

MINUTES OF A REGULAR CITY COUNCIL MEETING HELD DECEMBER 1, 2022 AT THE HYRUM CITY COUNCIL CHAMBERS, 60 WEST MAIN, HYRUM, UTAH.

CONVENED: 6:30 P.M.

CONDUCTING: Mayor Stephanie Miller

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

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

OTHERS PRESENT: Zoning Administrator Matt Holmes, City Treasurer Todd Perkins and seven citizens. City Recorder Stephanie Fricke recorded the minutes.

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

PLEDGE OF ALLEGIANCE: Mayor Miller

INVOCATION: Mayor Miller

APPROVAL OF MINUTES:

The minutes of a regular meeting on November 17, 2022 were approved as written.

ACTION Councilmember Clawson made a motion to approve the minutes of a regular meeting held on November 17, 2022 as written. Councilmember McCombs seconded the motion and all five councilmembers voted aye.

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 McCombs made a motion to approve the agenda for December 1, 2022, as written. Councilmember Clawson seconded the motion and Councilmembers Adams, Clawson, James, McCombs, and Rasmussen voted aye. The

motion passed.

8. PUBLIC COMMENT
9. SCHEDULED DELEGATIONS
 - A. Sujely Cisneros - To request a Home Occupation Business License at 575 South 770 East for beauty services.
 - B. Kolton Braegger, Wiggins and Company - To present the 2021-2022 Audit Report.
10. INTRODUCTION AND APPROVAL OF RESOLUTIONS AND ORDINANCES
 - A. Resolution 22-18 - A resolution authorizing Natural Gas Transactions.
11. OTHER BUSINESS
 - A. Closed Session - To discuss the purchase, exchange, or lease of real property.
 - B. Consideration and approval of the purchase of real property.
 - C. Mayor and City Council Reports.
12. ADJOURNMENT

PUBLIC COMMENT:

Friend Weller said he has been operating the radio station (the license was originally applied for and owned by Hyrum City) for five years now. He is looking into a plan to enlarge the station and system over the next five or ten years.

SCHEDULED DELEGATIONS:**SUJELY CISNEROS - TO REQUEST A HOME OCCUPATION BUSINESS LICENSE AT 575 SOUTH 770 EAST FOR BEAUTY SERVICES.**

Sujely Cisneros requested a Home Occupation Business License at 575 South 770 East for beauty services. She works at a salon in Logan but wants to provide lash extensions at her home. She would have a maximum of four clients each day with only one car at a time.

ACTION

Councilmember James made a motion to approve a Home Occupation Business License for Sujely Cisneros at 575 South 700 East for beauty services. Councilmember Clawson seconded the motion and Councilmembers Adams, Clawson, James, McCombs, and Rasmussen voted aye. The motion passed.

KOLTON BRAEGGER, WIGGINS AND COMPANY - TO PRESENT THE 2021-2022 AUDIT REPORT.

Kolton Braegger with Wiggins and Company presented the 2021-2022 Audit Report. The Financial Report highlights:

1. The total net position of Hyrum City is increased by \$5,471,593 totaling \$57,591,173. The governmental activities net position increased by \$257,686 and the business type activities net position increase by \$5,213,907.
2. The total net position of governmental and business type activities is \$57,591,173 and is made up of \$40,889,6134 in capital assets net of related debt, such as land, infrastructure, and equipment and \$16,701,560 in other net position. The \$16,701,560 in other net position is made up of \$1,883,215 which is restricted for capital projects; \$389,820 is restricted for debt service items related to the sewer bonds and a long; and the remaining \$14,428,525 is unrestricted.

He stated the Management Report is on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards. State compliance requirements were tested for the year ending June 30, 2022, in the following areas: Budgetary Compliance, Fund Balance, Justice Courts, Restricted Taxes and Related Revenue, Fraud Risk Assessment, Government Fees, Impact Fees, Utah Retirement Systems, and Public Treasurer's Bond.

There were two Internal Controls Material Weakness, and two Internal Control Other Matters.

1. This is the third year in a row that Hyrum City has had the same inventory finding. There are discrepancies found between auditors count at year end and the City employees count in the Electric Department. The ending inventory in the Electric Department was materially misstated again. The ending inventory should be adjusted to accurately represent inventory on hand at year end. Inventory moved to construction progress should be taken off inventory count sheet. Best practices suggest having two people count independently of each other. This would include which items should be included in inventory and verifying not only individual items counted but also the total ending inventory count. The auditors found items moved to construction in progress were not removed from inventory. Additionally, there were multiple errors in spreadsheet formulas used to calculate total ending inventory. The effect of this causes

inventory to be overstated or understated depending on the total inventory if formulas used to calculate total inventory are not functioning correctly. Assets could also be recorded twice if inventory is not classified correctly. The Auditor's recommendation is inventory items placed in construction in progress should be tracked separately from inventory. Those responsible for counting inventory should confirm which items are in inventory which items have been included in construction in progress. The individuals tasked with counting inventory should verify total ending inventory in addition to individual items. All spreadsheets should be recalculated and footed when updated and when used to adjust the related accounts. Staff's response to resolve the inventory deficiencies was - The City will review the spreadsheet for accuracy and the journal entries as to not over or understate inventory. The inventory clerk's spreadsheets will be verified for formula errors and correctness.

2. Timely bank reconciliations were the other Internal Controls Material Weakness. The City's bank reconciliations were not completed in a timely manner, and this is a repeat finding. Some were completed a few months after the end of the month. Internal control best practices suggest that bank reconciliations be performed in a timely manner. A timely manner is defined as within 30 days after the previous month end. Bank reconciliations are a key control to detect fraud or misstatements. Fraud or accounting errors may go undetected for months. Cash may be misstated in the financial records management relies upon. The importance of timely bank reconciliations should be communicated to all staff responsible for bank reconciliations. Additionally, a deadline of when bank reconciliations are to be completed should be established as part of monthly accounting procedures. Staff responsibilities are being reassigned and the importance of reconciliation being complete in 30 days will be communicated to all staff.
3. Journal Entry Review backup documentation was out of order or missing making it difficult to review. Internal control best practices suggest that all journal entries be reviewed by someone other than the preparer. They are reviewing for reasonableness, accuracy, and approvals. The preparer of the journal entries is familiar with circumstances required for a cold review. The review of journal entries may not be as effective as it should be if appropriate backup documentation

is not included. The preparer of the journal entries should present an organized packet for review which includes all supporting documentation that can be matched and verified as the review is performed. The City's response was the preparer of journal entries will present and explain to the verifier all journal entries and supporting documents.

4. Library Cash Receipts have not been given for money received at the library. Funds received by the library are not taken to administration to be deposited by the three-day rule. All funds received by City departments should be receipted immediately. State Statute requires all funds to be deposited within three days of the receipt. The library was not set up with a receipting process and there has been little communication regarding the deposit rules. Without proper control the City could have funds lost, misappropriated, or taken. The receipting process should be established for the library to account for all funds received regardless of the amount; and the library should bring the funds to the City daily. The City's response all receipts are now taken and put into the Xpress Bill pay system and any cash or checks are brought to the City Treasurer and put in the daily deposit. On weekends cash and checks are brought to the City Treasurer on Monday.

ACTION

Councilmember Rasmussen made a motion to approve the 2021-2022 Audit Report. Councilmember Clawson seconded the motion and Councilmembers Adams, Clawson, James, McCombs, and Rasmussen voted aye. The motion passed.

Mayor Miller thanked Wiggins Company staff for the efficient job they do with the City Audit and their recommendations to help Hyrum City be compliance with State Law.

INTRODUCTION AND APPROVAL OF RESOLUTIONS AND ORDINANCES:

RESOLUTION 22-18 - A RESOLUTION AUTHORIZING NATURAL GAS TRANSACTIONS.

Mayor Miller said Resolution 22-18 authorizes natural gas transactions with UAMPS.

ACTION

Councilmember James made a motion to approve Resolution 22-18 authorizing Natural Gas Transactions. Councilmember McCombs seconded the motion and Councilmembers Adams, Clawson, James, McCombs, and

Rasmussen voted aye. The motion passed.

OTHER BUSINESS:

CLOSED SESSION - TO DISCUSS THE PURCHASE, EXCHANGE, OR LEASE OF REAL PROPERTY.

Mayor Miller called for a motion to adjourn into a closed session at 6:55 p.m. to discuss the purchase, exchange, or lease of real property.

ACTION Councilmember James made a motion at 6:55 p.m. to adjourn into a Closed Session to discuss the purchase, exchange, or lease of real property. Councilmember McCombs seconded the motion and Councilmembers Adams, Clawson, James, McCombs, and Rasmussen voted aye. The motion passed.

Those present in the closed session were: Mayor Miller, Councilmember Adams, Clawson, James, McCombs, and Rasmussen, and City Recorder Stephanie Fricke. The Closed Session was digitally recorded. The Council Chamber doors were closed to the public.

At 7:05 the Council Chamber doors were reopened to the public.

ACTION Councilmember Clawson made a motion at 7:05 p.m. to adjourn the Closed Session and to open the meeting to the public. Councilmember James seconded the motion and Councilmembers Adams, Clawson, James, McCombs, and Rasmussen voted aye. The motion passed.

CONSIDERATION AND APPROVAL OF THE PURCHASE OF REAL PROPERTY.

ACTION Councilmember Rasmussen made a motion for the City to proceed with the appraisal of real property that was discussed in the Closed Session. Councilmember James seconded the motion and Councilmembers Adams, Clawson, James, McCombs, and Rasmussen voted aye. The motion passed.

OTHER BUSINESS:

MAYOR AND CITY COUNCIL REPORTS.

Councilmember Rasmussen thanked the City Council for its help with the Hyrum Holiday Celebration on the City Square after

Thanksgiving. Next year he suggested having patio heaters or holding the event inside the Civic Center.

Councilmember McCombs said the Senior Center Holiday Craft Fair starts tomorrow at the Senior Center. She has been busy the past few months preparing gift baskets, quilts made, and decorated Christmas Tree to sale at the event.

Zoning Administrator Matt Holmes said the General Plan needs to be updated by the first of February in order to comply with State Law. The Planning Commission will be holding two public hearing and then it will need to come before the City Council the first meeting in February.

Mayor Miller said the Hyrum City Council and Employee Christmas Party will be on December 7 at the Civic Center. She is scheduling a City Council retreat on Friday, January 27 to discuss, plan, and set goals for the future of Hyrum City. She will let the City Council know the time once it has been scheduled.

ADJOURNMENT:

ACTION **There being no further business before the City Council,
the Council Meeting adjourned at 7:30 p.m.**

ATTEST:

Stephanie Miller
Mayor

Stephanie Fricke
City Recorder

Approved: January 5, 2023
As Written