

MINUTES OF A REGULAR CITY COUNCIL MEETING HELD DECEMBER 2, 2010
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, and
Craig Rasmussen present.

EXCUSED: Councilmembers Thomas C. LaBau, 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 three citizens. City Recorder
Stephanie Fricke recorded the minutes.

WELCOME: Mayor Howard welcomed everyone in attendance.

PLEDGE OF ALLEGIANCE: Councilmember Felix 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 18, 2010 were amended on Page 3,
Paragraph 3, after "...residents; and the HOA Bylaws and CC&RS."
add "Councilmember Rasmussen seconded the motion and all three
councilmembers present voted aye.".

ACTION Councilmember Rasmussen made a motion to approve the
minutes of November 18, 2010 with the above amendment.
Councilmember James 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.

ACTION Councilmember James made a motion to approve the agenda
as written. Councilmember Felix seconded the motion
and all three councilmembers present voted aye.

AGENDA

8. SCHEDULED DELEGATIONS:
 - A. Fred Burr, Wiggins & Company - To present the 2009-2010 Audit Report.
 - B. Dale Major, Cache Valley Cowboy Rendezvous - To discuss a Cowboy Poetry Festival at Mountain Crest High School.
9. INTRODUCTION AND ADOPTION OF A RESOLUTION:
 - A. Resolution 10-20 - A resolution authorizing the issuance of up to \$684,000 of water revenue bonds; and related matters.
10. OTHER BUSINESS:
 - A. Consideration and approval of contract with Aqua Engineering for Wastewater Recycling Project.
 - B. Consideration and approval of Parking Authority members.
 - C. Mayor and City Council reports.
11. ADJOURNMENT

SCHEDULED DELEGATIONS:

FRED BURR, WIGGINS & COMPANY - TO PRESENT THE 2009-2010 AUDIT REPORT.

Fred Burr, Wiggins & Company, presented the 2009-2010 audit report. He reviewed revenues and expenses for the general fund and the enterprise funds.

The total net assets of Hyrum City increased by \$802,744 totaling \$29,382,652. The governmental net assets increased by \$33,894 and the business type net assets increased by \$768,850. The total net assets of governmental and business type activities is \$29,382,652, and is made up of \$23,003,776 in capital assets, such as, land, infrastructure and equipment, and \$6,378,768 in other net assets. The \$6,378,876 in other net assets is made up of \$118,796 which is restricted for capital projects; \$553,531 is restricted for debt service items related to the library and sewer system; and \$550,737 is restricted for impact fees. The remaining \$5,155,812 is unrestricted. Total long term liabilities for the City decreased by \$211,603. The long term debt for governmental activities decreased by \$38,956. The business-type activities long term debt decreased by \$172,647.

The results of the audit process disclosed immaterial instances of noncompliance with the United States Government Auditing Standards. There were two significant deficiencies and three state legal compliance findings.

Significant Deficiencies:

1. Review of Journal Entries and the General Ledger - Journal entries were not independently reviewed or signed by the preparer. Many journal entries were made in error and the supporting documentation did not agree to the account balances being adjusted. In some cases, there was little or no support accompanying the journal entries. Account balances were incorrect. There was no indication that the general ledger had been reviewed by someone other than the preparer.

Recommendation: Someone other than the preparer review the journal entries along with the supporting documentation. Both the preparer and the reviewer should sign and date the entries. 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's records is an important factor in the City's internal control over financial reporting.

Response: Treasurer will take the journal entries to be reviewed by the City Administrator at least once a quarter. The City Treasurer will provide more supporting documentation than is currently being provided.

2. Bank Reconciliations - The bank reconciliations were not prepared for the last two months of the fiscal year, or subsequent to year end. This is a key control in safeguarding the City's cash balances.

Recommendation: We recommend that the bank reconciliations be prepared on a timely and regular basis. This will assist in discovering and correcting errors timely.

Response: We will prepare the bank reconciliations in a timely manner, every month without delay, so that we can safeguard the City's cash balances.

State Legal Compliance Findings:

1. Fund Balances - The maximum fund balance in the general fund may not exceed 18% of the total estimated revenue of the general fund. We found that the final unreserved fund balance in the City's general fund was in excess of 18%. This is a continuing finding.

Recommendation: We recommend the City take the action

necessary to bring fund balance of the City's general fund into compliance.

Response: The overage will be budgeted and used in fiscal year 2011.

2. Impact Fees - The Impact Fee Act requires each municipality to present an impact fee report which identifies impact fee funds by the year in which they were received by project, and by capital projects for which funds are budgeted and the projected schedule of expenditure. The City's schedule did not contain all of the required information and had not been submitted for 2010.

Recommendation: The City correct their impact fee schedule to include all required information and submit to the Utah State Auditors office as required by Statute.

Response: The report has been brought into compliance and has been submitted to the Utah State Auditors Office.

3. Connection Fees - The city charges hook up fees for connection to the utility services. Utah Code requires that these fees not exceed the approximate average costs of the services provided to make the connection. While the City's fees are based on estimated of the average cost, the documentation to support these estimates was not readily available for review.

Recommendation: We recommend the City prepare updated documentation to support the connection fees charged. The City should prepare an analysis to determine that the fees charged are adequately covering the services provided.

Response: Hyrum City will look into a fee study to determine the cost of the actual hookup compared to what the City has been charging.

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

ACTION

Councilmember Rasmussen made a motion to approve the 2009-2010 Audit Report. Councilmember James seconded the motion and all three councilmembers present voted aye.

DALE MAJOR, CACHE VALLEY COWBOY RENDEZVOUS - TO DISCUSS A COWBOY POETRY FESTIVAL AT MOUNTAIN CREST HIGH SCHOOL.

Dale Major said over the past couple of months he and other local cowboy poets have been busy organizing a cowboy poetry festival that will be held at Mountain Crest High School March 4-6, 2011. The festival will have three open stages and one major show in the auditorium. There are over forty vendors that have registered for booth space during the festival. He asked if Hyrum City would put a banner across Main Street advertising the event.

Mayor Howard told Dale if he provided Hyrum City with a banner for the Cowboy Poetry Festival at Mountain Crest High School the City would hang the banner across Main Street.

INTRODUCTION AND ADOPTION OF A RESOLUTION:

RESOLUTION 10-20 - A RESOLUTION AUTHORIZING THE ISSUANCE OF UP TO \$684,000 OF WATER REVENUE BONDS; AND RELATED MATTERS.

Mayor Howard said Resolution 10-20 authorizes bonds for the sewer effluent recycling project (\$684,000). The approval of this resolution does not obligate the City to bond for this project; it just allows the City to start the bonding process and to hold a public hearing. The public hearing is scheduled on January 6, 2011, after which the Council may lend final approval to the issue.

ACTION Councilmember Felix made a motion to approve Resolution 10-20 authorizing the issuance of up to \$684,000 of water revenue bonds; and related matters. Councilmember James seconded the motion and all three councilmembers present voted aye.

OTHER BUSINESS:

CONSIDERATION AND APPROVAL OF CONTRACT WITH AQUA ENGINEERING FOR WASTEWATER RECYCLING PROJECT.

Mayor Howard said the State of Utah Water Resources wants a contract between Hyrum City and Aqua Engineering for design of the recycling system.

ACTION Councilmember Rasmussen made a motion for Hyrum City to enter into a contract with Aqua Engineering for the design of Hyrum City's sewer effluent recycling system. Councilmember James seconded the motion and all three councilmembers present voted aye.

CONSIDERATION AND APPROVAL OF PARKING AUTHORITY MEMBERS.

Mayor Howard said in Hyrum, parking tickets are civil offenses, not criminal. We need to either change them to criminal or create an appellant body to hear and decide parking issues.

The following individuals have agreed to serve on the Parking Authority Committee:

Diane Woolstenhulme	Hyrum City Court
Martin Felix	Hyrum City Council
Corey Nielsen	Hyrum City Staff - roads
Terry Williams	Mountain Crest High School
Jeff Hancey	Citizen at large

All appeals will be heard by this panel, whose members will meet once a month unless there are none to be heard.

ACTION **Councilmember James made a motion to appoint Diane Woolstenhulme, Martin Felix, Corey Nielsen, Terry Williams, and Jeff Hancey to the Parking Authority Committee. Councilmember Felix seconded the motion and all three councilmembers present voted aye.**

MAYOR AND CITY COUNCIL REPORTS.

Mayor Howard reminded everyone of Hyrum City's Holidays at Hardware Ranch on Saturday, December 11, 2010.

ADJOURNMENT:

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

W. Dean Howard
Mayor

ATTEST:

Stephanie Fricke
City Recorder

Approved: January 6, 2011
As Written