

CITY COUNCIL PROCEEDINGS

BEMIDJI, MINNESOTA

Work Session – July 8, 2013

Pursuant to due call and notice, a work session of the City Council of the City of Bemidji, Beltrami County, Minnesota, was held on Monday, July 8, 2013, at 5:30 p.m. in the Conference Room of City Hall, Mayor Albrecht presiding.

Upon roll call, the following Councilmembers were declared present: Albrecht, Meehlhause, Hellquist, Johnson, Olson, Erickson, Thompson

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

Others Present: Miller McDonald – Lisa Jones; Flaherty & Hood – Bradley Peterson

2012 Audit

Eischens stated that the purpose of the meeting was to review the 2012 audit report with the City's accounting firm, Miller McDonald. He stated that the annual audit is required by the City Charter and State Statute. He stated that if there was anything significant in the audit, staff would have brought it to the Council's attention.

Lisa Jones, Lead Auditor with Miller McDonald, Inc., reviewed the 2012 Audit with the Council. Ms. Jones noted the following items from the Audit:

- The assets of the City exceeded liabilities by \$98.5 million. Of this amount, \$17.7 million may be used to meet the government's ongoing obligations in accordance with the City's fund designations and fiscal policies.
- Total outstanding debt obligations were \$72.5 million at the end of the year. General obligation debt amounts to \$19.2 million, of which \$8.9 million has primary sources to cover debt payments from revenue other than property taxes.
- The City has ample funds to meet the State's recommendation for 5 months of cash flow reserves.
- One deficiency was noted regarding the auditor preparing the financial statements. Jones noted that this is very common and not a new deficiency.
- It was noted that staff are doing a good job of following purchasing procedures.
- Fixed asset schedule – City staff have taken a more active role in tracking assets.

CGMC Update

Bradley Peterson, senior attorney with Flaherty & Hood which represents the CGMC, stated that going into the 2013 Legislative session the CGMC goals were:

- To balance the State's budget without property tax increases; and
- To reform and obtain funding for LGA.

Peterson recapped the changes made to LGA which was showing its age as the formula was not working. CGMC participated in a group made up of representatives from Minneapolis, St. Paul, Metro Cities and the League of Mn Cities which resulted in a simplified LGA formula. The changes to the formula will provide an additional \$440,000 for the City in 2014. Peterson stated that in future sessions CGMC will focus on economic development, however, they will continue to watch LGA.

Meeting with Northern & Bemidji Townships

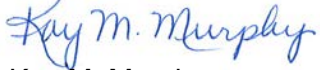
Mayor Albrecht stated that 2 to 3 representatives from the City Council have been asked to meet with Northern and Bemidji Townships to discuss how to implement the settlement agreement reached between the City and Bemidji Township. She suggested that Johnson and Erickson join her in that meeting.

Motion by Hellquist, seconded by Meehlhause, appointing Mayor Albrecht, Councilors Johnson and Erickson to meet with Northern and Bemidji Township at a meeting on Wednesday, July 10 to discuss how to implement the settlement agreement. Motion carried unanimously.

ADJOURN

There being no further business, motion by Hellquist, seconded by Meehlhause, to adjourn the meeting. Motion carried. Meeting adjourned at 6:40 p.m.

Respectfully submitted,



Kay M. Murphy
City Clerk