

**MOUNTAIN IRON CITY COUNCIL MEETING  
COMMUNITY CENTER  
MOUNTAIN IRON ROOM  
MONDAY, OCTOBER 20, 2014 - 6:30 P.M.  
A G E N D A**

- I. Roll Call
  - II. Consent Agenda
    - A. October 6, 2014, Regular Meeting (#1-60)
    - B. Receipts
    - C. Bills and Payroll
    - D. Communications (#21-24)
  - III. Public Forum
  - IV. Committee and Staff Reports
    - A. Mayor's Report
    - B. City Administrator's Report
      - 1. 2014 Audit Proposal (#7-15)
    - C. Director of Public Works Report
    - D. City Attorney's Report
    - E. Sheriff's Department Report
    - F. City Engineer's Report
    - G. Fire Department
      - 1. Offer of Employment (#16)
      - 2. Officer Appointment (#16)
      - 3. Advertise for Firefighters (#16)
    - H. Liaison Reports
  - V. Unfinished Business
  - VI. New Business
    - A. Resolution Number 19-14 Authorizing Grant Application (#17-18)
    - B. Resolution Number 20-14 Authorizing Grant Application (#17, #19)
    - C. Resolution Number 21-14 Authorizing Grant Application (#17, #20)
  - VII. Communications (#21-24)
  - VIII. Announcement
    - A. General Election – November 4, 2014
  - IX. Adjourn
- # Page Number in Packet

MINUTES  
MOUNTAIN IRON CITY COUNCIL  
OCTOBER 6, 2014

Mayor Skalko called the City Council meeting to order at 6:32 p.m. with the following members present: Joe Prebeg, Jr., Susan Tuomela, Tony Zupancich, Alan Stanaway, and Mayor Gary Skalko. Also present were: Craig J. Wainio, City Administrator; Jill M. Clark, Municipal Services Secretary; Michael Downs, Director of Public Works; Rod Flannigan, City Engineer; and Sally Yuccas, Librarian/Special Events Coordinator.

It was moved by Skalko and seconded by Tuomela that the consent agenda be approved as follows:

1. Approve the minutes of the September 15, 2014, regular meeting as submitted.
2. Approve the minutes of the September 15, 2014, committee of the whole meeting as submitted.
3. That the communications be accepted and placed on file and those requiring further action by the City Council be acted upon during their proper sequence on the agenda.
4. To acknowledge the receipts for the period September 15-30, 2014, totaling \$572,742.86, (a list is attached and made a part of these minutes).
5. To authorize the payments of the bills and payroll for the period September 15-30, 2014, totaling \$155,705.20, (a list is attached and made a part of these minutes).

The motion carried unanimously on a roll call vote.

During the public forum, Jason Gellerstedt, Merritt Days Committee Member, was present to inform the Council that Ed Roskoski had attended the last regular Council meeting to speak on behalf of the Committee and he had no authority to appear before the Council. Mr. Gellerstedt advised the Council that he was present to set the record straight and informed them that there would be a Merritt Days Celebration in 2015 and it would include the 125th Anniversary of the City. He said that the Committee had not yet discussed a monetary contribution from the City and would submit an outline of the proposed expenses when the Committee had established them. The Council requested that the Committee incorporate additional family activities into the celebration.

The Mayor reported on the following:

- Anytime Fitness. A new facility will be constructed adjacent to the AmericInn.
- Condolences. To the families of Rosemarie Hunter, Eunice Nordeen, and David Manley.

It was moved by Zupancich and seconded by Tuomela that the liquor and cigarette license applications for the period January 1, 2015 through December 31, 2015, be approved and issued to the following individuals and business establishments pursuant to the approval, where necessary, of the Liquor Control Commission and pursuant to the payment of all outstanding license fees and utility charges:

Minutes – City Council

October 6, 2014

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Jeff & Greg Properties, Inc.  
DBA: B. G.'s Saloon  
5494 Highway 7  
Virginia (Mountain Iron), MN 55792

On-Sale Intoxicating Liquor  
Sunday On-Sale Intoxicating Liquor  
Off-Sale 3.2 Malt Beverage

Silver Creek Liquor Company, Inc.  
DBA: Silver Creek Liquor  
5489 Highway 7  
Virginia (Mountain Iron), MN 55792

Off-Sale Intoxicating Liquor  
Cigarette

Commander  
American Legion Post #220  
5748 Mountain Avenue, PO Box 361  
Mountain Iron, MN 55768

Club On-Sale Intoxicating Liquor  
Off-Sale Non-Intoxicating Liquor

Mac's Bar, Inc.  
DBA: Mac's Bar  
8881 Main Street, PO Box 313  
Mountain Iron, MN 55768

Off-Sale Intoxicating Liquor  
On-Sale Intoxicating Liquor  
Sunday On-Sale Intoxicating Liquor

F. P. Troutwine, C & B Warehouse Distr.  
Mountain Iron Short Stop  
5537 Nichols Avenue  
Mountain Iron, MN 55768

Cigarette

Sundberg Enterprises, LLC  
DBA: Sawmill Saloon & Restaurant  
5478 Mountain Iron Drive  
Virginia (Mountain Iron), MN 55792

Off-Sale Intoxicating Liquor  
On-Sale Intoxicating Liquor  
Sunday On-Sale Intoxicating Liquor  
Cigarette

Adventures, Virginia, Inc.  
Greg Hartnett  
5475 Mountain Iron Drive  
Virginia (Mountain Iron), MN 55792

Off-Sale Intoxicating Liquor  
On-Sale Intoxicating Liquor  
Sunday On-Sale Intoxicating Liquor

Walgreen Company  
5474 Mountain Iron Drive  
Virginia (Mountain Iron), MN 55792

Cigarette

Keny J. Adams  
May December Endeavors Inc.  
DBA: Country Kitchen  
5470 Mountain Iron Drive  
Virginia (Mountain Iron), MN 55792

Wine  
On-Sale 3.2 Malt Beverage

Home on the Range LLC  
DBA: Holiday Inn Express & Suites  
8570 Rock Ridge Drive  
Mountain Iron, MN 55768

On-Sale 3.2 Malt Beverage  
Wine

WJ Holdings, Inc.  
DBA: AmericInn Lodge & Suites  
5480 Mountain Iron Drive  
Virginia, MN 55792

On-Sale 3.2 Malt Beverage

Wal-Mart Stores, Inc.  
dba: Walmart #4849  
8580 Rock Ridge Drive  
Mountain Iron MN 55768

Off-Sale Intoxicating Liquor  
Cigarette

The motion carried.

The City Administrator reported on the following:

- IRRRB Public Works Grant Applications. He requested the Council to submit suggestions for the applications.
- CDBG Pre-Applications. He said that the City would be applying for a grant to repair the storm sewer by the Senior Center.

It was moved by Prebeg and seconded by Tuomela to authorize the purchase of 15,000 feet of I/O aluminum underground wire from Wesco at their low quote of \$17,242.00. After further discussion, Prebeg amended his motion to purchase three rolls of underground wire rather than 15,000 feet and it was supported by Tuomela. The amended motion carried unanimously on a roll call vote.

It was moved by Zupancich and seconded by Prebeg to authorize City Staff to advertise for sale the following surplus equipment to be sold “as is”:

- |                                  |                                        |
|----------------------------------|----------------------------------------|
| 1. ArrowMaster                   | Arrow Board Trailer (battery operated) |
| 2. Diamond Rear Flail Mower      | 3 pt hitch, 102” cut                   |
| 3. 4” Hole Hog with 100 ft. hose | ground boring bit                      |
| 4. Henderson 60” Snowblower      | Bobcat attachment                      |
| 5. 2006 Crown Victoria           |                                        |
| 6. 2009 Crown Victoria           |                                        |

The motion carried.

It was moved by Stanaway and seconded by Prebeg to authorize Julie Hansen’s probationary period to expire and her employment with the City as the Library Substitute be continued. The motion carried.

The Librarian/Special Events Coordinator reported on the following:

- 100<sup>th</sup> Anniversary of the Library. She is planning a number of activities for October 29<sup>th</sup> to celebrate the anniversary at the Library.
- Story Time. The Program starts on October 7<sup>th</sup> and would be every Tuesday from 11:00 a.m. to Noon for pre-school children.
- Monthly Library Report. Reviewed the September report.
- Halloween Carnival. The annual carnival is set for Sunday, October 26<sup>th</sup> at the Mountain Iron Community Center.

It was moved by Zupancich and seconded by Stanaway to authorize payment request number two for the 2014 Street Improvement Project to Mesabi Bituminous in the amount of \$20,816.17. The motion carried unanimously on a roll call vote.

It was moved by Prebeg and seconded by Zupancich to offered employment with the City of Mountain Iron to the following:

- Mr. Tim Rossi          Laborer
- Mr. David Mazzeo      Laborer
- Mr. Andrew Pocket    Laborer

All employment offers are contingent upon the passing of a physical, background check and a drug and alcohol test. The motion carried.

It was moved by Prebeg and seconded by Stanaway to post internally for the Lead Public Works Worker. The motion carried.

The Director of Public Works updated the Council on the Enterprise Drive North and South Street Lighting Project.

It was moved by Prebeg and seconded by Tuomela to authorize a contribution of \$100 to the Mesabi Family YMCA for the Daddy Daughter Dance with the funds being expended from Charitable Gambling Fund. The motion carried unanimously on a roll call vote.

It was moved by Prebeg and seconded by Stanaway to authorize a contribution of \$200 to the Mountain Iron-Buhl Cross Country with the funds being expended from the Charitable Gambling Fund. The motion carried unanimously on a roll call vote.

At 7:08 p.m., it was moved by Skalko and seconded by Tuomela that the meeting be adjourned. The motion carried.

Submitted by:



Jill M. Clark, MMC  
Municipal Services Secretary

[www.mtniron.com](http://www.mtniron.com)

## COMMUNICATIONS

1. Nick & Alicia Kujala, a thank you for the use of the Community Center for their wedding.
2. The Mesabi Family YMCA, a request for a donation for their 2<sup>nd</sup> Annual Daddy Daughter Dance on February 7, 2015.
3. MIB Cross Country Club, a request for a donation to support the program.
4. Coalition of Greater Minnesota Cities, an update from the President and an invitation to a gubernatorial debate between the Governor candidates.

## Summary By Category And Distribution

Category	Distribution	Amount
INTERGOVERNMENTAL REVENUE	TACONITE MUNICIPAL AID	382,159.00
BUILDING RENTALS	COMMUNITY CENTER	50.00
UTILITY	UTILITY	182,517.96
FINES	ADMINISTRATIVE OFFENSE	100.00
PERMITS	BUILDING	337.50
METER DEPOSITS	ELECTRIC	3,100.00
CAMPGROUND RECEIPTS	FEES	440.00
CAMPGROUND RECEIPTS	CREDIT CARD FEES	9.60
BUILDING RENTALS	NICHOLS HALL	100.00
MISCELLANEOUS	FAX CHARGES	4.00
COPIES	COPIES	28.25
MISCELLANEOUS	ASSESSMENT SEARCHES	90.00
TAXES	SPEC ASSESS-FUND 378-DELINQUEN	5.09
MISCELLANEOUS	REIMBURSEMENTS	1,822.71
METER DEPOSITS	WATER	40.00
CHARGE FOR SERVICES	WATER-CHARGE FOR SERVICES	42.87
MISCELLANEOUS	BLUE CROSS/BLUE SHIELD PAYABLE	199.24
BUILDING RENTALS	BUILDING RENTAL DEPOSITS	200.00
SPECIAL ASSESSMENTS	SPECIAL ASSESS.-BOND MONEY	1,068.96
SPECIAL ASSESSMENTS	INTEREST-SP.ASSESS.-BONDS ISSU	40.74
CD INTEREST	CD INTEREST 101	127.53
CD INTEREST	CD INTEREST 378	142.98
CD INTEREST	CD INTEREST 602	54.10
CD INTEREST	CD INTEREST 603	19.32
CD INTEREST	CD INTEREST 604	42.51
MISCELLANEOUS	SALE-COPIES, MAPS, LABOR-ADMIN	.50
Summary Totals:		<u>572,742.86</u>

Check Issue Date(s): 09/25/2014 - 10/10/2014

Per	Date	Check No	Vendor No	Payee	Check GL Acct	Amount
10/14	10/07/2014	145924	10033	ALERT-ALL CORPORATION	101-20200	2,660.00
10/14	10/07/2014	145925	130017	AMERICAN BANK	101-20200	200.00
10/14	10/07/2014	145926	10075	AMERIPRIDE SERVICES	101-20200	71.66
10/14	10/07/2014	145927	10021	ARROWHEAD LIBRARY SYSTEM	101-20200	292.16
10/14	10/07/2014	145928	5007	ASSURANT EMPLOYEE BENEFITS	601-20200	890.96
10/14	10/07/2014	145929	10042	AUTO VALUE VIRGINIA	602-20200	30.99
10/14	10/07/2014	145930	20014	BORDER STATES ELECTRIC SUPPLY	604-20200	6,874.95
10/14	10/07/2014	145931	1004	CAROLINE KUJALA	101-20200	200.00
10/14	10/07/2014	145932	170001	CENTURY LINK	602-20200	109.28
10/14	10/07/2014	145933	30072	COMPUTER WORLD	101-20200	1,369.25
10/14	10/07/2014	145934	30032	COURT ADMIN.-CONCILIATION	604-20200	10.00
10/14	10/07/2014	145935	40031	DAHL'S SUNRISE DAIRY	101-20200	103.92
10/14	10/07/2014	145936	40013	DR MATTHEW A GAHN	101-20200	252.00
10/14	10/07/2014	145937	50050	EMERGENCY RESPONSE SOLUTIONS	101-20200	1,395.00
10/14	10/07/2014	145938	60054	FOREMOST PROMOTIONS (DBA)	101-20200	911.40
10/14	10/07/2014	145939	70004	GRANDE ACE HARDWARE	604-20200	29.99
10/14	10/07/2014	145940	70028	GREATER MINNESOTA AGENCY INC	101-20200	204.00
10/14	10/07/2014	145941	70029	GUARDIAN PEST CONTROL INC	101-20200	84.40
10/14	10/07/2014	145942	80021	H R DIRECT (TAYLOR CORP)	101-20200	72.61
10/14	10/07/2014	145943	80042	HERMANTOWN HYDRAULICS LLC	603-20200	701.90
10/14	10/07/2014	145944	120032	LAKE COUNTRY POWER	101-20200	202.00
10/14	10/07/2014	145945	120014	LUNDGREN MOTORS	101-20200	296.71
10/14	10/07/2014	145946	130030	MACQUEEN EQUIPMENT	603-20200	832.17
10/14	10/07/2014	145947	130041	MESABI BITUMINOUS	301-20200	20,816.17
10/14	10/07/2014	145948	5061	MESABI FAMILY YMCA	230-20200	100.00
10/14	10/07/2014	145949	1002	MICHELE CAMP	101-20200	100.00
10/14	10/07/2014	145950	140026	MINNESOTA ENERGY RESOURCES	101-20200	339.84
10/14	10/07/2014	145951	130008	MINNESOTA MUNICIPAL UTILITIES	101-20200	2,887.50
10/14	10/07/2014	145952	130009	MINNESOTA POWER (ALLETE INC)	101-20200	1,441.21
10/14	10/07/2014	145953	130175	MOUNTAIN IRON-BUHL SCHOOL	230-20200	200.00
10/14	10/07/2014	145954	140047	NARDINI FIRE EQUIPMENT CO INC	101-20200	1,132.30
10/14	10/07/2014	145955	1001	NICOLE BENNETT LIND	101-20200	200.00
10/14	10/07/2014	145956	140042	NORTHERN DOOR & HARDWARE INC	101-20200	3,640.00
10/14	10/07/2014	145957	140055	NORTHERN VISUAL SERVICES LLP	101-20200	16.00
10/14	10/07/2014	145958	40032	OFFICE OF MN.IT SERVICES	101-20200	426.54
10/14	10/07/2014	145959	160066	PACE ANALYTICAL SERVICES	601-20200	46.20
10/14	10/07/2014	145960	160002	PETTY CASH FUND	604-20200	141.80
10/14	10/07/2014	145961	160038	PITNEY BOWES GLOBAL FINANCIAL	604-20200	268.68
10/14	10/07/2014	145962	160072	PRECISION PRINTS OF WRIGHT	604-20200	167.18
10/14	10/07/2014	145963	180073	RED ROCK RADIO	101-20200	1,115.00
10/14	10/07/2014	145964	180017	RELIABLE OFFICE SUPPLIES	101-20200	135.67
10/14	10/07/2014	145965	1003	RHONDA ALLEN	101-20200	200.00
10/14	10/07/2014	145966	1006	ROBERT RINTALA	101-20200	100.00
10/14	10/07/2014	145967	190045	SERVICE SOLUTIONS	101-20200	23.00
10/14	10/07/2014	145968	190102	SILVER CREEK LIQUOR COMPANY	101-20200	120.00
10/14	10/07/2014	145969	190004	SKUBIC BROS INC	603-20200	398.42
10/14	10/07/2014	145970	1005	SUE ARVOLA	101-20200	200.00
10/14	10/07/2014	145971	200003	TACONITE TIRE SERVICE	101-20200	1,677.60
10/14	10/07/2014	145972	220025	VERIZON WIRELESS	101-20200	17.71
10/14	10/07/2014	145973	220014	VIKING INDUSTRIAL NORTH	604-20200	141.36
10/14	10/07/2014	145974	230028	WISCONSIN ENERGY CONSERVATION	604-20200	52.82
10/14	10/07/2014	145975	230033	WITMER ASSOCIATES INC	101-20200	1,321.95
10/14	10/07/2014	145976	260001	ZIEGLER INC	101-20200	69.90

Totals:

55,292.20

Payroll-PP Ending 9/26/14

100,413.00

TOTAL EXPENDITURES

\$155,705.20

**COUNCIL LETTER 102014-IVB1**

**AUDIT**

**2014 AUDIT PROPOSAL**

**DATE:** October 16, 2014

**FROM:** Craig J. Wainio  
City Administrator

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Enclosed, please find the Audit proposal from Walker, Giroux and Hahne to perform the 2013 Audit. The proposal price is \$22,900 for the Governmental Funds and \$10,600 for the Enterprise Funds. For the 2013 Audit proposal the Governmental Funds were \$22,500 and the Enterprise funds were \$10,500.





## **CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS**

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P.O. Box 960 • 225 1st Street North, Suite 2400, Virginia, Minnesota 55792  
218-749-4880 • FAX 218-749-8528

September 29, 2014

To the City Council and Management  
City of Mountain Iron, Minnesota  
Attn: Craig Wainio, Administrator  
8586 Enterprise Drive South  
Mountain Iron, MN 55768-8260

We are pleased to confirm our understanding of the services we are to provide City of Mountain Iron, Minnesota for the year ended December 31, 2014. We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of City of Mountain Iron, Minnesota as of and for the year ended December 31, 2014. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI) such as management's discussion and analysis (MD&A), to supplement City of Mountain Iron, Minnesota's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to City of Mountain Iron, Minnesota's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding 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 will 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's discussion and analysis.
2. Schedule of funding progress for postemployment benefit plan.
2. Schedule of revenues, expenditures and changes in fund balance – budget and actual.

We have also been engaged to report on supplementary information other than RSI that accompanies City of Mountain Iron, Minnesota's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements.

1. Individual fund financial statements.
2. Schedule of sources and uses of public funds for tax increment financing districts.

## **Audit Objectives**

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of City of Mountain Iron, Minnesota and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the City of Mountain Iron, Minnesota's financial statements. Our report will be addressed to the City Council and Management of the City of Mountain Iron, Minnesota. We will make reference to Esterbrooks, Scott, Signorelli, Peterson, Smithson, Ltd's audit of Mountain Manor Apartments, Mountain Iron Housing and Redevelopment Authority, a discretely presented component unit of the City of Mountain Iron, Minnesota in our report on your financial statements. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the 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 reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. The reports on internal control and compliance will each include a paragraph that states that the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance, and the result of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, and that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that City of Mountain Iron, Minnesota is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

## **Management Responsibilities**

Management is responsible for the financial statements and all accompanying information as well as all representations contained therein. As part of the audit, we will assist with the preparation of your

financial statements and related notes. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them. We will prepare the trial balance for use during the audit. Our preparation of the trial balance will be limited to formatting information into a working trial balance based on management's chart of accounts.

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management is reliable and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objective discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information. With regard to using the auditor's report, you understand that you must obtain prior written consent to reproduce or use our report in bond offering official statements or other documents.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your 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.

#### **Audit Procedures – General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and

*Government Auditing Standards.* In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards. We will make reference to other auditors of the Mountain Manor Apartments, Mountain Iron Housing and Redevelopment Authority in the auditor's report on the group financial statements.

#### **Audit Procedures – Internal Control**

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

#### **Audit Procedure – Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of City of Mountain Iron, Minnesota's compliance with the provisions of applicable laws, regulations, contracts, agreements and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

### **Engagement Administration, Fees, and Other**

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to City of Mountain Iron, Minnesota; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Walker, Giroux and Hahne, LLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a governmental agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for the purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Walker, Giroux and Hahne, LLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release or for any additional period requested by the governmental agency. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately December 31, 2014 and to issue our reports no later than June 30, 2015. William Paulson is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.), except that we agree that our gross fee, including expenses, will not exceed \$22,900 for the City's Governmental Funds and \$10,600 for the Enterprise Funds with an additional fee of \$3,000 if a federal single audit is required. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. The above fee 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.


*Government Auditing Standards* require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2012 peer review report accompanies this letter.

City of Mountain Iron, Minnesota  
September 29, 2014  
Page 7

We appreciate the opportunity to be of service to City of Mountain Iron, Minnesota and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the original of this letter and return it to us. A copy is enclosed for your records.

Very truly yours,

WALKER, GIROUX & HAHNE, LLC

  
William Paulson  
Certified Public Accountant

**RESPONSE:**

This letter correctly sets forth the understanding of City of Mountain Iron, Minnesota.

\_\_\_\_\_  
Management signature

\_\_\_\_\_  
Governance signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

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5201 Eden Avenue  
Suite 250  
Edina, MN 55436

## System Review Report

October 17, 2012

To the Shareholders  
Walker Giroux & Hahne, Ltd.  
And the Peer Review Committee of the Minnesota Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Walker Giroux & Hahne, Ltd. (the Firm) in effect for the year ended June 30, 2012. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*; and an audit of an employee benefit plan.

In our opinion, the system of quality control for the accounting and auditing practice of Walker Giroux & Hahne, Ltd. in effect for the year ended June 30, 2012, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Walker Giroux & Hahne, Ltd. has received a peer review rating of *pass*.

*Abdo Eick + Meyers, LLP*



**COUNCIL LETTER 102014-IVG1**

**FIRE DEPARTMENT**

**OFFER OF EMPLOYMENT**

**DATE:** October 16, 2014

**FROM:** Fire Department

Craig J. Wainio  
City Administrator

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It is recommended by the Fire Department that the following three individuals be offered positions with the Mountain Iron Fire Department:

- Deven Rowe
- Justin Blazewicz
- David Mazzeo

Furthermore, it is recommended that Mr. Keith Altobelli be appointed to the vacant Captains position, Mr. Altobelli was the only applicant for the position.

Finally, the Fire Department request authorization to advertise for firefighters and EMT's in the Mesabi Daily News and Manney Shopper.

## **COUNCIL LETTER 102014-VI**

### **ADMINISTRATION**

### **RESOLUTIONS**

**DATE:** October 16, 2014  
**FROM:** Craig J. Wainio  
City Administrator

---

The enclosed resolutions are in support of three grant applications to the IRRRB. The first resolution is in support of the grant for the County Road 7 housing development that the EDA has been working on, it is a \$660,000 project with the grant going to cover half that amount.

Secondly is a resolution in support of a grant application for the replacement of storm sewer main from Main Street to Agate Street. This project is \$170,000 with the IRRRB application covering \$60,000 and CDGB Covering \$50,000.

Finally is a resolution in support of an application to construct a force main along Mud Lake Road bypassing the west Mud Lake Road lift station. This project will greatly diminish the load on the lift station and should prevent future backups due to the failure of that station.



# CITY OF MOUNTAIN IRON

"TACONITE CAPITAL OF THE WORLD"

PHONE: 218-748-7570 ▪ FAX: 218-748-7573 ▪ [www.mtniron.com](http://www.mtniron.com)  
8586 ENTERPRISE DRIVE SOUTH ▪ MOUNTAIN IRON, MN ▪ 55768-8260

## RESOLUTION NUMBER 19-14

### **AUTHORIZING THE CITY OF MOUNTAIN IRON TO MAKE APPLICATION TO AND ACCEPT FUNDS FROM THE IRRRB PUBLIC WORKS GRANT PROGRAM**

**WHEREAS**, the Mountain Iron City Council approves of the attached application for the County Road 7 Housing development project; and,

**WHEREAS**, the Mountain Iron City Council agrees to accept funding for the underlying project if approved by the IRRRB.

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF MOUNTAIN IRON, MINNESOTA**, that it does hereby adopt this Resolution.

**DULY ADOPTED BY THE CITY COUNCIL THIS 20<sup>th</sup> DAY OF OCTOBER, 2014.**

---

Mayor Gary Skalko

ATTEST:

---

City Administrator



# CITY OF MOUNTAIN IRON

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PHONE: 218-748-7570 • FAX: 218-748-7573 • www.mtniron.com  
8586 ENTERPRISE DRIVE SOUTH • MOUNTAIN IRON, MN • 55768-8260

## RESOLUTION NUMBER 20-14

### **AUTHORIZING THE CITY OF MOUNTAIN IRON TO MAKE APPLICATION TO AND ACCEPT FUNDS FROM THE IRRRB GRANT PROGRAM**

**WHEREAS**, the Mountain Iron City Council approves of the attached application for the Old Town Storm Sewer project; and,

**WHEREAS**, the Mountain Iron City Council agrees to accept funding for the underlying project if approved by the IRRRB.

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF MOUNTAIN IRON, MINNESOTA**, that it does hereby adopt this Resolution.

**DULY ADOPTED BY THE CITY COUNCIL THIS 20<sup>th</sup> DAY OF OCTOBER, 2014.**

---

Mayor Gary Skalko

ATTEST:

---

City Administrator



# CITY OF MOUNTAIN IRON

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8586 ENTERPRISE DRIVE SOUTH • MOUNTAIN IRON, MN • 55768-8260

## RESOLUTION NUMBER 21-14

### **AUTHORIZING THE CITY OF MOUNTAIN IRON TO MAKE APPLICATION TO AND ACCEPT FUNDS FROM THE IRRRB GRANT PROGRAM**

**WHEREAS**, the Mountain Iron City Council approves of the attached application for the Mud Lake Road Force Main project; and,

**WHEREAS**, the Mountain Iron City Council agrees to accept funding for the underlying project if approved by the IRRRB.

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF MOUNTAIN IRON, MINNESOTA**, that it does hereby adopt this Resolution.

**DULY ADOPTED BY THE CITY COUNCIL THIS 20<sup>th</sup> DAY OF OCTOBER, 2014.**

---

Mayor Gary Skalko

ATTEST:

---

City Administrator

COMMUNICATIONS  
OCTOBER 20, 2014

1. Mountain Iron-Buhl Public Schools, a thank you for the helping with their baseball field.
2. North St. Louis County Habitat for Humanity, and update and invitation to an open house on October 23<sup>rd</sup> to see their new facility.
3. Walker, Giroux, and Hahne, LLC, a request to perform audit services for 2014. (Enclosed in packet.).

INDEPENDENT SCHOOL DISTRICT NO. 712  
**MOUNTAIN IRON-BUHL PUBLIC SCHOOLS**

P.O. BOX 537, MOUNTAIN IRON, MN 55768-0537

(218) 735-8271 OFFICE | (218) 735-8244 FAX | WWW.MIB.K12.MN.US

Superintendent **John A. Klarich**

Principal  
Merritt Elementary  
**John A. Klarich**

Principal  
High School  
**Angie Williams**

Principal  
Mesabi Academy  
**Derek J. Gabardi**

October 8, 2014

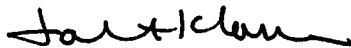
Mr. Craig Wainio, City Administrator  
City of Mt. Iron  
8586 Enterprise Drive South  
Mt. Iron, MN 55768

Dear Mr. Wainio:

On behalf of a grateful School District I would like to thank the City of Mt. Iron for helping us with the baseball field.

Once again, thank you for the assistance that the City provides the School District and your continued support of our school and community.

Sincerely,



John A. Klarich  
I.S.D. #712 Superintendent of Schools

JAK/sp

**SCHOOL BOARD**

Charles Bainter | Larry Sokoloski | R. Michael Grahek | Steve Giorgi | Troy Martinson | Jeff Holmes | Betsy Olivanti



North St. Louis County

**Habitat  
for Humanity®**

Dear City of Mt. Iron,

October 23<sup>rd</sup>, 2014, is a day that will be 20 years, 67 families, 61 homes and many happy memories in the making. We hope you can join us!

North St. Louis County Habitat for Humanity has grown dramatically since it's beginnings in the fall of 1994 when community members concerned about the lack of affordable homes for families in need began meeting in a home to see what could be done. It took a lot of hard work before Habitat for Humanity International would recognize North St. Louis County Habitat for Humanity as an affiliate in April of 1995.

In those days, the all volunteer organization was able to build one home per year, greatly impacting the life of a family with the opportunity of homeownership. Habitat is now privileged to serve five of our neighbors in need per year. Over the last 20 years you have greatly impacted the lives of 67 families in 14 of our northland communities through partnering with us. Our organization has greatly benefited from the careful management of resources, vision and strategic planning that our board of directors has exercised over the years. A grant to hire the first employee, an executive director, was secured in 2003. As the organization continued to grow a construction manager and a community resources manager were put in place in 2010 and 2011 to help stabilize the organizations capacity to build with five families per year.

With the growth in capacity the board realized that a permanent base of operations was critical to the efficiency, effectiveness and sustainability of the home building program. Strategic discussions to meet this need started four years ago with planning around facility design, funding and location. The positive impact the facility would have on our ability to meet the needs of families for the next 20 years were also considered.

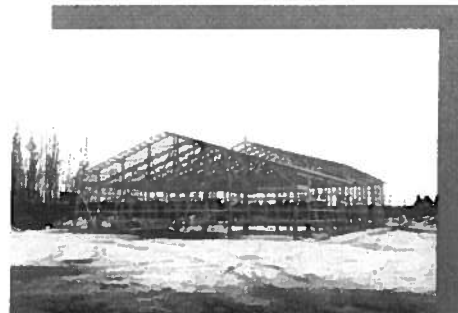
The new facility was made possible through generous individual, community and business donations. We also received many discounts and donations from our builders and sub-contractors. The City of Mt. Iron graciously donated the land for the project and volunteers contributed all of the general labor to complete the facility. Our partner families also helped make Habitat's "home" possible as part of the project was funded through leveraging a small portion of our mortgage portfolio through a loan from Habitat for Humanity of Minnesota. A loan from the Northland Foundation was also secured to finish the project.

The goal was to build a simple, energy efficient and functional building to house staff, committee and educational meetings. An attached warehouse to store tools and building materials was also a critical part of the plan. We can now buy materials in bulk at significant savings! The warehouse is also able to hold pre-build activities such as painting siding, staining trim or forming walls.

We are excited to announce that our Habitat home has become a reality and a blessing and would like you to come and celebrate the success, expanded capacity, efficiency and effectiveness that you have helped us achieve.

Sincerely,

Bob Pogleasa  
Board President



Thursday, October 23<sup>rd</sup>.  
5558 Enterprise Dr. NE. Virginia, MN

**Come see the completed office!**

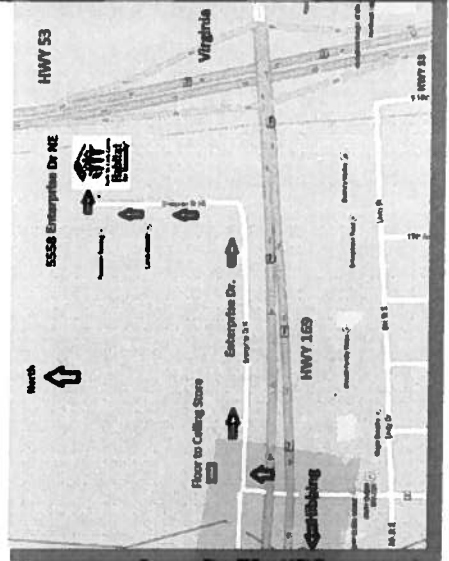


# It's our Grand Opening Celebration And You Are Invited!

Join us as we celebrate and  
dedicate Habitat for  
Humanity's permanent base  
of operations in North St.  
Louis County.

- Thursday, October 23rd
- Open House 4pm-7pm
- Program at 4:30pm
- Information and tours

Our new office location:  
5558 Enterprise Dr. NE  
Virginia, MN



North St. Louis County  
**Habitat**  
for Humanity®

PO Box 24 · Virginia MN 55792  
RETURN SERVICE REQUESTED

City of Mt. Iron  
Community Center  
8586 Enterprise Dr S  
Mountain Iron MN 55768

NON-PROFIT  
US POSTAGE PAID  
PERMIT #105  
Virginia, MN 55792



- Our Vision: A world where everyone has a decent place to live
- Our Mission: Seeking to put God's love into action, Habitat for Humanity brings people together to build homes, communities and hope.
- Habitat's objective is to build simple, decent, affordable homes and make home ownership a reality that would otherwise be unattainable.
- It works through volunteer labor and tax-deductible donations of money and materials.
- Partner families must qualify for an affordable 30 year mortgage and make a \$1,000 down payment.
- Each partner family invests at least 300 hours of "sweat equity" in building their home.
- The typical monthly Habitat home payment is \$425.
- Habitat homeowner's monthly mortgage payments are used to build more homes for other families in North St. Louis County.
- There have not been any foreclosures in the affiliate's history.
- Since 1995 Habitat has served a total of 67 Families in North St. Louis County in the communities of Aurora, Babbitt, Brwabik, Buhl, Chisholm, Cook, Embarrass, Ely, Eveleth, Hibbing, Mountain Iron, Seudan, Tower, and Virginia.
- We are currently accepting applications for the 2015 building season. Encourage someone to apply today!