

July 10, 1978

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A regular meeting of the Crosslake City Council was called to order by Mayor Fogelberg at 7:30 P.M. on July 10, 1978, in City Hall. Present were Councilmen Arends, Benson, Olson, Andolshek and Clerk Whisler. Sixteen other members of the community were also in attendance.

On a motion by Olson, seconded by Andolshek, all members voting "AYE", the minutes of the June 12th meeting were approved as written.

The City Treasurer's report was approved on a motion by Olson, seconded by Andolshek, all members voting "AYE".

The financial report of the Telephone Company for the month of May was approved on a motion by Olson, seconded by Arends, all members voting "AYE".

The Clerk was instructed to determine what the cost would be to insure City Hall for \$70,000 or \$90,000 and the contents for \$10,000 compared to the current coverage of \$55,000 and \$6,000.

On a motion by Olson, seconded by Arends, all members voting "AYE", the hours for the polls to be open for the primary election of Sept. 12th were set at 4:00 P.M. to 8:00 P.M.

The Clerk read a report, dated June 21, 1978, Status of REA Construction and Disbursements, submitted by George H. Johnston, Jr., REA Field Accountant. On a motion by Andolshek, seconded by Benson, all members voting "AYE", the report was accepted and approved.

A preliminary budget meeting was set up for 7:30 P.M. on July 24th with the Clerk instructed to publish the meeting notice.

On a motion by Andolshek, seconded by Olson, all members voting "AYE", the Clerk was instructed to have warrants issued to cover the City's current indebtedness. These would be redeemed when the City's share or real estate taxes was received.

The 1977 audit of City and Telephone Company funds had been reviewed by the members of the Council. To take official recognition, Andolshek moved the audit be approved. Benson seconded the motion. All voted "AYE". Approved.

Andolshek reported the recommendation of the Telephone Commission was for the Telephone Company to bury their cable between Hwy. #16 and Hwy. #1 and not wait for the County to complete their road work in the area, which might entail another two years. Andolshek then moved the Council approve the recommendation. Benson seconded the motion. All voted "AYE". So ordered.

For the Cemetery and Public Buildings Commissions, Councilman Olson reported the storage building at the cemetery should be completed before winter. He further stated he had tried unsuccessfully to contact Mr. L. F. "Pete" Ranum relative to completing the work on City Hall roof. Councilman Benson wanted it made a matter of record that he considered the whole thing a matter of "irresponsible contracting".

For the Roads Commission, Councilman Arends stated there were several roads needing sealcoating and some needing blacktopping. He would have a complete report in time for the July 24th budget meeting.

Dave Schliek approached the Council asking that his road on Manhattan Point be bladed and graveled. Councilman Arends promised to look at it and then contact Pat Hoag, the road maintenance man. Schliek stated he would appreciate having the brush and black dirt removed so he would have access to his property.

Arends further stated four loads of Class #5 would be ordered and placed behind the Fire Hall to eliminate the necessity for Hoag to pick some up every morning.

Officer Reilly showed the Council a bulletproof vest. The Council was in common agreement that all three police officers should be provided with these and they should be purchased from the police budget funds.

Councilman Arends said he had some complaints about taverns in the area staying open beyond regular closing time. Officer Reilly said he would pass this information on to Chief Backdahl.

Jack Stone complimented the Crosslake Police Department on their fine work in apprehending the person who had vandalized his Moon Walk. He also stated he contemplated purchasing the Deer Forest Train which consists of a one half mile train ride. This plan had the tentative approval of the Planning Commission. Benson moved permission for the installation of the train be granted in agreement with the decision of the Planning Commission. Arends seconded the motion. All voted "AYE". Approved.

Councilman Benson, for the Ambulance Commission, announced there had been a great deal of activity in this area.

For the Parks Commission, Olson announced there would be a meeting the following day, July 11th. He stated the target date for completion of the Community Building was July 27th.

Councilman Olson also announced the Parks Commission had decided a five-member Commission would be more appropriate for conducting business in the event of the absence of some of the other members. Pat Felber and Ron Schmidt had indicated they would be willing to serve. Olson moved the approval of the Commission recommendation. Arends seconded the motion. All voted "AYE". Approved.

Fire Chief Fraser stated there had been a profit of approximately \$800.00 realized from the recently held Firemen's Ball.

Councilman Benson read a letter from the Planning Commission in which the election of Bill Kimbell as Chairman and Ralph Bigot as secretary was announced. This met with the approval of the Council.

The erection of an umbrella-type building by Crosslake Lumber was approved on a motion by Benson, and a second by Arends, all members voting "AYE".

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Councilman Benson stated the Planning Commission had voted favorably on approving the construction of the deck on the Moonlite Bay steps going down to the lake. Benson moved the recommendation of the Commission be approved. Andolshek seconded the motion to get it out on the floor. When it was put to a vote, Benson voted "AYE", with the other four members voting "NO". Motion failed.

After much discussion by the Council, Olson moved some action be taken by the Planning Commission in the Moonlite Bay matter, and that the action involve some type of penalty, because the construction had been completed prior to the request for a building permit. Arends seconded the motion. All voted "AYE". So ordered.

There was nothing under the heading of Old Business.

Under New Business, Andolshek told of many old signs around the City which advertised non-existent businesses. The Clerk was instructed to have the maintenance crew remove the signs.

Mayor Fogelberg asked Council permission to attend the Mayors' gathering in conjunction with the Minneapolis Aquatennial. Andolshek moved permission be granted. Benson seconded the motion. When the matter was put to a vote, all voted "AYE", except Olson, who abstained. Approved.

Andolshek mentioned that Mr. George Schaust had approached her in regard to having some repair work done to his road.

Dick Delmonico complained about the mess around "Pete" Ranum's Recreation Center. Mayor Fogelberg said she would talk to Mr. Ranum about it.

Councilman Benson moved the meeting adjourn. Andolshek seconded the motion. All voted "AYE". Meeting was adjourned at 9:23 P.M.

Chas E Whisler

Chas. E. Whisler, City Clerk

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION
WASHINGTON, D.C. 20250

June 21, 1978

Minnesota 622 Crosslake

SUBJECT: Loan Fund and Accounting Review

TO: Honorable Mayor and City Council
Crosslake Telephone Company
Crosslake, Minnesota 56442

(We have completed our loan fund and accounting review of your telephone division, known as the Crosslake Telephone Company, for the period May 1, 1977 to April 30, 1978.) The scope of our limited review covered the determination of the general adequacy of the accounting and other financial and statistical records, the extent of internal accounting control over assets, and technical sufficiency of related operating procedures. (Our examination of loan fund transactions indicated that all receipts for the REA Construction Fund were properly accounted for and all disbursements were for proper loan program purposes.)

In connection with loan funds, the City purchased \$1,341,000 of U. S. Treasury 2% REA Bonds, held in custody by the Treasury Department to be redeemed for amounts and purposes approved by REA. To date \$470,000 of these bonds were redeemed for \$470,000 deposited in the Construction Fund. Interest was collected to date on the REA Bonds for \$16,465.33, all of which was deposited in the Construction Fund and then transferred to general funds as a separate loan budget item; this procedure was approved by an REA letter of June 6, 1977 to the mayor of Crosslake.

Attached is a summary of receipts and disbursements from the REA Construction Fund through April 30, 1978. We also furnished a copy of our Expenditure Adjustment Report to your manager, Mr. Fread.

We have these recommendations:

1. To the extent practicable, identify years, units, locations and costs of old plant. Past CPA auditors have refused to certify your balance sheet because this information has not been systematically assembled to enable verification. Recent plant has been acceptably costed and identified, but remains to be included in continuing property records when these can be established.
2. Install continuing property records of all plant not later than December 31, 1978, so that these records can be used for the year 1979 and thereafter.
3. After cutover to the new system, determine existing plant retained and in use; retire the balance of existing plant on the books. We anticipate this entry will be made in 1978 since cutover is scheduled for this year.

4. Construction overhead charges and interest charged to construction should cease when related plant is placed in service during 1978. Likewise, depreciation should begin when the new plant is switched to use.
5. Consult with your CPA firm and then begin write off of loan expenses and of training expenses now in prepaid and deferred assets; rate case costs should be amortized from the date new rates are billed.
6. (The minutes should formally reflect review and acceptance of the CPA audit report of the telephone company.)
7. From time to time the manager should test service orders to see if related charges are entered in the billing records and if local service rates are correct. Otherwise, the bookkeeper and the cashier-billing clerk double check subscriber accounting.
8. Paid bills should be marked PAID and should show the check number involved.
9. The telephone company sold an REA-financed truck to the city for \$2,600 which should be deposited in the Construction Fund when collected.
10. Your office and CPA firm should note and apply Telephone Fund requirements as described in Article 4 of the Telephone Utility Revenue Bond, particularly those requirements becoming effective by December 31, 1978.

Our limited review of other records of the company indicated that they were generally adequate.

Copies of this letter were made for the company's auditors, for your manager, for the REA Field Representative and for telephone commission files. We recommend the original of this letter be attached to the minutes of the meeting at which it is reviewed.


George H. Johnston, Jr.
REA Field Accountant

Attachment

ORIGINAL ON FILE AT CITY CLERK'S
OFFICE. COW

MINNESOTA 622 CROSSLAKE
 CROSSLAKE TELEPHONE COMPANY
 CROSSLAKE, MINNESOTA

Status of REA Construction Fund Receipts and Disbursements

	<u>By Cash Records</u>	<u>By Budget Items</u>
Receipts from:		
REA Loan (All advanced May 2, 1977)	\$1,374,000.00	\$ 33,000.00
Redeemed U.S. 2% REA Bonds	470,000.00	470,000.00
Interest on U.S. 2% REA Bonds	<u>16,465.33</u>	<u>16,465.33</u>
Total Receipts	<u>\$1,860,465.33</u>	<u>\$ 519,465.33</u>
Less Disbursements for:		
U.S. 2% REA Bonds (1)	\$1,341,000.00	\$ -0-
Loan Budget Items	<u>493,802.59</u>	<u>493,802.59</u>
Total Disbursements (All Approved)	<u>\$1,834,802.59</u>	<u>\$ 493,802.59</u>
Cash Balance, April 30, 1978	<u>\$ 25,662.74</u>	<u>\$ 25,662.74</u>

- (1) These U.S. Treasury 2% Bonds are all held in the custody of the U.S. Treasury Department and can only be redeemed for amounts and purposes approved by REA; \$470,000 was so redeemed.

- (2) As the Building Contract exceeded the loan budget by \$7,609 for this purpose, the amount of \$7,609 was transferred from general funds to a special savings account designated for ultimate payment to the building Contractor.