

**MINUTES
CITY OF ISANTI
CITY COUNCIL WORK SESSION
TUESDAY, MAY 6, 2008 – 5:45 p.m.
CITY HALL**

Mayor Pro-Tem Duff called the meeting to order at 5:47 p.m. Duff noted that the Mayor just arrived and that Councilmember Kolb is absent. At 5:47 p.m. the meeting was turned over to Mayor Wimmer.

Members Present: Councilmembers Alan Duff, Sue Larson, and Ralph Johnson. Mayor Wimmer arrived at 5:47 p.m. and Councilmember Jeff Kolb arrived at 6:00 p.m.

Members Absent: None.

Staff Present: City Administrator Don Lorsung, Assistant City Administrator/City Clerk Irene Bauer, Finance Director Rita Pierce, and City Auditor Steve McDonald.

Review of 2007 Audit

City Auditor, Steve McDonald, Abdo Eick & Meyers, LLP presented to Council the 2007 audit.

McDonald reported there have been significant changes in Audit Standards. McDonald reported that no findings were found in most areas of the audit controls. One significant audit finding was the limited segregation of duties in the Liquor Store. McDonald stated that Staff has addressed this matter and has developed a plan that he approves of.

The following areas of the audit were reviewed:

- General Fund Balance
McDonald reported the balance is slightly higher than it needs to be. The range of 40 to 50 percent of planned expenditures and transfers out is recommended and the City's General Fund balance of \$1,645,420 is 54 percent of the 2008 budgeted expenditures.
- General Fund Revenue by source
- General Fund Expenditures by program
- Special Revenue Funds
- Debt Service Funds
- Capital Project Funds
- Water and Sewer Funds
- Liquor Fund

Duff noted that based on the Auditor's report, other communities were working at 33-40% of their budget for public safety and the City of Isanti's is at 43%, and stated that he feels this is good that the City spends dollars on public safety.

Duff stated that long term financial planning was established as one of the goals of the Council in 2007 and questioned if the City has seen any impacts on this as it relates to 2007 data; or will the City see results from this goal in the next year or two. McDonald stated that impacts cannot yet be determined as the audit is for year 2007; but will be monitored in future audits.

Johnson questioned the health of the debt fund. McDonald stated that there are no deficits in the debt funds and that the funds look good at this time; but because of the economy it is hard to look forward as to what will happen in the next 2-3 years.

Kolb questioned if there was anything McDonald could perceive for problem areas in the future. McDonald stated that the City must prepare for capital expenses and debt and ensure that once established and prepared for, Council can look at the affect it will have on the City.

Adjournment

Motion by Duff, second by Larson to adjourn. Motion carried unanimously. The Work Session adjourned at 6:16 p.m.

Respectfully submitted,

Irene J. Bauer
Assistant City Administrator/City Clerk