

City of Rigby
City Council Meeting – Special Meeting
April 6, 2011
7:00 p.m.

Mayor Smith welcomed everyone to the meeting and turned the time over to Dave Swager, City Clerk/Treasurer to perform the roll call. Those present were: Councilman Day, Councilwoman Hinckley, Councilman Maloney, and Councilman Zimmermann. Absent Councilman Blackburn and Councilman Simonson. Also in attendance was Attorney Robin Dunn.

Mayor Smith then stated the purpose of the special meeting was for the presentation of 2010 audit report. He then turned the time over to Sheri Poulsen of Jensen and Poulsen CPA who performed the 2010 audit.

Sheri Poulsen explained the reason for the late arrival of the audit was due to problems encountered in obtaining trail balances. This necessitated the clerk posting and re-running trail balances during and after the initial field work. A second area that caused delay was the creation of the internal service fund. In prior years expenditures for equipment were charged to whichever fund was deemed appropriate. With the internal service fund, the each fund is charged a rate based on use, and expenditures are charged to each piece of equipment inside the internal service fund. Government accounting standards require the elimination of interfund transactions.

Usually she likes to have the audit presented to the council in early January to early February.

Reviewing the financial highlights Mrs. Poulsen covered the following topics:

Overall Condition of the City: Total cash and investment balances of the city increased by \$136,000. Liabilities decreased \$1,500,000. Decrease arose from the retirement of the water revenue bond (\$500,000) and elimination of accrued sewer debt interest of \$320,000. Fund balances of all the major funds increased over prior years along with a decrease reliance on funding from the General Fund.

General Fund:

- Revenues for the General Fund were consistent with prior year's revenues. Expenditures were \$25,000 below prior year's expenditures. Expenditures to budget were \$76,000 under budget.
- Cash and investment balances increased to \$146,000 from just under \$100,000 at September 30, 2009.
- General Fund's fund balance increased from \$70,000 at September 30, 2009 to \$194,000 at September 30, 2010.

Road Fund:

- Revenues for the Road Fund were \$27,000 higher than those of prior years.
- Expenditures totaled \$274,000 which was \$64,000 less than in prior years. One factor contributing to the decrease was the creation of the internal service fund. Many of the

equipment expenditures formerly reported by the road fund are now recognized by the internal service fund.

- Prior cash balances were negative \$47,000 but ended the year with a positive fund balance of \$3,985. General Fund transferred \$12,250 to the road fund vs. \$83,659 in 2009.

Library Fund:

- Revenues were just over \$100,000 which was comparable to prior years.
- Expenditures totaled \$135,000; a significant reduction from prior years.
- General Fund transferred cash totaling \$31,000 in current period to the Library vs. \$85,100 in 2009.

Water Revenue:

- Revenues totaled \$571,000; consumers fees down approximately \$13,000 from prior year.
- Expenses were \$368,000; approximately \$48,000 more than prior years. Repairs and maintenance costs totaled \$34,000 higher than in 2010 than in prior years.

Sanitation Fund:

- Revenues for the year totaled \$212,000; an increase of \$7,200 over prior years.
- Expenses were \$169,000 for the year; \$24,000 less than in prior years.
- Net assets for the sanitation fund increased \$27,000.

Sewer Revenue:

- Operating revenues for the sewer fund totaled \$995,000; down \$7,000 from the prior year.
- Operating expenses totaled \$441,000; an increase of \$24,000 from previous years.

Given all of the above Poulsen feels the City is headed in the right direction financially.

The auditor noted three deficiencies regarding internal control:

- Lack of adherence to financial protocol
- Failure to reconcile subsidiary accounts to the general ledger
- Lack of segregation of duties

The auditor went on explain each of three noted deficiencies.

Financial protocol- the city needs to have an audit trail when purchases are made. Poulsen recommended using purchase orders.

Reconcile subsidiary accounts to general ledger – Poulsen explained how the accounting software is very sensitive and normal accounting entries do not follow the normal debit/credit entry most accountants are familiar with.

Segregation of duties – With the city having the clerk perform all the duties regarding payroll, account payable and bank reconciliation there exists the potential that errors could occur and not be detected in a timely manner.

Poulsen further commented the above deficiencies were discussed in a meeting with the Mayor and Clerk and steps are being implemented to correct the deficiencies.

Upon questioning from the council Poulsen commented that most small entities (cities and school districts) experience segregation of duties issues where staffing is small. Poulsen also recommended staff training regarding the accounting software.

Being no further questions from the council, the Mayor thanked Mrs. Poulsen for her time.

Motion to approve the September 30, 2010 audit report was made by Councilman Maloney, seconded by Councilman Zimmermann. Roll call vote:

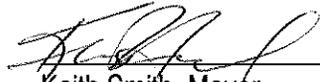
Day	Aye
Hinckley	Aye
Maloney	Aye
Zimmermann	Aye

Motion passed.

Being no further business – Mayor asked for a motion to adjourn: Moved by Councilman Day; Seconded by Councilwomen Hinckley – Voice vote – all in favor. Motion passed.

The meeting was adjourned at 7:40 p.m.

CITY OF RIGBY


Keith Smith, Mayor

ATTEST:


David Swager, Clerk