



**AUDIT COMMITTEE MEETING AGENDA
FEBRUARY 02, 2023 AT 6:00 PM
505 EAST 2600 NORTH
NORTH OGDEN, UT 84414**

PUBLIC CAN ATTEND IN PERSON OR:

Click the link below to join the webinar: <https://us02web.zoom.us/j/86762874133> Webinar ID: 867 6287 4133

Or Telephone Dial: 1 346 248 7799 or 1 669 900 9128 or 1 253 215 8782 or 1 312 626 6799

YouTube: <https://www.youtube.com/channel/UCrigbePBxTucXEzRr6fclhQ/videos>

Welcome: Chairman Swanson

Invocation & Pledge of Allegiance: By Invitation

CONSENT AGENDA

1. Discussion and/or action to consider December 15, 2022, Audit Committee meeting minutes

ACTIVE AGENDA

2. Public Comments*
3. Discussion on Quarterly Financials
Presenter: Jami Jones, Finance Director
4. Committee Member Questions
5. Public Comments*
6. Committee Members/Staff Comments
7. Adjournment

****Please see notes regarding Public Comments rules and procedure***

The Committee at its discretion may rearrange the order of any item(s) on the agenda. Final action may be taken on any item on the agenda. In compliance with the American with Disabilities Act, needing special accommodation (including auxiliary communicative aids and service) during the meeting should notify the City Recorder at 801-782-7211 at least 48 hours prior to the meeting.

CERTIFICATE OF POSTING

The undersigned, duly appointed City Recorder, does hereby certify that the above notice and agenda was posted within the North Ogden City limits on this 26th day of January, 2023 at North Ogden City Hall, on the City Hall Notice Board, on the Utah State Public Notice Website, and at <http://www.northogdencity.com>. The 2023 meeting schedule was also provided to the Standard Examiner on December 16, 2022. Susan L. Nance, MMC, City Recorder

Public Comments/Questions

- a. Time is made available for anyone in the audience to address the Council and/or Mayor concerning matters pertaining to City business.
- b. When a member of the audience addresses the Mayor and/or Council, he or she will come to the podium and state his or her name and address.
- c. Citizens will be asked to limit their remarks/questions to five (5) minutes each.
- d. The Mayor shall have discretion as to who will respond to a comment/question.
- e. In all cases the criteria for response will be that comments/questions must be pertinent to City business, that there are no argumentative questions and no personal attacks.
- f. Some comments/questions may have to wait for a response until the next Regular Council Meeting.
- g. The Mayor will inform a citizen when he or she has used the allotted time.

**NORTH OGDEN CITY
AUDIT COMMITTEE
MEETING MINUTES**

December 15, 2022

The North Ogden City Audit Committee convened in the Council Chambers at 6 p.m. on December 15, 2022, at the North Ogden City Office located at 505 East 2600 North. The meeting was also on Zoom. Recording can be found on YouTube: <https://www.youtube.com/channel/UCriqbePBxTucXEzRr6fclhQ/videos>. 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 December 7, 2022. Notice of the annual meeting schedule was published in the Standard-Examiner on December 16, 2021.

Committee:

Phil Swanson	Committee Chairman
S. Neal Berube	Committee Member
Charlotte Ekstrom	Committee Member
Thayne Shafer	Committee Member
Randy Winn	Committee Member
Susan Nance	Committee Member/City Recorder

Staff:

Jami Jones	Finance Director
Bryce Nelson	Administrative Services Manager/Treasurer

Visitors:

Consultant Gary Keddington and Ben Bailey with Keddington and Christensen
Auditor Ron Stewart with Stewart & Gilbert
Chris Pulver
Kevin Burns
Stefanie Casey

Chairman Swanson called the meeting to order, and Committee Member Thayne Shafer offered the prayer and led the audience in the Pledge of Allegiance.

CONSENT AGENDA

1. DISCUSSION AND/OR ACTION TO CONSIDER AUGUST 25, 2022, AUDIT COMMITTEE MEETING MINUTES

Committee Member Winn motioned to approve the August 25, 2022, Audit Committee Meeting minutes. Committee Member Shafer seconded the motion.

Motion passed unanimously.

ACTIVE AGENDA

2. PUBLIC COMMENTS

No public comments.

3. DISCUSSION ON 2021-2022 FISCAL YEAR AUDIT

Auditor Ron Stewart with Gilbert & Stewart began the discussion as to what they do as Auditors. There are three areas of focus on a City; the first being that Financial Statements are materially correct, second is they evaluate internal controls and make sure they are designed, implemented, and are effectively working, and the third area of focus is with State law, to make sure the City is in compliance with the State Auditor.

Auditor Stewart explained the type of different Audit procedures on the books of the City. A significant sample is pulled for invoices, receipts, accounts payable, and things of this nature. We are making sure these transactions are being properly calculated and that balances are being depreciated. A lot of time is spent on recalculations of the Financial Statements to make sure those things are balancing. There is also a lot of time spent on analytic reviews; we look at the differences from the year before. We ask questions and test balances, such as cash from this year against last year. As the Auditors, we came to the conclusion or opinion that your Financial Statements are materially correct, and you receive an unmodified opinion, which is a clean opinion or the best opinion you can

receive. This can be found in the Audit under Financial Statements under the opinion portion.

Auditor Stewart stated they do not give an opinion on internal controls but check to see if controls are being followed. This happens by several procedures being tested and sampled to see if the controls and procedures are being followed. With all of our checks done, nothing was found to be considered as material weaknesses or significant insufficiency. Your controls are adequate and are working and safeguarding the assets of the City.

State Compliance is the last thing that is looked at. The State Auditor has certain procedures to do on an annual basis. This year we looked at budgetary compliance, fund balance, fraud risk assessment, Justice Court, restricted taxes, government fees, cash management, and Utah State Retirement systems. The only finding we discovered this year was that the City overspent on debt service in the General Fund. State law says you need to budget for what you spend. This is one minor compliance issue.

Committee Member Berube had a question regarding Planning fees, such as revenues not exceeding cost, based on discussions with other cities being under non-compliance. Auditor Stewart stated there really is no legislation, but it's a great idea to track those revenues.

Committee Member Berube mentioned several financial and legal obligations and questions regarding these. Discussion ensued regarding outstanding commitments the City has and the pursuit of being transparent. The decision was made to put a commitment in the footnotes of the Management Letter for the contingency on the commitment to build the parking lot, with which we have an agreement with Weber county library.

Committee Member Shafer commends the Finance department and City's efforts in turning around the audit from two years ago. Committee Member Berube stated the City Council supported the investment in getting the resources necessary for the Finance department to be successful. Committee Member Winn mentioned the City was in growing pains and sometimes it's hard to recognize when things need to be changed.

Finance Director Jones pointed out several items to the Committee from the Audit, including the City is at 23.5% fund balance, \$529,000 ahead of budget, which equates to the 23.5% fund balance. The Water Department has experienced depreciation, which has caused a deficit. Committee Member Berube wanted to note the Water Department also has ARPA funds with a large dollar amount in their fund to build a new water tank, which seems excessive, but in fact is to pay for this new tank.

4. **DISCUSSION ON QUARTERLY FINANCIALS**

Finance Director Jones discussed that the first quarter from July to September, or 25% of our year has lapsed. She presented a PowerPoint to the group about revenues and expenditures on the different funds. She noted that sales tax and property tax is still filtering in and she will have a better representative of this at the next quarterly Audit meeting. Finance Director Jones made mention of the Aquatic Center being higher than the rest as they straddle two different budget years and they finish their season at the beginning of the first quarter.

The next slide discussed by the group was General Fund revenues. Most funds are on track and she noted Miscellaneous Revenues are at 101% and the large interest earning is at 324%. We budgeted \$20,000 and because of the interest rate it has come in much higher than budgeted. This is also the amount before we started to buy Treasury Bills. Treasurer Bryce Nelson discussed the overall investment portfolio the City is currently involved in. We currently have two Treasury Bills and a 3rd one to finish out the year to invest the money in a higher yield option.

An overview of the General Fund Expenditures was discussed. Finance Director Jones mentioned the non-departmental expenditure being the outlier with 67%, as the liability insurance is paid up front at the beginning of the fiscal year. An Overview was given on the 1st quarter sales tax being posted at 7.51% of projected sales tax or an additional \$77,673. Committee member Winn asked several clarifying questions regarding the quarterly numbers. Discussion ensued about the sales tax received for internet sales within the City limits.

5. **DISCUSSION ON AUDIT COMMITTEE MEETING SCHEDULE**

The 2nd quarter Audit Committee meeting was scheduled for Thursday, February 2, 2023, at 6 pm.

6. **PUBLIC COMMENTS**

Chris Pulver, North Ogden resident, had several clarifying questions so he could understand how the slides read when referring to the different funds and percentages.

7. **COMMITTEE MEMBERS/STAFF COMMENTS**

Chairman Swanson brought attention to the newly added Budget Review Subcommittee to this Audit Committee, which was newly formed with eight members of citizens, including Randy Winn acting as liaison between the group.

8. **ADJOURNMENT**

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

The motion passed unanimously.

The meeting adjourned at 8:22 p.m.

Phil Swanson, Committee Chairman

Susan L. Nance, MMC
City Recorder/Committee Member

Date Approved