

MINUTES OF A SPECIAL CITY COUNCIL MEETING HELD DECEMBER 10, 2024
AT THE HYRUM CITY COUNCIL CHAMBERS, 60 WEST MAIN, HYRUM, UTAH.

CONVENED: 5:00 P.M.

CONDUCTING: Mayor Stephanie Miller

ROLL CALL: Councilmembers Steve Adams, Jared Clawson, Paul James, Michael Nelson, and Craig L. Rasmussen.

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

OTHERS PRESENT: City Treasurer Todd Perkins and Aaron Hixson attended through Zoom. City Recorder Stephanie Fricke recorded the minutes.

WELCOME: Mayor Miller welcomed everyone in attendance and invited audience participation.

APPROVAL OF MINUTES:

City Recorder Stephanie Fricke explained there was an error in the City Council Meeting Minutes dated February 9, 2024. The motion "to deny the adoption of Ordinance 24-02 an Ordinance amending Sections 10.20.090, 10.20.100, and 10.20.105 of Chapter 10.20 of Title 10 of the Hyrum City Municipal Code, to provide an exception to allow parking longer than 48 hours on a City street where curb and gutter do not exist,." was inadvertently written and approved as "to deny the adoption of 24-01 repealing and reenacting Title 16 the Subdivision Ordinance of the Hyrum city Municipal Code and to keep the ordinance as currently written." City Attorney John Jenkins has advised the City Council to reapprove the minutes with the amendments necessary to ensure the minutes are accurate.

ACTION

Councilmember Clawson made a motion to approve the minutes of a regular meeting held on February 9, 2024, as amended. Councilmember James second the motion and Councilmembers Adams, Clawson, James, Nelson, and Rasmussen voted aye. The motion passed.

The minutes of a regular meeting on November 21, 2024, were approved as written.

ACTION Councilmember James made a motion to approve the minutes of a regular meeting held on November 21, 2024, as written. Councilmember Adams second the motion and Councilmembers Adams, Clawson, James, Nelson, and Rasmussen voted aye. The motion passed.

AGENDA ADOPTION: A copy of the notice and agenda for this meeting was emailed to The Herald Journal, posted on the Utah Public Notice Website and Hyrum City's Website, provided to each member of the governing body, and posted at the City Offices more than forty-eight hours before meeting time.

ACTION Councilmember Clawson made a motion to approve the agenda for December 10, 2024, with the following amendments: Delete "4. Pledge of Allegiance 5. Invocation". Councilmember Nelson seconded the motion and Councilmembers Adams, Clawson, James, Nelson, and Rasmussen voted aye. The motion passed.

8. AGENDA ITEMS

- A. Aaron Hixson, HBME - To present the 2023-2024 Audit Report.
B. Mayor & City Council Reports

9. ADJOURNMENT

AGENDA ITEMS:

AARON HIXSON, HBME - TO PRESENT THE 2023-2024 AUDIT REPORT.

Aaron Hixson with HBME presented the 2023-2024 Audit Report. He said HBME has audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hyrum City Corporation (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Generally, net position over time may offer a measuring tool of the overall financial condition of a government's financial position. The City's combined net position increased over the prior year by \$5,385,757 (8.57%). This indicates that the City's overall financial condition improved over the prior year. The unrestricted net position, which is available for ongoing obligation increased by \$1,597,709. investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position of \$2,807,254 (4.11%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$16,894,156 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Report on Internal Control over Financial Reporting - In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of

expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Internal Controls - Material Weakness - Account Reconciliation and Financial Close Process - REPEAT FINDING FROM FY2023. *Statement of Condition:* Throughout the performance of our audit procedures, we noted general ledger accounts related to cash, accounts receivable, capital assets, accrued expenses, and deferred inflows/outflows related to pensions were not reconciled to adequate supporting schedules, as provided by management. *Cause* - It does not appear that the City has established and follows documented controls to ensure that all accounts are adjusted to their appropriate year-end balances in accordance with accounting principles generally accepted in the United States of America. The City relies on the audit firm to verify balances are correct at year-end and make any necessary adjustments. *Effect or Potential Effect* - These conditions resulted in several significant, and in some instances material, audit adjustments. Not properly reconciling general ledger accounts to supporting schedules could result in inaccurate financial information being provided to management that may lead to bad decision making and cause delays in state and other reporting deadlines. *Recommendation* - We recommend management ensures that all written policies and procedures be followed and updated to include adequate year-end financial closing procedures. We also recommend that City personnel seriously consider hiring additional, qualified accounting staff to assist in the day-to-day and closing processes. *Management's Response* - The City will look for an additional full-time accounting professional or look at an outside CPA firm to help with the accounting process. *Current Year Status* - Finding 2023-001 not deemed to be satisfied. Added as repeat finding.

State Compliance - Current Year - No written findings requiring disclosure were noted during testing procedures for the year ended June 30, 2024. **Prior Year Status 2023-002 - Budgetary Compliance.** *Statement of Condition* - The City prepares and presents to the City Council quarterly detailed financial reports but does not prepare and present monthly summary financial reports. *Criteria* - The City is classified as a 4th class city, as defined by Utah Code 10-2-301 (municipality with a population of more than 10,000 but less than 30,000). Utah Code 10-6-148 requires 4th class cities to prepare and present to the governing body monthly summary financial reports and

quarterly detailed financial reports, prepared in the manner prescribed in the Uniform Accounting Manual for Utah Cities. *Effect* - By not preparing and presenting monthly financial reports to the City Council, the City is out of compliance with state law. *Cause* - The City believed it was in compliance by preparing and presenting quarterly detailed financial reports. *Recommendation*- The City should prepare and present to the City Council monthly summary financial reports and quarterly detailed financial reports, prepared in the manner prescribed in the Uniform Accounting Manual for Utah Cities, in accordance with state law. *Management's Response* - The City will prepare and present monthly statements beginning January 2024 to be in compliance with state law. *Current Year Status* - Finding deemed adequately satisfied.

He emphasized that Hyrum City needs to hire an additional full-time qualified accountant to help with its accounting processes.

Mayor Miller and the City Council expressed its appreciation to Aaron and HBME for conducting and presenting Hyrum City's audit.

ACTION

Councilmember Clawson made a motion to approve the 2023-2024 Audit Report. Councilmember Adams seconded the motion and Councilmembers Adams, Clawson, James, Nelson, and Rasmussen voted aye. The motion passed.

MAYOR AND CITY COUNCIL REPORTS.

Mayor Miller said she and Library Director Emily Coltrin have met with the Mayors and City Administrators of Nibley and Wellsville regarding changing the fee structure for the use of the Hyrum Library. Nibley and Wellsville would like a detail report of the library expenditures so they understand why the rates need to be increased. UAMPS Christmas Party is in Salt Lake on December 17, 2024. Wreaths Across America is a great program and wreaths will be put on veterans' graves by donations on December 14.

Councilmember Rasmussen said Hyrum City's Christmas celebration was a little discouraging. The number of Christmas Trees on display did not increase from last year, and there were fewer Gingerbread Houses this year. Karen Minor put up a Christmas Village display that was incredible. He had a list asking for volunteers for next year's Christmas Celebration. He had 11 people sign-up to volunteer which hopefully will help with advertising and getting more trees and people to visit next

year. The New York New Years Eve Party at the Elite Hall is scheduled for New Years Eve and will be similar to previous years.

ADJOURNMENT:

ACTION

There being no further business before the City Council, the Council Meeting adjourned at 5:380 p.m.

ATTEST:

Stephanie Miller
Mayor

Stephanie Fricke
City Recorder

Approved: January 2, 2025
As Written