

CITY COUNCIL PROCEEDINGS
BEMIDJI, MINNESOTA
Regular Meeting/Work Session – July 13, 2009

Pursuant to due call and notice, a regular meeting/work session of the City Council of the City of Bemidji, Beltrami County, Minnesota, was held on Monday, July 13, 2008, at 5:30 p.m. in the Conference Room of City Hall, Mayor Lehmann presiding.

Upon roll call, the following Councilmembers were declared present: Lehmann, Meuers, Downs, Waldhausen, Hellquist, Johnson, Negard.

Staff Present: City Manager John Chattin, Finance Director Ron Eischens, City Engineer Craig Gray, City Clerk Kay Murphy

Mayor Lehmann stated that the purpose of the meeting was to review the audit report prepared by Miller McDonald, Inc.

AUDIT REVIEW

Sandy Nelson, Miller McDonald, Inc., reviewed the 2008 Audit with the Council. The following items were discussed:

- The Auditor reviewed the Financial Summary stating that revenues increased by \$1,923,540 due mainly to an increase in intergovernmental income of \$644,096 and an increase in special assessments of \$1,273,396. Expenditures increased by \$16,284,980 due mainly to an increase in capital outlay of \$10,888,623 and bond principal retirement of \$5,684,681.
- Enterprise Funds – Revenues increased by \$1,153,037 due to an increase in state and federal grants of \$1,487,654 combined with a decrease in interest income of \$443,153.
- The following seven areas were tested for the Minnesota Legal Compliance by the Auditor: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, tax increment financing, and miscellaneous provisions. The City complied with the material terms and conditions.
- The Auditor identified one finding on internal control due to an accounting standard Statement of Auditing Standard #112. The City's auditor prepares the financial statements. The finding is considered to be a significant deficiency.
- The Auditor noted no instances of noncompliance or other matters that are required to be reported under Government Audit Standards.
- The City complied in all material respects with the requirements that are applicable to each of its major federal programs.
- The Auditor did not identify any deficiencies in internal control over compliance that they considered to be material weaknesses.
- The Auditor noted that the City meets recommended amount of reserves for cities.

Eischens noted that the City will be going out for RFP's for auditor services which the city does every three years.

Johnson asked if there was any concern about using the same audit firm.

Nelson responded that Miller McDonald rotates staff and there is no state requirement. In addition, she noted that it would cost a lot more to have a new auditor every three years.

ADJOURN

There being no further business, motion by Downs, seconded by Johnson, to adjourn the meeting. Motion carried. Meeting adjourned at 5:50 p.m.

Respectfully submitted,



Kay M. Murphy
City Clerk