

**Special Study Meeting #20A
Monday, June 20, 2005, 5:30 P.M.
Bloomington Civic Plaza
1800 West Old Shakopee Road
Bloomington, Minnesota 55431-3027**

Call to Order

Mayor Gene Winstead called the meeting to order at 5:39 p.m.

Roll Call

Present: Mayor Winstead, Councilmembers D. Abrams, H. Harden, S. Peterson, and V. Wilcox.

Absent: Councilmember S. Elkins and A. Grady.

Introductions

Mayor Winstead introduced Lori Economy-Scholler, Chief Financial Officer, who explained that the purpose of the meeting is to receive a review by Deloitte & Touche, City's external auditors, of the City's 2004 Comprehensive Annual Financial Report. She introduced Jeff Radunz, Partner and Jeff Gendreau, Senior Manager from Deloitte & Touch and Finance Staff members Julie Vogel and Al Johnson.

**Deloitte & Touche
Review**

Jeff Radunz began by stating their intent to get the City Council's approval on the Annual Financial Report for the City of Bloomington in 2004, after which reports would be issued and finalized. He provided background information and stated their audit is nearly complete and their report date is June 9. He stated they issued a clean and unqualified opinion on the financial statements of the City as well as the Housing & Redevelopment Authority (HRA). The Port Authority's financial statements are included in the City's report so was also included under the scope of their audit.

His presentation highlighted the following:

- Required Communications.
- Audit Status.
- Auditor's Responsibility Under Generally Accepted Auditing Standards.
(No material weaknesses in internal control were discovered.)
- Management Judgments and Accounting Estimates.
- Reports to be Issued.
- Audit Adjustments.
- Accounting Policies and Practices.
(No major changes – but some of the debt had not been grossed up that the City issued on behalf of the HRA. It is now debt on the City's books and the City shows a receivable from the HRA that offsets that debt. No affect on the net equity or assets of the City.)
- Independence Matters.
- Additional Matters.
- Reports to Be Issued.
(Compliance Letter, clean unqualified opinion on the CAFR, clean unqualified opinion on the HRA, Single Audit Report – a clean report for purposes of the federal award.)
- Management Letter Comments.
(Consistency in budgeting and spending resulting in a 1.2% increase in spending per resident, which is a positive message. Relatively low ratio of debt to population. City reached \$1 billion in property values.)

**Auditor's Review
continued**

- Competitive Advantages and Challenges.
(Best bond rating in the country. "Pay as you go" philosophy.)
- Financial Highlights.
(The City's history of good financial reporting has resulted in it receiving the Certificate of Excellence in Financial Reporting from the GFOA for over 30 years. It helps ensure the City's AAA rating from the bond rating agencies. The largest change is on the government-wide reporting statement that includes the Component Units of the Port Authority and the HRA and the government-wide income statement. Lots of good development occurring in the city. City was advised to continue working to cash flow its Park & Rec operations as well as the Solid Waste Management Fund. City relied less on property taxes in 2004 than in 2003.)
- Relative Values of Best Practices on Rating.

Council requested staff provide some history relating to fiscal disparities.

Council Questions

Peterson expressed an interest in getting a balance sheet comparing Bloomington to other similarly situated cities.

**Capital Investment
Program Discussion**

Council concurred with the program as presented but agreed that the projects although listed, would be approved project by project. An inquiry was made as to why the intersection at 90th & Nicollet was listed as a high priority but is not scheduled until 2008.

Staff replied that the 90th & Nicollet Avenue is scheduled for the 2009-2010 funding cycle but could possibly be moved up.

Adjourn Meeting

Mayor Winstead adjourned the meeting at 6:38 p.m.

Barbara Clawson
Council Secretary