MINUTES
OGDEN CITY FINANCIAL AUDIT COMMITTEE
December 12, 2024

Minutes of the Ogden City Financial Audit Committee held on Thursday, December 12, 2024, at 3:00 p.m., held in person and via electronic means hosted at 2549 Washington Boulevard, Ogden City, Weber County, Utah.

Present:	Chair	Sherman Smith (via Zoom)
	Acting Chair	Ken Richey
	Committee members	Shaun Myers (via Zoom)
	Ex-Officio members	Council Executive Director Janene Eller-Smith
		Council Assistant Executive Director Glenn Symes
		Council Senior Policy Analyst Steve Burton
		Finance Director Justin Sorensen
		Management Services Executive Director Lisa Stout
		Chief Administrative Officer Mara Brown
Also present:	Assistant Finance Director Korahle Jansen	
	HBME Partner Jeff Miles, CPA	
	Chief Deputy Recorder Lee Ann Peterson	

Acting Chair Richey welcomed those present.

Approval of Minutes

COMMITTEE MEMBER MYERS MOVED TO APPROVE THE MINUTES OF THE MEETING HELD JUNE 14, 2024. MOTION WAS SECONDED BY ACTING CHAIR RICHEY, ALL VOTING AYE.

Proposed Fiscal Year 2024 Audit Process and Results - HBME

HBME Partner Miles reported there were a couple of late journal entries relating to risk management and getting the last accruals related to potential litigation and that was recorded. He will continue to review the draft, and his goal is to send out that draft to the Audit Committee for review before finalization.

As far as field work and audit progress he felt the audit went really well. The City's finance team does a good job of being prepared and having everything ready. There were no significant journal entries during the audit and he said HBME was on site for the planned amount of time where things were mostly wrapped up. There was one new implementation and that was the compensated absences. Assistant Finance Director Jensen said it was in the general or governmental funds and it was around $6 million. Mr. Miles stated a five-year look back of how many people were getting paid out upon termination was done so that provided a higher degree of estimation. This did result in a little bit higher liability being recognized than previously had been. He said the City opted to implement this early and it is always good to tackle these issues head on and get them set up.

Mr. Miles stated that there was a finding that the general fund unassigned and assigned fund balances combined were over the 35% allowable limit of 39%. Finance Director Sorensen explained that the earnings from Morton on investments were higher than anticipated. This is an accounting requirement that we have to record even it is unrealized gains that were received – there was over $8 million in interest. It was an oversight due to staff turnover and things are being put into place to make sure that doesn't happen again including tracking those during the year rather than just at the end of the year. This year the excess difference between 35% and 39% is just over $4 million so a budget opening will go before the City Council for appropriation. Committee member Myers asked if the money can be used for bond debt, with Management Services Executive Director Stout responding yes. Chair Smith said it appears that the nature of the finding appears to be one of general non-compliance with State requirements and asked what system is in effect to make sure that we are complying. Ms. Stout responded the City has a really effective system and there are checklists that are gone through. This time was a one-time oversight and should not be an ongoing concern. Mr. Miles mentioned that a lot of cities are running into the problem of pushing against the 35% limit now because of a lot of excess cash. This may be due to ARPA funds that have been encumbered and appropriated, but that money has not been spent yet.

Mr. Miles stated that he is hopeful to have the final draft of the audit out to everyone next week and said the more eyes that look at it the better. He said many reviews make the document the best it can be before submitting it to the State. Ms. Stout pointed out that there is a three-day deposit rule and that was met with one exception when the City was changing banks. She also mentioned the recommendation last year with respect to meeting minutes. The City has make good progress and the average turnaround time is 28 days.

Proposed Fiscal Year 2024 Audit Process and Results – Comptroller's Office

Mr. Sorensen thanked Ms. Jensen for her work on the audit and the extra review she does. Ms. Jensen noted that the City implemented GASB 101 regarding the compensated absences and also implemented new financial software that is working successfully. Field work was a smooth process.

Acting Chair Richey inquired about the coverage in Central Stores. Originally when the full-time person was not in the office there was only a part-time person to help and he asked if that has been addressed. Ms. Stout said that this past year the City Council approved a full-time person instead of just part-time and that has helped quite a bit with coverage. Mr. Miles noted that things have definitely improved.

Timeline for Auditor Services Request for Proposal

Council Assistant Executive Director Symes reported that the RFP will go out the first part of January 2025 with an expected due date of February 6, 2025. After responses come in there will be an internal review to score the responses and interviews could be conducted the third week of March. A recommendation could go to the City Council in April.

Committee Comments

Chair Smith commended the audit team for a good experience.

Acting Chair Richey echoed the sentiment and said he is always impressed with the professionalism, knowledge, and understanding of everyone involved.

Committee member Myers added that this is his first year on the City Council and he is impressed with how well the City is run and said that staff has been professional and knowledgeable. The ability of everyone to be financially accountable and responsible is outstanding.

There being no further business to come before the Committee, CHAIR SMITH MOVED TO ADJOURN THE MEETING AT 3:37 P.M. MOTION WAS SECONDED BY COMMITTEE MEMBER MYERS, ALL VOTING AYE.

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LEE ANN PETERSON, MMC
CHIEF DEPUTY CITY RECORDER

APPROVED: March 19, 2025