

City Council
2021 July Council Meeting
Vergas Event Center and Zoom Id number 267-094-2170 (password 56587)
6:30 PM on Tuesday, July 13, 2021

1. **Public Hearing - Ordinance updates of sheds, truck route and 4-wheelers**
2. **Call to Order**
3. **Citizens' Concerns**
4. **Agenda Additions and Deletions**
5. **Approval of Consent Agenda**
 - a. Council Minutes of the June 8, 2021
 - b. Liquor Store bills for May 2021
 - c. Bills paid between Council meetings and Council bills
 - d. Late water/sewer bills
 - e. General Fund/Special Revenue Money Market Account Report
 - f. 2021 Investment Schedule/Bond Schedule
 - g. Budget Reports
 1. General Fund
 2. Water Fund
 3. Sewer Fund
 - h. LG220 Application for Exempt Permit-Vergas Fire Relief Assn (10/16/21)
6. **Committee Reports**
 - a. Park Advisory Board
 - b. Planning Commission
 - c. Personnel
 - d. Event Center Advisory Board
7. **Looney Daze Permits**
8. **City Attorney**
9. **Ottertail County Property - 140 E Linden St**
10. **Small Cities Development Program**
11. **2020 Audit**
12. **Ordinance Updates**
13. **Grass Ordinance**
14. **Denise Layman**
15. **Dock and Lift Storage on City Property**
16. **Construction Permits**
 - a. 150 E Herman St
 - b. 1011 East Scharf Ave
 - c. 105 Main St
17. **Pickleball**
18. **Veterans Memorial**
19. **LMC Fall Forum Meeting**
20. **Staff Reports**
 - a. League of MN Cities Conference - Albright, Fischer, Lammers
 - b. MN Municipal Clerks and Finance Officers Conference

c. Utilities Superintendent Report

d. Liquor Store Manager Report

21. Information & Announcements

a. MN Rural Water Conference – Aug.24-26, 2021 (DuFrane) St Cloud

b. Clerks Advanced Academy-September 23-24, 2021 (Lammers)

c. Municipal Beverage Association (MMBA), September 25-28, 2021 (Lammers) Arrowwood

22. Adjournment

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Files Attached

- 2021 July Liquor Store Bill Listing.pdf
- City bill listing between Council Meetings.pdf
- 2021 July Claims List.pdf
- AgedBalance_07072021 (1).pdf
- 2021 General Fund Special Revenue.pdf
- 2021 Investment & Bond Schedule.pdf
- LG220 Application for Exempt Permit- Vergas Fire Relief Assn.pdf
- 2021 Sewer Budget.pdf
- 2021 Water Budget Comparison.pdf
- 2021 General Budget comparison.pdf
- 06-08-2021 Council Minutes.pdf

City of Vergas Liquor Store Checks Paid in June 2021

Vendor	Description	Total
American Bottling Company		90.50
Artic Glacier		626.10
Artisan Beer Company		1,875.40
Bergseth Bros		23,232.44
Beverage Wholesalers		5,875.09
Breakthru Beverage MN Wine and Spirits		2,455.86
City of Vergas	Payroll	2,943.65
City of Vergas	Water/sewer	59.87
Colonial Life	Employee Ins, reimbursed	159.86
Datamann, Inc		26.20
DCR Brewing Company		34.25
D-S Beverage		14,656.07
Fergus Falls Daily Journal	Advertising	249.50
Great Plains Nat Gas	Utility	30.36
Henry's Foods		1,019.76
Internal Revenue Service	2021 Withholding Tax	778.30
Jack Pine Brewery		240.00
Johnson Brothers Liquor Co		4,156.12
Leighton Broadcasting	Advertising	300.00
MN Dept. of Revenue	Sales Tax	7,003.63
MN Dept. Revenue	2021 Withholding Tax	68.75
NCR	Credit Card Fees	142.35
Newling Asphalt Services	Stripping of parking lot	250.00
Otter Tail Power	Utility	462.32
Paustis Wine & Spirits		614.00
Phillips Wine & Spirits		6,236.75
Public Employees Retirement Assoc.	Payroll	498.42
Schepper Custom Builder's Inc	Replace boards on side of building	1,748.00
Southern Wine & Spirits of MN		3,061.47
Viking Coca-Cola Bottling Co		673.95
Vinocopia		905.21
	Total	80,474.18
	June Receipts	98,634.31
June Balance		\$18,160.13
	May Operating Income (Loss)	\$13,168.31
2021 Total Operating Income (Loss)		\$31,328.44

CITY OF VERGAS

Bill Listing for June 10 to July 09, 2021

<u>VENDOR</u>	<u>DESCRIPTION</u>	<u>TOTAL</u>
Adobe Reader	All Depts., Computer Program	16.10
Best Western Kelly Inn	Clerk, conference	351.39
City of Vergas	Payroll	12,626.95
Green Mill St Cloud	Clerk, conference meal	24.16
Internal Revenue Services	2021 Withholding Tax	3,146.14
Lake Region Electric	Sign, electricity	12.67
Microsoft	All depts., Office 365	21.48
MN Dept. of Revenue	Sales Tax	56.37
MN Dept. Revenue	2021 Withholding Tax	525.11
Nelson, Amy	Event, return deposit	75.00
Northland Monument	Park, engraving	1,890.00
Public Employees Retirement Assoc.	Payroll	1,880.93
RDO Equipment Company	Park, lawn mower	5,728.96
US Bank St Paul	MN Go Water and Sewer Rev Bond	1,740.00
Vergas State Bank	Shazam Card	1.00
Total for bills paid between Council Meetings		<u>\$28,096.26</u>

Date Range : 7/13/2021 To 7/13/2021

<u>Date</u>	<u>Vendor</u>	<u>Description</u>	<u>Claim #</u>	<u>Total</u>	<u>Account #</u>	<u>Account Name</u>	<u>Detail</u>
07/13/2021	Arvig Communication Systems	LS, Gg, Ev, Shop, phone, fax, internet, security	54217	\$653.48			
					609-49751-321-	Liquor Store - Manager - Off-Sale	\$132.16
					100-43010-321-	City Shop	\$64.00
					100-45110-321-	EVENT CENTER	\$209.91
					100-41010-321-	GENERAL GOVERNMENT	\$247.41
07/13/2021	Colonial Life	Employee, insurance employee reimbursed	54218	\$217.98			
					100-41405-999-	Clerk	\$58.12
					609-49751-999-	Liquor Store - Manager - Off-Sale	\$159.86
07/13/2021	Core & Main LP	Water & Sewer, operating parts	54219	\$109.67			
					601-49440-210-	Water Utilities - Administration and General	\$54.83
					602-49490-530-	Sewer Utilities - Administration and General	\$54.84
07/13/2021	Dacotah Paper Company	Parks, St, Water, Sewer, supplies	54220	\$299.61			
					100-43110-211-	Highways, Streets & Roadways	\$83.22
					601-49440-211-	Water Utilities - Administration and General	\$58.58
					100-45210-211-	Parks	\$157.81
07/13/2021	Michael DuFrane	St, Park, Wtr, Swr, reimbursement for cell phone	54221	\$75.00			
					100-43110-321-	Highways, Streets & Roadways	\$18.75
					100-45210-321-	Parks	\$18.75
					601-49440-321-	Water Utilities - Administration and General	\$18.75
					602-49490-321-	Sewer Utilities - Administration and General	\$18.75
07/13/2021	Matthew Engebretson	Park, St, Phone reimbursement	54222	\$25.00			
					100-45210-321-	Parks	\$12.50
					100-43110-321-	Highways, Streets & Roadways	\$12.50

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07/13/2021	Franklin Fence Company, Inc.	Parks, supply	54223	\$17.39			
					100-45210-210-	Parks	\$17.39
07/13/2021	Great Plains Natural Gas Company	Event, Shop, 2021 utility	54224	\$204.67			
					100-45110-380-	EVENT CENTER	\$100.87
					100-43010-380-	City Shop	\$103.80
07/13/2021	Hawkins, Inc	Wtr, chemicals	54225	\$792.54			
					601-49440-218-	Water Utilities - Administration and General	\$792.54
07/13/2021	Hansons Plumbing & Heating, Inc.	PArk, head hunter tool	54226	\$7.95			
					100-45210-210-	Parks	\$7.95
07/13/2021	Hoffman, Philipp, & Knutson, PLLC	2020 Audit	54227	\$7,500.00			
					609-49751-301-	Liquor Store - Manager - Off-Sale	\$3,375.00
					100-41010-301-	GENERAL GOVERNMENT	\$2,125.00
					601-49440-301-	Water Utilities - Administration and General	\$1,000.00
					602-49490-301-	Sewer Utilities - Administration and General	\$1,000.00
07/13/2021	Julie Lammers	All Departments, cell phone reimbursement CI, mileage for conference	54228	\$218.36			
					100-41405-321-	Clerk	\$25.00
					601-49440-321-	Water Utilities - Administration and General	\$25.00
					602-49490-321-	Sewer Utilities - Administration and General	\$25.00
					100-41405-330-	Clerk	\$143.36
07/13/2021	Lakes Area Co-operative	Pks, operating fuel	54229	\$242.92			
					100-45210-210-	Parks	\$242.92

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07/13/2021	Lincoln Marketing Inc	2021 Advertising, Becker - Otter Tail Counties Mn Guide	54230	\$499.00			
					609-49750-340-	Liquor Store - Merchandise	\$249.50
					100-45110-340-	Purchases - Off-Sale EVENT CENTER	\$249.50
07/13/2021	L & M Supply, Inc.	Pk, St, telescopic wand, i-beam, gloves, chop saw, coil	54231	\$315.95			
					100-43110-245-	Highways, Streets & Roadways	\$127.98
					100-45210-245-	Parks	\$127.99
					100-45210-245-	Parks	\$59.98
07/13/2021	Lake Region Electric Cooperative	Yard Waste, lighting & power for camera	54232	\$30.65			
					100-43128-380-	YARD WASTE	\$30.65
07/13/2021	League of Minnesota Cities	Gov,training-Lammers, Albright, Fischer	54233	\$297.00			
					100-41110-331-	Council/Town Board	\$198.00
					100-41405-331-	Clerk	\$99.00
07/13/2021	KLJ Engineering LLC	Engineering services-88 Park View Drive, Easement Skating	54234	\$2,152.00			
					100-41010-303-	GENERAL GOVERNMENT	\$2,152.00
07/13/2021	Marco Inc	Copier, contract	54235	\$319.48			
					100-41010-200-	GENERAL GOVERNMENT	\$106.49
					601-49440-200-	Water Utilities - Administration and General	\$106.49
					602-49490-200-	Sewer Utilities - Administration and General	\$106.50
07/13/2021	Menahga Concrete Products Inc	Parks, Parking Curbs	54236	\$910.00			
					100-45210-220-	Parks	\$910.00
07/13/2021	MN Department of Labor & Industry	Reg/Boiler & Pressure	54237	\$10.00			
					100-45110-400-	EVENT CENTER	\$10.00

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<u>Date</u>	<u>Vendor</u>	<u>Description</u>	<u>Claim #</u>	<u>Total</u>	<u>Account #</u>	<u>Account Name</u>	<u>Detail</u>
07/13/2021	Minnesota Life Insurance Company	Employee Life Ins	54238	\$19.30			
					100-41405-131-	Clerk	\$3.00
					100-43110-131-	Highways, Streets & Roadways	\$3.00
					100-43110-999-	Highways, Streets & Roadways	\$13.30
07/13/2021	Madison National Life Ins Co, Inc	Employee short term Insurance	54239	\$34.53			
					100-45210-130-	Parks	\$5.75
					601-49440-130-	Water Utilities - Administration and General	\$5.76
					602-49490-130-	Sewer Utilities - Administration and General	\$5.76
					100-41405-130-	Clerk	\$17.26
07/13/2021	Northland Trust Services, Inc	St, \$985,000 General Obligation Improvement Bonds Services Paying Agent Annual Fee and Int	54240	\$495.00			
					412-41010-611-	GENERAL GOVERNMENT	\$495.00
07/13/2021	Otter Tail County Treasurer	St, Signs and posts	54241	\$416.00			
					100-43110-400-	Highways, Streets & Roadways	\$416.00
07/13/2021	Olson Oil Co.	All Depts, operating supplies	54242	\$110.81			
					100-43110-210-	Highways, Streets & Roadways	\$110.81
07/13/2021	Otter Tail Power Company	All depts, utility	54243	\$2,361.33			
					100-43160-380-	Street Lighting	\$734.24
					100-45110-380-	EVENT CENTER	\$389.15
					601-49440-380-	Water Utilities - Administration and General	\$410.53
					602-49490-380-	Sewer Utilities - Administration and General	\$289.23
					100-43010-380-	City Shop	\$81.29
					100-45210-380-	Parks	\$456.89
07/13/2021	Peloquin, Jenson PLLC	Legal Fees	54244	\$1,667.50			
					100-41610-304-	City/Town Attorney	\$1,667.50

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07/13/2021	RMB Environmental Laboratories, Inc	WW, Water, Chemicals	54245	\$273.00			
					602-49490-218-	Sewer Utilities - Administration and General	\$253.00
					601-49440-218-	Water Utilities - Administration and General	\$20.00
07/13/2021	RDO Equipment Company	Parks, Lawn Mower repairs	54246	\$648.89			
					100-45210-580-	Parks	\$648.89
07/13/2021	Steve's Sanitation, Inc.	Park, Event, garbage pick up	54247	\$305.35			
					100-45210-384-	Parks	\$198.99
					100-45110-384-	EVENT CENTER	\$106.36
07/13/2021	Signature Home Technologies	Event, smart room equipment service	54248	\$65.00			
					100-45110-300-	EVENT CENTER	\$65.00
07/13/2021	Vergas Liquor Store	Hazardous Waste, water	54249	\$25.51			
					100-42010-210-	PUBLIC SAFETY	\$25.51
07/13/2021	CDH-Vergas Fire Department	Yard Waste, Fire call	54250	\$750.00			
					100-43128-300-	YARD WASTE	\$750.00
07/13/2021	Vergas Hardware	All Depts, supplies	54251	\$310.67			
					100-45210-210-	Parks	\$149.79
					601-49440-210-	Water Utilities - Administration and General	\$119.93
					601-49751-210-	Liquor Store - Manager - Off-Sale	\$40.95
Total For Selected Claims				\$22,381.54			\$22,381.54

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	Bruce E Albright		City Council/Town Board				Date
	Julie A Bruhn		City Council/Town Board				Date
	Logan M Dahlgren		City Council/Town Board				Date
	Natalie K Fischer		City Council/Town Board				Date

AGED BALANCES

CITY OF VERGAS

DATE: 07/09/2021 AUTHOR: VERJL22

CRITERIA: ACCT#: 0 - 999999999 NAME: 0 - Z ZIP: 0 - 0 * includes unbilled transactions

STATUS KEY: N=NORMAL W=NEW C=CUTOFF O=CHARGE OFF I=INACTIVE F=FINAL D=DISABLED R=RENTER L=LANDLORD

Acct#	Stat	Customer	Current	Over 30	Over 60	Over 90	Balance
21	N	BENJAMIN KRIEG	\$90.32	\$82.11	\$3.56	\$0.00	\$175.99
331	N	NASH, DUSTN	\$103.24	\$91.13	\$117.75	\$0.00	\$312.12
501	N	PHILLIP KERN	\$86.73	\$79.39	\$101.09	\$37.35	\$304.56
530	N	DANIEL HOARD	\$87.56	\$78.51	\$100.28	\$35.34	\$301.69
550	N	HOWE, JEREMIAH	\$114.58	\$91.62	\$78.38	\$128.30	\$412.88
570	N	TONY LICENSE	\$104.73	\$100.12	\$145.56	\$26.09	\$376.50
660	N	BOYD, ANTHONY	\$83.39	\$74.72	\$51.71	\$0.00	\$209.82
711	N	OLSON, SHELBY	\$232.78	\$183.26	\$180.23	\$108.82	\$705.09
1180	N	WANNA BE	\$380.12	\$310.29	\$270.14	\$0.00	\$960.55
1301	N	WANNA BE	\$68.43	\$62.21	\$56.55	\$0.00	\$187.19
1346	N	MOE, CLIFFORD	\$131.98	\$113.99	\$94.35	\$0.00	\$340.32
1651	N	WEIBYE, RYAN	\$86.91	\$78.47	\$69.15	\$0.00	\$234.53
2000	N	LENDE, BRIAN	\$171.78	\$134.89	\$57.39	\$0.00	\$364.06
7701	N	BRACKEN, JOSEPH &	\$131.13	\$95.75	\$93.05	\$82.95	\$402.88
Totals(14):			\$1,873.68	\$1,576.46	\$1,419.19	\$418.85	\$5,288.18

General Fund/Special Revenue Money Market Account

	2020 Balance	Interest	2021 Interest	2021 Purchased	2021 sold	2021 Sold	06/30/2021 Balance	
City Shop	3,040.27	2.94%	1.51				3,041.78	
Easements	5,210.95	5.04%	2.58				5,213.53	
Event Center	27,422.08	26.50%	13.60				27,435.68	
General	10,453.80	10.10%	5.19				10,458.98	
Park	13,206.83	12.76%	6.55				13,213.38	
Sand Seal (Seal Coating)	23,844.83	23.04%	11.83				23,856.66	
Sidewalk	11,851.35	11.45%	5.88				11,857.23	
Street Improvements/Equipment	8,457.64	8.17%	4.19				8,461.84	
Balance	\$103,487.75	100.00%	\$51.33	\$0.00	\$0.00	\$0.00	\$103,539.08	***
			51.33					

***Committed total should not drop below \$110,000 or be above \$165,000 at the end of the year.

West Central Initiative Account

	1/1/2021	Interest	Donations	Purchases	02/28/2021 Balance
Veterans Memorial	0.00	0.10	2,510.00	0.25	2,509.85
Event Center	8,649.35	0.24	0.00	8,000.00	649.59
Trails, Parks & Recreation	53.54	0.00	0.00	0.00	53.54
Pickleball	0.00	0.00	5,040.85	1.05	5,039.80
Economic Development	15,312.96	0.79	0.00	0.00	15,313.75
	24,015.85	1.13	7,550.85	8,001.30	23,566.53

City of Vergas
2021 Investment Schedule

	<u>Account Number</u>	<u>12/31/20</u>	<u>Purchase</u>	<u>Sold</u>	<u>Interest Earned</u>	<u>06/30/21</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
General Fund	325657	103,487.75	0.00	0.00	51.33	103,539.08	0.10	MMDA
Street Debt Service 2006	19919	9,921.23	0.00	0.00	0.00	9,921.23	1.40	2/24/2022
Sewer Reserve	19753	26,656.77	0.00	0.00	66.46	26,723.23	0.50	6/27/2022
Sewer and Water Debt Service	19759	37,060.94	0.00	0.00	102.76	37,163.70	0.55	7/17/2021
Liquor Fund	20097	71,077.30	0.00	0.00	124.04	71,201.34	0.35	12/11/2021
Totals		248,203.99	0.00	0.00	344.59	248,548.58		

City of Vergas
2021 Bond Schedule

<u>Title</u>	<u>Purchase Date</u>	<u>Beg. Balance</u>	<u>Sold Date</u>	<u>Interest Rate</u>	<u>Bank</u>	<u>Maturity Date</u>	<u>Balance 12/31/2020</u>	<u>Interest Due 12/31/2021</u>	<u>Total Due 12/31/2021</u>
General Obligation Improvement Refunding Bonds, Series 2015A	42353	299000		0.0243	Vergas State Bank	2/1/27	245,052.75	33,263.00	278,315.75
2009 Gen. Obligation Water/Sewer Refunding Bonds	39973	475000		0.0409	US Bank N.A.	1/1/23	187,150.00	83,352.50	270,502.50
General Obligation Improvement Refunding Bonds, Series 2019A	43627	985000		0.031	Northland Trust Services, Inc	2/1/40	985,000.00	366,645.72	1,351,645.72
Total		\$1,759,000.00					1,417,202.75		1,900,463.97

LG220 Application for Exempt Permit

An exempt permit may be issued to a nonprofit organization that:

- conducts lawful gambling on five or fewer days, and
- awards less than \$50,000 in prizes during a calendar year.

If total raffle prize value for the calendar year will be \$1,500 or less, contact the Licensing Specialist assigned to your county by calling 651-539-1900.

Application Fee (non-refundable)

Applications are processed in the order received. If the application is postmarked or received 30 days or more before the event, the application fee is **\$100**; otherwise the fee is **\$150**.

Due to the high volume of exempt applications, payment of additional fees prior to 30 days before your event will not expedite service, nor are telephone requests for expedited service accepted.

ORGANIZATION INFORMATION

Organization Name: Vergas Fire Relief ASSN

Previous Gambling Permit Number: x-32626-19-011

Minnesota Tax ID Number, if any: _____

Federal Employer ID

Number (FEIN), if any: _____

Mailing Address: PO Box 98

City: Vergas State: MN Zip: 56587 County: Ottertail

Name of Chief Executive Officer (CEO): Nathan Thon

CEO Daytime Phone: 2188508469 CEO Email: nkthon@gmail.com

(permit will be emailed to this email address unless otherwise indicated below)

Email permit to (if other than the CEO): vergasauto@yahoo.com

NONPROFIT STATUS

Type of Nonprofit Organization (check one):

☐ Fraternal ☐ Religious ☐ Veterans ☒ Other Nonprofit Organization

Attach a copy of one of the following showing proof of nonprofit status:

(DO NOT attach a sales tax exempt status or federal employer ID number, as they are not proof of nonprofit status.)

☒ **A current calendar year Certificate of Good Standing**

Don't have a copy? Obtain this certificate from:

MN Secretary of State, Business Services Division
60 Empire Drive, Suite 100
St. Paul, MN 55103

Secretary of State website, phone numbers:

www.sos.state.mn.us

651-296-2803, or toll free 1-877-551-6767

☐ **IRS income tax exemption (501(c)) letter in your organization's name**

Don't have a copy? To obtain a copy of your federal income tax exempt letter, have an organization officer contact the IRS toll free at 1-877-829-5500.

☐ **IRS - Affiliate of national, statewide, or international parent nonprofit organization (charter)**

If your organization falls under a parent organization, attach copies of both of the following:

1. IRS letter showing your parent organization is a nonprofit 501(c) organization with a group ruling; and
2. the charter or letter from your parent organization recognizing your organization as a subordinate.

GAMBLING PREMISES INFORMATION

Name of premises where the gambling event will be conducted (for raffles, list the site where the drawing will take place): Vergas Event Center

Physical Address (do not use P.O. box): 120 West Linden Street

Check one:

☒ City: Vergas Zip: 56587 County: Ottertail

☐ Township: _____ Zip: _____ County: _____

Date(s) of activity (for raffles, indicate the date of the drawing): 10/16/21

Check each type of gambling activity that your organization will conduct:

☐ Bingo ☐ Paddlewheels ☐ Pull-Tabs ☐ Tipboards ☒ Raffle

Gambling equipment for bingo paper, bingo boards, raffle boards, paddlewheels, pull-tabs, and tipboards must be obtained from a distributor licensed by the Minnesota Gambling Control Board. EXCEPTION: Bingo hard cards and bingo ball selection devices may be borrowed from another organization authorized to conduct bingo. To find a licensed distributor, go to www.mn.gov/gcb and click on **Distributors** under the **List of Licensees** tab, or call 651-539-1900.

LOCAL UNIT OF GOVERNMENT ACKNOWLEDGMENT (required before submitting application to the Minnesota Gambling Control Board)

CITY APPROVAL for a gambling premises located within city limits	
<input checked="" type="checkbox"/>	The application is acknowledged with no waiting period.
<input type="checkbox"/>	The application is acknowledged with a 30-day waiting period, and allows the Board to issue a permit after 30 days (60 days for a 1st class city).
<input type="checkbox"/>	The application is denied.
Print City Name: <u>Vergas</u>	
Signature of City Personnel: <u>Julie Lammers</u>	
Title: <u>Clerk-Treasurer</u>	Date: <u>07/06/21</u>

The city or county must sign before submitting application to the Gambling Control Board.

COUNTY APPROVAL for a gambling premises located in a township	
<input type="checkbox"/>	The application is acknowledged with no waiting period.
<input type="checkbox"/>	The application is acknowledged with a 30-day waiting period, and allows the Board to issue a permit after 30 days.
<input type="checkbox"/>	The application is denied.
Print County Name: _____	
Signature of County Personnel: _____	
Title: _____	Date: _____

TOWNSHIP (if required by the county)
On behalf of the township, I acknowledge that the organization is applying for exempted gambling activity within the township limits. (A township has no statutory authority to approve or deny an application, per Minn. Statutes, section 349.213.)

Print Township Name: _____

Signature of Township Officer: _____

Title: _____ Date: _____

CHIEF EXECUTIVE OFFICER'S SIGNATURE (required)

The information provided in this application is complete and accurate to the best of my knowledge. I acknowledge that the financial report will be completed and returned to the Board within 30 days of the event date.

Chief Executive Officer's Signature: Nathan Thon Date: 7/1/21
(Signature must be CEO's signature; designee may not sign)

Print Name: Nathan Thon

REQUIREMENTS

Complete a separate application for:

- all gambling conducted on two or more consecutive days; or
- all gambling conducted on one day.

Only one application is required if one or more raffle drawings are conducted on the same day.

Financial report to be completed within 30 days after the gambling activity is done:
A financial report form will be mailed with your permit. Complete and return the financial report form to the Gambling Control Board.

Your organization must keep all exempt records and reports for 3-1/2 years (Minn. Statutes, section 349.166, subd. 2(f)).

MAIL APPLICATION AND ATTACHMENTS

Mail application with:

- _____ a copy of your proof of nonprofit status; and
- _____ application fee (non-refundable). If the application is postmarked or received 30 days or more before the event, the application fee is **\$100**; otherwise the fee is **\$150**. Make check payable to **State of Minnesota**.

To: Minnesota Gambling Control Board
1711 West County Road B, Suite 300 South
Roseville, MN 55113

Questions?
Call the Licensing Section of the Gambling Control Board at 651-539-1900.

Data privacy notice: The information requested on this form (and any attachments) will be used by the Gambling Control Board (Board) to determine your organization's qualifications to be involved in lawful gambling activities in Minnesota. Your organization has the right to refuse to supply the information; however, if your organization refuses to supply this information, the Board may not be able to determine your organization's qualifications and, as a consequence, may refuse to issue a permit. If your organization supplies the information requested, the Board will be able to process the

application. Your organization's name and address will be public information when received by the Board. All other information provided will be private data about your organization until the Board issues the permit. When the Board issues the permit, all information provided will become public. If the Board does not issue a permit, all information provided remains private, with the exception of your organization's name and address which will remain public. Private data about your organization are available to Board members, Board staff whose work requires access to the information; Minnesota's Depart-

ment of Public Safety; Attorney General; Commissioners of Administration, Minnesota Management & Budget, and Revenue; Legislative Auditor, national and international gambling regulatory agencies; anyone pursuant to court order; other individuals and agencies specifically authorized by state or federal law to have access to the information; individuals and agencies for which law or legal order authorizes a new use or sharing of information after this notice was given; and anyone with your written consent.

City of Vergas

Sewer Fund

	<u>6/30/2021</u>	<u>2021 Budget</u>
Refunds and Reimbursements	0.00	0.00
Sewer User Charges	47,387.05	119,331.16
Sewer Connection Fee	750.00	2,250.00
Sewer Late Fees	1,590.47	3,400.00
Miscellaneous Revenue	50.31	0.00
Total Revenues	<u>\$49,777.83</u>	<u>\$124,981.16</u>
Disbursements:		
Legislative (Council/Board)		
Wages and Salaries	1,716.58	3,500.00
Employer Cont./Soc.Sec./PERA	530.12	650.00
Total Acct 411	<u>2,246.70</u>	<u>4,150.00</u>
Executive (Mayor/Manager)		
Wages and Salaries	254.52	1,300.00
Employer Cont./Soc.Sec./PERA	115.34	300.00
Travel, Mtgs. & Schools	0.00	100.00
Total Acct 413	<u>369.86</u>	<u>1,700.00</u>
Water Administration & General		
Wages and Salaries	15,781.35	28,990.16
Part-Time Employees	0.00	2,500.00
Pensions/PERA/Em cont/Soc. Sec	9,480.82	11,596.00
Health/Life Insurance	1,955.10	5,200.00
Workers Compensation	0.00	450.00
Office Supplies	1,086.55	2,000.00
Operating Supplies	482.71	5,000.00
Chemicals & Chem Products	281.50	0.00
Clothing Allowance	27.98	0.00
Repair & Maint. Supplies	541.28	1,500.00
Professional Service	500.00	0.00
Auditor	0.00	850.00
Telephone	262.50	525.00
Travel, Mtgs. & Schools	208.80	1,500.00
Dues	0.00	175.00
Printing & Publishing	0.00	0.00
License/Permits	850.00	850.00
Insurance	0.00	1,375.00
Utility Services	944.35	2,250.00
Repair & Maintenance Services	0.00	7,000.00
City Share/Assessments	703.28	550.00
Small Tools	0.00	300.00
Refunds & Reimbursements	0.00	0.00
Improvements	998.25	46,520.00
Total Acct 494	<u>34,104.47</u>	<u>119,131.16</u>
Total Disbursements	<u>36,721.03</u>	<u>124,981.16</u>
Difference	<u>13,056.80</u>	<u>0.00</u>

City of Vergas

Water Fund

	<u>6/30/2021</u>	<u>2021 Budget</u>
Refunds and Reimbursements	233.38	0.00
Water User Charges	51,087.38	111,789.00
Water Connection Fee	1,359.59	2,250.00
Water Late Fees	2,013.73	1,500.00
Sale of Water	120.00	300.00
Replaced Parts	0.00	0.00
Total Revenues	<u>\$54,814.08</u>	<u>\$115,839.00</u>
Disbursements:		
Legislative (Council/Board)		
Wages and Salaries	1,705.27	3,600.00
Employer Cont./Soc.Sec./PERA	527.40	800.00
Total Acct 411	<u>2,232.67</u>	<u>4,400.00</u>
Executive (Mayor/Manager)		
Wages and Salaries	254.52	1,300.00
Employer Cont./Soc.Sec./PERA	118.34	6,001.00
Travel, Mtgs. & Schools	0.00	300.00
Total Acct 413	<u>372.86</u>	<u>2,200.00</u>
Water Administration & General		
Wages and Salaries	15,394.28	28,990.00
Part-Time Employees	0.00	2,400.00
Pensions/PERA	0.00	8,000.00
Employer Cont./Soc.Sec.	9,192.68	10,494.00
Health/Life Insurance	1,955.08	5,200.00
Office Supplies	1,058.99	2,000.00
Operating Supplies	420.30	2,000.00
Chemicals & Chem Products	2,656.80	6,000.00
Clothing Allowance	27.99	0.00
Repair & Maint. Supplies	507.50	1,000.00
Auditor	0.00	850.00
Professional Services	105.00	0.00
Engineer/Water Tower	2,763.00	0.00
Telephone	262.50	525.00
Travel, Mtgs. & Schools	543.30	1,500.00
Dues	320.00	400.00
Annual Fees	1,400.16	160.00 *
Printing & Publishing	0.00	0.00
Insurance	0.00	1,500.00
Utility Services	2,708.89	6,000.00
Repair & Maintenance	163.79	1,530.00
Water Connection Fees	820.00	1,500.00
Water Use Fees	0.00	200.00
Improvements	18,967.24	28,990.00
Refunds & Reimbursements	0.00	0.00
Total Acct 494	<u>59,267.50</u>	<u>109,239.00</u>
Total Disbursements	<u>61,873.03</u>	<u>115,839.00</u>
Difference	<u>(7,058.95)</u>	<u>0.00</u>

		<u>2021</u>	
		<u>Approved</u>	
		<u>9/8/2020</u>	<u>Year to Date</u>
		<u>Budget</u>	<u>6/30/2021</u>
	General Property Taxes (31000)	229,149.00	175,242.86
	Penalties & Deling Taxes (31900)	0.00	1,070.13
	10% Gaming Fee (31311)	3,000.00	0.00
	Gravel Permit	7,000.00	7,000.00
	Intoxicating On-Sale Liquor (32110)	6,900.00	0.00
	Non-Intoxicating Malt Liquor (32115)	150.00	0.00
	Set-Up License (32116)	500.00	0.00
	Cigarette Licenses (32117)	175.00	0.00
	Conditional Use/Variance Permit (32205)	0.00	550.00
	Construction Permit (32210)	2,000.00	1,830.00
	Golf Cart Permit (32213)	140.00	165.00
	Recycling Center (32215)	8,500.00	9,658.00
	Dog Licenses (32240)	575.00	300.00
	Intergovernmental Aid (33404)	131.00	0.00
	Federal Grants and Aids (33101)	2,000.00	0.00
	State Aids/Fire Relief (33390)	10,000.00	0.00
	Local Government and Aids (33401)	37,431.00	0.00
	County Grants & Aids for Hwys (33610)	0.00	0.00
	Charges of Services (34005)	300.00	426.81
	General Government (34100)	0.00	0.00
	Fire, Reimbursed (34210)	24,000.00	25,217.95
	Recreation (36217)	3,500.00	0.00
	Miscellaneous Revenues (36200)	0.00	0.00
	Interest Earnings (36210)	100.00	13.69
	Rent/Municipal Building (36217)	6,000.00	3,500.00
	Rent/Event Center (36225)	5,000.00	2,545.00
	Event Center other related charges (36227)	0.00	0.00
	Contributions & Donations (36230)	2,000.00	825.00
	Refunds & Reimbursements (36233)	5,000.00	8,473.33
	LMCit/Dividends (36235)	3,000.00	0.00
	Liquor Store Transfer (39201)	25,000.00	0.00
	Total Receipts	\$381,551.00	\$236,817.77
GENERAL GOVERNMENT	Workers Compensation	0.00	0.00
	(41000) Office Supplies (200)	1,678.00	2,053.98
	Operating Supplies (210)	150.00	75.85
	Repair & Maint. Supplies (220)	400.00	87.73
	Auditor (301)	2,900.00	0.00
	Postage (322)	300.00	0.00
	Telephone	4,000.00	2,192.19
	Dues (345)	900.00	395.80
	Printing & Publishing (350)	3,000.00	1,085.60
	Insurance (360)	2,500.00	0.00

	Repair & Maintenance (400)	250.00	0.00
	Improvements (530)	1,000.00	0.00
	Office Equip & Furnishing & IT.(570)	1,000.00	104.00
	Refund & Reimbursements	0.00	0.00
	Total General Government	\$18,078.00	\$5,995.15
Legislative (Council/Board)	Wages and Salaries (100)	4,200.00	1,919.82
	(41100) Employer Cont./Soc.Sec. (122)	1,000.00	798.55
	Workers Compensation	0.00	0.00
	Office Supplies (200)	0.00	0.00
	Travel, Mtgs & Schools	750.00	350.00
	Operating Supplies (210)	0.00	0.00
	Insurance (360)	200.00	100.00
	Total Legislative	\$6,150.00	\$3,168.37
Executive (Mayor/Manager)	Wages and Salaries (100)	1,200.00	255.28
	(41300) Employer Cont./Soc.Sec. (122)	350.00	118.66
	Workers Compensation	0.00	0.00
	Volunteer Appreciation	300.00	0.00
	Dues (345)	30.00	0.00
	Travel, Mtgs & Schools	1,500.00	0.00
	Total Executive	\$3,380.00	\$373.94
Total General Government		27,608.00	9,537.46
Clerk (41400)	Wages and Salaries (100)	17,000.00	8,109.56
	Employer Cont./Soc.Sec. (122)	12,000.00	4,839.35
	Health/Life Insurance (131)	2,700.00	1,095.24
	Telephone	300.00	150.00
	Workers Compensation	400.00	0.00
	Travel, Mtgs & Schools	1,200.00	232.95
Legal Services (41600)	Attorney (304)	7,500.00	6,297.50
Elections (41410)	Wages and Salaries (100)	0.00	0.00
	Office Supplies (200)	0.00	0.00
	Travel, Mtgs. & Schools (211)	0.00	0.00
Total Clerk, Legal services and Elections		41,100.00	20,724.60
Public Safety (42000)	Part-Time Employees (103)	0.00	0.00
Fire (42200)	Pensions-Relief Assoc. (120)	0.00	0.00
	Workers Compensation	4,000.00	0.00
	Insurance (360)	6,000.00	0.00
	V-CDH Budgeted amount	12,500.00	5,809.26
	Miscellaneous (430)	0.00	0.00
	Reimbursed Expenses (810)	0.00	30,767.95
Total for Public Safety, Traffic, Fire		22,500.00	36,577.21
City Shop (43000)	Operating Supplies (210)	200.00	19.48
	Repair & Maint. Supplies (220)	200.00	0.00
	Small Tools & Minor Equip (240)	1,000.00	0.00
	Internet (321)	804.00	384.00
	Insurance (360)	500.00	0.00
	Utility Services (380)	3,000.00	1,607.47
	Repair & Maintenance Service (400)	500.00	198.99
	City Share/Assessments	1,000.00	0.00

	Improvements (530)	1,000.00	0.00
Total For City Shop		8,204.00	2,209.94
Highways, Streets & Roadways	Wages and Salaries (100)	13,959.00	10,952.17
	(43100) Part-Time Employees (103)	13,365.00	0.00
	Employer Cont./Soc.Sec. (122)	10,500.00	6,955.57
	Health Insurance (131)	3,500.00	1,931.73
	Workers Compensation (150)	200.00	0.00
	Office Supplies (200)	200.00	0.00
	Operating Supplies (210)	7,000.00	3,944.17
	Travel, Mtgs, & Schools	300.00	0.00
	Repair & Maint. Supplies (220)	1,500.00	1,347.63
	Small Tools & Minor Equip (240)	500.00	0.00
	Employee Clothing Allowance (245)	300.00	77.93
	Engineer (303)	10,000.00	5,988.50
	Telephone	375.00	187.50
	Insurance (360)	3,000.00	200.00
	Repair & Maintenance Service (400)	3,500.00	626.26
	Seal Coating (410)	7,500.00	0.00
	Improvements (530)	17,000.00	0.00
	Other Equipment (580)	25,000.00	20,871.14
Sidewalk	Repair & Maintenance (400)	3,000.00	0.00
Ice and Snow Removal (43125)	Part-Time Employees (103)	0.00	0.00
	Employer Cont./Soc.Sec. (122)	0.00	0.00
	Operating Supplies (210)	0.00	0.00
	Fuel/Lubricants (212)	0.00	0.00
	Sand & Salt	1,000.00	768.30
	Repair & Maintenance (400)	0.00	0.00
	Snow Removal (415)	0.00	0.00
	Capital Outlay	5,000.00	0.00
Total for Ice Control, Sidewalks, Ice Control		126,699.00	53,850.90
Recycling Center (43218)	Wages and Salaries (100)	6,000.00	3,182.81
	Pensions/PERA (121)	4,000.00	1,886.81
	Repair & Maintenance (220)	25.00	450.00
	Office Supplies (200)	300.00	251.57
	Printing & Publishing (350)	40.00	0.00
	Street Lighting (380)	650.00	222.00
	City Share/Assessments	500.00	260.37
	Improvements (530)	10,000.00	12,735.27
Total for Recycling Center		21,515.00	18,988.83
Street Lighting (43160)	Utility Services (380)	10,000.00	4,494.34
Event Center (45100)	Part-Time Employees (103)	500.00	0.00
	Employer Cont./Soc.Sec. (122)	100.00	0.00
	Professional Services	2,000.00	568.10
	Workers Compensation	0.00	0.00
	Office Supplies (200)	150.00	0.00
	Operating Supplies (210)	2,500.00	98.51
	Travel, Mtgs, & Schools	0.00	0.00
	Repair & Maint. Supplies (220)	1,500.00	250.00
	Clothing Allowance	0.00	0.00
	Telephone	0.00	0.00
	Security Services (300)	2,000.00	0.00
	Advertising	1,500.00	1,304.25
	Insurance (360)	2,000.00	0.00

	Rug Rental (370)	1,000.00	478.87
	Utility Services (380)	6,000.00	2,906.33
	Rubbish Service (384)	1,500.00	635.06
	Repair & Maintenance (400)	2,000.00	404.25
	City Share/Assessments (440)	700.00	199.46
	Improvements (530)	20,000.00	6,847.61
	Refunds & Reimbursements	0.00	2,013.31
Total for Event Center		43,450.00	15,705.75
Parks (45200)	Wages and Salaries (100)	17,000.00	9,174.02
	Part-Time Employees (103)	0.00	0.00
	Employer Cont./Soc.Sec. (122)	11,500.00	4,803.29
	Health Insurance (131)	3,500.00	1,933.98
	Workers Compensation	450.00	0.00
	Engineering	0.00	0.00
	Office Supplies (200)	100.00	0.00
	Operating Supplies (210)	7,000.00	4,575.91
	Telephone	375.00	187.50
	Travel, Mtgs, & Schools	400.00	0.00
	Repair & Maint. Supplies (220)	1,500.00	0.00
	Employee Clothing Allowance(245)	200.00	77.93
	Printing & Publishing (350)	50.00	35.00
	Licenses/Permits	350.00	0.00
	Insurance (360)	5,000.00	332.00
	Utility Services (380)	2,500.00	654.04
	Rubbish Service (384)	1,500.00	1,187.36
	Repair & Maintenance Service(400)	2,600.00	0.00
	City Share/Assessments (440)	1,200.00	535.00
	Improvements (530)	18,000.00	19,415.11
	Refunds & Reimbursements	0.00	0.00
Total for Parks		73,225.00	42,911.14
Cemetery (49010)	Insurance (362)	250.00	0.00
Non-Expenditures	Economic Development (46510)	7,000.00	7,000.00
	Total Disbursements	\$381,551.00	\$212,000.17
	Difference	\$0.00	\$24,817.60

795 for web page

CITY OF VERGAS
Informational Meeting on the Pickleball Courts
VERGAS EVENTS CENTER & ZOOM
Tuesday, June 8, 2021

The City Council of Vergas met at 6:00 pm, on Tuesday, June 8, 2021, at the Vergas Event Center and on a Zoom hybrid meeting for a pickleball informational meeting with the following members present: Mayor Julie Bruhn, Council Members: Bruce Albright, Paul Pinke and Natalie Fischer. Absent: Logan Dahlgren. Also present: Clerk/Treasurer Julie Lammers, Utilities Superintendent Mike DuFrane, Steve Peloquin, Ron Franklin, Sherri Hanson, Shannon Charpentier, Maria Sontag, Mike Summers, Jerry Johnson and Barbie Porter of the Frazee-Vergas Forum.

Bruhn opened informational meeting at 6:00 pm.

Shannon Charpentier reviewed the pickleball project.

Jerry Johnson reviewed the ballfields history and explained he was in favor of a pickleball field but not in the location they are requesting.

Charpentier reviewed the maintenance of a pickleball court and stated their organization will be responsible for maintenance.

Sherri Hanson reviewed other locations the organization has looked at for pickleball in Vergas.

Albright reviewed discussion at the last planning commission meeting regarding pickleball: the moving of placement of the pickleball courts, questions raised about use of the court, the amount needing to be raised before project could proceed and holding an informational meeting.

Bruhn closed informational meeting at 6:25 pm.

CITY OF VERGAS
PUBLIC HEARING
VERGAS EVENTS CENTER & ZOOM
Tuesday, June 8, 2021

The City Council of Vergas met at 6:00 pm, on Tuesday, June 8, 2021, at the Vergas Event Center and on a Zoom hybrid meeting for a public hearing on commercial tax abatement with the following members present: Mayor Julie Bruhn, Council Members: Bruce Albright, Paul Pinke, Logan Dahlgren and Natalie Fischer. Absent: none. Also present: Clerk/Treasurer Julie Lammers, Utilities Superintendent Mike DuFrane, Steve Peloquin, Chuck Boehn, Vanessa Boehn, Sherri Hanson, Maria Sontag, Mike Summers, Jerry Johnson, Frank Vana, Tony Sailer, Engineer Scott Kolbinger, Rebecca Haase and Barbie Porter of the Frazee-Vergas Forum.

Bruhn opened public hearing regarding Tax abatement at 100 S Railway Avenue. The requests are to abate 100% of the increase to the City of Vergas portion of real estate taxes related to the commercial property located at 100 S Railway Avenue building improvements on the subject properties for a period of up to 5 years.

Lammers reviewed the procedure of commercial tax abatement. Albright reviewed the Economic Development Authority board's approval for the commercial tax abatement.

Mike Summers, applicant reviewed the construction proposed for 100 S Railway Avenue.

Bruhn closed the public hearing at 6:34 pm.

CITY OF VERGAS
COUNCIL MINUTES
VERGAS EVENTS CENTER & ZOOM
Tuesday, June 8, 2021

The City Council of Vergas met at 6:00 pm, on Tuesday, June 8, 2021, at the Vergas Event Center and on a Zoom hybrid meeting for a public hearing on commercial tax abatement with the following members present: Mayor Julie Bruhn, Council Members: Bruce Albright, Paul Pinke, Logan Dahlgren and Natalie Fischer. Absent: none. Also present: Clerk/Treasurer Julie Lammers, Utilities Superintendent Mike DuFrane, Steve Peloquin, Chuck Boehn, Vanessa Boehn, Sherri Hanson, Maria Sontag, Mike Summers, Jerry Johnson, Frank Vana, Tony Sailer, Engineer Scott Kolbinger, Rebecca Haase and Barbie Porter of the Frazee-Vergas Forum.

Mayor Julie Bruhn called the meeting to order.

No citizens' concerns were discussed.

Motion by Pinke, seconded by Fischer to accept agenda as presented. Motion passed unanimously.

Motion by Fischer, seconded by Dahlgren to approve the following consent agenda items with typos corrected without changing content:

- a. Council Minutes of the May 11, 2021
- b. Board of Review Minutes
- c. Bills paid between Council meetings and Council bills
- d. Liquor Store bills for May 2021
- e. Late water/sewer bills

Motion passed unanimously.

Bruhn reviewed personnel information regarding the COVID-19 Preparedness plan which has been updated to occur with current recommendations. Motion by Pinke, seconded by Fischer to approve the Covid-19 Preparedness Plan approved by City Council on June 25, 2020, and updated on June 8, 2021. Motion passed unanimously. Discussed the current Personnel Time Off (PTO) policy of employees not being able to carry over more than 200 hours. Lammers is unable to take time off currently with the responsibilities of both City and Liquor Store and has requested Council to approve allowing her to carry over time until July 31, 2021. Motion by Albright, seconded by Pinke to allow Lammers to go above 200 hours of PTO until July 31, 2021. Motion passed unanimously. Bruhn reviewed proposed pay structure based on a pay for performance instead of an automatic pay increase annually. Annually there would be a cost-of-living increase for employees and step increases every 3 years. Motion by Dahlgren, seconded by Pinke to accept the 2021 Step Structure. Motion passed unanimously. Bruhn reviewed the City Clerk-Treasurer job description which would be in place once a liquor store manager is hired. Motion by Fischer, seconded by Pinke to approve Clerk-Treasurer job description. Motion passed unanimously.

Albright reviewed EDA/HRA meeting held on June 2, 2021 (minutes available at the Vergas City Office). Motion by Albright, seconded by Pinke to approve the commercial tax abatement for a period up to 5 years or \$5,000 for 100 S Railway Avenue. Motion passed unanimously.

Lammers reviewed the Vergas Event Center meeting held on May 12, 2021 (minutes available at the Vergas City Office).

Sherri Hanson reviewed the Park Board meeting held on May 27, 2021 (minutes available at the Vergas City Office). Discussed purchasing buoys for the beach area as we have been contacted by the Otter Tail County Sheriff's department to get a beach permit. Before they will issue a permit for city beach the area needs to be outlined with buoys. Tony Sailer has been attended park board meetings and reviewed the ability for cities to have

a park dedication fee. Park board could build up a fund with fees to every new home built. These funds can only be used for new parks and will help when budget time rolls around. Hanson explained during Looney Days Park events they would be collecting donations for our parks. On July 10-11, 2021, Northern Lights Ski Team will be doing a free water-skiing event. Motion by Albright, seconded by Pinke to purchase 4 buoys for the beach area for \$1320.00. Motion passed unanimously. Motion by Albright, seconded by Pinke to spend \$2,250 from Newling Asphalt Service, LLC. for seal coating the trail. Motion passed unanimously. Hanson stated she has had a request for the City property on W Lake Street for a tractor pull. General support was given but Council would like to see a proposal before giving final approval. Discussed the need for a sign saying, "no lifeguard on duty". DuFrane stated there is a sign by the beach currently. Discussed the platform by the boardwalk. Quote received is for \$4,500.00 and Council has approved \$1,000.00. Owner of property has signed off on the platform designed by KLJ Engineering and has been approved the Ottertail County. Discussed the fact, current owner is using the trail for his side by side and 4-wheeler and there are no motorized vehicles allowed on the trail. Motion by Albright, seconded by Pinke to table the discussion for a month. Motion passed unanimously.

Albright reviewed Planning Commission meeting minutes of May 24, 2021 (minutes available at the Vergas City Office). Albright stated that currently the Planning Commission has 3 Council members. Motion by Albright, seconded by Pinke to accept resignation of Natalie Fischer and appoint Neil Wothe to the Vergas Planning Commission. Motion passed unanimously. Bruhn thanked Fischer for sitting on planning commission the past 7 years. Discussed variance hearing that will take place Wednesday, June 9, 2021. Motion by Dahlgren, seconded by Albright to revise the proposals involving permanent structure(s) and/or activity on city property to state 100% of funding must be in place before construction could begin. Motion passed unanimously. Pickleball courts were discussed. Summers questioned if both baseball fields are used and if City would consider a sports complex. Motion by Dahlgren, seconded by Albright to approve the pickleball proposal involving city involving permanent structure with the understanding if an alternative site can be located, we will at least look at alternative sites. Voting Yes: none. Voting No: Albright, Dahlgren, Fischer and Pinke. Motion failed. Motion by Albright, seconded by Fischer to approve pickleball court as defined in the proposal involving city involving permanent structure but prior to actual construction if council identifies and alternate property the courts can be moved to that location. Motion passed unanimously. Motion by Albright, seconded by Pinke to hire West Central Initiative for the City of Vergas Comprehensive Plan for \$7,200. Motion passed unanimously. Motion by Albright, seconded by Pinke to accept task order from KLJ Engineering for Townline Road for \$4,000.00. Motion passed unanimously. Kolbinger asked if the city is looking at the entire Townline Road or just portions of the road within the City Limits. Task order for East Lake Street was discussed to replat the property. Tabled the discussion regarding East Lake Street. Motion by Fischer, seconded by Pinke to appoint Bruce Albright as the City project representative. Motion passed unanimously.

Albright reviewed yard waste committee meeting minutes of May 26, 2021 (minutes available at the Vergas City Office). Vergas Hardware is no longer selling yard waste permits, they are being sold at the City Office and at the Vergas Liquor Store.

Mayor Bruhn update Council on information for the American Rescue Plan Act. Bruhn requested all committees review their budgets and be aware of the fiscal recovery. Motion by Albright, seconded by Pinke to approve resolution 2020-004 (A complete text of the resolution is part of permanent public record in the City Clerk's office) regarding the coronavirus local fiscal recovery fund established under the American Rescue Plan Act. Motion passed unanimously.

Motion by Pinke, seconded by Fischer to approve construction permit for 275 S Railway Ave for a chain link fence and 12x12 gazebo. Motion passed unanimously.

Motion by Albright, seconded by Pinke to approve construction permit for 230 East Frazee Ave for pickleball courts with the criteria discussed in the City Proposals. Motion passed unanimously.

City Attorney proposals were discussed. Motion by Albright, seconded by Fischer to approve the RFP for new

attorney proposal. Motion passed unanimously.

Utilities Superintendent Mike DuFrane provided the following:

1. Parks

A. Lawn Mower see attachment. DuFrane stated the bid for the lawn mower is apart of the State Bidding process. Motion by Pinke, seconded by Albright to purchase a 2013 John Deere Z930M lawn mower for \$5,728.96 plus a cushion seat. Motion passed unanimously.

B. Baseball fields water is shut off. 4 sprinkler heads are leaking. Parts are ordered.

2. Wastewater.

A. 1/3 of sewers main line was jetted last week.

B. Lift station and catch basin will be cleaned this or next week.

3. Water plant.

A. Dehumidifier is not working. In the process of fixing it. Zitzow Electric will be coming to look at the dehumidifier tomorrow.

DuFrane discussed computer and email issues. Albright questioned if his iPad worked, DuFrane stated he does not use iPad for email, he only uses it for zoom. Council discussed need for new computer. DuFrane has had issues with computer zapping its hard drive due to dust, dirt and office conditions. Albright stated we need an IT person to look at the computer. City of Vergas pays Arvig for IT support which DuFrane has used, and they are unable to repair the issue. KLJ was asked if they had an IT person who would investigate the issue. Kolbinger said he would check if KLJ IT department could look at the computer. DuFrane does not have Office 365 and DuFrane was asked to drop off computer at City Office for Office 365 to be place on computer.

Lammers reviewed Liquor Store activities.

The following City meetings were mentioned:

- a. MN Clerks & Finance Conference-June 15-18, 2021 (Lammers) St Cloud
- b. League of MN Cities Annual Conference June 22-25 (Fischer, Albright & Lammers) online
- c. Board of Review Training Opens July 1, 2021 (All Council Members)
- d. Household Hazardous Waste Mobile Collection July 8, 2021, 10 am -2 pm (Volunteers needed)
- e. MN Rural Water Conference – Aug.24-26, 2021 (DuFrane) St Cloud
- f. Clerks Advanced Academy-September 23-24, 2021 (Lammers)
- g. Municipal Beverage Association (MMBA), September 25-28, 2021 (Lammers) Arrowwood

The business for which the meeting was called having been completed, the meeting was adjourned at 9:10 p.m.

Clerk-Treasurer Julie Lammers, CMC

City Council
2021 July Council Meeting
Vergas Event Center and Zoom Id number 267-094-2170 (password 56587)
6:30 PM on Tuesday, July 13, 2021

6. Committee Reports

- a. Park Advisory Board
- b. Planning Commission
- c. Personnel
- d. Event Center Advisory Board

Files Attached

- 6.24.2021 Park Board Advisory Minutes_pdf.pdf
- 06-09-2021 Planning Commission Meeting minutes.pdf
- 06-28-2021 Planning Commission Meeting minutes.pdf
- 06-09-2021 Event Center Minutes.pdf
- Resolution making Townline Road a public roadway.pdf
- Park - Isaac Ratz Estimate.pdf
- COVID-19 Business Plan v.5 (002) updated.pdf

**6.24.2021 Minutes from Vergas Parks and Rec Advisory Board Meeting
3:30 p.m. Vergas Event Center and ZOOM**

1. Members Present: Carol Albright, Steph Hogan, Sherri Hanson, Mike DuFrane, Paul Pinke
Members Absent: Julie Lammers, Maggie Puetz
Others Present: Tony Sailer, Don Snyder

2. Additions/Corrections to Agenda: Add approval of 6.15.2021 Minutes

3. May Minutes and 6.15.2021 Minutes were approved with a motion by Hogan/Second by Hanson.

4. Budget:

Hanson opened the discussion calling for more staff to assist with the Long Lake Park. DuFrane noted Engebretsen works full time from May - August 23; otherwise he has only 32 hours weekly. In years past there was another full time worker and part time worker in addition to DuFrane. A problem for DuFrane is they have to focus on people's complaints instead of regular duties; like the picnic tables, tripping hazards on the Pier, whether or not the security cameras work, and the plugged water fountain. Hanson asked if we really need the water fountain. DuFrane will establish a regular schedule for a walk through inspection of the park as discussed with the Mayor.

The new lawn mower is out of order. Cost was \$5700 plus \$4400 for the old one. Butch Zitzow at RDO will be fixing it.

Parking Stops have been purchased and will be picked up in Menagha next week.

City Council wants budget requests by the end of July. DuFrane will present his requests at our July meeting. **Hanson directed DuFrane to email his list to Park Board members one week prior to the July meeting.** The Budget will be the primary focus of the July meeting.

5. COVID Funds Dream List: The City of Vergas will be receiving approximately \$36,000. The Parks Board should provide a Dream List for using some of those funds. The following items were suggested:

- a. Adult playground/exercise equipment for the Trail and/or Long Lake Park.
- b. Educational kiosks on the Trail about plants, trees, and fish located there. Snyder suggested we might get money from civil defense funds if we would include weather reports.
- c. Get water fountain in working order.
- d. Grills
- e. Garbage cans
- f. Doggie Dump Station for Tin Can Alley
- g. Landscape for Tin Can Alley planter
- h. Small boat for installation of buoys and weights

More ideas can be added to the list at the July meeting.

6. Swim Beach: Hanson recommended we complete the defined roped area this year with a line and floats to address safety issues and make the beach a permitted one, as was discussed at the Special Meeting on 6/15. There was some confusion about whether or not large buoys are also required with the rope/buoy system. DuFrane also reported Lammers was having difficulty finding who issues the permit for the beach. He then noted that the Mayor had already directed him to install the rope. Albright stated for the record her wish to have a more clear line of communication among the Council, employees, Mayor, and Parks Board.

7. Berm on the Beach: was discussed in #4 above, Budget.

8. Drain at the Beach: DuFrane reported there was miscommunication with Dewey's Septic System, so they jetted the culvert under the road instead of the drain. When Dewey's comes back to clean the lift station they will clean the drain.

9. "Get on the Water" Event: the Council approved North Stars Waterski Show Team to conduct free waterski lessons at the beach; July 9, 10-6 and July 10, 9-1. They have provided their certificate of insurance to the City.

10. Looney Days Fundraiser: The Community Club is okay with the Parks Board "passing the hat" at park events: Waterski Shows (August 13 and 14 at 4:30) and Beatles Tribute Band (August 13, 6:30 to 9:00). We need people to help pass the hat. It will be noted on the posters that funds collected will be used for Long Lake Beach Projects.

DuFrane suggested selling "raffle" tickets at various events, then sharing the proceeds with one lucky winner. **Hanson will find out if that kind of raffle is legal.**

11. Tin Can Alley Landscaping Bids: Albright contacted two individuals about the project. Isaac Ratz was the lone respondent. His idea is to remove the large rocks, slope the hill and plant grass to make maintenance easier. Since no one else responded to the request for a bit, there was consensus to accept the Ratz bid of \$1800 but to get a more detailed breakdown of the costs to present to the Council. **Albright will get the detailed estimate and email it to Hanson.**

Hanson reported the engravers will be completing the 14 remaining bricks in the very near future. She will get a date from them.

12. Cheryl's Garden: The Mayor asked Albright to bring this item to the Parks Board: to relocate the three flag poles at the garden because the flags get shredded by the tree branches, which have been trimmed many times. DuFrane is concerned the poles will be damaged when moved and finding time to do it. **Hanson will check with AmVets to find out if they could provide new poles at no charge. DuFrane will check out what it would take to move the poles.** Sailer asked if the trees might be cut down instead of moving the poles. Albright thought that might be more controversial with the community.

13. Other: Sailer asked if there has been any feedback from the Park Dedication Fund proposal. None has been reported at this time.

Next meeting will be Thursday, July 22, 2021 at 3:30 p.m. in the Event Center and via ZOOM.

CITY OF VERGAS PLANNING COMMISSION PUBLIC HEARING MINUTES

Wednesday, June 9, 2021

6:00 pm

Event Center & Zoom Meeting

The City of Vergas Planning Commission held a public hearing on Wednesday, June 9, 2021, at 6:00 pm at the Vergas Event Center and on Zoom with the following members present Bruce Albright, Van Bruhn, Robert Jacoby, Neil Wothe and Paul Pinke. Absent: None. Also, present: Clerk- Treasurer Julie Lammers, Utilities Superintendent Mike DuFrane, Julie Bruhn, Tyler Schmid, Jeff Zitzow, Tara Dressen, Dan Bonham and Engineer Scott Kolbinger.

Bruce Albright opened the public hearing at 6:00 pm.

Discussed variance application from 806 Scharf Ave E. City Ordinance 151.21 e3b regarding 10-foot setback on side yard, property owner requesting a 9-foot setback on the side yard.

James Bonham discussed project. They would like to remodel the cabin and extend it out, the lot lines were not established in the 70's. The house would have a one-foot overhang causes the house to be 8 foot 10 inches from lot line and by Scharf Avenue it would be 7.5 inches from the lot line.

Neighbors have not expressed any concerns regarding the project.

The cabin is currently 24 feet wide and 18 feet deep. They are looking at adding 24 feet towards Scharf Avenue. The addition would be 22 feet closer to the road.

Commissioners requested Bonham talk with neighbor regarding their opinion of addition and to stake property lines. Commissioners requested Lammers contact Otter Tail County regarding the ability to add on to a building near a lake.

Albright stated we have 60 days to respond to this variance request.

Albright closed public hearing.

CITY OF VERGAS PLANNING COMMISSION MINUTES

Wednesday, June 9, 2021

6:00 pm

Event Center & Zoom Meeting

The City of Vergas Planning Commission was held on Wednesday, June 9, 2021, at 6:20 pm at the Vergas Event Center and on Zoom with the following members present Bruce Albright, Van Bruhn, Robert Jacoby, Neil Wothe and Paul Pinke. Absent: None. Also, present: Clerk- Treasurer Julie Lammers, Utilities Superintendent Mike DuFrane, Julie Bruhn, Tyler Schmid, Jeff Zitzow, Tara Dressen, Dan Bonham and Engineer Scott Kolbinger.

Bruce Albright opened the meeting at 6:20 pm.

Addition of Veterans Memorial was added to agenda.

Motion by Bruhn, seconded by Pinke to approve the minutes of the April 26, 2021, meeting. Motion passed unanimously.

Status of Recommendation to City Council

Council approved amending the City of Vergas proposals involving permanent structure(s) and/or activity on city property to require 100% funding in place.

Council approved pickle ball courts, but prior to them starting construction, if there is a site the council feels is suitable, Council can request they move the courts.

Council hired West Central Initiative to write comprehensive plan.

Council accepted Natalie Fisher's resignation and appointed Neil Wothe.

Variance

Variance was discussed regarding a second variance for 75-foot front yard setback, neighbors being okay with addition, and having property staked. This item was tabled to next month's meeting.

Construction Permits

Motion by Pinke, seconded by Jacoby to approve construction permit for 301 Altona Avenue for a storage shed to be located on tar. Motion passed unanimously.

Motion by Pinke, seconded by Wothe to approve construction permit for 250 1st Ave N (Vergas Auto) for awning and 6x16 seating area. Motion passed unanimously.

Old Business:

Nuisance properties were discussed regarding these properties: located at parcel 82000500034000 on old trailer house and bulldozer; 401 S Pelican Ave has been cleaned up since receiving the complaint. Motion by Wothe, seconded by Pinke to send Keith Kuehne, property owner of 82000500034000 to remove nuisance of an old trailer house. Motion passed unanimously.

Tara Dressen stated she has been sent a list of issues regarding violations with landscaping and they have been taken care of. Right of way has been staked and one rock formation is located on their property by a couple of feet. Rock structures are for water formation. The berm that had been requested prior to this meeting has been completed. Dressen requested the removal of the two rock formations outside of the culvert area and a swale be installed. Engineer Scott Kolbinger stated there is a need for rock formations and they may want to look at building up their driveway. Dressen stated they would not want to build up the driveway. Albright questioned DuFrane regarding stormwater permit and plans from Ultieg Engineering. Tabled the discussion until the June 28th meeting.

New Business

Jeff Zitzow, co-owner of 105 Main Street provided information regarding their plans of removal and construction of a new building. There is an issue regarding the parking lot and alley. Tyler Schmidt, co-owner of 105 Main Street discussed the alley between liquor store and 105 Main Street. They are planning on 6 apartments and parking will be a concern. There will be parking spaces behind the building.

Grass Ordinance was provided to commissioners. Weed Inspector Julie Bruhn asked for guidance of ordinance, Does the ordinance include fences, poles and property along the railroad? Albright read the ordinance 92.38. Commissioners stated they will rewrite ordinance and asked Lammers to get ordinances from other communities.

Veteran Memorial Park committee reviewed the plans for the Veterans' Park proposed on city property. located at 230 E Frazee Avenue. Albright stated the proposal needs to be approved by the city before commissioners can approve a construction permit. Albright informed Veterans' Memorial Park committee they would need 100% of funding before they would be able to start project, but they could have project approved in stages.

Meeting adjourned at 8:30 pm.

Secretary,

Julie Lammers, CMC Clerk-Treasurer
City of Vergas

Follow Up Actions:

Attorneys prepare a resolution to allow type two 4-wheelers to be allowed on County Roads (the city truck routes).

Lammers contacts the county regarding building by the lake.

Lammers provides other city weed grass (weed) ordinances.

Actions Completed and Removed from Follow up:

Ness Backhoe to build berm at 88 Park View Drive.

Lammers contact County regarding cement slab along trail.

Public Informational meeting June 8 at 6 pm for pickleball court.

Public Hearing June 9 at 6pm for variance with meeting to follow.

Lammers to provide interest amounts to Jaron Lammle.

Council recommendations:

None.

CITY OF VERGAS PLANNING COMMISSION MINUTES

Monday, June 28, 2021

6:00 pm

Event Center & Zoom Meeting

The City of Vergas Planning Commission was held on Monday, June 28, 2021, at 6:00 pm at the Vergas Event Center and on Zoom with the following members present Bruce Albright, Van Bruhn, Robert Jacoby, Neil Wothe and Paul Pinke. Absent: None. Also, present: Clerk- Treasurer Julie Lammers, Utilities Superintendent Mike DuFrane, Tara Dressen, Dan Bonham, Steve Peloquin, Lyle Krieg, Jon Lotzer, Dennis Breitzman, Jaron Lammle and Barry Strelow.

Bruce Albright opened the meeting at 6:00 pm.

Agenda changes consisted of the addition of Veterans Memorial, Sunny Oaks Development and the removal of 88 Park View Drive.

Motion by Pinke, seconded by Jacoby to approve the minutes of the June 9, 2021, meeting. Motion passed unanimously.

Variance

Commissioners reviewed the variance for 806 Scharf Ave E, this building is located on a non-conforming lot with a cabin within the shore impact zone. Lammers provided the following information: The current cabin is 20 feet from the shoreline. Addition would be 48 feet from the shoreline. Otter Tail County stated they would not allow the addition because current cabin is within the Shore Impact Zone (land located between the ordinary high-water level of a public water and a line parallel to it at a setback of 50% of the structure setback), but they do not have jurisdiction in the city limits. County stated 37.5 feet from ordinary high-water level in the shore impact zone or bluff impact zone.

Peloquin read both the city ordinance and the Mn Statute MS 462.357.

SECTION 6.0 NONCONFORMITIES All legally established nonconformities as of the date of this ordinance may continue, but they will be managed according to applicable state statutes and other regulations of this community for the subjects of alterations and additions, repair after damage, discontinuance of use, and intensification of use; except that the following standards will also apply in shoreland areas:

Minnesota Statute ([MS 462.357, Subd. 1e](#) (link is external)) states that existing nonconforming structures may be continued, including through repair, replacement, restoration, maintenance, or improvement. Generally, under state law, any alteration or addition to a nonconforming structure is allowed only where the construction will not increase the nonconformity. An expansion is not allowed within the shore impact zone or bluff impact zone - which is half of the distance of the structure setback. Legal nonconformities in floodplain areas have more limitations because federal rules are more stringent than state law. Most notably, improvements to nonconformities in floodplain areas are limited to 50 percent of their current market value.

Peloquin's recommendation is to not allow variance because it is an enlargement of the footprint of a non-conforming lot. The statutes are to eliminate non-conforming lots.

Motion by Jacoby, seconded by Pinke to deny the variance for 806 Scharf Ave E due to the building being in the shoreline impact zone and the lot being nonconforming. Motion passed unanimously. Peloquin stated he would revisit this if he was provided information he may be missing, but he is confident he is correct. The cabin needs to keep its original footprint or be demolished and rebuilt to current regulations on the lot.

Commissioners discussed lots in the area that are non-conforming. The City of Vergas does not have fulltime staff to review these type projects so the planning commission will need to take time to review these types of permits. We may want to inquire information from the County regarding hiring one of their employees to review permits within the City of Vergas.

Construction Permits

Motion by Jacoby, seconded by Pinke to deny construction permit for 806 E Scharf Avenue for an addition of existing

cabin. Motion passed unanimously.

Motion by Pinke, seconded by Bruhn to approve construction permit for 380 S Pelican Ave to remove pea gravel and install pavers in front yard. Motion passed unanimously.

Old Business:

Townline Road survey is completed by KLJ Engineering. Peloquin stated the dedication needs to put in with road top as is or a description from KLJ Engineering. It is up to the commissioners to decide about the right of way easements by either voluntary deed or condemnation. Peloquin recommended doing the dedication of the roadway and then later get the easements as they may take some time. Kolbinger will need to provide description and Council will need to hold a public hearing.

Nuisance properties located at parcel 82000500034000 of an old trailer house was discussed and letter has been sent and we have not received any response. The 10 days given to property owner has not been fulfilled. Lammers will update planning commissioners regarding property at the August meeting.

Grass Ordinances from other communities were provided to commissioners. Commissioners stated would like the ordinance rewritten for the City of Vergas. Albright stated he would review the ordinance from Vergas and other communities and bring a recommendation to the August meeting.

New Business

Veteran Memorial Park committee reviewed the plans for the Veterans' Park proposed on city property located at 230 E Frazee Avenue. Veteran's Memorial Committee provided a petition with 316 signatures in favor of the project with 14 of those signatures Vergas residents. Motion by Jacoby, seconded by Pinke to have Council approve the construction permit if the proposal of projects on City property is approved. Motion passed unanimously.

Sunny Oaks Development was discussed as the property owners would like information regarding the project. They were asked to provide a data practices form and payment for Lammers to provide information. The project was apart of the 2019 Street Project.

Meeting adjourned at 7:15 pm.

Secretary,

Julie Lammers, CMC Clerk-Treasurer
City of Vergas

Follow Up Actions:

Albright to prepare Grass Ordinance.

Engineer Kolbinger provide description of Townline Road and Council will need to hold a public hearing.

Actions Completed and Removed from Follow up:

Attorneys prepare a resolution to allow type two 4-wheelers to be allowed on County Roads (the city truck routes).

Lammers contacts the county regarding building by the lake.

Lammers provides other city weed grass (weed) ordinances.

Council recommendations:

Proceed with Townline Road dedication and leave easements to a later date.

Schedule a public hearing regarding dedication of Townline Road.

Council approves the construction permit for Veteran's Memorial if the proposal of projects on City property is approved.

CITY OF VERGAS
Event Center Advisory Minutes
Vergas Event Center
6:30 P.M. on Wednesday, June 9, 2021

The City of Vergas Event Center Advisory Committee was called to order by Chairperson Logan Dahlgren on Wednesday, June 9, 2021 at 6:31 pm with the following members present: Logan Dahlgren, Paul Haarstick, and Vanessa Perry. Absent: Paul Pinke, Julie Lammers, Jay Norby, and Mary Ditterich. Guests included: None.

Approval of the Agenda

Motion by Haarstick, seconded by Perry to approve the meeting agenda. Motion carried unanimously.

Approval of Minutes from May 12, 2021

Motion by Perry, seconded by Haarstick to approve the minutes from May 12, 2021. Motion carried unanimously.

Kitchen Project Update

Members reviewed the installed doors in the kitchen and reached consensus that their condition was satisfactory for the time being. Members agreed that an updated estimate would be necessary. Estimate should be clarified to be for one or two doors, is the installer local, and the current price.

Remodeling Project Update

No updates were provided to the committee. Members reviewed the work progress. Members questioned if the exterior wood should be stained.

Smart Room

The smart room works well and is being used by City staff frequently. Security cameras will be installed soon.

Art Camp

Organizers of the Art Camp requested use of the Event Center and bathrooms if there is inclement weather during their event. Members agreed that there should be no issue as long as there is no conflict with existing reservations.

Council Recommendations

- None

Follow up Actions

- None

The business for which the meeting was called having been completed, the meeting was adjourned at 6:50 p.m.

Respectfully submitted,

Paul Haarstick, Secretary

CITY OF VERGAS
COUNTY OF OTTER TAIL
STATE OF MINNESOTA
RESOLUTION NO. _____

The City Council of the City of Vergas, Minnesota does hereby resolve as follows:

WHEREAS, that part of the public roadway known as Townline Road lying within the City limits of Vergas, Minnesota have been used and kept in repair and worked continuously for at least six years as a public highway pursuant to Minn. Statute Section 160.05; and

WHEREAS, it is in the best interest of the City, its residents and members of the general public to have dedicated to the public that part of the traveled portion of Townline Road lying within the city limits of the city of Vergas to the width of its actual use and be and remain, until lawfully vacated, a public street; and

WHEREAS, the traveled portion of Townline Road lying within the limits of the City of Vergas is described as []; Scott?

NOW THEREFORE, a public hearing shall be held on _____, 2021 at 6 p.m. for the purpose of hearing all those affected by the proposed dedication of the property which comprises the traveled portion of the Townline Road, after the City Clerk gives 2 weeks published and posted notice as well as mailed written notice to all affected property owners of the proposed action.

Adopted by the Council this _____ day of _____ 2021

Julie Bruhn, Mayor

ATTEST:

Julie Lammers, City Clerk

12:37

LTE

Done

Photo



Isaac Ratz
34115 County Highway 4
Frazee, MN 56544

ESTIMATE

30 yards Import Fill \$600
15 yards Topsoil Fill \$450
Landscaping/Grading-Skid Steer 5 hours x \$125/hour: \$625
Erosion Control/Blankets/Seed: \$200
Miscellaneous (Rock Removal/Manual Labor/Insurance): \$600

Grand Total: \$2,475.00

City of Vergas

COVID-19 Preparedness Plan

The City of Vergas is committed to providing a safe and healthy workplace for our staff and employees. To ensure that, we have developed the following COVID-19 Preparedness Plan in response to the COVID-19 pandemic. Managers and staff are all responsible for implementing this plan. Our goal is to mitigate the potential for transmission of COVID-19 in our workplaces and communities, which requires full cooperation among our workers, management, and membership. Only through this cooperative effort can we establish and maintain the safety and health of our workplaces.

Management and staff are responsible for implementing and complying with all aspects of this COVID-19 Preparedness Plan. City of Vergas managers and supervisors are empowered to enforce the provisions of this policy.

Our employees are our most important assets. We are serious about safety, health and keeping our staff working at the City of Vergas. Employee involvement is essential in developing and implementing a successful COVID-19 Preparedness Plan. Our COVID-19 Preparedness Plan follows Centers for Disease Control and Prevention (CDC) and Minnesota Department of Health (MDH) guidelines, Federal OSHA standards related to COVID-19 and Executive Order 20-48, and addresses:

- hygiene and respiratory etiquette;
- engineering and administrative controls for social distancing;
- customer controls and protections for drop-off, pick-up and delivery;
- housekeeping, including cleaning, disinfecting and decontamination;
- prompt identification and isolation of sick persons;
- special considerations for off-site personnel;
- communications and training that will be provided to managers and workers; and
- management and supervision necessary to ensure effective implementation of the plan.

Screening and policies for employees exhibiting signs and symptoms of COVID-19

All employees will be informed of common signs and symptoms of COVID-19 and are encouraged to self-monitor for those symptoms. The following policies and procedures are established to assess employee's health status prior to entering the workplace, and to establish a reporting protocol for when they are sick or experiencing symptoms.

Communicating the Need to Stay Home. If employees have a temperature of 100.4 or higher or experiencing symptoms while they are at home, they should call, email, or text the Clerk-Treasurer. Employees should not come to work if they or a family member is feeling sick or if they have been exposed to COVID-19. If employees are sick or experiencing symptoms while at work, they should inform the Clerk-Treasurer and leave for home as soon as possible.

Leave Policy. City of Vergas has implemented leave policies that promote workers staying at home when they are sick, when household members are sick, or when required by a health care provider to isolate or quarantine themselves or a member of their household. Accommodations for workers with underlying medical conditions or who have household members with underlying health conditions will be implemented. Individuals with underlying health conditions will be permitted to telework or maintain strict isolation within the office to the extent possible.

In addition, a policy has been implemented to protect the privacy of workers' health status and health information. City of Vergas personnel records are maintained and stored in a secure area that is accessible only through a lock when it is unoccupied. .

Handwashing

Basic infection prevention measures have been implemented in our workplaces and shall be utilized at all times. Employees shall be instructed to wash their hands for at least 20 seconds with soap and water frequently throughout the day, but especially at the beginning and end of their shift, prior to any mealtimes and after using the restroom. All visitors to the facility will be required to wash their hands or use hand sanitizer of greater than 60% alcohol prior to or immediately upon entering the city-owned facility. City of Vergas will have both hand soap and hand sanitizer available.

Employees will be asked to wash their hands at the sink or use sanitizer when they enter the office and after handling packages or materials brought in from outside the office.

Respiratory etiquette: Cover your cough or sneeze.

Employees and visitors are being instructed to cover their mouth and nose with their sleeve or a tissue when coughing or sneezing and to avoid touching their face, in particular their mouth, nose and eyes, with their hands. They should dispose of tissues in the trash and wash or sanitize their hands immediately afterward. Respiratory etiquette will be demonstrated on posters and supported by making tissues and trash receptacles available to all workers and visitors.

Employees will be reminded of the need to practice respiratory etiquette during all employee meetings.

Unvaccinated employees will be required to wear a mask when within 6 feet of with others. All employees are required to wear protective gear until proof of vaccination is provided to the Clerk-Treasurer.

Social distancing and Personal Protection

Social distancing and personal protection have been implemented in the workplace through the following engineering and administrative controls:

Work from Home. Workers will have the opportunity to work from home after covid-19 exposure or covid-19 illness., as able or as type work allows.

Social Distancing. Workers will be instructed to maintain six feet of distance between them and other persons at all times.

Vehicles. Employees will not be allowed to carpool or ride together in vehicles, unless both vaccinated.

Residential Property. Non-vaccinated employees entering residential property must wear mask when interacting with residents.

Protective Supplies. Masks are to be worn anytime a non-vaccinated employee is within 6 feet of other individuals without a barrier between them. Disposable latex-free gloves will be available for handling packages and other similar tasks. Gloves should be disposed of properly after use and hands washed after removing gloves.

Deliveries. Delivery workers will be instructed to leave mail and packages at the reception desk or they can be delivered to the back door of the liquor store and doorbell used to inform clerk of delivery. Materials received will be distributed by employees from there.

Gathering. Employees, visitors, and customers are prohibited from gathering in groups without maintaining social distancing. Employees and visitors shall maintain six feet of distance between each other while conducting business.

Housekeeping

Regular housekeeping practices have been implemented, including routine cleaning and disinfecting of work surfaces, equipment, tools and machinery, and areas in the work environment, including restrooms, break rooms, meeting rooms, and drop-off and pick-up locations. Frequent cleaning and disinfecting will be conducted in high-touch areas, such as phones, keyboards, touch screens, controls, door handles, copy machines, tills, delivery equipment, etc. The Event Center's cleaning service will provide limited cleaning and disinfecting of tables, countertops and other surfaces after hours, but it will be virtually impossible to know whether a surface is virus-free prior to using it. Employees should clean a work area in the common areas of the Event Center prior to using it and when they are done using it. Overall cleaning at a minimum should be done prior to start of work and at the end of each day.

Preparedness Plan communication and training

This Preparedness Plan will be provided electronically or in paper form to all employees on June 25, 2020, and necessary training will be provided. Additional communication and training will be ongoing as conditions change and provided to all employees who did not receive the initial training. Instructions will be communicated to delivery personnel about how drop-off, pick-up and delivery services will be conducted to ensure social distancing practices are followed and about the recommendation that delivery workers use face masks when dropping off, picking up or accepting delivery. Managers and supervisors are to monitor how effective the program has been implemented by sharing their observations and discussing potential modifications during weekly staff meetings. Management and workers are to work through this new program together and update the employee training as necessary. This COVID-19 Preparedness Plan has been certified by the City of Vergas Safety Committee and approved by the City of Vergas City Council and will be posted throughout the workplace on June 25, 2020. The COVID-19 Preparedness Plan was updated on June 8, 2021 and July 13, 2021 and will continue to be updated as necessary.

Certified by: _____ {print Name}

_____ {Signature}

Immunization are readily available for COVID-19, it is recommended all employees be immunized utilizing funds available through their personal insurance carrier.

Approved by City Council on June 25, 2020. Updated June 8, 2021; July 13, 2021,

City Council
2021 July Council Meeting
Vergas Event Center and Zoom Id number 267-094-2170 (password 56587)
6:30 PM on Tuesday, July 13, 2021

7. Looney Daze Permits

Files Attached

- Temporary 1-4 Day On-Sale Liquor License.pdf
- VCC Beer Garden.pdf



**Minnesota Department of Public Safety
Alcohol and Gambling Enforcement Division
445 Minnesota Street, Suite 1600, St. Paul, MN 55101
651-201-7507 Fax 651-297-5259 TTY 651-282-6555
APPLICATION AND PERMIT FOR A 1 DAY
TO 4 DAY TEMPORARY ON-SALE LIQUOR LICENSE**

Name of organization		Date organized	Tax exempt number
Outstate Brewing Company		04/24/2018	5577923
Address	City	State	Zip Code
309 S Vine Street	Fergus Falls	Minnesota	56537
Name of person making application		Business phone	Home phone
Stephani Carter, Community Outreach Coordinator		2185311124	
Date(s) of event	Type of organization <input type="checkbox"/> Microdistillery <input checked="" type="checkbox"/> Small Brewer		
August 13-14, 2021 (Vergas Looney Days)	<input type="checkbox"/> Club <input type="checkbox"/> Charitable <input type="checkbox"/> Religious <input type="checkbox"/> Other non-profit		
Organization officer's name	City	State	Zip Code
Dan Mohagen, President	Fergus Falls	Minnesota	56537
Organization officer's name	City	State	Zip Code
Pat Lundberg, Vice President	Fergus Falls	Minnesota	56537
Organization officer's name	City	State	Zip Code
		Minnesota	

Location where permit will be used. If an outdoor area, describe.

Downtown Vergas, MN - *Main Street for Aug 14*
906 E. Frazier Ave, Vergas, MN for Aug. 13

If the applicant will contract for intoxicating liquor service give the name and address of the liquor license providing the service.
 Same as above

If the applicant will carry liquor liability insurance please provide the carrier's name and amount of coverage.
 Security State Insurance / \$1 Million

APPROVAL

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

<p><i>Vergas</i> City or County approving the license</p> <p><i>\$125.00</i> Fee Amount</p> <p>_____ Date Fee Paid</p>	<p>_____ Date Approved</p> <p>_____ Permit Date</p> <p>_____ City or County E-mail Address</p> <p>_____ City or County Phone Number</p>
---	---

Signature City Clerk or County Official

Please Print Name of City Clerk or County Official

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

ONE SUBMISSION PER EMAIL, APPLICATION ONLY.

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



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
07/07/2021

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	Security Insurance & Investments 225 W. Cavour Ave. Suite E Fergus Falls, MN 56537	CONTACT NAME: Kathryn Vukonich	
		PHONE (A/C No. Ext): 218-736-2222	FAX (A/C No.): 218-736-4586
		E-MAIL ADDRESS:	
		INSURER(S) AFFORDING COVERAGE	
		INSURER A: Auto-Owners Insurance	
		INSURER B: Risk Placement Svs Inc	
		INSURER C:	
		INSURER D:	
		INSURER E:	
		INSURER F:	

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:	X		08146581	01/25/2021	01/25/2022	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 300,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 1,000,000 PRODUCTS - COMP/OP AGG \$ 1,000,000
A	AUTOMOBILE LIABILITY ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input checked="" type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY			5214658100	04/19/2021	04/19/2022	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	UMBRELLA LIAB EXCESS LIAB DED RETENTIONS						EACH OCCURRENCE \$ AGGREGATE \$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in MN) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	MWC1033312	06/15/2021	06/15/2022	PER STATUTE OTH-ER E.L. EACH ACCIDENT \$ 500,000 E.L. DISEASE - EA EMPLOYEE \$ 500,000 E.L. DISEASE - POLICY LIMIT \$ 500,000
A	LIQUOR LIABILITY			08146581	01/25/2021	01/25/2022	\$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

This policy has blanket additional insured coverage which will include the Vergas Area Community Club.

CERTIFICATE HOLDER	CANCELLATION
Vergas Looney Days Vergas Street Fair PO Box 264 Vergas, MN 56587	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE <i>Kathryn A. Vukonich</i>

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Minnesota Department of Public Safety
Alcohol and Gambling Enforcement Division
445 Minnesota Street, Suite 1600, St. Paul, MN 55101
651-201-7507 Fax 651-297-5259 TTY 651-282-6555
**APPLICATION AND PERMIT FOR A 1 DAY
TO 4 DAY TEMPORARY ON-SALE LIQUOR LICENSE**

Name of organization Vergas Community Club		Date organized Jan 1, 1960	Tax exempt number
Address PO Box 264		City Vergas	State Minnesota
		Zip Code 56587	
Name of person making application Cheryl Hanson		Business phone 218-342-2481	Home phone
Date(s) of event August 14, 2021	Type of organization <input type="checkbox"/> Microdistillery <input type="checkbox"/> Small Brewer <input checked="" type="checkbox"/> Club <input type="checkbox"/> Charitable <input type="checkbox"/> Religious <input type="checkbox"/> Other non-profit		
Organization officer's name Cheryl Hanson	City Vergas	State Minnesota	Zip Code 56587
Organization officer's name Renee Sonnenberg	City Vergas	State Minnesota	Zip Code 56587
Organization officer's name Sydney Dahlgren	City Vergas	State Minnesota	Zip Code 56587
Location where permit will be used. If an outdoor area, describe. Railway Avenue			

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

If the applicant will carry liquor liability insurance please provide the carrier's name and amount of coverage.
League of Minnesota Cities

APPROVAL

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

<u>Vergas City</u> City or County approving the license	Date Approved
<u>0</u> Fee Amount	Permit Date
Date Fee Paid	City or County E-mail Address
	City or County Phone Number

Signature City Clerk or County Official

Please Print Name of City Clerk or County Official

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

ONE SUBMISSION PER EMAIL, APPLICATION ONLY.

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

**City Council
2021 July Council Meeting
Vergas Event Center and Zoom Id number 267-094-2170 (password 56587)
6:30 PM on Tuesday, July 13, 2021**

10. Small Cities Development Program

Files Attached

- Small Cities Dev..pdf



Fergus Falls/Otter Tail County HRA
Housing & Redevelopment Authority

HRA Office
1151 Friberg Ave
Fergus Falls MN 56537
218-739-3249
Fax 218-736-4706
ffhra@fergusfallshra.com
www.fergusfallshra.com

Riverview Heights Highrise
205 North Sheridan Ave
Fergus Falls MN 56537
218-739-9498

June 14, 2021

City of Vergas
PO Box 32
111 Main St.
Vergas, MN 56587-0032
Attn: Julie Lanners

Julie,

The Fergus Falls HRA has received payments from the sale of two properties for rehabilitation loans from the Vergas/Dent Small Cities Development Program Grant.

Goodmans	\$4,356.02
Schultz	\$8,000.00

Enclosed please find check #46102 in the amount of \$12,356.02.

Sincerely,

Mikel B. Olson

City of Vergas
JUN 16 2021
Received

**City Council
2021 July Council Meeting
Vergas Event Center and Zoom Id number 267-094-2170 (password 56587)
6:30 PM on Tuesday, July 13, 2021**

11. 2020 Audit

Files Attached

- Audit Report-Vergas-12.31.20.pdf

**CITY OF VERGAS
VERGAS, MINNESOTA**

YEAR ENDED DECEMBER 31, 2020



Hoffman, Philipp, & Martell, PLLC

**CITY OF VERGAS
VERGAS, MINNESOTA**

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**CITY OF VERGAS
VERGAS, MINNESOTA**

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INTRODUCTORY SECTION

**CITY OF VERGAS
VERGAS, MINNESOTA**

**ORGANIZATION SCHEDULE
DECEMBER 31, 2020**

<u>City Council</u>	<u>Position</u>	<u>Term Expires</u>
Elected		
Dean Haarstick ¹	Mayor	December 31, 2020
Julie Bruhn ²	Councilmember	December 31, 2022
Logan Dahlgren	Councilmember	December 31, 2022
Natalie Fischer	Councilmember	December 31, 2024
Paul Pinke	Councilmember	December 31, 2022
Appointed		
Julie Lammers	Clerk-Treasurer	Indefinite

¹ Replaced by newly elected Mayor Julie Bruhn effective January 1, 2021. Term expires December 31, 2022.

² Replaced by newly elected Bruce Albright effective January 1, 2021. Term expires December 31, 2024.

FINANCIAL SECTION

Colleen Hoffman, Director
Crystelle Philipp, CPA
Marit Martell, CPA



Hoffman, Philipp, & Martell, PLLC

1541 Highway 59 South | Thief River Falls, MN 56701 | Phone: 218-681-4078 | choffman@hpmaudit.com

INDEPENDENT AUDITOR'S REPORT

City Council
City of Vergas

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Vergas, Minnesota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City'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 over financial reporting 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to the City'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 City's internal control over financial reporting. 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 on Governmental Activities

Management has not adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* for the Fire Relief Association. Accounting principles generally accepted in the United States of America require that GASB Statement No. 68 be adopted for governmental activities, including Fire Relief Associations. The amount by which this departure would affect the assets, net position, and revenues of the governmental activities have not been determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Governmental Activities Fund” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Vergas, Minnesota, as of December 31, 2020, and the changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the City of Vergas, Minnesota, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis and the 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 City of Vergas’s basic financial statements. The introductory section and the other schedules section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

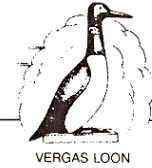
The introductory and other schedules sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2021, on our consideration of the City of Vergas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Hoffman, Philipp, & Martell". The signature is written in a cursive, flowing style.

Hoffman, Philipp, & Martell, PLLC
June 29, 2021



MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

The management of the City of Vergas offers readers of the City's Financial Statements this narrative overview and analysis of the financial activities of the City of Vergas for the fiscal year ended December 31, 2020. The Management's Discussion and Analysis provides comparisons with the previous year and is designed to focus on the current year's activities, resulting changes, and currently known facts, and should be read in conjunction with the City's basic financial statements that follow this section.

FINANCIAL HIGHLIGHTS

The total net position of governmental activities is \$1,937,739, of which \$872,732 is the net investment in capital assets, \$156,328 is restricted for debt service, and \$908,769 is unrestricted. The total net position of governmental activities increased by \$454,715 for the year ended December 31, 2020. This is attributed primarily to State grants received for the Long Lake Trail Project.

The total net position of business-type activities is \$1,510,545, of which \$1,205,508 is the net investment in capital assets, and \$305,037 is unrestricted. The total net position of business-type activities increased by \$45,600 in 2020, primarily as a result of positive operating income in the Liquor Enterprise Fund.

At the close of 2020, the City's governmental funds reported combined ending fund balances of \$444,479, a decrease of \$39,406 over the prior year. Of the total fund balance amount, \$263,192 is legally or contractually restricted, \$104,858 is formally committed for specific purposes, and \$76,429 is noted as the unassigned fund balance in the General Fund. Maintaining an adequate fund balance is necessary to provide City services throughout the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The *Statement of Net Position* presents information on all of the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

In the *Statement of Net Position* and the *Statement of Activities*, we divide the City into two kinds of activities:

- **Governmental activities**—Most of the City's basic services are reported here, including general government, public safety, highways and streets, sanitation, culture and recreation, and economic development. Property taxes and intergovernmental revenues finance most of these activities.
- **Business-type activities**—The City charges fees to cover the costs of certain services it provides. Included here are the operations of the liquor store and the utilities – sewer and water.

The government-wide financial statements can be found as Exhibits 1 and 2 of this report.

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 City of Vergas, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, fund-level 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 a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the Balance Sheet – Governmental Funds and the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City reports three governmental fund types: General, Special Revenue, and Debt Service. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the 2006 Street Project Debt Service Fund, and the 2019 Street Project Debt Service Fund, all of which are considered to be major funds. Data for the Nonmajor Vergas EDA Special Revenue Fund is also presented with the major funds.

The City of Vergas adopts an annual budget for its General Fund. A budgetary comparison schedule has been provided for this fund to demonstrate compliance with its budget.

Proprietary Funds The City of Vergas maintains three proprietary funds. 1) The Liquor Enterprise Fund is used to account for the City's liquor store. Financing is provided through the liquor store's sale of off-sale liquor. 2) The Sewer Enterprise Fund is used to account for the operations of the City's sewer system. Financing is provided by charges to residents for services. 3) The Water Enterprise Fund is used to account for the operations of the City's water system. Financing is provided by charges to residents for services. Proprietary funds provide the same type of information as the government-wide financial statements, and are included in the Statement of Net Position and the Statement of Activities as business-type activities. All of the enterprise funds are considered to be major funds.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 25 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. The City also provides other information including a schedule of intergovernmental revenue.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, net position serves as a useful indicator of the City's financial position. The City's assets exceeded liabilities by \$3,448,284 at the close of 2020. The largest portion of the City's net position (approximately 60 percent) reflects its net investment in capital assets (i.e., land, construction in progress, infrastructure, buildings and improvements, and machinery and equipment). It should be noted that this amount is not available for future spending. Approximately 5 percent of the City's net position is restricted for debt service and 35 percent of the City's net position is unrestricted. The unrestricted net position amount of \$1,213,716 as of December 31, 2020, may be used to meet the City's ongoing obligations to citizens.

The City's overall financial position increased from last year. Total assets increased by \$446,499, and total liabilities decreased by \$20,184 from the prior year. Deferred outflows related to pensions increased by \$10,143, and deferred inflows of resources related to pensions decreased by \$23,489, resulting in an increased net position of \$500,315 from the prior year. This increase was primarily due to grant funding and donations received for the Vergas Trails Project.

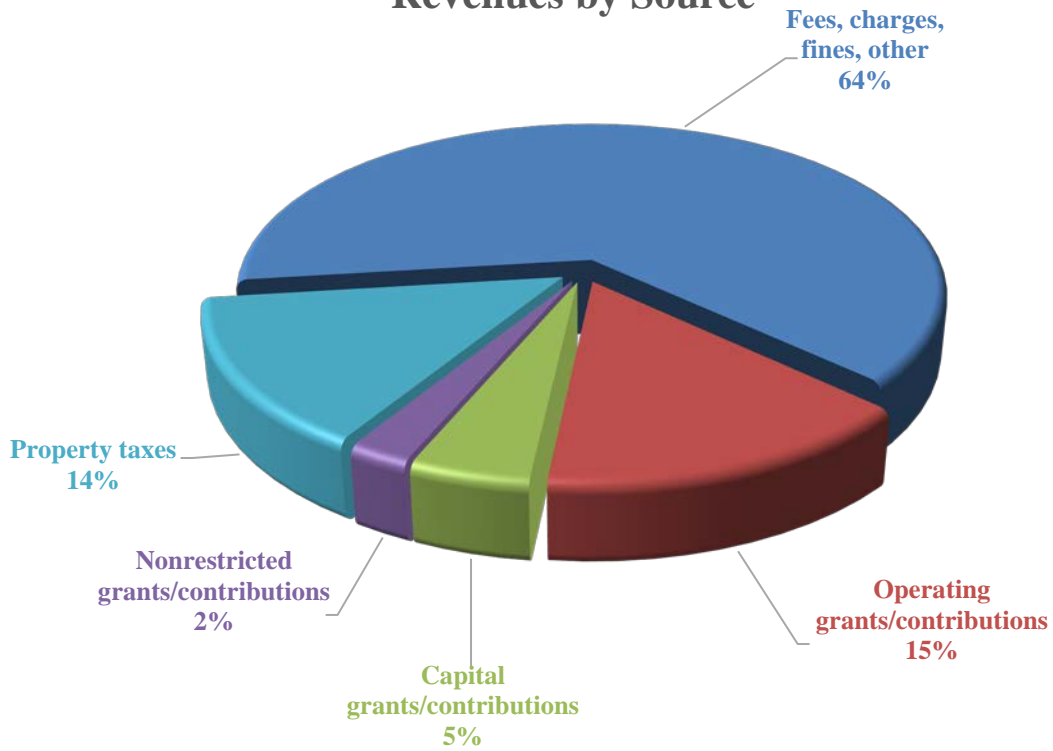
NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 1,050,735	\$ 1,114,768	\$ 457,719	\$ 469,638	\$ 1,508,454	\$ 1,584,406
Capital assets	2,146,203	1,669,340	1,285,507	1,239,919	3,431,710	2,909,259
Total assets	\$ 3,196,938	\$ 2,784,108	\$ 1,743,226	\$ 1,709,557	\$ 4,940,164	\$ 4,493,665
Deferred outflows - pensions	\$ 10,261	\$ 7,016	\$ 21,806	\$ 14,908	\$ 32,067	\$ 21,924
Other liabilities	\$ 10,700	\$ 7,976	\$ 47,554	\$ 17,973	\$ 58,254	\$ 25,949
Long-term liabilities outstanding	1,255,699	1,289,546	200,428	219,070	1,456,127	1,508,616
Total liabilities	\$ 1,266,399	\$ 1,297,522	\$ 247,982	\$ 237,043	\$ 1,514,381	\$ 1,534,565
Deferred inflows - pensions	\$ 3,061	\$ 10,578	\$ 6,505	\$ 22,477	\$ 9,566	\$ 33,055
Net position						
Net investment in capital assets	\$ 872,732	\$ 406,653	\$ 1,205,508	\$ 1,119,919	\$ 2,078,240	\$ 1,526,572
Restricted	156,328	108,530	-	-	156,328	108,530
Unrestricted	908,679	967,841	305,037	345,026	1,213,716	1,312,867
Total net position	\$ 1,937,739	\$ 1,483,024	\$ 1,510,545	\$ 1,464,945	\$ 3,448,284	\$ 2,947,969

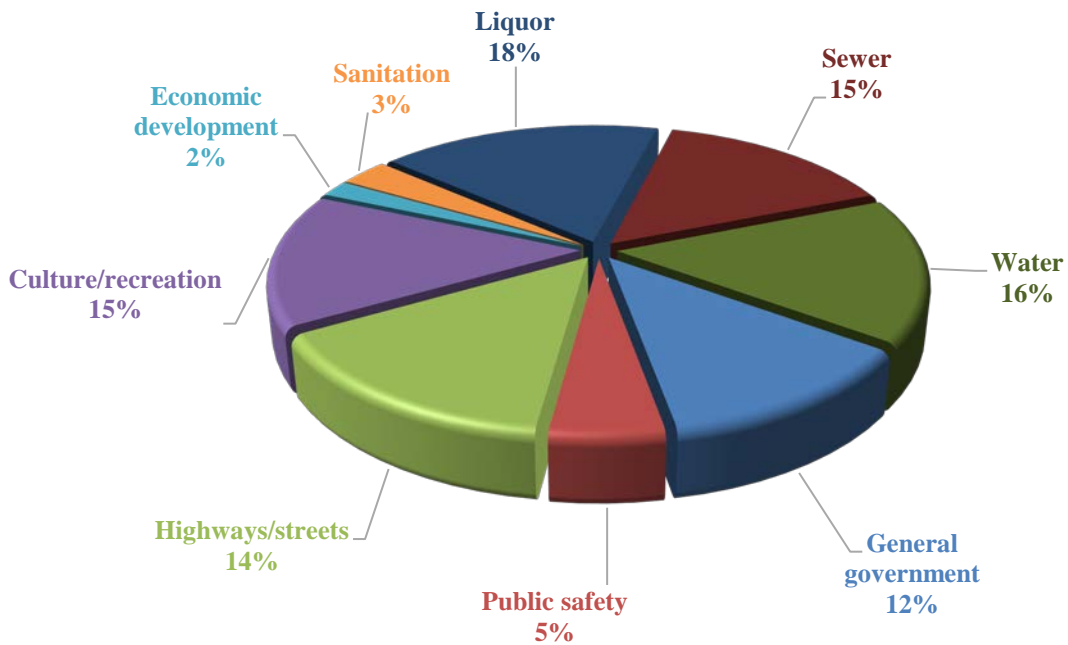
CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues						
Fees, charges, fines and other	\$ 189,064	\$ 77,616	\$ 932,460	\$ 776,911	\$ 1,121,524	\$ 854,527
Operating grants and contributions	258,220	46,030	2,214	10,206	260,434	56,236
Capital grants and contributions	82,224	634,389	-	-	82,224	634,389
General Revenues and Transfers						
Property taxes	249,477	210,375	-	-	249,477	210,375
Grants and contributions not restricted to specific programs	42,212	35,904	-	-	42,212	35,904
Investment earnings	377	808	1,472	1,313	1,849	2,121
Insurance dividends	2,946	1,216	2,723	2,509	5,669	3,725
Transfers	24,797	40,000	(24,797)	(40,000)	-	-
Total revenues	\$ 849,317	\$ 1,046,338	\$ 914,072	\$ 750,939	\$ 1,763,389	\$ 1,797,277
Expenses						
General government	\$ 83,837	\$ 77,918	\$ -	\$ -	\$ 83,837	\$ 77,918
Public safety	34,842	83,148	-	-	34,842	83,148
Highways and streets	100,675	109,223	-	-	100,675	109,223
Sanitation	21,107	19,004	-	-	21,107	19,004
Culture and recreation	102,107	111,833	-	-	102,107	111,833
Economic development	12,702	10,314	-	-	12,702	10,314
Interest	39,332	11,379	-	-	39,332	11,379
Liquor	-	-	654,078	555,087	654,078	555,087
Sewer	-	-	103,184	95,300	103,184	95,300
Water	-	-	111,210	103,673	111,210	103,673
Total expenses	\$ 394,602	\$ 422,819	\$ 868,472	\$ 754,060	\$ 1,263,074	\$ 1,176,879
Increase (decrease) in net position	\$ 454,715	\$ 623,519	\$ 45,600	\$ (3,121)	\$ 500,315	\$ 620,398
Net position, January 1, as previously reported	\$ 1,483,024	\$ 859,505	\$ 1,464,945	\$ 1,493,106	\$ 2,947,969	\$ 2,352,611
Prior period adjustment	-	-	-	(25,040)	-	(25,040)
Net position, January 1, as restated	\$ 1,483,024	\$ 859,505	\$ 1,464,945	\$ 1,468,066	\$ 2,947,969	\$ 2,327,571
Net position, December 31	\$ 1,937,739	\$ 1,483,024	\$ 1,510,545	\$ 1,464,945	\$ 3,448,284	\$ 2,947,969

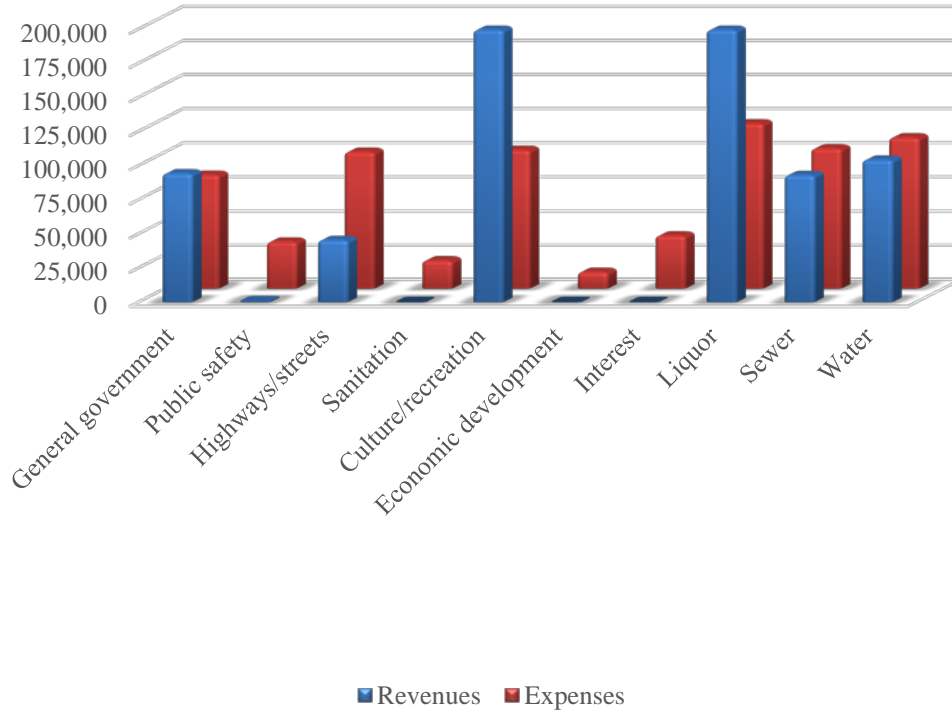
Revenues by Source



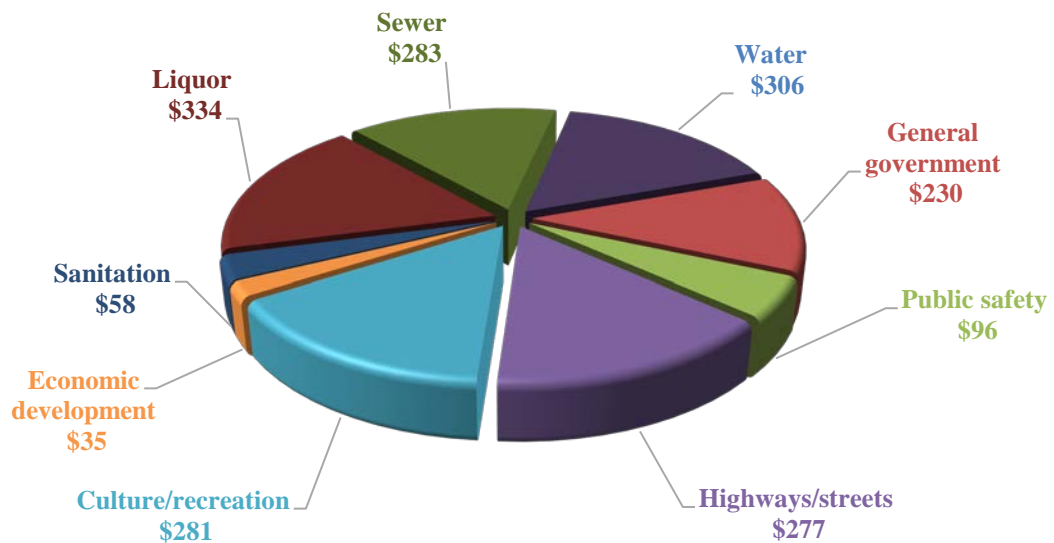
Expenses by Function



Program Revenues & Expenditures



Expenditures Per Capita 364 Population as of 2020



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, with a focus on short-term inflows, outflows, and balances of spendable resources. In particular, unrestricted fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

Governmental Funds

At the end of 2020, the City's governmental funds reported combined ending fund balances of \$444,479. 59 constitutes the restricted fund balance, 24 percent constitutes formally committed fund balance, and 17 percent constitutes unassigned fund balance.

The General Fund is the operating fund of the City. At the end of the current fiscal year, the General Fund's total fund balance was \$179,917. The General Fund's committed fund balance was \$103,488 and unassigned fund balance was \$76,429. The General Fund has no restricted fund balance. As a measure of the General Fund's liquidity, it is useful to compare total fund balance to total fund expenditures for 2020. Total fund balance represents 21 percent of total General Fund expenditures.

In 2020, the fund balance amount in the General Fund decreased by \$192,366, primarily as a result of the transfer out of the remaining bond proceeds not used for the 2019 Street Project into the Debt Service Fund.

The fund balance of the 2006 Street Project Debt Service Fund decreased by \$3,735 from the prior year, primarily as a result of payment of debt.

The fund balance of the 2019 Street Project Debt Service Fund increased by \$158,397, primarily as a result of the transfer in of the remaining bond proceeds not used for construction of the 2019 Street Project in the General Fund.

The fund balance of the nonmajor Vergas Economic Development Authority (EDA) Special Revenue Fund decreased by \$1,702, primarily as a result of engineering expenses for a housing study.

Proprietary Fund

The Liquor Enterprise Fund reported an operating income in 2020 of \$82,253, resulting from an unusually busy year.

In 2020, the Sewer Enterprise Fund reported an operating loss of \$7,033, and the Water Enterprise Fund reported an operating loss of \$5,037, due to depreciation expense.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual revenues were more than overall final budgeted revenues by \$386,46, with the largest positive variances in intergovernmental and miscellaneous. Actual expenditures were more than overall final budgeted expenditures by \$477,208, primarily as a result of the unbudgeted Vergas Trail Project.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2020, amounted to \$3,431,710 (net of accumulated depreciation). The total increase in the City's investment in capital assets for the current fiscal year was approximately 15 percent. This increase was primarily due to the addition of infrastructure for the Vergas Trail Project.

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 94,238	\$ 94,238	\$ -	\$ -	\$ 94,238	\$ 94,238
Construction in progress	55,346	-	-	-	55,346	-
Infrastructure	1,843,301	1,412,285	917,915	890,224	2,761,216	2,302,509
Buildings and improvements	40,042	43,002	334,308	349,695	374,350	392,697
Machinery and equipment	113,276	119,815	33,284	-	146,560	119,815
Total capital assets	<u>\$ 2,146,203</u>	<u>\$ 1,669,340</u>	<u>\$ 1,285,507</u>	<u>\$ 1,239,919</u>	<u>\$ 3,431,710</u>	<u>\$ 2,909,259</u>

Additional information on the City's capital assets can be found in the notes to the financial statements.

Long-Term Debt

At the end of the current fiscal year, the City had total debt outstanding of \$1,257,175 which is backed by the full faith and credit of the government.

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General Obligation Improvement Refunding Bonds of 2015	\$ 198,000	\$ 225,000	\$ -	\$ -	\$ 198,000	\$ 225,000
General Obligation Improvement Bonds, Series 2019A	985,000	985,000	-	-	985,000	985,000
General Obligation Water and Sewer Revenue Refunding Bonds, Series 2009, net of bond discount	-	-	39,050	121,425	39,050	121,425
Capital Equipment Notes of 2017	35,125	52,687	-	-	35,125	52,687
	<u>\$ 1,218,125</u>	<u>\$ 1,262,687</u>	<u>\$ 39,050</u>	<u>\$ 121,425</u>	<u>\$ 1,257,175</u>	<u>\$ 1,384,112</u>

Minnesota Statutes limit the amount of debt that the City may have to three percent of its total market value, excluding revenue bonds. At the end of 2020, overall debt of the City is below the three percent debt limit.

Additional information on the City's long-term debt can be found in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The City depends on financial resources flowing from, or associated with, both the Federal Government and the State of Minnesota. Because of this dependency, the City is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

- For 2021, the most significant challenge will be adjusting to the impacts of the worldwide Coronavirus pandemic. The total extent of the impact on the City, both financially and operationally, are still uncertain at this time.
- Specific unemployment statistics for the City of Vergas are not available. However, according to the Minnesota Department of Employment & Economic Development, the unemployment rate for Otter Tail County was 4.9 percent as of December 31, 2020. This is lower than the statewide rate of 6.5 percent and lower than the national average rate of 6.7 percent.
- The 2020 population of Vergas according to the League of Minnesota Cities was 364, an increase of 33 since the 2010 census of 331.
- On December 8, 2020, the City of Vergas set its 2021 revenue and expenditure budgets.

REQUESTS FOR INFORMATION

This annual financial report is designed to provide a general overview of the City of Vergas for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Vergas Clerk-Treasurer, City Hall, P.O. Box 32, Vergas, Minnesota 56587.

BASIC FINANCIAL STATEMENTS

**CITY OF VERGAS
VERGAS, MINNESOTA**

EXHIBIT 1

**STATEMENT OF NET POSITION
DECEMBER 31, 2020**

	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
Cash and pooled investments	\$ 285,252	\$ 63,848	\$ 349,100
Investments	113,409	134,794	248,203
Taxes receivable			
Current	887	-	887
Prior	6,475	-	6,475
Special assessments receivable			
Current	541	375	916
Prior	24,999	10	25,009
Accounts receivable	34	5,219	5,253
Due from other governments	45,735	-	45,735
Internal balances	9,321	(9,321)	-
Inventory	-	238,667	238,667
Special assessments receivable - noncurrent	564,082	24,127	588,209
Capital assets			
Non-depreciable	149,584	-	149,584
Depreciable - net of accumulated depreciation	1,996,619	1,285,507	3,282,126
Total Assets	\$ 3,196,938	\$ 1,743,226	\$ 4,940,164
<u>Deferred Outflows of Resources</u>			
Related to pensions	\$ 10,261	\$ 21,806	\$ 32,067
<u>Liabilities</u>			
Accounts payable	\$ 6,340	\$ 37,804	\$ 44,144
Salaries payable	4,126	4,579	8,705
Due to other governments	234	5,171	5,405
Long-term liabilities			
Due within one year	102,416	41,119	143,535
Due in more than one year	1,097,646	41,078	1,138,724
Net pension liability	55,637	118,231	173,868
Total Liabilities	\$ 1,266,399	\$ 247,982	\$ 1,514,381
<u>Deferred Inflows of Resources</u>			
Related to pensions	\$ 3,061	\$ 6,505	\$ 9,566
<u>Net Position</u>			
Net investment in capital assets	\$ 872,732	\$ 1,205,508	\$ 2,078,240
Amounts restricted for debt service	156,328	-	156,328
Unrestricted amounts	908,679	305,037	1,213,716
Total Net Position	\$ 1,937,739	\$ 1,510,545	\$ 3,448,284

**CITY OF VERGAS
VERGAS, MINNESOTA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

		Program Revenues	
		Fees, Charges, Fines and Other	Operating Grants and Contributions
	Expenses		
<u>Functions/Programs</u>			
Governmental activities			
General government	\$ 83,837	\$ 60,852	\$ 6,615
Public safety	34,842	-	900
Highways and streets	100,675	-	-
Sanitation	21,107	-	-
Culture and recreation	102,107	128,212	250,705
Economic development	12,702	-	-
Interest	39,332	-	-
Total governmental activities	\$ 394,602	\$ 189,064	\$ 258,220
Business-type activities			
Liquor	\$ 654,078	\$ 736,331	\$ -
Sewer	103,184	92,434	1,106
Water	111,210	103,695	1,108
Total business-type activities	\$ 868,472	\$ 932,460	\$ 2,214
Total	\$ 1,263,074	\$ 1,121,524	\$ 260,434

General revenues and transfers

Property taxes
Grants and contributions not restricted to specific programs
Investment earnings
Insurance dividends
Transfers

Total general revenues and transfers

Change in Net Position

Net Position - January 1

Net Position - December 31

EXHIBIT 2

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
\$ 27,349	\$ 10,979	\$ -	\$ 10,979
-	(33,942)	-	(33,942)
45,916	(54,759)	-	(54,759)
-	(21,107)	-	(21,107)
8,959	285,769	-	285,769
-	(12,702)	-	(12,702)
-	(39,332)	-	(39,332)
\$ 82,224	\$ 134,906	\$ -	\$ 134,906
\$ -	\$ -	\$ 82,253	\$ 82,253
-	-	(9,644)	(9,644)
-	-	(6,407)	(6,407)
\$ -	\$ -	\$ 66,202	\$ 66,202
\$ 82,224	\$ 134,906	\$ 66,202	\$ 201,108
	\$ 249,477	\$ -	\$ 249,477
	42,212	-	42,212
	377	1,472	1,849
	2,946	2,723	5,669
	24,797	(24,797)	-
	\$ 319,809	\$ (20,602)	\$ 299,207
	\$ 454,715	\$ 45,600	\$ 500,315
	1,483,024	1,464,945	2,947,969
	\$ 1,937,739	\$ 1,510,545	\$ 3,448,284

**CITY OF VERGAS
VERGAS, MINNESOTA**

EXHIBIT 3

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	General Fund	2006 Street Project Debt Service	2019 Street Project Debt Service	Nonmajor Vergas EDA Special Revenue	Total Governmental Funds
<u>Assets</u>					
Cash and pooled investments	\$ 60,981	\$ 58,612	\$ 164,289	\$ 1,370	\$ 285,252
Investments	103,488	9,921	-	-	113,409
Taxes receivable					
Current	832	55	-	-	887
Prior	6,064	411	-	-	6,475
Special assessments receivable					
Current	-	4	537	-	541
Prior	-	1,083	23,916	-	24,999
Accounts receivable	34	-	-	-	34
Due from other funds	-	29,774	-	-	29,774
Due from other governments	45,735	-	-	-	45,735
Special assessments receivable - noncurrent	-	45,818	518,264	-	564,082
Total Assets	\$ 217,134	\$ 145,678	\$ 707,006	\$ 1,370	\$ 1,071,188
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>					
Liabilities					
Accounts payable	\$ 6,340	\$ -	\$ -	\$ -	\$ 6,340
Salaries payable	4,126	-	-	-	4,126
Due to other funds	20,453	-	-	-	20,453
Due to other governments	234	-	-	-	234
Total Liabilities	\$ 31,153	\$ -	\$ -	\$ -	\$ 31,153
Deferred Inflows of Resources					
Taxes	\$ 6,064	\$ 411	\$ -	\$ -	\$ 6,475
Special assessments	-	46,901	542,180	-	589,081
Total Deferred Inflows of Resources	\$ 6,064	\$ 47,312	\$ 542,180	\$ -	\$ 595,556
Fund Balances					
Restricted for debt service	\$ -	\$ 98,366	\$ 164,826	\$ -	\$ 263,192
Committed to					
City shop	3,040	-	-	-	3,040
Easement	5,211	-	-	-	5,211
Economic development	-	-	-	1,370	1,370
Event Center	27,422	-	-	-	27,422
Parks	13,207	-	-	-	13,207
Recreation programs	10,454	-	-	-	10,454
Sand seal	23,845	-	-	-	23,845
Sidewalk improvements	11,851	-	-	-	11,851
Street improvements	8,458	-	-	-	8,458
Unassigned	76,429	-	-	-	76,429
Total Fund Balances	\$ 179,917	\$ 98,366	\$ 164,826	\$ 1,370	\$ 444,479
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 217,134	\$ 145,678	\$ 707,006	\$ 1,370	\$ 1,071,188

**CITY OF VERGAS
VERGAS, MINNESOTA**

EXHIBIT 4

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
THE STATEMENT OF NET POSITION--GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2020**

Fund balances - total governmental funds (Exhibit 3)	\$	444,479
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Amounts reported for governmental activities in the
Statement of Net Position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		2,146,203
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		595,556
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Long-term liabilities are not due and payable in the current period and,
therefore, are not reported in the governmental funds.

Compensated absences payable	\$ (979)		
Capital equipment notes payable	(35,125)		
General obligation bonds payable	(1,183,000)		
Unamortized discount on bonds payable	<u>19,042</u>		(1,200,062)

Net pension asset, net pension liability and related inflows/outflows of resources
represent the allocation of the pension obligations of the statewide plans to the City.
Such balances are not reported in the governmental funds:

Net pension liability	\$ (55,637)		
Deferred outflows related to pensions	10,261		
Deferred inflows related to pensions	<u>(3,061)</u>		<u>(48,437)</u>

Net position of governmental activities (Exhibit 1)	\$	<u>1,937,739</u>
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**CITY OF VERGAS
VERGAS, MINNESOTA**

EXHIBIT 5

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General Fund	2006 Street Project Debt Service	2019 Street Project Debt Service	Nonmajor Vergas EDA Special Revenue	Total Governmental Funds
Revenues					
Property taxes	\$ 229,464	\$ 16,039	\$ -	\$ -	\$ 245,503
Special assessments	-	12,191	65,050	-	77,241
Licenses and permits	26,266	-	-	-	26,266
Intergovernmental	316,166	-	-	5,000	321,166
Charges for services	676	-	-	-	676
Gifts and contributions	15,574	-	-	-	15,574
Investment earnings	236	141	-	-	377
Miscellaneous	164,923	-	-	-	164,923
Total Revenues	\$ 753,305	\$ 28,371	\$ 65,050	\$ 5,000	\$ 851,726
Expenditures					
Current					
General government	\$ 82,832	\$ -	\$ -	\$ -	\$ 82,832
Public safety	33,885	-	-	-	33,885
Highways and streets	66,903	-	-	-	66,903
Sanitation	11,834	-	-	-	11,834
Culture and recreation	94,867	-	-	-	94,867
Economic development	-	-	-	12,702	12,702
Total Current	\$ 290,321	\$ -	\$ -	\$ 12,702	\$ 303,023
Debt service					
Principal retirement	\$ 17,562	\$ 27,000	\$ -	\$ -	\$ 44,562
Interest	-	5,106	33,274	-	38,380
Total Debt service	\$ 17,562	\$ 32,106	\$ 33,274	\$ -	\$ 82,942
Capital outlay					
General Government	\$ 55,346	\$ -	\$ -	\$ -	\$ 55,346
Highways and streets	26,664	-	-	-	26,664
Culture and recreation	447,954	-	-	-	447,954
Total Capital outlay	\$ 529,964	\$ -	\$ -	\$ -	\$ 529,964
Total Expenditures	\$ 837,847	\$ 32,106	\$ 33,274	\$ 12,702	\$ 915,929
Excess of Revenues Over (Under) Expenditures	\$ (84,542)	\$ (3,735)	\$ 31,776	\$ (7,702)	\$ (64,203)
Other Financing Sources (Uses)					
Transfers in	\$ 30,000	\$ -	\$ 126,621	\$ 6,000	\$ 162,621
Transfers out	(137,824)	-	-	-	(137,824)
Total Other Financing Sources (Uses)	\$ (107,824)	\$ -	\$ 126,621	\$ 6,000	\$ 24,797
Net Change in Fund Balance	\$ (192,366)	\$ (3,735)	\$ 158,397	\$ (1,702)	\$ (39,406)
Fund Balance - January 1	372,283	102,101	6,429	3,072	483,885
Fund Balance - December 31	\$ 179,917	\$ 98,366	\$ 164,826	\$ 1,370	\$ 444,479

**CITY OF VERGAS
VERGAS, MINNESOTA**

EXHIBIT 6

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Net change in fund balances - total governmental funds (Exhibit 5)	\$	(39,406)
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Amounts reported for governmental activities in the
Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in
the Statement of Activities, the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense.

Purchase of capital assets	\$ 529,964	
Current year depreciation	(53,101)	476,863

Revenues in the Statement of Activities that do not provide current
financial resources are not reported as revenues in the governmental funds.

Change in		
Taxes receivable	\$ 3,974	
Special assessments receivable	(31,325)	(27,351)

The issuance of long-term debt provides current financial resources to governmental
funds, but increases long-term liabilities in the Statement of Net Position, while the
repayment of the principal of long-term debt consumes the current financial resources
of governmental funds. Neither transaction has any effect on net position.

Principal repayment		44,562
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Some expenses reported in the Statement of Activities do not require the
use of current financial resources and, therefore, are not reported as
expenditures in governmental funds.

Change in compensated absences payable	\$ (125)	
Amortization of bond discount	(952)	
Deferred outflows of resources related to pensions	3,245	
Net pension liability	(9,636)	
Deferred inflows of resources related to pensions	7,515	47

Change in net position of governmental activities (Exhibit 2)	\$	<u>454,715</u>
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**CITY OF VERGAS
VERGAS, MINNESOTA**

EXHIBIT 7

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2020**

	Liquor Enterprise	Sewer Enterprise	Water Enterprise	Total
<u>Assets</u>				
Current Assets				
Cash and pooled investments	\$ 54,299	\$ -	\$ 9,549	\$ 63,848
Investments	71,077	48,893	14,824	134,794
Special assessments receivable				
Current	-	187	188	375
Prior	-	5	5	10
Accounts receivable	-	1,873	3,346	5,219
Due from other funds	-	-	73,439	73,439
Inventory	238,667	-	-	238,667
Total Current Assets	\$ 364,043	\$ 50,958	\$ 101,351	\$ 516,352
Noncurrent Assets				
Special assessments receivable - noncurrent	\$ -	\$ 12,063	\$ 12,064	\$ 24,127
Capital assets				
Depreciable - net of accumulated depreciation	365,422	266,001	654,084	1,285,507
Total Noncurrent Assets	\$ 365,422	\$ 278,064	\$ 666,148	\$ 1,309,634
Total Assets	\$ 729,465	\$ 329,022	\$ 767,499	\$ 1,825,986
<u>Deferred Outflows of Resources</u>				
Related to pensions	\$ 9,299	\$ 6,094	\$ 6,413	\$ 21,806
<u>Liabilities</u>				
Current Liabilities				
Accounts payable	\$ 719	\$ 17,528	\$ 19,557	\$ 37,804
Salaries payable	1,633	1,473	1,473	4,579
Compensated absences payable	-	513	606	1,119
Due to other funds	-	77,996	4,764	82,760
Due to other governments	5,023	47	101	5,171
Water and sewer revenue bonds payable	-	24,000	16,000	40,000
Total Current Liabilities	\$ 7,375	\$ 121,557	\$ 42,501	\$ 171,433
Noncurrent Liabilities				
Compensated absences payable	\$ -	\$ 979	\$ 1,049	\$ 2,028
Net pension liability	50,422	33,035	34,774	118,231
Water and sewer revenue bonds payable	-	26,430	12,620	39,050
Total Noncurrent Liabilities	\$ 50,422	\$ 60,444	\$ 48,443	\$ 159,309
Total Liabilities	\$ 57,797	\$ 182,001	\$ 90,944	\$ 330,742
<u>Deferred Inflows of Resources</u>				
Related to pensions	\$ 2,774	\$ 1,818	\$ 1,913	\$ 6,505
<u>Net Position</u>				
Net investment in capital assets	\$ 365,422	\$ 215,001	\$ 625,085	\$ 1,205,508
Unrestricted amounts	312,771	(63,704)	55,970	305,037
Total Net Position	\$ 678,193	\$ 151,297	\$ 681,055	\$ 1,510,545

**CITY OF VERGAS
VERGAS, MINNESOTA**

EXHIBIT 8

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Liquor Enterprise	Sewer Enterprise	Water Enterprise	Total
Sales and Cost of Goods Sold				
Sales	\$ 736,331	\$ -	\$ -	\$ 736,331
Cost of goods sold	(532,594)	-	-	(532,594)
Gross Profit	\$ 203,737	\$ -	\$ -	\$ 203,737
Operating Revenues				
Charges for services	-	92,434	103,695	196,129
Total Gross Profit and Operating Revenues	\$ 203,737	\$ 92,434	\$ 103,695	\$ 399,866
Operating Expenses				
Personnel services	\$ 54,343	\$ 58,907	\$ 59,205	\$ 172,455
Professional services	4,175	906	1,167	6,248
Advertising	7,323	-	-	7,323
Insurance	6,330	1,375	1,118	8,823
Repairs and maintenance	6,271	18,103	953	25,327
Supplies	16,083	3,349	7,691	27,123
Utilities	8,827	7,648	5,495	21,970
Miscellaneous	2,987	1,762	3,694	8,443
Depreciation	15,145	7,417	29,409	51,971
Total Operating Expenses	\$ 121,484	\$ 99,467	\$ 108,732	\$ 329,683
Operating Income (Loss)	\$ 82,253	\$ (7,033)	\$ (5,037)	\$ 70,183
Nonoperating Revenues (Expenses)				
Special assessments	\$ -	\$ 1,106	\$ 1,108	\$ 2,214
Investment earnings	511	741	220	1,472
Interest expense	-	(3,717)	(2,478)	(6,195)
Miscellaneous	1,931	86	706	2,723
Total Nonoperating Revenues (Expenses)	\$ 2,442	\$ (1,784)	\$ (444)	\$ 214
Income (Loss) Before Transfers	\$ 84,695	\$ (8,817)	\$ (5,481)	\$ 70,397
Transfers in	5,203	-	-	5,203
Transfers out	(30,000)	-	-	(30,000)
Change in Net Position	\$ 59,898	\$ (8,817)	\$ (5,481)	\$ 45,600
Net Position - January 1	618,295	160,114	686,536	1,464,945
Net Position - December 31	\$ 678,193	\$ 151,297	\$ 681,055	\$ 1,510,545

**CITY OF VERGAS
VERGAS, MINNESOTA**

EXHIBIT 9

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020
Increase (Decrease) in Cash and Cash Equivalents**

	Liquor Enterprise	Sewer Enterprise	Water Enterprise	Total
Cash Flows from Operating Activities				
Receipts from customers	\$ 807,477	\$ 92,326	\$ 103,775	\$ 1,003,578
Payments to employees	(54,651)	(59,139)	(58,831)	(172,621)
Payments to suppliers	(679,733)	(33,676)	(21,538)	(734,947)
Net cash provided by (used in) operating activities	\$ 73,093	\$ (489)	\$ 23,406	\$ 96,010
Cash Flows from Noncapital Financing Activities				
Special assessments received	\$ -	\$ 5,505	\$ 5,505	\$ 11,010
Miscellaneous	1,800	-	-	1,800
Transfers from other funds	-	73,439	39,734	113,173
Transfers to other funds	(30,000)	(39,734)	(73,439)	(143,173)
Net cash provided by (used in) noncapital financing activities	\$ (28,200)	\$ 39,210	\$ (28,200)	\$ (17,190)
Cash Flows from Capital and Related Financing Activities				
Purchase of capital assets	\$ (28,081)	\$ (10,754)	\$ (17,282)	\$ (56,117)
Principal paid on bonds	-	(24,000)	(16,000)	(40,000)
Interest paid on bonds	-	(3,432)	(2,288)	(5,720)
Net cash provided by (used in) capital and related financing activities	\$ (28,081)	\$ (38,186)	\$ (35,570)	\$ (101,837)
Cash Flows from Investing Activities				
Investment earnings received	\$ 511	\$ 206	\$ 68	\$ 785
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 17,323	\$ 741	\$ (40,296)	\$ (22,232)
Cash and Cash Equivalents at January 1	108,053	48,152	64,669	220,874
Cash and Cash Equivalents at December 31	\$ 125,376	\$ 48,893	\$ 24,373	\$ 198,642

**CITY OF VERGAS
VERGAS, MINNESOTA**

**EXHIBIT 9
(Continued)**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020
Increase (Decrease) in Cash and Cash Equivalents**

	Liquor Enterprise	Sewer Enterprise	Water Enterprise	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 82,253	\$ (7,033)	\$ (5,037)	\$ 70,183
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities				
Depreciation expense	\$ 15,145	\$ 7,417	\$ 29,409	\$ 51,971
(Increase) decrease in assets				
Accounts receivable	-	(108)	(812)	(920)
Inventory	(17,678)	-	-	(17,678)
Increase (decrease) in liabilities				
Accounts payable	(7,378)	(756)	(548)	(8,682)
Salaries payable	580	159	159	898
Compensated absences payable	-	190	211	401
Due to other governments	1,059	47	20	1,126
Net pension liability	(888)	(405)	4	(1,289)
Total adjustments	\$ (9,160)	\$ 6,544	\$ 28,443	\$ 25,827
Net cash provided by (used in) operating activities	\$ 73,093	\$ (489)	\$ 23,406	\$ 96,010

CITY OF VERGAS VERGAS, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

I. Summary of Significant Accounting Policies

The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), except as described in the basis for qualified opinion on page 3. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Financial Reporting Entity

The Charter of the City of Vergas was adopted on November 10, 1903, and has the powers, duties, and privileges granted by state law, codified in Minnesota Statutes, Chapter 412. The City operates under a Mayor-Council form of government and provides services such as general government, public safety, highways and streets, sanitation, culture and recreation, economic development, municipal liquor store, and sewer and water utilities as authorized by its charter.

The Vergas Fire Relief Association is organized to provide pension and other benefits to its members in accordance with Minnesota statutes. The Relief Association is a defined benefit plan type, and is required by GASB Pronouncement No. 68 to be included in the financial statements of the City.

Blended Component Unit

The Vergas Economic Development Authority was created in 2015 and is reported as a nonmajor Special Revenue Fund within the City's financial statements. The Authority's Board of Directors includes two members of the Vergas City Council, with the City Clerk/Treasurer also serving as Secretary/Treasurer of the EDA. The Authority has no capital assets or debt. The Authority does not issue separate financial statements.

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) include the financial activities of the overall City government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for support.

In the government-wide statement of net position, both the governmental and business-type activities columns: (a) are presented on a consolidated basis by column; and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts: (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

The statement of activities demonstrates the degree to which the direct expenses of each function of the City's governmental activities and different business-type activities are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program

CITY OF VERGAS VERGAS, MINNESOTA

I. Summary of Significant Accounting Policies

B. Basic Financial Statements

1. Government-Wide Statements (Continued)

revenues include: (1) fees, charges, and other revenues paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues and transfers.

2. Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of governmental and proprietary fund financial statements is on major individual governmental and enterprise funds, with each displayed as separate columns in the fund financial statements.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as property taxes, grants, donations, subsidies and investment earnings, result from nonexchange transactions or incidental activities.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for and reports all financial resources of the general government not accounted for in another fund.

The 2006 Street Project Debt Service Fund is used to account for and report the collection of special assessments restricted for debt service.

The 2019 Street Project Debt Service Fund is used to account for and report the collection of special assessments restricted for debt service.

Additionally, the City reports the Vergas Economic Development Authority Special Revenue Fund as a non-major fund.

The City reports the following major enterprise funds:

The Liquor Store Enterprise Fund is used to account for operations of the liquor store. Financing is provided through the liquor store's sale of off-sale liquor.

The Sewer Enterprise Fund is used to account for operations of the sewer utility. Financing is provided by charges to residents for services.

The Water Enterprise Fund is used to account for operations of the water utility. Financing is provided by charges to residents for services.

**CITY OF VERGAS
VERGAS, MINNESOTA**

I. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. The City considers tax revenues to be available if they are collected within 60 days after the end of the current period. Intergovernmental revenues, charges for services, and interest are all considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt are reported as other financing sources.

As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements.

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

1. Cash and Cash Equivalents

The City has defined cash and cash equivalents to include cash on hand and demand deposits. Additionally, each fund's equity in the City's deposits is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

2. Deposits and Investments

The cash balances of the funds are invested by the City Clerk-Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2020, based on market prices. Investment earnings on cash and pooled investments are allocated to the funds with deposits. Total investment earnings for 2020 were \$5,669.

3. Receivables and Payables

Property taxes are levied as of January 1 on property values assessed as of the same date. The tax levy notice is mailed by Otter Tail County in March with the first half payment due on May 15 and the second half due on October 15.

Taxes and special assessments receivable consist of uncollected taxes and special assessments payable in the years 2007 through 2020 and noncurrent special assessments collectible in 2021 and beyond. Taxes receivable are offset by deferred inflows of resources for the amount not collected within 60 days of December 31 to indicate they are not available to finance current expenditures. No provision has been made for an estimated uncollectible amount.

**CITY OF VERGAS
VERGAS, MINNESOTA**

I. Summary of Significant Accounting Policies

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

3. Receivables and Payables (Continued)

Accounts receivable consist primarily of charges for services for sewer and water.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances from/to other funds” (i.e., the non-current portion of interfund loans).

All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All receivables are shown net of an allowance for uncollectible amounts, if applicable.

4. Inventory

All inventories are valued at cost using the First-In, First-Out (FIFO) method. Inventories in the proprietary funds are recorded as expenses when consumed.

5. Capital Assets

Capital assets, which include land, construction in progress, infrastructure (e.g., sewers and water mains), buildings and improvements, and machinery and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years, except land which is capitalized regardless of cost. Capital assets are recorded at historical cost or estimated historical cost when purchased or constructed. Donated capital assets are recorded at acquisition value at the date of acquisition.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extended the life of the asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Infrastructure, buildings and improvements, and machinery and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	30-50
Buildings and improvements	20-30
Machinery and equipment	5-10

**CITY OF VERGAS
VERGAS, MINNESOTA**

I. Summary of Significant Accounting Policies

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

6. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This element represents a consumption of net position that applies to future periods, and therefore, will not be recognized as an outflow of resources (expense) until that time. The City reports deferred outflows of resources in the government-wide and proprietary funds Statement of Net Position in relation to the activity of the pension funds in which City employees participate.

In addition to liabilities, the Statement of Net Position and Balance Sheet report a separate section for deferred inflows of resources. This element represents an acquisition of net position or fund balance that applies to future periods, and therefore, will not be recognized as an inflow of resources (revenue) until that time. The City reports special assessments levied for subsequent years and delinquent property tax and special assessments receivable as deferred inflows of resources in the governmental funds, in accordance with the modified accrual basis of accounting. In addition, the City reports deferred inflows of resources in the government-wide and proprietary funds Statement of Net Position in relation to the activity of the pension funds in which City employees participate. Accordingly, such amounts are deferred and recognized as inflows of resources in the period that they become available.

7. Compensated Absences

The liability for compensated absences reported in financial statements consists of unpaid, accumulated annual vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences are generally liquidated by the General Fund, Liquor Fund, and the Sewer and Water Enterprise Funds.

8. Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental and business-type activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are immediately expensed. In the fund financial statements, governmental fund types recognize the face amount of the debt is reported as other financing sources when issued.

9. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this

**CITY OF VERGAS
VERGAS, MINNESOTA**

I. Summary of Significant Accounting Policies

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

9. Pensions (Continued)

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. For the governmental activities, the pension liability is liquidated by the General Fund. For the business type activities, the pension liability is liquidated by the Liquor, Sewer, and Water Enterprise Funds.

10. Net Position and Fund Balance

Net position in the government-wide statements is classified in the following categories:

Net investment in capital assets – represents capital assets, net of accumulated depreciation, and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted net position – the amount of net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – the amount of net position that does not meet the definition of restricted or net investment of capital assets.

In the fund financial statements, the City classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent because it is either not in spendable form or legally or contractually required to be maintained intact. The City of Vergas has no non-spendable fund balance as of December 31, 2020.

Restricted – includes fund balance amounts that are constrained for specific purposes which are either externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes imposed by resolution of the City Council and do not lapse at year-end. To remove the constraint on specified use of committed resources the City Council shall pass a resolution.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither restricted nor committed. The City Council has delegated the authority to assign and remove assignments of fund balance amounts for specified purposes to the City Clerk-Treasurer. The City of Vergas has no assigned fund balance as of December 31, 2020.

Unassigned – includes positive fund balance within the General Fund, which has not been classified within the above-mentioned categories, and negative fund balances in other governmental funds.

**CITY OF VERGAS
VERGAS, MINNESOTA**

I. Summary of Significant Accounting Policies

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

10. Net Position and Fund Balance (Continued)

The City will maintain an unrestricted fund balance in the General Fund of an amount not less than 35 to 50 percent of next year's budgeted expenditures of the General Fund. Unrestricted fund balance can be "spent down" if there is an anticipated budget shortfall. If spending unrestricted fund balance in designated circumstances has reduced unrestricted fund balance to a point below the minimum targeted level, as noted above, the replenishment will be funded by taxes.

Stabilization arrangements are defined as formally setting aside amounts for use in emergency situations or when revenue shortages or budgetary imbalances arise. The City Council will set aside amounts by resolution as deemed necessary that can only be expended when an emergency situation, revenue shortages, or budgetary imbalances exist as the need for stabilization arises. The need for stabilization will only be utilized for situations that are not expected to occur routinely. The City does not identify an amount for stabilization as of December 31, 2020.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned or unassigned resources are available for use, it is the City's policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

11. Use of Estimates

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

CITY OF VERGAS VERGAS, MINNESOTA

II. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

Reconciliations of the City's total deposits and investments to the basic financial statements, as of December 31, 2020, are as follows:

Government-wide Statement of Net Position	
Governmental Activities	
Cash and pooled investments	\$ 285,252
Investments	113,409
Business-type Activities	
Cash and pooled investments	63,848
Investments	134,794
	<hr/>
Total Cash and Investments	\$ 597,303
	<hr/>
Checking accounts	\$ 349,099
Savings accounts	174,565
Certificates of deposit	73,639
	<hr/>
Total Deposits	\$ 597,303
	<hr/>

Deposits

Minnesota Statutes, §§ 118A.02 and 118A.04 authorize the City to deposit its cash and to invest in certificates of deposit in financial institutions designated by the Board. Minnesota Statute, § 118A.03 requires that all City deposits be covered by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit plus accrued interest at the close of the financial institution's banking day, not covered by insurance or bonds.

Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated "A" or better, revenue obligations rated "AA" or better; irrevocable standard 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 not owned or controlled by the financial institution furnishing the collateral.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to it. It is the City's policy to comply with Minnesota statutes in establishing authorized collateral for deposits. As of December 31, 2020, the City's deposits were not exposed to custodial credit risk.

**CITY OF VERGAS
VERGAS, MINNESOTA**

II. Detailed Notes on All Funds

A. Assets (Continued)

2. Receivables

Receivables as of December 31, 2020, for the City's governmental and business-type activities, are as follows:

	<u>Total Receivables</u>	<u>Amounts Not Scheduled for Collection During the Subsequent Year</u>
Governmental Activities		
Taxes	\$ 7,362	\$ -
Special Assessments	589,622	564,082
Accounts	34	-
Due from other governments	45,735	-
	<u>\$ 642,753</u>	<u>\$ 564,082</u>
Total Governmental Activities	<u>\$ 642,753</u>	<u>\$ 564,082</u>
Business-Type Activities		
Special assessments	\$ 24,602	\$ 24,127
Accounts	5,219	-
	<u>\$ 29,821</u>	<u>\$ 24,127</u>
Total Business-Type Activities	<u>\$ 29,821</u>	<u>\$ 24,127</u>

3. Capital Assets

Capital asset activity for the governmental and business-type activities for the year ended December 31, 2020, was as follows:

Governmental Activities

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$ 94,238	\$ -	\$ -	\$ 94,238
Construction in progress	-	55,346	-	55,346
	<u>\$ 94,238</u>	<u>\$ 55,346</u>	<u>\$ -</u>	<u>\$ 149,584</u>
Total capital assets not depreciated	<u>\$ 94,238</u>	<u>\$ 55,346</u>	<u>\$ -</u>	<u>\$ 149,584</u>
Capital assets being depreciated				
Infrastructure	\$ 1,579,981	\$ 462,618	\$ -	\$ 2,042,599
Buildings and improvements	87,026	-	-	87,026
Machinery and equipment	242,284	12,000	-	254,284
	<u>\$ 1,909,291</u>	<u>\$ 474,618</u>	<u>\$ -</u>	<u>\$ 2,383,909</u>
Total capital assets being depreciated	<u>\$ 1,909,291</u>	<u>\$ 474,618</u>	<u>\$ -</u>	<u>\$ 2,383,909</u>
Less: accumulated depreciation for				
Infrastructure	\$ 167,696	\$ 31,602	\$ -	\$ 199,298
Buildings and improvements	44,024	2,960	-	46,984
Machinery and equipment	122,469	18,539	-	141,008
	<u>\$ 334,189</u>	<u>\$ 53,101</u>	<u>\$ -</u>	<u>\$ 387,290</u>
Total accumulated depreciation	<u>\$ 334,189</u>	<u>\$ 53,101</u>	<u>\$ -</u>	<u>\$ 387,290</u>
Total capital assets, depreciated, net	<u>\$ 1,575,102</u>	<u>\$ 421,517</u>	<u>\$ -</u>	<u>\$ 1,996,619</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 1,669,340</u>	<u>\$ 476,863</u>	<u>\$ -</u>	<u>\$ 2,146,203</u>

**CITY OF VERGAS
VERGAS, MINNESOTA**

II. Detailed Notes on All Funds

A. Assets

3. Capital Assets (Continued)

Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated				
Infrastructure	\$ 1,662,580	\$ 64,275	\$ -	\$ 1,726,855
Buildings and improvements	494,724	-	-	494,724
Machinery and equipment	57,874	33,284	-	91,158
	<u>2,215,178</u>	<u>97,559</u>	<u>-</u>	<u>2,312,737</u>
Total capital assets being depreciated				
	<u>\$ 2,215,178</u>	<u>\$ 97,559</u>	<u>\$ -</u>	<u>\$ 2,312,737</u>
Less: accumulated depreciation for				
Infrastructure	\$ 772,356	\$ 36,584	\$ -	\$ 808,940
Buildings and improvements	145,029	15,387	-	160,416
Machinery and equipment	57,874	-	-	57,874
	<u>975,259</u>	<u>51,971</u>	<u>-</u>	<u>1,027,230</u>
Total accumulated depreciation				
	<u>\$ 975,259</u>	<u>\$ 51,971</u>	<u>\$ -</u>	<u>\$ 1,027,230</u>
Business-Type Activities				
Capital Assets, Net	<u>\$ 1,239,919</u>	<u>\$ 45,588</u>	<u>\$ -</u>	<u>\$ 1,285,507</u>

Depreciation Expense

Depreciation expense was charged to functions of the City as follows:

Governmental Activities	
General government	\$ 1,882
Public safety	957
Highways and streets	33,752
Sanitation	9,273
Culture and recreation	7,237
	<u>53,101</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 53,101</u>
Business-Type Activities	
Liquor	\$ 15,145
Sewer	7,417
Water	29,409
	<u>51,971</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 51,971</u>

**CITY OF VERGAS
VERGAS, MINNESOTA**

II. Detailed Notes on All Funds (Continued)

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2020, is as follows:

Due To/From Other Funds

Receivable Fund	Payable Fund	Amount	
2006 Street Service Debt Service Fund	General Fund	\$ 20,453	Posting errors for taxes in 2017-2020
	Sewer Enterprise Fund	4,557	Posting errors for taxes in 2017-2020
	Water Enterprise Fund	4,764	Posting errors for taxes in 2017-2020
		<hr/>	
Total Due To 2006 Street Debt Service Fund:		\$ 29,774	
Water Enterprise Fund	Sewer Enterprise Fund	73,439	To cover cash deficit
		<hr/>	
Total Due To /Due From Other Funds:		<u>\$ 103,213</u>	

Interfund Transfers

Interfund transfers for the year ended December 31, 2020, consisted of the following operating transfer:

Transfer to General Fund from Liquor Enterprise Fund	\$ 30,000	Appropriation
Transfer to 2006 Street Project Debt Service Fund from General Fund	126,621	Transfer unused bond proceeds
Transfer to Liquor Enterprise Fund from General Fund	5,203	For portion of sign purchase
Transfer to Vergas EDA Special Revenue Fund from General Fund	6,000	Appropriation
		<hr/>
Total Interfund Transfers:	<u>\$ 167,824</u>	

**CITY OF VERGAS
VERGAS, MINNESOTA**

II. Detailed Notes on All Funds (Continued)

C. Liabilities

Compensated Absences

Under the City's personnel policies, employees are granted paid time off (PTO) in varying amounts based on their length of service. PTO accrual varies from 15 to 25 days per year with a maximum accrual limit of 25 days. Accrued PTO will be paid to employees leaving in good standing upon resignation or retirement.

Long-Term Debt

Governmental Activities

The City of Vergas General Obligation Improvement Refunding Bonds of 2015 represent debt incurred to refund General Obligation Improvement Bonds of 2006. These bonds have an original issue amount of \$299,000. They carry a net interest rate of 2.4158 percent and are due in annual installments from the 2006 Street Debt Service Fund of between \$27,000 and \$33,000 and mature in 2027. As a result of the refunding, the City realized an economic gain of \$32,189 with a present value of \$25,352. The balance due on December 31, 2020 is \$198,000.

The City of Vergas Capital Equipment Notes of 2017 represent debt incurred for the purchase of a loader. These notes have an original issue amount of \$140,500, carry an interest rate of 0 percent, are due in semi-annual installments paid from the General Fund of \$35,125 through June of 2021. The balance due on December 31, 2020 is \$35,125.

The City of Vergas General Obligation Improvement Bonds, Series 2019A, represent debt incurred to finance various street improvement projects throughout the City. These bonds have an original issue amount of \$985,000, carry an interest rate of 3.2644 percent, and are due in semi-annual installments paid from the 2019 Street Project Debt Service Fund of \$40,000 to \$65,000 through February 1, 2040. The balance due on these bonds at December 31, 2020, is \$965,958, net of unamortized bond discount of \$19,042.

Business-Type Activities

The City of Vergas General Obligation Water and Sewer Revenue Refunding Bonds, Series 2009 represent debt incurred to refund General Obligation Water and Sewer Revenue Bonds of 1994 and General Obligation Sewer Revenue Bonds of 2000. These bonds have an original issue amount of \$475,000. They carry a net interest rate of 4.0857 percent and are due in annual installments from the Water and Sewer Funds of between \$16,000 and \$27,000 and mature in 2022. As a result of the refunding, the City realized an economic gain of \$83,630 with a present value of \$16,793. The balance due on December 31, 2020 is \$79,050, net of unamortized bond discount of \$950.

**CITY OF VERGAS
VERGAS, MINNESOTA**

II. Detailed Notes on All Funds

C. Liabilities

Long-Term Debt (Continued)

Debt Service Requirements

Debt service requirements for the governmental and the business-type activities at December 31, 2020, are as follows:

Year Ending December 31	Governmental Activities					
	General Obligation Refunding Bonds of 2015		General Obligation Street Improvement Bonds, 2019A		Capital Equipment Notes of 2017	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 27,000	\$ 4,593	40,000	28,322	\$ 35,125	\$ -
2022	26,000	4,089	40,000	27,402	-	-
2023	25,000	3,511	40,000	26,482	-	-
2024	30,000	2,783	40,000	25,532	-	-
2025	29,000	2,001	40,000	24,552	-	-
2026-2027	61,000	1,683	225,000	105,262	-	-
2028-2035	-	-	260,000	70,472	-	-
2036-2040	-	-	300,000	25,843	-	-
Subtotal:	\$ 198,000	\$ 18,660	\$ 985,000	\$ 333,867	\$ 35,125	\$ -
Less bond discount	-	-	(19,042)	-	-	-
Total:	<u>\$ 198,000</u>	<u>\$ 18,660</u>	<u>\$ 965,958</u>	<u>\$ 333,867</u>	<u>\$ 35,125</u>	<u>\$ -</u>

Year Ending December 31	Business-Type Activities	
	General Obligation Water and Sewer Revenue Refunding Bonds, Series 2009	
	Principal	Interest
2021	\$ 40,000	\$ 3,480
2022	40,000	1,740
	\$ 80,000	\$ 5,220
Less: Bond discount	(950)	-
Total	<u>\$ 79,050</u>	<u>\$ 5,220</u>

**CITY OF VERGAS
VERGAS, MINNESOTA**

III. Detailed Notes on All Funds

C. Liabilities (Continued)

Changes in Long-Term Liabilities

Governmental Activities

Long-term liability activity for the governmental activities for the year ended December 31, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Capital Equipment Notes of 2017	\$ 52,687	\$ -	\$ 17,562	\$ 35,125	\$ 35,125
General Obligation Refunding Bonds of 2015	225,000	-	27,000	198,000	27,000
General Obligation Improvement Bonds, Series 2019A	985,000	-	-	985,000	40,000
Less: Bond discount	(19,994)	-	(952)	(19,042)	-
Compensated Absences	854	2,170	2,045	979	291
Net Pension Liability	<u>45,999</u>	<u>9,638</u>	<u>-</u>	<u>55,637</u>	<u>-</u>
Governmental Activities Long-Term Liabilities	<u>\$ 1,289,546</u>	<u>\$ 11,808</u>	<u>\$ 45,655</u>	<u>\$ 1,255,699</u>	<u>\$ 102,416</u>

Business-Type Activities

Long-term liability activity for the business-type activities for the year ended December 31, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General Obligation Water and Sewer Revenue Refunding Bonds, Series 2009	\$ 120,000	\$ -	\$ 40,000	\$ 80,000	\$ 40,000
Less: Bond discount	(1,425)	-	(950)	(475)	-
Compensated Absences	2,746	5,254	4,853	3,147	1,119
Net Pension Liability	<u>97,749</u>	<u>20,482</u>	<u>-</u>	<u>118,231</u>	<u>-</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 219,070</u>	<u>\$ 5,254</u>	<u>\$ 43,903</u>	<u>\$ 200,903</u>	<u>\$ 41,119</u>

**CITY OF VERGAS
VERGAS, MINNESOTA**

III. Detailed Notes on All Funds (Continued)

D. Deferred Inflows of Resources

Deferred inflows of resources consist of taxes and special assessments, not collected soon enough after year-end to pay liabilities of the current period. Deferred inflows of resources at December 31, 2020, are summarized below by fund:

	Taxes	Special Assessments	Total
Major governmental funds			
General	\$ 832	\$ -	\$ 832
Debt Service Fund			
2006 Street Improvements	55	46,773	46,828
2019 Street Improvements	-	518,264	518,264
	<u>887</u>	<u>565,037</u>	<u>565,924</u>
Total	<u>\$ 887</u>	<u>\$ 565,037</u>	<u>\$ 565,924</u>

IV. Defined Benefit Pension Plan

A. Plan Description

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

General Employees Retirement Plan

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

B. Benefits Provided

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

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent for each of the first 10 years of service and 1.7 percent for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent 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.

**CITY OF VERGAS
VERGAS, MINNESOTA**

IV. Defined Benefit Pension Plan

B. Benefits Provided

Benefit increases are provided to benefit recipients each January. The postretirement increase is 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. 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.

C. Contributions

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

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2020 and the City of Vergas was required to contribute 7.50 percent for Coordinated Plan members. The City of Vergas's contributions to the General Employees Fund for the year ended December 31, 2020, were \$16,498. The City of Vergas's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

At December 31, 2020, the City of Vergas reported a liability of \$173,868 for its proportionate share of the General Employees Fund's net pension liability. The City of Vergas's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City of Vergas totaled \$5,201. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Vergas's proportionate share of the net pension liability was based on the City of Vergas's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The City of Vergas's proportionate share was .0029 percent at the end of the measurement period and .0026 percent for the beginning of the period.

City of Vergas	
Proportionate share of the net pension liability	\$ 53,959
State of Minnesota's proportionate share of the net pension liability associated with the City of Vergas	<u>5,201</u>
Total	<u>\$ 59,160</u>

**CITY OF VERGAS
VERGAS, MINNESOTA**

There were no provision changes during the measurement period.

IV. Defined Benefit Pension Plan

D. Pension Costs (Continued)

For the year ended December 31, 2020, the City of Vergas recognized pension expense of \$19,587 for its proportionate share of the General Employees Plan's pension expense. In addition, the City of Vergas recognized \$453 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the annual \$16 million contribution.

At December 31, 2020, the City of Vergas 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	\$ 1,423	\$ 658
Changes in actuarial assumptions	-	6,134
Net collective difference between projected and actual investment earnings	4,742	-
Changes in proportion	17,228	2,774
Contributions paid to PERA subsequent to the measurement date	8,674	-
Total	<u>\$ 32,067</u>	<u>\$ 9,566</u>

The \$8,674 reported as deferred outflows of resources related to pensions resulting from the City of Vergas contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. 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:
2021	\$ (611)
2022	\$ 2,814
2023	\$ 7,424
2024	\$ 4,200
2025	\$ -

There were no provision changes during the measurement period.

E. Total Pension Expense

The total pension expense for General Employees Plan recognized by the City of Vergas for the year ended December 31, 2020 was \$20,040.

**CITY OF VERGAS
VERGAS, MINNESOTA**

IV. Defined Benefit Pension Plan (Continued)

F. 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	2.25% per year
Active Member Payroll Growth	3.00% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on Pub-2010 General Employee Mortality table for the General Employees Plan for males or females, as appropriate, with slight adjustments to fit PERA's experience.

Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the General Employees Plan.

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2020:

General Employees Fund

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.

**CITY OF VERGAS
VERGAS, MINNESOTA**

IV. Defined Benefit Pension Plan

F. Actuarial Assumptions

General Employees Fund

Changes in Actuarial Assumptions (Continued)

- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Rate of Return</u>
Domestic Equity	35.5%	5.10%
International Stocks	17.5%	5.30%
Bonds (Fixed Income)	20.0%	0.75%
Alternative Assets (Private Markets)	25.0%	5.90%
Cash	2.0%	0.00%
Total	100.0%	

F. Discount Rate

The discount rate used to measure the total pension liability in 2020 was 7.50 percent. 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 positions of the General Employees Fund, the Police and Fire Fund, and the Correctional Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF VERGAS
VERGAS, MINNESOTA**

IV. Defined Benefit Pension Plan (Continued)

G. Pension Liability Sensitivity

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

Sensitivity Analysis		
<i>Net Pension Liability (Asset) at Different Discount</i>		
<i>Discount Rates</i>		
	<u>General Employees Fund</u>	
1% Lower	6.50%	\$ 278,681
Current Discount Rate	7.50%	\$ 173,868
1% Higher	8.50%	\$ 87,431

H. Pension Plan Fiduciary Net Position

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

V. Public Employees Defined Contribution Plan (Defined Contribution Plan)

Three employees of the City of Vergas are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and twenty-five hundredths of one percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by the City of Vergas during fiscal year 2020 were:

<u>Contribution Amount</u>		<u>Percentage of Covered Payroll</u>		<u>Required Rate</u>
<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	
\$ 310	\$ 310	5%	5%	5%

**CITY OF VERGAS
VERGAS, MINNESOTA**

VI. Summary of Significant Contingencies and Other Items

A. Claims and Litigation

The City, in connection with the normal conduct of its affairs, may be involved in various claims, judgments, and litigation. The City Council estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial statements of the City.

B. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage, or destruction of assets; errors or omissions; injuries to employees; employee health coverage; or natural disasters. The City has entered into a joint powers agreement with other Minnesota cities to form the League of Minnesota Cities Insurance Trust (LMCIT) to cover workers' compensation and property and casualty liabilities. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for each of the past three fiscal years.

The League of Minnesota Cities Insurance Trust is a public entity risk pool currently operated as a common risk management and insurance program for its members. The City pays an annual premium based on its annual payroll and an experience modification factor for workers' compensation coverage.

C. Conduit Debt

Pursuant to Minn. Stat. Sec. §462C, as amended (the "Housing Act"), and Minn. Stat. Sec. §471.656, as amended (the "Industrial Development Act"), the City issued revenue bonds to provide financial refinancing assistance to CDL Homes, Inc. a Minnesota nonprofit corporation which owns and operates nursing home and skilled care facilities in Minnesota. The bonds are secured by the property financed through a series of loan agreements and are payable solely from the revenues of CDL Homes, Inc. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the financial statements. As of December 31, 2020, the balance due on these bonds is \$9,005,000.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF VERGAS
VERGAS, MINNESOTA**

Schedule 1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 228,179	\$ 228,179	\$ 229,464	\$ 1,285
Licenses and permits	27,880	27,880	26,266	(1,614)
Intergovernmental	48,450	48,450	316,166	267,716
Charges for services	28,000	28,000	676	(27,324)
Gifts and contributions	5,000	5,000	15,574	10,574
Investment earnings	150	150	236	86
Miscellaneous	29,000	29,000	164,923	135,923
Total Revenues	\$ 366,659	\$ 366,659	\$ 753,305	\$ 386,646
Expenditures				
Current				
General government				
Mayor/council	\$ 8,930	\$ 8,930	\$ 6,436	\$ 2,494
City clerk/treasurer	39,850	39,850	28,616	11,234
Administration	22,850	22,850	24,573	(1,723)
Elections	-	-	2,447	(2,447)
Legal	9,000	9,000	8,222	778
Cemetery	250	250	225	25
Insurance	-	-	2,632	(2,632)
Other general government	-	-	9,681	(9,681)
Total general government	\$ 80,880	\$ 80,880	\$ 82,832	\$ (1,952)
Public safety				
Fire	\$ 23,400	\$ 23,400	\$ 19,076	\$ 4,324
Fire relief association	-	-	14,809	(14,809)
Total public safety	\$ 23,400	\$ 23,400	\$ 33,885	\$ (10,485)
Highways and streets				
Street department	\$ 94,620	\$ 94,620	\$ 52,707	\$ 41,913
Snow and ice removal	3,700	3,700	194	3,506
Street lighting	8,000	8,000	7,253	747
Shop	7,500	7,500	6,749	751
Total highways and streets	\$ 113,820	\$ 113,820	\$ 66,903	\$ 46,917
Sanitation				
Recycling center	\$ 7,515	\$ 7,515	\$ 11,834	\$ (4,319)

**CITY OF VERGAS
VERGAS, MINNESOTA**

**Schedule 1
(Continued)**

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Expenditures				
Current (continued)				
Culture and recreation				
Parks	\$ 59,399	\$ 59,399	\$ 72,243	\$ (12,844)
Community center	37,625	37,625	20,270	17,355
Trails	-	-	2,354	(2,354)
Recreational programs	6,000	6,000	-	6,000
Total culture and recreation	\$ 103,024	\$ 103,024	\$ 94,867	\$ 8,157
Debt service				
Principal retirement	\$ -	\$ -	\$ 17,562	\$ (17,562)
Capital outlay				
General government	\$ -	\$ -	\$ 55,346	\$ (55,346)
Highways and streets	17,000	17,000	26,664	(9,664)
Culture and recreation	15,000	15,000	447,954	(432,954)
Total capital outlay	\$ 32,000	\$ 32,000	\$ 529,964	\$ (497,964)
Total Expenditures	\$ 360,639	\$ 360,639	\$ 837,847	\$ (477,208)
Excess of Revenues Over (Under)				
Expenditures	\$ 6,020	\$ 6,020	\$ (84,542)	\$ (90,562)
Other Financing Sources (Uses)				
Transfers in	\$ 15,000	\$ 15,000	\$ 30,000	\$ 15,000
Transfers out	-	-	(137,824)	(137,824)
Total Other Financing Sources (Uses)	\$ 15,000	\$ 15,000	\$ (107,824)	\$ (122,824)
Net Change in Fund Balance	\$ 21,020	\$ 21,020	\$ (192,366)	\$ (213,386)
Fund Balance - January 1	372,283	372,283	372,283	-
Fund Balance - December 31	\$ 393,303	\$ 393,303	\$ 179,917	\$ (213,386)

**CITY OF VERGAS
VERGAS, MINNESOTA**

Schedule 2

**SCHEDULE OF CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF MINNESOTA
FOR THE YEAR ENDED DECEMBER 31, 2020**

GENERAL EMPLOYEES RETIREMENT FUND PENSION PLAN

Fiscal Year Ending	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
December 31, 2020	\$ 16,498	\$ 16,498	\$ -	\$ 221,039	7.5%
December 31, 2019	\$ 15,680	\$ 15,680	\$ -	\$ 209,067	7.5%
December 31, 2018	\$ 13,454	\$ 13,454	\$ -	\$ 179,387	7.5%
December 31, 2017	\$ 12,565	\$ 12,565	\$ -	\$ 167,533	7.5%
December 31, 2016	\$ 12,653	\$ 12,653	\$ -	\$ 168,706	7.5%
December 31, 2015	\$ 12,150	\$ 12,150	\$ -	\$ 162,974	7.5%

Note: This schedule is intended to present 10 years and will be completed as information becomes available.

**CITY OF VERGAS
VERGAS, MINNESOTA**

Schedule 3

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
FOR THE YEAR ENDED DECEMBER 31, 2020**

GENERAL EMPLOYEES RETIREMENT FUND PENSION PLAN

Fiscal Year Ending	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability (Asset)	Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and Proportionate Share of the State of Minnesota's Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2020	0.0029%	\$ 173,868	\$ 5,201	\$ 179,069	\$ 219,914	79.06%	79.06%
June 30, 2019	0.0026%	\$ 143,748	\$ 4,500	\$ 148,248	\$ 190,677	75.39%	80.23%
June 30, 2018	0.0027%	\$ 149,785	\$ 4,933	\$ 154,718	\$ 186,928	80.13%	79.53%
June 30, 2017	0.0024%	\$ 153,214	\$ 1,939	\$ 155,153	\$ 169,253	90.52%	75.90%
June 30, 2016	0.0026%	\$ 211,107	\$ 2,826	\$ 213,933	\$ 166,322	126.93%	68.90%
June 30, 2015	0.0029%	\$ 145,111	\$ -	\$ 145,111	\$ 179,398	80.89%	78.20%

Note: This schedule is intended to present 10 years and will be completed as information becomes available.

**CITY OF VERGAS
VERGAS, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020**

I. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year-end.

In September of each year, the City Council drafts a preliminary budget after giving interested citizens a reasonable opportunity to be heard. The final budget is approved in December and a certified levy is sent to Otter Tail County. Truth in taxation requires that a final levy may not exceed a preliminary levy.

The appropriated budget is prepared by fund, function, and department. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the departmental level.

II. Excess of Expenditures Over Budget

The following departments had expenditures in excess of budget for the year ended December 31, 2020:

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
General Fund			
General government			
Administration	\$ 24,573	\$ 22,850	\$ (1,723)
Elections	2,447	-	(2,447)
Insurance	2,632	-	(2,632)
Other general government	9,681	-	(9,681)
Public safety			
Fire relief association	14,809	-	(14,809)
Sanitation			
Recycling center	11,834	7,515	(4,319)
Culture and recreation			
Parks	72,243	59,399	(12,844)
Trails	2,354	-	(2,354)
Debt service			
Principal retirement	17,562	-	(17,562)
Capital outlay			
General government	55,346	-	(55,346)
Highways and streets	26,664	17,000	(9,664)
Culture and recreation	447,954	15,000	(432,954)

**CITY OF VERGAS
VERGAS, MINNESOTA**

III. Net Pension Liability

The information presented in the required supplementary schedules was used in the actuarial valuation for purposes of determining the actuarially determined contribution rates. The assumptions and methods used for this actuarial valuation were recommended by PERA and adopted by the City Council.

General Employees Fund

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

2019 Changes

Changes in Actuarial Assumptions

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

CITY OF VERGAS VERGAS, MINNESOTA

2019 Changes (Continued)

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 morality 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 2.50 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) loads were changed from 0.80 percent for active members and 60.00 percent for vested and non-vested deferred members. The revised CSA load are now 0.00 percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.
- The assumed postretirement benefit increase rate was changed for 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.

Changes in Plan Provisions

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

2016 Changes

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter to 1.00 percent per year for all years.

**CITY OF VERGAS
VERGAS, MINNESOTA**

2016 Changes

Changes in Actuarial Assumptions (Continued)

- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2035 and 2.50 percent per year thereafter.

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increase the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

OTHER SCHEDULES

**CITY OF VERGAS
VERGAS, MINNESOTA**

Schedule 4

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2020**

Shared Revenue

State

Local government aid	\$ 36,440
Market value credit	<u>772</u>

Total Shared Revenue	\$ <u>37,212</u>
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Grants

Local

Otter Tail County	\$ <u>5,000</u>
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State

Minnesota Department of Natural Resources	\$ 250,705
Public Safety	<u>900</u>

Total State Grants	\$ <u>251,605</u>
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Federal

Department of Treasury	\$ <u>27,349</u>
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Total Grants	\$ <u>283,954</u>
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Total Intergovernmental Revenue	<u><u>\$ 321,166</u></u>
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MANAGEMENT AND COMPLIANCE SECTION

Colleen Hoffman, Director
Crystelle Philipp, CPA
Marit Martell, CPA



Hoffman, Philipp, & Martell, PLLC

1541 Highway 59 South | Thief River Falls, MN 56701 | Phone: 218-681-4078 | choffman@hpmaudit.com

**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***

Independent Auditor's Report

City Council
City of Vergas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the City of Vergas as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 29, 2021. The governmental activities had a qualified opinion because the City did not adopt the provisions of GASB Statement No. 68.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting

that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Responses as items 2020-001, 2020-002, and 2020-003, that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Vergas' financial statements are free of 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

The *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minnesota Statute, § 6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories, except we did not test for compliance with the provisions for tax increment financing because the City of Vergas has no tax increment financing districts.

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

City of Vergas' Responses to Findings

The City's responses to the findings identified in our audit have been included in the accompanying Schedule of Findings and Responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting, compliance and the provisions of the *Minnesota Legal Compliance Audit Guide for Cities* and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Hoffman, Philipp, & Martell".

Hoffman, Philipp, & Martell, PLLC
June 29, 2021

**CITY OF VERGAS
VERGAS, MINNESOTA**

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

INTERNAL CONTROL

PREVIOUSLY REPORTED ITEMS NOT RESOLVED

Finding Number: 2020-001

Prior Years Audit Finding Numbers: 2006-001, 2019-001

Finding Title: Segregation of Duties

Criteria: Management is responsible for establishing and maintaining internal control. This responsibility includes the internal controls over the various accounting cycles, the fair presentation of the financial statements and related notes, and the accuracy and completeness of all financial records and related information. Adequate segregation of duties is a key internal control in an organization's accounting system.

Condition: Due to the limited number of personnel within the City, segregation of the accounting functions necessary to ensure adequate internal accounting control is not possible. Generally, one person is responsible for billing, collecting, depositing, and recording receipts as well as reconciling bank accounts.

Context: The small size and available staffing within the City limits the internal control that management can design and implement into the organization.

Effect: Without adequate segregation of duties, opportunities for errors and irregularities or fraudulent activities to occur are created and may not be detected in a timely manner.

Cause: This is not unusual in operations the size of the City, where, because of staffing limitations, it is impractical to achieve a desirable level of segregation of duties. Management has determined that, given limited resources, it is not feasible to achieve the desired level of segregation of duties.

Recommendation: Management should continually be aware that segregation of duties is not adequate from an internal control point of view. We recommend the City Council be aware that limited staffing causes inherent risks in safeguarding the City's assets and the proper reporting of financial activity. We recommend the City Council continue to implement oversight procedures and monitor those procedures to determine if they are still effective internal controls.

City's Response: *The small size of the City limits the number of personnel available to perform separate duties, however, the City Council is aware of this situation and provides oversight and review.*

Finding Number: 2020-002

Prior Years Audit Finding Numbers: 2007-001, 2019-002

Finding Title: Internal Controls

Criteria: The financial statements are the responsibility of the City of Vergas's management. Internal control over financial reporting is a process designed to provide reliable assurance about the achievement of the City's objectives with regard to reliability of financial reporting, and compliance with applicable laws and regulations. These controls must include a process for monitoring to ensure, effectiveness and efficiency of operations.

**CITY OF VERGAS
VERGAS, MINNESOTA**

Condition: Internal controls over financial reporting and the safeguarding of assets against unauthorized acquisition, use, or disposition include controls related to financial reporting and operational objectives. The City does not have a process for monitoring to ensure the internal controls are effective.

Context: Although the City of Vergas has a system of internal control in spite of limited staff, they do not have written documentation of the process for monitoring those controls.

Effect: Without a documented process for monitoring internal controls, the City cannot provide assurance about the reliability of financial reporting or the effectiveness and efficiency of operations.

Cause: The City of Vergas has never formalized its policies and procedures for internal controls and monitoring of those controls into a written comprehensive document.

Recommendation: We recommend the City formalize written documentation of their internal controls and the monitoring process to ensure the reliability of financial reporting and the effectiveness and efficiency of operations.

City's Response: *The City does have some written policies and continues to work on improving internal controls over financial reporting and compliance and the documentation of those controls.*

Finding Number: 2020-003

Prior Years Audit Finding Numbers: 2015-001, 2019-003

Finding Title: Accounting and Financial Reporting for Pensions

Criteria: The Governmental Accounting Standards Board (GASB) issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which provides accounting and reporting standards for pensions offered to retirees. GASB 68 was first applicable to the City of Vergas for the year ended December 31, 2015.

Condition: GASB Statement 68 has not yet been fully implemented by the City of Vergas as required. The City has reported net pension liability for City employees, but this does not include members of the Fire Relief Association. The City Fire Relief Association has not undergone an actuarial study to determine its net pension liability (asset).

Context: The City should encourage the Fire Relief Association to obtain an actuarial study to determine its net pension liability (asset) for its inclusion in the City's financial statements.

Effect: Because the City of Vergas has not fully complied with the requirements of GASB Statement 68, a qualified opinion is issued on the governmental activities of the City of Vergas.

Cause: The Fire Relief Association has not hired an actuary to determine its net pension liability (asset) to meet the requirements for financial reporting under GASB Statement 68.

Recommendation: We recommend the City Council encourage the Fire Relief Association to obtain an actuarial study to determine its net pension liability (asset) for inclusion in the City's financial statements.

City's Response: *The City will encourage the Fire Relief Association to obtain an actuarial study to determine its net pension liability (asset) to stay in compliance with GASB Statement 68 for pensions offered to its retirees.*

CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2020

Finding Number: 2020-001

Prior Years Audit Finding Numbers: 2006-001, 2019-001

Finding Title: Segregation of Duties

Name of Contact Person Responsible for Corrective Action: City Council and management.

Corrective Action Planned: The City of Vergas is aware of the segregation of duties issue. Due to limited staffing, segregation of duties is not always possible. Management will implement oversight procedures where and whenever possible.

Anticipated Completion Date: *Ongoing. The small size of the City limits the number of personnel available to perform separate duties, however, the City Council is aware of this situation and provides oversight and review.*

Finding Number: 2020-002

Prior Years Audit Finding Numbers: 2007-001, 2019-002

Finding Title: Internal Controls

Name of Contact Person Responsible for Corrective Action: Julie Lammers, City Clerk-Treasurer-Liquor Store Manager, and City Council

Corrective Action Planned: The City will formalize written documentation of their internal controls and the monitoring process to ensure the reliability of financial reporting and the effectiveness and efficiency of operations.

Anticipated Completion Date: *Ongoing. The City does have some written policies and continues to work on improving internal controls over financial reporting and compliance and the documentation of those controls.*

Finding Number: 2020-003

Prior Years Audit Finding Numbers: 2015-001, 2019-003

Finding Title: Accounting and Financial Reporting for Pensions

Name of Contact Person Responsible for Corrective Action: City Council and management

Corrective Action Planned: The City will encourage the Fire Relief Association to obtain an actuarial study to determine its net pension liability (asset) to stay in compliance with GASB Statement 68 for pensions offered to its retirees.

Anticipated Completion Date: *December 31, 2021.*

SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2020

Prior Years Audit Finding Numbers: 2006-001, 2019-001

Finding Title: Segregation of Duties

Summary of Condition: Due to the limited number of personnel within the City, segregation of the accounting functions necessary to ensure adequate internal accounting control is not possible.

Summary of Corrective Action: Management is continually aware that segregation of duties is not adequate from an internal control point of view. The City Council continues to implement oversight procedures and monitor those procedures to determine if they are still effective.

Status: Not fully corrected.

Prior Years Audit Finding Numbers: 2007-001, 2019-002

Finding Title: Internal Controls

Summary of Condition: Internal controls over financial reporting and the safeguarding of assets against unauthorized acquisition, use, or disposition include controls related to financial reporting and operational objectives. The City does not have a process for monitoring to ensure the internal controls are effective.

Summary of Corrective Action: The City has begun to formalize written documentation of their internal controls and the monitoring process to ensure the reliability of financial reporting and the effectiveness and efficiency of operations.

Status: Not fully corrected.

Prior Years Audit Finding Numbers: 2015-001, 2019-003

Finding Title: Accounting and Financial Reporting for Pensions

Summary of Condition: The Governmental Accounting Standards Board (GASB) issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which provides accounting and reporting standards for pensions offered to retirees. GASB 68 was first applicable to the City of Vergas for the year ended December 31, 2015. GASB Statement 68 has not yet been fully implemented by the City of Vergas as required. The City Fire Relief Association has not undergone an actuarial study to determine its net pension liability (asset).

Summary of Corrective Action: The City has encouraged the Fire Relief Association to obtain an actuarial study to determine its net pension liability (assets) for its inclusion in the City's financial statements.

Status: Not fully corrected.

**City Council
2021 July Council Meeting
Vergas Event Center and Zoom Id number 267-094-2170 (password 56587)
6:30 PM on Tuesday, July 13, 2021**

12. Ordinance Updates

Files Attached

- An Ordinance Establishing Truck Routes in the City of Vergas.pdf
- An Ordinance Restricting the Operation of ATV's for Certain Streets.pdf

ORDINANCE NO. 2021-_____

**An Ordinance Establishing Truck Routes in the
City of Vergas.**

§ _____ DEFINITIONS.

For the purpose of this subchapter, the following definitions shall apply unless the context clearly indicates or requires a different meaning.

TRUCK. Any vehicle designed or operated for the transportation of property and whose total weight loaded or unloaded exceeds 24,000 pounds.

TRUCK ROUTE. Any street, as designated in this ordinance, over and along which trucks shall operate.

§ _____ TRAVEL RESTRICTED.

All trucks operating within the City shall be operated only over and along the truck routes established, except that it shall not prohibit:

(A) The operation of trucks upon any street where necessary to the conduct of business at a destination point; provided that the streets upon which the traffic is permitted shall be used until reaching the intersection nearest the destination point.

(B) The operation of any emergency vehicles upon any streets.

(C) Electric utility trucks, refuse haulers, heating fuel trucks and school buses are given special permission to proceed with normal operations on their regularly established routes, and at all regularly established hours, to protect the health and welfare.

(D) The operation of trucks owned or operated by the City, public utilities or any contractor, while engaged in the repair, maintenance or construction of streets, street improvements, street utilities or other utilities.

(E) The operation of trucks upon any street that has been established and posted as a temporary truck route.

§ _____ TRUCK ROUTES ESTABLISHED.

The following streets for truck routes shall be hereby established:

(A) All county highways within the City, currently identified as County Highway 4 and County Highway 17.

**§ _____ MAPS; SIGNS; WEIGHING OF VEHICLES; LIABILITY OF
VEHICLE OWNER.**

(A) The City Clerk shall keep and maintain accurate maps, setting out the truck routes or streets upon which truck traffic shall be permitted, and the maps shall be available to the public.

(B) The Public Works Department shall cause all truck routes and streets upon which traffic is permitted to be clearly signed.

(C) Law enforcement officials having jurisdiction within the city limits shall have the authority to require any person driving or in control of any truck not proceeding over a truck route or street upon which truck traffic is permitted to proceed to any public or private scale available for the purpose of weighing and determining whether the truck complies with this ordinance.

(D) In addition to the driver or operator, the owner of any truck being operated with his or her permission and consent shall be liable for any violation of the provisions of this ordinance.

PENALTY

See § _____

Adopted this _____ day of _____, 2021.

Julie Bruhn, Mayor

ATTEST:

Julie Lammers, Clerk-Treasurer

ORDINANCE NO. 2021-_____

**An Ordinance Restricting the Operation of ATVs
to Certain Streets or Public Roads Within the City
Limits of Vergas.**

PURPOSE and INTENT:

The purpose of this ordinance is to establish an All-Terrain Vehicle (ATV) Route into and through the City of Vergas to be used by persons operating all terrain vehicles.

DEFINITIONS.

"All-terrain Vehicle" or "vehicle" means a motorized vehicle with: (1) not less than three, but not more than six low pressure or non-pneumatic tires; (2) a total dry weight of 2,000 pounds or less; and (3) a total width from outside of tire rim to outside of tire rim that is 65 inches or less. All-terrain vehicle includes a class 1 all-terrain vehicle and a class 2 all-terrain vehicle. All-terrain vehicle does not include a golf cart, mini-truck, dune-buggy, or go-cart or a vehicle designed and used specifically for lawn maintenance, agriculture, logging or mining purposes.

"Class 1 all-terrain vehicle" means an all-terrain vehicle that has a total width from outside of tire rim to outside of tire rim that is 50 inches or less.

"Class 2 all-terrain vehicle" means an all-terrain vehicle that has a total width from outside of tire rim to outside of tire rim that is greater than 50 inches but not more than 65 inches.

ATV ROUTE. Any street, as designated in this ordinance, over and along which ATVs shall operate.

ATV RESTRICTED.

All ATVs operating in the City of Vergas shall be operated only along the ATV routes established below.

ATV ROUTES ESTABLISHED.

The following streets for ATV routes shall be hereby established:

- (A) All county highways within the City, currently identified as County Highway 4 and County Highway 17.

EXCEPTION

ATVs may leave the ATV route only to access a business in the most direct way or to make trail connections.

In all other respects, ATV use within the City of Vergas must comply with Minnesota State Law.

PENALTY

See Section _____

Adopted this ____ day of _____, 2021.

Julie Bruhn, Mayor

ATTEST:

Julie Lammers, Clerk-Treasurer

DRAFT

City Council
2021 July Council Meeting
Vergas Event Center and Zoom Id number 267-094-2170 (password 56587)
6:30 PM on Tuesday, July 13, 2021

16. Construction Permits

- a. 150 E Herman St
- b. 1011 East Scharf Ave
- c. 105 Main St

Files Attached

- Construction Permit - 150 E Herman St.pdf
- Construction Permit - 1011 Eat Scharf Ave.pdf

Permit Number: 2021-020 Date Received: 7/01/21 Parcel Number: 82000990019000

Construction Permit Application

To the City Council of the City of Vergas in the County of Otter Tail, State of Minnesota:
Application is hereby made by the undersigned for a Construction Permit as provided by City Ordinance as adopted by the City of Vergas.

- GOPHER STATE ONE CALL MUST BE NOTIFIED 48 HOURS PRIOR TO ANY DIGGING, CALL 1-800-252-1166 AS REQUIRED BY MINNESOTA STATE LAW.
- THE CITY OF VERGAS WILL CHECK ALL SETBACKS ON ANY NEW CONSTRUCTION. IT IS THE APPLICANT'S RESPONSIBILITY TO HAVE ALL PROPERTY LINES LOCATED. ALL NEW CONSTRUCTION REQUIRES THE APPLICANT TO MARK THE PROPOSED BUILDING SITE AND PROPERTY LINES BEFORE THE BUILDING PERMIT WILL BE APPROVED.
- All Electrical work MUST have an electrical permit, which must be obtained separately from a MN State Contract Electrical Inspector (218)342-3345 or (218)849-6059.

Property Description: (NEW CONSTRUCTION ONLY)

Lot _____, Block _____, Addition _____

Property: Width _____ feet, Length _____ feet

Must supply City with a \$1,000 deposit for tar break up. City will reimburse \$1,000 when project complete and street is approved by Utilities Superintendent.

PLEASE NOTE: WITH ANY NEWLY CONSTRUCTED HOME, THERE ARE FEES FOR START UP OF UTILITIES. WATER HOOK-UP ASSESSMENT IS \$750.00, SEWER IS \$750.00.

Name of Applicant: Richard Blair

Address of Construction Project: 150 E Herman St. Vergas

Mailing Address: PO Box 19, Vergas Phone: 218-298-2758

Name of Owner (If not the Applicant): _____

Address of Owner (If not the Applicant): _____

1. Permit to (CIRCLE ONE)

Build

Install

Addition

Alter

Move

Demolish

Repair

Remodel

Description of work to be done:

Install new vinyl siding over the old siding.

2. Proposed use of building: (CIRCLE ONE) Residential Commercial

3. VALUATION (not just your cost) of work being completed: \$ less than \$10,000

Building Contractor:

Name: _____ License Number: _____ Phone: _____

Plumber: (must have MN License)

Name: _____ License Number: _____ Phone: _____

Electrician:

Name: _____ License Number: _____ Phone: _____

4. Attached a "Site Plan", showing the proposed location of any new building in reference to the property including existing buildings. If you have a copy of a professionally prepared site plan, attach a copy for review by the City's Site/Zoning Inspector. Blueprint or Design Drawings must be submitted for any new construction, addition, or remodel.

5. Certification: I hereby certify that I am the applicant herein and that the information given above and/or any exhibits submitted herewith is in all respects true and accurate to the best of my knowledge and belief, and further, if this permit is granted, said construction will comply with plans and specifications herewith submitted and applicable requirements of the City of Vergas.

6. I am the (CIRCLE ONE) OWNER LESSEE PURCHASER AGENT

7. APPLICANT'S SIGNATURE: Richard Blas DATE: 7-1-21

FOR OFFICE USE ONLY

\$ _____ Water Hook-up

\$ _____ Sewer Hook-up

\$ 25.00 Permit Fee

\$ _____ Tar Break Up Deposit

\$ 25.00 Total Fees

Receipt # 144412 Date Paid 7-01-21, 2021

Form given to client to display the permit to be visible from the street & to notify office of completion.

Signature: _____ Date: _____, 20____
(Permitting Authority)

Date Approved by Council: _____, 20____

Permit expires in one year if project is not complete please reapply for permit.

Permit Number: _____ Date Received: _____ Parcel Number: _____

Construction Permit Application

To the City Council of the City of Vergas in the County of Otter Tail, State of Minnesota:
Application is hereby made by the undersigned for a Construction Permit as provided by City Ordinance as adopted by the City of Vergas.

- GOPHER STATE ONE CALL MUST BE NOTIFIED 48 HOURS PRIOR TO ANY DIGGING, CALL 1-800-252-1166 AS REQUIRED BY MINNESOTA STATE LAW.
- THE CITY OF VERGAS WILL CHECK ALL SETBACKS ON ANY NEW CONSTRUCTION. IT IS THE APPLICANT'S RESPONSIBILITY TO HAVE ALL PROPERTY LINES LOCATED. ALL NEW CONSTRUCTION REQUIRES THE APPLICANT TO MARK THE PROPOSED BUILDING SITE AND PROPERTY LINES BEFORE THE BUILDING PERMIT WILL BE APPROVED.
- All Electrical work MUST have an electrical permit, which must be obtained separately from a MN State Contract Electrical Inspector (218)342-3345 or (218)849-6059.

Property Description: (NEW CONSTRUCTION ONLY)

Lot 1, Block 2, Addition Kerley Street 1st Addn
Property: Width 120' feet, Length 190' feet

Must supply City with a \$1,000 deposit for tar break up. City will reimburse \$1,000 when project complete and street is approved by Utilities Superintendent.

PLEASE NOTE: WITH ANY NEWLY CONSTRUCTED HOME, THERE ARE FEES FOR START UP OF UTILITIES. WATER HOOK-UP ASSESSMENT IS \$750.00, SEWER IS \$750.00.

Name of Applicant: Stylmark Builders Inc

Address of Construction Project: 1011 East Schan F Ave

Mailing Address: 3713 Hidden Grove Phone: 701-866-8367
West Fargo, ND 58078

Name of Owner (If not the Applicant): Tami Rust

Address of Owner (If not the Applicant): _____

1. Permit to (CIRCLE ONE)

☒ Build ☐ Install ☐ Addition ☐ Alter
☐ Move ☐ Demolish ☐ Repair ☐ Remodel

Description of work to be done: New Home Construction

2. Proposed use of building: (CIRCLE ONE) Residential Commercial

3. VALUATION (not just your cost) of work being completed: \$ 377,000

Building Contractor: Stylmark Builders Inc

Name: Dustin Thum License Number: BC685544 Phone: 701-866-8367

Plumber: (must have MN License)

Name: Red River Plumbing License Number: PM067081 Phone: 701-362-3699

Electrician:

Name: K&D Electric License Number: AM669604 Phone: 218-790-3476

Form approved by City of Vergas Council 09/12/2017

4. Attached a "Site Plan", showing the proposed location of any new building in reference to the property including existing buildings. If you have a copy of a professionally prepared site plan, attach a copy for review by the City's Site/Zoning Inspector. Blueprint or Design Drawings must be submitted for any new construction, addition, or remodel.

5. Certification: I hereby certify that I am the applicant herein and that the information given above and/or any exhibits submitted herewith is in all respects true and accurate to the best of my knowledge and belief, and further, if this permit is granted, said construction will comply with plans and specifications herewith submitted and applicable requirements of the City of Vegas.

6. I am the (CIRCLE ONE) OWNER LESSEE PURCHASER AGENT Contractor

7. APPLICANT'S SIGNATURE: [Signature] DATE: 7-6-21

FOR OFFICE USE ONLY

\$ _____ Water Hook-up \$ _____ Sewer Hook-up
\$ _____ Permit Fee \$ _____ Tar Break Up Deposit
\$ _____ Total Fees

Receipt # _____ Date Paid _____, 20__

____ Form given to client to display the permit to be visible from the street & to notify office of completion.

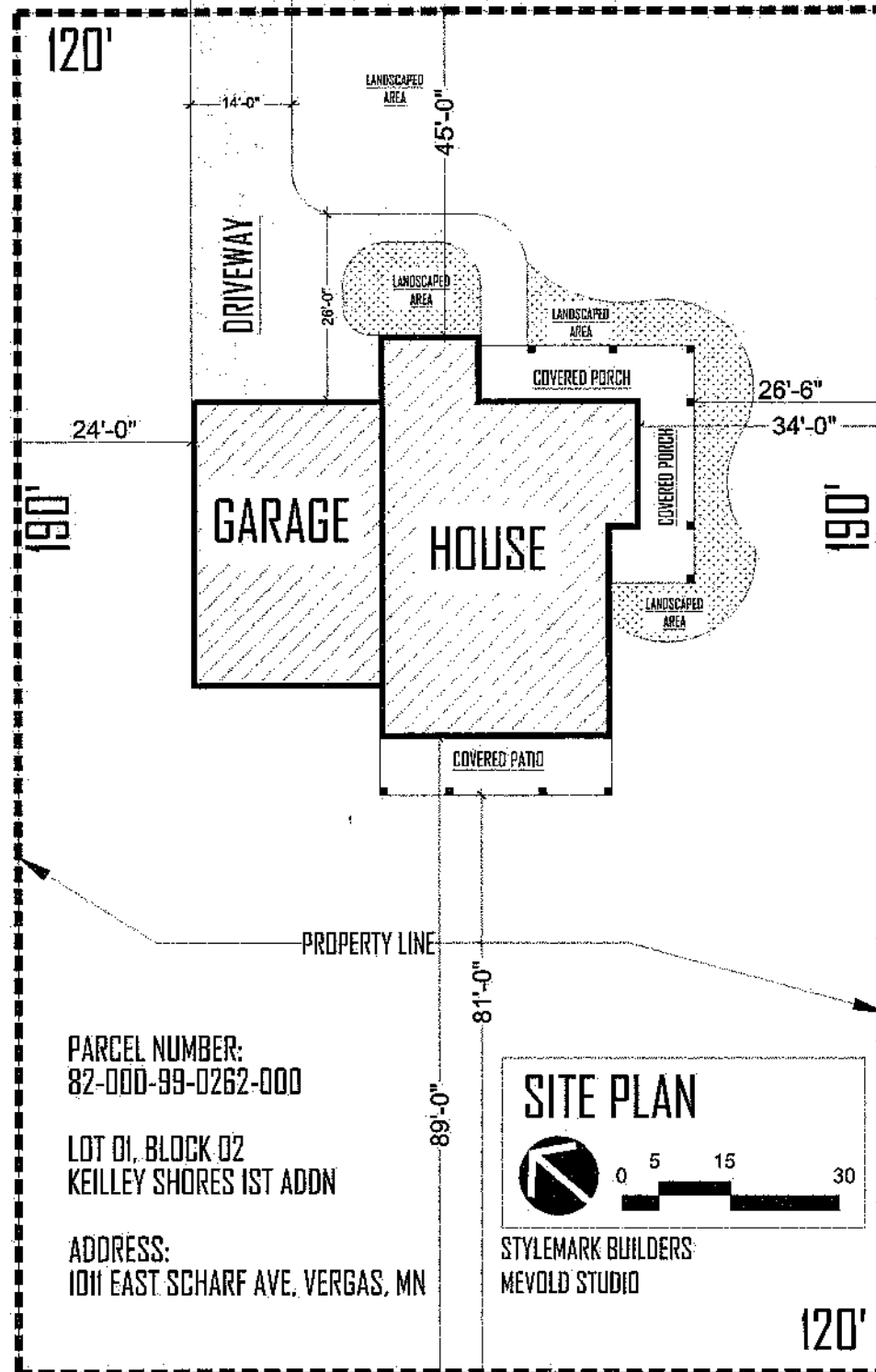
Signature: _____ Date: _____, 20__
(Permitting Authority)

Date Approved by Council: _____, 20__

Permit expires in one year if project is not complete please reapply for permit.

Form approved by City of Vegas Council 09/12/2017

EAST SCHARF AVE.



**City Council
2021 July Council Meeting
Vergas Event Center and Zoom Id number 267-094-2170 (password 56587)
6:30 PM on Tuesday, July 13, 2021**

18. Veterans Memorial

Files Attached

- Lion's Letter.pdf
- Veteran's Memorial Petition.pdf
- Veteran's Memorial Proposal to use City property.pdf
- Veteran's Memorial Construction Permit.pdf

VERGAS LIONS CLUB

LINDA KRABBENHOFT, PRESIDENT

June 22, 2021

Mayor Bruhn and Vergas City Council,

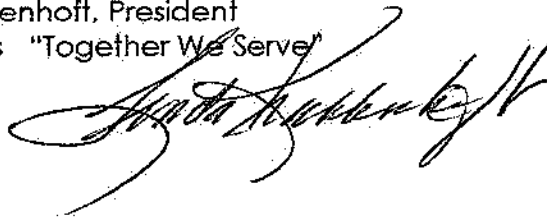
This letter in support of the Vergas Veterans Memorial on behalf of the Vergas Lions Club. We feel such a memorial, a gift to the community, would only enhance the landscape of Vergas. It would stand as a tribute to all who have valiantly served in the armed forces. Many of whom gave the ultimate sacrifice.

The Vergas Lions are adding an amendment to our Constitution stipulating that the Vergas Lions would be responsible for maintaining the monument into perpetuity. We are more than glad to do this in honor of what this monument signifies.

Many other small communities have such memorials. Underwood being one, it stands on the main street going thru their community. This shows pride in those who serve, pride in the contribution their community has made to preserve freedom.

We encourage you to approve this monument for our community, a monument that would cost the taxpayers nothing, nothing today and nothing in the future. This project has been initiated by a group of local Veterans. They are diligently working to secure the funds to see this project to fruition.

Thank-you,
Linda Krabbenhoff, President
Vergas Lions "Together We Serve"

A handwritten signature in black ink, appearing to read "Linda Krabbenhoff", written over the printed name and title.

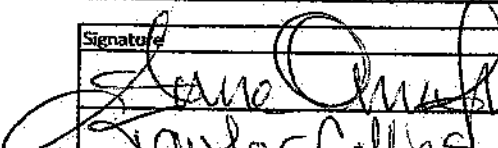
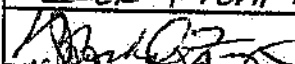
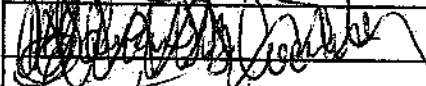
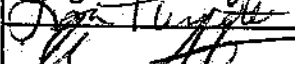


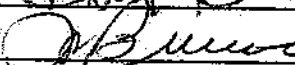
(Funds to be raised through donations)

[illegible]

Petition to Build a Veterans Memorial Park at Ballfield Location in the City of Vergas MN

(Funds to be raised through donations)

We the undersigned support the Vergas Veterans committee building of a Veterans Memorial Park at
230 E. Frazee Ave, Vergas MN
(Between the ball field fence and Frazee street)

Signature	Address	Date
	Frazee, MN	5/20
Taylor Collins	Frazee, MN	5/20
Zack Frohman	Frazee, MN	5/20
	Frazee, MN	5-20
	Frazee, MN	5/20
	Frazee, MN	5/20
	Frazee MN	5/20
David	Frazee MN	5/20
Dennis Weidner	Frazee MN	5-20
William Wagner	Frazee MN	5/20
Jeanette Wagner	Vergas MN	5/20
Tommy Lawrence	Frazee MN	
Bonnie Lawrence	Frazee MN	
Jodi Ray	Detroit Lakes	
Britt Ray	Detroit Lakes	
Jay M. Grey Neis	Frazee	5/27
Lucy Hollos	Frazee	5/28
Stan Orade	Frazee	5/28
Kevin Badel	Frazee	5/28
Jenny Ziegler	FRAZEE	5/28
Mike Smith	Frazee	5-28
	DL	5-29
Paul Lakin	Vergas	6-1
Don Riegler	FRAZEE	6-1
Butt Kewer	DL	
	Frazee	6/1

Petition to Build a Veterans Memorial Park at Ballfield Location in the City of Vergas MN

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Signature	Address	Date
Marion Johnson	35259 Adams Pt Lane	5/13/2021
[Signature]	35151 Adams Pt Ln	5/13/21
Jim Bjorklund	3822 RIVERSHORE DRIVE, MHD	5/16/21
Pat Bjorklund	3822 Rivershore Dr. Mhd, MN	5/16/21
Danielle Bjorklund	1689 124 th AVE NE Blaine, MN	5/16/21
M. T.	1689 124 th Ave NE Blaine, MN	5/16/21
Carol Day	406 1st Ave N Vergas MN	5/18/21
Roger Meyer	44874 Spruce E Frazee MN	5/20/21
Judith A Meyer	" " " " "	5/20/21
John Kief	35123 ADAMS PT LN FRAZEE	5/21/21
Mark Krieg	35123 Adams PT LN Frazee	5/21/21
Kristi Hagen	35051 Adams PT LN Frazee	5/21/21
Elroy Hagen	35051 Adams PT LN Frazee	5/21/21
Leif B. Peterson	35267 Adams PT LN Frazee	5/21/21
[Signature]	4641 HUNTERS PT. MOOREHEAD, MN.	5-22-21
Malinda Sig	4641 Hunters Pt Moorhead, MN	5-22-21
Brad Ewech	4438 Allison Court Moorhead, MN	5-22-21
Tony Sailer	50167 Sailer Road, Frazee, MN	5-22-21
Quelli [Signature] Castle	34807 City Hwy 4 Frazee MN	5-24-21
Brian [Signature]	1008 Park Ave N PA	5/25/21
Jim Henningson	1005 N Anthem Cir. Sioux Falls S.D.	5/26/21
Paul Christen	5134 690 th Ave Graceville mn	5/26/21
Bonnie Henningson	1015 N Anthem Circle, Sioux Falls, SD	5/26/21
Paul Christen	5134 690 th Ave Graceville mn	5/26/21
Kathy Gray	1008 Park Ave N Park Rapids MN	5/26/21
[Signature]	12915 Cedar ave Frazee mn	5/31/21

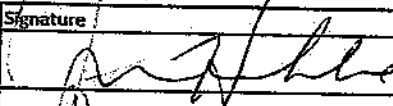
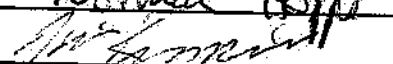
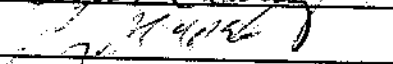



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230 E. Frazee Ave, Vergas MN

(Between the ball field fence and Frazee street)

Signature	Address	Date
	35676 ADAMS PT. TRC FRAZEE/VERGAS	5/29/21
Amanda Deloux	35676 Adams Pt Trl Frazee/Vergas MN	5/29/21
Lamin Hayspe	35291 Adams Pt Ln Frazee/Vergas	5/29/21
Norman Hayspe	35291 Adams Pt Ln Frazee	5-29-21
	510 3rd Ave SW Perham, MN	5/31/21
Julie Kemperich	510 3rd Ave SW Perham MN	5/31/21
Beth Belflower	43807 County Hwy 56 Frazee MN	5/31/21
Michelle Strand	100 S. Townline Rd. Vergas MN	5/31/21
Ken Strand	100 S. Townline Rd, Vergas MN	5/31/21
Chris Clancy	3950 CLAYTON TOWN RD, BUCHANAN TN	5/31/21
	37527 State Hwy 341, Deloit Lakes MN	5/31/21
Wayne Idoerke	210th St Mahanomen MN	
Bernita Hoeck	35039 Adams pt. LN. FRAZEE,	6/1/21
Carole Petersen	35039 Adams pt. Lane Frazee	6/1/21
	35097 Adams pt Ln Frazee	6/1/21
	" " " " "	6/1/21
Emily Christensen	41237 Co Hwy 56 FRAZEE MN	6/1/21
	41237 Co Hwy 56 Frazee MN	5/1/21
Ken Jacobson	44144 County Rd 151 Frazee, MN 56544	6-1-21
Steve Jacobson	11010 Cormorant Heights Rd Audubon, MN	6-1-21
DAVID Germolus	11010 Cormorant Heights Rd Audubon MN	6-1-21
Diane Germolus	700 9th St SW Perham MN 56573	6-1-21
Matthew Mess	700 9th St SW Perham	6/1/2021
Dale Meisinger	33494 S. Cotton Lake, Rocket	6/01/21
Dave Rydel	58334 130th S Menasha	6-1-21
	48446 Rose Lake	6-2-21

Petition to Build a Veterans Memorial Park at Ballfield Location in the City of Vergas MN

(Funds to be raised through donations)

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230 E. Frazee Ave, Vergas MN

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Signature	Address	Date
Jim Pukane	31564 EAGLE LAKE RD	6-2-21
Bob Shelstad	35115 Adams Pt Ln Frazee MN	6-3-21
Bob Shelstad	" "	6-3-21
Eric Zoon	35243 Adams Pt Ln Frazee, MN	6-4-21
Elizabeth Krieg	1325 19th Ave. S. Moorhead, MN	6-5-21
Grant Krieg	1325 19th Ave. S. Moorhead, MN	6/5/21
Thomas McElroy	20657 Co Hwy 22 Detroit Lakes	6/6/21
Merissa McElroy	20657 Co Hwy 22 Detroit Lakes	6-6-21
Michael Millotte	20657 Co Hwy 22 Detroit Lakes	6-6-21
Mike Kuntz	35139 Adams Point Ln Frazee, MN	6-6-21
R. Gustafson	35139 Adams Point Lane, Frazee, MN	6/6/21
Donoid	Donoid Detroit Rd Vergas, MN	6-8-21
Ernie E. Erickson	37509 Long Harbor Rd, Frazee	6/8/21
Ernie Erickson	37509 Long Harbor Rd, Frazee	6/8/21
David Anderson	50438 West Lake Sever Rd	6/8/21
Mike Hyl	32815 E ROSEWOOD TRL, DENT MN	8 JUN 21
David Antonen	29375 430th St Vergas, MN 56587	6-8-21
Sandy Antonen	29375 430th St Vergas, MN 56587	6-8-21
Allen Krook	104 B ALTONA AVE Vergas 56587	6-8-21
Sub Drugg	820 E Scharf Ave Vergas	6/8/21
Therianne HeKanson	42224 Fawn Oaks Rd. Dent	6/8/21
Debra Jacoby	1030 East Scharf Ave Vergas	6/8/21
Janet Hurnst	32032 Zoon Lake - Vergas	6/8/21
Paul Schron	" " "	6/03/21
Phil Dickerson	Richville	6/7/21
	35321 Adams Point Ln Frazee, MN	6-10-21

Petition to Build a Veterans Memorial Park at Ballfield Location in the City of Vergas MN

(Funds to be raised through donations)

We the undersigned support the Vergas Veterans committee building of a Veterans Memorial Park at

230 E. Frazee Ave, Vergas MN

(Between the ball field fence and Frazee street)

Signature	Address	Date
Rich Lewis	34917 FREEDOM FLYER RD	5-17-21
Joe S. S. S.	34839	"
Pamela L. Lewis	34917 Freedom Flyer Rd Vergas	5/17/21
Kenneth Huether	34619 Freedom Flyer Rd Vergas	5/17/21
Roger S. S.	34737 Freedom Flyer Rd Vergas	5-17-21
Edna Johnson	34707 Freedom Flyer Rd Vergas MN	5-17-21
Roger S. S.	34735 Freedom Flyer Rd Vergas MN	5-17-21
Kathy Wang	34735 Freedom Flyer Rd Vergas MN	5-17-21
Paul S. S.	34731 Freedom Flyer Rd, Vergas MN	5-17-21
Monice Nord	34731 Freedom Flyer Rd, Vergas MN	5/17/2021
John S. S.	35431 Freedom Flyer Trl, Vergas, MN	5/17/21
David S. S.	"	5/17/21
MaryAnn Strauch	38046 38 th St. Richville	5/18/21
Det. K. S.	212 Fox St. Perham, MN	5/18/21
Mrs. S. S.	1014 5 th Ave. 726 Perham	5/18/21
John S. S.	37514 Co. Hwy 67 N. Y. Mill MN	5/18/21
Melissa Schellenberg	43131 Jamaka Rd. Tent	5/18/21
John S. S.	636 - 2nd Ave NE Perham	5/18/21
Debra S. S.	38764 397 th St. Out M. S. S.	5/18/21
Barbara Foster	40532 N. Marionette, Perham, MN	5/18/21
John S. S.	43796 W. Paul Lake Dr. Perham, MN	5/18/21
John S. S.	38301 Front St. Battle Lake, MN	5/18/21
John S. S.	38301 Front St. Battle Lake MN	5/18/21
Barbara S. S.	722 12 th St. N. Brockenridge MN	5/19/21
Paul S. S.	34883 Freedom Flyer Rd Vergas	5/20/21
Pam S. S.	1987 Starlight Dr. Waconia	5/29/21

(Funds to be raised through donations)

230 E. Frazee Ave, Vergas MN

(Between the ball field fence and Frazee street)

Page 140 of 161

Petition to Build a Veterans Memorial Park at Ballfield Location in the City of Vergas MN

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We the undersigned support the Vergas Veterans committee building of a Veterans Memorial Park at

230 E. Frazee Ave, Vergas MN

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Signature	Address	Date
Jackie Nordick	1987 Starlight Drive, Waco, TX 76798	5/30/21
Don Nordick	106 Oak Drive, Breckenridge, MN	5/30/21
Jackie Nordick	705 9th St. NW, Parkville, MN	5/30/21
Sue Nordick	106 Oak Drive, Breckenridge, MN	5/30/21
David Nordick	34967 Freedom Flyer Rd, Vergas, MN	6/11/21
Joy Nordick	34967 Freedom Flyer Rd, Vergas, MN	6/11/21
Greg Nordick	35317 Freedom Flyer Trl, Vergas, MN	6/21/21
Chen Nordick	35375 " " " "	6/21/21
Karen Odden	35375 " " " "	6/21/21
David Odden	35379 Freedom Flyer Trl	6-21-21
Bill Odden	35743 Freedom Flyer Trl	6/21/21
Tracy Odden	35743 Freedom Flyer Trl	6/21/21
Eric Odden	35672 Freedom Flyer Trl	6/21/21
Paul Odden	35789 Freedom Flyer Trl	6-21-21
Myron Yagow	517 3RD AVE MILNOR, ND 58060	6-26-21
Bruce Yagow	821 Main Street Milnor 58060	6-26-21
Betty Yagow	821 Main St. Milnor, ND 58060	6-26-21
Don Yagow	517 3rd Ave Milnor ND 58060	6-26-21

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Signature	Address	Date
Mary Ditterich	46963 Cty Hwy 35 Vergas	5-16-21
Henry Ditterich	" "	" "
Timothy Dutterich	46792 Big Owl Loop Vergas MN	5-16-21
Bruce & Ruth	" "	" "
Tom Heng	46821 Big Owl Loop Vergas MN	5-16-21
Patricia Heng	46821 Big Owl Loop Vergas MN	5-16-21
* Alexander	46956 Big Owl Trail Vergas MN	5-16-21
Ermany Gaddatz	46956 Big Owl Trail MN	5-16-21
St Braungart	329671 D.R.	5-16-21
John Smith	" "	" "
John Smith	32905 Little Owl Rd Vergas	5-16-21
John Smith	" "	" "
John Smith	" "	5-16-21
Torjan Marynik	46037 Lands End Rd. Vergas	5-16-21
Robert Marynik	46037 Lands End Road - Vergas	5-16-21
Tom Young	32786 Lands End Trail Vergas	5-16-21
Tom Young	32786 Lands End Trail Vergas	5-16-21
Van Kalinski	42027 Fawn Oaks Est. Dent	5-17-21
Van Kalinski	107 Main St Dent Minnesota	5-17-21
Van Kalinski	39387 397th St	5-17-21
Christina Sjogren	91 Main St Dent	5/17/21
Christina Sjogren	31951 Minnesota St Dent MN	5/17/21
Christina Sjogren	" "	5/17/2021
Norah Riley	38245 Bambi Dr. Dent MN	5/17/2021
Lynn Roforth	40130 Hawthorne Parkway MN	5-17-2021
Mark Roforth	" " " " "	" " "

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Signature	Address	Date
Duane Schlem	39184 705th St Perham, mn	5-17-21
James A. Kern	33300 State Hwy 108 Dault MN 56528	5-17-21
Robin Jones	T.A. Box 35 Dault, MN 56528	5-17-21
Barbara Eicher	P.O. Box 48 - Vergas, MN 56587	5-17-21
Patricia Erickson	P.O. Box 45 - Vergas MN 56587	5-17-21
Sam Bjork	39374 Minnesota St Perham MN 56573	5-18-21
Clare Hylleberg	3715 So Little McLaughlin	5-18-21
Deb Struge	880 E Schauf Ave Vergas MN	5/18/21
Carmel Moore	815 E Schauf, Vergas MN	5-19-21
John Selvig	830 E Schauf Ave Vergas MN	5-19-21
Michael W. W.	880 E Schauf Ave Vergas MN	5-19-21
B. J. Goldstein	1000 E Schauf Ave Vergas MN	5/19/21
Mich. G. L.	1000 E Schauf Ave Vergas MN	5-19-21
Steven Charles	1040 E Schauf Ave	5-19-21
Robert J. Palmer	1025 E Schauf Ave Vergas MN	5-19-21
Elaine Palmer	1025 E Schauf Ave Vergas MN	5-19-21
Art Strand	271 Linden St. W. Vergas, MN	5-21-21
Mike S.	291 Bennett Road Vergas MN	5/21/21
Shirley Ross	290 Bennett Rd Vergas mn	5-21-21
Shirley Ross	290 Bennett Rd Vergas mn	5-21-21
Big Bear	4245 Big Owl Loop	5-21-21
Salonne Joetsch	46965 Big Owl Loop	5-21-21
Joan M. Pfeiffer	28332 Co Hwy 4 - Vergas	5-21-21
Big Bear	46933 Big Owl Loop Vergas	5/21/21
Erin Bjerde	46933 Big Owl Loop Vergas	5/21/21
Donna M. J.	46858 Big Owl Loop Vergas	5/21/21

Petition to Build a Veterans Memorial Park at Ballfield Location in the City of Vergas MN

(Funds to be raised through donations)

We the undersigned support the Vergas Veterans committee building of a Veterans Memorial Park at

230 E. Frazee Ave, Vergas MN

(Between the ball field fence and Frazee street)

Signature	Address	Date
Pat Meyer	46859 Big Oak Rd Vergas MN	5-25-21
Conna Sullivan	46799 Big Oak Loop, Vergas	5/21/21
Elaine Sarschman	" " " "	" "
James Bennett	44458 CW 35 Vergas	" "
Vonnie Bennett	" " " "	" "
Lanni Ruffman	37509 Long Harbor Rd. Frazee	5/26/21
Lanni Ruffman	" "	" "
Arinda Kuchnabolt	30099 440 St. Vergas Mn	5/26/21
Arinda Kuchnabolt	" " " "	" "
Paul Kuchnabolt	44305 City Hwy 41 Vergas Mn	5/26/21
Brenda Samdahl	44305 City Hwy Vergas MN	5-26-21
Pat Meyer	43585 Hwy 41 Vergas MN	5-30-21
Pat Meyer	43585 Hwy 41 Vergas MN	5-30-21
Darrel Williams	30274 Hwy 4 Vergas MN	6-1-21
Kathleen Williams	" "	6-1-21
Doug Sahr	35199 Adams Pt Frazee MN	6-1-21
Doug Sahr	" " " "	6-1-21
Doug Sahr	1615 N 6th St. Montevideo MN	6/2/21
Doug Sahr	1615 N 6th St. Montevideo	6/2/21
Debbie Layman	42078 City Hwy 41 Vergas	6-10-21
Debbie Layman	42078 City Hwy 41 Vergas	6-10-21
Don Meyer	34252 Sybil Lake Rd	6-10-21
Don Meyer	34252 Sybil Lake Rd	6-10-21
Don Meyer	37979 N. Little Mc Lake Post	6-10-21
Don Meyer	37979 N. Little Mc Lake Post	6-10-21
Jim Sahr	Post 148, Dent 43227 Engstrom Beach Rd Dent	6-28-21

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(Between the ball field fence and Frazee street)

Signature	Address	Date
Marcy Johnson	PO Box 121 Dent, MN 56538	5/12/21
Ja Eberhart	50575 Mithing Way R 56587	5/12/21
Darla Eberhart	Vergas MN	5/13/21
Bryan L. Giese	Bryan Giese 32016 Loan Drive, Vergas, MN	5-15-2021
Bryan L. Giese	105 PARK VIEW DR VERGAS MN 56587	5-15-2021
Scott King	VERGAS, MN	5-14-21
Dale Anderson	Dent	5-14-21
John Thorne	VERGAS	5-15-21
Jeffrey	49605 City Hwy 17 Vergas	5/15/21
Donna Kiser	35789 FFT Vergas	5/17/21
Mike	30271 Wing Trail Vergas	5/17/21
Dan L. L.	50622 Co Hwy 17 Vergas	5-18-21
Jean Sundberg	100 Parkview Dr Vergas	5/21/21
Beth	Beth Sale	5/21/21
Marvin Dave	think of what they have done	5/22/21
Kim Frick	27753 County Rd 110	5/24/21
Carissa Tites	Vergas mn	
Dan L. L.	Vergas	5/24/21
Donna	Vergas	5/25/21
Donna	PERMIT	5/25/21
Abigail Jane Van Vuren	Vergas, mn	5/27/21
Carol Yunker	1206 FRAZEE AVE E. FRAZEE	5/27/21
Ken D. D.	35545 Rose Lake Drive Frazee	5/27/21
Jan Solare	31099 City Hwy 130 Vergas M.	5/31/21
Bryan Solare	31099 City Hwy 130 VERGAS	5/31/21
Ryan Benner	VERGAS	

Petition to Build a Veterans Memorial Park at Ballfield Location in the City of Vergas MN

(Funds to be raised through donations)

We the undersigned support the Vergas Veterans committee building of a Veterans Memorial Park at

230 E. Frazee Ave, Vergas MN

(Between the ball field fence and Frazee street)

Signature	Address	Date
Anthony Vogt	11797 County Hwy 17 DE	6-2
Don Pong	50548 - E. Lake 2 St	11
Erica Ratz	Vergas	6/3/21
Regi Ucker	Vergas	6/2/21
Ben Buh	Vergas	
Tim Hoff	48073 315 Ave Vergas	6/9/21
Jessica Cooper	13721 450th AVE Frazee	6/9/21
Ethan Black	921 unit ave vergas	6/9/21
Ben Ratz	Vergas	6/9/21
Asheq Ratz	Vergas	6/9/21
John Hanson	Parkers Prairie	6/10/21
Frank Henry	Detroit Lakes	6/10/21
Bubbi Under	Vergas	6/11/21
Freysonnenberg	Vergas	6/12/21
Paul Dubs	Vergas	6/12/21
Amel	Vergas	6/15/21
Bretholz	Dent	6/17/21
Ben Buh	Vergas	
Jeff Oulson	P-TOWN	6/18/21
Kath Krenke	Dent	6/19/21
Sammy Shoss	Vergas	6-20-21
M. Olsen	Vergas	6-21
John Engberg	Vergas	6-24
Chris	43227 Engstrom Beach Rd	6-28

(Funds to be raised through donations)

(Between the ball field fence and Frazee street)

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PROPOSAL for the CITY OF VERGAS

Veterans Memorial Park

June 2021

Information Requested:

Section 2a: Who is conducting the project?

A committee consisting of Pam and Lyle Krieg (701-238-1575), Henry Ditterich (218-342-4904), John Lotzer (701-680-9189), Dennis Breitzman (701-202-6337), and Doug Safar (218-201-2554). In addition, the Vergas Lions Club has agreed to maintain the project in perpetuity.

Section 2b: Summary of the proposed project to include purpose, plan, and overall goals.

The purpose of the project is to memorialize the service of veterans, both living and deceased, and to celebrate service to our country. The park will be a point of interest and will provide a gathering place for both visitors and local residents. It will also be available to schools and teachers as a comfortable outdoor setting for the discussion of history and the importance of service.

Section 2c: How has the project been vetted with other stakeholders to ensure community support?

The Committee has met with the City Council, the Park Board and the Planning Committee on numerous occasions. We conducted an information meeting with the City and brochures describing the project were placed in local businesses. While some opposition to the project from a few individuals, for various reasons, was encountered, we have

found support for the project to be overwhelming. The project is supported by the Frazee VFW, the Frazee AmVets, the Dent American Legion and Quilts of Valor.

Section 2d: Which city property is proposed for the project?

The pie shaped lot between the baseball diamond and the railroad.

Section 2e: What is the anticipated cost for the project?

\$100,000

Section 2f: How will the project be funded?

Funds will be raised by donations from individuals, organizations and businesses. Funds will also be raised through grants and fund raising activities. Some materials such as sand and gravel, concrete, and signage are to be donated. There will be a fee to have a veteran's name engraved on the granite pillars. This fee may be paid by the veteran themselves, family members, organizations or any civic minded individuals. No veteran's name will be left out because of inability to pay. Additionally, engraved granite benches can be purchased.

Section 2g: Will there be any anticipated city costs at the conclusion of the project?

The Committee might request the city provide electrical power to illuminate the United States flag. If appropriate solar lighting cannot be found, the committee will pay all cost related to the installing powerful lights.

Section 2h: How will the city property be specifically used?

The park will include two 25' diameter circular concrete slabs connected by a sidewalk. A graveled parking area will be constructed as well as a sidewalk for access to the memorial. See drawing for a specific description.

The park will be available to the public. It is hoped that future additions to the park will include picnic shelter(s) for public use. All facilities will comply with ADA.

Section 2i: Map of project on city property, as indicated, the proposed activity that will occur on the property.

Section 2j: What is the city's responsibility(s) at the conclusion of the project?

Continued mowing of the grass around the monuments. Parking lot maintenance.



Lake Region Electric Cooperative

1401 South Broadway • P.O. Box 643
Pelican Rapids, Minnesota 56572-0643

April 19, 2021

Lyle or Pam Krieg
Vergas Veterans Memorial
35123 Adams Point Lane
Frazee, MN 56544



Dear Lyle or Pam Krieg,

On behalf of the Lake Region Electric Trust Board for Operation Round Up®, I am pleased to inform you that the donation requested by Vergas Veterans Memorial has been approved. Enclosed is a check for \$5000 to be designated exclusively to the project specified on the application that benefits communities in the local area served by Lake Region Electric Cooperative.

The Lake Region Electric Cooperative team is always interested in how Operation Round Up impacts those we serve. To better understand, a member of the Lake Region team may reach out to learn more about your project or to document the progress of your project. Lake Region thanks you for all the good works you do for the community and are proud to assist you in serving your area.

The board of trustees for Operation Round Up believes your project is important to the community and we wish you success in the years ahead.

Sincerely,

Bev Terhurne
Recording Secretary
Lake Region Electric Trust

Enclosures

Cc: Theresa Halverson, Executive Director

218-863-1171 • 800-552-7658
FAX • 218-863-1172
www.lrec.coop

This is the documentation that was submitted to Lake Region Electric Round-Up Application for a grant they provide for community projects -- The Vergas Veterans Memorial Park Project was awarded \$ 5,000.00 in support of the Park Project-Vergas Veterans Memorial Park. Informed of the award on Monday, April 12, 2021.

LREC Operation Round-Up Application Form submitted by Vergas Veteran Memorial

State project purpose:

The Vergas Veterans Memorial Park will provide a point of interest that promotes awareness of the sacrifices our service men and women have made to protect our freedom.

The Vergas Veterans Memorial Park will be a place where legacy of the American military veterans can be recognized and honored.

When completed, this Memorial will represent the active-duty United States Uniformed Services and their respective Guard and Reserve Units.

What are the benefits to the community or area?

The Vergas Veterans Memorial Park will be promoted as a "destination" for local residents and tourists. This will enhance community spirit and economic benefits to local business.

The Vergas Veterans Memorial Park will provide an outdoor gathering place for veterans, military members, their families and friends to celebrate, recognize, remember, and honor the lives of those who are serving or have served.

The vision of the Vergas Veterans Memorial Park came about when 4 Vergas Lions members, who are also Veterans that served during the Vietnam War, were discussing the Veterans Memorial Parks that they had visited in area and they determined that it would be an assist to the area and a honor to have a Veterans Park in our community of Vergas. They started working with the city of Vergas to determine a location and an area next to the softball field along Country Road 4 was determined to be the future home of Vergas's Veteran Memorial Park. The location will be very visible to all residents of the area as well as those visiting the area.

Other Revenue Sources:

Grants, Individual, Businesses and In-Kind Donations-- There will be a fee to have a Veteran's name engraved on the pillars. There is also an opportunity to purchase bench to honor a Veteran and multiple Veterans.

Plans for a fundraising event this spring/summer will be done and the Smoke Wagon will be providing lunch, with some of the proceeds going towards the Veterans Memorial.

Currently, the Vergas Lions has a trailer that residents can drop off their aluminum cans, and the money that is received is going towards the Veterans Memorial.

What other information would you like to share?

We are currently planning a ground breaking ceremony in the spring of 2021 and hoping to have a ribbon cutting ceremony in the fall of 2022.

The Vergas Veterans Memorial Park will have flags and granite monuments to represent each branch of the Armed Forces, granite pillars that will display names of service men and women, and a specific granite pillar for those service men and women that have received a Purple Heart, or have been identified as POWs, MIAs, or KIA.

We are also hoping to be able to participate in "Wreaths across America" at the Vergas Veterans Park, which we will place wreaths at the Memorial. This is a National Remembrance Ceremony, which occurs in December to honor all servicemen and women for their self-less sacrifice.

Permit Number: _____

Date Received: 6/8/21

Parcel Number: 82000990 164000

Construction Permit Application

To the City Council of the City of Vergas in the County of Otter Tail, State of Minnesota:
Application is hereby made by the undersigned for a Construction Permit as provided by City Ordinance as adopted by the City of Vergas.

- GOPHER STATE ONE CALL MUST BE NOTIFIED 48 HOURS PRIOR TO ANY DIGGING, CALL 1-800-252-1166 AS REQUIRED BY MINNESOTA STATE LAW.
- THE CITY OF VERGAS WILL CHECK ALL SETBACKS ON ANY NEW CONSTRUCTION. IT IS THE APPLICANT'S RESPONSIBILITY TO HAVE ALL PROPERTY LINES LOCATED. ALL NEW CONSTRUCTION REQUIRES THE APPLICANT TO MARK THE PROPOSED BUILDING SITE AND PROPERTY LINES BEFORE THE BUILDING PERMIT WILL BE APPROVED.

- All Electrical work MUST have an electrical permit, which must be obtained separately from a MN State Contract Electrical Inspector (218)342-3345 or (218)849-6059. Parcel # 82000990 164000 - Section 24 - Township 137 Range 041

Property Description: (NEW CONSTRUCTION ONLY)

Lot _____, Block _____, Addition _____ Footage 299 X 50
Property: Width _____ feet, Length _____ feet depth 250

Must supply City with a \$1,000 deposit for tar break up. City will reimburse \$1,000 when project complete and street is approved by Utilities Superintendent.

Footage 119
depth 250

PLEASE NOTE: WITH ANY NEWLY CONSTRUCTED HOME, THERE ARE FEES FOR START UP OF UTILITIES. WATER HOOK-UP ASSESSMENT IS \$750.00, SEWER IS \$750.00.

Name of Applicant: VERGAS VETERANS MEMORIAL PARK

Address of Construction Project: 230 East FRAZEE Ave - Vergas, MN

Mailing Address: 35123 Adams Point LN Phone: 701-238-1575
FRAZEE, MN 56544

Name of Owner (If not the Applicant): City of Vergas

Address of Owner (If not the Applicant): Vergas, MN

1. Permit to (CIRCLE ONE)

Build

Install

Addition

Alter

Move

Demolish

Repair

Remodel

Description of work to be done:

BUILD VETERANS MEMORIAL PARK EAST
OF BASEBALL FIELD

2. Proposed use of building: (CIRCLE ONE) Residential Commercial

3. VALUATION (not just your cost) of work being completed: \$ 100,000

Building Contractor:

Name: SIMONENBERG EXCAVATING License Number: 2315 Phone: 218-342-2167

Plumber: (must have MN License)

Name: NONE License Number: _____ Phone: _____

Electrician:

Name: ZITZOW ELECTRIC License Number: EA005251 Phone: 218-841-8643

Form approved by City of Vergas Council 09/12/2017

4. Attached a "Site Plan", showing the proposed location of any new building in reference to the property including existing buildings. If you have a copy of a professionally prepared site plan, attach a copy for review by the City's Site/Zoning Inspector. Blueprint or Design Drawings must be submitted for any new construction, addition, or remodel.
5. Certification: I hereby certify that I am the applicant herein and that the information given above and/or any exhibits submitted herewith is in all respects true and accurate to the best of my knowledge and belief, and further, if this permit is granted, said construction will comply with plans and specifications herewith submitted and applicable requirements of the City of Vegas.

6. I am the (CIRCLE ONE) OWNER LESSEE PURCHASER AGENT

7. APPLICANT'S
SIGNATURE: [Signature] DATE: 6-8-2021

Vegas Veterans Memorial Park

FOR OFFICE USE ONLY

\$ _____ Water Hook-up

\$ _____ Sewer Hook-up

\$ 250.00 Permit Fee

\$ _____ Tar Break Up Deposit

\$ 250.00 Total Fees

Receipt # 129181 Date Paid 6/8, 2021

Form given to client to display the permit to be visible from the street & to notify office of completion.

Signature: _____ Date: _____, 20__
(Permitting Authority)

Date Approved by Council: _____, 20__

Permit expires in one year if project is not complete please reapply for permit.

City Council
2021 July Council Meeting
Vergas Event Center and Zoom Id number 267-094-2170 (password 56587)
6:30 PM on Tuesday, July 13, 2021

20. Staff Reports

- a. League of MN Cities Conference - Albright, Fischer, Lammers
- b. MN Municipal Clerks and Finance Officers Conference
- c. Utilities Superintendent Report
- d. Liquor Store Manager Report

Files Attached

- DuFrane July 2021 council report.pdf
- DuFrane Report - Est_81_from_Mackner_Excavating_Inc._8452.pdf
- 7-13-21 Liquor Store Manager Report.pdf

July 2021 Council Report from Utilities Superintendent.

1. Parks.
 - a. Culvert by the picnic shelter was cleaned out by Dewey's septic.
 - b. Park blocks were pulled out and replaced. New ones have not had the rebar pounded in them yet.
 - c. Rope buoys for swimming area are on back order.
2. City farm.
 - a. See attachment. Mackner excavating. It is cheaper than Sonneberg excavating estimate.
3. Wastewater
 - a. No discharge in the month of June.
4. Water
 - a. Still working on dehumidifier. Zitzow electric confirmed motor was bad. Klj was looking into dehumidifier.
5. Streets
 - a. Driveway service will be doing some patch work, next week.

Mackner Excavating, Inc.
30523 State Hwy 34
Detroit Lakes, MN 56501

Estimate

Date	Estimate #
6/17/2021	81

Name / Address

Project

Description	Qty	Cost	Total
demo clean up at 310 W Lake street.. clean up site back fill basement with fill on site... Price includes loading hualing and any landfill fees		3,000.00	3,000.00
Your consideration of this proposal is greatly appreciated!		Total	\$3,000.00

Customer Signature _____

Liquor Store Manager Report:

Financial:

June Sales \$96,634.31 = \$474.59 above June 2020, \$21,919.09 above 2019

June Expenses \$80,474.18 = \$3095.96 below June 2020, \$2596.87 above 2019

Annual Balance of \$31,328.44 = \$925.52 below of 2020 and \$8,323.73 above 2019

Profit for 2021 is currently \$31,328.44.

Requesting transfer of \$15,000 to general fund.

Employees:

Currently at 5 part-time employees.

Request pay increases for the following employees, to coincide with our current pay-step structure.

Jezmae Burkett from \$10.60 to \$11.22 an hour (one year anniversary on June 19)

Paul Haarstick from \$10.60 to \$11.00 an hour

Isabella Hiltner from \$11.00 to \$11.22 an hour

Tammy Shields from \$12.50 to \$12.90 an hour

Building:

Designated area for manager office has been established. Arvig will hook up internet on July 23.

**City Council
2021 July Council Meeting
Vergas Event Center and Zoom Id number 267-094-2170 (password 56587)
6:30 PM on Tuesday, July 13, 2021**

21. Information & Announcements

- a. MN Rural Water Conference – Aug.24-26, 2021 (DuFrane) St Cloud
- b. Clerks Advanced Academy-September 23-24, 2021 (Lammers)
- c. Municipal Beverage Association (MMBA), September 25-28, 2021 (Lammers) Arrowwood