

MINUTES OF A REGULAR CITY COUNCIL MEETING HELD DECEMBER 6, 2012 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, Craig Rasmussen, and Aaron Woolstenhulme present.

**EXCUSED:** Councilmember Paul C. James, and Stephanie Miller

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

**OTHERS PRESENT:** City Administrator D. Brent Jensen, City Treasurer Todd Perkins and four citizens. City Recorder Stephanie Fricke recorded the minutes.

**WELCOME:** Mayor Howard welcomed everyone in attendance.

**PLEDGE OF ALLEGIANCE:** Mayor W. Dean Howard

**INVOCATION:** Councilmember Rasmussen

**APPROVAL OF MINUTES:**

The minutes of November 15, 2012 were approved as written.

**ACTION** Councilmember Felix made a motion to approve the minutes of November 15, 2012 as written. Councilmember Woolstenhulme seconded the motion and all three councilmembers present 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.

Mayor Howard recommending amending the agenda by moving item "10. A. Water Reuse Recycling Project" to the first item on the agenda.

**ACTION** Councilmember Felix made a motion to approve the agenda for December 6, 2012 as written. Councilmember Woolstenhulme seconded the motion and all three councilmembers present voted aye.

8. OTHER BUSINESS:
  - A. Water Reuse Recycling Project.
9. SCHEDULED DELEGATIONS:
  - A. Fred Burr, Wiggins and Company - To present the 2011-2012 Audit Report.
  - B. Chris Haramato, Hyrum State Park Manager - To report on the Hyrum State Park.
10. INTRODUCTION AND ADOPTION OF A RESOLUTION:
  - A. Resolution 12-13 - A resolution amending the renewable energy electrical power rate option for residential customers receiving electrical power from the Hyrum City Municipal Power Systems.
11. OTHER BUSINESS:
  - A. Mayor and Council reports.
12. Adjournment

***OTHER BUSINESS:***

**WATER REUSE RECYCLING PROJECT.**

Mayor Howard said the Water Reuse Recycling Project pumped over 154 million gallons of water into the City's pressurized irrigation system. It represented 18% of the total demand of irrigation water. Revenue from the sale of reuse water for irrigation more than offset the cost of electrical power to pump the effluent into the system. By not having to pay for chemicals to treat the effluent the City saved approximately \$47,000 in the six month irrigation season. After the City made its payment on the water reuse loan the City's annual saving was \$2,027 and supplemented the irrigation system with additional water. Water and Waste Digest asked Hyrum City to submit an article for the February issue on the City's Water Reuse Recycling Project.

***SCHEDULED DELEGATIONS:***

**FRED BURR, WIGGINS & COMPANY - TO PRESENT THE 2011-2012 AUDIT REPORT.**

Fred Burr, Wiggins & Company, presented the 2011-2012 audit report. He reviewed revenues and expenses for the general fund and the enterprise funds.

The total net assets of Hyrum City increased by \$1,248,695 totaling \$31,835,008. The governmental net assets decreased by \$77,857 and the business type net assets increased by \$1,326,552.

The total net assets of governmental and business type activities is \$31,835,008 and is made up of \$23,860,997 in capital assets, such as, land, infrastructure and equipment, and \$7,974,011 in other net assets. The \$7,974,011 in other net assets is made up of \$329,899 which is restricted for capital projects; \$492,067 is restricted for debt service items related to the library, sewer system and water project; and \$176,004 is restricted for impact

fees; and the remaining \$6,971,641 is unrestricted. Total long term liabilities for the City decreased by \$416,917. The long term debt for governmental activities decreased by \$82,608. The business-type activities long term debt decreased by \$334,309.

The results of the audit process disclosed immaterial instances of noncompliance with the United States Government Auditing Standards. There was a material weakness and a state legal compliance finding.

*MATERIAL WAKNESS:*

1. REVIEW OF JOURNAL ENTRIES AND THE GENERAL LEDGER - In testwork, he found that journal entries were not independently reviewed by someone other than the preparer or signed by the preparer. Several journal entries were made in error and the supporting documentation did not agree to the account balances being adjusted. In some instances, there was no support accompanying the journal entries. Because journal entries were made incorrectly, several material audit adjustments were necessary in order to correct the records. This is a continuing finding. As he performed the testwork, he noted that many times the account balances were incorrect. There was no indication that the general ledger had been reviewed by someone other than the preparer. There was also no indication that the preparer had reviewed the account balances in the general ledger after recording the journal entry to ensure the balances were correct.

Recommendation: Someone other than the preparer review the journal entries along with supporting documentation. Both the preparer and the reviewer should sign and date the entries. The preparer should review the account balances in the general ledger after recording the journal entry to ensure that the correct accounts were adjusted. The preparer should also make an effort to ensure that the general ledger is in balance after each journal entry is made. The accounts adjusted should then be reviewed to further check that the adjustment was correct and the account balance agrees to subsidiary records. We also recommend that someone other than the Treasurer review the general ledger on at least a quarterly basis. A second look at the City records is an important factor in the City's internal control over financial reporting.

Response: The City Administrator and City Treasurer will review, sign and date all journal entries and supporting documentation. Additionally, the City Treasurer will review the account balances in the general ledger after recording the journal entries to ensure the balances are correct.

*STATE LEGAL COMPLIANCE FINDINGS:*

1. CASH MANAGEMENT - Utah Code 51-7-15 indicates that every public treasurer shall secure a fidelity bond, based on the previous year's budgeted gross revenues, which includes all funds collected or handled by the public treasurer. We found that the amount of the public treasurer's fidelity bond is not sufficient.

Recommendation: The City take action necessary to increase the amount of the City's public treasurer's fidelity bond.

Response: The City Treasurer will call the bonding agency and increase the public treasurer's fidelity bond to the sufficient levels.

**ACTION**

**Councilmember Felix made a motion to approve the 2011-2012 Audit Report. Councilmember Rasmussen seconded the motion and all three councilmembers present voted aye.**

**CHRIS HARAMATO, HYRUM STATE PARK MANAGER - TO REPORT ON THE HYRUM STATE PARK.**

Hyrum State Park Manager Chris Haramato said in 2012 the Hyrum State Park had 123,775 visitors; an increase of 33,772 from 2011. This past year several new programs were put in place to attract visitors and to encourage people to come to Hyrum State Park. Over 200 people attended the Polar Plunge in January and all proceeds went to the Special Olympics. February over 100 people participated in the Best Dam Hyrum Ice Fishing Tournaments and it generated \$350 in revenue for the Park. On May 5 it was the Cinco De Playa and approximately 1,000 people attended the celebration. A Bass Fishing Contest was held in May and June. The Hyrum State Park Fishing Classic where 300 fish were tagged and released and over 150 fish were caught for prizes went from May through August. June and July Hyrum State Park Kids Fishing Club had 12 children attend classes on how to catch and care for fish. A Dutch Oven Cook Off was held on August 18 with over 15 participants. A Hyrum Dam Scary Fun Run was held in October and raised \$640 for the park. Next year he is trying to have a light boat show in July, a Christmas light show in the campground, and a tri-lake fishing contest. He thanked the City for working with the State Park and helping it be successful.

***INTRODUCTION AND ADOPTION OF A RESOLUTION:***

**RESOLUTION 12-13 - A RESOLUTION AMENDING THE RENEWABLE ENERGY ELECTRICAL POWER RATE OPTION FOR RESIDENTIAL CUSTOMERS RECEIVING ELECTRICAL POWER FROM THE HYRUM CITY MUNICIPAL POWER SYSTEMS.**

**ACTION**

**Councilmember Rasmussen made a motion to approve Resolution 12-13 amending the renewable energy electrical power rate option for residential customers**

receiving electrical power from the Hyrum City Municipal Power Systems. Councilmember Woolstenhulme seconded the motion and all three councilmembers present voted aye.

**OTHER BUSINESS:**

**MAYOR AND CITY COUNCIL REPORTS.**

Councilmember Felix said the Museum will reopen on January 12, 2013 activities and programs are being planned for that day.

Councilmember Rasmussen reminded the City Council that Hyrum's Holidays at Hardware Ranch is December 8, 2012 from 11:00 to 2:00 p.m.

**ADJOURNMENT:**

**ACTION**            **There being no further business before the City Council, the Council Meeting adjourned at 7:20 p.m.**

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W. Dean Howard  
Mayor

ATTEST:

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Stephanie Fricke  
City Recorder

Approved:   January 3, 2013    
                  As written