

**COOK CITY COUNCIL  
SPECIAL MEETING MINUTES  
2016 AUDIT  
MAY 25, 2017 – COOK CITY HALL – 5 PM**

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**TIME AND PLACE:** A Special Meeting of the Cook City Council was held at 5 PM on Thursday, May 25, 2017 at the Cook City Hall.

**CALL TO ORDER:** Mayor Harold Johnston called the meeting to order at 5 PM.

**ATTENDANCE:** Present at roll call was Mayor Harold Johnston and City Councilors Jody Bixby, Karen Hollanitsch, and Kim Brunner. Absent was Councilor Elizabeth Storm. Also present were Administrator-Clerk/Treasurer Theresa Martinson, Deputy Clerk/Treasurer Stephanie Beaudry, Bill Paulson CPA-Walker, Giroux and Hahne, The Timberjay, and Cook News Herald.

**2016 AUDIT PRESENTATION**

Bill Paulson of Walker, Giroux and Hahne (WGH) presented the 2016 Financial Audit, touching on various pages:

Page 3 is summary of opinions. Note that the Fire Relief Association's net pension liability is not included in the governmental activities. This is not an unusual practice for a city.

Page 11 is fund statements, revenue, and expenditures. The larger funds are listed separately. The general funds had a nice increase.

Page 14 is enterprise funds. Water & sewer both have some losses but the deficits aren't that large. The liquor store is very profitable. Monies were transferred out to cover a negative cash balance in the operating account.

Page 23 shows funds that did have deficits. There is nothing out of the ordinary. The city needs to transfer from the general fund to cover the city share of any finished projects; it can be done at the end of the year.

A prior period adjustment was made. In 2015 there were some funds coded as "construction in progress" but it really was repair; it should not have been depreciated, so an adjustment was made in 2016.

Page 32 is pension cost information.

**Compliance**

WGH performs tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Testing results disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or *Minnesota Legal Compliance Audit Guide for Political Subdivisions*.

Segregation of Duties

There is a deficiency in the segregation of duties due to staffing limitations caused by fiscal constraints. Administration monitors transactions and reviews the duties of office personnel on an ongoing basis. The Council recognizes the weakness in segregation of duties and continuously provides oversight to partially compensate for the deficiency.

Lack of Control – Financial Reporting Process

A material misstatement of the financial statements could occur and not be prevented or detected by the City's internal control due to staffing limitations caused by fiscal constraints. Management will continue to establish effective review over policies and procedures. Management has determined that the cost and training involved to review or prepare the City's financial statements exceeds the benefit that would result.

Management Letter

Two deficiencies were noted:

- 1) Two vendor invoices were not readily available for viewing; they were eventually located.
- 2) It was noted that the city staff miscalculated an awarded quote. This was the lowest quote received even with recalculation, however miscalculating bids or quotes could potentially lead to compliance issues.

Mr. Paulson stated that overall the city is doing well and there are no recommendations.

Motion by Hollanitsch, second by Brunner to approve the 2016 audit as presented. **MOTION CARRIED**

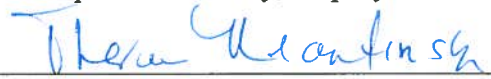
**ADJOURNMENT:**

There being no further business brought before the Council, motion to adjourn at 5:34 PM was made by Councilor Hollanitsch and second by Councilor Brunner. **MOTION CARRIED**

CITY OF COOK – Cook, MN 55723

  
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Harold Johnston, Mayor

  
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Recorder: Stephanie Beaudry, Deputy Clerk/Treasurer

  
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Attest: Theresa Martinson, Administrator-Clerk/Treasurer