

MINUTES OF A REGULAR CITY COUNCIL MEETING HELD DECEMBER 4, 2008
AT THE CIVIC CENTER, 83 WEST MAIN, HYRUM, UTAH.

CONVENED: 6:30 p.m.

CONDUCTING: Mayor W. Dean Howard

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

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, Zoning Administrator Ron Salvesen and nine citizens. City Recorder Stephanie Fricke 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: City Administrator D. Brent Jensen

APPROVAL OF MINUTES:

The minutes of November 20, 2008 were approved as written.

ACTION Councilmember Miller made a motion to approve the minutes of November 20, 2008 as written. Councilmember Rasmussen seconded the motion and all five councilmembers voted aye.

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

ACTION Councilmember James made a motion to approve the agenda as written. Councilmember LaBau seconded the motion and all five councilmembers voted aye.

AGENDA

8. SCHEDULED DELEGATIONS:
 - A. Fred Burr, Wiggins and Company - To present the 2007-2008 Audit Report.
9. INTRODUCTION AND ADOPTION OF A RESOLUTION AND AN ORDINANCE:
 - A. Resolution 08-35 - A resolution amending and adopting the Canyon Campground, CCC Camp, and Left Hand Fork property rental fees schedule.

- B. Ordinance 08-22 - An ordinance amending Title 17 of the Hyrum City Municipal Code, to require the front yard area of a lot containing a new residential dwelling to be landscaped.
10. OTHER BUSINESS:
- A. Acceptance of Wasatch View Subdivision Phase V.
 - B. Mayor and City Council reports.
11. ADJOURNMENT

SCHEDULED DELEGATIONS:

FRED BURR, WIGGINS AND COMPANY - TO PRESENT THE 2007-2008 AUDIT REPORT.

Fred Burr, Wiggins & Company, presented the 2007-2008 audit report. He reviewed revenues and expenses for the general fund and the enterprise funds. Hyrum City's 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 or local ordinance are accounted for in this fund.

As of June 30, 2008 the total net assets of Hyrum City increased by \$647,188, totaling \$28,287,627. The governmental activities' net assets increased by \$236,917 and the business type activities' net assets increased by \$41,271. The total net assets of governmental and business type activities is \$28,287,627. The governmental activities' net assets increased by \$410,271. The total net assets of governmental and business-type activities is \$28,287,627, and is made up of \$23,210,609 in capital assets, such as land, infrastructure, buildings, improvements and machinery and equipment, and \$5,077,018 in other net assets. The \$5,077,018 in other net assets is made up of \$10,982, which is restricted for capital projects, \$547,151 is restricted for debt service items related to the library and sewer system. \$244,709 is restricted for impact fees. Finally, the remaining \$4,274,176 is unrestricted net assets.

Total long-term liabilities of the City decreased by \$212,225. The long term debt of the City as of June 30, 2008, was \$5,725,761, which includes compensated absences. The City's governmental funds (General, Special Revenue, Capital Projects & Debt Service) reported combined fund balances of \$863,198. This represents an increase of \$298,647 during fiscal year 2008. 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 52.7% of total General Fund revenues. The largest element of taxes is sales tax, representing 52% of total tax revenue and 27% of total General Fund revenues.

The City's investment in capital assets for all activities at

June 30, 2008, amounted to \$51,624,252. Accumulated depreciation on capital assets was \$23,075,643. Net capital assets amounted to \$28,548,609 at June 30, 2008. The investment in capital assets includes land, buildings and systems, improvements, infrastructure (roads, sidewalks, curb and gutter, etc.) and machinery and equipment. The total increase in the City's investment in capital assets during 2008 was \$2,364,612. Depreciation expense for 2008 was \$1,840,200, with \$691,391 recorded in governmental activities and \$1,148,891 recorded in business type activities.

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

Significant Deficiencies:

1. Year End Financial Statement Preparation - Hyrum City is a small city and as such, has an internal control weakness similar to other small governments in that the personnel employed by the City do not have the training or the time to prepare the year end report on the financial condition of the City in accordance with generally accepted accounting principles.
Recommendation - The City evaluates the cost and benefits of implementing controls related to the preparation of the year end financial report.
Response - The City will consider the costs and benefits of hiring an employee to prepare the financial statements.
2. Segregation of Duties - In our testwork, we found that 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 among. The City does have some mitigating controls but there is still not a proper segregation of duties in these areas.
Recommendation - We recommend that 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.

STATE LEGAL COMPLIANCE FINDING:

3. Budgetary Compliance - Utah Code 10-6 states that officers and employees of the City shall not incur expenditures in excess of the total appropriations for any department or fund. We noted that the following funds had expenditures in excess of budgets: Debt Service Fund, Capital Projects Fund,

OTHER FINDING:

4. Investment Policies - We found that the City does not have formal policies regarding investment risk. These investments risk policies or the lack of such policies are required to be disclosed in the footnotes to the financial statements of the City. The City would be

able to more clearly define investment transactions and be able to evaluate the risk associated with such define investment transactions and be able to evaluate the risk associated with such investment choices if such policies were in place. The policies that are required to be disclosed relate to policies regarding custodial risk, credit risk and interest rate risk. These requirements are in addition to the regulations required by the Utah Money Management Act.

Recommendation - We recommend that the City Council develop, review and adopt investment policies related to the above risk requirements so that the City personnel can more fully evaluate the risks associated with the City's investment practices.

Response - An investment policy will be prepared and presented to the Council for adoption.

Fred Burr said Hyrum City does a great job with its finances and records.

INTRODUCTION AND ADOPTION OF A RESOLUTION AND AN ORDINANCE:

RESOLUTION 08-35 - A RESOLUTION AMENDING AND ADOPTING THE CANYON CAMPGROUND, CCC CAMP, AND LEFT HAND FORK PROPERTY RENTAL FEES SCHEDULE.

ACTION Councilmember James made a motion to approve Resolution 08-35 amending and adopting the Canyon Campground, CCC Camp, and Left Hand Fork Property rental fees schedule. Councilmember LaBau seconded the motion and all five councilmembers voted aye.

ORDINANCE 08-22 - AN ORDINANCE AMENDING TITLE 17 OF THE HYRUM CITY MUNICIPAL CODE, TO REQUIRE THE FRONT YARD AREA OF A LOT CONTAINING A NEW RESIDENTIAL DWELLING TO BE LANDSCAPED.

Mayor Howard said the Planning Commission presented the City Council with a draft ordinance requiring the front yard area of a lot containing a new residential dwelling to be landscaped. On November 20, 2008 the City Council recommended revising the draft ordinance by changing the amount of time a homeowner has to plant a lawn from 12 months to 18 months, eliminate the requirement for a homeowner to install a sprinkler system, and exclude houses that are already built from the landscaping ordinance.

ACTION Councilmember Miller made a motion to adopt Ordinance 08-22 amending Title 17 of the Hyrum City Municipal Code to require the front yard area of a lot containing a new residential dwelling to be landscaped. Councilmember LaBau seconded the motion.

Councilmember Rasmussen said if the landscaping ordinance is adopted the City needs to inform the building permit applicant

about the deposit and landscaping requirements. He recommended the following amendments to Ordinance 08-22: 1) Item A. change "It is the intent of this Section to ensure the timely installation of landscaping within the front yard areas of residential lots occupied by a new dwelling after December 4, 2008" to "It is the intent of this Section to ensure the timely installation of landscaping within the front yard areas of residential lots issued a building permit after December 4, 2008."; 2) Item B. change "The front yard area of any existing lot containing a new dwelling shall be landscaped." to "The front yard area of any residential lot containing a new dwelling shall be landscaped.", and delete the word "new" after "front yard area of any"; 3) Item B.1. after "The front yard areas shall consist of the entire lot area from" add "and including", and after "a request for possible" change "adjust" to "adjustment"; and 4) Item E. delete "In the instance of lots upon which a dwelling is being constructed,".

Councilmember Miller amended her motion to include the following changes: 1) Item A. change "It is the intent of this Section to ensure the timely installation of landscaping within the front yard areas of residential lots occupied by a new dwelling after December 4, 2008" to "It is the intent of this Section to ensure the timely installation of landscaping within the front yard areas of residential lots issued a building permit after December 4, 2008."; 2) Item B. change "The front yard area of any existing lot containing a new dwelling shall be landscaped." to "The front yard area of any residential lot containing a new dwelling shall be landscaped.", and delete the word "new" after "front yard area of any"; 3) Item B.1. after "The front yard areas shall consist of the entire lot area from" add "and including", and after "a request for possible" change "adjust" to "adjustment"; and 4) Item E. delete "In the instance of lots upon which a dwelling is being constructed,". Councilmember LaBau accepted Councilmember Miller's amendments to the motion. Councilmembers Felix, James, LaBau, and Miller voted aye and Councilmember Rasmussen voted nay. The motion passed.

OTHER BUSINESS:

ACCEPTANCE OF WASATCH VIEW SUBDIVISION PHASE V.

Mayor Howard said City Engineer Craig Neeley is recommending that the Wasatch View Subdivision Phase V improvements be accepted by the City and that the one year durability period commence retroactively starting November 14, 2008. Durability obligations will remain in effect until November 14, 2009. A final inspection will be completed prior to releasing the project from durability.

ACTION Councilmember James made a motion to accept Wasatch

View Subdivision Phase V as recommended by City Engineer Craig Neeley. Councilmember LaBau seconded the motion and all five councilmembers voted aye.

MAYOR AND CITY COUNCIL REPORTS.

Councilmember Miller said next Saturday is the Hyrum Holiday at Hardware Ranch. It will be from 11:00 a.m. - 2:00 p.m. Santa will be there from 11:00 a.m. - 2:00 p.m. Hopefully, if it storms the elk will come down. She asked the councilmembers to help with counting how many people go on the sleigh rides and see Santa.

Mayor Howard reported on the various projects at UAMPS. The pool is in great condition with 4.82% profit. Payson has 4.8 million in reserves and is scheduled for maintenance in the future.

ADJOURNMENT:

ACTION **There being no further business before the Council, the Council Meeting adjourned at 7:40 p.m.**

W. Dean Howard
Mayor

ATTEST:

Stephanie Fricke
City Recorder

Approved: January, 15 2009
As Written