

Pursuant to due call and notice thereof, a Special City Council Meeting was duly held in the City Council Chambers at 9:03 a.m. on the 18<sup>th</sup> day of February, 2011. The following members were present: Mayor Diane Barrett, Council members Fred Barsness, Richard Nielsen, Bryan Haugen, and Brian Paulson. Also present: City Administrator Chris Heineman, Bookkeeper Sue Dodds, and Administrative Assistant Pam Blow.

### **AGENDA**

Additions: / V / Vehicle Purchase for Public Works Department, / VI / Update on Fire Relief Association Audit Fees. Motion by Barsness, seconded by Paulson to approve the amended agenda. Motion carried 5-0-0.

### **Preliminary Audit Presentation by Tom Wentz (Smith, Schaefer & Assoc.)**

Wentz explained that in some cases there is a lack of communication between auditors and councils. Final decisions concerning the annual audit should be made by council not staff.

The 2010 audit will begin March 22, with the presentation of any findings and opinions in April. When the audit is complete, auditing staff will meet with city staff and any interested council members to go over audit page by page. Auditors will summarize the report at the May council meeting.

Significant items:

Preliminary findings – inventory at liquor store had inconsistencies, but they are working on current software to solve these issues.

Resolution of issues:

GASB 54 – Beginning with the 2011 audit, the City will be required to change reporting of fund balances. Currently, fund balances are reported as reserved or unreserved. With the GASB54 standards, the fund balances will be reported as non-spendable, restricted, committed, assigned or unassigned.

Fund issue from 2009:

Wentz explained that the City has been carrying a negative fund balance of \$385,903 in the municipal building fund due to expenses exceeding funding for the city hall project. At the end of 2009 the fund balance in the general fund was approximately 66% of total expenses. He suggested the negative balance in the municipal building fund be incorporated into the general fund to show a more realistic report of the City's general fund. If this had been done in the 2009 audit, the fund balance would have been only 26% of total expenses.

Heineman and Dodds left meeting to allow Wentz to address any concerns from the Council.

### **Vehicle Purchase for Public Works Department**

Steve Baalson reported Public Works department has a 1999 F250 Ford vehicle that was used to plow alleys four or five years ago is too large for every-day use by the department. Baalson looked in Faribault, Zumbrota and at Peterson Ford for a Ford Ranger-type pickup that would accommodate the department's needs better. Highway 60 Motor Sales had a vehicle that would be more usable, and they will take the 1999 truck in on trade. This trade will result in a balance due to the City of \$2,375.50. Motion by Paulson, seconded by Haugen to approve the purchase of the 2000 Ranger pickup. Motion carried 4-0-1 with Barsness abstaining from the vote.

### **Resolution 2011-06: A Resolution Designating Sidewalks along the T.H. 56 Improvement Project as Permanent Right-Of-Way for Public Roadway Purposes**

According to Heineman, this resolution may be needed in order to deal with the right-of-way issues dealing with City property / sidewalks along 2<sup>nd</sup> Street. Motion by Haugen, seconded by Nielsen to approve Resolution 2011-06. Motion carried 5-0-0.

### **Resignation of Police Officer Justin Reisdorfer**

Motion by Barsness, seconded by Nielsen to accept the resignation of Justin Reisdorfer effective February 18, 2011 and to end his paid administrative leave on that date. Motion carried 5-0-0.

### **Update on Fire Relief Association Audit Fees**

According to Heineman, the Relief Association contracted with Abdo Eick and Meyers (Abdo) to complete a required Form 990 filing, and this was not a part of the normal auditing services that are done by Abdo. The cost for this filing was \$2,500. In 2006, the council voted to donate \$3,000 to the Fire Relief Association and pay the cost of their yearly audit. Motion by Nielsen, seconded by Haugen to direct the Fire Relief Association to pay the Form 990 fee from their own funds. Motion carried 5-0-0.

Motion by Nielsen, seconded by Barsness to adjourn the meeting at 10:30 a.m. Motion carried 5-0-0.

---

Pam Blow, Administrative Assistant

---

Diane Barrett, Mayor