

MINUTES OF THE SPECIAL MEETING
FOR THE ANNUAL AUDIT PRESENTATION
BRAHAM CITY COUNCIL
TUESDAY, MARCH 7, 2016
6:30 P.M.

The special meeting for the Annual Audit Presentation was called to order with the following present: Mayor Patricia Carlson; Council Members Wayne Seiberlich, and Traci Leaf. Council Member Jeremy Kunshier arrived at 6:35 p.m., and Council Member Vicky Ethen was absent.

City Auditor Mike Burkhardt presented the 2015 annual audit report. He began by reporting a clean opinion of the City's financial records. He walked the council through the Financial Statement page by page, noting specifics. He told the council that the biggest change in this year's audit was reporting the pension plans that included the volunteer fire department, PERA for the general employees, and PERA Police & Fire.

He reported Cash and Cash Equivalents in the Governmental Funds of \$1,060,424 which was up \$102,000 from last year; and Business-type Activities (Enterprise/Proprietary Funds) of \$607,421 which was up \$18,000 from last year.

He noted the new reporting of the Net Pension Liability, which showed \$484,511 in the Governmental Activities and \$124,903 in the Business-type Activities, for a total of \$609,414.

Burkhardt reported total expenses for the City of \$1,698,697 in the Governmental Funds which was up \$152,000 from last year, but noted the new pension expense reporting was a factor in that. The expenses for the Enterprise Funds were \$1,966,821 which was up \$21,000 from last year. He then noted the revenues in those respective funds.

In the Reconciliation of the Balance Sheet to the Statement of Net Position in the Governmental Funds, he again noted the new reporting for the Net Pension Liabilities—(\$274,464) for the general employees, (\$263,582) for Police and Fire, and a positive \$53,535 in the Volunteer Firemen's Relief Pension.

Burkhardt reported Revenues in the General Fund of \$1,151,060 and noted it was close to the same amount last year. He reported the expense at \$1,247,288 which was up \$131,000 from last year, which drew down the Fund Balance (\$92,752). He reported the change in Fund Balance for TIF 2-8 at \$4,850; Debt Service of \$50,280; SCDP Housing Rehab of \$67,007, and Non-major Governmental Funds (\$83,734).

In the Budget and Actual comparison in the General Fund, he reported Revenues budgeted at \$1,086,358 and Actual was \$1,151,060. For Expenditures, he reported a budget of \$1,120,313 and actual at \$1,247,288 due to some capital outlay expenditures.

Burkhardt reported the Statement of Net Position for the Proprietary Funds (Water, Sewer, Liquor). He noted the biggest liabilities are the debts. He drew the council's attention to the Net Pension Liability in the funds—Water \$16,049; Sewer \$24,222; and Liquor \$84,632.

He reported Revenues in the Water Fund at \$260,884; Operating Expenses at \$193,916; Net Income from Operations \$66,968; Change in Net Position of \$48,862; and Prior Period Adjustment due to the Pension reporting (\$15,963) for an ending Net Position of \$1,245,693.

He reported Revenues in the Sewer Fund at \$299,740; Operating Expenses at \$343,449; Net Loss from Operations (\$43,709); Change in Net Position (\$58,662); and Prior Period Adjustment due to the Pension reporting (\$24,092); for an ending Net Position of \$2,343,816.

He reported Revenues in the Liquor Fund at \$1,317,124; Cost of Revenue \$1,001,402; Gross Profit \$315,722; Operating Expenses at \$294,097; Net Income from Operations \$16,359 after a \$10,000 transfer to the General Fund; Prior Period Adjustment of (\$84,179); for an ending Net Position of \$301,368.

Burkhardt reported Net Cash from Operations of \$112,901 in Water, \$30,364 in Sewer, and \$33,224 in Liquor. He noted Net Increase (Decrease) in Cash and Cash Equivalents at (\$6,938) Water; \$1,411 Sewer; and \$23,234 Liquor.

Burkhardt walked the council through the different debts of the City, with amortization schedules.

He noted that pages 45-53 in the financial statements were all new due to the new GASB 68 pension reporting requirement.

He noted that page 56-40 were also new to the financial statements as well, again referring to the pension reporting requirement.

He directed the council to the funds that were included in the Non-major Governmental Funds, and the Assets, Liabilities, Revenues, and Expenditures under each fund.

Burkhardt ended the presentation by directing the council to Page 82 of the Financial Statements regarding Minnesota Legal Compliance, where it was noted that seven different areas of compliance were tested during the audit, and everything was in compliance. He congratulated Administrator Hoy and her staff, as he was told by Greg and Paul Burkhardt (who had done the on-site audit) that it was an easy audit. He noted they'd done a good job.

Seiberlich moved, and Leaf seconded to adjourn the special audit presentation. Motion carried 4-0. Meeting adjourned at 7:00 p.m.

Respectfully Submitted,

Sally A. Hoy
City Administrator