

**CITY OF HAYDEN LAKE  
MINUTES OF REGULAR MEETING  
JANUARY 3, 2012**

CALL TO ORDER

Mayor Morris called the meeting to order at 6:00 pm. Present were Council members Tom Gorman, Todd Walker, Bob Grant and Chris Beck. City Attorney Pete Bredeson and Code Enforcement Officer Dick Pelton were present as representatives of the Council. Visitors present were Ed and Leslie Graves, Tommy Frey, Robert Sterling, William Bentz and Annie Van Valin.

AGENDA

**Councilman GORMAN moved to approve the posted agenda for the meeting. Councilman WALKER seconded the motion. The motion carried.**

**Councilman GORMAN moved to approve the consent agenda, including the minutes from the December 6, 2011 regular meeting, the list of invoices for approval and the paid invoices pending approval. Councilman WALKER seconded the motion. The motion carried.**

UNFINISHED BUSINESS

I. STERLING FENCE VARIANCE APPLICATION

Robert Sterling presented his application for a fence variance. The application relates to a fence six feet (6') in height along the north and south boundaries of Mr. Sterling's property from its east boundary line with North Point Hayden Drive back to the front building line of the Applicants' residence. Councilman Gorman stated that based on what was presented and discussed at the December 6, 2011 Council meeting in relation to Mr. Sterling's previous code enforcement appeal, the idea was that the subject fence be only four feet (4') in height from the east boundary line of the property back to the City's standard front yard setback. Councilman Walker, Councilman Grant and City Attorney Bredeson then asked Mr. Sterling how much of the subject fence was newly constructed by Mr. Sterling, to which he responded that he added approximately sixty feet (60') of fence on both sides.

Councilman Grant then asked if the Council was inclined to grant this variance and whether or not the requirements for a variance had changed. City Attorney Bredeson stated that the requirements for a fence variance to be granted had not changed. Councilman Gorman stated that the fact that the property has an unusually deep front yard setback is indicative of a special characteristic of the site that would justify granting the request. Councilman Grant responding by saying that he can easily see the fence when traveling northbound on North Point

Hayden Drive. Councilman Grant also stated that he doesn't think that the request meets the hardship criteria for granting a variance.

Mayor Morris then asked the City Attorney if a motion was appropriate. City Attorney Bredeson advised that a motion approving or denying the request was appropriate, then after a second to the motion the matter could be further discussed.

**Councilman GORMAN moved to grant the fence variance request with the condition that the portion of the subject fence that lies within thirty feet (30') of the east boundary line of the Subject Property be reduced to four feet (4') in height. Councilman BECK seconded the motion.**

Councilman Grant then stated that there are no security problems with Mr. Sterling's property that he knows of. Councilman Walker stated that the fact that the property is a corner lot provides further justification for the variance. Mr. Sterling then described some of the problems that he has had with security. Councilman Grant responded that Mr. Sterling should have called the police.

**Roll Call Vote: Councilman Gorman voted "aye", Councilman Walker voted "aye", Councilman Grant voted "no" and Councilman Beck voted "aye". The motion passed.**

## II. 2011 ANNUAL AUDIT REPORT

Annie Van Valin of Anderson Bros. CPA's, P.A. then presented the 2011 annual audit report to the Mayor and Council for review. She began by explaining that there are two types of financial statements contained in the report: government-wide and fund. The government-wide financial statements are prepared on an accrual basis, while the fund financial statements are prepared utilizing a cash basis approach. Ms. Van Valin then stated that the Management's Discussion and Analysis section of the report was prepared by City Clerk Lynn Hagman.

Ms. Van Valin went on to explain the financial statements and notes to the same that are contained in the report. With respect to the Balance Sheet, Ms. Van Valin stated that pursuant to a new GASB requirement, the net fund balance from the General Fund should be categorized and assigned based on how the funds will be spent. She suggested that the City look at doing so in the future for the Unassigned Fund Equity amount shown on the Balance Sheet.

Ms. Van Valin commented that the City's actual expenditures were approximately \$45,000 less than its budgeted expenditures, which is in compliance with Idaho law. As for revenue, the budgeted amount exceeded the actual amount by approximately \$6,000.

Next, Ms. Van Valin discussed the Report on Internal Control that is contained in the audit report. This Report states that City personnel lack the capable skills to prepare financial statements and notes according to generally accepted accounting principles (GAAP). Given the City's limited resources, Ms. Van Valin recommended that the City consult with an individual on at least a quarterly basis to assist in financial statement preparation. The Report also states that due to the small size of City's accounting and administrative staff, certain preferred internal controls that could be accomplished by the segregation of duties are lacking and that water fund revenues were materially misstated by approximately \$30,874. Since the material misstatement was caused by billings for the water fund not being properly reconciled into the accounting records for such fund, Ms. Van Valin suggested that second person, who could even be a Council member, review the reconciliations for the water fund on a quarterly basis.

**Councilman BECK moved to approve the 2011 annual audit report .  
Councilman GORMAN seconded the motion. The motion carried.**

#### NEW BUSINESS

Newly elected Council members Ed Graves and Tommy Frey subscribed to their oaths of office, which were administered by Mayor Morris. Councilman Beck then subscribed to the oath of office as the new Mayor of the City, which was also administered by Mayor Morris.

Mayor Beck then suggested that Councilman Gorman be elected as President of the Council due to his seniority. **Councilman FREY moved to elect Councilman Gorman as the President of the Council. Councilman GRAVES seconded the motion. The motion carried.** Mayor Beck also appointed Councilman Gorman as a signatory for City checks.

#### LAW ENFORCEMENT

Mayor Beck received a report from Chief Johnson which he will distribute to all of the Council members. He stated that there had been some increased patrols due to some recent break-ins.

#### STREETS AND WATER

Councilman Gorman reported that construction on the Miles Avenue reconstruction project may not begin until 2013-2016. However, he has Matt Gillis and Jim Coleman checking into this and will have more information at the next Council meeting.

#### ADJOURNMENT

**With no further business, Councilman GORMAN moved to adjourn at 6:35 pm, seconded by Councilman FREY. The motion carried.**

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Chris Beck, Mayor

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Lynn M. Hagman, City Clerk