

**MINUTES
CITY OF NEGAUNEE SPECIAL MEETING
JUNE 24, 2010**

A Special Meeting of the Negaunee City Council was held on Thursday June 24, 2010 at 6:30 p.m. in the Negaunee Senior Center.

Members Present: Mayor Gravedoni, Council Members Wills, Maino, VanStraten, Haines, Menhennick and Mayor Gravedoni

Members Absent: Council Member Dompierre (excused)

APPROVAL OF AGENDA

A motion was made by Council Member Wills, supported by Council Member Maino and unanimously carried to approve the agenda as presented.

PUBLIC COMMENT

No one from the public wished to comment.

2009 CITY AUDIT

Mr. John Blemberg was present to review and discuss the 2009 City Audit and the GASB 45 requirements.

Mr. Blemberg explained that the City of Negaunee currently provides health insurance benefits on the pay-as-you-go method to 35 retired employees and some spouses of retire employees. The GASB 45 statement requires an actuarial computation of the annual required contribution for these benefits in a manner very similar to that of the pension funds at the City. For the year ending 12-31-08 the City did not get such a report and therefore are not in compliance with the requirements. Mr. Blemberg stated that GASB 45 is forcing units of government to record the value of future benefits. He stated that governmental units are just getting used to this requirement and some are negotiating the terms out of their contracts and some are recognizing the liability but are not acting on it. If the City of Negaunee shows this liability but does not act on it they would be in compliance.

Mr. Blemberg proceeded to review the audit. Mr. Blemberg stated that the "Management's Discussion and Analysis" which is "Unaudited" provides an overview of the City's financial activities for the year. Mr. Blemberg explained that the auditors reviewed and checked the information but that the past City Manager wrote the analysis. Mr. Blemberg pointed out that the General Fund "Fund Balance" took an actual loss of \$366,807 leaving \$466,292 in the "Fund Balance". Mr. Blemberg pointed out that the City spent too much money in the past few years and that they need to watch their expenses, revenue allocations and reliability of their accounting to make sure all reconciliations of accounts are done on a monthly basis.

Mr. Blemberg addressed the Enterprise Accounts. He stated that the Electric Fund had made loans to other funds that need to be paid back.

The Cable Fund needs to be watched. The system is old and with new technology the system might not be able to keep up.

The question was asked if the Audit Report would affect the City's credit rating? Mr. Blemberg stated that it would.

Interim City Manager Koski pointed out the deficit in four accounts: Major Street Fund (\$738), Local Street Fund (\$64,497), and Building Improvement Fund (\$142,858). He stated that the City needed to file a Deficit Elimination Plan with the State. Mr. Blemberg stated he would get an explanation for the deficit in the Building Fund.

PUBLIC COMMENT

No one from the public wished to comment at this time.

COUNCIL COMMENTS

Council Member Haines thanked Mr. Blemberg for his presentation.

Council Member VanStraten thanked Mr. Blemberg for his presentation.

Council Member Maino thanked Mr. Blemberg for his presentation.

Council Member Wills thanked Mr. Blemberg and stated that he cleared up his questions.

Council Member Menhennick stated that it was one of the best presentations given over the years.

Mayor Gravedoni stated that this presentation was no exception and that every year is a good review.

Mayor Gravedoni read a letter he received from the Ishpeming Area Joint Wastewater Treatment Facility regarding "No return of Tap in Fee or any amounts place in Escrow" if the 45 day referendum petitions pass.

ADJOURNMENT

There being no further business to discuss a motion was made by Council Member Wills, supported by Council Member Haines and unanimously carried to adjourn the meeting at 8:05 p.m.

Ann Yoho
Deputy Clerk