



City of Urbandale  
Audit Committee of the City Council  
November 19, 2015

**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 Thursday, November 19, 2015, in the smaller conference room adjacent the Council Chambers at the Urbandale City Administrative Offices, 3600 86<sup>th</sup> Street, Urbandale, Iowa. Audit Committee Members in attendance were Mayor Robert Andeweg, Council Member Ron Pogge, and Public Member Donald J. Brush. Council Member Mike Carver was unable to attend due to a previously scheduled commitment. Also in attendance were Nicole Lamb, Finance Director for the City of Urbandale, A. J. Johnson, City Manager, and David R. Cahill, CPA representing Eide Bailly LLP, the independent auditors for the City. The meeting was called to order at 9:30 AM by Chairperson Brush.

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

The minutes of the Audit Committee meeting of November 20, 2014, 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, 2015, which also included the audited financial statements and other supporting documents.

Mr. David Cahill 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 (the "GFOA") for its CAFR for the Fiscal Year Ended June 30, 2014. Mr. Cahill 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.

- David Cahill then reference and brought attention to the **Letter of Transmittal** that was prepared by the City Manager and Financial 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 1-81)

- 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, 2015. 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. Specific reference was also made within the auditor's Report to the "Emphasis of Matter" section relating to the City of Urbandale having appropriately adopted the provisions of the Governmental Accounting Standard Board ("GASA") Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which resulted in changes in the method of presentation of these specific items which are referenced in the financial statements and in the Notes to the financial statements.
- Reference was then made to the significance of the **Management's Discussion and Analysis** (the "MDA") section of the CAFR as prepared by the City's Financial Management Team and the City Manager, and reviewed by Eide Bailly LLP. It was again noted that this particular section of the report, along with the previously referenced Letter of Transmittal in the Introductory Section, both provide an excellent overview of the financial position of the City. It was noted by Mr. Cahill that these documents, as prepared by the City of Urbandale's Finance Director and City Manager, exceeds the minimum requirements of GFOA and are certainly top-quality in both there 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 to the newly adopted method on the presentation of both Deferred Outflows of Resources and Deferred Inflows of Resources, as it related to the prescribed provisions under GASB 68 & 71.
- Discussion was then given to each of the other financial statements within the financial statement section for which each is presented per the reporting format as prescribed by the GASB (Governmental Accounting Standard Board).
- 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. Mr. Cahill made specific reference to and discussion on the informative information that has been provided within Note 6 on the IPERS & MFPRSI Pension/Retirement Plans and respective financial presentation provisions of these items within the financial statements.

- Reference was then made to the **Required Supplementary Financial Schedules** (page 62-71) 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 73-81) section of the financial report covering Nonmajor Governmental Funds, Proprietary Funds, and Fiduciary/Agency Funds.

### III - **Statistical Section** (pages 82-96)

- **Other Statistical and Financial Information** (Unaudited) relating to the City’s activities as prepared by the City’s Financial Management Team 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 97108)

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 OMB** (the U.S. Office of Management and Budget) **Circular A-133** 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 (the “OMB”) Circular A-133 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.

In addition, Eide Bailly, as the City’s outside auditors, is required to provide the Mayor and Council, as the City’s in-charge Governance representatives, with a summary communication statement commonly known as or many times referred to as the “**Management Letter**” and professionally referred to as the AU 260 document. A draft copy of this document was presented and reviewed with the Audit Committee.

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. Cahill for his presentation. It was the consensus of the Audit Committee on a motion by Brush and seconded by Pogge, 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 November 24, 2015.

### **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. Cahill 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, Nicole Lamb, Finance Director and City Manager A. J. 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 & External Funding Policy – no recommended changes
- Ethics Policy - no recommended changes
- Debt Policy – no changes
- Whistleblower Policy – no changes
- Public Improvement Policy – per discussed changes incorporated from Ahlers Law Firm and thresholds updated per IDOT 1/1/15 rates.

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

#### **Policies That Will Need to be Updated & New Polices to Ultimately be Considered:**

- Travel Policy – updates are in process
- Purchasing Policy – updates are in process
- Vendor / W-9 Compliance Protocol –New and in process
- Taxable Fringe Benefits (meals, awards, clothing) – not technically a policy but added to handbook and will be adding taxable items to payroll
- Fiscal Performance Goals – Needs to be reviewed and updated. New options related to TIF, Moody's benchmarks, etc. Committee review will be done after CIP approved.

#### **Other Updates:**

- Depository Institutions – Grinnell State Bank is closing Urbandale location. Deposits being held there will be moved after April term commitment.
- TIF Reports – Urban renewal report submitted 11/17 and certifications will go to 11/25 after Council action re: R&R development agreement.

Having no others items to be brought before the Audit Committee for consideration and discussion at this time, the meeting was adjourned at 11:03 AM with the motion by Pogge and that was seconded by Andeweg.