

Town of Hideout, UT
Town Council Meeting Minutes
December 13, 2012

I. Call to Order and Pledge of Allegiance

Mayor Bob Martino called to order the meeting of the Town Council of the Town of Hideout at 3:35 p.m. on December 13, 2012 at 10860 North Hideout Trail, Hideout, Utah and led the Pledge of Allegiance.

II. Roll Call

Mayor Martino conducted a roll call. The following Council Members were present:

Dean Heavrin
Lana Martino
Jim Wahl – participating by telephone

Also attending: Town Clerk - Lynette Hallam, Cody Cardon, auditor, Wood Richards and Associates

III MINUTES - Consideration and Approval of Minutes for Regular Meeting of November 12, 2012

Council Member Dean Heavrin made a motion to approve the minutes of the November 12, 2012 meeting. Council Member Jim Wahl seconded the motion. The motion passed unanimously with affirmative votes from Councilors Martino, Heavrin and Wahl.

IV NEW BUSINESS

1. PUBLIC HEARING – Consider any Potential Projects for which Funding may be Applied under the CDBG Small Cities Program for Program Year 2013

Mayor Martino opened the public hearing for the CDBG program and stated that this hearing is being called to consider potential projects for which funding may be applied under the 2013 Community Development Block Grant Program. It was explained that the grant money must be spent on projects benefiting primarily low and moderate-income persons. The Mountainland Association of Governments in which the Town of Hideout is a member is expecting to receive approximately \$400,000 - \$450,000 in this new program year. All eligible activities that can be accomplished under this program are

identified in the CDBG Application Policies and Procedures Manual and interested persons can review it at any time. Mayor Martino read several of the eligible activities listed including, (Examples: Construction of public works and facilities i.e.: water and sewer lines, fire stations, acquisition of real property, provision of public services such as food banks or homeless shelters.) Also eligible are loan programs for private businesses which would then hire low income persons and the program can also pay for housing rehabilitation or down payment assistance for low income homeowners). The Town has completed its capital investment plan as part of the regional “Consolidated Plan”. This list shows which projects the town has identified as being needed in the community. One of the projects that was identified on that plan was enhancement of the bus access system at Todd Hollow including hard surface paving, lighting, and improvement to the building for waiting for the bus. It was asked that anyone with questions, comments or suggestions during the hearing please identify themselves by name, before they speak. The clerk will include your names in the minutes and we would like to specifically respond to your questions and suggestions during the hearing. Council member Martino asked if this application is just for this year. Mayor Martino indicated it was.

The mayor reported that he and Councilor Dean Heavrin had met with a representative of the bussing program at Wasatch School District. The representative was excited and gave input concerning the project; she would also be able to contribute to the dialog in the CDBG hearings. Possibly in the future the Park City Transit will run buses through Hideout and could also use the bus stop. Approximately 90 percent of Todd Hollow residents work in Park City according to a survey.

Dean Heavrin had gone to the “How to Apply” workshop for the grant. Council Member Heavrin advised last year Hideout tied for third place in the award order and was then moved to fourth. The top three were funded.

Mayor Martino then opened the meeting up to further suggestions from the audience. There were no comments from the public. Mayor Martino then asked if there were any other suggestions. The mayor noted the application for the grant had unanimous support of the Town Council. This portion of the meeting ended at 3:45 PM.

2. PRESENTATION – 2011-2012 Financial Audit Report, Cody Cardon, Wood Richards & Associates

Cody Cardon, Wood Richards & Associates, directed the Council to page 1 of the audit report which reported a clean opinion on the audit. Next covered was page 29 concerning Budget to Actual figures. Mr. Cardon pointed out that the actual numbers were increased over the budgeted numbers in the income accounts. Property taxes increased by about \$2,000; franchise fees increased by about \$2,000; and interest earnings increased by about \$1,700. A big change in the interest earnings was due to having the escrow account in the PTIF for the new building. Page 30 details the expenditures. This is the same setup showing the budget to actual. The capital outlay includes the acquisition of

the Ford F650 (snowplow) truck and the construction of the City office building. In the other financing sources includes the bond and lease proceeds for the building and the truck lease. The \$6700 is the sale of the old plow truck. Overall, in the budget there was an excess of revenues over expenditures of \$101,000 at the end of the year.

Mr. Cardon referred everyone to page 9 which is the statement of net assets on the full accrual similar to a company which is operating for profit. Accounts payable is \$116,000, of which \$103,000 was payables were attributable to the new building of work that was done before June 30th, but was not billed until July. Net assets are \$60,000; this is basically the net value of the assets less any debt and any loan proceeds that are still on hand. There are restricted funds for B&C and bond escrow for the Town Hall; and \$46,000 of unrestricted funds at the end of the year.

On Page 35, Cody Cardon explained the Schedule of Findings; he indicated there were a few more than normal because we are a young municipality and this is the first audit.

The first finding concerned the need for a purchasing policy and personnel policies. Mr. Cardon recommended the Council have these policies in effect by ordinance within one year. The next item concerned the Treasurer Fidelity bond which is calculated on the previous year's budget and a percentage table the legislators set. Based on the 2012 amended budget the bond would need to be about \$50,000 because of the bond proceeds; normally the bond would need to be about \$20,000 at present until there is a large increase in income. Normally, they only require the bonding on the treasurer but the Town can do more because the clerk is handling cash. It would be good to make sure that the accountant, Brian Blazzard, provide himself some sort of bonding where he is handling the assets of the Town; the Town would be listed as an additional insured. The third finding concerned the Government Records Access and Management Act (GRAMA) and adoption of the GRAMA policies. There should be a log of requests. The Town will need to adopt an ordinance/policy concerning records retention.

The last three findings concerned Material Weaknesses in Internal Control. The auditor recommended that the Town implement a monthly review of cancelled checks and bank reconciliations by a council member who would initial and date the bank statement or cancelled checks. The next concern was that a separate individual should prepare the deposit and another make the deposit. It was decided that the Treasurer would prepare the deposit and the Clerk take the deposit to the bank. The final finding was that the bank reconciliations at the end of the fiscal year did not reconcile to the cash accounts. The recommendation was to make any changes be made as of July 1st or re-perform the bank reconciliations.

Cody Cardon reviewed the communication to governments letter which is basically a summary of the audit and 3 page letter. The auditor reviewed the journal entries. The first of three recommendations was that each time card be approved. The mayor informed the auditor that he initials every time card. Apparently that was missed when the audit was done. Mr. Cardon advised that the Town is supposed to have a bond reserve account from which payments would be made for the bond account on the

building. He recommended setting up a separate reserve account to which a payment of \$365 be made each month. This is so if in the event a bond payment cannot be made, that money would be in that account so that the payment could be made. These deposits should have been started in October so a catch-up deposit will need to be made.

The third item was that the Town does not have a formal capitalization policy. This would include a capitalization policy determined by the Council; i.e. a threshold at which an asset would be capitalized. Most cities have the threshold set between \$500 to \$5000. Another thing associated with this is setting up a useful life – such as buildings will have a 39 year life, vehicles will have a 5-7 year life, infrastructure will have a 50 year life, etc. – whatever the Town deems appropriate. Any roads throughout the Town that are now completed are considered infrastructure. The Council should have the Town engineer work on getting a value and those should be reflected on the Town's financial statements. Usually once a subdivision has been accepted by the Town, it should be added to the infrastructure of the Town and reflected as contributed capital for that year.

Mayor Martino asked that the first statement concerning approval of payroll be corrected. Mr. Cardon indicated he would send a corrected letter.

Cody Cardon recommended the Town contact the Utah League of Cities and Towns concerning capitalization thresholds, purchasing policies and personnel policies for help in setting these up.

Mr. Cardon advised that if the Town receives more than \$500,000 in federal monies within a fiscal year, they would have to have a single audit as well as the full financial audit when the money is expended.

Cody Cardon commented that for a municipality that is only four years old, Hideout has done a good job. There is some work to do, but the Town is on the right path. Mayor Martino commented that for being a young city, there are some things that have to be figured out, but he is proud of what the Town has accomplished.

Council Member Dean Heavrin made the motion to formally accept the audit completed by Wood, Richards and Associates for the FY 2012. Council Member Lana Martino seconded the motion. The motion was unanimously approved by Councilors Wahl, Heavrin and Martino.

Councilor Jim Wahl inquired what triggered the audit. The mayor answered if the income of the Town is over a certain threshold, an audit is required by the State.

3. **Ordinance #2012-4 – An Ordinance Establishing a 2013 Regular Meeting Schedule for the Meetings of the Town Council of Hideout, Utah**

Council Member Lana Martino made the motion to adopt Ordinance #2012-4. Council

Member Dean Heavrin seconded the motion. The motion passed unanimously with “aye” votes from Council Members Wahl, Heavrin and Martino.

At this point the Council took a short recess while up-to-date copies of the Bills to be Paid were obtained from the office for the Council. The meeting was called back to order by Mayor Martino.

4. Consideration & Approval of Bills to be Paid

Councilor Dean Heavrin motioned to approve payment of the bills for December 13, 2012. Councilor Lana Martino seconded the motion. The motion passed with Council Members Wahl, Heavrin and Martino voting “aye”.

5. Review Financial Statements, if Needed

No discussion

V PUBLIC INPUT (Any matter of Town business not scheduled on agenda)

No Public Input

VI ADJOURNMENT

Council Member Heavrin made the motion to adjourn the Hideout Town Council Meeting. Council Member Wahl seconded the motion. The motion passed unanimously.

The meeting adjourned at 4:30 p.m.

Lynette Hallam, Town Clerk

Approved:

Mayor Bob Martino