
CITY OF NORTH SALT LAKE
AUDIT COMMITTEE MEETING
COUNCIL CONFERENCE ROOM
10 EAST CENTER STREET, NORTH SALT LAKE
DECEMBER 3, 2024
5:00 PM

FINAL

COMMITTEE MEMBERS PRESENT: Brian Horrocks, Mayor; Lisa Watts Baskin, City Council; Suzette Jackson, City Council.

STAFF PRESENT: Ken Leetham, City Manager; Heidi Voordeckers, Finance Director; Wendy Page, City Recorder.

OTHERS PRESENT: Via Zoom: Corey Urie, Child Richards CPAs & Advisors.

1. WELCOME

Brian Horrocks welcomed those present, called the meeting to order at 5:03 p.m., and noted that all Committee Members were present.

2. APPROVAL OF AUDIT COMMITTEE MINUTES

The Audit Committee minutes of September 17, 2024 were reviewed and approved, as written.

Committee Member Baskin moved to approve the Audit Committee minutes of September 17, 2024. Committee Member Suzette Jackson seconded the motion. The motion was approved by Committee Members Baskin, Horrocks, and Jackson.

3. UPDATE ON 2024 AUDIT WORK-COREY URIE, CHILD RICHARDS CPAS & ADVISORS

Corey Urie, Child Richards CPAs & Advisors, provided an update on the 2024 audit. He shared that the audit process started with obtaining financial information from various sources including financials prepared by the City. He explained this information was used for year to year comparison, certain ratios, and identify areas of interest. He said that other methods included reviewing meeting minutes for significant events requiring further review as well as enquiring about relevant staff involved in financial reporting. He noted that this was done to obtain an understanding of internal controls relevant to the audit in order to design audit procedures that were appropriate but not for the purpose of expressing an opinion.

Mr. Urie spoke on risks and explained that they were neither inherently good or bad. He stated that one item identified in the 2024 audit was golf course revenues increased by 25% or more in most of the major revenues lines which meant this would require closer review. He reviewed the Auditor's responsibilities for the audit of the financial statements which were to:

- Exercise professional judgment and maintain professional skepticism during the audit
- Identify and assess the risks of the financial statements due to fraud or error, and design and perform audit procedures responsive to those risks (examining, test basis, evidence regarding the amounts and disclosures)
- Obtain an understanding of internal control in order to design appropriate audit procedures
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management as well as evaluate the overall presentation of the financial statements
- Conclude whether there are conditions or events that raise substantial doubt at the City's ability to continue as a going concern for a reasonable period of time.

Corey Urie spoke on test work as part of the audit and the circumstances for expanding scope, State compliance, and rotating items (cash and money management, impact fees, etc.). He mentioned third party confirmations such as tax confirmation from the County, pension information from URS, and tax actuary information to corroborate information from the City. He shared that the position of the 2024 audit was nearly complete, the internal review items were almost finished, and appropriate journal items were noted. He explained that once the journal entries were provided the financial statements could be prepared and presented to the auditors for review. He concluded that the audit would be finalized with a representation letter with reports on compliance and internal control.

Mayor Horrocks questioned what would be identified as findings in the report. Corey Urie replied that journal entries would not necessarily identify them as findings. He said several items would not constitute inclusion in a schedule of findings but would be included in the communication with governance letter to be sent with, but not included in, the financial statements. He spoke on the findings including:

- 1) an interfund transfer from the RDA Fund to the General Fund that exceeded the budgeted amount by \$3,542;
- 2) reactivation fees related to the building/permitting which was charged, but not previously approved as part of the fee schedule.

Mr. Urie explained that the reactivation fee issue was resolved with the passing of Resolution 2024-36R during the November 19, 2024 City Council meeting.

Councilmember Baskin asked if Child Richards had experienced substantial doubt about the ability for a city to continue during an audit process. She commented that cities relied on audit information and that this should be predictable based on prior audits. Corey Urie responded that he had not experienced this but was aware of some situations where doubt had been raised regarding governmental entities. He clarified that if there was a situation with constant recurrent losses, such as expenditures exceeding collected revenues, then it would be addressed with the entity and reported in the audit.

Councilmember Baskin asked about provisions related to procurement. Corey Urie commented that any expenditures large enough to warrant a bid process and were constant/ongoing would be reviewed but when evaluating different expenditures, they reviewed whether proper approvals were in place (staff approval with set amounts, bidding process). He gave the example of single audits such as the ARPA funds and the rules that were set in place for the use of those funds. He noted that testing including a proper level of supervision or that the appropriate level of approval was occurring.

Heidi Voordeckers questioned how many records were tested for expenditure control in terms of individual purchase records such as invoices. Corey Urie said they tested for specific expenditures not tested elsewhere such as wages, expenditure testing of 60 invoices/purchase orders, as well as a month's worth of credit card statements. He explained the process of obtaining an understanding of internal controls including reviewing the procedures, random selection for testing (credit cards statements), levels of approval, matching invoices or similar, etc.

Heidi Voordeckers commented on the aforementioned \$3,542 discrepancy and said this was related to the three project area funding (RDA) and the 5% administration fee. She explained that revenue was higher than anticipated which meant the 5% transfer was higher than budgeted. Corey Urie mentioned that the correction could have been resolved with a budget amendment. He then reviewed multiple transfers and explained which funds this pertained to and where the discrepancy came from. He noted that these discrepancies would not inherently impair the ability to issue an unmodified opinion or higher level of audit opinion and would be included with the communication with governance due to the inconsequential amount or level of noncompliance.

Corey Urie said the goal was to ensure the documentation and audit opinion was of a high quality and that the City had an understanding of how the audit went and what was reviewed.

Corey Urie concluded his presentation and discontinued his electronic participation in the meeting.

Ken Leetham commented on purchase orders or credit card statements and who was responsible for reviewing and signing these. He said there was a weekly payment schedule, reviewal by Heidi, and required signatures.

Mayor Horrocks mentioned the suggestion to change audit firms every few years. He spoke on the continuity of retaining the same firm who knew the history of the City. Heidi Voordeckers replied that changing firms was best practice and how the former firm would transfer and share work papers.

Councilmember Baskin questioned how long the audit process took. Heidi Voordeckers responded that it took six months and could not be completed until all items (invoices) related to the fiscal year had been received. She noted a lack of responses to RFPs from other cities and said when the City went out to bid for audit services they could request a new audit partner at Child Richards if needed.

The Committee discussed the scenario of when a city might be at risk and how to avoid this by reviewing ongoing revenues (sales, property tax) and ensuring they were sufficient and diverse enough to fund operating expenditures.

4. SET PARAMETERS FOR UTILITY HARDSHIP ASSISTANCE POLICY

Heidi Voordeckers reported on Salt Lake City's utility hardship assistance program. She said the policy for Salt Lake included eligibility requirements such as age 60 or over, a gross income at or below 150% of the federal poverty line, or was disabled. She mentioned that North Salt Lake offered a program for active duty residents. She asked what parameters the Committee would like to propose to the City Council.

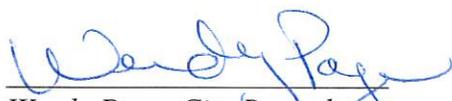
The Committee discussed the active duty resident policy, application process, required documentation, tying assistance to an acute problem or event, and length of time to offer assistance.

Heidi Voordeckers mentioned finding a community partner to collect this information to help the City administer the program and determine eligibility such as Davis County Housing Authority or the Community Development Block Grant program.

5. ADJOURN

The meeting was adjourned at 6:03 p.m.

The foregoing was approved by the Audit Committee of the City of North Salt Lake on February 18, 2025 by unanimous vote of all members present.


Wendy Page, City Recorder

