

MINUTES
COMMITTEE-OF-THE-WHOLE WORK SESSION
June 2, 2008
City Hall Council Chambers
6:04 p.m.

PRESENT: Mayor Stiehm, Council Member-at-Large Christopherson, Council Members McAlister, Austin, Martin, Scott Pacholl, and Dick Pacholl.

ABSENT: Council Member Hecimovich.

STAFF PRESENT: City Administrator Jim Hurm and Administrative Services Director Tom Dankert.

ALSO PRESENT: Public, Austin Post Bulletin, and Austin Daily Herald.

Mayor Stiehm opened the meeting at 6:04 p.m.

Item No. 1: Presentation of 12/31/07 audit report. Darwin Viker, auditor from LarsonAllen discussed the results of the 12/31/07 audit of the City of Austin. Mr. Viker noted on page one that the auditors only examine evidence on a test basis, as there is too much going on to review every single transaction. The City has received a clean or unqualified opinion, for the financial statements dated 12/31/07. Mr. Viker noted the City has received the Certificate of Achievement for Excellence in Financial Reporting for 22 consecutive years, and there is no doubt these financial statements will earn the prestigious recognition again this year. Mr. Viker noted the Management's Discussion and Analysis is on pages 3 to 13 and gives a great synopsis as to what happened during the last twelve months.

On page 146 Mr. Viker noted the General Fund is where most of the day-to-day activity of the City of Austin occurs. The fund balance in the General Fund is at approximately 41% of the General Fund expenditures for the year. This is within the recommended range of 40-50% as fund balance is needed for cash flows. Fund balance is needed to cover operational costs of the city until the second LGA payment is received in July. The first six months or so of the year the city does not get much operating revenue, so the December LGA check is what cash-flows operations. Additionally, unlike many cities, Austin has positive fund balances in all of its funds. This means as projects occur cost overruns or unexpected expenditures occur in funds, the city is able to respond to those needs with adequate funding to cover the costs.

On page 32 Mr. Viker discussed the Sewer User fund, noting the rates have not been increased in several years. This is starting to show in that the net income has dwindled in the fund, however cash flow remains strong to cover future projects. The bottom line is that wages and benefits plus other operational costs are increasing, yet the City has not kept a rate increase intact to cover the inflationary increases. Mr. Hurm noted we have talked about raising the rates at the Wastewater Treatment Plant for a few years now, but this needs to be a top priority to get done soon.

Mr. Viker also discussed the Single Audit report going and went through each of the compliance letters in the booklet. Mr. Viker noted that there were no findings or internal control deficiencies

noted during the City's audit. Additionally, there were no Minnesota Statutes where the city was found to not be in compliance with. Overall, Mr. Viker noted the experience of the staff at the City of Austin is very evident in the audit of the financial statements. Mr. Viker commended the Finance Department and the City Council for their diligent efforts and oversight of the finances for the City of Austin.

Mayor Stiehm questioned how the city rated on their financial statements. Mr. Viker noted it would be very high as the City prepares a well thought out financial statement.

Council Member McAlister asked if there is a standard set of accounts like school districts have with UFAARS. Mr. Viker noted cities do not have the same requirements, but do follow recommended guidelines. Additionally, there are a myriad of different state reports that have to be completed that may sort expenditures by function or department that are different from our set of accounts, but the bottom line is these are used by the State for comparisons of expenditures and revenues. The Mayor and City Council thanked Mr. Viker for his work again this year.

Item will be added to the next council agenda for approval of the audit report for the year ended December 31, 2007.

Item No.2: City Administrator's Report. – None.

There being no further business, motion by Council Member McAlister, seconded by Council Member-at-Large Christopherson, to adjourn the meeting. Motion passed unanimously. Meeting was adjourned at 6:35 pm.

Respectfully submitted,

Tom Dankert
Director of Administrative Services