

**MINUTES**  
**SPECIAL COOK CITY COUNCIL MEETING**  
**2011 AUDIT**  
**APRIL 19, 2012 – CITY HALL – 5 PM**

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PRESENT: Mayor Harold Johnston, Councilors Karen Hollanitsch and Elizabeth Storm  
ABSENT: Councilors Jody Bixby and Kim Brunner  
OTHERS PRESENT: Administrator-Clerk/Treasurer Theresa Martinson, Deputy Clerk/Treasurer Cindy Palm, Gary Giroux CPA – Walker, Giroux and Hahne, Ltd. and Cook News Herald

Mayor Johnston called the Special Council Meeting to order at 5 PM to review and accept the 2011 Financial Audit presented by Gary Giroux of Walker, Giroux and Hahne.

The City of Cook projects for 2011 included replacing the Sewer Lift Station, continuing the River Street Streetscape and Airport Runway Expansion.

The following information is provided from Walker Giroux and Hahne LTD in the *Management's Discussion and Analysis of December 31, 2011*.

Business-Type Activities

There was an increase in net assets of \$177,588 and operations produced an income of \$202,234 for December 31, 2011. A Capital grant for \$50,000 was received to partially fund a new lift station for 2011.

Financial Analysis of the City's Funds

Governmental funds increased \$253,049 from the prior year. This year's total fund balance is a surplus of \$1,306,096 in the City's general fund. The general fund had an increase of \$102,944, with general fund revenues decreasing \$43,011 and expenditures decreasing by \$82,981 over 2010. General fund transfers were \$69,965 which is similar to 2010 transfers of \$70,632.

The airport runway capital projects fund recorded a net change in fund balance of \$46,979 reducing the deficit to \$71,227. The ambulance special revenue fund increased \$80,642 and is comparable to 2010. The airport special revenue fund continues to be in deficit with 2011 transactions decreasing the deficit by \$11,627. The only significant change in fund balance occurred in the fire special revenue fund.

General Fund Budgetary Highlights

Over the course of the year, the City Council did not revise the City's general fund budget. Actual expenditures were \$15,422 above the final budget amounts. The most significant negative variances occurred in the City's culture and recreation programs. During 2011, a recreation building project was started but was not budgeted, resulting in \$28,824 of actual charges over the budgeted amounts. Resources available for appropriation were \$129,575 above the final budgeted amounts. The City received more taxes, intergovernmental, and contribution revenues than expected.

Capital Assets

On December 31, 2011 the City had \$13,207,012 invested in a broad range of capital assets (net of accumulated depreciation), including land, construction in progress, land improvements, buildings, infrastructure, and machinery and equipment. This amount represents a net increase (including additions and deductions) of \$34,135 over 2010.

## Proprietary Funds

The Water operating loss of (\$8,025) was reduced over 2010 in part due to a rate increase. Transfers from other enterprise funds were made in the amount of \$32,250 for 2011. Sewer operating income increased \$12,723 over 2010 due to a rate increase with operating income of \$27,479. Both accounts show overall net operating losses due to interest expense on funding for these accounts but have improved over 2010.

The council increased rates in April 2010 as advised by Gary Giroux of Walker, Giroux and Hahne to work towards breaking even in the net operating losses for water and sewer. Rates are reviewed on an annual basis.

The refuse account is in-active with a balance of \$36,180 available for use.

The liquor store showed operating income of \$146,402 after depreciation. A transfer out of \$20,000 was made to the water enterprise fund for 2011.

After reviewing the proprietary funds, Gary Giroux recommended transferring \$381,608 from liquor store cash assets to reduce the negative net assets of (\$381,608) in the water enterprise fund. Total cash assets would remain at \$1,131,195 for all enterprise funds. It was also recommended that the balance of \$36,180 in the refuse fund be transferred to the Water/Sewer Line Replacement fund to increase the balance for future repairs and maintenance.

Administration advised that the purpose of the liquor store enterprise fund is to supplement the city by funding projects that grants would not be available for. The liquor store funds are to be used conservatively as assets could decrease to a fluctuation in business. However; it is also important to reduce the negative net assets in the water enterprise fund and to break even in this fund as required by the USDA for our infrastructure loan with them.

After reviewing the recommendations from the Auditor and Administration, the council recommended transferring these funds and to eliminate a rate increase for 2012 due to the economic hardship on the community due to the school relocation and tax increases. The council will raise the water, sewer and replacement rates .60 cents per 1000 gallons for 2012 but subsidize the increase to the consumer by transferring funds from the liquor store to the water enterprise fund to break even for 2012. The new rates will be in effect for 2013.

Motion by Storm, second by Hollanitsch to transfer \$381,608 from the Liquor Store to the Water enterprise fund to eliminate negative debt. **MOTION CARRIED**

Motion by Storm, second by Johnston to transfer \$36,180 from the Refuse fund to the Water/Sewer Line Replacement fund. **MOTION CARRIED**

Motion by Johnston, second by Storm to increase water, sewer and replacement rates by .60 cents per 1000 gallons for 2012, but subsidize the rate increase to the consumer by transferring liquor store funds to the water enterprise fund to break even for 2012, with the new rates in effect for 2013. **MOTION CARRIED**

Bank collateral was held with FHLB Des Moines for 2011. First National Bank collateralized \$2 million with a letter of credit to protect the City's cash assets. Collateral is reviewed weekly and adjusted if cash is anticipated to increase or decrease by a large amount.

Motion by Hollanitsch, second by Storm to approve and accept the 2011 Financial Statement for the City of Cook as prepared by Walker, Giroux & Hahne, Ltd. **MOTION CARRIED**

**ADJOURNMENT**

Motion by Storm, second by Hollanitsch to adjourn the special meeting at 6:15 PM. **MOTION CARRIED**

Respectfully submitted,

Cindy Palm  
Deputy Clerk/Treasurer