

**MINUTES
SPECIAL JOINT CITY COUNCIL AND BUDGET & FINANCE BOARD MEETING
2019 AUDIT**

APRIL 13, 2020

Mayor Jeff Thompson called the meeting to order at 5:15 p.m. Council members present were Len Gilmore, Neil Herzberg and Alicia LaBeau. Shawn Reinke and Jean Soine were absent. Others present were Belinda Ludwig, Treasurer/Acting City Administrator; Jennifer Welling, Administrative Assistant/Zoning Administrator; Bill Ludwig, Liquor Store Manager; Ryan Schmidt, Schlenner Wenner & Co. (via Zoom); Paul Wegner, Police Chief; Chuck DeWolf, Bolton & Menk, Inc.; and Kristin Leither, Social Media Specialist.

Schmidt presented the 2019 Audit and reported on the following:

- Thanked the Council and staff for the ability to provide the auditing services
- Audit process – expressing an unmodified (clean) opinion (best opinion the City can get)
- Required communications - net pension liability, positive working relationship with City management and staff, no issues with the audit
- Internal controls over financial reporting:
 - Audit adjustments
 - Segregation of duties – very common for a City of this size
 - Auditor’s prepare financial statements
- Minnesota legal compliance with state statutes - two findings:
 - Fire State Aid dollars were not forwarded to the Paynesville Fire Relief Association within 30 days of receipt
 - City deposits were briefly in excess of FDIC insured limits at year-end
- Financial highlights:
 - General fund – revenue and expenses
 - Revenues are exceeding expenses
 - Fund balance goal – 55-60% of expenses in reserves
 - State recommends 35-40%
 - City’s history of reserves:
 - 2014 79.6%
 - 2015 85.6%
 - 2016 76.8%
 - 2017 86.8%
 - 2018 90.7%
 - 2019 89.5%
- Cash trends
- Water revenues and expenses
- Sewer revenues and expenses
- Liquor revenues and expenses
- Assets
- Liabilities
- Long-term debt

There being no further business, the meeting was adjourned at 5:44 p.m.

Ron Mergen, Acting City Administrator