

MINUTES OF A REGULAR CITY COUNCIL MEETING HELD DECEMBER 3, 2009 AT THE CIVIC CENTER, 83 WEST MAIN, HYRUM, UTAH.

CONVENED: 6:31 p.m.

CONDUCTING: Mayor Dean Howard

ROLL CALL: Councilmembers Martin L. Felix, Paul C. James, Thomas C. LaBau, Stephanie Miller, and Craig Rasmussen.

CALL TO ORDER: There being five members present and five members representing a quorum, Mayor Howard called the meeting to order.

OTHERS PRESENT: City Administrator D. Brent Jensen, City Treasurer Lynn Coulam and three citizens. Secretary Keesha Rinderknecht recorded the minutes.

WELCOME: Mayor Howard welcomed everyone in attendance.

PLEDGE OF ALLEGIANCE: Councilmember LaBau led the governing body and the citizens in the Pledge of Allegiance.

INVOCATION: Councilmember Felix

APPROVAL OF MINUTES:

The minutes of November 19, 2009 were approved as written.

ACTION Councilmember James made a motion to approve the minutes of November 19, 2009 as written. Councilmember Felix seconded the motion and Councilmember James, Felix, Rasmussen and LaBau voted aye. Councilmember Miller abstained.

AGENDA ADOPTION: A copy of the notice and agenda for this meeting was faxed to The Herald Journal, posted on the State of Utah Public Notice website, mailed to each member of the governing body, and posted at the Civic Center more than forty-eight hours before meeting time.

Mayor Howard said that item "10. A. Annual approval of 401k retirement contributions." needs to be removed from the agenda since this is no longer a requirement.

ACTION Councilmember Felix made a motion to approve the agenda with the above amendment. Councilmember Miller seconded the motion and all five councilmembers present voted aye.

AGENDA

8. SCHEDULED DELEGATIONS:
 - A. Fred Burr, Wiggins & Company - To present the 2008-2009 Audit Report.
9. INTRODUCTION AND ADOPTION OF RESOLUTIONS:
 - A. Resolution 09-14 - A resolution authorizing and approving the exchange of municipal irrigation water shares.
10. OTHER BUSINESS:
 - A. ~~Annual approval of 401k retirement contributions.~~
 - B. Good Landlord Program.
 - C. Mayor and City Council Reports.
11. ADJOURNMENT

SCHEDULED DELEGATIONS:**FRED BURR, WIGGINS & COMPANY - TO PRESENT THE 2008-2009 AUDIT REPORT.**

Fred Burr, Wiggins & Company, presented the 2008-2009 audit report. He reviewed revenues and expenses for the general fund and the enterprise funds.

As of June 30, 2009 the total net assets of Hyrum City increased by \$292,249, totaling \$28,579,907. The governmental activities' net assets increased by \$138,295 and the business-type activities' net assets increased by \$153,954. The total net assets of governmental and business-type activities is \$28,579,907, and is made up of \$23,115,783 in capital assets, such as land, infrastructure, buildings, improvements and machinery and equipment, and \$5,464,124 in other net assets. The \$5,464,124 in other net assets is made up of \$112,166, which is restricted for capital projects, \$564,057 is restricted for debt service items related to the library and sewer system. \$385,593 is restricted for impact fees. Finally, the remaining \$4,402,308 is unrestricted net assets.

Total long-term liabilities of the City decreased by \$220,209. The long-term debt for the governmental activities decreased by \$56,096 and the business-type activities long term debt decreased by \$164,113. The total outstanding long-term debt of the City at June 30, 2009, was \$5,505,552, which includes compensated absences. The City's governmental funds (General, Special Revenue, Capital Projects & Debt Service) reported combined fund balances of \$1,113,288. This represents an increase of \$250,091 during fiscal year 2009. The General Fund is the chief operating fund of the City. All activities which are not required to be accounted for in separate funds either by state statutes or local ordinance or by a desire to maintain a matching of revenues and expenditures are accounted for in this fund.

Taxes continue to be the largest source of revenue in the General Fund and represent 54% of total General Fund revenues. The largest

element of taxes is sales tax, representing 50% of total tax revenue and 27% of total General Fund revenues.

The City's investment in capital assets for all activities at June 30, 2009, amounted to \$53,044,923. Accumulated depreciation on capital assets was \$24,855,499. Net capital assets amounted to \$28,189,424 at June 30, 2009. The investment in capital assets includes land, buildings and systems, improvements, infrastructure (roads, sidewalk, curb and gutter, etc.) and machinery and equipment. The total increase in the City's investment in capital assets during 2009 was \$1,420,671. Depreciation expense for 2009 was \$1,828,067, with \$724,589 recorded in governmental activities and \$1,103,478 recorded in business-type activities.

There were two significant deficiencies, one state legal compliance finding:

Significant Deficiencies:

1. Segregation Of Duties - There are segregation of duties problems in the duties related to utility billings and collections, payroll and general ledger accounting. The problems stem from the number of employees available to segregate the duties. The City does ~~not~~ have some mitigating controls but there is still not a proper segregation of duties in these areas.

Recommendation - The City consider the cost and benefit of implementing proper segregation of duties in the above noted areas.

Response - Hyrum City does not currently have sufficient employees to completely segregate duties. This recommendation from the audit will be reviewed by management to determine how best to comply.

2. Receipts At Decentralized Locations - The receipting process at the library and senior center did not include steps to properly receipt funds received at those locations. No employees are involved in counting and reconciling the funds prior to their delivery to the City's central accounting office.

Recommendation - Receipts be issued that track the numerical sequence and that two or more employees count and reconcile the funds to the daily receipts prior to their delivery to the City offices. A count sheet of the amounts received should be prepared and taken to the City offices for verification by the City Treasurer.

Response - The Senior Center and Library have implemented a receipt system to account for funds received and turned into the City Treasurer. A receipt is then generated by the Treasurer and returned to the Library or Senior Center.

State Legal Compliance Findings:

1. Fund Balance Compliance - Utah Code 10-6-116(4) indicates that the maximum fund balance in the general fund may not

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exceed 18% of the total estimated revenue of the general fund. The final unreserved fund balance in the City's general fund was in excess of 18%.

Recommendation - The City take the action necessary to bring fund balance of the City's general fund into compliance.

Response - The transfer to the debt service fund was budgeted but funds were received from the Foundation to cover the majority of the debt service requirement. This is the reason that the overage occurred. The overage will be budgeted and used in fiscal year 2010.

Fred Burr said Hyrum City's Staff does an excellent job with its finances and records.

ACTION Councilmember LaBau made a motion to approve the 2008-2009 Audit Report. Councilmember Rasmussen seconded the motion and all five councilmembers present voted aye.

INTRODUCTION AND ADOPTION OF RESOLUTIONS:

RESOLUTION 09-14 - A RESOLUTION AUTHORIZING AND APPROVING THE EXCHANGE OF MUNICIPAL IRRIGATION WATER SHARES.

Councilmember Rasmussen said that on the whereas on page two in the last sentence it says "as recovery of an undetermined amount of water saved through the efficiencies of sprinkling rather than flood irrigating from the CLAWSON properties." If equal amounts of shares are being exchanged how will the City benefit from this? Some other things that should also be considered is the City as a share holder has every right to transfer or trade shares but the irrigation companies have control over the diversion and the points of diversion. Before this resolution is approved the City should have some sort of agreement with the canal company of how this process will work.

Instead of taking all six days or what ever it may be of flow all at one time adjust the head gate at diversion to have 85-90% of flow at a continual basis. All users wouldn't have to wait the 18 days for their watering turn.

City Administrator Brent Jensen said that a full stream would probably be needed to cover the grounds.

Mayor Howard asked Councilmember Rasmussen to take these items of concerns to the irrigation board.

Councilmember James said that he would like this resolution readdressed at the first council meeting in January or as soon as possible.

ACTION Councilmember Rasmussen made a motion to table Resolution 09-14 for further discussion. Councilmember LaBau seconded the motion and all five councilmembers present voted aye.

OTHER BUSINESS:

GOOD LANDLORD PROGRAM.

Mayor Howard asked Councilmember LaBau if he would form a committee to help develop an ordinance for a good landlord program. Use landlords in our community and possibly Jim Vanderbeek as resources to develop the program.

MAYOR AND CITY COUNCIL REPORTS.

Councilmember Miller said the Youth Council Christmas Party is scheduled for Wednesday, December 16th. The Youth Council distributed 22 blankets to elderly residents and has received lots of good comments. The new Youth Council will be sworn in at 6:00 p.m. before the next scheduled City Council meeting. Hyrum's Holiday at Hardware flyers are being distributed to the elementary schools and will be available at the grocery store. A banner will be hung across Main Street, at East Park and that day at Hardware Ranch. The young adult ward and Youth Council will be helping with the event. The sesquicentennial committee will be meeting again next Wednesday.

ADJOURNMENT:

ACTION There being no further business before the City Council, the Council Meeting adjourned at 7:17 p.m.

W. Dean Howard
Mayor

ATTEST:

Stephanie Fricke
City Recorder

Approved: January 7, 2010
As Amended