

MINUTES
SPECIAL COUNCIL MEETING – STUDY SESSION
COOK CITY COUNCIL
JULY 23, 2009 – CITY HALL – 5:00 PM

PRESENT: Councilors Jody Bixby, Karen Hollanitsch, Dan Manick and Elizabeth Storm

ABSENT: Mayor Richard Edblom

OTHERS PRESENT: City Resident Geri Wilkinson, Administrator-Clerk/Treasurer Theresa Martinson, Deputy Clerk/Treasurer Cindy Palm, Walker, Giroux and Hahne CPA - Gary Giroux

The purpose of this meeting is for the council to hold monthly study sessions regarding the City of Cook for 2009. The residents of Cook are encouraged to attend these sessions and submit ideas for study to City Hall. Items will be discussed on an importance basis.

Meeting times will be at 5:00 p.m. on the fourth Thursday of each month before the regular council meetings. At each meeting the council will discuss two main items and agenda item research will be done prior to each meeting.

Gary Giroux, CPA with Walker, Giroux and Hahne was in attendance to review and answer questions regarding the 2008 audit for the City of Cook. A detailed explanation was given for the *cash and cash equivalents* as follows:

GENERAL FUND CASH

On page 11 of the audit, the cash on hand for Governmental Activities shows \$888,693 but is not the actual cash that the city has. Many of these funds are designated to other departments so a detailed breakdown has been provided as follows:

ASSETS

Cash and cash equivalents	\$ 888,693 (Pg. 11)
General fund	\$(100,058) Designated – Streets, Library, Rec Bldg etc. (Pg. 33)
Ambulance	\$(188,544) Designated/Undesignated
Cash and cash equivalents	\$(111,115) Special Business Loan Fund
Fire	<u>\$(140,492)</u> Designated/Undesignated
True cash and cash equivalents	\$ 354,102

Gary Giroux stated that the city should have approximately 6-9 months of cash available for operating expenses. The \$354,102 is approximately 6 months of cash available. Gary stated that the city is doing well but needs to be conservative.

ENTERPRISE FUNDS

Enterprise funds are a positive advantage for the city by promoting businesses and people to come to our community. Enterprise funds should be used for improvements and not for paying the debt of other enterprise funds. The liquor store fund is our most valuable enterprise fund but has borrowed funds to water/sewer and the airport over the years and has decreased its capacity for other improvements.

Water and Sewer

The city was in need of replacing the infrastructure, wells, water treatment plant, water tower and lift station. Future enterprise funds will look better and the improvements will be at a useful age. Currently the water fund owes \$371,717 to the liquor store fund. These are many years of expenses incurred that the city did not have the funds for. The maintenance department is reducing a staff position for 2009 and will reduce some of the expense burden to the water and sewer departments. The city utility rates will need to be reviewed to reduce some of the debt burden without increasing rates excessively and passing this along to the residents and businesses.

Airport

The airport fund was moved from the general to an enterprise fund in 2008 to show the operations. Funding for the airport is primarily through state and federal grants and minimal expense to the city. The airport owes \$207,713 to the liquor store fund from many years of expenses incurred that the city did not have the funds for.

Gary Giroux recommended focusing on economic development to increase these enterprise funds. The city has funds to loan out for machinery and industrial entities but needs security measures in place to protect repayment of these funds.

Internal Controls

MN State statutes require uninsured deposits to be collateralized at 110% for the city's designated financial institution. The city's financial institution utilizes Raymond James, a broker, for this collateral and they are not collateralized at 110%. Administration will work with the city financial institution to change brokers or consider changing banks.

The council was recommended to review the operations of the airport, water and sewer enterprise funds because of continuous loss.

Wire Transfers need to be approved by the council each month. Electronic Fund Transfers are exempt from needing approval.

Overall, Walker, Giroux and Hahne CPA – Gary Giroux reported that the direction of the City financials are positive and to continuously work at improving the financial condition of the city.

Motion by Storm, second by Hollanitsch to adjourn the special study meeting at 5:47 p.m.

Respectfully submitted,

Cindy Palm
Deputy Clerk/Treasurer