

SPECIAL COUNCIL MEETING
CITY OF CROSSLAKE
MONDAY, APRIL 14, 2016
3:00 P.M. – CITY HALL

The Council for the City of Crosslake met in a Special Session on April 14, 2016. The following Council Members were present: Mayor Steve Roe, Gary Heacox, and Mark Wessels. Dave Schrupp and Brad Nelson were absent. Also present were Finance Director/Treasurer Mike Lyonais, City Clerk Char Nelson, and Mary Reedy of Clifton Larson Allen.

Mayor Roe called the meeting to order at 3:05 P.M. and turned the meeting over to Mary Reedy.

Mary Reedy of Clifton Larson Allen (CLA) appeared before the Council to present the results of the audit of the financial statements for the year ended December 31, 2015. Ms. Reedy thanked the Council for holding a special meeting during the day, as she was unable to schedule an evening meeting. Ms. Reedy thanked Mike Lyonais for preparing all of the required documentation prior to the auditor's visit, which is a savings to the City.

Mary Reedy reported that changes to this year's audit include the implementation of GASB 68 and 71. These statements track the risk of the City's liability for pension contributions through PERA. Ms. Reedy stated that the auditor is required to report in writing an expressed opinion on the City's internal controls such as segregation of duties. It is the auditor's opinion that the financial statements are fairly stated representing an "unmodified" audit opinion as noted in the Independent Auditor's Report of the 2015 Financial Statements. It was also noted that in conducting the Minnesota Legal Compliance Audit for Local Governments, the City complied with all terms and conditions of applicable legal provisions. It was noted that there is limited segregation of duties relating to financial transactions but that is common based on the amount of staff that is available to do the work. Ms. Reedy encouraged the City to utilize Council oversight of the budgeting, cash reconciling, receipts and disbursements process to maximum extent possible to mitigate the absence of segregation of duties.

Ms. Reedy reviewed various graphs with the Council depicting the financial condition of the City both alone and when combined with Crosslake Communications as an enterprise fund of the City. It was noted that the financial statement for Crosslake Communications is prepared by Olson Thielen and those audited findings are included in the City's Financial Statement. Both Crosslake Communications and the Sewer Fund had a negative cash flow. It was noted that sewer rates increased in December 2015 so cash flow should improve in 2016 for the Sewer Fund.

MOTION 04S1-01-16 WAS MADE BY GARY HEACOX AND SECONDED BY MARK WESSELS TO ACCEPT AND APPROVE THE AUDIT OF THE 2015 FINANCIAL STATEMENTS FOR THE CITY OF CROSSLAKE. MOTION CARRIED WITH ALL AYES.

There being no further business at 3:40 P.M., MOTION 04S1-02-16 WAS MADE BY MARK WESSELS AND SECONDED BY GARY HEACOX TO ADJOURN THE MEETING.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Charlene Nelson". The signature is fluid and connected, with a long, sweeping tail on the final "n".

Charlene Nelson
City Clerk