

Bemidji, Minnesota

July 2022

2021 Summary Financial Report To The Community

Quick Facts

Demographics

Population	15,279
Growth since 2010	7.2%
Persons under 18 years	20.0%
Persons 65 and over	15.3%
Median age	28.2%
Females	50.1%
Owner occupied housing	41.1%
Total Households	6,265
Persons in poverty	28.0%
Median household income	\$ 36,250
Median home value	\$ 141,300

Major Employers

Full time Employees

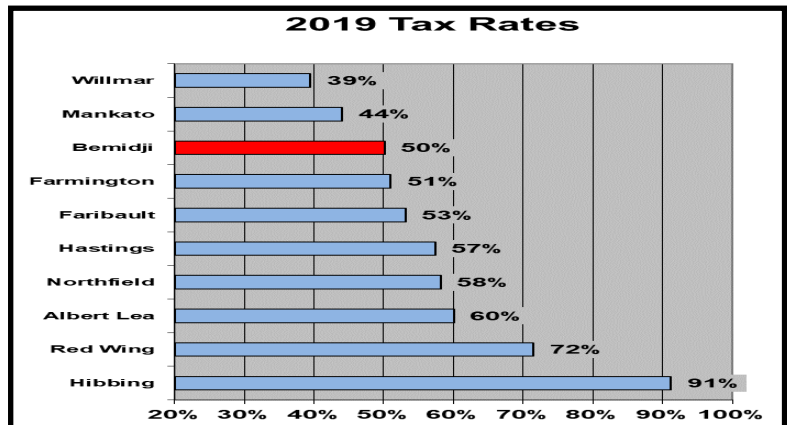
Sanford Health	2,200
Bemidji Public Schools	975
Bemidji State University	555
Beltrami County	325

The City of Bemidji presents its 2021 Summary Financial Report. The purpose of this report is to inform the community of City's finances in an easy-to-read format. These highlights are based, in part, upon the City's Audit which is a more inclusive document.

Tax rates are often used to compare cities. The rate is calculated by a dividing the property tax levy by a function of taxable property value. In comparison with nine similar regional center cities, Bemidji tax rates were in the bottom one-third. The average home value in Bemidji is \$154,000 and pays \$686 annually in City property taxes.

Making Cents

How Bemidji Ranks Against Similar Cities



Dividing Up Your Tax Dollar

Your tax dollar is divided into several governmental entities.



Bemidji collects 40 cents of every tax dollar. The remaining portions are divided among Beltrami County (48 cents), School District (11 cents), other agencies (1 cent).

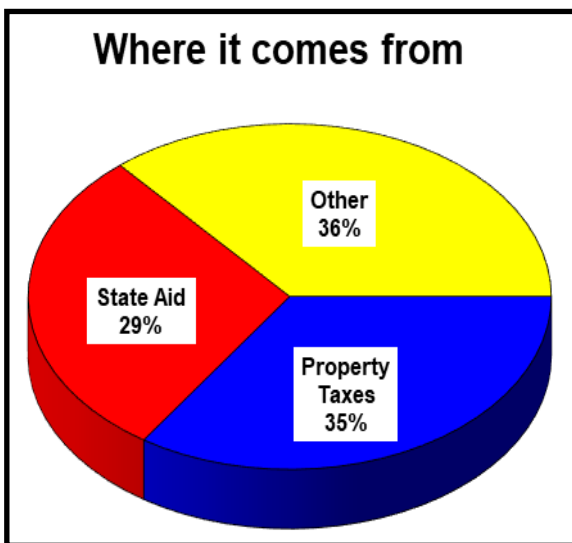
Bemidji Fund Types

In order for Bemidji to manage City finances smoothly, it divides activities into several different funds.

- The **General Fund** accounts for revenues and expenses that provide for *basic operations of the City*, such as police, fire, streets, parks and general government services.
- **Special Revenue Funds** account for activities restricted to *specific purposes* such as grants, building/rental activities, Arena and construction projects.
- **Debt Service Funds** track revenue and expenses related to *issuance and repayment of long term debt*.
- **Enterprise Funds** account for *activities that operate like businesses* which are paid for by user fees. Activities include water, sanitary sewer, storm water, refuse, liquor and The Sanford Center.
- **Internal Service Fund** accumulates and distributes certain administrative costs to various funds.

General Fund Revenue

The City's General Fund is the largest and most vital. It accounts for expenditures such as police, fire protection, streets and parks maintenance while at the same time supplementing portions of other funds. The General Fund relies on the inflow of cash, shown as revenues and

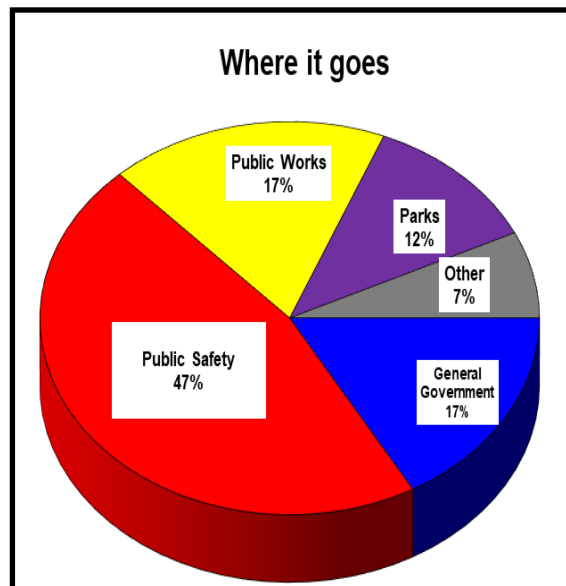


subsequently the outflow listed as expenditures. Primary revenues for the General Fund are property taxes and State Aid known as Local Government Aid (LGA). For 2021,

revenue was \$14.6 million, \$603,000 (4.3%) higher than the previous year due primarily to higher property and franchise fees received. Other income was lower due to one time COVID funds received in 2020. General Fund cash balances are \$8.9 million or 61% of 2021 expenditures.

	2021	2020
Property Taxes	\$5,528,287	\$4,813,244
State Aid (LGA)	\$4,219,285	\$4,103,606
Franchise & Cable Fees	\$1,583,744	\$1,216,653
Fire Revenue	\$593,172	\$526,361
Transfers	\$1,880,837	\$1,824,851
Other	\$785,231	\$1,502,720
Total Revenues	\$14,590,556	\$13,987,435

General Fund Expenditures



The City's 2021 expenditures were \$14.5 million which was \$110,000 over budget. General Fund expenditures increased \$1.6 million (12.8%), due primarily to higher personnel costs, capital expenditures and transfers. The chart highlights amounts spent on each category. The 2021 City audit includes investment activities and adjustments not reflected in this discussion.

	2021	2020
General Government	\$2,187,680	\$2,165,206
Public Safety	\$6,432,684	\$5,965,317
Public Works	\$2,688,147	\$2,333,413
Parks and Recreation	\$1,474,856	\$1,509,380
Sanford Center Operational Subsidy	\$530,000	\$506,655
Other	\$1,225,781	\$414,455
Total Expenditures	\$14,539,148	\$12,894,426

GENERAL FUND ACTIVITIES

General Government: Provides overall direction for City as determined by City Council including administration, finance, legal, technology, GIS, elections, assessing and joint planning.

Public Safety: Includes police and fire departments providing police protection, animal control, fire protection/prevention, technical rescue and emergency services including commercial building fire inspections.

Public Works: Manages City infrastructure such as streets, water, sewer, and surface water management.

Parks and Recreation: Responsible to provide recreation program activities, maintain and develop City park and trail systems.

Other: Includes Economic Development services, Public Transportation, contingencies and transfers.

Special Revenue Funds

The City of Bemidji has several special revenue funds used to account for revenues derived from specific sources or earmarked funds. They are required to finance particular functions or activities which include parking development, Firefighters Relief Association, Joint Planning Board, Building and Rental activities, other grant and construction projects. Revenues to support these activities are derived from grants, fees, state transportation aid, transfers and special assessments.

Internal Service Funds

Internal service funds are an accounting practice used to accumulate and allocate costs internally among the City's various functions. The City maintains an internal service fund to distribute costs including finance, legal, GIS, technology, administration, City Hall and Public Works Facility operations.

Long Term Debt

Bemidji maintains an "A1" bond rating from Moody's. Their comments stated Bemidji had a **strong financial profile including being a regional economic center, prudent financial management, sizable reserve levels, modest tax base with steady property valuation trends.** Also mentioned were the challenges of **below average demographic profile with low resident income, above average unemployment and very high debt burden.**

The City has \$57.1 million in outstanding debt, with \$55.4 million, (97%) representing bonds with non-property tax sources of repayment. The majority of debt, \$43.8 million represents amounts incurred for the construction of The Sanford Center, which is supported by local sales tax revenue. Taxable bonds supported by sales of vacant property have been paid in full during 2021. Future land sale proceeds are therefore available for other uses. Lease bonds are supported by energy savings.

Ten Year Look Back

Year	LGA Received	Property Tax Levy	City Tax Rate	General Fund Budget
2011	2,906,194	3,798,766	42.4	8,995,078
2021	3,608,449	6,517,521	50.3	13,670,268
Change	702,255	2,718,755	7.9	4,675,190

In 2002 LGA was \$3.8 million

Police	1,733,471
General Gov't	636,660
Public Works	604,620
Fire	560,072
Equipment	470,500
Parks & Recreation	430,383
Transfers	125,470
Sanford Center	100,000
Development	85,100
Contingencies/Other	(71,086)
TOTAL	4,675,190

What changed over the last 10 years?

- State aid (LGA) is higher by \$702,255
- Property taxes have increased \$2.7 million
- 29 more full-time employees

Why have property taxes increased?

- City investment in new buildings including a joint Law Enforcement Center, Public Works Facility and The Sanford Center as well as a street renewal program represents majority of levy increase
- Higher operational budgets

How are your property tax dollars spent?

- \$4,853,281—General Fund activities
- \$ 480,000—Sanford Center subsidy and capital
- \$ 385,000—Street renewal program
- \$ 267,055—Public Works Facility bond payments
- \$ 208,508—Law Enforcement Center Lease
- \$ 323,677—South Shore land bonds
- **\$6,517,521—Total 2021 Property Tax Levy**

Bemidji City Government Profile

Geographical		General Government	
Acres - Land	11,206	Business licenses issued	330
Square miles - land	17.5	Vendor checks issued	4,000
Miles from Mpls/St Paul	240	Cash receipts processed	38,000
Police		Library	
Calls for service	26,498	Visitors	96,300
Crime rate per 100,000	16,587	Circulation	99,000
Clearance rate	31%	Program Participants	5,260
# of licensed officers	34	Building and Rental	
Fire		Permits Issued	519
Calls for service	1,169	Rental Permits	1,125
Fire calls	105	Construction in millions	69
# of fire stations	4	Water (million gallons)	
# of trucks/engines	16	# of gallons pumped	524
ISO classification	3/10	# of gallons sold	429
Public Works		Water main breaks repaired	2
Miles of streets	92	Daily average gallons	1.4
# of plowing events	24	# of customers	4,370
Tons of sand/salt used	600	Sanitary Sewer (million gallons)	
City metal street lights	1,036	# of treatment plants	1
Parks and Recreation		Utility locates completed	1,700
Acres maintained	245	Lift stations refurbished	3
High use # of parks	12	Daily avg gallons	1.4
Adult participants	450	Annual inflow gallons	380
Youth participants	647	Gallons of sludge applied	1.3
Virtual Programming	250	Storm Water	
Airport - 4th busiest in MN		Street lane miles swept	1,600
Scheduled daily flights	2	Yards of material removed	31
Passenger count (2019)	61,800	Residential Refuse	
Economic Impact (2019)	\$58 million	# of customers	2,530

LOCAL .5% SALES TAX		
Year	Amount	Change
2011	1,916,248	3.8%
2012	1,955,241	2.0%
2013	2,176,211	11.3%
2014	2,200,823	1.1%
2015	2,299,338	4.5%
2016	2,390,353	4.0%
2017	2,393,528	0.1%
2018	2,490,915	4.1%
2019	2,590,359	4.0%
2020	2,688,237	3.8%
2021	3,079,171	14.5%

2021 Accomplishments
<ul style="list-style-type: none"> ◆ Tax base increased \$99 million or 5.5% ◆ Received \$12.3 million settlement with 3M for water contamination ◆ Estimated property value saved from fire \$19 million ◆ Issued \$69 million in building permits representing a 50% increase including 2 government structures for \$35 million ◆ Received \$843,000 in ARP funding for COVID impacts ◆ Capital projects of \$5 million undertaken ◆ Equipment purchased of \$1.6 million ◆ New short-term water treatment plant began operations to remove PFAS contaminants in city water supply ◆ Paid off South Shore land bonds early freeing up tax levy dollars for other purposes

Future Challenges

Bemidji is a regional economic center consisting of a large retail base, state university, medical services featuring Sanford Health and many other government agencies. These attributes contribute to a 42% level of tax exempt property. Paying for and maintaining regional City assets like streets, Sanford Center and parks with property taxes places a heavy toll on local taxpayers. A special use tax capturing visitor dollars who shop and recreate here would reduce the property tax burden and is necessary to maintain services and facilities at current levels.

Water conditions continue to be monitored as the short term water treatment plant is operational to remove PFC contaminants. Phase II (long term) is scheduled to start construction in 2023. The City received state bond funding of \$10.2 million to assist in paying for this project. In addition, waste water treatment plant expansion is necessary and additional treatment of ammonia and nitrates may be required in the future.

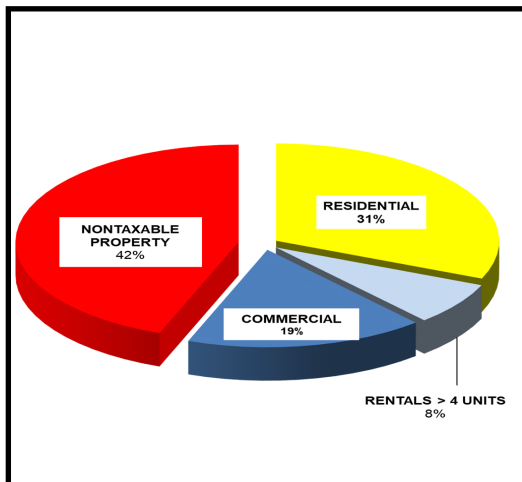


About this Report

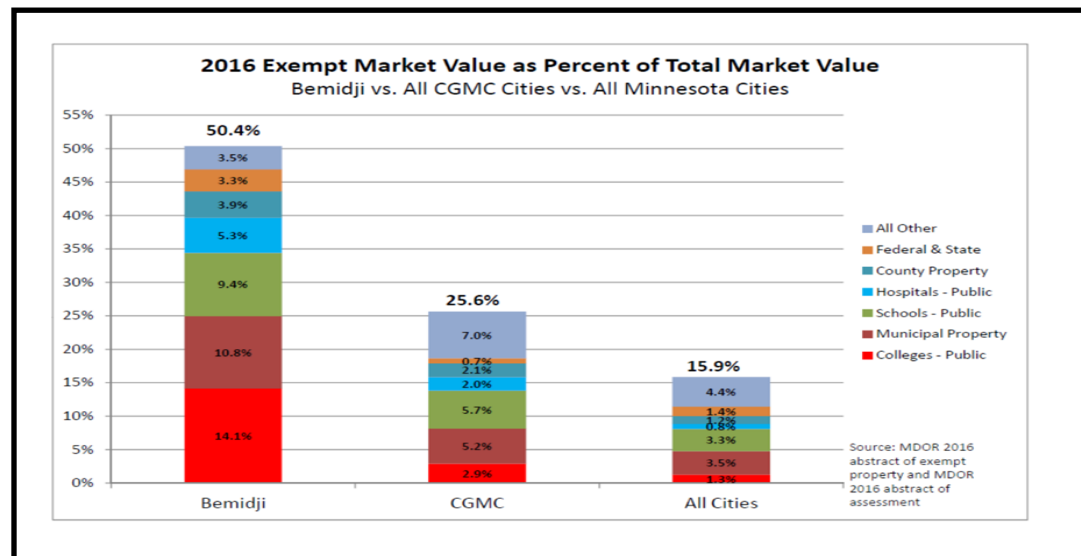
The City of Bemidji reports more detailed financial results in the annual audit. This report is an unaudited summary.

For a complete review of the City's 2021 financial position, consult the audit available on the City's website at www.ci.bemidji.mn.us, or from the Finance Department at 218-759-3568.

Property Classification



The 2021 value of City property is \$2 billion, of which 42% is non-taxable, one of the highest %'s in the state, see 2016 graph below. Bemidji State University, school systems, medical facilities in addition to many federal and state government agencies contribute to this level of tax-exempt property. While these entities provide economic impact and employment opportunities, they present challenges to generating City property tax revenue. In addition, a significant portion of residential housing stock is rental property, impacting neighborhood dynamics. Business property pays 50% of City property taxes followed 40% by residential property.



Enterprise Funds

These funds consist of business-type services such as water, sewer, storm water, refuse, (utilities) liquor and The Sanford Center. The City owns and operates two liquor stores generating operating profits of \$920,000. Liquor sales increased 2.2% to \$8.6 million in 2021. These increased sales will assist in repaying the \$3.5 million in debt issued to build the new First City store. Profits of \$463,000 were used to reduce property taxes, amounting to a 6.5% property tax subsidy. Remaining reserves and profits are used for community projects such as parks, street improvements, liquor store improvements and Veteran's Home contribution.

The Sanford Center and South Shore

The Sanford Center is a multi-purpose 185,000 square foot, 4,700 seat regional event center located on the south shore of Lake Bemidji which opened in fall 2010. During 2021, this facility was limited due to COVID and hosted 46,000 visitors including hockey games, banquets, conventions and weddings. The City contracts the operations of this facility to a private management company. Due to a change in management company's in 2021, there is no detailed annual report for this facility.