

City Council
2023 August Council Meeting
Vergas Event Center and Zoom Id number 267-094-2170 (password
56587)
6:30 PM on Tuesday, August 8, 2023

- 1. Call to Order**
- 2. Citizens' Concerns**
- 3. Agenda Additions and Deletions**
- 4. Approval of Consent Agenda**
 - A. Council Minutes of the July 11, 2023 and July 24, 2023
 - B. Bills paid between Council meetings and Council bills
 - C. Liquor Store bills for July 2023
 - D. Late water/sewer bills
 - E. 2023 Investment Schedule/Bond Schedule
 - F. General Fund Special Revenue Money Market Account
 - G. 2023 Statement of Receipts, Disbursements and Balances
 - H. American Rescue Plan Funding 2021-2026
 - I. Committee Reports - requiring no Council Action
 1. Park Board Meeting
 2. Planning Commission
 - a. Accept Neil Wothe resignation effective Aug. 31, 2023.
 - b. Accept Alexander Ohman as new board member finishing Neil Wothe's term from September - December 2023.
 3. Water and Sewer Committee
 4. Event Center Advisory Board
- 5. 2022 Audit**
- 6. Cannabis**
- 7. Committee Reports**
 - A. EDA/HRA
 - B. Streets, Sidewalks and Yard Waste
- 8. Staff Reports**
 1. Clerk-Treasurer
 2. Utilities Superintendent Report
- 9. 2023 Comprehensive Plan Review**
- 10. 2024 Budget**
- 11. Information & Announcements**

Trainings:

 - A. WCI Rural Democracy Project. September 29-30 and October 6-7, 2023. Offering a training (Run4Rural), which is a 1 1/2 day public leadership training program for new existing and emerging rural leaders and people active in the community whether or not decided to run for public office.
 - B. Clerks Advanced Academy- Sept 14-15, 2023, Bemidji, MN (Lammers)

Events:

None.
- 12. Adjournment**

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2. Citizens' Concerns

Files Attached

- Hanson Plubing & Heating.pdf



Plumbing & Heating

646 3rd Avenue SE
P.O. Box 301
Perham, Minnesota 56573
Phone (218) 346-2422
Fax (218) 346-2418

99 Railway Avenue
P.O. Box 99
Vergas, Minnesota 56587
Phone (218) 342-2422
Fax (218) 342-2290

To: city of Vergas council

I'm writing today to ask the city council to reconsider its decision to demo the county garage building.

I understand the county has sold the Vergas Ottertail County garage to the city of Vergas for \$1 and the city intends to demo the garage building and make a city parking lot.

I represent Hansons plumbing and heating and would like to find a way for us to acquire this property. We need more space to allow our business to remain in Vergas and the county garage property being adjacent to our office is the best opportunity to continue our growth.

A year ago, when I first heard the county garage was going to be available I reached out to the mayor, informing her of our need and interest. I was a little put off when I heard the city acquired the county garage and was to demo the building for a parking lot without even a phone call. We need to have additional space and the garage would suffice for a few years. Our long plan would be to build a fabrication shop on the alley side of that property.

We would be interested in a trade of the old firehall we currently have our fabrication shop in. This could make a nice parking lot adjacent to the fire hall and community center.

I do understand the county retained the first right of refusal to protect the gift, so the city did not sell the garage at a profit. I called Wayne Johnson the county commissioner and he felt the county would not be against Hansons trading the old county garage for the old fire hall.

We have been a part of Vergas for 90 years and would like to remain in Vergas. Our company employs 30 people with good-paying jobs and would like the city council to work to assist our future and growth.

Robin Hanson

rhanson@hansonsplumbing.com

218-298-2705

City Council
2023 August Council Meeting
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56587)
6:30 PM on Tuesday, August 8, 2023

4. Approval of Consent Agenda

- A. Council Minutes of the July 11, 2023 and July 24, 2023
- B. Bills paid between Council meetings and Council bills
- C. Liquor Store bills for July 2023
- D. Late water/sewer bills
- E. 2023 Investment Schedule/Bond Schedule
- F. General Fund Special Revenue Money Market Account
- G. 2023 Statement of Receipts, Disbursements and Balances
- H. American Rescue Plan Funding 2021-2026
- I. Committee Reports - requiring no Council Action
 - 1. Park Board Meeting
 - 2. Planning Commission
 - a. Accept Neil Wothe resignation effective Aug. 31, 2023.
 - b. Accept Alexander Ohman as new board member finishing Neil Wothe's term from September - December 2023.
 - 3. Water and Sewer Committee
 - 4. Event Center Advisory Board

Files Attached

- 07-11-2023 Council Minutes.pdf
- 07.24.2023 Council Minutes.pdf
- 08.07.2023 City Bill Listing Checks paid between Council Meetings.pdf
- 08.08.23 Bill Listing.pdf
- 07.31.23 Liquor Store Bill Listing.pdf
- 08.01.23 AgedBalance.pdf
- 07.31.23 Investment Schedule & Bond Schedule.pdf
- 07.31.23 General Fund_Special Revenue Money Market Account Report.pdf
- 07.31.23 Statement of Receipts, Disbursements and Balances .pdf
- American Rescue Plan Funding 2021-2026.pdf
- 07.27.23 Park Board Minutes.pdf
- 07.24.2023 Planning Commission Meeting Agenda Minutes.pdf
- 08.02.23 Water-Sewer Committee Meeting.pdf
- 08.02.23 Event Center Agenda Minutes.pdf

CITY OF VERGAS
COUNCIL MINUTES
Vergas Event Center and Zoom
Tuesday, July 11, 2023

The City Council of Vergas met at 6:00 pm, on Tuesday, July 11, 2023, at the Vergas Event Center for a hybrid regular council meeting with the following members present: Mayor Julie Bruhn, Council Members: Dean Haarstick, Paul Pinke and Natalie Fischer. Absent: Bruce Albright. Also present: Clerk/Treasurer Julie Lammers, Utilities Superintendent Mike DuFrane, Liquor Store Manager Kyle Theisen, Blaine Green Engineer, Bob Williams of the Frazee-Vergas Forum, Jill Shipman, Hailey Wallace, Patricia Wallace, Joe Janson of MRWA, Bruce Sonnenberg, Gail Sonnenberg, Shelley Day, Abby Strand, Patrick Sherri Hanson, Duane Ditterich.

Call to Order

Mayor Julie Bruhn called the meeting to order.

Citizens' Concerns

None.

Agenda Additions and Deletions

Motion by Pinke, seconded by Fischer to approve the agenda with the following addition: 2 temporary on sale liquor licenses, Vergas HRA, Climate Action Plan and water and sewer budgets added to consent agenda. Motion passed unanimously.

Approval of Consent Agenda

Motion by Pinke, seconded by Fischer to approve the following consent agenda with the removal of the claims list:

- A. Council Minutes of the June 13, 2023
- B. Bills paid between Council meetings and Council Bills
- C. Liquor Store bills for May 2023
- D. Late water/sewer bills
- E. 2023 Investment Schedule/Bond Schedule
- F. General Fund Special Revenue Money Market Account
- G. 2023 Statement of Receipts, Disbursements and Balances
- H. American Rescue Plan Funding 2021-2026
- I. Small Cities Dev. Request- Conflict of Interest
- J. Committee Reports - requiring no Council Action
 - 1. Planning Commission
- K. Water and Sewer Budget updates thru June 30, 2023

Motion passed unanimously.

Heart of the Lakes and Heartland Trail Connection to Vergas Master Plan

Architect Jillian Reiner reviewed the master plan. Motion by Fischer, seconded by Pinke to approve the Heart of the Lakes to Vergas Master Plan. Motion passed unanimously.

Event Requests

Temporary Liquor Licenses

Motion by Fischer, seconded by Pinke to approve temporary 1-4 day permits for Vergas Fishing Event on July 14, 2023 by Spanky's and Looney Days August 11-12, 2023 with Fergus Brewing. Motion passed unanimously.

Ole's Ride

Lammers stated Vanessa Perry representing Billy's and Ole's Ride requested Main Street be closed from 2 pm to 2 am on Aug. 26-27, 2023 and Railway Avenue closed Friday, August 26 from 4 pm to 9 pm and Saturday, August 27 from 7 am to 12 pm. Motion by Pinke, seconded by Haarstick to allow street closings for Ole's Ride. Motion passed unanimously.

Pickleball Open House – Alcohol on ballfield

Jill Shipman requested permission for the Pickleball Open House on August 17, 2023 from 5 pm -7pm and to invite the Council to attend. Outstate Brewing will be holding alcohol at the pickleball field with permission from the Council. Motion by Pinke, seconded by Fischer to hold pickleball open house in the park and approve the 1-4-day permit for Outstate Brewing when application and fee is received. Motion passed unanimously.

2022 Audit

Colleen Hoffman, Auditor, is unable to attend tonight and will be at the August meeting to review the audit.

Committee Reports

Parks

Sherri Hanson reviewed the Park Advisory Board meetings of June 22, 2023 (minutes available at the Vergas City Office). Discussed bathhouses and the need for them to be improved, they may need to be shut down and replaced with porta potties. The council asked the park advisory board to bring a recommendation. Discussed lighting and the quote provided. DuFrane stated he did not feel they should spend the money on the proposal of updating the park. Discussed adding another camera to the park. Council asked the Park Advisory Board to discuss the lighting and make a clearer recommendation. Motion by Pinke, seconded by Fischer to approve the preliminary Park Plan provided by Widseth Engineering. Motion passed unanimously.

The docks may be left for 2023 but in the future, they will need to be moved to another location. No information was available about the fence, still waiting on materials.

Streets, Sidewalks and Yard Waste

Blaine Green, Engineer reviewed Sunset Strip not being a city road and the city needs to make this a road or discontinue caring (snowplowing) for it. Residents questioned current easements, currently the city only has utility easements. Residents asked about allowing them to just plow the road on their own. The City is looking at requiring right of way to create an official road. Bruhn explained this is the first step and the Council will need to hold a public hearing before they are able to move forward. Residents requested a sign stating not a through street and asked when their street sign would be replaced. DuFrane stated the sign has been ordered but signs are taking 6-8 weeks to receive. Pinke asked for a dead-end street sign, but the city cannot add signs until this is a City street. The Planning Commission has made the recommendation to approve survey and right of way on Sunset Strip. Motion by Haarstick, seconded by Fischer to approve the \$10,000.00 quote for Widseth to proceed with survey and Right of Way on West Sunset Strip. Motion passed unanimously.

Green stated the same process as Sunset Strip need to happen on W Lake Street Survey and Right of Way and Lammers was asked to invite property owners to the Aug 8, 2023 Council meeting. The City has not received any bids for slope work on E Scharf and Diane Avenue. DuFrane has spoken with a few companies, but no bids have been received. There has been no progress on the property being cleared from the neighboring property owner.

Water and Sewer

Internal Grease Traps

Joe Janson of MRWA reviewed the concerns with the grease mass located in our ponds. Mother Nature is not able to treat all of the grease located in the ponds. Janson complimented DuFrane for finding this concern and getting on before it got out of hand. Beneficial to have sewer lines cleaned more often by pulling grease to manhole and or get a head of the issue before something deteriorates in the lagoons. City may need to check on grease traps in restaurants, communication with residents and receiving logs of grease dumpsters. There are 3 things to treat lagoons: warm water, sunlight and wind. The problem with grease is it cuts off sunlight and prevents the wind from working in the lagoon. Something needs to be done before something major happens. Bruhn asked for recommendations. Janson stated the lines need to be cleaned and get on a regular cleaning schedule, chat with businesses that are using a lot of grease, and then get to the point where the fat, oil and grease is out of the lagoon. DuFrane stated we clean 1/3 of the lines every 4 years as required by insurance. Janson stated we could use either steam or a vacuum truck to remove. Janson also stated we can require grease traps and grease dumpsters with records of pickup being given to the City. Discussed bugs DuFrane has been putting in the lagoons and he can add bugs to business lines once the lines have been cleaned. 1) The 3rd phase (area from Skal to JK Marine) and Railway Avenue jetting of the city sewer pipes will occur the end of August; 2) Fact sheet placed in the water bill to outline the issues with grease going into the wastewater system; 3) Grease traps and/or grease bins be used if already in place; 4) Place a poster regarding grease going into the wastewater system and the implications next to where grease is sold. Ditterich Mercantile offered support to have the poster placed in the store; and lastly 5) Look for available grants that could assist the City in addressing the wastewater issue.

Vergas HRA

Julie Lammers reviewed the HRA status of lots on Eva Street and Diane Avenue. The Vergas HRA has purchased 8 of the lots for \$1.00 each and Otter Tail County HRA has received 3 of the lots.

Climate Action Plan

Bruhn reviewed the process for applying for money from the state. There is a group who will design a plan the City. The charge to do the climate action plan can be paid for with a grant. Bruhn requested for approval for her to look into having a plan for the city of Vergas. Motion by Fischer, seconded by Pinke to move forward with the climate action plan for the City of Vergas. Motion passed unanimously. Motion by Fischer, seconded by Pinke to allow Bruhn to follow up on the climate action plan. Motion passed unanimously. Theisen stated that there is a city where their liquor store is entirely solar and volunteered to look into more information on this.

Staff Reports

Council Members attending LMC Conference

Bruhn and Haarstick provided written reports.

Mike DuFrane, Utilities Superintendent

Mike DuFrane provided the following report to the Council for June 2023.

1. Parks – DuFrane has met with the MN DNR (Mandy Erickson with Trails and Waterways) regarding weeds and the beach area. The beach area has moss, not weeds. Our current permit allows the city to treat weed in a 100x100 area and she encouraged us to enlarge the area to 150x150 area. Alongside the pier there is weeds that need to be removed by Looney Days Fishing event. Erickson stated we could treat 25 feet on each side. \$2420.00 to have combine remove weeds or for \$450.00 we could treat weeds by the pier. DuFrane stated the pier will need to be closed for 3 days but the beach will be able to stay open.
2. Wastewater - grease issue at ponds.
3. Streets - spoke with 2 contractors on the slopes and they will bid once they get hydroseeding costs. Patching was done around town, but it has not been completed and they will be back in 2 weeks. Gravel roads will be graded next week.
4. Water - generator should be here in September. Requested permission to attend the Mn Rural Water 14th Annual Operator Expo in Waconia Mn on August 31, 2023 for \$150.00. Motion by Pinke, seconded by Haarstick to allow DuFrane and Engebretson to attend Mn Rural Water 14th Annual Operator Expo for a cost of \$300.00. Motion passed unanimously.

Liquor Store Manager Report

Theisen reviewed liquor store activity. He has discontinued online ordering due to price increase. The new POS system has increased speed and efficiency. The quote from Widseth has been returned and we may have a liquor committee discussion in the future.

Information & Announcements

Trainings:

- a. Mn Rural Water 14th Annual Operator Expo in Waconia Mn on August 31, 2023 (DuFrane and Engebretson)
- b. Clerks Advanced Academy- Sept 14-15, 2023, Bemidji, MN (Lammers)

Events.

Adjournment

The business for which the meeting was called having been completed, the meeting was adjourned at 8:30 pm.

Submitted by,
Julie Lammers, CMC
Vergas City Clerk-Treasurer

CITY OF VERGAS
EMERGENCY COUNCIL MINUTES
Vergas Event Center and Zoom
Monday, July 24, 2023

The City Council of Vergas met at 9:00 am, on Monday, July 24, 2023, at the Vergas Event Center for a hybrid emergency council meeting with the following members present: Mayor Julie Bruhn, Council Members: Bruce Albright, Paul Pinke, Dean Haarstick and Natalie Fischer. Absent: None. Also present: Clerk/Treasurer Julie Lammers and Utilities Superintendent Mike DuFrane.

Call to Order

Mayor Julie Bruhn called the meeting to order.

Seal Coating Bid

DuFrane reviewed the two seal coat bids for the City of Vergas. Streets included Park View Drive, Altona Ave and the Loop of Main Street, 3rd Avenue and Linden Street. Quotes were received from Morris Sealcoat & Tracking, Inc. for \$43,180.00 and Asphalt Surface Technologies for \$25,941.44. Albright stated this is recommended by the streets committee as it is in line with the Widseth Street Plan for Vergas. Motion by Albright, seconded by Pinke to approve project and low bid as presented. Motion passed unanimously.

Adjournment

The business for which the meeting was called having been completed, the meeting was adjourned at 9:03 am.

Vergas City Clerk-Treasurer
Julie Lammers, CMC

CITY OF VERGAS
 Bill Listing for July 12 to Aug. 7, 2023

<u>VENDOR</u>	<u>DESCRIPTION</u>	<u>TOTAL</u>
Adobe Reader	All Depts., Computer Program	16.10
City of Vergas	Payroll	10,748.65
Internal Revenue Services	2023 Withholding Tax	3,633.28
Julie Lammers	Clerk, training expense	56.33
Lake Region Electric	Sign, electricity	43.18
Martinez, Kasandra	Event Center, return deposit	75.00
MN Dept. of Revenue	Sales Tax	92.00
MN Dept. Revenue	2023 Withholding Tax	244.99
MN Life Insurance Company	Employee Life Ins	36.00
MN Rural Water	Water, DuFrane, Engebretson training	300.00
Nelson Auto Center	Street, Park, Lagoon, 2023 Ford F-350	42,979.52
Public Employees Retirement Assoc.	Payroll	2,095.23
Tammy Kinsella	Event, advertising	200.00
Vergas Fire and Rescue	Reimbursed Training	575.00
Total for bills paid between Council Meetings		<hr/> \$61,095.28

Date Range : 7/7/2023 To 8/8/2023

<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>
08/08/2023	Aramark	Event, Rugs, towels, Inv 2520234540, 2520227163, 2520212712	23988	\$316.89			
					100-45110-210-	EVENT CENTER	\$316.89
08/08/2023	Arvig Communication Systems	All Depts, cameras, internet, phone, fax	23989	\$625.19			
					609-49751-321-	Liquor Store - Manager - Off-Sale	\$124.27
					100-43010-321-	City Shop	\$67.50
					100-45110-321-	EVENT CENTER	\$92.00
					100-41010-321-	GENERAL GOVERNMENT	\$341.42
08/08/2023	Card Member Service	American Red Cross -swimming lessons GG, Adobe & Jamf Software, Clerk, Training	23990	\$564.46			
					100-41010-200-	GENERAL GOVERNMENT	\$8.00
					100-41010-200-	GENERAL GOVERNMENT	\$21.46
					100-41405-331-	Clerk	\$175.00
					100-42010-999-	PUBLIC SAFETY	\$360.00
08/08/2023	Colonial Life	Employee, insurance employee reimbursed August 2023	23991	\$182.24			
					100-41405-999-	Clerk	\$58.12
					609-49751-999-	Liquor Store - Manager - Off-Sale	\$124.12
08/08/2023	Core & Main LP	Water and Sewer, curb box rods	23992	\$469.72			
					601-49440-220-	Water Utilities - Administration and General	\$234.86
					602-49490-220-	Sewer Utilities - Administration and General	\$234.86
08/08/2023	Corporate Technologies, LLC	All Depts, Technology Inv #94843, 99167, 99566, 99779	23993	\$823.68			
					100-41010-200-	GENERAL GOVERNMENT	\$823.68
08/08/2023	Michael DuFrane	Cell phone, reimbursed	23994	\$75.00			

Date Range : 7/7/2023 To 8/8/2023

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					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
08/08/2023	Matthew Engebretson	St, Pk, reimbursed cell phone	23995	\$25.00			
					100-43110-321-	Highways, Streets & Roadways	\$12.50
					100-45210-321-	Parks	\$12.50
08/08/2023	Dacotah Paper Company	GG & Event, supplies invoice 67011	23996	\$216.10			
					100-41010-210-	GENERAL GOVERNMENT	\$116.85
					100-45110-210-	EVENT CENTER	\$99.25
08/08/2023	Driveway Service	Streets, Patching 7 Blading Inv# 12695, 12694, 12697, 12696, 12716	23997	\$9,834.80			
					100-43110-400-	Highways, Streets & Roadways	\$3,104.80
					100-43110-999-	Highways, Streets & Roadways	\$4,825.00
					100-43110-999-	Highways, Streets & Roadways	\$720.00
					100-43110-999-	Highways, Streets & Roadways	\$800.00
					100-43110-400-	Highways, Streets & Roadways	\$385.00
08/08/2023	East Otter Tail	Park, shoreline buffer planting	23998	\$734.00			
					100-45210-810-	Parks	\$479.20
					100-45210-210-	Parks	\$254.80
08/08/2023	Frazee-Vergas Forum	Gg, legal ads Event, Wedding Guide	23999	\$110.86			
					100-41010-350-	GENERAL GOVERNMENT	\$55.86
					100-45110-340-	EVENT CENTER	\$55.00
08/08/2023	Gopher State One Call	Wtr, Swr, Locates	24000	\$43.20			
					602-49490-210-	Sewer Utilities - Administration and General	\$21.60
					601-49440-210-	Water Utilities - Administration and General	\$21.60

Date Range : 7/7/2023 To 8/8/2023

<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>
08/08/2023	Great Plains Natural Gas Company	Shop, utility	24001	\$77.92	100-43010-380-	City Shop	\$77.92
08/08/2023	Hach Corporation	Wtr, Wastewater, chemicals Inv 13617907, 13611629, 13659895	24002	\$1,773.33	601-49440-218-	Water Utilities - Administration and General	\$886.67
					602-49490-218-	Sewer Utilities - Administration and General	\$886.66
08/08/2023	Hansons Plumbing & Heating, Inc.	Streets, Parks, Drain Cover, Irrigation Head	24003	\$114.15	100-43110-220- 100-45210-220-	Highways, Streets & Roadways Parks	\$25.60 \$88.55
08/08/2023	Hoffman, Philipp, & Knutson, PLLC	2022 Audit	24004	\$7,500.00	609-49751-301- 100-41010-301- 601-49440-301- 602-49490-301-	Liquor Store - Manager - Off-Sale GENERAL GOVERNMENT Water Utilities - Administration and General Sewer Utilities - Administration and General	\$3,375.00 \$2,125.00 \$1,000.00 \$1,000.00
08/08/2023	INTERNATION INST OF MUNICIPAL CLERK	Clerk, Dues	24005	\$185.00	100-41405-345- 601-41405-345- 602-41405-345-	Clerk Clerk Clerk	\$61.67 \$61.67 \$61.66
08/08/2023	Julie Lammers	Clerk, cell phone reimbursement	24006	\$75.00	100-41405-321- 601-49440-321- 602-49490-321-	Clerk Water Utilities - Administration and General Sewer Utilities - Administration and General	\$25.00 \$25.00 \$25.00
08/08/2023	JH Signs & Designs, Inc	Event, Decal Inv 1887	24007	\$225.00	100-43128-210-	YARD WASTE	\$225.00

Date Range : 7/7/2023 To 8/8/2023

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08/08/2023	Marco Inc	Copier, contract	24008	\$184.68			
					100-41010-200-	GENERAL GOVERNMENT	\$61.56
					601-49440-200-	Water Utilities - Administration and General	\$61.56
					602-49490-200-	Sewer Utilities - Administration and General	\$61.56
08/08/2023	Barbara Manevold	Event, return deposit	24009	\$75.00			
					100-45110-999-	EVENT CENTER	\$75.00
08/08/2023	MENARDS - DETROIT LAKES	Event, operating supplies INv 68232, 68895	24010	\$19.98			
					100-45110-210-	EVENT CENTER	\$19.98
08/08/2023	Olson Oil Co.	Park & St, operating supplies	24011	\$151.30			
					100-43110-210-	Highways, Streets & Roadways	\$56.72
					100-45210-210-	Parks	\$94.58
08/08/2023	Otter Tail Power Company	All depts, utility	24012	\$1,703.72			
					100-43010-380-	City Shop	\$89.54
					602-49490-380-	Sewer Utilities - Administration and General	\$245.91
					100-43160-380-	Street Lighting	\$680.27
					100-45110-380-	EVENT CENTER	\$486.96
					100-45210-380-	Parks	\$190.39
					601-49440-380-	Water Utilities - Administration and General	\$10.65
08/08/2023	Productive Alternatives, Inc.	Event Center, Cleaning Inv#7 4493	24013	\$153.45			
					100-45110-300-	EVENT CENTER	\$153.45
08/08/2023	RMB Environmental Laboratories, Inc	WW, 2023 Chemicals Inv.47290	24014	\$191.22			
					602-49490-218-	Sewer Utilities - Administration and General	\$191.22
08/08/2023	TEAM LAB	Ponds & Beach, supplies INv 36883	24015	\$2,910.00			

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					602-49490-210-	Sewer Utilities - Administration and General	\$2,750.00
					100-45210-210-	Parks	\$160.00
08/08/2023	Kyle Theisen	LS, cell phone	24016	\$25.00			
					609-49751-321-	Liquor Store - Manager - Off-Sale	\$25.00
08/08/2023	Vergas Auto Repair	St, pickup repairs 2013 Ford F-150	24017	\$279.07			
					100-43110-400-	Highways, Streets & Roadways	\$279.07
08/08/2023	Vergas Ford Equipment Company	Park & Streets, Service mower	24018	\$840.00			
					100-43110-400-	Highways, Streets & Roadways	\$420.00
					100-45210-400-	Parks	\$420.00
08/08/2023	Verizon	Event, cell phone	24019	\$166.85			
					100-45110-321-	EVENT CENTER	\$166.85
08/08/2023	Widseth Smith Notlting & Assoc. Inc	Gg, Park, Engineering	24020	\$7,446.50			
					100-43110-303-	Highways, Streets & Roadways	\$3,032.00
					100-45210-999-	Parks	\$4,414.50
Total For Selected Claims				\$38,118.31			\$38,118.31

Date Range : 7/7/2023 To 8/8/2023

<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>
	Bruce E Albright		City Council/Town Board				Date
	Dean Haarstick		City Council/Town Board				Date
	Julie A Bruhn		City Council/Town Board, Mayor				Date
	Natalie K Fischer		City Council/Town Board				Date
	Paul Pinke		City Council/Town Board				Date

City of Vergas Liquor Store Checks Paid in July 2023

Vendor	Description	Total
Absolute Ice		\$1,813.90
Aramark	Rugs	\$64.94
Artisan Beer Company		\$124.60
Arvig Communications	Phone, Security, TV	\$299.27
Bergseth Bros		21,467.08
Beverage Wholesalers		7,978.14
Blue Cross Blue Shield	Employee Health Ins.	\$1,717.86
Blue Diamond Distribution, Inc		246.00
Breakthru Beverage MN Wine and Spirits		6,491.80
Bucks Mill Brewing		133.80
Card Member Services	Operating Supplies	47.15
City of Vergas	Utility	61.43
City of Vergas	Payroll	5,563.47
Colonial Life	Employee Ins, reimbursed	248.24
Copper Trail Brewing Co		59.64
Datamann, Inc	Computer Support	11.50
Direct Payment Consulting	Credit Card Fees	1,928.78
D-S Beverage		14,131.30
Fergus Brewing Company		62.00
Great Plains Natural Gas	Utility	24.70
Haarstick, Paul	Operating Supplies	5.13
Internal Revenue Service	2023 Withholding Tax	1,562.82
Johnson Brothers Liquor Co		5,593.52
Klockow Brewing Co		114.00
Leighton Broadcasting	Advertising	550.00
Menards	Operating Supplies	11.99
Merchant Service	Credit Card Fees	142.99
MMBA	Membership	\$600.00
MN Dept. of Revenue	2023 Withholding Tax	210.89
MN Dept. of Revenue	Sales Tax	\$9,944.00
MN Life	Employee Life Ins	147.00
Otter Tail Power Company	Utility	578.88
Paustis Wine Company		455.00
PERA	Payroll	973.51
Phillips Wine & Spirits		4,550.08
Robinhood/Quick Print	Label Printer	640.00
Round Lake Vineyards & Winery		300.00
Southern Wine & Spirits of MN		6,833.21
Tammy Kinsella	Ad	230.00
Theisen, Kyle	Reimbursed Cell phone	25.00
Viking Coca-Cola Bottling Co		914.05
	Repairs	
	Total	96,857.67
	July Receipts	160,406.73
July Operating Income (Loss)		\$63,549.06
	Jan- June Operating Income (Loss)	(\$8,208.96)
2023 Total Operating Income (Loss)		\$55,340.10

AGED BALANCES

CITY OF VERGAS

DATE: 08/02/2023 AUTHOR: VERJL22

CRITERIA: ACCT#: 0 - 9999999999 NAME: 0 - Z ZIP: 0 - 0 * includes unbilled transactions

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

Acct#	Stat	Customer	Current	Over 30	Over 60	Over 90	Balance
502	N	TJ JOHNSON	\$121.62*	\$97.64	\$41.10	\$0.00	\$260.36
621	N	WOODS, CASSANDRA	\$140.70*	\$146.74	\$19.87	\$0.00	\$307.31
711	N	OLSON, SHELBY	\$263.51*	\$156.40	\$115.95	\$133.21	\$669.07
1361	N	LONGTIN, TRISHA	\$113.16*	\$80.77	\$73.43	\$0.00	\$267.36
Totals(4):			\$638.99	\$481.55	\$250.35	\$133.21	\$1,504.10

City of Vergas
Investment Schedule
2023

	<u>Account Number</u>	<u>12/31/22</u>	<u>Purchase</u>	<u>Sold</u>	<u>Interest Earned</u>	<u>05/31/23</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
General Fund	325657	164,036.15	264,000.00	17,000.00	532.08	411,568.23	0.40	MMDA
Sewer Reserve	19753	26,910.87	0.00	0.00	53.67	26,964.54	0.40	12/27/2023
Sewer and Water Debt Service	19759	37,395.60	0.00	0.00	131.00	37,526.60	2.50	7/17/2024
Liquor Fund	20338	146,467.95	0.00	0.00	1,278.08	147,746.03	1.75	12/14/2023
Totals		374,810.57	264,000.00	17,000.00	1,994.83	623,805.40		

City of Vergas
Bond Schedule
2023

<u>Title</u>	<u>Purchase Date</u>	<u>Beg. Balance</u>	<u>Interest Rate</u>	<u>Bank</u>	<u>Maturity Date</u>	<u>Balance 12/31/2022</u>	<u>Interest Due 12/31/2023</u>	<u>Total Due 12/31/2023</u>	<u>Amount Paid in 2023</u>
General Obligation Improvement Refunding Bonds,	12/15/2015	\$299,000.00	2.43%	Vergas State Bank	2/1/27	252,315.75	29,173.50	281,489.25	28,511.25
Water/Sewer Refunding Bonds	6/9/2009	\$475,000.00	4.09%	US Bank N.A.		187,150.00	83,352.50	270,502.50	0.00
General Obligation Improvement	6/11/2019	\$985,000.00	3.10%	Northland Trust	2/1/40	1,351,645.72	352,715.09	1,311,645.72	66,976.26
General Obligation Water Revenue Note, Series 2022A	2/1/2022	<u>\$132,000.00</u>	2.00%	Vergas State Bank	2/1/32	146,920.00	14,920.00	<u>146,920.00</u>	<u>14,520.00</u>
Total		\$1,891,000.00				1,938,031.47		1,863,637.47	110,007.51

General Fund/Special Revenue Money Market Account

	2022 Balance	Interest	2023 Interest	2023 Purchased	2023 sold	07/31/2023 Balance
Uncommitted Funds	0.00	64.23%	341.65	264,000.00		264,341.65
City Shop	8048.35	1.96%	10.43	0.00		8,058.78
Easements	5224.79	1.27%	6.76	0.00		5,231.55
Event Center	17956.76	0.23%	1.22	0.00	17,000.00	957.98
Event Center Electronic Sign	10,000.00	2.43%	12.93	0.00		10,012.93
General	14481.58	3.52%	18.78	0.00		14,500.36
Park	20634.42	5.02%	26.71	0.00		20,661.13
Sand Seal (Seal Coating)	31408.18	7.64%	40.70	0.00		31,448.88
Sidewalk	14882.84	3.62%	19.26	0.00		14,902.10
Street Improvements/Equipment	41399.23	10.07%	53.63	0.00		41,452.86
Balance	\$164,036.15	100.00%	\$532.08	\$264,000.00	\$17,000.00	411,568.23 ***

532.08

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

Current Committed Total 147,226.58

As on 7/31/2023

Fund	Beginning Balance	Receipts	Sale of Investments	Transfers In	Disbursements	Purchase of Investments	Transfers Out	Ending Balance	Investment Balance	Total Balance
General Fund	175,847.99	302,372.65	0.00	0.00	386,537.80	264,532.08	7,000.00	(179,849.24)	411,568.23	231,718.99
Small Cities Development	30,527.87	3,400.00	0.00	0.00	0.00	0.00	0.00	33,927.87	0.00	33,927.87
Street Debt Service*	(44,219.87)	0.00	0.00	0.00	28,511.25	0.00	0.00	(72,731.12)	0.00	(72,731.12)
SEWER AND WATER DEBT SERVICE	(217,288.71)	29,235.40	0.00	0.00	0.00	131.00	0.00	(188,184.31)	37,526.60	(150,657.71)
Long Lake Trail Extension Project	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2019 Street Project	184,735.47	21,457.88	0.00	0.00	66,976.26	0.00	0.00	139,217.09	0.00	139,217.09
Street Project 2006*	109,400.39	3,866.83	0.00	0.00	0.00	0.00	0.00	113,267.22	0.00	113,267.22
Water	223,641.09	72,726.28	0.00	0.00	56,513.55	0.00	2,290.30	237,563.52	0.00	237,563.52
Sewage Collection and Disposal	8,652.55	62,167.98	0.00	0.00	58,378.87	53.67	0.00	12,387.99	26,964.54	39,352.53
2022 Water MN Micro Loan	12,229.70	0.00	0.00	2,290.30	14,520.00	0.00	0.00	0.00	0.00	0.00
Municipal Liquor Store	34,953.52	552,175.23	0.00	0.00	493,284.66	1,278.08	0.00	92,566.01	147,746.03	240,312.04
Vergas EDA	18,336.36	25,960.00	0.00	7,000.00	26,764.49	0.00	0.00	24,531.87	0.00	24,531.87
Total :	536,816.36	1,073,362.25	0.00	9,290.30	1,131,486.88	265,994.83	9,290.30	212,696.90	623,805.40	836,502.30

American Rescue Plan Funding 2021-2026

Income:				
	9/7/2021	Grant Funds	\$18,623.80	
	11/22/2021	Grant Funds	\$609.88	
	6/28/2022	Grant Funds	\$19,233.67	
Total Income				\$38,467.35
Expenses:				
Dehumidifier		Water Plant	2,470.00	
Fire Wall		General Government	848.44	
Microsoft 365		General Government	1,124.56	
Computer Tech. Support		General Government	2,400.00	
NDSU Landscaping		Parks	1,250.00	
Total Expenses - reported 04/30/2022 report				\$8,093.00
Telephone System	Telephone System	General Government	977.16	
GIS Mapping	Widseth Mapping System	General Government	4,600.00	
City Camera System	Arvig	General Government	\$3,450.00	
Event Center Floors		General Government	\$10,000.00	
Total Expenses - reported 04/27/2023 report				\$27,120.16
Fire Department	Paving parking lot		347.19	
Expenses approved but not spent	Generator	Water	\$11,000.00	
Total in Fund				\$11,000.00

Meeting- Park Board 7-24-23

1. Members present: Sherri Hanson, Maggie Puetz, Steph Hogan, Matt Engebretson and Tony Sailer.
2. Absent: Carol Albright.
3. Others present: Mike Dufrane, Dennis Pausch and Ron Beyer
4. Motion to approve July minutes by Hogan, seconded by Puetz
5. No additions or corrections
6. 2024 Budget

Motion to increase improvements budget from \$18,000 to \$50,000 from Hanson, second by Hogan.

7. No update on Comprehensive Plans progress
8. Long Lake Park Restrooms
 - They have been painted
 - Idea to possibly have Porta Potties next season
 - Or take the funds to fix up
 - City board to decide
9. Ron wants to remove more brush down by the lake with approval.
Will remove carpet rolls by 7/28
Sherri motioned, Steph second.
10. All good
11. Trail fence update-
Project started and not completed. Should be finished by Aug.
12. Matt's update
 - Plants are growing and being watered.
13. Other:
 - Friends of the park – volunteers
 - Sherri mentioned possible grants available for bike racks.
 - Ballpark- check to make sure the scoreboard is working properly
Matt – hooks for the hardware.
waiting for the hardware
 - Hanson to find out who's actually in charge of baseball.
14. Adjourn / next meeting will be Aug. 24 @ 3pm VEC

CITY OF VERGAS PLANNING COMMISSION MINUTES

Monday, July 24, 2023

6:00 pm

Vergas Event Center

A City of Vergas Planning Commission meeting was held on Monday, July 24, 2023, with the following members present Bruce Albright, Neil Wothe and Robert Jacoby. Absent: Rebecca Hasse and Judy Kvam. Also present: Clerk-Treasurer Julie Lammers, Utilities Superintendent Mike DuFrane and Keith Bunkowske.

Call to Order

Chairman Bruce Albright called meeting to order at 6:00 pm.

Agenda Additions and Deletions

Approved agenda with following additions: Clerk Approved Construction Permit.

Minutes

Motion by Jacoby, seconded by Wothe to approve minutes for June 26, 2023. Motion carried.

Status of Council Recommendations

None.

Construction Permits

Permits Approved by City Clerk

361 S Pelican Avenue

Lammers approved permit for 361 S Pelican Avenue for exterior door on garage, siding pieces on garage and house.

Permits needing Approval.

92 Park View Drive -paving driveway.

Motion by Jacoby, seconded by Wothe to approve paving driveway at 92 Park View Drive. Motion passed unanimously.

840 S Scharf Avenue

Motion by Jacoby, seconded by Wothe to approve riprapping at 840 S Scharf Avenue. Motion passed unanimously.

Active Construction Permits

Grade and Fill Permits

Bunkowske had several yards of dirt moved on his property at 350 Townline Road. This was done without a grade and fill permit. Bunkowske currently has a grade and fill permit for 350 Townline Road but in order to make the Scharf project work he needed to fill a hole to allow heavy equipment to come in through the yard instead of coming down Scharf Avenue. Bunkowske stated he did move 150-200 yards of dirt and the dirt pile was visible to the public. Dirt has been leveled off and road has been made through the project. Bunkowske proposed that he does not get a permit or pay the \$75.00 permit fee or pay the penalty of \$75.00 because he did not get the permit. He is providing this road to avoid destroying East Scharf with heavy traffic. Bunkowske stated, "If we can't forgive the \$150, then I'm going have the trucks come down East Scharf." Wothe reviewed the past 7 grade and fill permits from 2022 which will be renewed for another year (they are good until August 2024). Bunkowske stated, "To route all the truck traffic down East Scharf, and with the hot weather, it's going to damage the heck out of your road." Jacoby stated that it basically comes down to not having the right number of yards on one grade and fill permit. Motion by Jacoby, seconded by Wothe to waive fee for the grade and fill permit. Motion passed unanimously.

Old Business:

311 Park View Drive -Shed

Reviewed application for a variance for the shed. Permit has been applied for and paid. Motion by Wothe, seconded by Jacoby to hold a public hearing at 5:45 pm on August 28, 2023. Motion passed unanimously.

241 Bennett Road - trees in right of way

Trees have been moved out of the right of way.

Ordinances

Streets & Sidewalks, Ordinance Culverts, Right-a-way permit, Ordinance 151.32, 85 and 93

This is a work in process and the goal is to have an update at the September Planning Commission meeting. The hole by Hardware Store has been filled and Great Plains Natural Gas has been billed.

Shoreline Management Ordinance

This is a work in process and will have an update soon.

Updated Vergas Basic Code

Updated code has been purchased and Lammers is in the process of updating. Lammers is updating the ordinance book with all the updated ordinances which has been approved since past approval. Lammers is also removing the ordinances that are no longer needed. Discussed cannabis ordinance and updates needing to be made. Jacoby stated that Detroit Lakes is currently addressing this. Commissioners requested the Council review this at the August meeting.

Nuisance Properties within Vergas

DuFrane provided pictures of vehicles without licenses at the following locations: 350 S Pelican Ave, 130 E Elm St, 170 S 1st Ave, 280 1st Ave S, 275 S Railway Ave, 101 E Mill St, 306 E Frazee Ave, 110 N Railway Ave, 261 W Hill St and 281 W Hill St. DuFrane asked about the property at 306 E Frazee Ave and he was told to take pictures and review ordinance and let them know next month what is out of compliance. Motion by Jacoby, seconded by Wothe to send nuisance letters to the following addresses: 50 S Pelican Ave, 130 E Elm St, 170 S 1st Ave, 280 1st Ave S, 275 S Railway Ave, 101 E Mill St, 306 E Frazee Ave, 110 N Railway Ave, 261 W Hill St and 281 W Hill St. Motion passed unanimously. Discussed procedure for correcting nuisances and Tony License property was bought up. DuFrane question why we do not discuss Sandau's property if we are discussing License property. Commissioners discussed looking at changing ordinance to address agriculture zone. We need to change the ordinance or get advice from the city attorney.

Vergas Zoning Map

This is a work in progress and will be discussed next month.

New Business

2023 Comprehensive Plan Progress

Land Use & Built Form

Identify possible annexation areas and contact owners. – looking at W Lake Street (in progress)

Pay close attention to and abide by shoreline regulations governed by the state – changed permit process and updating ordinance.

Participate in preserving the health of lakes and surrounding wildlife – storm water runoff being discussed.

Planning and Zoning incentives to encourage uses identified above- updating zoning map- review and modifying ordinances.

Review cannabis.

2024 Budget

Motion by Wothe, seconded by Jacoby to raise the planning and zoning budget from \$500.00 (2023 number) to \$1,000 for GIS work in the city. Motion passed unanimously.

Member-Resignation

Neil Wothe resigned as of August 31, 2023. Motion by Jacoby, seconded by Wothe to recommend to Council to approve the resignation of Neil Wothe. Motion passed unanimously. Albright thanked Wothe for everything he has done for the city and planning commission.

The meeting adjourned at 7:25 pm.

Secretary,

Julie Lammers, Vergas City Clerk-Treasurer

Follow Up Actions:

Snow emergency routes.

Review and update Ordinance 72.

Updated Shoreline Management Ordinance (Lammers & Kvam)

Lammers, DuFrane, Engineers to review and update Ordinance 79, 85 and Ordinance 93 regarding culverts and right of ways.

Review updated ordinance materials from League of MN Cities. (Sent email with update 3/28/2023)

DuFrane to review nuisance ordinance.

Council recommendations:

Accept resignation of Neil Wothe.

Water Sewer Committee Meeting

The Vergas Water/Sewer Committee met at the Vergas City Office on Wednesday, August 2, 2023 at 9:00 am with the following present: Natalie Fischer, Dean Haarstick, Utilities Superintendent Mike DuFrane and Clerk- Treasurer Julie Lammers.

Additions and Deletions

None.

Pond Grease

The Council proposed some beginning actions, before more aggressive actions taken. What is important is that action is taken now vs later. Actions include: 1) The 3rd phase and Railway Avenue jetting of the city sewer pipes will occur the end of August; 2) Fact sheet placed in the water bill to outline the issues with grease going into the wastewater system; 3) Grease traps and/or grease bins be used if already in place; 4) Place a poster regarding grease going into the wastewater system and the implications next to where grease is sold. Ditterich Mercantile offered support to have the poster placed in the store; and lastly 5) Look for available grants that could assist the City in addressing the wastewater issue.

DuFrane has scheduled jetting for the end of August. Lammers has added information to newsletter, placed poster up on bulletin boards and at Ditterich Mercantile and is receiving grease records from Billy's Corner Bar & Grill monthly.

Lammers has found an infrastructure grant that may pay for grease traps. Grant available through MN Pollution Control Agency is due Thursday, September 14 and there is a webinar Tuesday, August 8 at 1 pm Lammers was encouraged to attend. The committee would like the following to be included in the grant: grease traps, increased jetting costs, videoing the whole city sewer system and a Scada System.

Grease traps will be used in all restaurant businesses. Jetting will be expanded as currently 1/3 of the City is done every 4 years. Videoing the city will help the committee plan for repairs and see where there is heavy grease flow. Scada System will provide accurate computerized readings on the city water plant as well as lift stations. This will cut the employees' hours down (as they would no longer need to work weekends) and help with reports to the state.

Discussed State listing, which is needed if the City would like to apply for state granting. The committee will need to work on a project list and work with Widseth to submit PFA.

Ordinance Updates

The committee discussed current ordinances and we need to look into backflow preventor ordinance. DuFrane stated he thought the city already had one – he was asked to bring ordinance to our next meeting. Ordinance needs to be based on MN State Plumbing Code. Would like a permit which will allow those with backflow to provide annual records to the city.

Budget-goal setting

DuFrane need to work with Engineer Blaine Green to provide a project list. The Water Tower needs to be painted and money needs to be put away. Discussed raising rates and decided to wait until September to make decisions when we have the project list and know more about granting opportunities. Discussed water audit device which hooks to our current system and can read 90 days' worth of water readings by hourly usage. Discussed charged the water consumer for receiving the data if it is found the water did go through the meter. The committee decided to find out the cost before deciding if they want to charge for this service, as only 3 people have used it in the past few months.

DuFrane informed the committee the Mn Department of Health has informed him one of our five homes which are tested for lead as come back with high levels. The following was provided to the property owner:

Thank you for participating in the lead/copper tap monitoring that was recently conducted.

This letter is to report the lead results for the above-designated sample location. You are receiving this advance notification of your lead result because your result was above the EPA action limit. The reported result is **30.0 ppb** for lead. The action level for lead is 15.0 ppb with the maximum contaminant level goal (MCLG) set at zero.

Action Level - The concentration of a contaminant which, if exceeded, triggers treatment or other requirements which a water system must follow.

Maximum Contaminant Level Goal (MCLG) - The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs allow for a margin of safety.

There is no safe level of lead, and you should take steps to understand why your result may have been elevated and to reduce your exposure. You will receive another letter reporting your lead and copper results, as soon as our water system receives them from the Minnesota Department of Health.

For additional information on lead in your drinking water, please refer to the enclosed fact sheet or go to <http://www.health.state.mn.us/divs/eh/water/lead.html>.

Having a home 15 causing the city to have more required testing and information sent to utility users. The committee decided to find out the cost to have this property retested. (After the meeting DuFrane received a quote of \$50.00 to have water tested for lead from RMB Labs in Detroit Lakes). Water will be retested, and city employees will continue to work with the MN Department of Health.

2023 Comprehensive Plan Review

Reviewed the 2023 Comprehensive Plan review worksheet.

Public Services and Facilities the water and sewer committee is working on prioritizing needs by making a project list.

Land Use and Build Form the water and sewer committee is developing a tiered system for expansion based on capacity.

The meeting was adjourned at 10:30 am.

Julie Lammers

City Clerk-Treasurer

City of Vergas

Follow up actions:

Write policy for backflow meters.

Lammers will attend grant seminar.

DuFrane to provide backflow prevention ordinance.

DuFrane will get quotes for videoing city, Scada system and additional jetting.

Recommendations to Council:

None.

CITY OF VERGAS
Event Center Advisory Minutes
Vergas Event Center & Zoom Teleconference
5:30 P.M. on Wednesday, August 2, 2023

The City of Vergas Event Center Advisory Committee was called to order by Bev Flateland on Wednesday, August 2, 2023, at 5:41 pm with the following members present: Jezmae Burkett, Mary Ditterich, Paul Haarstick, Lyle Krieg, and Bev Flateland. Absent: Vanessa Perry, Paul Pinke. Guests included: none.

Approval of the Agenda

Motion by Ditterich, seconded by Haarstick to approve the agenda with the following additions: Bar Area, Floor, Cabinets, Toilet Paper, Garbage Bags, New Cupboards, Request early access to clean Event Center. Motion carried unanimously.

Approval of Minutes

Motion by Haarstick, seconded by Ditterich to approve the meeting minutes with the removal of the lines, “. They requested if it would be possible to use the Event Center for free. Lammers stated that the policy requires them to fill out an application. They will fill out the application and the Advisory Board will meet on Monday morning to discuss recommending to council” under the Floors section due to a typographical error. Motion carried unanimously.

Council Recommendations

None

Income and Expense

Committee reviewed income and expense and proposed budget. Without having a staff member to explain the budget at the meeting, Committee’s consensus was to table budget approval until next meeting.

2023 Comprehensive Plan Review

Without having a staff member to explain the plan review, motion by Ditterich and Flateland to table plan review until the next meeting. Motion carried unanimously.

Fundraising Events

Rummage Sale/Auction- Pinke did not provide an update to the Committee. Burkett to get photos to Krieg who will connect with a contact on the possible purchase of the stove and grill.

Gun Raffle – No updates were provided to the committee and there is not enough time to adequately prepared for the September 23 date. Committee would like to delay until winter or fall to allow for more time to prepare. Burkett to contact Perry for an updated.

Rent for rummage sales on Aug 11- Committee was asked to charge vendors a fee to setup tables inside the Event Center for Looney Days. Due to the short notice and being schedule right before the Lion’s use of the Event Center, motion by Flateland, seconded by Haarstick, to reject the request to allow vendor sales in the Event Center on Friday, August 11. Motion carried unanimously.

Bar Area

Burkett reported that Calvary Church has reported that the accordion doors by the bar area are broken. Committee inspected the doors and found that the large section of doors has separated into two smaller sections. Committee has asked Burkett to schedule a time for an electrician to install more outlets in the back wall, above the counters, in the bar area. Committee looked at the coolers and cabinet, and decided that the only acceptable configuration is (looking at the back wall, with the Lion’s storage room on the viewer’s left) cabinet section, large three-door cooler, and single door cooler. Committee members asked Burkett to move additional garbage cans to the storage area underneath the stage. Committee members also expressed frustration with the state of the bar area and requested that the rugs be cleaned up and that chairs no longer be stored in the area directly in front of the door as this is a safety hazard.

Floor

Committee has not received an update from Custom Concrete Coatings regarding the unsatisfactory performance of the flooring installation. Committee has asked Burkett to contact the vendor and update Committee.

Cabinets

Committee members expressed frustration on the perceived lack of progress in the kitchen area, and requested updates on the installation of cabinets purchased from Summers Construction. Committee is requesting a written update from city staff by next meeting.

Toilet Paper

A committee reported that toilet paper dispensers were empty on Sunday (July 30, 2023). Burkett will continue to monitor toilet paper levels. Committee asked to be updated on the installation of additional dispensers.

Garbage Bags

Burkett found garbage bags from the Liquor Store that fit the new garbage cans. They are currently stored in the secured closet between the bathrooms, Committee members asked Burkett to move them to a more accessible area for renters.

New Cupboards

Committee is requesting an update on installation timeline.

Early Access Request

Ditterich requested early access to the Event Center to clean. Through consensus of members, request was granted.

Council Recommendations

- None

Follow up Actions

- 2024 budget explanation – Burkett
- Comprehensive Plan Review Explanation – Burkett
- Gun Raffle – Burkett, Perry
- Electrical work in Bar Area – Burkett
- Move rugs and chairs in Bar Area – Burkett
- Move garbage cans – Burkett
- Contact Custom Concrete Coatings – Burkett
- Update from Summers regarding cabinets – Burkett
- Install additional toilet paper dispensers – Burkett
- Update on kitchen remodel project – Burkett

The business for which the meeting was called having been completed, the meeting was adjourned at 6:59 p.m.

Respectfully submitted,

Paul Haarstick, Recording Secretary

City Council
2023 August Council Meeting
Vergas Event Center and Zoom Id number 267-094-2170 (password
56587)
6:30 PM on Tuesday, August 8, 2023

5. 2022 Audit

Files Attached

- Audit Report - City of Vergas - 12.31.22.pdf

**CITY OF VERGAS
VERGAS, MINNESOTA**

YEAR ENDED DECEMBER 31, 2022



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, 2022**

<u>City Council</u>	<u>Position</u>	<u>Term Expires</u>
Elected		
Julie Bruhm	Mayor	December 31, 2024
Bruce Albright	Councilmember	December 31, 2024
Dean Haarstick	Councilmember	December 31, 2026
Natalie Fischer	Councilmember	December 31, 2024
Paul Pinke	Councilmember	December 31, 2026
Appointed		
Julie Lammers	Clerk-Treasurer	Indefinite

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

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the City of Vergas's basic financial statements as listed in the table of contents.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the City of Vergas, as of December 31, 2022, and the changes in financial position 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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 has not been determined.

Basis for Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Vergas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events that raise substantial doubt about the City of Vergas's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that individually they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Vergas's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used in the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered that raise substantial doubt about the City of Vergas's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified in our audit.

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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and other schedules, as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

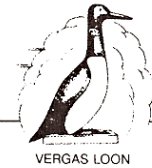
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2023, on our consideration of the City of Vergas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Vergas's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Vergas's internal control over financial reporting and compliance.

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

Hoffman, Philipp, & Martell, PLLC
July 24, 2023



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, 2022. 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 \$2,235,610, of which \$1,145,085 is the net investment in capital assets, \$318,596 is restricted for debt service and economic development, and \$771,929 is unrestricted. The total net position of governmental activities increased by \$77,298 for the year ended December 31, 2022. This is attributed primarily to a transfer in from the Liquor fund and the receipt of American Rescue Plan Act Funds.

The total net position of business-type activities is \$1,505,266, of which \$1,147,728 is the net investment in capital assets, and \$357,538 is unrestricted. The total net position of business-type activities decreased by \$38,367 in 2022, primarily due to the budgeted transfer from the Liquor fund to the General Fund.

At the close of 2022, the City's governmental funds reported combined ending fund balances of \$642,807, an increase of \$40,684 over the prior year. Of the total fund balance amount, \$318,596 is legally or contractually restricted, \$182,372 is formally committed for specific purposes, and \$141,839 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 \$3,740,876 at the close of 2022. The largest portion of the City's net position (approximately 61 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 9 percent of the City's net position is restricted for debt service and economic development, and 30 percent of the City's net position is unrestricted. The unrestricted net position amount of \$1,129,467 as of December 31, 2022, 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 \$141,110, and total liabilities increased by \$207,707 from the prior year. Deferred outflows related to pensions decreased by \$14,133, and deferred inflows of resources related to pensions decreased by \$119,661, resulting in an increased net position of \$38,931 from the prior year. This increase was primarily due to the receipt of grant funds from the West Central Initiative Fund.

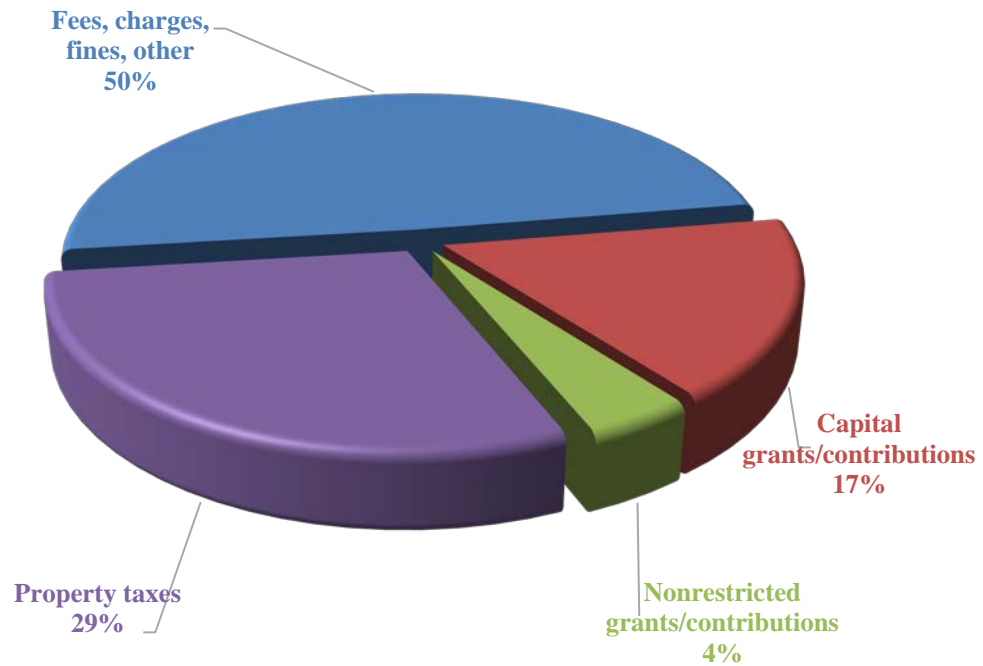
NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 1,162,859	\$ 1,183,100	\$ 494,210	\$ 470,156	\$ 1,657,069	\$ 1,653,256
Capital assets	2,195,085	2,108,220	1,279,728	1,229,296	3,474,813	3,337,516
Total assets	\$ 3,357,944	\$ 3,291,320	\$ 1,773,938	\$ 1,699,452	\$ 5,131,882	\$ 4,990,772
Deferred outflows - pensions	\$ 30,012	\$ 34,534	\$ 63,775	\$ 73,386	\$ 93,787	\$ 107,920
Other liabilities	\$ 33,864	\$ 15,932	\$ 16,095	\$ 12,444	\$ 49,959	\$ 28,376
Long-term liabilities outstanding	1,117,348	1,112,185	313,943	132,982	1,431,291	1,245,167
Total liabilities	\$ 1,151,212	\$ 1,128,117	\$ 330,038	\$ 145,426	\$ 1,481,250	\$ 1,273,543
Deferred inflows - pensions	\$ 1,134	\$ 39,425	\$ 2,409	\$ 83,779	\$ 3,543	\$ 123,204
Net position						
Net investment in capital assets	\$ 1,145,085	\$ 992,220	\$ 1,147,728	\$ 1,189,296	\$ 2,292,813	\$ 2,181,516
Restricted	318,596	320,626	-	-	318,596	320,626
Unrestricted	771,929	845,466	357,538	354,337	1,129,467	1,199,803
Total net position	\$ 2,235,610	\$ 2,158,312	\$ 1,505,266	\$ 1,543,633	\$ 3,740,876	\$ 3,701,945

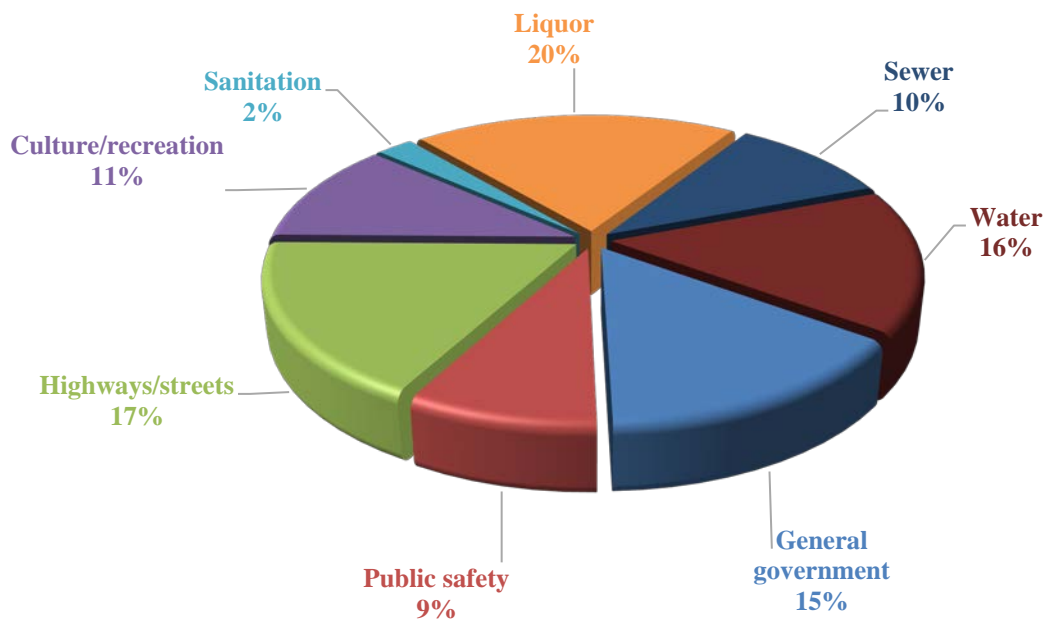
CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues						
Fees, charges, fines and other	\$ 86,909	\$ 131,182	\$ 1,076,672	\$ 955,554	\$ 1,163,581	\$ 1,086,736
Operating grants and contributions	57,884	57,645	993	1,464	58,877	59,109
Capital grants and contributions	158,947	151,073	-	-	158,947	151,073
General Revenues and Transfers						
Property taxes	270,443	295,447	-	-	270,443	295,447
Grants and contributions not restricted to specific programs	38,529	38,289	-	-	38,529	38,289
Investment earnings	409	1,130	451	530	860	1,660
Insurance dividends	9,470	7,706	1,004	2,208	10,474	9,914
Transfers	25,000	60,000	(25,000)	(60,000)	-	-
Total revenues	\$ 647,591	\$ 742,472	\$ 1,054,120	\$ 899,756	\$ 1,701,711	\$ 1,642,228
Expenses						
General government	\$ 145,165	\$ 82,390	\$ -	\$ -	\$ 145,165	\$ 82,390
Public safety	83,705	64,958	-	-	83,705	64,958
Highways and streets	171,941	122,536	-	-	171,941	122,536
Sanitation	22,733	23,140	-	-	22,733	23,140
Culture and recreation	112,459	191,333	-	-	112,459	191,333
Economic development	1,353	3,181	-	-	1,353	3,181
Interest	32,937	34,361	-	-	32,937	34,361
Liquor	-	-	834,158	665,852	834,158	665,852
Sewer	-	-	100,624	94,630	100,624	94,630
Water	-	-	157,705	123,468	157,705	123,468
Total expenses	\$ 570,293	\$ 521,899	\$ 1,092,487	\$ 883,950	\$ 1,662,780	\$ 1,405,849
Increase (decrease) in net position	\$ 77,298	\$ 220,573	\$ (38,367)	\$ 15,806	\$ 38,931	\$ 236,379
Net position, January 1	2,158,312	1,937,739	1,543,633	1,510,545	3,701,945	3,448,284
Prior period adjustment	-	-	-	17,282	-	17,282
Net position, January 1, as restated	\$ 2,158,312	\$ 1,937,739	\$ 1,543,633	\$ 1,527,827	\$ 3,701,945	\$ 3,465,566
Net position, December 31	\$ 2,235,610	\$ 2,158,312	\$ 1,505,266	\$ 1,543,633	\$ 3,740,876	\$ 3,701,945

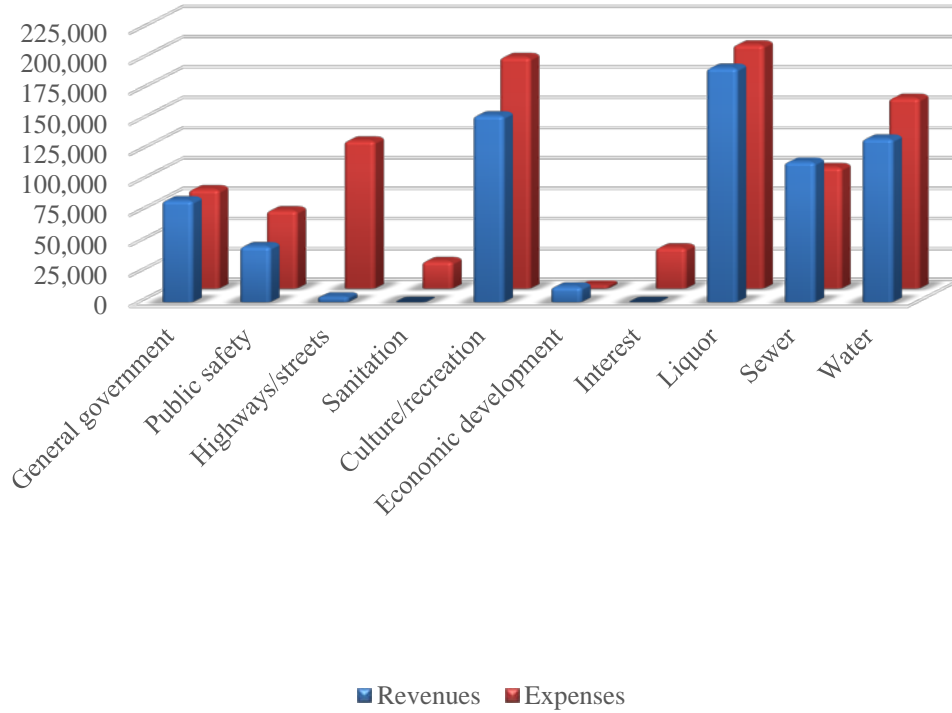
Revenues by Source



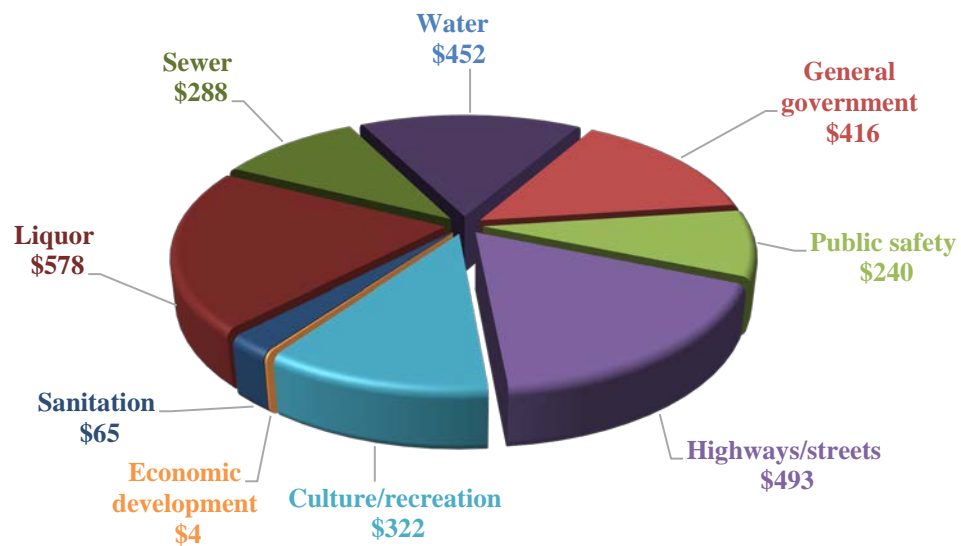
Expenses by Function



Program Revenues & Expenditures



Expenditures Per Capita 349 Population as of 2022



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 2022, the City's governmental funds reported combined ending fund balances of \$642,807. 50 percent constitutes the restricted fund balance, 28 percent constitutes formally committed fund balance, and 22 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 \$336,403. The General Fund's restricted fund balance was \$30,528, the committed fund balance was \$164,036, and the unassigned fund balance was \$141,839. As a measure of the General Fund's liquidity, it is useful to compare total fund balance to total fund expenditures for 2022. Total fund balance represents 73 percent of total General Fund expenditures.

In 2022, the fund balance amount in the General Fund increased by \$54,647, primarily as a result of a transfer in from the Liquor Enterprise Fund and the receipt of American Rescue Plan Act funds.

The fund balance of the 2006 Street Project Debt Service Fund decreased by \$8,749 from the prior year, primarily as a result of repayment of debt in excess of special assessments collected.

The fund balance of the 2019 Street Project Debt Service Fund decreased by \$6,661, primarily as a result of repayment of debt in excess of special assessments received.

The fund balance of the nonmajor Vergas Economic Development Authority (EDA) Special Revenue Fund increased by \$1,447, primarily as a result of unbudgeted gifts and contributions.

Proprietary Funds

The Liquor Enterprise Fund reported an operating loss in 2022 of \$7,946, due to an increase in personal services, including an increase in actuarially determined costs for pension liabilities.

In 2022, the Sewer Enterprise Fund reported an operating income of \$16,686, indicating they are collecting for services at a rate exceeding cost.

The Water Enterprise Fund reported an operating loss of \$15,420, primarily as a result of interest expense and depreciation.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City of Vergas had no budgetary amendments in 2022.

Actual revenues were more than overall final budgeted revenues by \$93,465, with the largest positive variances in intergovernmental and miscellaneous. Actual expenditures were more than overall final budgeted expenditures by \$38,818, with the largest negative variances in general government, public safety, and highways and streets.

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, 2022, amounted to \$3,474,813 (net of accumulated depreciation). The total decrease in the City's investment in capital assets for the current fiscal year was approximately 2 percent. This decrease was primarily due to depreciation.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 59,238	\$ 94,238	\$ -	\$ -	\$ 59,238	\$ 94,238
Construction in progress	193,082	-	-	-	193,082	-
Infrastructure	1,761,593	1,802,447	951,719	878,117	2,713,312	2,680,564
Buildings and improvements	87,441	97,082	303,534	318,921	390,975	416,003
Machinery and equipment	93,731	114,453	24,475	32,258	118,206	146,711
Total capital assets	<u>\$ 2,195,085</u>	<u>\$ 2,108,220</u>	<u>\$ 1,279,728</u>	<u>\$ 1,229,296</u>	<u>\$ 3,474,813</u>	<u>\$ 3,337,516</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 \$1,182,000 which is backed by the full faith and credit of the government.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
General Obligation Improvement Refunding Bonds of 2015	\$ 145,000	\$ 171,000	\$ -	\$ -	\$ 145,000	\$ 171,000
General Obligation Improvement Bonds, Series 2019A	905,000	945,000	-	-	905,000	945,000
General Obligation Water and Sewer Revenue Refunding Bonds, Series 2009, net of bond discount	-	-	-	40,000	-	40,000
Water Revenue Note of 2022	-	-	132,000	-	132,000	-
	<u>\$ 1,050,000</u>	<u>\$ 1,116,000</u>	<u>\$ 132,000</u>	<u>\$ 40,000</u>	<u>\$ 1,182,000</u>	<u>\$ 1,156,000</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 2022, 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.
- On March 11, 2021, the American Rescue Plan Act of 2021 (ARPA) was signed into law. The recovery package provides funding in several areas such as state and local aid, education, rental assistance, transit, stimulus payments for individuals, and other provisions. The local funding portion was approximately \$130 billion, equally divided between cities and counties. The City of Vergas received \$19,234 in 2021 and another \$19,234 in 2022. These funds were required to be spent by December 31, 2024. The City used the ARPA funds to respond to public health emergency needs, serve the hardest hit communities and address inequities, address negative economic impacts, and improve access to water and broadband infrastructure.
- 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 4.3 percent as of December 31, 2022. This is higher than the statewide rate of 3.2 percent and the national average rate of 3.3 percent.
- The 2022 population of Vergas according to the League of Minnesota Cities was 349, an increase since the 2020 census of 348.
- On December 13, 2022, the City of Vergas set its 2023 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, 2022**

	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
Cash and pooled investments	\$ 474,627	\$ 62,189	\$ 536,816
Investments	164,036	210,774	374,810
Taxes receivable			
Current	1,045	-	1,045
Prior	9,216	-	9,216
Special assessments receivable			
Current	9,931	28	9,959
Prior	3,774	280	4,054
Accounts receivable	9,553	24,491	34,044
Due from other governments	2,618	-	2,618
Internal balances	14,861	(14,861)	-
Inventory	-	203,765	203,765
Special assessments receivable - noncurrent	473,198	7,544	480,742
Capital assets			
Non-depreciable	252,320	-	252,320
Depreciable - net of accumulated depreciation	1,942,765	1,279,728	3,222,493
Total Assets	\$ 3,357,944	\$ 1,773,938	\$ 5,131,882
<u>Deferred Outflows of Resources</u>			
Related to pensions	\$ 30,012	\$ 63,775	\$ 93,787
Total Deferred Outflows of Resources	\$ 30,012	\$ 63,775	\$ 93,787
<u>Liabilities</u>			
Accounts payable	\$ 6,407	\$ 3,683	\$ 10,090
Salaries payable	3,047	6,895	9,942
Due to other governments	24,410	5,517	29,927
Long-term liabilities			
Due within one year	12,252	14,486	26,738
Due in more than one year	1,021,461	121,731	1,143,192
Net pension liability	83,635	177,726	261,361
Total Liabilities	\$ 1,151,212	\$ 330,038	\$ 1,481,250
<u>Deferred Inflows of Resources</u>			
Related to pensions	\$ 1,134	\$ 2,409	\$ 3,543
Total Deferred Inflows of Resources	\$ 1,134	\$ 2,409	\$ 3,543
<u>Net Position</u>			
Net investment in capital assets	\$ 1,145,085	\$ 1,147,728	\$ 2,292,813
Amounts restricted for debt service	288,068	-	288,068
Amounts restricted for economic development	30,528	-	30,528
Unrestricted amounts	771,929	357,538	1,129,467
Total Net Position	\$ 2,235,610	\$ 1,505,266	\$ 3,740,876

**CITY OF VERGAS
VERGAS, MINNESOTA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

		Program Revenues	
		Fees, Charges, Fines and Other	Operating Grants and Contributions
	Expenses		
<u>Functions/Programs</u>			
Governmental activities			
General government	\$ 145,165	\$ 56,377	\$ 8,831
Public safety	83,705	-	46,576
Highways and streets	171,941	2,483	2,477
Sanitation	22,733	-	-
Culture and recreation	112,459	28,049	-
Economic development	1,353	-	-
Interest	32,937	-	-
Total governmental activities	\$ 570,293	\$ 86,909	\$ 57,884
Business-type activities			
Liquor	\$ 834,158	\$ 826,212	\$ -
Sewer	100,624	115,651	497
Water	157,705	134,809	496
Total business-type activities	\$ 1,092,487	\$ 1,076,672	\$ 993
Total	\$ 1,662,780	\$ 1,163,581	\$ 58,877

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
\$ 19,234	\$ (60,723)	\$ -	\$ (60,723)
-	(37,129)	-	(37,129)
-	(166,981)	-	(166,981)
-	(22,733)	-	(22,733)
126,333	41,923	-	41,923
13,380	12,027	-	12,027
-	(32,937)	-	(32,937)
\$ 158,947	\$ (266,553)	\$ -	\$ (266,553)
\$ -	\$ -	\$ (7,946)	\$ (7,946)
-	-	15,524	15,524
-	-	(22,400)	(22,400)
\$ -	\$ -	\$ (14,822)	\$ (14,822)
\$ 158,947	\$ (266,553)	\$ (14,822)	\$ (281,375)
	\$ 270,443	\$ -	\$ 270,443
	38,529	-	38,529
	409	451	860
	9,470	1,004	10,474
	25,000	(25,000)	-
	\$ 343,851	\$ (23,545)	\$ 320,306
	\$ 77,298	\$ (38,367)	\$ 38,931
	2,158,312	1,543,633	3,701,945
	\$ 2,235,610	\$ 1,505,266	\$ 3,740,876

**CITY OF VERGAS
VERGAS, MINNESOTA**

EXHIBIT 3

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	General Fund	2006 Street Project Debt Service	2019 Street Project Debt Service	Nonmajor Vergas EDA Special Revenue	Total Governmental Funds
<u>Assets</u>					
Assets					
Cash and pooled investments	\$ 206,376	\$ 65,180	\$ 184,735	\$ 18,336	\$ 474,627
Investments	164,036	-	-	-	164,036
Taxes receivable					
Current	913	50	82	-	1,045
Prior	7,779	441	996	-	9,216
Special assessments receivable					
Current	-	292	9,639	-	9,931
Prior	-	2,493	1,281	-	3,774
Accounts receivable	9,553	-	-	-	9,553
Due from other funds	-	16,310	11,780	-	28,090
Due from other governments	2,618	-	-	-	2,618
Special assessments receivable - noncurrent	-	30,545	442,653	-	473,198
Total Assets	\$ 391,275	\$ 115,311	\$ 651,166	\$ 18,336	\$ 1,176,088
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>					
Liabilities					
Accounts payable	\$ 6,407	\$ -	\$ -	\$ -	\$ 6,407
Salaries payable	3,047	-	-	-	3,047
Due to other funds	13,229	-	-	-	13,229
Due to other governments	24,410	-	-	-	24,410
Total Liabilities	\$ 47,093	\$ -	\$ -	\$ -	\$ 47,093
Deferred Inflows of Resources					
Taxes	\$ 7,779	\$ 441	\$ 996	\$ -	\$ 9,216
Special assessments	-	33,038	443,934	-	476,972
Total Deferred Inflows of Resources	\$ 7,779	\$ 33,479	\$ 444,930	\$ -	\$ 486,188
Fund Balances					
Restricted for debt service					
Debt service	\$ -	\$ 81,832	\$ 206,236	\$ -	\$ 288,068
Small cities development	30,528	-	-	-	30,528
Committed to					
City shop	8,048	-	-	-	8,048
Easement	5,225	-	-	-	5,225
Economic development	-	-	-	18,336	18,336
Event Center	27,956	-	-	-	27,956
Parks	20,635	-	-	-	20,635
Recreation programs	14,482	-	-	-	14,482
Sand seal	31,408	-	-	-	31,408
Sidewalk improvements	14,883	-	-	-	14,883
Street improvements	41,399	-	-	-	41,399
Unassigned	141,839	-	-	-	141,839
Total Fund Balances	\$ 336,403	\$ 81,832	\$ 206,236	\$ 18,336	\$ 642,807
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 391,275	\$ 115,311	\$ 651,166	\$ 18,336	\$ 1,176,088

**CITY OF VERGAS
VERGAS, MINNESOTA**

EXHIBIT 4

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
THE STATEMENT OF NET POSITION--GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2022**

Fund balances - total governmental funds (Exhibit 3)	\$	642,807
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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.		2,195,085
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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.		486,188
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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	\$ (851)		
General obligation bonds payable	(1,050,000)		
Unamortized discount on bonds payable	17,138		
	(1,033,713)		(1,033,713)

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	\$ (83,635)		
Deferred outflows of resources related to pensions	30,012		
Deferred inflows of resources related to pensions	(1,134)		
	(54,757)		(54,757)

Net position of governmental activities (Exhibit 1)	\$	<u>2,235,610</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, 2022**

	General Fund	2006 Street Project Debt Service	2019 Street Project Debt Service	Nonmajor Vergas EDA Special Revenue	Total Governmental Funds
Revenues					
Property taxes	\$ 234,127	\$ 12,692	\$ 24,309	\$ -	\$ 271,128
Special assessments	-	8,648	36,926	-	45,574
Licenses and permits	36,954	-	-	-	36,954
Intergovernmental	106,816	-	-	109,177	215,993
Charges for services	6,851	-	-	-	6,851
Gifts and contributions	13,887	-	-	12,100	25,987
Investment earnings	409	-	-	-	409
Miscellaneous	98,185	-	-	-	98,185
Total Revenues	\$ 497,229	\$ 21,340	\$ 61,235	\$ 121,277	\$ 701,081
Expenditures					
Current					
General government	\$ 99,773	\$ -	\$ -	\$ -	\$ 99,773
Public safety	82,748	-	-	-	82,748
Highways and streets	166,880	-	-	-	166,880
Sanitation	13,460	-	-	-	13,460
Culture and recreation	96,721	-	-	-	96,721
Economic development	-	-	-	1,353	1,353
Total Current	\$ 459,582	\$ -	\$ -	\$ 1,353	\$ 460,935
Debt service					
Principal retirement	\$ -	\$ 26,000	\$ 40,000	\$ -	\$ 66,000
Interest	-	4,089	27,896	-	31,985
Total Debt service	\$ -	\$ 30,089	\$ 67,896	\$ -	\$ 97,985
Capital outlay					
Culture and recreation	\$ -	\$ -	\$ -	\$ 126,477	\$ 126,477
Total Expenditures	\$ 459,582	\$ 30,089	\$ 67,896	\$ 127,830	\$ 685,397
Excess of Revenues Over (Under) Expenditures	\$ 37,647	\$ (8,749)	\$ (6,661)	\$ (6,553)	\$ 15,684
Other Financing Sources (Uses)					
Transfers in	\$ 25,000	\$ -	\$ -	\$ 8,000	\$ 33,000
Transfers out	(8,000)	-	-	-	(8,000)
Total Other Financing Sources (Uses)	\$ 17,000	\$ -	\$ -	\$ 8,000	\$ 25,000
Net Change in Fund Balance	\$ 54,647	\$ (8,749)	\$ (6,661)	\$ 1,447	\$ 40,684
Fund Balance - January 1	281,756	90,581	212,897	16,889	602,123
Fund Balance - December 31	\$ 336,403	\$ 81,832	\$ 206,236	\$ 18,336	\$ 642,807

**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, 2022**

Net change in fund balances - total governmental funds (Exhibit 5)	\$	40,684
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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	\$ 193,082	
Current year depreciation	(71,217)	121,865

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	\$ (685)	
Special assessments receivable	(55,916)	(56,601)

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	\$ (150)	
Amortization of bond discount	(952)	
Deferred outflows of resources related to pensions	4,522	
Net pension liability	(70,361)	
Deferred inflows of resources related to pensions	38,291	(28,650)

Change in net position of governmental activities (Exhibit 2)	\$	77,298
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**CITY OF VERGAS
VERGAS, MINNESOTA**

EXHIBIT 7

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022**

	Liquor Enterprise	Sewer Enterprise	Water Enterprise	Total
<u>Assets</u>				
Current Assets				
Cash and pooled investments	\$ 34,954	\$ -	\$ 27,235	\$ 62,189
Investments	146,468	49,348	14,958	210,774
Special assessments receivable				
Current	-	14	14	28
Prior	-	140	140	280
Accounts receivable	-	10,981	13,510	24,491
Due from other funds	-	-	143,888	143,888
Inventory	203,765	-	-	203,765
Total Current Assets	\$ 385,187	\$ 60,483	\$ 199,745	\$ 645,415
Noncurrent Assets				
Special assessments receivable - noncurrent	\$ -	\$ 3,772	\$ 3,772	\$ 7,544
Capital assets				
Depreciable - net of accumulated depreciation	326,323	248,363	705,042	1,279,728
Total Noncurrent Assets	\$ 326,323	\$ 252,135	\$ 708,814	\$ 1,287,272
Total Assets	\$ 711,510	\$ 312,618	\$ 908,559	\$ 1,932,687
<u>Deferred Outflows of Resources</u>				
Related to pensions	\$ 27,198	\$ 17,820	\$ 18,757	\$ 63,775
<u>Liabilities</u>				
Current Liabilities				
Accounts payable	\$ 910	\$ 569	\$ 2,204	\$ 3,683
Salaries payable	3,783	1,556	1,556	6,895
Compensated absences payable	1,531	438	517	2,486
Due to other funds	-	151,318	7,431	158,749
Due to other governments	5,457	-	60	5,517
Revenue bonds payable - current	-	-	12,000	12,000
Total Current Liabilities	\$ 11,681	\$ 153,881	\$ 23,768	\$ 189,330
Noncurrent Liabilities				
Compensated absences payable	\$ -	\$ 836	\$ 895	\$ 1,731
Revenue bonds payable - long term	-	-	120,000	120,000
Net pension liability	75,795	49,659	52,272	177,726
Total Noncurrent Liabilities	\$ 75,795	\$ 50,495	\$ 173,167	\$ 299,457
Total Liabilities	\$ 87,476	\$ 204,376	\$ 196,935	\$ 488,787
<u>Deferred Inflows of Resources</u>				
Related to pensions	\$ 1,027	\$ 673	\$ 709	\$ 2,409
<u>Net Position</u>				
Net investment in capital assets	\$ 326,323	\$ 248,363	\$ 573,042	\$ 1,147,728
Unrestricted amounts	323,882	(122,974)	156,630	357,538
Total Net Position	\$ 650,205	\$ 125,389	\$ 729,672	\$ 1,505,266

**CITY OF VERGAS
VERGAS, MINNESOTA**

EXHIBIT 8

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Liquor Enterprise	Sewer Enterprise	Water Enterprise	Total
Sales and Cost of Goods Sold				
Sales	\$ 826,212	\$ -	\$ -	\$ 826,212
Cost of goods sold	(632,524)	-	-	(632,524)
Gross Profit	\$ 193,688	\$ -	\$ -	\$ 193,688
Operating Revenues				
Charges for services	-	115,651	134,809	250,460
Total Gross Profit and Operating Revenues	\$ 193,688	\$ 115,651	\$ 134,809	\$ 444,148
Operating Expenses				
Personnel services	\$ 129,074	\$ 62,394	\$ 63,922	\$ 255,390
Professional services	4,274	9,264	10,221	23,759
Advertising	4,244	-	-	4,244
Insurance	7,714	1,666	2,303	11,683
Repairs and maintenance	12,546	1,693	3,404	17,643
Supplies	6,359	8,047	19,527	33,933
Utilities	12,985	3,488	5,590	22,063
Miscellaneous	1,510	3,594	14,041	19,145
Depreciation	22,928	8,819	31,221	62,968
Total Operating Expenses	\$ 201,634	\$ 98,965	\$ 150,229	\$ 450,828
Operating Income (Loss)	\$ (7,946)	\$ 16,686	\$ (15,420)	\$ (6,680)
Nonoperating Revenues (Expenses)				
Special assessments	\$ -	\$ 497	\$ 496	\$ 993
Investment earnings	178	238	35	451
Interest expense	-	(1,659)	(7,476)	(9,135)
Miscellaneous	332	366	306	1,004
Total Nonoperating Revenues (Expenses)	\$ 510	\$ (558)	\$ (6,639)	\$ (6,687)
Income (Loss) Before Transfers	\$ (7,436)	\$ 16,128	\$ (22,059)	\$ (13,367)
Transfers in	-	-	64,508	64,508
Transfers out	(25,000)	(64,508)	-	(89,508)
Change in Net Position	\$ (32,436)	\$ (48,380)	\$ 42,449	\$ (38,367)
Net Position - January 1	682,641	173,769	687,223	1,543,633
Net Position - December 31	\$ 650,205	\$ 125,389	\$ 729,672	\$ 1,505,266

**CITY OF VERGAS
VERGAS, MINNESOTA**

EXHIBIT 9

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
Increase (Decrease) in Cash and Cash Equivalents**

	Liquor Enterprise	Sewer Enterprise	Water Enterprise	Total
Cash Flows from Operating Activities				
Receipts from customers	\$ 861,530	\$ 108,986	\$ 126,483	\$ 1,096,999
Payments to employees	(119,801)	(57,906)	(59,216)	(236,923)
Payments to suppliers	(698,160)	(29,257)	(54,427)	(781,844)
Net cash provided by (used in) operating activities	\$ 43,569	\$ 21,823	\$ 12,840	\$ 78,232
Cash Flows from Noncapital Financing Activities				
Special assessments received	\$ -	\$ 9,942	\$ 8,545	\$ 18,487
Miscellaneous	332	148	77	557
Transfers from other funds	-	143,888	147,466	291,354
Transfers to other funds	(25,000)	(147,466)	(143,888)	(316,354)
Net cash provided by (used in) noncapital financing activities	\$ (24,668)	\$ 6,512	\$ 12,200	\$ (5,956)
Cash Flows from Capital and Related Financing Activities				
Purchase of capital assets	\$ -	\$ -	\$ (113,400)	\$ (113,400)
Proceeds from issuance of debt	-	-	126,950	126,950
Principal paid on bonds	-	(27,000)	(13,000)	(40,000)
Interest paid on bonds	-	(1,374)	(916)	(2,290)
Net cash provided by (used in) capital and related financing activities	\$ -	\$ (28,374)	\$ (366)	\$ (28,740)
Cash Flows from Investing Activities				
Investment earnings received	\$ 178	\$ 238	\$ 35	\$ 451
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 19,079	\$ 199	\$ 24,709	\$ 43,987
Cash and Cash Equivalents at January 1	162,343	49,149	17,484	228,976
Cash and Cash Equivalents at December 31	\$ 181,422	\$ 49,348	\$ 42,193	\$ 272,963

**CITY OF VERGAS
VERGAS, MINNESOTA**

**EXHIBIT 9
(Continued)**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
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)	\$ (7,946)	\$ 16,686	\$ (15,420)	\$ (6,680)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities				
Depreciation expense	\$ 22,928	\$ 8,819	\$ 31,221	\$ 62,968
(Increase) decrease in assets				
Accounts receivable	-	(8,720)	(9,376)	(18,096)
Inventory	19,051	-	-	19,051
Increase (decrease) in liabilities				
Accounts payable	(245)	386	1,724	1,865
Salaries payable	831	65	65	961
Compensated absences payable	1,430	(86)	(102)	1,242
Due to other governments	840	-	(15)	825
Net pension liability	6,680	4,673	4,743	16,096
Total adjustments	\$ 51,515	\$ 5,137	\$ 28,260	\$ 84,912
Net cash provided by (used in) operating activities	\$ 43,569	\$ 21,823	\$ 12,840	\$ 78,232

CITY OF VERGAS VERGAS, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022

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 2. 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. Cash and cash equivalents are valued at fair value.

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, 2022, based on market prices. Investment earnings on cash and pooled investments are allocated to the funds with deposits. Total investment earnings for 2022 were \$860.

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 2011 through 2022 and noncurrent special assessments collectible in 2023 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, and the Liquor, 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, 2022.

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, 2022.

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, 2022.

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.

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, 2022, are as follows:

CITY OF VERGAS VERGAS, MINNESOTA

II. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

Government-wide Statement of Net Position	
<i>Governmental Activities</i>	
Cash and pooled investments	\$ 474,627
Investments	164,036
<i>Business-type Activities</i>	
Cash and pooled investments	62,189
Investments	210,774
 Total Cash and Investments	 <u>\$ 911,626</u>
 Checking accounts	 \$ 536,816
Savings accounts	164,036
Certificates of deposit	<u>210,774</u>
 Total Deposits	 <u>\$ 911,626</u>

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, 2022, the City's deposits were not exposed to custodial credit risk.

2. Receivables

Receivables as of December 31, 2022, for the City's governmental and business-type activities, are as follows:

**CITY OF VERGAS
VERGAS, MINNESOTA**

II. Detailed Notes on All Funds

A. Assets

2. Receivables (Continued)

	<u>Total Receivables</u>	<u>Amounts Not Scheduled for Collection During the Subsequent Year</u>
Governmental Activities		
Taxes receivable	\$ 10,261	\$ -
Special assessments receivable	486,903	473,198
Accounts receivable	9,553	-
Due from other governments	2,618	-
	<hr/>	<hr/>
Total Governmental Activities	<u>\$ 509,335</u>	<u>\$ 473,198</u>
Business-Type Activities		
Special assessments receivable	\$ 7,852	\$ 7,544
Accounts	24,491	-
	<hr/>	<hr/>
Total Business-Type Activities	<u>\$ 32,343</u>	<u>\$ 7,544</u>

3. Capital Assets

Capital asset activity for the governmental and business-type activities for the year ended December 31, 2022, was as follows:

**CITY OF VERGAS
VERGAS, MINNESOTA**

II. Detailed Notes on All Funds

A. Assets

3. Capital Assets (Continued)

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 94,238	\$ -	\$ 35,000	\$ 59,238
Construction in progress	-	193,082	-	193,082
Total capital assets not depreciated	\$ 94,238	\$ 193,082	\$ 35,000	\$ 252,320
Capital assets being depreciated				
Infrastructure	\$ 2,042,599	\$ -	\$ -	\$ 2,042,599
Buildings and improvements	153,707	-	-	153,707
Machinery and equipment	275,017	-	-	275,017
Total capital assets being depreciated	\$ 2,471,323	\$ -	\$ -	\$ 2,471,323
Less: accumulated depreciation for				
Infrastructure	\$ 240,152	\$ 40,854	\$ -	\$ 281,006
Buildings and improvements	56,625	9,641	-	66,266
Machinery and equipment	160,564	20,722	-	181,286
Total accumulated depreciation	\$ 457,341	\$ 71,217	\$ -	\$ 528,558
Total capital assets, depreciated, net	\$ 2,013,982	\$ (71,217)	\$ -	\$ 1,942,765
Governmental Activities Capital Assets, Net	<u>\$ 2,108,220</u>	<u>\$ 121,865</u>	<u>\$ 35,000</u>	<u>\$ 2,195,085</u>

Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated				
Infrastructure	\$ 1,726,855	\$ 113,400	\$ -	\$ 1,840,255
Buildings and improvements	494,724	-	-	494,724
Machinery and equipment	96,789	-	-	96,789
Total capital assets being depreciated	\$ 2,318,368	\$ 113,400	\$ -	\$ 2,431,768
Less: accumulated depreciation for				
Infrastructure	\$ 848,738	\$ 39,798	\$ -	\$ 888,536
Buildings and improvements	175,803	15,387	-	191,190
Machinery and equipment	64,531	7,783	-	72,314
Total accumulated depreciation	\$ 1,089,072	\$ 62,968	\$ -	\$ 1,152,040
Business-Type Activities Capital Assets, Net	<u>\$ 1,229,296</u>	<u>\$ 50,432</u>	<u>\$ -</u>	<u>\$ 1,279,728</u>

**CITY OF VERGAS
VERGAS, MINNESOTA**

II. Detailed Notes on All Funds

A. Assets

3. Capital Assets (Continued)

Depreciation Expense

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

Governmental Activities	
General government	\$ 8,563
Public safety	957
Highways and streets	36,681
Sanitation	9,273
Culture and recreation	<u>15,743</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 71,217</u></u>
Business-Type Activities	
Liquor	\$ 22,928
Sewer	8,819
Water	<u>31,221</u>
Total Depreciation Expense - Business-Type Activities	<u><u>\$ 62,968</u></u>

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2022, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	
2019 Street Project Debt Service Fund	General Fund	\$ 4,350	Posting errors for taxes
	Sewer Enterprise Fund	<u>7,430</u>	Posting errors for taxes
Total Due To 2019 Street Debt Service Fund:		<u>\$ 11,780</u>	
2006 Street Project Debt Service Fund	General Fund	\$ 8,879	Posting errors for taxes
	Water Enterprise Fund	<u>7,431</u>	Posting errors for taxes
Total Due to 2006 Street Project Debt Service Fund:		<u>\$ 16,310</u>	
Water Enterprise Fund	Sewer Enterprise Fund	<u>143,888</u>	To cover cash deficit
Total Due To /Due From Other Funds:		<u><u>\$ 171,978</u></u>	

CITY OF VERGAS VERGAS, MINNESOTA

II. Detailed Notes on All Funds

B. Interfund Receivables, Payables, and Transfers (Continued)

Interfund Transfers

Interfund transfers for the year ended December 31, 2022, consisted of the following operating transfer:

Transfer to General Fund from Liquor Enterprise Fund	\$ 25,000	Appropriation
Transfer to Vergas EDA Special Revenue Fund from General Fund	8,000	Appropriation
Transfer to Water Enterprise Fund from Sewer Enterprise Fund	<u>64,508</u>	Correction for prior years tax settlements
Total Interfund Transfers:	<u>\$ 97,508</u>	

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 \$25,000 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, 2022, is \$145,000.

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 on December 31, 2022, is \$905,000.

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

**CITY OF VERGAS
VERGAS, MINNESOTA**

II. Detailed Notes on All Funds

B. Liabilities

Long-Term Debt (Continued)

of \$83,630 with a present value of \$16,793. The balance due of \$40,000 was paid in full in 2022.

The City of Vergas Water Revenue Note of 2022 represents debt incurred to replace filtration media in the water plant and inspect and repair walls. This note has an original issue amount of \$132,000. It carries a net interest rate of 3.25 percent and is due in annual installments from the Water Enterprise Fund of \$12,000 to \$14,000 through February 1, 2032. The balance due on this note on December 31, 2022, is \$132,000.

Debt Service Requirements

Debt service requirements for the governmental and the business-type activities at December 31, 2022, are as follows:

Year Ending December 31	Governmental Activities			
	General Obligation Refunding Bonds of 2015		General Obligation Street Improvement Bonds, 2019A	
	Principal	Interest	Principal	Interest
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	28,000	1,246	45,000	23,510
2027	33,000	437	45,000	22,328
2028-2032	-	-	235,000	92,260
2033-2037	-	-	275,000	53,943
2038-2040	-	-	185,000	9,536
Total:	<u>\$ 145,000</u>	<u>\$ 9,978</u>	<u>\$ 905,000</u>	<u>\$ 278,143</u>

Year Ending December 31	Business-Type Activities	
	Water Revenue Note of 2022	
	Principal	Interest
2023	\$ 12,000	\$ 2,520
2024	12,000	2,280
2025	13,000	2,030
2026	13,000	1,770
2027	13,000	1,510
2028-2032	69,000	3,490
Total	<u>\$ 132,000</u>	<u>\$ 13,600</u>

**CITY OF VERGAS
VERGAS, MINNESOTA**

II. Detailed Notes on All Funds

C. Liabilities (Continued)

Changes in Long-Term Liabilities

Governmental Activities

Long-term liability activity for the governmental and business-type activities for the year ended December 31, 2022, was as follows:

Governmental Activities	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General Obligation Refunding Bonds of 2015	171,000	-	26,000	145,000	25,000
General Obligation Improvement Bonds, Series 2019A	945,000	-	40,000	905,000	40,000
Compensated Absences	1,001	2,366	2,516	851	252
Net Pension Liability	<u>42,363</u>	<u>41,273</u>	<u>-</u>	<u>83,636</u>	<u>-</u>
Governmental Activities Long-Term Liabilities	<u>\$ 1,159,364</u>	<u>\$ 43,639</u>	<u>\$ 68,516</u>	<u>\$ 1,134,487</u>	<u>\$ 65,252</u>
Business-Type Activities	<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	\$ 40,000	\$ -	\$ 40,000	\$ -	\$ -
Water Revenue Note of 2022	-	132,000	-	132,000	12,000
Compensated Absences	3,435	5,874	5,093	4,216	2,485
Net Pension Liability	<u>90,021</u>	<u>87,704</u>	<u>-</u>	<u>177,725</u>	<u>-</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 133,456</u>	<u>\$ 137,874</u>	<u>\$ 45,093</u>	<u>\$ 313,941</u>	<u>\$ 14,485</u>

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, 2022, are summarized below by fund:

CITY OF VERGAS VERGAS, MINNESOTA

II. Detailed Notes on All Funds (Continued)

D. Deferred Inflows of Resources

	Taxes	Special Assessments	Total
Major governmental funds			
General	\$ 7,779	\$ -	\$ 7,779
Debt service funds			
2006 Street Improvements	441	33,038	33,479
2019 Street Improvements	996	443,934	444,930
	<u>996</u>	<u>443,934</u>	<u>444,930</u>
Total	<u>\$ 9,216</u>	<u>\$ 476,972</u>	<u>\$ 486,188</u>

III. Defined Benefit Pension Plan

A. Plan Description

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

General Employees Retirement Plan

All full-time and certain part-time employees of the City of Vergas are covered by the General Employees Plan. 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.

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

**CITY OF VERGAS
VERGAS, MINNESOTA**

III. Defined Benefit Pension Plan

B. Benefits Provided (Continued)

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 2022, and the City of Vergas was required to contribute 7.50 percent for Coordinated Plan members. The City of Vergas contributions to the General Employees Fund for the year ended December 31, 2022, were \$19,613. The City of Vergas contributions were equal to the required contributions as set by state statute.

D. Pension Costs

At December 31, 2022, the City of Vergas reported a liability of \$261,361 for its proportionate share of the General Employees Fund's net pension liability. The City of Vergas 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 \$7,670.

The net pension liability was measured as of June 30, 2022, 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 proportionate share of the net pension liability was based on the City of Vergas contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City of Vergas proportionate share was .0033 percent at the end of the measurement period and .0031 percent for the beginning of the period.

City of Vergas's proportionate share of the net pension liability	\$ 261,361
State of Minnesota's proportionate share of the net pension liability associated with the City of Vergas	<u>7,670</u>
Total	<u>\$ 269,031</u>

There were no provision changes during the measurement period.

**CITY OF VERGAS
VERGAS, MINNESOTA**

III. Defined Benefit Pension Plan

D Pension Costs (Continued)

For the year ended December 31, 2022, the City of Vergas recognized pension expense of \$42,612 for its proportionate share of the General Employees Plan's pension expense. In addition, the City of Vergas recognized an additional \$1,146 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2022, 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	\$ 2,183	\$ 2,609
Changes in actuarial assumptions	55,674	934
Net collective difference between projected and actual investment earnings	9,364	-
Changes in proportion	16,547	-
Contributions paid to PERA subsequent to the measurement date	10,019	-
Total	<u>\$ 93,787</u>	<u>\$ 3,543</u>

The \$10,019 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, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>December 31:</u>	<u>Amount:</u>
2023	\$ 31,996
2024	\$ 28,769
2025	\$ (4,177)
2026	\$ 23,637

Total Pension Expense

The total pension expense for the General Employees Plan recognized by the City of Vergas for the year ended December 31, 2022, was \$43,758.

E. Long-Term Expected Return on Investment

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

**CITY OF VERGAS
VERGAS, MINNESOTA**

III. Defined Benefit Pension Plan

E. Long-Term Expected Return on Investment (continued)

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

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan, and benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The table is adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 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 2022:

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

G. Discount Rate

The discount rate for the General Employees Plan used to measure the total pension liability in 2022 was 6.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from

CITY OF VERGAS VERGAS, MINNESOTA

III. Defined Benefit Pension Plan

G. Discount Rate (Continued)

plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

The following presents the City of Vergas 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 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 Rates</i>			
	General Employees Fund		
1% Lower	5.50%	\$	412,834
Current Discount Rate	6.50%	\$	261,361
1% Higher	7.50%	\$	137,130

I. Pension Plan Fiduciary Net Position

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

IV. 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 2022 were:

**CITY OF VERGAS
VERGAS, MINNESOTA**

IV. Public Employees Defined Contribution Plan (Defined Contribution Plan) (Continued)

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 352	\$ 352	5%	5%	5%

V. 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, 2022, the balance due on these bonds is \$8,500,000.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF VERGAS
VERGAS, MINNESOTA**

Schedule 1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Property taxes	\$ 235,955	\$ 235,955	\$ 234,127	\$ (1,828)
Licenses and permits	28,315	28,315	36,954	8,639
Intergovernmental	53,944	53,944	106,816	52,872
Charges for services	20,500	20,500	6,851	(13,649)
Gifts and contributions	7,000	7,000	13,887	6,887
Investment earnings	50	50	409	359
Miscellaneous	58,000	58,000	98,185	40,185
Total Revenues	\$ 403,764	\$ 403,764	\$ 497,229	\$ 93,465
Expenditures				
Current				
General government				
Mayor/council	\$ 9,080	\$ 9,080	\$ 9,216	\$ (136)
City clerk/treasurer	34,312	34,312	27,767	6,545
Administration	13,640	13,640	37,790	(24,150)
Elections	2,000	2,000	1,956	44
Professional services	2,125	2,125	2,125	-
Legal	14,500	14,500	5,620	8,880
Buildings and grounds	-	-	10,447	(10,447)
Insurance	3,000	3,000	4,852	(1,852)
Total general government	\$ 78,657	\$ 78,657	\$ 99,773	\$ (21,116)
Public safety				
Fire	\$ 12,000	\$ 12,000	\$ 23,628	\$ (11,628)
Fire relief association	10,500	10,500	59,120	(48,620)
Total public safety	\$ 22,500	\$ 22,500	\$ 82,748	\$ (60,248)
Highways and streets				
Street department	\$ 82,627	\$ 82,627	\$ 150,512	\$ (67,885)
Snow and ice removal	6,000	6,000	1,313	4,687
Street lighting	8,750	8,750	8,640	110
Shop	10,164	10,164	6,415	3,749
Total highways and streets	\$ 107,541	\$ 107,541	\$ 166,880	\$ (59,339)
Sanitation				
Recycling center	\$ 16,146	\$ 16,146	\$ 13,460	\$ 2,686

**CITY OF VERGAS
VERGAS, MINNESOTA**

**Schedule 1
(Continued)**

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Current (continued)				
Culture and recreation				
Parks	\$ 84,020	\$ 84,020	\$ 68,552	\$ 15,468
Community center	23,900	23,900	28,169	(4,269)
Total culture and recreation	\$ 107,920	\$ 107,920	\$ 96,721	\$ 11,199
Capital outlay				
Highways and streets	\$ 42,000	\$ 42,000	\$ -	\$ 42,000
Sanitation	10,000	10,000	-	10,000
Culture and recreation	36,000	36,000	-	36,000
Total capital outlay	\$ 88,000	\$ 88,000	\$ -	\$ 88,000
Total Expenditures	\$ 420,764	\$ 420,764	\$ 459,582	\$ (38,818)
Excess of Revenues Over (Under)				
Expenditures	\$ (17,000)	\$ (17,000)	\$ 37,647	\$ 54,647
Other Financing Sources (Uses)				
Transfers in	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
Transfers out	(8,000)	(8,000)	(8,000)	-
Total Other Financing Sources (Uses)	\$ 17,000	\$ 17,000	\$ 17,000	\$ -
Net Change in Fund Balance	\$ -	\$ -	\$ 54,647	\$ 54,647
Fund Balance - January 1	281,756	281,756	281,756	-
Fund Balance - December 31	\$ 281,756	\$ 281,756	\$ 336,403	\$ 54,647

**CITY OF VERGAS
VERGAS, MINNESOTA**

Schedule 2

**SCHEDULE OF CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF MINNESOTA
FOR THE YEAR ENDED DECEMBER 31, 2022**

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, 2022	\$ 19,613	\$ 19,613	\$ -	\$ 262,469	7.5%
December 31, 2021	\$ 17,448	\$ 17,448	\$ -	\$ 233,947	7.5%
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, 2022**

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, 2022	0.0033%	\$ 261,361	\$ 7,670	\$ 269,031	\$ 241,720	108.13%	76.67%
June 30, 2021	0.0031%	\$ 132,384	\$ 4,049	\$ 136,433	\$ 229,490	57.69%	87.00%
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, 2022

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, 2022:

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
General Fund			
General government			
Mayor/council	\$ 9,216	\$ 9,080	\$ (136)
Administration	37,790	13,640	(24,150)
Buildings and grounds	10,447	-	(10,447)
Insurance	4,852	3,000	(1,852)
Public safety			
Fire	23,628	12,000	(11,628)
Fire relief association	59,120	10,500	(48,620)
Highways and streets			
Street department	150,512	82,627	(67,885)
Culture and recreation			
Community center	28,169	23,900	(4,269)

III. Notes to Schedule of Changes in Net Pension Liabilities and Related Ratios

The information presented in the required supplementary schedules was used in the actuarial valuation for the purpose of determining the actuarially determined contribution rates. Changes in actuarial assumptions are described in the Notes to the Financial Statements. The assumptions and methods used for this actuarial valuation were recommended by PERA and adopted by the City Council. The following changes were reflected in the valuation performed on behalf of PERA for the fiscal year June 30:

**CITY OF VERGAS
VERGAS, MINNESOTA**

IV. Notes to Schedule of Changes in Net Pension Liabilities and Related Ratios

General Employees Fund

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2021 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- 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 percent 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 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 were 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 percent Joint & Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15 percent to 30 percent. 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 percent for the period July 1, 2020, through December 31, 2023, and 0.0 percent after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

**CITY OF VERGAS
VERGAS, MINNESOTA**

III. Notes to Schedule of Changes in Net Pension Liabilities and Related Ratios

General Employees Fund (Continued)

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018 Changes

Changes in Actuarial Assumptions

- The 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.

**CITY OF VERGAS
VERGAS, MINNESOTA**

III. Notes to Schedule of Changes in Net Pension Liabilities and Related Ratios

General Employees Fund

2017 Changes

Changes in Plan Provisions (Continued)

- 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.
- 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, 2022**

Shared Revenue

State

Fire state aid	\$ 42,486
Local government aid	37,813
Market value credit	<u>716</u>

Total Shared Revenue	\$ <u>81,015</u>
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Grants

Local

Otter Tail County	\$ 2,477
West Central Initiative	<u>109,177</u>

Total Local	\$ 111,654
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State

Minnesota Department of Public Safety	4,090
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Federal

Department of Treasury	<u>19,234</u>
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Total Grants	\$ <u>134,978</u>
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Total Intergovernmental Revenue	\$ <u><u>215,993</u></u>
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MANAGEMENT AND COMPLIANCE SECTION

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



Hoffman, Philipp, & Martell, PLLC

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

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, 2022, and the related notes to the financial statements, which collectively comprise the City of Vergas's basic financial statements, and have issued our report thereon dated July 24, 2023.

Report on Internal Control Over Financial Reporting

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

A *deficiency* in internal control over financial reporting 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 over financial reporting, 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 identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Responses as items 2022-001 and 2022-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Vergas's 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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Vergas's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The City of Vergas'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 and compliance, and the provisions of the *Minnesota Legal Compliance Audit Guide for Cities*, and the results of that testing, and not to provide an opinion on the effectiveness of the City of Vergas'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 entity's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.



Hoffman, Philipp, & Martell, PLLC
July 24, 2023

**CITY OF VERGAS
VERGAS, MINNESOTA**

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

INTERNAL CONTROL

PREVIOUSLY REPORTED ITEMS NOT RESOLVED

Finding Number: 2022-001

Prior Year Finding Number(s): 2021-001

Repeat Finding Since: 2006

Finding Title: Segregation of Duties and Internal Controls

Criteria: The financial statements are the responsibility of the City'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 controls to ensure effectiveness and efficiency of operations.

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. Due to the limited number of personnel within the City of Vergas, segregation of the accounting functions necessary to ensure adequate internal control and monitoring is not possible.

Context: The small size and staffing of the City of Vergas limits the segregation of duties and internal control that management can design and implement. Although the City of has some controls in spite of limited staff, they do not have a documented process for monitoring those controls.

Effect: Without documented internal controls and a process for monitoring internal controls, the City cannot provide assurance about the reliability of financial reporting or the effectiveness and efficiency of operations. Errors or irregularities may occur and not be detected in a timely manner.

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

Recommendation: Management should continually be aware of the lack of reliability of internal controls due to limited segregation of duties. We recommend the City of Vergas formalize written documentation of their internal controls and the monitoring process to ensure the reliability of financial reporting and compliance with applicable laws and regulations, and the effectiveness and efficiency of operations.

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. 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.*

**CITY OF VERGAS
VERGAS, MINNESOTA**

Finding Number: 2022-002

Prior Year Finding Number: 2021-002

Repeat Finding Since: 2015

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, 2022

Finding Number: 2022-001

Finding Title: Segregation of Duties and Internal Controls

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 and the internal control over financial reporting issue. Due to limited staffing, segregation of duties is not always possible. Management will implement oversight procedures where and whenever possible.

Anticipated Completion Date: December 31, 2023. *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. 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: 2022-002

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, 2023.

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2022

Finding Number: 2021-001

Repeat Finding Since: 2006

Finding Title: Segregation of Duties and Internal Controls

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.

Finding Number: 2021-002

Repeat Finding Since: 2015

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
2023 August Council Meeting
Vergas Event Center and Zoom Id number 267-094-2170 (password
56587)
6:30 PM on Tuesday, August 8, 2023**

6. Cannabis

Files Attached

- OTC Cannabis Public Use Ordinance.pdf
- Cannabis Update.pdf
- Proposed 2023-006 Ordinance Cannabis Public Use .pdf

COUNTY OF OTTER TAIL

STATE OF MINNESOTA

ORDINANCE No.: _____

**ORDINANCE REGULATING THE USE OF CANNABIS AND CANNABIS DERIVED PRODUCTS IN
PUBLIC PLACES**

THE OTTER TAIL COUNTY COMMISSIONERS HEREBY ORDAIN AS FOLLOWS:

SECTION 1. PURPOSE AND INTENT

This Ordinance is adopted by the Otter Tail County Commissioners for the purpose of protecting public health and safety by REGULATING/PROHIBITING the use of Cannabis and cannabis derived products in public places and places of public accommodation within Otter Tail County.

By enacting 2023 Session Law, Chapter 63, H. F. No. 100 [hereinafter referred to “State Legislation”], the Minnesota Legislature passed the adult-use cannabis bill. Under that bill, the adult use, possession and personal growing of cannabis will become legal August 1, 2023.

State legislation authorizes adoption of a local ordinance establishing a petty misdemeanor offense for public use of cannabis. See State Legislation Sec. 19, Minn. Stat. 152.0263, Subd. 5, or successor statute.

The County wishes to be proactive in protecting public health and safety by enacting regulations that will mitigate threats presented to the public by the public use of cannabis.

Otter Tail County (hereinafter “the County”) recognizes the risks that unintended access and use of cannabis products present to the health, welfare, and safety of youth in Otter Tail County.

SECTION 2. DEFINITIONS

Except as may otherwise be provided or clearly implied by context, all terms shall be given their commonly accepted definitions. The following words, terms, and phrases, when used in this ordinance, shall have the meanings ascribed to them except where the context clearly indicates a different meaning.

(a) Adult-use cannabis flower. “Adult-use cannabis flower” means cannabis flower that is approved for sale by the State Office of Cannabis Management or is substantially similar to a product approved by the office. Adult-use cannabis flower does not include medical cannabis flower, hemp plant parts, or hemp-derived consumer products.

(b) Adult-use cannabis products. “Adult-use cannabis products” means a cannabis product that is approved for sale by the State Office of Cannabis Management or is substantially similar to a product approved by the office. Adult-use cannabis product includes edible cannabis products but does not include medical cannabinoid products or lower-potency hemp edibles.

(c) Cannabis flower. “Cannabis flower” means the harvested flower, bud, leaves, and stems of a cannabis plant. Cannabis flower includes adult-use cannabis flower and medical cannabis flower. Cannabis flower does not include cannabis seed, hemp plant parts, or hemp-derived consumer products.

(d) Cannabis product. “Cannabis product” means any of the following:

- (1) cannabis concentrate;
- (2) a product infused with cannabinoids, including but not limited to tetrahydrocannabinol, extracted or derived from cannabis plants or cannabis flower; or
- (3) any other product that contains cannabis concentrate.

(e) Hemp derived consumer products.

- (1) “Hemp derived consumer products” means a product intended for human or animal consumption, does not contain cannabis flower or cannabis concentrate, and:
 - (i) contains or consists of hemp plant parts; or
 - (ii) contains hemp concentrate or artificially derived cannabinoids in combination with other ingredients.
- (2) Hemp-derived consumer products does not include artificially derived cannabinoids, lower-potency hemp edibles, hemp-derived topical products, hemp fiber products, or hemp grain.

(f) Lower-potency hemp edible. A “lower-potency hemp edible” means any product that:

- (1) is intended to be eaten or consumed as a beverage by humans;
- (2) contains hemp concentrate or an artificially derived cannabinoid; in combination with food ingredients;
- (3) is not a drug;
- (4) consists of servings that contain no more than five milligrams of delta-9 tetrahydrocannabinol, 25 milligrams of cannabidiol, 25 milligrams of cannabigerol, or any combination of those cannabinoids that does not exceed the identified amounts;
- (5) does not contain more than a combined total of 0.5 milligrams of all other cannabinoids per serving;
- (6) does not contain an artificially derived cannabinoid other than delta-9 tetrahydrocannabinol;
- (7) does not contain a cannabinoid derived from cannabis plants or cannabis flower; and
- (8) is a type of product approved for sale by the office or is substantially similar to a product approved by the office, including but not limited to products that resemble nonalcoholic beverages, candy, and baked goods.

(g) Public place. A “public place”, means a public park or trail, public street or sidewalk, any enclosed, indoor area used by the general public, including, but not limited to, theaters, restaurants, bars, food establishments, places licensed to sell intoxicating liquor, wine, or malt beverages, retail businesses, gyms, common areas in buildings, public shopping areas, auditoriums, arenas, or other places of public accommodation.

(h) Place of public accommodation. “Place of public accommodation” means a business, refreshment, entertainment, recreation, or transportation facility of any kind, whose goods, services, facilities,

privileges, advantages, or accommodations are extended, offered, sold, or otherwise made available to the public.”

(i) Exceptions to public place or place of public accommodation. “A public place” or “a place of public accommodation” does not include the following:

1. a private residence, including the individual’s curtilage or yard.
2. a private property, not generally accessible by the public, unless the individual is explicitly prohibited from consuming cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived consumer products on the property by the owner of the property; or
3. on the premises of an establishment or event licensed to permit on-site consumption.

(j) Smoking. “Smoking” means inhaling, exhaling, burning, or carrying any lighted or heated cigar, cigarette, pipe, or any other lighted or heated product containing cannabis flower, cannabis products, artificially derived cannabinoids, or hemp-derived consumer products. Smoking includes carrying or using an activated electronic delivery device for human consumption through inhalation of aerosol or vapor from the product.

SECTION 3. PROHIBITED ACTS

Subd. 1. No person shall use cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived consumer products in a public place or a place of public accommodation unless the premises is an establishment or an event licensed to permit on-site consumption of adult-use cannabis flower and adult use cannabis products. See State Legislation Sec. 9 Minn. Stat. 342.09 Subd. 1(2) or successor statute. See also State Legislation Minn. Stat. 342.09 Subd.1 (7)(iii) or successor statute, and State Legislation Sec. 19 Minn. Stat. 152.0263, Subd. 5, or successor statute.

Subd. 2. No person shall vaporize or smoke cannabis flower, cannabis products, artificially derived cannabinoids, or hemp-derived consumer products in any location where the smoke, aerosol, or vapor would be inhaled by a minor. See State Legislation Sec. 9 Minn. Stat. 342.09, Subd. 1 (7)(b)(9) or successor statute.

SECTION 4. PENALTY

Subd. 1. Criminal Penalty. A violation of this ordinance shall be a petty misdemeanor subject to a fine payable up to \$300. Nothing in this ordinance prohibits the County from seeking prosecution for an alleged violation.

SECTION 5. SEVERABILITY

If any section or provision of this ordinance is held invalid, such invalidity will not affect other sections or provisions that can be given force and effect without the invalidated section or provision.

SECTION 6. EFFECTIVE DATE

This ordinance shall be in full force and effect from and after its passage and publications as required by law.

ADOPTED by the Otter Tail County Board of Commissioners this _____ day of _____, 2023.

Wayne D. Johnson, Otter Tail County Board Chair

Attest: _____
Nicole Hansen, Otter Tail County Administrator

DRAFT

Cannabis Update

Information as discussed at OTC Commissioners meeting with OTC cities and LMC webinar
OTC Commissioners planning a follow up meeting
LMC recorded Webinar available thru LMC MemberLearn site & FAQ's on LMC Website

- Effective 8/1/2023 Cannabis is legal to possess, use and grow at home.
 - Can legally possess 2 oz cannabis flower, 8 grams of concentrate, 800mg of edible products, 2 lbs of flower in private residence, in vehicle trunk or area not normally occupied by the driver if open.
 - Can grow up to 8 plants with only 4 mature (flowering) & can only be grown in an enclosed locked space that is not open to public view,
 - No licensing for retail sales until January 2025, which will be thru the state OCM (Office of Cannabis Management). (exception edibles and medical)
 - Cities can charge a registration and renewal fee.
 - Cannabis will be taxed at 10%. Revenues from this will be divided 80% general fund and 20% local government. Cities will receive revenue proportionate to the number of cannabis businesses.
 - Law authorizes an individual 21 years of age or older to use cannabis.
 - Where allowed to use is not entirely clear. **Cities define public place.** Smoking & edibles. Considerations: parks, city property, trails, streets, sidewalks and places where smoking may be allowed. City adopt an ordinance prohibiting in a public place if the definition does not include the above. Check current smoking ordinance if broad enough to address cannabis.
 - OTC Commissioners is drafting language city can use to define public place that could be adopted across the county
- The law notes:
- at private residence (including yard),
 - private property unless owner prohibits, and
 - events licensed to permit on site consumption, which can't occur until OCM can license. (Issue needing further clarification is renters)
- Prohibitions on use
 - Where prohibited by clean indoor air act
 - While operating motor vehicle
 - Public/charter schools and school buses
 - State correctional facilities
 - Federal property
 - Location where smoke or vapor may be inhaled by a minor
 - If under 21 years of age
 - City Role in Regulation
 - Cannabis business applies for a license thru the OCM
 - OCM consults city for zoning and approval feedback
 - City issues registrations to cannabis business once the license is received
 - City conducts compliance checks (1x annually) and may suspend registrations if needed.
 - Cities may collect registration fees and are provided tax revenue
 - **There were OTC cities noting interest in municipal liquor store selling. The law authorizes cities to sell cannabis; caveats to this is issue with banking and insurance. Interest based on revenue. State to provide further guidance.**
 - The OTC moratorium expires 1/31/2024. City of Vergas by resolution adopted this. OTC attorney noted cannot renew this moratorium. Is further investigating if city wants a moratorium until 1/2025 regarding cannabis business/retailer.
 - **Cities need to be thinking about where to allow cannabis businesses; retailers, manufactures, growers. LMC is creating model zoning for cities to consider.**

- License limits:
 - City can limit # of licensed cannabis retailers to no fewer than 1 registration for every 12,500 residents
 - If the county has one active registration for every 12,500 residents, a city within the county is not obligated to register any additional cannabis businesses. OTC 5 active registrations.
 - State funds will depend on the number of licenses in the city.
 - The limits operate as follows: 1-24,999 population 1 license. Number of licenses go up based on population.
 - Tribal nations opening dispensaries. Don't need state license and doesn't apply to the county #
- Changes to cannabinoid edibles:
 - Edible cannabinoid products still legal, but will be moving under Dept of Health oversight (vs pharmacy) and ultimately to the OCM
 - The state will be setting testing and labeling standards
 - Beverages can only be 2 servings per container
 - Products must be approved by the state
 - Retailers must register with the state by October 1, 2023
 - Requires products be located behind the counter or in a locked case and age verified
 - ***Sale can be at exclusive liquor stores. The LMC Insurance Trust is working on guidance for cities to considering selling cannabinoid products at municipal liquor store.**
 - On site consumption allowed if: hold on sale liquor license, served in original packaging, not sold to intoxicated customer, not allowed to be mixed with alcoholic beverage, and products that have been removed from packaging must not be removed from the premises.
- Drug Free Work Place: Employee Drug, Alcohol and Cannabis Testing
 - Overall, you can't go to work impaired by cannabis, possess cannabis or use cannabis while you're at work and while on work premises or work vehicle. Employees are prohibited from being under the influence of alcohol or drugs (including cannabis) when reporting for work, while on duty, while on city premises, while operating city vehicle, equipment or performing city business.
 - No changes to policy for employees holding a CDL. Will continue to enforce drug and drug testing standards (including prohibition on cannabis use) against all CDL holders.
 - Non-CDL license/safety sensitive city positions. Will not require job applicants to undergo cannabis testing. Will be subject to testing when reasonable suspicion exists.

**CITY OF VERGAS
COUNTY OF OTTER TAIL
STATE OF MINNESOTA
ORDINANCE No. 2023-006**

**ORDINANCE REGULATING THE USE OF CANNABIS AND CANNABIS DERIVED PRODUCTS IN
PUBLIC PLACES**

THE VERGAS CITY COUNCIL HEREBY ORDAIN AS FOLLOWS:

SECTION 1. PURPOSE AND INTENT

This Ordinance is adopted by the Vergas City Council for the purpose of protecting public health and safety by REGULATING/PROHIBITING the use of Cannabis and cannabis derived products in public places and places of public accommodation within the Vergas City limits.

By enacting 2023 Session Law, Chapter 63, H. F. No. 100 [hereinafter referred to “State Legislation”], the Minnesota Legislature passed the adult-use cannabis bill. Under that bill, the adult use, possession and personal growing of cannabis will become legal August 1, 2023.

State legislation authorizes adoption of a local ordinance establishing a petty misdemeanor offense for public use of cannabis. See State Legislation Sec. 19, Minn. Stat. 152.0263, Subd. 5, or successor statute.

The City wishes to be proactive in protecting public health and safety by enacting regulations that will mitigate threats presented to the public by the public use of cannabis.

City of Vergas (hereinafter “City”) recognizes the risks that unintended access and use of cannabis products present to the health, welfare, and safety of youth in the City of Vergas.

SECTION 2. DEFINITIONS

Except as may otherwise be provided or clearly implied by context, all terms shall be given their commonly accepted definitions. The following words, terms, and phrases, when used in this ordinance, shall have meanings ascribed to them except where the context clearly indicates a different meaning.

(a) Adult-use cannabis flower. “Adult-use cannabis flower” means cannabis flower that is approved for sale by the State Office of Cannabis Management or is substantially similar to a product approved by the office. Adult-use cannabis flower does not include medical cannabis flower, hemp plant parts, or hemp-derived consumer products.

(b) Adult-use cannabis products. “Adult-use cannabis products” means a cannabis product that is approved for sale by the State Office of Cannabis Management or is substantially similar to a product approved by the office. Adult-use cannabis product includes edible cannabis products but does not include medical cannabinoid products or lower-potency hemp edibles.

(c) Cannabis flower. “Cannabis flower” means the harvested flower, bud, leaves, and stems of a cannabis plant. Cannabis flower includes adult-use cannabis flower and medical cannabis flower. Cannabis flower does not include cannabis seed, hemp plant parts, or hemp-derived consumer products.

(d) Cannabis product. “Cannabis product” means any of the following:

- (1) cannabis concentrate;
 - (2) a product infused with cannabinoids, including but not limited to tetrahydrocannabinol, extracted or derived from cannabis plants or cannabis flower; or
 - (3) any other product that contains cannabis concentrate.
- (e) Hemp derived consumer products.
- (1) “Hemp derived consumer products” means a product intended for human or animal consumption, does not contain cannabis flower or cannabis concentrate, and:
 - (i) contains or consists of hemp plant parts; or
 - (ii) contains hemp concentrate or artificially derived cannabinoids in combination with other ingredients.
 - (2) Hemp-derived consumer products does not include artificially derived cannabinoids, lower-potency hemp edibles, hemp-derived topical products, hemp fiber products, or hemp grain.
- (f) Lower-potency hemp edible. A “lower-potency hemp edible” means any product that:
- (1) is intended to be eaten or consumed as a beverage by humans;
 - (2) contains hemp concentrate or an artificially derived cannabinoid; in combination with food ingredients;
 - (3) is not a drug;
 - (4) consists of servings that contain no more than five milligrams of delta-9 tetrahydrocannabinol, 25 milligrams of cannabidiol, 25 milligrams of cannabigerol, or any combination of those cannabinoids that does not exceed the identified amounts;
 - (5) does not contain more than a combined total of 0.5 milligrams of all other cannabinoids per serving;
 - (6) does not contain an artificially derived cannabinoid other than delta-9 tetrahydrocannabinol;
 - (7) does not contain a cannabinoid derived from cannabis plants or cannabis flower; and
 - (8) is a type of product approved for sale by the office or is substantially similar to a product approved by the office, including but not limited to products that resemble nonalcoholic beverages, candy, and baked goods.
- (g) Public place. A “public place”, means a public park or trail, public street or sidewalk, any enclosed, indoor area used by the general public, including, but not limited to, theaters, restaurants, bars, food establishments, places licensed to sell intoxicating liquor, wine, or malt beverages, retail businesses, gyms, common areas in buildings, public shopping areas, auditoriums, arenas, or other places of public accommodation.
- (h) Place of public accommodation. “Place of public accommodation” means a business, refreshment, entertainment, recreation, or transportation facility of any kind, whose goods, services, facilities, privileges, advantages, or accommodations are extended, offered, sold, or otherwise made available to the public.”
- (i) Exceptions to public place or place of public accommodation. “A public place” or “a place of public accommodation” does not include the following:
- 1. a private residence, including the individual’s curtilage or yard.
 - 2. a private property, not generally accessible by the public, unless the individual is explicitly prohibited from consuming cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived consumer products on the property by the owner of the property; or

3. on the premises of an establishment or event licensed to permit on-site consumption.

(j) Smoking. "Smoking" means inhaling, exhaling, burning, or carrying any lighted or heated cigar, cigarette, pipe, or any other lighted or heated product containing cannabis flower, cannabis products, artificially derived cannabinoids, or hemp-derived consumer products. Smoking includes carrying or using an activated electronic delivery device for human consumption through inhalation of aerosol or vapor from the product.

SECTION 3. PROHIBITED ACTS

Subd. 1. No person shall use cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived consumer products in a public place or a place of public accommodation unless the premises is an establishment or an event licensed to permit on-site consumption of adult-use cannabis flower and adult use cannabis products. See State Legislation Sec. 9 Minn. Stat. 342.09 Subd. 1(2) or successor statute. See also State Legislation Minn. Stat. 342.09 Subd.1 (7)(iii) or successor statute, and State Legislation Sec. 19 Minn. Stat. 152.0263, Subd. 5, or successor statute.

Subd. 2. No person shall vaporize or smoke cannabis flower, cannabis products, artificially derived cannabinoids, or hemp-derived consumer products in any location where the smoke, aerosol, or vapor would be inhaled by a minor. See State Legislation Sec. 9 Minn. Stat. 342.09, Subd. 1 (7)(b)(9) or successor statute.

SECTION 4. PENALTY

Subd. 1. Criminal Penalty. A violation of this ordinance shall be a petty misdemeanor subject to a fine payable up to \$300. Nothing in this ordinance prohibits the City from seeking prosecution for an alleged violation.

SECTION 5. SEVERABILITY

If any section or provision of this ordinance is held invalid, such invalidity will not affect other sections or provisions that can be given force and effect without the invalidated section or provision.

SECTION 6. EFFECTIVE DATE

This ordinance shall be in full force and effect from and after its passage and publications as required by law.

ADOPTED by the City Council of Vergas, Otter Tail County, this 8th day of August 2023.

Julie Bruhn, Mayor

ATTEST:

Julie Lammers, City Clerk-Treasurer

City Council
2023 August Council Meeting
Vergas Event Center and Zoom Id number 267-094-2170 (password
56587)
6:30 PM on Tuesday, August 8, 2023

7. Committee Reports

- A. EDA/HRA
- B. Streets, Sidewalks and Yard Waste

Files Attached

- 08.01.2023 EDA_HRA Agenda & Minutes.pdf
- 06.28.23SSYW minutes pdf.pdf
- 07.20.23 SSYW minutes pdf.pdf

Vergas EDA/HRA
Vergas Event Center Council Chambers and Zoom
2:00 PM on Tuesday, June 6, 2023

The City of Vergas Economic Development Authority (EDA) and Housing Redevelopment Authority (HRA) met on Tuesday, August 1, 2023 at 2:00 pm at the Vergas Event Center and on zoom with the following members present: Bruce Albright, Joy Summers and Vanessa Perry. Absent: Duane Ditterich and Kevin Zitzow. Also Present: City Clerk-Treasurer Julie Lammers, Barbara Dacy, Otter Tail County HRA and Rebecca Hasse.

Call to Order

The meeting was called to order by Acting Chair Bruce Albright at 2:00 pm.

Agenda Additions and Deletions

Approve agenda as presented.

Minutes

Motion by Albright, seconded by Summers to approve the minutes of May 2, 2023 and June 6, 2023. Motion carried.

Status of Recommendations to City Council

Lammers stated the Council approved Owner-Occupied Development Value Gap Grants for \$10,000 per lot for a cost to the city of \$25,000.00 of \$50,000 per development as long as Otter Tail County continues with the program.

Otter Tail Conty HRA Update

Barbara Dacy, Otter Tail County HRA updated the board on the 3 parcels along Eva Avenue they are planning on building 4 senior housing units on. They have applied for MN Housing Finance Infrastructure Bonds to build affordable senior housing for a 30-year forgivable loan. If they do not receive the bond this year, they will reapply next year. Otter Tail County completed a countywide housing analysis in December 2021. 84 units are needed in the northwest submarket which includes Vergas. If funded, the Otter Tail County HRA would initiate the variance request process as buildings are not in compliance with current ordinance, development would potentially begin in 2024 and continue through 2025. Highly competitive application process and County HRA may have to apply again.

Financial Update

Lammers stated financial information is the same as given to members in May and June.

Old Business

2023 Housing and Economic Goals.

The goals and timelines have not changed.

Tax-Forfeited Land in Vergas

Discussed Sunny Oaks Development with 11 lots that have been given back to the State of Mn. The Vergas HRA has been given permission from Otter Tail County Commissioners to purchase 8 lots for \$1.00 a piece with the HRA also paying for recording fee and deed tax. HRA will purchase as soon as deeds are presented to the County from the State. Discussed the 2019 Street and Utility project totaling \$259,815.80. These amounts were put on 12 parcels property taxes with 1 property owner paying their special assessments and the other 11 the state dropped the assessments, and the city will have to reassess or require payment when lots are sold. The 8 lots the Vergas HRA will purchase will hopefully be paid to the city when the lots are sold. The three parcels 82000990253000, 82000990254000 and 82000990255000 which belong to Otter Tail County the city will need to decide to reassess or donate the \$21,651.32 per lot. Motion by Perry, seconded by Summers to recommend to Council for utilities to be forgiven on the 3 County parcels. Motion passed unanimously.

New Business

2023 Comprehensive Plan Progress

Business & Economic Development

Work with neighboring Chamber of Commerce to advertise and access resources- Otter Magazine

Collaborate with the Community Club to identify opportunities and resources to market regionally – meet with Vergas

Community Club in the future and continue to work with them for the annual meeting.

Preserve existing protections within city laws and ordinances – this is being added to our goal timeline.

Housing

EDA develop a fact sheet regarding available assistance programs – working with the County on Programs.

Utilize city website by adding housing resources comparable to neighboring cities – working on updated EDA/HRA website

2024 Budget

Discussed the possibility of developing lots and continuing to work on the goal timeline with more office staff time being used for economic and housing development. Motion by Summers, seconded by Perry to recommend to the budget committee for \$10,000.00 to be budgeted for HRA/EDA. Motion passed unanimously.

Motion by Perry, seconded by Summers to adjourn the meeting at 3:25 p.m.

Julie Lammers

City Clerk-Treasurer

City of Vergas

Council Recommendations

Allow 3 parcels to not have special assessments reapplied for 2019 Utility Project.

Follow up Actions.

Update goal timeline.

Set up discussion with Arvig regarding broadband.

Street/Sidewalks/Yard Waste Committee Meeting Minutes
Vergas Event Center
June 28, 2023

1.) A meeting of the Vergas Streets/Sidewalks/Yard Waste (SSYW) Committee was held on Wednesday, June 28, 2023 at 9:00 AM at the Vergas Event Center. Present was Bruce Albright and Paul Pinke, Vergas City Council; Julie Lammers, City Clerk, Mike DuFrane, Utility Superintendent; and Blaine Green, Widseth via Zoom. Albright called the meeting to order at 9:00 AM.

2.) Agenda Additions or Deletions. Lammers wanted to add Complete Streets, sidewalk ordinance, and speed signs. **Approved.**

3.) Minutes for the 03/30/23 SSYW meeting were approved at the 04/18/23 SSYW meeting. There are also minutes for the 04/18/23 meeting, which we can review/approve at the next meeting.

4.) Council Recommendations. Widseth has a Confirmation of Request for Engineering Services (CRES) for West (W) Sunset Strip right-of-way (R/W) analysis. The Committee felt that we should table this proposal until a letter can be sent to the affected landowners regarding the proposed work. Albright felt the analysis should include a turn around for the snowplow at the end of W Sunset Strip. The bid for the engineering work was \$10,000, including a research phase regarding the existing conditions and a phase 2 for preparation of the new R/W plat and monumentation of the proposed R/W lines.

Widseth had a second CRES for W Lake Street (ST). The estimated cost is \$13,000. Lawrence Lake Acres and the subdivision developed by Terry Bennett should both have 33' of dedicated road R/W. It appears there are 3 tracts near County Road (C.R.) No. 17 that still need R/W. Lammers said that KLJ Engineering started the R/W work for W Lake ST, and she will check if there is anything in the file. Albright and/or Pinke was going to meet with Candor Township about proposed work for W Lake ST. There are several landowners on the west end of the roadway that use the road and are not located in the City limits. Thoughts are that these landowners should help pay for use, maintenance, repairs, and R/W.

The storm sewer mapping project that was going to be done by Widseth on Graphic Information Systems (GIS), estimated to cost \$4,000, was approved by the Council at their 05/09/23 meeting. DuFrane is waiting for a field meeting with Widseth.

5.) Budgets-Goal Setting. Lammers said the Legislature restored the Small Cities Assistance Program (SCAP) for 2024. In 2024, Vergas should receive \$17,861. In the City's general fund, we have \$31,438.19 for seal coating; \$14,897.04 for sidewalks; and \$41,438.77 for street improvements/equipment. Equipment includes pickups, snowplows, and loader. There will also be additional Local Government Aid (LGA) funding in 2024, and Vergas should get \$5,937, which has not been designated for streets at this time.

DuFrane would like to get bids for brushing the R/W along Townline Road (RD). He will check with Sonnenberg Excavating.

The Committee reviewed a proposed seal coating map for 2023. The map was prepared in accordance with the Comprehensive Street Conditions Survey (CSCS) prepared by Widseth earlier this year. 2023 work areas include Park View Drive (DR), Altona Avenue (AVE), and W

Main ST, S 3RD AVE, and W Linden ST, all west of S 2ND AVE. The City map also included W Main ST between S 1ST AVE and S 2ND AVE; and E Scharf AVE between W Main ST and Townline RD. These noted areas should be deleted from the 2023 seal coat project's list, as they are not identified in the CSCS. DuFrane will try and get bids from Driveway Service and Morris Sealcoat and Trucking, Inc. this week. He has also talked with the County, and they are not proposing any sealcoating projects in our area for 2023.

DuFrane has talked with Great Plains Natural Gas Company (GPNG) about the hole they have in the alley between the hardware store and Hanson's Plumbing. We have it in writing that we can repair the hole and send them the bill.

The hole/dip by the intersection of E Elm ST and N Railway AVE has been repaired.

There are still several asphalt patches to complete on E Scharf AVE along Keilley Shores.

DuFrane has ordered gravel from Sonnenberg Excavating for Townline RD and Bennett RD.

As noted for W Lake DR, DuFrane will also get bids from Sonnenberg Excavating for clearing and brushing of the R/W.

The Quote Form for the slope repairs on E Scharf AVE will be given to Ruther Excavating, Inc. for a bid for filling the slope along the north side of E Scharf AVE. Ruther will be in the area, as he's doing the utility work for Keith Bunkowske and Keilley Shores 3RD Addition (ADDN). Since the road was resurfaced a number of years ago, the landowners have been unable to mow their ditch because the slope is too steep. The Quote Form also includes a small area along the north side of Dianne AVE, needing the same type of repairs.

Lawrence Lake Acres. Josh Hanson, developer, has agreed to relocate the hydrant on W Glenn ST near the City Shop at his expense. He has a bid from Ruther Excavating, Inc. to do the work for \$6,800. However, Hanson wants the City to stake the new hydrant location. The hydrant is on a 6" diameter (dia.) line, and the City will pay to have a valve installed to the hydrant.

6.) Vehicles. Lammers talked with Nelson Fleet yesterday, and our new pickup is expected in mid-July. According to City Policy, the new Event Center Coordinator was using the City's 2014 Ford pickup to go to Fargo to get some supplies. The brakes went out near Hawley on the way home, and the pickup had to be towed to Vergas. There was discussion about having Vergas Auto make the necessary repairs. Lammers questioned where the towing bill should be assigned? The Committee felt the towing bill should be paid by the Events Center account. The bill was for \$343.50. Lammers said usually when she needs to travel for the City, she uses her personal vehicle and gets reimbursed. Lammers thought that when the Council or City staff use their personal vehicles for City purposes, they are covered by the City's insurance? Albright questioned for example, last week when he traveled to Duluth for the League of Minnesota Cities (LMC) Annual Conference, he was covered by the City's insurance? Lammers said she will check with Vergas Insurance Agency in this regard. **Motion** by Pinke to see if we have insurance for the towing, and if not, the bill be charged to the Event Center. **Seconded** by Albright, **approved**.

Once the new pickup arrives, it will be taken to Bert's Truck Equipment, Moorhead, for installation of the lift gate, snowplow, lights, emblems, etc. DuFrane will call them to schedule the work.

When the new pickup arrives, we will have two vehicles for sale, the 2005 Chevrolet pickup and the 1990 Ford plow truck.

The rear end and leaf springs on the 2001 International snow plow have been repaired. There is still some cosmetic work to do on the passenger side from the railroad track incident. DuFrane will try to get this work done before winter. Albright questioned if the snow plow has been inspected by the Minnesota Department of Transportation (MnDOT)? DuFrane said the City qualifies for some state and federal exemptions in this regard. DuFrane said there is also some work to be done on the Anti-lock braking system, or ABS.

7.) Yard Waste Sign. The new sign has been delivered, but DuFrane has been too busy to install. The City will need a post hole digger, and the last time we needed a post hole digger, we rented one in Detroit Lakes and Summers Construction let us use their Bobcat. DuFrane wants the sign located so people see it when then drive into the site. **Motion** by Pinke to have JH Signs install the new sign. **Seconded** by Albright, **approved**. DuFrane will mark the sign location and will make the Gopher State One Call. Once the location is marked, DuFrane should let Albright or Pinke know, in case DuFrane is on vacation when JH Signs wants to install.

8.) Feasibility Report for W Lake ST. Earlier we talked about R/W acquisition needs for this roadway. There is definitely the need to have something done to the this road. Also, as Lawrence Lake Acres develops, there will be more road traffic. Albright and/or Pinke have been trying to meet with Candor Township, but their meetings are the same night as our City Council meetings. Similar to Sunset Strip, the landowners along W Lake ST will be invited to the August 8, 2023 Council meeting. Right now, it's looking like any construction for this roadway would be done in 2024. We have an agreement with Hobart Township on Townline RD, where they pay for 28% of the maintenance costs. A similar agreement should be worked out with Candor Township for W Lake ST. The Committee discussed a possible 60/40 arrangement. Another option if the Township is not agreeable to helping pay for the road, would be for the City to annex the landowners who use the road into the City.

Due to another meeting, Green left the meeting at 10:05 AM.

9.) W Glenn ST Extension. OTP needs to set a new transformer on the south side of Glenn ST. The current line from Pelican AVE is overhead, and the transformer is located on the pole by the City Shop. Because of the trees, OTP is proposing to replace this line underground at their expense. They feel because of the trees, it is just a matter of time, before they have trouble with this segment. The R/W was redid for this segment of roadway in 2020, to better align the road with the R/W. OTP will need the R/W staked so they know where they can bore their lines and set the transformer.

10.) R/W for E Lake ST and N Railway AVE. Tom Winters, City Attorney, should have all of the surveying documents for easement preparation. He should be in town next Tuesday, and Lammers will contact him to see where things are at. The last time she contacted him, he had left the documents in his Detroit Lakes office.

11.) W Sunset Strip. Discussed earlier, the landowners will be invited to the 07/11/23 Council meeting to ask any questions they may have about making this roadway an official City ST. If everything goes good, the Council can authorize Widseth to begin their R/W work.

12.) Hardware Store Drainage. Last winter, they had an icing problem from their roof along S Railway AVE. We are waiting for Widseth to complete their storm sewer mapping project, so this information can be furnished to the Hardware Store. Pinke will visit with them, as all the

years he owned the Hardware, they never had this serious of a problem, but they used a lot of salt and also chopped at the ice chunk. Whether or not the current owners would like to try and tie their roof drainage into the City's storm sewer will be up to them, via our permitting system.

Correspondence has been furnished by Councilperson Fischer to Albright about correspondence between the Hardware Store and the County. The Hardware Store is still upset about having to remove their mulch from the sidewalk on the south side of their building, earlier this year. The request was made to relocate the mulch to maintain Americans with Disabilities Act (ADA) compliance. Marcia Huddleston, co-owner, Huddleston Hardware, Inc. also contacted the County Attorney and Engineer. She feels the recent EDA/HRA meeting talked about them filing a complaint about the tractors parked at Vergas Ford. Huddleston maintains that they never filed said complaint. She also informed the County that she felt they were threatened over the mulch ordeal. The County Highway Department did contact Vergas Ford about tractors being parked on the road R/W. The County also determined that there was no sidewalk in front of Vergas Ford. There are no County restrictions for parking on a driveway.

As a result of the mulch issue earlier this year, some are asking for a review of the Sidewalk Ordinance. There are some minor adjustments to the Sidewalk and Trail ownership maps as prepared by Widseth. The sidewalk by Altona Square should not go across the alley along S 1ST AVE. The sidewalk along W Main ST and S 1ST AVE west of W main ST (along CR No. 17) should also be removed, except along the Merle Quam property. The sidewalk along the bank property should also be removed in their parking lot area.

13.) Parking. Lammers said her office has taken a number of phone calls this summer that there is no place to park downtown. Specifications for the demolition of the old County garage are underway. For this property, on the west side of the property, there will be a fence. On the east side, there will be a guardrail. Questions have been raised by area businesses, as to where we are going to move the County's cardboard dumpster that is currently behind the garage? The grocery store, liquor store, hardware store, and Hanson's Plumbing all use this dumpster. Another dumpster is located out at the recycling site along CR No. 17. A question was raised if the businesses should be responsible for their own recycling? There is also a garbage dumpster in the alley, which is on the Vergas Ford property, that the grocery store uses with Harrstick's permission. There is not room for both dumpsters at this location. A question was asked if possibly, the cardboard dumpster could be moved to the Summers property on the east side of S Railway AVE? Lammers will contact them. While it may still be a while before we get the County garage demolished, sooner or later the location of the cardboard dumpster will have to be addressed.

14.) Street Lighting. Lori Moxness, OTP, has been invited to the next SSW meeting on Thursday, July 20, 2023 at 9:00 AM. Albright has also picked up the street lighting file from Sherrie Hanson at the bank. Hanson met with Moxness last winter on this issue. The Community Club is interested in decorative lighting for Main ST.

15.) Other Issues. The City was approved by Otter Tail County for one electronic sign along CR Nos. 4/60. Lammers thought the sign would be installed before July 4th.

On January 24, 2023, Otter Tail County adopted their Complete Streets Policy. Vergas adopted a resolution establishing a Complete Streets Policy back on December 14, 2021. This will need to be an issue the SSW Committee continues to work on, as time allows. The County Policy will be used our template.

14.) Next Meeting. A date for the next SSYW Committee meeting is scheduled for Thursday, July 20, 2023 at 9:00 AM, Event Center. Lori Moxness, OTP, has been invited to discuss street lighting.

15.) Adjournment. Albright adjourned the meeting at 11:15 AM.

Respectfully prepared and submitted by;

Bruce E. Albright, City Council Member

Council Recommendations:

- Authorize Widseth to complete R/W studies for W Lake ST and W Sunset Strip

Follow up Actions:

- Landowner review of Feasibility reports for W Lake Street/funding options.
- Glenn ST extension
- Finalize work on R/W needs for East Lake Street and N Railway AVE (waiting for Attorney).
- Continue to work on budgets, and future road funding needs. -
- Continue to work on City parking, Work on handicap parking spots.
- Continue to work on snow removal, sidewalk, and parking ordinances/policies to address concerns. Snow emergency routes?

Future Meeting Agenda Items:

- none, at this time.

Street/Sidewalks/Yard Waste Committee Meeting Minutes
Vergas Event Center
July 20, 2023

1.) A meeting of the Vergas Streets/Sidewalks/Yard Waste (SSYW) Committee was held on Thursday, July 20, 2023 at 9:00 AM at the Vergas Event Center. Present was Bruce Albright and Paul Pinke, Vergas City Council; Julie Lammers, City Clerk, Mike DuFrane, Utility Superintendent; and Lori Moxness, Senior Commercial and Industrial Representative, Otter Tail Power (OTP). Albright called the meeting to order at 9:00 AM.

4.) Street Lighting. In February, Moxness met with Sherrie Hanson, Vergas Community Club (CC). The CC is interested in updating the lighting on Main Street (ST). OTP has indicated that they no longer want decorations on their old wood poles. Recently, Albright met with Hanson and picked up all the materials that Moxness had left. Said materials were distributed: including a sheet showing the estimated costs for 15 poles based on four different designs; a factsheet discussing decorative and efficient LED lighting; and copies of a PowerPoint presentation about street and area lighting. There are four types of lighting installed by OTP at this time: Holophane Arlington LED, 14' pole, \$87.77/month; Holophane Granville II LED, 14' pole, \$86.11/month; Holophane Esplanade LED Pendant, 30' pole, \$110.56/month. They also install the standard Minnesota Department of Transportation (MnDOT) LED lighting, 30' pole, \$28.20/month. The monthly fee goes on as long as the lighting exists, but covers the cost of the pole, light, up to 200' of underground lead, maintenance, etc. For example, if a car were to hit one of the poles, you just call OTP, and it's replaced at no cost. Moxness said the shorter poles (Arlington/Granville) cover less of an area from a lighting perspective. The OTP materials also included an ArcGIS map showing all of the pole and light locations in Vergas.

Lammers questioned if the loons currently being displayed around town could be installed on the new poles? Moxness said OTP would recommend that they not be installed on the lights. OTP recommends that any decorations be less than 2 square feet (sq.ft.). Moxness said one option would be to have Border States look at design options for certain areas in Vergas. This is a cost borne by OTP. Moxness said decorative lighting is usually installed in a zig-zag pattern. Lammers said the CC is very interesting in lighting options for Main ST. The developer for Lawrence Lake Acres, Josh Hanson, is also interested in the City's lighting requirements for his new subdivision. Darrin Allmaris, OTP, said the time to install the required lights is when they are placing the new underground electrical cables for the subdivision. We should also probably look at lighting requirements for the Keilley Shores Subdivision, Phases I, II, and III. Lammers said the City currently pays \$780/month for street lighting.

Albright questioned if there may be grants available for street lighting assistance? Moxness said Minnesota has the Clean Energy Resource Teams (CERT). Lammers should check with agencies such as the League of Minnesota Cities (LMC) or West Central Initiative (WCI) on possible grant opportunities. Lammers said she would also check with Widseth. Street lighting is already included in the City's budget, and for 2023, \$9,000 was budgeted. Lammers thought this amount should be increased for 2024, if we're thinking about decorative lighting, or adding lights for the two noted subdivisions. Besides the general budget, the Committee discussed options for raising funds for street lighting. Some cities assess each property on a monthly basis, like \$3 - \$5. This would require the creation of a special taxing district. Moxness thought the "Granville" provided a "cleaner" look. The Committee recommended that the noted areas be studied by OTP and Border States. Lammers will furnish the subdivision information to Moxness for the noted studies.

2.) Agenda Additions or Deletions. DuFrane wanted to add yard waste issues. **Approved.**

3.) Minutes for the 04/18/23 SSYW meeting were attached to the agenda. Albright is still working on the 06/28/23 minutes. **Motion** by Pinke, **seconded** by Albright to approve the noted minutes. **Approved.**

5.) Budgets-Goal Setting. Lammers distributed copies of the 2022, 2023, and proposed 2024 budgets for this Committee. For the City Shop (43000), improvements was lowered from \$5,000 in 2022 to \$2,500 in 2023. To date, only \$1 of the 2023 budget has been spent. The Committee talked about a possible new City shop, and the possible need for a new heating system for the existing building. The Committee felt that any 2023 carryover should be reserved for future shop improvements. The General Fund/Special Revenue Money Market Account currently has \$\$8,056.04 for the City Shop.

For Highways, Streets, and Roadways (43100), for sealcoating, the 2022 and 2023 budgets have been \$7,500. The reserve fund has \$31,328.19. Lammers noted that in 2024, Local Government Aid for Vergas will be increased by \$5,937.00, however, the Council has not designated those funds at this time. The Legislature restored for 2024 the Small Cities Assistance Program (SCAP), and Vergas should receive \$17,861.00, which can only be used for roads, and can be carried over, year to year. The Committee felt that if we are follow Widseth's Comprehensive Streets Condition Survey (CSCS), we will need to be doing more sealcoating on our better roads to maintain them. The \$25,000 in the 2023 Improvements budget goes away for the purchase of the new pickup. The truck will cost \$42,979.52 and the extra equipment (snow plow, lift gate, lights, etc.) from Bert's Truck Equipment is estimated to cost \$15,101.50. With right-of-way (R/W) work planned for Sunset Strip, West (W) Lake ST, and East (E) Lake ST; brushing of R/W planned for W Lake ST and Townline Road (RD); and possible improvements for W Lake ST, the Committee thought that next year's (2024) improvement budget should be raised to \$50,000. We also need to start thinking about road maintenance in accordance with Widseth's CSCS. Scharf AVE is one of those roadways that will need major work, when improved. The reserve fund has \$41,438.77. The budget for 2024 sealcoating should be set at \$10,000.

The 2022 budget for street lighting was \$8,750. For 2023, \$9,000. The Committee felt if we are going to start looking at decroative lighting, the budget for 2024 should be \$30,000.

For the recycling center, this year for out of town permits, we've issued 199, at \$65/permit. Albright felt this helps with the center's operation costs. A rate increase for 2024 was not proposed. The City must adopt the proposed 2024 budget by September 15, and final budgets by December 31. The final budget cannot exceed the preliminary budget, but it may be lowered.

6.) Comprehensive Plan Review. The Mayor has assembled a 2023 Progress Review form for the various committees to fill out for their applicable sections. Sections applicable to the SSYW was Transportation. The goal is "make Vergas accessible for all modes of transportation and for people of all abilities". The Committee felt that they had made progress on a number of the action items, including: acquisition of the County garage for additional parking; the new diagonal parking on S 1ST AVE; working with Otter Tail County on a "Complete Streets" policy; and working with the Otter Tail County Highway Department on a number of issues. Another goal is to increase connectivity tween Vergas and regional trails. The Committee discussed the recent work with PartnerSHIP 4 Health, completed by Widseth, that looks at connecting Vergas with The Heartland Trail and the Heart to Lakes Trail.

7.) City Vehicles. DuFrane has a bid of \$1,000 for the 1990 Ford snow plow from Lucken Corp, Winger, MN. They will come and pick it up for that price. The Committee recommended that it

be sold to them for that amount. The truck doesn't run. Once the new pickup arrives, the Committee recommended that the 2005 Chevrolet pickup be placed for sale on the City's website, with a sealed bid process.

8.) Yard Waste. To date, JH Signs has not had time to install the new yard waste sign at the recycling site. As noted earlier, for 2023 the City has sold 199 permits to out of town users.

9.) Feasibility Reports for W Lake ST. Landowners along this roadway are invited to the discuss possible projects for this roadway at the 08/08/23 Council meeting. One of the next steps will be to authorize Widseth to complete the R/W study. DuFrane will also get bids for brushing along the roadway. Lammers said the Lake Runners Snowmobile Club will need a new access through this area, as one landowner who has granted easements in the past to the Club, has changed his mind, and no longer wants snowmobiles on his property. Lammers has reached out to Josh Hanson about crossing Lawrence Lake Acres.

Albright has talked with Terry Bennett about his proposal to cross the recycling property to access a lot he has off County Road (CR) No. 17. Bennett said the property in question has been sold to Cliff Moe. The City asked their attorney, Tom Winters, to check into the possibility of granting an easement across said property. It is possible to do so. The Committee discussed that there would be no costs to the City, and that the lot owner would be responsible for all costs, including surveying, easement preparation, construction, and all future maintenance. In addition, the City could request a payment in an amount of like \$5,000. DuFrane said he would be opposed to said easement sale. Albright felt that because of the proposed easement location, the land really couldn't be used for anything else.

10.) Storm Sewer Mapping. DuFrane has not had time to meet with Widseth to locate the storm sewers within the City. Earlier this spring, the Hardware Store had asked about connecting their roof drainage into our system. It first needs to be located to analyze the request.

11.) 2023 Street Maintenance. For sealcoating, DuFrane has a bid from Morris Sealcoat & Trucking, Inc. in the amount of \$63,200. Albright said the attached map still shows Scharf AVE and Main ST between 1ST and 2ND AVE. It also includes Phase II of the Keilley Shores Subdivision. These areas were not previously discussed, and are not per the CSCS. DuFrane said he will revise the map, and get new numbers from Morris. Albright said Asphalt Surface Technologies Corporation (ASTECH) is also in the area, working on a number of roads, and a bid should also be obtained from them. DuFrane will contact them.

For 2023 paving, there is still some work to be done, primarily by John Seiling's on Scharf AVE. DuFrane questioned if landowners should be responsible for repairing their sections of damaged roadways? Albright disagreed, and said if roadways are properly built, they are for "public" use, and therefore should be maintained by the same.

The 2023 graveling projects are Townline RD and Bennett RD. Albright received a call yesterday from Cody Nunn, Sonnenberg Excavating, about the amount of gravel he should place on each roadway. DuFrane told him he wanted to be contacted as soon as he reached the \$3,000 mark. Albright questioned where that number came from? Albright thought the roads should be graveled similar to how Sonnenberg does other road projects.

DuFrane has discussed brush removal along W Lake ST and Townline RD with Torey Sonnenberg. Using a backhoe, they would pull the trees and brush from within the road R/W, haul the brush away, for a rate of \$100/hour. Albright thought if the brush/trees were pulled out, it would require some leveling thereafter to be able to mow the ditches, etc. Another

option would be a mower on a backhoe to cut the brush, there would be size limitations to how thick of trees they could cut. DuFrane will get a couple bids for each option for both roadways.

12.) Glenn ST Extension. There already has been complaints about the amount of dust that traffic is causing. DuFrane doesn't like to use magnesium Chloride, as it rusts our vehicles. If Mark Sand and Gravel needs water, they get it from the hydrant by the City shop. If they come to get some water with their truck, DuFrane might try to do some trading with them if they would periodically put water on Glenn ST, especially near the Menz household.

13.) R/W Establishment for E Lake ST and N Railway AVE. We are waiting for the easement paperwork from City Attorney, Tom Winters.

14.) W Sunset Strip. Landowners attended they 07/11/23 Council meeting. They had a number of questions. Primarily, what their costs might be?

15.) Other. DuFrane said historically, we've had problems with one permit holder, that will not properly display their permit. He also felt this permit holder was a "commercial" operation, where none of that material was to be brought to our site. Recently, DuFrane questioned if they had a permit, and the person became very belligerent and obnoxious. DuFrane felt City staff should not have to tolerate that type of behavior. It states right on the permit, that if there is a violation of the rules, the permit can be revoked. Because of the violation, **motion** by Pinke to revoke the said landowner's permit for the balance of 2023. **Seconded** by Albright, **approved**.

16.) Next Meeting. A date for the next SSYW Committee meeting is scheduled for Thursday, August 24, 2023 at 9:00 AM, Event Center.

15.) Adjournment. Albright adjourned the meeting at 11:45 AM.

Respectfully prepared and submitted by;

Bruce E. Albright, City Council Member

Council Recommendations:

- Authorize Widseth to complete R/W studies for W Lake ST and W Sunset Strip

Follow up Actions:

- Landowner review of Feasibility reports for W Lake Street/funding options.
- Glenn ST extension
- Finalize work on R/W needs for East Lake Street and N Railway AVE (waiting for Attorney).
- Continue to work on budgets, and future road funding needs.
- Continue to work on City parking, Work on handicap parking spots.
- Continue to work on snow removal, sidewalk, and parking ordinances/policies to address concerns. Snow emergency routes?
- Bids for 2005 Chevrolet pickup

Future Meeting Agenda Items:

- none, at this time.


City Council
2023 August Council Meeting
Vergas Event Center and Zoom Id number 267-094-2170 (password
56587)
6:30 PM on Tuesday, August 8, 2023

8. Staff Reports

1. Clerk-Treasurer
2. Utilities Superintendent Report

Files Attached

- LGF Proposal Vergas.pdf

	<h2>Local Gov Forms Proposal</h2>
	Client: City of Vegas
	Date: 8/2/2023
	Form: Construction Permit

Situation

The City of Vegas, "City," has numerous permitting processes and a library of forms for citizens and other stakeholders to complete to request city services. These forms are overwhelmingly paper and each one requires a manual process. Each form requires staff time to ensure that the required minimum information is provided, fees are accurately calculated, and results can be recorded and reported to boards and committees.

The most common and highest priority process is the construction permitting process. Construction permits are required for a variety of activities affecting real property. Currently, individuals must download a scanned image of the form, print the form, and manually complete the form, then return it to the City Office with payment for review and processing. This process allows for numerous data validation issues that result in additional staff time and, ultimately, delays for the developer or project owner: missing or incomplete property information (address, legal description, parcel number), calculation of lot size, contact information for applicant, invalid responses to questions (selecting multiple responses when one is required), and missing attached documents (site plans, blueprints, etc).

The current workflow relies upon numerous human interventions that creates the risk of missed data validation, communication oversight, workload duplication, and staff capacity issues. For applicants to receive status updates, they must be individually communicated by a staff member, and any reporting to supervising boards or committees requires manual compilation of submitted forms.

While most forms are available online for individuals to access, they are typically not usable online. Current forms require website users to have access to a printer or PDF software that allows them to add fillable form fields to these documents. If an individual cannot print or electronically fill out the form, they must physically visit the City Office, communicate special arrangements with staff, or have a document mailed to their address. For individuals who do not require accessibility accommodations, these additional steps add cost to the City in additional staff time, marginal supply use, and frustration from the public.

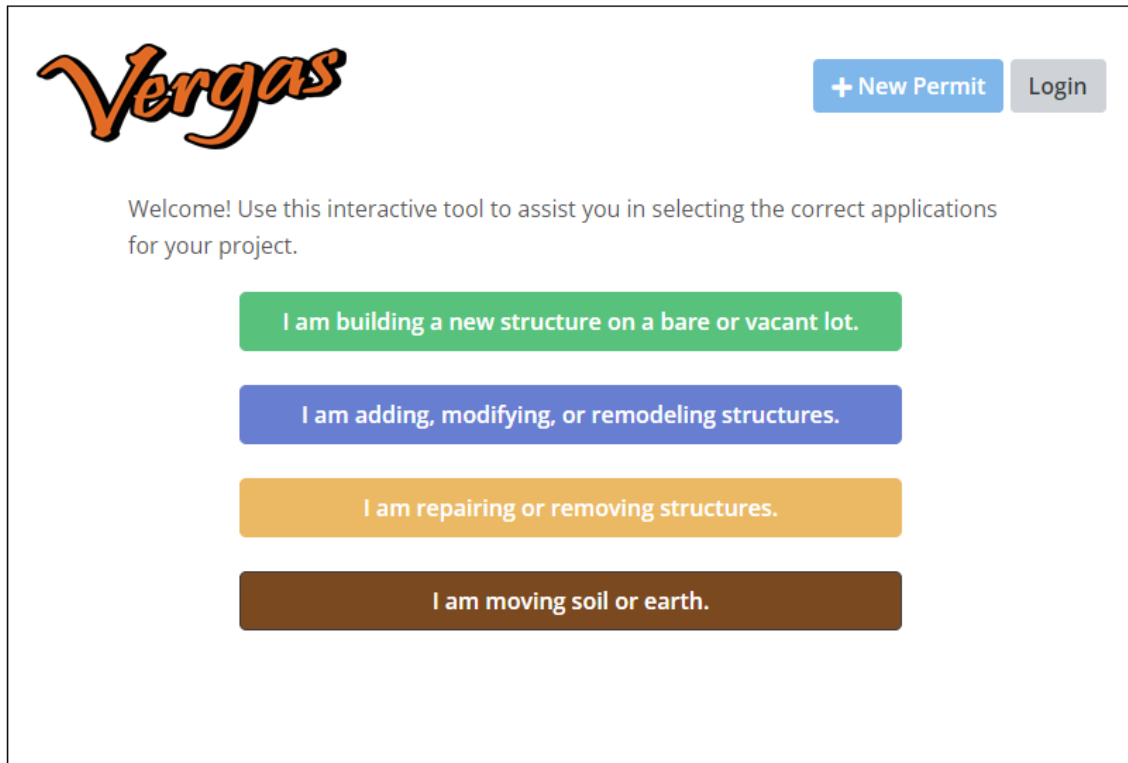
Objective

Implement Local Gov Forms to modernize, automate, and manage the permit and form processes.

Details

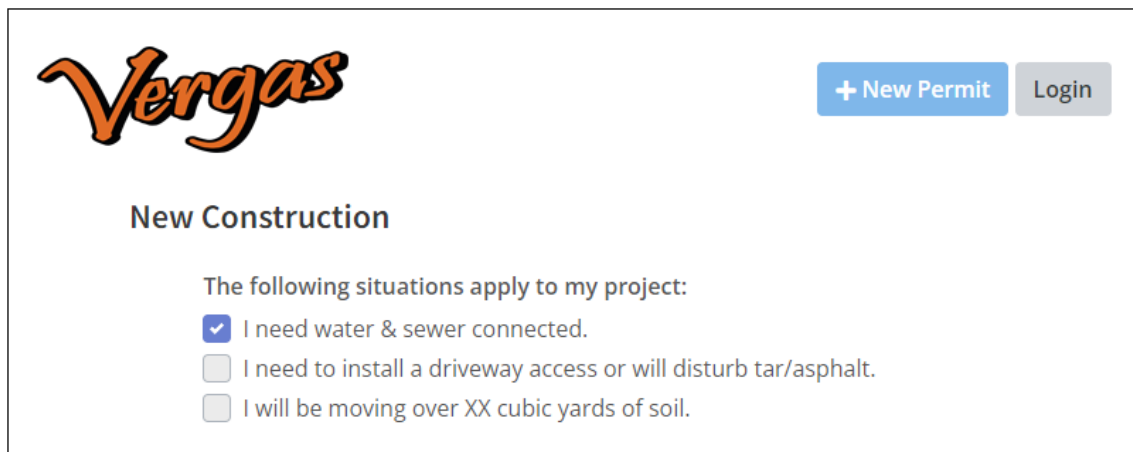
PaulNet Group, LLC, will implement Local Gov Forms (LGF) for the City of Vergas. The first process that will be onboarded is the construction permit process. Additional forms and processes will be rolled out as each one is successfully implemented.

To improve ease of use for individuals not familiar with the entire permitting process, LGF allows for the creation of an application interviewer tool that will ask users simple questions to assist them in selecting the most appropriate permits.




The screenshot shows the 'Vergas' logo in a stylized orange font at the top left. In the top right corner, there are two buttons: a blue button with a plus sign and the text '+ New Permit', and a grey button with the text 'Login'. Below the logo, a welcome message reads: 'Welcome! Use this interactive tool to assist you in selecting the correct applications for your project.' In the center of the screen, there are four large, colored buttons stacked vertically: a green button with the text 'I am building a new structure on a bare or vacant lot.', a blue button with 'I am adding, modifying, or remodeling structures.', an orange button with 'I am repairing or removing structures.', and a brown button with 'I am moving soil or earth.'

Additional questions can ensure that additional permits will be included with the original application, such as tar break up or new utility connections.



This screenshot shows the same 'Vergas' logo and navigation buttons as the previous image. Below the logo, the heading 'New Construction' is displayed. Underneath this heading, a prompt reads: 'The following situations apply to my project:'. Below the prompt are three checkboxes with their corresponding text: the first checkbox is checked (indicated by a blue checkmark) and labeled 'I need water & sewer connected.'; the second checkbox is unchecked and labeled 'I need to install a driveway access or will disturb tar/asphalt.'; and the third checkbox is unchecked and labeled 'I will be moving over XX cubic yards of soil.'

Form validation ensures that individuals completing the form complete all required fields.



[+ New Permit](#)[Login](#)

Permit Application

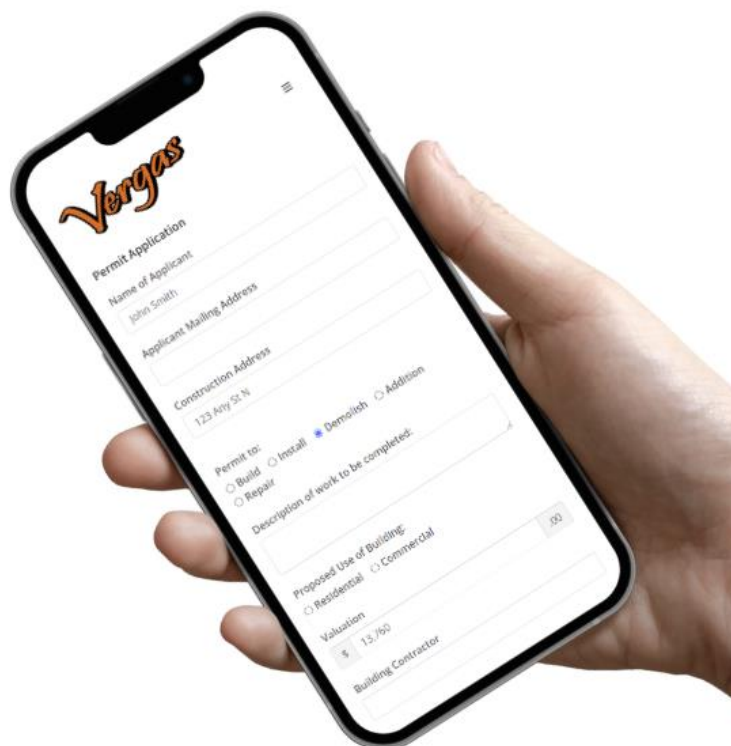
Name of Applicant

Applicant Mailing Address

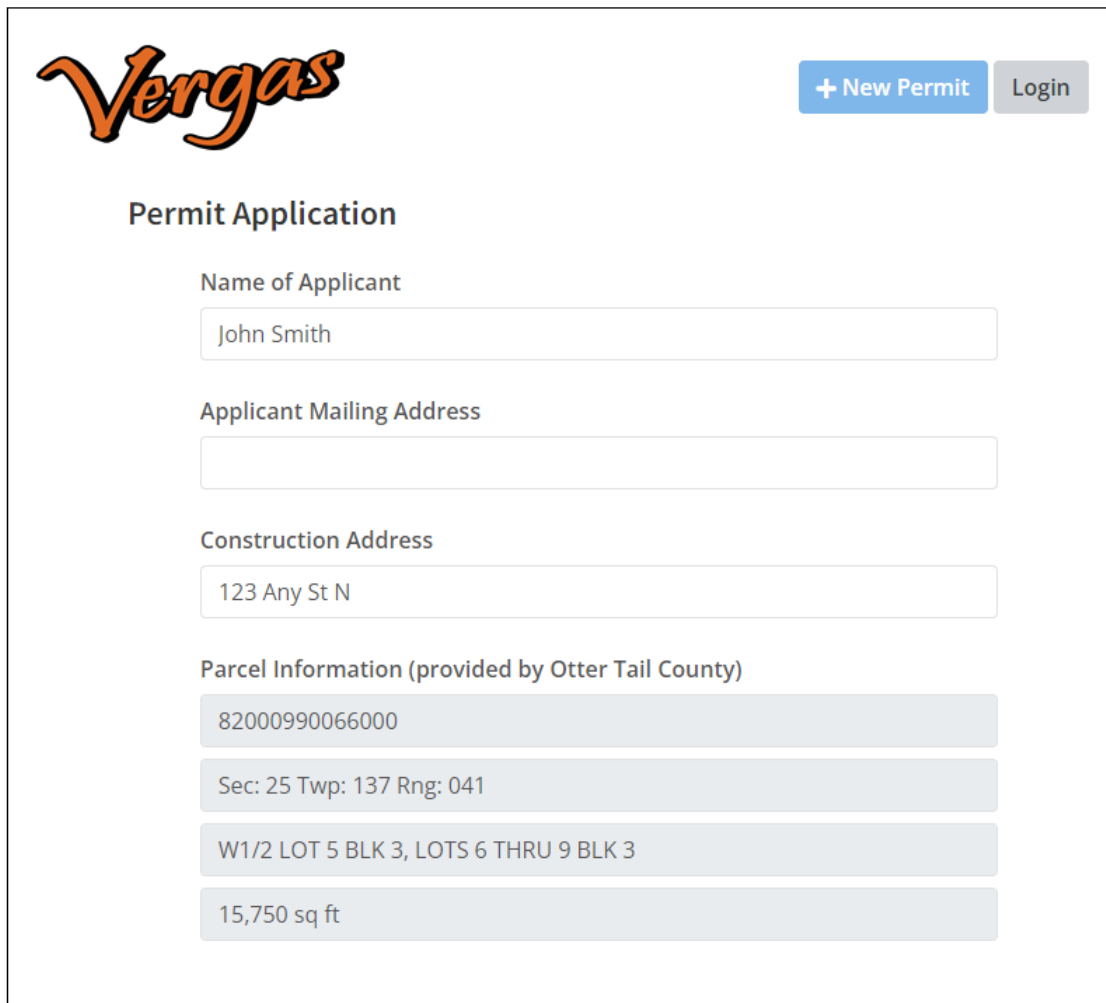
Mailing address is a required field.

Construction Address

The application will be built to be accessed and used on mobile devices.



Local Gov Forms will integrate with Otter Tail County GIS to provide parcel information for a given address. Depending upon permissions, approved permits could have information posted into the City's instance of ArcGIS.



The screenshot shows a web application for permit applications. At the top left is the 'Vergas' logo in a stylized orange font. At the top right are two buttons: a blue '+ New Permit' button and a grey 'Login' button. Below the header is the title 'Permit Application'. The form contains several input fields: 'Name of Applicant' with the value 'John Smith', 'Applicant Mailing Address' (empty), 'Construction Address' with the value '123 Any St N', and a section titled 'Parcel Information (provided by Otter Tail County)' containing four greyed-out fields with the values '82000990066000', 'Sec: 25 Twp: 137 Rng: 041', 'W1/2 LOT 5 BLK 3, LOTS 6 THRU 9 BLK 3', and '15,750 sq ft'.

Vergas

[+ New Permit](#) [Login](#)

Permit Application

Name of Applicant

John Smith

Applicant Mailing Address

Construction Address

123 Any St N

Parcel Information (provided by Otter Tail County)

82000990066000

Sec: 25 Twp: 137 Rng: 041

W1/2 LOT 5 BLK 3, LOTS 6 THRU 9 BLK 3

15,750 sq ft

To collect payments, PaulNet Group is currently exploring the feasibility with allPaid, the City's payment process, but a solution could be implemented with Stripe that would allow for grossing up a permit fee to include merchant fees.

Additional features include:

- Email status updates for applicants
- Permit decision emails
- Reminder email messages
- Text message updates available for an additional cost
- Customizable workflow processes
- Permit database with export to Microsoft Excel
- User accounts for public users to save frequently used information
- Audit logs
- Clickwrap agreement e-signatures

- File uploads, including file type restrictions (e.g., PDFs or images only)
- Form customization by staff—small changes can be implemented by staff without needing professional services
- Automated permit number generation or assignment
- Custom fee calculations

Technical features:

- Daily database backups
- Encrypted database storage and transfer
- Secure SSL certificates on website
- Multi-Factor Authentication for staff users
- Cloud-based, no servers or software to maintain
- Updates deployed automatically

Deliverables

PaulNet Group will implement the City's Construction Permit application online within the Local Gov Forms tool. Additional forms and processes to be implemented once successfully deployed.

PaulNet Group will provide a license to the City of Vergas to use Local Gov Forms and provide initial staff training and ongoing support.

Assumptions

1. Any additional license fees or charges to access third-party services, such as Otter Tail County GIS, allPaid payment processing or City of Vergas ArcGIS, will not be covered.
2. City legal team to review clickwrap agreement, any legal review fees are responsibility of the City.
3. City staff to provide timely feedback and acceptance testing.
4. City will provide graphics or branding information.
5. Application intellectual property is entirely retained by PaulNet Group.
6. "Construction Permit" includes the construction permit, tar break-up, and grade and fill permits

Timing

Application Requirements, Design, Launch	2-3 months
Construction Permit implementation	1 month
City pre-production acceptance testing	3 weeks
Production launch	1 week

Review/Change Order Process

Changes that impact the project cost and/or schedule will be addressed through the Change Order Process. All changes in scope and timing will be documented and communicated in a Change Order Form. The Change Order Form and any resulting fee changes will be presented to the client for approval to proceed and the project scope and schedule will be adjusted accordingly.

Cost Estimate

This estimate is based on this project brief and the requirements as they are understood at this time. Your approval authorizes commencement of work and agreement to pay for the services outlined at up to 110% of the estimated amount. Sales tax, telecommunications, travel expenses, and charges for delivery, shipping, express mailing, or courier service may not be included in this estimate and will be billed at actual cost. Estimates do not include out-of-pocket expenses (e.g., photo purchase).

Implementation Phase

- Application requirements
- Application launch
- Construction Permit implementation

Implementation Cost: \$1,500

Local Gov Forms License

- Application hosting fees
- Database and asset storage
- Application support
- Staff User Licenses: 5
- Online Permits/Forms: 20
- Permit data retention in production: 3 years
- Staging instance

Recurring License Cost: \$199/month

\$500 deposit required to start work. Recurring fees can be paid monthly or annually.

**City Council
2023 August Council Meeting
Vergas Event Center and Zoom Id number 267-094-2170 (password
56587)
6:30 PM on Tuesday, August 8, 2023**

9. 2023 Comprehensive Plan Review

Files Attached

- Comprehensive Plan progress 2023.pdf

Vergas Comprehensive Plan 2023 Progress Review

Land Use & Built Form	
Goal: Capitalize on in-fill opportunities and direct growth to new areas where infrastructure is planned to be cost-effective and sustainable	
Strategies: <ul style="list-style-type: none"> When considering expansion options, prioritize expansion that follows a set of guidance developed through a growth and management plan. Investigate annexing shorelines across bodies of water when landowners are favorable to the request 	
Action Item	Progress
Develop tiered system for expansion based on Vergas water & sewer capacity, EMS services and other public services & facilities.	Water/Sewer Committee is developing a tiered system for expansion based on capacity.
Identify possible annexation areas and contact owners.	Planning Commission looking at W. Lake Street
Pay close attention to and abide by shoreline regulations governed by the state.	Planning Commission changed permit process and updating shoreline management ordinance
Participate in preserving the health of lakes and surrounding wildlife.	Storm water runoff being discussed
Goal: Land use and build form decisions support and celebrate the existing character of the town	
Strategies: <ul style="list-style-type: none"> Encourage land uses that strengthen Vergas' reputation as a family-friendly, safe place with a small-town charm. Limit land uses that allow for big box stores, chains, large processing plants or other developments that have short-term gains and long-term losses of community character and environmental protection. Ensure that any land use involving light industrial development has a plan for maintenance and accessibility. Encourage or offer tax incentives for parking for new construction. 	
Action Item	Progress
EDA/HRA develop incentives to encourage uses identified above.	
Planning and Zoning develop policies regarding use identified above	Planning Commission updating zoning map with review and modification of city ordinances.
EDA identify areas appropriate for light industrial development.	
Explore above and underground parking.	Parking lot identified and planned for OTC building site.
Housing	
Goal: Identify affordable housing lots that can be developed with the next 5 years	
Strategies: <ul style="list-style-type: none"> Develop partnerships with Otter Tail Co. to share county-level resources with local developers and future residents via existing incentives and initiatives. <p style="text-align: center;">Conduct and inventory and promote lots available.</p>	
Action Item	Progress
EDA develop a fact sheet regarding available assistance programs	
Utilize city website by adding housing resources comparable to neighboring cities	
Transportation	
Goal: Make Vergas accessible for all modes of transportation and for people of all abilities	
Strategies:	

<ul style="list-style-type: none">• Identify key places across the city that can improve handicap accessibility.• Communicate and market existing transportation services.• Identify additional locations for downtown parking.• Construct handicapped parking spots and sidewalks along Co Rd 4.• Explore advantages and disadvantages of rerouting Co Rd 4 through downtown to reduce thorough traffic on Main Street.• Explore options for reducing stopped trains and subsequent stopped traffic.• Promote programs for ridesharing networks and services	
Action Item	Progress
Conduct an ADA audit or other type of evaluation to identify key areas for improvement across the city.	
Create short reference guide for residents and visitors describing local and regional transportation options.	
Work with Planning Commission to determine if vacant or undeveloped property could serve as space for new parking lots, and potential diagonal parking.	Parking lot planned for OTC building property that was acquired by the city.
Contact Canada Pacific to explore moving the exchange.	
Streets, sidewalks and yard waste committee review possibilities of collaboration with OTC Highway Department.	
Goal: Increase connectivity between Vergas and regional trails	
Strategies: Consult entities, like MN DOT, DNR, WCI and Partnership 4 Health, about pursuing grants for planning and infrastructure for a trail connection.	
<ul style="list-style-type: none">• Work with OTC to pursue grant funding to connect the Heartland Trail along Co.Rd 4.	Feasibility study conducted for Heartland and Heart of Lake trails. Approved by Council and plan for Heart of Lakes trail connected with Co. Hwy 35 project
<ul style="list-style-type: none">• Add multi-use path to the update of the 2019 Capital Improvement Plan to ensure that it is included in future city budget.	
Business & Economic Development	
Goal: Maintain the small business atmosphere	
Strategies: <ul style="list-style-type: none">• Advertise local businesses regionally• Review and update city laws and ordinances that support small business owners	
Action Item	Progress
Work with neighboring Chambers of Commerce to advertise and access resources	OTC Lakes Country Magazine
Collaborate with the Community Club to identify opportunities and resources to market regionally.	Facebook on ongoing bases features a Vergas business, and hosts events to promote businesses, i.e new event Shops n’ Hops. Vergas advertising and featured highlights in OTC Lakes Country Magazine. Established a full Vergas/lakes billboard that features map of area and Vergas hosted Events. Also have a brochure with Vergas events that was distributed and in stores for ongoing access and have full size posters in the businesses that shows 2023 events. Weekly TV3 Vergas show that highlights Vergas
Submit stories, ads, and updates to surrounding local papers.	Frazees Forum has featured a number of Vergas stories, i.e. Maple Syrup Fest, Art Camp, Vergas Art Program. Ads in Frazee forum on an ongoing basis.
Invest in enhancing the City website	
Preserve existing protections within city laws and ordinances	

Explore state and federal incentives for small businesses, especially those making positive impact in nearby communities.	
Goal: Invest in Human Capital	
Strategies: <ul style="list-style-type: none"> Invest in local childcare options Create opportunities for socializing, connecting, creative placemaking year-round. Provide opportunities for retirees to utilize their knowledge and experience and increase social connection. 	
Action Item	Progress
Connect with OTC Early Childhood Coordinator to identify needs and resources.	
Improve marketing of existing community activities, from small socializing to large events.	As above, Facebook, OTC Lakes Country magazine, event brochure and billboard
Identify gaps in existing community programming and recruit volunteers to host one and/or recurring events.	
Explore development of spaces for families to recreate and your specific activities.	Detroit Lakes water ski club practicing Long Lake city park and offering ski shows
Identify and invite volunteers to join planning and implementation projects.	Ongoing. Is part of event planning to reach out for volunteers.
Goal: Prioritize business development that provides daytime and evening activities for residents	
Strategies: <ul style="list-style-type: none"> Create more opportunities to recruit local businesses, especially where gaps in existing services Increase awareness of state and regional resources for small business owners and entrepreneurs. 	
Action Item	Progress
Work in partnership with Vergas EDA to integrate public feedback into business development and expansion strategies	
Host a business and entrepreneurship fair in partnership with OTC with targeted outreach based on survey results and public input.	
Leverage partnerships with existing programs; i.e WCI, MN DEED, SCORE business mentors, Vergas Community Club, West Central Small Business Development Center, Women's Ventures, OTC Small Business Coaching.	
Goal: Develop and expand job opportunities	
Strategies: <ul style="list-style-type: none"> Maintain and increase number of visitors Pursue opportunities for light manufacturing Support digital entrepreneurs and remote workers 	
Action item	Progress
Advertise business and recreational opportunities and events regionally.	As noted previously; Facebook, OTC Lakes Country magazine, TV3 Vergas show.
Pursue and invest in trail development.	Feasibility study conducted to examine Vergas connection to Heartland and Heart of Lake Trails
Cultivate more year-round attractions and events.	Year-round event calendar, 9 of 12 months community event. This does not include events by other businesses and groups.
Identify land available for development and purchase.	City purchase of 8 lots from OTC foreclosed land (Eva/Diane street)-Sunny Oaks Development. OTC to build 4 Senior living housing units in the development.
Offer the Event Center as coworking space by appointment.	Event Center improvements and updates being made to make the space more visibly appealing and marketable. Hired part time Event Center Coordinator to promote event center space.
Maintain and develop broadband capabilities.	

Connect with neighboring communities to participate in county-wide networking opportunities. (host pre-existing groups for a meeting).	Regional Mayor meetings , Regional City Clerk meetings
Public Services and Facilities	
Goal: Maintain adequate public facilities and services to meet the health, safety, education, and leisure needs of all Vergas residents.	
Strategies: <ul style="list-style-type: none"> Prioritize infrastructure investment based on existing facilities with deficiencies first, and retrofitting of facilities second, and future facility needs third. Engage in strategic partnerships to ensure that Vergas is identified as a community for investment in fiber optic cable to increase broadband access. Conduct a needs assessment to understand more about the barriers and opportunities to improve resident access to medical facilities. (transportation, awareness). 	
Action Item	Progress
Encourage various committees to complete prioritization exercise.	Water Sewer Committee is working on prioritizing needs by making a project list.
Explore expanded services, particularly MN DEED Border-to-Border Broadband opportunity.	
Collaborate with EDA/HRA to oversee a needs assessment.	
Goal: Ensure highest quality standards and services for public safety given Vergas' existing resources and staff capacity.	
Strategies: <ul style="list-style-type: none"> Ensure safety of navigation throughout city streets and sidewalks. Make Long Lake Park a desirable location for recreation year-round. 	
Action Item	Progress
<ul style="list-style-type: none"> Review, update, and publicize the city's planning and zoning maps to accurately indicate which city sidewalks are to be maintained by the city vs residents. 	Planning Commission updating zoning maps
<ul style="list-style-type: none"> Conduct a parking study. 	
<ul style="list-style-type: none"> Explore the possibility of a MNDOT Complete Streets project for Vergas. 	
<ul style="list-style-type: none"> Renovate and upgrade public restroom facilities at Long Lake park. 	Park improvement proposal developed, park board working with NDSU, which includes improved facilities. Painting and lighting improvements to restroom. Loon Art for the park fundraising event to support park improvements. Community feedback on plan at the Loon Art for the Park event.
<ul style="list-style-type: none"> Explore opportunities to work with rental company for non-motorized watercraft. 	
<ul style="list-style-type: none"> Consider snowshoe rental companies. 	
Goal: Ensure that services and facilities allow residents and visitors of 55 years or older to age in place.	
Strategies: <ul style="list-style-type: none"> Ensure safety of navigation through city streets and sidewalks. Work to develop a full spectrum of transitions in senior housing needs, from accessibility options to access of services and skilled nursing. 	
Action Item	Progress
Develop handicap parking spots	
Work with ED/HRS to conduct a needs assessment and feasibility study for expanded senior housing options.	Have 2021 Comprehensive plan, 2019 EDA/HRA Housing study and working with OTC Housing & Redevelopment
Parks & Open Spaces	
Goal: Support Community Art and arts programming	
Strategies: <ul style="list-style-type: none"> Increase the number of displays of interactive art around town, in parks, and open spaces. 	

<ul style="list-style-type: none"> • Increase community education arts programming. 	
Action Items	Progress
<ul style="list-style-type: none"> • Create a directory of local artists. 	Studio Crawl is planned for Sept 23, 2023 and this is step in the direction to create a directory. VCC has local artist creating loon pieces placed around Vergas.
<ul style="list-style-type: none"> • Continue to offering summer youth art camp. 	Continues to grow. In 2023 had 126 youth art Youth pottery classes available
<ul style="list-style-type: none"> • Provide a listing of events on city website. 	On City website, VCC Facebook, and posters Established a Vergas Arts Program, aligned with VCC. Hosted 3 performing arts (Chmielewski band, Tony DeBlois, and Siama Story Teller).
Goal: Update public facilities at Long Lake Park	
Strategies: <ul style="list-style-type: none"> • Continue working with NDSU to develop concept designs for Long Lake park. • Communicate with county and regional stakeholders in parks and recreation the desire to pursue state and federal funding. 	
Action Item	Progress
Follow guidelines and budget in Capital Improvement plan for restroom facilities specifications and budget.	
Park Board present ideas to Planning and Zoning Commission and the City Council for implementation.	Park Board presented park improvement plan
Goal: Leverage existing amenities to create a culture that celebrates physical activity and community-based sports that are complementary to school sports schedules.	
Strategies: <ul style="list-style-type: none"> • Create opportunities for sports and physical education. • Begin offering adult leagues for baseball, softball etc.. • Explore opportunities for additional recreational space development. 	
Action Item	Progress
Example; Offer lessons for pickleball, classes for local fitness trainers, dance classes.	Lakes Fit offers classes and pickleball has classes for beginners
Coordinate community education for implementation.	Continue to collaborate with Frazee community education for Vergas swimming lessons
Conduct a feasibility study for soccer fields and/or frisbee golf.	
Planning and Zoning identify sustainable areas.	

City Council
2023 August Council Meeting
Vergas Event Center and Zoom Id number 267-094-2170 (password
56587)
6:30 PM on Tuesday, August 8, 2023

10. 2024 Budget

Files Attached

- 07.31.2023 Proposed 2024 Budget.pdf

	2024				
	2022 Final Budget	2022 Actural to 12/31/2022	2023 Budget	2023 Actural to 07/31/2023	Proposed Budget
General Property Taxes (31000)	\$235,955.00	\$234,177.86	259,068.00	146796.43	
Penalties & Deling Taxes (31900)	0.00	13,079.16	0.00	893.08	0.00
10% Gaming Fee (31311)	5,000.00	6,482.83	3,000.00	2220.06	4000.00
Gravel Permit	7,000.00	7,000.00	7,000.00	7000.00	
Intoxicating On-Sale Liquor (32110)	6,900.00	6,525.00	6,900.00	0.00	
Non-Intoxicating Malt Liquor (32115)	75.00	0.00	125.00	0.00	
Set-Up License (32116)	500.00	250.00	125.00	375.00	
Cigarette Licenses (32117)	200.00	200.00	200.00	0.00	
Conditional Use/Variance Permit (32205)	0.00	1,750.00	0.00	1200.00	
Construction Permit (32210)	3,000.00	4,595.00	5,000.00	1089.00	
Grade and Fill Permit	0.00	875.00	0.00	0.00	
Golf Cart Permit (32213)	140.00	200.00	200.00	100.00	
Recycling Center (32215)	10,000.00	14,995.00	15,335.00	14190.00	
Dog Licenses (32240)	500.00	564.00	550.00	751.00	
Intergovernmental Aid (33404)	131.00	0.00	131.00	18907.00	
Federal Grants and Aids (33101)	4,000.00	0.00	4,000.00	2.68	
State Aids/Fire Relief (33390)	10,000.00	24,375.47	10,000.00	0.00	
Local Government and Aids (33401)	37,813.00	37,813.00	37,814.00	2.70	43751.00
County Grants & Aids for Hwys (33610)	2,000.00	2,477.29	2,000.00	0.00	
Public Safety Aid	0.00	0.00	0.00	0.00	15272.00
Small Cities Assistance	0.00	0.00	0.00	0.00	17861.00
Charges of Services (34005)	500.00	3,618.10	2,000.00	97.00	
General Government (34100)	0.00	716.23	0.00	0.00	
Fire, Reimbursed (34210)	16,000.00	0.00	16,000.00	0.00	
Recreation (36217)	4,000.00	0.00	0.00	0.00	
Miscellaneous Revenues (36200)	40,000.00	40,000.00	0.00	0.00	
Interest Earnings (36210)	50.00	328.18	60.00	316.30	
Rent/Municipal Building (36217)	6,000.00	5,000.00	6,000.00	3500.00	
Rent/Event Center (36225)	6,000.00	13,669.16	17,600.00	9840.00	
Event Center other related charges (36227)	1,000.00	1,200.00	1,500.00	800.00	
Contributions & Donations (36230)	2,000.00	20,444.00	2,000.00	39362.00	
Refunds & Reimbursements (36233)	2,000.00	79,149.99	0.00	37616.73	
LMCit/Dividends (36235)	3,000.00	0.00	3,000.00	0.00	
Liquor Store Transfer (39201)	25,000.00	25,000.00	30,000.00	0.00	
Total Receipts	\$428,764.00	\$544,485.27	\$429,608.00	\$285,058.98	\$80,884.00

			2024		
			2022 Final Budget	2022 Actural to 12/31/2022	2023 Actural to 07/31/2023
			2023 Budget	2024 Proposed Budget	
GENERAL GOVERNMENT					
	Workers Compensation		0.00	0.00	0.00
(41000)	Office Supplies (200)		1,160.00	5,450.09	1,160.00
	Operating Supplies (210)		250.00	116.28	250.00
	Repair & Maint. Supplies (220)		200.00	0.00	200.00
	Auditor (301)		2,125.00	2,125.00	2,125.00
	Postage (322)		300.00	959.91	300.00
	Telephone		4,000.00	4,145.39	4,000.00
	Dues (345)		930.00	391.75	930.00
	Printing & Publishing (350)		4,000.00	4,852.00	4,000.00
	Insurance (360)		3,000.00	7,200.00	3,105.00
	Repair & Maintenance (400)		300.00	0.00	300.00
	Improvements (530)		1,000.00	0.00	1,000.00
	Office Equip & Furnishing & IT.(570)		1,500.00	0.00	1,500.00
	Refund & Reimbursements		0.00	4,443.23	0.00
	Total General Government		\$18,765.00	\$29,683.65	\$18,870.00
					\$30,087.38
					0.00
Legislative (Council/Board)					
	Wages and Salaries (100)		4,500.00	3,754.01	4,500.00
(41100)	Employer Cont./Soc.Sec. (122)		1,250.00	1,319.24	1,250.00
	Office Supplies (200)		0.00	0.00	200.00
	Travel, Mtgs & Schools		600.00	792.72	1,000.00
	Operating Supplies (210)		0.00	0.00	200.00
	Insurance (360)		200.00	407.00	200.00
	Total Legislative		\$6,550.00	\$6,272.97	\$7,350.00
					\$6,832.40
					11,350.00
Executive (Wages and Salaries (100)					
	Wages and Salaries (100)		1,200.00	479.99	1,200.00
(41300)	Employer Cont./Soc.Sec. (122)		200.00	113.58	200.00
	Workers Compensation		0.00	0.00	0.00
	Volunteer Appreciation		100.00	65.49	100.00
	Dues (345)		30.00	30.00	30.00
	Travel, Mtgs & Schools		1,000.00	380.86	1,000.00
	Total Executive		\$2,530.00	\$1,069.92	\$2,530.00
					\$1,653.30
					2,540.00
Total General Government			27,845.00	37,026.54	28,750.00
					38,573.08
					13,890.00
Clerk (4140) Wages and Salaries (100)					
	Wages and Salaries (100)		18,967.00	14,574.36	17,000.00
	Employer Cont./Soc.Sec. (122)		11,085.00	7,879.58	7,600.00
	Health/Life Insurance (131)		2,310.00	2,613.92	2,600.00
	Telephone		300.00	225.00	300.00
	Workers Compensation		350.00	0.00	350.00
	Travel, Mtgs & Schools		1,300.00	769.14	1,500.00
	Legal Serv Attorney (304)		14,500.00	7,326.66	9,000.00
					0.00
Elections (4 Wages and Salaries (100)					
	Wages and Salaries (100)		1,500.00	1,391.00	0.00
	Office Supplies (200)		100.00	0.00	0.00
	Travel, Mtgs. & Schools (211)		400.00	238.13	0.00
					0.00
					400.00
Total Clerk, Legal services and Elections			50,812.00	35,017.79	38,350.00
					16,212.63
					1,950.00

			2024		
	2022 Final Budget	2022 Actural to 12/31/2022	2023 Budget	2023 Actural to 07/31/2023	Proposed Budget
Planning & Zoning (41910)	0.00	938.00	500.00	938.00	1,000.00
Fire (42200) Pensions-Relief Assoc. (120)	0.00	0.00	0.00	0.00	
Workers Compensation	5,500.00	0.00	5,500.00	0.00	
Insurance (360)	5,000.00	11,358.00	5,500.00	78.00	
V-CDH Budgeted amount	12,000.00	11,967.08	12,000.00	6,581.88	
Reimbursed Expenses (810)	0.00	34,710.47	0.00	29,033.25	
Total for Public Safety, Traffic, Fire	22,500.00	58,035.55	23,000.00	35,693.13	0.00
City Shop (4) Operating Supplies (210)	100.00	601.43	100.00	283.11	300.00
Repair & Maint. Supplies (220)	100.00	0.00	100.00	201.71	100.00
Small Tools & Minor Equip (240)	1,000.00	549.00	1,000.00	405.00	1,000.00
Internet (321)	804.00	744.00	810.00	228.00	810.00
Insurance (360)	800.00	821.00	828.00	0.00	850.00
Utility Services (380)	2,000.00	3,602.03	5,200.00	3,293.16	6,150.00
Repair & Maintenance Service (400)	300.00	26.47	300.00	305.00	300.00
City Share/Assessments	60.00	0.00	60.00	0.00	120.00
Improvements (530)	5,000.00	0.00	2,500.00	0.00	2,500.00
Total For City Shop	10,164.00	6,343.93	10,898.00	4,715.98	12,130.00
Highways, S Wages and Salaries (100)	21,026.00	17,525.81	21,500.00	13,451.20	25,400.00
(43100) Employer Cont./Soc.Sec. (122)	12,876.00	9,855.36	12,685.00	7,592.32	14,146.91
Health Insurance (131)	6,000.00	3,694.62	6,538.00	2,489.13	4,370.00
Workers Compensation (150)	1,300.00	0.00	1,300.00	0.00	1,300.00
Office Supplies (200)	200.00	60.83	100.00	68.22	100.00
Operating Supplies (210)	6,000.00	8,799.47	8,000.00	5,456.11	9,000.00
Travel, Mtgs, & Schools	300.00	0.00	300.00	20.00	20.00
Repair & Maint. Supplies (220)	2,000.00	522.39	2,500.00	1,313.60	3,500.00
Small Tools & Minor Equip (240)	500.00	427.19	600.00	0.00	600.00
Employee Clothing Allowance (245)	350.00	0.00	350.00	0.00	350.00
Engineer (303)	16,000.00	38,375.79	28,000.00	22,355.06	30,000.00
Telephone	375.00	312.50	375.00	218.75	375.00
Insurance (360)	3,200.00	1,813.00	4,725.00	376.00	4,725.00
Repair & Maintenance Service (400)	3,500.00	6,819.68	5,000.00	20,370.53	5,000.00
Seal Coating (410)	7,500.00	0.00	7,500.00	0.00	10,000.00
Improvements (530)	17,000.00	19,437.24	25,000.00	21,489.76	50,000.00
Other Equipment (580)	25,000.00	0.00	15,000.00	0.00	20,000.00
Sidewalk Repair & Maintenance (400)	1,500.00	0.00	1,500.00	0.00	1,500.00
Ice and Snow Sand & Salt	1,000.00	648.38	1,500.00	857.29	1,500.00
Snow Removal (415)	0.00	0.00	0.00	0.00	1,000.00
Capital Outlay	5,000.00	0.00	5,000.00	0.00	5,000.00
Total for Streets, Sidewalks, Ice Control	130,627.00	108,292.26	147,473.00	96,057.97	187,886.91
Recycling Center (43218)					
Wages and Salaries (100)	7,485.00	5,472.41	7,700.00	4,010.84	7,200.00
Employer Cont./Soc.Sec. (122)	4,361.00	3,148.43	4,361.00	2,184.86	3,900.00
Repair & Maintenance (220)	2,500.00	138.43	3,000.00	2,184.86	3,000.00

			2024		
	2022 Final Budget	2022 Actural to 12/31/2022	2023 Budget	2023 Actural to 07/31/2023	Proposed Budget
Office Supplies (200)	500.00	73.50	500.00	315.37	500.00
Printing & Publishing (350)	600.00	397.00	600.00	446.00	400.00
Street Lighting (380)	400.00	268.32	400.00	785.07	300.00
City Share/Assessments	300.00	854.00	850.00	461.28	930.00
Improvements (530)	10,000.00	0.00	8,000.00	0.00	8,000.00
Total for Recycling Center	26,146.00	10,352.09	25,411.00	10,388.28	24,230.00
Street Lighti Utility Services (380)	8,750.00	6,751.34	9,000.00	5,265.03	9,000.00
Street Poles	0.00	0.00	0.00	0.00	30,000.00
Event Cente Part-Time Employees (103)	300.00	0.00	0.00	319.88	
Employer Cont./Soc.Sec. (122)	0.00	0.00	0.00	119.48	
Professional Services	2,500.00	2,478.62	3,800.00	6,362.68	
Telephone	0.00	0.00	0.00	748.50	
Office Supplies (200)	100.00	0.00	100.00	0.00	
Operating Supplies (210)	1,700.00	2,661.00	3,900.00	1,600.00	
Repair & Maint. Supplies (220)	1,000.00	745.58	1,580.00	13,582.30	
Internet	1,000.00	828.00	1,104.00	0.00	
Security Services (300)	1,000.00	0.00	0.00	0.00	
Advertising	3,500.00	1,873.00	4,000.00	1,600.00	
Insurance (360)	1,900.00	3,085.00	1,900.00	0.00	
Rug Rental (370)	1,000.00	0.00	0.00	0.00	
Utility Services (380)	6,000.00	6,662.12	8,000.00	5,243.35	
Rubbish Service (384)	1,500.00	1,040.19	1,500.00	0.00	
Repair & Maintenance (400)	2,000.00	3,455.23	3,000.00	3,988.08	
City Share/Assessments (440)	400.00	392.87	400.00	213.45	
Improvements (530)	15,000.00	0.00	10,000.00	62,676.88	
Refunds & Reimbursements	0.00	2,025.00	0.00	75.00	
Total for Event Center	38,900.00	25,246.61	39,284.00	96,529.60	0.00
Parks (4520) Wages and Salaries (100)	30,860.00	18,300.71	22,760.00	12,764.74	25,530.00
Employer Cont./Soc.Sec. (122)	14,600.00	9,473.13	12,465.00	6,311.11	12,465.00
Health Insurance (131)	5,700.00	3,639.73	6,000.00	2,437.76	6,000.00
Workers Compensation	1,500.00	0.00	900.00	0.00	900.00
Engineering	2,500.00	0.00	2,500.00	4,905.31	100.00
Office Supplies (200)	100.00	60.83	100.00	68.22	7,500.00
Operating Supplies (210)	7,000.00	8,880.40	7,500.00	1,775.43	5,000.00
Telephone	375.00	312.50	375.00	218.75	5,000.00
Travel, Mtgs, & Schools	300.00	40.00	300.00	20.00	375.00
Repair & Maint. Supplies (220)	6,500.00	536.92	5,000.00	909.18	20.00
Employee Clothing Allowance(245)	250.00	0.00	250.00	0.00	150.00
Printing & Publishing (350)	100.00	0.00	250.00	0.00	50.00
Licenses/Permits	35.00	360.00	360.00	35.00	360.00
Insurance (360)	5,000.00	5,078.00	5,000.00	278.00	5,000.00
Utility Services (380)	3,000.00	1,533.53	3,000.00	1,799.55	3,500.00
Rubbish Service (384)	2,400.00	899.55	2,400.00	1,329.80	2,600.00

	2022 Final Budget	2022 Actural to 12/31/2022	2023 Budget	2023 Actural to 07/31/2023	2024 Proposed Budget
Repair & Maintenance Service(400)	2,600.00	2,867.17	3,000.00	2,540.38	3,000.00
City Share/Assessments (440)	1,200.00	972.35	975.00	493.72	990.00
Improvements (530)	21,000.00	15,502.21	18,000.00	10,744.88	50,000.00
Refunds & Reimbursements	0.00	660.00	0.00	11,485.30	0.00
Total for Parks	105,020.00	69,117.03	91,135.00	58,117.13	128,540.00
Non-Expend Economic Development (46510)	8,000.00	8,000.00	7,000.00	7,000.00	10,000.00
Misc.	0.00	0.00	3,043.00	0.00	
Tax Abatement	0	0	5,764.00	0.00	
Total Disbursements	\$428,764.00	\$364,183.14	\$429,608.00	\$369,490.83	\$418,626.91

2022 Notes

No longer paying cemetary insurace (cemetery is not owned by City)
 Budget figured 3% salary increase - Council approved 2.5% salary increase.

2023 Notes

Adding planning and zoning GIS license
 Received Tax Abatement number form county
 Council approved 2% salary increase in November and budget updated.

2024 Notes

Get tax abatement number from Wayne Stein

City Council
2023 August Council Meeting
Vergas Event Center and Zoom Id number 267-094-2170 (password
56587)
6:30 PM on Tuesday, August 8, 2023

11. Information & Announcements

Trainings:

A. WCI Rural Democracy Project. September 29-30 and October 6-7, 2023. Offering a training (Run4Rural), which is a 1 1/2 day public leadership training program for new existing and emerging rural leaders and people active in the community whether or not decided to run for public office.

B. Clerks Advanced Academy- Sept 14-15, 2023, Bemidji, MN (Lammers)

Events:

None.