

**CITY OF MILACA
COUNCIL MINUTES
June 21, 2022**

Call to Order Roll Call

Mayor Pedersen called the regular meeting of the Milaca City Council to order at 6:32 p.m.

Upon roll call, the following council members were present: Mayor Harold Pedersen; Councilors: Dave Dillan, Norris Johnson, and Lindsee Larsen. Councilors Absent:

Staff Present: City Manager Tammy Pfaff, City Attorney Damien Toven, Assistant City Clerk Deloris Katke, Police Chief Quinn Rasmussen, Public Works Supervisor Gary Kirkeby, Administrative Communications Specialist Mary Mickelson, Public Works/Events Coordinator Mark Wubben, Public Works-Troy Roelofs, Warne Johnson, Liquor Store Manager Vicki Jeys, City Treasurer Jessica Humphreys, and Fire Chief Jesse Gerads.

Others Present: Marshall Lind, Dan Hollenkamp, Ken Muller, Andy and Jojean Ziegler, James and Roxanne Gerads, Chloe Smith, Ryan Meyer, and Molly Thompson.

Approval of the Agenda

Mayor Pedersen called for a motion to approve the agenda. Motion for approval from Johnson. Dillan seconded the motion. Motion carried unanimously upon roll call of all council members.

Approval of the Minutes – May 19, 2022 and June 6, 2022

Mayor Pedersen called for a motion to approve the minutes of May 19, 2022. Motion by Dillan to approve the minutes. Johnson seconded the motion. Motion carried unanimously upon roll call of all council members. Mayor Pedersen called for a motion to approve the minutes of June 6, 2022. Motion by Johnson to approve the minutes. Larsen seconded the motion. Mayor Pedersen discussed the corrections to the minutes to add at least one and multiple employees, mayor and one employee attend mediation and no mention of the letter he read. Mayor Pedersen called for a motion to amend the minutes. Motion by Dillan for approval. Johnson seconded the motion. Motion carried unanimously upon roll call of all council members.

Approval of Bills

Mayor Pedersen called for a motion to approve the bills. Motion by Johnson for approval of the bills. Larsen seconded the motion. Motion carried unanimously upon roll call of all council members.

Open Forum

Jim's Mille Lacs Disposal. Roxanne discussed with council the vandalism to the portable toilets. She stated one was burned at Rec Park and they have graffiti on all of them. One was damaged on the inside. The council will check with our insurance company to see if they are covered.

Requests, Communications, Petitions and Complaints

Update State –

Update County –

Update Townships – Norris asked about the grading. Gary mentioned that they have been grading the airport road.

Mayor announced Mille Lacs Health Systems is moving into the old clinic in four to six months.

Dillan thanked Buzz on all his hard work.

Annual Audit – Molly Thompson and Ryan Meyer CPA from Schlenner Wenner and Co. Molly presented the audit reports. She stated they obtain records, inquiries, analytical procedures and stated the city has an unmodified (Clean) Opinion. She stated the audit went smoothly with a positive working relationship with management. She stated they helped with audit adjustments, the lack of segregation of

duties and they prepared the financial statements. She stated all of these findings are common and are in 95% of the audits they do. Other legal compliance items were the FDIC deposits because of the timing of deposits. There was a conflict of interest and noted the publication of the financials in which they will prepare.

The General Fund Trend Analysis and Budget Comparison. Four-year analysis shows revenues exceeded the budget almost by \$500,000 due to federal, state, FEMA, and Airport grants. Miscellaneous revenue resulted in the dissolution of the Joint Powers agreement in which the funds were transferred to the General Fund. Expenditures exceeded the budget by \$380,376 due to capital outlay expenditures, which she stated these are common findings with capital outlay.

General Fund Detail Revenue Analysis. Molly stated the intergovernmental increase is due to the grants. Interest income had a loss due to the market change and contribution and donations shows an excess in donations.

General Fund Detailed Expenditure Analysis. Molly stated insurance lines changes and the increase in capital outlay.

Unassigned Fund Balance as a Percentage of the Annual Budget. Molly stated policy sets a target for five months of operating expenditures, and we are hitting what the policy says and makes sense.

General Fund Cash Trend Analysis. Molly stated we are up about \$118,000 over the prior year resulted from transfers in.

Financial Highlights Other Governmental Funds. Molly stated these are non-major capital projects funds. She noted that the other sources and uses is due to transfers of \$47,500 out Gorecki Improvement fund and transfers in to the Gorecki Improvement Fund II of \$37,500. She stated the Cash Trend Analysis for the three funds shows the Gorecki Improvement Fund was due to the transfer out, and the Gorecki Improvement Fund II stayed relatively the same over the prior year, and the Veterans Memorial Fund actually spent \$135,000 over revenue as the project get completed.

Debt Service Funds went down \$190,000, Capital Projects Fund went up \$144,000 and Non-Major Funds went up \$31,000. Cash Trend Analysis of Other Government Funds. Molly stated debt service went down as we spent more than we brought in and Capital Projects is due to the transfer in and the other non-major funds similar year to year.

Water Enterprise Funds Financial Highlights. Water fund operating expenses were higher than revenue due to repairs and maintenance up about \$122,000 and also includes depreciation of about \$182,000 with an operation loss of about \$129,000 and with transfers in and out it ended the year to the good about \$60,000. Sewer Fund operating expenses due include depreciation of about \$77,000 and with transfer in of \$28,000 and transfers out we about broke even.

Liquor Enterprise Fund Financial Highlights. Revenue is ahead of operating expenses and we had an operating income of about \$160,000. Transfers out of about \$193,000 to support other funds, which is a loss of about \$26,000 and commented to council to keep in mind the transfers supported other funds.

Enterprise Funds Cash Trend Analysis. Sewer similar year to year, liquor is down from last year and water is similar year to year.

Government Wide Asset. Total Assets of \$20,600,000 up from the previous year of \$1,100,000 and \$6,500,000 is sitting in cash and investments at the end of the year.

Government Wide Liabilities. Liabilities are at \$4,200,000 and it leaves the rest as net position as the health of the city.

Mayor Pedersen questioned page 5 of the audited financials regarding the MDA a report that summarizes the financial statements in 10 to 12 pages. Molly stated that with the 10 or 12 pages or more the audit fee goes up and most cities decide they don't want it and it isn't required. She said more government entities omit it, rather than include it.

Mayor Pedersen questioned pages 10 and 11 of the audit and Molly referred to the government wide statement page 8 of the statement of net position of \$15,923,149, which includes all infrastructure and the cash on hand, is roughly \$6,500,000 government wide. Page 12 review of the revenues and expenditures relating to the losses. Molly related the losses to the pay down of debt service and capital projects. Page 14 review of the water, sewer and liquor funds statement of net position. Molly pointed out the cash on hand is \$2,900,000 and the net position is \$6,700,000 and stated we are a healthy city. Page 75 review of the findings. Mayor asked if anything unusual. Molly said 95% similar to other cities and didn't see anything unusual. Discussion on the segregation of duties and Molly stated you would need six accountants to comply. As related to the FDIC we had too much cash on hand due to the LGA, property tax revenue all come in late December and Molly stated they see this finding frequently. At the conclusion of the audit, Mayor Pedersen called for a motion to accept the audited financial statements. Motion by Johnson for approval. Larsen seconded the motion. Motion carried unanimously upon roll call of all council members.

Petition – Chickens and Bees- Dan Hollenkamp was present to discuss the changing the ordinance. Dan will need to submit the application and pay the fee. The city attorney will draw up the ordinance and Council consensus is for it go to Planning and Zoning they will make any recommendation or restrictions on the location and the amount of chickens. Dan asked if he could attend the meetings and council agreed.

Ordinances and Resolutions

Mayor Pedersen moved agenda items (a), (b) and (j) to later in the meeting.

Resolution 22-24 – Resolution Accepting Donations Milaca Building Center.

Mayor Pedersen called for a motion for approval. Motion for approval by Johnson. Dillan seconded the motion. Motion carried unanimously upon roll call of all council members.

Resolution 22-25 – Resolution Appointing Election Judges and Designation of Polling Hours and Location. Mayor Pedersen called for a motion for approval. Motion by Larsen for approval. Dillan seconded the motion. Motion carried unanimously upon roll call of all council members.

Resolution 22-26 – Resolution Special Assessment Keith Rott Sewer Line Repair. Mayor Pedersen called for a motion for approval. Motion by Johnson for approval. Larsen seconded the motion. Motion carried unanimously upon roll call of all council members.

Ordinance No. 493 Enacting and Adopting a Supplement to the Code of Ordinances First Reading.

Mayor Pedersen called for a motion for approval. Motion by Dillan for approval. Larsen seconded the motion. Motion carried unanimously upon roll call of all council members. Mayor Pedersen called for a

motion to suspend the first reading and adopt the ordinance. Motion by Johnson for approval. Dillan seconded the motion. Motion carried unanimously upon roll call of all council members.

Ordinance No. 494 Chapter 30 Amending Sections of the Ordinance First Reading.

Mayor Pedersen called for a motion for approval. Motion by Dillan for approval. Johnson seconded the motion. Motion carried unanimously upon roll call of all council members.

Ordinance No. 495 Chapter 31 Amending Boards, Commissions, and Departments First Reading.

Mayor Pedersen called for a motion for approval. Motion by Larsen for approval. Dillan seconded the motion. Motion carried unanimously upon roll call of all council members.

City Ordinance Chapter 115 Peddlers, Solicitors and Transient Merchants. Council reviewed and ordinance and decided the city manager can approve them.

Temporary Liquor License were discussed and the city manager will be attending the LMC conference and will find out more information.

Reports of Departments, Boards and Commissions

City Manager –

Police – Activity Report

Park – Gary stated they would be starting on the parking lot and sidewalks by the Gorecki Center.

Public Works – Activity report. Water Meter Replacement Bids and contract award. Three bids were received from Core and Main LP \$509,164.00, Dakota Supply Group \$559,821.00 and Minn Paving and Materials \$589,721.94. The council commented on the large amount. The City Manager stated that we have the ARPA funds of \$148,022 A budgeted amount \$235,000 which we would need a budget adjustment for the remaining \$126,142. Mayor Pedersen called for a motion to approve to lowest bid to Core and Main LP. Motion by Johnson for approval. Dillan seconded the motion. Motion carried unanimously upon roll call of all council members.

Public Works – 2022 Street Improvement Contractors pay request No. 1. \$ 55,204.03. Mayor Pedersen called for a motion for approval. Motion by Johnson for approval. Larsen seconded the motion. Motion carried unanimously upon roll call of all council members.

Liquor Store – No activity.

Fire Department – Jesse stated they received confirmation of the Benton County grant for \$25,000 and announced the Golf Tournament on July 9, 2022.

Planning Commission –

Airport –

Personnel Committee –

Budget Committee –

Tourism –

EDC –

Unfinished Business

New Business

Special Event Application – Movies in the Park July 21 and August 4. Mayor Pedersen called for a motion for approval. Motion by Johnson for approval. Larsen seconded the motion. Motion carried unanimously upon roll call of all council members.

Special Event Application – Fall Fundraising Picnic September 27. Mayor Pedersen called for a motion for approval. Motion by Dillan for approval. Larsen seconded the motion. Motion carried unanimously upon roll call of all council members.

Special Event Application – First National Bank Community Pork Chop Dinner August 4. Mayor Pedersen called for a motion for approval. Motion by Dillan for approval. Johnson seconded the motion. Motion carried unanimously upon roll call of all council members.

Transient Merchant Application – Steven Ehlen Lily's Wings LLC. Mayor Pedersen called for a motion for approval. Motion by Johnson for approval. Dillan seconded the motion. Motion carried unanimously upon roll call of all council members.

Transient Merchant Application – Roger Wold The Flaming Bowl LLC. Mayor Pedersen called for a motion for approval. Motion by Johnson for approval. Larsen seconded the motion. Motion carried unanimously upon roll call of all council members.

Service Agreement – Linda Hunter DBA Gingerbread Shows Craft Fair August 26 and 27th. Mayor Pedersen called for a motion for approval. Motion by Dillan for approval. Larsen seconded the motion. Motion carried unanimously upon roll call of all council members.

Library Agreement – East Central Regional Library. Mayor Pedersen called for a motion for approval. Motion by Dillan for approval. Larsen seconded the motion. Motion carried unanimously upon roll call of all council members.

Resolution 22-22 A Resolution Censuring Mayor Harold Pedersen and Restricting His Mayoral Duties. Council had a detailed discussion as to the mayor censure. Details of this discussion can be viewed via the city Facebook and taped recording of the meeting. Motion by Larsen to approve Resolution 22-22. Johnson seconded the motion. Motion carried.

Discussion on changing city from a Plan B city to Plan A City. It is the consensus of the council to leave the city as it is.

Resolution 22-23 Filling a Council Vacancy. Three applications were received. Ken Muller, Dan Hollenkamp and Marshall Lind. Council cast their votes and the results of the votes were: Ken Muller three votes, Dan Hollenkamp one vote, and Marshall Lind zero votes. Mayor Pedersen called for a motion for approval for Resolution 22-23. Motion by Dillan for approval. Johnson seconded the motion. Motion carried unanimously upon roll call of all council members.

Council Comments

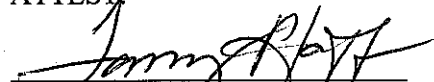
Adjourn

With no other business presented before the council, Mayor Pedersen called for a motion to adjourn. Motion by Johnson to adjourn. Dillan seconded the motion. Motion carried unanimously upon roll call of all council members. Meeting adjourned at 9:13 p.m.



Dave Dillan, Acting Mayor

ATTEST:


City Manager Tammy Pfaff