

1. **CALL TO ORDER** – Mayor Rudy Patch
 - a. **Pledge of Allegiance**
 - b. **Roll Call**

2. **APPROVAL OF AGENDA**

3. **CONSENT AGENDA** –*All items listed under the Consent Agenda, unless removed from the Consent Agenda shall be approved by one Council motion.*
 - a. **May 6th, 2019 Council Meeting Minutes**
 - b. **May 9th, 2019 Revolving Loan Fund Committee Minutes**
 - c. **May 15th, 2019 Planning Commission Meeting Minutes**
 - d. **May 20th, 2019 Special Council Meeting Minutes**
 - e. **May 2019 Fund Balance Report & Transfers**
 - f. **May 2019 Bills**
 - g. **YTD May 2019 Income Statements**
 - a. **Water, Sewer, Pine Tree Park, and Golf Course**
 - b. **Liquor Store**
 - h. **May 2019 Month End Remittance Report**
 - i. **April 2019 LG216 Lawful Gambling Monthly Rent Report**
 - j. **Final approval of June 2019 Full-time employees hired**
 - k. **Final Approval – Application for 1 day on-sale Liquor License Blackduck American Legion**

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. **2018 FINANCIAL AUDIT REVIEW** – Ashley Erickson, Miller McDonald
 - a. **Board Presentation Report**
 - b. **Financial Audit Report**

6. **REVOLVING LOAN COMMITTEE** – Mayor Patch
 - a. **Serenity Living Solutions, Inc. Loan Recommendation**

7. **PUBLIC WORKS REPORT** –
 - a. **CSAH 92 & 47 2019 Summer Road Project timelines -**
 - b. **City Portion of road project costs - 92 & 47 - \$7,000**

8. **LIQUOR STORE REPORT** – Shawnda Lahr, Liquor Store Manager
 - a. **Blackduck Municipal Liquor Store Conduct Policy –**
 - b. **Liquor Committee Meeting – June 10, 2019 @ 2pm @ The Pond**

9. **LAW ENFORCEMENT REPORT** – Jace Grangruth, Police Chief

10. **FIRE DEPARTMENT REPORT** – Brian Larson, Fire Chief

11. **GOLF COURSE REPORT** – Jim Andersen, Golf Course Superintendent
12. **LIBRARY REPORT** – Kelly Hanks, Head Librarian
 - a. Library Board Meeting – June 18, 2019 @ 6pm @ Blackduck Library
13. **ADMINISTRATOR’S REPORT** – Christina Regas, City Administrator
 - a. [Letter from Beltrami County Solid Waste Department](#) – Brian Olsen
 - i. **Discussion on Recycling Bins – keep them or remove them?**
 - b. Donation Request –
 - i. **Backwoods Bash 2019**
 - c. Beltrami County Pre-Construction 2019 Summer Road Projects Recap
 - d. DEED Small Cities Summit/Main Audit – June 4, 2019 Recap
 - e. Annual Spring Council City Wide Tour –Postponed until later in June – awaiting new PWS
 - f. Blandin Workshop – June 11, 2019 – Kootasca Senior Citizens Center Northome
 - g. LMC Conference – June 26-28, 2019 – Duluth, MN
 - h. Reminder July 4, 2019 City Hall Closed in observance of Independence Day
 - i. Reminder July 8, 2019 Council Meeting
14. **MAYOR AND/OR COUNCIL MEMBER REPORTS** – Mayor Patch & Council
15. **COMMUNITY EVENTS/GOOD THINGS HAPPENING** –
 - a. City of Blackduck Employee Anniversaries –
 - i. **Terry Frenzel – 19 years – June 2000 (Fire Department)**
 - ii. **Natasha Stadstad – 3 years - June 2016 (Liquor Store)**
 - b. Blackduck Development Corporation Meeting –June 12, 2019 @ Good Samaritan Community Room
 - c. Blackduck Chamber Meeting – June 19, 2019 @ The Pond
 - d. Blackduck Planning Commission Meeting – June 19, 2019 @ 2pm @ City Hall
16. **ADJOURN**



BLACKDUCK CITY COUNCIL MEETING
MONDAY MAY 6TH, 2019 @ 6PM
REGULAR COUNCIL MEETING MINUTES

CALL TO ORDER: The City Council of the City of Blackduck met in Regular Session at Blackduck City Hall at 6:00pm. May 6th, 2019. Meeting called to order by Mayor Patch and the Pledge of Allegiance was stated.

ROLL CALL:

Councilors present: Mayor Patch, Councilors Kolb, Moore, and Gulette; Councilor Sellon arrived @ 6:35pm

Councilors Absent: none

Staff Present: City Administrator Christina Regas, Liquor Store Manager Shawnda Lahr, Lead Bartender Melissa Gulette, Police Chief Jace Grangruth, Fire Chief Brian Larson, Librarian Kelly Hanks, and Golf Course Superintendent Jim Andersen

Others Present: Jessie Kilde, and John Eggers

APPROVAL OF AGENDA –Moved by Councilor Moore and seconded by Councilor Kolb to approve the agenda as submitted. Motion carried unanimously.

CONSENT AGENDA – Moved by Councilor Kolb and seconded by Councilor Moore to approve the consent agenda. Discussion by Councilor Gulette wished to be on record that the golf course is hiring a lot of staff. Hearing no further discussion Mayor Patch called for a vote on the motion. Motion passed by a vote of 3 to 1 with Councilor Gulette voting opposed.

- a. April 8th, 2019 Council Meeting Minutes
- b. April 22nd, 2019 Council Work Session Minutes
- c. April 17th, 2019 Planning Commission Meeting Minutes
- d. May 1st, 2019 Golf Board Meeting Minutes
- e. April 2019 Fund Balance Report & Transfers
- f. April 2019 Bills
- g. YTD April 2019 Income Statements
 - a. Water, Sewer, Pine Tree Park, and Golf Course
 - b. Liquor Store
- h. April 2019 Month End Remittance Report
- i. March 2019 LG216 Lawful Gambling Monthly Rent Report
- j. Final Approval – 2019 Annual Continuing Limited Disclosure Reporting – Ehlers
- k. Final approval of April/May 2019 Part-time employees hired

BLACKDUCK FORUM –

No one present to speak.

PROJECT GRADUATE – John Eggers, Guest speaker

1. Project Graduate = 100% Graduation Rate update – Eggers was present to update the Blackduck City Council announcing over 224 entities that publicly support the effort to achieve a 100% graduation rate. Mayor Patch asked if Eggers has noticed an increase in the graduation rates since he started Project Graduate. Eggers stated the whole state has increased but his efforts are



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only in Beltrami County. Councilor Kolb asked if Eggers has considered how AOC Senator is attempting to pass a new ‘green deal’ where people can be rewarded for not working will affect his efforts. Eggers noted the program so the word and efforts would be spread. Eggers stated if the people are relentless about urging students to graduate then it will be encouraging to them regardless of other efforts to squash those ideas of dropping out. Councilor Gullette asked what Blackduck is doing to help his initiative. Eggers stated Blackduck is working with the school and the school board and superintendent is behind it and are doing as much as they can do, but it is the parents that need to work on it at home. Councilor Gullette asked if Librarian Hanks has the posters at the Library. Hanks noted she did not but would like to have them. Eggers stated he would get them to her. No further questions.

PUBLIC WORKS REPORT –

1. Jaycee Ballfield Well – approve quote to seal well – Moved by Mayor Patch and seconded by Councilor Gullette to approve a quote from Bradseth Well Drilling for \$602.50 to cap off the old Jaycee Ballfield Well. Motion carried unanimously.
2. Well 5 Inspection and service quote – approve quote from Thein Well – Moved by Councilor Kolb and seconded by Councilor Moore to approve a quote from Thein Well of \$6369.15 plus labor of \$4000.00 plus 10% to inspect well 5 and make necessary repairs. Regas stated the costs for materials would be covered under the 2019 water budget but the labor would need additional approval and possibly need to be paid from the water replacement fund. Mayor Patch asked if the public works department staff can assist with the repairs to save labor costs. Regas did not encourage the City staff assist for workers comp and liability reasons. Regas noted past Public Works Supervisor reported after the 2018 inspections it was recommended the repairs to Well 5 be completed in 2019. Councilor Gullette asked why the repairs had been put off. Regas could not comment but noted the inspections are completely annually. Councilor Kolb asked if it has been recommended for many years and not had the necessary repairs. Gullette noted in 2018 it was recommended to make the repairs. Regas confirmed. Kolb asked why the repairs were not budgeted in 2019 knowing the repairs needed to be completed. Gullette asked what fund the repairs would come from. Regas reported 601 (water). Patch asked if 601 has a large enough fund balance to absorb the necessary repairs. Regas confirmed. Regas further noted the new PWS should partner with her to make sure future repairs are built into the budgets moving forward. Hearing no further discussion Mayor Patch called for a vote on the motion. Motion carried.

LIQUOR STORE REPORT – Shawnda Lahr, Liquor Store Manager

1. Report – Lahr and Gullette presented a recap of several topics from the Annual MMBA Conference in April noting supporting a specific community program; updating the store signage with an electronic message board; new employee training; and POS systems that can work with both on and off sale liquor stores. Gullette noted the current POS system in the Pond has been working on updates to make the on-sale more user friendly. Lahr reported the April income statement shows a positive net profit YTD. Councilor Gullette gave the liquor store team a ‘good job’ on the March gambling variance report. Lahr reported that after the team meeting the team implemented additional checks and balances to improve the process. Councilor Moore stated it appears they took away a lot from the conference. Mayor Patch asked if some of the regular employees would benefit from attending the conference other than the leadership staff. Gullette



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reported taking back good customer service training that can be offered in-house to the current staff. Nothing further.

LAW ENFORCEMENT REPORT – Jace Grangruth, Police Chief

1. Report – Chief Grangruth reported the new squad is in and should be picked up Tuesday for decals and be on the road Wednesday.
2. Final approval – Blackduck Police Department Sexual Assault Investigation Policy – Moved by Mayor Patch and seconded by Councilor Kolb to approve the Sexual Assault Investigation Policy as presented. Grangruth noted the removal of a City evidence collection policy stating if the City were to adopt one it would need constant revisions and so he removed that line from the sexual assault policy. Hearing no further discussion Mayor Patch called for a vote on the motion. Motion carried unanimously.

FIRE DEPARTMENT REPORT – Brian Larson, Fire Chief

1. Final approval – Madilyn Oothoudt – New volunteer Fire fighter – Moved by Councilor Moore and seconded by Councilor Kolb to approve Madilyn Oothoudt in the position of Volunteer Firefighter. Chief Larson stated Oothoudt was interviewed and fills the requirements needed for the fire department and requested the council approve Oothoudt. Councilor Kolb asked how many vacancies are still available. Larson noted Oothoudt brings the department to 22 noting 3 additional openings. Hearing no further discussion Mayor Patch called for a vote on the motion. Motion carried unanimously.

GOLF COURSE REPORT – Jim Andersen, Golf Course Superintendent

1. Report – Andersen stated he and the staff are hoping to open either late this week or early next week depending on mother nature. Andersen reported a staff meeting has been held and believes the golf course has a good staff this year. Mayor Patch asked if the course is open to foot traffic now. Andersen stated not yet due to the extreme wet Spring. Andersen reported Terry Anderson will be out to work on the pump for the irrigation system Tuesday to replace the bearings, and Toro will be in to work on the fairway mower. Mayor Patch asked if the leak off the well house will be repaired too. Andersen stated it will be difficult to get to the leak until the water level drops. Regas reported the memberships are at 36 to date which is only down 7 from 2018. Councilor Gullette asked for the price of a membership. Andersen stated Family is \$650; married couple is \$540; an individual is \$450; and a twilight is \$250. Gullette asked what is offered to the school teams. Andersen stated the golf teams pay a family membership and then in the summer the players on the roster receives a member card to play in the summer. Andersen stated he hopes to see more youth play since Tiger Woods won the PGA. Nothing further.

LIBRARY REPORT – Kelly Hanks, Head Librarian

1. Report - Hanks provided for Council a summary of the 2018 library visits for the year showing an increase. Hanks noted the microfilm machine has been out of order for more than a year so the usage of the machine will reflect a large increase from KRLS. Hanks provided the Summer reading program information for 2019 noting there should be an increase in children in the program due to opening the it to 4 and up. Hanks provided a new listing of board members for the Council to approve. Hanks stated Kendra Murray is still the Regional board member and there is a new head of the KRLS beginning in August and the replacement that was hired is



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Stephanie Johnson who already works in the KRLS system. Mayor Patch asked if the summer reading program has flyers up in town yet. Hanks stated she typically waits until later to post the information. Hanks did report the library will be holding tours of the facility beginning next week with the 2nd grade. Councilor Gullette asked if the storage shed in the rear of the library has been secured. Hanks stated it has not and will need to. Mayor Patch asked Regas to ask maintenance to work on securing the shed. Regas further asked Hanks to watch the outside water spickets in case the water is left on again by someone. Patch asked if the handles are left on when not in use. Hanks stated they have been removed in 2018 but then needed to put them back on. Patch asked if Regas could find out if an inside shut off could be installed in the library to avoid future issues. Regas will look into the shut off and report back. Gullette asked how the library fundraiser went and Hanks reported bringing in close to \$1,000 which is the best done as of yet. Nothing further.

ADMINISTRATOR'S REPORT – Christina Regas, City Administrator

1. Resolution 2019-02 – Resolution revision of annual appointments and designations for 2019 - Moved by Mayor Patch and seconded by Councilor Sellon to approve Resolution 2019-02 revising the library board member(s) adding Katie Click, Nance Kunkel, and Amy Granland; removing the Public Works Supervisor Bob Klug Jr.; removing Golf Board Member Dawn Jourdan; and adding Golf Clubhouse Manager Pam Exner. Motion carried unanimously.
2. Resolution 2019-10 – Resolution authorizing PERA Contributions for qualifying part-time police officers for The City of Blackduck - Moved by Councilor Gullette and seconded by Councilor Kolb to approve Resolution 2019-10 authorizing PERA contributions for qualifying part-time police officers for 2019. Motion carried unanimously.
3. Pre-Construction Meeting for MNDot State Hwy 71 – May 9, 2019 @ 10am - Regas noted until May 6 she intended on attending the Pre-Construction meeting on May 9 @ 10am but has a conflict needing to hold a Revolving Loan Fund Committee meeting at the same date and time. Regas stated if another staff member or elected official can attend in her absence then that would be ok. Regas reported the meeting is for the contractors and engineers and not a 'town hall' type meeting but more information regarding the project and some timelines. Councilor Moore asked to have the information emailed to her and she would try to attend the meeting. Councilor Gullette asked if City Hall would still be closed if Regas will not be in attendance. Regas stated no City Hall would be open. Nothing further.
4. DEED Small Cities Summit/Main Audit – June 4, 2019 – City Hall - Regas reported that DEED will be present on June 4 to complete an audit on the City of Blackduck for the Housing Rehab funds received in 2016 during the road project. comprehensive grant. Mayor Patch asked if the 'Punch List' for the Summit and Main project has started. Regas stated it has made progress this week and the residents should see the mailboxes being replaced and moved and shaping and seeding started.
5. Reminder City Hall Closed May 10, 2019 - Regas reported City Hall will be closed May 10 since she will be at a MCFOA board meeting and Gail Landowski is at training. Nothing further.
6. Special Council Meeting May 20th, 2019 @ 6pm - PWS final interviews - Regas requested Mayor Patch call a Special Council meeting for May 20th @ 6pm to conduct the second and final round of interviews for the Public Works Supervisor position. Regas requested Council be at City Hall by 5:45pm prior to the first interview to prepare. Regas further requested council members that have not been involved in panel interviews in the past to stick to the interview guide that will be provided to be fair to the candidates. Regas stated she will not be conducting the interviews but



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acting only as the Administrator to the Council that day. Mayor Patch asked Regas to explain why Council should adhere to the interview guide only. Regas stated the questions being asked of the candidates should all be the same for both candidates. Regas reported to the Council the Personnel Committee interviewed a total of 9 candidates 7 of which very qualified and 5 already licensed operators. Regas further stated if the Council is present early then that will provide them with enough time to read through the resumes and applications. Mayor Patch stressed the importance of having a full council at the interviews. Councilor Kolb stated his schedule will be tentative until that day. Councilor Sellon asked if the interview questions could be reviewed prior to. Regas stated she will send the document out next week. Mayor Patch officially called a Special Council meeting for May 20, 2019 @ 6pm. Councilor Gullette asked if the candidate that is offered a position if they need a union rep to be present to negotiate an offer. Regas stated no because the public works is already in the union and should not need additional representation.

7. Reminder City Hall Closed in Observance of Memorial Day May 27, 2019 - Regas reminded that government offices are closed on May 27, 2019.
8. Reminder June 4, 2019 Council Meeting - Regas reminded Council of the June regular council meeting and noted the date is a Tuesday.
9. Annual Spring Council City Wide Tour – Date tentative date June 6th, 2019 - Regas reminded Council of the annual spring council city wide tour is still on the calendar.
10. Work Session for May - Mayor Path asked if Council needs to schedule a work session in May. Regas stated not at this time.

MAYOR AND/OR COUNCIL MEMBER REPORTS –

1. Councilor Kolb - Councilor Kolb requested to know who is ‘stepping up’ in Klug’s absence. Regas stated Rae Burmeister is filling in as much as possible and taking water and wastewater samples; Gail Landowski is completing the reporting for those samples; and those two with Regas are completing the utility meter readings. Councilor Kolb asked who is taking care of road maintenance. Regas stated only Burmeister and Brown. Kolb asked is there a schedule of what is going to get done. Regas stated not at this time that she can report. Kolb reported 500 holes in the dirt roads today and washed out in several places. Kolb reported he bottomed out his car. Regas reported Brown was filling potholes and grading last Thursday and Friday but it started raining again making it difficult. Regas asked for Kolb and the Council to understand public works has one less person on staff and has a large list of items to complete in May including opening Pine Tree Park, Wayside Rest Park, and the Cemetery. Mayor Patch asked if public works is helping with the sprinkler system at the golf course too. Regas stated yes. Kolb stated he is frustrated that many back roads are in very poor condition. Regas stated that in several areas around the City frost is still not out of the ground which makes grading very difficult. Mayor Patch asked if cones could be placed on Oscar where the worst spots are located. Mayor Patch also stated that running a grader on the rural roads makes it worse. Kolb understood the reasons but stated that is a lot of residents hearing ‘so what we can’t help you’ and stated there has got to be something more the City can do. Mayor Patch asked if City Hall has received many phone calls regarding the potholes and frost heaves. Regas stated she has not received any calls. Gullette stated he receives complaint but his neighborhood is always bad in the Spring and the frost is still coming out of the ground. Councilor Kolb asked when the City will start striping the roads. Regas reported the painting typically does not happen until in the summer when it warms up. Councilor Sellon asked if the streets get painted every year. Mayor Patch stated yes.



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2. Councilor Moore - Councilor Moore stated she recently signed up for a plot in the community garden and believes it is a really great thing to have in town. Moore asked if there is a tentative date the garden will be ready to plant. Regas stated Jeff Roberts volunteers his time to till up the land and noted last week the land is still very wet and that he can't get his tractor into town yet but hopes to by the end of the month.
3. Councilor Sellon - Councilor Sellon had no questions to report.

COMMUNITY EVENTS/GOOD THINGS HAPPENING – Councilor Moore read the Community events and Good things Happening into the record.

1. City of Blackduck Employee Anniversaries –
 - a. **Rudy Patch – 7 years – May 2012 (Fire Department)** Patch stated his anniversary years is incorrect and requested it be corrected to 11 years.
 - b. **Chris Brown – 6 years – May 2013 (Public Works)**
 - c. **Leo Gross Jr. – 10 years – May 2009 (Fire Department)**
 - d. **Fletcher Cauchon – 9 years – May 2008 (Fire Department)**
 - e. **Matt Landis – 9 years – May 2008 (Fire Department)**
 - f. **Rae Burmeister – 19 years - May 2000 (Public Works)**
 - g. **Andy Thienes – 21 years – May 1998 (Fire Department)**
 - h. **Jim Peasley – 28 years – May 1991 (Fire Department)**
 - i. **Don Anderson – 43 years – June 1976 (Fire Department)**
 - j. **Shawnda Lahr – 10 years - June 2009 (Liquor Store)**
2. Blackduck Development Corporation Meeting – May 8, 2019 @ Good Samaritan Community Room – 11am - Regas noted a change of location to City Hall.
3. Blackduck Chamber City Wide Garage Sale – May 11th, 2019 - Regas the Chamber has 18 sign-ups.
4. Blackduck Chamber Meeting – May 15, 2019 @ The Pond - noon -
5. Blackduck Chamber Ditch Clean up – May 15, 2019 @ 5:30pm Shamrock Storage -
6. Blackduck Spring Clean-up Event – May 11, 2019 8am-11am – Blackduck City Garage -Regas stated more volunteers are needed to help the event work stating the after the items are brought in the volunteers need to bring them up to the transfer station and unload them all. Councilor Kolb asked if we will accept the items that will be charged. Regas stated yes because the Development Corp and the City agreed to share costs associated with the event. Mayor Patch stated everyone is encouraged to help out that day. Councilor Moore confirmed that household garbage will not be accepted. Regas confirmed.
7. Blackduck Planning Commission Meeting – May 15, 2019 @ 2pm @ City Hall -
8. Backwoods Bash Boil – May 18, 2019 @ 5pm @ Fire Hall - Regas noted she is selling tickets they are \$20/person. Mayor Patch stated the Bash Boil is the only fundraiser for the Bash done each year.

OTHER NEW BUSINESS – No new business.

ADJOURN – Moved by Mayor Patch and seconded by Councilor Sellon to adjourn the meeting at 7:30pm. Motion carried unanimously.



CITY OF BLACKDUCK
REVOLVING LOAN COMMITTEE
MEETING MINUTES
MAY 9, 2019 @ 10AM

Present: Dwight Kalvig, Grant Frenzel, Rudy Patch, Will Sellon, and Christina Regas

Absent: Sarah Linda of HRDC

Others Present: none

The meeting was called to order at 10:00am.

SERENITY LIVING SOLUTIONS LLC.

- a. Review of loan Request - Sarah Linda reviewed the loan request from Serenity Living Solutions Inc. to the City of Blackduck for gap financing from the revolving loan fund. Linda reviewed the request; history of the company; management ability of the company; credit scores; capital; repayment capacity; collateral; and Linda's review of strengths & weaknesses, recommendation, and contingencies for the application. Serenity Living is applying for gap lending from the City of Blackduck due to insurance payment shortfall after fire in August of 2018 destroyed the existing facility. Linda reported the shortfall in insurance was partially due to new code requirements in sprinkler requirements and kitchen facilities. Linda stated the application is strong and reported if approved the City would be in 4th position lien behind Ultima Bank and SBA. Linda reported the assisted living facility has a strong capacity for residents considering those residents that were displaced after the fire and other referrals taken from Touch of Home in Bemidji. Regas asked if the application mentions if the rates to the residents will increase or remain the same after the facility is rebuilt. Patch stated the rates would not affect the residents as most medical is controlled by social security. Kalvig stated some facilities reserve some of the facility to private pay vs. financially assisted. Overall Kalvig and Frenzel were in favor of the loan request and believed the loan request to be strong.
- b. Recommendation – Moved by Frenzel and seconded by Kalvig to recommend to the City Council of Blackduck to recommend to the City of Blackduck City Council to approve a revolving loan to Serenity Living Solutions, Inc. for \$100,000 for a term of 10 years at an interest rate of 5.5% (current prime rate). Frenzel confirmed Linda would be completing the loan documents. Linda confirmed. Linda further stated she would secure personal guarantees from all parties. Motion carried unanimously. Regas reported the City Council would review the recommendation for a final vote at the June 4, 2019 meeting. Nothing further.
- c. Other Potential Borrowers - Linda stated there are two other potential borrowers from the City for a revolving loan in the coming month.

ADJOURN – Moved by Kalvig and seconded by Frenzel to adjourn the committee meeting at 11:00am. Motion carried unanimously.



BLACKDUCK PLANNING MEETING

WEDNESDAY May 15, 2019 2:00PM

REGULAR MEETING MINUTES

CALL TO ORDER: Administrator Regas called the meeting to order @ 2:06pm noting a quorum of commissioners with two present by phone. Regas did not encourage the Commissioners move on new business except for the updated information on Land use permit application 2019-05.

ROLL CALL:

Commissioners present: Ron Rockis, and Ernie Tindell

Commissioners present by phone: Kurt Benson and Bob Klug Sr.

Commissioners Absent: Curt Cease

Councilor Present: none

Councilors Absent: William Sellon

Staff Present: City Administrator Christina Regas

Others Present: none

Approval of Minutes – Nothing discussed.

Old Business

1. Summer Blight Tour – nothing discussed
2. Clean Up day – nothing discussed.
3. Sanford Parking Lot – nothing discussed.
4. Land use Permit Application 2019-05 – Joseph & Cheryl Wilhelmi (Tjepkes) 81.00061.00 – Moved by Commission Tindell and seconded by Commission Rockis to approve Land use Permit application 2019-05. Discussion by Regas noted the research completed with Beltrami County confirmed the parcel of land (81.00061.00) to have the single-family home constructed upon IS NOT the Old City Cemetery. Regas stated the actual parcel the cemetery is on is just north of parcel 81.00061.00. Klug stated by phone that the confirmation from Beltrami County clears up the concerns he had in April. Hearing no further discussion on the motion Klug by phone called for a vote on the motion. Regas confirmed a motion of ‘aye’ by Commissioners Rockis and Tindell (present) and ‘aye’ by Commissioners Benson and Klug (by phone). Motion carried.
5. Timberline parking lot option – nothing discussed.

New Business –

1. June Meeting Date - Next meeting is scheduled for June 19, 2019

ADJOURN THE PLANNING MEETING – Moved by Commissioner Tindell and seconded by Commissioner Rockis to adjourn the planning meeting at 2:12pm. Motion carried unanimously.

Christina Regas, City Administrator

Bob Klug Sr., Chairperson



BLACKDUCK CITY COUNCIL SPECIAL MEETING
MONDAY MAY 20TH, 2019 @ 6PM
SPECIAL COUNCIL MEETING MINUTES

CALL TO ORDER: The City Council of the City of Blackduck met in Special Session at Blackduck City Hall at 6:00pm. May 20th, 2019. Meeting called to order by Mayor Patch and the Pledge of Allegiance was not stated.

ROLL CALL:

Councilors present: Mayor Patch, Councilors Kolb, Moore, Sellon, and Gullette

Councilors Absent: none

Staff Present: City Administrator Christina Regas

Others Present: Mark Lemen and Michael Schwanke

APPROVAL OF AGENDA –Moved by Councilor Moore and seconded by Councilor Kolb to approve the agenda as submitted. Motion carried unanimously.

ADMINISTRATOR’S REPORT – Christina Regas, City Administrator

1. PWS final interviews –

- a. Mark Lemen @ 6:00pm- 7:00pm– The Blackduck City Council asked 15 interview questions in panel format to Public Works supervisor candidate Mark Lemen. Candidate Lemen was allowed to ask the City Council questions after the panel completed the questions. The interview completed at 6:30pm.
- b. Scoring of Mark Lemen – Regas received the completed panel interview forms from the City Council and totaled the scores.
- c. Panel Interview Recess – Moved by councilor Gullette and seconded by Councilor Moore to suspend the Special Council meeting at 6:45pm due to the time for candidate Schwanke not beginning until 7:30pm. Motion carried unanimously.

The Blackduck City Council recessed the meeting at this time.

- d. Panel Interview Reconvened – Moved by Councilor Gullette and seconded by Councilor Kolb to reconvene the Special Council meeting at 7:26pm to proceed with the panel interview of candidate Mike Schwanke. Motion carried unanimously.
- e. Mike Schwanke @ 7:30pm – 8:30pm – The Blackduck City Council asked 15 interview questions in panel format to Public Works supervisor candidate Mike Schwanke. Candidate Schwanke was allowed to ask the City Council questions after the panel completed the questions. The interview completed at 7:56pm.
- f. Scoring of Mike Schwanke – Regas received the completed panel interview forms from the City Council and totaled the scores.
- g. Final Score(s) Review – Regas reported the final scores for both candidate Lemen and Schwanke noting Lemen scored a final overall score of 85% and Schwanke a final overall score of 89%. Regas recommended the City Council discuss the candidates at this time. Council discussed the differences of the two candidates’ strengths and weaknesses with the position requirements noting Class B driver’s licenses, supervisory experience, and 3-Cell Pond System experience. Councilor Moore noted the similarities of the community Schwanke is currently working in to the City of Blackduck and how that would be a



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benefit. Councilor Kolb stated he was impressed with the leadership abilities with Schwanke when it comes to disciplinary actions and believed he would hold staff accountable. Councilor Gullette stated he believed Lemen would do better with the community noting he was more articulate and could get his point across. Councilor Gullette further stated either candidate would make a great fit. Mayor Patch asked Regas for feedback. Regas stated she believed Schwanke would be more relatable to the community and that Lemen was very articulate and very knowledgeable. Regas stated the difference she sees is that Lemen could have more of a ‘vision’ of what could happen in the City and that would be why she would lean towards him. Regas further stated both candidates are equally qualified and could see working with either.

- h. Contingent job offer decision – Moved by Mayor Patch and seconded by Councilor Moore to extend a contingent job offer for the public works supervisor position to Mike Schwanke. Roll call vote was called by Mayor Patch with Councilors Gullette, Moore, Kolb and Mayor Patch voting for and Councilor Sellon voting against. Motion carried with a vote of 4 to 1.
- i. Public Works Supervisor Offer wage – Moved by Councilor Sellon and seconded by Councilor Moore to extend the wage of \$25.07 (step 4) to public works supervisor candidate Schwanke. Councilor Kolb asked if the City Council is taking into consideration the other benefits paid by the City when making an offer. Councilor Moore stated she is considering the benefits and the fact that the candidate would have to uproot his family and move to another community to take the position. Councilor Gullette stated step 4 would be a better option and was in agreement with Councilor Moore. Hearing no further discussion Mayor Patch called for a vote on the motion. Motion carried unanimously.

ADJOURN – Moved by Councilor Gullette and seconded by Councilor Kolb to adjourn the meeting at 8:37pm. Motion carried unanimously.

Christina Regas, City Administrator

Rudy Patch, Mayor

June 4, 2019

FUND	Deerwood Checking BEGINNING BALANCE	Bill Report through 06/4/2019	Deerwood Checking ENDING BALANCE	Deerwood First Preferred Savings BEGINNING BALANCE	Deerwood First Preferred Savings Bill Report through 06/4/2019	Deerwood First Preferred Savings ENDING BALANCE	Total Balance of all Accounts
GENERAL	\$117,535.72	\$39,687.67	\$77,848.05	\$80,780.17	\$0.00	\$80,780.17	
POLICE RESTRICTED CASH	\$2,996.46	\$0.00	\$2,996.46	\$0.00	\$0.00	\$0.00	
CEMETERY	\$1,046.62	\$625.84	\$420.78	\$1,820.91	\$0.00	\$1,820.91	
PERPETUAL CARE	\$7,321.56	\$0.00	\$7,321.56	\$53,418.01	\$0.00	\$53,418.01	
SEWER MAINTENANCE	\$0.00	\$0.00	\$0.00	\$68,887.40	\$0.00	\$68,887.40	
SEWER REPLACE.	\$0.00	\$0.00	\$0.00	\$8,639.73	\$0.00	\$8,639.73	
SCDP REVOLVING LOAN FUND	\$0.00	\$0.00	\$0.00	\$39,680.01	\$0.00	\$39,680.01	
FIRE DEPT RESERVE (TruckFund)	\$0.00	\$0.00	\$0.00	\$195,805.10	\$0.00	\$195,805.10	
PINE TREE PARK	\$59,526.93	\$3,782.90	\$55,744.03	\$0.00	\$0.00	\$0.00	
WATER SINKING FUND	\$0.01	\$0.00	\$0.01	\$120,583.98	\$0.00	\$120,583.98	
PUBLIC WORKS RESERVE FUND	\$0.00	\$0.00	\$0.00	\$17,315.37	\$0.00	\$17,315.37	
Fire Dept Special Equip Fund	\$172,920.38	\$0.00	\$172,920.38	\$26,068.97	\$0.00	\$26,068.97	
2018 Revolving Loan Fund (NEW)	\$0.00	\$0.00	\$0.00	\$227,953.39	\$0.00	\$227,953.39	
2006 GO BOND	\$16,352.41	\$0.00	\$16,352.41	\$33,368.75	\$0.00	\$33,368.75	
2009A Refunding Bond	\$30,612.06	\$1,958.13	\$28,653.93	\$13,942.37	\$0.00	\$13,942.37	
2011 Industrial Lane IntraLoan	\$7,522.80	\$0.00	\$7,522.80	\$0.00	\$0.00	\$0.00	
2012A Refund Bond Golf/Water	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
2014A Disposal System Loan	\$15,402.30	\$0.00	\$15,402.30	\$0.00	\$0.00	\$0.00	
2017A Disposal System Project/Sum/Main	\$39,428.65	\$0.00	\$39,428.65	\$0.00	\$0.00	\$0.00	
2017A Disposal Sys Loan	\$14,753.94	\$0.00	\$14,753.94	\$0.00	\$0.00	\$0.00	
2017 PFA Debt Sys Bond Debt Service	\$24,943.93	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
TAX INCREMENT FINANCING	\$79,014.89	\$750.00	\$78,264.89	\$0.00	\$0.00	\$0.00	
WATER FUND	\$216,336.38	\$5,587.50	\$210,748.88	\$0.00	\$0.00	\$0.00	
SEWER FUND	\$107,292.29	\$10,356.05	\$96,936.24	(\$1,283.00)	\$0.00	(\$1,283.00)	
LIQUOR FUND	\$313,105.65	\$101,972.72	\$211,132.93	\$0.00	\$0.00	\$0.00	
LIQUOR RENT FUND	\$18,848.99	\$0.00	\$18,848.99	\$0.00	\$0.00	\$0.00	
GOLF COURSE	(\$93,731.75)	\$12,341.14	(\$106,072.89)	\$0.00	\$0.00	\$0.00	
WATER PROJECT FUND	\$20,044.93	\$0.00	\$20,044.93	(\$1,389.00)	\$0.00	(\$1,389.00)	
SEWER PROJECT FUND	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Total:	\$1,171,275.15	\$177,061.95	\$969,269.27	\$885,592.16	\$0.00	\$885,592.16	\$1,854,861.43

Transfer Recommended:

Fund Transfer from:	Fund transfer to:	Amount of Transfer:
DW Liquor Fund	DW General Fund	\$20,000.00

2019 Bond Payments:	Principal:	Interest:	Fees:	Total:

CITY OF BLACKDUCK

Monthly Bills

May 2019

Check Name	Amount		
Fund 101 GENERAL FUND		Fund 309 2009A GO Refunding Bon	\$1,958.13
Marco Technologies LLC	\$187.87	Fund 376 TAX INCREMENT FINANCING	
AMERIPRIDE LINEN & APPAREL	\$60.62	EHLERS AND ASSOCIATES	\$750.00
BELTRAMI COUNTY-AUDITOR/TREAS.	\$86.13	Fund 376 TAX INCREMENT FINANCI	\$750.00
BELTRAMI ELECTRIC COOP	\$2,243.06	Fund 601 WATER FUND	
BLACKDUCK AUTO PARTS	\$568.03	ACME Tools	\$74.50
BLACKDUCK CO-OP	\$60.00	BELTRAMI ELECTRIC COOP	\$229.00
BLACKDUCK FAMILY FOODS	\$18.17	BRADSETH WELL DRILLING	\$562.50
BOGART'S	\$247.20	CARD SERVICE CENTER	\$287.02
CARD SERVICE CENTER	\$386.30	CORE & MAIN	\$393.65
DIAMOND VOGEL	\$887.29	Gopher State One Call	\$41.85
FORUM COMMUNICATIONS CO	\$58.52	LEAGUE OF MINNESOTA CITIES	\$3,549.98
GAIL LANDOWSKI	\$228.66	MN DEPT OF HEALTH	\$449.00
Great Plains Fire	\$157.86	Fund 601 WATER FUND	\$5,587.50
LEAGUE OF MINNESOTA CITIES	\$30,513.26	Fund 602 SEWER FUND	
MARKETING FACTORY GROUP	\$1,079.50	ACME Tools	\$74.50
MCFOA	\$90.00	BELTRAMI ELECTRIC COOP	\$4,101.65
NORTHWOODS LUMBER CO	\$164.03	CARD SERVICE CENTER	\$287.02
OBD COMPANY	\$305.63	LEAGUE OF MINNESOTA CITIES	\$5,396.34
PAUL BUNYAN COMMUNICATIONS	\$434.60	MN PUMP WORKS	\$116.27
QUILL CORPORATION	\$571.43	NORTHERN IRRIGATION	\$86.25
ROGER'S TWO WAY RADIO	\$333.00	PAUL BUNYAN COMMUNICATIONS	\$34.02
TIMBERLINE SPORTS, INC	\$831.46	RMB ENVIRONMENTAL LABORATORIES	\$260.00
VERIZON WIRELESS	\$175.05	Fund 602 SEWER FUND	\$10,356.05
Fund 101 GENERAL FUND	\$39,687.67	Fund 609 MUNICIPAL LIQUOR FUND	
Fund 201 CEMETERY FUND		AMERIPRIDE LINEN & APPAREL	\$706.76
LEAGUE OF MINNESOTA CITIES	\$625.84	BELLBOY CORPPORATION	\$1,282.00
Fund 201 CEMETERY FUND	\$625.84	BELTRAMI ELECTRIC COOP	\$1,722.42
Fund 209 PINE TREE PARK FUND		BEMIDJI COCA-COLA	\$632.65
BELTRAMI ELECTRIC COOP	\$259.97	BERNATELLOS	\$353.25
BLACKDUCK FAMILY FOODS	\$7.07	Bernick Companies	\$9,865.95
BOGART'S	\$48.73	BLACKDUCK FAMILY FOODS	\$3,089.23
CARD SERVICE CENTER	\$29.69	Breakthru Beverage	\$3,951.18
COMMISSIONER OF TRANSPORTATION	\$60.00	D & D BEVERAGE	\$348.90
JUELSON PLUMBING & HEATING	\$175.00	DICK DISTRIBUTING	\$17,823.20
LEAGUE OF MINNESOTA CITIES	\$2,530.16	HEGGIES PIZZA LLC	\$620.00
MN RESORT ASSN	\$337.50	HENRYS	\$2,845.75
NORTHWOODS LUMBER CO	\$109.78	JIM DANDY SNACK FOOD CO.	\$69.00
WASTE MANAGEMENT OF WI-MN	\$225.00	JIM HIRT TRUCKING	\$45.50
Fund 209 PINE TREE PARK FUND	\$3,782.90	JOHNSON BROTHERS LIQUOR CO.	\$12,586.90
Fund 309 2009A GO Refunding Bonds		JUELSON PLUMBING & HEATING	\$85.00
EHLERS AND ASSOCIATES	\$1,958.13	LAHR, SHAWNDA	\$185.60

Check Name	Amount		
LEAGUE OF MINNESOTA CITIES	\$13,239.20	US FOODS	\$10.16
MIKINNON CO., INC	\$11,785.40	WASTE MANAGEMENT OF WI-MN	\$16.77
MN LICENSED BEVERAGE ASSOC	\$360.00	Fund 613 GOLF COURSE	\$12,341.14
NEI BOTTLING INC	\$770.18		
NJC PROMOS	\$149.00		
NORTHWOODS ICE, INC	\$463.20		
NORTHWOODS LUMBER CO	\$54.59		
OLD DUTCH	\$324.24		
PAUL BUNYAN COMMUNICATIONS	\$263.44		
Phillips Wine and Spirits	\$9,670.05		
RP BROADCASTING COMPANY	\$200.00		
Southern Glazer's of MN	\$6,295.04		
TOTAL REGISTER SYSTEMS, INC	\$286.50		
TOTAL TAP SERVICES	\$64.00		
US FOODS	\$694.13		
VINOCOPIA INC	\$746.50		
WASTE MANAGEMENT OF WI-MN	\$266.87		
WINE MERCHANTS	\$127.09		
Fund 609 MUNICIPAL LIQUOR FUN	\$101,972.72		
Fund 613 GOLF COURSE			
AMERIPRIDE LINEN & APPAREL	\$106.14		
ARVIG	\$218.40		
BELTRAMI ELECTRIC COOP	\$308.17		
BEMIDJI COCA-COLA	\$57.38		
Bernick Companies	\$194.00		
BLACKDUCK AUTO PARTS	\$16.62		
BLACKDUCK AUTO PARTS, INC	\$19.25		
BLACKDUCK CO-OP	\$784.54		
BLACKDUCK FAMILY FOODS	\$25.23		
BOGART'S	\$35.42		
CARD SERVICE CENTER	\$127.32		
DICK DISTRIBUTING	\$115.20		
HENRYS	\$484.36		
KRAMER GOLF BALL CO INC	\$162.50		
LEAGUE OF MINNESOTA CITIES	\$6,234.22		
MIKINNON CO., INC	\$193.40		
MN GOLF ASSOCIATION	\$500.00		
MTI Distributing	\$811.82		
NEI BOTTLING INC	\$273.55		
NORTHWOODS ICE, INC	\$81.60		
NORTHWOODS LUMBER CO	\$434.26		
PAUL BUNYAN COMMUNICATIONS	\$46.26		
TERRY ANDERSON	\$410.85		
TIMBERLINE SPORTS, INC	\$306.67		
TURFWERKS	\$367.05		

Check Name

Amount

\$177,061.95

Sewer Fund
Year to Date Income Statement thru 05/31/2019

Sewer Operating Revenue:		Budget
Reimbursements (insurance proceeds)	\$0.00	\$0.00
Penalties and Interest	\$0.00	\$0.00
Interest Earnings	\$660.42	\$0.00
Sewer Sales	\$54,893.34	\$163,000.00
Farm Lease Agreement Revenue	\$3,049.40	\$6,098.00
Sewer Connect/Reconnect Fee	\$0.00	\$0.00
Swr Penalty	\$586.67	\$1,500.00
Charges for Service	\$440.00	\$0.00
Total Sewer Revenues	\$59,629.83	\$170,598.00

Sewer Operating Expenditures:		Budget	Remaining
Full-Time Employees Regular	\$28,464.17	\$61,986.00	\$33,521.83
Part-Time Employees	\$0.00	\$625.00	\$625.00
PERA	\$1,854.96	\$4,673.00	\$2,818.04
FICA	\$2,138.60	\$4,767.00	\$2,628.40
Employer Paid Health	\$5,453.02	\$13,199.00	\$7,745.98
Office Supplies (GENERAL)	\$8.74	\$200.00	\$191.26
Electricity	\$9,744.37	\$16,000.00	\$6,255.63
Training and Instruction	\$0.00	\$500.00	\$500.00
Operating Supplies (GENERAL)	\$43.85	\$500.00	\$456.15
Motor Fuels	\$292.06	\$1,200.00	\$907.94
Lubricants and Additives	\$0.00	\$500.00	\$500.00
Repairs/Maint Supply	\$28.42	\$500.00	\$471.58
Equipment Parts	\$0.00	\$0.00	\$0.00
Tires	\$0.00	\$0.00	\$0.00
Merchandise Resale	\$0.00	\$0.00	\$0.00
Building Repair Supply	\$0.00	\$0.00	\$0.00
Utility Maint Supply	\$0.00	\$0.00	\$0.00
Small Tools	\$74.50	\$600.00	\$525.50
Auditing and Acc't	\$3,000.00	\$3,000.00	\$0.00
Legal Fees	\$0.00	\$0.00	\$0.00
Chemicals and Chem Products	\$0.00	\$0.00	\$0.00
Testing/Analysis	\$391.00	\$750.00	\$359.00
Other Professional Services	\$504.88	\$1,000.00	\$495.12
Telephone	\$136.00	\$500.00	\$364.00
Postage	\$125.00	\$500.00	\$375.00
Travel Expense	\$0.00	\$500.00	\$500.00
Other Printing/Binding	\$0.00	\$0.00	\$0.00
Freight and Express	\$0.00	\$0.00	\$0.00
Legal Notices/Publications	\$0.00	\$0.00	\$0.00
General Liability Insurance	\$1,847.16	\$2,100.00	\$252.84
Property Insurance	\$1,442.00	\$1,500.00	\$58.00
Other Insurance	\$0.00	\$0.00	\$0.00
Automotive Insurance	\$0.00	\$0.00	\$0.00
Workers Compensation	\$2,178.32	\$2,200.00	\$21.68
Unemployment Paid	\$0.00	\$0.00	\$0.00
State Connection Fee	\$0.00	\$0.00	\$0.00
Repairs/Maint Building	\$0.00	\$0.00	\$0.00
Repairs/Maintenance Structure	\$1,037.00	\$8,000.00	\$6,963.00
Repairs/Maintenance Machinery	\$194.37	\$0.00	(\$194.37)
Dues and Subscriptions	\$2,917.97	\$3,200.00	\$282.03
Miscellaneous	\$207.95	\$0.00	(\$207.95)
Debt Service Bond Interest	\$0.00	\$0.00	\$0.00
Fiscal Agent Fee	\$0.00	\$0.00	\$0.00
Other Equipment (irrigator)	\$86.25	\$6,500.00	\$6,413.75
Total Sewer Expenditures	\$62,170.59	\$135,000.00	\$72,829.41

		Budget	Remaining
Debt Srv Principal 2014 Go Bond	\$3,000.00	\$3,000.00	\$0.00
Depreciation/Capital Outlay	\$0.00	\$25,000.00	\$25,000.00
Total	\$3,000.00	\$28,000.00	\$25,000.00

Net Total (\$5,540.76) \$163,000.00 \$97,829.41

Pine Tree Park
Year to Date Income Statement thru 05/31/2019

PTP Revenues	2019	2018
Reservation Fees	\$300.00	\$528.00
Grants	\$11,000.00	\$10,000.00
Camping Fees	\$5,460.50	\$6,079.00
Other Revenue	\$103.50	\$0.00
Contributions and Donations	\$0.00	\$0.00
Interest Earnings	\$302.36	\$0.00
Total PTP Revenues	\$17,166.36	\$16,607.00

PTP Expenditures	2019 YTD	2018 YTD	2019 Budget	Remaining
Full-Time Employees Regular	\$1,729.20	\$1,372.10	\$3,832.00	\$2,102.80
Part-Time Employees Regular	\$0.00	\$0.00	\$1,560.00	\$1,560.00
PERA	\$119.32	\$102.91	\$280.00	\$160.68
FICA	\$127.04	\$104.83	\$405.00	\$277.96
Employer Paid Health	\$317.66	\$241.47	\$767.00	\$449.34
Office Supplies	\$8.75	\$6.13	\$0.00	(\$8.75)
Electricity	\$677.56	\$587.34	\$2,500.00	\$1,822.44
Operating Supplies (GENERAL)	\$86.98	\$70.22	\$700.00	\$613.02
Cleaning Supplies	\$7.07	\$11.89	\$100.00	\$92.93
Motor Fuels	\$0.00	\$0.00	\$900.00	\$900.00
Repairs/Maint Supply	\$0.00	\$287.98	\$750.00	\$750.00
Equipment Parts	\$0.00	\$0.00	\$200.00	\$200.00
Other Professional Services	\$0.00	\$0.00	\$500.00	\$500.00
Postage	\$0.00	\$0.00	\$0.00	\$0.00
Advertising	\$397.50	\$60.00	\$500.00	\$102.50
Other Printing/Binding	\$0.00	\$0.00	\$0.00	\$0.00
General Liability Insurance	\$628.16	\$583.20	\$600.00	(\$28.16)
Property Insurance	\$1,902.00	\$1,971.00	\$2,000.00	\$98.00
Workers Compensation Insurance	\$0.00	\$0.00	\$0.00	\$0.00
Garbage	\$294.49	\$676.20	\$1,750.00	\$1,455.51
Repairs/Maint Building	\$0.00	\$0.00	\$2,500.00	\$2,500.00
Repairs/Maintenance Structure	\$40.96	\$0.00	\$0.00	(\$40.96)
Improvements Other	\$0.00	\$0.00	\$500.00	\$500.00
Repairs/Maintenance Machinery	\$253.42	\$813.00	\$1,500.00	\$1,246.58
Portable Restrooms	\$0.00	\$0.00	\$0.00	\$0.00
Miscellaneous	\$0.00	\$0.00	\$0.00	\$0.00
Transfer to General	\$0.00	\$0.00	\$0.00	\$0.00
Dues and Subscriptions	\$0.00	\$0.00	\$275.00	\$275.00
Total PTP Expenditures	\$6,590.11	\$6,888.27	\$22,119.00	\$15,528.89
Net Profit	\$10,576.25	\$9,718.73		
Total	\$10,576.25	\$9,718.73		

Blackduck Municipal Golf Course
Year-To-Date Income Statement 05/31/2019

	Sales	Cost of Goods	Gross Profit	Gross Margin	Budget	Remaining
Beer	\$260.51	\$617.35	(\$356.84)	-136.98%	\$3,000.00	\$2,382.65
Soft Drinks	\$258.32	\$713.78	(\$455.46)	-176.32%	\$3,000.00	\$2,286.22
Food	\$134.22	\$484.36	(\$350.14)	-260.87%	\$1,500.00	\$1,015.64
Golf Merchandise	\$91.14	\$162.50	(\$71.36)	-78.30%	\$500.00	\$337.50
Clothing	\$22.00	\$0.00	\$22.00	100.00%	\$500.00	\$500.00
Total	\$766.19	\$1,977.99	(\$1,211.80)	-158.16%	\$8,500.00	\$6,522.01

Charges for Services

Green Fees	\$1,528.88
Membership Fees	\$17,151.00
Trail Fees	\$645.50
Cart Storage	\$2,145.00
Rentals (Clubs, Carts)	\$124.16
Power Carts	\$2,089.45
Clubhouse Rental	\$475.00
Golf Tournament Revenue	\$0.00
Total Charges for Services	\$24,158.99

Total Income \$24,925.18

Less Operating Expense

		Budget	Remaining
Wages	\$8,905.51	\$50,000.00	\$41,094.49
PERA	\$407.85	\$3,000.00	\$2,592.15
FICA	\$681.28	\$3,825.00	\$3,143.72
Office Supplies	\$8.75	\$0.00	(\$8.75)
Heating Fuel	\$0.00	\$0.00	\$0.00
Electricity	\$2,016.56	\$6,000.00	\$3,983.44
Training & Instructions	\$0.00	\$0.00	\$0.00
Operating Supplies	\$326.97	\$1,000.00	\$673.03
Cleaning Supplies	\$11.80	\$0.00	(\$11.80)
Motor Fuels	\$432.87	\$3,000.00	\$2,567.13
Lubricants/Additives	\$84.45	\$0.00	(\$84.45)
Chemicals	\$784.54	\$4,500.00	\$3,715.46
Repair/Maint/Supplies	\$0.00	\$0.00	\$0.00
Equipment parts	\$5.36	\$0.00	(\$5.36)
Building Repair supply	\$0.00	\$0.00	\$0.00
Small Tools/Equipment	\$112.19	\$0.00	(\$112.19)
Tires	\$402.47	\$0.00	(\$402.47)
Auditing/Accounting	\$0.00	\$0.00	\$0.00
Medical Fees	\$322.00	\$500.00	\$178.00
Dram	\$0.00	\$750.00	\$750.00
Telephone	\$214.24	\$600.00	\$385.76
Cable Television	\$50.00	\$0.00	(\$50.00)
Other Equipment	\$0.00	\$0.00	\$0.00
Other Professional services	\$0.00	\$0.00	\$0.00
Postage	\$1.30	\$100.00	\$98.70
Advertising	\$0.00	\$0.00	\$0.00
Liability Insurance	\$2,277.08	\$2,000.00	(\$277.08)
Property Insurance	\$3,520.00	\$3,600.00	\$80.00
Work Comp	\$437.14	\$700.00	\$262.86
Unemployment	\$4,069.00	\$5,000.00	\$931.00
Insurance	\$0.00	\$0.00	\$0.00
Garbage Disposal	\$297.60	\$750.00	\$452.40
Repair/Maint Building	\$260.23	\$1,000.00	\$739.77
Repair/Main Structure	\$0.00	\$0.00	\$0.00
Repairs/Maint Machinery	\$5,455.71	\$4,000.00	(\$1,455.71)
Maintenance Course	\$747.68	\$3,000.00	\$2,252.32
Golf Cart Lease	\$0.00	\$0.00	\$0.00
Other Rentals	\$0.00	\$0.00	\$0.00
Leasehold Improvement	\$0.00	\$0.00	\$0.00
Dues and Subscriptions	\$1,688.66	\$1,500.00	(\$188.66)
Bank Service Charges	\$238.72	\$1,000.00	\$761.28
Debt Service Bond Principal	\$10,000.00	\$10,000.00	\$0.00
Interest	\$500.00	\$937.50	\$437.50
Equipment Bond Interest 2016	\$1,162.50	\$2,175.00	\$1,012.50
Equipment Bond Principal 2016	\$12,000.00	\$12,000.00	\$0.00
Total Expense	\$57,422.46	\$120,937.50	\$63,515.04

OPERATING INCOME OR LOSS (\$34,475.27)

Other Expenses	
Misc. Expenses	\$0.00
Equipment - Gator	\$0.00
Management Fee	\$0.00
Capital Improvements	\$0.00
Transfer to General	\$0.00
Cash Short	\$9.49
Total Other Expenses	\$9.49

Other Income	
Transfer Fr Other Funds	\$0.00
Transfer Fr Liq Str	\$10,000.00
Interest Earned	\$0.00
Reimbursements	\$0.00
Tee Box Sponsorship	\$2,000.00
Cash Over	\$0.00
Proceeds-Gen Obligation Equip	\$0.00
Total Other Income	\$12,000.00

NET INCOME OR LOSS YEAR TO DATE **(\$22,484.76)**

Sales Comparison YTD	2018 thru November	2019
Green Fees	\$35,789.41	\$1,528.88

YTD Comparisons:	2018	2019
Operating Revenue	\$29,924.60	\$36,925.18
Operating Expense	\$33,116.13	\$59,409.94
	(\$3,191.53)	(\$22,484.76)

Blackduck Municipal Liquor Store Income Statement
Year to Date Ending 05/31/2019

290067.37

	Sales	Cost of Goods	Gross Profit	
Liquor Sales Off-Sale	\$99,004.93	\$76,340.56	\$22,664.37	22.89%
Beer Sales Off-Sale	\$176,512.69	\$137,296.83	\$39,215.86	22.22%
Wine Sales Off-Sale	\$16,975.48	\$9,781.31	\$7,194.17	42.38%
Other Sales On/Off-Sale	\$3,796.90	\$4,011.21	(\$214.31)	-5.64%
Liquor Sales On-Sale	\$51,592.13	\$11,388.07	\$40,204.06	77.93%
Beer Sales On-Sale	\$64,101.76	\$12,940.55	\$51,161.21	79.81%
Wine Sales On-Sale	\$566.57	\$290.44	\$276.13	48.74%
Cigarette Sales	\$3,645.99	\$1,628.27	\$2,017.72	55.34%
Clothing	\$930.01	\$696.74	\$233.27	25.08%
Soft Drinks On Sale	\$5,706.55	\$3,656.16	\$2,050.39	35.93%
Food Sales	\$44,893.51	\$27,183.79	\$17,709.72	39.45%

Total	\$467,726.52	\$285,213.93	\$182,512.59	39.02%
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GPM

Less Operating Expense	2019 YTD	Budget	Remaining
Wages FT	\$23,657.01	\$59,398.00	\$35,740.99
Wages PT	\$48,500.59	\$118,778.00	\$70,277.41
PERA	\$4,093.89	\$12,996.00	\$8,902.11
FICA	\$5,518.93	\$13,554.00	\$8,035.07
Health Insurance	\$5,074.98	\$13,130.00	\$8,055.02
Office Supplies	\$616.19	\$750.00	\$133.81
Electricity	\$10,588.82	\$23,000.00	\$12,411.18
Computer Supplies	\$0.00	\$0.00	\$0.00
Training and Instruction	\$250.00	\$500.00	\$250.00
Operating & Bar Supplies	\$7,220.55	\$11,000.00	\$3,779.45
Cleaning Supplies	\$11.79	\$0.00	(\$11.79)
Bar Supply	\$0.00	\$0.00	\$0.00
Building Repair Supplies	\$0.00	\$0.00	\$0.00
Mix Expense	\$4,217.65	\$9,000.00	\$4,782.35
Auditing / Acct'g Services	\$1,000.00	\$6,500.00	\$5,500.00
Legal Fees	\$0.00	\$0.00	\$0.00
Other Professional Services/Cleaning	\$0.00	\$0.00	\$0.00
Telephone	\$583.45	\$1,350.00	\$766.55
Postage	\$178.50	\$300.00	\$121.50
Cable Television	\$432.05	\$1,000.00	\$567.95
Internet Access	\$420.88	\$1,000.00	\$579.12
Travel Expense	\$805.60	\$500.00	(\$305.60)
Freight	\$2,286.89	\$4,500.00	\$2,213.11
Advertising	\$0.00	\$0.00	\$0.00
Promotions/Entertainment	\$6,370.19	\$9,000.00	\$2,629.81
Legal Notices	\$0.00	\$0.00	\$0.00
Liability Insurance	\$2,277.08	\$2,200.00	(\$77.08)
Property Insurance	\$6,870.00	\$7,200.00	\$330.00
Dram Shop/Liquor Liability	\$3,820.00	\$4,500.00	\$680.00
Other Insurance	\$0.00	\$0.00	\$0.00
Work Comp	\$4,092.12	\$6,200.00	\$2,107.88
Water Utility	\$778.84	\$2,700.00	\$1,921.16
Garbage Disposal	\$2,560.39	\$6,000.00	\$3,439.61
Sewer Utility	\$0.00	\$0.00	\$0.00
Repairs & Maintenance	\$0.00	\$0.00	\$0.00
Repairs/Maintenance Building	\$1,089.11	\$10,000.00	\$8,910.89
Uncollectable Checks	\$0.00	\$200.00	\$200.00
Dues and Subscriptions	\$1,264.02	\$3,500.00	\$2,235.98
Bank Service Charges	\$7,644.51	\$15,500.00	\$7,855.49
Furniture & Fixtures	\$0.00	\$5,000.00	\$5,000.00
Office Equip & Furnishings	\$0.00	\$0.00	\$0.00
Improvements Other	\$0.00	\$0.00	\$0.00
Building & Structures	\$0.00	\$0.00	\$0.00
Medical Fees	\$184.00	\$350.00	\$166.00
Assessments	\$1,203.71	\$0.00	(\$1,203.71)

Total Operating Expense	\$153,611.74	\$349,606.00	\$195,994.26
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Inventory Expense	\$4,853.44
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NET INCOME OR LOSS	\$24,047.41
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Other Expenses

Donations	\$1,850.00
Transfer to Golf	\$10,000.00

Unemployment Paid	\$554.82
Cash Short	\$66.37
Misc. Expense	\$96.63
Total Other Expenses	\$12,567.82

Other Income	
Reimbursements (NSF)	\$484.13
Rent Income	\$4,171.52
Vending Income	\$1,801.65
Interest	\$1,619.27
Cash Over	\$49.28
Total Other Income	\$8,125.85

Gross Profit Before Transfers **\$19,605.44**

Transfer to General Fund \$20,000.00

Net Profit After Inventory Exp & Transfers **(\$394.56)**

Inventory at 1/1/2019 after inventory total	\$101,307.45
Inventory at 05/31/2019	\$123,132.16
Difference	\$21,824.71

Sales Comparison Year to Date Ending 05/31/2019

	2017	2018	2019	% of Increase from 2018-2019
Off-Sale Liquor	\$81,640.00	\$90,372.62	\$99,004.93	9.55%
Off-Sale Beer	\$161,638.46	\$174,095.01	\$176,512.69	1.39%
Off-Sale Wine	\$14,050.91	\$15,165.78	\$16,975.48	11.93%
Total Off-Sale	\$257,329.37	\$279,633.41	\$292,493.10	4.60%
On-Sale Liquor	\$39,101.01	\$44,171.22	\$51,592.13	16.80%
On-Sale Beer	\$49,840.10	\$56,015.97	\$64,101.76	14.43%
On-Sale Wine	\$326.74	\$550.15	\$566.57	2.98%
Total On-Sale	\$89,267.85	\$100,737.34	\$116,260.46	15.41%
Total On and Off S:	\$346,597.22	\$380,370.75	\$408,753.56	7.46%

Month End Remittance Report for May 2019

STATE OF MINNESOTA

Check Number: 888888 Printed: 6/3/2019 Account: Wells Fargo Bank Bemidji Checking (Swept)

Beltrami County

County Revenue

Line	GL Account	Statute	Inter-Agency Nbr	Vendor Nbr	Amount
1a	Law Library-Civil	M.S. 134A.10 S1		000019597500 1	740.00
1b	Law Library - Criminal	M.S. 134A.10 S3		000019597500 1	2,922.50
2	Sheriff's Contingency Fund	M.S. 387.213		000019597500 1	730.00
9	Prosecution Costs	M.S. 631.48; 609.49		000019597500 1	675.00
10	DWI Assessment/County	M.S. 169A.285		000019597500 1	430.51
County Revenue Total					\$5,498.01

Municipalities

GL Account	Statute	Inter-Agency Nbr	Vendor Nbr	Amount
DWI Assessment/Bemidji			000019294100 1	330.55
Bemidji 100%			000019294100 1	544.74
Bemidji 2/3			000019294100 1	5,936.57
Bemidji 1st Late Penalty			000019294100 1	168.02
Bemidji 2nd Late Penalty			000019294100 1	598.70
Sub-Total				\$7,578.58
GL Account	Statute	Inter-Agency Nbr	Vendor Nbr	Amount
Blackduck 2/3			000020137600 1	50.00
Sub-Total				\$50.00

Municipalities Total

\$7,628.58

County Specific

Line	GL Account	Statute	Inter-Agency Nbr	Vendor Nbr	Amount
1	Beltrami County DARE Advisory Board			000019294100 1	135.09
3	Bemidji Prosecution Costs			000019294100 1	450.00
4	Drug Task Force			000019597500 1	10.00
6	Northwood Coalition Battered Women's Shelter			000020502400 1	184.46
58	Beltrami County Victim Services			000019597500 1	20.49
County Specific Total					\$800.04

LG216 Worksheet for Calculating Lawful Gambling Monthly Rent

Organization Name: **Blackduck Fire Relief** License Number: **01944**
 Site Name: **MUNICIPAL LIQUOR STORE** Site Number: **001**
 Bar op: _____
 (Use one worksheet for each site. If lease changes, use new worksheet.)

Booth Operation Rent
 1 List the % to be paid for paper pull-tabs, tipboards, paddletickets, electronic pull-tabs and electronic linked bingo conducted by the organization's employees **1** 0.00 %

Bar Operation Rent
 2 List the % to be paid for paper pull-tabs, tipboards, and paddletickets conducted by the lessor or lessor's employees **2** 20.00 %
 3 List the % to be paid for electronic pull-tabs and electronic linked bingo conducted by the lessor or lessor's employees **3** 15.00 %

A Month and Year	B1 Booth Operation	B2	C Bar Operation		D Rent Limit	E Bar Operation Electronic Games		F Total Rent	G Bar Operation		H
			C1	C2		E1	E2		Bar Operation	Bar Operation	
5 / 2018	0.00	0.00	7300.00	1460.00	1460.00	0.00	0.00	1460.00	23.00	1437.00	
6 / 2018	0.00	0.00	5213.00	1042.60	1042.60	686.35	102.95	1145.55	1.00	1144.55	
7 / 2018	0.00	0.00	3140.00	628.00	628.00	279.60	41.94	669.94	33.00	636.94	
8 / 2018	0.00	0.00	5301.00	1060.20	1060.20	0.00	0.00	1060.20	0.00	1060.20	
9 / 2018	0.00	0.00	2776.00	555.20	555.20	179.35	26.90	582.10	47.00	535.10	
10 / 2018	0.00	0.00	4525.00	905.00	905.00	0.00	0.00	905.00	2.00	903.00	
11 / 2018	0.00	0.00	5439.00	1087.80	1087.80	539.55	80.93	1168.73	93.00	1075.73	
12 / 2018	0.00	0.00	4165.00	833.00	833.00	140.60	21.09	854.09	91.00	763.09	
2 / 2019	0.00	0.00	5125.00	1025.00	1025.00	0.00	0.00	1025.00	195.00	830.00	
3 / 2019	0.00	0.00	3380.00	676.00	676.00	0.00	0.00	676.00	10.00	666.00	
4 / 2019	0.00	0.00	5524.00	1104.80	1104.80	0.00	0.00	1104.80	2.00	1102.80	

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.

MAY 2 2019

Requesting Final Council Approval for the Following

Requesting Final Approval of full-time Employees:

Name:	Position:	Date of Hire:	Wage:
Michael Schwanke	Public Works Supervisor	6/10/2019	\$25.07 (step 4)



Minnesota Department of Public Safety
 Alcohol and Gambling Enforcement Division
 445 Minnesota Street, Suite 222, St. Paul, MN 55101
 651-201-7500 Fax 651-297-5259 TTY 651-282-6555
**APPLICATION AND PERMIT FOR A 1 DAY
 TO 4 DAY TEMPORARY ON-SALE LIQUOR LICENSE**

Name of organization	Date organized	Tax exempt number	
Blackduck American Legion	1/1/1937	41-6037782	
Address	City	State	Zip Code
PO Box 553	Blackduck	Minnesota	56630
Name of person making application	Business phone	Home phone	
Christina Regas	218-835-4810	218-368-9394	
Date(s) of event	Type of organization		
7/20/2019	<input checked="" type="checkbox"/> Club <input type="checkbox"/> Charitable <input type="checkbox"/> Religious <input type="checkbox"/> Other non-profit		
Organization officer's name	City	State	Zip Code
Lee Cohe	Blackduck	Minnesota	56630
Organization officer's name	City	State	Zip Code
		Minnesota	
Organization officer's name	City	State	Zip Code
		Minnesota	
Organization officer's name	City	State	Zip Code
		Minnesota	

Location where permit will be used. If an outdoor area, describe.
 Blackduck Wayside Rest Park Gazebo

If the applicant will contract for intoxicating liquor service give the name and address of the liquor license providing the service.
 n/a

If the applicant will carry liquor liability insurance please provide the carrier's name and amount of coverage.
 n/a

APPROVAL

APPLICATION MUST BE APPROVED BY CITY OR COUNTY BEFORE SUBMITTING TO ALCOHOL AND GAMBLING ENFORCEMENT

City of Blackduck _____
 City or County approving the license

25.00 _____
 Fee Amount

May 24, 2019 _____
 Date Fee Paid

6/4/2019 _____
 Date Approved

Jul 20, 2019 _____
 Permit Date

christina.regas@blackduckmn.com _____
 City or County E-mail Address

218-835-4810 _____
 City or County Phone Number


 Signature City Clerk or County Official

Approved Director Alcohol and Gambling Enforcement

CLERKS NOTICE: Submit this form to Alcohol and Gambling Enforcement Division 30 days prior to event.

**ONE SUBMISSION PER EMAIL, APPLICATION ONLY.
 PLEASE PROVIDE A VALID E-MAIL ADDRESS FOR THE CITY/COUNTY AS ALL TEMPORARY PERMIT APPROVALS WILL BE SENT
 BACK VIA EMAIL. E-MAIL THE APPLICATION SIGNED BY CITY/COUNTY TO AGE.TEMPORARYAPPLICATION@STATE.MN.US**



CITY OF BLACKDUCK

On-Sale Intoxicating, 3.2 Beer, Club, Off-Sale 3.2 Malt Liquor, On-Sale Wine Liquor License Application

City Code Section 1120.25—1120.32

Date of Application: 5/24/2019 Licensing Period: 7/20/2019

Blackduck American Legion
 LICENSEE NAME (Corp, Partnership, Individual)

5/24/2019
 DATE OF APPLICATION

PO Box 553
 LICENSEE ADDRESS (Street, City, State, Zip)

LENGTH OF TIME AT THIS ADDRESS

PO Box 553
 BUSINESS ADDRESS

28-243-2597
 BUSINESS PHONE HOME PHONE

41-6037782 6790877
 FEDERAL ID# STATE ID #

BUSINESS PROPERTY LEGAL DESCRIPTION

Type of License Applying for: On Sale Intoxicating On Sale 3.2 Beer or Wine Off Sale 3.2 Beer
 On Sale Club Consumption & Display License Temporary On Sale

BUSINESS IS A: Hotel Restaurant Bowling Center Club/Veteran Organization
 IF BUSINESS IS A RESTAURANT, state the restaurant seating capacity _____
 IF BUSINESS IS A CLUB: state number of members 122
 Years at business location _____
 IF BUSINESS IS A HOTEL: state number of rooms _____
 Restaurant seating capacity _____
 IS THIS APPLICATION A: New Renewal Transfer

IF THE APPLICANT IS A PARTNERSHIP, LLP, CORPORATION, OR LLC, COMPLETE THE FOLLOWING FOR EACH PARTNER/OFFICER:

Full Name (First Middle Last)	Title	Social Security #	Date of Birth	Address—Street/City/State/Zip

Are the applicants citizens of the United States? Yes No

Have any of the applicants ever been convicted of a felony, gross misdemeanor or misdemeanor, including violation of a municipal ordinance but excluding minor traffic violations? Yes No

If yes, the date and place of conviction and nature of the offense _____

During the past year has a summons been issued to the licensee under the Civil Liquor Liability Law? Yes No

Have any of the applicants in the prior 5 years been convicted of a willful violation of a federal or state law or local ordinance governing the manufacture, sale, distribution, or possession for sale or distribution of alcoholic beverages? Yes No

Have any of the applicants hold a license from the Commissioner of MN as a manufacturer, brewer, or wholesaler of alcoholic beverages? Yes No

Are the taxes, assessments, or other financial claims against the property where the business is to be located paid to date with no delinquent balances due? Yes No

The applicants must provide proof of financial responsibility by providing a Certificate of Insurance in the amount specified by the City Ordinance. Has this been provided? Yes No

APPLICANT'S OCCUPATIONS FOR PRIOR 3 YEARS: (if applicable, please complete for each officer or partner also. Use the back of this form if additional space is needed).

Employer	Occupation	Address	Phone

Applicants will present this request to the City Administrator's Office who will forward the application to a Committee for review. An investigation by the Blackduck Police Department will be conducted and the findings presented to the Committee. The Committee will present their recommendation to the City Council for action. The City will forward the required applications/paperwork to the Minnesota Department of Public Safety.

Cost of the license is currently: \$1700.00 for On Sale Intoxicating Liquor; \$150.00 for On Sale 3.2 Beer; \$150.00 for On Sale Wine annually. An investigation fee of \$50.00 will be charged when the application is submitted. If the City determines that further investigation is necessary the City may charge an additional investigation fee in an amount established by State Statute.

Applicants shall comply with all restrictions, limitations, and regulations for the sale of intoxicating liquor under the City Code and State Statutes.

Please check this box if you are also applying for the Sunday Liquor License. An additional fee of \$200 for an annual Sunday Liquor License will be due.

\$25.00

**SPECIAL EVENT/COMMUNITY
FESTIVAL LIQUOR LICENSE**

No. 2019-01

License is hereby Granted to

Blackduck American Legion

TO SELL AT RETAIL

On-sale intoxicating liquor

FOR CONSUMPTION ON THE PREMISES LOCATED AT

City of Blackduck Wayside Rest Park

In the City of Blackduck, County of Beltrami, State of Minnesota
for the period of one day commencing July 20th, 2019 and ending at midnight.

This license is granted pursuant to application and payment of fee therefore and is subject to all the provisions and conditions of the laws of the state and of the federal government pertaining to such sale, and is revocable for violation thereof. Not transferable.

WITNESS THE GOVERNING BODY of the CITY OF BLACKDUCK and the seal thereof this 4TH day of June 2019
The Council of the City of Blackduck

Attest:
Administrator

by _____
Mayor



MILLER McDONALD, INC.

Certified Public Accountants

513 Beltrami Avenue NW

P.O. Box 486

Bemidji, MN 56619

(218) 751-6300

Fax (218) 751-0782

www.millermcdonald.com

April 19, 2019

To the Members of City Council
Blackduck, Minnesota

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blackduck, Minnesota for the year ended December 31, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 31, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant account policies used by the City of Blackduck, Minnesota are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2018. We noted no transactions entered into by the City of Blackduck, Minnesota during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statement in the proper period.

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

Management's estimate of amounts related to deferred inflows and outflows of resources related to pensions and the net pension liability/asset was provided by actuarial valuations dated July 1, 2018. The actuarial valuations were performed in order for the City to implement GASB Statements No. 68 *Accounting and Financial Reporting for Pensions* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We evaluated the key factors and assumptions used to develop these deferrals and liabilities in determining that they are reasonable in relation to the financial statements taken as a whole.

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

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letters dated April 19, 2019.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

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

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

Restriction on Use

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

Very Truly Yours,

Miller McDonald, Inc.

Miller McDonald, Inc.

Attachment A

	Assets	Deferred Outflows	Liabilities	Deferred Inflows	Fund Balance/ Net Position	Revenue	Other Financing Sources	Expenditures/ Expenses	Other Financing Uses
General Fund:									
Reclass 2019 checks out of cash into accounts payable	\$ 17,354	\$ -	\$ 17,354	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjust special assessment and property tax receivables	55,584	-	-	55,584	-	-	-	-	-
Total General Fund	\$ 72,938	\$ -	\$ 17,354	\$ 55,584	\$ -	\$ -	\$ -	\$ -	\$ -
SCDP Revolving Loan Fund:									
To write-off uncollectable note receivable	\$ (30,622)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,622	\$ -
Other Governmental Funds:									
Reclass 2019 checks out of cash into accounts payable	\$ 38,820	\$ -	\$ 38,820	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjust special assessment and property tax receivables	(20,417)	-	-	(20,417)	-	-	-	-	-
To remove bond payments from accounts payable	-	-	(38,820)	-	-	-	-	(38,820)	-
Total Other Governmental Funds	\$ 18,403	\$ -	\$ -	\$ (20,417)	\$ -	\$ -	\$ -	\$ (38,820)	\$ -
Municipal Water Fund									
Reclass 2019 checks out of cash into accounts payable	\$ 55,930	\$ -	\$ 55,930	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
To reclass debt payments against liabilities for full accrual	-	-	(51,089)	-	-	-	-	(51,089)	-
Adjust special assessment and property tax receivables	160,985	-	-	-	-	160,985	-	-	-
To record depreciation	(69,517)	-	-	-	-	-	-	69,517	-
Total Municipal Water Fund	\$ 147,398	\$ -	\$ 4,841	\$ -	\$ -	\$ 160,985	\$ -	\$ 18,428	\$ -
Municipal Sewer Fund									
Adjust special assessment and property tax receivables	\$ 91,988	\$ -	\$ -	\$ -	\$ -	\$ 91,988	\$ -	\$ -	\$ -
To record depreciation	(81,140)	-	-	-	-	-	-	81,140	-
Total Municipal Sewer Fund	\$ 10,848	\$ -	\$ -	\$ -	\$ -	\$ 91,988	\$ -	\$ 81,140	\$ -
Municipal Liquor Store Fund									
Reclass 2019 checks out of cash into accounts payable	\$ 53,582	\$ -	\$ 53,582	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjust for GASB 68 - net pension liability activity	-	2,086	13,478	4,841	-	949	-	17,182	-
To capitalize expenses for full accrual	53,325	-	-	-	-	-	-	(53,325)	-
Total Municipal Liquor Store Fund	\$ 106,907	\$ 2,086	\$ 67,060	\$ 4,841	\$ -	\$ 949	\$ -	\$ (36,143)	\$ -

Attachment A

	Assets	Deferred Outflows	Liabilities	Deferred Inflows	Fund Balance/Net Position	Revenue	Other Financing Sources	Expenditures/Expenses	Other Financing Uses
Municipal Golf Course Fund									
To reclass debt payments against liabilities for full accrual	\$ -	\$ -	\$ (10,000)	\$ -	\$ -	\$ -	\$ -	\$ (10,000)	\$ -
Reclass 2019 checks out of cash into accounts payable	11,038	-	11,038	-	-	-	-	-	-
To record asset transfer from the general fund	9,192	-	-	-	-	-	9,192	-	-
To record depreciation	(21,173)	-	-	-	-	-	-	21,173	-
Total Municipal Golf Course Fund	\$ (943)	\$ -	\$ 1,038	\$ -	\$ -	\$ -	\$ 9,192	\$ 11,173	\$ -
Governmental Activities:									
Adjust for depreciation expense	\$ (88,622)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,622	\$ -
Adjust for GASB 68 - net pension liability/asset activity	165,064	(10,468)	19,285	(4,429)	112,848	1,669	-	(25,223)	-
To eliminate inter-government debt and receivable	(88,737)	-	(88,737)	-	-	-	-	-	-
Adjust for payments/reductions on long-term debt	(973)	-	(61,952)	-	-	-	-	(60,979)	-
Total Governmental Activities	\$ (13,268)	\$ (10,468)	\$ (131,404)	\$ (4,429)	\$ 112,848	\$ 1,669	\$ -	\$ 2,420	\$ -

CITY OF BLACKDUCK, MINNESOTA
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2018

CITY OF BLACKDUCK, MINNESOTA
DECEMBER 31, 2018

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DECEMBER 31, 2018

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CITY OF BLACKDUCK, MINNESOTA
OFFICIAL DIRECTORY
DECEMBER 31, 2018
(Unaudited)

		<u>Term Expires</u>
Mayor	Rudy Patch	12/31/18
Vice-Mayor	Jason Kolb	12/31/20
Council	William Sellon	12/31/18
	Paige Moore	12/31/18
Administrator	Christina Regas	Appointive



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blackduck, Minnesota, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Blackduck, Minnesota's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blackduck, Minnesota, as of December 31, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the City's and Non-Employer Proportionate Share of the Net Pension Liability, the Schedule of City's Contributions, Schedule of Changes in Net Pension Liability (Asset) and Related Ratios – Blackduck Fire Relief Association, Schedule of Employer and Non-Employer Contributions – Blackduck Fire Relief Association and Schedule of Investment Returns – Blackduck Fire Relief Association on pages 5 through 11 and pages 57 through 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2019, on our consideration of the City of Blackduck, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Blackduck, Minnesota's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Blackduck, Minnesota's internal control over financial reporting and compliance.

Miller McDonald, Inc.

April 19, 2019
Bemidji, Minnesota

CITY OF BLACKDUCK, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

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

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows of resources by \$4,658,648. Of this amount, \$1,708,771 may be used to meet the government's ongoing obligations in accordance with the City's fund designations and fiscal policies.
- The City's governmental funds reported combined ending fund balances of \$1,791,715. Of this total amount, approximately 59%, or \$1,065,875 is available for spending at the City's discretion.
- At the end of the year, the total unassigned fund balance for the City's governmental funds was \$372,375. All of this was in the General Fund.
- Total outstanding long-term debt was \$1,744,563 at the end of the year. The majority of the debt has primary revenue sources to cover debt service payments from sources other than property taxes. Special assessment and revenue bonds account for \$1,224,000 or 93% of the bonded debt.

Overview of the Financial Section

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

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

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

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

CITY OF BLACKDUCK, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

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

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

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

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

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

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

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

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

- *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its municipal liquor operations, public utility (water and sewer) services and municipal golf course.

CITY OF BLACKDUCK, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

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

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

Notes to Financial Statements - The notes provide additional information essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 56 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time, net position may serve as a useful indicator of a government's financial position. At the end of 2018, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4,658,648.

The largest portion of the City's net position, 46%, reflects its Net Investment in Capital Assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities		Business-Type Activities		Totals	
	2018	(As Restated) 2017	2018	2017	2018	(As Restated) 2017
Assets:						
Current and Other Assets	\$ 2,027,687	1,867,463	\$ 1,179,577	\$ 887,173	\$ 3,207,264	\$ 2,754,636
Capital Assets, Net of Depreciation	1,314,969	1,378,058	2,456,082	2,563,337	3,771,051	3,941,395
Total Assets	3,342,656	3,245,521	3,635,659	3,450,510	6,978,315	6,696,031
Deferred Outflows of Resources	206,231	235,783	65,693	69,595	271,924	305,378
Liabilities:						
Long-Term Liabilities Outstanding	251,087	507,703	1,416,092	1,721,765	1,667,179	2,229,468
Other Liabilities	256,320	33,556	346,032	86,892	602,352	120,448
Total Liabilities	507,407	541,259	1,762,124	1,808,657	2,269,531	2,349,916
Deferred Inflows of Resources	258,103	262,532	63,957	61,590	322,060	324,122
Net Position:						
Net Investment in Capital Assets	1,076,553	1,088,630	1,051,536	1,088,963	2,128,089	2,177,593
Restricted	821,788	933,396	-	-	821,788	933,396
Unrestricted	885,036	655,487	823,735	560,895	1,708,771	1,216,382
Total Net Position	\$ 2,783,377	\$ 2,677,513	\$ 1,875,271	\$ 1,649,858	\$ 4,658,648	\$ 4,327,371

CITY OF BLACKDUCK, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

A portion of the City's net position, approximately 18%, represents resources subject to restrictions on how they may be used. The remaining balance of unrestricted net position \$1,708,771 may be used to meet the government's ongoing obligations to citizens and creditors.

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

Governmental Activities - Net position of the City's governmental activities increased by \$105,864.
Business-type Activities – Net position of the City's business-type activities increased by \$225,413.

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for Services	\$ 114,414	\$ 107,429	\$ 1,629,996	\$ 1,531,332	\$ 1,744,410	\$ 1,638,761
Operating Grants and Contributions	63,043	103,777	949	2,580	63,992	106,357
Capital Grants and Contributions	-	-	9,020	506,091	9,020	506,091
General Revenues:						
Property Taxes and Special Assessments	305,947	239,266	290,976	8,182	596,923	247,448
Grants and aids Not Restricted for Specific Programs	265,778	256,574	-	-	265,778	256,574
Fines and Fees	1,370	822	-	-	1,370	822
Interest Income	11,700	7,675	3,476	-	15,176	7,675
Rental Income	-	-	9,964	7,296	9,964	7,296
Other	18,152	19,602	1,905	162	20,057	19,764
Total Revenues	780,404	735,145	1,946,286	2,055,643	2,726,690	2,790,788
Expenses:						
General Government	149,289	162,384	-	-	149,289	162,384
Public Safety	238,051	251,730	-	-	238,051	251,730
Streets and Highways	163,008	170,761	-	-	163,008	170,761
Economic Development	58,377	25,190	-	-	58,377	25,190
Culture and Recreation	62,320	62,601	-	-	62,320	62,601
Cemetery	5,385	5,426	-	-	5,385	5,426
Interest and Fiscal Fees	29,921	39,440	-	-	29,921	39,440
Municipal Water	-	-	205,820	217,188	205,820	217,188
Municipal Sewage Disposal	-	-	211,248	212,005	211,248	212,005
Municipal Golf Course	-	-	131,665	135,841	131,665	135,841
Municipal Liquor Store	-	-	1,082,140	1,020,096	1,082,140	1,020,096
Total Expenses	706,351	717,532	1,630,873	1,585,130	2,337,224	2,302,662
Increase (Decrease) in Net Position Before Transfers	74,053	17,613	315,413	470,513	389,466	488,126
Transfers	90,000	50,526	(90,000)	(50,526)	-	-
Special Item - Loan Payment	(58,189)	-	-	-	(58,189)	-
Change in Net Position	105,864	68,139	225,413	419,987	331,277	488,126
Net Position, Beginning of Year (As Restated)	2,677,513	2,609,374	1,649,858	1,229,871	4,327,371	3,839,245
Net Position, End of Year	\$ 2,783,377	\$ 2,677,513	\$ 1,875,271	\$ 1,649,858	\$ 4,658,648	\$ 4,327,371

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

CITY OF BLACKDUCK, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

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

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

Financial Analysis of the Government's Funds

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

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

At the end of the 2018 fiscal year, the City's governmental funds reported combined fund balances of \$1,791,715. Approximately 21% of this total amount, or \$372,375, constitutes unassigned fund balances, which is available for spending at the government's discretion. The remainder of the fund balances made up of nonspendable of \$13,884, restricted for notes receivable of \$226,426, restricted for debt service of \$149,475 and other committed, assigned and restricted of \$1,029,555.

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

The unrestricted net position in the respective proprietary funds are municipal liquor \$197,464, municipal sewage \$331,093, municipal water \$391,618 and municipal golf course (\$96,440). While total net position before operating transfers for the current year ended increased in the municipal water fund, the municipal sewage disposal fund and the municipal liquor store fund, the total net position decreased for the municipal golf course fund.

CITY OF BLACKDUCK, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

General Fund Budgetary Highlights

The City did not amend the 2018 budget. The 2018 budget for the General Fund anticipated revenues in excess of expenditures after other financing sources and uses of \$10,018. Actual results for the General Fund for 2018 show revenues in excess of expenditures after other financing sources and uses of \$54,271.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2018 amounts to \$3,771,051 (net of accumulated depreciation). This investment includes land, buildings, improvements, equipment and infrastructure.

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land and Buildings	\$ 751,114	\$ 751,114	\$ 2,854,228	\$ 2,854,228	\$ 3,605,342	\$ 3,605,342
Furniture, Fixtures, and Equipment	824,147	843,675	444,693	425,905	1,268,840	1,269,580
Other Improvements	1,218,438	1,167,292	1,767,848	1,721,794	2,986,286	2,889,086
Construction in Progress	-	51,146	1,131,729	1,113,169	1,131,729	1,164,315
Less Accumulated Depreciation	(1,478,730)	(1,435,169)	(3,742,416)	(3,551,759)	(5,221,146)	(4,986,928)
Total	<u>\$ 1,314,969</u>	<u>\$ 1,378,058</u>	<u>\$ 2,456,082</u>	<u>\$ 2,563,337</u>	<u>\$ 3,771,051</u>	<u>\$ 3,941,395</u>

Additional information on the City's capital assets can be found in Note 2 on pages 34 and 35 of this report.

Long Term Debt

At the end of the current fiscal year, the City had \$1,744,563 in bonds, notes and capital leases outstanding. The full faith and credit of the City back this debt. However, some of this debt has primary repayment sources other than property taxes. These primary sources include tax increment financing, special assessments and charges for services.

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
General Obligation Bonds	\$ -	\$ -	\$ 93,000	\$ 93,000	\$ 93,000	\$ 93,000
Special Assessment Bonds	220,000	265,000	74,000	84,000	294,000	349,000
General Obligation Revenue Bonds	-	-	930,000	985,000	930,000	985,000
Capital Leases Payable	23,135	30,120	-	-	23,135	30,120
Notes Payable	88,737	98,704	315,691	321,059	404,428	419,763
Total	<u>\$ 331,872</u>	<u>\$ 393,824</u>	<u>\$ 1,412,691</u>	<u>\$ 1,483,059</u>	<u>\$ 1,744,563</u>	<u>\$ 1,876,883</u>

A total of \$142,041 was retired throughout the year. A more detailed breakdown of these obligations can be found in Note 2 on pages 36 through 38.

CITY OF BLACKDUCK, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

Economic Factors and Next Year's Budget and Rates

The City's elected officials and staff considered many factors when setting the fiscal year 2019 budget, rates, tax levy and fees, and as a result, the 2019 levy increased from 2018. The City continues to strive to be fiscally responsible and yet maintain existing services to our residents while setting goals for future improvements to the City's infrastructure.

Requests for Information

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

CITY OF BLACKDUCK, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2018

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,591,648	\$ 764,776	\$ 2,356,424
Petty Cash	300	-	300
Cash on Hand	-	2,500	2,500
Accounts Receivable	10,000	36,675	46,675
Special Assessments Receivable	113,504	258,247	371,751
Due from Other Governments	22,502	116	22,618
Notes Receivable	111,472	-	111,472
Delinquent Property Taxes Receivable	18,759	645	19,404
Inventory	-	101,308	101,308
Prepaid Expenses	13,884	15,310	29,194
Capital Assets, Net of Depreciation	1,314,969	2,456,082	3,771,051
Net Pension Asset	145,618	-	145,618
<u>Total Assets</u>	<u>3,342,656</u>	<u>3,635,659</u>	<u>6,978,315</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to Pensions	<u>206,231</u>	<u>65,693</u>	<u>271,924</u>
<u>LIABILITIES</u>			
Accounts Payable	17,484	78,737	96,221
Sales Tax Payable	-	11,037	11,037
Accrued Interest Payable	2,788	12,363	15,151
Accrued Salaries and Wages Payable	8,183	6,236	14,419
Due to Other Governments	21,161	-	21,161
Noncurrent Liabilities			
Due Within One Year	57,336	183,356	240,692
Due in More Than One Year	193,751	1,232,736	1,426,487
Net Pension Liability	206,704	237,659	444,363
<u>Total Liabilities</u>	<u>507,407</u>	<u>1,762,124</u>	<u>2,269,531</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows of Resources Related to Pensions	<u>258,103</u>	<u>63,957</u>	<u>322,060</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	1,076,553	1,051,536	2,128,089
Restricted for Economic Development	225,599	-	225,599
Restricted for Debt Service	209,941	-	209,941
Restricted for Capital Projects	203,194	-	203,194
Restricted for Pensions	138,103	-	138,103
Restricted for Other Purposes	44,951	-	44,951
Unrestricted	885,036	823,735	1,708,771
<u>Total Net Position</u>	<u>\$ 2,783,377</u>	<u>\$ 1,875,271</u>	<u>\$ 4,658,648</u>

See Accompanying Notes to Financial Statements.

CITY OF BLACKDUCK, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
GOVERNMENTAL ACTIVITIES							
General Government	\$ 149,289	\$ 18,254	\$ 195	\$ -	\$ (130,840)	\$ -	\$ (130,840)
Public Safety	238,051	79,619	52,848	-	(105,584)	-	(105,584)
Streets and Highways	163,008	-	-	-	(163,008)	-	(163,008)
Economic Development	58,377	-	-	-	(58,377)	-	(58,377)
Culture and Recreation	62,320	14,241	10,000	-	(38,079)	-	(38,079)
Cemetery	5,385	2,300	-	-	(3,085)	-	(3,085)
Interest and Fiscal Fees	29,921	-	-	-	(29,921)	-	(29,921)
Total Governmental Activities	706,351	114,414	63,043	-	(528,894)	-	(528,894)
BUSINESS-TYPE ACTIVITIES							
Municipal Water	205,820	206,563	-	400	-	1,143	1,143
Municipal Sewage Disposal	211,248	159,514	-	8,620	-	(43,114)	(43,114)
Municipal Golf Course	131,665	98,746	-	-	-	(32,919)	(32,919)
Municipal Liquor Store	1,082,140	1,165,173	949	-	-	83,982	83,982
Total Business-Type Activities	1,630,873	1,629,996	949	9,020	-	9,092	9,092
Total Primary Government	\$ 2,337,224	\$ 1,744,410	\$ 63,992	\$ 9,020	(528,894)	9,092	(519,802)
General Revenues:							
Property Taxes and Special Assessments					305,947	290,976	596,923
Grants and Aids Not Restricted for Specific Programs					265,778	-	265,778
Fines and Fees					1,370	-	1,370
Interest Income					11,700	3,476	15,176
Rental Income					-	9,964	9,964
Other					18,152	1,905	20,057
Special Item - Loan Repayment					(58,189)	-	(58,189)
Transfers In (Out)					90,000	(90,000)	-
Total General Revenues, Special Item and Transfers					634,758	216,321	851,079
Change in Net Position					105,864	225,413	331,277
Net Position, Beginning of Year (as restated)					2,677,513	1,649,858	4,327,371
Net Position, End of Year					\$ 2,783,377	\$ 1,875,271	\$ 4,658,648

See Accompanying Notes to Financial Statements.

CITY OF BLACKDUCK, MINNESOTA
GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2018

	<u>General Fund</u>	<u>Revolving Loan Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash	\$ 396,730	\$ 243,571	\$ 951,347	\$ 1,591,648
Petty Cash	300	-	-	300
Accounts Receivable	-	10,000	-	10,000
Due from Other Governments	2,443	-	613	3,056
Notes Receivable	-	200,209	-	200,209
Delinquent Property Taxes Receivable	14,172	-	4,587	18,759
Special Assessments Receivable	54,837	-	58,667	113,504
Prepaid Expenses	12,632	-	1,252	13,884
<u>Total Assets</u>	<u>\$ 481,114</u>	<u>\$ 453,780</u>	<u>\$ 1,016,466</u>	<u>\$ 1,951,360</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 17,354	\$ -	\$ 130	\$ 17,484
Accrued Salaries and Wages Payable	8,029	-	154	8,183
Due to Other Governments	1,715	-	-	1,715
<u>Total Liabilities</u>	<u>27,098</u>	<u>-</u>	<u>284</u>	<u>27,382</u>
<u>Deferred Inflows of Resources</u>				
Unavailable Revenue	69,009	-	63,254	132,263
<u>Fund Balances</u>				
Nonspendable	12,632	-	1,252	13,884
Restricted	-	226,426	485,530	711,956
Committed	-	-	60,320	60,320
Assigned	-	227,354	405,826	633,180
Unassigned	372,375	-	-	372,375
<u>Total Fund Balances</u>	<u>385,007</u>	<u>453,780</u>	<u>952,928</u>	<u>1,791,715</u>
<u>Total Liabilities, Deferred Inflows of Resources and Fund Balances</u>	<u>\$ 481,114</u>	<u>\$ 453,780</u>	<u>\$ 1,016,466</u>	<u>\$ 1,951,360</u>

See Accompanying Notes to Financial Statements.

CITY OF BLACKDUCK, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2018

FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$ 1,791,715

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds:

Cost	\$ 2,793,699	
Less Accumulated Depreciation	<u>(1,478,730)</u>	1,314,969

Unearned and unavailable revenue in governmental funds is susceptible to full accrual on the government-wide statements.		132,263
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Inter-government receivable is reported in the governmental funds but are not in the governmental activities.		(88,737)
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Compensated absences payable are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.		(12,671)
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Long-term liabilities are not payable with current financial resources and are therefore not reported in the governmental funds. The effect of premiums or discounts are recognized as an expenditure when debt is issued in the funds, whereas these amounts are deferred and amortized in the government-wide statements.		(445,120)
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Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(2,788)
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Amounts pertaining to the Blackduck Fire Relief Association pension plan are not current financial resources and, therefore, are not reported in governmental funds:

Net Pension Asset	145,618	
Deferred Outflows of Resources	19,446	
Deferred Inflows of Resources	<u>(26,961)</u>	138,103

Deferred outflows and inflows of resources related to City pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred Outflows of Resources	186,785	
Deferred Inflows of Resources	<u>(231,142)</u>	<u>(44,357)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 2,783,377</u>
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See Accompanying Notes to Financial Statements.

CITY OF BLACKDUCK, MINNESOTA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2018

	General Fund	Revolving Loan Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenues</u>				
Taxes and Special Assessments	\$ 171,537	\$ -	\$ 66,876	\$ 238,413
Licenses and Permits	10,133	-	-	10,133
Intergovernmental Revenues	278,511	-	10,000	288,511
Tax Increments	-	-	32,367	32,367
Charges for Services	87,740	-	16,541	104,281
Fines and Fees	1,370	-	-	1,370
Interest Income	3,067	4,118	4,515	11,700
Donations and Grants	125	-	19,000	19,125
Other	14,583	10	54	14,647
<u>Total Revenues</u>	<u>567,066</u>	<u>4,128</u>	<u>149,353</u>	<u>720,547</u>
<u>Expenditures</u>				
Current:				
General Government	142,157	-	-	142,157
Public Safety	231,247	-	-	231,247
Streets and Highways	121,289	-	-	121,289
Economic Development	-	33,187	-	33,187
Culture and Recreation	40,465	-	17,030	57,495
Cemetery	-	-	5,277	5,277
Capital Outlay	5,712	-	12,993	18,705
Debt Service:				
Principal	6,985	-	54,967	61,952
Interest and Fiscal Charges	1,515	-	36,495	38,010
<u>Total Expenditures</u>	<u>549,370</u>	<u>33,187</u>	<u>126,762</u>	<u>709,319</u>
<u>Excess of Revenues Over (Under Expenditures)</u>	<u>17,696</u>	<u>(29,059)</u>	<u>22,591</u>	<u>11,228</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Proceeds	3,575	-	-	3,575
Operating Transfers In	65,000	-	57,000	122,000
Operating Transfers Out	(32,000)	-	-	(32,000)
<u>Total Other Financing Sources (Uses)</u>	<u>36,575</u>	<u>-</u>	<u>57,000</u>	<u>93,575</u>
<u>Special Item</u>				
Loan Repayment	-	(58,189)	-	(58,189)
<u>Net Change in Fund Balance</u>	<u>54,271</u>	<u>(87,248)</u>	<u>79,591</u>	<u>46,614</u>
<u>Fund Balances, Beginning of Year</u>	<u>330,736</u>	<u>541,028</u>	<u>873,337</u>	<u>1,745,101</u>
<u>Fund Balances, End of Year</u>	<u>\$ 385,007</u>	<u>\$ 453,780</u>	<u>\$ 952,928</u>	<u>\$ 1,791,715</u>

See Accompanying Notes to Financial Statements.

CITY OF BLACKDUCK, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 46,614

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlay is reported as expenditures in governmental funds. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period these amounts are:

Capital Outlay	\$ 25,533	
Depreciation	(88,622)	(63,089)

Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. 35,167

Compensated absences are reported as an expenditure when paid. In the statement of activities, however, compensated absences are recognized as earned, regardless of when paid. (1,261)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces the long-term liabilities on the statement of net position. In the current period these amounts consisted of:

Special Assessment Bonds	45,000	
Other Debt	9,967	
Capital Lease	6,985	
Net Amortization of Bond Discount	(973)	60,979

Interest is recognized as an expenditure in the governmental funds when it is paid. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is paid. 562

Governmental funds report City and Fire Relief pension contributions as expenditures. In the statement of activities, however, the cost of pension benefits earned net of employee contributions is reported as pension expense.

City and Fire Relief Pension Contributions	50,182	
Cost of Benefits Earned Net of Employee Contributions	(23,290)	26,892

CHANGE IN NET POSITION TO GOVERNMENTAL ACTIVITIES \$ 105,864

See Accompanying Notes to Financial Statements.

CITY OF BLACKDUCK, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
DECEMBER 31, 2018
With Comparative Amounts For December 31, 2017

	Business-Type Activities - Enterprise Funds				Totals	
	Municipal	Municipal	Municipal	Municipal		
	Water	Sewage	Golf	Liquor	2018	2017
Fund	Disposal	Course	Store			
Fund	Fund	Fund	Fund	2018	2017	
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 284,746	\$ 287,567	\$ -	\$ 192,463	\$ 764,776	\$ 720,813
Cash on Hand	-	-	-	2,500	2,500	2,500
Accounts Receivable	17,816	17,816	472	571	36,675	44,922
Property Taxes Receivable	-	645	-	-	645	558
Special Assessments Receivable	160,985	97,262	-	-	258,247	5,361
Due from Other Funds	-	-	-	82,250	82,250	52,936
Due from Other Governments	-	116	-	-	116	180
Inventory	-	-	-	101,308	101,308	97,529
Prepaid Expenses	1,464	2,843	3,163	7,840	15,310	15,310
Total Current Assets	465,011	406,249	3,635	386,932	1,261,827	940,109
Capital Assets						
Land and Buildings	-	2,289,673	208,712	355,843	2,854,228	2,854,228
Furniture, Fixtures and Equipment	-	9,104	363,705	65,384	438,193	425,905
Other Improvements	1,558,145	148,251	-	67,952	1,774,348	1,721,794
Construction in Progress	587,604	544,125	-	-	1,131,729	1,113,169
	2,145,749	2,991,153	572,417	489,179	6,198,498	6,115,096
Less: Accumulated Depreciation	(758,700)	(2,277,717)	(379,348)	(326,651)	(3,742,416)	(3,551,759)
Capital Assets, Net of Depreciation	1,387,049	713,436	193,069	162,528	2,456,082	2,563,337
Total Assets	1,852,060	1,119,685	196,704	549,460	3,717,909	3,503,446
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows Related to Pensions	13,525	14,491	3,864	33,813	65,693	69,595
LIABILITIES						
Current Liabilities						
Due to Other Funds	-	-	82,250	-	82,250	52,936
Current Portion of Bonds Payable	52,000	109,356	22,000	-	183,356	80,089
Accounts Payable	11,232	14,399	2,562	50,544	78,737	55,507
Sales Tax Payable	381	-	-	10,656	11,037	10,955
Accrued Interest Payable	7,951	3,027	1,385	-	12,363	14,194
Accrued Salaries and Wages Payable	1,355	1,424	-	3,457	6,236	6,236
Total Current Liabilities	72,919	128,206	108,197	64,657	373,979	219,917
Long-Term Liabilities						
Bonds Payable, Net of Unamortized Bond Discount	1,006,873	245,000	152,673	-	1,404,546	1,474,374
Less: Current Portion	(52,000)	(109,356)	(22,000)	-	(183,356)	(80,089)
Compensated Absences	3,901	4,264	-	3,381	11,546	8,632
Net Pension Liability	48,930	52,425	13,980	122,324	237,659	238,759
Total Long-Term Liabilities	1,007,704	192,333	144,653	125,705	1,470,395	1,641,676
Total Liabilities	1,080,623	320,539	252,850	190,362	1,844,374	1,861,593
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows Related to Pensions	13,168	14,108	3,762	32,919	63,957	61,590
NET POSITION						
Net Investment in Capital Assets	380,176	468,436	40,396	162,528	1,051,536	1,088,963
Unrestricted	391,618	331,093	(96,440)	197,464	823,735	560,895
Total Net Position	\$ 771,794	\$ 799,529	\$ (56,044)	\$ 359,992	\$ 1,875,271	\$ 1,649,858

See Accompanying Notes to Financial Statements.

CITY OF BLACKDUCK, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2018
With Comparative Amounts For Year Ended December 31, 2017

	Business-Type Activities - Enterprise Funds				Totals	
	Municipal	Municipal	Municipal	Municipal		
	Water	Sewage	Golf	Liquor	2018	2017
Fund	Disposal	Course	Store			
	Fund	Fund	Fund			
<u>Sales and Cost of Sales</u>						
Sales	\$ -	\$ -	\$ 14,343	\$ 1,165,173	\$ 1,179,516	\$ 1,101,485
Cost of Sales	-	-	(9,002)	(703,372)	(712,374)	(690,090)
Gross Profit	-	-	5,341	461,801	467,142	411,395
<u>Operating Revenues</u>	206,563	159,514	84,403	-	450,480	432,427
<u>Total Gross Profit and Operating Revenues</u>	206,563	159,514	89,744	461,801	917,622	843,822
<u>Operating Expenses</u>						
Personnel Services	73,999	76,712	46,884	222,218	419,813	397,223
Utilities	9,035	16,701	6,888	33,778	66,402	74,743
Supplies and Materials	9,362	2,912	9,420	18,460	40,154	40,734
Advertising and Printing	-	-	111	11,171	11,282	13,575
Repairs and Maintenance	9,923	7,612	16,859	10,359	44,753	31,881
Contracted Services	3,571	7,206	500	6,500	17,777	21,484
Insurance	3,799	5,745	7,215	19,579	36,338	34,718
Depreciation and Amortization	70,004	81,140	21,226	13,811	186,181	188,901
Other Expenses	7,001	5,491	9,960	42,892	65,344	60,464
Total Operating Expenses	186,694	203,519	119,063	378,768	888,044	863,723
<u>Operating Income (Loss)</u>	19,869	(44,005)	(29,319)	83,033	29,578	(19,901)
<u>Non-Operating Revenues (Expenses)</u>						
Interest Income	1,287	949	-	1,240	3,476	-
Rental Income	-	-	-	9,964	9,964	7,296
Reimbursements	-	-	-	-	-	162
Fiscal Agent Fees	-	-	-	-	-	(3,813)
Intergovernmental Grants and Aids	400	8,620	-	949	9,969	506,091
Miscellaneous	899	606	-	-	1,505	-
Property Taxes	-	8,413	-	-	8,413	7,876
Special Assessments	179,334	103,229	-	-	282,563	306
Interest Expense	(18,726)	(7,729)	(3,600)	-	(30,055)	(27,504)
Total Non-Operating Revenues (Expenses)	163,194	114,088	(3,600)	12,153	285,835	490,414
<u>Net Income (Loss) Before Operating Transfers</u>	183,063	70,083	(32,919)	95,186	315,413	470,513
<u>Operating Transfers</u>						
Transfer to Other Funds	(15,000)	(10,000)	-	(65,000)	(90,000)	(67,152)
Transfer from Other Funds	-	-	-	-	-	16,626
Total Operating Transfers	(15,000)	(10,000)	-	(65,000)	(90,000)	(50,526)
<u>Net Income (Loss)</u>	168,063	60,083	(32,919)	30,186	225,413	419,987
<u>Net Position, Beginning of Year</u>	603,731	739,446	(23,125)	329,806	1,649,858	1,229,871
<u>Net Position, End of Year</u>	\$ 771,794	\$ 799,529	\$ (56,044)	\$ 359,992	\$ 1,875,271	\$ 1,649,858

See Accompanying Notes to Financial Statements.

CITY OF BLACKDUCK, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018

With Comparative Amounts For Year Ended December 31, 2017

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Totals</u>	
	<u>Municipal</u>	<u>Municipal</u>	<u>Municipal</u>			
	<u>Water</u>	<u>Sewage</u>	<u>Golf</u>	<u>Liquor</u>	<u>2018</u>	<u>2017</u>
<u>Fund</u>	<u>Disposal</u>	<u>Course</u>	<u>Store</u>			
<u>Cash Flows from Operating Activities</u>						
Cash Received from Customers	\$ 204,900	\$ 157,915	\$ 98,274	\$ 1,177,218	\$ 1,638,307	\$ 1,504,349
Cash Paid to Employees	(76,201)	(79,434)	(53,366)	(202,729)	(411,730)	(381,977)
Cash Paid to Suppliers	(32,961)	(32,466)	(58,794)	(850,670)	(974,891)	(992,537)
<u>Net Cash Provided by Operating Activities</u>	<u>95,738</u>	<u>46,015</u>	<u>(13,886)</u>	<u>123,819</u>	<u>251,686</u>	<u>129,835</u>
<u>Cash Flows from Non-Capital Financing Activities</u>						
Miscellaneous Revenue	899	606	-	-	1,505	-
Interfund Financing	-	-	29,314	(29,314)	-	(21,381)
State Aid	-	-	-	949	949	-
Transfers To Other Funds	(15,000)	(10,000)	-	(65,000)	(90,000)	(67,152)
Transfers From Other Funds	-	-	-	-	-	16,626
<u>Net Cash Provided by (Used in) Non-Capital Financing Activities</u>	<u>(14,101)</u>	<u>(9,394)</u>	<u>29,314</u>	<u>(93,365)</u>	<u>(87,546)</u>	<u>(71,907)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>						
Purchase of Property and Equipment	(9,721)	(15,339)	-	(53,326)	(78,386)	(693,185)
Principal Paid on Bonds Payable	(51,089)	(19,000)	(10,000)	-	(80,089)	(80,234)
Reimbursements	-	-	-	-	-	162
Bond Proceeds	9,721	-	-	-	9,721	328,293
Grant Proceeds	400	8,620	-	-	9,020	506,091
Property Taxes Proceeds	-	8,326	-	-	8,326	7,707
Special Assessment Proceeds	18,349	11,328	-	-	29,677	1,648
Interest and Fees Paid on Bonds	(20,238)	(6,220)	(5,428)	-	(31,886)	(27,302)
<u>Net Cash Provided by (Used in) Capital and Related Financing Activities</u>	<u>(52,578)</u>	<u>(12,285)</u>	<u>(15,428)</u>	<u>(53,326)</u>	<u>(133,617)</u>	<u>43,180</u>
<u>Cash Flows from Investing Activities</u>						
Interest Income	1,287	949	-	1,240	3,476	-
Rental Income	-	-	-	9,964	9,964	7,296
<u>Net Cash Provided by (Used in) Investing Activities</u>	<u>1,287</u>	<u>949</u>	<u>-</u>	<u>11,204</u>	<u>13,440</u>	<u>7,296</u>
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	<u>30,346</u>	<u>25,285</u>	<u>-</u>	<u>(11,668)</u>	<u>43,963</u>	<u>108,404</u>
<u>Cash and Cash Equivalents, Beginning of Year</u>	<u>254,400</u>	<u>262,282</u>	<u>-</u>	<u>204,131</u>	<u>720,813</u>	<u>612,409</u>
<u>Cash and Cash Equivalents, End of Year</u>	<u>\$ 284,746</u>	<u>\$ 287,567</u>	<u>\$ -</u>	<u>\$ 192,463</u>	<u>\$ 764,776</u>	<u>\$ 720,813</u>

See Accompanying Notes to Financial Statements.

CITY OF BLACKDUCK, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018

With Comparative Amounts For Year Ended December 31, 2017

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

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Totals</u>	
	<u>Municipal</u>	<u>Municipal</u>	<u>Municipal</u>	<u>Municipal</u>	<u>2018</u>	<u>2017</u>
	<u>Water</u>	<u>Sewage</u>	<u>Golf</u>	<u>Liquor</u>		
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>		
<u>Operating Income (Loss)</u>	\$ 19,869	\$ (44,005)	\$ (29,319)	\$ 83,033	\$ 29,578	\$ (19,901)
<u>Adjustments to Reconcile Operating</u>						
<u>Income (Loss) to Net Cash Provided by</u>						
<u>(Used in) Operating Activities</u>						
Depreciation and Amortization	70,004	81,140	21,226	13,811	186,181	188,901
Changes in Assets, Liabilities and Deferrals						
(Increase) Decrease in:						
Accounts Receivable	(1,663)	(1,663)	(472)	12,045	8,247	(29,498)
Due from Other Governments	-	64	-	-	64	(65)
Inventory	-	-	-	(3,779)	(3,779)	(6,720)
Prepaid Expenses	-	-	-	-	-	87
Deferred Outflows of Resources	1,827	1,884	2,277	(2,086)	3,902	62,572
Increase (Decrease) in:						
Accounts Payable	9,956	13,201	1,161	(1,088)	23,230	(19,675)
Sales Tax Payable	(226)	-	-	308	82	1,460
Accrued Compensated Absences	127	(469)	-	3,256	2,914	641
Deferred Inflows of Resources	(419)	(383)	(1,672)	4,841	2,367	34,238
Net Pension Liability	(3,737)	(3,754)	(7,087)	13,478	(1,100)	(82,205)
<u>Net Cash Provided by (Used in)</u>						
<u>Operating Activities</u>	<u>\$ 95,738</u>	<u>\$ 46,015</u>	<u>\$ (13,886)</u>	<u>\$ 123,819</u>	<u>\$ 251,686</u>	<u>\$ 129,835</u>

See Accompanying Notes to Financial Statements.

CITY OF BLACKDUCK, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION -
AGENCY FUNDS
DECEMBER 31, 2018

ASSETS

Cash and Cash Equivalents

\$ 5,078**LIABILITIES**

Due to Other Organization

\$ 5,078

See Accompanying Notes to Financial Statements.

CITY OF BLACKDUCK, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 1 - Summary of Significant Accounting Policies

A. Introduction

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

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

B. Financial Reporting Entity – Basis of Presentation

1.) Component Units

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

2.) Related Organization

a.) Blackduck Fire Relief Association

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

CITY OF BLACKDUCK, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

3.) Joint Ventures

a.) Pine Tree Park

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

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

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

4.) Government-wide and Fund Financial Statements

a.) Government-wide Financial Statements

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

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

CITY OF BLACKDUCK, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

b.) Fund Financial Statements

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

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

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

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

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

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

CITY OF BLACKDUCK, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

C. Fund Types and Major Funds

1.) Governmental Funds

The City reports the following major funds:

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

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

2.) Proprietary Funds

The City reports the following major funds:

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

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

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

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

3.) Fiduciary Fund:

The City reports the following agency fund:

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

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

1.) Cash, Cash Equivalents and Investments

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

CITY OF BLACKDUCK, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

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

2.) Inventories and Prepaid Expenses

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

3.) Capital Assets and Depreciation

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

The City has established the following capitalization thresholds:

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

CITY OF BLACKDUCK, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

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

4.) **Capitalization of Interest**

The City capitalizes net interest costs on funds borrowed to finance the construction of proprietary fund capital assets. For the year ended December 31, 2018, no interest was capitalized in connection with construction in progress of Proprietary Fund capital assets.

5.) **Long-term Obligations**

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

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

6.) **Pensions**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and relief association and additions to/deductions from PERA and relief association's fiduciary net position have been determined on the same basis as they are reported by PERA and the relief association except that report's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF BLACKDUCK, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

7.) Deferred Outflows/Inflows of Resources

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

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

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

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Property Taxes	\$ 14,172	\$ 4,587	\$ 18,759
Special Assessments	54,837	58,667	113,504
Total	<u>\$ 69,009</u>	<u>\$ 63,254</u>	<u>\$ 132,263</u>

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

Plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Additional information can be found in Note 4.

CITY OF BLACKDUCK, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

8.) Fund Balance

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

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

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

The City adopted a formal fund balance policy that strives to maintain an unassigned fund balance equal to or greater than 35% of the General Fund operating revenues. Should the unassigned fund balance fall below the 35% threshold, the City will strive toward regaining the minimum threshold during the next budget process. At the end of 2018 the City's fund balance was 66%, which is in compliance with their fund balance policy.

CITY OF BLACKDUCK, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

As of December 31, 2018, fund balances are composed of the following:

	<u>General Fund</u>	<u>Revolving Loan Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Totals</u>
Fund Balances:				
Nonspendable:				
Prepaid Expenses	\$ 12,632	\$ -	\$ 1,252	\$ 13,884
Restricted:				
Pine Tree Park	-	-	44,951	44,951
Tax Increment Financing Districts	-	-	87,910	87,910
Notes Receivable	-	226,426	-	226,426
Debt Service	-	-	149,475	149,475
Road Maintenance	-	-	5,402	5,402
Fire Department Special Equipment	-	-	197,792	197,792
Committed:				
Cemetery Perpetual Care Fund	-	-	60,320	60,320
Assigned:				
Cemetery Fund	-	-	1,498	1,498
Sewer Maintenance Sinking Fund	-	-	68,632	68,632
Sewer Replacement	-	-	8,609	8,609
Fire Hall Maintenance	-	-	195,098	195,098
Water Maintenance Sinking Fund	-	-	120,138	120,138
Public Works Reserve	-	-	11,851	11,851
Notes Receivable	-	227,354	-	227,354
Unassigned:	<u>372,375</u>	<u>-</u>	<u>-</u>	<u>372,375</u>
Total	<u>\$ 385,007</u>	<u>\$ 453,780</u>	<u>\$ 952,928</u>	<u>\$ 1,791,715</u>

9.) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF BLACKDUCK, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 2 – Assets and Liabilities

A. Deposits

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

Custodial Credit Risk – The custodial credit risk for deposits is the risk that in the event of a bank failure, the City’s deposits may not be covered. The City’s policy for custodial credit risk is to maintain compliance with *Minnesota Statutes* that require all the City’s deposits to be protected by insurance, surety bond, or pledged collateral, and therefore, there is no custodial credit risk for deposits at December 31, 2018.

B. Investments

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

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

CITY OF BLACKDUCK, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

The City has not adopted a formal investment policy. The City has no invested funds at December 31, 2018. All funds are held in business checking accounts and money market accounts at local banks.

C. Accounts Receivable

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

D. Special Assessment Receivables

Special assessment receivables include the following components:

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

Delinquent – includes amounts billed to property owners but not paid as of December 31, 2018.

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

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

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

E. Notes Receivable

Notes receivable in the Revolving Loan fund used for business economic development at December 31, 2018 are as follows:

<u>Note Dated</u>	<u>Authorized/ Original Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance</u>
Special Revenue Fund:				
7/16/2007	\$ 150,000	9/1/2022	0.91%	\$ 58,866
3/31/2009	25,000	4/1/2024	3.25%	10,109
12/7/2011	171,492	2/1/2022	0.00%	34,885
5/29/2013	28,600	6/15/2023	2.50%	13,770
12/31/2015	54,837	1/1/2029	0.00%	53,855
5/18/2016	40,000	6/1/2023	3.50%	28,724
Total	\$ 469,929			\$ 200,209

CITY OF BLACKDUCK, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

F. Capital Assets

Capital asset activity for the year ended December 31, 2018 is as follows:

	Capital Assets				Balance 12/31/18
	Balance 1/1/18	Additions	Disposals	Transfer	
<u>Governmental Funds</u>					
Land and Buildings	\$ 751,114	\$ -	\$ -	\$ -	\$ 751,114
Furniture, Fixtures and Equipment	843,675	25,533	35,869	(9,192)	824,147
Other Improvements	1,167,292	51,146	-	-	1,218,438
Construction in Progress	51,146	-	51,146	-	-
Total Governmental Funds	2,813,227	76,679	87,015	(9,192)	2,793,699
<u>Proprietary Funds</u>					
<u>Municipal Water</u>					
Other Improvements	1,558,145	-	-	-	1,558,145
Construction in Progress	577,883	9,721	-	-	587,604
Total Water Fund	2,136,028	9,721	-	-	2,145,749
<u>Municipal Sewage Disposal</u>					
Land and Buildings	2,289,673	-	-	-	2,289,673
Furniture, Fixtures and Equipment	9,104	6,500	-	-	15,604
Other Improvements	141,751	-	-	-	141,751
Construction in Progress	535,286	8,839	-	-	544,125
Total Sewage Disposal Fund	2,975,814	15,339	-	-	2,991,153
<u>Municipal Golf Course</u>					
Land and Buildings	208,712	-	-	-	208,712
Furniture, Fixtures and Equipment	354,513	-	-	9,192	363,705
Total Golf Course Fund	563,225	-	-	9,192	572,417
<u>Municipal Liquor Store</u>					
Land and Buildings	355,843	-	-	-	355,843
Furniture, Fixtures and Equipment	62,288	7,272	4,176	-	65,384
Other Improvements	21,898	46,054	-	-	67,952
Total Liquor Store Fund	440,029	53,326	4,176	-	489,179
<u>Total Proprietary Funds</u>					
Land and Buildings	2,854,228	-	-	-	2,854,228
Furniture, Fixtures and Equipment	425,905	13,772	4,176	9,192	444,693
Other Improvements	1,721,794	46,054	-	-	1,767,848
Construction in Progress	1,113,169	18,560	-	-	1,131,729
Total Proprietary Funds	6,115,096	78,386	4,176	9,192	6,198,498
Total All Funds	\$ 8,928,323	\$ 155,065	\$ 91,191	\$ -	\$ 8,992,197

CITY OF BLACKDUCK, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

	Accumulated Depreciation				Balance 12/31/2018
	Balance 1/1/2018	Provisions	Disposals	Transfer	
Governmental Funds					
Buildings	\$ 237,639	\$ 8,646	\$ -	\$ -	\$ 246,285
Furniture, Fixtures and Equipment	729,836	31,902	35,869	(9,192)	716,677
Other Improvements	467,694	48,074	-	-	515,768
Total Governmental Funds	1,435,169	88,622	35,869	(9,192)	1,478,730
Proprietary Funds					
Municipal Water					
Other Improvements	689,183	69,517	-	-	758,700
Municipal Sewage Disposal					
Land and Buildings	2,159,957	76,471	-	-	2,236,428
Furniture, Fixtures and Equipment	9,105	433	-	-	9,538
Other Improvements	27,515	4,236	-	-	31,751
Total Sewage Disposal Fund	2,196,577	81,140	-	-	2,277,717
Municipal Golf Course					
Land and Buildings	70,303	647	-	-	70,950
Furniture, Fixtures and Equipment	278,680	20,526	-	9,192	308,398
Total Golf Course Fund	348,983	21,173	-	9,192	379,348
Municipal Liquor Store					
Land and Buildings	237,786	9,424	-	-	247,210
Furniture, Fixtures and Equipment	57,332	3,619	4,176	-	56,775
Other Improvements	21,898	768	-	-	22,666
Total Liquor Store Fund	317,016	13,811	4,176	-	326,651
Total Proprietary Funds					
Land and Buildings	2,468,046	86,542	-	-	2,554,588
Furniture, Fixtures and Equipment	345,117	24,578	4,176	9,192	374,711
Other Improvements	738,596	74,521	-	-	813,117
Total Proprietary Funds	3,551,759	185,641	4,176	9,192	3,742,416
Total All Funds	\$ 4,986,928	\$ 274,263	\$ 40,045	\$ -	\$ 5,221,146
Capital Assets, Net of Depreciation					
Governmental Funds	\$ 1,378,058	\$ (11,943)	\$ 51,146	\$ -	\$ 1,314,969
Proprietary Funds	2,563,337	(107,255)	-	-	2,456,082
Total Capital Assets, Net of Depreciation	\$ 3,941,395	\$ (119,198)	\$ 51,146	\$ -	\$ 3,771,051

CITY OF BLACKDUCK, MINNESOTA
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F. Long-Term Liabilities

The following is a schedule of changes in long-term liabilities for the year ended December 31, 2018:

	Balance 1/1/18	Issues	Payments	Balance 12/31/18
General Long-Term Debt:				
General Obligation Special Assessment Bonds:				
G.O. Refunding Bonds, Series 2009A	\$ 90,000	\$ -	\$ 15,000	\$ 75,000
G.O. Bonds, Series 2006A	175,000	-	30,000	145,000
Note Payable:				
Industrial Lane Internal Note*	44,849	-	9,967	34,882
Frontage Road Improvements Note*	53,855	-	-	53,855
Total General Long-Term Debt	363,704	-	54,967	308,737
Less: Unamortized Bond Discount	5,692	-	973	4,719
Total Net General Long-Term Debt	358,012	-	53,994	304,018
Capital Lease Payable (See Note 2, Section "H."):				
GM Financial	30,120	-	6,985	23,135
Other Long-Term Liabilities:				
Compensated Absences	11,410	2,529	1,268	12,671
Total Governmental Activities	\$ 399,542	\$ 2,529	\$ 62,247	\$ 339,824
Proprietary Fund Debt:				
General Obligation Revenue Bonds:				
2012A Equipment Bond	\$ 20,000	\$ -	\$ 2,000	\$ 18,000
2012A Club House Refunded Bond	50,000	-	8,000	42,000
G.O. Refunding Bonds, Series 2012A	915,000	-	45,000	870,000
General Obligation Bond:				
2016 G.O. Equipment Certificate	93,000	-	-	93,000
Special Assessment Bonds:				
G.O. Disposal System Bonds, Series 2014A	84,000	-	10,000	74,000
Note Payable:				
2017 G.O. Disposal System Note	180,000	-	9,000	171,000
2016 G.O. Water Revenue Note	141,059	9,721	6,089	144,691
Total Proprietary Fund Debt	1,483,059	9,721	80,089	1,412,691
Less: Unamortized Bond Discount	8,685	-	540	8,145
Total Net Proprietary Long-Term Debt	1,474,374	9,721	79,549	1,404,546
Other Long-Term Liabilities:				
Compensated Absences	8,632	4,147	1,233	11,546
Total Proprietary Activities	\$ 1,483,006	\$ 13,868	\$ 80,782	\$ 1,416,092

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

CITY OF BLACKDUCK, MINNESOTA
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City indebtedness at December 31, 2018 is composed of the following individual bonds, and notes:

	Interest Rates	Issue Date	Maturity Date	Amount Authorized and Issued	Balance 12/31/2018	Amounts Due in 2019	
						Principal	Interest
General Obligation Issues:							
2016 G.O. Equipment Certificate	2.50	9/15/2016	2/1/2025	\$ 93,000	\$ 93,000	\$ 12,000	\$ 2,175
Special Assessment Bonds with Governmental Commitment:							
G.O. Bonds, Series 2006A	4.100-4.650	8/17/2006	2/1/2022	\$ 495,000	\$ 145,000	\$ 35,000	\$ 5,903
G.O. Refunding Bonds, Series 2009A	3.000-4.250	12/28/2009	1/1/2024	445,000	75,000	15,000	2,966
G.O. Disposal System Bonds, Series 2014A	3.00	10/20/2014	2/1/2025	105,000	74,000	10,000	2,070
Less: Unamortized Discount					4,719	-	-
Total Net Special Assessment Bonds				\$ 1,045,000	\$ 289,281	\$ 60,000	\$ 10,939
General Obligation Revenue Bonds:							
G.O. Refunding Revenue Bonds, Series 2012A	.750-2.550	12/27/2012	2/1/2035	\$ 1,075,000	\$ 870,000	\$ 45,000	\$ 18,356
2012A Equipment Bond	.750-2.550	12/27/2012	2/1/2035	25,000	18,000	3,000	282
2012A Club House Refunded	.750-2.550	12/27/2012	2/1/2035	65,000	42,000	7,000	656
Less: Unamortized Discount				-	8,145	-	-
Total G. O. Revenue Bonds				\$ 1,165,000	\$ 921,855	\$ 55,000	\$ 19,294
Notes Payable:							
2017 G.O. Disposal System Note	2.950	11/1/2017	2/1/2028	\$ 180,000	\$ 171,000	\$ 99,356	\$ 3,579
2016 G.O. Water Revenue Note	1.000	8/22/2016	8/20/2036	148,293	144,691	7,000	941
Industrial Lane Internal Note	-	12/7/2011	2/1/2022	171,492	34,882	9,967	-
Frontage Road Improvements Note	-	12/31/2015	Not Determined	54,837	53,855	2,371	823
Total Notes Payable				\$ 554,622	\$ 404,428	\$ 118,694	\$ 5,343
Capital Lease Payable:							
GM Financial	10.00	3/23/2017	3/23/2021	\$ 38,620	\$ 23,135	\$ 7,336	\$ 1,164

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

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

The annual requirements to amortize long-term debt outstanding at December 31, 2018, including interest are as follows:

Year Ending December 31,	G.O. Bonds		Special Assessment Bonds		G.O. Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 12,000	\$ 2,175	\$ 60,000	\$ 10,939	\$ 55,000	\$ 19,294	\$ 118,694	\$ 5,343
2020	13,000	1,862	60,000	8,498	55,000	18,606	37,817	4,800
2021	13,000	1,538	60,000	6,000	55,000	17,767	37,963	4,107
2022	13,000	1,213	65,000	3,356	55,000	16,778	34,131	3,398
2023	14,000	875	26,000	1,493	55,000	15,788	29,303	2,672
2024-2028	28,000	700	23,000	705	255,000	62,715	73,664	7,744
2029-2033	-	-	-	-	280,000	32,704	42,165	2,789
2034-2036	-	-	-	-	120,000	3,060	30,691	751
Totals	\$ 93,000	\$ 8,363	\$ 294,000	\$ 30,991	\$ 930,000	\$ 186,712	\$ 404,428	\$ 31,604

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The City posts the January 1 principal and interest payment for the General Obligation Refunding Bonds, Series 2009A to December of the preceding year. The amortization schedule has been adjusted to reflect the January 1 payment to the preceding December. The adjusted schedule reflects loan payoffs in December 2023.

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

The future scheduled tax levies and pledged revenues are not shown as assets in the accompanying financial statements at December 31, 2018. Future tax levies for all bonds outstanding at December 31, 2018 totaled \$164,094. The amount bonds and capital lease outstanding with interest are to be paid with pledged revenues totaling \$1,098,464. The remaining amounts are to be paid with special assessments.

The City is subject to a statutory limitation by the State of Minnesota for bonded indebtedness payable principally from property taxes. The City's legal debt margin for 2018 is computed as follows:

Market Value	\$27,636,300
Debt Limit Percentage	<u>3%</u>
Debt Limit	<u>\$ 829,089</u>

Amount of debt applicable to debt limit:

Total Bonded Debt	<u>\$1,748,059</u>
Less Exempt Bonded Debt:	
Special Assessment Bonds	294,000
Revenue Bonds	<u>1,074,691</u>
Total Exempt Bonded Debt	<u>\$1,368,691</u>
Total Debt Applicable to Debt Limit	<u>379,368</u>
Legal Debt Margin	<u>\$ 449,721</u>

CITY OF BLACKDUCK, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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H. Capital Lease

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

<u>Description</u>	<u>Beginning</u>	<u>Additions</u>	<u>Payments and</u>	<u>Ending</u>	<u>Current Amounts</u>	
	<u>Balance</u>		<u>Retirements</u>	<u>Balance</u>	<u>Principal</u>	<u>Interest</u>
GM Financial	<u>\$ 30,120</u>	<u>\$ -</u>	<u>\$ 6,985</u>	<u>\$ 23,135</u>	<u>\$ 7,336</u>	<u>\$ 1,164</u>

The City's capital lease asset totals \$40,120 with accumulated depreciation of \$14,042.

The payments on the capital lease are accounted for in the General Fund. The annual requirements to amortize the capital lease at December 31, 2018 are as follows:

<u>Year Ending:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 7,336	\$ 1,164	\$ 8,500
2020	7,705	795	8,500
2021	8,094	406	8,500
Total	<u>\$ 23,135</u>	<u>\$ 2,365</u>	<u>\$ 25,500</u>

I. Compensated Absences

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

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

CITY OF BLACKDUCK, MINNESOTA
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Note 3 – Revenues and Expenses

A. Local Government Aid Revenue Recognition

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

B. Market Value Credit

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

C. Property Tax Revenue Recognition

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

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

CITY OF BLACKDUCK, MINNESOTA
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D. Special Assessment Revenue Recognition

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

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

CITY OF BLACKDUCK, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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E. Depreciation

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

Governmental Activities:	
General Government	\$ 6,205
Public Safety	22,319
Streets and Highways	30,278
Culture and Recreation	4,630
Economic Development	25,190
Total Governmental Activities Depreciation Expense	<u>\$ 88,622</u>
Business-Type Activities:	
Municipal Sewage Disposal	\$ 81,140
Municipal Water	69,517
Municipal Golf Course	21,173
Municipal Liquor Store	13,811
Total Business-Type Activities Depreciation Expense	<u>\$ 185,641</u>

Note 4 - Defined Benefit Pension Plans

Public Employees' Retirement Association

A. Plan Description

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401 (a) of the Internal Revenue Code.

General Employees Retirement Plan (General Employees Plan (accounted for in the General Employees Fund))

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

CITY OF BLACKDUCK, MINNESOTA
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Public Employees Police and Fire Plan (Police and Fire Plan (accounted for in the Police and Fire Fund))

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

B. Benefits Provided

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

General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% for each of the first 10 years of service and 1.7% of each additional year. The rates are 2.2% and 2.7%, respectively for Basic members. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service, and 2.7% for Basic members. The accrual rates for former MERF members is 2.0% for each of the first 10 years of service and 2.5% for each additional year. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

Beginning January 1, 2019, benefit recipients will receive a future annual increase equal to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5%. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age (not applicable to Rule of 90 retirees, disability benefit recipients, or survivors). A benefit recipient who has been receiving a benefit for at least 12 months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase.

CITY OF BLACKDUCK, MINNESOTA
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Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014 vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014 vest on a prorated basis from 50% after ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Beginning in 2019, the COLA will be fixed at 1%. Under funding measurements from 2017, the 2.5% COLA trigger was never expected to occur and was subsequently removed from law. Post retirement increases are given each year except for annuitants who have been receiving a benefit for only 31 or 41 months. These annuitants will receive a prorated amount of the increase on a sliding scale.

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in calendar year 2018; the City was required to contribute 7.50% for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2018 were \$29,979. The City's contributions were equal to the required contributions as set by State Statute.

Police and Fire Fund Contributions

Legislation increased both employee and employer contribution rates in the Police and Fire Plan. Employee rates increased from 10.80% of pay to 11.30% and employer rates increase from 16.20% to 16.95% on January 1, 2018. On January 1, 2020 employee rates increase to 11.80% and employer rates increase to 17.70%. The City's contributions to the Police and Fire Fund for the year ended December 31, 2018, were \$16,383. The City's contributions were equal to the required contributions as set by State Statute.

CITY OF BLACKDUCK, MINNESOTA
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D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2018, the City reported a liability of \$349,498 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2018. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City's totaled \$11,629. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017 through June 30, 2018 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City's proportion was .0063% which was a decrease of .0008% from its proportion measured as of June 30, 2017.

Post-retirement benefit increases were changed from 1% per year with a provision to increase to 2.5% upon attainment of a 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5%, beginning January 1, 2019.

For the year ended December 31, 2018 the City recognized pension expense of \$37,465 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$2,712 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

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At December 31, 2018, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 8,129	\$ 9,546
Changes in actuarial assumptions	31,267	35,856
Difference between projected and actual investment earnings	-	32,415
Changes in proportion	42,191	16,238
Contributions paid to PERA subsequent to the measurement date	15,021	-
Total	<u>\$ 96,608</u>	<u>\$ 94,055</u>

\$15,021 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2019	\$ 20,361
2020	(12,111)
2021	(13,424)
2022	(7,294)

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Police and Fire Fund Pension Costs

At December 31, 2018, the City reported a liability of \$94,865 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018 the City's proportion was .0089% which was an increase of .0019% from its proportion measured as of June 30, 2017. The City also recognized \$801 for the year ended December 31, 2018 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year, starting in fiscal year 2014.

Beginning in January 1, 2019, the COLA will be fixed at 1%. Under funding measurements from 2017, the 2.5% COLA trigger was never expected to occur and was subsequently removed from law.

For the year ended December 31, 2018, the City recognized pension expense of \$13,033 for its proportionate share of the Police and Fire Plan's pension expense.

At December 31, 2018, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,351	\$ 23,534
Changes in actuarial assumptions	119,266	110,517
Difference between projected and actual investment earnings	-	13,484
Changes in proportion	24,977	53,509
Contributions paid to PERA subsequent to the measurement date	8,276	-
Total	<u>\$ 155,870</u>	<u>\$ 201,044</u>

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\$8,276 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2019	\$	103
2020		(4,350)
2021		(13,272)
2022		(39,896)
2023		3,965

E. Actuarial Assumptions

The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions:

General Employees Plan:

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year after 26 years of service
Investment Rate of Return	7.50%

Police and Fire Plan:

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year after 25 years of service
Investment Rate of Return	7.50%

The total pension liability for each of the defined benefit cost-sharing plans was determined by an actuarial valuation as of June 30, 2018, using the entry age normal actuarial cost method. Inflation is assumed to be 2.5% of the General Employees and Police and Fire Plans. Salary growth assumptions in the General Employees Plan decrease in annual increments from 11.25% after one year of service, to 3.25% after 26 years of service. In the Police and Fire Plan, salary growth assumptions decrease from 12.25% after one year of service to 3.25% after 25 years of service.

Mortality rates for all plans are based on RP-2014 mortality tables. The tables are adjusted slightly to fit PERA's experience. Actuarial assumptions for the General Employees Plan are reviewed every four to six years. The most recent six-year experience study for the General Employees Plan was completed in 2015. The most recent four-year experience study for the Police and Fire Plan was completed in 2016. Economic assumptions were updated in 2014 based on a review of inflation and investment return assumptions.

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The following changes in actuarial assumptions occurred in 2018:

General Employees Fund

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed post-retirement benefit increase rate was changed from 1% through 2044 and 2.5% per year thereafter to 1.25% per year.

Police and Fire Fund

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

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Stocks	36%	5.10%
International Stocks	17%	5.30%
Bonds	20%	0.75%
Alternative Assets	25%	5.90%
Cash	<u>2%</u>	0.00%
Total	100%	

F. Discount Rate

The discount rate used to measure the total pension liability in 2018 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net position of the General Employees Fund and the Police and Fire Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF BLACKDUCK, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

G. Pension Liability Sensitivity

The following presents the City's proportionate share of the net pension liability for all PERA plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase in Discount Rate (8.5%)</u>
City's proportionate share of the General Employees Fund net pension liability:	\$ 567,979	\$ 349,498	\$ 169,148
	<u>1% Decrease in Discount Rate (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase in Discount Rate (8.5%)</u>
City's proportionate share of the Police and Fire Fund net pension liability:	\$ 203,396	\$ 94,865	\$ 5,114

H. Pension Plan Fiduciary Net Position

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

Single Employer Plan – Blackduck Fire Relief Association

A. Plan Description

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

B. Benefits Provided

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

CITY OF BLACKDUCK, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

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

C. Employees Covered by Benefit Terms

At December 31, 2018, the following employees were covered by the benefit terms:

Inactive members entitled to but not yet receiving benefits	2
Active members	<u>22</u>
Total	<u><u>24</u></u>

D. Contributions

Minnesota Statutes Chapter 424A.092 specifies minimum support rates required on an annual basis. The minimum support rates from the municipality and from State aids are determined as the amount required to meet the normal cost plus amortizing any existing prior service costs over a ten year period. The City's obligation is the financial requirement for the year less state aids. Any additional payments by the City shall be used to amortize the unfunded liability of the relief association. The Association is comprised of volunteers; therefore, there are no payroll expenditures (i.e. there are no covered payroll percentage calculations). During the year, the City recognized as revenue and as an expenditure an on behalf payment of \$19,446 made by the State of Minnesota for the Relief Association.

E. Net Pension Liability (Asset)

The City's net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount Rate	6.25%
Inflation	2.50%
Expected Return on Plan Assets	6.25%
Actuarial Cost Method	Entry age normal in accordance with the requirements of GASB 67/68

CITY OF BLACKDUCK, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

Mortality

Healthy pre-retirement: RP-2014 employee generational mortality table projected with mortality improvement scale MP-2017, for a base year of 2006.

Healthy post-retirement: RP-2014 annuitant generational mortality table projected with mortality improvement scale MP-2017 from a base year of 2006. Male rates are adjusted by a factor of 0.96.

Disabled: RP-2014 annuitant generational mortality table projected with mortality improvement scale MP-2017 from a base year of 2006. Male rates are adjusted by a factor of 0.96.

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

<u>Asset Class</u>	<u>Allocation at Measurement Date</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Long-Term Expected Nominal Rate of Return</u>
Domestic Equity	51.77%	4.95%	7.45%
International Equity	15.33%	5.24%	7.74%
Fixed Income	0.00%	1.99%	4.49%
Real Estate and Alternatives	8.81%	4.19%	6.69%
Cash and Equivalents	24.09%	0.58%	3.08%
Total	100.00%		6.76%
Reduced for assumed investment expense			-0.50%
Net Assumed Investment Return			6.26%

F. Discount Rate

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

CITY OF BLACKDUCK, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

G. Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		Net Pension Liability (Asset) (a) - (b)
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	
Balances at December 31, 2017	\$ 174,909	\$ 268,673	\$ (93,764)
Changes for the year:			
Service Cost	8,943	-	8,943
Interest	11,491	-	11,491
Contributions - State and Local	-	19,084	(19,084)
Contributions - Donations and Other Income	-	5,000	(5,000)
Net Investment Income	-	50,603	(50,603)
Administrative Expense	-	(2,399)	2,399
Net Changes	20,434	72,288	(51,854)
Balance at December 31, 2018	\$ 195,343	\$ 340,961	\$ (145,618)

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

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Net Pension Liability (Asset)	\$ (139,202)	\$ (145,618)	\$ (151,809)

H. Pension Plan Fiduciary Net Position

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

CITY OF BLACKDUCK, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

For the year ended December 31, 2018, The City recognized pension expense of (\$5,809). At December 31, 2018, The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ -	\$ 26,961
Contributions to the plan subsequent to the measurement date	19,446	-
Total	<u>\$ 19,446</u>	<u>\$ 26,961</u>

\$19,446 reported as deferred outflows of resources related to pensions resulting from state contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

<u>Year ending:</u>	
2019	\$ (6,740)
2020	(6,740)
2021	(6,740)
2022	(6,741)

Aggregate Pension Costs

	<u>General Employees Plan</u>	<u>Police and Fire Fund</u>	<u>Balckduck Fire Relief</u>	<u>Total</u>
Net Pension Liability	\$ 349,498	\$ 94,865	\$ -	\$ 444,363
Net Pension Asset	-	-	145,618	145,618
Deferred Outflows of Resources	96,608	155,870	19,446	271,924
Deferred Inflows of Resources	94,055	201,044	26,961	322,060
Pension Expense	37,465	13,033	5,809	56,307

CITY OF BLACKDUCK, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 5 – Interfund Balances and Transfers

As of December 31, 2018, the City had an interfund balance of \$82,250 due to the Municipal Liquor Store Fund from the Municipal Golf Course Fund. The purpose of the balance is to eliminate the cash deficit in the Municipal Golf Course Fund.

The City of Blackduck, Minnesota made the following transfers between funds during 2018 as follows:

		Transfer Out				Total
		General Fund	Municipal Water Fund	Municipal Sewer Disposal Fund	Municipal Liquor Store Fund	
Transfer In	Operating Transfers					
	General Fund	\$ -	\$ -	\$ -	\$ 65,000	\$ 65,000
	Nonmajor Governmental Funds	<u>32,000</u>	<u>15,000</u>	<u>10,000</u>	<u>-</u>	<u>57,000</u>
	Total Transfers	<u>\$ 32,000</u>	<u>\$ 15,000</u>	<u>\$ 10,000</u>	<u>\$ 65,000</u>	<u>\$ 122,000</u>

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

Note 6 – Commitments and Contingencies

The City entered into a construction contract for the Summit and Main Water and Sewer Project. As of December 31, 2018, the City had an outstanding construction contract totaling \$69,501. This will be funded by grants and debt.

Note 7 - Risk Management

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

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

CITY OF BLACKDUCK, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

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

Note 8 – Stewardship, Compliance and Accountability

Deficit Net Position

A net position deficit exists in the Municipal Golf Course Fund in the amount of \$56,044. The deficit will be eliminated by subsequent revenues and/or expenses constraints in the future.

Note 9 - Reclassifications

Certain reclassifications have been made to the 2017 presentation to conform to the 2018 presentation. Such reclassifications had no effect on change in fund balance/net position as previously reported.

Note 10 – Prior Period Adjustment

The City determined that there were amounts relating to the fire relief association's pension were inadvertently omitted from the prior year financial statements. This increases the beginning net position in the governmental activities by \$112,848.

CITY OF BLACKDUCK, MINNESOTA
GENERAL FUND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018

With Comparative Amounts For Year Ended December 31, 2017

	2018			2017 Actual
	Original and Final Budget	Actual	Variance- Positive (Negative)	
<u>Revenues</u>				
<u>Taxes and Special Assessments</u>				
General Property Tax	\$ 172,487	\$ 171,534	\$ (953)	\$ 154,200
Special Assessments	100	3	(97)	17
Total Taxes and Special Assessments	172,587	171,537	(1,050)	154,217
<u>Licenses and Permits</u>	5,200	10,133	4,933	3,730
<u>Intergovernmental Revenues</u>				
<u>State</u>				
Local Government Aids	253,712	253,712	-	245,269
Small Cities Assistance	-	9,238	9,238	9,474
Market Value Credit	-	46	46	47
PERA Aid	1,113	1,113	-	1,113
Police Aids	14,000	14,402	402	6,998
Fire Aid	19,000	-	(19,000)	29,584
Total Intergovernmental Revenues	287,825	278,511	(9,314)	292,485
<u>Charges for Services</u>				
Rural Fire Contracts	76,885	79,619	2,734	75,864
Other	8,000	8,121	121	8,708
Total Charges for Services	84,885	87,740	2,855	84,572
<u>Fines and Fees</u>	5,000	1,370	(3,630)	822
<u>Interest Income</u>	700	3,067	2,367	423
<u>Other</u>				
Reimbursements	250	10,548	10,298	11,808
Donations	2,000	125	(1,875)	1,125
Other	4,070	4,035	(35)	1,248
Total Other	6,320	14,708	8,388	14,181
<u>Total Revenues</u>	562,517	567,066	4,549	550,430

See Accompanying Notes to the Required Supplementary Information.

CITY OF BLACKDUCK, MINNESOTA
GENERAL FUND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018

With Comparative Amounts For Year Ended December 31, 2017

	<u>2018</u>			<u>2017</u> <u>Actual</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	
<u>Expenditures</u>				
<u>General Government</u>				
<u>Mayor and Council</u>				
Personal Services	7,150	5,643	1,507	5,517
Materials and Supplies	2,850	2,445	405	1,065
Other Expenditures	100	30	70	35
Total Mayor and Council	<u>10,100</u>	<u>8,118</u>	<u>1,982</u>	<u>6,617</u>
<u>Administration</u>				
Personal Services	78,936	83,408	(4,472)	77,409
Materials and Supplies	4,300	6,144	(1,844)	5,860
Purchased Services	16,800	15,261	1,539	18,741
Other Expenditures	4,500	9,553	(5,053)	9,686
Debt Service - Principal	2,100	-	2,100	-
Total Administration	<u>106,636</u>	<u>114,366</u>	<u>(7,730)</u>	<u>111,696</u>
<u>Planning/Zoning</u>				
Purchased Services	<u>2,500</u>	<u>9,787</u>	<u>(7,287)</u>	<u>-</u>
<u>Government Buildings</u>				
Materials and Supplies	900	193	707	213
Repairs and Maintenance	2,000	698	1,302	3,683
Purchased Services	9,150	8,995	155	7,102
Capital Outlay	3,500	-	3,500	-
Total Government Buildings	<u>15,550</u>	<u>9,886</u>	<u>5,664</u>	<u>10,998</u>
Total General Government	<u>134,786</u>	<u>142,157</u>	<u>(7,371)</u>	<u>129,311</u>

See Accompanying Notes to the Required Supplementary Information.

CITY OF BLACKDUCK, MINNESOTA
GENERAL FUND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018

With Comparative Amounts For Year Ended December 31, 2017

	2018			2017 Actual
	Original and Final Budget	Actual	Variance- Positive (Negative)	
<u>Public Safety</u>				
<u>Law Enforcement</u>				
Personal Services	133,582	137,002	(3,420)	123,999
Materials and Supplies	16,050	14,028	2,022	11,776
Repairs and Maintenance	9,000	6,859	2,141	9,372
Purchased Services	15,600	15,484	116	11,600
Other Expenditures	4,550	4,280	270	5,521
Capital Outlay	-	353	(353)	-
Total Law Enforcement	178,782	178,006	776	162,268
<u>Fire</u>				
Personal Services	14,700	12,428	2,272	24,384
Materials and Supplies	14,225	11,752	2,473	6,058
Repair and Maintenance	15,000	13,297	1,703	10,302
Purchased Services	18,200	16,067	2,133	15,754
Other Expenditures	21,300	50	21,250	22,053
Capital Outlay	1,750	3,800	(2,050)	1,196
Total Fire	85,175	57,394	27,781	79,747
Total Public Safety	263,957	235,400	28,557	242,015
<u>Streets and Highways</u>				
<u>Street Maintenance</u>				
Personal Services	62,995	63,022	(27)	62,803
Materials and Supplies	31,850	20,980	10,870	25,808
Repair and Maintenance	6,250	6,347	(97)	10,621
Purchased Services	14,450	14,695	(245)	15,830
Other Expenditures	-	170	(170)	358
Capital Outlay	9,500	1,559	7,941	51,333
Debt Service - Principal	-	6,985	(6,985)	8,500
Debt Service - Interest and Fiscal Fees	1,515	1,515	-	-
Total Street Maintenance	126,560	115,273	11,287	175,253

See Accompanying Notes to the Required Supplementary Information.

CITY OF BLACKDUCK, MINNESOTA
GENERAL FUND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018

With Comparative Amounts For Year Ended December 31, 2017

	2018			2017 Actual
	Original and Final Budget	Actual	Variance- Positive (Negative)	
<u>Street Lighting</u>				
Materials and Supplies	5,000	4,732	268	8,148
Repairs and Maintenance	1,000	1,182	(182)	2,518
Purchased Services	13,000	10,161	2,839	12,915
Total Street Lighting	19,000	16,075	2,925	23,581
Total Streets and Highways	145,560	131,348	14,212	198,834
<u>Culture and Recreation</u>				
<u>Parks and Recreation</u>				
Personal Services	6,235	9,344	(3,109)	10,170
Materials and Supplies	3,075	1,621	1,454	960
Repairs and Maintenance	1,000	598	402	1,013
Purchased Services	9,550	7,036	2,514	9,596
Total Parks and Recreation	19,860	18,599	1,261	21,739
<u>Library</u>				
Materials and Supplies	500	197	303	247
Repairs and Maintenance	789	865	(76)	852
Purchased Services	20,047	20,804	(757)	19,362
Total Library	21,336	21,866	(530)	20,461
Total Culture and Recreation	41,196	40,465	731	42,200
<u>Total Expenditures</u>	585,499	549,370	36,129	612,360
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	(22,982)	17,696	40,678	(61,930)

See Accompanying Notes to the Required Supplementary Information.

CITY OF BLACKDUCK, MINNESOTA
GENERAL FUND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018

With Comparative Amounts For Year Ended December 31, 2017

	<u>2018</u>			<u>2017</u> <u>Actual</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	
<u>Other Financing Sources (Uses)</u>				
Insurance Proceeds	-	3,575	3,575	5,960
Capital Lease Proceeds	-	-	-	38,620
Operating Transfer In	65,000	65,000	-	79,625
Operating Transfer (Out)	(32,000)	(32,000)	-	(32,000)
<u>Total Other Financing Sources (Uses)</u>	<u>33,000</u>	<u>36,575</u>	<u>3,575</u>	<u>92,205</u>
<u>Net Change in Fund Balance</u>	<u>10,018</u>	<u>54,271</u>	<u>44,253</u>	<u>30,275</u>
<u>Fund Balances, Beginning of Year</u>	<u>330,736</u>	<u>330,736</u>	<u>-</u>	<u>300,461</u>
<u>Fund Balances, End of Year</u>	<u>\$ 340,754</u>	<u>\$ 385,007</u>	<u>\$ 44,253</u>	<u>\$ 330,736</u>

See Accompanying Notes to the Required Supplementary Information.

CITY OF BLACKDUCK, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S AND NON-EMPLOYER PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
DECEMBER 31, 2018

Last 10 Fiscal Years*

For Fiscal Year Ended June 30:	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability (Asset) Associated with the City	Total	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of it's Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<u>General Employees Plan:</u>							
2018	0.0063%	\$ 349,498	\$ 11,629	\$ 361,127	\$ 391,852	89.19%	79.5%
2017	0.0055%	351,116	4,440	355,556	358,707	97.88%	75.9%
2016	0.0059%	479,051	6,281	485,332	339,358	141.16%	68.9%
2015	0.0056%	290,221	-	290,221	331,834	87.46%	78.2%
<u>Police and Fire Plan:</u>							
2018	0.0089%	94,865	-	94,865	93,975	100.95%	88.8%
2017	0.0070%	94,508	-	94,508	70,299	134.44%	85.4%
2016	0.0090%	361,186	-	361,186	82,565	437.46%	63.9%
2015	0.0090%	102,261	-	102,261	85,264	119.93%	86.6%

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

See Accompanying Notes to the Required Supplementary Information.

CITY OF BLACKDUCK, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S CONTRIBUTIONS
DECEMBER 31, 2018

Last 10 Fiscal Years*

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

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

See Accompanying Notes to the Required Supplementary Information.

CITY OF BLACKDUCK, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS -
BLACKDUCK FIRE RELIEF ASSOCIATION
DECEMBER 31, 2018

Last 10 Fiscal Years*

<u>For the Year Ended December 31:</u>	<u>2018</u>
Total Pension Liability (Asset):	
Service Cost	\$ 8,943
Interest Cost	11,491
Net Change in Total Pension Liability (Asset)	<u>20,434</u>
Total Pension Liability - beginning	<u>174,909</u>
Total Pension Liability - ending (a)	<u><u>\$ 195,343</u></u>
 Plan Fiduciary Net Position:	
Contribution - State and Local	\$ 19,084
Contribution - Donations and Other Income	5,000
Net Investment Income	50,603
Administrative Expenses	<u>(2,399)</u>
Net Change in Plan Fiduciary Net Position	<u>72,288</u>
Plan Fiduciary Net Position - beginning	<u>268,673</u>
Plan Fiduciary Net Position - ending (b)	<u><u>\$ 340,961</u></u>
 Net Pension Liability (Asset) - ending (a) - (b)	 \$ (145,618)
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 174.54%
 Covered Payroll	 N/A
 Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	 N/A

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

See Accompanying Notes to the Required Supplementary Information.

CITY OF BLACKDUCK, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER AND NON-EMPLOYER CONTRIBUTIONS -
BLACKDUCK FIRE RELIEF ASSOCIATION
DECEMBER 31, 2018

Last 10 Fiscal Years*

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

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

See Accompanying Notes to the Required Supplementary Information.

CITY OF BLACKDUCK, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS -
BLACKDUCK FIRE RELIEF ASSOCIATION
DECEMBER 31, 2018

Last 10 Fiscal Years*

For the Year Ended:	Annual money-weighted rate of return, net of investment expense
December 31, 2018	18.7%

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

See Accompanying Notes to the Required Supplementary Information.

CITY OF BLACKDUCK, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2018

Note 1 – Budgetary Data

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

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

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

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

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

CITY OF BLACKDUCK, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2018

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

Note 2 – Pensions

General Employees Fund

2018 Changes:

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

2017 Changes:

Changes in Actuarial Assumptions:

- The Combined Service Annuity (CSA) loads were changed from .8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1% per year for all years to 1% per year through 2044 and 2.5% per year thereafter.

2016 Changes:

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

CITY OF BLACKDUCK, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2018

2015 Changes:

Changes in Plan Provisions:

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

Changes in Actuarial Assumptions:

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

Police and Fire Fund

2018 Changes:

Changes in Actuarial Assumptions:

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

2017 Changes:

Changes in Actuarial Assumptions:

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average .34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of .96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.

CITY OF BLACKDUCK, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2018

- Assumed termination rates were decreased to 3% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1% for all years to 1% per year through 2064 and 2.5% thereafter.

2016 Changes:

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.5% for inflation.

2015 Changes:

Changes in Plan Provisions:

- The post-retirement benefit increase to be paid after attainment of the 90% funding threshold was changed, from inflation up to 2.5%, to a fixed rate of 2.5%.

Changes in Actuarial Assumptions:

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

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

CITY OF BLACKDUCK, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2018

	Total Special Revenue Funds	Total Capital Project Funds	Total Debt Service Funds	Total Nonmajor Funds
<u>ASSETS</u>				
Cash	\$ 194,963	\$ 607,522	\$ 148,862	\$ 951,347
Due from Other Governments	-	-	613	613
Delinquent Property Taxes Receivable	-	-	4,587	4,587
Special Assessments Receivable	-	-	58,667	58,667
Prepaid Expenses	1,252	-	-	1,252
<u>Total Assets</u>	<u>\$ 196,215</u>	<u>\$ 607,522</u>	<u>\$ 212,729</u>	<u>\$ 1,016,466</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 130	\$ -	\$ -	\$ 130
Accrued Salaries and Wages Payable	154	-	-	154
Total Liabilities	284	-	-	284
<u>Deferred Inflows of Resources</u>				
Unavailable Revenue	-	-	63,254	63,254
<u>Fund Balances</u>				
Nonspendable	1,252	-	-	1,252
Restricted	132,861	203,194	149,475	485,530
Committed	60,320	-	-	60,320
Assigned	1,498	404,328	-	405,826
Total Fund Balances	195,931	607,522	149,475	952,928
<u>Total Liabilities, Deferred Inflows of Resources and Fund Balances</u>	<u>\$ 196,215</u>	<u>\$ 607,522</u>	<u>\$ 212,729</u>	<u>\$ 1,016,466</u>

CITY OF BLACKDUCK, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2018

	<u>Total Special Revenue Funds</u>	<u>Total Capital Project Funds</u>	<u>Total Debt Service Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Revenues</u>				
General Property Taxes	\$ -	\$ -	\$ 43,500	\$ 43,500
Special Assessments	-	-	23,376	23,376
Tax Increments	32,367	-	-	32,367
Charges for Services	16,541	-	-	16,541
Intergovernmental Revenues	10,000	-	-	10,000
Interest Income	544	3,484	487	4,515
Donations and Grants	-	19,000	-	19,000
Other	54	-	-	54
<u>Total Revenues</u>	<u>59,506</u>	<u>22,484</u>	<u>67,363</u>	<u>149,353</u>
<u>Expenditures</u>				
Current:				
Culture and Recreation	17,030	-	-	17,030
Cemetery	5,277	-	-	5,277
Capital Outlay	12,993	-	-	12,993
Debt Service:				
Principal	-	-	54,967	54,967
Interest and Fiscal Charges	20,460	-	16,035	36,495
<u>Total Expenditures</u>	<u>55,760</u>	<u>-</u>	<u>71,002</u>	<u>126,762</u>
<u>Excess of Revenues</u>				
<u>Over (Under) Expenditures</u>	<u>3,746</u>	<u>22,484</u>	<u>(3,639)</u>	<u>22,591</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	2,000	55,000	-	57,000
<u>Net Change in Fund Balance</u>	<u>5,746</u>	<u>77,484</u>	<u>(3,639)</u>	<u>79,591</u>
<u>Fund Balances, Beginning of Year</u>	<u>190,185</u>	<u>530,038</u>	<u>153,114</u>	<u>873,337</u>
<u>Fund Balances, End of Year</u>	<u>\$ 195,931</u>	<u>\$ 607,522</u>	<u>\$ 149,475</u>	<u>\$ 952,928</u>

CITY OF BLACKDUCK, MINNESOTA
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2018

	<u>Cemetery Fund</u>	<u>Perpetual Care Fund</u>	<u>Pine Tree Park Fund</u>	<u>Tax Increment Financing Districts</u>	<u>Total Nonmajor Special Revenue Funds</u>
<u>ASSETS</u>					
Cash	\$ 1,567	\$ 60,320	\$ 45,166	\$ 87,910	\$ 194,963
Prepaid Expenses	214	-	1,038	-	1,252
Total Assets	<u>\$ 1,781</u>	<u>\$ 60,320</u>	<u>\$ 46,204</u>	<u>\$ 87,910</u>	<u>\$ 196,215</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ -	\$ -	\$ 130	\$ -	\$ 130
Accrued Salaries and Wages Payable	69	-	85	-	154
Total Liabilities	<u>69</u>	<u>-</u>	<u>215</u>	<u>-</u>	<u>284</u>
<u>Fund Balances</u>					
Nonspendable	214	-	1,038	-	1,252
Restricted	-	-	44,951	87,910	132,861
Committed	-	60,320	-	-	60,320
Assigned	1,498	-	-	-	1,498
Total Fund Balances	<u>1,712</u>	<u>60,320</u>	<u>45,989</u>	<u>87,910</u>	<u>195,931</u>
Total Liabilities and Fund Balances	<u>\$ 1,781</u>	<u>\$ 60,320</u>	<u>\$ 46,204</u>	<u>\$ 87,910</u>	<u>\$ 196,215</u>

CITY OF BLACKDUCK, MINNESOTA
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2018

	Cemetery Fund	Perpetual Care Fund	Pine Tree Park Fund	Tax Increment Financing Districts	Total Nonmajor Special Revenue Funds
Revenues					
Tax Increments	\$ -	\$ -	\$ -	\$ 32,367	\$ 32,367
Charges for Services	2,050	250	14,241	-	16,541
Intergovernmental Revenues	-	-	10,000	-	10,000
Interest Income	265	36	243	-	544
Other	14	-	40	-	54
Total Revenues	2,329	286	24,524	32,367	59,506
Expenditures					
Current:					
Culture and Recreation	-	-	17,030	-	17,030
Cemetery	5,277	-	-	-	5,277
Capital Outlay	-	-	12,993	-	12,993
Debt Service:					
Interest and Fiscal Charges	-	-	-	20,460	20,460
Total Expenditures	5,277	-	30,023	20,460	55,760
Excess of Revenues					
Over (Under) Expenditures	(2,948)	286	(5,499)	11,907	3,746
Other Financing Sources (Uses)					
Operating Transfers In	2,000	-	-	-	2,000
Net Change in Fund Balance	(948)	286	(5,499)	11,907	5,746
Fund Balances, Beginning of Year	2,660	60,034	51,488	76,003	190,185
Fund Balances, End of Year	\$ 1,712	\$ 60,320	\$ 45,989	\$ 87,910	\$ 195,931

CITY OF BLACKDUCK, MINNESOTA
NONMAJOR CAPITAL PROJECT GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2018

	<u>Sewer Maintenance Sinking Fund</u>	<u>Sewer Replacement Fund</u>	<u>Fire Hall Maintenance Fund</u>	<u>Water Sinking Fund</u>	<u>Public Works Reserve Fund</u>	<u>Fire Department Special Equipment Fund</u>	<u>Total Nonmajor Capital Project Funds</u>
<u>ASSETS</u>							
Cash	<u>\$ 68,632</u>	<u>\$ 8,609</u>	<u>\$ 195,098</u>	<u>\$ 120,138</u>	<u>\$ 17,253</u>	<u>\$ 197,792</u>	<u>\$ 607,522</u>
<u>Fund Balances</u>							
Restricted	-	-	-	-	5,402	197,792	203,194
Assigned	<u>68,632</u>	<u>8,609</u>	<u>195,098</u>	<u>120,138</u>	<u>11,851</u>	<u>-</u>	<u>404,328</u>
Total Fund Balances	<u>68,632</u>	<u>8,609</u>	<u>195,098</u>	<u>120,138</u>	<u>17,253</u>	<u>197,792</u>	<u>607,522</u>
<u>Total Liabilities, Deferred Inflows of Resources and Fund Balances</u>	<u>\$ 68,632</u>	<u>\$ 8,609</u>	<u>\$ 195,098</u>	<u>\$ 120,138</u>	<u>\$ 17,253</u>	<u>\$ 197,792</u>	<u>\$ 607,522</u>

CITY OF BLACKDUCK, MINNESOTA
NONMAJOR CAPITAL PROJECT GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2018

	Sewer Maintenance Sinking Fund	Sewer Replacement Fund	Fire Hall Maintenance Fund	Water Sinking Fund	Public Works Reserve Fund	Fire Department Special Equipment Fund	Total Nonmajor Capital Project Funds
<u>Revenues</u>							
Interest Income	\$ 393	\$ 58	\$ 1,212	\$ 705	\$ 116	\$ 1,000	\$ 3,484
Donations and Grants	-	-	-	-	-	19,000	19,000
<u>Total Revenues</u>	393	58	1,212	705	116	20,000	22,484
<u>Other Financing Sources (Uses)</u>							
Operating Transfers In	10,000	-	30,000	15,000	-	-	55,000
<u>Net Change in Fund Balance</u>	10,393	58	31,212	15,705	116	20,000	77,484
<u>Fund Balances, Beginning of Year</u>	58,239	8,551	163,886	104,433	17,137	177,792	530,038
<u>Fund Balances, End of Year</u>	\$ 68,632	\$ 8,609	\$ 195,098	\$ 120,138	\$ 17,253	\$ 197,792	\$ 607,522

CITY OF BLACKDUCK, MINNESOTA
NONMAJOR DEBT SERVICE GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2018

	2011 Industrial Loan Fund	2006 G.O. Improvement Bonds	2009 G.O. Improvement Bonds	Total Nonmajor Debt Service Funds
<u>ASSETS</u>				
Cash	\$ 12,458	\$ 92,268	\$ 44,136	\$ 148,862
Due from Other Governments	-	390	223	613
Delinquent Property Taxes Receivable	14	2,409	2,164	4,587
Special Assessments Receivable	27,000	31,667	-	58,667
<u>Total Assets</u>	<u>\$ 39,472</u>	<u>\$ 126,734</u>	<u>\$ 46,523</u>	<u>\$ 212,729</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
<u>AND FUND BALANCES</u>				
<u>Deferred Inflows of Resources</u>				
Unavailable Revenue	27,014	34,076	2,164	63,254
<u>Fund Balances</u>				
Restricted	12,458	92,658	44,359	149,475
<u>Total Deferred Inflows of</u>				
<u>Resources and Fund Balances</u>	<u>\$ 39,472</u>	<u>\$ 126,734</u>	<u>\$ 46,523</u>	<u>\$ 212,729</u>

CITY OF BLACKDUCK, MINNESOTA
NONMAJOR DEBT SERVICE GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2018

	2011 Industrial Loan Fund	2006 G.O. Improvement Bonds	2009 G.O. Improvement Bonds	Total Nonmajor Debt Service Funds
<u>Revenues</u>				
General Property Taxes	\$ 15	\$ 27,767	\$ 15,718	\$ 43,500
Special Assessments	9,720	13,656	-	23,376
Interest Income	50	237	200	487
<u>Total Revenues</u>	9,785	41,660	15,918	67,363
<u>Expenditures</u>				
Debt Service:				
Principal	9,967	30,000	15,000	54,967
Interest and Fiscal Charges	7	12,103	3,925	16,035
<u>Total Expenditures</u>	9,974	42,103	18,925	71,002
<u>Net Change in Fund Balance</u>	(189)	(443)	(3,007)	(3,639)
<u>Fund Balances, Beginning of Year</u>	12,647	93,101	47,366	153,114
<u>Fund Balances, End of Year</u>	\$ 12,458	\$ 92,658	\$ 44,359	\$ 149,475

CITY OF BLACKDUCK, MINNESOTA
MUNICIPAL WATER ENTERPRISE FUND
SCHEDULE OF NET POSITION
DECEMBER 31, 2018

With Comparative Amounts For December 31, 2017

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 284,746	\$ 254,400
Accounts Receivable	17,816	16,153
Special Assessments Receivable	160,985	-
Prepaid Expenses	<u>1,464</u>	<u>1,464</u>
Total Current Assets	<u>465,011</u>	<u>272,017</u>
<u>Capital Assets</u>		
Other Improvements	1,558,145	1,558,145
Construction in Progress	587,604	577,883
Less: Accumulated Depreciation	<u>(758,700)</u>	<u>(689,183)</u>
Capital Assets, Net of Depreciation	<u>1,387,049</u>	<u>1,446,845</u>
<u>Total Assets</u>	<u>1,852,060</u>	<u>1,718,862</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Outflows Related to Pensions	<u>13,525</u>	<u>15,352</u>
<u>LIABILITIES</u>		
<u>Current Liabilities</u>		
Current Portion of Bonds Payable	52,000	51,089
Accounts Payable	11,232	1,276
Sales Tax Payable	381	607
Accrued Interest Payable	7,951	9,463
Accrued Salaries and Wages Payable	<u>1,355</u>	<u>1,355</u>
Total Current Liabilities	<u>72,919</u>	<u>63,790</u>
<u>Long-Term Liabilities</u>		
Bonds Payable, Net of Unamortized Bond Discount	1,006,873	1,047,754
Less: Current Portion	<u>(52,000)</u>	<u>(51,089)</u>
Accrued Compensated Absences	3,901	3,774
Net Pension Liability	<u>48,930</u>	<u>52,667</u>
Total Long-Term Liabilities	<u>1,007,704</u>	<u>1,053,106</u>
<u>Total Liabilities</u>	<u>1,080,623</u>	<u>1,116,896</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Inflows Related to Pensions	<u>13,168</u>	<u>13,587</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	380,176	399,091
Unrestricted	<u>391,618</u>	<u>204,640</u>
<u>Total Net Position</u>	<u>\$ 771,794</u>	<u>\$ 603,731</u>

CITY OF BLACKDUCK, MINNESOTA
MUNICIPAL WATER ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018

With Comparative Amounts For The Year Ended December 31, 2017

	2018		Variance - Positive (Negative)	2017 Actual
	Original and Final Budget	Actual		
<u>Operating Revenues</u>				
Charges for Services	\$ 214,407	\$ 206,563	\$ (7,844)	\$ 200,307
<u>Operating Expenses</u>				
Personnel Services	77,308	73,999	3,309	76,949
Utilities	11,500	9,035	2,465	10,463
Supplies and Materials	12,900	9,362	3,538	9,159
Repairs and Maintenance	11,000	9,923	1,077	8,087
Contracted Services	3,750	3,571	179	3,100
Insurance	4,000	3,799	201	3,301
Depreciation and Amortization	-	70,004	(70,004)	70,945
Other Expenses	22,050	7,001	15,049	14,563
Total Operating Expenses	<u>142,508</u>	<u>186,694</u>	<u>(44,186)</u>	<u>196,567</u>
<u>Operating Income (Loss)</u>	<u>71,899</u>	<u>19,869</u>	<u>(52,030)</u>	<u>3,740</u>
<u>Non-Operating Revenues (Expenses)</u>				
Interest Income	-	1,287	1,287	-
Intergovernmental Grants and Aids	-	400	400	214,286
Special Assessments	-	179,334	179,334	-
Miscellaneous	400	899	499	162
Interest Expense	(21,209)	(18,726)	2,483	(20,621)
Total Non-Operating Revenues (Expenses)	<u>(20,809)</u>	<u>163,194</u>	<u>184,003</u>	<u>193,827</u>
<u>Net Income (Loss) Before Operating Transfers</u>	<u>51,090</u>	<u>183,063</u>	<u>131,973</u>	<u>197,567</u>
<u>Operating Transfers</u>				
Transfer to Other Funds	-	(15,000)	(15,000)	-
Transfer from Other Funds	-	-	-	7,152
Total Operating Transfers	<u>-</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>7,152</u>
<u>Net Income (Loss)</u>	<u>51,090</u>	<u>168,063</u>	<u>116,973</u>	<u>204,719</u>
<u>Net Position, Beginning of Year</u>	<u>603,731</u>	<u>603,731</u>	<u>-</u>	<u>399,012</u>
<u>Net Position, End of Year</u>	<u>\$ 654,821</u>	<u>\$ 771,794</u>	<u>\$ 116,973</u>	<u>\$ 603,731</u>

CITY OF BLACKDUCK, MINNESOTA
MUNICIPAL WATER ENTERPRISE FUND
SCHEDULE OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018
With Comparative Amounts For December 31, 2017

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>2018</u>	<u>2017</u>
<u>Cash Flows from Operating Activities</u>		
Cash Received from Customers	\$ 204,900	\$ 187,612
Cash Paid to Employees	(76,201)	(71,212)
Cash Paid to Suppliers	(32,961)	(49,610)
Net Cash Provided by (Used in) Operating Activities	<u>95,738</u>	<u>66,790</u>
<u>Cash Flows from Non-Capital Financing Activities</u>		
Miscellaneous Revenue	899	162
Transfers to Other Funds	(15,000)	-
Transfers from Other Funds	-	7,152
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>(14,101)</u>	<u>7,314</u>
<u>Cash Flows from Capital and Related Financing Activities</u>		
Purchases of Property and Equipment	(9,721)	(362,579)
Bond Proceeds	9,721	148,293
Principal Paid on Bonds Payable	(51,089)	(66,234)
Grant Proceeds	400	214,286
Special Assessment Collections	18,349	-
Interest and Fees Paid on Bonds	(20,238)	(19,690)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(52,578)</u>	<u>(85,924)</u>
<u>Cash Flows from Investing Activities</u>		
Interest Income	<u>1,287</u>	<u>-</u>
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	30,346	(11,820)
<u>Cash and Cash Equivalents, Beginning of Year</u>	<u>254,400</u>	<u>266,220</u>
<u>Cash and Cash Equivalents, End of Year</u>	<u>\$ 284,746</u>	<u>\$ 254,400</u>

CITY OF BLACKDUCK, MINNESOTA
MUNICIPAL WATER ENTERPRISE FUND
SCHEDULE OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018
 With Comparative Amounts For December 31, 2017

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

	<u>2018</u>	<u>2017</u>
<u>Operating Income (Loss)</u>	\$ 19,869	\$ 3,740
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash</u>		
<u>Provided by (Used in) Operating Activities</u>		
Depreciation and Amortization	70,004	70,945
Changes in Assets, Liabilities and Deferrals		
(Increase) Decrease in Accounts Receivable	(1,663)	(12,695)
(Increase) Decrease in Deferred Outflows of Resources	1,827	12,265
Increase (Decrease) in Accounts Payable	9,956	(1,258)
Increase (Decrease) in Sales Tax Payable	(226)	321
Increase (Decrease) in Accrued Compensated Absences	127	-
Increase (Decrease) in Deferred Inflows of Resources	(419)	7,872
Increase (Decrease) in Net Pension Liability	(3,737)	(14,400)
<u>Net Cash Provided by (Used in) Operating Activities</u>	<u>\$ 95,738</u>	<u>\$ 66,790</u>

CITY OF BLACKDUCK, MINNESOTA
MUNICIPAL SEWAGE DISPOSAL ENTERPRISE FUND
SCHEDULE OF NET POSITION
DECEMBER 31, 2018

With Comparative Amounts For December 31, 2017

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 287,567	\$ 262,282
Accounts Receivable	17,816	16,153
Property Taxes Receivable	645	558
Special Assessments Receivable	97,262	5,361
Due from Other Governments	116	180
Prepaid Expenses	2,843	2,843
Total Current Assets	406,249	287,377
<u>Capital Assets</u>		
Land and Buildings	2,289,673	2,289,673
Furniture, Fixtures and Equipment	9,104	9,104
Other Improvements	148,251	141,751
Construction in Progress	544,125	535,286
	2,991,153	2,975,814
Less: Accumulated Depreciation	(2,277,717)	(2,196,577)
Capital Assets, Net of Depreciation	713,436	779,237
<u>Total Assets</u>	1,119,685	1,066,614
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Outflows Related to Pensions	14,491	16,375
<u>LIABILITIES</u>		
<u>Current Liabilities</u>		
Current Portion of Bonds Payable	109,356	19,000
Accounts Payable	14,399	1,198
Accrued Interest Payable	3,027	1,518
Accrued Salaries and Wages Payable	1,424	1,424
Total Current Liabilities	128,206	23,140
<u>Long-Term Liabilities</u>		
Bonds Payable	245,000	264,000
Less: Current Portion	(109,356)	(19,000)
Accrued Compensated Absences	4,264	4,733
Net Pension Liability	52,425	56,179
Total Long-Term Liabilities	192,333	305,912
<u>Total Liabilities</u>	320,539	329,052
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Inflows Related to Pensions	14,108	14,491
<u>NET POSITION</u>		
Net Investment in Capital Assets	468,436	515,237
Unrestricted	331,093	224,209
<u>Total Net Position</u>	\$ 799,529	\$ 739,446

CITY OF BLACKDUCK, MINNESOTA
MUNICIPAL SEWAGE DISPOSAL ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018

With Comparative Amounts For The Year Ended December 31, 2017

	2018		Variance - Positive (Negative)	2017 Actual
	Original and Final Budget	Actual		
<u>Operating Revenues</u>				
Charges for Services	\$ 167,164	\$ 159,514	\$ (7,650)	\$ 157,536
<u>Operating Expenses</u>				
Personnel Services	80,414	76,712	3,702	80,921
Utilities	16,500	16,701	(201)	21,603
Supplies and Materials	4,300	2,912	1,388	2,656
Repairs and Maintenance	9,000	7,612	1,388	5,535
Contracted Services	5,000	7,206	(2,206)	4,304
Insurance	6,300	5,745	555	5,060
Depreciation	25,000	81,140	(56,140)	80,895
Other Expenses	4,800	5,491	(691)	4,208
Total Operating Expenses	151,314	203,519	(52,205)	205,182
<u>Operating Income (Loss)</u>	15,850	(44,005)	(59,855)	(47,646)
<u>Non-Operating Income (Expense)</u>				
Interest Income	-	949	949	-
Property Taxes	7,996	8,413	417	7,876
Special Assessments	814	103,229	102,415	306
Intergovernmental Grants and Aids	-	8,620	8,620	291,805
Miscellaneous	-	606	606	-
Fiscal Agent Fees	-	-	-	(3,813)
Interest Expense	(2,370)	(7,729)	(5,359)	(3,010)
Total Non-Operating Income (Expense)	6,440	114,088	107,648	293,164
<u>Net Income (Loss) Before Operating Transfers</u>	22,290	70,083	47,793	245,518
<u>Operating Transfers</u>				
Transfer to Other Funds	-	(10,000)	(10,000)	(7,152)
Transfer from Other Funds	3,000	-	(3,000)	9,474
Total Operating Transfers	3,000	(10,000)	(13,000)	2,322
<u>Net Income (Loss)</u>	25,290	60,083	34,793	247,840
<u>Net Position, Beginning of Year</u>	739,446	739,446	-	491,606
<u>Net Position, End of Year</u>	\$ 764,736	\$ 799,529	\$ 34,793	\$ 739,446

CITY OF BLACKDUCK, MINNESOTA
MUNICIPAL SEWAGE DISPOSAL ENTERPRISE FUND
SCHEDULE OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018

With Comparative Amounts For December 31, 2017

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>2018</u>	<u>2017</u>
<u>Cash Flows from Operating Activities</u>		
Cash Received from Customers	\$ 157,915	\$ 144,776
Cash Paid to Employees	(79,434)	(74,377)
Cash Paid to Suppliers	<u>(32,466)</u>	<u>(52,946)</u>
Net Cash Provided by (Used in) Operating Activities	<u>46,015</u>	<u>17,453</u>
<u>Cash Flows from Non-Capital Financing Activities</u>		
Miscellaneous Revenue	606	-
Transfers To Other Funds	(10,000)	(7,152)
Transfers From Other Funds	-	9,474
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>(9,394)</u>	<u>2,322</u>
<u>Cash Flows from Capital and Related Financing Activities</u>		
Purchases of Property and Equipment	(15,339)	(330,606)
Principal Paid on Bonds Payable	(19,000)	(9,000)
Grant Proceeds	8,620	291,805
Bond Proceeds	-	180,000
Property Taxes Proceeds	8,326	7,707
Special Assessment Proceeds	11,328	1,648
Fiscal Agent Fees Paid	-	(3,813)
Interest and Fees Paid on Bonds	<u>(6,220)</u>	<u>(2,655)</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(12,285)</u>	<u>135,086</u>
<u>Cash Flows from Investing Activities</u>		
Interest Income	<u>949</u>	<u>-</u>
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	25,285	154,861
<u>Cash and Cash Equivalents, Beginning of Year</u>	<u>262,282</u>	<u>107,421</u>
<u>Cash and Cash Equivalents, End of Year</u>	<u>\$ 287,567</u>	<u>\$ 262,282</u>

CITY OF BLACKDUCK, MINNESOTA
MUNICIPAL SEWAGE DISPOSAL ENTERPRISE FUND
SCHEDULE OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018
 With Comparative Amounts For December 31, 2017

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

	<u>2018</u>	<u>2017</u>
<u>Operating Income (Loss)</u>	\$ (44,005)	\$ (47,646)
<u>Adjustments to Reconcile Operating Income (Loss) to</u>		
<u>Net Cash Provided by (Used in) Operating Activities</u>		
Depreciation	81,140	80,895
Changes in Assets, Liabilities and Deferrals		
(Increase) Decrease in Accounts Receivable	(1,663)	(12,695)
(Increase) Decrease in Due from Other Governments	64	(65)
(Increase) Decrease in Deferred Outflows of Resources	1,884	13,215
Increase (Decrease) in Accounts Payable	13,201	(9,580)
Increase (Decrease) in Accrued Compensated Absences	(469)	641
Increase (Decrease) in Deferred Inflows of Resources	(383)	8,367
Increase (Decrease) in Net Pension Liability	(3,754)	(15,679)
	<u>46,015</u>	<u>17,453</u>
<u>Net Cash Provided by (Used in) Operating Activities</u>	<u>\$ 46,015</u>	<u>\$ 17,453</u>

CITY OF BLACKDUCK, MINNESOTA
MUNICIPAL GOLF COURSE ENTERPRISE FUND
SCHEDULE OF NET POSITION
DECEMBER 31, 2018

With Comparative Amounts For December 31, 2017

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
<u>Current Assets</u>		
Accounts Receivable	\$ 472	\$ -
Prepaid Expenses	3,163	3,163
Total Current Assets	<u>3,635</u>	<u>3,163</u>
<u>Capital Assets</u>		
Land and Buildings	208,712	208,712
Furniture, Fixtures and Equipment	363,705	354,513
	572,417	563,225
Less: Accumulated Depreciation & Amortization	(379,348)	(348,983)
Capital Assets, Net of Depreciation	<u>193,069</u>	<u>214,242</u>
<u>Total Assets</u>	<u>196,704</u>	<u>217,405</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Outflows Related to Pensions	<u>3,864</u>	<u>6,141</u>
<u>LIABILITIES</u>		
<u>Current Liabilities</u>		
Due to Other Funds	82,250	52,936
Current Portion of Bonds Payable	22,000	10,000
Accounts Payable	2,562	1,401
Accrued Interest Payable	1,385	3,213
Total Current Liabilities	<u>108,197</u>	<u>67,550</u>
<u>Long-Term Liabilities</u>		
Bonds Payable, Net of Unamortized Bond Discount	152,673	162,620
Current Portion of Bonds Payable	(22,000)	(10,000)
Net Pension Liability	13,980	21,067
Total Long-Term Liabilities	<u>144,653</u>	<u>173,687</u>
<u>Total Liabilities</u>	<u>252,850</u>	<u>241,237</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Inflows Related to Pensions	<u>3,762</u>	<u>5,434</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	40,396	51,622
Unrestricted	(96,440)	(74,747)
<u>Total Net Position</u>	<u>\$ (56,044)</u>	<u>\$ (23,125)</u>

CITY OF BLACKDUCK, MINNESOTA
MUNICIPAL GOLF COURSE ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018

With Comparative Amounts For The Year Ended December 31, 2017

	2018			2017 Actual
	Original and Final Budget	Actual	Variance - Positive (Negative)	
<u>Sales</u>	\$ 16,700	\$ 14,343	\$ (2,357)	\$ 14,145
<u>Cost of Sales</u>	(9,500)	(9,002)	498	(9,419)
<u>Gross Profit</u>	7,200	5,341	(1,859)	4,726
<u>Operating Revenues</u>	96,250	84,403	(11,847)	74,584
<u>Total Gross Profit and Operating Revenues</u>	103,450	89,744	(13,706)	79,310
<u>Operating Expenses</u>				
Personnel Services	55,425	46,884	8,541	51,627
Utilities	8,300	6,888	1,412	8,158
Supplies and Materials	10,200	9,420	780	13,129
Advertising and Promotion	400	111	289	226
Repairs and Maintenance	-	16,859	(16,859)	9,998
Contracted Services	1,500	500	1,000	530
Insurance	7,000	7,215	(215)	5,672
Depreciation and Amortization	-	21,226	(21,226)	24,071
Other Expenses	18,400	9,960	8,440	9,138
<u>Total Operating Expenses</u>	101,225	119,063	(17,838)	122,549
<u>Operating Income (Loss)</u>	2,225	(29,319)	(31,544)	(43,239)
<u>Non-Operating Revenues (Expenses)</u>				
Interest Expense	(5,429)	(3,600)	1,829	(3,873)
<u>Net Income (Loss)</u>	(3,204)	(32,919)	(29,715)	(47,112)
<u>Net Position, Beginning of Year</u>	(23,125)	(23,125)	-	23,987
<u>Net Position, End of Year</u>	\$ (26,329)	\$ (56,044)	\$ (29,715)	\$ (23,125)

CITY OF BLACKDUCK, MINNESOTA
MUNICIPAL GOLF COURSE ENTERPRISE FUND
SCHEDULE OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018
With Comparative Amounts For December 31, 2017

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>2018</u>	<u>2017</u>
<u>Cash Flows from Operating Activities</u>		
Cash Received from Users and Customers	\$ 98,274	\$ 88,729
Cash Paid to Employees	(53,366)	(57,076)
Cash Paid to Suppliers	<u>(58,794)</u>	<u>(57,064)</u>
Net Cash Provided by (Used in) Operating Activities	<u>(13,886)</u>	<u>(25,411)</u>
<u>Cash Flows from Non-Capital Financing Activities</u>		
Interfund Financing	<u>29,314</u>	<u>31,555</u>
<u>Cash Flows from Capital and Related Financing Activities</u>		
Principal Paid on Bonds Payable	(10,000)	(5,000)
Interest Paid	<u>(5,428)</u>	<u>(1,144)</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(15,428)</u>	<u>(6,144)</u>
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	-	-
<u>Cash and Cash Equivalents, Beginning of Year</u>	<u>-</u>	<u>-</u>
<u>Cash and Cash Equivalents, End of Year</u>	<u>\$ -</u>	<u>\$ -</u>

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

<u>Operating Income (Loss)</u>	\$ (29,319)	\$ (43,239)
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash</u>		
<u>Provided by (Used in) Operating Activities</u>		
Depreciation and Amortization	21,226	24,071
Changes in Assets, Liabilities and Deferrals		
(Increase) Decrease in Accounts Receivable	(472)	-
(Increase) Decrease in Prepaid Expenses	-	(1,106)
(Increase) Decrease in Deferred Outflows of Resources	2,277	9,640
Increase (Decrease) in Accounts Payable	1,161	312
Increase (Decrease) in Deferred Inflows of Resources	(1,672)	2,168
Increase (Decrease) in Net Pension Liability	<u>(7,087)</u>	<u>(17,257)</u>
<u>Net Cash Provided by (Used in) Operating Activities</u>	<u>\$ (13,886)</u>	<u>\$ (25,411)</u>

CITY OF BLACKDUCK, MINNESOTA
MUNICIPAL LIQUOR STORE ENTERPRISE FUND
SCHEDULE OF NET POSITION
DECEMBER 31, 2018

With Comparative Amounts For December 31, 2017

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 192,463	\$ 204,131
Cash on Hand	2,500	2,500
Accounts Receivable	571	12,616
Due from Other Funds	82,250	52,936
Inventory	101,308	97,529
Prepaid Expenses	7,840	7,840
Total Current Assets	386,932	377,552
<u>Capital Assets</u>		
Land and Buildings	355,843	355,843
Furniture, Fixtures and Equipment	65,384	62,288
Other Improvements	67,952	21,898
	489,179	440,029
Less: Accumulated Depreciation	(326,651)	(317,016)
Capital Assets, Net of Depreciation	162,528	123,013
<u>Total Assets</u>	549,460	500,565
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Outflows Related to Pensions	33,813	31,727
<u>LIABILITIES</u>		
<u>Current Liabilities</u>		
Accounts Payable	50,544	51,632
Sales Taxes Payable	10,656	10,348
Accrued Salaries and Wages Payable	3,457	3,457
Total Current Liabilities	64,657	65,437
<u>Long-Term Liabilities</u>		
Accrued Compensated Absences	3,381	125
Net Pension Liability	122,324	108,846
Total Long-Term Liabilities	125,705	108,971
<u>Total Liabilities</u>	190,362	174,408
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Inflows Related to Pensions	32,919	28,078
<u>NET POSITION</u>		
Net Investment in Capital Assets	162,528	123,013
Unrestricted	197,464	206,793
<u>Total Net Position</u>	\$ 359,992	\$ 329,806

CITY OF BLACKDUCK, MINNESOTA
MUNICIPAL LIQUOR STORE ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018

With Comparative Amounts For December 31, 2017

	2018			2017 Actual
	Original and Final Budget	Actual	Variance - Positive (Negative)	
<u>Sales</u>	\$ 946,400	\$ 1,165,173	\$ 218,773	\$ 1,087,340
<u>Cost of Sales</u>	(566,500)	(703,372)	(136,872)	(680,671)
<u>Gross Profit</u>	379,900	461,801	81,901	406,669
<u>Operating Expenses</u>				
Personnel Services	188,649	222,218	(33,569)	187,726
Utilities	35,050	33,778	1,272	34,519
Supplies and Materials	11,750	18,460	(6,710)	15,790
Advertising and Promotion	9,000	11,171	(2,171)	13,349
Repairs and Maintenance	10,000	10,359	(359)	8,261
Contracted Services	7,700	6,500	1,200	13,550
Insurance	22,100	19,579	2,521	20,685
Depreciation	-	13,811	(13,811)	12,990
Other Expenses	35,700	42,892	(7,192)	32,555
Total Operating Expenses	319,949	378,768	(58,819)	339,425
<u>Operating Income</u>	59,951	83,033	23,082	67,244
<u>Non-Operating Revenues (Expenses)</u>				
Interest Income	-	1,240	1,240	-
State Aid	-	949	949	-
Rental Income	7,000	9,964	2,964	7,296
Total Non-Operating Revenues	7,000	12,153	5,153	7,296
<u>Net Income (Loss) Before Operating Transfers</u>	66,951	95,186	28,235	74,540
<u>Operating Transfers</u>				
Transfer To Other Funds	(65,000)	(65,000)	-	(60,000)
<u>Net Income (Loss)</u>	1,951	30,186	28,235	14,540
<u>Net Position, Beginning of Year</u>	329,806	329,806	-	315,266
<u>Net Position, End of Year</u>	\$ 331,757	\$ 359,992	\$ 28,235	\$ 329,806

CITY OF BLACKDUCK, MINNESOTA
MUNICIPAL LIQUOR STORE ENTERPRISE FUND
SCHEDULE OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018
With Comparative Amounts For December 31, 2017

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	2018	2017
<u>Cash Flows from Operating Activities</u>		
Cash Received from Customers	\$ 1,177,218	\$ 1,083,232
Cash Paid to Employees	(202,729)	(179,312)
Cash Paid to Suppliers	(850,670)	(832,917)
Net Cash Provided by (Used in) Operating Activities	123,819	71,003
<u>Cash Flows from Non-Capital Financing Activities</u>		
Transfers To Other Funds	(65,000)	(60,000)
Interfund Financing	(29,314)	(52,936)
State Aid	949	-
Net Cash Provided by (Used in) Non-Capital Financing Activities	(93,365)	(112,936)
<u>Cash Flows from Capital and Related Financing Activities</u>		
Purchase of Property and Equipment	(53,326)	-
<u>Cash Flows from Investing Activities</u>		
Interest Income	1,240	-
Rental Income	9,964	7,296
Net Cash Provided by (Used in) Investing Activities	11,204	7,296
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	(11,668)	(34,637)
<u>Cash and Cash Equivalents, Beginning of Year</u>	204,131	238,768
<u>Cash and Cash Equivalents, End of Year</u>	\$ 192,463	\$ 204,131

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

<u>Operating Income (Loss)</u>	\$ 83,033	\$ 67,244
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash</u>		
<u>Provided by (Used in) Operating Activities</u>		
Depreciation	13,811	12,990
Changes in Assets, Liabilities and Deferrals		
(Increase) Decrease Accounts Receivable	12,045	(4,108)
(Increase) Decrease Inventory	(3,779)	(6,720)
(Increase) Decrease Prepaid Expenses	-	1,193
(Increase) Decrease Deferred Outflows of Resources	(2,086)	27,452
Increase (Decrease) Accounts Payable	(1,088)	(9,149)
Increase (Decrease) Sales Tax Payable	308	1,139
Increase (Decrease) Accrued Compensated Absences	3,256	-
Increase (Decrease) Deferred Inflows of Resources	4,841	15,831
Increase (Decrease) Net Pension Liability	13,478	(34,869)
<u>Net Cash Provided by (Used in) Operating Activities</u>	\$ 123,819	\$ 71,003



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blackduck, Minnesota as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Blackduck, Minnesota's basic financial statements, and have issued our report thereon dated April 19, 2019.

The *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. 6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that the City of Blackduck, Minnesota failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Cities*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City of Blackduck, Minnesota's noncompliance with the above referenced provisions.

This purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

Miller McDonald, Inc.

April 19, 2019
 Bemidji, Minnesota



MILLER MCDONALD, INC.
 Certified Public Accountants
 513 Beltrami Avenue
 P.O. Box 486
 Bemidji, MN 56619
 (218) 751 - 6300
 Fax (218) 751 - 0782
 www.millermcdonald.com

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blackduck, Minnesota as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Blackduck, Minnesota’s basic financial statements and have issued our report thereon dated April 19, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Blackduck, Minnesota’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Blackduck, Minnesota’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Blackduck, Minnesota’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompany schedule of findings and responses as items 2018-001 and 2018-002, that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Blackduck, Minnesota's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Blackduck, Minnesota's Response to Findings

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

Purpose of this Report

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

Miller McDonald, Inc.

April 19, 2019
Bemidji, Minnesota

CITY OF BLACKDUCK, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2018

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

Internal Control

Finding 2018-001: Preparation of Financial Statements

Condition

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

Criteria

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

Effect

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

Cause

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

Recommendation

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

Management's Response – Corrective Action Plan (CAP)

1. Explanation of Disagreement with Audit Finding

There is no disagreement with the audit finding.

CITY OF BLACKDUCK, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2018

2. Actions Planned in Response to Finding

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

3. Official Responsible for Ensuring CAP Implementation

Christina Regas, City Administrator

4. Planned Completion of CAP

Ongoing

5. Plan to Monitor Completion of CAP

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

Finding 2018-002: Segregation of Accounting Duties

Condition

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

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

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

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

Criteria

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

CITY OF BLACKDUCK, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2018

Effect

The impact to the financial statements has not been determined.

Cause

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

Recommendation

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

Management's Response – Corrective Action Plan (CAP)

1. Explanation of Disagreement with Audit Finding

There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding

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

3. Official Responsible for Ensuring CAP Implementation

N/A

4. Planned Completion of CAP

N/A

5. Plan to Monitor Completion of CAP

N/A

RECOMMENDATION

Applicant: Serenity Living Solutions, Inc.

Approve \$100,000 loan to cover gap in insurance reimbursement and traditional financing in rebuilding of facility after fire.

This loan meets the eligibility requirements per the city's revolving loan fund policy and was approved by the loan committee on May 9, 2019.

Proposed terms:

Amount:	\$100,000
Term/Amort:	10 year term with 20 year amortization
Rate:	5.50%
Payment:	Principal and interest payments of \$688.00
Collateral:	4th lien position on facility real estate, subordinate lien on all business assets, corporate guaranty from Five Pines Senior Solutions, Inc., personal guaranties from owners (four individuals)
Fees:	1% commitment fee and out of pocket closing costs
Monitoring:	Annual business tax returns and financial statements

Lead bank is lending an additional \$150,000 and requested the city's participation in the loan.

Contingencies:

- Personal financial statements for owners (requested)
- Written commitment from the bank (requested)
- Clean title work on real estate (bank will pursue and share)
- Insurance verification listing City of Blackduck as a mortgagee and loss payee

ID	Task Mode	Task Name	Duration	Start	Finish	Predecessors	2, '19	May 26, '19	Jun 2, '19	Jun 9, '19	Jun 16, '19
1	✈	Traffic Control	1 day	Fri 5/31/19	Fri 5/31/19		W	T	F	S	S
2	✈	Remove Curb and Gutter	2 days	Mon 6/3/19	Tue 6/4/19	1	F	S	S	M	T
3	✈	Remove Sidewalk	1 day	Wed 6/5/19	Wed 6/5/19	2	F	S	S	M	T
4	✈	Mill 2"	1 day	Thu 6/6/19	Thu 6/6/19	3	F	S	S	M	T
5	✈	Pour Concrete	3 days	Mon 6/10/19	Wed 6/12/19	4	F	S	S	M	T
6	✈	Site Restoration	2 days	Thu 6/13/19	Fri 6/14/19	5	F	S	S	M	T
7	✈	Wear Course 3,B	2 days	Mon 6/17/19	Tue 6/18/19	6	F	S	S	M	T
8	✈	Shouldering	2 days	Wed 6/19/19	Thu 6/20/19	7	F	S	S	M	T
9	✈	Paint	1 day	Fri 6/21/19	Fri 6/21/19	8	F	S	S	M	T
10	✈						F	S	S	M	T

Project: CSAH 47
Date: Thu 5/23/19

Task	Inactive Summary	External Tasks
Split	Manual Task	External Milestone
Milestone	Duration-only	Deadline
Summary	Manual Summary Rollup	Progress
Project Summary	Manual Summary	Manual Progress
Inactive Task	Start-only	
Inactive Milestone	Finish-only	

ID	Task Mode	Task Name	Duration	Start	Finish	Predecessors	'19	May 26, '19	Jun 2, '19	Jun 9, '19
1	✖	Traffic Control	1 day	Mon 6/3/19	Mon 6/3/19		W	T	F	S
2	✖	Remove Curb and Gutter	2 days	Tue 6/4/19	Wed 6/5/19	1	S	M	T	W
3	✖	Remove Sidewalk	1 day	Thu 6/6/19	Thu 6/6/19	2	F	S	S	M
4	✖	Mill 2"	1 day	Fri 6/7/19	Fri 6/7/19	3	T	W	T	F
5	✖	Pour Concrete	2 days	Mon 6/10/19	Tue 6/11/19	4	S	M	T	W
6	✖	Site Restoration	1 day	Wed 6/12/19	Wed 6/12/19	5	F	S	S	M
7	✖	Wear Course 3,B	1 day	Thu 6/13/19	Thu 6/13/19	6	T	W	T	F
8	✖	Paint	1 day	Fri 6/14/19	Fri 6/14/19	7	S	M	T	W

Project: CSAH 92 Beltrami
Date: Thu 5/23/19

Task	Inactive Summary	External Tasks
Split	Manual Task	External Milestone
Milestone	Duration-only	Deadline
Summary	Manual Summary Rollup	Progress
Project Summary	Manual Summary	Manual Progress
Inactive Task	Start-only	
Inactive Milestone	Finish-only	

**Beltrami County Highway Department
Engineer's Estimate**

Project Number: SAP 004-692-004
Project Title or Road Number: CSAH 92 BLACKDUCK
Work Type: BITUMINOUS MILL & OVERLAY

Item No.	Description	Units	Base Bid / Alternate	Quantity	Unit Price	Total Price
NON-PARTICIPATING						
2504.602	ADJUST VALVE BOX	EACH	Base Bid	3.00	\$160.00	\$480.00
2506.502	ADJUST FRAME AND RING CASTING	EACH	Base Bid	4.00	\$650.00	\$2,600.00
2506.602	CONCRETE COLLAR	EACH	Base Bid	4.00	\$700.00	\$2,800.00
Total NON-PARTICIPATING						\$5,880.00
PARTICIPATING						
2021.501	MOBILIZATION	LS	Base Bid	1.00	\$10,000.00	\$10,000.00
2051.501	MAINT & RESTORATION OF HAUL ROADS	LS	Base Bid	1.00	\$500.00	\$500.00
2104.503	REMOVE CURB AND GUTTER	LF	Base Bid	285.00	\$3.75	\$1,068.75
2104.518	REMOVE CONCRETE SIDEWALK	SF	Base Bid	2,210.00	\$6.00	\$13,260.00
2232.504	MILL BITUMINOUS SURFACE (2.0") (P)	SY	Base Bid	9,855.00	\$4.00	\$39,420.00
2360.509	TYPE SP 12.5 WEARING COURSE MIX (3,B)	TON	Base Bid	1,300.00	\$68.00	\$88,400.00
2506.502	CASTING ASSEMBLY	EACH	Base Bid	3.00	\$750.00	\$2,250.00
2506.502	ADJUST FRAME AND RING CASTING	EACH	Base Bid	4.00	\$650.00	\$2,600.00
2506.602	CONCRETE COLLAR	EACH	Base Bid	4.00	\$700.00	\$2,800.00
2521.518	6" CONCRETE WALK	SF	Base Bid	2,185.00	\$7.50	\$16,387.50
2531.503	CONCRETE CURB AND GUTTER DESIGN B624	LF	Base Bid	285.00	\$25.00	\$7,125.00
2531.618	TRUNCATED DOMES	SF	Base Bid	144.00	\$45.00	\$6,480.00
2563.601	TRAFFIC CONTROL	LS	Base Bid	1.00	\$3,500.00	\$3,500.00
2575.602	SITE RESTORATION	EACH	Base Bid	10.00	\$425.00	\$4,250.00
2580.503	INTERIM PAVEMENT MARKING (P)	LF	Base Bid	160.00	\$3.00	\$480.00
2582.503	4" SOLID LINE PAINT (P)	LF	Base Bid	2,810.00	\$0.12	\$337.20
2582.503	4" SOLID LINE PAINT	LF	Base Bid	2,710.00	\$0.12	\$325.20
2582.503	24" SOLID LINE PAINT	LF	Base Bid	48.00	\$6.00	\$288.00
2582.518	PAVEMENT MESSAGE PAINT (P)	SF	Base Bid	4.00	\$4.00	\$16.00
2582.518	CROSSWALK PAINT	SF	Base Bid	486.00	\$5.00	\$2,430.00
Total PARTICIPATING						\$201,917.65
Total						\$207,797.65

Certified By:  License No. 26825
Date: 2/15/19

**Beltrami County Highway Department
Engineer's Estimate**

Project Number: SAP 004-647-006
Project Title or Road Number: CSAH 47 BLACKDUCK
Work Type: BITUMINOUS MILL & OVERLAY

Item No.	Description	Units	Base Bid / Alternate	Quantity	Unit Price	Total Price
NON-PARTICIPATING						
2504.602	ADJUST VALVE BOX	EACH	Base Bid	3.00	\$160.00	\$480.00
2506.502	ADJUST FRAME AND RING CASTING	EACH	Base Bid	1.00	\$650.00	\$650.00
2506.602	CONCRETE COLLAR	EACH	Base Bid	1.00	\$700.00	\$700.00
Total NON-PARTICIPATING						\$1,830.00
PARTICIPATING						
2021.501	MOBILIZATION	LS	Base Bid	1.00	\$10,000.00	\$10,000.00
2051.501	MAINT & RESTORATION OF HAUL ROADS	LS	Base Bid	1.00	\$500.00	\$500.00
2104.503	REMOVE CURB AND GUTTER	L F	Base Bid	100.00	\$3.75	\$375.00
2104.518	REMOVE CONCRETE SIDEWALK	S F	Base Bid	385.00	\$6.00	\$2,310.00
2221.509	SHOULDER BASE AGGREGATE CLASS 1	TON	Base Bid	100.00	\$12.50	\$1,250.00
2232.504	MILL BITUMINOUS SURFACE (2.0") (P)	S Y	Base Bid	12,075.00	\$4.00	\$48,300.00
2360.509	TYPE SP 12.5 WEARING COURSE MIX (3,B)	TON	Base Bid	1,500.00	\$68.00	\$102,000.00
2506.502	CASTING ASSEMBLY	EACH	Base Bid	3.00	\$750.00	\$2,250.00
2521.518	6" CONCRETE WALK	S F	Base Bid	480.00	\$7.50	\$3,600.00
2531.503	CONCRETE CURB AND GUTTER DESIGN B624	L F	Base Bid	100.00	\$25.00	\$2,500.00
2531.618	TRUNCATED DOMES	S F	Base Bid	74.00	\$45.00	\$3,330.00
2563.601	TRAFFIC CONTROL	LS	Base Bid	1.00	\$3,500.00	\$3,500.00
2575.602	SITE RESTORATION	EACH	Base Bid	3.00	\$425.00	\$1,275.00
2580.503	INTERIM PAVEMENT MARKING (P)	L F	Base Bid	490.00	\$3.00	\$1,470.00
2582.503	4" SOLID LINE PAINT (P)	L F	Base Bid	4,352.00	\$0.12	\$522.24
2582.503	4" SOLID LINE PAINT	L F	Base Bid	3,400.00	\$0.12	\$408.00
2582.503	4" SOLID LINE PAINT	L F	Base Bid	30.00	\$0.12	\$3.60
2582.503	24" SOLID LINE PAINT	L F	Base Bid	24.00	\$6.00	\$144.00
2582.503	4" BROKEN LINE PAINT	L F	Base Bid	210.00	\$0.12	\$25.20
2582.518	PAVEMENT MESSAGE PAINT (P)	S F	Base Bid	4.00	\$4.00	\$16.00
Total PARTICIPATING						\$183,779.04
Total						\$185,609.04

Certified By: _____ License No. _____

Date: _____

BLACKDUCK MUNICIPAL

LIQUOR STORE

CONDUCT POLICY

Customers in the Municipal Liquor Store will adhere to the following Conduct Policies:

1. No abusive language or harassment toward employees or customers.
2. No pushing, fighting or hostile physical contact will be tolerated.
3. Customers will immediately refrain from any conduct that management feels is inappropriate.

A violation of the conduct policies as determined by management shall result one of the following:

1. The Customer will not be allowed in the establishment for a period of time to be determined by the management, which may be from Thirty (30) days to a permanent ban.
2. Any appeal to the removal must be made to the city council within thirty (30) days of notice.
3. Any customer returning to the establishment during the period of removal will be charged with criminal trespass.



Beltrami County Solid Waste
751 Industrial Park Dr SE
Bemidji, MN 56601
(218) 333-8187

May 15, 2019

BELTRAMI COUNTY TOWNSHIPS AND CITIES

MAY 21 2019

To whom this may concern;

This letter is to help you be more informed on Solid Waste activities within the County, and to ask for your help.

We are experiencing an increase in overall Solid Waste within Beltrami County. For example, in 2018, Beltrami County generated 2,609 *more* tons of Municipal Solid Waste than it did in 2017. In an effort to keep our overall disposal costs down, we all need to do our part. The Solid Waste fee that is collected from residential property tax is used to pay for the current services the County provides its residents:

- 5 Remote Transfer Sites (Ten Lakes, Fourtown, Island Lake, Pinewood, and Waskish)
- 2 Transfer Stations (Blackduck and Bemidji)
- 3 Recycle Drop Off Sites (Northdale Oil – across from Tom Stop, Old Fair Grounds behind Target, City of Blackduck)
- Annual Remote Transfer Site Collection Events at 4 Rural Sites
- A Service Contract that includes the transportation of all waste to and from these facilities, and all Facility Operations, including routine maintenance of all sites (currently, Waste Management has the contract to provide this service through December 31, 2019). The Service Provider did not change when Beltrami County purchased and updated the equipment and facilities. The service provided should now be even better because of these new assets.
- Transportation of all waste to Disposal Facilities

Businesses currently do not pay a Solid Waste fee on their property tax. Businesses are invoiced and are required to pay for the amount of waste they produce. Businesses that decide to do Single-Sort Recycling pay nothing for disposal of their recycling. Separating and recycling what can be recycled can reduce a business's Solid Waste fee considerably, depending on the business.

1. Townships and Cities that decide to conduct cleanup events:

- a. You can accept the items listed below, as long as it is "separated", free of charge. These free items must have been used for "residential use only" and come from a Beltrami County residence that has been assessed a Solid Waste fee. The collection, storage, and transportation is also critical, due to safety and environmental concerns. In order to be fair to all residents and businesses that are paying to cover the cost of solid waste, the county will have no choice but to charge for Loads of materials that come in mixed (not separated). Those loads will be charged a \$140 per ton Bypass fee in the future. Either the township, or the city, will be invoiced for these mixed materials loads.

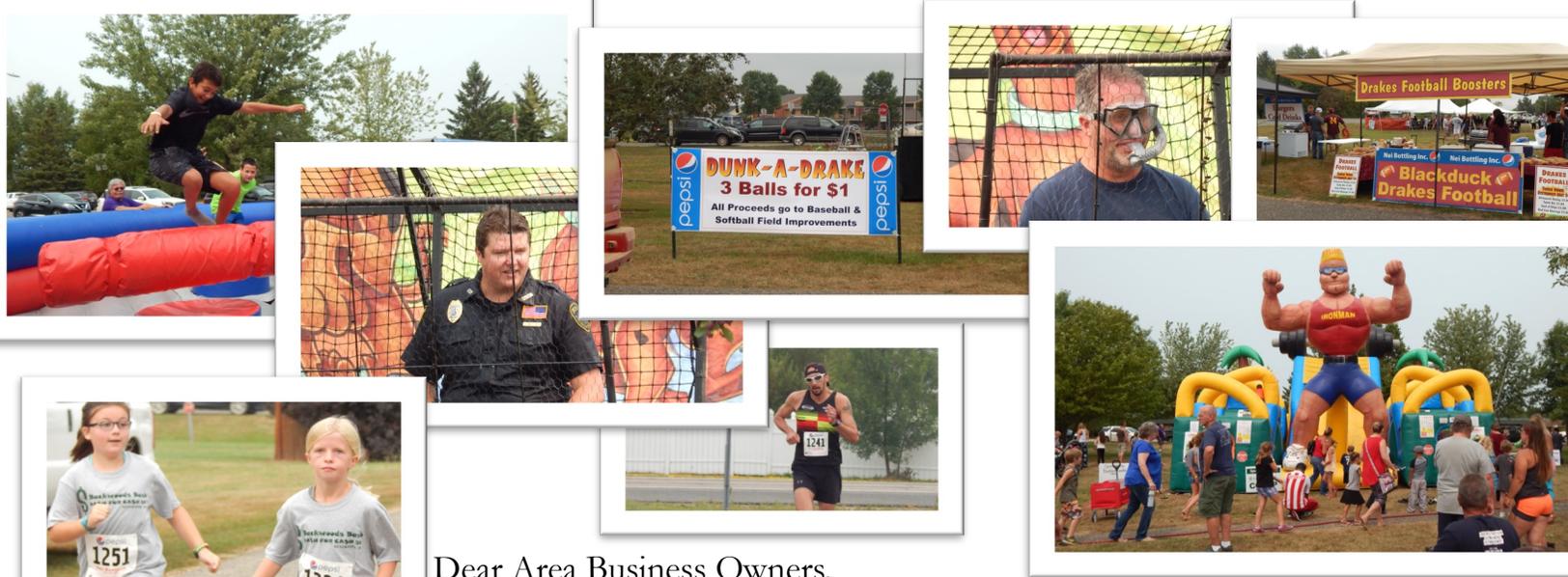
- Household waste (Must be in an approved container, leak-proof) (Ordinance 13)
- Batteries to include: Lead Acid, Rechargeable, Lithium (Packed Separately)
- Scrap Metal
- E-Waste (Electronics, TVs, Computers, anything with a circuit board) - must be transported so the screens don't break

- HHW (Must be in a Leak proof Container, and separated)
 1. Paints
 2. Any type of Chemicals/Free Liquids/Oil
 - LED/Florescent Light bulbs
 - Appliances (Specifically, fridges must be transported upright not to damage the coolant system so it can be evacuated properly and not harm the environment, {State Statute 115A.9561})
 - Ballasts must be removed from light fixtures (State Statute 115A.9561)
 - Tires (Commercial/Farm Tires have disposal fee)
- b. The current fee schedule is listed on the Beltrami County Website, if you wish to accept items not on the list above. Example: Disposal fee for a Couch is \$6 to \$12. The cubic yardage is determined on the dismantled/unassembled size of an item.
- c. We have had one Township and one City conducted clean-up event, that I am aware of, this year. I do commend you on your initiative, but want to give a caution that will protect you and the County. Both parties did not sort the materials, and collected items that are not free, and potentially from non-residence. This not only puts a financial burden on the County and its Residents, but possibly could cause a safety and/or environmental cleanup concern as well. Liability would fall on the event organizer. Once a resident gives an item to the collector, the collector takes responsibility, which includes storage and transportation.
2. I have included the 2019 Solid Waste Brochure that was sent out the weekend before Earth Day, and is also available in digital form on the Beltrami County Website.
3. How can you help?
- a. Educate:
 - Use the Beltrami County (Solid Waste) Website, and Ordinances for a reference
 - Ask your residents to store waste in approved containers
 - Report, and/or clean up, Illegal Dumping
 - Help keep the remote sites clean and operational. Convenience comes with a cost (will these sites need to have an attendant present when they are open?):
 1. Sites have been having increased illegal dumping of items that are not acceptable this spring, either in the compactors or on the ground
 2. Waskish had a fire in one garbage compactor (May 15), cause unknown (kitchen waste shouldn't self-ignite)
 3. Garbage in recycling containers is not OK
 - b. Conduct cleanup events to clean up public areas within your boundaries

I look forward to working with all of you. I truly have a passion to make Beltrami County a leader in environmental stewardship. I believe we can do better. If you have any further questions, please feel free to call 218-333-8187, or email me at brian.olson@co.beltrami.mn.us . Thank you.

Sincerely,

Brian Olson, Manager
Beltrami County Solid Waste



Dear Area Business Owners,

On behalf of the Blackduck Area Chamber of Commerce, we would like to request a donation for the 15th Annual Backwoods Bash in Blackduck on August 17, 2019.

Each year our committee works hard to bring new activities to the Bash. The events this year will be kicked off on Friday evening with Choice Therapy's Brat Feed! Then get up bright and early Saturday Morning and run or walk the Backwoods Bash 5K! After the annual Parade through downtown the Wayside Rest Park will be hopping with activities for all ages! Bash events in the planning include kids Bounce Houses, Mechanical Bull Ride, Teen Activities, Bean Bag Tournament, and Pie-Eating Contest! We will tie the day up with the annual Talent Show this year honoring Crystal Kjelberg Sunell; and an evening Party at the Pond. Last but not least join us on Sunday for the annual Drake's Golf Scramble at the Blackduck Golf Course! We hope that many of our community organizations participate in this event, whether it is by hosting an event, participating in the parade, and/or assisting financially.

We need your help to continue the planning and fun. The committee hopes to raise \$5,000 in order to provide as many activities as possible and keep the cost to participants low. All of our sponsors will be listed on promotional materials including flyers, brochures and radio. Any business that donates \$300 and over will also be included in any television advertising and this year have logo space on the Dash souvenir T-shirts.

Please mail any donations by July 15th, 2019.

Thank you for your consideration and your support of our Community Wide Celebration, where the goal is to provide family fun and activity! If you have any questions, please contact any of the Bash Committee. Donations can be mailed to the Chamber – P.O. Box 373, Blackduck, MN 56630.

Your 2019 Bash Committee:

- | | | | | | | | |
|--------------|----------|------------------|----------|------------------|----------|-----------------|----------|
| Heidi Landis | 835-5610 | Lori Lundberg | 835-5665 | Misty Frenzel | 368-2746 | Meg Lien | 835-8800 |
| Nayda Jensen | 239-6040 | Steph Rockensock | 766-4958 | Sarah Ruffing | 553-0129 | Christina Regas | 368-9394 |
| Meghan Klien | 368-5036 | Tiffany Ross | 308-0719 | Mary Larsen | 766-9931 | Jake Lien | 239-0166 |
| Brooke Lien | 556-5683 | Natasha Stadstad | 214-2833 | Lauren Vantassel | 239-0004 | | |

