

Lanesboro Public Utilities
Regular Meeting Agenda
Tuesday, February 20, 2024 5:30 p.m.
Lanesboro Community Center Meeting Room and Zoom

*Zoom is provided as a way to offer more accessibility to council and committee meetings.
However, due to potential technical issues, full functionality is not guaranteed*

Join Zoom Meeting

<https://us02web.zoom.us/j/82892168693?pwd=YIBPbEpvU3oxK0lNejFaNldFL3ZSQ09>

Meeting ID: 828 9216 8693 Passcode: 611594

Dial by your location • +1 305 224 1968 US • +1 309 205 3325 US • +1 312 626 6799 US (Chicago)

Call to Order:

- A. Public Comments
- B. Agenda: Additions or Corrections
- C. Consent Agenda:
 - 1. [Amended Minutes of November 13, 2023, Regular Meeting](#)
 - 2. [Minutes of January 16, 2024, Regular Meeting](#)
 - 3. [Accounts Payable](#)
 - 4. [2023 Audit Engagement - Smith Schafer](#)
- D. Staff Update
- E. City Council Update

Regular Business:

- A. New Business:
 - a. [WWTF Bronze Plaque](#)
- B. Continued Business:
 - a. Lead Service Line Inventory Information
 - b. WWTF Industrial User Agreement
 - c. Capital Projects
 - i. Electric Meter Replacement
 - d. Nuvei Customer Billing Platform
- C. Miscellaneous

Next Meeting: Monday, March 18, 2024 at 5:30 p.m.

Adjourn Regular Meeting

**Lanesboro Public Utilities
Regular Meeting
Monday, November 13, 2023 – 5:30 p.m.
Lanesboro Community Center Meeting Room & Zoom**

Present

Members: Jon Pieper, Brian Roelofs

Staff/Council: Darla Taylor, Mitchell Walbridge, Mindy Albrecht-Benson

Visitors: Bonita Underbakke, Caleb Laurenstien

Absent: Elliott Riggott

Regular Meeting:

Commissioner Pieper called the regular meeting to order at 5:39 p.m.

- A. Public Comments:** None.
- B. Agenda:** Member Pieper motioned to approve the agenda as submitted. Member Roelofs seconded the motion. Motion carried with all in favor.
- C. Consent Agenda:** Member Pieper motioned to approve the consent agenda. Member Roelofs seconded the motion. Motion carried with all in favor.
 - a. Minutes of the October 13, 2023 Regular Meeting
 - b. Accounts Payable
- D. Staff Update:** Public Utilities Supervisor Jerod Wagner shared the following updates:
 - a. Tree trimming for the year has been completed.
 - b. 84,000 gallons of biosolids has been hauled out of the WWTF and land applied to the old permitted site.
 - c. The land application will need to be re-submitted to the MPCA for the use of the new farm land.
- E. City Council Update:** Council member Albrecht-Benson shared that the Budget Workshop was held and suggested that possible changes to the transfer amount may be needed to lower the levy.

Regular Business

A. New Business

- a. Employee Personnel Policy Vacation Request:** Jerod Wagner requested that his PTO hours over the cap of 600 be rolled into an IRA, or held over for the next year due to the inability to take time off because of the new wastewater treatment plant operations. A motion was made by Member Pieper to allow the hours to be rolled into an IRA. Member Roelofs seconded the motion. Motion carried all in favor.

B. Continued Business

- a. Lead Service Line Inventory:** No updates from Bolton & Menk on the project.
- b. Parkway Market-Reimbursement Request:** Information from the LMC on the denied claim was shared with the commission. Member Pieper made a motion to prorate the past due amount over the next 12 months. The motion was seconded by Member Roelofs. Motion carried all in favor. A motion was made by Member Pieper to proceed with disconnection if the current balance plus the prorated amount is not paid on the due date.

- Member Roelofs seconded the motion. Motion carried all in favor. Member Pieper noted the reimbursement wasn't considered as it had already been denied previously.
- c. **2024 Budget & 2024 Proposed Rates:** Discussion was held regarding the water revenue and the electric transfer amount. A motion was made by Member Pieper to approve the 2024 budget with the \$27,500 electric transfer. Member Roelofs seconded the motion. Motion carried all in favor. A motion was made by Member Pieper to approve recommendation of the 2024 Rates as established in draft Ordinance 54.06. The motion was seconded by Member Roelofs. Motion carried all in favor. It was noted that a 10% late fee penalty will be included in the 2024 rates.
 - d. **Lamon Plat Development:** The development agreement has not been executed. The Lamon's are considering how they would like to move forward with the development.
 - e. **Wastewater Treatment Facility-Brewery:** Sylvan Brewing discontinued use of the holding tank on November 6, 2023. It was noted by staff Member Wagner that the most recent tests have met the testing standards during the trial period of withholding the brewery's discharge. It was also noted that a large amount of sprouts are being found in the sand collection basin. Some examples of pre-treatment agreements will be reviewed. A motion was made by Member Pieper to move forward with the MPCA and the Significant Industrial User process. The motion was seconded by Member Roelofs. Motion carried all in favor.
 - f. **Energy Efficiency Rebate Program Updates:** A draft version of the Energy Rebate form was provided. Member Peiper suggested that energy audits, trees and the light plant conversion to LED be priorities for conservation in the future. A motion was made by Member Pieper to approve the draft form amending the amount for appliances to \$50.00 each and new furnace to \$100. Member Roelofs seconded the motion. Motion carried all in favor.
 - g. **Capital Projects:** No further updates were shared.

Next Meeting: Monday, December 18, 2023 at 5:30 p.m.

Adjourn Regular Meeting: Member Pieper motioned to adjourn the meeting of the Public Utilities Commission at 7:03 p.m. Member Roelefs seconded the motion. Motion carried with all in favor.

Respectfully submitted,

Darla Taylor
Deputy Clerk

**Lanesboro Public Utilities Commission
Regular Meeting
Tuesday, January 16, 2024
Lanesboro Community Center Meeting Room & Zoom**

Present

Members: X Jon Pieper X Elliot Riggott Brian Roelofs
Staff: X Mitchell Walbridge X Darla Taylor X Jerod Wagner
Visitors: Mindy Albrecht-Benson, Bonita Underbakke, Andy Heimdahl

Regular Meeting:

City Administrator Walbridge called the regular meeting to order at 5:30 p.m.

Member Riggott entered a motion to appoint Member Pieper as commission chairman for 2024; Member Pieper seconded the motion. Motion carried with all in favor.

- A. Public Comments:** No public comments were shared.
- B. Agenda:** Administrator Walbridge requested that the commission consider revision of the November 13, 2023 regular meeting minutes as a new business agenda item. Member Riggott entered a motion to approve the agenda with the addition; Member Pieper seconded the motion. Motion carried with all in favor.
- C. Consent Agenda:**
 - a. Minutes of the December 18, 2023, Regular Meeting
 - b. Accounts PayableMember Riggott entered a motion to approve the Consent Agenda; Member Pieper seconded the motion. Motion carried with all in favor.
- D. Staff Update:** Public Utilities Supervisor Jerod Wagner shared the LPU staff update:
 - Electric meter deployment is to begin at the end of January.
 - Continuing education for land application will be available to staff.
 - The HMO feed system at the water plant had experienced issues. Jerod had obtained a quote for repair, but staff was able to get the issues resolved without the need for contracting with outside services.
- E. City Council Update:** Council member Albrecht-Benson shared the Highway 250 project has been moved to 2027.

New Business:

- A. Nuvei Utility Billing Upgrade:** Administrator Walbridge shared the contracts for the software platform were submitted and implementation should take place in the next two months.
- B. Revision of November 13, 2023 Regular Meeting Minutes:** Andy Heimdahl was present and requested the commission review the minutes from the November 2023 regular meeting. Heimdahl requested the wording where the brewery '*discontinued cooperation on November 6*' be removed. Heimdahl explained that on or about November 6 was the agreed upon date that the brewery could discontinue use of the holding tank. Member Pieper entered a motion to amend the minutes to state that Sylvan Brewing discontinued use of the holding tank on November 6; Member Riggott seconded the motion. Motion carried with all in favor.

Continued Business:

- A. Lead Service Line Inventory:** There was no update to share.
- B. WWTF-Brewery:** Administrator Walbridge shared with Andy Heimdahl that the city is preparing an industrial user agreement for him to review before a scheduled meeting between Sylvan Brewing management and city/LPU staff.

Draft 1/16/2024

C. Capital Projects:

- a. **Land Application:** Supervisor Wagner shared land application went well in 2023.
- b. **Electric Meter Replacement:** Meter replacement will begin in late January. Supervisor Wagner shared there is the potential for grant funding to be awarded to Lanesboro Public Utilities even after meter replacement is completed.

Member Riggott entered a motion to adjourn the meeting; Member Pieper seconded the motion. Motion carried with all in favor. Meeting adjourned at 6:07 p.m.

Respectfully submitted,

Mitchell Walbridge
City Administrator/Clerk

LANESBORO PUBLIC UTILITIES

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Payments

Current Period: February 2024

| Payments Batch 02202024PAY | | | | Total |
|----------------------------|-----------------|--|-------|-------------------|
| | | | | \$124,009.45 |
| Refer | 425122 | WAGNER, JEROD G | - | |
| Cash Payment | E 640-60400-135 | Employer Paid Other Invoice | | \$25.00 |
| Cash Payment | E 620-60200-135 | Employer Paid Other Invoice | | \$12.50 |
| Cash Payment | E 610-60100-135 | Employer Paid Other Invoice | | \$12.50 |
| Transaction Date | 1/30/2024 | Checking | 10101 | Total \$50.00 |
| Refer | 425123 | NORBY, JEFF | - | |
| Cash Payment | E 640-60400-135 | Employer Paid Other Invoice | | \$25.00 |
| Cash Payment | E 620-60200-135 | Employer Paid Other Invoice | | \$12.50 |
| Cash Payment | E 610-60100-135 | Employer Paid Other Invoice | | \$12.50 |
| Transaction Date | 1/30/2024 | Checking | 10101 | Total \$50.00 |
| Refer | 425124 | GENERATION X CONSTRUCTION | - | |
| Cash Payment | E 610-60100-500 | Capital Outlay (GENER Invoice 11688) | | \$54,050.00 |
| Transaction Date | 1/30/2024 | Checking | 10101 | Total \$54,050.00 |
| Refer | 425125 | ZEP MANUFACTURING COMPANY | - | |
| Cash Payment | E 640-60400-210 | Operating Supplies (GE Invoice 9009409346) | | \$250.20 |
| Cash Payment | E 620-60200-210 | Operating Supplies (GE Invoice 9009409346) | | \$125.11 |
| Cash Payment | E 610-60100-210 | Operating Supplies (GE Invoice 9009409346) | | \$125.11 |
| Transaction Date | 1/30/2024 | Checking | 10101 | Total \$500.42 |
| Refer | 425126 | BADGER METER | - | |
| Cash Payment | E 610-60100-300 | Professional Srvs (GEN Invoice 80149399) | | \$53.69 |
| Transaction Date | 2/1/2024 | Checking | 10101 | Total \$53.69 |
| Refer | 425127 | KINGSLEY MERCANTILE | - | |
| Cash Payment | E 610-60100-210 | Operating Supplies (GE Invoice) | | \$24.99 |
| Transaction Date | 2/1/2024 | Checking | 10101 | Total \$24.99 |
| Refer | 425128 | ACENTEK | - | |
| Cash Payment | E 640-60400-321 | Telephone Invoice | | \$111.06 |
| Cash Payment | E 620-60200-321 | Telephone Invoice | | \$110.86 |
| Cash Payment | E 610-60100-321 | Telephone Invoice | | \$148.47 |
| Transaction Date | 2/1/2024 | Checking | 10101 | Total \$370.39 |
| Refer | 425129 | PRAXAIR | - | |

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Payments

Current Period: February 2024

| | | | | | | |
|------------------|-----------------|-------------------------------|-------|-------|-----------------------|-------------|
| Cash Payment | E 610-60100-210 | Operating Supplies (GE | | | | \$37.87 |
| Invoice 40922287 | | | | | | |
| Transaction Date | 2/2/2024 | Checking | 10101 | Total | | \$37.87 |
| Refer | 425130 | UC LABORATORY | | | | |
| Cash Payment | E 620-60200-300 | Professional Svcs (GEN | | | | \$648.93 |
| Invoice 119031 | | | | | | |
| Transaction Date | 2/2/2024 | Checking | 10101 | Total | | \$648.93 |
| Refer | 425131 | GOPHER STATE ONE-CALL | | | | |
| Cash Payment | E 640-60400-438 | Gopher One Locates | | | | \$50.00 |
| Invoice 4010533 | | | | | | |
| Transaction Date | 2/2/2024 | Checking | 10101 | Total | | \$50.00 |
| Refer | 425132 | PRESTON AUTO PARTS | | | | |
| Cash Payment | E 620-60200-210 | Operating Supplies (GE | | | | \$9.98 |
| Invoice 784577 | | | | | | |
| Transaction Date | 2/2/2024 | Checking | 10101 | Total | | \$9.98 |
| Refer | 425133 | TOMS LOCK SERVICE INC | | | | |
| Cash Payment | E 610-60100-402 | Repairs/Maint Structure | | | | \$175.00 |
| Invoice 100683 | | | | | | |
| Transaction Date | 2/6/2024 | Checking | 10101 | Total | | \$175.00 |
| Refer | 425134 | OLSGARD AUTO | | | | |
| Cash Payment | E 425-60400-500 | Capital Outlay (GENER | Plow | | | \$4,300.00 |
| Invoice 16363 | | | | | | |
| Cash Payment | E 425-60200-500 | Capital Outlay (GENER | Plow | | | \$2,150.00 |
| Invoice 16363 | | | | | | |
| Cash Payment | E 425-60100-500 | Capital Outlay (GENER | Plow | | | \$2,150.00 |
| Invoice 16363 | | | | | | |
| Transaction Date | 2/6/2024 | Checking | 10101 | Total | | \$8,600.00 |
| Refer | 425135 | MN DEPT OF REVENUE | | | Ck# 038819E 2/12/2024 | |
| Cash Payment | E 640-60400-450 | Sales Tax Paid | | | | \$3,531.00 |
| Invoice | | | | | | |
| Transaction Date | 2/12/2024 | Checking | 10101 | Total | | \$3,531.00 |
| Refer | 425136 | THE LINCOLN NATIONAL LIFE INS | | | | |
| Cash Payment | E 640-60400-134 | Employer Paid Life | | | | \$55.06 |
| Invoice | | | | | | |
| Cash Payment | E 620-60200-134 | Employer Paid Life | | | | \$27.54 |
| Invoice | | | | | | |
| Cash Payment | E 610-60100-134 | Employer Paid Life | | | | \$27.54 |
| Invoice | | | | | | |
| Transaction Date | 2/12/2024 | Checking | 10101 | Total | | \$110.14 |
| Refer | 425137 | UMMEG | | | | |
| Cash Payment | E 640-60400-218 | Purchased Power | | | | -\$1,079.66 |
| Invoice 2803 | | | | | | |
| Cash Payment | E 640-60400-218 | Purchased Power | | | | \$732.67 |
| Invoice 6590 | | | | | | |
| Cash Payment | E 640-60400-218 | Purchased Power | | | | \$2,434.57 |
| Invoice 6603 | | | | | | |

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Payments

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Current Period: February 2024

| | | | | | |
|------------------|---|----------|-------|--------------|-------------|
| Transaction Date | 2/12/2024 | Checking | 10101 | Total | \$2,087.58 |
| Refer | 425138 DAIRYLAND POWER COOPERATIV | | | | |
| Cash Payment | E 640-60400-218 Purchased Power Invoice 2444 | | | | \$9,947.24 |
| Transaction Date | 2/12/2024 | Checking | 10101 | Total | \$9,947.24 |
| Refer | 425139 MIENERGY COOPERATIVE | | | | |
| Cash Payment | E 640-60400-218 Purchased Power Invoice | | | | \$30,184.30 |
| Cash Payment | E 640-60400-260 Meter Hosting & Monitor Invoice | | | | \$280.60 |
| Transaction Date | 2/12/2024 | Checking | 10101 | Total | \$30,464.90 |
| Refer | 425140 VIS PLUMBING & HEATING | | | | |
| Cash Payment | E 610-60100-404 Repairs/Maint Machiner Invoice | | | | \$92.78 |
| Transaction Date | 2/12/2024 | Checking | 10101 | Total | \$92.78 |
| Refer | 425141 BOLTON & MENK | | | | |
| Cash Payment | E 422-60200-303 Engineering Fees Invoice 0329673 | | | | \$3,884.00 |
| Cash Payment | E 610-60100-303 Engineering Fees Invoice 0329900 | | | | \$330.00 |
| Transaction Date | 2/12/2024 | Checking | 10101 | Total | \$4,214.00 |
| Refer | 425142 USA BLUE BOOK | | | | |
| Cash Payment | E 610-60100-210 Operating Supplies (GE Invoice 00260508 | | | | \$176.31 |
| Transaction Date | 2/12/2024 | Checking | 10101 | Total | \$176.31 |
| Refer | 425143 LANESBORO PUBLIC UTILITIES | | | | |
| Cash Payment | E 610-60100-380 Utility Services (GENER Invoice | | | | \$212.17 |
| Cash Payment | E 610-60100-380 Utility Services (GENER Invoice | | | | \$139.84 |
| Cash Payment | E 610-60100-380 Utility Services (GENER Invoice | | | | \$126.52 |
| Cash Payment | E 610-60100-380 Utility Services (GENER Invoice | | | | \$326.25 |
| Cash Payment | E 610-60100-380 Utility Services (GENER Invoice | | | | \$1,711.01 |
| Cash Payment | E 610-60100-380 Utility Services (GENER Invoice | | | | \$308.24 |
| Cash Payment | E 640-60400-380 Utility Services (GENER Invoice | | | | \$542.29 |
| Cash Payment | E 610-60100-380 Utility Services (GENER Invoice | | | | \$246.00 |
| Cash Payment | E 620-60200-380 Utility Services (GENER Invoice | | | | \$1,768.83 |
| Transaction Date | 2/12/2024 | Checking | 10101 | Total | \$5,381.15 |
| Refer | 425144 MN PEIP | | | | |

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Payments

Current Period: February 2024

| | | | | | |
|----------------------|------------------------------|----------|-------|--------------|-------------------|
| Cash Payment Invoice | G 640-21708 Health Insurance | | | | \$1,691.54 |
| Cash Payment Invoice | G 620-21708 Health Insurance | | | | \$845.77 |
| Cash Payment Invoice | G 610-21708 Health Insurance | | | | \$845.77 |
| Transaction Date | 2/12/2024 | Checking | 10101 | Total | \$3,383.08 |

Fund Summary

| | |
|------------------------------|----------------|
| | 10101 Checking |
| 422 WWTF DESIGN | \$3,884.00 |
| 425 VEHICLE REPLACEMENT FUND | \$8,600.00 |
| 610 WATER FUND | \$59,182.56 |
| 620 SEWER FUND | \$3,562.02 |
| 640 ELECTRIC FUND | \$48,780.87 |
| | <hr/> |
| | \$124,009.45 |

| | |
|--|---------------------|
| Pre-Written Checks | \$3,531.00 |
| Checks to be Generated by the Computer | \$120,478.45 |
| Total | \$124,009.45 |

January 23, 2024

To the Commissioners
Public Utilities Commission of Lanesboro, Minnesota
202 Parkway South
Lanesboro, Minnesota 55949

The following represents our understanding of the services we will provide Public Utilities Commission of Lanesboro, Minnesota.

You have requested that we audit the balance sheets, the related statements of revenues, expenses, and changes in net position, cash flows, and the related notes to the financial statements of each major fund of Public Utilities Commission of Lanesboro, Minnesota, as of December 31, 2023, and for the year then ended, and the related notes, which collectively comprise Public Utilities Commission of Lanesboro, Minnesota's basic financial statements as listed in the table of contents. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

The objectives of our audit 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 opinion. 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 auditing standards generally accepted in the United States of America (GAAS) will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Accounting principles generally accepted in the United States of America, (U.S. GAAP), as promulgated by the Governmental Accounting Standards Board (GASB) require that certain required supplementary information (RSI) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, 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. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America, (U.S. GAAS). These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by U.S. GAAP. This RSI will be subjected to certain limited procedures but will not be audited:

1. Management's discussion and analysis
2. Schedule of Utilities and Non-Employer Proportionate Share of Net Pension Liability
3. Schedule of Utilities Contributions to Pension Plans

Supplementary information other than RSI will accompany Public Utilities Commission of Lanesboro, Minnesota's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and perform certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and additional procedures in accordance U.S. GAAS. We intend to provide an opinion on the following supplementary information in relation to the basic financial statements as a whole:

1. Financial data included in the management's discussion and analysis
2. Supplemental financial information

Also, the document we submit to you will include the following other additional information that will not be subjected to the auditing procedures applied in our audit of the basic financial statements:

1. Introductory section, including elected and appointed officials

Auditor Responsibilities

We will conduct our audit in accordance with GAAS. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- 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 entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We may advise management about appropriate accounting principles and their application, and we may assist in the assembly of your financial statements. However, management has the final responsibility for the selection and application of accounting policies and the fair presentation of financial statements that reflect the nature and operation of Public Utilities Commission of Lanesboro, Minnesota.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Public Utilities Commission of Lanesboro, Minnesota's ability to continue as a going concern for a reasonable period of time.

Our engagement is not designed to detect immaterial misstatements, including those caused by error, fraud, theft, illegal acts, any wrongdoing within the entity, or noncompliance with laws and regulations. However, we will inform the appropriate level of management and those charged with governance, as AICPA professional standards require, of material errors, evidence of fraud, or information that come to our attention that indicates fraud may have occurred. In addition, we will discuss with you and, when appropriate, those charged with governance, matters involving noncompliance or suspected noncompliance with laws and regulations that come to our attention during the course of the audit, or through information provided by other parties, unless they are clearly inconsequential.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS.

As part of our audit process, we may request written representations from your attorneys, and they may bill you for responding. At the conclusion of our audit, we will also request certain written representations from you about the financial statements and related matters.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

Our audit does not relieve you or management of your respective responsibilities.

Compliance with Laws and Regulations

As previously discussed, as part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we will perform tests of Public Utilities Commission of Lanesboro, Minnesota's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Management Responsibilities

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledge and understand that they have responsibility:

- a. For the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America;
- b. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements; and
- c. To provide us with:
 - i. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the basic financial statements, such as records, documentation, and other matters;
 - ii. Additional information that we may request from management for the purpose of the audit;
 - iii. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence;
- d. For including the auditor's report in any document containing basic financial statements that indicates that such basic financial statements have been audited by Smith, Schafer & Associates, LTD;
- e. For identifying and ensuring that the entity complies with the laws and regulations applicable to its activities;
- f. For adjusting the basic financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year under audit are immaterial, both individually and in the aggregate, to the basic financial statements as a whole; and
- g. For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
- h. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
- i. For informing us of any known or suspected fraud affecting the entity involving management, employees with significant role in internal control and others where fraud could have a material effect on the financials; and
- j. For the accuracy and completeness of all information provided.

Public Utilities Commission of Lanesboro, Minnesota

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Management Responsibilities (Continued)

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility: (a) for the preparation of the supplementary information in accordance with the applicable criteria; (b) to provide us with the appropriate written representations regarding supplementary information; (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and (d) to present the supplementary information with the audited basic financial statements, or if the supplementary information will not be presented with the audited basic financial statements, to make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

Nonattest Services

With respect to any nonattest services, we will perform the following:

- Maintain the capital asset depreciation schedules
- Recommend Bookkeeping adjustments
- Assist entity in documenting their procedures related to Implementation of GASB 96, Subscription Based Information Technology Arrangements
- Provide other general consultation as requested by you from time to time

We will not assume management responsibilities on behalf of Public Utilities Commission of Lanesboro, Minnesota. However, we will provide advice and recommendations to assist management of Public Utilities Commission of Lanesboro, Minnesota in performing its responsibilities.

Public Utilities Commission of Lanesboro, Minnesota's management is responsible for (a) making all management decisions and performing all management functions; (b) designating an individual who possesses suitable skill, knowledge, and/or experience, preferably within senior management, to oversee our services; (c) evaluating the adequacy of the services performed; (d) accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

Our responsibilities and limitations of the nonattest services are as follows:

- We will perform the services in accordance with applicable professional standards.
- The nonattest services are limited to the services previously outlined. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account coding and approving journal entries.

Reporting

We will issue a written report upon completion of our audit of Public Utilities Commission of Lanesboro, Minnesota's basic financial statements. Our report will be addressed to the governing body of Public Utilities Commission of Lanesboro, Minnesota. We cannot provide assurance that an unmodified opinion will be rendered. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s) to our auditor's report, or if necessary, withdraw from the engagement without expressing an opinion. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

We understand that your employees will prepare all confirmations we request and will locate any documents or support for any other transactions we select for testing.

Other

You agree to provide us with a draft of any document that will contain, accompany or incorporate by reference the audited financial statements and our auditor's report thereon prior to the issuance of such document to third parties. You agree not to issue such document until we have provided our permission to do so.

Our responsibility for other information in documents containing the audited financial statements and our auditor's report does not extend beyond the financial information identified in our report. We have no responsibility for determining whether such other information contained in these documents is fairly stated and will not express an opinion or provide any form of assurance thereon. We will read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or whether the other information appears to be materially misstated. If we receive the other information prior to the date of our auditor's report on the financial statements, our auditor's report will describe our responsibilities related to the other information. If, based on procedures we perform, we conclude that an uncorrected material misstatement of the other information exists, we will describe it in our report.

Regarding the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Professional standards prohibit us from being the sole host and/or the sole storage for your financial and non-financial data. As such, it is your responsibility to maintain your original data and records and we cannot be responsible to maintain such original information. By signing this engagement letter, you affirm that you have all the data and records required to make your books and records complete.

Provisions of Engagement Administration, Timing, Fees

In the interest of facilitating our services to you, we may send data over the Internet, temporarily store electronic data via computer software applications hosted remotely on the Internet, or utilize cloud-based storage. Your confidential electronic data may be transmitted or stored using these methods. In using these data communication and storage methods, our firm employs measures designed to maintain data security. We use reasonable efforts to keep such communications and electronic data secure in accordance with our obligations under applicable laws, regulations, and professional standards.

You recognize and accept that we have no control over the unauthorized interception or breach of any communications or electronic data once it has been transmitted or if it has been subject to unauthorized access while stored, notwithstanding all reasonable security measures employed by us. You consent to our use of these electronic devices and applications during this engagement.

Andrew Forliti is the engagement principal for the audit services specified in this letter. Their responsibilities include supervising the engagement team's services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

The fee for the audit of the City's financial statements for the year ended December 31, 2023 will not exceed \$13,000, including expenses. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We will communicate to management and those charged with governance in a separate letter those significant deficiencies or material weaknesses in internal control relevant to the audit of financial statements that we have identified during our audit and that are required to be communicated under AICPA professional standards. This communication of internal control related matters is intended solely for the information and use of management, the audit committee or those charged with governance. The communication is not intended to be, and should not be, distributed to anyone other than these specified parties.

Provisions of Engagement Administration, Timing, Fees (Continued)

You agree to inform us of facts that may affect the basic financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

It is our policy to keep records related to this engagement for seven years. However, Smith, Schafer & Associates, LTD does not keep any original client records, so we will return those, if any, to you at the completion of the services rendered under this engagement. When records are returned to you, it is your responsibility to retain and protect your records for possible future use, including potential examination by any government or regulatory agencies.

We reserve the right to withdraw from the engagement without completing services for any reason, including, but not limited to, non-payment of fees, your failure to comply with the terms of this Agreement, or as we determine professional standards require. If our work is suspended or terminated, you agree that we will not be responsible for your failure to meet governmental and other deadlines, or for any liability, including but not limited to, penalties or interest that may be assessed against you resulting from your failure to meet such deadlines. If this engagement is terminated before services are completed, you agree to compensate us for the services performed and expenses incurred through the effective date of termination.

Smith, Schafer & Associates, LTD's liability for all claims, damages, and costs arising from this engagement is limited to two times the total amount of fees paid by you to Smith, Schafer & Associates, LTD for the service giving rise to this liability. If there are no fees charged to you by Smith, Schafer & Associates, LTD, notwithstanding anything to the contrary in this agreement, Smith, Schafer & Associates, LTD shall not be liable for any lost profits, indirect, special, incidental, punitive or consequential damages of any nature even if we have been advised by you of the possibility of such damages.

At the conclusion of our audit engagement, we will communicate to those charged with governance the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

The audit documentation for this engagement is the property of Smith, Schafer & Associates, LTD and constitutes confidential information. However, we may be requested to make certain audit documentation available to regulators pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Smith, Schafer & Associates, LTD's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to regulators. The regulators may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

To ensure that Smith, Schafer & Associates, LTD's independence is not impaired under the AICPA *Code of Professional Conduct*, you agree to inform the engagement principal before entering into any substantive employment discussions with any of our personnel.

Provisions of Engagement Administration, Timing, Fees (Continued)

Any dispute (other than our efforts to collect an outstanding invoice) that may arise regarding the meaning, performance or enforcement of this engagement or any prior engagement that we have performed for you, will, prior to resorting to litigation, be submitted to mediation, and the parties will engage in the mediation process in good faith. Any mediation initiated as a result of this engagement shall be administered within Olmsted County, Minnesota, by a mutually agreed upon mediator, according to its mediation rules, and any ensuing litigation shall be conducted within said county, according to Minnesota law. The results of any such mediation shall be binding only upon agreement of each party to be bound. The parties participating in the mediation shall bear their own costs, except that any charges assessed by the mediation organization shall be shared equally by the participating parties.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your staff.

Respectfully,



Andrew Forliti, CPA
SMITH, SCHAFER & ASSOCIATES, LTD
Principal

RESPONSE:

This letter correctly sets forth our understanding of Public Utilities Commission of Lanesboro, Minnesota.

Acknowledged and agreed on behalf of Public Utilities Commission of Lanesboro, Minnesota by:

By: _____

Title: _____



Mitchell Walbridge <mwalbridge@lanesboro-mn.gov>

Lanesboro WWTF - bronze plaque

Jake Pichelmann <Jakeb.Pichelmann@bolton-menk.com>

Fri, Feb 9, 2024 at 9:30 AM

To: Mitchell Walbridge <mwalbridge@lanesboro-mn.gov>, "jwagner@lanesboro-mn.gov" <jwagner@lanesboro-mn.gov>

Cc: Brian Malm <Brian.Malm@bolton-menk.com>

Mitchell / Jerod,

For the WWTF project, we had specified to include a bronze plaque (see below example) for commemorating the project and people involved. These often get installed at the exterior building (for example, on one of the fencing masonry columns outside the gate).

I wanted to confirm if you want this or not? Otherwise, Wapasha has offered about a \$2,400 deduct to delete it. There's about a 4-week lead time after ordering.

If you want it, we'll just need to confirm the list of names and format.

Thanks,

Jake



Jake R. Pichelmann, P.E.

Principal Environmental Engineer

Bolton & Menk, Inc.