

SPECIAL COUNCIL MEETING
CITY OF CROSSLAKE
THURSDAY, MAY 16, 2002
8:30 A.M. – CITY HALL

The Council for the City of Crosslake met in the Council Chambers of City Hall on Thursday, May 16, 2002 at 8:30 A.M. The following Councilmembers were present: Mayor Darrell Swanson, Sandy Eliason, Chuck Miller, Irene Schultz and Dean Swanson. Also present was City Administrator Tom Swenson, Clerk/Treasurer Darlene Roach and Judy Moravec, CPA with Mathias Justin, Ltd.

Mayor Swanson called the Special Meeting to order at 8:30 A.M. and turned the meeting over to Judy Moravec to present the 2001 City Audit of Financial Statements which was recently completed by her.

Judy Moravec reviewed revenues, expenditures and changes in the City's fund balance. She stated that the City had an increase of \$184,536 in cash from the prior year. Revenues increased by \$114,373 over year 2000. Expenditures increased by \$462,110 with the majority of the expenditures in the area of employee compensation and benefits, road projects and land and vehicle purchases. The City is maintaining sufficient reserves. The City's books are in good order and Judy complimented City Administrator Swenson and Clerk/Treasurer Roach on the good job that they did in managing the City's finances. (It was noted that the proprietary finds are audited by another firm and combined with the City's audit.)

Councilmember Eliason asked what the criteria is for reserves and Judy Moravec stated that City's should maintain six months of operating costs in reserve. City Administrator Swenson noted that the difficulty in determining the amount of reserves is anticipating what the State is going to do with funding to Cities.

Mayor Swanson asked if there was a requirement for government entities to change auditors every three to five years as a result of the Arthur Anderson debacle at Enron. Judy Moravec stated that this has not been made mandatory and, since they only act in the position of auditor for the City, and not as auditor and consultant, there would not be a concern. It was noted that the City generally goes out for RFP's every two to three years for purposes of obtaining quotes for the service.

Mayor Swanson and Councilmember Miller thanked City Administrator Swenson and Clerk/Treasurer Roach for the good audit and for the job they are doing. There being no further comments or questions, MOTION 05S1-01-02 WAS MADE BY CHUCK MILLER AND SECONDED BY DEAN SWANSON TO ACCEPT THE 2001 AUDITED FINANCIAL STATEMENTS AS PRESENTED. MOTION CARRIED WITH ALL AYES.

Community Development Director Paul Larson reviewed a request from Developer Jim Cotton to perform dirt moving and digging of holes for footings prior to receiving final

approval for the Specific Implementation Plan (SIP). Paul Larson stated that 100 cubic yards is allowed under the Ordinance. It was the consensus of the Council that on the permit, a statement be included that Mr. Cotton would be proceeding at his own risk when doing any dirt moving. No Council action was required.

MOTION 05S1-02-02 WAS MADE BY CHUCK MILLER AND SECONDED BY SANDY ELIASON TO ADJOURN THIS SPECIAL COUNCIL MEETING AT 9:01 A.M. MOTION CARRIED WITH ALL AYES.

Recorded and transcribed by,

A handwritten signature in cursive script, appearing to read "Darlene J. Roach".

Darlene J. Roach
Clerk/Treasurer