



Budget, Finance & Economic Development Committee

January 21, 2025

Summary and Motions

Vice Mayor Wu called the meeting to order at 1:01 p.m. Council Members James Brown, Chuck Ellinger, Shayla Lynch, Hannah LeGris, Liz Sheehan, Denise Gray, Whitney Baxter, Dave Sevigny, and Jennifer Reynolds were in attendance. Council Members Tyler Morton, Emma Curtis, Joseph Hale, and Hil Boone were also present as non-voting members.

I. Election of Committee Chair / Selection of Vice Chair

A motion by Ellinger to elect Brown as Chair of the Budget, Finance, and Economic Development Committee, seconded by Reynolds, the motion passed unanimously.

Chair Brown selected Ellinger as Vice Chair of the Committee.

II. Approval of November 19, 2024 Committee Summary

A motion by Gray to approve the November 19, 2024 Committee Summary, seconded by Baxter, the motion passed without dissent.

III. Quarter 2 Financial Update – December 2024

Commissioner Hensley presented the financials through December 2024. Revenue collections are slightly exceeding budget through quarter 2 with a positive variance of 2.6%. At the end of quarter 1, there was a positive 5% variance in revenue. Revenues have trended closer to budget over the past three months, showing a tightening of revenue variance that has not been experienced in recent years. Director Holbrook shared that franchise fees are below budget due to the mild winter and lack of need for additional utilities.

Director Lueker shared personnel is running within one percent of budget through the second quarter. The budget team continues to monitor operating variance and to assess if dollars become available for reallocation. To date, much of the variance is encumbered for contracted expenditures. Capital appears overspent at - 6.6% due to some project expenses being released sooner than anticipated.

Commissioner Hensley shared that LFUCG had a nice sale of bonds of just over 3-3.25% for bonding projects. Council Members discussed a desire to see a summary of non-general fund accounts in future financial reports.

No action was taken on this item.

IV. Annual Comprehensive Financial Review FY2024

Commissioner Hensley introduced Crosslin as LFUCG's new auditing firm. John Crosslin and Jacob Smith presented on the Annual Comprehensive Financial Review (ACFR). Crosslin shared the responsibilities of the auditor are to express an opinion about whether the financial statements prepared by management under the oversight of LFUCG are fairly presented in all material respects in conformity with the US generally accepted accounting principles. They are also responsible for performing audits in accordance with government accounting standards, maintain independence and an attitude of professional skepticism throughout the audits, and report to the city and management on the audit results.

LFUCG received an unmodified audit opinion from Crosslin. Audit methodology and approach were to plan the audit and evaluate risk, control evaluation and testing, substantive testing, and completion and reporting. Risk assessment is performed cyclically as expectations are made and validated or refuted by audit evidence. LFUCG did qualify as a low-risk auditee for fiscal year 2024. As such, Crosslin is testing federal major program expenditures to achieve a minimum of 20% coverage of total federal expenditures of \$56 million.

There are no new Governmental Accounting Standards Board (GASB) regulations this year. The government's financial statements include several estimates that are significant. Crosslin evaluated the key factors and assumptions used to develop the estimates and believe that the estimates are reasonable in relation to the financial statements for each affected reporting unit.

Other communications included: no transactions for which there is a lack of authoritative guidance or consensus; all significant transactions have been recognized in the proper period; no alternative accounting policies and practices related to material items; no difficulties encountered in dealing with management in performing and completing the audit; no disagreements with management regarding financial accounting, reporting or auditing; management provided appropriate representations at the conclusion of the audit; not aware of any communications by management with other independent accountants.

Unrecorded audit differences for governmental activities; two entries were passed as they were not materials overall resulting in accrual differences in receivables and inventory schedules that did not match the trial balance. In conclusion, unmodified is the best opinion that says that the entire ACFR is free of any material mistake.

No action was taken on this item.

V. Annual Status Review of Committee Referrals

A motion by Brown to remove item #2, Downtown Projects Update, item #21, Division and Program Review Process Subcommittee, and item #22, LFUCG Property Assessment Subcommittee, seconded by LeGris, the motion passed without dissent.

VI. Adjournment

A motion by Brown to adjourn at 1:45pm, seconded by Ellinger, the motion passed without dissent.