

**City of Rigby
City Council Meeting
January 5, 2010
7:00 p.m.**

Mayor Smith welcomed everyone to the meeting and turned the time over to former Mayor Ryan Brown who invited everyone to join him in the pledge of allegiance. Mayor Smith then turned the time over to Ron Derrick who gave the prayer.

Mayor Smith acknowledged the scouts in the audience and welcomed them to the meeting.

Dave Swager, City Clerk/Treasurer, performed roll call. Those present were: Mayor Smith, Councilman Marriott, Councilman Simonson, Councilwoman Poole, Councilman Day, Councilman Blackburn and Councilman Maloney.

2008/09 Audit Report-

Mayor Smith stated the next item on the agenda was the audit report and turned the time over to Sheri Poulsen of Jensen and Poulsen to give her presentation.

Sheri Poulsen distributed audit and financial documents to the council and explained she would be going over the items listed. Mrs. Poulsen explained that her office is the City Auditor for the City of Rigby. Mrs. Poulsen referred to the documents and explained that she had comprised the highlights from the audit. Mrs. Poulsen explained that she didn't want to keep going over this but wanted to make sure that everyone understood where the City of Rigby has stood financially for the fiscal year 2008/09. Mrs. Poulsen stated that after Mr. Swager came to the city the council had received some information that was a bit startling or even painful to hear but felt a recap of this information was important. Mrs. Poulsen stated the General Fund for the City of Rigby was one of the hardest hit funds and explained the revenues were \$1,157,000 with \$234,000 of that coming from State sources. Mrs. Poulsen explained this amount was a decrease from the previous year. Mrs. Poulsen stated that expenditures from the General Fund was \$1,137,000 and explained this created a very low income situation for the city. Mrs. Poulsen stated that before any transfers the balance in this fund was approximately \$21,000. Mrs. Poulsen explained that the General Fund has been subsidizing several different funds for quite some time and throughout the year two funds received combined transfers of \$707,000. Mrs. Poulsen explained these transfers caused a 90% decrease in the General Fund balance. Mrs. Poulsen stated the cash and investment balance was just under \$100,000 on September 30, 2009. Mrs. Poulsen stated the balance in this account in 2008 was \$580,000 and in 2007 was over \$1,000,000 and explained this has been a severe drain in this account. Mrs. Poulsen stated the fund balance in the General Fund is \$70,000 and explained this is the lowest balance she has ever seen in this account. Mrs. Poulsen stated that one of the places the General Fund sent money was to the Road Fund. Mrs. Poulsen stated the Road Fund had revenues of \$238,000 and expenditures of \$338,000 and explained this presented a net loss of \$100,000. Mrs. Poulsen explained the General Fund sent \$84,000 to the Road Fund. Mrs. Poulsen stated the Road Fund spent \$116,000 on employee salaries and benefits, approximately \$150,000 on road repair, maintenance and snow removal. Mrs. Poulsen explained the cash balance in the Road Fund is a negative \$41,000 and there is no fund balance in the Road

Fund. Mrs. Poulsen stated this meant the account would start October 1, 2009 with a zero balance. Mrs. Poulsen stated another fund that the General Fund constantly sends money to is the Library Fund and explained the revenues were \$101,000 and the expenditures were \$212,000 leaving a net loss of \$111,000. Mrs. Poulsen stated the General Fund transferred approximately \$85,000 into the Library Fund. Mrs. Poulsen stated this meant the Library Fund would start October 1, 2009 with a zero balance. Mrs. Poulsen referred to the Recreation Center and stated there would be nothing left to talk about in this fund after this audit report but explained this fund took a significant amount from the General Fund. Mrs. Poulsen explained the Recreation Fund had revenues of \$32,000 and expenditures of \$109,000 leaving a net loss of \$76,000 over a ten month period. Mrs. Poulsen stated the General Fund transferred \$211,000 in order to close out this fund. Mrs. Poulsen stated that while the decision to close the center was very difficult she felt that financially it was the best move for the city. Mrs. Poulsen explained that currently the city's strongest funds were the utility funds such as the Water, Sewer and Sanitation Funds. Mrs. Poulsen explained that what was currently holding the city in a cash balance was the Water Fund. Mrs. Poulsen explained the Water Fund reported a strong income of \$257,000 and has a restrictive cash balance of approximately \$100,000. Mrs. Poulsen explained the city also had an obligation of \$750,000 in the water bonds. Mrs. Poulsen explained the Sanitation Fund was holding its own with revenue of \$228,000 with expenditures of \$193,000 leaving a net income of \$35,000. Mrs. Poulsen stated the cash balance in the Sanitation Fund was \$219,000 with \$79,000 of that being from the prior year. Mrs. Poulsen stated the Sewer Fund was another place where the General Fund had to contribute but explained this was in the construction portion of the fund. Mrs. Poulsen explained the revenues in this department were just over \$1,000,000 and the expenses were \$417,000 but stated this fund would have to be watched very carefully because no one knows what the operating expenses are going to be with the new plant coming online. Mrs. Poulsen stated the cash balance in the fund was \$1.3 million. Mrs. Poulsen stated this project had received substantial completion in 2009. Mrs. Poulsen stated the tracking of the overall project costs came to \$1.4 million. Mrs. Poulsen stated there were also \$7 million in loans, \$1.5 million in grants on this project. Mrs. Poulsen stated that she had talked with Rural Development to obtain monthly debt service numbers on the loan balance and explained these would be approximately \$38,000 or just over \$450,000 per year. Mrs. Poulsen stated that while on paper it looks like the Sewer Fund is making a lot of money and building the cash reserves it will actually go quite quickly once the city starts repaying this debt. Mrs. Poulsen explained there would need to be some hard looks at the rates to make sure they are inline with the costs to operate the plant plus the cost to repay the debt on the plant. Mrs. Poulsen stated she didn't want to say that all the highlights were bleak even though some of the presentation sounded that way. Mrs. Poulsen stated she wanted to point out the city had completed the treatment facility which was desperately needed by the city. Mrs. Poulsen stated that action was taken on the Recreation Center even though it was very difficult to do. Mrs. Poulsen stated the city was also able to hire a highly qualified individual as the financial manager. Mrs. Poulsen stated the city is currently facing its lowest financial points in its history with the General Fund balance being 10% of what it was one year ago. Mrs. Poulsen stated that when she gave her report one year ago she had cautioned on how this fund was depleting and how other funds were relying on this meager balance to pull them through. Mrs. Poulsen stated that while she had been expecting a decrease in the General Fund balance she had not expected it to drop as low as it has. Mrs. Poulsen stated that while this decrease was bad she felt the city had implemented some changes that would help alleviate this slide and reverse the trend and possibly build positive financial results. Mrs. Poulsen reiterated that the Road and Library Funds were starting out with zero balances and explained they were going to be facing huge challenges in operating on their own funds. Mrs. Poulsen stated the

General Fund has helped in the past and explained the only way it could possibly help would be to cut the budgets down to the extreme which she felt has been done at this point. Mrs. Poulsen stated that revenue based budgeting is extremely important and doesn't feel that has been done in the past. Mrs. Poulsen stated that given the current financial status of the city it is crucial to follow the revenue and spend less than this amount in order to start to turn things around. Mrs. Poulsen stated she felt part of success would be to adhere to financial protocols and closely monitor budgets and spending. Mrs. Poulsen stated her office had a good experience with the cooperation and help from the city staff while performing this audit. Councilman Blackburn stated he appreciated Mrs. Poulsen's comments and referred to her comments on the budgetary process and asked for any recommendations she may have for the city. Mrs. Poulsen referred to the General Fund and stated the city is not going to bring this balance back to \$700,000 in two or even three years. Mrs. Poulsen stated that she would be thrilled to even see this fund balance back up between \$200,000 and \$250,000 in the next two years. Mrs. Poulsen stated she didn't see the Road Fund building its fund levels at all because of the costs required to repair and maintain the roads. There was a brief discussion on the cash balance in the General Fund. Mrs. Poulsen stated that currently only the enterprise funds, water, sewer and sanitation, were the only ones bringing in money and felt they needed to be compensating the General Fund by contributing their share of overhead costs. Mrs. Poulsen stated that Mr. Swager's plan on costing out equipment will help the Road Fund quite a bit as these costs have generally been completely borne by the Road Fund. Mrs. Poulsen explained how this process would help be more equitable for the various funds. Mayor Smith commended Mrs. Poulsen for the work her office has performed on this audit. Councilman Blackburn moved to accept the 2008/09 Audit Report as presented. Councilman Day seconded. All were in favor.

Mayor Smith once again thanked Mrs. Poulsen and her company for all the hard work they had done in preparing this audit report. Mayor Smith stated that as with individuals sometimes a company has to hit rock bottom in order to turn things around and get back on track. Mayor Smith stated the city needed to set realistic goals and work towards them. Mayor Smith commended all the employees working for the city and thanked them for their efforts. Mrs. Poulsen stated that she wanted to commend the city for hiring Mr. Swager as the City Clerk/Treasurer and felt this was a good move for the city.

Approval of Bills-

Mayor Smith stated the next item on the agenda was the approval of bills and asked if there were any questions or concerns.

Councilman Marriott referred to the charge for Jefferson County Dispatch and asked Police Chief Larry Anderson about this expense. Mayor Smith stated the fees had come in at \$39,000 and so he had gone to the commissioners and they agreed to take this increase over the next year or so rather than all at once. Councilman Maloney referred to page 4, second item from the bottom and asked if the \$5,400 pump bill was for just one pump. Mr. Swager stated this was the pump for the water system and explained it was for the three pumps combined. Councilman Maloney moved to approve payment of the bills. Councilman Marriott seconded. All were in favor.

Approval of Minutes-

Mayor Smith stated the next item on the agenda was the approval of the minutes and asked if there were any questions or corrections.

Councilman Simonson moved to approve the minutes as written. Councilwoman Poole seconded. All were in favor.

Interfund Transfers-

a) Mayor Smith stated the next item on the agenda was regarding interfund transfers and turned the time over to Dave Swager, City Clerk/Treasurer, for his presentation.

Mr. Swager referred to documents in the council packets and stated he had included the quarterly transfer of \$5,251.50 from each of the water, sewer and sanitation funds to cover administrative services. Mr. Swager stated that each of these funds would be transferring a total of \$21,006 for the year. Mr. Swager explained this transfer would be to help cover the wages of the Utility Billing Clerk and one-half of the Accounts Payable Clerk. Mr. Swager stated that he would need approval of the quarterly transfer of \$15,754.50 from the enterprise funds to the General Fund. Councilman Blackburn moved to approve the quarterly transfer from the enterprise funds to the General Fund. Councilman Maloney seconded. All were in favor.

b) Mr. Swager stated the next transfer that needed to be made was regarding the Police Budget. Mr. Swager explained there had been \$10,000 set aside for Capital Outlay for the replacement of vehicles. Mr. Swager stated the purchase itself was not going to be done this year but would be accumulated for another year. Mr. Swager stated that in the past this money had not been transferred from the General Fund but recommended there be quarterly transfers to the Police Budget in the amount of \$2,500 with the restriction to be encumbered for a police vehicle. Councilman Simonson moved to approve the transfer. Councilman Day seconded. All were in favor.

c) Mr. Swager stated the next transfer that needed to be made was regarding the Sewer Fund. Mr. Swager explained that during the last council meeting there had been the approval to pay a bill for the amount of \$162,000 for Knife River. Mr. Swager stated this was a previously encumbered expense. Mr. Swager stated the payment was made and due to this the Sewer Construction Fund was left short in the amount of \$43,692. Mr. Swager stated that he needed to do a transfer to bring this fund balance to zero. Mr. Swager explained this transfer would come from the Sewer Revenue Fund and go into the Sewer Construction Fund. Councilman Maloney moved to approve the transfer. Councilman Simonson seconded. All were in favor.

Review of the New Protocol Regarding Expenditures-

Mr. Swager stated there had been a meeting last week and at the recommendation of Mrs. Poulsen the city would be changing policies and procedures regarding purchases.

Mr. Swager referred to documents in the council packets and stated it was a copy of the current policy with highlighted and bolded areas that were the recommended changes. Mr. Swager explained the basic changes to this policy were more accountability. Mr. Swager gave a brief explanation of the changes and how this would affect the department heads and what dollar amount this change would take place. Mayor Smith asked Mrs. Poulsen if she had any comments. Mrs. Poulsen stated that she liked having policies but questioned how the purchase orders or requisitions would be handled. There was a brief discussion regarding checking dates and making sure the purchase orders or requisitions were dated prior to the date of invoice. Councilman Blackburn asked for clarification on the charge amounts for the new protocol and how this

pertained to emergency expenditures. There was a brief discussion to clarify the new policy. Councilman Simonson moved to approve the protocol changes. Councilman Blackburn seconded. All were in favor.

Robin Dunn, City Attorney, explained to the scouts in the audience the importance of the meeting and the Mayor and Council and the roles they play in the city operations.

Swearing in Council and Mayor-

Mayor Smith stated the next item on the agenda was the swearing in of the Mayor and council and turned the time over to Council President, Councilman Marriott.

a) Councilman Marriott stated that it has been a privilege and pleasure to be associated with the group before him this evening. Councilman Marriott expressed his appreciation for those who have served tirelessly for the past four years, for all the professional, skilled and loyal city employees and those who have volunteered without pay, the Planning and Zoning Commission, the Urban Renewal Agency and other valuable committees, Jensen Paulsen, Thompson Engineering, Keller Engineering, other contractors, the Jefferson Star and residents of the City of Rigby. Councilman Marriott stated he felt there would be no better city government than what is right here in the City of Rigby. Councilman Marriott stated it was his honor to swear in Mayor Keith Smith for a term of four years. Councilman Marriott then performed the swearing in of Mayor Keith Smith.

b) Mayor Smith stated that before they were to swear in the new council he would like to express his appreciation to the citizens of the City of Rigby for their votes of support that he received in November and hoped he could live up to the expectations. Mayor Smith stated that when he was appointed in April he was given the task to find someone to replace him as a councilmember. Mayor Smith stated the person they found was very competent and stated this was Councilwoman Sharron Poole. Mayor Smith stated she has been to every meeting and has always had great input and wanted to thank her for taking on this responsibility. Mayor Smith presented her with a plaque and relieved her as part of the council. Mayor Smith turned to Councilman Marriott and stated he was not only a councilman but also a friend and advisor. Mayor Smith expressed his appreciation for Councilman Marriott's work and effort. Mayor Smith presented him with a plaque and relieved him as part of the council. Mayor Smith called forward Councilman Blackburn as he had been re-elected and also brought forward newly elected Gaelynn Hinckley and Gerd Zimmermann. Mayor Smith performed the swearing in of these council members and asked them to take their seats at the council table.

Other Council Business-

Mayor Smith stated the next item on the agenda was other council business and turned the time over to the council for anything they needed to discuss or disclose.

Mayor Smith stated the first thing that needed to be done was the election of a new council president. Mayor Smith explained that this person would serve to conduct meetings in the absence of the Mayor and would sign on financial accounts. Councilman Simonson stated that he would like to nominate Councilman Blackburn. Councilman Simonson explained that Councilman Blackburn was the longest serving and has been doing a great job and expressed appreciation for his guidance. Councilman Maloney seconded. All were in favor.

Mayor Smith explained there would be assignments given to the new council members and would have those ready at the next meeting.

Mr. Dunn stated the city was still working on the Wastewater Treatment Plant and explained there was nothing major but felt the city would be happy with the results.

Mayor Smith asked if there was any other council business. No other business was disclosed.

Public Comment-


Mayor Smith stated the next item on the agenda was public comment and turned the time over to the audience.

Councilman Blackburn stated that he's not a member of the public but asked if he could make a comment. Mayor Smith yielded the floor. Councilman Blackburn expressed his appreciation to Councilman Marriott and his wife for all the sacrifices they have made. Councilman Blackburn stated that Councilman Marriott was an amazing man and explained to the public just how dedicated Councilman Marriott had been not only during his tenure on the council but also as a member of the military serving our country.

Mayor Smith asked for any other public comment. No public comment was given.

Councilman Simonson moved to adjourn the meeting. Councilman Zimmermann seconded. All were in favor. The meeting was adjourned at 8:00 p.m.


Keith Smith, Mayor

Attest: 
David Swager, Clerk