upcoming initiatives.



amy.bowles@co.beltrami.mn.us