

MINUTES/FINANCE COMMITTEE

Tuesday, September 9, 1997 - 3:45 p.m.

Members present: Carpenter, Babinchak, Bakken, Hamerlik.

1. Matter of Comprehensive Annual Financial Report for year ended December 31, 1996.

Mr. Schmisek reported that copies of the CAFR had been distributed last week to members of the committee, and that today they received information on the Federal Financial Assistance and a letter from Brady Martz. Ron Johnke, Brady, Martz & Assoc., reviewed the procedures and information with the committee; he also noted that this is one of the longest audits they have had - started in mid-December, came and tried to finish in June (report dated June 20) and to press in August.

Mr. Johnke reported that there are two reports: 1) Comprehensive Annual Financial Report, which is the financial information, and that they are hired to express an opinion on that financial state-ment based on their audit test, and their report on the first pages of the financial report say that they do express an unqualified opinion, which means that they believe everything is fairly stated; 2) Federal Financial Assistance, reports on schedule of Federal financial assistance, and the same goes for this schedule. He stated they do a significant number of tests on those federal programs and there's no compliance findings they are aware of. He noted that they also required to test internal control structure of the City on how it relates to the City's financial statement as a whole and how it relates to each of the Federal Financial Assis-tance programs. He stated their reports are in the single audit information to the financial assistance and there are no material issues in regards to that. He reported the letter submitted that they are required to issue explains their responsibility under the Standards and reviewed with the committee.

It was noted that the audit states that the City did take out flood insurance, it was not on all buildings as stated, there were one or two buildings not included (north end fire station). Mr. Johnke stated that the main purpose of the subsequent events note is to put people on notice that something has happened out there since the date of those statements.

After some discussion it was moved by Bakken and Babinchak to approve the Comprehensive Annual Financial Report and to approve payment on the contract subject to final review by the State Auditor's Office. Motion carried.

Mr. Schmisek reported that the contract with Brady Martz & Assoc. was a three-year contract awarded in 1993, and have choice of going out for proposals or negotiate for future audits. He stated his recommendation would be for a motion to allow him to negotiate with Brady Martz & Assoc. for the 1997 audit and again for a three-year term; that with everything that has gone on this year and with what is happening with the federal funds receiving wouldn't want to

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anticipate extra workload in our office basically training in new auditors, and asked for direction.

Hamerlik stated that because of the flood and extra work in both auditor's office and the audit firm suggested extending for one year. Mr. Schmisek stated that part of reason for suggesting longer term was because of the requirements of the CDBG funds, up two years to obligate and up to three years to expend.

Moved by Hamerlik and Bakken to authorize the city auditor to negotiate with Brady Martz & Associates for one year extension of the contract with consideration of possibility of an additional year's extension. Motion carried. (Comm. only)

2. Matter of process for calling for special election.

Council Member Glassheim asked committee to recommend to the full council that we declare an election in Wards 2 and 3 as soon as it's legally possible, the reason is that we have a form of government in which there are 14 council people, two from each ward, and should keep that going. He stated the reason he is asking this is that the council has traditionally filled seats as soon as they were open, the council has been uneasy about having absent members, that a consequence of leaving seats unfilled is that more pressure placed on committees, less diversity of opinion and only two members on a committee, fewer people to spread additional workload beyond standing committees (to bikeway, bus, P & Z, 911, Library, Growth Fund, etc.); give over more and more decision making power to fulltime staff, and in addition to serving on

committees, serve people in wards by solving problems, answering questions, intervening on their behalf to make sure city services and policies fairly applied, etc. He stated that until public votes to change number and shape of government and asked that they not change government by passive inaction, and ask that they recommend to the council that they call a special election in Wards 2 and 3 in which the seats are vacant.

Lonnie Winrich stated he was leading a petition drive in Ward 3, that he agrees and supports Mr. Glassheim's position, that he feels there should be election to fill vacancies in both Wards 2 and 3. He stated that the window of opportunity for filing petitions is short (within 15 days of the vacancy). He also noted that in Ward 3 that council will be making far-reaching decisions re. dike lines, etc., that 50% of the dike in Ward 3, and Ward 3 should be fully represented on the council. He also noted they have 144 signatures on the petition, and would like to get more signatures before filing, but by deadline on Sept. 15 that they will be submitting petitions forcing an election in Ward 3.

James Garlough, Ward 2, expressed his interest in serving on the council, and will run if the council decides to have an election. He also stated that the 15-day window for gathering signatures for

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petition is too short and requested committee to examine that. He stated he wanted committee to know that there are people in Ward 2 interested if there were an election and supported Mr. Glassheim's request for election.

Mr. Swanson, city attorney, reviewed process which is established by State law, that any issues with time period are matters for legislature to address and this body doesn't have prerogative to alter that. He reported that with regard to calling for special election in Ward 3, State law provides that petition can be submitted within 15 days of the vacancy; deadline September 15 and petitions submitted by 4:00 p.m. to the city auditor's office; number of signatures on petition calling for an election would be 123. He stated that once an election called, either by this body or by petition, any candidates wishing to be placed on the ballot would have to submit their

own petitions to be nominated for the ballot and that requires a total of 97 signatures. He stated that even without filing of petitions the council can call for an special election at any time, the filing of a petition within the qualified time period will require council to call for an election; that a municipal election requires 60 days from time petitions filed placing your name on the ballot to the date of election, however, in those cases in which an election is not scheduled concurrent with any state or county elections, can do as short as 33 days from the deadline to submit petitions to the date of election, not obligated to use Tuesday as date of election. He also stated that time period for Ward 2 to submit petitions has expired, if an election to occur, either council calls for special election or if were to appoint to fill the vacant position, the time for petitions to call for special election reopens.

There were several questions raised:

1) length of term: Mr. Swanson stated an appointment would be to the next election, and if election, for the balance of the term.

2) residency status of people in buyout areas who may be living in temporary locations: Mr. Swanson stated it would be factual question on a case by case basis, issue is whether they retain residence in the ward, normally to change of residence requires 30-day absence (intentional absence), that FEMA trailer is not a permanent resident so those people not acquiring residency, those who moved to temporary residence outside the city may forfeit their right to vote, and will provide some research on that.

3) the effect of buyouts, etc. on other wards, whether adjust ward lines: Mr. Swanson reported that any adjustment of ward boundaries would require some form of census data, whether local census or survey; will research this matter.

4) cost of election - 3rd Ward, 4 precincts and 2nd Ward has 3 precincts.

Moved by Babinchak and Carpenter that we call for special election in both Wards 2 and 3.

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Mr. Swanson stated two decisions need to be made: 1) if call for election need to determine deadline for which petitions for candidates have to be filed, would need some time for people to solicit signatures on a petition, once that deadline

established can use either 60 or 33-day time frame, that if petitions to be placed on ballot had to be filed on or before September 30, 1997, using 33 day period and a Tuesday, soonest could have an election would be November 4; if use 60-day time frame on a Tuesday, soonest would be December 2.

Hamerlik stated he was opposed to calling for election in Ward 2, but if petitions filed as done in Ward 3, even though deadline for filing has expired, would agree; that he hasn't heard any outcry for an election in Ward 2 except for one person.

Babinchak and Carpenter amended their motion to include, "with petitions submitted by September 30 and call for election on November 4."

Mr. Swanson noted that petitions would have to be filed by 4:00 p.m. at the city auditor's office. Upon call for the question, the motion carried; Hamerlik voted against the motion.

Moved by Hamerlik and Babinchak to adjourn; meeting adjourned at 4:55 p.m.

Alice Fontaine
City Clerk

Dated: 9/11/97.