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**CITY OF MINNESOTA LAKE  
SPECIAL CITY COUNCIL MINUTES  
June 1, 2022**

Council Attending: Edie More, Joan Proehl, Richard Staloch. Absent: Mayor Jeff Ramsley, Lon Stenzel

City Staff: **City Clerk** - Dawn Whitehead.

Others Attending: **Burkhardt & Burkhardt**- Greg Burkhardt.

Mayor Pro-Tem Richard called to order the Special City Council meeting at 5:40 p.m. Purpose of the meeting is to review the 2021 Financial Statements.

Greg Burkhardt from Burkhardt & Burkhardt reviewed the 2021 Audited Financial Report. Greg reviewed the City's responsibilities of financial statements and internal controls as well as the Auditor's responsibilities of financial opinions, internal controls and reporting compliance with Minnesota statutes. Burkhardt offers an unmodified "Clean" opinion on 2021 Financial statements, which is what is wanted. Under Internal control no material weaknesses, but the usual significant deficiencies due to the size of the City Staff. No instances of non-compliance in 2021. Greg reviewed his firm's required communications with the City.

Slide #6- 2 corrections related to the refuse vehicle. When the vehicle was sold it was reported in general fund and should have been in refuse fund, so corrected transfer entry of \$28k was done. Budgeted amount for property tax in Banyon was corrected by \$10k. No other uncorrected adjustments and audit was efficient due to clerk and council.

Slide #7 – His recommendations – 1) Council review budget entries that were entered in total tie out.

2) City should update control policies and procedures. 3) Electronic funds transfer approval could be improved, implementing a policy for electronic funds transfers. Using Federal funds for programs as they are designed and not create a situation where the City has to pay something back. Check with League on internal controls, survey local cities.

Slide #9 – Cash balances overall increased by \$73,000. Cash reserves increased in Gov't Activities. General fund balance increase of \$498,000 over last 5 years.

Slide #10-11 General Funds increased over 5 yrs, the business type activities even. Good cash management on the government side. The business types have excellent reserves. Maybe open CD's with surplus. The bottom section "days of cash", year-end / by 5-yr rolling expense average \* 365, converts into # of days of reserve- 381 days (12.5 months). Greg recommends having 12-14 months. Enterprise Funds have 615 days (20 months) of expense reserves. Funds can be 'borrowed' from enterprise to general fund, paid back or not, charged interest or not.

Slide #12 – Fund Balance (cash balance). Shows total vs. unassigned. Federal dollars or debt service are assigned. Overall \$500k increase in fund balance.

Slide #13 – Revenues \$185k over what was budgeted. 'Other Revenues' majority is donations for Fire Dept. Unexpected Intergovernmental Revenues of ARPA \$35,188.88. & \$21,220 in road aid.

Expenditures (total) - \$17k over budget, which is positive. Change in Fund Balance of \$233,073 positively. General Fund i in good shape.

Slide #14 – Water fund changes in net position of -\$36,034, sewer had 3 years of loss, refuse is profitable.

Slide #15 – More importantly is the Cash Balance of each fund. Water Fund has 2 years of negative cash flow, but sewer fund cash flow has 3 years of positive cash flow. Sewer fund is stable. Refuse cash flow has gone down over the last 3 years. Jeff stated he believed the refuse should okay due to income raised thru rates increases. Jeff stated the City needs to address the water rates due to \$45k repairs this year. Rates seem very low.

Richard asked Greg how the City compares to other cities. Our level of fund increases isn't generally seen, but fund balance is pretty typical. City isn't overly leveraged and hasn't had any recent large projects.

**Edie made a motion to approve the 2021 Audit, 2<sup>nd</sup> by Joan, motion carried unanimously.**

**Richard made a motion to adjourn the meeting at 6:53 PM, 2<sup>nd</sup> by Joan, motion carried unanimously.**

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Mayor

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City Clerk/Treasurer