

**MINUTES
SPECIAL BUDGET & FINANCE AND CITY COUNCIL MEETING**

APRIL 17, 2013

Mayor Jeff Thompson called the meeting to order at 6:00 p.m. Council members present were Kay McDaniel, Jean Soine, Donavan Mayer, and Gene Beavers. Others present were Renee Eckerly, City Administrator; Bill Ludwig, Liquor Store Manager; Jennifer Welling, Administrative Assistant; Ashley Alsum, Cable Coordinator; Belinda Ludwig, Accounting Specialist Sr.; Elliot LeBeau, Sarah Utsch, CliftonLarsonAllen; and Doug Host, CliftonLarsonAllen;

Sarah Utsch and Doug Host introduced themselves and presented the 2012 Audit that included the following:

- A four page letter has been submitted to the City that reports the significant audit findings and qualitative aspects of accounting practices
- The City received an Unqualified Opinion which is the best opinion to receive
- Governmental combined funds totaled \$4,581,987.00; decrease of \$159,495.00 from 2011
- General Fund's ending balance was \$1,585,819.00 an increase of \$168,047.00 from 2011
- Actual revenues were \$129,098.00 over budget; actual expenditures were \$39,949.00 under budget
- City has 9.8 months of expenses in reserves; State Auditor recommends 5 months of expenses in reserves
- Internal policy wants 55% - 60% in reserves and the reserve has 90%
- Biggest revenue was the Hwy. 23 grant; biggest expenses was the Hwy. 23 project
- Revolving loan fund shows an increase due to not as many new loans
- Debt service funds and Enterprise funds including water, sewer, and liquor were reviewed
- Liquor Store had an operating income of \$62,620.00, with a gross profit margin of 21.9%
- Liquor inventory shows the highest ever been on 12-31-12; sales are up, cost of sales are up, gross profit is healthy, and the transfer of \$40,000.00 to the General Fund is up from 2011
- Findings and recommendations – internal control structure, same three findings as last several years:
 - Financial reporting process
 - Segregation of duties
 - Audit adjustments
- Spend over \$500,000.00 in expenditures resulted in a single audit for Wastewater Treatment Facility project
- One finding - the City needs to monitor contract language; to verify if the contractor/vendor is not disbanded or debarred
- New GASB requirements were discussed

Utsch and Host thanked the Council and stated that they will present a brief presentation of the audit at the next City Council meeting.

There being no further business, the meeting was adjourned at 6:42 p.m.

Renee Eckerly, City Administrator