

CITY COUNCIL PROCEEDINGS

BEMIDJI, MINNESOTA

Work Session – October 27, 2025

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, October 27, 2025 at 5:30 p.m. in the Council Chambers of City Hall, Mayor Prince presiding.

Upon roll call, the following Councilmembers were declared present: Prince, Fiskevold Gould, Peterson, Dickinson, Rivera, Eaton, Thayer (5:32).

Present: Rich Spiczka, Donna Coe, Mike Mastin, Michelle Miller

2024 Financial Year End Review

Donna Coe presented the City's 2024 audited financials, led by new auditors, covering four main areas: general fund, special funds, debt service funds, and enterprise funds.

- The general fund showed revenues slightly under budget (by \$61,000, after removing an earmarked land sale) and expenses modestly over budget (by \$89,000), resulting in a budget that was essentially balanced overall. Certain revenue streams (e.g., franchise fees, property tax collection, fire service contracts) were lower than budgeted, but some areas (land sales, interest, liquor licenses) exceeded budget. Expense overruns were mainly in insurance, maintenance, professional fees, and supplies; savings were found in personnel and utilities.
- The City's 23 special funds (earmarked for things like building projects, ARPA, and recreation) overall received more revenue than budgeted—mostly due to unpredictable grant cycles—but also spent more, primarily on permanent improvement projects.
- Debt service funds (for bond payments) comprised a small portion of the budget, with slight overruns in some areas but manageable overall.
- Enterprise funds (for utilities, water/sewer, stormwater, refuse, and liquor stores) saw mixed performance: some revenue shortfalls (notably delayed grant revenue), but significant expense savings (especially where capital projects were deferred). Liquor store sales were down slightly versus budget but achieved cost savings.
- Fund balance policy: the City aims to maintain a reserve balance equal to 50% of next year's general fund budget for cash flow and emergencies.

Council discussed the following:

- Councilmembers engaged throughout the financial presentation, asking clarifying questions about revenue and expense variances in all major city funds (general, special, debt service, enterprise).
- They sought explanations on under or over budget line items—such as franchise fees, fire contracts, CIP projects, utility revenues, and liquor store performance—often requesting more detail or specific breakdowns.
- The Council discussed and clarified the City's fund balance and reserve policies for cash flow and emergencies, distinguishing between policy and charter requirements, and reviewed how designated reserves should be managed and reported.
- Several members asked about the process for designating/reserving funds for particular future projects (e.g., fire equipment, city hall renovation), as well as the feasibility and history of using surpluses to pay down city debt early.
- Councilors requested improvements in financial reporting and transparency, including separating grant revenue from expenses, analyzing city liquor stores individually, and providing clearer breakdowns for funds with no activity.
- Specific questions addressed the impact and handling of fees (e.g., credit card processing fees for city services), the timeline and content of future utility rate studies, and analysis of dog and cat license revenue.
- Council appreciated the increased detail in this year's report and requested ongoing efforts to clarify financial statements, synchronize information sharing (such as audit report delivery and printed copies for members), and review/implement recommendations from the audit findings.

Consider Resolution Designating Fund Balances

RESOLUTION NO. 6667: Designating Fund Balances was offered by Councilmember Eaton, who moved its adoption, and upon due second by Councilmember Dickinson passed by the following unanimous roll call vote: Prince, Fiskevold Gould, Peterson, Dickinson, Rivera, Eaton, Thayer.

ADJOURN

There being no further business, motion by Thayer, seconded by Eaton, to adjourn the meeting. Motion carried by unanimous voice vote. Meeting adjourned at 7:06 p.m.

Respectfully submitted,

A handwritten signature in blue ink that reads "Michelle R. Miller". The signature is written in a cursive, flowing style.

Michelle R. Miller
City Clerk