



City of Urbandale
Audit Committee of the City Council
November 15, 2017

Audit Committee Members

- ✓ Robert Andeweg, Mayor
- ✓ Ron Pogge, Council Member
- ✓ Mike Carver, 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 15, 2017, 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 & Mike Carver, 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 1:30PM by Chairperson Brush.

The agenda for the meeting was accepted and approved by a motion from Carver and seconded by Andeweg.

The minutes of the Audit Committee meeting of November 17, 2016, were reviewed and approved by the Committee on a motion made by Andeweg and seconded by Pogge.

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, 2017, 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.

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, 2016. Nicci Lamb reported that this is the thirty-fourth (34th) 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, 2017. 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 16 of the draft copy of the CAFR. Reference was made on the *Statement of Net Position (page 16)* 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 26-61 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.
- Reference was then made to the **Required Supplementary Financial Schedules (page 62-70)** 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, and a Schedule of Funding Progress for the Retiree Health Plan, 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 71-79) section of the financial report covering Nonmajor Governmental Funds, Proprietary Funds (Internal Funds), and Fiduciary/Agency Funds.

III - Statistical Section (pages 80-94)

- **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 95-105)

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** as issued by Eide Bailly LLP and in compliance with the standards applicable.
- **Schedule of Expenditures of Federal Awards** as required by the U.S. Office of Management and Budget's Uniform Guidance along with notes in support of the individual fund programs and grants.
- **Schedule of Findings and Questioned Costs** 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 Carver, 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 21, 2017.

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. He reported to the Committee Members that the staff and personnel of the City were extremely helpful and cooperative throughout the entire audit engagement, and that they were very appreciative of the quality of the advanced audit field work data that is prepared and made available to them by the City personnel. He further specifically noted that there are very few communities that have a professional financial management team of the caliber as in we have in Urbandale, and an Audit Committee as active and involved as is the case in the City of Urbandale.

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 presentation on the following topic items:

Policies to be Reviewed and/or Updated:

- Community and External Funding Application update – applications are out and due back November 30th, and will be presented to Council on December 5th. No policy changes were recommended. However clarification was asked and confirmed for the intent to use the Hotel Motel tax revenue to reimburse the General fund for prior year loan default payments related to the Urbandale Sports Association, and also use the same for reimbursement to Capital Projects Fund for the defaulted parking lot pavement payments foregone.
- Public Improvement policy – update for 2018 IDOT limits and wording clarifications
- Purchasing policy – amend to incorporate intent of the Library Board to adopt the policy.

A motion was made by Carver and seconded by Brush to approve and accept the reviews and updates on the above Policies.

Other items for consideration:

- A resolution approving prepayment of claims – this will be brought forward on December 5th to formalize a resolution to document the expenditure items (checks written) that are ok to release prior to council meeting action.
- Professional services contract presentation for future council letters – clarification was sought on what format the council would like to see when presenting bid figures for professional service contracts. Nicci will take back information to department staff to formalize a template to be used.
- Travel policy checklist/cheat sheet for staff to use is an upcoming project.
- Vendor database/W-9 compliance project – update on status to clean up database for inactive vendors and document W-9 compliance.
- Positive Pay process – has been initialized with First American Bank to add a layer of security to our check clearing process. No cost to the City.
- Inventory software – outlined the intent to solicit for a product that can assist the City in keeping better inventory records on a consistent basis amongst departments
- Special audit update – overview of status of ongoing investigation.

Having no others items to be brought before the Audit Committee for consideration and discussion at this time, the meeting was adjourned at 3:45 PM with the motion by Carver and seconded by Andeweg.