



# AGENDA

## Blackduck City Council Meeting

6:00 PM - Monday, October 5, 2020  
 City Hall, 8 Summit Drive, Blackduck MN

		Page
1.	CALL TO ORDER	
	a. Roll Call	
	b. Pledge of Allegiance	
2.	APPROVAL OF AGENDA	
3.	APPOINTMENT OF CITY COUNCIL MEMBER NICHOLAS SEITZ	
	a. Council Consideration - Resolution 2020-31 - Resolution appointing Nicholas Seitz to serve the term of the vacant council member seat through December 31, 2020; or when the 2020 General Election results have been finalized <a href="#">2020-31 Resolution appointing Nicholas Seitz to serve the term of the vacant council member seat through Nicholas Seitz</a>	5 - 6
	b. Oath of Office - Swearing in Councilor Nicholas Seitz	
4.	CONSENT AGENDA	
	<i>All items listed under the Consent Agenda, unless removed from the Consent Agenda shall be approved by one Council motion.</i>	
	a. September 8, 2020 Blackduck City Council Meeting Minutes <a href="#">Council - Sep 08 2020 - Minutes - Pdf</a>	7 - 12
	b. September 14, 2020 Blackduck City Council Public Hearing Meeting Minutes <a href="#">Council - Public Hearing - Sep 14 2020 - Minutes - Pdf</a>	13 - 15
	c. September 16, 2020 Blackduck Golf Board Meeting Minutes <a href="#">Golf Board Meeting 16 Sept 2020</a>	16 - 17
	d. September 17, 2020 Kitchigami Regional Library Board Meeting Packet includes July 2020 Meeting Minutes <a href="#">2020.0917 KRLS Board Packet</a>	18 - 91
	e. Kitchigami Regional Library Financial Statements for 2019 <a href="#">Audit Kitchigami Regional Library 2019</a>	92 - 151
	f. September 21, 2020 Blackduck City Council Work Session Minutes <a href="#">Council - Work Session - Sep 21 2020 - Minutes - Pdf</a>	152 - 155
	g. September 28, 2020 Blackduck City Council Special Meeting Minutes <a href="#">Council - Sep 28 2020 - Minutes - Pdf</a>	156 - 157
	h. September 2020 Fund Balance Report & CARES Funding Transfers to City Departments <a href="#">2020 Fund Balance Report</a>	158
	i. September 2020 Bill Batch Report	159 - 160

[September bills](#)

j.	September 2020 Sewer Income Statement <a href="#">September 2020 Sewer Income Statement</a>	161
k.	September 2020 Water Income Statement <a href="#">September 2020 Water Income Statement</a>	162
l.	September 2020 Pine Tree Park Income Statement <a href="#">September 2020 Pine Tree Park Income Statement</a>	163
m.	September 2020 Golf Course Income Statement <a href="#">September 2020 Golf Income Statement</a>	164 - 165
n.	September 2020 Liquor Store Income Statement <a href="#">September 2020 Liquor Store income statements</a>	166 - 167
o.	August 2020 Lawful Gambling Report from the Blackduck Firemen's Relief <a href="#">LG216 08-2020</a>	168
p.	Final Approval - October Full Time new hires <a href="#">October 2020 new hires approval</a>	169
q.	Final Approval - Contract with HRDC to provide COVID Business Assistance Program <a href="#">HRDC contract signed</a>	170 - 172
r.	Final Approval - 2021 Waste Management Service Agreements for The Pond, Pine Tree Park, and Blackduck Golf Course <a href="#">BLACKDUCK CITY OFPARK 1-12</a> <a href="#">BLACKDUCK CITY OFPOND LIQUOR 1-12</a> <a href="#">BLACKDUCK GOLF COURSE 1-12</a>	173 - 181
s.	Final Approval - Use of Deadly Force Police Policy - MN Statute 626.8452 - Updated <a href="#">Use of Force &amp; Deadly Force policy update 10-5-2020</a>	182 - 186
t.	Final Approval - State Police Aid 2020 <a href="#">Police Aid 2020</a>	187
u.	Final Approval - Ehlers Potential Refunding of Existing Bonds - September 30, 2020 - City of Blackduck <a href="#">City of Blackduck Refunding Analysis 20200930 112403</a>	188 - 189
v.	Final Approval - CARES Funding Report for City of Blackduck - September <a href="#">BlackduckCity October2020</a>	190
w.	Final Approval - Blackduck Floral & Gifts Revolving Loan Payoff - October 1, 2020 <a href="#">Krabbenhoft RLF Payoff</a>	191 - 203

5. BLACKDUCK FORUM

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

6. REPORTS OF COMMITTEES AND CITY STAFF

- 6.1. Public Works Report - Mike Schwanke, Public Works Supervisor
  - a. Tentative Closing Date Campground - October 11, 2020
- 6.2. Liquor Store Report - Shawnda Lahr, Liquor Store Manager
- 6.3. Law Enforcement Report - Jace Grangruth, Police Chief
- 6.4. Fire Department Report - Brian Larson, Fire Chief
- 6.5. Golf Course Report - Jim Andersen, Golf Course Superintendent & Pam Exner, Club House Manager
- 6.6. Library Report - Kelly Hanks, Head Librarian
  - a. October 20, 2020 @ 6pm Blackduck Library Board Meeting
- 7. ADMINISTRATOR'S REPORT
  - a. Approval Needed - Resolution 2020-29 - Resolution approving an assessment for past due utility charges 204  
[2020-29 Resolution approving an assessment for past due utility charges](#)
  - b. Approval Needed - Memorandum of Understanding between Blackduck Stumpjumpers and City of Blackduck - official assurance land being acquired for use and will be immediately available for use to the public for no less than twenty (20) years. 205 - 206  
[MOU Blackduck City of and Blackduck stumpjumpers](#)
  - c. Donation Request - 207 - 208  
 Blackduck Art and History Center Liability Insurance  
[Blackduck History and Art Center Donation Request](#)
  - d. October 9, 2020 2-5pm & October 10, 2020 10-1pm - Blackduck Equity Training 209  
[Blackduck Equity Training v2](#)
  - e. October 19, 2020 6pm - Blackduck City Council Work Session
  - f. November 3, 2020 - General Election Polls open 7am - 8pm
  - g. November 9th, 2020 6pm - Blackduck City Election Canvass Board (*before regular council meeting*)
  - h. November 9, 2020 @ 6pm - Blackduck City Council Regular Meeting
  - i. November 11, 2020 - Veteran's Day - Government Offices Closed
- 8. MAYOR AND/OR COUNCIL MEMBER REPORTS
- 9. COMMUNITY EVENTS/GOOD THINGS HAPPENING
  - a. October 25, 2020 - Blackduck Chamber of Commerce Bingo Event
  - b. October 14, 2020 11am - Blackduck Development Corporation Meeting - City Hall
  - c. October 21, 2020 @ Noon - Blackduck Chamber of Commerce Meeting - Hungry Duck Restaurant
  - d. October 21, 2020 2pm - Blackduck Planning Commission Meeting - City Hall
- 10. ADJOURNMENT





# CITY OF BLACKDUCK RESOLUTION NO: 2020-31

## **RESOLUTION APPOINTING NICHOLAS SEITZ TO SERVE THE TERM OF THE VACANT COUNCIL MEMBER SEAT THROUGH DECEMBER 31, 2020; OR WHEN 2020 GENERAL ELECTION RESULTS HAVE BEEN FINALIZED**

**WHEREAS**, the Blackduck City Council by Resolution declared a vacancy effective September 8, 2020 for the Special Council Member seat following the certification of the City of Blackduck 2020 General Election;

**AND WHEREAS**, the City of Blackduck seeks to appoint an individual to fill the existing term of the vacant council member seat through December 31, 2020;

**AND WHEREAS**, Nicholas Seitz has applied to fill the vacant council member seat through December 31, 2020;

**NOW THEREFORE BE IT RESOLVED**, that Nicholas Seitz is appointed City Council member to serve the existing term of the vacant seat.

Adopted by the City Council of the City of Blackduck on October 5, 2020.

---

Maxwell Gullette, Mayor

---

Christina Regas – City Administrator

Nicholas Seitz  
273 Margaret Ave NW  
Blackduck, MN 56630

To Whom it may concern:

My name is Nicholas Seitz. I have lived in the city of Blackduck for the last four years. I have two daughters with my supportive wife who runs a daycare in town. I work for the Bemidji School District in the grounds and maintenance department. I would like to run for city council to make my town a better place and try to get more people involved. I think I could add value to the city council and the community. I have many talents and can work with a wide range of people. I would consider it a privilege to be on the city council and make our town a better place to live.

Thank you-

Nicholas Seitz

**SEP 28 2020**



# MINUTES

## Council Meeting

6:00 PM - Tuesday, September 8, 2020  
City Hall, 8 Summit Drive, Blackduck MN

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

**COUNCILORS PRESENT:** Councilor Jason Kolb, Mayor Maxwell Gulette, and Councilor Sheldon Ostlund

**COUNCILORS EXCUSED:**

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

**OTHERS PRESENT:** Kaydre Gulette, and Jennifer Parker of the Blackduck American

### 1. CALL TO ORDER

- a. Roll Call  
Vice-Mayor Gulette called the meeting to order at 6:00pm.
- b. Pledge of Allegiance  
Vice-Mayor Gulette led the meeting with the pledge of allegiance.

### 2. APPROVAL OF AGENDA

a.

Jason Kolb moved to approve the agenda as presented Sheldon Ostlund seconded the motion.

Carried 3 to 0

Jason Kolb	For
Maxwell Gulette	For
Sheldon Ostlund	For

### 3. RESIGNATION OF MAYOR MOORE & APPOINTMENT OF VICE-MAYOR GULLETTE

- a. Resolution 2020-24 - Resolution Accepting Resignation and Declaring a Vacancy

Jason Kolb moved to approve Resolution 2020-24 Sheldon Ostlund seconded the motion.

Carried 3 to 0

Jason Kolb	For
------------	-----

Maxwell Gullette For  
Sheldon Ostlund For

- b. Resolution 2020-25 - Resolution appointing Vice-Mayor Maxwell Gullette to serve the term of the resigning Mayor through December 31, 2020; or when 2020 General Election results have been finalized

Jason Kolb moved to approve Resolution 2020-25 Sheldon Ostlund seconded the motion.

Carried 3 to 0

Jason Kolb For  
Maxwell Gullette For  
Sheldon Ostlund For

- c. Oath of Office - Swearing in of Mayor Maxwell Gullette  
Administrator Regas swore in Mayor Gullette.

**4. CONSENT AGENDA**

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

- a. August 10, 2020 Blackduck City Council Meeting Minutes
- b. August 14, 2020 Finance Committee Meeting Minutes
- c. August 17, 2020 Public Safety Committee Meeting Minutes
- d. August 19, 2020 Blackduck Planning Commission Meeting Minutes
- e. August 20, 2020 Blackduck Fire Department Annual Meeting of Townships Minutes
- f. August 21, 2020 Finance Committee Meeting Minutes
- g. August 28, 2020 Finance Committee Meeting Minutes
- h. August 31, 2020 Blackduck City Council Work Session Minutes
- i. September 1, 2020 Personnel Meeting Minutes -
- j. August 2020 Fund Balance Report & CARES Funding Transfers to City departments
- k. August 2020 Bill Batch Report
- l. August 2020 Sewer Income Statement
- m. August 2020 Water Income Statement
- n. August 2020 Pine Tree Park Income Statement
- o. August 2020 Golf Course Income Statement
- p. August 2020 Liquor Store Income Statement
- q. July 2020 Lawful Gambling Report from the Blackduck Firemen Relief
- r. Final Approval - 2021 City of Blackduck Insurance Pool Renewal
- s. Final Approval - September Part time new hires
- t. Final Approval - Deerwood Bank Interest Rate update City of Blackduck Official Depository
- u. Final Approval - 2021 Labor Agreement between the City of Blackduck and International Union of Operating En gineers, Local 49-AFL-CIO
- v. Final Approval - CARES Funding Report for City of Blackduck - March 2020 - August

Jason Kolb moved to approve the consent agenda as presented Sheldon Ostlund seconded the motion.

Carried 3 to 0

Jason Kolb	For
Maxwell Gullette	For
Sheldon Ostlund	For

w.

**5. BLACKDUCK FORUM**

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

- a. No one was present to speak on behalf of the Blackduck Forum.

**6. REPORTS OF COMMITTEES AND CITY STAFF**

- a. Public Safety Committee Report

Regas reported the committee's meeting with the neighborhood requesting their alley being posted as a No-Thru traffic alley. Regas stated she has requested the City Attorney work on revising the City Ordinance to make all alley-ways in the City No-Thru traffic. Regas further stated the committee recommended if the neighbors of a adjoining alley requested the alley be posted with signage it would be at the cost of the property owners and the City would erect the signs. Mayor Gullette asked if every alley in the city would be signed. Regas stated not the signage but by revising the ordinance then no thru-traffic would be 'global'. Chief Grangruth stated that the only alleys that the ordinance would be enforceable would be those that have signage. Grangruth further stated that without the signage his department can't enforce it. Grangruth stated that if property owners wish to have it posted and wish to pay for it then the city can enforce it. Councilor Kolb asked if the signage is then on the property owners cost including the costs for maintenance to put them up and care for them. Regas stated that was not discussed. Grangruth stated that was beyond the public safety committee and should be the decision of the city council and having the public works department involved in the decision is important too. Schwanke stated he is 100% against posting signage in the alleys. Schwanke stated so many of alleys are so tight now it is very difficult to plow them in the winter once signage is added it will be worse since there will need to have signs at both ends of the alley. Schwanke stated he can't see that there is this much of an issue that closing down an alley is needed. Councilor Kolb asked Chief Grangruth how many police calls his department has seen that have been in violation of the use of that alley. Grangruth stated his department has not had calls and stated he is not going to argue with the property owners that live there, his department has not taken any calls. Grangruth further stated he does not understand why the alley in question would ever be used. Councilor Ostlund stated it is a short cut and is used that way that is near his home. Schwanke stated he can understand that alley being used. Grangruth further stated his department doesn't get calls for everything. Schwanke asked the council to consider who's responsibility it will be when the signs are taken out by the snow plow. Schwanke further stated he does not think the city should move forward with the signage. Councilor Ostlund stated he spoke to residents in his neighborhood and reported that although the signage would be nice to have they do not believe it is

necessary.

Regas asked for Council decision on the recommendations of the committee: Mayor Gullette stated he is not in favor of it. Councilors Kolb and Ostlund also stated they are not in favor of the signage. Regas stated for clarification it is the City's decision to not amend the City Ordinance and not to allow the signage to be erected. Mayor Gullette confirmed. Regas stated a letter would be drafted to the residents that requested the signage in the petition the decision of the City Council. Nothing further.

**6.1. PUBLIC WORKS REPORT - MIKE SCHWANKE, PUBLIC WORKS SUPERVISOR**

6.1.1. Approval Needed - City Street Map Review & Corrections - Beltrami County GIS Director

Schwanke requested the City Council members to review the map provided from Beltrami County GIS Director and sign off. Nothing further.

6.1.2. Report -

Schwanke reported the renovations at Pine Tree Park were coming along nicely. Mayor Gullette asked the status of the tree down on 3rd Street SE near a powerline. Schwanke stated he has notified Beltrami Electric to respond.

**6.2. LIQUOR STORE REPORT - SHAWNDA LAHR, LIQUOR STORE MANAGER**

6.2.1. Report -

Lahr had nothing new to report.

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

6.3.1. Report -

Grangruth stated his department will be starting using the body camera this week and will have more reporting requirements to comply with.

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

6.4.1. Report -

Regas stated Chief Larson has not reported the status of Engine #2 at this time or a cost estimate. Regas further reported that Kelliher Fire and Bemidji Fire are on standby.

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

6.5.1. Report -

Regas had nothing new to report. Regas stated sales are up over 2019 and so far this is the best year the course has had. Mayor Gullette asked when the grass seed will be planted near the cart shed. Regas stated the retaining wall still has some finishing to do before.

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

6.6.1. September 15, 2020 @ 6pm - Blackduck Library Board Meeting

6.6.2. September 17, 2020 @ 6pm - Kitchigami Regional Library Board Meeting - Pine River

6.6.3. Report -

Mayor Gullette stated that Danielle's last day was Friday, September 4, 2020 and the Library is hiring now.

**7. ADMINISTRATOR'S REPORT**

- a. Approval Needed - Resolution 2020-26 - Resolution accepting signature card authorization to new City Mayor

Jason Kolb moved to approve Resolution 2020-26 Sheldon Ostlund seconded the motion.

Carried 3 to 0

Jason Kolb For  
Maxwell Gullette For  
Sheldon Ostlund For

- b. Approval Needed - Resolution 2020-27 - Resolution declaring a vacancy for the seat of Councilor due to appointment of Vice-Mayor Gullette to fill the seat of Mayor through December 31, 2020; or when 2020 General Election results have been finalized.

Jason Kolb moved to approve Resolution 2020-27 Sheldon Ostlund seconded the motion.

Carried 3 to 0

Jason Kolb For  
Maxwell Gullette For  
Sheldon Ostlund For

- c. Approval Needed - Resolution 2020-01 Revised - Resolution of annual appointments and designations for 2020

Jason Kolb moved to approve Revised Resolution 2020-01-5 with Councilor Kolb serving as Vice-Mayor, Councilor Ostlund on the Personnel Committee; Mike Schwanke to fill the vacancy on the Public Safety Committee; and Mayor Gullette to fill the vacancy on the Golf Board Sheldon Ostlund seconded the motion.

Carried 3 to 0

Jason Kolb For  
Maxwell Gullette For  
Sheldon Ostlund For

- d. Consideration & Approval Needed - CARES Funding Recommendations - Blackduck Ambulance - \$5,000 - to cover payroll for public health & personal protective equipment  
Small Business Assistance Grants - \$20,000 - program supported by HRDC - Ryan Zemek, Administrator

Regas provided a recommendation to the City Council to grant City CARES Funding to the Blackduck Ambulance in the amount of \$5,000 and to earmark \$20,000 for Economic Grants to local businesses. Regas requested a City Council sit on a committee to develop the economic grant program and to assist in awarding the funding. Councilor Ostlund stated he could assist with the grant program.

Maxwell Gullette moved to approve the recommendation of the City Administrator to grant \$5,000 of the CARES funding to the Blackduck Ambulance and earmark \$20,000 for economic grants to local Blackduck businesses from the remaining Blackduck CARES funding Sheldon Ostlund seconded the motion.

Carried 3 to 0

Jason Kolb	For
Maxwell Gullette	For
Sheldon Ostlund	For

- e. September 14, 2020 @ 6pm - Blackduck City Council Public Hearing - Building Remodeling & Rebuilding CIP - City Hall  
Councilor Kolb asked Regas if the City has had any comments from property owners regarding the public hearing. Regas stated she has had no public questions.
- f. 2020 General Election Early Voting - September 18, 2020 - November 2, 2020
- g. September 21, 2020 @ 6pm - Blackduck City Council Work Session - City Hall
- h. September 28, 2020 @ 6pm - Blackduck City Council Special Council Meeting - Certify Proposed 2021 Levy  
Mayor Gullette called a Special Council Meeting on September 28, 2020 @ 6pm to Certify the Proposed Levy for 2021.

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

- a. Mayor Gullette thanked the Blackduck School staff for successfully starting the 2020-2021 school year and asked the public to please stop for school buses.

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

- a. September 9, 2020 @ 11am - Blackduck Development Corporation - City Hall
- b. September 16, 2020 @ Noon - Blackduck Area Chamber of Commerce - The Pond
- c. September 16, 2020 @ 2pm - Blackduck Planning Commission Meeting - City Hall

**10. ADJOURNMENT**

- a.

Maxwell Gullette moved to adjourn the city council meeting at 6:44pm Jason Kolb seconded the motion.

Carried 3 to 0

Jason Kolb	For
Maxwell Gullette	For
Sheldon Ostlund	For

---

City Administrator, Christina Regas

---

Mayor Maxwell Gullette



# MINUTES

## Council - Public Hearing Meeting

6:00 PM - Monday, September 14, 2020  
City Hall, 8 Summit Drive, Blackduck MN

---

The Council - Public Hearing of the City of Blackduck was called to order on Monday, September 14, 2020, at 6:00 PM, in the City Hall, 8 Summit Drive, Blackduck MN, with the following members present:

**COUNCILORS PRESENT:** Mayor Maxwell Gullette, Councilor Sheldon Ostlund, and Councilor Jason Kolb

**COUNCILORS EXCUSED:**

**STAFF PRESENT:** Police Chief Jace Grangruth, City Administrator Christina Regas, and Public Works Supervisor Mike Schwanke

**OTHERS PRESENT:** Jennifer Parker, Blackduck American, Gail Levenson, Wideseth, Christian Shafer, RRM, Todd Hagen, Ehlers

### 1 CALL TO ORDER

- a) Mayor Gullette called the meeting to order at 6:00pm. Mayor Gullette requested all present that have comments or questions to speak up and clearly for the record.

### 2 PUBLIC HEARING AGENDA

- a) Capital Improvement Plan in connection with the New Public Works/Public Safety Building - City of Blackduck, MN  
Todd Hagen presented to the public hearing a summary of the need for a public works/public safety building and the financing options associated with the project. Hagen stated the City is reviewing the option of using USDA funding for the project. Hagen stated the reason for the public hearing is to receive public comment on the project and funding.  
Hagen stated that after the public hearing is complete if the City Council agrees a preliminary approval can be voted upon. Hagen further reported that no issuance of bonding will be approved at the public hearing only questions and answers from the public are to be addressed.
- b) Estimated Cost for Project  
Hagen stated the proposed project cost would be \$1.1 million and \$465,000 in utility bonding since 30% of the project would be utilized by the sewer and water funds.
- c) General Questions & Answers from Public  
Mayor Gullette called for questions from the public.

No questions asked.

Mayor Gullette called for questions from the public a second time.

No questions asked.

Mayor Gullette called for questions from the public a third time.

Rudy Patch - Are the plans drawn up already or started?

Regas - No, the process to approve bonding is the stage the City is in.

Rudy Patch - When would the soonest ground breaking could start?

Hagen - Once bonding is approved, and plans begin it can move pretty fast, however the City must wait until October 14, 2020 to move forward next. Hagen stated it can take up to 2 months for financing to complete. Hagen stated the budget needs to work tight to have little tax impact to the tax payers. Hagen stated a Spring bidding time frame is realistic.

Mayor Gullette called for questions from the public a fourth time.

Jennifer Parker - What will the tax impact be?

Hagen - Close to \$0. There is a bond that drops off in 2023 that will take most of the tax impact so around \$14,000 that will need to be applied to the levy. Hagen stated it will be minimal impact to the tax payers and it won't be until after 2023.

Mayor Gullette called for questions from the public a fifth time.

No questions asked.

### **3 CLOSE THE PUBLIC HEARING**

a)

**1**

Jason Kolb moved to close the public hearing at 6:14pm Sheldon Ostlund seconded the motion.

Carried 3 to 0

Maxwell Gullette	For
Sheldon Ostlund	For
Jason Kolb	For

### **4 APPROVAL OF RESOLUTION 2020-28**

a) Approval Needed - Resolution 2020-28 - Resolution giving preliminary approval for the issuance of general obligation capital improvement plan bonds in an amount not to exceed \$1,100,000 and adopting the City of Blackduck, MN, Capital Improvement Plan under Minnesota Statutes, Section 475.521

Rudy Patch asked for confirmation of the total that will be bonded for as the amount does not include the costs for the remodeling and addition for the Liquor Store.

Regas clarified that the public hearing only needs to be held for the general fund funding but the full amount of the bonding will include the enterprise fund.

**2**

Jason Kolb moved to approve Resolution 2020-28 Sheldon Ostlund seconded the motion.

Carried 3 to 0

Maxwell Gullette                      For  
Sheldon Ostlund                      For  
Jason Kolb                                For

**5        ADJOURNMENT**

a)

**3**

Maxwell Gullette moved to adjourn the meeting at 6:17pm Jason Kolb seconded the motion.

Carried 3 to 0

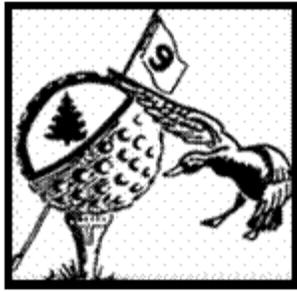
Maxwell Gullette                      For  
Sheldon Ostlund                      For  
Jason Kolb                                For

---

Mayor, Maxwell Gullette

---

City Administrator, Christina Regas



## GOLF BOARD MEETING

BLACKDUCK GOLF COURSE CLUB HOUSE

WEDNESDAY, SEPTEMBER 16, 2020 @ 4:30PM

Christina Regas, Pam Exner, Jim Anderson, and Kevin Erpelding met at clubhouse.

### **CART SHED –**

Christina presented the current budget and balances for the shed – waiting for invoice from Gerit Hanson for trenching; additional timbers ordered for the wall; black dirt & seeding considered.

Kevin stated he has seed and the amount of black dirt donated by members will cover the remaining finishing work. Committee members agreed contracting with TG Sales & Service was no longer needed to in part to the extensive donations. Christina will let TG Sales & Service know.

Max suggested re-advertising for rental space for the winter on the liquor store message board.

Pam and Jim will erect signage again to the building to promote the rental space.

Max suggested discussing the golf course on Chat-a-Bout to promote new cart shed.

### **ACTION:**

- **KEVIN** – will ask Keith Anderson to purchase and install keyless entries on large garage doors who will donate the funds to cover the keyless entries
- **PAM** – will communicate with renters regarding new keyless entry

### **CART BRIDGE PHASE 2 –**

Christina suggested another round of grant application for another cart bridge.

Kevin suggested bridge on #6

Kevin suggested other areas of the course to grant for.

Christina has less time to compile new rather than a revised grant application.

### **ACTION:**

- **CHRISTINA** – will apply to the Beltrami County Development grant due October 13, 2020 for another bridge with the intention of using a culvert again.

### **ITEMS NOT DISCUSSED IN OLD BUSINESS:**

### **TOURNAMENTS; TAKE A KID FISHING; GOLF LESSONS FOR KIDS; KTICHEN REMODEL –**

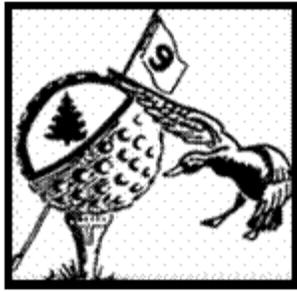
Kevin suggested in the winter the promotion ideas for the course will be discussed.

Christina stated that COVID-19 stopped many of the promotion ideas but they are all great.

Pam can still have Ostedahl and Hoot & Holler contribute and help with the golf lessons.

Christina suggested a 2021 membership offer to the public before 202 is over to include paying \$200 this year for 2021 membership and then that customer will receive a 25% discount on the balance due.

Committee members liked the idea and suggested advertising it.



## GOLF BOARD MEETING

BLACKDUCK GOLF COURSE CLUB HOUSE

WEDNESDAY, SEPTEMBER 16, 2020 @ 4:30PM

### **2020 PROJECTS –**

Jim said #9 bridge railing needs repair. The 2020 storms took out the railing again and it has been fixed in past years.

### **END OF SEASON OPERATING –**

Christina asked when the course will close and will there be any changes in operating times.

Pam suggested Twilight times move up to begin at 2pm.

Jim suggested opening the course at 11am the rest of the season.

Pam suggested opening for golfing the rest of the season Thursday – Monday due to staffing and slow down of traffic.

Pam strongly suggested tee times continue

Christina will post the new dates and times on the FB page and website.

Pam will implement the new hours/days beginning Friday, September 18, 2020.

### **INCOME STATEMENT & TRIAL BALANCE –**

Christina provided income statements for the committee to review.

Kevin asked for clarification on the bonds for the course and balances.

Christina stated the course is having a great year and controlling costs through the end of the year are crucial.

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

**\*\*4:30 pm The KRLS Strategic Planning Committee will meet prior to the regular meeting.**

Kitchigami Regional Library  
**Board Meeting September 17, 2020 6:00 p.m.**  
Kitchigami Headquarters Building, Pine River, MN

**AGENDA**

1. Call to order/Introductions
2. Pledge of Allegiance
3. Approval of Agenda
4. Consent Agenda
  - a. Minutes July 2020
  - b. Bills: July-August
  - c. Financial Report: July-August
  - d. Director's Report
5. Old Business
  - a. RLBS: Amendment to FY2021 grant application
  - b. ACHF: Amendment to FY2021 grant application
  - c. Strategic Planning
  - d. HQ Landscaping
  - e. COVID 19 Update
6. New Business
  - a. Bills: September 2020
  - b. 2019 Audit
  - c. RLTA FY2020 Final
  - d. RLTA FY2021 Application
  - e. RLBS: Report of results accomplished FY2020
  - f. ACHF FY20 Interim Report
  - g. Staff Microsoft Outlook Update
  - h. CD Renewals
7. Chair's Report
8. Adjournment

**If you are unable to attend this meeting, please notify Carol at 218/587-2171 x 224 or [christensenc@krls.org](mailto:christensenc@krls.org)**

**FUTURE BOARD MEETINGS**

Thursday November 19, 2020

Thursday January 21, 2021

Thursday March 18, 2021

Thursday May 20, 2021

Thursday June 17, 2021

Thursday July 15, 2021

Thursday September 16, 2021

Thursday November 18, 2021

## **2020 Kitchigami Regional Library Board Members (revised 7/15/20)**

Kitchigami Director Stephanie Johnson ([johnsons@krls.org](mailto:johnsons@krls.org))

### **BELTRAMI COUNTY**

Reed Olson (County Commissioner)  
711 14<sup>th</sup> St. NW, Bemidji, MN 56601  
Ph: 218/766-0383; E: [reedjolson@gmail.com](mailto:reedjolson@gmail.com)  
**Alternate:** Richard D. Anderson (County Commissioner)  
7278 Lammers Rd NW, Solway, MN 56678  
Ph: (c) 218/766-3283; (h) 218/467-3275  
E: [Richard@paulbunyan.net](mailto:Richard@paulbunyan.net)

### **CASS COUNTY**

Neal Gaalswyk (County Commissioner)  
11745 Maplewood Dr., East Gull Lake, MN 56401  
Ph: (c) 218/839-1841;  
E: [neal.gaalswyk@co.cass.mn.us](mailto:neal.gaalswyk@co.cass.mn.us)

### **CROW WING COUNTY**

Bill Brekken (County Commissioner)  
20891 Donaldson Rd, Brainerd, MN 56401  
Ph: (c) 218/232-0257; E: [bill.brekken@crowwing.us](mailto:bill.brekken@crowwing.us)  
**Alternate:** Steve Barrows (County Commissioner)  
12679 Noble Fir Dr., Baxter, MN 56425  
Ph: (c) 218/820-8199; E: [steve.barrows@crowwing.us](mailto:steve.barrows@crowwing.us)

### **HUBBARD COUNTY**

Tom Krueger (County Commissioner)  
12621 Bethel Trl., Nevis, MN 56467  
Ph: 218/616-4069; E: [tkrueger@co.hubbard.mn.us](mailto:tkrueger@co.hubbard.mn.us)  
**Alternate:** Charlene Christenson (County Commissioner)  
26390 Island Air Dr., Park Rapids, MN 56470  
Ph: 218/616-2181; E: [cchristenson@co.hubbard.mn.us](mailto:cchristenson@co.hubbard.mn.us)

### **WADENA COUNTY**

Jim Hofer (County Commissioner)  
104 Mini Dr., Staples, MN 56479  
Ph: (h) 218/894-1152, (c) 218/296-1948  
E: [jim.hofer@co.wadena.mn.us](mailto:jim.hofer@co.wadena.mn.us)  
**Alternate:** Sheldon Monson  
12937 County Rd 100, Wadena MN 56482  
Ph: 218/640-3278  
E: [Sheldon.monson@co.wadena.mn.us](mailto:Sheldon.monson@co.wadena.mn.us)

### **CITY OF BEMIDJI**

Nancy Erickson  
508 Lincoln Ave SE, Bemidji, MN 56601  
Ph: 218/444-9168; E: [nancy.erickson@ci.bemidji.mn.us](mailto:nancy.erickson@ci.bemidji.mn.us)  
**Alternate:** Michael Meehlhause  
911 Minnesota Ave. NW, Bemidji, MN 56601  
Ph: 763/614-8863  
E: [Michael.meehlhause@ci.bemidji.mn.us](mailto:Michael.meehlhause@ci.bemidji.mn.us)

### **CITY OF BLACKDUCK**

Kendra Murray  
P.O. Box 21, Blackduck, MN 56630  
Ph: (w) 218/835-6858; (c) 218/553-1640;  
E: [kndrmurray@aol.com](mailto:kndrmurray@aol.com)

### **CITY OF BRAINERD**

Mary Koep  
123 Laurel St., Brainerd, MN 56401  
Ph: 218/829-9793; E: [marywalkt@icloud.com](mailto:marywalkt@icloud.com)

### **CITY OF CASS LAKE**

Richard Molash  
P.O. Box 516, Cass Lake, MN 56633  
Ph: 218/308-4839; E: [rmolash1958@gmail.com](mailto:rmolash1958@gmail.com)

### **CITY OF LONGVILLE**

Phyllis Eck  
191 Riverside Dr., Longville, MN 56655  
Ph: (c) 218/539-0354; E: [1849pe@gmail.com](mailto:1849pe@gmail.com)

### **CITY OF PARK RAPIDS**

Thomas Conway  
1018 Konshok Loop, Park Rapids, MN 56470  
Ph: (c) 218/390-5748, (w) 218/732-2155  
E: [conwaythomasj@aol.com](mailto:conwaythomasj@aol.com)

### **CITY OF PINE RIVER**

Tammy Hansen  
P.O. Box 622, Pine River, MN 56474  
Ph: 218/587-5171, (c) 218/821-2146  
(w) 218/454-7012; E: [tammyhoppe0@gmail.com](mailto:tammyhoppe0@gmail.com)

### **CITY OF WADENA**

George Deiss  
1206 16<sup>th</sup> St. SW, Wadena, MN 56482  
Ph: (c) 218/639-2097; E: [gdeiss@wadena.org](mailto:gdeiss@wadena.org)  
**Alternate:** Wade Miller  
701 1<sup>st</sup> St. SW, Wadena, MN 56482  
Ph: 218/631-6060; E: [wademille@arvig.net](mailto:wademille@arvig.net)

### **CITY OF WALKER**

Charlene Moore  
P.O. Box 1136, Walker, MN 56484  
Ph: 630/399-8978; E: [cmoorewalkercity@gmail.com](mailto:cmoorewalkercity@gmail.com)

**Kitchigami Regional Library System  
Board Meeting July 17, 2020 6:00 p.m.  
Kitchigami Headquarters Building, Pine River, MN**

Board members present: Reed Olson, Bill Brekken, Tom Krueger, Mary Koep, Phyllis Eck, Neal Gaalswyk

Board members present virtually/by phone: Jim Hofer, Nancy Erickson, Thomas Conway, George Deiss, Charlene Moore

Board members absent: Kendra Murray, Richard Molash, Tammy Hansen

Others present non-voting: Staff members: Stephanie Johnson, Carol Christensen

Chair Gaalswyk called the meeting to order at 6:00 p.m.

Approval of Agenda **Motion by Reed Olson, seconded by Bill Brekken, to approve the agenda as presented. Motion carried unanimously.**

Consent Agenda **Motion by Thomas Conway, seconded by Mary Koep, to approve the items below on the Consent Agenda:**

- June 2020 Minutes – correction to June meeting minutes on page 3 to name votes in favor and opposed.
- June 2020 Financial Statements
- June 2020 Bills
- ACHF FY20 FRF Q.5
- Hot Spot Grant FY20 FRF
- Director’s Report

**Motion carried unanimously** with correction to June minutes.

Pandemic Response and Planning: COVID-19 Director Johnson noted that almost all libraries are open for computer usage with plans in place to open for the next phase of reopening. She hopes by the end of July all libraries will be open to the public in some fashion with plans to move forward. Discussion. Funds to purchase adequate PPE and safety equipment are sufficient.

Strategic Planning The Strategic Planning Committee met immediately prior to the KRLS Board Meeting. The committee includes KRLS Board members Mary Koep, Jim Hofer, and Chair Neal Gaalswyk; and Branch Managers Carrie Huston (Walker) and Jenny Hill (Brainerd). Library Strategies consultants David Katz and Melissa Brechon were present. Chair Gaalswyk reported that in the coming months Library Strategies will conduct one-on-one interviews and community and staff surveys. In November

the committee will present the draft proposal for approval. Board members were asked to give Director Johnson names of community members who may have an interest in being interviewed by Library Strategies; and board members will be contacted to provide feedback that will be included in the proposal.

Charlene Moore arrived via video conference at 6:14 p.m.

2021 Operating Budgets: 2<sup>nd</sup> draft cities, counties, outreach

Director Johnson presented an updated draft of all city and county 2021 budgets. **Motion by Bill Brekken, seconded by Reed Olson, to approve the distribution of the 2021 budgets to cities and counties.** Discussion. **Motion carried unanimously.**

HQ Building Maintenance

The roof removal and replacement bids were presented by Director Johnson. **Motion by Bill Brekken, seconded by Mary Koep, to award the KRLS Headquarters shingle roof removal and replacement bid to Neumann Construction for \$39,650.** Discussion. **Motion carried unanimously.**

**Motion by Nancy Erickson, seconded by Tom Krueger, to approve the KRLS Landscaping RFP as amended for distribution. Motion carried unanimously.**

Bills: July 2020

**Motion by Reed Olson, seconded by Phyllis Eck, to approve payment of the July 2020 bills checks #22133 to #22161 in the amount of \$40,782.55 in addition to checks #22162 to #22176 in the amount of \$49,739.42 as well as the authorization of payroll checks #41673 to #41736 in the amount of \$50,397.73.** Roll call vote: **Motion carried unanimously.**

CARES Grant Application

Director Johnson informed the KRLS Board about the purpose and goals of the CARES grant funding, and also presented the budget template. **Motion by Bill Brekken, seconded by Thomas Conway, to approve the CARES Grant application for \$134,000 from the Minnesota Department of Education. Motion carried unanimously.**

ACHF FY19 Final Report

**Motion by Mary Koep, seconded by Phyllis Eck, to approve the submission of the ACHF FY19 Final Report with the necessary signatures to the state. Motion carried unanimously.**

ACHF FY21 Application

**Motion by Nancy Erickson, seconded by George Deiss, to approve the ACHF FY21 Application with the necessary**

**signatures for submission to the state. Motion carried  
unanimously.**

Motion by consensus to adjourn at 6:53 p.m.

Minutes respectively submitted by Administrative Assistant Carol Elizabeth Christensen.

Minutes signed by Board Secretary, Mary Koep \_\_\_\_\_

Date \_\_\_\_\_

**KITCHIGAMI REGIONAL LIBRARY SYSTEM  
CHECK REGISTER  
July 24, 2020**

Check Number	Vendor	GL Account Title	Amount
22177	AMAZON CAPTIAL SERVICES	Covid-19, office supplies, custodial supplies	1,182.80
22178	BREKKEN, BILL	KRLS Board Meeting	26.45
22179	DIAMONDBUILT	Property Repair & Maintenance	180.00
22180	ECK, PHYLLIS	KRLS Board Meeting	28.75
22181	KOEP, MARY	KRLS Board Meeting	36.80
22182	KRUEGER, THOMAS	KRLS Board Meeting	34.50
22183	NORTH CENTRAL MEDICAL SUPPLY	Covid-19	499.00
22184	OLSON, REED	KRLS Board Meeting	80.50
		Total Accounts Payable Check Run 7/24/2020	<b>\$ 2,068.80</b>

**KITCHIGAMI REGIONAL LIBRARY SYSTEM  
Payroll for July (1st - 15th) 2020**

PAY DAY	Check Numbers	Account	Amount
7/24/2020	41737-41805	Direct Deposits	40,588.19
		Paper Checks	626.56
	Deposit on MN E-Service	Minnesota Withholding Tax	1,678.77
	Deposit on EFTPS	Federal Withholding Tax	11,429.12
		Federal W/H CV19 Credit	(11,429.12)
	Deposit on PERA website	PERA-Public Employee Retirement Association	7,091.84
		Total Payroll Expense on 7/24/2020	<b>\$ 49,985.36</b>

<b>AMOUNT EXPENSED PAGE 1</b>	<b>\$ 91,180.28</b>
<b>AMOUNT EXPENSED PAGE 2</b>	<b>\$ 49,739.42</b>
<b>AMOUNT EXPENSED PAGE 3</b>	<b>\$ 52,054.16</b>
<b>TOTAL AMOUNT EXPENSED IN JULY</b>	<b>\$ 192,973.86</b>

**KITCHIGAMI REGIONAL LIBRARY  
CHECK REGISTER  
August 10, 2020**

Check #	Vendor	GL Account Title	Amount
22185	AMAZON CAPTIAL SERVICES	Covid-19 Supplies	189.96
22186	APG MEDIA OF MN	Advertising for Custodian for Walker Library	13.60
22187	ARVIG	Phones, CL, LG, WD & WK	171.52
22188	BRODART CO.	Covid-19 Supplies	378.00
22189	CASS COMPANY INSURANCE	Insurance for Board Officers & Director	2,960.00
22190	CDW GOVERNMENT	Automation Software and Licenses	6,373.40
22191	CENTURY LINK	Phones for Bemidji, Brainerd and Wadena	349.47
22192	CITY OF PINE RIVER	HQ Water	28.00
22193	FAMILY MARKET	Custodial Supplies, Library Supplies	33.17
22194	FASTENAL	Covid-19 Supplies for Brainerd Library	1,630.23
22195	FORUM COMMUNICATIONS	Building and Property R&M-Ads for roof repair	369.20
22196	KIMBER CREEK FORD	R&M Tire check for ML, Delivery Van Oil Change	79.98
22197	LAKES COUNTRY SERVICE COOP	Contracted Network Support	6,275.13
22198	MN PEIP	Employee Heath Insurance	13,296.96
22199	NCPERS	PERA Group Life Insurance	192.00
22200	NJK HEATING AND A/C	Building and Property R&M	229.00
22201	NORTH PINE RIVER TIRE SERVICE, INC	R&M Tires for Delivery Van	670.44
22202	OFFICE SHOP	Office supplies, Library supplies, Covid-19 supplies	1,940.17
22203	PAUL BUNYAN COMMUNICATIONS	Phones, Blackduck & Bemidji	79.09
22204	PR SANITARY DISTRIC	HQ Sewer	42.00
22205	ROCHESTER TELEPHONE SYSTEMS	Long distance for entire region	148.36
22206	SFM WORKER'S COMP	Worker's Comp Installment payment	2,032.00
22207	ULINE	Covid-19 Supplies	164.96
22208	VERIZON WIRELESS	ML Broadband Stick	50.02
22209	WASTE PARTNERS, INC	HQ Garbage	71.31
22210	XCEL ENERGY	HQ Heating	25.00
			<b>\$ 37,792.97</b>

**KITCHIGAMI REGIONAL LIBRARY SYSTEM  
PAYROLL CHECKS  
Payroll for July (15th - 31st) 2020**

PAY DAY	Check Numbers	Account	Amount
8/10/2020	41806-41871	Direct Deposits	45,020.54
		Paper Checks	767.12
	Deposit on MN E-Service	Minnesota Withholding Tax	1,931.94
	Deposit on EFTPS	Federal Withholding Tax	12,899.02
		Federal W/H CV19 Credit	(146.93)
	Deposit on PERA website	PERA-Public Employee Retirement Association	7,895.66
			<b>\$ 68,367.35</b>

<b>AMOUNT EXPENSED PAGE 1</b>	<b>\$ 106,160.32</b>
-------------------------------	----------------------

**KITCHIGAMI REGIONAL LIBRARY SYSTEM  
CHECK REGISTER  
August 21, 2020**

Check Number	Vendor	GL Account Title	Amount
22211	3M BIBLIOTHECA, LLC	E-Materials	13,492.24
22212	AMAZON SYNCHRONY BANK	Collections, Training for Branches	310.21
22213	AMAZON CAPITAL SERVICES	Library Supplies, Covid-19 Supplies	212.52
22214	ARVIG	Phones, Park Rapids	44.88
22215	BAKER & TAYLOR L0433642	Collections and Processing	12,619.75
22216	BAKER & TAYLOR L4068832	Collections and Processing	510.95
22217	BAKER & TAYLOR L4068862	Collections/ no processing	4.43
22218	BELTRAMI COUNTY HISTORY SOCIETY	Legacy Fund Expense	500.00
22219	CENTER POINT LARGE PRINT	Collections & Processing	359.18
22220	CHASE BANK	(See Below)	1,408.16
22221	DEMCO	Library Supplies, Branches	33.53
22222	DIAMONDBUILT	R&M Property, lawn service	180.00
22223	ENVISIONWARE	Automation Software	751.33
22224	GALE, CENGAGE LEARNING INC.	Collections	683.09
<b>22225</b>	<b>HILL, JENNY</b>	<b>Voided Check, Reissued to City of Brainerd</b>	
22226	LAKES COUNTRY SERVICE COOPERATIVE	Contracted Network Support	6,275.13
22227	MAY, WESLEY	Legacy Fund Expense	8,000.00
22228	MIDWEST TAPE	Collections and Processing	5,197.66
22229	MINNESOTA POWER	HQ Electricity	452.29
22230	NEUMANN CONSTRUCTION INC	R&M Building, Roof repair (Covered by Insurance)	39,650.00
22231	TDS TELECOM	Phones, Administration & Pine River Library	342.29
22232	ULINE	Covid-19 Supplies, Library Supplies, Office Supplies	1,769.34
22233	ULVERS CROFT	Shared Collections	257.92
22234	VERIZON WIRELESS	Phones, Admin Mobile Phones, Hot Spot Grant Exp	1,246.02
22235	XCEL ENERGY	HQ Heat	26.56
22236	CITY OF BRAINERD-replaced check # 22225	Covid-19 Tracfone, Jenny Hill	82.03
22237	CITY OF BRAINERD-replaced check # 22225	Covid-19 Hardware for Plexiglass, Jenny Hill	29.10
			<b>\$ 94,438.61</b>

**CHASE CREDIT CARD**

Account #	Vendor
5410.040	STATION 371, PINE RIVER
5420.040	FLEET FARM
5310.020	STATION 371, PINE RIVER
5252.000	ZOOM
5655.000	GODADDY.COM
6390.000	CHASE CREDIT CARD

**INVOICE DISTRIBUTION REPORT**

GL Account Title	Amount
Mobile Library Gas & Oil	163.60
Mobile Library Repair & Maint	355.98
Delivery Van Gas & Oil	566.30
Covid-19 Expense	144.86
Website Domain	159.98
Late fee	17.44
<b>\$ 1,408.16</b>	

**OFFICE SHOP, INC.**

Account #	Vendor
5236.000	OFFICE SHOP, INC.
5252.000	OFFICE SHOP, INC.
5250.000	OFFICE SHOP, INC.

**INVOICE DISTRIBUTION REPORT**

GL Account Title	Amount
Library Supplies for Branches	264.97
Covid-19 Supplies	343.92
Office Supplies	1,331.28
<b>\$ 1,940.17</b>	

**KITCHIGAMI REGIONAL LIBRARY SYSTEM  
Payroll for August (1st - 15th) 2020**

PAY DAY	Check Numbers	Account	Amount	
8/25/2020	*41873-41940	Direct Deposits	39,272.84	
		Paper Checks	733.32	
	Deposit on MN E-Service	Minnesota Withholding Tax	1,546.76	
	Deposit on EFTPS	Federal Withholding Tax	10,869.72	
	Deposit on PERA website	PERA-Public Employee Retirement Association	6,700.80	
			<b>\$ 59,123.44</b>	
			Total Payroll Expense on 11/25/19	

\*Ck 41872 replace lost ck dated 11/25/19 for \$16.50

<b>AMOUNT EXPENSED PAGE 1</b>	<b>\$ 106,160.32</b>
<b>AMOUNT EXPENSED PAGE 2</b>	<b>\$ 153,562.05</b>
<b>TOTAL AMOUNT EXPENSED IN AUGUST</b>	<b>\$ 259,722.37</b>

BALANCE SHEET

Kitchigami Regional Library  
2020 Financial Statement-Balance Sheet  
Updated after Audit Adjustments

Assets	January	February	March	April	May	June
Petty Cash	3,270.46	3,242.47	3,101.33	3,096.33	2,954.33	2,878.03
Checking	776,440.09	994,483.10	1,006,372.17	1,017,410.41	1,119,833.10	1,130,654.29
Money Market Funds	3,753,894.64	3,571,628.23	3,367,281.06	3,205,619.32	3,566,349.01	3,814,731.24
Special Money Market	679,766.57	680,157.67	680,548.99	681,005.80	681,371.49	681,737.38
Kitchigami Endowment Fund	129,077.00	129,077.00	129,077.00	129,077.00	129,077.00	129,077.00
Interest Receivable	3,294.10	4,218.12	5,207.62	6,167.01	7,160.18	8,123.12
Covid-19 Federal Retention Receivable						17,543.16
Prepaid Insurance	7,865.03	7,865.03	7,865.03	7,865.03	7,865.03	7,865.03
Prepaid Health Insurance	11,369.28	11,369.28	11,369.28	11,369.28	11,369.28	11,369.28
Prepaid Materials	22,334.35	22,334.35	22,334.35	22,334.35	22,334.35	22,334.35
Investment - CD	521,242.11	521,242.11	521,242.11	521,242.11	521,242.11	521,242.11
Land	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00
Buildings	587,168.00	587,168.00	587,168.00	587,168.00	587,168.00	587,168.00
Accum.Depreciation-Bldgs	(288,671.36)	(288,671.36)	(288,671.36)	(288,671.36)	(288,671.36)	(288,671.36)
Vehicles	213,896.71	213,896.71	213,896.71	213,896.71	213,896.71	213,896.71
Accum. Depreciation-Vehicle	(141,536.32)	(141,536.32)	(141,536.32)	(141,536.32)	(141,536.32)	(141,536.32)
Furniture, Fixtures & Equip	325,956.00	325,956.00	325,956.00	325,956.00	325,956.00	325,956.00
Accum. Depreciation- FFE	(301,608.73)	(301,608.73)	(301,608.73)	(301,608.73)	(301,608.73)	(301,608.73)
Legacy Equipment	1,269.00	1,269.00	1,269.00	1,269.00	1,269.00	1,269.00
Accum. Depreciation- Legacy Equipment	(1,269.00)	(1,269.00)	(1,269.00)	(1,269.00)	(1,269.00)	(1,269.00)
Books - Shared Collection	131,755.51	133,277.42	134,230.01	134,472.85	135,910.90	136,230.01
Books - Outreach	259,638.91	259,724.03	261,862.50	262,044.28	264,017.81	264,633.09
Accum. Depreciation- Books	(266,352.82)	(266,352.82)	(266,352.82)	(266,352.82)	(266,352.82)	(266,352.82)
Intangible Assets	19,916.00	19,916.00	19,916.00	19,916.00	19,916.00	19,916.00
Accum. Amortization	(3,319.33)	(3,319.33)	(3,319.33)	(3,319.33)	(3,319.33)	(3,319.33)
Sound - Outreach	26,215.00	26,215.00	26,215.00	26,215.00	26,215.00	26,215.00
Video - Outreach	80,773.46	80,807.37	81,275.31	81,404.60	81,638.50	81,947.75
<b>TOTAL ASSETS</b>	<b>6,582,384.66</b>	<b>6,621,089.33</b>	<b>6,433,429.91</b>	<b>6,284,771.52</b>	<b>6,752,786.24</b>	<b>7,032,028.99</b>

BALANCE SHEET

Kitchigami Regional Library  
 2020 Financial Statement-Balance Sheet  
 Updated after Audit Adjustments

Liabilities and Fund Balance	January	February	March	April	May	June
Accounts Payable	51,464.28	51,464.28	51,443.68	51,443.68	51,083.65	51,112.95
Salaries Payable	57,971.57	57,971.57	57,971.57	57,971.57	57,971.57	57,971.57
PERA Payable-Employee paid life insurance	(104.00)	(104.00)	(104.00)	(96.00)	(104.00)	(104.00)
Garnishment Payable	50.00	50.00	50.00	50.00	50.00	124.73
Accrued Vacation Benefits	47,662.07	47,662.07	47,662.07	47,662.07	47,662.07	47,662.07
Deferred Revenue	80,246.30	80,246.30	80,246.30	80,246.30	80,246.30	80,246.30
Investment in Fixed Assets	672,414.15	672,414.15	672,414.15	672,414.15	672,414.15	672,414.15
Restricted Funds - Bldg Repair & Main	40,967.53	40,967.53	40,967.53	40,967.53	40,967.53	40,967.53
Restricted Funds - Automation	473,585.34	473,585.34	473,585.34	473,585.34	473,585.34	473,585.34
Restricted Funds - ARR Branches	243,903.87	243,903.87	243,903.87	243,903.87	243,903.87	243,903.87
Restricted Funds - Building Reserve	166,772.29	166,772.29	166,772.29	166,772.29	166,772.29	166,772.29
Restricted Funds - HQ Gift	277.00	277.00	277.00	277.00	277.00	277.00
Restricted Funds - Acct Software	25,681.62	25,681.62	25,681.62	25,681.62	25,681.62	25,681.62
Restricted Funds - Summer Reading	33,000.97	33,000.97	33,000.97	33,000.97	33,000.97	33,000.97
Restricted Funds - Susan Tricker Outreach	113,241.27	113,241.27	113,241.27	113,241.27	113,241.27	113,241.27
Restricted Funds - Endowment	129,077.00	129,077.00	129,077.00	129,077.00	129,077.00	129,077.00
Restricted Funds - Loan Security	31,347.00	31,347.00	31,347.00	31,347.00	31,347.00	31,347.00
Restricted Funds - Mobile Library Reserve	56,465.17	56,465.17	56,465.17	56,465.17	56,465.17	56,465.17
Restricted Funds - Vehicle Reserve	130,221.40	130,221.40	130,221.40	130,221.40	130,221.40	130,221.40
Restricted Funds - Gates Grant	19,819.47	19,819.47	19,819.47	19,819.47	19,819.47	19,819.47
Restricted Funds - Crow Wing Co	162,331.85	162,331.85	162,331.85	162,331.85	162,331.85	162,331.85
Restricted Funds - Health Insurance	70,269.00	70,269.00	70,269.00	70,269.00	70,269.00	70,269.00
Restricted Funds- RLTA	280,507.08	280,507.08	280,507.08	280,507.08	280,507.08	280,507.08
Fund Balance	3,937,031.84	3,937,031.84	3,937,031.84	3,937,031.84	3,937,031.84	3,937,031.84
Excess (Deficit) Over Expenses	(241,819.41)	(203,114.74)	(390,753.56)	(539,419.95)	(71,037.20)	208,101.52
<b>TOTAL LIABILITY AND FUND BALANCE</b>	<b>6,582,384.66</b>	<b>6,621,089.33</b>	<b>6,433,429.91</b>	<b>6,284,771.52</b>	<b>6,752,786.24</b>	<b>7,032,028.99</b>

Kitichigami Regional Library  
 2020 Financial Statement-Balance Sheet  
 Updated after Audit Adjustments

Assets	July	August	September	October	November	December
Petty Cash	2,764.76	2,647.22				
Checking	1,185,199.78	1,185,531.00				
Money Market Funds	3,623,963.87	3,366,577.01				
Special Money Market	682,153.87	682,389.35				
Kitichigami Endowment Fund	129,077.00	129,077.00				
Interest Receivable	9,119.97	10,118.70				
Covid-19 Federal Retention Receivable	146.93	(3.00)				
Prepaid Insurance	7,865.03	7,865.03				
Prepaid Health Insurance	11,369.28	11,369.28				
Prepaid Materials	22,334.35	22,334.35				
Investment - CD	521,242.11	521,242.11				
Land	30,000.00	30,000.00				
Buildings	587,168.00	587,168.00				
Accum. Depreciation-Bldgs	(288,671.36)	(288,671.36)				
Vehicles	213,896.71	213,896.71				
Accum. Depreciation-Vehicle	(141,536.32)	(141,536.32)				
Furniture, Fixtures & Equip	325,956.00	325,956.00				
Accum. Depreciation- FFE	(301,608.73)	(301,608.73)				
Legacy Equipment	1,269.00	1,269.00				
Accum. Depreciation- Legacy Equipment	(1,269.00)	(1,269.00)				
Books - Shared Collection	136,873.12	137,565.78				
Books - Outreach	265,371.14	266,148.36				
Accum. Depreciation- Books	(266,352.82)	(266,352.82)				
Intangible Assets	19,916.00	19,916.00				
Accum. Amortization	(3,319.33)	(3,319.33)				
Sound - Outreach	26,215.00	26,215.00				
Video - Outreach	82,279.88	82,759.86				
<b>TOTAL ASSETS</b>	<b>6,881,424.24</b>	<b>6,627,285.20</b>	-	-	-	-

Kitchigami Regional Library  
 2020 Financial Statement-Balance Sheet  
 Updated after Audit Adjustments

Liabilities and Fund Balance	After Audit					
	July	August	September	October	November	December
Accounts Payable	51,112.95	51,112.95				
Salaries Payable	57,971.57	57,971.57				
Federal U/C Payable	5.20	9.79				
PERA Payable	(112.00)	(112.00)				
Accrued Vacation Benefits	47,662.07	47,662.07				
Deferred Revenue	80,246.30	80,246.30				
Investment in Fixed Assets	672,414.15	672,414.15				
Restricted Funds - Bldg Repair	40,967.53	40,967.53				
Restricted Funds - Automation	473,585.34	473,585.34				
Restricted Funds - Automation R&M BR	243,903.87	243,903.87				
Restricted Funds - Building	166,772.29	166,772.29				
Restricted Funds - HQ Gift	277.00	277.00				
Restricted Funds - Acct Software	25,681.62	25,681.62				
Restricted Funds - Summer Reading	33,000.97	33,000.97				
Restricted Funds - Susan Tricker Outreach	113,241.27	113,241.27				
Restricted Funds - Endowment	129,077.00	129,077.00				
Restricted Funds - Loan Security	31,347.00	31,347.00				
Restricted Funds - Outreach	56,465.17	56,465.17				
Restricted Funds - Vehicle Reserve	130,221.40	130,221.40				
Restricted Funds - Gates Grant	19,819.47	19,819.47				
Restricted Funds - Crow Wing Co	162,331.85	162,331.85				
Restricted Funds - Health Insurance	70,269.00	70,269.00				
Restricted Funds- RLTA	280,507.08	280,507.08				
Fund Balance	3,937,031.84	3,937,031.84				
Excess (Deficit) Over Expenses	57,624.30	(196,519.33)				
<b>TOTAL LIABILITY AND FUND BALANCE</b>	<b>6,881,424.24</b>	<b>6,627,285.20</b>	-	-	-	-

REVENUE

	Jan - June	July	August	YTD	2020 Budget	Budget Balance	Annual % of Budget
<b>State &amp; Federal Funds:</b>							
State RLBSS	196,495.67	65,498.55		261,994.22	654,986.00	392,991.78	40.00%
State RLTA	12,010.49			12,010.49	39,900.00	27,889.51	30.10%
<b>State RLTA Category 3 Funds</b>	41,670.62			41,670.62			
<b>State Hot Spot Grant</b>	-			-			
State MIN Link Fund	-			-			
<b>Federal Covid-19 Retention Funds</b>	28,710.60	5,647.23		34,357.83			
Misc. State Funds	-			-			
Legacy Funds	54,437.31			54,437.31	105,100.00	50,662.69	51.80%
Total State & Federal Funds	333,324.69	71,145.78	-	404,470.47	799,986.00	471,543.98	50.56%
<b>County Governments:</b>							
Beltrami County	206,193.00			206,193.00	412,386.00	206,193.00	50.00%
Cass County	190,241.50			190,241.50	381,380.00	191,138.50	49.88%
Crow Wing County	254,563.50			254,563.50	509,127.00	254,563.50	50.00%
Hubbard County	107,984.00			107,984.00	215,968.00	107,984.00	50.00%
Wadena County	49,700.50			49,700.50	99,401.00	49,700.50	50.00%
Total County Governments	808,682.50	-	-	808,682.50	1,618,262.00	809,579.50	49.97%
<b>City Governments:</b>							
Bemidji	71,581.00			71,581.00	143,162.00	71,581.00	50.00%
Blackduck	8,247.00			8,247.00	16,494.00	8,247.00	50.00%
Brainerd	43,586.50			43,586.50	87,173.00	43,586.50	50.00%
Cass Lake	8,400.00			8,400.00	8,400.00	-	100.00%
Longville	4,855.00			4,855.00	9,710.00	4,855.00	50.00%
Park Rapids	26,454.00			26,454.00	52,908.00	26,454.00	50.00%
Pine River	6,616.50			6,616.50	13,233.00	6,616.50	50.00%
Wadena	35,472.50			35,472.50	70,945.00	35,472.50	50.00%
Walker	7,558.50			7,558.50	15,117.00	7,558.50	50.00%
Total City Governments	212,771.00	-	-	212,771.00	417,142.00	204,371.00	51.01%

Kitchigami Regional Library  
2020 Financial Statement-Revenue

REVENUE

	Jan - June	July	August	YTD	2020 Budget	Budget Balance	Annual % of Budget
Interest Income:							
Restricted Interest - CD	4,430.66	762.75	764.19	5,957.60	5,000.00	(957.60)	119.15%
Non-Restricted Int - CD	1,365.54	234.10	234.54	1,834.18	2,000.00	165.82	91.71%
Non-Rest'd Interest - Money Mkt	13,017.57	1,856.63	1,200.04	16,074.24	12,500.00	(3,574.24)	128.59%
Special MM Interest	2,459.33	416.49	235.48	3,111.30	5,000.00	1,888.70	62.23%
PRSB Checking Interest	242.62	46.57	50.62	339.81	500.00	160.19	67.96%
Total Interest	21,515.72	3,316.54	2,484.87	27,317.13	25,000.00	(2,317.13)	109.27%
Other Income:							
Gifts & Memorials - E Materials	-			-			
Gifts & Memorials - Books	-			-			
Endowment Income MNCF	4,939.92		955.00	4,939.92			
Donations	12,291.45			13,246.45			
Gates Reserve	-			-			
Automation Repair & Replacement	17,459.00			17,459.00	17,459.00	-	100.00%
Photocopy Sales	3,085.45		128.60	3,214.05	8,000.00	4,785.95	40.18%
Overdue Notice Fees	2,884.00	198.00	53.00	3,135.00	5,000.00	1,865.00	62.70%
Lost and Damaged	2,641.44	160.00	170.00	2,971.44	5,000.00	2,028.56	59.43%
Library Cards Income	364.00	20.00	33.00	417.00	1,000.00	583.00	41.70%
Miscellaneous Income	40,078.08		8.00	40,086.08			
Fax Income	316.40		82.00	398.40	1,000.00	601.60	39.84%
Summer Reading Program	-			-			
Winter Reading Program	1,718.86			1,718.86			
NLLN-E-Audio Grant	5,000.00			5,000.00	5,000.00		100.00%
ILL Income	50.00	44.00		94.00			
Over/Short	56.95	(46.00)		10.95			
Total Other Income	90,885.55	376.00	1,429.60	92,691.15	42,459.00	9,864.11	218.31%
REVENUE EARNED	1,467,179.46	74,838.32	3,914.47	1,545,932.25	2,902,849.00	1,356,916.75	53.26%
Transfer from Reserves					221,821.00		
Transfer for Covid-19					25,000.00		
TOTAL REVENUE				1,545,932.25	3,149,670.00	1,356,916.75	49.08%

EXPENSES

Kitchigami Regional Library

2020 Financial Statement-Expenses

	Jan - June	July	August	YTD	2020 Budget	Budget Balance	Annual % of Budget
Library Materials							
Collections	125,240.13	12,193.39	16,381.21	153,814.73	302,312.00	177,071.87	50.88%
Periodicals and Papers	17,202.73	186.19		17,388.92	15,998.00	(1,204.73)	108.69%
E-Materials	45,613.13	9,657.61	13,492.24	68,762.98	77,000.00	31,386.87	89.30%
Data Base Platforms	8,155.26			8,155.26	18,200.00	10,044.74	44.81%
Total Library Materials	196,211.25	22,037.19	29,873.45	248,121.89	413,510.00	217,298.75	60.00%
Library Operations							
ILL Expense	159.27			159.27		(159.27)	
Postage & Meter Rental	1,632.41	255.83	16.50	1,904.74	11,860.00	10,227.59	16.06%
Mobile Library - Remote Access	315.12	50.02	50.02	415.16	624.00	308.88	66.53%
Phones-HQ, ML & Delivery	3,439.63	512.70	469.54	4,421.87	7,876.00	4,436.37	56.14%
Phones-Branches	4,877.03	989.07	849.60	6,715.70	9,843.00	4,965.97	68.23%
Minnesota Sales & Use Tax		39.20		39.20			
Data Lines NW Links	17,192.48	8,545.09		25,737.57	50,000.00	32,807.52	51.48%
Library Supplies-Branches	2,835.69	376.17	730.00	3,941.86	12,523.00	9,687.31	31.48%
Library Supplies-HQ	1,899.41	260.29	10.20	2,169.90	10,000.00	8,100.59	21.70%
Office Supplies-HQ	6,561.40	2,122.85	1,720.75	10,405.00	10,000.00	3,438.60	104.05%
Covid-19 Supplies	4,453.22	17,387.76	4,158.17	25,999.15	25,000.00	20,546.78	104.00%
Winter Reading Program							
Summer Reading Program	140.60			140.60		(140.60)	
Technical Services:							
Contracted Network Support	43,349.34		12,550.26	55,899.60	142,323.00	98,973.66	39.28%
ILS Maintenance Expense	43,435.04			43,435.04	70,000.00	26,564.96	62.05%
RLTS Cat 3 Fund Expenses		16,856.91		16,856.91			
Hot Spot Grant Expenses		2,104.63	1,062.49	3,167.12			
Processing/Records/Cataloging	8,041.82	943.16	1,428.37	10,413.35	23,153.00	15,111.18	44.98%
Supplies/Licenses/Materials	4,997.80		7,124.73	12,122.53	6,000.00	1,002.20	202.04%
Automation R&R	7,961.40	1,244.96		9,206.36	17,959.00	9,997.60	51.26%
Gates Reserves Expense							
Total Library Expenses	151,291.66	51,688.64	30,170.63	233,150.93	397,161.00	245,869.34	38.09%

**EXPENSES**

**Kitchigami Regional Library**

**2020 Financial Statement-Expenses**

	Jan - June	July	August	YTD	2020 Budget	Budget Balance	Annual % of Budget
<b>Vehicle Expenses/Delivery &amp; Staff</b>							
Gas and Oil	3,295.30	518.92	613.28	4,427.50	7,500.00	4,204.70	59.03%
Repairs & Maintenance	314.42		670.44	984.86	2,880.00	2,565.58	34.20%
Insurance	2,255.99			2,255.99	3,000.00	744.01	75.20%
<b>Total Vehicle Expenses</b>	<b>5,865.71</b>	<b>518.92</b>	<b>1,283.72</b>	<b>7,668.35</b>	<b>13,380.00</b>	<b>7,514.29</b>	<b>57.31%</b>
<b>Mobile Library/Outreach Expenses:</b>							
Gas and Oil	1,302.88		163.60	1,466.48	4,000.00	2,697.12	36.66%
Repairs & Maintenance	7,798.31		388.98	8,187.29	9,500.00	1,701.69	86.18%
Insurance	2,427.52			2,427.52	2,500.00	72.48	97.10%
<b>Total Mobile Library Expense</b>	<b>11,528.71</b>	<b>-</b>	<b>552.58</b>	<b>12,081.29</b>	<b>16,000.00</b>	<b>4,471.29</b>	<b>75.51%</b>
<b>HQ Building Expenses:</b>							
HQ Heat	869.24	28.38	51.56	949.18	2,600.00	1,730.76	36.51%
HQ Electricity	2,197.63	388.55	452.29	3,038.47	6,000.00	3,802.37	50.64%
HQ Garbage	435.26	71.31	71.31	577.88	1,000.00	564.74	57.79%
HQ Water	177.72	28.00	28.00	233.72	350.00	172.28	66.78%
HQ Sewer	252.00	42.00	42.00	336.00	600.00	348.00	56.00%
HQ Insurance-Contents & Liability	6,444.00			6,444.00	4,500.00	(1,944.00)	143.20%
HQ Building & Poperty R&M	4,880.65	1,670.71	40,439.49	46,990.85	5,450.00	569.35	862.22%
<b>Total HQ Building Expenses</b>	<b>15,256.50</b>	<b>2,228.95</b>	<b>41,084.65</b>	<b>58,570.10</b>	<b>20,500.00</b>	<b>5,243.50</b>	<b>285.71%</b>
<b>KRLS Admin &amp; Board Expenses:</b>							
Board Meetings	470.35	402.50		872.85	7,650.00	7,179.65	11.41%
Legacy Fund Expenses	21,513.77		8,500.00	30,013.77	105,100.00	83,586.23	28.56%
Strategic Planning	1,500.00			1,500.00	20,000.00	18,500.00	7.50%
Covid-19 Special	522.46			522.46		(522.46)	
Membership Dues	148.00			148.00		(148.00)	
Professional Fees-Audit	-			-	11,000.00	11,000.00	0.00%
Admin Software & Fees	332.78		159.98	492.76		(332.78)	
Statewide Travel	-			-	8,000.00	8,000.00	0.00%
Board Insurance	-		2,960.00	2,960.00	3,000.00	3,000.00	98.67%
<b>Total KRL Board Expense</b>	<b>24,487.36</b>	<b>402.50</b>	<b>11,619.98</b>	<b>35,987.38</b>	<b>154,750.00</b>	<b>130,262.64</b>	<b>23.26%</b>

EXPENSES

Kitchigami Regional Library  
2020 Financial Statement-Expenses

	Jan - June	July	August	YTD	2020 Budget	Budget Balance	Annual % of Budget
Agency Salaries:							
Bemidji Branch	117,004.03	16,729.31	21,175.73	154,909.07	258,222.50	141,218.47	59.99%
Bemidji Substitutes	4,468.82	524.67	912.57	5,906.06	45,430.05	40,961.23	13.00%
Blackduck Branch	18,859.86	3,184.57	3,139.20	25,183.63	37,744.78	18,884.92	66.72%
Blackduck Substitutes	357.81		116.20	474.01	8,629.29	8,271.48	5.49%
Brainerd Branch	142,880.24	22,610.10	22,649.07	188,139.41	304,738.39	161,858.15	61.74%
Brainerd Substitutes	2,769.08	859.83	1,040.56	4,669.47	34,016.91	31,247.83	13.73%
Brainerd Custodial	1,091.50			1,091.50		(1,091.50)	
Cass Lake Branch	15,339.76	2,517.54	2,719.94	20,577.24	31,681.57	16,341.81	64.95%
Cass Lake Substitutes	667.56	46.48	212.07	926.11	7,320.65	6,653.09	12.65%
Longville Branch	18,963.22	3,609.66	3,507.96	26,080.84	36,835.48	17,872.26	70.80%
Longville Substitutes	92.96		98.77	191.73	4,854.31	4,761.35	3.95%
Park Rapids Branch	63,192.21	11,088.41	7,972.57	82,253.19	128,623.61	65,431.40	63.95%
Park Rapids Substitutes	3,604.40	922.99	2,016.54	6,543.93	17,102.48	13,498.08	38.26%
Pine River Branch	29,952.75	5,259.07	5,176.98	40,388.80	60,841.73	30,888.98	66.38%
Pine River Substitutes	1,559.81	691.39	534.52	2,785.72	5,937.96	4,378.15	46.91%
Wadena Branch	37,432.99	5,993.96	6,917.50	50,344.45	77,400.92	39,967.93	65.04%
Wadena Substitutes	1,915.56	626.37	345.49	2,887.42	8,503.56	6,588.00	33.96%
Walker Branch	29,749.69	5,136.12	5,154.65	40,040.46	64,958.31	35,208.62	61.64%
Walker Substitutes	1,452.80	241.12	214.97	1,908.89	11,462.35	10,009.55	16.65%
Total Agency Salaries	491,355.05	80,041.59	83,905.29	655,301.93	1,144,304.85	652,949.80	57.27%
Regional Salaries:							
Administration	85,722.04	14,292.57	13,981.01	113,995.62	162,916.42	77,194.38	69.97%
Delivery	12,246.23	1,753.37	1,616.16	15,615.76	28,622.69	16,376.46	54.56%
Delivery Substitutes	737.39	299.52	979.68	2,016.59	4,687.21	3,949.82	43.02%
Interlibrary Loan	13,990.45	2,366.66	2,334.24	18,691.35	27,794.96	13,804.51	67.25%
Interlibrary Loan Substitutes	562.49			562.49	3,062.77	2,500.28	18.37%
Mobile/Outreach Library	17,439.21	2,970.82	2,887.37	23,297.40	34,688.50	17,249.29	67.16%
Mobile/Outreach Library Substitutes	728.34			728.34	638.58	(89.76)	114.06%
Technical Services	23,460.42	4,069.10	3,890.18	31,419.70	97,442.15	73,981.73	32.24%
Technical Services Substitutes	-			-	425.38	425.38	0.00%
Miscellaneous Salaries	-			-			
Total Regional Salaries	154,886.57	25,752.04	25,688.64	206,327.25	360,278.66	205,392.09	57.27%

**EXPENSES**

Kitichigami Regional Library

2020 Financial Statement-Expenses

	Jan - June	July	August	YTD	2020 Budget	Budget Balance	Annual % of Budget
<b>Benefits:</b>							
PEIP Health Insurance	79,781.76	13,296.96	13,296.96	106,375.68	216,000.00	136,218.24	49.25%
KRL Insurance Stipend	11,510.50	2,010.92	1,888.00	15,409.42	34,000.00	22,489.50	45.32%
Bank Fees	75.00	5.00	5.00	85.00		(75.00)	
FICA Taxes	50,234.55	8,257.91	8,532.86	67,025.32	118,527.84	68,293.29	56.55%
PERA Payroll Tax	46,435.10	7,417.61	7,819.55	61,672.26	112,538.90	66,103.80	54.80%
Training and Development	1,468.42	200.33	183.75	1,852.50	13,245.00	11,776.58	13.99%
Unemployment Compensation	313.98	11,130.25		11,444.23		(313.98)	
Workers Comp Insurance	4,003.00		2,032.00	6,035.00	12,318.75	8,315.75	48.99%
<b>Total Benefits</b>	<b>193,822.31</b>	<b>42,318.98</b>	<b>33,758.12</b>	<b>269,899.41</b>	<b>506,630.49</b>	<b>312,808.18</b>	<b>38.26%</b>
<b>Personnel Expenses:</b>							
Interview & Hiring	3,906.57	364.50	13.60	4,284.67	10,000.00	6,093.43	42.85%
<b>Other Expenses:</b>							
Travel, Director	86.25			86.25	5,500.00	5,413.75	1.57%
Travel, Admin Employees	202.10			202.10	800.00	597.90	25.26%
Service - Crosslake	5,000.00			5,000.00	10,525.00	5,525.00	47.51%
Service - Pequot Lakes	5,000.00			5,000.00	10,525.00	5,525.00	47.51%
Miscellaneous Expense	84.25	(37.77)	90.00	136.48		(84.25)	
Fines & Penalties	93.65		17.44	111.09		(93.65)	
<b>Total Other Expenses</b>	<b>10,466.25</b>	<b>(37.77)</b>	<b>107.44</b>	<b>10,535.92</b>	<b>27,350.00</b>	<b>16,883.75</b>	<b>38.52%</b>
<b>Total Expenses w/o Capital Projects</b>	<b>1,259,077.94</b>	<b>225,315.54</b>	<b>258,058.10</b>	<b>1,741,929.12</b>	<b>3,063,865.00</b>	<b>1,804,787.06</b>	<b>56.85%</b>
<b>Capital Projects</b>					<b>85,805.00</b>	<b>85,805.00</b>	<b>0.00%</b>
<b>Total Expenses with Capital Projects</b>					<b>3,149,670.00</b>	<b>1,890,592.06</b>	<b>0.00%</b>
<b>Total Revenue Earned</b>							
Reserve Transfers	1,467,179.46	74,838.32	3,914.47	1,545,932.25	2,902,849.00	1,435,669.54	53.26%
<b>Total Revenue</b>	<b>1,467,179.46</b>	<b>74,838.32</b>	<b>3,914.47</b>	<b>1,545,932.25</b>	<b>3,149,670.00</b>	<b>1,682,490.54</b>	<b>49.08%</b>
<b>Excess (Deficit)</b>	<b>208,101.52</b>	<b>(150,477.22)</b>	<b>(254,143.63)</b>	<b>(196,519.33)</b>			

## **4d Director's Report**

**Action Request:** For Board information

### **Staff Trainings/Meetings**

Director: Library Strategies 8/13, State Library Services 7/22, Walker local Board meeting 8/19, Wadena City Council via Zoom 8/18, CRPLSA 9/3, Audit Committee 9/8, State Library Services 9/16, and Manager meetings 7/24, 8/4, 8/18, 9/4. Upcoming include: virtual MLA and ARSL conferences, State Library Services and Manager meetings.

Staff: 10 staff members from across the Region are expected to attend the virtual ELM databases Mini Expo on 9/17, Whole Person Librarianship virtual workshops 9/21-9/24, and the Walker manager will be attending the ScreenLess webinar 9/24. The annual MLA and ARSL conferences will be held virtually this year, which will allow more staff members to attend without added travel and lodging costs. Six will be attending MLA and 21 will be attending ARSL at the end of September.

### **Technical Services Manager Hire**

Megan Lysford began working as the new Technical Services Manager for KRLS September 1<sup>st</sup>, 2020. Megan comes with an MLIS degree and a strong background in Integrated Library System maintenance and migration as well as prior experience in public libraries. I am excited for her to bring her experience and passion for library services to KRLS as we move forward with updating our ILS and technology region wide. Megan has begun a tour of the Region visiting with managers and staff members as she settles into her new role.

### **One Book, One Minnesota: Summer Read- *A Good Time for the Truth* edited by Sun Yung Shin; and Fall Read-*A Plague of Doves* by Louise Erdrich**

The summer statewide read, *A Good Time for the Truth*, put on by the MN Center for the Book, has wrapped up with over 22,997 views of the eBook through Minitex's Ebooks MN platform within the state. Over 400 people attended the virtual author panel event on August 20<sup>th</sup>.

The next One Book, One Minnesota read, *A Plague of Doves* by Louise Erdrich, is scheduled to begin on October 19<sup>th</sup>. KRLS will purchase additional copies of this title as we prepare to advertise for this event throughout the Region.

### **HQ Maintenance**

The roof replacement was completed by Neumann's Construction on Tuesday, September 18<sup>th</sup>. A large tree came down on Headquarter's property at the end of August due to severe wind

gusts. The fallen tree was removed from the property by Lakeview Tree Co, LLC. A couple of holes in the field next to Headquarter's building have started popping up over the summer. We were told by the City of Pine River that this has happened before due to buried debris/foundations from historic buildings. We have filled in the largest holes and will address the issue again this coming spring.

### **Walker Public Library**

The Walker Public Library is proceeding with moving to a temporary location so that the current library building can be demolished in preparation for a new building to be built within the next couple of years. The temporary location is being wired in preparation for switching over the data lines. The library's physical collection of materials is being vigorously weeded and sorted since much of the collection will need to be put into storage while waiting for the new building to be constructed.

## KRLS Checkouts

January -August 2020

Location	2019	2020	Percent Change
Bemidji	102,360	<b>45,847</b>	-55.21%
Blackduck	10,297	<b>5,724</b>	-44.41%
Brainerd	172,469	<b>73,896</b>	-57.15%
Cass Lake	4,609	<b>2,721</b>	-40.96%
Longville	10,038	<b>6,366</b>	-36.58%
Park Rapids	51,442	<b>23,731</b>	-53.87%
Pine River	17,369	<b>8,706</b>	-49.88%
Wadena	38,290	<b>20,406</b>	-46.71%
Walker	17,955	<b>9,078</b>	-49.44%

### Mobile Locations

Backus	782	<b>328</b>	-58.06%
Laporte	161	<b>86</b>	-46.58%
Nisswa	943	<b>417</b>	-55.78%
Hackensack	261	<b>105</b>	-59.77%
Nimrod	466	<b>272</b>	-41.63%
Leader	1,030	<b>594</b>	-42.33%
Menahga	3,450	<b>1,703</b>	-50.64%
Nevis	2,912	<b>862</b>	-70.40%
Garrison	904	<b>405</b>	-55.20%
Bay Lake	266	<b>91</b>	-65.79%
Becida	702	<b>261</b>	-62.82%
Remer	1,411	<b>267</b>	-81.08%
Sebeka	1,025	<b>521</b>	-49.17%

### Associate Locations

Crosslake	725	<b>403</b>	-44.41%
Pequot Lakes	1,870	<b>1,777</b>	-4.97%

<b>TOTAL</b>	<b>441,737</b>	<b>204,567</b>	<b>-53.69%</b>
--------------	----------------	----------------	----------------

**Electronic Resources  
January-August 2020**

**2019    2020**

**2019    2020**

**Cloud Library**

Checkouts: eBooks	40,905	51,239
Checkouts: eAudio	22,748	28,024
New Patrons	645	805

**ELM: EBSCO**

Sessions	508	126
Searches	1476	354

**Ancestry Library**

Searches	2946	1982
----------	------	------

**ELM: Britannica**

Sessions	474	498
----------	-----	-----

**Flipster**

Sessions	703	812
Searches	613	686
Online View	1181	1091
Downloads	2415	2865

**5a Regional Library Basic System Support (RLBSS) FY2021 Grant Application Amendment**

**Action Request:** That the Board approve the amended FY21 RLBSS Application

The final calculation for KRLS FY2021 RLBSS was received in late August. The allocation for KRLS is \$675,651.54, which is an increase of \$20,665.99 from FY2020. KRLS has received an increase due to population increase within the Region, not due to an increase in overall RLBSS statewide funding overall.

## **REGIONAL LIBRARY BASIC SYSTEM SUPPORT (RLBSS)**

### **FY 2021 (July 1, 2020 – June 30, 2021) Application**

#### **A. Applicant Information**

**1. Regional public library system name and address:**

Kitchigami Regional Library System, 310 2<sup>nd</sup> St. N., P.O. Box 84, Pine River, MN 56474

**2. Name, title, phone, fax, and e-mail address of regional public library system's chief administrator:**

Stephanie Johnson, Director, (218)587-2171 x.222, [johnsons@krls.org](mailto:johnsons@krls.org)

**3. Educational background (including degrees, dates and institutions) and library work experience of the regional public library system's chief administrator:**

Meets statutory requirements; MLIS-University of Wisconsin, Milwaukee

**4. Number of FTE staff paid with RLBSS funds:**

**5. Attach a copy of all organizational agreements** defining service expectations of membership, signed by participating political entities that were signed and/or updated since last year's application. Please check appropriate box:

Organizational agreement(s) that are new or have been updated since the last application are attached.

There are no updates to organizational agreements.

**6. Strategic Plan:**

**Regional Public Library Systems are required to provide State Library Services a long-range strategic plan in even numbered years. Because planning cycles vary and planning is continuous, please provide one of the following with this aid application.**

**Please indicate which is attached:**

A new long-range strategic plan.

A brief report on the status of the current plan. The report details any changes to the current plan or indicates that there are no changes.

A brief update on the status of developing a new plan. Please include planning activities completed to date and a time frame for completion. The approved strategic plan is due to State Library Services by December 31, 2020.

KRLS has contracted with Library Strategies to develop a new long range strategic plan with the process beginning summer of 2020. The process was planned to start in April 2020, however, due to the pandemic the process has been pushed back. Projected completion is by December 31, 2020.

### 7. Proposed Program Activities:

Regional Library Basic System Support is given to support services that include but are not limited to: communication among participants, resource sharing, delivery of materials, reciprocal borrowing, and cooperative reference service.

**At a Glance** – Please summarize your plans for State FY2021 in a few sentences:

Briefly describe the programs that will take place during FY2021, using the format below.

*Programs identified in this section should reflect the budget, provisions of the organizational agreements and your organization’s strategic plan. Possible program areas include but are not limited to, automation systems, databases, program development, ebooks, professional development, and interlibrary loan/delivery.*

For at least one and up to five programs, please include these four components, limiting the narrative for each activity to 200-250 words:

- Please describe the goal(s) of this program.
  - How will this program contribute to your organization’s mission and strategic plan goals?
  - Who will be served by this program?
  - Please describe this program’s proposed activities.
  - How will these activities help to achieve your program goal?
1. Kitchigami will continue to provide centralized service and support activities necessary to the operations of a consolidated regional public library system. These include the critical administrative tasks of human resources management and reporting, bookkeeping, operational necessities of delivery, interlibrary and intraregional lending, acquisitions, cataloging and maintenance of the region’s integrated library system.
  2. Program of note 1: KRLS will continue the process of assessing and moving forward into acquiring new integrated library system software so that the Region can provide the most efficient access to physical and digital materials through an intuitive public catalog.
  3. Program of note 2: KRLS will continue to assess and improve the structure of the IT and software used and provided regionally. Implementing updates and upgrading current technology structures and systems will enable the Region, its staff and patrons to more effectively access and utilize needed technology.

**8. List local governmental units** (cities and counties with branch or member libraries) participating in the region as of June 30, 2020, **and the amount of funding that the governmental unit provided** for operating purposes of public library service during the preceding year. *This information is used to determine compliance with state-certified level of library support requirements (Minnesota Statutes 134.34).*

Beltrami County	\$412,386
City of Bemidji	\$193,347
City of Blackduck	\$21,997
Cass County	\$373,709

City of Cass Lake	\$12,096
City of Longville	\$16,466
City of Pine River	\$32,779
City of Walker	\$22,838
Crow Wing County	\$509,127
City of Brainerd	\$133,725
Hubbard County	\$208,000
City of Park Rapids	\$32,619
Wadena County	\$99,401
City of Wadena	\$93,819

**9. If a participating governmental unit (city or county with branch or member library) has changed its library levy status (i.e., city levy transferred back to county levy, moved from associate, unaffiliated or stand-alone status to full membership status, etc.), please specify governmental unit, status change and effective date:**

N/A

**10. Please list names of all nonparticipating (unaffiliated or stand-alone) public libraries that are not a member of this designated regional public library system:**

Jessie F. Hallett Memorial Library, City of Crosby

**11. Please provide contact information, name and location of any new libraries completed or any buildings that underwent substantial remodeling in the last calendar year.** State Library Services collects information on newly constructed or renovated library buildings and encourages the completion of the *Library Journal Architectural Questionnaire for Public Libraries*. State Library Services will contact each location when the online submission period opens, usually in late August.

N/A

## B. Assurances

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

1. Funds shall be used only for purposes for which granted as specified in the approved grant application or approved by the Director of State Library Services in an amendment to the original application submitted under provisions of Minnesota Rule, 3530. Approval by the Director of State Library Services shall be obtained for expenses in a category that reflect more than a 10% change from the proposed budget in the approved application.
2. A narrative report indicating program or project results accomplished and a report of expenditures shall be filed with State Library Services on forms supplied by the State Library Agency no later than 90 days after the completion of the project or program, or the end of the state fiscal year, whichever is earlier, provided that such period shall not be less than 90 days. (Minnesota Rule, 3530.0200, subdivision 4(B)).
3. If participation by a regional public library system or a member local governmental unit is discontinued, ownership of the discontinuing system's or unit's assets, including cash or the fair market value thereof of such assets cannot be transferred by the applicant, if acquired during the last three years of participation from Regional Library Basic System Support funds, and shall revert to the Minnesota Department of Education for reassignment for library services elsewhere. (Minnesota Rule, 3530.0200, subdivision 4(C)).
4. The provisions of Title VI of the Civil Rights Act of 1964, (42 USC Sec. 2000d et seq.), its regulations and all other applicable federal and state laws, rules and regulations. (Minnesota Rule, 3530.0200, subdivision 4(D)).
5. That the regional public library system and its branches/members are in compliance with Minnesota Statutes 2004, section 134.50 (a) so that all public library computers with access to the Internet available for use by children under the age of 17 must be equipped to restrict, including by use of available software filtering technology or other effective methods, all access by children to material that is reasonably believed to be obscene or child pornography or material harmful to minors under federal or state law, and section (c) so that the library prohibits, including through the use of available software filtering technology or other effective methods, adult access to material that under federal or state law is reasonably believed to be obscene or child pornography.
6. That the regional public library system and its branches/members are in compliance with Minnesota Laws 2000, Chapter 492, Article 1, Section 49, Subd. 5A, and has adopted a policy to prohibit library users from using the library's Internet access workstations to view, print, or distribute material that is obscene within the meaning of Minnesota Statutes 1998, Chapter 617, Article 241.
7. An independent auditor's report of the systems' general purpose financial statements in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The audit shall be submitted no later than 180 days after the close of the system's fiscal year. (Minnesota Rule, 3530.1200)

## C. Signature Page

I certify that I have read the application (narrative, assurances, budget and attachments) and will comply with all provisions including any additional state, local, federal regulations and policies governing the funding that apply to my agency.

**Signature:**

Printed Name: Neal Gaalswyk  
Chair, System Governing Board

Date:

I certify that I have read the application (narrative, assurances, budget and attachments) and will comply with all provisions including any additional state, local, federal regulations and policies governing the funding that apply to my agency.

**Signature:**

Printed Name: Stephanie Johnson  
Regional Public Library System Administrator

Date:

## D. Attachments and Due Date

- FY 2021 Proposed Budget (required): Please indicate how you plan to spend state aid dollars.
- Strategic Plan Document (required)
- Organizational Agreements (as needed)

Applications are due **Wednesday, July 1, 2020**. Please submit one PDF of the signed original application to [hannah.buckland@state.mn.us](mailto:hannah.buckland@state.mn.us).

RLBSS FY2021 Budget Amend

<b>Regional Library System Name: Kitchigami</b>		
<b>State Fiscal Year 2021</b>		<b>\$675,652</b>
<b>Proposed Budget</b>		
		<b>Amount</b>
<b>Personnel Expenses</b>		
	Salaries and Wages	\$344,619
	Benefits	\$85,928
	Staff Development, Tuition and Other Reimbursements	\$2,000
<b>Total Personnel</b>		<b>\$432,547</b>
<b>Total FTE Supported</b>		
<b>Operating Expenses</b>		
	Telephone (voice and data)	\$16,681
	Telecommunications	
	Computer Software and Software Licensing	\$4,000
	Other Technology Equipment	
	Printing and Copying	\$2,400
	Postage and Delivery	\$3,500
	Travel and Mileage	\$500
	Rent	
	Operating Leases or Rentals	
	Utility Services	\$8,000
	Repairs and Maintenance Services	\$8,000
	Insurance	\$6,450
	Dues and Memberships	
	Audit	
	Board expenses, including per diem	
	Materials and Supplies	\$6,500
	Other (please specify)	
<b>Total Operating Expenses</b>		<b>\$56,031</b>
<b>Program Expenses</b>		
	Consulting Fees/Fees for Services	
	Services Purchased from Other MN Joint Powers Agencies	\$41,000
	Automation System	\$45,000
	Delivery	\$52,000
	Vehicles	
	Equipment	
	Travel and Mileage	
	Scholarships/Direct Member support	
	Library Materials and Collections	\$35,000
	Communications and Marketing	
	Staff Development	\$2,074
	Materials and Supplies	\$12,000
	Workshops and Events	
	Other Contracted services	
	Food and Beverages	
	Other (please specify)	
<b>Total Program Expenses</b>		<b>\$187,074</b>
<b>Total Anticipated State Aid Expenditures</b>		<b>\$675,652</b>

**5b Arts and Cultural Heritage (ACHF) Funding Budget: State FY 2021 – Amended**

**Action Request:** That the Board approve the amended ACHF FY2021 budget

Due to the impact of the COVID19 pandemic, ACHF Legacy funding was decreased by 14% for all public library recipients. The allotment for KRLS will be \$93,515.64 as a result of these changes. The attached FY21 ACHF budget reflects these changes.

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

State Fiscal Year 2021 (July 1, 2020-June 30, 2021)



Regional library system name:

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

Budget items (used to create Financial Reporting Form	FY20 Estimated Expenditures	Notes
Administration (up to 5%)	\$4,675.78	
Statewide initiative (up to 10%)	\$0.00	
Other (auto sums from info entered below)	\$88,839.86	
<b>TOTAL</b>	<b>\$93,515.64</b>	
<b>Other estimated expenses (will be included above)</b>	<b>FY20 Estimated Expenditures</b>	<b>Notes</b>
Contracted services	\$65,460.95	
Personnel	\$23,378.91	
Subgrants	\$0.00	
<i>(Other--please specify; insert rows as needed)</i>	\$0.00	
<b>Total Other</b>	<b>\$88,839.86</b>	

## **5c Strategic Planning**

**Action Request:** For Board discussion

Library Strategies has been conducting virtual meetings with Regional Board members and Branch Managers since the July meeting. Draft surveys for community members and Regional staff are currently being reviewed by the Strategic Planning Committee as well as possible dates/times for virtual community meetings.

Library Strategies will be meeting virtually with Board and Staff members of the Strategic Planning Committee at 4:30pm on September 17<sup>th</sup>, before the full board meeting. Updates, information, and next steps will be shared at the full board meeting.

**5d Headquarter's Landscaping**

**Action Request:** That the Board select a bid to complete landscaping projects at KRLS Headquarter's building

KRLS received three bids in response to the amended landscaping RFP that went out after the July Board meeting. A summarized comparison of received is below. Full bids are attached in the packet. All bids met the RFP requirements.

**Backyard Reflections** **TOTAL \$5,665**

Removal of trees/weeds around building and installing rock bed around AC units \$1,645

Digging out existing overgrown plants around current sign and replacing with new deer resistant plantings, mulch and existing rocks

--- AND ---

Removing overgrown shrubs throughout yard, completely removing second overgrown garden bed, and grinding stumps to return to lawn space \$4,020

---

**Lakes Area Lawn Care and Landscape** **TOTAL \$6,050**

Removal of overgrown shrubs/rock/weed and replacement with sod/grass \$3,450

Installation of rock bed around AC units and gas meter \$1,100

Revitalization and installation of landscaping around current sign \$1,500

---

**Yardcreations LLC** **TOTAL \$10,658**

Removal of overgrown shrubs throughout property and replacement with grass \$4,608

Revitalization of landscaping around sign \$1,273

Installation of rock bed around building to encompass AC and gas meter \$4,777



# Proposal

Est ID: 3126

Date: 08/20/2020

## Kitchigami Regional Library

310 2nd St N  
Pine River, MN 56474

## Kitchigami Library Work

310 2nd St N  
Pine River, MN 56474

Backyard Reflections, Inc. hereby proposes to furnish all materials required and to perform all the labor necessary for the completion of the proposed work:

**Work Around Building** **\$1,645.00**

- Removing trees/weeds around building
- Installing poly edging and rock around A/C units

**Entry Work/Sign** **\$4,020.00**

- Digging/grubbing out existing plants around sign
- Re-use existing rocks to re-edge bed
- Adding new deer resistant plantings around sign
- Spreading mulch in new bed
- Removing overgrown shrubs and scrubby trees
- Completely removing overgrow bed and turning area into lawn
- Grinding stumps and turning those areas into lawn

**Subtotal** **\$5,665.00**

**Taxes** **\$0.00**

**Estimate Total** **\$5,665.00**

**Terms & Conditions:**

Bid does not include:

- Any required fees for permits (unless specified), special soil amendments or corrective soil work if the excavation of existing soils finds an unforeseen need for it. This bid does not include any removal or disposal of buried items, repair of unmarked utilities, or repair of any buried items.
- Any repairs to the existing irrigation system, yard, or underground utilities (unless specified in bid)

This proposal may be withdrawn if it is not accepted within 60 days.

Changes to this proposal, involving extra costs, will be charged over and above this written proposal.

Yard signs and photographs: Customer consents to installation of a Backyard Reflections yard sign on their property to facilitate

delivery of materials as well as advertise. Customer grants Backyard Reflections the right to photograph its work and use the photographs for promotional purposes.

Insurance certificates will be provided to the owner upon request.

**Warranty Information:** Backyard Reflections shall perform the work required by the Contract using the care, skill and diligence normally applied by contractors in the performance of work similar to that contemplated under the Contract. Backyard Reflections provides the following warranties:

**Hardscape Construction Warranty:** All construction shall carry a one-year warranty from the date of project completion on materials and workmanship excluding neglected maintenance, misuse, vandalism, or damage from acts of God. Warranties will be voided in cases of physical and or chemical damage or for accounts over 60 days past due from date of invoice. All work is to be completed in a workmanlike manner according to standard practices. Where applicable, manufacturers' warranty shall apply on materials.

**Irrigation Warranty:** All materials and labor are guaranteed by the subcontractor under the specific subcontractor's warranty for the service provided.

**Low Voltage Lighting Warranty:** Backyard Reflections low voltage lighting systems have a one-year warranty on all parts and workmanship.

**Plant Material Warranty:** Includes delivery and installation of all premium plants as per design.

(Initial Here) Backyard Reflections provides a single season warranty on all plant material that has been properly cared for, excluding sod, seed, annuals, wildflowers and ground covers. All plant materials installed by Backyard Reflections will be true to name and up to or beyond industry standards. Plants will be free from disease, insects, and in healthy condition when planted. Proper watering, fertilizing, and pest control are necessary to maintain healthy plant growth. Warranties will be voided in cases of physical and/or chemical damage, neglect in watering or pest control, or for accounts over 60 days past due from the date of invoice. Once installed, we are not responsible for damage from animals, acts of God or extreme weather conditions, theft, vandalism, or disappearance.

Backyard Reflections has a one-time replacement policy on trees, shrubs, and perennials within the growing season. Growing season warranty will be extended to July 1 of the next year if plants are installed after October 1 of the given year. Replacement plants are not warranted. Backyard Reflections has the right to substitute any plant under warranty but will discuss changes with the homeowner.

Backyard Reflections offers a full one-year warranty on all new plants installed, with the purchase of a reoccurring plant bed maintenance package (minimum of a monthly plan for one year, throughout the growing season). With a plant bed maintenance package, Backyard Reflections can monitor and maintain the plants health and care. Maintenance package must be purchased within 60 days of plant install.

**Plant Watering Note:** It will be crucial to the plantings for the 1st year of establishment to provide adequate water to them; approximately 1" per week is needed and will be determined by several factors (temperature, rainfall, soil type). Watering 2 to 3 times per week for the first month following installation (especially during the warmer mid-summer months) is typical. The watering schedule can usually be backed off to 1 time per week after the first month or two when the plants are starting to establish root systems into their new home.

**Note:** During or after installation, excessive storm damage may cause erosion of landscaped areas. Background Reflections will not be held responsible for storm damage. We will attempt to restore the areas with the least amount of additional costs to the owner as possible once they have agreed to the costs and have signed a work order to approve such restoration.

By initialing above, the Customer acknowledges, and agrees to, the above conditions.

**Lawn Seeding Agreement:** It is an understanding between Backyard Reflections and the Customer that newly seeded lawns require special care and irrigation. In order to fully set realistic expectations, Backyard Reflections and the Customer agree to the following:

(Initial Here) Newly seeded lawns require daily watering. They may require as many as 4 light waterings a day to help combat dry and/or windy conditions. The Customer is responsible for ensuring the lawn is appropriately watered.

Depending on the type of seed, it will take between 7 and 21 days for the seed to germinate.

It is important to keep the seed bed moist, but not overly saturated, until grass reaches mowing heights. Seed bed refers to the top 1-2" of soil. Once grass reaches mowing height, waterings can be reduced but not stopped. Mowing height is defined as 4" or greater; it should take approximately 8 weeks to reach this height.

Backyard Reflections is not liable for failure to properly water.

Backyard Reflections is not liable for acts of God, which may cause damage to new grass or wash out areas.

The Customer should expect to have some weeds appear in the newly seeded areas and Backyard Reflections will not be held responsible for the removal of weeds.

The Customer should expect to have some bare and thin spots in the new lawn, which will require over-seeding. Backyard Reflections will not be held responsible for over-seeding these areas. First mowing should not occur until the new grass has reached a height of 4". No more than 1/3 of the grass blade should be cut off during that mowing. Clippings should be left behind if clumping does not occur.

The above recommendations are based on the best information available, and are best practices, but they do not guarantee a perfect lawn. Unforeseen events or conditions may occur or be present that can affect the outcome of your lawn. Because of this, Backyard Reflections makes no guarantee as to the results of these recommendations. By initialing above, the Customer acknowledges, and agrees to, the above conditions.

**Water Feature Warranty:** Backyard Reflections water features have a one-year warranty on all parts and workmanship.

**Warranty Remedies:** The remedies of Customer for any breach of any warranty provided in this agreement is limited to the replacement of the defective work or materials or, at the option of Backyard Reflections, a refund of the price paid by customer for the defective work. In no event will a refund exceed the charges paid by Customer for the particular work involved.

**Warranty Disclaimer:** BACKYARD REFLECTIONS DISCLAIMS ALL OTHER WARRANTIES, NOT EXPRESSLY SET FORTH IN THESE TERMS AND CONDITIONS, WHETHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY, HABITABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

**Events Beyond Backyard Reflections Control:** If, during the course of the project, Backyard Reflections encounters conditions that materially differ from these Backyard Reflections reasonably anticipated or that are materially different from those normally encountered, then the price of the work and the time to perform the work will be increased. Such conditions include, but are not limited to, soil issues, building code, zoning or similar issues, changes in the work ordered by Customer or any governmental authority, delay in making selections or approval by Customer; or factors outside Backyard Reflections' control, such as severe weather, acts of God, and material or labor shortages.

**Default in Payment:** Customer acknowledges and agrees that in the event Customer fails to make any payment to Background Reflections when due, all remaining amounts owed to Background Reflections shall bear interest at a rate of eight percent (8%) per annum on the unpaid balance until paid or satisfied in full.

**Limitation of Liability:** Backyard Reflections shall not be liable to the Customer in any action or claim for any indirect, incidental or consequential damages, including without limitation, loss of profit, production revenues, or other damages attributable to business interruption resulting from any default or breach of the Contract, or in any other way connected with performance of the work contemplated by the Contract. Further, under all circumstances, Backyard Reflections' liability to Customer shall be limited to the portion of the Contract Price actually paid to Backyard Reflections.

**Indemnification:** The Customer agrees to indemnify, defend and hold harmless, Backyard Reflections, and its officers, directors, employees and agents, from and against any and all claims, actions, demands, liabilities, damages, costs and expenses, including, but not limited to, attorneys' fees, arising out of or in any way related to Backyard Reflections' performance of its obligations under the terms of the Contract to the extent caused by Customer's negligence or wrongful conduct. Likewise, Backyard Reflections agrees to indemnify, defend and hold harmless, Customer from and against any and all claims, actions, demands, liabilities, damages, costs and expenses, including, but not limited to, attorneys' fees, arising out of or in any way related to Backyard Reflections' performance of its obligations under the terms of the Contract to the extent caused by Backyard Reflections (or its agents') negligence or wrongful conduct. It is the intent of the parties that all indemnity obligations be without limit and without regard as to the negligence of any party or parties, whether such negligence be sole, joint or concurrent.

**Governing Law and Venue:** This agreement/document shall be deemed executed in the State of Minnesota and construed according to the laws of the State of Minnesota. It is agreed by and between the Customer and Backyard Reflections that all proceedings arising out of or in connection with any dispute concerning this Contract, the above-referenced rights and obligations, or in connection with any matter directly or indirectly related to this Contract, shall be brought in the courts of the State of Minnesota, County of Wright, and each of the parties irrevocably submits to the exclusive jurisdiction of said court in any such proceeding and agrees not to bring any proceeding arising out of or relating to this agreement in any other court.

**Payment terms for this project shall be as follows:**

50% Down Payment	\$2,833.00
Final Payment	\$2,832.00
	<hr/>
	<b>\$5,665.00</b>

**Note- change orders will affect scheduled payment amounts.**

**Thank you for giving us the opportunity to bid on your project!**

**Backyard  
Reflections:** \_\_\_\_\_  
Matthew DeVries

**Client:** \_\_\_\_\_

**Signature Date:** \_\_\_\_\_  
8/20/2020

**Signature Date:** \_\_\_\_\_



Dwarf Blue Spruce

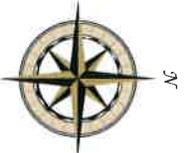
Ninebark, Fireside



Rudbeckia, Goldsturm



Coreopsis, Zagreb



KITCHIGAMI LIBRARY  
PINE RIVER, MN



**Backyard  
Reflections** INC  
*We Create Outdoor Dreams*

Backyard Reflections, Inc.  
24142 Smiley Road, Nisswa MN 56468  
(218) 454-1065  
www.backyardmn.com

08/21/20

L.A. Lawn Care Inc.  
 32848 Co. Road 3  
 Crosslake, MN 56442



Kitchigami Regional Library  
 310 2nd St N  
 Pine River MN 56474

## Estimate

Job Site

Kitchigami Regional Library  
 310 2nd St N  
 Pine River, MN 56474

Date	Estimate
8/5/2020	9117

Item	Description	Total
Landscaping	Removal oof overgrown schrubs aroud the foundation of the building	900.00
Landscaping	Removal of evergreen schrubs opn the west side of the property	800.00
Landscaping	Removal of shrubs, rock, weeds, and any other material associated with previous landscaping plot on west side of property; and replacement with sod/grass	1,750.00
Landscaping	Revitalization and installation of landscapingaround KRLS business sign on west side of property	1,500.00
Landscaping	Installation of rock bed to continue landscaping around southeast corner of building to encompass gas meter and air conditioning units -- 60' Edging	600.00
Landscaping	Installation of rock bed to continue landscaping around southeast corner of building to encompass gas meter and air conditioning units -- 1.5" rock & fabric	500.00

website: <a href="http://www.lalawncare.net">www.lalawncare.net</a> email: <a href="mailto:office@lalawncare.net">office@lalawncare.net</a>	<b>Subtotal</b>
	<b>Sales Tax (7.375%)</b>
	<b>Total</b>

Thank you for your interest in L.A. Lawncare Inc.

OTHER OFFERED SERVICES: MOWING SERVICE \* SPRING & FALL CLEAN-UPS \* FERTILIZATION & WEED CONTROL \* AERATION \* OVER-SEEDING \* DE-THATCHING \* WOODCHIP & MULCH REPLACEMENT \* PRUNING & TRIMMING \* LANDSCAPE DESIGN \* SOD & BLACK DIRT \* BOBCAT & SKID LOADER WORK \* TREE WORK & STUMP GRINDING \* SPRINKLER SYSTEM INSTALLATION \* FLAGSTONE/PAVER FIREPITS & WALKWAYS \* ROCK/BOULDER/KEystone WALLS \* PLANTINGS \* RIP RAP & SHORELINE WORK \* SAND BLANKETS \* BUFFER ZONES \* PRESSURE WASHING \* DECK RE-STAINING \* ROOF & GUTTER CLEANING \* PEST CONTROL \* SNOW PLOWING & SHOVELING \* DOCK & LIFT SERVICE \* WINDOW WASHING \* MAID SERVICE \* BEACH MAINTENANCE \* DEER REPELLENT \* MOSQUITO CONTROL

L.A. Lawn Care Inc.  
 32848 Co. Road 3  
 Crosslake, MN 56442



Kitchigami Regional Library  
 310 2nd St N  
 Pine River MN 56474

## Estimate

Job Site  
 Kitchigami Regional Library  
 310 2nd St N  
 Pine River, MN 56474

Date	Estimate
8/5/2020	9117

Item	Description	Total
Lien Waiver	<p><b>LIEN WAIVER</b></p> <p>We are authorized by law to provide you with his notice. You are hereby notified that:</p> <p>(A) ANY PERSON OR COMPANY SUPPLYING LABOR OR MATERIALS FOR THIS IMPROVEMENT TO YOUR PROPERTY MAY FILE A LIEN AGAINST YOUR PROPERTY IF THAT PERSON OR COMPANY IS NOT PAID FOR THE CONTRIBUTIONS.</p> <p>(B) UNDER MINNESOTA LAWS, YOU HAVE THE RIGHT TO PAY PERSONS WHO SUPPLIED LABOR OR MATERIALS FOR THIS IMPROVEMENT DIRECTLY AND DEDUCT THIS AMOUNT FROM OUR CONTRACT PRICE, OR WITHHOLD THE AMOUNTS DUE THEM FROM US UNTIL 120 DAYS AFTER COMPLETION OF THE IMPROVEMENTS UNLESS WE GIVE YOU A LIEN WAIVER SIGNED BY PERSONS WHO SUPPLIED ANY LABOR OR MATERIAL FOR THE IMPROVEMENT AND WHO GAVE YOU TIMELY NOTICE.</p>	0.00

website: <a href="http://www.lalawncare.net">www.lalawncare.net</a> email: <a href="mailto:office@lalawncare.net">office@lalawncare.net</a>	<b>Subtotal</b>
	<b>Sales Tax (7.375%)</b>
	<b>Total</b>

**Thank you for your interest in L.A. Lawncare Inc.**

OTHER OFFERED SERVICES: MOWING SERVICE \* SPRING & FALL CLEAN-UPS \* FERTILIZATION & WEED CONTROL \* AERATION \* OVER-SEEDING \* DE-THATCHING \* WOODCHIP & MULCH REPLACEMENT \* PRUNING & TRIMMING \* LANDSCAPE DESIGN \* SOD & BLACK DIRT \* BOBCAT & SKID LOADER WORK \* TREE WORK & STUMP GRINDING \* SPRINKLER SYSTEM INSTALLATION \* FLAGSTONE/PAVER FIREPITS & WALKWAYS \* ROCK/BOULDER/KEYSTONE WALLS \* PLANTINGS \* RIP RAP & SHORELINE WORK \* SAND BLANKETS \* BUFFER ZONES \* PRESSURE WASHING \* DECK RE-STAINING \* ROOF & GUTTER CLEANING \* PEST CONTROL \* SNOW PLOWING & SHOVELING \* DOCK & LIFT SERVICE \* WINDOW WASHING \* MAID SERVICE \* BEACH MAINTENANCE \* DEER REPELLENT \* MOSQUITO CONTROL

L.A. Lawn Care Inc.  
 32848 Co. Road 3  
 Crosslake, MN 56442



Kitchigami Regional Library  
 310 2nd St N  
 Pine River MN 56474

## Estimate

Job Site

Kitchigami Regional Library  
 310 2nd St N  
 Pine River, MN 56474

Date	Estimate
8/5/2020	9117

Item	Description	Total
Signature - multi service	<p>Please initial next to the service(s) you would like to have scheduled. Please sign, date and return to our office to be scheduled. Thank you!</p> <p>Customer Signature: _____</p> <p>Date: _____</p>	0.00

website: <a href="http://www.lalawncare.net">www.lalawncare.net</a> email: <a href="mailto:office@lalawncare.net">office@lalawncare.net</a>	<b>Subtotal</b>	\$6,050.00
	<b>Sales Tax (7.375%)</b>	\$0.00
	<b>Total</b>	\$6,050.00

**Thank you for your interest in L.A. Lawncare Inc.**

OTHER OFFERED SERVICES: MOWING SERVICE \* SPRING & FALL CLEAN-UPS \* FERTILIZATION & WEED CONTROL \* AERATION \* OVER-SEEDING \* DE-THATCHING \* WOODCHIP & MULCH REPLACEMENT \* PRUNING & TRIMMING \* LANDSCAPE DESIGN \* SOD & BLACK DIRT \* BOBCAT & SKID LOADER WORK \* TREE WORK & STUMP GRINDING \* SPRINKLER SYSTEM INSTALLATION \* FLAGSTONE/PAVER FIREPITS & WALKWAYS \* ROCK/BOULDER/KEYSTONE WALLS \* PLANTINGS \* RIP RAP & SHORELINE WORK \* SAND BLANKETS \* BUFFER ZONES \* PRESSURE WASHING \* DECK RE-STAINING \* ROOF & GUTTER CLEANING \* PEST CONTROL \* SNOW PLOWING & SHOVELING \* DOCK & LIFT SERVICE \* WINDOW WASHING \* MAID SERVICE \* BEACH MAINTENANCE \* DEER REPELLENT \* MOSQUITO CONTROL



# Proposal

**Yardcreations LLC.**

**Client Name:** Kitchigami Regional Library  
**Project Name:** 310 2nd Street North-Install  
**Jobsite Address:** 310 2nd Street North Pine River, Minnesota 56474  
**Estimate ID:** EST2012404  
**Date:** Jul 28, 2020  
**Billing Address:** 310 2nd Street North Pine River, Minnesota 56474

**A. Removal of overgrown shrubs around building foundation \$1,644.20**

This includes removal of overgrown shrubs around the foundation of building

**B. Removal of evergreen shrubs on west side of property \$745.35**

This includes removal of evergreen shrubs on the west side of the property

**C. Removal of overgrown shrubs, weeds and rocks and replace with grass \$2,218.77**

This includes removal of landscaping planter off of parking lot on west side of property and replacing with black dirt and seed

**D. Revitalize landscaping around sign \$1,273.08**

This includes removal of overgrown vegetation around KRLS sign and installation of mulch

**E. Installation of rock bed on southeast side of building to encompass gas meter \$4,776.76**

This includes installation of edging, rock, fill and landscape fabric starting on Southeast corner of building and continuing along East side and North side of building

<b>Subtotal</b>	\$10,658.16
<b>Taxes</b>	\$0.00
<b>Estimate Total</b>	<b>\$10,658.16</b>

**Payment Terms and Conditions**

A 50% down payment is due at the time of the signing of the contract.

Upon the acceptance of the work, a final invoice will be submitted to the client for the remaining balance of the contract amount.

- Should the Client fail to make payments as they become due under the terms of the Contract or in the event of any claim, interest at sixteen percent (16%) per annum above the prime rate on such unpaid amounts shall also become due and payable until payment.
- The act of non-payment creates a lien in favor of Yardcreations LLC. in any and all equipment and property of the Client in the possession of Yardcreations LLC. as well as in the work in progress at the date of termination. Yardcreations LLC. shall be at liberty to retain possession of the same pending payment in full.
- Notwithstanding anything contained herein to the contrary, the completion date of the Work shall be deemed to be extended by that number of days equal to any delay in payment to Yardcreations LLC.

#### Exclusions

The Following matters are excluded from the Work, unless specified in writing to the contrary:

- Electrical Work is to be done by a certified electrician only and is always additional to the Contract.
- Iron railings removed during construction are always re-attached at an additional cost.
- Damage to existing irrigation lines during construction is considered to be an additional cost.
- Drainage: Should the Client's property be the lowest elevation in relation to surrounding property or buildings, Yardcreations LLC. reserves the right to retain a Soil Engineer to evaluate and propose drainage solutions. All costs for engineering services, as well as the actual drainage work will be at the Client's expense. Unless the Client has a detailed Topographical survey completed, the above clause may come into effect.
- Painting and Staining.
- Conduit and connections for electrical, gas, and all other utilities and services
- Site Unknowns: Including, but not limited to, sub-surface conditions/obstacles that create unforeseen labor, equipment, material or disposal charges.

#### Procedure for Extra Work and Changes

If it shall become necessary for Yardcreations LLC. to make changes in any designs, drawings, plans, software, reports or specifications for any part of the project or reasons over which we have no control, or we are put to any extra work, cost or expense by reason of any act or matter over which we have no control, the Client will pay to Yardcreations LLC. a fee for such changed or extra work calculated on a time and materials basis. All changes to work or pricing or the terms of this Agreement will be read and understood within the context and meanings of this Agreement unless stated explicitly to the contrary. Extras to the Contract are payable by the Client forthwith upon receipt of Yardcreations LLC's invoice.

*Change Notice:* Any Contract change in scope in excess of one thousand dollars (\$1,000.00) requires a Contract Change Notice under which Work is to proceed. Work will not commence under a Contract Change Notice unless with written Client approval.

For Changes in scope of less than one thousand dollars (\$1,000.00), the Contractor will provide the Client notification by way of its Progress Report. In either instance, such notification shall be plain and clear in terms of scope and reason. Any record, telephone conversation or meeting in which such change in scope was introduced, shall be attached as supporting documentation.

#### Warranty and Tolerances

- Payments Received: The Warranty for the contract is only valid if payment is received in full on acceptance of the work.
- Diligence: Yardcreations LLC. agrees to carry out its work diligently and to provide sufficient supervision and inspection of its staff and subcontractors and that it's work will be of proper and professional quality, and in full conformity with the requirements of the contract.
- Competence: Yardcreations LLC. warrants that it is competent to perform the work and that it has the necessary qualifications including knowledge and skill with the ability to use them effectively.
- Site Unknowns: It is the responsibility of the Client or the Client's Representative to fully inform Yardcreations LLC. of all the information regarding site unknowns that may include difficult buried materials, cables, and pipes, tree stumps, drainage or water table issues, rock and shale sub-surfaces and/or other impediments, issues or factors that could otherwise impact the quality, cost and timeliness of project completion. Failure to notify Yardcreations LLC. may lead to additional costs to the Client (at Yardcreations LLC.'s discretion) and schedule time not included in the provided estimate, and may require changes in design and construction to overcome such problems – all for which the Client will be responsible. Client can avoid such risks by permitting Yardcreations LLC. to do appropriate soil and ground tests, review the site, and to secure additional required site information from appropriate government and other authorities. The cost(s) of such additional work is not included in the

- provided estimate.
- **Damaged Utilities:** Should damage occur to utilities during construction, Yardcreations LLC. is only liable for the cost of the repair. Yardcreations LLC. is not liable in any way for inconvenience to the Client caused by damage to the utilities.
- **Damage to neighbors buried utilities,** on the Client's property, are the responsibility of the Client.
- **Building/Window/Vehicle Washing:** Buildings, windows, or vehicles of the Client, including neighbors, are not intended to be kept clean due to dust during Construction or work performed by Yardcreations LLC.. Any necessary cleaning due to Construction or work by Yardcreations LLC. will be the responsibility of the Client.

#### Material Tolerances

- **Wood:** Pressure treated wood cannot be guaranteed against warp, age, checking, or cupping. Cedar is expected to crack especially 6X6 up to 3/8 inch gaps and the entire length of the wood. Ipe is expected to crack especially 4X4 up to 3/8 inch gaps and the entire length of the wood.
- **Stone:** Natural stone has color variations that vary from stone to stone. In addition, mineral deposits such as lime, iron, etc. can change the stone and even bleed. This is the nature of the product and the Client accepts this as a natural and acceptable quality of the stone.
- **Metal:** Metal, which is not galvanized, is not guaranteed from rusting commencing immediately after installation.
- **Concrete:** Spider cracks (hairline stress-fractures) are considered a normal characteristic of all types of concrete. Concrete may crack substantially over time due to proximity of tree roots. Colored concrete consistencies vary from truck to truck; therefore it is not possible to produce an exact match with pours over nine meters. The Client absolves Yardcreations LLC. of liability if "smooth" concrete is the desired finish (due to slippage).
- **Warranty Time Period:** Yardcreations LLC. warrants all construction and installation for a period of one (1) year, providing that they have been maintained properly. All construction materials are subject to manufacturer's specific warranties/guarantees. Planting is warranted for one (1) year if there is an approved irrigation system. Paver installations are warranted for (5) years from major shifting and settling of more than one inch from date of installation.
- **Client Responsibilities:** The Client recognizes and agrees that they have a responsibility to maintain constructions, plants, bushes, trees, and other installations in keeping with standard quality maintenance requirements in order for the Warranty to remain in effect. Failure to properly maintain materials or horticulture installations will void the warranty. Client further recognizes and agrees that damage to construction, materials, horticulture elements and other warrantable items of the project will not be warranted if the damage or loss is due to elements beyond the control of Yardcreations LLC.. For example, flooding eaves troughs that damage plants, fallen branches, animal caused damage, frozen/ burst irrigation or drainage pipes that were not seasonally drained at the proper time, use of improper chemicals, improper maintenance, extreme or unusual weather conditions, and similar and/or related situations – void all warranties provided by Yardcreations LLC..
- **Use of Client Selected and Approved Substandard Materials:** Client recognizes and agrees that if the Client has chosen and approved the use of substandard materials for any application that the one year warranty will be void or otherwise limited in writing on those items so impacted, but will remain in effect for all other elements of the project not impacted directly or indirectly by use of substandard materials. Yardcreations LLC. will notify in writing to the Client any material that the Client has selected that would negatively impact the one year warranty of Yardcreations LLC. – prior to purchasing and/or installing such materials.
- **Material Grades:** The Client recognizes that all materials come in a range of grades of quality and finishes, and that natural materials are not perfect. Natural wood have knots, and other natural materials have variability in color due to a wide range of factors, and that sample while useful in material selection decision-making, cannot be expected to accurately represent the total completed surface of a given construction or installation. Yardcreations LLC. shall endeavor to enable the Client to see or understand the representative range of color, surface texture, and the related of all materials being seriously considered for installation on a project, however, it will be responsibility of the Client for the final selection of those materials. Once the selection has been approved by the Client, the Client will be responsible for all costs associated with changing any given material should the Client change their mind during or after material is purchased or constructed.

#### Planting + Plant Warranty

- **Trees and Shrubs:** All trees and shrubs are warranted from the date of installation, provided that Yardcreations LLC. is in agreement that the plants are sufficiently hardy and appropriate for the soil, climate, and weather conditions associated with the site, and that they are properly maintained in keeping with standards for assuring the longevity of such plants.
- **Perennials:** Perennials are guaranteed for the same-planted season only. "Delicate" Plants, such as rhododendrons and plants that are not typically suitable for the Client's plant zone, may come with no warranty, due to the risk involved. These plants will be listed in the Planting Estimate in bold.
- **Winter Protection:** All evergreens, broadleaf evergreens and delicate plants must be burlapped in their first season to validate warranty. Yardcreations LLC. provides this service at an additional cost.
- **Plant Seasonality:** Various plants, bushes, shrubs, and trees have ideal times for planting. Planting out of season at the request of Clients will void any warranty for those plants. Yardcreations LLC. will point out in writing to the Client any requested planting that will void the warranty on those plants so affected by out of season planting. The Client reserves the right to request that

- plants that cannot be planted without voiding the warranty be exchanged or planted in the next plantable season without any additional costs being borne by the Client.
- *Plant Availability:* In some instances, some plants, shrubs, bushes, and trees may not be readily available to procure in time for the required planting period associated with the Contract. In that event, Yardcreations LLC. will work closely with the Client to provide an approved substitution(s) – subject to availability. The Client will always reserve the right to request plants and related materials that are not locally available.
  - *Plant Diseases:* Should the Client recognize ill health in the plants, shrubs, bushes, or trees that have been supplied under the Contract, it is the Client's responsibility to immediately inform Yardcreations LLC. Yardcreations LLC. will determine the nature and source of the illness. If it is deemed that the plant was infected prior to installation, Yardcreations LLC. reserves the right to first use herbicides, fertilizers, and insecticides to return the plants to good health. Should efforts to restore the plant's health fail, the Client is entitled to a refund only. Due to plant availability, the Client assumes the risk and liability of rare specimens. However, Yardcreations LLC. reserves the right to remove all or a portion of the warranty depending upon the nature of the source of the plant infections and the approved policies of Yardcreations LLC.. In all cases, Yardcreations LLC. shall work with the Client to minimize damage to the existing Contract related plants.
  - *Plant Replacement:* Yardcreations LLC. is entitled to up to one(1) year to source, match and replace dead or ill plants (due to scarcity). The Client reserves the right to either a full refund within one (1) year or wait for a suitable replacement. Should the plant be a matching pair or series, and it is not possible to replace, Yardcreations LLC. agrees to replace all plants in the series or pair at Yardcreations LLC.'s cost.
  - *Lawns:* All new sod will be No. 1 grade MN-grown Kentucky Bluegrass. New lawns that are under shade are not guaranteed. New lawns are guaranteed to be healthy at time of installation only. Client responsible for lawn care after installation. Should new sod be damaged due to animals (pets or wild animals, i.e. raccoons, skunks) the Client will incur all costs for replacement.
  - *Water Plants:* Water plants are guaranteed for same-planted season only.
  - *Weeds:* Yardcreations LLC. shall use its efforts to minimize any weeds, however, Yardcreations LLC. shall not be required to inspect or otherwise ensure that there is no weed or other unwanted plant matter upon the Client's property in any soil or root balls/planting container of plant materials, nor shall it provide warranty for the removal of existing weeds.
  - *Replacement plant material:* Yardcreations LLC. does not guarantee plant material that has been transplanted on site.
  - *Required Maintenance:* Yardcreations LLC. will provide technical specification sheets on all materials and horticulture constructed, erected, implemented or planted on the site as part of the Contract. Failure to follow the recommendations with equal, equivalent or superior maintenance efforts, tools and resources will void any Contractor warranty on items so affected. Where Yardcreations LLC. recognizes that the Client lacks sufficient resources (water pressure, power outlets, and related) to enable the full maintenance and enjoyment of the materials, construction(s) and/or horticultural elements associated with this Contract, Yardcreations LLC. will also inform the Client and recommend possible solutions. However, Yardcreations LLC. is not obliged to be wary of such needs or to account for them in this Contract in terms of design, construction or costs, and the Client fully accepts responsibility for obtaining such knowledge and acting accordingly.
  - *Water Supply:* Where water supply becomes an issue and negatively detracts from ponds, waterfalls, and other water features, the Client recognizes and agrees that such problems are the sole responsibility of the Client.

#### Permits

Client is responsible for any permits that are needed for the project. The Client can hire Yardcreations LLC. to assist in obtaining any permits needed with design or meetings with county, city, state and or associations. The Client is ultimately responsible for any permits needed.

#### Liens

Any person or company supplying labor or materials for the improvement to a property may file a lien against that property if the person or company is not paid for their contributions, even if such parties have no direct contractual relationship with the owner. Under Minnesota law, you have the right to pay persons who supplied labor or materials for this improvement directly and deduct this amount from our contract price, or withhold the amounts due them from us until 120 days after completion of the improvement, unless we give lien waiver signed by person who supplies any labor or materials for the improvement and who gave you timely notice.

Waiver and Release from Liability (Private Utility Lines and In-Ground Obstructions)

Landscaping installation requiring excavation presents unique challenges in that underground obstructions cannot be seen without

commencing digging. In accordance with safe practices, Yardcreations LLC. will have public utilities marked by Gopher State One Call and will not begin digging until marking is complete and the written report is received. We will maintain appropriate clearance from Gopher State One Call markings and will follow all other rules pertaining to working near public utilities.

Private utilities lines, including, but not limited to underground wiring and irrigation systems can be marked or exposed by Owner. Alternately, we can arrange for private utilities to be marked at the Owner's expense. In either instance, we will maintain a safe work distance from those markings. Yardcreations LLC. cannot be responsible for any damage to unmarked private utilities. If private utilities are not marked at all or are inaccurately marked and damage does occur and that damage is recognized at the time work is underway, the damage will be flagged and left exposed if practical and safe to do so, so that repairs can be made in an efficient manner. Damage will be reported to the Owner and the Owner is responsible for making repairs and all costs associated with them.

Yardcreations LLC. is not responsible for additional costs associated with hidden or non-disclosed obstacles or hazards below the surface, including but not limited to rock, cement and water. If special equipment or substantial additional labor is required due to hidden or non-disclosed obstacles or hazards, the Owner will be advised as quickly as practical. The Owner will be responsible for any costs and agrees to reimburse Yardcreations LLC. for any expenses incurred by Yardcreations LLC. to resolve problems requiring emergency or rapid response. Through approval of any estimate requiring digging or excavation, the Property Owner hereby agrees to Release and Indemnify Yardcreations LLC. from any responsibility for damage to underground utilities, facilities and structures and to bear the cost for marking private utilities, damage to private utilities and for hidden or non-disclosed obstacles or hazards as described above. In the event that the Property Owner is not the Yardcreations LLC. client, the Property Owner's signature is required below.

\_\_\_\_\_  
Property Owner Signature/Date

\_\_\_\_\_  
Printed Name

Estimate authorized by: \_\_\_\_\_  
Company Representative

Estimate approved by: \_\_\_\_\_  
Customer Representative

Signature Date: \_\_\_\_\_

Signature Date: \_\_\_\_\_

**Kitchigami Regional Library System**



**Kitchigami Regional Library System Headquarters  
Landscaping**

**Pine River, MN**

**7/8/2020**

REQUEST FOR PROPOSALS – Kitchigami Regional Library System Headquarters Landscaping

1. PURPOSE

The Board of Directors of Kitchigami Regional Library System (KRLS) has directed KRLS administration to obtain bids to fulfill specified landscaping for its Headquarters property located at 310 2<sup>nd</sup> St. N, Pine River, MN 56474.

- a. Removal of overgrown shrubs around the foundation of the building.
- b. Removal of evergreen shrubs on the west side of the property.
- c. Removal of shrubs, rock, weeds and any other material associated with previous landscaping plot on west side of property; and replacement with sod/grass.
- d. Revitalization and installation of landscaping around KRLS business sign on west side of property.
- e. Installation of rock bed to continue landscaping around southeast corner of building to encompass gas meter and air conditioning units.

2. DEFINITIONS

The term “owner” means Kitchigami Regional Library Board.

The term “proposer” means the responsible bidder awarded the contract for the work.

3. INSTRUCTIONS TO PROPOSERS

All bidders are expected to inspect and measure the site at 310 2<sup>nd</sup> St. N, Pine River, MN 56474. Appointments need to be made with Carol Christensen or Stephanie Johnson at 218-587-2171.

Bids must be received at Kitchigami Regional Library System Headquarters, 310 2<sup>nd</sup> St. N, PO Box 84, Pine River, MN 56474 no later than August 5<sup>th</sup>, 2020. It is the responsibility of the proposer to ensure that proposals arrive at the correct location and time.

All bids shall include the following information:

- a. Identify your company name, address, city, state, zip code, telephone, and email address.
- b. Identify the name, title, address, phone, and email of the primary contact person.
- c. Include one signed Bid form, Appendix B.
- d. Provide a detailed description of the proposer’s approach to providing the services requested, including labor, material, and disposal costs.

The proposal shall be in a sealed envelope marked “KRLS Headquarters landscaping” and addressed to:

Stephanie Johnson, Director  
Kitchigami Regional Library System  
310 2<sup>nd</sup> St. N

PO Box 84  
Pine River, MN 56474

Bids will be opened on August 10, 2020.

The Notice of Award will be mailed to the selected proposer.

The Kitchigami Regional Library System Board shall consider the following factors for the selection of the proposer:

- a. Relevant experience/references
- b. Demonstrated understanding of requested service and delivery of qualified professional workmanship and materials
- c. Pricing

The proposer is assumed to be familiar with all federal, state, and local laws, ordinances, rules and regulations that in any manner affect the work. Ignorance on the part of the proposer will in no way relieve it from responsibility.

Proposals are valid up to 60 days after the date of submission.

The Kitchigami Regional Library Board reserves the right to reject any and all proposals, to waive informalities or irregularities in the proposals received, and to reject non-conforming, non-responsive, or conditional proposals, and to accept a proposal in whole or in part which, in the library board's judgement, best serves the interests of Kitchigami Regional Library System.

#### 4. INSURANCE REQUIREMENTS

##### Minimum Required

Commercial General Liability:	\$500,000 per occurrence
Aggregate:	\$1,000,000
Commercial Automobile Liability:	\$1,000,000 combined single limit
Workers Compensation:	Minnesota state statute required limit

In the event that the proposer is notified of the award, it shall provide proof of insurance coverage within 14 calendar days after notification or within such approved extended period as the owner may grant. Failure to provide proper proof of insurance coverage shall constitute a default. The minimum requirements outlined above must be maintained during the duration of the contract without exception and failure to do so shall constitute a default.

**Please include the following on the certificate of insurance:**

- a. State additional insured on certificate and mark box with a "Y" for certificate holder as additional insured. Additional insured: *KRLS must be individually listed as additional insured with respect to all overage, except workers compensation and employers liability.*
- b. A 30 days' notice of cancellation is required.
- c. All auto policies need to cover "Hired, Non-Owned and scheduled."
- d. An authorized agent must sign the certificate.

The proposer shall indemnify and hold harmless Kitchigami Regional Library System against and from all liability, claims, damages, demands and costs, including attorney fees of every kind and nature and attributable to bodily injury, sickness, disease or death or to damage or destruction of property resulting from or in any manner arising out of or in connection with, the projects and their performance of the work under the contract.

5. PRICING AND PAYMENT

Pricing shall be provided as on the bid form. The proposer shall submit a single invoice for the project with the exception of approved change orders. Payment shall be made within thirty (30) days of approval of all satisfactorily completed work on the project.

**APPENDIX A**

**SITE MAP**

**General Information**

Township/City: Pine River City  
Property Address: 310 Second St N  
Pine River, MN 56474  
  
Section: 31  
Township: 138  
Range: 29  
  
Acres: 3.04





## **5e COVID-19 Update**

**Action Request:** For Board discussion and the approval of an additional allocation of reserve funding to cover COVID related expenses through the end of FY2020

All 9 library branches and the mobile library have opened up their physical spaces in some form (i.e. browsing and computer use by appointment, open with limited hours, or open all regular hours) following all state and federal guidelines and KRLS Preparedness Plan at a minimum. Contributing factors on a branch library's level of open status include staffing levels at locations, ability to control capacity limits, community size. All locations are working towards opening their spaces up to regular hours. These trends are similar to other Regional Library Systems around the state.

As of September 1<sup>st</sup>, \$26,000 has been spent on COVID-19 related supplies and equipment Region wide. All locations are now equipped with the needed equipment to operate with physical barriers, sanitization stands, and tools to quarantine returned materials for 72 hours. Ongoing expenses include disposable gloves, disposable masks, and other small replenishments as needed. An additional \$5,000 would cover COVID-19 related expenses regionally through the end of 2020.

**6b 2019 KRLS Financial Audit**

**Action Request:** That the Board move to approve the 2019 Financial Audit of Kitchigami Regional Library System

The Audit committee consisting of Board Chair, Neal Gaalswyk, and Treasurer, Jim Hofer, met at 2pm on Tuesday, September 8<sup>th</sup> via Zoom with Susan Schiessel of Clasen, Stegner & Schiessel CPAs, Ltd and KRLS Director Stephanie Johnson to discuss the 2019 financial audit of KRLS.

One of the auditors will be at the Thursday, September 17<sup>th</sup> meeting to go over the 2019 Financial Audit with the full Board.

A copy of the 2019 Final Audit is included in the Board packet.

**6c Regional Library Telecommunications Aid (RLTA) 2020 Final Report**

**Action Request:** That the board approve the RLTA 2020 Final Report and requisite signatures for submission to the state.

## Regional Library Telecommunications Aid Program FY 2020 (July 1, 2019 – June 30, 2020) Final Report Signature Page

A complete final report for the FY 2020 RLTA program includes a signature page, spreadsheet, and documentation of actual costs. Acceptable documentation includes:

Category One Costs (please choose one):

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

Category Two Costs:

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

Participation Costs:

- Vendor invoices

Please contact [Hannah Buckland](#) if you have questions about documentation or any other part of the report.

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

Regional Public Library System Name: [Kitchigami Regional Library System](#)

Signature:

Name: [Neal Gaalswyk](#)  
Chair, System Governing Board  
Date: [09/17/2020](#)

Signature:

Name: [Stephanie Johnson](#)  
Regional Public Library System Administrator  
Date: [09/17/2020](#)

Please email your report to [hannah.buckland@state.mn.us](mailto:hannah.buckland@state.mn.us) by 5:00 PM on Friday, September 11, 2020.



Connecting Schools and Libraries across Northwest Minnesota

FISCAL YEAR 2020

SITE	Bandwidth	Total Annual Undiscounted Cost including Non-Recurring	Specific Site E-Rate Discount Percent	Total Annual E-Rate Discount Amount including Non-Recurring & Summer Bandwidth Reduction	Non-Reimbursed Costs	Member Fee (\$565) Billed Q1	Total Annual Billing	Q1 billing	Q2 Billing	Q3 Billing	Q4 Billing
Bemidji Public Library	500	\$ 14,450.35	80%	\$ 11,560.28	\$ 2,890.07	\$ 565.00	\$ 3,455.07	\$ 1,282.18	\$ 725.74	\$ 725.74	\$ 721.42
Blackduck Community Library	475	\$ 10,597.40	80%	\$ 8,477.92	\$ 2,119.48	\$ 565.00	\$ 2,684.48	\$ 1,090.96	\$ 532.23	\$ 532.23	\$ 529.06
Brainerd Public Library	45	\$ 17,591.04	80%	\$ 14,072.83	\$ 3,518.21	\$ 565.00	\$ 4,083.21	\$ 1,438.06	\$ 883.47	\$ 883.47	\$ 878.21
Cass Lake Community Library	200	\$ 11,147.90	80%	\$ 8,918.32	\$ 2,229.58	\$ 565.00	\$ 2,794.58	\$ 1,118.28	\$ 559.88	\$ 559.88	\$ 556.55
Margaret Welch Memorial Library	200	\$ 21,718.54	80%	\$ 17,374.83	\$ 4,343.71	\$ 565.00	\$ 4,908.71	\$ 1,642.91	\$ 1,090.76	\$ 1,090.76	\$ 1,084.27
Park Rapids Area Library	1000	\$ 16,179.53	80%	\$ 12,943.62	\$ 3,235.91	\$ 565.00	\$ 3,800.91	\$ 1,368.00	\$ 812.58	\$ 812.58	\$ 807.75
Pine River Public Library	15	\$ 34,442.10	80%	\$ 27,553.68	\$ 6,888.42	\$ 565.00	\$ 7,453.42	\$ 2,274.38	\$ 1,729.78	\$ 1,729.78	\$ 1,719.48
Wadena City Library	200	\$ 11,391.38	80%	\$ 9,113.10	\$ 2,278.28	\$ 565.00	\$ 2,843.28	\$ 1,130.36	\$ 572.11	\$ 572.11	\$ 568.70
Walker Public Library	200	\$ 10,526.31	80%	\$ 8,421.05	\$ 2,105.26	\$ 565.00	\$ 2,670.26	\$ 1,087.43	\$ 528.66	\$ 528.66	\$ 525.51
Kitchigami Regional Library HQ	45	\$ 23,117.86	80%	\$ 18,494.29	\$ 4,623.57	\$ 565.00	\$ 5,188.57	\$ 1,712.36	\$ 1,161.04	\$ 1,161.04	\$ 1,154.13
<b>Kitchigami Regional Library System</b>	<b>2880</b>	<b>\$ 171,162.42</b>		<b>\$ 136,929.93</b>	<b>\$ 34,232.48</b>	<b>\$ 5,650.00</b>	<b>\$ 39,882.48</b>	<b>\$ 14,144.91</b>	<b>\$ 8,596.24</b>	<b>\$ 8,596.24</b>	<b>\$ 8,545.09</b>

**6d Regional Library Telecommunications Aid (RLTA) FY2021 Application**

**Action Request:** That the board approve the RLTA FY2021 application and requisite signatures for the submission to the state.



## REGIONAL LIBRARY TELECOMMUNICATIONS AID

FY 2021 (July 1, 2020 – June 30, 2021)

### APPLICANT INFORMATION, ASSURANCES, AUTHORIZED SIGNATURES

Contact Person: Stephanie Johnson

Regional Public Library System: Kitchigami Regional Library System

Street Address: 310 2<sup>nd</sup> St. N.

City: Pine River State: MN Zip Code: 56479

Telephone: (218)587-2110 x.222

Fax: (218)587-4855

E-mail: johnsons@krls.org

Minnesota Tax ID#: 74-26083

#### Locations Open Fewer than 20 Hours per Week

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

#### Assurances:

All regional public library system branches/member libraries meet the state-certified level of library support at level required under *Minnesota Statutes 134.34 and Minnesota Statutes 275.761*.

Connections are adequate and employ an open network architecture that will ensure interconnectivity and interoperability with school districts, post-secondary education, or other governmental agencies.

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

The regional public library system has submitted or is included in a federal e-rate application for discounts on category one expenses funded through the Regional Library Telecommunication Aid program. Acceptable documentation for category two services is required and may include, but is not limited to, e-rate application, request for proposal and bid documents or contracts executed under cooperative purchasing agreements.

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

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

The regional public library system and its members/branches are in compliance with *Minnesota Laws 2000, Chapter 492, Article 1, Section 49, Subd. 5A*, and has adopted a policy to prohibit library users from using the library's Internet access workstations to view, print, or distribute material that is obscene within the meaning of *Minnesota Statutes 1998 Chapter 617, Article 241*.

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

### **Authorized Signatures**

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

Date: 09/17/2020

Signature:

Name: Neal Gaalswyk  
Chair, System Governing Board

Date: 09/17/2020

Signature:

Name: Stephanie Johnson  
Regional Public Library System Administrator

## Required Attachments:

- FY 2021 Applicant Information, Assurances and Authorized Signatures
- FY 2021 Regional Library Telecommunications Aid Application Spreadsheet. Please use figures from your funding commitment decision letter(s) for e-rate year 2020, if available, to complete this document. Otherwise, please use your e-rate year 2019 FCDL(s) and your e-rate year 2020 form 471. When you receive your e-rate year 2020 FCDL, please update and re-submit your spreadsheet.  
  
You can apply for additional category two services by resubmitting the FY 2021 Regional Library Telecommunications Aid Application spreadsheet by January 15, 2021. You can apply for additional category three services by resubmitting the application spreadsheet by March 26, 2021.
- E-rate 471 form(s) and funding commitment decision letter(s) for e-rate year 2020. Each entity included in your application must have or be included in submitted FCDL(s).  
  
If e-rate year 2020 FCDL is not available, please submit e-rate year 2020 form 471 and e-rate year 2019 FCDL as an initial estimate for the current RLTA application. Please notify State Library Services if you expect a significant change in costs from the previous year. When you receive your e-rate year 2020 FCDL, please submit it along with an updated spreadsheet.
- If you are applying for category two services from the current eligible services list, please include e-rate year 2020 form 471. If you are applying for eligible services list items from prior years, please include request for proposal and bid documents or contracts executed under cooperative purchasing agreements.

Please note that you will need to submit BEAR forms or other documentation of actual costs as part of the FY2021 final report.

Please contact Hannah Buckland, State Library Services, at [hannah.buckland@state.mn.us](mailto:hannah.buckland@state.mn.us) with any questions. Please email the signed and completed application forms to [hannah.buckland@state.mn.us](mailto:hannah.buckland@state.mn.us) by October 16, 2020. Completed forms can be sent as PDF documents or in original Word/Excel formats.





July 27, 2020

TO: Stephanie Johnson, Director  
Kitchigami Regional Library System

FROM: Bob Wheeler, Executive Director  
Region 1 (NW-Links fiscal host)

RE: Fiscal Year 2021 Bandwidth and Membership Costs

We are providing final estimated cost information for the wide area network costs for fiscal year 2021. This information is to be used on the Fiscal Year 2021 RLTA application.

NW-Links has submitted the FCC Form 471 #201019978 for Annual Total Pre-Discount Charge of \$158,460.00. Discount Rate for your system is expected to be 80% based on pre-calculation of the FCDL for your FRN #2099028475.

Member Entity Name	FY 2021 Member Finalized Bandwidth	FY 2021 Monthly Recurring Cost (MRC)	E-Rate Discount %	FY 2021 Monthly Cost After E-Rate Discount	FY 2021 Annual Cost After E-Rate Discount	FY 2021 Annual Membership Fee
Bemidji Public Library	1000	\$ 1,100.00	80%	\$ 220.00	\$ 2,640.00	\$ 565.00
Blackduck Community Library	1000	\$ 1,100.00	80%	\$ 220.00	\$ 2,640.00	\$ 565.00
Brainerd Public Library	45	\$ 1,450.00	80%	\$ 290.00	\$ 3,480.00	\$ 565.00
Cass Lake Community Library	200	\$ 935.00	80%	\$ 187.00	\$ 2,244.00	\$ 565.00
Margaret Welch Memorial	200	\$ 935.00	80%	\$ 187.00	\$ 2,244.00	\$ 565.00
Park Rapids Area Library	1000	\$ 1,350.00	80%	\$ 270.00	\$ 3,240.00	\$ 565.00
Pine River Public Library	15	\$ 1,835.00	80%	\$ 367.00	\$ 4,404.00	\$ 565.00
Wadena City Library	200	\$ 935.00	80%	\$ 187.00	\$ 2,244.00	\$ 565.00
Walker Public Library	200	\$ 930.00	80%	\$ 186.00	\$ 2,232.00	\$ 565.00
Kitchigami Regional Library HQ	45	\$ 1,835.00	80%	\$ 367.00	\$ 4,404.00	\$ 565.00
<b>Kitchigami Regional Library System</b>	<b>3905</b>	<b>\$ 12,405.00</b>		<b>\$ 2,481.00</b>	<b>\$ 29,772.00</b>	<b>\$ 5,650.00</b>

**6e Regional Library Basic System Support (RLBSS) Report of Results  
Accomplished FY2020**

**Action Request:** That the Board approve the Regional Library Basic System Support (RLBSS) FY2020 Report and the requisite signatures for submission to the State.

The RLBSS Report of Results Accomplished is required to obtain RLBSS, which is our primary grant in aid. The report is only on the use of state dollars within the state fiscal year, July 1<sup>st</sup> – June 30<sup>th</sup>.



## REGIONAL LIBRARY BASIC SYSTEM SUPPORT REPORT OF RESULTS AND EXPENDITURES

*FY 2020 (July 1, 2019 - June 30, 2020)*

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

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

Name, phone number and e-mail address of regional public library system administrator: Stephanie A. Johnson, Director, (218)587-2171 x.222, johnsons@krls.org

Please estimate the number of people who received services provided with Regional Library Basic System Support (RLBSS): 125,500

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

Signature:

Name: Neal Gaalswyk  
Chair, Governing Board  
Date: 09/17/2020

Signature:

Name: Stephanie Johnson  
Regional Public Library System Administrator  
Date: 09/17/2020

Please email one PDF copy of the signed original report to Hannah Buckland at [hannah.buckland@state.mn.us](mailto:hannah.buckland@state.mn.us) by Thursday, October 1, 2020.

## Report of Accomplishments

### Overall Results

**At a Glance** – Please provide a few quick statistics that summarize your FY2020 results: 484,049 physical items were circulated during FY20 within KRLS and 21,819 new items were added to the KRLS collection. Numbers are down from FY19 due to the impact of the COVID19 pandemic situation.

### Individual Programs

Briefly highlight the programs/services/activities that took place during FY2020, using the format below for each. Please include as many programs needed to fully describe your activities and limit the narrative for each program to 200-250 words.

#### Description of Program: Technical Services

- Please describe what you did through this program: **Acquisitions, physical processing, database maintenance, equipment maintenance, software maintenance**
- What was the goal of your program? **For KRLS Headquarters to provide core technological support and services for library services, online access, acquisitions, processing physical circulating materials. For KRLS Headquarters to provide core administrative and clerical functions necessary for the public to receive library services.**
- Who was served by this program? **All KRLS library users.**
- How did this program contribute to your organization’s mission and strategic plan goals? **Technical services are the base for major services offered to the public throughout the entire KRLS Region.**

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

Name of measure	FY2019 data	FY2020 data
Circulation	645,664	484,049
Items Added to Collection	27,213	21,819

#### Description of Program: Interlibrary Loan/Delivery

Please describe what you did through this program: **Cooperated with libraries throughout Minnesota through Minitex to provide the delivery of physical materials, including ILLs to our nine branch libraries, mobile library patrons, and two associate libraries.**

What was the goal of your program? **For KRLS to provide regional patrons with physical items they request from other locations that they would not have access to otherwise.**

Who was served by this program? **Approximately 45,000 patrons within KRLS and an unspecified number of patrons throughout the state of MN.**

How did this program contribute to your organization's mission and strategic plan goals? **The Board's mission includes providing quality materials to our users and communities which is done by the physical delivery of getting the items to their local branch libraries.**

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

<b>Name of measure</b>	<b>FY2019 data</b>	<b>FY2020 data</b>
Miles driven by KRLS delivery	54,766	48,447
KRLS materials in transit	150,236	90,142

## Summary of Expenditures

Please complete the spreadsheet that accompanies this form.

Explain expenditures that varied 10% or more from the FY2020 state aid application: [Click here to enter text.](#)

RLBSS FY2020 Summary of Expenditures

<b>Regional Library System Name: Kitchigami Regional Library System</b>	
<b>State Fiscal Year 2020</b>	
<b>Summary of Expenditures</b>	
	<b>Amount</b>
<b>Personnel Expenses</b>	
Salaries and Wages	\$303,766
Benefits	\$106,290
Staff Development, Tuition and Other Reimbursements	\$2,500
<b>Total Personnel</b>	<b>\$412,556</b>
<b>Total FTE Supported</b>	
<b>Operating Expenses</b>	
Telephone (voice and data)	\$7,297
Telecommunications	
Computer Software and Software Licensing	\$3,154
Other Technology Equipment	\$4,998
Printing and Copying	\$2,100
Postage and Delivery	\$3,369
Travel and Mileage	\$108
Rent	
Operating Leases or Rentals	
Utility Services	\$7,203
Repairs and Maintenance Services	\$7,215
Insurance	\$7,883
Dues and Memberships	\$2,576
Audit	
Board expenses, including per diem	
Materials and Supplies	\$4,659
Other (please specify)	
<b>Total Operating Expenses</b>	<b>\$50,562</b>
<b>Program Expenses</b>	
Consulting Fees/Fees for Services	
Services Purchased from Other MN Joint Powers Agencies	\$37,867
Automation System	\$43,435
Delivery	\$49,475
Vehicles	
Equipment	
Travel and Mileage	\$2,081
Scholarships/Direct Member support	
Library Materials and Collections	\$46,508
Communications and Marketing	
Staff Development	\$1,529
Materials and Supplies	\$10,973
Workshops and Events	
Other Contracted services	
Food and Beverages	
Other (please specify)	
<b>Total Program Expenses</b>	<b>\$191,868</b>
<b>Total State Aid Expenditures</b>	<b>\$654,986</b>

## **6f Arts and Cultural Heritage Fund (ACHF) FY20 Interim Report**

**Action Request:** That the board approve the ACHF FY20 Interim Report for submission to the state.

An interim report of ACHF FY20 funding through July 30<sup>th</sup>, 2020 is required by the state to be submitted by September 30<sup>th</sup>. Due to the impact of COVID and the inability to host in-person programming since mid-March, many of the previously scheduled programs have been cancelled or postponed until a later date. Virtual programming is being planned for Fall 2020 on a trial basis until in-person programming can resume.

## **ARTS AND CULTURAL HERITAGE FUND (ACHF) Regional Library System, State Fiscal Year (SFY) 2020 Interim Progress Report Executive Summary Form**

*A report on projects paid for with SFY20 (July 1, 2019–June 30, 2020) ACHF funds*

### **A completed Executive Summary Form, includes:**

- This executive summary with signature(s)
- A spreadsheet with details about each of the projects paid for with funds from SFY20  
*Please use the online reporting form MDE has created through Google, which exports project information into the required spreadsheet format. A system may use its own reporting mechanism, so long as it has been approved by MDE and results in a spreadsheet that contains the required information. If you do not have access to the MDE-created online reporting form, please contact Ashley Bieber at [ashley.bieber@state.mn.us](mailto:ashley.bieber@state.mn.us).*

### **Optional Interim Progress Report components:**

- Promotional materials and high-resolution event photos in electronic format, which may be used to illustrate ACHF projects in public libraries on the [Legacy website](#).

Please submit a .pdf of the signed executive summary, an .xls (Excel) of the spreadsheet, and any illustrative materials to Ashley Bieber at State Library Services.

### **Regional Library System: Kitchigami Regional Library System**

#### **Summary Data:**

Total number of projects: **4**

Total number of programs and/or events (if different than total number of projects): **4**

Total attendance/participation: **78**

Total number of partnerships:

Total value of in-kind contributions: **\$550**

Total administrative costs:

Total FTE hours:

#### **Highlights:**

*Briefly describe at least one project that illustrates how the regional library systems are jointly using SFY 2018 ACHF funds to offer arts, history, literary arts, and cultural heritage learning experiences to Minnesotans. Please include unique locations, great stories, quotes, etc.*

Local woodworker, Nolita Christensen, provided a hands-on workshop for the children of our Region to make their own mini bookshelf. Nolita led two classes of 12 children each in the basics of assembling and decorating pre-cut wood pieces using a power screwdriver, sandpaper, acrylic paints, gems, and balsam wood embossing pieces. Nolita and her volunteers helped all event participants finish their projects in a unique way. Over 80% of participants had never used a power screwdriver before, and over 90% had an enjoyable experience.

#### **Signatures:**

Signature \_\_\_\_\_

Printed Name **Stephanie Johnson**

Regional Library System Administrator

Date **9/17/20**

Project Title	Description	Start Date	End Date	FY	Locations	Funding Amount	In-Kind	In Kind Source	Proposed Measurement	Measured Results	Attendance	Status	Counties
Historical Experiences: Minnesota in the Vietnam War	Previous Legacy program with outstanding invoice.	2/19/2020	2/29/2020	2020	4286 Tower Square, Pequot Lakes, MN 56472	440			A paper survey was available for attendees at all events to fill out to determine if the event was enjoyable and educational.	Attendees responded that they had an enjoyable experience and that their knowledge of the Vietnam War was furthered.	NA	Completed	Beltrami, Cass, Crow Wing, Hubbard, Wadena
Historical Notes: Songs of America's Heritage by Mark Broge	Previous Legacy program with outstanding invoice.	2/20/2020	2/20/2020	2020	Park Rapids Public Library, Blackduck Public Library, Brainerd Public Library, Cass Lake Community Library, Margaret Welch Memorial Library, Park Rapids Public Library, Pine River Public Library, Wadena Public Library, Walker Public Library, Pequot Lakes Community Library, Cole Memorial Building.	640			A paper survey was available for attendees to fill out to determine if the event was enjoyable and educational.	Attendees responded that they had an enjoyable experience and that their knowledge of historical songs and musical instruments was furthered.	NA	Completed	Hubbard
Musician Laura Mackenzie: Celtic Breeze	Previous Legacy program with outstanding invoice.	3/3/2020	3/7/2020	2020	Lakes, MN 56472	597.04			A paper survey was available for attendees at all events to fill out to determine if the event was enjoyable and educational.	Attendees responded that they had an enjoyable experience and that their knowledge of female Minnesota school teachers was furthered.	NA	Completed	Beltrami, Cass, Crow Wing, Hubbard, Wadena
Bemidji Speaks Series: Local Author Sue Bruns	Previous Legacy program with outstanding invoice.	3/10/2020	3/10/2020	2020	Bemidji Public Library	190			A paper survey was available for attendees to fill out to determine if the event was enjoyable and educational.	Attendees responded that they had an enjoyable experience and that their knowledge of nature photography was furthered.	NA	Completed	Beltrami
Chasing the Northern Lights with Debbie Center	Nature photographer and musician, Debbie Center, presented a program featuring her photography and music while sharing her passion for the Northern Lights.	3/12/2020	3/12/2020	2020	Park Rapids Public Library	940			A paper survey was available for attendees to fill out to determine if the event was enjoyable and educational.	Attendees responded that they had an enjoyable experience and that their knowledge of power tools, hand tools, and painting was furthered.	54	Completed	Hubbard
Mini Bookshelf with Nollia Christensen	A two hour guided program for children to create their own bookshelf teaching painting, staining, and basic carpentry.	3/12/2020	3/12/2020	2020	Pine River Public Library	543			A paper survey was available for attendees to fill out to determine if the event was enjoyable and educational.	Attendees responded that they had an enjoyable experience and that their knowledge of power tools, hand tools, and painting was furthered.	24	Completed	Cass
Bemidji Speaks Series: There'll Be Some Changes Made with Caedra Mierke	Advertising costs for local Bemidji Speaks Series. Program was cancelled because of library closures due to COVID-19 pandemic.	3/17/2020	3/17/2020	2020	Bemidji Public Library	190			NA	NA	NA	Completed	Beltrami
Art Aware: Bemidji Children's Section Mural by Wesley May	A 30' x 50' mural was painted in the children's section of the Bemidji Public Library by Wesley May, a local artist from the Red Lake Nation. The mural highlights the rich culture and history of northern Minnesota with a youth and the Ojibwa language. The mural unveiling open house featuring speakers from the local community and an invocation by tribal elders is planned.	8/1/2020	8/10/2020	2020	Bemidji Public Library	8000			A paper survey will be available for attendees of the open house to fill out to determine if the event was enjoyable and educational.	Attendees responded that they had an enjoyable experience and that their knowledge of power tools, hand tools, and painting was furthered.		In Progress	Beltrami
Beltrami Historical Society Rotating Display	The Beltrami Historical Society produced a once monthly themed rotating display of local artifacts for 9 months at the Bemidji Public Library.	9/1/2019	12/31/2020	2020	Bemidji Public Library	500			NA	NA		In Progress	Beltrami

Total Programs	4	Total Attendance	78	Total Program Expense	\$ 12,040.04
Regional Programs	0	Local Programs	4		\$ 550.00
					\$ 78

## **6g Microsoft Outlook 2010 to Microsoft 365 Migration**

**Action Request:** That the Board retroactively approve the quote for an email migration from Outlook 2010 to Outlook 365 for KRLS staff members.

Due to the incorrect previous quote given in December 2019 for a Region wide migration to Microsoft 365, the process has changed. Now, a staff migration, including email and office 365, will happen first and then the Region will move onto patron computer migration of Microsoft 365. The attached quote includes 51 licenses for staff members throughout the Region. This includes all employees over 20hr/wk and some less than 20hr/wk due to branch size.

These licenses include access to Microsoft applications such as current Word and Excel applications, in addition to the new and more secure Outlook application. All of these applications will be accessible to staff members who need access offsite and increase the ability to collaborate on group documents and committee work. Due to the impact of COVID19, offsite accessibility to workplace email has become a vital necessity for employees. The quote for staff Microsoft 365 is attached.

A projected start date for the email migration to take place is September 24<sup>th</sup> and 25<sup>th</sup>, 2020.

# CDW-G Quote Confirmation: Quote #LMZT204/P.O. Ref. LMZT204

Ashley Ratliff

| (866) 810-6445 | [ashlrat@cdwg.com](mailto:ashlrat@cdwg.com)

Quote #	Quote Date	Quote Reference	Customer #
LMZT204	07/14/2020	LMZT204	3085614

## Quote Details

Item	Qty	CDW #	Unit Price	Ext. Price
<a href="#">Microsoft Office 365 (Plan E1) - subscription license (1 year) - 1 user</a> Mfg. Part#: Q4Y-00007 UNSPSC: 43231513 Electronic distribution - NO MEDIA Contract: Minnesota Services Cooperative (018-A) CDW #: 3120373	40	3120373	\$94.82	\$3,792.80
<a href="#">Microsoft Office 365 (Plan E3) - subscription license (1 year) - 1 user</a> Mfg. Part#: Q5Y-00007 UNSPSC: 43231513 Electronic distribution - NO MEDIA Contract: Minnesota Services Cooperative (018-A) CDW #: 3120374	11	3120374	\$234.60	\$2,580.60

---

<b>Subtotal</b>	<b>\$6,373.40</b>
<b>Sales Tax</b>	<b>\$0.00</b>
<b>Grand Total</b>	<b>\$6,373.40</b>

Kitchigami Regional Library Board Meeting September 17, 2020

**6h To renew upcoming CDs**

<b>Citizens National Bank Park Rapids</b>	<b>Account Name</b>	<b>Est. Value at maturity</b>	<b>Maturity Date</b>
16930	SRP/Summer Reading	\$ 28,145.92	10/18/2020
16931	Automation/Software	\$ 259,022.28	10/18/2020
16932	Non-Restricted	\$ 124,977.19	10/18/2020
16933	SRP/Summer Reading	\$ 36,540.78	10/18/2020

**Action Request:**

1. That the board designate a financial institution and investment term for the renewal of the Summer Reading Program CD #16930 in the amount of approximately \$28,145.92
2. That the board designate a financial institution and investment term for the renewal of the 97% Automation and 3% Accounting Software CD #16931 in the amount of approximately \$259,022.28.
3. That the board designate a financial institution and investment term for the renewal of the Non-Restricted CD #16931 in the amount of approximately \$122,977.19.
4. That the board designate a financial institution and investment term for the renewal of the Summer Reading Program CD #16932 in the amount of approximately \$37,540.78.

---

**Background**

Letters used to be sent to banks across the region requesting investment rates and terms but because of market instability rates are no longer guaranteed prior to the week of maturity. The list of rates and terms will be available at the Board Meeting.

**KITCHIGAMI REGIONAL LIBRARY**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**KITCHIGAMI REGIONAL LIBRARY**

TABLE OF CONTENTS

	<u>PAGE</u>
<b>INTRODUCTORY SECTION</b>	
Official Directory.....	1
<b>FINANCIAL SECTION</b>	
Independent Auditor’s Report.....	2 – 4
Management’s Discussion and Analysis.....	5 – 12
<b>BASIC FINANCIAL STATEMENTS</b>	
Statement of Net Position.....	13
Statement of Activities.....	14
Balance Sheet – Governmental Funds.....	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities – Governmental Funds.....	18
NOTES TO FINANCIAL STATEMENTS.....	19 – 35
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary Comparison Schedule – General Fund .....	36
Budgetary Comparison Schedule – Arts and Cultural Heritage Fund .....	37
Schedule of Library’s Proportionate Share of Net Pension Liability – Public Employees General Employees Retirement Fund.....	38
Schedule of Library Contributions – Public Employees General Employees Retirement Fund .....	39
Notes to Schedule of Changes in Net Pension Liabilities and Related Ratios .....	40
<b>SUPPLEMENTARY INFORMATION</b>	
Detailed Revenue and Expense Schedule – Entity-Wide .....	41 – 43
Schedule of Minnesota Legacy Grant Funding.....	44
Schedule of Regional Library Telecommunication Aid – Cash Basis.....	45
<b>COMPLIANCE REPORT SECTION</b>	
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 <i>Government Auditing Standards</i> and Minnesota Legal Compliance .....	46 – 47
Schedule of Findings and Recommendations .....	48 – 50
Summary Schedule of Prior Year Findings.....	51

## **INTRODUCTORY SECTION**

**KITCHIGAMI REGIONAL LIBRARY  
OFFICIAL DIRECTORY  
DECEMBER 31, 2019**

<b>POSITION</b>	<b>NAME</b>
-----------------	-------------

**OFFICIALS**

Chair	Cass County	Neal Gaalswyk
Vice-Chair	City of Park Rapids	Thomas Conway
Secretary	City of Brainerd	Mary Koep
Treasurer	Wadena County	Jim Hofer
Director		Stephanie Johnson

**DIRECTORS**

Reed Olson (County Commissioner)	Beltrami County	Nancy Erickson	City of Bemidji
Neal Gaalswyk (County Commissioner)	Cass County	Kendra Murray	City of Blackduck
Bill Brekken (County Commissioner)	Crow Wing County	Mary Koep	City of Brainerd
Thomas Krueger (County Commissioner)	Hubbard County	Richard Molash	City of Cass Lake
Jim Hofer (County Commissioner)	Wadena County	Phyllis Eck	City of Longville
		Thomas Conway	City of Park Rapids
		Tammy Hansen	City of Pine River
		George Deiss	City of Wadena
		Charlene Moore	City of Walker

## **FINANCIAL SECTION**



Clasen  
Stegner &  
Schiessl CPAs, Ltd.  
*Consultants & Accountants*

Christopher Clasen, CPA  
Aaron Stegner, CPA  
Susan Schiessl, CPA  
Jane Erickson, CPA  
Aryn Hedlund, CPA

PO Box 90, Pequot Lakes, MN 56472 (218) 568-5242 Fax (218) 568-8680

Visit us at [lakesareacpas.com](http://lakesareacpas.com)

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Kitchigami Regional Library  
Pine River, Minnesota

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Kitchigami Regional Library (the Library) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Library'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 from 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.

### Basis for Qualified Opinion

We were unable to obtain sufficient appropriate audit evidence with regard to the valuation of the Library's collection assets. The Library does not maintain records that provide complete accounting of the historical cost of the books and other items included in the Library's collection. Accounting principles generally accepted in the United States of America require that these assets be recorded at cost. We have concluded that the possible effects on the financial statements of undetected misstatements due to this departure, if any, could be material but not pervasive.

## Qualified Opinion

In our opinion, except for the possible effects of the matter described in the “Basis for Qualified Opinion” paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Library as of December 31, 2019, and the respective changes in financial position 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 and required supplementary information, as listed in the table of contents, 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 Library’s basic financial statements. The Introductory Section, *Detailed Revenue and Expense Schedule - Entity-Wide*, *Schedule of Minnesota Legacy Grant Funding*, and *Schedule of Regional Library Telecommunication Aid – Cash Basis* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *Detailed Revenue and Expense Schedule - Entity-Wide*, *Schedule of Minnesota Legacy Grant Funding*, and *Schedule of Regional Library Telecommunication Aid – Cash Basis* 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 *Detailed Revenue and Expense Schedule - Entity-Wide*, *Schedule of Minnesota Legacy Grant Funding*, and *Schedule of Regional Library Telecommunication Aid – Cash Basis* are fairly stated in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section 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 August 4, 2020, on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.

*Clasen Stegner & Schiessl CPAs, Ltd.*

Clasen Stegner & Schiessl CPAs, Ltd.  
Consultants & Accountants

Pequot Lakes, Minnesota  
August 4, 2020

**KITCHIGAMI REGIONAL LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2019**

The Library's Management's Discussion and Analysis (MD&A) provides an overview of the Library's financial activities for the fiscal year ended December 31, 2019. This discussion should be read in conjunction with the Library's financial statements which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

- ◆ Governmental activities' total net position is \$5,546,778, of which \$672,415 is net investment in capital assets, and \$372,981 is restricted to specific purposes.
- ◆ The Library's governmental activities' net position increased by \$379,745 for the year ended December 31, 2019.
- ◆ As of the close of the current fiscal year, the Governmental Funds reported combined ending fund balances of \$5,914,499 an increase of \$358,765 from the prior year. \$3,766,385 of this amount is available for spending at the Library's discretion. At the end of the current fiscal year, nonspendable fund balance was \$170,646, restricted fund balance was \$243,904, and committed fund balance was \$1,733,564.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

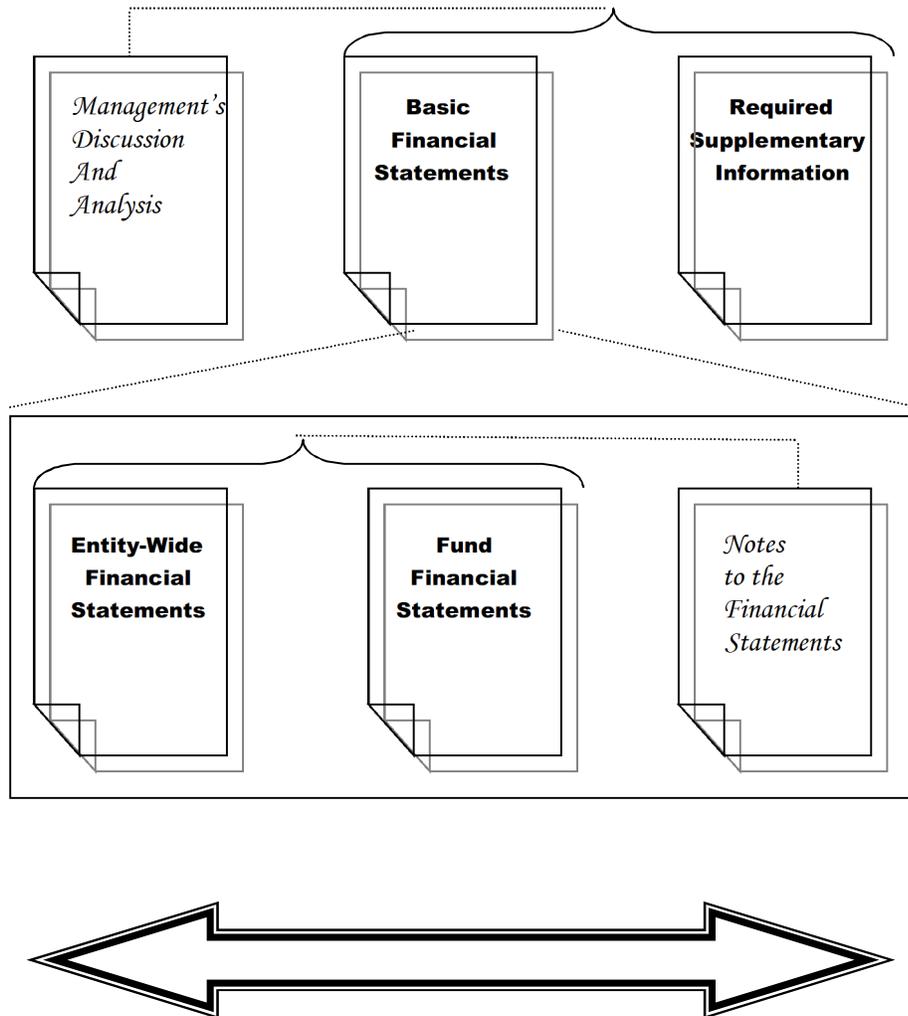
The MD&A is intended to serve as an introduction to the basic financial statements. The basic financial statements consist of three parts: (1) entity-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

- ◆ The first two statements are the Statement of Net Position and the Statement of Activities which are *entity-wide financial statements* that provide both short-term and long-term information about the Library's overall financial status.
- ◆ The remaining statements are *fund financial statements* that focus on individual parts of the Library, reporting the Library's operations in more detail than the entity-wide statements. The fund financial statements, or governmental funds statements, show how basic services were financed in the short-term as well as amounts remaining for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. Figure 1 shows how the required sections of this annual report are arranged and relate to each other.

**KITCHIGAMI REGIONAL LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2019**

**Figure 1  
Required Components of the  
Library's Annual Financial Report**



The following table summarizes the major features of the Library's financial statements, including the portion of the Library's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**KITCHIGAMI REGIONAL LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2019**

**Figure 2**

**Major Features of the Library's Entity-wide and Fund Financial Statements**

<i>Type of Statements</i>	<b>Entity-wide</b>	<b>Governmental Funds</b>
<i>Scope</i>	Entire Library	The activities of the Library that are not Proprietary or Fiduciary
<i>Required Financial Statements</i>	<ul style="list-style-type: none"> <li>◆ Statement of Net Position</li> <li>◆ Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>◆ Balance sheet</li> <li>◆ Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
<i>Type of Asset/Deferred Outflows of Resources/Liabilities/Deferred Inflows of Resources Information</i>	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Generally assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable

**Entity-Wide Statements**

The entity-wide statements are designed to provide readers with a broad overview of the Library's finances in a manner similar to private-sector business. The statement of net position includes all of the Library's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

- ◆ Over time, increases or decreases in the Library's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- ◆ To assess the overall health of the Library, consider additional non-financial factors.

In the entity-wide financial statements, the Library's activities are shown in one category:

- ◆ Governmental activities – Includes all of the Library's basic services.

**Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Library only has Governmental Funds.

**KITCHIGAMI REGIONAL LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2019**

**Fund Financial Statements (Continued)**

*Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the entity-wide financial statements. However, unlike the entity-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Library's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the entity-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the entity-wide financial statements. By doing so, readers may better understand the long-term impact of the Library's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Library maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general and special revenue funds.

The Library adopts an annual appropriated budget for its General and other governmental funds. A budgetary comparison statement has been provided for the General and other major governmental fund to demonstrate compliance with this budget.

**Entity-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the Library as a whole, assets and deferred outflows of resources, exceeded liabilities and deferred inflows of resources by \$5,546,778 as of December 31, 2019.

A large portion of the Library's net position is unrestricted (83.5%). These funds are to be used to meet the Library's ongoing obligations to its members and for the Library's funded programs and activities. An additional portion of the Library's net position (4.4%) represents resources that are restricted for automation repair and replacement for the branches. The remaining portion of the Library's net position (12.1%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and intangible assets). The Library uses these capital assets to provide services to members; consequently, these assets are not available for future spending.

**Net Position**

	December 31,	
	2019	2018
Current Assets	\$ 4,419,379	\$ 4,103,587
Assets - Designated	1,733,564	1,723,773
Capital Assets (Net)	672,415	684,571
Total Assets	6,825,358	6,511,931
Deferred Outflows of Resources	214,996	361,670
Current Liabilities	110,536	154,641
Long-Term Liabilities	1,015,198	1,058,569
Total Liabilities	1,125,734	1,213,210
Deferred Inflows of Resources	367,842	493,358
Net Position		
Net Investment in Capital Assets	672,415	684,571
Restricted	372,981	227,178
Unrestricted	4,501,382	4,255,284
Total Net Position	\$ 5,546,778	\$ 5,167,033

**KITCHIGAMI REGIONAL LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2019**

**Entity-wide Financial Analysis (Continued)**

At the end of the current fiscal year, the Library is able to report positive balances in all categories of net position.

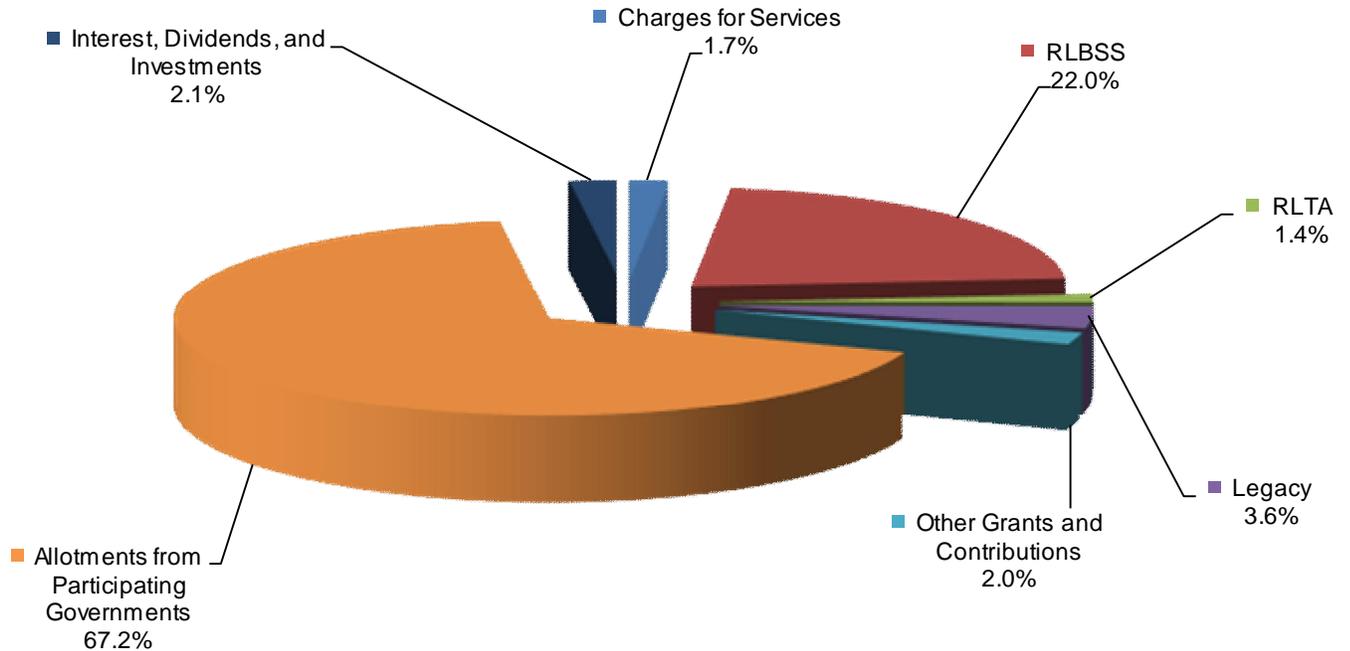
The total net position of the Library increased by \$379,745. The increase is mainly due to expenditures under budgeted amounts and higher than budgeted donations and interest in the General Fund

**Changes in Net Position**

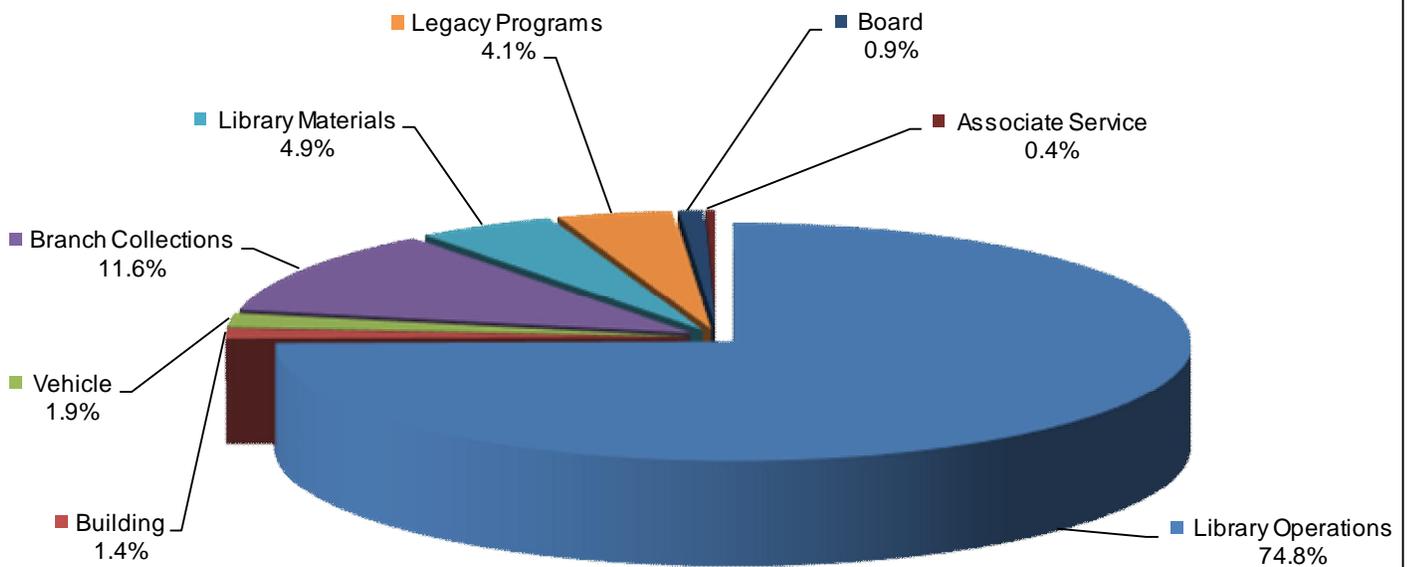
	Year ended December 31,	
	<u>2019</u>	<u>2018</u>
REVENUES		
Program		
Charges for Services	\$ 49,011	\$ 49,957
Regional Library Basic System Support Grant (RLBSS)	648,471	641,240
Regional Library Telecommunications Aid Grant (RLTA)	39,884	39,882
Legacy Grant	106,758	93,871
Other Grants and Contributions	59,655	112,035
General		
Allotments from Participating Governments	1,985,825	1,959,947
Interest, Dividends, and Investments	63,012	30,370
Total Revenues	<u>2,952,616</u>	<u>2,927,302</u>
EXPENSES		
Library Operations	1,923,408	1,925,656
Building	35,116	36,779
Vehicle	48,334	49,197
Branch Collections	298,479	205,362
Library Materials	127,069	129,455
Legacy Programs	106,758	93,871
Board	23,707	31,292
Associate Service	10,000	10,000
Total Expenses	<u>2,572,871</u>	<u>2,481,612</u>
CHANGE IN NET POSITION	379,745	445,690
Net Position - Beginning of Year	<u>5,167,033</u>	<u>4,721,343</u>
NET POSITION - END OF YEAR	<u><u>\$ 5,546,778</u></u>	<u><u>\$ 5,167,033</u></u>

**KITCHIGAMI REGIONAL LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2019**

**Governmental Activities Revenues by Source**



**Governmental Activities Expenses by Type**



**KITCHIGAMI REGIONAL LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2019**

**Fund Financial Analysis**

As noted earlier, the Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the Library's Governmental Funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Library's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Library's Governmental Funds reported combined ending fund balances of \$5,914,499, an increase of \$358,765 from the prior year.

The *General Fund* is the primary operating fund of the Library. At the end of the current year, the unassigned fund balance of the General Fund was \$3,766,385. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. The ending unassigned fund balance for the Library represents 151.6% of General Fund expenditures for the year.

During the current fiscal year, the fund balance of the Library's General Fund increased by \$358,765. The increase is due to higher donations and interest and expenditures under budget.

The *Special Revenue Fund* has a total fund balance of \$0. There was no change in fund balance during the current year.

**Budget Highlights**

The budget is set by the Board of Directors prior to the current year. Mid-year budget updates do not occur. The most significant budgeted fund is the General Fund.

The adopted budget anticipates revenues of \$2,727,061 and expenditures of \$2,913,558.

**Capital Assets and Debt Administration**

**Capital Assets.** The Library's investment in capital assets for its governmental activities as of December 31, 2019, amounts to \$672,415 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, furniture, fixtures, equipment, library collections, and intangible assets. The total net decrease in the Library's investment in capital assets for the current fiscal year was - 1.8%. The decrease was due to capital asset additions of \$62,677 being less than the depreciation deduction of \$74,833 and net dispositions of \$0.

The following is a schedule of capital assets as of December 31:

**Capital Assets  
(Net of Depreciation/Amortization)**

	Governmental Activities	
	2019	2018
Land	\$ 30,000	\$ 30,000
Buildings and Improvements	298,497	314,987
Vehicles	72,361	100,905
Furniture, Fixtures, and Equipment	24,347	31,997
Books and Materials (Collections)	230,613	206,682
Intangible Assets - Software	16,597	-
Total	\$ 672,415	\$ 684,571

**KITCHIGAMI REGIONAL LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2019**

**Capital Assets and Debt Administration (Continued)**

**Long-term Liabilities.** The long-term liability balances as of December 31 are:

**Long-Term Liabilities**

	Governmental Activities	
	2019	2018
Accrued Compensated Absences	\$ 47,662	\$ 37,812
Net Pension Liability	967,536	1,020,757
	\$ 1,015,198	\$ 1,058,569

During the current fiscal year, the Library's long-term compensated absences increased by \$9,850 (26.0%), and the net pension liability decreased by \$53,221 (5.2%).

**Factors Bearing on the Library's Future**

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

**CONTACTING THE LIBRARY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Library's finances and to demonstrate the Library's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Regional Office at:

Kitchigami Regional Library  
P.O. Box 84  
Pine River, MN 56474

## BASIC FINANCIAL STATEMENTS

**KITCHIGAMI REGIONAL LIBRARY  
STATEMENT OF NET POSITION  
DECEMBER 31, 2019**

	GOVERNMENTAL ACTIVITIES
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 4,246,407
Cash and Cash Equivalents - Designated	1,733,564
Investment - Minnesota Community Foundation	129,077
Prepaid Expenses	41,569
Interest Receivable	2,326
Capital Assets:	
Land	30,000
Buildings and Improvements	587,168
Vehicles	213,897
Furniture, Fixtures, and Equipment	327,225
Library Collections	496,966
Less Accumulated Depreciation	(999,438)
Intangible Assets - Software	19,916
Less Accumulated Amortization	(3,319)
Total Assets	6,825,358
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension Related	214,996
<b>LIABILITIES</b>	
Accounts Payable	51,628
Sales Tax Payable	936
Accrued Payroll	57,972
Accrued Compensated Absences	
Due in More Than One Year	47,662
Net Pension Liability	
Due in More Than One Year	967,536
Total Liabilities	1,125,734
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension Related	287,596
Advance Allotments	80,246
Total Deferred Inflows of Resources	367,842
<b>NET POSITION</b>	
Net Investment in Capital Assets	672,415
Restricted	372,981
Unrestricted	4,501,382
Total Net Position	\$ 5,546,778

**KITCHIGAMI REGIONAL LIBRARY  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	TOTAL GOVERNMENTAL ACTIVITIES
<b>Governmental Activities:</b>				
Library Operations	\$ 1,923,408	\$ 49,011	\$ 748,010	\$ (1,126,387)
Building	35,116	-	-	(35,116)
Vehicle	48,334	-	-	(48,334)
Branch Collections	298,479	-	-	(298,479)
Library Materials	127,069	-	-	(127,069)
Legacy Programs	106,758	-	106,758	-
Board	23,707	-	-	(23,707)
Associate Service	10,000	-	-	(10,000)
Total Governmental Activities	<u>\$ 2,572,871</u>	<u>\$ 49,011</u>	<u>\$ 854,768</u>	<u>(1,669,092)</u>
<b>General Revenues:</b>				
Allotments from Participating Governments				1,985,825
Interest, Dividends, and Investments				<u>63,012</u>
Total General Revenues				<u>2,048,837</u>
CHANGE IN NET POSITION				379,745
Net Position - Beginning				<u>5,167,033</u>
NET POSITION - ENDING				<u>\$ 5,546,778</u>

**KITCHIGAMI REGIONAL LIBRARY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2019**

	GENERAL	ARTS AND CULTURAL HERITAGE	TOTAL
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 4,166,161	\$ 80,246	\$ 4,246,407
Cash and Cash Equivalents - Designated	1,733,564	-	1,733,564
Investment - Minnesota Community Foundation	129,077	-	129,077
Prepaid Expenses	41,569	-	41,569
Interest Receivable	2,326	-	2,326
	<u>2,326</u>	<u>-</u>	<u>2,326</u>
Total Assets	<u>\$ 6,072,697</u>	<u>\$ 80,246</u>	<u>\$ 6,152,943</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 51,628	\$ -	\$ 51,628
Sales Tax Payable	936	-	936
Accrued Payroll	57,972	-	57,972
Accrued Compensated Absences	47,662	-	47,662
	<u>47,662</u>	<u>-</u>	<u>47,662</u>
Total Liabilities	<u>158,198</u>	<u>-</u>	<u>158,198</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>80,246</u>	<u>80,246</u>
<b>FUND BALANCES</b>			
Nonspendable	170,646	-	170,646
Restricted	243,904	-	243,904
Committed	1,733,564	-	1,733,564
Unassigned	3,766,385	-	3,766,385
	<u>3,766,385</u>	<u>-</u>	<u>3,766,385</u>
Total Fund Balances	<u>5,914,499</u>	<u>-</u>	<u>5,914,499</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,072,697</u>	<u>\$ 80,246</u>	<u>\$ 6,152,943</u>

**KITCHIGAMI REGIONAL LIBRARY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2019**

Total Fund Balances - Governmental Funds	\$ 5,914,499
Total Net Position reported for governmental activities in the Statement of Net Position are different because:	
Capital Assets used in governmental activities are not financial resources and therefore are not reported as assets in the Governmental Funds	
Cost of Capital Assets	1,675,172
Accumulated Depreciation/Amortization	(1,002,757)
GASB Statement No. 68 Accounting for the Net Pension Obligation is not reported in the Government Funds	
Deferred Outflows - Pension Related	214,996
Net Pension Liability	(967,536)
Deferred Inflows - Pension Related	<u>(287,596)</u>
<b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ 5,546,778</u></u></b>

**KITCHIGAMI REGIONAL LIBRARY  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2019**

	<u>GENERAL</u>	<u>ARTS AND CULTURAL HERITAGE</u>	<u>TOTAL</u>
<b>REVENUES</b>			
Intergovernmental			
State Aid	\$ 695,530	\$ 106,758	\$ 802,288
Local Aid	1,985,825	-	1,985,825
Interest, Dividends, and Investments	63,012	-	63,012
Sales	49,011	-	49,011
Automation	17,459	-	17,459
Donations, Refunds, and Miscellaneous	32,762	-	32,762
	<u>2,843,599</u>	<u>106,758</u>	<u>2,950,357</u>
Total Revenues			
<b>EXPENDITURES</b>			
Current			
Library Operations	1,943,315	-	1,943,315
Building	18,626	-	18,626
Vehicle	19,790	-	19,790
Branch Collections	279,650	-	279,650
Library Materials	127,069	-	127,069
Legacy Program	-	106,758	106,758
Board	23,707	-	23,707
Associate Service	10,000	-	10,000
Capital Outlay			
Branch Collections	62,677	-	62,677
	<u>2,484,834</u>	<u>106,758</u>	<u>2,591,592</u>
Total Expenditures			
NET CHANGE IN FUND BALANCE	358,765	-	358,765
Fund Balances - Beginning of Year	5,555,734	-	5,555,734
FUND BALANCES - END OF YEAR	<u>\$ 5,914,499</u>	<u>\$ -</u>	<u>\$ 5,914,499</u>

**KITCHIGAMI REGIONAL LIBRARY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2019**

Net Increase in Fund Balance - Governmental Funds	\$ 358,765
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Capital Outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as Depreciation Expense	
Capital Outlay, Net of Disposals	62,677
Depreciation Expense	(74,833)
GASB Statement No. 68 Accounting for the Net Pension Obligation is not reported in the Government Funds	
Change in the Net Pension Liability and Related Deferred Amounts	<u>33,136</u>
<b>CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ 379,745</u></u></b>

## NOTES TO FINANCIAL STATEMENTS

**KITCHIGAMI REGIONAL LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The following is a summary of the Library's significant accounting policies:

**A. Financial Reporting Entity**

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. Based on the significance of any operational or financial relationships with the Library, there are no component units to be included in these financial statements.

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

The Library's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

The Library's basic financial statements include both entity-wide (reporting the Library as a whole) and fund financial statements (reporting the Library's major funds).

Entity-Wide Financial Statements

The entity-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

The Library's activities include providing Library services within its regional boundaries. All of the Library's activities are shown in one category (Governmental Activities). Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of net position includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library's net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is reported in three parts – net investment in capital assets; restricted; and unrestricted.

**KITCHIGAMI REGIONAL LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Fund Financial Statements

The governmental fund financial statements (i.e., the balance sheet and statement of revenues, expenditures, and changes in fund balances) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

State-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Library.

A fund is considered major if it is the primary operating fund of the Library or meets the following criteria:

- ◆ Total assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 10% of the corresponding total for all funds of that category type.

The Library reports the following major governmental funds:

**General Fund** – The general operating fund of the Library which is used to account for financial resources except those required to be accounted for in another fund.

**Special Revenue Fund – Arts and Cultural Heritage Fund** - To account for the proceeds of the Minnesota Arts and Cultural Heritage Grant (Legacy Grant) which are legally restricted to expenditures for specified purposes.

All Government Funds are presented as major for the convenience of the readers of the financial statements.

**C. Financial Statement Amounts**

Deposits and Investments – The Library has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are stated at fair value.

Investments of the Library are reported at fair value, as prescribed by GAAP. Additional information on the Library's investments and fair value measurements can be found in Note 3, Deposits and Investments.

**KITCHIGAMI REGIONAL LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

C. Financial Statement Amounts (Continued)

Receivables

All trade receivables are shown net of an allowance for uncollectible accounts. The allowance for uncollectible accounts reflects management's best estimate of the amounts that will not be collected. At December 31, 2019, the allowance was \$0.

Capital Assets – Capital assets are recorded in the entity-wide financial statements, but are not reported in the fund financial statements. Capital assets are defined by the Library as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated acquisition value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Assets are depreciated using the straight-line method over the following estimated useful lives:

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

D. Compensated Absences

Full-time employees accumulate vacation leave which is payable upon termination. Sick leave can also be accumulated. This amount is not payable upon termination and the amount which will be used in future periods cannot be reasonably estimated, therefore, no liability has been recorded for sick leave.

The liability for vacation leave is reported as incurred in the Entity-Wide financial statements. A liability for those amounts is recorded in the Governmental Funds only if the liability has matured as a result of employee resignations or retirements.

E. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is displayed in three components:

*Net Investment in Capital Assets* – Consists of capital assets, net of accumulated depreciation, and reduced by any outstanding debt attributable to the acquisition of those assets.

*Restricted Net Position* – Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

**KITCHIGAMI REGIONAL LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

E. Net Position (Continued)

*Unrestricted Net Position* – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

F. Fund Balance

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of resources reported in Governmental Funds. These classifications are as follows:

*Nonspendable* – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted* – Amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Constraints are placed on the use of resources as either; externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions of enabling legislation.

*Committed* – Amounts that can only be used for specific purposes determined by a formal action by the Board of Directors ordinance or resolution. It requires action by the same group to establish, modify, or rescind the commitments placed on the resources.

*Assigned* – Amounts that are constrained by the Library’s intent to be used for specific purposes, but are not restricted nor committed. Intent is expressed by the Library’s Board of Directors itself, a body (budget or finance committee) or an official (director) to which the Board of Directors has delegated the authority to assign amounts to be used for specific purposes. In Governmental Funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the governing body itself. There is no assigned fund balance at December 31, 2019.

*Unassigned* – Amounts that have not been restricted, committed, or assigned to a specific purpose in the General Fund. Other funds may also report a negative unassigned fund balance if the total nonspendable, restricted, and committed fund balances exceed the total net resources of that fund.

G. Use of Restricted Resources

When a disbursement is incurred that can be paid using either restricted or unrestricted resources, the Library’s policy is to first apply the disbursement toward restricted fund balance/net position and then to other, less-restrictive classifications – committed and then assigned fund balance before using unassigned fund balance, in governmental funds.

**KITCHIGAMI REGIONAL LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

G. Use of Restricted Resources (Continued)

The Board of Directors has formally adopted a fund balance policy for the General Fund. The Library's policy is to maintain a minimum unassigned fund balance of 30% of the current fiscal year's budgeted operating expenditures or a fund balance that is necessary to keep the Library from borrowing funds.

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

I. Use of Estimates

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

**NOTE 2 STEWARDSHIP AND ACCOUNTABILITY**

At December 31, 2019 there were no compliance issues to be noted.

**NOTE 3 DEPOSITS AND INVESTMENTS**

A. Deposits and Investments

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

**1. Deposits**

The Library is authorized by Minn. Stat. §§ 118A.02 and 118A.04 to designate a depository for public funds and to invest in certificates of deposits. The Library is required by Minn. Stat. § 118A.03 to protect deposits with insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount of deposit at the close of the financial institution's banking day, not covered by insurance, bonds, or an irrevocable standby letter of credit issued by the Federal Home Loan Bank.

**KITCHIGAMI REGIONAL LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

A. Deposits and Investments (Continued)

**1. Deposits (Continued)**

Custodial Credit Risk

The risk that in the event of a financial institution failure, the Library's deposits may not be recovered. The Library has a deposit policy for custodial credit risk which follows *Minnesota Statutes* for deposits.

*Minnesota Statutes* require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance, bonds, or an irrevocable standby letter of credit issued by the Federal Home Loan Bank.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better and 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 in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

	Bank Balance	Carrying Amount
Deposit balances at December 31, 2019, are as follows:	\$ 5,978,602	\$ 5,979,971

Following is a schedule of the total cash deposits of the Library at various financial institutions and the amounts insured or collateralized by securities held by the Library's agent in the Library's name:

	Pine River State Bank	Bremer Bank	Citizens National Bank
Bank Balance at December 31, 2019	\$ 5,457,360	\$ 81,371	\$ 439,871
Less: FDIC Insurance	(500,000)	(250,000)	(250,000)
Uninsured Balance	4,957,360	-	189,871
Required Collateral	5,453,096	-	208,858
Market Value of Collateral at December 31, 2019	5,820,532	-	-
Under Collateralized at December 31, 2019	\$ -	\$ -	\$ 208,858

**KITCHIGAMI REGIONAL LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

A. Deposits and Investments (Continued)

**1. Deposits (Continued)**

Following is the change in the carrying amounts of cash balances:

DESCRIPTION	December 31, 2018	Net Increase	Net Decrease	December 31, 2019
Checking	\$ 254,075	\$ 547,336	\$ -	\$ 801,411
Money Market, Savings, and Certificates of Deposit	5,366,222	-	187,662	5,178,560
Total	<u>\$ 5,620,297</u>	<u>\$ 547,336</u>	<u>\$ 187,662</u>	<u>\$ 5,979,971</u>

**2. Investments**

The Library may invest in the following types of investments as authorized by Minn. Stat. §§ 118A.04 and 118A.05:

- 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, excluding mortgage-backed securities defined as “high risk” by Minn. Stat. § 118A.04, Subd.6;
- mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- 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;
- bankers’ acceptances of United States banks;
- 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
- with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Interest Rate Risk

The risk that changes in interest rates could adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Library can manage its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities to meet cash requirements for ongoing operations.

Credit Risk

The risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the Library’s policy to invest only in securities that meet the ratings requirements set by state statute.

**KITCHIGAMI REGIONAL LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

A. Deposits and Investments (Continued)

**2. Investments (Continued)**

Custodial Credit Risk

The risk that, in the event of the failure of the counterparty to a transaction, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk

The risk of loss that may be caused by the Library's investment in a single issuer. The Library places no limit on the amount that it may invest in any one issuer.

**Valuation of Library Investments**

The Library reports its investments at fair value. The fair value of securities in the Library's investments is based on quoted market prices.

The following table categorizes fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets and liabilities. Level 1 inputs are quoted prices for identical assets or liabilities in active markets at the date of measurement; Level 2 inputs are significant other directly or indirectly observable inputs other than quoted prices; and Level 3 inputs are significant unobservable inputs. The Library had the following fair value measurements as of December 31, 2019:

	Level 3
Minnesota Community Foundation (MCF)	<u>\$ 129,077</u>

Fair value measurement as of December 31, 2019, was related to its investment in a multi-asset endowment portfolio maintained by the Minnesota Community Foundation. This investment is valued using significant unobservable inputs of the underlying investments (Level 3 inputs).

The amount in this fund is in the possession of and invested by the Minnesota Community Foundation and its use is restricted by the grant agreement with the foundation.

B. Endowments

The Library is the sole beneficiary of a permanent endowment, held and managed by the Minnesota Community Foundation (Foundation). Payments to the Library are made at the discretion of the Foundation at such times and in such amounts that the Foundation deems appropriate.

**KITCHIGAMI REGIONAL LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 4 PREPAID EXPENSES**

Prepaid expenses consisted of the following as of December 31, 2019:

Insurance Premiums	\$ 19,235
Library Materials	22,334
	<u>41,569</u>
	<u>\$ 41,569</u>

**NOTE 5 CAPITAL ASSETS**

A summary of changes in Capital Assets is as follows:

	December 31, 2018	Increase	Decrease	December 31, 2019
<u>Assets Not Being Depreciated/Amortized</u>				
Land	\$ 30,000	\$ -	\$ -	\$ 30,000
<u>Assets Being Depreciated/Amortized</u>				
Buildings and Improvements	587,168	-	-	587,168
Vehicles	386,467	-	172,570	213,897
Furniture, Fixtures, and Equipment	336,059	-	8,834	327,225
Books and Materials (Collections)	454,205	42,761	-	496,966
Intangible Asset - Software	-	19,916	-	19,916
Total Capital Assets Being Depreciated/Amortized	<u>1,763,899</u>	<u>62,677</u>	<u>181,404</u>	<u>1,645,172</u>
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements	272,181	16,490	-	288,671
Vehicles	285,562	28,544	172,570	141,536
Furniture, Fixtures, and Equipment	304,062	7,650	8,834	302,878
Books and Materials (Collections)	247,523	18,830	-	266,353
Intangible Asset - Software	-	3,319	-	3,319
Total Accumulated Depreciation/ Amortization	<u>1,109,328</u>	<u>74,833</u>	<u>181,404</u>	<u>1,002,757</u>
Total Capital Assets Being Depreciated/Amortized, Net	<u>654,571</u>	<u>(12,156)</u>	<u>-</u>	<u>642,415</u>
Total Capital Assets, Net	<u>\$ 684,571</u>	<u>\$ (12,156)</u>	<u>\$ -</u>	<u>\$ 672,415</u>

Current year depreciation/amortization expense was allocated as follows:

	<u>Depreciation/ Amortization</u>
Buildings	\$ 16,490
Vehicles	28,544
Library Operations	26,480
Software	3,319
	<u>74,833</u>
Total	<u>\$ 74,833</u>

**KITCHIGAMI REGIONAL LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 6 LONG-TERM LIABILITIES**

Compensated Absences

The change in accrued compensated absences for the year ended December 31, 2019, was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Other Liabilities:					
Accrued Compensated Absences	\$ 50,606	\$ -	\$ 2,944	\$ 47,662	\$ -

The General Fund will be used to liquidate this liability.

**NOTE 7 FUND BALANCES**

A. Nonspendable

Nonspendable balances include prepaid items of \$41,569 and an endowment held by the Minnesota Community Foundation of \$129,077.

B. Restricted

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

<u>Branch</u>	<u>2018 Balance</u>	<u>2019</u>				
		<u>Interest</u>	<u>Capital</u>	<u>Revenue</u>	<u>Expense</u>	<u>Balance</u>
Bemidji	\$ 45,556	\$ 330	\$ -	\$ 5,647	\$ 453	\$ 51,080
Blackduck	13,206	96	-	289	498	13,093
Brainerd	60,528	440	-	4,659	23	65,604
Cass Lake	8,406	61	-	245	-	8,712
KRL Headquarters	55,268	400	11,000	-	-	66,668
Longville	18,037	132	-	983	382	18,770
Park Rapids	21,783	157	-	3,601	-	25,541
Pine River	16,629	120	-	255	-	17,004
Wadena	29,405	213	-	1,374	1,024	29,968
Walker	13,628	98	-	406	-	14,132
Total	<u>\$ 282,446</u>	<u>\$ 2,047</u>	<u>\$ 11,000</u>	<u>\$ 17,459</u>	<u>\$ 2,380</u>	<u>310,572</u>
Less: Kitchigami Regional Library - Classified as Committed						66,668
Total Restricted Fund Balance						<u>\$ 243,904</u>

**KITCHIGAMI REGIONAL LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 7 FUND BALANCES (CONTINUED)**

C. Committed

Following is a schedule of committed funds at December 31, 2019:

Automation	\$ 406,917
Regional Library Telecommunications Aid	280,507
Library Building	166,773
Crow Wing County	162,332
Vehicle	130,221
Endowment - Minnesota Community Foundation	129,077
Sue Tricker Outreach	113,241
Health Insurance	70,269
Automation - Repair and Replacement - Headquarters	66,668
Outreach	56,465
Building Repair and Maintenance	40,968
Summer Reading	33,001
Loan Security	31,347
Software Accounting	25,682
Gates Grant	19,819
Headquarter's Gift	<u>277</u>
Total Committed Funds	<u>\$ 1,733,564</u>

**NOTE 8 DEFINED BENEFIT PENSION PLAN**

Public Employees Retirement Association (PERA)

**Plan Description**

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

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

**Benefits Provided**

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

**KITCHIGAMI REGIONAL LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 8      DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Public Employees Retirement Association (PERA) (Continued)

**Benefits Provided (Continued)**

*General Employees Plan Benefits* - 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 Plan members is 1.2% of average salary for each of the first ten years of service and 1.7% of average salary for each additional year. Under Method 2, the accrual rate for Coordinated Plan members is 1.7% of average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

**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 6.5%, of their annual covered salary in calendar year 2019 and the Library was required to contribute 7.5% for Coordinated Plan members. The Library's contributions to the General Employees Fund for the years ended December 31, 2019, 2018, and 2017, were \$95,189, \$94,368, and \$90,514, respectively. The Library's contributions were equal to the required contributions as set by state statute.

**KITCHIGAMI REGIONAL LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 8      DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Public Employees Retirement Association (PERA) (Continued)

**Pension Costs**

General Employees Fund Pension Costs - At December 31, 2019, the Library reported a liability of \$967,536 for its proportionate share of the General Employees Fund's net pension liability. The Library's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2019. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the Library totaled \$30,165. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Library's proportionate share of the net pension liability was based on the Library's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the Library's proportionate share was 0.0175% which was a decrease of 0.0009% from its proportionate share measured as of June 30, 2018.

Library's proportionate share of net pension liability	\$ 967,536
State of Minnesota's proportionate share of the net pension liability associated with the Library	<u>30,165</u>
Total	<u><u>\$ 997,701</u></u>

For the year ended December 31, 2019, the Library recognized pension expense of \$85,471 for its proportionate share of the General Employees Plan's pension expense. In addition, the Library recognized an additional \$2,259 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.

**KITCHIGAMI REGIONAL LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 8      DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Public Employees Retirement Association (PERA) (Continued)

**Pension Costs (Continued)**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 27,414	\$ -
Changes in Actuarial Assumptions	74,322	78,936
Net Collective Difference between projected and actual investment earnings	61,083	163,095
Changes in Proportion	3,192	45,565
Contributions paid to PERA subsequent to the measurement date	48,985	-
Total	\$ 214,996	\$ 287,596

\$48,985 reported as deferred outflows of resources related to pensions resulting from Library contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Pension Expense Amount
2020	\$ 2,296
2021	\$ (92,548)
2022	\$ (32,893)
2023	\$ 1,560

**Actuarial Assumptions**

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

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

**KITCHIGAMI REGIONAL LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 8      DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Public Employees Retirement Association (PERA) (Continued)

**Actuarial Assumptions (Continued)**

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

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

The following changes in actuarial assumptions and plan provisions occurred in 2019:

**General Employees Fund**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Equity	35.5%	5.10%
Private Markets	25.0%	5.90%
Fixed Income	20.0%	0.75%
International Equity	17.5%	5.90%
Cash Equivalents	2.0%	0.00%
Total	100.0%	

**KITCHIGAMI REGIONAL LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Public Employees Retirement Association (PERA) (Continued)

**Discount Rate**

The discount rate used to measure the total pension liability in 2019 was 7.5%. 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 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.

**Pension Liability Sensitivity**

The following presents the Library's proportionate share of the net pension liability calculated using the discount rate disclosed in the preceding paragraph, as well as what the Library'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:

<b>Sensitivity Analysis</b>			
Net Pension Liability at Different Discount Rates			
	1% Lower (6.5%)	Current Discount Rate (7.5%)	1% Higher (8.5%)
General Employees Fund	\$1,590,577	\$967,536	\$453,092

**Pension Plan Fiduciary Net Position**

Detailed information about the General Employee's Retirement Plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org).

**NOTE 9 DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

	December 31,	
	Entity-Wide Statement of Net Position	Governmental Funds - Balance Sheet
Deferred Outflows of Resources Consisted of:		
The amounts shown in Note 8, the Library's proportionate share of the General Employees Plan	\$ 214,996	\$ -
Deferred Inflows of Resources Consisted of:		
The amounts shown in Note 8, the Library's proportionate share of the General Employees Plan	\$ 287,596	\$ -
Minnesota Legacy Grant Advance Allotment	80,246	80,246
Total	\$ 367,842	\$ 80,246

**KITCHIGAMI REGIONAL LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 10 OTHER NOTES**

A. Risk Management

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

**NOTE 11 CONTINGENCIES**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the State of Minnesota. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

The amount, if any, of the expenditures that may be disallowed by the grantor cannot be determined at this time.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**KITCHIGAMI REGIONAL LIBRARY  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
YEAR ENDED DECEMBER 31, 2019**

	BUDGET AMOUNTS - ORIGINAL AND FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
Beginning Budgetary Fund Balances - January 1	\$ 5,555,734	\$ 5,555,734	\$ -
<b>REVENUES</b>			
Intergovernmental			
State Aid	679,000	695,530	16,530
Local Aid	1,985,825	1,985,825	-
Interest, Dividends, and Investments	15,000	63,012	48,012
Sales	29,777	49,011	19,234
Automation	17,459	17,459	-
Donations, Refunds, and Miscellaneous	-	32,762	32,762
Total Revenues	<u>2,727,061</u>	<u>2,843,599</u>	<u>116,538</u>
Amounts Available for Appropriation	<u>8,282,795</u>	<u>8,399,333</u>	<u>116,538</u>
<b>EXPENDITURES</b>			
Salaries			
Branch Libraries	1,116,420	1,030,166	86,254
Regional	316,968	239,701	77,267
Outreach/Mobile Library	33,872	35,677	(1,805)
Employee Benefits	468,384	340,801	127,583
Library Operations	343,325	270,383	72,942
Building	23,200	18,626	4,574
Vehicle/Outreach	29,880	19,790	10,090
Library Materials	182,563	127,069	55,494
Branch Collections	301,987	342,327	(40,340)
Automation Repair & Replacement	28,959	1,950	27,009
Board	52,000	23,707	28,293
Miscellaneous	6,000	24,637	(18,637)
Associate Service	10,000	10,000	-
Total Expenditures	<u>2,913,558</u>	<u>2,484,834</u>	<u>428,724</u>
BUDGETARY FUND BALANCES - DECEMBER 31	<u>\$ 5,369,237</u>	<u>\$ 5,914,499</u>	<u>\$ 545,262</u>

**KITCHIGAMI REGIONAL LIBRARY  
 BUDGETARY COMPARISON SCHEDULE - ARTS AND CULTURAL HERITAGE FUND  
 YEAR ENDED DECEMBER 31, 2019**

	BUDGET AMOUNTS - ORIGINAL AND FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
Beginning Budgetary Fund Balances - January 1	\$ -	\$ -	\$ -
<b>REVENUES</b>			
Intergovernmental			
State Aid	106,787	106,758	(29)
Total Revenues	<u>106,787</u>	<u>106,758</u>	<u>(29)</u>
Amounts Available for Appropriation	<u>106,787</u>	<u>106,758</u>	<u>(29)</u>
<b>EXPENDITURES</b>			
Legacy Program	106,787	106,758	29
Total Expenditures	<u>106,787</u>	<u>106,758</u>	<u>29</u>
<b>BUDGETARY FUND BALANCES - DECEMBER 31</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**KITCHIGAMI REGIONAL LIBRARY**  
**SCHEDULE OF LIBRARY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT FUND**  
**REQUIRED SUPPLEMENTARY INFORMATION (Last Ten Years\*)**

Measurement Date *	Employer's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the Library (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the Library (a+b)	Employer's Covered-Employee Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll (a+b/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2019	0.1750%	\$ 967,536	\$ 30,165	\$ 997,701	\$ 1,400,653	71.23%	80.23%
6/30/2018	0.0184%	1,020,757	33,653	1,054,410	1,338,922	76.24%	79.53%
6/30/2017	0.0183%	1,168,260	14,672	1,182,932	1,177,307	99.23%	75.90%
6/30/2016	0.0187%	1,518,347	19,889	1,538,236	1,162,160	130.65%	68.90%
6/30/2015	0.0202%	1,046,869	-	1,046,869	1,164,880	89.87%	78.20%

\* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**KITCHIGAMI REGIONAL LIBRARY  
SCHEDULE OF LIBRARY CONTRIBUTIONS  
PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT FUND  
REQUIRED SUPPLEMENTARY INFORMATION (Last Ten Years\*)**

Year Ending *	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered- Employee Payroll (d)	Contributions as a Percentage of Covered-Employee Payroll (b/d)
12/31/2019	\$ 95,189	\$ 95,189	\$ -	\$ 1,269,187	7.5%
12/31/2018	94,368	94,368	-	1,258,240	7.5%
12/31/2017	90,514	90,514	-	1,206,853	7.5%
12/31/2016	87,432	87,432	-	1,165,760	7.5%
12/31/2015	86,690	86,690	-	1,155,867	7.5%

\* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**KITCHIGAMI REGIONAL LIBRARY**  
**NOTES TO THE SCHEDULE OF CHANGES IN NET PENSION LIABILITIES AND RELATED RATIOS**  
**DECEMBER 31, 2019**

**General Employees Fund**

**2019 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**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 percent per year through 2044 and 2.5 percent per year thereafter to 1.25 percent per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**2017 Changes**

Changes in Actuarial Assumptions

- The Combined Service Annuity (CSA) loans were changed from 0.80 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.
- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employee Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The State's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

## **SUPPLEMENTARY INFORMATION**

**KITCHIGAMI REGIONAL LIBRARY  
 DETAILED REVENUE AND EXPENSE SCHEDULE - ENTITY-WIDE  
 YEAR ENDED DECEMBER 31, 2019  
 (WITH COMPARATIVE ACTUAL AMOUNTS YEAR ENDED DECEMBER 31, 2018)**

	<u>2019</u>	<u>2018</u>
<b>INTERGOVERNMENTAL AND LOCAL REVENUE</b>		
State		
State Aid	\$ 697,789	\$ 696,306
Special/Grants	106,758	93,871
Total State	<u>804,547</u>	<u>790,177</u>
County		
Beltrami	392,896	383,313
Cass	373,709	367,285
Crow Wing	509,127	509,127
Hubbard	208,000	208,000
Wadena	97,737	95,533
Total County	<u>1,581,469</u>	<u>1,563,258</u>
City		
Bemidji	139,670	136,264
Blackduck	15,860	15,437
Brainerd	85,047	83,047
Cass Lake	8,155	8,155
Longville	9,012	9,012
Park Rapids	50,873	49,632
Pine River	12,848	12,848
Wadena	68,180	67,583
Walker	14,711	14,711
Total City	<u>404,356</u>	<u>396,689</u>
Total Intergovernmental and Local Revenue	<u>2,790,372</u>	<u>2,750,124</u>
<b>OTHER REVENUE</b>		
Interest on Savings and CD's	45,076	28,222
Endowment Investment Income and Gains	17,936	2,148
Automation	17,459	17,459
Sales		
Copies and Faxes	14,794	15,403
Miscellaneous Gifts and Other	66,979	113,946
Total Other Revenue	<u>162,244</u>	<u>177,178</u>
Total Revenues	<u>\$ 2,952,616</u>	<u>\$ 2,927,302</u>

**KITCHIGAMI REGIONAL LIBRARY**  
**DETAILED REVENUE AND EXPENSE SCHEDULE - ENTITY-WIDE**  
**YEAR ENDED DECEMBER 31, 2019**  
**(WITH COMPARATIVE ACTUAL AMOUNTS YEAR ENDED DECEMBER 31, 2018)**  
**(CONTINUED)**

	2019	2018
<b>EXPENSES</b>		
Library Materials		
Branch Collections	\$ 279,650	\$ 192,527
E-Materials	88,194	97,023
Periodicals and Papers	19,007	15,041
Shared Databases	19,868	17,391
Total Library Materials	406,719	321,982
Library Operations		
Automation Operating Costs	78,706	75,805
Communications/Dataline/Fax	64,200	68,536
Postage	5,313	5,520
Library Supplies	11,698	15,924
Office Supplies	12,409	10,599
Shared Processing Cost	19,418	19,785
Interlibrary Service Maintenance	41,442	42,651
Winter Reading Program	8,270	3,699
Other	-	324
Total Library Operations	241,456	242,843
Vehicle		
Delivery Van/Staff Van/Mobile Library Gas and Oil	13,924	14,272
Delivery Van/Staff Van/Mobile Library Repairs	1,032	4,234
Vehicles/Mobile Library Insurance	4,834	5,296
Total Vehicle	19,790	23,802
Building		
Insurance - Contents and Liability	6,139	5,802
Repairs and Maintenance	5,164	6,396
Electric	4,184	4,951
Gas	1,411	1,440
Sanitation/Disposal	882	848
Sewer	504	508
Water	342	344
Total Building	18,626	20,289
Board		
Meetings	5,050	3,023
Professional Fees and Dues/Special Projects	16,003	25,644
Insurance	2,654	2,625
Total Board	23,707	31,292
Legacy Program Expenses	106,758	93,871

**KITCHIGAMI REGIONAL LIBRARY  
 DETAILED REVENUE AND EXPENSE SCHEDULE - ENTITY-WIDE  
 YEAR ENDED DECEMBER 31, 2019  
 (WITH COMPARATIVE ACTUAL AMOUNTS YEAR ENDED DECEMBER 31, 2018)  
 (CONTINUED)**

	2019	2018
<b>EXPENSES (CONTINUED)</b>		
Branch Salaries		
Bemidji	262,916	247,805
Blackduck	39,102	37,167
Brainerd	311,585	329,335
Cass Lake	32,384	29,604
Longville	38,360	35,518
Park Rapids	139,725	130,630
Pine River	61,833	65,872
Wadena	78,352	73,601
Walker	65,909	60,583
Total Branch Salaries	1,030,166	1,010,115
Regional Salaries		
System Support	136,262	173,022
Technical Services	46,233	42,898
Interlibrary Loan	29,612	27,082
Mobile Library Salaries	35,677	35,904
Delivery	27,594	25,353
Total Regional Salaries	275,378	304,259
Employee Benefits		
FICA	107,150	104,166
Health Benefits	153,328	153,571
PERA	63,312	44,463
Workers' Compensation	6,789	11,301
Staff Development/Conferences/Other	10,222	128
Unemployment	-	10
Total Employee Benefits	340,801	313,639
Miscellaneous		
Meetings	1,985	6,275
Travel	59	393
Investment Fees/Admin	1,681	1,639
Recruiting	20,940	6,806
Associate Service	10,000	10,000
Investment Loss	-	7,496
Other	(28)	19,528
Total Miscellaneous	34,637	52,137
Depreciation/Amortization		
Books and Materials	18,830	12,835
Buildings and Equipment	52,684	54,548
Software	3,319	-
Total Depreciation	74,833	67,383
 Total Expenses	 \$ 2,572,871	 \$ 2,481,612

**KITCHIGAMI REGIONAL LIBRARY**  
**SCHEDULE OF MINNESOTA LEGACY GRANT FUNDING**  
**YEARS ENDED DECEMBER 31,**

	2019	2018	2017	2016	2015
<b>Cash Reconciliation</b>					
Beginning Cash (Deficit)	\$ 79,231	\$ 66,245	\$ 22,181	\$ 45,970	\$ (8,365)
Cash Receipts	107,831	106,799	99,047	45,640	166,689
Cash Expenditures	(106,816)	(93,813)	(54,983)	(69,429)	(112,354)
Ending Cash (Deficit)	<u>\$ 80,246</u>	<u>\$ 79,231</u>	<u>\$ 66,245</u>	<u>\$ 22,181</u>	<u>\$ 45,970</u>
<b>Governmental Funds Reconciliation</b>					
Cash Receipts	\$ 107,831	\$ 106,799	\$ 99,047	\$ 45,640	\$ 166,689
Prior Year Grant Receivable	-	-	-	-	(57,455)
Prior Year Deferred Revenue	79,173	66,245	22,181	45,970	48,796
Deferred Revenue	(80,246)	(79,173)	(66,245)	(22,181)	(45,970)
Revenue	<u>106,758</u>	<u>93,871</u>	<u>54,983</u>	<u>69,429</u>	<u>112,060</u>
Cash Expenditures	106,816	93,813	54,983	69,429	112,354
Prior Year Accounts Payable	(58)	-	-	-	(294)
Accounts Payable	-	58	-	-	-
Governmental Funds Expense	<u>106,758</u>	<u>93,871</u>	<u>54,983</u>	<u>69,429</u>	<u>112,060</u>
Governmental Funds Increase (Decrease)	<u>\$ -</u>				
Governmental Funds Fund Balance	<u>\$ -</u>				
<b>Entity-Wide Reconciliation</b>					
Capital Assets Purchased	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation	-	-	-	199	400
Entity-Wide Expense	<u>106,758</u>	<u>93,871</u>	<u>54,983</u>	<u>69,628</u>	<u>112,460</u>
Entity-Wide (Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (199)</u>	<u>\$ (400)</u>
Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 199</u>

**KITCHIGAMI REGIONAL LIBRARY**  
**SCHEDULE OF REGIONAL LIBRARY TELECOMMUNICATION AID - CASH BASIS**  
**YEARS ENDED DECEMBER 31,**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
REVENUE	<u>\$ 39,884</u>	<u>\$ 39,882</u>	<u>\$ 40,991</u>	<u>\$ 40,217</u>	<u>\$ 6,844</u>
EXPENSES					
Priority 1					
Datalines	39,883	51,203	31,285	47,906	44,552
Telephone	15,853	-	18,195	17,046	24,387
Remote Access	441	312	208	312	312
Internet Access	-	-	-	-	-
Priority 2					
Internal Connections	1,119	36,713	5,100	1,913	14,836
Total Expenses	<u>57,296</u>	<u>88,228</u>	<u>54,788</u>	<u>67,177</u>	<u>84,087</u>
REVENUES (UNDER) EXPENSES	<u>\$ (17,412)</u>	<u>\$ (48,346)</u>	<u>\$ (13,797)</u>	<u>\$ (26,960)</u>	<u>\$ (77,243)</u>

## COMPLIANCE REPORT SECTION



**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 AND MINNESOTA LEGAL COMPLIANCE**

Board of Directors  
Kitchigami Regional Library  
Pine River, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Kitchigami Regional Library, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated August 4, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Library'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 Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Recommendations, we did identify certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency described in the accompanying Schedule of Findings and Recommendations, as item 2019-001, to be a material weakness.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Recommendations as items 2019-002 and 2019-003, to be significant deficiencies.

## **Compliance and Other Matters**

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

## **Minnesota Legal Compliance**

In connection with our audit, nothing came to our attention that caused us to believe that the Library failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. §6.65, insofar as they relate to accounting matters, except as described in the Schedule of Findings and Recommendation as item 2019-004. 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 Library's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

## **Library's Response to Findings**

The Library's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Recommendations. The Library's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

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

*Clasen Stegner & Schiessl CPAs, Ltd.*  
Clasen Stegner & Schiessl CPAs, Ltd.  
Consultants & Accountants

Pequot Lakes, Minnesota  
August 4, 2020

**KITCHIGAMI REGIONAL LIBRARY  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
YEAR ENDED DECEMBER 31, 2019**

**CURRENT YEAR FINDINGS**

Material Weakness

**2019-001 Internal Control/Segregation of Duties**

*Condition:* During our audit we reviewed procedures over transaction cycles related to cash disbursements, billing, and payroll and found the Library to have limited segregation of duties.

*Criteria:* There are four general categories of duties: authorization, custody, record keeping and reconciliation. In an ideal system, different employees perform each of these four major functions. No one person should have control of two or more of these responsibilities.

*Cause:* The bookkeeper maintains and controls the check stock, prepares checks, records disbursements, and prepares the bank reconciliation.

*Effect:* The existence of this limited segregation of duties increases the risk of misstatement or fraud.

*Recommendation:* While we recognize the number of staff is not large enough to eliminate these deficiencies entirely, we believe the risk has been reduced with better monitoring through the Board of Directors reviewing cancelled checks and unopened bank statements.

The Library should also be reminded of their duties over finance at least annually. Some typical monitoring duties would include the following tasks:

- ◆ Claims approval is an important control and should be at the front of the meeting to ensure that the Board of Directors reviews the claims closely. Checks from months that meetings are not held need to be approved in the subsequent meeting.
- ◆ A thorough review of budget versus actual reporting and narrative at least quarterly.
- ◆ Monitor progress over the development of documented policies and procedures.
- ◆ The check sequence should be reported in each set of approved minutes. The Board of Directors should review the order of checks approved to ensure that they move in sequence and any gaps in the numbers are explained.
- ◆ Consider personnel policies that require someone else to fill finance duties for a period of time. A mandatory vacation period of one week for all finance staff and distribution of their duties for that week is often recommended.

*Management Response:* The executive director approves all invoices and the Board Chairman and Treasurer review the check register for each check run by check sequence. The full Board of Directors reviews the check register for all checks written since the prior meeting. A summary statement compares the actual expenses and revenues to the budgeted expenses and revenues. This process is incorporated in the approval of the consent agenda.

**KITCHIGAMI REGIONAL LIBRARY  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
YEAR ENDED DECEMBER 31, 2019  
(CONTINUED)**

**CURRENT YEAR FINDINGS (CONTINUED)**

Significant Deficiencies

**2019-002 Internal Control/Pre-signed Checks**

*Condition:* The Library uses check stock that comes pre-signed from the vendor using printed images of authorized signatures on both signature lines.

*Criteria:* Internal controls should be in place that provides reasonable assurance that all disbursement checks receive proper approval prior to their issuance.

*Cause:* Checks come pre-signed with authorized signatures on both signature lines.

*Effect:* Because of the nature of pre-signed (printed) checks, checks may be written without the knowledge or approval of management even though policies are in place to prevent such a situation.

*Recommendation:* While we recognize the difficulty the Library faces in getting timely authorized signatures on its checks, we recommend that the Library discontinue the use of pre-signed checks.

*Management Response:* The Board of Directors understands the finding and will evaluate implementing the recommended procedure.

**2019-003 Preparation of Financial Statements and Related Footnotes**

*Condition:* The Library does not have an internal control system designed to provide for the preparation of the financial statements being audited. The auditors were requested to, and did, draft the Library's financial statements and accompanying notes to the financial statements.

*Criteria:* A good system of internal control contemplates the preparation of financial statements including the relevant footnote disclosures.

*Cause:* The Library does not have an internal control system designed to provide for the preparation of the financial statements being audited.

*Effect:* The financial disclosures in the financial statements could be incomplete.

*Recommendation:* This circumstance is not unusual in a governmental entity of your size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

*Management Response:* The Library agrees with this finding. However, given expected continuing budget constraints on staffing, the Library cannot commit that they will be able to prepare financial statements internally in future years, but will continue to provide training and take other steps to increase the Library's direct involvement in annual financial statement preparation.

**KITCHIGAMI REGIONAL LIBRARY  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
YEAR ENDED DECEMBER 31, 2019  
(CONTINUED)**

**CURRENT YEAR FINDINGS (CONTINUED)**

Minnesota Legal Compliance

**2019-004 Deposits and Investments**

<i>Condition:</i>	The Library lacked sufficient collateral to cover its uninsured deposits on December 31, 2019.
<i>Criteria:</i>	Government entities are required to obtain collateral which, when computed at market value, shall be at least ten percent more than the amount of any deposits in excess of FDIC insurance at the close of each banking day.
<i>Cause:</i>	There are no procedures in place to ensure that excess deposits are covered by sufficient collateral.
<i>Effect:</i>	Because of the failure to monitor excess deposits, the Library is exposed to the risk that it will be unable to recover its excess deposits in the event of a bank failure.
<i>Recommendation:</i>	We recommend that the Library put procedures in place to monitor its excess deposits on a daily basis to ensure it maintains sufficient collateral.
<i>Management Response:</i>	The Board of Directors agrees with the finding and has implemented the recommended procedure.

**KITCHIGAMI REGIONAL LIBRARY  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
DECEMBER 31, 2019**

**STATUS OF PRIOR AUDIT FINDINGS**

The prior audit contained three findings:

Material Weakness

2018-001 Segregation of Duties

<i>Condition:</i>	During our audit we reviewed procedures over transaction cycles related to cash disbursements, billing, and payroll and found the Library to have limited segregation of duties.
<i>Current Status:</i>	This condition is noted again in the current year audit of the financial statements.

Significant Deficiency

2018-002 Internal Control/Presigned Checks

<i>Condition:</i>	The Library uses check stock that is presigned from the vendor using printed images of authorized signatures on both signature lines.
<i>Current Status:</i>	This condition is noted again in the current year audit of the financial statements.

Minnesota Legal Compliance

2018-003 Public Purpose Expenditures

<i>Condition:</i>	The Library purchased snacks for meetings.
<i>Current Status:</i>	This condition is not noted in the current year audit of the financial statements.



# MINUTES

## Council - Work Session Meeting

6:00 PM - Monday, September 21, 2020  
City Hall, 8 Summit Drive, Blackduck MN

---

The Council - Work Session of the City of Blackduck was called to order on Monday, September 21, 2020, at 6:00 PM, in the City Hall, 8 Summit Drive, Blackduck MN, with the following members present:

**COUNCILORS PRESENT:** Councilor Jason Kolb, Mayor Maxwell Gulette, and Councilor Sheldon Ostlund

**COUNCILORS EXCUSED:**

**STAFF PRESENT:** City Administrator Christina Regas and Public Works Supervisor Mike Schwanke

**OTHERS PRESENT:** Pamela Whitmore LMC, Nicholas Seitz

### 1 CALL TO ORDER

- a) Roll Call  
Mayor Gulette called the meeting to order at 6:00pm.
- b) Pledge of Allegiance  
Mayor Gulette dispensed with the pledge of allegiance.

Jason Kolb moved to approve the agenda as presented Sheldon Ostlund seconded the motion.

Carried 3 to 0

Jason Kolb	For
Maxwell Gulette	For
Sheldon Ostlund	For

### 2 APPROVAL OF AGENDA

- a)

### 3 OLD BUSINESS

- a) City Building Remodeling & Rebuilding  
Regas reported at this time the City has received no public comment against the bonding for the city buildings and the expiration date is October 14, 2020.
- b) Golf Course Cart Shed  
Regas supplied the board informed of the current budgeted expenses and payables for the cart shed. Regas further stated that the golf board decided that with the donated manpower, materials, and funding the services from TG Sales & Services were no longer needed to finish the exterior work. Regas stated the budget should come under. Councilor Ostlund asked if the finishing work will be completed in the

next month. Regas stated yes. Mayor Gullette stated he will be meeting with Superintendent Andersen on Tuesday, September 22, 2020 @ 9am to familiarize him with the golf course and the operations. Nothing further.

c) Public Works Trucks

Schwanke stated he spoke with his representative and the status of the City Trucks has transferred over to being at the assembly plant now but still had no delivery date. Nothing further.

d) Council Vacancy

Mayor Gullette stated he has spoken to Cassie Seitz and she was very interested. Nicholas Seitz stated he too was interested in serving on the council. Mayor Gullette further stated Lexi (*no last name provided*) was also interested and planned to reach out to Regas. Nothing further.

e) Equity Awareness Training - October 9th 2-5pm & October 10th 10am-1pm - Virtual Event

Regas reported the Equity Awareness Training will be virtual instead of on-sight which will provide the community with more than one event for the same cost. Regas reported the dates will be October 9th from 2-5pm and October 10th from 10-1pm. Sarah Barrot still plans to provide circle keepers to businesses or locations that wish to have a group in attendance for one registration. Regas stated this process will limit contact for the safety of the attendees. Regas stated as soon as the flyer is available it will be pushed out to the Chamber members, Blackduck Development Corp, and all City and School staff. Regas stated for those council members that wish to attend the City would need to notify the public of the reason for a quorum in attendance. Mayor Gullette asked the board members how they wish to attend in person or virtually. Councilor Ostlund stated he would prefer in person; Councilor Kolb stated he was not going to be in attendance; Mayor Gullette stated he would like to be in person. Regas stated that she would offer the City staff to attend at City Hall with the board members as one group when the invite link is developed. Councilor Kolb asked where the link will be provided. Regas stated when the speaker develops the flyer and program the link will be available for an attendee to select and then register themselves at which point the invite will only be sent to those wishing to attend. Nothing further.

f) Collaborative Services from League of MN Cities - Pamela Whitmore

Whitmore thanked the board for having her at the work session and encouraged the board to have her return after the November election. Whitmore provided the board an overview of her services from the League of MN Cities and to answer any questions the board may have. Whitmore covered in detail questions regarding open meeting law and made suggestions on how to engage the public. Whitmore covered current statute changes due to COVID and open meeting law as it pertains to utilizing virtual applications. Whitmore covered the 7 reasons why a City can close a meeting. Whitmore covered the responsibilities of a Statutory A City format and the board members duties noting that not all Statutory A cities process will be the same based on size. Whitmore encouraged the City to have an on-boarding process for city councilmembers. Whitmore and the board discussed civic engagement in Blackduck and how to gather interest of the public to meetings and to serve on the board. Whitmore thanked the board for having her speak. Nothing further.

g) Blackduck Beach

Schwanke stated the DNR donated the east landing floating dock to the City and the tentative plan is to place it south of the beach. Councilor Kolb asked if the crushed granite or asphalt has been placed on the road yet. Schwanke stated there was no discussion of granite or asphalt. Mayor Gullette asked if there is a plan to gate off the beach after summer. Schwanke stated he plans to place 2 new gates on the south and north access with a 'man gate' on one side for handicap accessibility before winter. Mayor Gullette stated he visited the campground and checked out the

lightening strike and noted how impressive it was. Gullette further stated he thinks the park looks the best it has in many years.

h) 2021 Budget Planning Process - Updates

Regas provided updates to the 2021 budget process and the proposed levy for 2021 noting another reduction in expenses to the administration budget, and the rental inspections for 2020 will be complete this year and not carry into 2021. Regas further stated the impact on the levy will be less than 1%. Regas stated the departments did well controlling expenses and she hopes to have little impact unless a major break-down on equipment happens. Mayor Gullette thanked the departments for keeping the budget controlled and reduced.

i) Pine Tree Park Renovations

Regas summarized a conversation she had recently with former Mayor Kevin Beck stating how proud Beck was the beach was a success. Regas further stated Beck will continue to help fundraise for the next phases for the beach. Schwanke stated the renovations on the showers and restrooms are completed for 2020 and interior renovations he hopes to complete in 2021. Nothing further.

j) Blackduck Hot Water AIS Station -

Schwanke had no updates on the process of the station at this time.

k) CARES Funding update

Regas provided a summary of funds spent to date and the press release for the Blackduck Assistance Program. Regas stated applications can begin now. Regas stated the Ambulance Board was thankful for the donation from the CARES funding.

l) Deputy Clerk / Administrative Assistant Position - update

Regas stated an offer had been made to a candidate which was rescinded so Regas sent another offer to an eligible candidate of which was accepted. Regas stated the start date for the new candidate is tentatively October 5, 2020. Nothing further.

#### 4 NEW BUSINESS

a) Nicholas Seitz - 273 Margaret Ave Fence issue from 2019-2020 winter snowplowing -

Seitz was present to speak with the council regarding damages to his chain link fence during the 2019-2020 winter. Seitz stated his concern that the section of fence that was damaged due to improper installation. Seitz stated the whole fence was installed properly except for one area near the water shut off to allow for space for the hardware. Seitz stated he loves his property and Blackduck and he wants to have a nice yard so other neighbors keep their property in nice shape too. Seitz stated he does not have an issue paying for the damage himself as long as it does not get wrecked next year. Seitz stated the reason it was wrecked was due to many issues, tenants across the road vehicles parked for a length of time, a large snow year, and hardpacked snow to remove. Seitz stated the fence is 12' from the curb which he overcompensated for the regular setback of 8'.

Councilor Kolb stated if the fence is past the setback the issue becomes how far the snow was pushed back on the setback, is there any negligence on the City's part, if the fence was built to standards and code. Councilor Kolb confirmed with Seitz that the fence was 'bowed in' towards the property. Seitz stated the stop post from the packed snow was damaged.

Mayor Gullette asked the board for a solution for Seitz. Regas reminded Gullette no formal decision could be voted on at the work session. Gullette agreed but asked for the feedback of the board.

Seitz stated since it is the first year it happened he would be willing to replace the \$200 in top posts but would like reassurance it does not happen again.

Mayor Gullette requested Schwanke to look into the liability and asked Seitz if that would be of interest to him. Seitz stated to Schwanke he and his team do a great job. Mayor Gullette requested Schwanke come to the board meeting with some

recommendation.  
Nothing further at this time.

**5 ADJOURNMENT**

a)

Maxwell Gullette moved to adjourn the work session at 7:30pm Jason Kolb seconded the motion.

Carried 3 to 0

Jason Kolb	For
Maxwell Gullette	For
Sheldon Ostlund	For

b)

---

Christina Regas, City Administrator

---

Maxwell Gullette, Mayor



# MINUTES

## Council Meeting

6:00 PM - Monday, September 28, 2020  
City Hall, 8 Summit Drive, Blackduck MN

The Council of the City of Blackduck was called to order on Monday, September 28, 2020, at 6:00 PM, in the City Hall, 8 Summit Drive, Blackduck MN, with the following members present:

**COUNCILORS PRESENT:** Councilor Jason Kolb, Mayor Maxwell Gullette, and Councilor Sheldon Ostlund

**COUNCILORS EXCUSED:**

**STAFF PRESENT:** City Administrator Christina Regas, Police Chief Jace Grangruth, and Public Works Supervisor Mike Schwanke

**OTHERS PRESENT:**

### 1. CALL TO ORDER

- a. Mayor Gullette called the Special Meeting to order at 6:00pm and the pledge of allegiance was stated.

### 2. APPROVAL OF AGENDA

- a.

Sheldon Ostlund moved to approve the agenda as presented Jason Kolb seconded the motion.

Carried 3 to 0

Jason Kolb	For
Maxwell Gullette	For
Sheldon Ostlund	For

### 3. BLACKDUCK FORUM

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

- a. no one present to speak for the Blackduck Forum.

### 4. ADMINISTRATOR'S REPORT

- a. 2021 General Fund Budget Highlights  
Regas reviewed the general fund budget highlights for revenue and expenditures. There were no questions regarding the highlights.

- b. 2021 General Fund Proposed Revenue & Expenditures  
Regas stated this document details all general fund budgets and did not review any specific fund line unless there were questions. There were no questions.
- c. 2021 Proposed City Debt  
Regas reviewed the 2021 City Debt and reviewed the total preliminary levy amount. Mayor Gullette stated the 2021 levy is slightly higher than 2020 but less than 1%. There were no questions about the City debt and preliminary levy.
- d. 2021 Net Tax Capacity sample Blackduck tax  
Regas reviewed a sample Blackduck tax with the preliminary levy, debt, and net tax capacity displaying a reduction in mill rate % and property tax. There were no questions regarding the Net Tax Capacity sample.
- e. Approval Needed - Resolution 2020-30 - Resolution approving proposed 2020 tax levy, collectable in 2021

Jason Kolb moved to approve Resolution 2020-30 - Approving the proposed 2020 tax levy, collectable in 2021 and announcing the Truth in Taxation meeting to be held on December 7, 2020 Sheldon Ostlund seconded the motion.

Carried 3 to 0

Jason Kolb	For
Maxwell Gullette	For
Sheldon Ostlund	For

**5. ADJOURNMENT**

- a.

Jason Kolb moved to adjourn the Special meeting at 6:09pm Maxwell Gullette seconded the motion.

Carried 3 to 0

Jason Kolb	For
Maxwell Gullette	For
Sheldon Ostlund	For

---

City Administrator, Christina Regas

---

Maxwell Gullette, Mayor

October 5, 2020

FUND	Deerwood Checking BEGINNING BALANCE	Bill Report through 10/05/2020	Deerwood Checking ENDING BALANCE	Deerwood First Preferred Savings BEGINNING BALANCE	Deerwood First Preferred Savings Bill Report through 10/05/2020	Deerwood First Preferred Savings ENDING BALANCE	Total Balance of all Accounts
GENERAL	\$160,842.12	\$12,078.28	\$148,763.84	\$61,332.92	\$0.00	\$61,332.92	
POLICE RESTRICTED CASH	\$11,129.09	\$0.00	\$11,129.09	\$0.00	\$0.00	\$0.00	
CEMETERY	\$1,084.42	\$1.20	\$1,083.22	\$2,190.58	\$0.00	\$2,190.58	
PERPETUAL CARE	\$8,403.50	\$0.00	\$8,403.50	\$53,418.01	\$0.00	\$53,418.01	
SEWER MAINTENANCE	\$0.00	\$0.00	\$0.00	\$59,361.61	\$0.00	\$59,361.61	
SEWER REPLACE.	\$0.00	\$0.00	\$0.00	\$28,714.97	\$0.00	\$28,714.97	
SCDP REVOLVING LOAN FUND	\$0.00	\$0.00	\$0.00	\$21,621.08	\$0.00	\$4,127.08	
FIRE DEPT RESERVE (TruckFund)	\$0.00	\$0.00	\$0.00	\$257,337.56	\$0.00	\$257,337.56	
PINE TREE PARK	\$74,720.28	\$14,677.14	\$60,043.14	\$0.00	\$0.00	\$0.00	
WATER SINKING FUND	\$0.00	\$0.00	\$0.00	\$150,113.76	\$0.00	\$150,113.76	
PUBLIC WORKS RESERVE FUND	\$0.00	\$0.00	\$0.00	\$12,820.72	\$0.00	\$12,820.72	
Fire Dept Special Equip Fund	\$203,479.87	\$0.00	\$203,479.87	\$26,249.93	\$0.00	\$26,249.93	
2018 Revolving Loan Fund (NEW)	\$0.00	\$0.00	\$0.00	\$100,590.97	\$1,698.62	\$98,892.35	
2006 GO BOND (307)	\$38,144.71	\$0.00	\$38,144.71	\$33,368.75	\$0.00	\$33,368.75	
2009A Refunding Bond (309)	\$42,833.42	\$0.00	\$42,833.42	\$13,942.37	\$0.00	\$13,942.37	
2011 Industrial Lane IntraLoan (311)	\$8,081.59	\$0.00	\$8,081.59	\$0.00	\$0.00	\$0.00	
2014A Disposal System Loan (314)	\$21,347.33	\$0.00	\$21,347.33	\$0.00	\$0.00	\$0.00	
2017A Disposal System Project/Sum/Main	\$33,281.20	\$0.00	\$33,281.20	\$0.00	\$0.00	\$0.00	
2017A Disposal Sys Loan (317)	\$16,790.24	\$0.00	\$16,790.24	\$0.00	\$0.00	\$0.00	
2017 PFA Debt Sys Bond Debt Service (320)	\$39,719.86	\$0.00	\$39,719.86	\$0.00	\$0.00	\$0.00	
2018 Frontage/Pine Ave Internal Loan (325)	\$2,574.10	\$0.00	\$2,574.10	\$0.00	\$0.00	\$0.00	
TAX INCREMENT FINANCING (376)	\$91,579.57	\$73.50	\$91,506.07	\$0.00	\$0.00	\$0.00	
WATER FUND	\$220,759.60	\$1,999.22	\$218,760.38	\$0.00	\$0.00	\$0.00	
SEWER FUND	\$108,576.61	\$7,012.33	\$101,564.28	\$0.00	\$0.00	\$0.00	
LIQUOR FUND	\$323,208.29	\$68,300.54	\$254,907.75	\$0.00	\$0.00	\$0.00	
LIQUOR RENT FUND	\$24,888.30	\$0.00	\$24,888.30	\$0.00	\$0.00	\$0.00	
GOLF COURSE	(\$108,875.28)	\$2,230.26	(\$111,105.54)	\$0.00	\$0.00	\$0.00	
<b>Total:</b>	<b>\$1,322,568.82</b>	<b>\$106,372.47</b>	<b>\$1,216,196.35</b>	<b>\$821,063.23</b>	<b>\$1,698.62</b>	<b>\$819,364.61</b>	<b>\$2,035,560.96</b>

**Transfer Recommended: CARES Funding to allocate through 10/05/2020**

Fund Transfer from:	Fund transfer to:	Reason:	Amount of Transfer:
DW General Fund	DW Liquor Fund	CARES Funding	\$307.98
DW General Fund	DW Golf Fund	CARES Funding	\$49.53
		Total Enterprise Funds:	\$357.51

**Total CARES Funding Transferred: \$357.51**

CITY OF BLACKDUCK

Monthly Bills

September 2020

Check Name	Amount		
<b>Fund</b>		<b>Fund 376 TAX INCREMENT FINANCI</b>	\$73.50
		<b>Fund 601 WATER FUND</b>	
<b>Fund</b>		BANYON DATA SYTEMS	\$318.00
<b>Fund 101 GENERAL FUND</b>		BELTRAMI ELECTRIC COOP	\$953.26
AMERIPRIDE LINEN & APPAREL	\$69.13	CARD SERVICE CENTER	\$41.65
BANYON DATA SYTEMS	\$318.00	ESRI	\$293.50
BELTRAMI ELECTRIC COOP	\$1,903.69	Gopher State One Call	\$10.13
BLACKDUCK AMBULANCE ASSOC.	\$12.15	MN RURAL WATER ASSOCIATION	\$160.00
BLACKDUCK AUTO PARTS, INC	\$178.25	NORTHWOODS LUMBER CO	\$116.49
BLACKDUCK CO-OP	\$363.54	PAUL BUNYAN COMMUNICATIONS	\$46.74
BOGARTS REPAIR AND RECOVERY	\$806.72	RAE BURMEISTER	\$59.45
CARD SERVICE CENTER	\$510.10	<b>Fund 601 WATER FUND</b>	\$1,999.22
EVOLVE CREATIVE LLC	\$270.00	<b>Fund 602 SEWER FUND</b>	
FORUM COMMUNICATIONS CO	\$309.19	BANYON DATA SYTEMS	\$318.00
FRONTIER REPAIR	\$586.11	BELTRAMI ELECTRIC COOP	\$3,678.16
Med Compass	\$1,690.00	BLACKDUCK AUTO PARTS, INC	\$46.62
NICHOLAS SEITZ	\$131.92	BOGARTS REPAIR AND RECOVERY	\$176.41
NORTHWOODS LUMBER CO	\$42.04	ESRI	\$293.50
PAUL BUNYAN COMMUNICATIONS	\$468.33	Gopher State One Call	\$10.12
QUILL CORPORATION	\$86.31	MN RURAL WATER ASSOCIATION	\$160.00
RATWIK, ROSZAK & MALONEY, P.A.	\$630.00	NORTHERN IRRIGATION	\$2,090.80
ROGER'S TWO WAY RADIO	\$87.00	NORTHWOODS LUMBER CO	\$5.27
TAFT STETTINIUS & HOLLISTER LL	\$2,750.00	PAUL BUNYAN COMMUNICATIONS	\$0.00
TIMBERLINE SPORTS, INC	\$607.35	RAE BURMEISTER	\$59.45
VERIZON WIRELESS	\$258.45	RMB ENVIRONMENTAL LABORATORIES	\$174.00
<b>Fund 101 GENERAL FUND</b>	\$12,078.28	<b>Fund 602 SEWER FUND</b>	\$7,012.33
<b>Fund 209 PINE TREE PARK FUND</b>		<b>Fund 609 MUNICIPAL LIQUOR FUND</b>	
BELTRAMI ELECTRIC COOP	\$307.72	ALL SURFACE PRESSURE WASHING	\$483.19
BLACKDUCK AUTO PARTS, INC	\$446.29	AMERIPRIDE LINEN & APPAREL	\$487.44
BLACKDUCK CO-OP	\$498.00	ARVIG	\$215.00
CARD SERVICE CENTER	\$225.44	BANYON DATA SYTEMS	\$318.00
GARY A. ANDERSON	\$2,746.10	BELL BOY CORPORATION	\$489.75
JOHN JOY	\$2,440.00	BELTRAMI ELECTRIC COOP	\$2,137.89
NORTHWOODS LUMBER CO	\$2,141.59	BEMIDJI COCA-COLA	\$280.29
WD CONCRETE LLC	\$5,872.00	BERNATELLOS	\$345.50
<b>Fund 209 PINE TREE PARK FUND</b>	\$14,677.14	BERNICK	\$19.16
<b>Fund 250 2018 REVOLVING LOAN FUND</b>		Bernick Companies	\$10,584.61
GERIT HANSON CONTRACTING, INC.	\$1,200.00	BLACKDUCK FAMILY FOODS	\$2,071.25
NORTHWOODS LUMBER CO	\$498.62	Breakthru Beverage	\$2,911.98
<b>Fund 250 2018 REVOLVING LOAN F</b>	\$1,698.62	D & D BEVERAGE BRAIN	\$859.45
<b>Fund 376 TAX INCREMENT FINANCING</b>		DICK DISTRIBUTING	\$15,691.70
FORUM COMMUNICATIONS CO	\$73.50	GUARDIAN PEST CONTROL	\$85.51

Check Name	Amount
HEGGIES PIZZA LLC	\$190.80
HENRYS	\$1,731.48
JIM DANDY SNACK FOOD CO.	\$121.50
JOHNSON BROTHERS LIQUOR CO.	\$5,679.01
MELISSAS CLEANING	\$756.00
MIKINNON CO., INC	\$5,899.70
MOTION TECHNOLOGY, INC	\$194.76
NEI BOTTLING INC	\$473.22
NORTHWOODS ICE, INC	\$433.80
NORTHWOODS LUMBER CO	\$43.42
OLD DUTCH	\$159.32
PAUL BUNYAN COMMUNICATIONS	\$294.92
Phillips Wine and Spirits	\$3,886.22
QUILL CORPORATION	\$355.23
REINHART FOODSERVICE LLC	\$1,518.56
Southern Glazer's of MN	\$5,015.42
US FOODS	\$4,182.22
VINOCOPIA INC	\$106.50
WASTE MANAGEMENT OF WI-MN	\$277.74
<b>Fund 609 MUNICIPAL LIQUOR FUN</b>	<b>\$68,300.54</b>
<b>Fund 613 GOLF COURSE</b>	
AMERIPRIDE LINEN & APPAREL	\$132.54
BANYON DATA SYTEMS	\$318.00
BELTRAMI COUNTY-AUDITOR/TREAS.	\$160.00
BELTRAMI ELECTRIC COOP	\$315.46
BEMIDJI COCA-COLA	\$82.20
Bernick Companies	\$64.55
BLACKDUCK AUTO PARTS, INC	\$63.48
BLACKDUCK CO-OP	\$10.74
BLACKDUCK FAMILY FOODS	\$4.00
DICK DISTRIBUTING	\$152.80
HENRYS	\$110.32
KRAMER GOLF BALL CO INC	\$150.00
LAKE RESTORATION, INC	\$46.12
NEI BOTTLING INC	\$119.81
NORTHWOODS ICE, INC	\$21.25
NORTHWOODS LUMBER CO	\$5.36
PAUL BUNYAN COMMUNICATIONS	\$154.83
QUILL CORPORATION	\$31.62
TIMBERLINE SPORTS, INC	\$287.18
<b>Fund 613 GOLF COURSE</b>	<b>\$2,230.26</b>
	<b>\$108,069.89</b>



## Water Fund

Year to Date Income Statement thru 09/30/2020

Water Operating Revenue:	Budget:	
Water Meter Sales	\$0.00	\$0.00
Health Dept Charges	\$1,361.66	\$2,994.00
Penalties and Interest	\$0.00	\$2,000.00
Water Sales	\$152,677.92	\$216,473.00
Water Connect/Reconnect Fee	\$929.48	\$1,000.00
Water Penalty	\$1,161.47	\$1,750.00
<b>COVID CARES FUNDING</b>	<b>\$2,653.00</b>	<b>\$0.00</b>
Interest Earnings	\$2,314.53	\$0.00
Reimbursements	\$555.12	\$0.00
<b>Total Water Revenues</b>	<b>\$161,653.18</b>	<b>\$224,217.00</b>

Water Operating Expenditures:	Year to Date	Budget	Remaining
Full-Time Employees Regular	\$45,696.09	\$61,965.00	\$16,268.91
Full-Time Employees OT	\$2,550.82	\$1,500.00	(\$1,050.82)
Part-Time Employees	\$4,151.70	\$1,344.00	(\$2,807.70)
PERA	\$3,677.02	\$4,748.00	\$1,070.98
FICA	\$3,956.81	\$4,843.00	\$886.19
Employer Paid Health	\$10,017.70	\$13,400.00	\$3,382.30
Office Supplies (GENERAL)	\$21.00	\$300.00	\$279.00
Printed Forms	\$0.00	\$0.00	\$0.00
Electricity	\$10,259.14	\$11,000.00	\$740.86
Computer Supplies	\$0.00	\$0.00	\$0.00
Training and Instruction	\$0.00	\$750.00	\$750.00
Operating Supplies (GENERAL)	\$3,043.60	\$1,600.00	(\$1,443.60)
Cleaning Supplies	\$0.00	\$0.00	\$0.00
Motor Fuels	\$951.74	\$1,000.00	\$48.26
Lubricants and Additives	\$0.00	\$0.00	\$0.00
Chemicals	\$0.00	\$0.00	\$0.00
Chlorine	\$3,733.09	\$7,000.00	\$3,266.91
Fluoride	\$0.00	\$1,000.00	\$1,000.00
Repairs/Maint Supply	\$58.47	\$0.00	(\$58.47)
Equipment Parts	\$0.00	\$0.00	\$0.00
Building Repair Supply	\$0.00	\$0.00	\$0.00
Utility Maint Supply	\$0.00	\$0.00	\$0.00
Small Tools	\$47.57	\$500.00	\$452.43
Merchandise for Resale	\$0.00	\$750.00	\$750.00
Auditing and Acc't	\$3,500.00	\$3,500.00	\$0.00
Legal Fees	\$0.00	\$0.00	\$0.00
Testing/Analysis	\$0.00	\$0.00	\$0.00
Engineering Fees	\$10,341.26	\$4,000.00	(\$6,341.26)
Professional Services	\$2,025.00	\$1,000.00	(\$1,025.00)
Other Professional Services	\$1,010.00	\$1,000.00	(\$10.00)
Telephone	\$46.74	\$500.00	\$453.26
Postage	\$633.56	\$750.00	\$116.44
Travel Expense	\$59.45	\$750.00	\$690.55
Freight and Express	\$0.00	\$0.00	\$0.00
Legal Notices/Publications	\$0.00	\$0.00	\$0.00
General Liability Insurance	\$177.86	\$325.00	\$147.14
Property Insurance	\$935.00	\$1,600.00	\$665.00
Workers Compensation	\$988.19	\$2,000.00	\$1,011.81
Unemployment Paid	\$0.00	\$0.00	\$0.00
State Connection Fee	\$2,061.00	\$2,994.00	\$933.00
Repairs/Maint Building	\$0.00	\$0.00	\$0.00
Repairs/Maintenance Structure	\$5,306.43	\$12,000.00	\$6,693.57
Repairs/Maintenance Machinery	\$128.88	\$2,500.00	\$2,371.12
Dues and Subscriptions	\$3,152.48	\$3,000.00	(\$152.48)
Uncollectable Checks/Bad Debt	\$393.71	\$200.00	(\$193.71)
Medical Fees	\$16.00	\$0.00	(\$16.00)
Miscellaneous	\$901.48	\$0.00	(\$901.48)
Bank Service Charges	\$1,072.13	\$500.00	(\$572.13)
<b>Total Water Expenditures</b>	<b>\$120,913.92</b>	<b>\$148,319.00</b>	<b>\$27,405.08</b>

Other Water Expenditures:	Budget	Remaining
Transfer Fr Other Fund	\$0.00	\$0.00
PFA Debt Service Principal	\$0.00	\$3,000.00
PFA Debt Service Interest	\$0.00	\$104.50
Debt Service Bond Principal	\$45,000.00	\$45,000.00
Debt Service Bond Interest	\$17,794.75	\$17,793.75
Depreciation/Capital Outlay	\$10,000.00	\$10,000.00
<b>Total</b>	<b>\$72,794.75</b>	<b>-\$1.00</b>

<b>Net Total</b>	<b>(\$32,055.49)</b>	<b>\$224,217.25</b>	<b>\$27,404.08</b>
------------------	----------------------	---------------------	--------------------

**Pine Tree Park**  
**Year to Date Income Statement thru 9/30/2020**

<b>PTP Revenues</b>	<b>2020</b>	<b>Beach</b>	<b>2019</b>
Reservation Fees	\$970.00		\$909.00
Grants	\$11,000.00		\$11,000.00
Camping Fees	\$12,409.00		\$14,903.50
Other Revenue	\$65.13		\$103.50
Contributions and Donations	\$32,228.00	\$32,228.00	\$0.00
<b>COVID CARES FUNDING</b>	<b>\$184.00</b>		
Interest Earnings	\$796.53		\$588.06
<b>Total PTP Revenues</b>	<b>\$57,652.66</b>	<b>\$32,228.00</b>	<b>\$27,504.06</b>

<b>PTP Expenditures</b>	<b>2020 YTD</b>	<b>Beach</b>	<b>2019 YTD</b>	<b>2020 Budget</b>	<b>Remaining</b>
Full-Time Employees Regular	\$3,095.76		\$2,851.67	\$4,182.00	\$1,086.24
Part-Time Employees Regular	\$1,613.64		\$1,285.39	\$1,680.00	\$66.36
PERA	\$336.50		\$299.86	\$295.00	(\$41.50)
FICA	\$351.44		\$307.55	\$430.00	\$78.56
Employer Paid Health	\$605.85		\$564.13	\$806.00	\$200.15
Office Supplies	\$177.99		\$8.75	\$0.00	(\$177.99)
Electricity	\$2,019.14		\$2,710.04	\$2,700.00	\$680.86
Operating Supplies (GENERAL)	\$261.73		\$714.22	\$800.00	\$538.27
Cleaning Supplies	\$0.00		\$7.07	\$0.00	\$0.00
Motor Fuels	\$675.11		\$773.42	\$1,000.00	\$324.89
Repairs/Maint Supply	\$256.84		\$563.17	\$750.00	\$493.16
Equipment Parts	\$261.92		\$185.62	\$200.00	(\$61.92)
Other Professional Services	\$450.00		\$950.00	\$500.00	\$50.00
Postage	\$91.30	\$91.30	\$0.00	\$0.00	(\$91.30)
Advertising	\$0.00		\$397.50	\$500.00	\$500.00
Other Printing/Binding	\$0.00		\$0.00	\$0.00	\$0.00
General Liability Insurance	\$355.72		\$628.16	\$600.00	\$244.28
Property Insurance	\$1,536.50		\$1,902.00	\$2,000.00	\$463.50
Workers Compensation Insurance	\$0.00		\$0.00	\$0.00	\$0.00
Garbage	\$1,379.31		\$1,395.52	\$1,750.00	\$370.69
Repairs/Maint Building	\$13,242.61		\$1,046.14	\$17,000.00	\$3,757.39
Repairs/Maintenance Structure	\$47.20		\$0.00	\$0.00	(\$47.20)
Improvements Other	\$23,562.02	\$23,039.96	\$208.29	\$500.00	(\$23,062.02)
Repairs/Maintenance Machinery	\$888.21		\$260.11	\$1,500.00	\$611.79
Portable Restrooms	\$0.00		\$0.00	\$0.00	\$0.00
Depreciation	\$0.00		\$0.00	\$5,000.00	\$5,000.00
Miscellaneous - Refunds	\$95.00		\$0.00	\$0.00	(\$95.00)
Dues and Subscriptions	\$90.00		\$375.00	\$375.00	\$285.00
<b>Total PTP Expenditures</b>	<b>\$51,393.79</b>	<b>\$23,131.26</b>	<b>\$17,433.61</b>	<b>\$42,568.00</b>	<b>(\$8,825.79)</b>
<b>Net Profit</b>	<b>\$6,258.87</b>	<b>\$9,096.74</b>	<b>\$10,070.45</b>		
<b>Total</b>	<b>\$6,258.87</b>	<b>\$9,096.74</b>	<b>\$10,070.45</b>		

**Blackduck Municipal Golf Course**  
**Year-To-Date Income Statement 09/30/2020**

	Sales	Cost of Goods	Gross Profit	Gross Margin	Budget	Remaining
Beer	\$4,217.07	\$2,045.50	\$2,171.57	51.49%	\$3,000.00	\$954.50
Soft Drinks	\$3,626.35	\$2,276.63	\$1,349.72	37.22%	\$3,000.00	\$723.37
Food	\$1,477.17	\$1,163.11	\$314.06	21.26%	\$1,500.00	\$336.89
Golf Merchandise	\$1,220.74	\$657.17	\$563.57	46.17%	\$1,000.00	\$342.83
Clothing	\$311.00	\$476.62	(\$165.62)	-53.25%	\$500.00	\$23.38
<b>Total</b>	<b>\$10,852.33</b>	<b>\$6,619.03</b>	<b>\$4,233.30</b>	<b>39.01%</b>	<b>\$9,000.00</b>	<b>\$2,380.97</b>

**Charges for Services**

Green Fees	\$43,447.96
Membership Fees	\$15,432.50
Trail Fees	\$614.90
Cart Storage	\$4,953.33
Rentals (Clubs, Carts)	\$363.50
Power Carts	\$26,406.07
Clubhouse Rental	\$100.00
Golf Tournament Revenue	\$0.00
<b>Total Charges for Services</b>	<b>\$91,318.26</b>

**Total Income \$102,170.59**

**Less Operating Expense**

		Budget	Remaining
Wages	\$50,406.08	\$55,000.00	\$4,593.92
PERA	\$2,542.39	\$2,225.00	(\$317.39)
FICA	\$3,856.16	\$4,250.00	\$393.84
Office Supplies	\$0.00	\$0.00	\$0.00
Heating Fuel	\$0.00	\$0.00	\$0.00
Electricity	\$2,950.11	\$6,000.00	\$3,049.89
Training & Instructions	\$0.00	\$0.00	\$0.00
Operating Supplies	\$1,728.86	\$2,200.00	\$471.14
Cleaning Supplies	\$0.00	\$0.00	\$0.00
Motor Fuels	\$2,752.89	\$3,500.00	\$747.11
Lubricants/Additives	\$0.00	\$0.00	\$0.00
Chemicals	\$2,966.43	\$5,000.00	\$2,033.57
Repair/Maint/Supplies	\$0.00	\$0.00	\$0.00
Equipment parts	\$0.00	\$0.00	\$0.00
Building Repair supply	\$0.00	\$0.00	\$0.00
Small Tools/Equipment	\$0.00	\$0.00	\$0.00
Tires	\$0.00	\$0.00	\$0.00
Auditing/Accounting	\$0.00	\$0.00	\$0.00
Medical Fees	\$496.00	\$500.00	\$4.00
Dram	\$0.00	\$750.00	\$750.00
Telephone	\$463.59	\$600.00	\$136.41
Cable Television	\$563.17	\$375.00	(\$188.17)
Other Equipment	\$0.00	\$0.00	\$0.00
Other Professional services	\$0.00	\$0.00	\$0.00
Postage	\$5.70	\$50.00	\$44.30
Advertising	\$0.00	\$0.00	\$0.00
Liability Insurance	\$1,289.49	\$2,000.00	\$710.51
Property Insurance	\$1,198.50	\$3,600.00	\$2,401.50
Work Comp	\$258.76	\$550.00	\$291.24
Unemployment	\$4,720.00	\$4,500.00	(\$220.00)
Insurance	\$0.00	\$0.00	\$0.00
Garbage Disposal	\$421.82	\$700.00	\$278.18
Repair/Maint Building	\$464.64	\$1,200.00	\$735.36
Repair/Main Structure	\$0.00	\$0.00	\$0.00
Repairs/Maint Machinery	\$5,863.37	\$5,000.00	(\$863.37)
Maintenance Course	\$3,600.53	\$3,000.00	(\$600.53)
Motor Vehicles	\$75.00	\$1,500.00	\$1,425.00
Cart Shed Expenses	\$2,380.99	2955.05	(\$2,380.99)
Miscellaneous	\$0.00	\$0.00	\$0.00
Dues and Subscriptions	\$3,688.00	\$1,500.00	(\$2,188.00)
Bank Service Charges	\$1,499.29	\$1,300.00	(\$199.29)
Debt Service Bond Principal	\$10,000.00	\$10,000.00	\$0.00
Interest	\$811.50	\$811.50	\$0.00
Equipment Bond Interest 2016	\$1,863.50	\$1,862.50	(\$1.00)
Equipment Bond Principal 2016	\$13,000.00	\$13,000.00	\$0.00
<b>Total Expense</b>	<b>\$119,866.77</b>	<b>\$130,974.00</b>	<b>\$11,107.23</b>

**OPERATING INCOME OR LOSS (\$24,315.21)**

**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	\$59.24
<b>Total Other Expenses</b>	<b>\$59.24</b>

<b>Other Income</b>	
General Property taxes	\$10,180.84
Transfer Fr Liq Str	\$10,000.00
<b>COVID CARES FUNDING</b>	<b>\$3,494.53</b>
Reimbursements	\$2,335.69
Donations and Contributions	\$2,000.00
Cash Over	\$35.02
Tee Box Revenue	\$2,250.00
<b>Total Other Income</b>	<b>\$30,296.08</b>

**NET INCOME OR LOSS YEAR TO DATE                      \$5,921.63**

<b>Sales Comparison YTD</b>	<b>2019 thru November</b>	<b>2020</b>
Green Fees	\$35,789.41	\$43,447.96

<b>YTD Comparisons:</b>	<b>2019</b>	<b>2020</b>
Operating Revenue	\$105,308.47	\$132,466.67
Operating Expense	\$131,018.16	\$126,545.04
	<b>(\$25,709.69)</b>	<b>\$5,921.63</b>



Total Other Income	\$25,144.09
<b>Gross Profit Before Transfers</b>	<b>\$31,314.02</b>
Transfer to General Fund & Other Funds	\$32,500.00
<b>Net Profit After Inventory Exp &amp; Transfers</b>	<b>(\$1,185.98)</b>

Inventory at 1/1/2020 after inventory total	\$107,545.49
Inventory at 09/30/2020	\$122,064.83
Difference	\$14,519.34

**Sales Comparison Year to Date Ending 09/30/2020**

	2018	2019	2020	% of Increase from 2019-2020
Off-Sale Liquor	\$175,213.41	\$190,763.78	\$226,076.35	18.51%
Off-Sale Beer	\$356,935.19	\$366,418.92	\$424,215.48	15.77%
Off-Sale Wine	\$29,437.37	\$32,112.28	\$35,744.71	11.31%
<b>Total Off-Sale</b>	<b>\$561,585.97</b>	<b>\$589,294.98</b>	<b>\$686,036.54</b>	<b>16.42%</b>
On-Sale Liquor	\$83,214.55	\$94,474.28	\$56,756.30	-39.92%
On-Sale Beer	\$105,303.13	\$118,560.97	\$72,694.06	-38.69%
On-Sale Wine	\$1,004.75	\$1,162.71	\$668.03	-42.55%
<b>Total On-Sale</b>	<b>\$189,522.43</b>	<b>\$214,197.96</b>	<b>\$130,118.39</b>	<b>-39.25%</b>
<b>Total On and Off Sale</b>	<b>\$751,108.40</b>	<b>\$803,492.94</b>	<b>\$816,154.93</b>	<b>1.58%</b>
Total Food Sales	\$73,368.57	\$87,324.41	\$114,335.90	30.93%
Gross Liquor Store Sales Comparison COVID-19	\$873,776.91	\$938,121.07	\$983,836.57	4.87%

# MINNESOTA Lawful Gambling

## LG216 Worksheet for Calculating Lawful Gambling Monthly Rent

Organization Name

**Blackduck Fire Relief**

Licence Number

**01944**

Site Name

**POND**

Site Number

**001**

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

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

1

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

2 **20.00%**

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

3

A	B1	B2	C1	C2	D	E1	E2	F	G	H
	Booth Operation		Bar Operation		Rent Limit	Bar Operation Electronic Games		Total Rent	Bar Operation	
Month and Year	Multiply the total of this month's net receipts from paper pull-tabs, electronic pull-tabs, electronic linked bingo, tipboards, and paddletickets by the amount in Box 1.		Multiply the total of this month's net receipts from paper pull-tabs, tipboards, and paddletickets by the amount in Box 2.		If an amount was entered, in Col B, enter the sum of Col B and C up to a max of \$1750. If Col B is blank, enter Col C.	Multiply the total of this month's net receipts from, electronic pull-tabs and electronic linked bingo by the amount in Box 3.		Add Columns D and E	Enter cash short for games sold from bar-op. Report amount on Sched A, line 22m. in month the Col H is paid.	Subtract Col G from Col F. This is the amount of rent to be paid. The amount is not reported on Sched A.
8/2020			3557.00	711.40	711.40			711.40	0.00	711.40

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

# Requesting Final Council Approval for the Following

Requesting Final Approval of Full-time Employees:

<b>Name:</b>	<b>Position:</b>	<b>Date of Hire:</b>	<b>Wage:</b>
Paige Moore	Deputy Clerk/Administrative Asst.	10/05/2020	\$20.66

CONTRACT FOR SERVICES

Between

**HEADWATERS REGIONAL DEVELOPMENT COMMISSION**  
(hereinafter HRDC)

And

**Contractee:** City of Blackduck

**Contact Person:**

For HRDC: Ryan Zemek,  
For Contractee: Christina Regas, City Administrator  
Mailing Address: 8 Summit Ave.  
Blackduck MN, 56630

**Project:** COVID Business Assistance Program

**Project Number:** \_\_\_\_\_

**I. Description of Services/Products to be Provided:**

Headwaters Regional Development Commission will administer the COVID Business Assistance Program for the City of Blackduck. Headwaters Regional Development Commission represents that it is qualified and willing to perform the services set forth herein.

**Administrative Services shall include:**

1. Market availability of resources to businesses located within the local government jurisdiction.
2. Review applications and make recommendations on business assistance based on agreed policy.
3. Provide emergency financial assistance awards to businesses that are experiencing financial hardships due to COVID – 19 as described in the city of Blackduck
4. COVID – 19 Business Assistance Program Policies, attached and incorporated into this Agreement.
5. Provide documentation required for audits of the local government by the State of Minnesota and/or the Federal Government.
6. Establish and maintain for a period of six (6) years following the termination of this Agreement such financial records as will fully disclose the amount and disposition of funds received pursuant to this Agreement.

SEP 29 2020

**II. Terms of Contract:**

This Agreement will become effective on Sept 14th, 2020, when executed in full by authorized representatives of Headwaters Regional Development Commission and the local government, and will remain in effect until December 31, 2020, or until all obligations set forth in this Agreement have been satisfactorily fulfilled, whichever occurs last.

**III. Compensation and Terms of Payment:**

- A. Cost of Services: \$200.00 per file processed
- B. Terms of Payment: HRDC will take the fee from the CRF resources of the City of Blackduck at the same time as disbursement of the grant to the eligible business.

**IV. Other Provisions:**

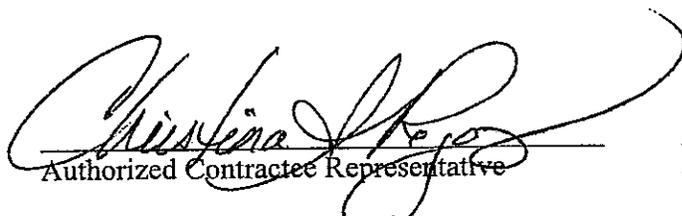
**Requirements of Participant:**

City of Blackduck must approve the COVID – 19 Business Assistance Program Policies and authorizes Headwaters Regional Development Commission to provide grants to businesses on its behalf as defined in the policies with the resources that have been designated for this purpose.

City Staff will work with Headwaters Regional Development Commission staff to provide any information necessary to fulfill the reporting and audit requirements in this Agreement.

**V. Certification:**

In witness whereof, the parties have hereunto set their hands and each warrants that he/she is empowered and authorized to execute this AGREEMENT and accept the TERMS and CONDITIONS A through J of the AGREEMENT

  
 \_\_\_\_\_  
 Authorized Contractee Representative

  
 \_\_\_\_\_  
 Authorized HRDC Representative

City Administrator 9-14-20  
 Title Date

Executive Director 9/15/2020  
 Title Date

SEP 29 2020

## TERMS AND CONDITIONS

- A. **QUALIFICATIONS.** The HRDC represents that it is qualified and willing to perform the services set forth herein.
- B. **AMENDMENTS.** Any alterations, variations, modifications or waivers of terms of this Agreement shall be binding upon the HRDC and Contractee only upon being reduced to writing and signed by a duly authorized representative of the HRDC and the Contractee.
- C. **ASSIGNMENT.** The HRDC represents that it will utilize only its personnel in the performance of the services set forth herein; and further agrees that it will neither assign, transfer, or subcontract any rights or obligations under this Agreement without prior written consent of the Contractee.
- D. **CONFLICT OF INTEREST.** The HRDC certifies that to the best of his knowledge no employee of the Contractee or officers of any public agency or local unit of government with any interest in this Contract has any pecuniary interest with the HRDC.
- E. **PRODUCTS.** The HRDC will furnish Contractee with the specified number of copies of any final products as required in Item I. The HRDC shall provide Contractee with all originals of said final products, progress reports and any technical reports or working papers that may be generated during the course of the Contract.
- F. **DATA AND COPYRIGHT.**
1. Contractee agrees that it will make available all pertinent information, data, and records under its control for HRDC to use in the performance of this Agreement, or to assist HRDC wherever possible to obtain such records, data, and information.
  2. All reports, data, information, and other work products prepared and developed in connection with the provisions of services contemplated herein shall, on identification and development, become the exclusive and confidential property of Contractee and may not be published or made available to any individual or organization without prior written approval of Contractee.
- G. **COMPLIANCES.** The HRDC agrees to abide by and assures that no person in the United States shall on the grounds of sex, age, race, or religion be excluded from participating in, be denied the benefits of, or be otherwise subject to discrimination in connection with the operations of this Contract.
- H. **FINANCIAL RECORDS.** It is understood that all travel, mileage, and similar out-of-pocket expenses incurred by the HRDC hereunder shall be included within the amount stated in Item III-A payable to the HRDC for services as outlined herein.
- I. **TERMINATION.**
1. Contractee and the HRDC shall both have the right to terminate this Contract at any time for any reason by submitting written notice of the intention to do so to the other party at least twenty (20) days prior to the specified effective date of such termination. In addition, HRDC shall have the right to terminate on ten (10) days communicated written notice if for any reason not the fault of HRDC, the funding for this project is lost or reduced.
  2. In the event of the termination of this Contract prior to normal completion, all finished or unfinished documents, data, studies, surveys, drawings, maps, photographs, and reports prepared by the HRDC in carrying out the work tasks hereunder shall become the property of Contractee. The HRDC shall be paid by Contractee for services actually and satisfactorily performed by the HRDC hereunder up to the time of termination, less any payments previously made to HRDC under this contract.
  3. Notwithstanding the above the HRDC shall not be relieved of the liability for damages sustained by Contractee by virtue of any breach of Contract by the HRDC. Contractee may withhold any payment to the HRDC until such item as the exact amount of damages due Contractee from the HRDC is determined.
- J. **INFORMATION.** HRDC agrees that all information provided to Contractee will be true and correct to the best of HRDC's knowledge. Contractee is not liable for its use or dissemination of false or erroneous information, data or other materials provided by the HRDC.

SEP 29 2020



**Waste Management of Minnesota, Inc.**  
 W132 N10487 Grant Drive  
 Germantown, WI, 53022  
 (888) 960-0008

WM Agreement # **S0013714483**  
 Customer ID **13-67363-53002**  
 Acct. Name **BLACKDUCK, CITY OF/PARK**  
 Salesperson **Carla Aguilar**  
 Effective Date **10/1/2020**  
 Last PI Date **06/28/2020**

## Service Agreement Non-Hazardous Waste Service Summary

### Service Information

Name	<b>BLACKDUCK, CITY OF/PARK</b>	Contact	<b>Christina Regas</b>
Address	<b>21024 PINE TREE PARK RD</b>	Telephone #	<b>(218) 835-4810</b>
City State Zip	<b>BLACKDUCK, MN 56630</b>	Fax #	
County/Parish	<b>BELTRAMI</b>	Email	<b>christina.regas@blackduckmn.com</b>

### Billing Information

Name	<b>BLACKDUCK, CITY OF/PARK</b>	Contact	<b>Angel Bublitz</b>
Address	<b>PO BOX 380</b>	Telephone #	<b>(218) 835-4803</b>
City State Zip	<b>BLACKDUCK, MN 56630-0380</b>	Fax #	
County/Parish	<b>4BELT</b>	Email	<b>city@paulbunyan.net</b>

Customer Comments: one free month

### Service Description & Recurring Rates

Quantity	Equipment	Material Stream	Frequency	Base Rate	
2	6 Yard REL	MSW Commercial	1xPer Week	<b>Fuel &amp; Environmental/RCR</b>	\$ 40.89 *
					\$ 120.00

Current rate for Extra Pickup (per Lift): \$ 216.00

Current FSC 10.14%, EVC 17.50%, RCR 3.60%

**MONTHLY TOTAL : \$ 160.89 \***

Customer's Waste Materials not to exceed an average weight of lbs/yd.

<b>Administrative Charge</b>	<b>\$ 6.50 *</b>
<b>MONTHLY GRAND TOTAL</b>	<b>\$ 167.39 *</b>

#### Initial One Time Service Charges\*

#### As Needed Services\*

The above listed Charges are for recurring services only. Charges for all additional services will be at current rates at the time of service. These include but are not limited to: extra pickups, container removal, overages and contamination. Contact Waste Management for a full list of such additional services and current prices.

\*Fuel Surcharge ("FSC"), Environmental Charge ("EVC"), and Regulatory Cost Recovery Charge ("RCR") apply to all other Charges whether or not listed on this summary. Any FSC, EVC and RCR amounts shown in this Service Summary are estimated based on current percentages (as set forth herein), and actual amounts will be calculated at the time of invoicing based on current applicable percentages. Information about these charges and their calculation can be found at [www.wm.com/billhelp](http://www.wm.com/billhelp). State & Local taxes, and/or fees and a Recycle Material Offset, if applicable, will also be added to the Charges. An Administrative Charge per invoice will be assessed and can be removed by enrolling in paperless statements and automated payments.

This Agreement does not provide for a fixed price during the Contract Term. Unless specifically provided otherwise herein, Customer should expect Company to increase Charges as allowed by Section 4(b) and Company to seek other price increases subject to Customer's consent under Section 4(c) of this Agreement. Consent to price increases may be given orally, in writing, or by notice and Customer's payment of, or failure to object to, the price increase.

**Contract Term is for 1 year(s) from the Effective Date ('Initial Term') and it shall automatically renew thereafter for additional terms of 12 months ('Renewal Term') unless terminated as set forth herein.**

The individual signing this agreement on behalf of customer acknowledges that he/she has read and accepts the terms and conditions of this agreement which accompany this service summary sheet and that he/she has the authority to sign on behalf of the customer.

DocuSigned by:

**CHRISTINA REGAS**

Customer Signature

CHRISTINA REGAS

Printed Name

Title

9/17/2020

Date

DocuSigned by:

*Carla Aguilar*

Company Name  
 Waste Management of Minnesota, Inc.

Carla Aguilar

Printed Name

Waste Management Sales Rep.

Title

9/17/2020

Date

Terms and Conditions on following page(s)

**1. (a) SERVICE GUARANTEE.** We guarantee our Services (as defined below). If Company fails to perform Services in accordance with the service summary as provided, which for Services purchased online include the information and terms disclosed during the order and checkout process (collectively, the "Service Summary"), and Company does not remedy such failure within five (5) business days of its receipt of a written demand from Customer, Customer may immediately terminate this Agreement without penalty.

**(b) SERVICES RENDERED; WASTE MATERIALS.** Customer grants to Company the exclusive right, and Company through itself and its Affiliates shall furnish equipment and services, to collect and dispose of and/or recycle (collectively, the "Services") all of Customer's Waste Materials at Customer's Service Address(es) listed on the Service Summary, subject to the terms and provisions contained herein (collectively, with the Service Summary, the "Agreement"). If Customer changes its Service Address(es), this Agreement shall remain valid and enforceable with respect to Services rendered at Customer's new service location(s) if such location(s) is within Company's service area. Customer represents and warrants that the materials to be collected under this Agreement shall be only "Waste Materials" as defined herein. For purposes of this Agreement, "Waste Materials" means all non-hazardous solid waste, organic waste, and if applicable, Recyclable Materials (as defined in Section 12) generated by Customer or at Customer's Service Address(es). Waste Materials includes "Special Waste", such as industrial process wastes, asbestos-containing material, petroleum contaminated soils, treated/de-characterized wastes, and demolition debris, for which Customer shall complete a Special Waste Profile sheet to be approved by Company in writing. Waste Materials excludes, and Customer agrees not to deposit or permit the deposit for collection of (i) any waste tires, (ii) radioactive, volatile, corrosive, flammable, explosive, biomedical, infectious, bio-hazardous, regulated medical or hazardous waste, toxic substance or material, as defined by, characterized or listed under applicable federal, state, or local laws or regulations, (iii) any materials containing information protected by federal, state or local privacy and security laws or regulations (unless tendered to Company pursuant to an additional Exhibit L to this Agreement), (iv) any other items or material prohibited by federal, state or local laws or regulations, or that could adversely affect the operation or useful life of the facility(ies) receiving Customer's Waste Materials, or (v) Special Waste not approved in writing by Company (collectively, "Excluded Materials"). Title to and liability for Excluded Materials shall remain with Customer at all times. Title to Customer's Waste Materials is transferred to Company upon Company's receipt or collection unless otherwise provided in this Agreement or applicable law.

**2. CONTRACT TERM.** The Initial Term and any subsequent Renewal Term of this Agreement (collectively, the "Contract Term") is set forth on the Service Summary. Unless otherwise specified on the Service Summary, at the end of the Initial Term and any subsequent Renewal Term, the Contract Term shall automatically renew for an additional Renewal Term at the then current Service levels and applicable Charges, unless (a) for a Renewal Term of twelve (12) months or more, either party gives to the other party written notice of termination at least ninety (90) days, but not more than one hundred eighty (180) days, prior to the termination of the then-existing term, and (b) for a Renewal Term of less than twelve (12) months, either party gives to the other party written notice of termination at least thirty (30) days prior to the termination of the then-existing term. Notice of termination received at any other time will be considered ineffective and the Agreement will be considered automatically renewed upon completion of the then-existing term.

**3. TERMINATION RIGHTS.** Notwithstanding the foregoing, this Agreement can be terminated prior to the end of the Initial Term or a Renewal Term as follows: (a) by Customer (with no obligation to pay liquidated damages as provided in Section 7), (i) if Company fails to satisfy the Service Guarantee provided in Section 1(a) or (ii) pursuant to Section 4(c) if Company increases the Charges payable by Customer hereunder with a Consensual Price Increase; (b) by Customer with thirty (30) days prior written notice to Company, subject to Customer's obligation to pay liquidated damages as provided in Section 7 no later than thirty (30) days after written notice of termination; (c) by Company, (i) if as a result of Customer's breach of Section 5, Company suspends Services for more than fifteen (15) days, or (ii) if Customer fails to cure any other breach of its obligations under this Agreement within five (5) business days of its receipt of written demand from Company to cure such breach; and (d) by Company, with at least fifteen (15) days prior written notice to the Customer, any time after Customer retains, designates or appoints a broker or agent to act for Customer, or manage its Services, under this Agreement. In order to move containers in a safe, secure and orderly fashion, Company shall have up to seven (7) days to remove any equipment from Customer's service location(s) after the effective date of the termination of this Agreement.

**4. (a) CHARGES; ADDITIONAL SERVICES; CHANGES.** The initial charges, fees and other amounts payable by Customer ("Charges") for Services and/or equipment furnished by Company to Customer are set forth on the Service Summary. Company also reserves the right to charge Customer additional Charges for additional Services provided by Company to Customer, whether requested or incurred by Customer, including, but not limited to, container relocation or removal; gate, enclosure or roll out services; account resume or reactivation services; extra pickups or trip charges; container overages and overflows; and equipment repair and maintenance (see www.wm.com/billhelp for a list of "Additional Services", which may be updated from time to time), all at such standard prices or rates that Company is charging its customers in the service area at such time. Changes in the frequency of collection, collection schedule, number, capacity and/or type of equipment, the terms and conditions of this Agreement, and any changes to the Charges payable under this Agreement (including any Consensual Price Increase or Negotiated Price Adjustment), may be agreed to orally, in writing or by other actions and practices of the parties, including, without limitation, electronic or online acceptance or payment of the invoice reflecting such changes, and written notice to Customer of any such changes and Customer's failure to object to such changes, which shall be deemed to be Customer's affirmative consent to such changes.

**(b) PERMITTED PRICE INCREASES** Company reserves the right, and Customer acknowledges that it should expect Company to increase or add Charges payable by Customer hereunder during the Contract Term: (i) for any changes or modifications to, or differences between, the actual equipment and Services provided by Company to Customer and those specified on the Service Summary; (ii) for any changes or difference in the composition, amount or weight of the Waste Materials collected by Company from Customer's service location(s) from what is specified on the Service Summary (including for container overages or overflows); (iii) for any increase in or other modification made by Company to the Fuel Surcharge, Regulatory Cost Recovery Charge, Recyclable Materials Offset, Environmental Charge, and/or any other Charges included or referenced in the Service Summary (which Charges are calculated and/or determined on enterprise-wide basis, including Company and all Affiliates); (iv) to cover any increases in disposal, processing, and/or transportation costs, including fuel surcharges; (v) to cover increased costs due to uncontrollable circumstances, including, without limitation, changes (occurring from and after three (3) months prior to the Effective Date) in local, state, federal or foreign laws or regulations (or the enforcement, interpretation or application thereof), including the imposition of or increase in taxes, fees or surcharges, or acts of God such as floods, fires, hurricanes and natural disasters; and (vi) for increases in the Consumer Price Index ("CPI") for Water, Sewer and Trash Collection Services published by U.S. Bureau of Labor Statistics, or with written notice to Customer, any other national, regional or local CPI, with such increases in CPI being measured from the Effective Date, or as applicable, Customer's last CPI based price increase date ("PI Date"). Increases to Charges specified in this Section 4(b) may be applied singularly or cumulatively and may include an amount for Company's operating or profit margin. Customer acknowledges and agrees that any increased Charges under this Section 4 (including any Consensual Price Increases or Negotiated Price Adjustments) are not represented to be solely an offset or pass through of Company's costs.

**(c) CONSENSUAL PRICE INCREASES** Without limiting the foregoing, Company also reserves the right to seek, and Customer acknowledges that it should expect Company to seek, increases in the Charges payable by Customer hereunder for reasons not specifically permitted in Section 4(b) (a "Consensual Price Increase"). If Customer does not accept the Consensual Price Increase, Customer's sole right and remedy shall be to terminate this Agreement by written notice to Company no later than thirty (30) days after Company notifies Customer of such Consensual Price Increase. Customer's failure to terminate this Agreement (within the 30-day period) shall be construed as Customer's acknowledgement that the continuation of the Services by Company hereunder is good, valuable and sufficient consideration for the Consensual Price Increase. Notwithstanding the foregoing, the parties may, but are not obligated to, agree to a different increase or an adjustment to Customer's Charges (a "Negotiated Price Adjustment") as a result of a Consensual Price Increase. Absent a Negotiated Price Adjustment, the Consensual Price Increase shall be binding and enforceable against Customer under this Agreement unless the Customer terminates this Agreement (within the 30-day period) as described above. Customer's agreement to a Consensual Price Increase or Negotiated Price Adjustment may be evidenced pursuant to Section 4(a) and the parties agree that this Agreement with such modified Charges will continue in full force and effect.

**5. INVOICES; PAYMENT TERMS** Company shall send all invoices for Charges and any required notices to Customer under this Agreement to Customer's billing address specified in the Service Summary, or if the Customer elects to participate in the Company's electronic billing program, make them available by email to Customer's designated e-mail address. Unless specifically agreed to in writing by Company and subject to such additional costs that Company may charge, in its discretion, Company shall not be required to bill Customer using Customer's or any third party billing portal or program. In no event shall the use by Company of Customer's or any third party billing portal or program, or any terms thereof, operate to amend or supplement the terms and conditions of this Agreement, which will remain binding in accordance with its terms. Customer shall pay all invoiced Charges within thirty (30) days of the invoice date, by check mailed to Company's payment address on Customer's invoice. Payment by any other method or channel, including in person, online or by phone, shall be as may be allowed by Company and subject to applicable convenience fees and other costs charged by Company, from time to time. Any Customer invoice balance not paid within thirty (30) days of the date of invoice is subject to a late charge, and any Customer check returned for insufficient funds is subject to a non-sufficient funds charge, both to the maximum extent allowed by applicable law. Customer acknowledges that any late charge charged by Company is not to be considered as interest on debt or a finance charge, and is a reasonable charge for the anticipated loss and cost to Company for late payment. If payment is not made when due, Company retains the right to suspend Services until the past due balance is paid in full. In addition to full payment of outstanding balances, Customer shall be required to pay a reactivation charge to resume suspended Services. If Services are suspended for more than fifteen (15) days, Company may immediately terminate this Agreement for default and recover any equipment and all amounts owed hereunder, including liquidated damages under Section 7.

**6. EQUIPMENT, ACCESS.** All equipment furnished by Company shall remain its property; however, Customer shall have care, custody and control of the equipment and shall be liable for all loss or damage to the equipment and for its contents while at Customer's service location(s). Customer shall not overload, move or alter the equipment or allow a third party to do so, and shall use it only for its intended purpose. At the termination of this Agreement, Company's equipment shall be in the condition in which it was provided, normal wear and tear excepted. Customer shall provide safe and unobstructed access to the equipment on the scheduled collection day. Company may suspend Services or terminate this Agreement in the event Customer violates any of the requirements of this provision. Customer shall pay, if charged by Company, any additional Charges, determined by Company in its sole discretion, for overloading, moving or altering the equipment or allowing a third party to do so, and for any service modifications caused by or resulting from Customer's failure to provide access. Customer warrants that Customer's property is sufficient to bear the weight of Company's equipment and vehicles and agrees that Company shall not be responsible for any damage to Customer's pavement or any other surface resulting from the equipment or Services.

**7. LIQUIDATED DAMAGES.** In the event Customer terminates this Agreement prior to the expiration of the Initial or Renewal Term for any reason other than as set forth in Section 3(a), or in the event Company terminates this Agreement for Customer's default pursuant to Section 3(c), Customer shall pay the following liquidated damages in addition to Company's legal fees, if any: (a) if the remaining Contract Term (including any applicable Renewal Term) under this Agreement is six (6) or more months, Customer shall pay the average of its six (6) monthly Charges immediately prior to default or termination (or, if the Effective Date is within six (6) months of Company's last invoice date, the average of all monthly Charges) multiplied by six (6); or (b) if the remaining Contract Term is less than six months, Customer shall pay the average of its six (6) most recent monthly Charges multiplied by the number of months remaining in the Contract Term. Customer acknowledges that the actual damage to Company in the event of Customer's early termination or breach of contract is impractical or extremely difficult to fix or prove, the foregoing liquidated damages amount is reasonable and commensurate with the anticipated loss to Company resulting therefrom, and such liquidated damages payment is an agreed upon charge for Customer's early termination or breach of contract and is not imposed as a penalty. Customer shall also pay liquidated damages of \$100 for every Customer waste tire that is found at any disposal facility used by Company. In addition to and not in limitation of the foregoing, Company shall be entitled to recover all losses, damages and costs, including attorneys' fees and costs, resulting from Customer's breach of any other provision of this Agreement in addition to all other remedies available at law or in equity.

**8. INDEMNITY.** Company agrees to indemnify, defend and save Customer and its Affiliates harmless from and against any and all liability which Customer or its Affiliates may suffer, incur or pay as a result of any bodily injuries (including death), property damage or violation of law, to the extent caused by any negligent act or omission or willful misconduct of Company or its employees, which occurs (a) during the collection or transportation of Customer's Waste Materials, or (b) as a result of the disposal of Customer's Waste Materials in a facility owned by Company or an Affiliate, provided that Company's indemnification obligations will not apply to occurrences involving Excluded Materials. Customer agrees to indemnify, defend and save Company and its Affiliates harmless from and against any and all liability which Company and its Affiliates may suffer, incur or pay as a result of any bodily injuries (including death), property damage or violation of law to the extent caused by Customer's breach of this Agreement or by any negligent act or omission or willful misconduct of Customer or its employees, agents or contractors or Customer's use, operation or possession of any equipment furnished by Company. Neither party shall be liable to the other for consequential, incidental or punitive damages arising out of the performance or breach of this Agreement.

**9. RIGHT TO PROVIDE COMPETING OFFERS.** If Customer receives an offer from (or makes any offer to) a third party relating to such third party's provision to the Customer of the same or similar Services to those provided hereunder, Customer shall give Company prompt written notice of any such offer and a 15-day period to respond to such third party offer prior to Customer agreeing to such third party offer.

**10. DISPUTE RESOLUTION-ARBITRATION AGREEMENT AND CLASS ACTION WAIVER.BINDING ARBITRATION:** Except for those claims expressly excluded below (EXCLUDED CLAIMS), Customer and Company agree that any and all existing or future controversy or claim between them arising out of or related to this Agreement or any prior agreements between the parties, whether based in contract, law or equity or alleging any other legal theory, or arising prior to, in connection with, or after the termination of this Agreement or any other agreements, shall be resolved by mandatory binding arbitration (see [www.wm.com](http://www.wm.com) for details on arbitration procedures). **CLASS ACTION WAIVER:** Customer and Company agree that under no circumstances, whether in arbitration or otherwise, may Customer bring any claim against Company, or allow any claim that Customer may have against Company to be asserted, as part of a class action, on a consolidated or representative basis or otherwise aggregated with claims brought by, or on behalf of, any other entity or person, including other customers of Company. **EXCLUDED CLAIMS:** The following are not subject to mandatory binding arbitration: (a) either party's claims against the other in connection with bodily injury or real property damage and for environmental indemnification; and (b) Company's claims against Customer for collection or payment of Charges, damages (liquidated or otherwise) or any other amounts due or payable to Company by Customer under this Agreement or any prior agreements between the parties, but Customer and Company may mutually agree to arbitrate any Excluded Claims.

**11. MISCELLANEOUS.** (a) Except for the obligation to make payments hereunder for Services already performed, neither party shall be in default for its failure to perform or delay in performance caused by events or significant threats of events beyond its reasonable control, whether or not foreseeable, including, but not limited to, strikes, labor trouble, riots, imposition of laws or governmental orders, fires, acts of war or terrorism, acts of God, and the inability to obtain equipment, and the affected party shall be excused from performance during the occurrence of such events. (b) This Agreement shall be binding on and shall inure to the benefit of the parties hereto and their respective successors and assigns. (c) The terms, conditions and disclosures set forth on [www.wm.com](http://www.wm.com) relating to Billing/Billing Help, Charges, Arbitration Procedures, and for those Customers that sign up for electronic billing and payment, Autopay, are incorporated by reference and made a part hereof (as such terms, conditions and disclosures may be changed or modified from time to time, effective from such change or modification). In addition to, and not in limitation of, the foregoing, the terms and provisions of this Agreement may be amended and modified as agreed to by the parties as provided in Section 4(a). Subject to the foregoing, this Agreement represents the entire agreement between the parties and supersedes any and all other agreements for the same Services at the same Customer locations covered by this Agreement, whether written or oral, that may exist between the parties. (d) This Agreement shall be construed in accordance with the law of the state in which the Services are provided. (e) All written notification to Company required by this Agreement shall be effective upon receipt and delivered by Certified Mail, Return Receipt Requested, courier or by hand to Company's address on the first page of the Service Summary, provided that Company may provide written notice to Customer of a different address for written notice to Company. (f) If any provision of this Agreement is declared invalid or unenforceable, then such provision shall be severed from and shall not affect the remainder of this Agreement; however, the parties shall amend this Agreement to give effect, to the maximum extent allowed, to the intent and meaning of the severed provision. (g) In the event Company successfully enforces its rights against Customer hereunder, Customer shall be required to pay Company's attorneys' fees and court costs. (h) Notwithstanding the termination of this Agreement, Sections 6, 7, 8, 10, 11, 12(vi) and Customer's obligation to make payments for all Charges and other amounts due or payable hereunder through the termination date shall survive the termination of this Agreement. (i) The term "Affiliate" means with respect to any specified party, any corporation, limited liability company, partnership or other legal entity, directly or indirectly, controlled by, controlling or under common control with such specified party, with "control" meaning, directly or indirectly, the power to direct or cause the direction of the management and policies of such legal entity, whether through the ownership of voting securities, by contract or otherwise. (j) "business day" means Monday through Friday, excluding bank holidays.

**12. RECYCLING SERVICES.** The following shall apply to fiber and non-fiber recyclables ("Recyclable Materials") and recycling services. All Recyclable Materials must be clean, dry, unshredded, empty, loose and unbagged. (i) Single stream Recyclable Materials ("Single Stream") will consist of Customer's entire volume of uncoated office and writing paper, magazines, pamphlets, mail, newspaper; flattened, uncoated cardboard, paperboard boxes; aluminum food and beverage containers, tin or steel cans; glass, and rigid container plastics #1, #2 and #5, including narrow neck containers and tubs. Any material not specifically set forth above, including but not limited to foam, film plastics, plastic bags, napkins, tissue, paper towels, or paper that has been in contact with food, is unacceptable. Glass may not be accepted at all locations. Customer shall provide source-separated wastepaper, cardboard, plastics and metals in accordance with the most current ISRI Scrap Specifications Circular and any amendments thereto or replacements thereof. All other Recyclable Materials will be delivered in accordance with industry standards or such specifications communicated to Customer by Company from time-to-time. Company reserves the right, upon notice to Customer, to discontinue acceptance of any category of Recyclable Materials set forth above as a result of market conditions related to such materials and makes no representations as to the recyclability of the materials. (ii) Notwithstanding anything to the contrary contained herein, Recyclable Materials may not contain Special Waste, Excluded Materials or other materials that are deleterious or capable of causing material damage to any part of Company's property, its personnel or the public or materially impair the strength or the durability of Company's structures or equipment. (iii) Company may reject in whole or in part, or may process, in its sole discretion, Recyclable Materials not meeting the specifications. Customer shall pay Company for all increased costs, losses and expenses incurred with respect to such non-conforming Recyclable Materials which charges may include an amount for Company's operating or profit margin (collectively the "Cost"). Without limiting the foregoing, Customer shall pay a contamination charge for additional handling, processing, transporting and/or disposing of such non-conforming Recyclable Materials, Special Waste, Excluded Materials, and/or all of part of non-conforming loads and additional charges may be assessed for bulky items such as appliances, concrete, furniture, mattresses, tires, electronics, pallets, yard waste, propane tanks, etc. Collected Recyclable Materials for which no commercially reasonable market exists may be landfilled at Customer's Cost. (iv) Recycling Services are subject to a Recyclable Material Offset (RMO) charge to the extent that (a) Company's processing cost per ton, including costs of disposal for contamination, plus profit margin, exceeds (b) an amount equal to recyclables value per ton minus an amount for profit margin. The RMO charge, including profit margin, processing and disposal costs and recyclable value shall be determined by Company from time-to-time, in its sole discretion, based on applicable operating data and market information. If recyclables value exceeds processing costs, plus profit margin, a RMO credit may apply, at Company's sole discretion. (v) Where Company has agreed in writing to provide a market-based rebate to Customer, the following shall apply. Customer acknowledges that the market value for Recyclable Materials will fluctuate based upon various factors, and such materials may at times have no value or that the value may be negative. Company will establish the value of Recyclable Materials each month based upon such various factors, including but not limited to quantity, quality and location. For recycling services, Company shall pay or charge Customer on or about the last day of each month for Recyclable Materials accepted during the preceding month, after deduction of any charges owed to Company by Customer. Any invoice shall be payable upon receipt. Where recycling services are provided, charges may include separate fuel and environmental surcharges as set forth at [www.wm.com](http://www.wm.com). (vi) Notwithstanding anything to the contrary set forth above, the liquidated damages calculation set forth in Section 7 of this Agreement shall not apply to any Customer breach of the Agreement pertaining to Services for Recyclable Materials which have been determined by Company to have a positive value. If a breach occurs under such circumstances, the damages shall be determined by calculating actual damages rather than such liquidated damages. (vii) Service arrangements will be agreed upon between Customer and Company for the service location(s) set forth in this Agreement. For trailer load quantities, Customer shall load trailers to full visible capacity to achieve 40,000 pounds minimum shipping weight and trailers shall be loaded or caused to be loaded in accordance with the most current ISRI/AF&PA Shipping Guide. Freight and/or adjustments may apply to light loads. For baled wastepaper picked up by bale route service, the minimum quantity for pickup is six (6) bales and for purposes of payment, weights shall be estimated weights.



**Waste Management of Minnesota, Inc.**  
 W132 N10487 Grant Drive  
 Germantown, WI, 53022  
 (888) 960-0008

WM Agreement #  
 Customer ID  
 Acct. Name  
 Salesperson  
 Effective Date  
 Last PI Date

**S0013714528**  
**11-81102-93005**  
**BLACKDUCK, CITY**  
**OF/POND LIQUOR**  
**Carla Aguilar**  
**10/1/2020**  
**03/01/2017**

# Service Agreement

## Non-Hazardous Waste Service Summary

### Service Information

Name	<b>BLACKDUCK, CITY OF/POND LIQUOR</b>	Contact	<b>Christina Regas</b>
Address	<b>224 FRONTAGE RD</b>	Telephone #	<b>(218) 835-4803</b>
City State Zip	<b>BLACKDUCK, MN 56630-2120</b>	Fax #	
County/Parish	<b>BELTRAMI</b>	Email	

### Billing Information

Name	<b>BLACKDUCK, CITY OF</b>	Contact	<b>Christina Regas</b>
Address	<b>PO BOX 380</b>	Telephone #	<b>(218) 835-4803</b>
City State Zip	<b>BLACKDUCK, MN 56630-0380</b>	Fax #	
County/Parish	<b>4BELT</b>	Email	

Customer Comments: one free month

### Service Description & Recurring Rates

Quantity	Equipment	Material Stream	Frequency	Base Rate	
1	4 Yard REL	MSW Commercial	2xPer Week	<b>Fuel &amp; Environmental/RCR</b>	\$ 105.00 \$ 35.78 *

Current rate for Extra Pickup (per Lift): \$ 184.00      Current FSC 10.14%, EVC 17.50%, RCR 3.60%      **MONTHLY TOTAL : \$ 140.78 \***

Quantity	Equipment	Material Stream	Frequency	Base Rate	
1	4 Yard REL Recycling	Recycle Material	1xPer Week	<b>Fuel &amp; Environmental/RCR</b>	\$ 70.00 \$ 23.85 *

Current rate for Extra Pickup (per Lift): \$ 184.00      Current FSC 10.14%, EVC 17.50%, RCR 3.60%      **MONTHLY TOTAL : \$ 93.85 \***

Customer's Waste Materials not to exceed an average weight of lbs./yard.

<b>Administrative Charge</b>	\$ 6.50 *
<b>MONTHLY GRAND TOTAL</b>	\$ 241.13 *

#### Initial One Time Service Charges\*

#### As Needed Services\*

The above listed Charges are for recurring services only. Charges for all additional services will be at current rates at the time of service. These include but are not limited to: extra pickups, container removal, overages and contamination. Contact Waste Management for a full list of such additional services and current prices.

\*Fuel Surcharge ("FSC"), Environmental Charge ("EVC"), and Regulatory Cost Recovery Charge ("RCR") apply to all other Charges whether or not listed on this summary. Any FSC, EVC and RCR amounts shown in this Service Summary are estimated based on current percentages (as set forth herein), and actual amounts will be calculated at the time of invoicing based on current applicable percentages. Information about these charges and their calculation can be found at [www.wm.com/billhelp](http://www.wm.com/billhelp). State & Local taxes, and/or fees and a Recycle Material Offset, if applicable, will also be added to the Charges. An Administrative Charge per invoice will be assessed and can be removed by enrolling in paperless statements and automated payments.

This Agreement does not provide for a fixed price during the Contract Term. Unless specifically provided otherwise herein, Customer should expect Company to increase Charges as allowed by Section 4(b) and Company to seek other price increases subject to Customer's consent under Section 4(c) of this Agreement. Consent to price increases may be given orally, in writing, or by notice and Customer's payment of, or failure to object to, the price increase.

**Contract Term is for 1 year(s) from the Effective Date ('Initial Term') and it shall automatically renew thereafter for additional terms of 12 months ('Renewal Term') unless terminated as set forth herein.**

The individual signing this agreement on behalf of customer acknowledges that he/she has read and accepts the terms and conditions of this agreement which accompany this service summary sheet and that he/she has the authority to sign on behalf of the customer.

DocuSigned by:  
**CHRISTINA REGAS**

Customer Signature

CHRISTINA REGAS  
 Printed Name

Carla Aguilar  
 Printed Name

Title

Waste Management Sales Rep.  
 Title

9/17/2020  
 Date

9/17/2020  
 Date

Company: Waste Management of Minnesota, Inc.

Terms and Conditions on following page(s)

**1. (a) SERVICE GUARANTEE.** We guarantee our Services (as defined below). If Company fails to perform Services in accordance with the service summary as provided, which for Services purchased online include the information and terms disclosed during the order and checkout process (collectively, the "Service Summary"), and Company does not remedy such failure within five (5) business days of its receipt of a written demand from Customer, Customer may immediately terminate this Agreement without penalty.

**(b) SERVICES RENDERED; WASTE MATERIALS.** Customer grants to Company the exclusive right, and Company through itself and its Affiliates shall furnish equipment and services, to collect and dispose of and/or recycle (collectively, the "Services") all of Customer's Waste Materials at Customer's Service Address(es) listed on the Service Summary, subject to the terms and provisions contained herein (collectively, with the Service Summary, the "Agreement"). If Customer changes its Service Address(es), this Agreement shall remain valid and enforceable with respect to Services rendered at Customer's new service location(s) if such location(s) is within Company's service area. Customer represents and warrants that the materials to be collected under this Agreement shall be only "Waste Materials" as defined herein. For purposes of this Agreement, "Waste Materials" means all non-hazardous solid waste, organic waste, and if applicable, Recyclable Materials (as defined in Section 12) generated by Customer or at Customer's Service Address(es). Waste Materials includes "Special Waste", such as industrial process wastes, asbestos-containing material, petroleum contaminated soils, treated/de-characterized wastes, and demolition debris, for which Customer shall complete a Special Waste Profile sheet to be approved by Company in writing. Waste Materials excludes, and Customer agrees not to deposit or permit the deposit for collection of (i) any waste tires, (ii) radioactive, volatile, corrosive, flammable, explosive, biomedical, infectious, bio-hazardous, regulated medical or hazardous waste, toxic substance or material, as defined by, characterized or listed under applicable federal, state, or local laws or regulations, (iii) any materials containing information protected by federal, state or local privacy and security laws or regulations (unless tendered to Company pursuant to an additional Exhibit L to this Agreement), (iv) any other items or material prohibited by federal, state or local laws or regulations, or that could adversely affect the operation or useful life of the facility(ies) receiving Customer's Waste Materials, or (v) Special Waste not approved in writing by Company (collectively, "Excluded Materials"). Title to and liability for Excluded Materials shall remain with Customer at all times. Title to Customer's Waste Materials is transferred to Company upon Company's receipt or collection unless otherwise provided in this Agreement or applicable law.

**2. CONTRACT TERM.** The Initial Term and any subsequent Renewal Term of this Agreement (collectively, the "Contract Term") is set forth on the Service Summary. Unless otherwise specified on the Service Summary, at the end of the Initial Term and any subsequent Renewal Term, the Contract Term shall automatically renew for an additional Renewal Term at the then current Service levels and applicable Charges, unless (a) for a Renewal Term of twelve (12) months or more, either party gives to the other party written notice of termination at least ninety (90) days, but not more than one hundred eighty (180) days, prior to the termination of the then-existing term, and (b) for a Renewal Term of less than twelve (12) months, either party gives to the other party written notice of termination at least thirty (30) days prior to the termination of the then-existing term. Notice of termination received at any other time will be considered ineffective and the Agreement will be considered automatically renewed upon completion of the then-existing term.

**3. TERMINATION RIGHTS.** Notwithstanding the foregoing, this Agreement can be terminated prior to the end of the Initial Term or a Renewal Term as follows: (a) by Customer (with no obligation to pay liquidated damages as provided in Section 7), (i) if Company fails to satisfy the Service Guarantee provided in Section 1(a) or (ii) pursuant to Section 4(c) if Company increases the Charges payable by Customer hereunder with a Consensual Price Increase; (b) by Customer with thirty (30) days prior written notice to Company, subject to Customer's obligation to pay liquidated damages as provided in Section 7 no later than thirty (30) days after written notice of termination; (c) by Company, (i) if as a result of Customer's breach of Section 5, Company suspends Services for more than fifteen (15) days, or (ii) if Customer fails to cure any other breach of its obligations under this Agreement within five (5) business days of its receipt of written demand from Company to cure such breach; and (d) by Company, with at least fifteen (15) days prior written notice to the Customer, any time after Customer retains, designates or appoints a broker or agent to act for Customer, or manage its Services, under this Agreement. In order to move containers in a safe, secure and orderly fashion, Company shall have up to seven (7) days to remove any equipment from Customer's service location(s) after the effective date of the termination of this Agreement.

**4. (a) CHARGES; ADDITIONAL SERVICES; CHANGES.** The initial charges, fees and other amounts payable by Customer ("Charges") for Services and/or equipment furnished by Company to Customer are set forth on the Service Summary. Company also reserves the right to charge Customer additional Charges for additional Services provided by Company to Customer, whether requested or incurred by Customer, including, but not limited to, container relocation or removal; gate, enclosure or roll out services; account resume or reactivation services; extra pickups or trip charges; container overages and overflows; and equipment repair and maintenance (see www.wm.com/billhelp for a list of "Additional Services", which may be updated from time to time), all at such standard prices or rates that Company is charging its customers in the service area at such time. Changes in the frequency of collection, collection schedule, number, capacity and/or type of equipment, the terms and conditions of this Agreement, and any changes to the Charges payable under this Agreement (including any Consensual Price Increase or Negotiated Price Adjustment), may be agreed to orally, in writing or by other actions and practices of the parties, including, without limitation, electronic or online acceptance or payment of the invoice reflecting such changes, and written notice to Customer of any such changes and Customer's failure to object to such changes, which shall be deemed to be Customer's affirmative consent to such changes.

**(b) PERMITTED PRICE INCREASES** Company reserves the right, and Customer acknowledges that it should expect Company to increase or add Charges payable by Customer hereunder during the Contract Term: (i) for any changes or modifications to, or differences between, the actual equipment and Services provided by Company to Customer and those specified on the Service Summary; (ii) for any changes or difference in the composition, amount or weight of the Waste Materials collected by Company from Customer's service location(s) from what is specified on the Service Summary (including for container overages or overflows); (iii) for any increase in or other modification made by Company to the Fuel Surcharge, Regulatory Cost Recovery Charge, Recyclable Materials Offset, Environmental Charge, and/or any other Charges included or referenced in the Service Summary (which Charges are calculated and/or determined on enterprise-wide basis, including Company and all Affiliates); (iv) to cover any increases in disposal, processing, and/or transportation costs, including fuel surcharges; (v) to cover increased costs due to uncontrollable circumstances, including, without limitation, changes (occurring from and after three (3) months prior to the Effective Date) in local, state, federal or foreign laws or regulations (or the enforcement, interpretation or application thereof), including the imposition of or increase in taxes, fees or surcharges, or acts of God such as floods, fires, hurricanes and natural disasters; and (vi) for increases in the Consumer Price Index ("CPI") for Water, Sewer and Trash Collection Services published by U.S. Bureau of Labor Statistics, or with written notice to Customer, any other national, regional or local CPI, with such increases in CPI being measured from the Effective Date, or as applicable, Customer's last CPI based price increase date ("PI Date"). Increases to Charges specified in this Section 4(b) may be applied singularly or cumulatively and may include an amount for Company's operating or profit margin. Customer acknowledges and agrees that any increased Charges under this Section 4 (including any Consensual Price Increases or Negotiated Price Adjustments) are not represented to be solely an offset or pass through of Company's costs.

**(c) CONSENSUAL PRICE INCREASES** Without limiting the foregoing, Company also reserves the right to seek, and Customer acknowledges that it should expect Company to seek, increases in the Charges payable by Customer hereunder for reasons not specifically permitted in Section 4(b) (a "Consensual Price Increase"). If Customer does not accept the Consensual Price Increase, Customer's sole right and remedy shall be to terminate this Agreement by written notice to Company no later than thirty (30) days after Company notifies Customer of such Consensual Price Increase. Customer's failure to terminate this Agreement (within the 30-day period) shall be construed as Customer's acknowledgement that the continuation of the Services by Company hereunder is good, valuable and sufficient consideration for the Consensual Price Increase. Notwithstanding the foregoing, the parties may, but are not obligated to, agree to a different increase or an adjustment to Customer's Charges (a "Negotiated Price Adjustment") as a result of a Consensual Price Increase. Absent a Negotiated Price Adjustment, the Consensual Price Increase shall be binding and enforceable against Customer under this Agreement unless the Customer terminates this Agreement (within the 30-day period) as described above. Customer's agreement to a Consensual Price Increase or Negotiated Price Adjustment may be evidenced pursuant to Section 4(a) and the parties agree that this Agreement with such modified Charges will continue in full force and effect.

**5. INVOICES; PAYMENT TERMS** Company shall send all invoices for Charges and any required notices to Customer under this Agreement to Customer's billing address specified in the Service Summary, or if the Customer elects to participate in the Company's electronic billing program, make them available by email to Customer's designated e-mail address. Unless specifically agreed to in writing by Company and subject to such additional costs that Company may charge, in its discretion, Company shall not be required to bill Customer using Customer's or any third party billing portal or program. In no event shall the use by Company of Customer's or any third party billing portal or program, or any terms thereof, operate to amend or supplement the terms and conditions of this Agreement, which will remain binding in accordance with its terms. Customer shall pay all invoiced Charges within thirty (30) days of the invoice date, by check mailed to Company's payment address on Customer's invoice. Payment by any other method or channel, including in person, online or by phone, shall be as may be allowed by Company and subject to applicable convenience fees and other costs charged by Company, from time to time. Any Customer invoice balance not paid within thirty (30) days of the date of invoice is subject to a late charge, and any Customer check returned for insufficient funds is subject to a non-sufficient funds charge, both to the maximum extent allowed by applicable law. Customer acknowledges that any late charge charged by Company is not to be considered as interest on debt or a finance charge, and is a reasonable charge for the anticipated loss and cost to Company for late payment. If payment is not made when due, Company retains the right to suspend Services until the past due balance is paid in full. In addition to full payment of outstanding balances, Customer shall be required to pay a reactivation charge to resume suspended Services. If Services are suspended for more than fifteen (15) days, Company may immediately terminate this Agreement for default and recover any equipment and all amounts owed hereunder, including liquidated damages under Section 7.

**6. EQUIPMENT, ACCESS.** All equipment furnished by Company shall remain its property; however, Customer shall have care, custody and control of the equipment and shall be liable for all loss or damage to the equipment and for its contents while at Customer's service location(s). Customer shall not overload, move or alter the equipment or allow a third party to do so, and shall use it only for its intended purpose. At the termination of this Agreement, Company's equipment shall be in the condition in which it was provided, normal wear and tear excepted. Customer shall provide safe and unobstructed access to the equipment on the scheduled collection day. Company may suspend Services or terminate this Agreement in the event Customer violates any of the requirements of this provision. Customer shall pay, if charged by Company, any additional Charges, determined by Company in its sole discretion, for overloading, moving or altering the equipment or allowing a third party to do so, and for any service modifications caused by or resulting from Customer's failure to provide access. Customer warrants that Customer's property is sufficient to bear the weight of Company's equipment and vehicles and agrees that Company shall not be responsible for any damage to Customer's pavement or any other surface resulting from the equipment or Services.

**7. LIQUIDATED DAMAGES.** In the event Customer terminates this Agreement prior to the expiration of the Initial or Renewal Term for any reason other than as set forth in Section 3(a), or in the event Company terminates this Agreement for Customer's default pursuant to Section 3(c), Customer shall pay the following liquidated damages in addition to Company's legal fees, if any: (a) if the remaining Contract Term (including any applicable Renewal Term) under this Agreement is six (6) or more months, Customer shall pay the average of its six (6) monthly Charges immediately prior to default or termination (or, if the Effective Date is within six (6) months of Company's last invoice date, the average of all monthly Charges) multiplied by six (6); or (b) if the remaining Contract Term is less than six months, Customer shall pay the average of its six (6) most recent monthly Charges multiplied by the number of months remaining in the Contract Term. Customer acknowledges that the actual damage to Company in the event of Customer's early termination or breach of contract is impractical or extremely difficult to fix or prove, the foregoing liquidated damages amount is reasonable and commensurate with the anticipated loss to Company resulting therefrom, and such liquidated damages payment is an agreed upon charge for Customer's early termination or breach of contract and is not imposed as a penalty. Customer shall also pay liquidated damages of \$100 for every Customer waste tire that is found at any disposal facility used by Company. In addition to and not in limitation of the foregoing, Company shall be entitled to recover all losses, damages and costs, including attorneys' fees and costs, resulting from Customer's breach of any other provision of this Agreement in addition to all other remedies available at law or in equity.

**8. INDEMNITY.** Company agrees to indemnify, defend and save Customer and its Affiliates harmless from and against any and all liability which Customer or its Affiliates may suffer, incur or pay as a result of any bodily injuries (including death), property damage or violation of law, to the extent caused by any negligent act or omission or willful misconduct of Company or its employees, which occurs (a) during the collection or transportation of Customer's Waste Materials, or (b) as a result of the disposal of Customer's Waste Materials in a facility owned by Company or an Affiliate, provided that Company's indemnification obligations will not apply to occurrences involving Excluded Materials. Customer agrees to indemnify, defend and save Company and its Affiliates harmless from and against any and all liability which Company and its Affiliates may suffer, incur or pay as a result of any bodily injuries (including death), property damage or violation of law to the extent caused by Customer's breach of this Agreement or by any negligent act or omission or willful misconduct of Customer or its employees, agents or contractors or Customer's use, operation or possession of any equipment furnished by Company. Neither party shall be liable to the other for consequential, incidental or punitive damages arising out of the performance or breach of this Agreement.

**9. RIGHT TO PROVIDE COMPETING OFFERS.** If Customer receives an offer from (or makes any offer to) a third party relating to such third party's provision to the Customer of the same or similar Services to those provided hereunder, Customer shall give Company prompt written notice of any such offer and a 15-day period to respond to such third party offer prior to Customer agreeing to such third party offer.

**10. DISPUTE RESOLUTION-ARBITRATION AGREEMENT AND CLASS ACTION WAIVER.BINDING ARBITRATION:** Except for those claims expressly excluded below (EXCLUDED CLAIMS), Customer and Company agree that any and all existing or future controversy or claim between them arising out of or related to this Agreement or any prior agreements between the parties, whether based in contract, law or equity or alleging any other legal theory, or arising prior to, in connection with, or after the termination of this Agreement or any other agreements, shall be resolved by mandatory binding arbitration (see [www.wm.com](http://www.wm.com) for details on arbitration procedures). **CLASS ACTION WAIVER:** Customer and Company agree that under no circumstances, whether in arbitration or otherwise, may Customer bring any claim against Company, or allow any claim that Customer may have against Company to be asserted, as part of a class action, on a consolidated or representative basis or otherwise aggregated with claims brought by, or on behalf of, any other entity or person, including other customers of Company. **EXCLUDED CLAIMS:** The following are not subject to mandatory binding arbitration: (a) either party's claims against the other in connection with bodily injury or real property damage and for environmental indemnification; and (b) Company's claims against Customer for collection or payment of Charges, damages (liquidated or otherwise) or any other amounts due or payable to Company by Customer under this Agreement or any prior agreements between the parties, but Customer and Company may mutually agree to arbitrate any Excluded Claims.

**11. MISCELLANEOUS.** (a) Except for the obligation to make payments hereunder for Services already performed, neither party shall be in default for its failure to perform or delay in performance caused by events or significant threats of events beyond its reasonable control, whether or not foreseeable, including, but not limited to, strikes, labor trouble, riots, imposition of laws or governmental orders, fires, acts of war or terrorism, acts of God, and the inability to obtain equipment, and the affected party shall be excused from performance during the occurrence of such events. (b) This Agreement shall be binding on and shall inure to the benefit of the parties hereto and their respective successors and assigns. (c) The terms, conditions and disclosures set forth on [www.wm.com](http://www.wm.com) relating to Billing/Billing Help, Charges, Arbitration Procedures, and for those Customers that sign up for electronic billing and payment, Autopay, are incorporated by reference and made a part hereof (as such terms, conditions and disclosures may be changed or modified from time to time, effective from such change or modification). In addition to, and not in limitation of, the foregoing, the terms and provisions of this Agreement may be amended and modified as agreed to by the parties as provided in Section 4(a). Subject to the foregoing, this Agreement represents the entire agreement between the parties and supersedes any and all other agreements for the same Services at the same Customer locations covered by this Agreement, whether written or oral, that may exist between the parties. (d) This Agreement shall be construed in accordance with the law of the state in which the Services are provided. (e) All written notification to Company required by this Agreement shall be effective upon receipt and delivered by Certified Mail, Return Receipt Requested, courier or by hand to Company's address on the first page of the Service Summary, provided that Company may provide written notice to Customer of a different address for written notice to Company. (f) If any provision of this Agreement is declared invalid or unenforceable, then such provision shall be severed from and shall not affect the remainder of this Agreement; however, the parties shall amend this Agreement to give effect, to the maximum extent allowed, to the intent and meaning of the severed provision. (g) In the event Company successfully enforces its rights against Customer hereunder, Customer shall be required to pay Company's attorneys' fees and court costs. (h) Notwithstanding the termination of this Agreement, Sections 6, 7, 8, 10, 11, 12(vi) and Customer's obligation to make payments for all Charges and other amounts due or payable hereunder through the termination date shall survive the termination of this Agreement. (i) The term "Affiliate" means with respect to any specified party, any corporation, limited liability company, partnership or other legal entity, directly or indirectly, controlled by, controlling or under common control with such specified party, with "control" meaning, directly or indirectly, the power to direct or cause the direction of the management and policies of such legal entity, whether through the ownership of voting securities, by contract or otherwise. (j) "business day" means Monday through Friday, excluding bank holidays.

**12. RECYCLING SERVICES.** The following shall apply to fiber and non-fiber recyclables ("Recyclable Materials") and recycling services. All Recyclable Materials must be clean, dry, unshredded, empty, loose and unbagged. (i) Single stream Recyclable Materials ("Single Stream") will consist of Customer's entire volume of uncoated office and writing paper, magazines, pamphlets, mail, newspaper; flattened, uncoated cardboard, paperboard boxes; aluminum food and beverage containers, tin or steel cans; glass, and rigid container plastics #1, #2 and #5, including narrow neck containers and tubs. Any material not specifically set forth above, including but not limited to foam, film plastics, plastic bags, napkins, tissue, paper towels, or paper that has been in contact with food, is unacceptable. Glass may not be accepted at all locations. Customer shall provide source-separated wastepaper, cardboard, plastics and metals in accordance with the most current ISRI Scrap Specifications Circular and any amendments thereto or replacements thereof. All other Recyclable Materials will be delivered in accordance with industry standards or such specifications communicated to Customer by Company from time-to-time. Company reserves the right, upon notice to Customer, to discontinue acceptance of any category of Recyclable Materials set forth above as a result of market conditions related to such materials and makes no representations as to the recyclability of the materials. (ii) Notwithstanding anything to the contrary contained herein, Recyclable Materials may not contain Special Waste, Excluded Materials or other materials that are deleterious or capable of causing material damage to any part of Company's property, its personnel or the public or materially impair the strength or the durability of Company's structures or equipment. (iii) Company may reject in whole or in part, or may process, in its sole discretion, Recyclable Materials not meeting the specifications. Customer shall pay Company for all increased costs, losses and expenses incurred with respect to such non-conforming Recyclable Materials which charges may include an amount for Company's operating or profit margin (collectively the "Cost"). Without limiting the foregoing, Customer shall pay a contamination charge for additional handling, processing, transporting and/or disposing of such non-conforming Recyclable Materials, Special Waste, Excluded Materials, and/or all of part of non-conforming loads and additional charges may be assessed for bulky items such as appliances, concrete, furniture, mattresses, tires, electronics, pallets, yard waste, propane tanks, etc. Collected Recyclable Materials for which no commercially reasonable market exists may be landfilled at Customer's Cost. (iv) Recycling Services are subject to a Recyclable Material Offset (RMO) charge to the extent that (a) Company's processing cost per ton, including costs of disposal for contamination, plus profit margin, exceeds (b) an amount equal to recyclables value per ton minus an amount for profit margin. The RMO charge, including profit margin, processing and disposal costs and recyclable value shall be determined by Company from time-to-time, in its sole discretion, based on applicable operating data and market information. If recyclables value exceeds processing costs, plus profit margin, a RMO credit may apply, at Company's sole discretion. (v) Where Company has agreed in writing to provide a market-based rebate to Customer, the following shall apply. Customer acknowledges that the market value for Recyclable Materials will fluctuate based upon various factors, and such materials may at times have no value or that the value may be negative. Company will establish the value of Recyclable Materials each month based upon such various factors, including but not limited to quantity, quality and location. For recycling services, Company shall pay or charge Customer on or about the last day of each month for Recyclable Materials accepted during the preceding month, after deduction of any charges owed to Company by Customer. Any invoice shall be payable upon receipt. Where recycling services are provided, charges may include separate fuel and environmental surcharges as set forth at [www.wm.com](http://www.wm.com). (vi) Notwithstanding anything to the contrary set forth above, the liquidated damages calculation set forth in Section 7 of this Agreement shall not apply to any Customer breach of the Agreement pertaining to Services for Recyclable Materials which have been determined by Company to have a positive value. If a breach occurs under such circumstances, the damages shall be determined by calculating actual damages rather than such liquidated damages. (vii) Service arrangements will be agreed upon between Customer and Company for the service location(s) set forth in this Agreement. For trailer load quantities, Customer shall load trailers to full visible capacity to achieve 40,000 pounds minimum shipping weight and trailers shall be loaded or caused to be loaded in accordance with the most current ISRI/AF&PA Shipping Guide. Freight and/or adjustments may apply to light loads. For baled wastepaper picked up by bale route service, the minimum quantity for pickup is six (6) bales and for purposes of payment, weights shall be estimated weights.



**Waste Management of Minnesota, Inc.**  
 W132 N10487 Grant Drive  
 Germantown, WI, 53022  
 (888) 960-0008

WM Agreement #  
 Customer ID  
 Acct. Name  
 Salesperson  
 Effective Date  
 Last PI Date

**S0013708903**  
**13-67371-23009**  
**BLACKDUCK GOLF COURSE**  
**Carla Aguilar**  
**10/1/2020**  
**09/13/2019**

# Service Agreement

## Non-Hazardous Waste Service Summary

### Service Information

Name	<b>BLACKDUCK GOLF COURSE</b>	Contact	<b>Christina regas</b>
Address	<b>20857 BLACKDUCK LAKE RD NE</b>	Telephone #	<b>(218) 835-4810</b>
City State Zip	<b>BLACKDUCK, MN 56630</b>	Fax #	
County/Parish	<b>BELTRAMI</b>	Email	<b>christina.regas@blackduckmn.com</b>

### Billing Information

Name	<b>BLACKDUCK GOLF COURSE</b>	Contact	<b>Christina regas</b>
Address	<b>PO BOX 380</b>	Telephone #	<b>(218) 835-4810</b>
City State Zip	<b>BLACKDUCK, MN 56630-0380</b>	Fax #	
County/Parish	<b>4BELT</b>	Email	<b>christina.regas@blackduckmn.com</b>

Customer Comments: ONE FREE MONTH

### Service Description & Recurring Rates

Quantity	Equipment	Material Stream	Frequency	Base Rate	
1	2 Yard REL	MSW Commercial	1xPer Week	<b>Fuel &amp; Environmental/RCR</b>	\$ 35.00 \$ 11.93 *

No increase to Base Rate during first 12 months of Contract Term, except as provided in Section 4(b)(i) – (v) of this Agreement

Current rate for Extra Pickup (per Lift): \$ 152.00	Current FSC 10.14%, EVC 17.50%, RCR 3.60%	<b>MONTHLY TOTAL :</b>	<b>\$ 46.93 *</b>
---	---	------------------------	-------------------

Customer's Waste Materials not to exceed an average weight of lbs./yard.

<b>Administrative Charge</b>	<b>\$ 6.50 *</b>
<b>MONTHLY GRAND TOTAL</b>	<b>\$ 53.43 *</b>

#### Initial One Time Service Charges\*

#### As Needed Services\*

The above listed Charges are for recurring services only. Charges for all additional services will be at current rates at the time of service. These include but are not limited to: extra pickups, container removal, overages and contamination. Contact Waste Management for a full list of such additional services and current prices.

\*Fuel Surcharge ("FSC"), Environmental Charge ("EVC"), and Regulatory Cost Recovery Charge ("RCR") apply to all other Charges whether or not listed on this summary. Any FSC, EVC and RCR amounts shown in this Service Summary are estimated based on current percentages (as set forth herein), and actual amounts will be calculated at the time of invoicing based on current applicable percentages. Information about these charges and their calculation can be found at [www.wm.com/billhelp](http://www.wm.com/billhelp). State & Local taxes, and/or fees and a Recycle Material Offset, if applicable, will also be added to the Charges. An Administrative Charge per invoice will be assessed and can be removed by enrolling in paperless statements and automated payments.

This Agreement does not provide for a fixed price during the Contract Term. Unless specifically provided otherwise herein, Customer should expect Company to increase Charges as allowed by Section 4(b) and Company to seek other price increases subject to Customer's consent under Section 4(c) of this Agreement. Consent to price increases may be given orally, in writing, or by notice and Customer's payment of, or failure to object to, the price increase.

**Contract Term is for 1 year(s) from the Effective Date ('Initial Term') and it shall automatically renew thereafter for additional terms of 12 months ('Renewal Term') unless terminated as set forth herein.**

The individual signing this agreement on behalf of customer acknowledges that he/she has read and accepts the terms and conditions of this agreement which accompany this service summary sheet and that he/she has the authority to sign on behalf of the customer.

DocuSigned by:

**CHRISTINA REGAS**

Customer ID: 590274...

CHRISTINA REGAS  
 Printed Name

Title

9/17/2020  
 Date

DocuSigned by:

*Carla Aguilar*

Company: Waste Management of Minnesota, Inc.

Carla Aguilar  
 Printed Name

Waste Management Sales Rep.  
 Title

9/17/2020  
 Date

Terms and Conditions on following page(s)

- 1. (a) SERVICE GUARANTEE.** We guarantee our Services (as defined below). If Company fails to perform Services in accordance with the service summary as provided, which for Services purchased online include the information and terms disclosed during the order and checkout process (collectively, the "Service Summary"), and Company does not remedy such failure within five (5) business days of its receipt of a written demand from Customer, Customer may immediately terminate this Agreement without penalty.
- (b) SERVICES RENDERED; WASTE MATERIALS.** Customer grants to Company the exclusive right, and Company through itself and its Affiliates shall furnish equipment and services, to collect and dispose of and/or recycle (collectively, the "Services") all of Customer's Waste Materials at Customer's Service Address(es) listed on the Service Summary, subject to the terms and provisions contained herein (collectively, with the Service Summary, the "Agreement"). If Customer changes its Service Address(es), this Agreement shall remain valid and enforceable with respect to Services rendered at Customer's new service location(s) if such location(s) is within Company's service area. Customer represents and warrants that the materials to be collected under this Agreement shall be only "Waste Materials" as defined herein. For purposes of this Agreement, "Waste Materials" means all non-hazardous solid waste, organic waste, and if applicable, Recyclable Materials (as defined in Section 12) generated by Customer or at Customer's Service Address(es). Waste Materials includes "Special Waste", such as industrial process wastes, asbestos-containing material, petroleum contaminated soils, treated/de-characterized wastes, and demolition debris, for which Customer shall complete a Special Waste Profile sheet to be approved by Company in writing. Waste Materials excludes, and Customer agrees not to deposit or permit the deposit for collection of (i) any waste tires, (ii) radioactive, volatile, corrosive, flammable, explosive, biomedical, infectious, bio-hazardous, regulated medical or hazardous waste, toxic substance or material, as defined by, characterized or listed under applicable federal, state, or local laws or regulations, (iii) any materials containing information protected by federal, state or local privacy and security laws or regulations (unless tendered to Company pursuant to an additional Exhibit L to this Agreement), (iv) any other items or material prohibited by federal, state or local laws or regulations, or that could adversely affect the operation or useful life of the facility(ies) receiving Customer's Waste Materials, or (v) Special Waste not approved in writing by Company (collectively, "Excluded Materials"). Title to and liability for Excluded Materials shall remain with Customer at all times. Title to Customer's Waste Materials is transferred to Company upon Company's receipt or collection unless otherwise provided in this Agreement or applicable law.
- 2. CONTRACT TERM.** The Initial Term and any subsequent Renewal Term of this Agreement (collectively, the "Contract Term") is set forth on the Service Summary. Unless otherwise specified on the Service Summary, at the end of the Initial Term and any subsequent Renewal Term, the Contract Term shall automatically renew for an additional Renewal Term at the then current Service levels and applicable Charges, unless (a) for a Renewal Term of twelve (12) months or more, either party gives to the other party written notice of termination at least ninety (90) days, but not more than one hundred eighty (180) days, prior to the termination of the then-existing term, and (b) for a Renewal Term of less than twelve (12) months, either party gives to the other party written notice of termination at least thirty (30) days prior to the termination of the then-existing term. Notice of termination received at any other time will be considered ineffective and the Agreement will be considered automatically renewed upon completion of the then-existing term.
- 3. TERMINATION RIGHTS.** Notwithstanding the foregoing, this Agreement can be terminated prior to the end of the Initial Term or a Renewal Term as follows: (a) by Customer (with no obligation to pay liquidated damages as provided in Section 7), (i) if Company fails to satisfy the Service Guarantee provided in Section 1(a) or (ii) pursuant to Section 4(c) if Company increases the Charges payable by Customer hereunder with a Consensual Price Increase; (b) by Customer with thirty (30) days prior written notice to Company, subject to Customer's obligation to pay liquidated damages as provided in Section 7 no later than thirty (30) days after written notice of termination; (c) by Company, (i) if as a result of Customer's breach of Section 5, Company suspends Services for more than fifteen (15) days, or (ii) if Customer fails to cure any other breach of its obligations under this Agreement within five (5) business days of its receipt of written demand from Company to cure such breach; and (d) by Company, with at least fifteen (15) days prior written notice to the Customer, any time after Customer retains, designates or appoints a broker or agent to act for Customer, or manage its Services, under this Agreement. In order to move containers in a safe, secure and orderly fashion, Company shall have up to seven (7) days to remove any equipment from Customer's service location(s) after the effective date of the termination of this Agreement.
- 4. (a) CHARGES; ADDITIONAL SERVICES; CHANGES.** The initial charges, fees and other amounts payable by Customer ("Charges") for Services and/or equipment furnished by Company to Customer are set forth on the Service Summary. Company also reserves the right to charge Customer additional Charges for additional Services provided by Company to Customer, whether requested or incurred by Customer, including, but not limited to, container relocation or removal; gate, enclosure or roll out services; account resume or reactivation services; extra pickups or trip charges; container overages and overflows; and equipment repair and maintenance (see www.wm.com/billhelp for a list of "Additional Services", which may be updated from time to time), all at such standard prices or rates that Company is charging its customers in the service area at such time. Changes in the frequency of collection, collection schedule, number, capacity and/or type of equipment, the terms and conditions of this Agreement, and any changes to the Charges payable under this Agreement (including any Consensual Price Increase or Negotiated Price Adjustment), may be agreed to orally, in writing or by other actions and practices of the parties, including, without limitation, electronic or online acceptance or payment of the invoice reflecting such changes, and written notice to Customer of any such changes and Customer's failure to object to such changes, which shall be deemed to be Customer's affirmative consent to such changes.
- (b) PERMITTED PRICE INCREASES** Company reserves the right, and Customer acknowledges that it should expect Company to increase or add Charges payable by Customer hereunder during the Contract Term: (i) for any changes or modifications to, or differences between, the actual equipment and Services provided by Company to Customer and those specified on the Service Summary; (ii) for any changes or difference in the composition, amount or weight of the Waste Materials collected by Company from Customer's service location(s) from what is specified on the Service Summary (including for container overages or overflows); (iii) for any increase in or other modification made by Company to the Fuel Surcharge, Regulatory Cost Recovery Charge, Recyclable Materials Offset, Environmental Charge, and/or any other Charges included or referenced in the Service Summary (which Charges are calculated and/or determined on enterprise-wide basis, including Company and all Affiliates); (iv) to cover any increases in disposal, processing, and/or transportation costs, including fuel surcharges; (v) to cover increased costs due to uncontrollable circumstances, including, without limitation, changes (occurring from and after three (3) months prior to the Effective Date) in local, state, federal or foreign laws or regulations (or the enforcement, interpretation or application thereof), including the imposition of or increase in taxes, fees or surcharges, or acts of God such as floods, fires, hurricanes and natural disasters; and (vi) for increases in the Consumer Price Index ("CPI") for Water, Sewer and Trash Collection Services published by U.S. Bureau of Labor Statistics, or with written notice to Customer, any other national, regional or local CPI, with such increases in CPI being measured from the Effective Date, or as applicable, Customer's last CPI based price increase date ("PI Date"). Increases to Charges specified in this Section 4(b) may be applied singularly or cumulatively and may include an amount for Company's operating or profit margin. Customer acknowledges and agrees that any increased Charges under this Section 4 (including any Consensual Price Increases or Negotiated Price Adjustments) are not represented to be solely an offset or pass through of Company's costs.
- (c) CONSENSUAL PRICE INCREASES** Without limiting the foregoing, Company also reserves the right to seek, and Customer acknowledges that it should expect Company to seek, increases in the Charges payable by Customer hereunder for reasons not specifically permitted in Section 4(b) (a "Consensual Price Increase"). If Customer does not accept the Consensual Price Increase, Customer's sole right and remedy shall be to terminate this Agreement by written notice to Company no later than thirty (30) days after Company notifies Customer of such Consensual Price Increase. Customer's failure to terminate this Agreement (within the 30-day period) shall be construed as Customer's acknowledgement that the continuation of the Services by Company hereunder is good, valuable and sufficient consideration for the Consensual Price Increase. Notwithstanding the foregoing, the parties may, but are not obligated to, agree to a different increase or an adjustment to Customer's Charges (a "Negotiated Price Adjustment") as a result of a Consensual Price Increase. Absent a Negotiated Price Adjustment, the Consensual Price Increase shall be binding and enforceable against Customer under this Agreement unless the Customer terminates this Agreement (within the 30-day period) as described above. Customer's agreement to a Consensual Price Increase or Negotiated Price Adjustment may be evidenced pursuant to Section 4(a) and the parties agree that this Agreement with such modified Charges will continue in full force and effect.
- 5. INVOICES; PAYMENT TERMS** Company shall send all invoices for Charges and any required notices to Customer under this Agreement to Customer's billing address specified in the Service Summary, or if the Customer elects to participate in the Company's electronic billing program, make them available by email to Customer's designated e-mail address. Unless specifically agreed to in writing by Company and subject to such additional costs that Company may charge, in its discretion, Company shall not be required to bill Customer using Customer's or any third party billing portal or program. In no event shall the use by Company of Customer's or any third party billing portal or program, or any terms thereof, operate to amend or supplement the terms and conditions of this Agreement, which will remain binding in accordance with its terms. Customer shall pay all invoiced Charges within thirty (30) days of the invoice date, by check mailed to Company's payment address on Customer's invoice. Payment by any other method or channel, including in person, online or by phone, shall be as may be allowed by Company and subject to applicable convenience fees and other costs charged by Company, from time to time. Any Customer invoice balance not paid within thirty (30) days of the date of invoice is subject to a late charge, and any Customer check returned for insufficient funds is subject to a non-sufficient funds charge, both to the maximum extent allowed by applicable law. Customer acknowledges that any late charge charged by Company is not to be considered as interest on debt or a finance charge, and is a reasonable charge for the anticipated loss and cost to Company for late payment. If payment is not made when due, Company retains the right to suspend Services until the past due balance is paid in full. In addition to full payment of outstanding balances, Customer shall be required to pay a reactivation charge to resume suspended Services. If Services are suspended for more than fifteen (15) days, Company may immediately terminate this Agreement for default and recover any equipment and all amounts owed hereunder, including liquidated damages under Section 7.
- 6. EQUIPMENT, ACCESS.** All equipment furnished by Company shall remain its property; however, Customer shall have care, custody and control of the equipment and shall be liable for all loss or damage to the equipment and for its contents while at Customer's service location(s). Customer shall not overload, move or alter the equipment or allow a third party to do so, and shall use it only for its intended purpose. At the termination of this Agreement, Company's equipment shall be in the condition in which it was provided, normal wear and tear excepted. Customer shall provide safe and unobstructed access to the equipment on the scheduled collection day. Company may suspend Services or terminate this Agreement in the event Customer violates any of the requirements of this provision. Customer shall pay, if charged by Company, any additional Charges, determined by Company in its sole discretion, for overloading, moving or altering the equipment or allowing a third party to do so, and for any service modifications caused by or resulting from Customer's failure to provide access. Customer warrants that Customer's property is sufficient to bear the weight of Company's equipment and vehicles and agrees that Company shall not be responsible for any damage to Customer's pavement or any other surface resulting from the equipment or Services.

**7. LIQUIDATED DAMAGES.** In the event Customer terminates this Agreement prior to the expiration of the Initial or Renewal Term for any reason other than as set forth in Section 3(a), or in the event Company terminates this Agreement for Customer's default pursuant to Section 3(c), Customer shall pay the following liquidated damages in addition to Company's legal fees, if any: (a) if the remaining Contract Term (including any applicable Renewal Term) under this Agreement is six (6) or more months, Customer shall pay the average of its six (6) monthly Charges immediately prior to default or termination (or, if the Effective Date is within six (6) months of Company's last invoice date, the average of all monthly Charges) multiplied by six (6); or (b) if the remaining Contract Term is less than six months, Customer shall pay the average of its six (6) most recent monthly Charges multiplied by the number of months remaining in the Contract Term. Customer acknowledges that the actual damage to Company in the event of Customer's early termination or breach of contract is impractical or extremely difficult to fix or prove, the foregoing liquidated damages amount is reasonable and commensurate with the anticipated loss to Company resulting therefrom, and such liquidated damages payment is an agreed upon charge for Customer's early termination or breach of contract and is not imposed as a penalty. Customer shall also pay liquidated damages of \$100 for every Customer waste tire that is found at any disposal facility used by Company. In addition to and not in limitation of the foregoing, Company shall be entitled to recover all losses, damages and costs, including attorneys' fees and costs, resulting from Customer's breach of any other provision of this Agreement in addition to all other remedies available at law or in equity.

**8. INDEMNITY.** Company agrees to indemnify, defend and save Customer and its Affiliates harmless from and against any and all liability which Customer or its Affiliates may suffer, incur or pay as a result of any bodily injuries (including death), property damage or violation of law, to the extent caused by any negligent act or omission or willful misconduct of Company or its employees, which occurs (a) during the collection or transportation of Customer's Waste Materials, or (b) as a result of the disposal of Customer's Waste Materials in a facility owned by Company or an Affiliate, provided that Company's indemnification obligations will not apply to occurrences involving Excluded Materials. Customer agrees to indemnify, defend and save Company and its Affiliates harmless from and against any and all liability which Company and its Affiliates may suffer, incur or pay as a result of any bodily injuries (including death), property damage or violation of law to the extent caused by Customer's breach of this Agreement or by any negligent act or omission or willful misconduct of Customer or its employees, agents or contractors or Customer's use, operation or possession of any equipment furnished by Company. Neither party shall be liable to the other for consequential, incidental or punitive damages arising out of the performance or breach of this Agreement.

**9. RIGHT TO PROVIDE COMPETING OFFERS.** If Customer receives an offer from (or makes any offer to) a third party relating to such third party's provision to the Customer of the same or similar Services to those provided hereunder, Customer shall give Company prompt written notice of any such offer and a 15-day period to respond to such third party offer prior to Customer agreeing to such third party offer.

**10. DISPUTE RESOLUTION-ARBITRATION AGREEMENT AND CLASS ACTION WAIVER.BINDING ARBITRATION:** Except for those claims expressly excluded below (EXCLUDED CLAIMS), Customer and Company agree that any and all existing or future controversy or claim between them arising out of or related to this Agreement or any prior agreements between the parties, whether based in contract, law or equity or alleging any other legal theory, or arising prior to, in connection with, or after the termination of this Agreement or any other agreements, shall be resolved by mandatory binding arbitration (see [www.wm.com](http://www.wm.com) for details on arbitration procedures). **CLASS ACTION WAIVER:** Customer and Company agree that under no circumstances, whether in arbitration or otherwise, may Customer bring any claim against Company, or allow any claim that Customer may have against Company to be asserted, as part of a class action, on a consolidated or representative basis or otherwise aggregated with claims brought by, or on behalf of, any other entity or person, including other customers of Company. **EXCLUDED CLAIMS:** The following are not subject to mandatory binding arbitration: (a) either party's claims against the other in connection with bodily injury or real property damage and for environmental indemnification; and (b) Company's claims against Customer for collection or payment of Charges, damages (liquidated or otherwise) or any other amounts due or payable to Company by Customer under this Agreement or any prior agreements between the parties, but Customer and Company may mutually agree to arbitrate any Excluded Claims.

**11. MISCELLANEOUS.** (a) Except for the obligation to make payments hereunder for Services already performed, neither party shall be in default for its failure to perform or delay in performance caused by events or significant threats of events beyond its reasonable control, whether or not foreseeable, including, but not limited to, strikes, labor trouble, riots, imposition of laws or governmental orders, fires, acts of war or terrorism, acts of God, and the inability to obtain equipment, and the affected party shall be excused from performance during the occurrence of such events. (b) This Agreement shall be binding on and shall inure to the benefit of the parties hereto and their respective successors and assigns. (c) The terms, conditions and disclosures set forth on [www.wm.com](http://www.wm.com) relating to Billing/Billing Help, Charges, Arbitration Procedures, and for those Customers that sign up for electronic billing and payment, Autopay, are incorporated by reference and made a part hereof (as such terms, conditions and disclosures may be changed or modified from time to time, effective from such change or modification). In addition to, and not in limitation of, the foregoing, the terms and provisions of this Agreement may be amended and modified as agreed to by the parties as provided in Section 4(a). Subject to the foregoing, this Agreement represents the entire agreement between the parties and supersedes any and all other agreements for the same Services at the same Customer locations covered by this Agreement, whether written or oral, that may exist between the parties. (d) This Agreement shall be construed in accordance with the law of the state in which the Services are provided. (e) All written notification to Company required by this Agreement shall be effective upon receipt and delivered by Certified Mail, Return Receipt Requested, courier or by hand to Company's address on the first page of the Service Summary, provided that Company may provide written notice to Customer of a different address for written notice to Company. (f) If any provision of this Agreement is declared invalid or unenforceable, then such provision shall be severed from and shall not affect the remainder of this Agreement; however, the parties shall amend this Agreement to give effect, to the maximum extent allowed, to the intent and meaning of the severed provision. (g) In the event Company successfully enforces its rights against Customer hereunder, Customer shall be required to pay Company's attorneys' fees and court costs. (h) Notwithstanding the termination of this Agreement, Sections 6, 7, 8, 10, 11, 12(vi) and Customer's obligation to make payments for all Charges and other amounts due or payable hereunder through the termination date shall survive the termination of this Agreement. (i) The term "Affiliate" means with respect to any specified party, any corporation, limited liability company, partnership or other legal entity, directly or indirectly, controlled by, controlling or under common control with such specified party, with "control" meaning, directly or indirectly, the power to direct or cause the direction of the management and policies of such legal entity, whether through the ownership of voting securities, by contract or otherwise. (j) "business day" means Monday through Friday, excluding bank holidays.

**12. RECYCLING SERVICES.** The following shall apply to fiber and non-fiber recyclables ("Recyclable Materials") and recycling services. All Recyclable Materials must be clean, dry, unshredded, empty, loose and unbagged. (i) Single stream Recyclable Materials ("Single Stream") will consist of Customer's entire volume of uncoated office and writing paper, magazines, pamphlets, mail, newspaper; flattened, uncoated cardboard, paperboard boxes; aluminum food and beverage containers, tin or steel cans; glass, and rigid container plastics #1, #2 and #5, including narrow neck containers and tubs. Any material not specifically set forth above, including but not limited to foam, film plastics, plastic bags, napkins, tissue, paper towels, or paper that has been in contact with food, is unacceptable. Glass may not be accepted at all locations. Customer shall provide source-separated wastepaper, cardboard, plastics and metals in accordance with the most current ISRI Scrap Specifications Circular and any amendments thereto or replacements thereof. All other Recyclable Materials will be delivered in accordance with industry standards or such specifications communicated to Customer by Company from time-to-time. Company reserves the right, upon notice to Customer, to discontinue acceptance of any category of Recyclable Materials set forth above as a result of market conditions related to such materials and makes no representations as to the recyclability of the materials. (ii) Notwithstanding anything to the contrary contained herein, Recyclable Materials may not contain Special Waste, Excluded Materials or other materials that are deleterious or capable of causing material damage to any part of Company's property, its personnel or the public or materially impair the strength or the durability of Company's structures or equipment. (iii) Company may reject in whole or in part, or may process, in its sole discretion, Recyclable Materials not meeting the specifications. Customer shall pay Company for all increased costs, losses and expenses incurred with respect to such non-conforming Recyclable Materials which charges may include an amount for Company's operating or profit margin (collectively the "Cost"). Without limiting the foregoing, Customer shall pay a contamination charge for additional handling, processing, transporting and/or disposing of such non-conforming Recyclable Materials, Special Waste, Excluded Materials, and/or all of part of non-conforming loads and additional charges may be assessed for bulky items such as appliances, concrete, furniture, mattresses, tires, electronics, pallets, yard waste, propane tanks, etc. Collected Recyclable Materials for which no commercially reasonable market exists may be landfilled at Customer's Cost. (iv) Recycling Services are subject to a Recyclable Material Offset (RMO) charge to the extent that (a) Company's processing cost per ton, including costs of disposal for contamination, plus profit margin, exceeds (b) an amount equal to recyclables value per ton minus an amount for profit margin. The RMO charge, including profit margin, processing and disposal costs and recyclable value shall be determined by Company from time-to-time, in its sole discretion, based on applicable operating data and market information. If recyclables value exceeds processing costs, plus profit margin, a RMO credit may apply, at Company's sole discretion. (v) Where Company has agreed in writing to provide a market-based rebate to Customer, the following shall apply. Customer acknowledges that the market value for Recyclable Materials will fluctuate based upon various factors, and such materials may at times have no value or that the value may be negative. Company will establish the value of Recyclable Materials each month based upon such various factors, including but not limited to quantity, quality and location. For recycling services, Company shall pay or charge Customer on or about the last day of each month for Recyclable Materials accepted during the preceding month, after deduction of any charges owed to Company by Customer. Any invoice shall be payable upon receipt. Where recycling services are provided, charges may include separate fuel and environmental surcharges as set forth at [www.wm.com](http://www.wm.com). (vi) Notwithstanding anything to the contrary set forth above, the liquidated damages calculation set forth in Section 7 of this Agreement shall not apply to any Customer breach of the Agreement pertaining to Services for Recyclable Materials which have been determined by Company to have a positive value. If a breach occurs under such circumstances, the damages shall be determined by calculating actual damages rather than such liquidated damages. (vii) Service arrangements will be agreed upon between Customer and Company for the service location(s) set forth in this Agreement. For trailer load quantities, Customer shall load trailers to full visible capacity to achieve 40,000 pounds minimum shipping weight and trailers shall be loaded or caused to be loaded in accordance with the most current ISRI/AF&PA Shipping Guide. Freight and/or adjustments may apply to light loads. For baled wastepaper picked up by bale route service, the minimum quantity for pickup is six (6) bales and for purposes of payment, weights shall be estimated weights.



## 1) PURPOSE

It is the policy of the Blackduck Police Department to provide officers with guidelines for the use of force and deadly force in accordance with:

MN STAT 626.8452 DEADLY FORCE AND FIREARMS USE; POLICIES AND INSTRUCTION REQUIRED;  
MN STAT 626.8475 DUTY TO INTERCEDE AND REPORT;  
MN STAT 609.06 AUTHORIZED USE OF FORCE;  
MN STAT 609.065 JUSTIFIABLE TAKING OF LIFE; and  
MN STAT 609.066 AUTHORIZED USE OF FORCE BY PEACE OFFICERS.

## 2) POLICY

It is the policy of this law enforcement agency to ensure officers respect the sanctity of human life when making decisions regarding use of force. Sworn law enforcement officers have been granted the extraordinary authority to use force when necessary to accomplish lawful ends. Officers shall treat everyone with dignity and without prejudice and use only the force that is objectively reasonable to effectively bring an incident under control, while protecting the safety of others and the officer.

Officers shall use only that amount of force that reasonably appears necessary given the facts and circumstances perceived by the officer at the time of the event to accomplish a legitimate law enforcement purpose.

Officers should exercise special care when interacting with individuals with known physical, mental health, developmental, or intellectual disabilities as an individual's disability may affect the individual's ability to understand or comply with commands from peace officers.

The decision by an officer to use force or deadly force shall be evaluated from the perspective of a reasonable officer in the same situation, based on the totality of the circumstances known to or perceived by the officer at the time, rather than with the benefit of hindsight, and that the totality of the circumstances shall account for occasions when officers may be forced to make quick judgments about using such force.

This policy is to be reviewed annually and any questions or concerns should be addressed to the immediate supervisor for clarification.

This policy applies to all licensed peace officers and part-time peace officers engaged in the discharge of official duties.

Section (4) Procedure, paragraphs (g.1-2), are effective March 1, 2021 and thereafter.



### 3) DEFINITIONS

- a) **Bodily Harm:** Physical pain or injury.
- b) **Great Bodily Harm:** Bodily injury which creates a high probability of death, or which causes serious, permanent disfigurement, or which causes a permanent or protracted loss or impairment of the function of any bodily member or organ or other serious bodily harm.
- c) **Deadly Force:** Force used by an officer that the officer knows, or reasonably should know, creates a substantial risk of causing death or great bodily harm. The intentional discharge of a firearm in the direction of another person, or at a vehicle in which another person is believed to be, constitutes deadly force.
- d) **De-Escalation:** Taking action or communicating verbally or non-verbally during a potential force encounter in an attempt to stabilize the situation and reduce the immediacy of the threat so that more time, options, and resources can be called upon to resolve the situation without the use of force or with a reduction in the force necessary. De-escalation may include the use of such techniques as command presence, advisements, warnings, verbal persuasion, and tactical repositioning.
- e) **Other Than Deadly Force:** Force used by an officer that does not have the purpose of causing, nor create a substantial risk of causing, death or great bodily harm.
- f) **Choke Hold:** A method by which a person applies sufficient pressure to a person to make breathing difficult or impossible, and includes but is not limited to any pressure to the neck, throat, or windpipe that may prevent or hinder breathing, or reduce intake of air. Choke hold also means applying pressure to a person's neck on either side of the windpipe, but not to the windpipe itself, to stop the flow of blood to the brain via the carotid arteries.
- g) **Authorized Device:** A device an officer has received permission from the agency to carry and use in the discharge of that officer's duties, and for which the officer has:
  - a. obtained training in the technical, mechanical and physical aspects of the device; and
  - b. develop a knowledge and understanding of the law, rules and regulations regarding the use of such a device.

### 4) PROCEDURE

#### a) General Provisions

1. Use of physical force should be discontinued when resistance ceases or when the incident is under control.
2. Physical force shall not be used against individuals in restraints, except as objectively reasonable to prevent their escape or prevent imminent bodily injury to the individual, the officer, or another person. In these situations, only the amount of force necessary to control the situation shall be used.



3. Once the scene is safe and as soon as practical, an officer shall provide appropriate medical care consistent with his or her training to any individual who has visible injuries, complains of being injured, or requests medical attention. This may include providing first aid, requesting emergency medical services, and/or arranging for transportation to an emergency medical facility.
4. All uses of force shall be documented and investigated pursuant to this agency's policies.

#### **b) Duty to Intercede**

Regardless of tenure or rank, an officer must intercede when:

- a. present and observing another officer using force in violation of section 609.066, subdivision 2, or otherwise beyond that which is objectively reasonable under the circumstances; and
- b. physically or verbally able to do so

#### **c) Duty to Report**

An officer who observes another officer use force that exceeds the degree of force permitted by law has the duty to report the incident in writing within 24 hours to the chief law enforcement officer of the agency that employs the reporting officer.

#### **d) De-escalation:**

1. An officer shall use de-escalation techniques and other alternatives to higher levels of force consistent with their training whenever possible and appropriate before resorting to force and to reduce the need for force.
2. Whenever possible and when such delay will not compromise the safety of another or the officer and will not result in the destruction of evidence, escape of a suspect, or commission of a crime, an officer shall allow an individual time and opportunity to submit to verbal commands before force is used.

#### **e) Use of Other Than Deadly Force**

1. When de-escalation techniques are not effective or appropriate, an officer may consider the use of other than deadly force to control a non-compliant or actively resistant individual. An officer is authorized to use agency-approved other than deadly force techniques and issued equipment in the following circumstances:
  - a. effecting a lawful arrest; or
  - b. the execution of legal process; or
  - c. enforcing an order of the court; or
  - d. executing any other duty imposed upon the public officer by law; or
  - e. defense of self or another.



**f) Use of Certain Types of Force**

1. Except in cases where deadly force is authorized as articulated in MN STAT. 609.066 to protect the peace officer or another from death or great bodily harm, officers are prohibited from using:
  - a. Chokeholds,
  - b. Tying all of a person's limbs together behind a person's back to render the person immobile, or;
  - c. Securing a person in any way that results in transporting the person face down in a vehicle.
2. Less than lethal measures must be considered by the officer prior to applying these measures.

**g) Use of Deadly Force**

1. An officer is authorized to use deadly force if an objectively reasonable officer would believe, based on the totality of the circumstances known to the officer at the time and without the benefit of hindsight, that such force is necessary. Use of deadly force is justified when one or both of the following apply;
  - a. To protect the peace officer or another from death or great bodily harm, provided that the threat:
    - i. can be articulated with specificity by the law enforcement officer;
    - ii. is reasonably likely to occur absent action by the law enforcement officer; and
    - iii. must be addressed through the use of deadly force without unreasonable delay; or
  - b. To effect the arrest or capture, or prevent the escape, of a person whom the peace officer knows or has reasonable grounds to believe has committed or attempted to commit a felony and the officer reasonably believes that the person will cause death or great bodily harm to another person under the threat criteria in paragraph (a), items (i) to (iii), unless immediately apprehended.
2. An officer shall not use deadly force against a person based on the danger the person poses to self if an objectively reasonable officer would believe, based on the totality of the circumstances known to the officer at the time and without the benefit of hindsight, that the person does not pose a threat of death or great bodily harm to the peace officer or to another under the threat criteria in paragraph (1a), items (i) to (iii).
3. Where feasible, the officer shall identify themselves as a law enforcement officer and warn of his or her intent to use deadly force.



#### **h) Training**

1. All officers shall receive training, at least annually, on this agency's use of force policy and related legal updates.
2. In addition, training shall be provided on a regular and periodic basis and designed to
  - a. Provide techniques for the use of and reinforce the importance of de-escalation
  - b. Simulate actual shooting situations and conditions; and
  - c. Enhance officers' discretion and judgement in using other than deadly force in accordance with this policy.
3. Before being authorized to carry a firearm all officers shall receive training and instruction with regard to the proper use of deadly force and to the agency's policies and State statutes with regard to such force. Such training and instruction shall continue on an annual basis.
4. Before carrying an authorized device all officers shall receive training and instruction in the use of the device including training as it relates to its use in deadly force and/or other than deadly force situations. Such training and instruction shall continue on an annual basis.
5. Officers will carry and use only authorized devices unless circumstances exist which pose an immediate threat to the safety of the public or the officer requiring the use of a device or object that has not been authorized to counter such a threat.
6. With agency approval officers may modify, alter or cause to be altered an authorized device in their possession or control.

#### **g) Recordkeeping Requirements**

The chief law enforcement officer shall maintain records of the agency's compliance with use of force training requirements.

- 1) Submissions of evidence for lab testing

**To**

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

**Reference Information**

**Pay Cycle:** DLYEFT  
**Pay Cycle Seq Number:** 2333

**Payment Information**

**Payment Reference:** 0006275527  
**Payment Date:** 09/30/2020  
**Payment Method:** Automated Clearing House

Agency Code / Description	Contact Phone	Voucher ID / Payment Message	Invoice Date	Invoice Number	Customer Account	Paid Amt
G90 / REVENUE/INTERGOVT	651/556-6092	00 08396509	10/01/2020	22189A20402002P00 1	CITY-040200 POLICE_AID	18,206.98
		POLICE STATE AID				
<b>Total:</b>						<b>18,206.98 USD</b>

September 30, 2020

Christina Regas, City Administrator  
City of Blackduck, Minnesota  
8 Summit Ave NE  
PO Box 380  
Blackduck, MN 56630-0380

RE: Potential Refunding of Existing Bonds

As your Municipal Advisor one of the services we provide is to monitor your outstanding bond issues and alert you to any potential refunding opportunities. An updated status report for your outstanding debt is attached. It includes general information about your existing debt and a brief comment regarding potential savings based on current market conditions. We will continue to monitor your issues on an ongoing basis and will contact you if we identify refunding opportunities that merit consideration.

If you have any questions about this information, please contact me.

Sincerely,

Ehlers

A handwritten signature in black ink, appearing to read 'Todd Hagen'.

Todd Hagen CIPMA  
Senior Municipal Advisor/ Vice President

A handwritten signature in black ink, appearing to read 'Shelly Eldridge'.

Shelly Eldridge CIPMA  
Senior Municipal Advisor/ Vice President

## City of Blackduck

### Status Report on Refunding of Existing Bond Issues

Original Bond Amount	Title	Call Date	Callable Amount	Callable Rates		Status
				Low	High	
\$495,000	General Obligation Bonds, Series 2006A	02/01/2015	\$75,000	4.650%	4.650%	As of September 30, 2020, we estimate that this refunding would not generate sufficient savings to be considered.
\$445,000	General Obligation Refunding Bonds, Series 2009A	01/01/2018	\$60,000	3.800%	4.250%	As of September 30, 2020, we estimate that this refunding would not generate sufficient savings to be considered.
\$1,165,000	General Obligation Bonds, Series 2012A	02/01/2023	\$655,000	2.100%	2.550%	As of September 30, 2020, we estimate that this refunding would not generate sufficient savings to be considered.

Please save your report based on the following example:  
 RochesterCity\_August2020  
 Submit in Excel format to [CRAoffice.mmb@state.mn.us](mailto:CRAoffice.mmb@state.mn.us) seven business days after the end of each reporting period.

Local Government Expenditure Report			
Name of Local Government (this will auto populate based on your SWIFT Supplier ID)	10 digit SWIFT Supplier ID # (begins with 0000) Select this link for SWIFT ID list	Date Submitted (Enter in MM/DD/YYYY Format)	
BLACKDUCK CITY	0000201376	10/2/2020	
Name and Title of Person Filing Out Form	DUNS Number (Select this link for more information)	Phone Number (enter 10 digits without spaces or dashes)	
Christina Regas, City Administrator	120253026	2188354803	
Email Address	Amount of CRF Received from the Department of Revenue	Total Spent to Date (this amount will autofill)	
christina.regas@blackduckmn.com	\$ 63,286	\$ 55,683.17	
Use the drop down in cell D14 to select "Interim" if your agency has any unspent funds and "Final" in the box if all available CRF funds have been spent and this will be your final report. Please submit this report no later than 7 business days after the end of each month to provide the spend status of allotted Coronavirus Relief Funds (CRF), CFDA Number 21.019 awarded by the State of Minnesota.	<b>Interim</b>		
	Amount of CRF Remaining (this amount will autofill)		
	\$ 7,602.83		

The covered period for these expenses is March 1, 2020 through November 15 (cities and towns) /December 1, 2020 (counties).

DO NOT USE CRF FUNDS FOR ANY COST INCURRED OUTSIDE THIS COVERED PERIOD.

Coronavirus Relief Fund (CRF) Categories		Total	July, 2020	August, 2020	September, 2020	October, 2020	November, 2020	December, 2020
Describe expenses (links to expenditure category examples are in the green category boxes to the left)		Treasury Guidance	FAQs					
<b>Administrative Expenses</b>	technology to allow for virtual meetings/preparing plans/supplies/	4672.70	2591.65	2081.05	0.00	0.00	0.00	0.00
<b>Budgeted Personnel and Services Diverted to a Substantially Different Use</b>		0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>COVID-19 Testing and Contact Tracing</b>		0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Economic Support (other than small business, housing, and food assistance)</b>		0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Expenses Associated with the Issuance of Tax Anticipation Notes</b>		0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Facilitating Distance Learning</b>		0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Food Programs</b>		0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Housing Support</b>		0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Improve Telework Capabilities of Public Employees</b>		0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Medical Expenses</b>		0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Nursing Home Assistance</b>		0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Payroll for Public Health and Safety Employees</b>	payroll to segregate staff for public works / training for staff	7446.75	7072.20	374.55	0.00	0.00	0.00	0.00
<b>Personal Protective Equipment</b>	masks and gloves for fire department/ liquor department / election polling precinct	375.84	67.86	0.00	307.98	0.00	0.00	0.00
<b>Public Health Expenses</b>	cleaning supplies for all departments / divider materials / support local Ambulance	14086.84	4588.57	4498.27	5000.00	0.00	0.00	0.00
<b>Small Business Assistance</b>		20000.00	0.00	0.00	20000.00	0.00	0.00	0.00
<b>Unemployment Benefits</b>		0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Workers' Compensation</b>		0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Items Not Listed Above - to include other eligible expenses that are not captured in the available expenditure categories</b>	publications for meetings / technology for meetings & staff / office supplies / repairs & maintenance to golf carts for increase use due to customer separation / improvements to phone systems in all departments / table clothes, to-go supplies etc. for increase food orders for municipal liquor store /	9101.04	9051.51	0.00	49.53	0.00	0.00	0.00
<b>Total Spent</b>		55683.17	23371.79	6953.87	25357.51	0.00	0.00	0.00
<b>Cities and Towns</b>								
Enter the Amount of unspent funds distributed to home county		0.00						
Enter the name of the home county		Beltrami						
Enter the date funds were returned								
<b>Cities and Towns in Hennepin and Ramsey Counties</b>								
Enter the amount of unspent funds granted to hospitals		0.00						
Enter the name(s) of hospitals receiving grants of unspent funds								
<b>Counties</b>								
Enter the amount of unspent funds received from cities and towns		0.00						
Enter the amount of unspent funds returned to the State of Minnesota		0.00						
Enter the date unspent funds were returned to the State of Minnesota								
<b>Total</b>			July, 2020	August, 2020	September, 2020	October, 2020	November, 2020	December, 2020
Enter the amount distributed to cities and towns with a population under 200		0.00	0.00	0.00	0.00	0.00	0.00	0.00

**CRF Fund Spending Confirmations**

Use the dropdown menu to place an "X" in the cell B78 to confirm that your CRF funding request meets federal guidance:

- (1) as a necessary expenditure to respond to the COVID-19 public health emergency,
- (2) is not accounted for in the current budget,
- (3) expenses were incurred during the covered period. See box C18 for explanation, and
- (4) does not include any ineligible expenses as defined in federal guidance.

**X**



A GREAT PLACE FOR FAMILIES

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

October 2, 2020

James & Elizabeth Krabbenhoft  
PO Box 314  
264 Frontage Road  
Blackduck, MN 56630

Dear James & Liz,

As of October 1, 2020, Blackduck Floral & Gifts note with the City of Blackduck is paid in full. I have enclosed the original promissory note marked 'PAID' for your records. Also, your insurance agent will be notified to remove the City as a lienholder on the property policy. We are glad to be able to assist in your business financing needs.

Sincerely,



Christina Regas

CC: Revolving Loan Committee, Blackduck City Council

## SATISFACTION OF MORTGAGE

Date: October 2, 2020

THAT CERTAIN MORTGAGE owned by the undersigned, dated March 31, 2009, executed by James Krabbenhoft, Jr. and Elizabeth K. Krabbenhoft, as Mortgagor, to the City of Blackduck, as Mortgagee, and filed for record April 3, 2009, by document no A000491873, in the office of the County Recorder of Beltrami County, Minnesota, is, with the indebtedness thereby secured, fully paid and satisfied.

CITY OF BLACKDUCK

By \_\_\_\_\_  
Christina Regas  
Its City Administrator

By \_\_\_\_\_  
Maxwell Gullette  
Its Mayor

STATE OF MINNESOTA

ss.

COUNTY OF BELTRAMI

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2020, by Christina Regas, City Administrator, and Maxwell Gullette, Mayor of the City of Blackduck, a municipal corporation, on behalf of that body.

\_\_\_\_\_  
Notary Public

THIS INSTRUMENT DRAFTED BY:

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

THIS IS TO CERTIFY  
THAT THIS INSTRUMENT  
WAS FILED IN THIS  
OFFICE ON 04/03/2009 AT  
03:15:54PM BY DOCUMENT NUMBER

BELTRAMI COUNTY RECEIPT # 143996

4-3-09 AMOUNT \$ 57.50

KAY L. MACK AUDITOR-TREASURER *JM*  
AUDITOR-TREASURER

*Paula Coons* DEPUTY  
A000491073

CHARLENE D. STURK  
COUNTY RECORDER

PAGES: 3

MORTGAGE  
By Individual

MORTGAGE REGISTRY TAX DUE  
HEREON: \$57.50

THIS INDENTURE, Made this 31<sup>st</sup> day of March, 2009, between JAMES KRABBENHOFT, JR., and ELIZABETH K. KRABBENHOFT, husband and wife, Mortgagor, and CITY OF BLACKDUCK, a municipal corporation, Mortgagee,

WITNESSETH, That the Mortgagor, in consideration of the sum of TWENTY-FIVE THOUSAND AND NO/100 DOLLARS (\$25,000.00), to the Mortgagee in hand paid by the Mortgagee, the receipt whereof is hereby acknowledged, does hereby convey unto the Mortgagee, Forever, all of the land located in the County of Beltrami, and State of Minnesota, described as follows:

That part of Lot Five (5), Block Two (2), Baisiger Addition, and that part of Lot Three (3), Block Two (2), Lake Park, described as follows:

Commencing at the southeast corner of Lot Four (4), Block Two (2), Balsiger Addition; thence North 88°48'46" West, bearing assumed, along the south line of said Lot 4 a distance of 73.47 feet; thence South 01°11'14" West, a distance of 10.88 feet to the point of beginning; thence South 15°12'36" West, a distance of 70.00 feet; thence North 74°47'24" West, a distance of 40.00 feet; thence North 15°12'36" East, a distance of 70.00 feet; thence South 74°47'24" East, a distance of 40.00 feet to the point of beginning.

Less an easement over and across the Northerly 14.00 feet thereof.

AND

An easement over and across that part of the North 20.00 feet of Lot Three (3), Block Two (2), Lake Park, lying easterly of the existing frontage road and westerly of the following described line:

Commencing at the southwest corner of Lot 4, Block 2, Balsiger Addition; thence North 88°48'46" West along the north line of Lot 3, Block 2, Lake Park, a distance of 12.03 feet; thence South 15°12'36" West, a distance of 20.61 feet to the intersection with the south line of the North 20.00 feet of said Lot 3 and there terminating.

AND

An easement over and across that part of said Lot 3, Block 2, Lake Park, described as follows:

Commencing at the southwest corner of Lot 4, Block 2, Balsiger Addition; thence North 88°48'46" West along the north line of Lot 3, Block 2, Lake Park, a distance of 12.03 feet; thence South 15°12'36" West, a distance of 20.61 feet to the point of beginning; thence continue South 15°12'36" West, a distance of 50.39 feet; thence North 74°47'24" West a distance of 30.00 feet; thence North 15°12'36" East a distance of 42.90 feet to the intersection with the south line of the North 20.00 feet of said Lot 3; thence South 88°48'46" East, along said south line, a distance of 30.92 feet to the point of beginning;

together with all hereditaments and appurtenances belonging thereto (the Property).

TO HAVE AND TO HOLD THE SAME, to the Mortgagee forever. The Mortgagor covenants with Mortgagee as follows: That Mortgagor is lawfully seized of the Property and has good right to convey the same; that the Property is free from all encumbrances except as follows: Mortgage in favor of The First National Bank of Bemidji of approximate even date herewith; that the Mortgagee shall quietly enjoy and possess the same; and that the Mortgagor will Warrant and Defend the title to the same against all lawful claims not hereinbefore specifically excepted.

PROVIDED, NEVERTHELESS, That if the Mortgagor shall pay to the Mortgagee the sum of TWENTY-FIVE THOUSAND AND NO/100 DOLLARS, according to the terms of a promissory note of even date herewith (the Note), the final payment being due and payable on April 1, 2024, with interest at the

rate provided in the Note, and shall repay to the Mortgagee, at the times and with interest as specified, all sums advanced in protecting the lien of this Mortgage, in payment of taxes of the Property and assessments payable therewith, insurance premiums covering buildings thereon, principal or interest on any prior liens, expenses and attorney's fees herein provided for and sums advanced for any other purpose authorized herein, and shall keep and perform all the covenants and agreements herein contained, then this Mortgage shall be null and void, and shall be released at the Mortgagor's expense.

AND THE MORTGAGOR covenants with the Mortgagee as follows:

1. to pay the principal sum of money and interest as specified in the Note;
2. to pay all taxes and assessments now due or that may hereafter become liens against the Property before penalty attaches thereto;
3. to keep all buildings, improvements and fixtures now or later located on or a part of the Property insured against loss by fire, extended coverage perils, vandalism, malicious mischief and, if applicable, steam boiler explosion, for at least the amount of FULL INSURABLE VALUE at all times while any amount remains unpaid under this Mortgage. If any of the buildings, improvements or fixtures are located in a federally designated flood prone area, and if flood insurance is available for that area, Mortgagor shall procure and maintain flood insurance in amounts reasonably satisfactory to the Mortgagee. Each insurance policy shall contain a loss payable clause in favor of the Mortgagee affording all rights and privileges customarily provided under the so-called standard mortgage clause. In the event of damage to the Property by fire or other casualty, the Mortgagor shall promptly give notice of such damage to the Mortgagee and the insurance company. The insurance shall be issued by an insurance company or companies licensed to do business in the State of Minnesota and acceptable to the Mortgagee. The insurance policies shall provide for not less than ten days written notice to the Mortgagee before cancellation, non-renewal, termination, or change in coverage, and the Mortgagor shall deliver to the Mortgagee a duplicate original or certificate of such insurance policies;
4. to pay, when due, both principal and interest of all prior liens or encumbrances, if any, and to keep the Property free and clear of all other prior liens or encumbrances;
5. to commit or permit no waste on the Property and to keep it in good repair;
6. to complete forthwith any improvements which may hereafter be under course of construction on the Property; and
7. to pay any other expenses and attorney's fees incurred by the Mortgagee by reason of litigation with any third party for the protection of the lien of this Mortgage.

In case of failure to pay said taxes and assessments, prior liens or encumbrances, expenses and attorney's fees as above specified, or to insure said buildings, improvements, and fixtures and deliver the policies as aforesaid, the Mortgagee may pay such taxes, assessments, prior liens, expenses and attorney's fees and interest thereon, or obtain such insurance, and the sums so paid shall bear interest from the date of such payment at the same rate set forth in the Note, and shall be impressed as an additional lien upon the Property and be immediately due and payable from the Mortgagor to the Mortgagee and this Mortgage shall from date thereof secure the repayment of such advances with interest.

In case of default in any of the foregoing covenants, the Mortgagor confers upon the Mortgagee the option of declaring the unpaid balance of the Note and the interest accrued thereon, together with all sums advanced hereunder, immediately due and payable without notice, and hereby authorizes and empowers the Mortgagee to foreclose this Mortgage by judicial proceedings or to sell the Property at public auction and convey the same to the purchaser in fee simple in accordance with the statute, and out of the moneys arising from such sale to retain all sums secured hereby, with interest and all legal costs and charges of such foreclosure and the maximum attorney's fee permitted by law, which costs, charges and fees the Mortgagor herein agrees to pay.

The terms of this Mortgage shall run with the Property and bind the parties hereto and their successors in interest.

This mortgage is being executed contemporaneously with the execution of a Loan Agreement. Any default by Mortgagor under the terms of the Loan Agreement shall constitute a default under the terms of this Mortgage.

Notwithstanding anything herein to the contrary, no assignment of this mortgage or sale or transfer of this property, excluding:

- a. the creation of a purchase money security interest in personal property;
- b. the creation of a lien or encumbrance subordinate to this mortgage; or
- c. the grant of any leasehold interest of three years or less not containing an option to purchase;

shall be made by Mortgagor, and this provision shall be binding upon the heirs of Mortgagor.



**PROMISSORY NOTE  
CITY OF BLACKDUCK**

Date: March 31, 2009

FOR VALUE RECEIVED, the undersigned jointly and severally promise to pay to the order of CITY OF BLACKDUCK, at holder's direction, Twenty-five Thousand and no/100 Dollars (\$25,000.00) in installments in the amounts at or before the dates stated below:

The sum of One Hundred Seventy-five and no/100 Dollars (\$175.00) on May 1, 2009, and a similar amount on the 1st day of each month thereafter through April 1, 2014, with interest at a rate of 3.25 percent per annum; commencing on April 1, 2014, the interest rate shall adjust to the Wall Street Prime Rate, as then published, with payments to be adjusted to reflect the rate change until April 1, 2019, at which time the interest rate shall adjust to the Wall Street Prime Rate, as then published, with payments adjusted to reflect the rate change until paid in full. Each payment is to be applied first to accrued interest and the balance in reduction of the principal.

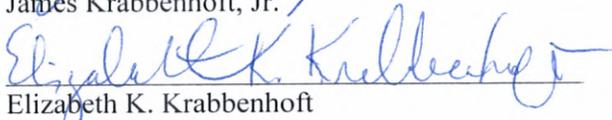
The undersigned reserves the right to prepay all or any part of the unpaid balance at any time before maturity without fee or penalty. Any partial prepayment of principal shall be applied to the installments of principal due hereunder in their inverse order of maturity.

Should any of the principal or interest not be paid when due, such default shall, at the option of the legal holder hereof, cause all sums then remaining unpaid to become immediately due and payable without notice, notice of the exercise of such option being hereby expressly waived.

This note is being executed contemporaneously with a Security Agreement and Loan Agreement between the parties. The funds advanced hereunder are advanced for the sole purpose of completing a commercial development. The entire principal and accrued interest shall, at the option of the legal holder hereof, become immediately due and payable without notice, notice of the exercise of such option being hereby expressly waived, in the event that: (1) the undersigned, their heirs, representatives, successors or assigns, shall move the principal location of this business from Blackduck, Minnesota, or (2) Borrower shall breach the due-on-sale clause found in the Loan Agreement, or (3) Borrower shall breach any material provision of the Loan Agreement between these parties of even date herewith.

Any installment of principal or interest not paid within fifteen (15) days of the due date shall result in a late charge equal to the lesser of five percent (5%) of the payment amount or \$20.00.

The makers hereof hereby severally agree to pay all costs of collection, including attorney's fees, in case payment shall not be made at maturity, and severally waive presentment for payment, notice of nonpayment, protest and notice of protest and diligence in enforcing payment or bringing suit against any party hereof.

  
\_\_\_\_\_  
James Krabbenhoft, Jr.  
  
\_\_\_\_\_  
Elizabeth K. Krabbenhoft

DK+C

OFFICE OF COUNTY RECORDER  
COUNTY OF BELTRAMI, MINNESOTA

THIS IS TO CERTIFY  
THAT THIS INSTRUMENT  
WAS FILED IN THIS  
OFFICE ON 06/10/2009 AT  
08:26:53AM BY DOCUMENT NUMBER

A000493760  
*Paula R Coons* DEPUTY

CHARLENE D. STURK  
COUNTY RECORDER

PAGES: 2

**CERTIFICATE AND REQUEST FOR NOTICE**

1. The name and mailing address of the person holding a lien or having a redeemable interest in real property requesting notice is: City of Blackduck, P.O. Box 380, Blackduck, MN 56630-0380 (hereinafter referred to as the "Requesting Party").

2. The redeemable interest or lien of the Requesting Party was created by the following instrument: Mortgage dated March 31, 2009, and filed for record on April 3, 2009, as document no. A000491873, in the office of the County Recorder of Beltrami County, Minnesota, on property described as follows:

That part of Lot Five (5), Block Two (2), Balsiger Addition, and that part of Lot Three (3), Block Two (2), Lake Park, described as follows:

Commencing at the southeast corner of Lot Four (4), Block Two (2), Balsiger Addition; thence North 88°48'46" West, bearing assumed, along the south line of said Lot 4 a distance of 73.47 feet; thence South 01°11'14" West, a distance of 10.88 feet to the point of beginning; thence South 15°12'36" West, a distance of 70.00 feet; thence North 74°47'24" West, a distance of 40.00 feet; thence North 15°12'36" East, a distance of 70.00 feet; thence South 74°47'24" East, a distance of 40.00 feet to the point of beginning.

Less an easement over and across the Northerly 14.00 feet thereof.

AND

An easement over and across that part of the North 20.00 feet of Lot Three (3), Block Two (2), Lake Park, lying easterly of the existing frontage road and westerly of the following described line:

Commencing at the southwest corner of Lot 4, Block 2, Balsiger Addition; thence North 88°48'46" West along the north line of Lot 3, Block 2, Lake Park, a distance of 12.03 feet; thence South 15°12'36" West, a distance of 20.61 feet to the intersection with the south line of the North 20.00 feet of said Lot 3 and there terminating.

AND

An easement over and across that part of said Lot 3, Block 2, Lake Park, described as follows:

Commencing at the southwest corner of Lot 4, Block 2, Balsiger Addition; thence North 88°48'46" West along the north line of Lot 3, Block 2, Lake Park, a distance of 12.03 feet; thence South 15°12'36" West, a distance of 20.61 feet to the point of

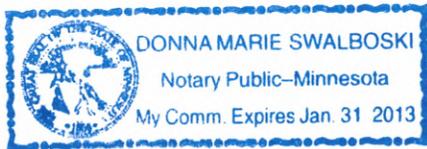
beginning; thence continue South 15°12'36" West, a distance of 50.39 feet; thence North 74°47'24" West a distance of 30.00 feet; thence North 15°12'36" East a distance of 42.90 feet to the intersection with the south line of the North 20.00 feet of said Lot 3; thence South 88°48'46" East, along said south line, a distance of 30.92 feet to the point of beginning.

3. The Requesting Party requests notice of any mortgage foreclosure sale by advertisement as provided in M.S.A. §582.032, subd. 4.

4. The Requesting Party requests notice of a mortgage foreclosure by advertisement as provided in M.S.A. §580.032, subd. 1.

5. The Requesting Party requests notice of any post-foreclosure sale reduction of the mortgagor's redemption period for any superior lien as provided in M.S.A. §582.032, subd. 3.

CITY OF BLACKDUCK



*Donna Marie Swalboski*

STATE OF MINNESOTA  
*Koochiichig* ss.  
COUNTY OF BELTRAMI

By *Scott Palmer*  
Scott Palmer, Mayor

By *Karin Elhard*  
Karin Elhard, City Administrator

The foregoing was acknowledged before me this 31<sup>st</sup> day of March, 2009, by Scott Palmer and Karin Elhard, the Mayor and City Administrator of City of Blackduck, a municipal corporation under the laws of Minnesota, on behalf of the corporation.



*Donna Marie Swalboski*  
Notary Public

THIS INSTRUMENT DRAFTED BY:  
DRAHOS KIESON & CHRISTOPHER, P.A.  
Attorneys at Law  
502 - 24th Street NW  
Bemidji, MN 56601  
(218) 444-1750

F:\DKC\AGC\Blackduck City of\Krabbenhof\req-not.wpd (vm)

**LOAN AGREEMENT**  
**CITY OF BLACKDUCK**

THIS AGREEMENT is made the day and year written below by and between CITY OF BLACKDUCK (Revolving Loan Fund), a municipal corporation, with its principal office at P.O. Box 380, Blackduck, MN 56630-0380 (hereinafter referred to as Lender) and JAMES KRABBENHOFT, JR., and ELIZABETH K. KRABBENHOFT, husband and wife, d/b/a BLACKDUCK FLORAL & GIFT (hereinafter referred to as Borrower).

**RECITALS**

Borrower wishes to obtain from Lender the sum of Twenty-five Thousand and no/100 Dollars (\$25,000.00) for the purpose of providing gap financing for the purchase of the building located at 264 Frontage Road, Blackduck, Minnesota. Lender is willing to lend that sum of money to Borrower upon the terms and conditions set forth in this Agreement.

**I. LOAN AMOUNT**

Lender shall lend to Borrower the sum of Twenty-five Thousand and no/100 Dollars (\$25,000.00). Borrower shall execute a promissory note in the amount of \$25,000.00 payable to Lender in the form acceptable to Lender. The initial rate of interest shall be three and 25/100 percent (3.25%) per annum, and shall be amortized over five (5) years in equal monthly installments of principal and interest in the amount of \$175.00 each beginning on May 1, 2009. On April 1, 2014, the rate of interest shall be adjusted to a rate equal to the Prime Rate as published in the Wall Street Journal on that date, effective that date. On April 1, 2019, the rate of interest shall be adjusted to a rate equal to the Prime Rate as published in the Wall Street Journal on that date, effective that date.

**II. LOAN COLLATERAL**

Borrower shall execute whatever documents are reasonably necessary to provide Lender with a perfected security interest or lien position in the following collateral:

A. A second mortgage on Borrower's real estate located in Beltrami County, Minnesota, described as follows:

That part of Lot Five (5), Block Two (2), Balsiger Addition, and that part of Lot Three (3), Block Two (2), Lake Park, described as follows:

Commencing at the southeast corner of Lot Four (4), Block Two (2), Balsiger Addition; thence North 88°48'46" West, bearing assumed, along the south line of said Lot 4 a distance of 73.47 feet; thence South 01°11'14" West, a distance of 10.88 feet to the point of beginning; thence South 15°12'36" West, a distance of 70.00 feet; thence North 74°47'24" West, a distance of 40.00 feet; thence North 15°12'36" East, a distance of 70.00 feet; thence South 74°47'24" East, a distance of 40.00 feet to the point of beginning.

Less an easement over and across the Northerly 14.00 feet thereof.

AND

An easement over and across that part of the North 20.00 feet of Lot Three (3), Block Two (2), Lake Park, lying easterly of the existing frontage road and westerly of the following described line:

Commencing at the southwest corner of Lot 4, Block 2, Balsiger Addition; thence North 88°48'46" West along the north line of Lot 3, Block 2, Lake Park, a distance of 12.03 feet; thence South 15°12'36" West, a distance of 20.61 feet to the intersection with the south line of the North 20.00 feet of said Lot 3 and there terminating.

AND

An easement over and across that part of said Lot 3, Block 2, Lake Park, described as follows:

Commencing at the southwest corner of Lot 4, Block 2, Balsiger Addition; thence North 88°48'46" West along the north line of Lot 3, Block 2, Lake Park, a distance of 12.03 feet; thence South 15°12'36" West, a distance of 20.61 feet to the point of beginning; thence continue South 15°12'36" West, a distance of 50.39 feet; thence North 74°47'24" West a distance of 30.00 feet; thence North 15°12'36" East a distance of 42.90 feet to the intersection with the south line of the North 20.00 feet of said Lot 3; thence South 88°48'46" East, along said south line, a distance of 30.92 feet to the point of beginning.

B. A first lien position on Borrower's equipment, inventory, accounts receivable, and general intangibles now owned or hereafter acquired.

### III. INSURANCE

Borrower shall maintain and furnish evidence of the existence of the following policies of insurance and that the premiums therefore for the current policy year have been paid:

A. Comprehensive General Public Liability Insurance providing for limits of coverage of not less than \$500,000.00;

B. Hazard Insurance insuring against loss by fire, lightning, vandalism, malicious mischief and other risks customarily covered by a standard "all-risk" policy in an amount not less than the loan amount and naming Lender as loss payee;

C. Workers' Compensation insurance, with statutory coverage covering all persons engaged in Borrower's employment.

Borrower shall provide to Lender satisfactory proof of premium payment within thirty (30) days of premium due date.

### IV. DEFAULT

The entire principal and interest owing Lender under the note executed pursuant to this Agreement shall become immediately due and payable without notice of non-payment, presentment

for payment, demand, protest, and notice of protest, and diligence of enforcing suit against any party, all of which are expressly waived by the Borrower, in the event that:

A. Borrower fails to comply with any of the terms of the Loan Commitment Letter signed by the Borrower or any of the terms of this Agreement; or

B. Any payment due under the terms of the note is not paid within fifteen (15) days after due date; or

C. After notice from appropriate regulatory bodies, Borrower fails to comply with any applicable law or regulation within a reasonable period of time, it being agreed that nothing shall prevent Borrower from contesting, in good faith, the applicability or legality of any such law or regulation; or

D. Borrower shall make a general assignment for the benefit of creditors or file a petition in voluntary bankruptcy or petition or answer seeking reorganization of Borrower or readjustment of their indebtedness under the Federal Bankruptcy Law or consent to the appointment of a receiver or trustee of their property; or

E. Borrower shall be adjudged bankrupt or insolvent or a petitioner or proceedings for bankruptcy or for reorganization shall be filed against them and they shall admit the material allegations thereof or an Order, Judgment, or Decree shall be made approving such petitioner, and such Order, Judgment, or Decree shall not be vacated or stayed within thirty (30) days of its entry, or receiver or trustee shall be appointed for Borrower or their properties or any part thereof and remain in possession thereof for thirty (30) days; or

F. Lender reasonably deems itself unsecured; or

G. Borrower fails to comply with the covenants and agreements contained in the promissory note or security agreement contemplated by this Loan Agreement; or

H. Borrower changes its principal place of business outside the region encompassed by Lender; or

I. All outstanding obligations arising under the promissory note which is the subject matter of this Loan Agreement and secured by the security agreement described herein, shall become due and payable in full immediately upon the sale or other disposition of the Borrower's business; or

J. Borrower shall obtain any other financing secured in any way by the collateral referenced in this Loan Agreement without the prior written consent of the Lender; or

K. A mechanic's or materialmen's lien or other charge is placed against the property described above, or any part thereof. In the event that such lien or charge is placed against the property or any part thereof and the same had its basis work or materials furnished to the property prior to the closing, Borrower agrees to have the same removed within fifteen (15) days by taking such action as may be appropriate in order to satisfy the same of record.

## V. LEGAL REMEDIES OF LENDER

Borrower acknowledges Lender's right to pursue any and all legal remedies against Borrower, and to recover from Borrower any amounts owed by Borrower to Lender under this Agreement and Borrower's note, together with interest and all reasonable costs of collection including attorney's fees and legal expenses.

## VI. DUTIES OF BORROWER

Borrower agrees, in connection with the operation of their business, to do the following:

- A. To keep account books for the operation;
- B. To furnish Lender financial statements and/or tax returns on Borrower, including all breakout of financial records concerning the operation of the business operated by James Krabbenhoft and Elizabeth Krabbenhoft on the property described herein. All of these reports shall be provided no less than an annual basis. Borrower shall also provide Lender with interim financial data as requested by Lender. These financial statements shall show no substantial adverse change in the financial affairs of the business.
- C. To allow Lender to conduct on-site visits to inspect their business records and business operation, at reasonable times with reasonable notice to Borrower.
- D. Upon the request of Lender, Borrower shall provide Lender a written statement as to the number and types of jobs created as a result of this loan. Failure to meet this condition within thirty (30) days of Borrower receiving a written request from Lender shall constitute a material breach of this Loan Agreement.
- E. To invest the entire proceeds of the loan in Borrower's business located in Blackduck, Minnesota, and to not intermingle the funds with funds of other businesses or projects of Borrower.
- F. To execute all documents reasonably required by Lender in order to satisfy Lender of Borrower's compliance with all the terms of this Agreement.

G. To ensure that during the term of the loan Borrower's bank has received sufficient authorization to make automatic payments directly from Borrower's account to Lender.

### VII. WAIVER

Lender shall not by any act, delay, or omission be deemed to have waived any of its rights or remedies against Borrower and any delay or omission shall not be construed as a bar to or waiver of any such right or remedy against Borrower which Lender would have had on any future occasion. No waiver or modification of this Agreement or any covenant, condition or limitation herein contained shall be valid unless in writing and duly executed by the parties to this Agreement.

### VIII. CLOSING FEES

Borrower agrees to pay all legal fees, costs, and all other expenses incurred or necessary in connection with this loan and the mortgage referred to herein.

### IX. GOVERNING LAW

This Agreement shall be construed in accordance with and governed by the laws of the State of Minnesota. The parties agree that the venue for any legal proceedings shall be in Beltrami County, Minnesota.

### X. ENTIRE AGREEMENT

This Agreement can only be amended by the parties in writing. This document contains the entire agreement of the parties and shall be binding upon their heirs, successors and assigns. There are no other representations relied upon by Borrower except as set forth herein. BY EXECUTION OF THIS AGREEMENT, LENDER IS IN NO WAY OBLIGATED TO EXTEND ANY FURTHER CREDIT AT ANY POINT IN THE FUTURE.

IN WITNESS WHEREOF, Lender and Borrower have executed this Agreement this 31<sup>st</sup> day of March, 2009.

LENDER:

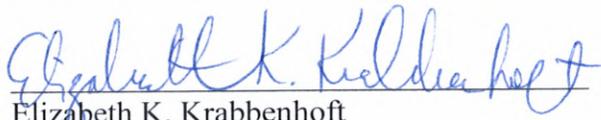
BORROWER:

CITY OF BLACKDUCK  
(Revolving Loan Fund)

By   
Scott Palmer, Mayor

  
James Krabbenhoft, Jr.

By   
Karin Elhard, City Administrator

  
Elizabeth K. Krabbenhoft

F:\ADK\AGC\Blackduck City of\Krabbenhoft\loan-agr.wpd (vm)



# CITY OF BLACKDUCK RESOLUTION NO: 2020-29

## A RESOLUTION APPROVING AN ASSESSMENT FOR PAST DUE UTILITY CHARGES

**WHEREAS**, the City Code of the City of Blackduck Ordinance 215 entitled “Utility Rates and Collection Procedures” Section 6: entitled “Collection with Real Estate Taxes” states “the City of Blackduck may prepare an assessment roll each year providing for assessment of the delinquent amounts against the respective properties served.”

**AND WHEREAS**, the City of Blackduck shall deliver the assessment roll to the City Council for adoption on or before October 15<sup>th</sup> of each year those delinquent amounts,

**BE IT RESOLVED** by the Council of the City of Blackduck, County of Beltrami, Minnesota, that an assessment for past due utility charges, specifically the municipal water and sewer charges, be placed on the property taxes of the following properties:

Andrew Ebert & Shannon L. Hegg Amount of \$1746.24

Or

Timothy A Freeman & Barbara Freeman

Past Due Utilities

56 1<sup>st</sup> Street SE

Blackduck, MN 56630

Parcel #81.00163.00

Andrew R Weston Amount of \$491.41

Past Due utilities

41 2<sup>nd</sup> Street SE

Blackduck, MN 56630

Parcel #81.00155.00

Adopted by the City Council on October 5, 2020

---

Maxwell Gullette, Mayor

---

Christina Regas – City Administrator

# Memorandum of Understanding

Between

(Blackduck Stumpjumpers Snowmobile Club)

and

(City of Blackduck)

This Memorandum of Understanding (MOU) sets for the terms and understanding between the Blackduck Stumpjumpers Snowmobile Club and the City of Blackduck to assure that the land being acquired to build a parking facility for vehicles and trailers (primarily for recreational use) will be immediately available for use to the general public for no less than twenty (20) years.

## **Background**

The City of Blackduck was awarded a Federal Recreational Trail Program grant award in 2020 on behalf of the Blackduck Stumpjumpers Snowmobile Club. This grant award will help fund the acquisition of 3.31 acres of land so that a parking lot can be built to accommodate vehicles and trailers for users that access the area's trail systems, including the Blue Ox Trail.

## **Purpose**

This MOU will serve as official assurance that the land being acquired for use, funded in part by the Federal Recreational Trail Program, will be immediately available for use to the general public for no less than twenty (20) years.

## **Funding**

This MOU is not a commitment of funds.

## **Duration**

This MOU will remain in effect for no less than twenty (20) years. This MOU shall become effective upon signature by the authorized officials from the Blackduck Stumpjumpers Snowmobile Club and the City of Blackduck. This agreement may be modified no earlier than twenty (20) years after date of signature.

## **Contact Information**

Max Burmeister  
President, Blackduck Stumpjumpers Snowmobile Club  
PO Box 432 Blackduck, MN 56630  
218-556-5701  
Max.burmeister1@gmail.com

and

Maxwell Gullette  
Mayor, City of Blackduck  
8 Summit Ave NE, Blackduck, MN 56630  
P: (218) 835-4803  
F: (218) 835-4801  
Maxwell.gullette@blackduckmn.com



\_\_\_\_\_ Date:

(Max Burmeister, President, Blackduck Stumpjumpers Snowmobile Club)

\_\_\_\_\_ Date:

(Maxwell Gullette, Mayor, City of Blackduck)



CITY OF BLACKDUCK

PUBLIC FUNDS REQUEST FORM

PO BOX 380 BLACKDUCK, MN 56630

OCT 01 2020

Organization or Group Requesting Public Funding:

Blackduck Area History and Art Center

What type of project will the Public Funds used for:

Defray liability and property insurance costs

Describe IN DETAIL the overall benefits this will provide to the City of Blackduck as a body and what public purpose will the project provide to the residents of the City of Blackduck:

The history center has been about keeping the past and the arts front and center for our area/people. But where we shine is keeping in touch with out of towners, former students, residents. Not just the displays which are enjoyed by locals and visitors... our quarterly newsletter - partially funded by Beltrami County - has been an excellent tool to keep people connected to Blackduck.

Outline specifically WHAT PORTION of the project these funds will be used for:

We have designated our insurance premium, due in Oct, as the point of our request.

What other Organization has your group contacted for funding? Please list names of other organizations and the dollar amounts requested and or grants requested:

Beltrami County Development Fund - \$2500 due 10/13/20 (apply)

Date Funds are being requested: October quarter

Date the project starts and completes: insurance due 10/24/20, but of

See opposite side of form for Conditions for Requesting Public Funds

course we would appreciate any help on any date.

INSURANCE COMPANY  
6101 ANACAPRI BLVD., LANSING, MI 48917-3999

### TAILORED PROTECTION POLICY DECLARATIONS

AGENCY SECURITY INSURANCE USA  
06-0847-00 MKT TERR 067 218-835-4884

Renewal Effective 10-24-2020

**POLICY NUMBER 064606-08010832-20**

INSURED BLACKDUCK AREA HISTORY & ART CENTER

Company Use 08-46-MN-0610

ADDRESS PO BOX 223  
BLACKDUCK MN 56630-0223

Company  
Bill

Policy Term	
12:01 a.m.	12:01 a.m.
10-24-2020	to 10-24-2021

In consideration of payment of the premium shown below, this policy is renewed. Please attach this Declarations and attachments to your policy. If you have any questions, please consult with your agent.

55039 (11-87)

### COMMON POLICY INFORMATION

**Business Description:** Museum

**Entity:** Corporation

**Program:** Institutional - Other

	PREMIUM
THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PART(S):	
COMMERCIAL PROPERTY COVERAGE	\$16.00
MINIMUM PREMIUM ADJUSTMENT (CP)	\$224.00
COMMERCIAL GENERAL LIABILITY COVERAGE	\$253.00
MINIMUM PREMIUM ADJUSTMENT (GL)	\$320.00
MINNESOTA FIRE SAFETY PROGRAM SURCHARGE	\$0.08
<b>TOTAL</b>	<b>\$813.08</b>
<b>THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.</b>	

Premium shown above for commercial general liability coverage is an advanced premium deposit and may be subject to audit.

Forms that apply to all coverage part(s) shown above (except garage liability, dealer's blanket, commercial automobile, if applicable):

IL0017 (11-85) 55000 (07-12) 59392 (01-15) 59349 (10-03)

Countersigned By: \_\_\_\_\_



# BLACKDUCK EQUITY AWARENESS TRAINING

**LEAD BY:** Ryan Williams-Virden

**WHERE:** Virtual Zoom Meeting Room. Registration can be found at [www.blackduck.com](http://www.blackduck.com) and on [FB@Blackduck365](https://www.facebook.com/Blackduck365)

**WHEN:** Oct 9th 2:00pm-5:00pm and  
Oct 10th 10:00am to 1:00pm

**NO COST-NO ATTENDANCE LIMIT**  
(16 & Up Recommended)

In Partnership w/ Blackduck Area  
Chamber of Commerce,  
NWM Foundation

Do you feel  
uncomfortable  
talking about race?

Do you feel you do not  
have the "Right Words" to  
express yourself when you  
talk about race and equity?

Then please join us at our  
Equity Awareness Training

## All are Welcome

