

**NORTH OGDEN CITY
AUDIT COMMITTEE
MEETING MINUTES**

June 20, 2024

The North Ogden City Audit Committee convened at 6:00 p.m. Notice of time, place, and agenda of the meeting was posted on the bulletin board at the municipal office and posted to the Utah State Website on June 13, 2024. Notice of the annual meeting schedule was published in the Standard-Examiner on December 13, 2023.

Note: The time stamps indicated in blue correspond with the recording of this meeting, which can be located on YouTube:

<https://www.youtube.com/channel/UCriqbePBxTucXEzRr6felhQ/videos>

or by requesting a copy of the audio file from the office of the North Ogden City Recorder.

Committee:

Ryan Barker	Committee Chairman
S. Neal Berube	Committee Member
Blake Cevering	Committee Member (absent)
Thayne Shafer	Committee Member
Randy Winn	Committee Member
Rian Santoro	Committee Member

Staff:

Jon Call	City Manager/Attorney
Jami Jones	Finance Director

Visitors:

Ben Bailey	Consultant with Keddington and Christensen
Chris Pulver (Zoom)	

Committee Chairman Barker called the meeting to order, and Committee Member Berube offered the prayer and led the audience in the Pledge of Allegiance.

CONSENT AGENDA

1. DISCUSSION AND/OR ACTION TO CONSIDER APRIL 25, 2024, AUDIT COMMITTEE MEETING MINUTES

0:02:27 Committee Member Winn motioned to approve the April 25, 2024, Audit Committee Meeting minutes. Committee Member Berube seconded the motion.

The motion passed unanimously.

ACTIVE AGENDA

2. PUBLIC COMMENTS

0:02:41 No public comment was made.

3. DISCUSSION ON THE QUARTERLY FINANCIALS

0:02:54 Finance Director Jami Jones provided a summary of the third quarter financials for January through March 2024. She reviewed the status of major funds, noting that 75% of the fiscal year had elapsed. General Fund revenues were low due to building permits and B&C road funds, with only three of the six anticipated deposits received so far. She explained that the budget had been amended in April, reducing the expected revenue from building permits from \$400,000 to \$300,000. The Aquatic Center's revenues were lower because its peak season is in the summer. ARPA Funds were transferred into the Water Fund, and the Sewer Fund revenues were higher due to \$62,000 in interest earnings against a budget of \$10,000. Storm Water and Solid Waste Funds were also on target.

Jami discussed the quarterly revenue patterns, highlighting that the second quarter sees the bulk of property tax revenues. She also reviewed specific fund allocations, noting a significant impact from ARPA Funds for the water tank project, initially estimated at \$7 million but completed for just under \$4 million.

The discussion shifted to expenditures by quarter, where Jami clarified that snow removal costs were included in the Streets budget, which is part of the General Fund. She also detailed that General Fund expenditures were evenly distributed, but the Aquatic Center saw more activity in the first quarter. Solid Waste expenses were higher due to delayed purchase orders.

Jami provided a deeper analysis of General Fund revenues by department. She noted a higher-than-expected revenue from excavation permits due to fiber optics installation, and unexpected revenues from miscellaneous sources like police reports and surplus equipment sales.

They also covered the influence of online retail sales tax on the City's revenues, which has been significant since the state required taxes on out-of-state purchases delivered locally.

Committee Member Berube noted that it is being proposed to increase the City's property taxes by 9.5% as part of the budget to address infrastructure needs, particularly sidewalk repairs. In the context of overall operating expenses, he explained the complexities of budgeting for wage increases, especially for public safety personnel. It was noted that a Truth in Taxation Hearing will be held on August 13, 2024.

See Attachment A: Third Quarter Slides and Financial Statements

4. **DISCUSSION ON THE KEDDINGTON & CHRISTENSEN SERVICE CONTRACT**

0:33:30 Finance Director Jami Jones initiated the discussion, noting that the current three-year contract with Keddington & Christensen, ending on June 30, was due for an extension. She expressed satisfaction with Ben from Keddington & Christensen, who assists with audits and financial statements. The contract could be extended up to five years with the possibility of an additional three-year extension per the City's policy. City Manager/Attorney Jon Call confirmed that State guidelines do not restrict the contract length, and the City's policy allows up to an eight-year total. It was clarified that this is the financial consultant, separate from auditors Gilbert & Stewart, ensuring a cross-check.

Mayor Berube inquired about the proposal details, and it was noted that current pricing would continue. Reduced hours were attributed to better handling of processes, partly due to Jami Jones' competence.

Mayor Berube recommended extending the contract. It was clarified that, under the policy, an RFP would be necessary after eight years, noting the contract value is under \$25,000, thus not requiring Council approval.

Committee Member Shaffer motioned to extend the financial consulting contract with Keddington & Christensen for three years. Committee Member Winn seconded the motion. All in attendance voted in favor.

The motion passed unanimously.

5. **DISCUSSION ON THE FUTURE 2024 AUDIT COMMITTEE MEETING DATES**

0:38:27 Committee Member Barker presented proposed dates for the 2024 Audit Committee meetings. The key dates discussed were September 19 and December 19, with December 19 being particularly important as it coincides with the audit release. Committee Member Barker asked if there were any conflicts with the proposed dates. Potential schedule conflicts on September 19, were discussed amongst the Committee Members. Alternative dates were considered, with September 12 being agreed upon as the new date for the September meeting. December 19 was confirmed as suitable for the majority.

The Committee briefly discussed meeting times, concluding that 6:00 PM was preferable for staff.

The September Audit Committee meeting will be rescheduled to September 12, 2024. The December Audit Committee meeting will remain on December 19, 2024.

6. **PUBLIC COMMENTS**

0:41:27 No public comment was made.

7. **COMMITTEE MEMBERS/STAFF COMMENTS**

0:41:45 Committee Member Berube discussed the recent sales tax report, noting that 69% of the City's sales tax revenue comes from State allocations, while 31% is generated within the City, down from 33%. He also highlighted property tax data: North Ogden City receives 94% of its property tax from residents and 6% from non-residents, compared to Harrisville, which gets 15% from non-residents and 85% from residents. Committee Member Berube emphasized the need for commercial development to reduce the property tax burden on residents. Updates on potential commercial developments west of the new America First location were provided, which could boost sales tax revenue. Discussions about traffic studies and the alignment of 300 East as part of the approval process were mentioned.

City Manager/Attorney Jon Call noted ongoing paperwork for the pond, which needs to be moved for further development.

Committee Member Berube reminded the Committee of the City's fund balance policy, which aims to maintain between 20-25% of defined revenues, investing excess funds in longer-term securities to increase income. Various investments were listed, with maturities ranging from 2026 to 2029, at interest rates between 4.40% and 4.65%.

The callable bonds on the public safety building, with a significant tranche at 1.99%, were discussed, emphasizing the strategy of not paying off low-interest bonds prematurely and noting that interest income from investments has helped offset inflation. It was noted that construction costs have risen significantly, as seen in Harrisville's project costs for a new City Hall, Public Safety Building, and a Fire Station doubling from \$12 million to \$25 million. Committee Member Barker and Committee Member Berube commended the City's management and strategic financial planning.

8. **ADJOURNMENT**

Committee Member Winn motioned to adjourn the meeting. Committee Member Shafer seconded the motion. All in attendance voted in favor.

The motion passed unanimously.

The meeting adjourned at 6:58 p.m.

ATTACHMENTS

All Publicly distributed materials associated with this meeting are noted as the following attachments:

A. Third Quarter Slides and Financial Statements



Ryan Barker, Committee Chairman



Rian Santoro
City Recorder/Committee Member



9.12.24

Date Approved