

## **Ely City Council Study Session June 29, 2010**

The Ely City Council Study Session was called to order by Mayor Skraba at 6:00 p.m. on June 29, 2010 at the Ely City Hall.

PRESENT: Council members Debeltz, Omerza, Sheddy, Zupec, and Mayor Skraba (5)

ABSENT: Council members Nikkola and Salerno (2)

Addition to agenda: IRR Alternative Energy grant application

### **REQUEST TO APPEAR**

Residents of the City of Ely, Tom Leroy and Sharon Skradsky appeared before council to state their complaints about how the removal of artificial flowers was handled at the cemetery. The council reviewed a letter from Carole Krutsch questioning how the city informed out-of-town lot owners, of the fact that all artificial flower arrangements were going to be disposed of two weeks after Memorial Day.

The Council explained that the flowers had not been removed by city employees but had been removed by the Cemetery Committee. The committee is administrative unlike other committees being advisory which gives them the authority to take action. The Council will review the history behind the Cemetery Committee being administrative and the current issues.

The Council took a 5 minute recess at 6:35 p.m. and reconvened at 6:40 p.m.

Gary Giroux presented the 2009 audit report. He stated the main difference in the audit this year is that the City received federal funding in excess of \$500,000 in expenditures, which required a single audit to ensure the money was spent in compliance with federal guidelines.

Gary Giroux gave the following breakdown of the audit:

1. Summary of the audit consisting of independent auditors report; management (clerk & accountant), financial analysis of the city as a whole and economic factors;
2. Net assets increased as of December, 2009;
3. Review of water and sewer funds showed a loss in 2009. Reporting depreciation is mandatory. The council did approve transferring monies in 2009 to bring the cash balances to -0-. The state recommends that enterprise funds be self supporting, and rates would need to increase to receive monies from federal/state funding;
4. Long term debt, the council could look at refinancing at lower interest rates;
5. Found bidding and disbursements in compliance with state laws;
6. Found federal compliance programs to be sufficient;
7. Discussed segregation of duties, stated that the council is aware of lack of control of financial reporting process;
8. City should have an investment policy including risk analysis, risk of collateral, bank guarantees and insurance collateral. Clerk Boese will work on developing a policy;
9. Invoice are required to be paid within 35 days or tabled by the council;
10. The retiree health insurance account has been cleared up;
11. Cash receipts should detail method of payment i.e., cash or check. Doing daily deposits. New policies have been implemented;
12. Gary stated with the current staffing team there is a consistency that he would like to see stay and overall the city controlled the budget, assets were up, and the city is looking good.

Duane Whalen expressed concern regarding depreciation on water equipment for 40 years with a life expectancy of 20 years.

## OLD BUSINESS

The council reviewed the proposed sales tax presentation which was presented for discussion by Council member Omerza. The council will discuss this issue at the next regular meeting and hold a public hearing to gather input from the citizens of Ely.

Council member Omerza reported on her attendance at the League of MN Cities annual conference. She served on the nominating committee and they have recommended two individuals from greater Minnesota to serve on the League's Board of Directors.

Mayor Skraba updated the council on the LCCMR hearing held recently in St. Paul.

Director Langowski reported on the feasibility study through the Office of Energy Securities.

## NEW BUSINESS

The council reviewed the commemorative coin design which was presented. The comments on the design were positive.

The council reviewed the July 4<sup>th</sup> festivities planned including the parade, fly over and said thanks to Stan Passananti from Gmen Company for supplying dumpsters for the event.

Director Langowski informed the council that the school will not be applying for the IRR energy grant for their domestic hot water project and he would like to submit an application on behalf of the Ely Nordic Ski Club for their solar heat panel project. He stated there is a possibility that the grant could be used at the senior center and/or the SATO building to replace the rooftop units there with solar heat. He will review the potential projects with the architect on Wednesday to meet the Thursday submission deadline.

Moved by Sheddy supported by Debeltz to adjourn the meeting at 8:10 p.m. Motion carried unanimously.

Terri Boese  
Clerk/Treasurer