



City of Urbandale
Audit Committee of the City Council
November 14, 2018

Audit Committee Members

- ✓ Robert Andeweg, Mayor
- ✓ Ron Pogge, Council Member
- ✓ Dave Russell, Council Member
- ✓ Donald J. Brush, Public Member / City Treasurer

Meeting Summary and Action Taken

The Audit Committee of the Urbandale City Council met on Wednesday, November 14, 2018, in the smaller conference room adjacent the Council Chambers at the Urbandale City Administrative Offices, 3600 86th Street, Urbandale, Iowa. Audit Committee Members in attendance were Council Members Ron Pogge & Dave Russell, Public Member Donald J. Brush, and, Mayor Robert Andeweg. Also in attendance were AJ Johnson, City Manager, Nicci Lamb, Finance Director for the City of Urbandale, Kim Keisler, Assistant Finance Director, and Brian Unsen, CPA representing Eide Bailly LLP, the independent auditors for the City. The meeting was called to order at 1:18PM by Chairperson Brush.

The agenda for the meeting was accepted and approved by a motion from Russell and seconded by Pogge.

The minutes of the Audit Committee meeting of October 19 2018, were reviewed and approved by the Committee on a motion made by Russell, seconded by Pogge and abstained by Andeweg.

Each member of the Audit Committee had previously been provided with an initial draft copy of the City's Comprehensive Annual Financial Report (the "CAFR") for the Fiscal Years Ended June 30, 2018, which also included the audited financial statements and other supporting documents.

Mr. Brian Unsen of Eide Bailly LLP was asked and proceeded to provide the Committee with a summary presentation and review on each of the four primary sections of the CAFR document. These sections are categorized as follows: Introductory; Financial; Statistical; and Compliance.

It was discussed that the entire report was reformatted by Eide Bailly. This new format is updated type face and has the excel and word documents linked.

I - Introductory Section *(pages I-IX)*

- Reference was first made to the initial segment of the CAFR document which provides the table of contents for the document along with a copy of the City's Organization Chart and Principal Officials. Reference and attention was then given to the inclusion and significance of the "Certificate of Achievement for Excellence in Financial Reporting" as was presented to the

City of Urbandale by the Government Finance Officers Association (GFOA) for its CAFR for the Fiscal Year Ended June 30, 2017. Nicci Lamb reported that this is the thirty-fifth (35th) year that Urbandale has received the recognition. Mr. Unsen stressed the importance of this particular Certificate and such a Certificate is issued only to a limited number of governmental entities on an annual basis. He indicated that the appropriate and current financial data and supporting documents will be submitted again this year to the GFOA for consideration of this recognition.

- Brian Unsen then referenced and brought attention to the **Letter of Transmittal** that was prepared by the City Manager and Finance Director on behalf of the City of Urbandale. The **Letter of Transmittal** as prepared by the City of Urbandale exceeds the minimal requirements for such a document as prescribed by the GFOA. As prepared by the City, the document provides an excellent overview of the activities of the City over the past fiscal year in addition to providing an appropriate narrative in support of the accompanying financial statements.

II - **Financial Section** (pages 1-79)

- The first segment discussed in the financial section of the CAFR was the **Independent Auditor's Report** as issued by Eide Bailly LLP which provided an **unmodified opinion** on the financial statements of the City for the Year Ended June 30, 2018. An unmodified opinion is an opinion where the outside auditor expresses an opinion that financial statements are presented, in all material respects, in accordance with applicable financial reporting standards and framework.
- Reference was then made to the significance of the **Management's Discussion and Analysis** (the "MD&A") section. It was again noted that this particular section of the report, along with the previously referenced Letter of Transmittal, both provide an excellent overview of the financial position of the City. It was noted by Mr. Unsen that these documents, as prepared by the City, exceeds the minimum requirements of GFOA and are certainly top-quality in both their form and the information when compared to similar reports of other governmental entities.
- The next section discussed was the actual **Financial Statements** presentations starting on page 14 of the draft copy of the CAFR. Reference was made on the *Statement of Net Position (page 14-15)* as a summary of all assets and liabilities, and an adopted method on the presentation of both Deferred Outflows of Resources and Deferred Inflows of Resources. In addition to the primary government activities, included is also a column described as "Component Unit" which is for the Water Works. Discussion was then given to each of the other financial statements within the financial statement section.
- The next topic of discussion was the Notes to the Financial Statements are presented on pages 25-55 and it was noted that this section of the CAFR provides an important overview summary of the significant accounting policies in addition to supporting narrative relating to the actual financial statements. Of significance this year is the addition of new OPEB-related footnotes.
- Reference was then made to the **Required Supplementary Financial Schedules (page 56-63)** section, which includes a Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash-Basis) – Governmental and Business-type Funds, along with related notes in support of the budgetary comparison schedules, the Schedule of Changes in Total OPEB Liability, and respective schedules of the City's Proportionate Share of the Net Pension Liability, plus notes, for both IPERS and MFPRSI retirement systems.

- Reference was then made to the Other Supplementary Financial Schedules (*page 64-71*) section of the financial report covering Nonmajor Governmental Funds, Proprietary Funds (Internal Funds), and Fiduciary/Agency Funds.

III - Statistical Section (*pages 72-90*)

- **Other Statistical and Financial Information** (Unaudited) relating to the City’s activities as prepared by the City Finance staff and reviewed by Eide Bailly LLP. It was noted that this is a very informative section within the report with significant data relating not only to financial measurements and trends but also information on debt capacity, population, demographic and economic data, and other statistical data. The information presented in this section has been standardized and is in accordance with the requirements of the GASB, and provides ten years of comparative data that has been accumulated for presentation in this section.

IV – Section on Compliance and Internal Controls (*pages 91-94*)

This section of the CAFR document consists of the following items which were individually presented to the Audit Committee, and reviewed & discussed with the Committee:

- **Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standard*** as issued by Eide Bailly LLP and in compliance with the standards applicable under the Government Auditing Standards as issued by the Comptroller General of the United States.
- **Report on Compliance for the Major Federal Programs and Report on Internal Control over Compliance Required by the Uniform Guidance** – not applicable this year – no Federal audit required.
- **Schedule of Expenditures of Federal Awards** – not applicable this year – no Federal audit required.
- **Schedule of Findings and Responses** section of the reports provides a summary of observations and findings that were noted by Eide Bailly LLP during the audit engagement.

The members of the Audit Committee were provided with an opportunity to ask questions and/or to make observations during the entire presentation and were provided with additional information when and where required.

The Committee thanked Mr. Unsen for his presentation. It was the consensus of the Audit Committee on a motion by Brush and seconded by Russell, to accept the CAFR report as presented and to have the report forwarded on to the City Council for their acceptance and approval at their meeting on Tuesday, November 20, 2018.

Committee Items

At this point, the members of the City’s Management Team in attendance were excused from the meeting to provide the members of the Audit Committee the opportunity to independently make inquiry of Mr. Unsen as to any specific and particular observations and/or comments that he might wish to share with the Committee that his firm experienced or noted during their engagement as the outside auditors. Following this “closed” segment of the meeting, Nicci Lamb, Kim Keisler, and AJ Johnson were asked to return to the Committee meeting.

Nicci Lamb provided the Committee with an update on the need for the City to have an Employee Recognition & Retirement Policy. This policy allows for the employee recognition for every 5 years of service, and for an employee with 20 years of service at the time of retirement, a small retirement gift. Further, it identifies the public purpose of using up to \$200 for refreshments/cake/supplies to host a public open house to honor a bona fide full time retiree with 20 year years of service.

A motion was made by Andeweg and seconded by Russell to approve and accept the Employee Recognition & Retirement Policy.

Having no others items to be brought before the Audit Committee for consideration and discussion at this time, the meeting was adjourned at 2:29 PM with the motion by Russell and seconded by Andeweg.